

SAVEact

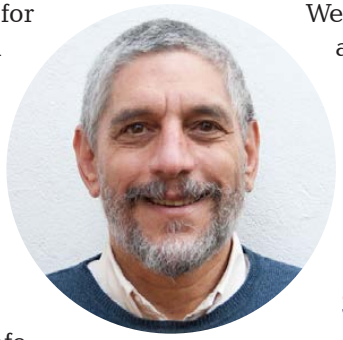
Annual Report 2017-2018


SAVEact



MESSAGE FROM ILAN LAX

Ilan Lax is the Chairperson of SaveAct Trust



It's been another year of validation for SaveAct, with consistent expansion and innovation to meet a growing demand. Studies in South Africa and around the world are showing a preference amongst people to save and handle their money in a group context, rather than go to a formal financial institution or money-lender.

Savings groups are where they feel safe, find affinity with their peers and learn from and support each other. Members see their money working for them and growing in a way that's within their control. This doesn't mean they won't use the formal sector but it's unlikely they'll stop using savings groups. Instead, they choose to work with multiple options.

This is good news for SaveAct. It confirms the demand for our initiatives and our belief that we are making a significant difference in thousands of lives. It drives our constant efforts to expand, innovate and improve our offering. Our efforts at developing electronic apps are just one example of this.

Huge thanks are due to the entire SaveAct team for their efforts and the Board for their guidance and pro-bono support. We also thank outgoing trustee Daphne Motsepe for her contribution. We benefited hugely from her insight and knowledge of the formal banking sector, as well as her firm but gentle approach to governance.

We're delighted to have Dr Sazile Mtshali, a former staff member, returning as a trustee. We also welcome the new trustees who will support and guide the new SaveAct Gauteng entity that is being established to grow our work in that province.

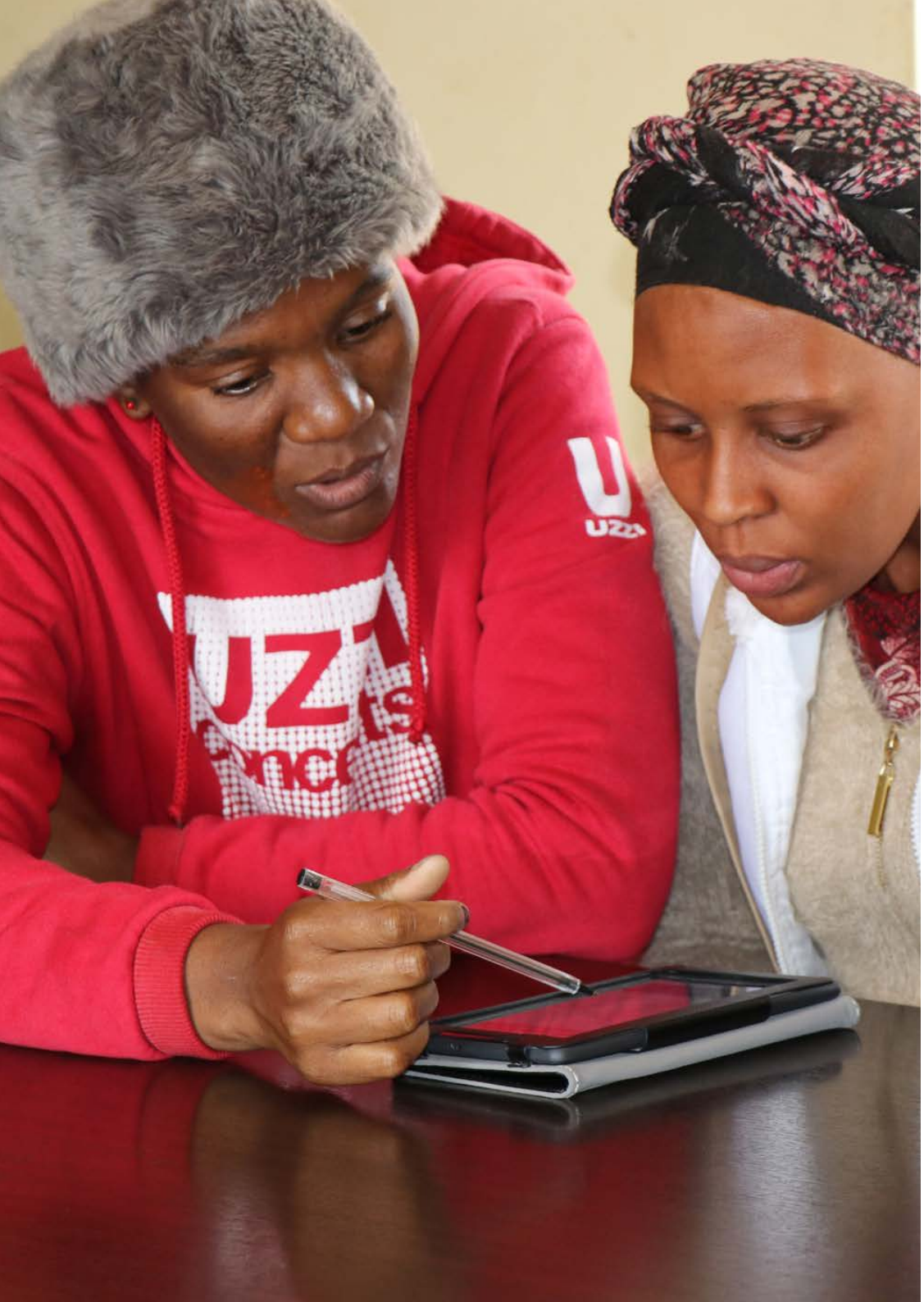
SaveAct wishes to thank its partners and collaborators.

