

SAVEact

Annual Report 2018-2019

REPORT BY ANTON KRONE

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SaveAct continues to grow with unabated demand for savings group membership and increasing levels of investment by members. The assurance that this provides a long-term path for these members is confirmed by their decision to stay with their groups, year after year. This is because the programme offers a very practical and accessible form of financial inclusion that is often superior to more formal methods.



The financial services offered by SGs are more accessible for members, in terms of proximity and cultural affinity. They bring social and economic benefits and contribute to building a circular economy where benefits stay in investments made in the community, instead of being siphoned into the formal economy.

In South Africa the inequalities and levels of economic exclusion grow more acute by the day. The country desperately needs models that help to build the informal economy and bridge the formal and informal economies. SaveAct's model is unique because it addresses these challenges and at scale. South Africa has some of the highest levels of overindebtedness in the world and SaveAct's model has been shown to be able to help people get on top of their debt and avoid usurious financial services offered by loan sharks and commercial microfinance services.

This year has brought great opportunities. We now have the scale of members to begin to build a holistic digital ecosystem that supports the economy of the members and responds to their social needs. The challenges in South Africa are more about economic and social development than financial inclusion, and it's up to financial service providers to speak to the challenges of the country, rather than for people to have to conform to what they are offering in the market place. They need to be more accessible and affordable and the SaveAct model provides a template for how this could be approached within the formal financial services sector.

We are exploring potential partners to build a formal system that speaks to what people are doing informally in SGs. We are well placed to work with the right service providers to bridge the divide between informal and formal.

We now have a footprint in Gauteng that increases our ability to build partnerships with various stakeholders, to begin to address these challenges. As the number of SGs grows in Gatueng we will be well positioned to test digitisation.

We've also made good progress in redeveloping our financial education model to make sure it's current and relevant, and we have built several modules to achieve SETA (national) accreditation.

We're very grateful to the French Embassy for giving us a grant to consider our financial education from a gender perspective, to make sure the material speaks to the challenges women and men face in South Africa, and to begin to provide tools to enable members to secure their rights.

To achieve this we have broadened our range of partnerships and begun to do research with two organisations, Women of the World Speak Out South Africa and Justice and Women. We look forward to piloting some new models in Gauteng and KZN to test the relevance of this focus and a very key problem in SA, gender-based violence, at a time when South Africans appear to be facing unprecedented levels of this scourge.

We are also hoping to get involved with easing the plight of those people, including migrants, who are facing insecure futures because of economic and social exclusion.

South Africa needs a programme that reaches vulnerable women and youth, who face an unemployment rate of a staggering 55%, but we also need to have a more holistic perspective, as we can't only measure livelihoods in terms of formal employment.

We need to work hard to create opportunities across the formal and informal economies and they need to work together in a synergistic way. We can't have policymakers and economists studying the economy only in formal terms and designing programmes only for formal employment.

The informal economy is growing faster than the formal sector and we need programmes that speak to it. SaveAct's programme does that and over time will help many people to migrate from the informal economy to the formal one. We can't, however, just forget about them in the mean time. The country is beginning to seethe with frustration and conflict and we need to scale our programmes that directly address the informal economy.

SaveAct's programme does that. It's a proven model operating at scale and ought to be considered for further reach. We work with long-term partners with a vision for economic change at scale.

There are not enough formal jobs to meet the demand so we must support the vulnerable in their efforts to create informal work opportunities. But the challenges are so big no single organisation can deal with them on their own. We need partnerships, co-operation and dialogue. We need a combined effort by the private sector, government and NGOs to find solutions.

ANNUAL FINANCIAL STATEMENTS

As at 28 February 2019

	2019 R	2018 R
ASSETS		
Property plant and equipment	689 486	818 803
Inventory	33 064	34 814
Cash and cash equivalents	157 854	436 830
Trade and other receivables	4 419 143	4 833 008
TOTAL ASSETS	**5 299 547**	**6 123 455**
TRUST FUNDS AND LIABILITIES		
LIABILITIES		
Trade and other payables	3 267 277	2 767 870
TOTAL LIABILITIES	**3 267 277**	**2 767 870**
FUNDS		
Trust capital	100	100
Maintenance reserve	1 606 194	928 289
Accumulated surplus	425 976	2 427 196
	2 032 270	3 355 585
TOTAL FUNDS AND LIABILITIES	**5 299 547**	**6 123 455**

Detailed statement of comprehensive income

01 March 2018 to 28 February 2019	2019 R	2018 R
SUPPORT AND REVENUE		
Grant income	11 560 229	11 797 204
Interest and dividends	171 998	204 491
Donations	8 000	8 000
Sales of kits and Zis'ukhanyo	539 866	155 739
Sundry Income	1 025 722	882 104
TOTAL SUPPORT AND REVENUE	**13 305 815**	**13 047 538**
Less: Cost of sales	**-398 982**	**-184 248**
EXPENSES		
Programme and operational costs	5 400 714	5 101 972
Programme management and administration	4 362 892	4 223 501
Equipment and supplies	31 948	56 863
Project staff	4 434 494	3 222 522
TOTAL EXPENSES	**14 230 048**	**12 604 858**
(Deficit)/Surplus for the year	**-1 323 215**	**258 432**