In funding: Anglo American, EU, IDC, Misereor, Flanders, GiZ, SAB Foundation, ACTSA

In programme implementation: African Honey Bee, Conservation South Africa, Children in Distress Network, Create CBR, the Grahamstown Collective, Jabulani Foundation, Justice and Women, Mpendulo Savings, Positive Planet, Poverty Stoplight, Siyakhula Sonke, Siyavuna, Ubunye Foundation.

In learning and support: Abalobi, Banking Association of South Africa, BankSeta, FinMark Trust, Genesis Analytics, Industrial Development Corporation, Lakheni, SAB Foundation, the SEEP Network, Simply, Umzimvubu Catchment Partnership.

Technical development: Mezzanine, Praekelt, Techairos, Tronomy.



REPORT BY ANTON KRONE

Anton Krone is the SaveAct Executive Director



The past year saw us taking big steps forward in several areas. Digitisation of the savings and enterprise programmes is up and almost running. We got valuable confirmation of the savings model from the impact study we conducted with FinMark Trust. Progress was made in mainstreaming the inclusion of disabled people in our groups. And we now have a small pilot operation in Gauteng.

Digitisation takes off

For the last year or two SaveAct has been positioning itself to nudge SG members into the use of digital platforms so that we can bring value-added services to them. We are making progress and now have an app called WeSave that allows groups to do all their internal transactions, record borrowing and saving and calculate annual share-outs.

It's still small-scale and there are a few bugs, but we are not far from full functionality. So far, we've seen strong interest from participants and excitement about using it.

The app has multiple potential benefits for SaveAct and members:

- All records of SG transactions are stored in the cloud. If a group loses its record book, the information is still secure.
- The app will enable SaveAct to track group and individual members' transactions. This will enable us to build financial profiles of members, making it easier for us to work with other service providers. For example, we could work with a service provider to develop

Left: *Savings group members explore the new WeSave app.*

an algorithm that could inform who would be good contenders to access additional capital.

- The app will help us to track the overall sustainability of the programme and individual groups.
- As we integrate different segments of our digital strategy we'll be able to link that data to other profiles, for example, how people are spending money in relation to farming inputs and household goods, and build up a global picture. This will enable us to track changes and progress over time of members. Ultimately, we're moving towards linking all the apps that are being developed for the different facets for the programme. These include multiple apps for recording data in groups.
- We also have a beta app for SaveAct's social business that enables access to health, hygiene and energy products as well as farming inputs. It will allow for products to be listed and regularly updated, and for members to place orders through a digital system and track delivery.
- We're exploring the use of Connected Farmer (which allows us to track individual farmer activity) and AgriSuite (which provides technical advice for farmers).

Research findings

We embarked on a major study with FinMark Trust, looking at stokvels and SGs in rural SA. The conclusion, that significant value is added by SaveAct's work in terms of delivering an investment model to rural households, was very encouraging.

The study found that mature members tend to engage in stokvel practices or form new ones. It also found substantial impact in households in terms of taking charge of lives, building up assets and increasing economic activity.

Right: *Londiwe Mtanda (left) and Silvia Storchi gather data in the field for the impact study conducted with FinMark Trust.*



Disability

We began a successful initiative to mainstream the inclusion of disabled people in SGs, and we are anticipating an inclusion level of 6% of all members.

This is a big step. We've been challenged by donors and stakeholders to address this aspect and we think SGs will achieve the highest levels of inclusion across all different financial institutions in that sector.

Going to Gauteng

In response to calls from numerous stakeholders for an urban savings model, we have set up an office in Gauteng where we will be focusing on researching the stokvel market around Johannesburg. It's clear that stokvels are here to stay, so if we can take that model and improve security, transparency and money management it will add huge value to the sector.

Our plan is to roll out the first phase of the project over three years, using a small team and starting with two or three pilots in some of the larger informal settlements and townships.

The project will have a strong emphasis on digitisation of the savings model, but this will grow organically and we will work with members and other developers on the design rather than presupposing what people want. When the best approach in that context has been clearly defined we'll scale up the model.

We'll be working with a few partners including Positive Planet, who will build learning materials with an urban youth focus.

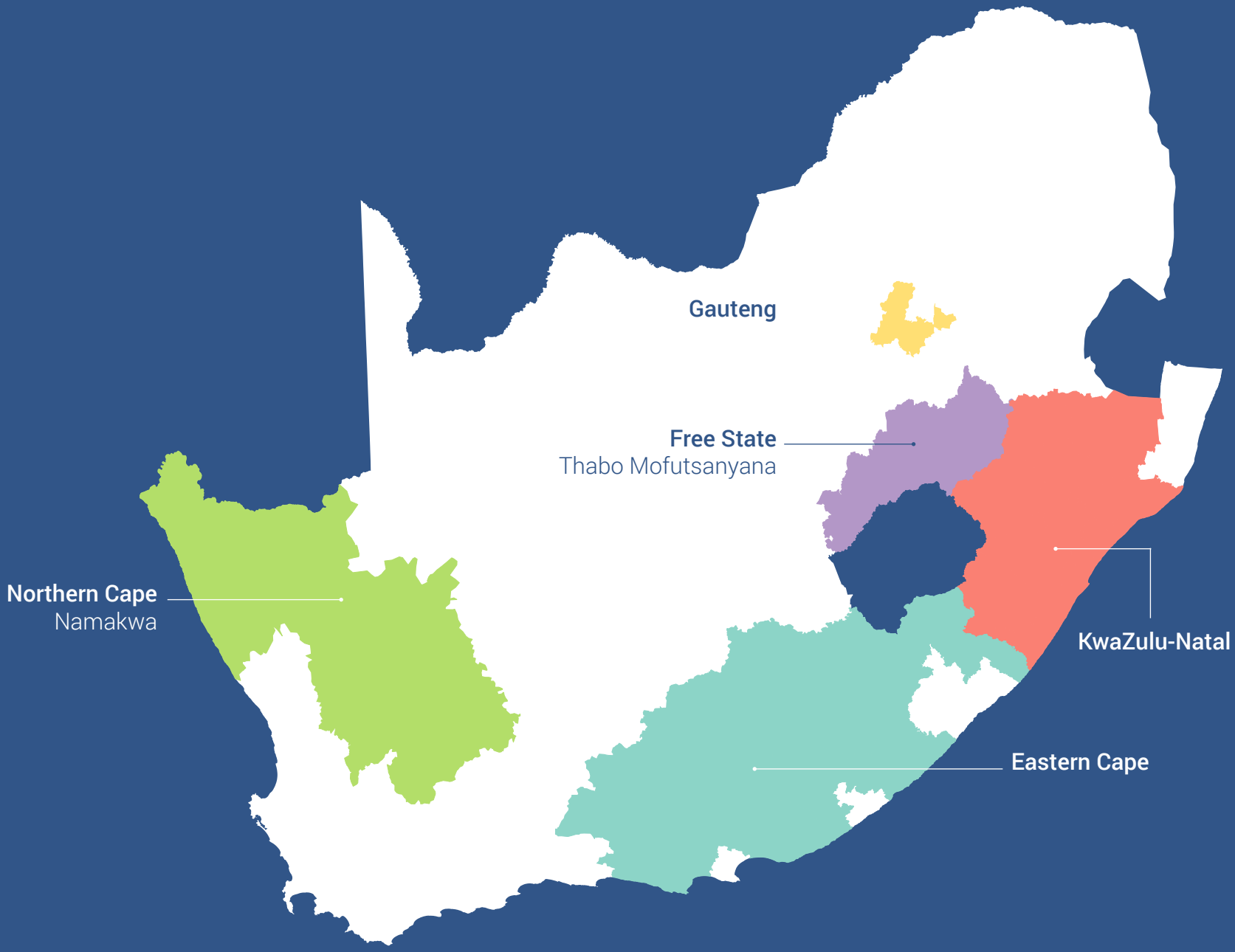
Other news

- SaveAct participated at SEEP's SG2018 conference in Rwanda, where we shared our experience around cash transfers/social grants and savings groups, and researcher Silvia Storchi discussed ideas of how to measure impact in a programme like ours.



Anton Krone (left) and Silvia Storchi at the SEEP SG2018 conference in Rwanda. Photo: Mari Matsuri

- For the first time, we have received significant backing from a government institution, in the form of the IDC. This has enabled us to extend support to new NGO partners working in enterprise development.
- We've been looking into climate change and exploring the role that SGs can play in empowering people to make adaptations to livelihoods, creating some ground-breaking models in South Africa and beyond while working with multiple stakeholders. Experiences suggest that SGs can play a crucial role in equipping households to adapt better to the shocks and stresses that are arising.


Gauteng
Free State
Thabo Mofutsanyana
Northern Cape
Namakwa
KwaZulu-Natal
Eastern Cape



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6

OUR YEAR *(clockwise from top left): 1. Meeting with a savings group; 2. SaveAct offices in Pietermaritzburg; 3. SaveAct staff travelled to Johannesburg for a seminar on the FinMark study findings; 4. Zis'Ukhanyo reseller; 5. Field trip to the Drakensberg; 6. Members of our enterprise programme; 7. Anton Krone at the SG2018 conference in Rwanda; 8. SG member in Northern Cape where climate change resilience is a big focus; 9. We are moving forward with mainstreaming disability in SGs.*

BOARD OF TRUSTEES



Ilan Lax is an attorney and legal consultant. Admitted to practice since 1985, he served in the Human Rights Violations and Amnesty Committees of the SA TRC. He assisted in setting up the Sierra Leone TRC. Ilan works on legal issues in the fields of land rights, human rights, community-based development issues and goverance pertaining to the environment, biodiversity conservation, organisations and projects. He also works with a range of adjudication and commissions, inquiries and investigations matters. He is an experienced facilitator and strategic planning advisor.



Kajal Singh is a chartered accountant with 10 years' experience in a management role at Umgeni Water, specialising in treasury management and financial planning. Kajal was previously a senior audit clerk at Deloitte where she completed her articles in 2005. Her role at Umgeni Water involves the management of UW's available investments and funding as well as the determination of the annual pricing increase proposal and the associated funding strategies to ensure continued financial viability.



Marcel Jakubec is a strategy manager at Accenture with experience in retail banking across sub-Saharan Africa. He has expertise in strategy development, business model development and alignment and value proposition design. He is also familiar with the payments landscape and alternative distribution channels. Areas of expertise include: strategy development; business model innovation; service and value proposition design; behavioural economics and design thinking.



Timothy Hobden is an economist and public policy professional with over ten years of experience in the design, management and evaluation of donor and philanthropic programmes, largely focused on private sector development. An expert in innovation, enterprise development and job creation, Timothy has designed funds and programmes worth over R700m and led a number of strategic evaluations in the sector. He was a senior technical advisor to the SA Jobs Fund from 2011-2014 and is currently the monitoring, evaluation and learning lead for the $50m MasterCard Foundation Fund for Rural Prosperity. Timothy is an independent consultant, and is also a principal associate at IPE Triple Line.



Sazile Mtshali has worked for SaveAct as a programme co-ordinator for KwaZulu-Natal and the Free State. She has a PhD from the University of Wageningen in the Netherlands and an MA from the University of Reading in the UK. She is qualified in the professions of nursing, home economics and rural development and has experience in training, research and evaluation. She is interested in models and strategies that make a sustained difference in people's lives. She has extensive experience in working with traditional authorities in KZN.

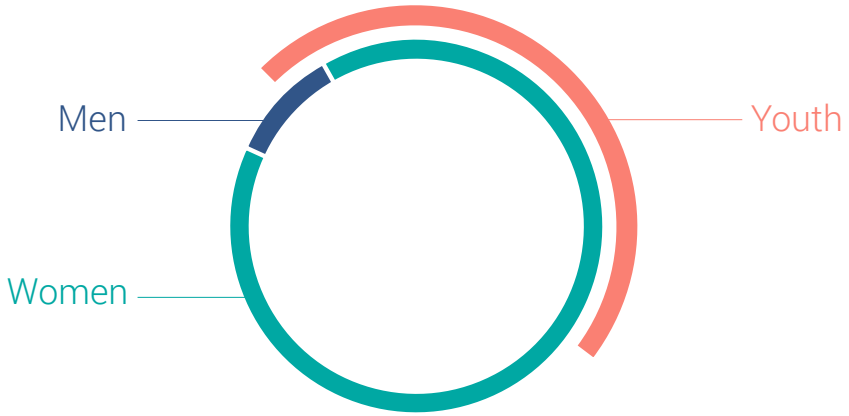


SAVEACT IMPACT

73K Savings group members

5 Provinces

R391m Saved per annum



Benefits to members

- Financial education
- Job creation
- Access to financial services
- Prosperity and community development
- Women's empowerment
- Group support and social cohesion

SaveAct gratefully acknowledges the support of the following donor partners:

AngloAmerican · IDC Industrial Development Corporation · Small Grants Facility · MISEREOR IHR HILFSWERK · Flanders State of the Art · giz · SAB Foundation · ACTSA Action for Southern Africa

ANNUAL FINANCIAL STATEMENTS

As at 28 February 2018

	2018 R	2017 R
ASSETS		
Property, plant and equipment	818 803	942 797
Inventory	34 814	18 778
Cash and cash equivalents	436 830	950 031
Trade and other receivables	4 833 008	2 783 363
TOTAL ASSETS	**6 123 455**	**4 694 969**
TRUST FUNDS AND LIABILITIES		
LIABILITIES		
Trade and other payables	2 767 870	1 597 816
TOTAL LIABILITIES	**2 767 870**	**1 597 816**
FUNDS		
Trust capital	100	100
Maintenance reserve	928 289	332 294
Accumulated surplus	2 427 196	2 764 759
	3 355 585	3 097 153
TOTAL FUNDS AND LIABILITIES	**6 123 455**	**4 694 969**

Detailed statement of comprehensive income

01 March 2017 to 28 February 2018	2018 R	2017 R
SUPPORT AND REVENUE		
Grant income	11 797 204	8 697 909
Interest and dividends	204 491	231 677
Donations	8 000	10 000
Sales of kits and Zis'ukhanyo	155 739	150 553
Sundry Income	882 104	368 079
TOTAL SUPPORT AND REVENUE	**13 047 538**	**9 458 218**
Less: Cost of sales	**–184 248**	**–47 917**
EXPENSES		
Programme and operational costs	5 101 972	3 356 646
Programme management and administration	4 223 501	2 825 153
Equipment and supplies	56 863	275 495
Travel and accommodation	–	667 343
Project staff	3 222 522	2 339 067
TOTAL EXPENSES	**12 604 858**	**9 463 704**
(Deficit)/Surplus for the year	**258 432**	**–53 403**

