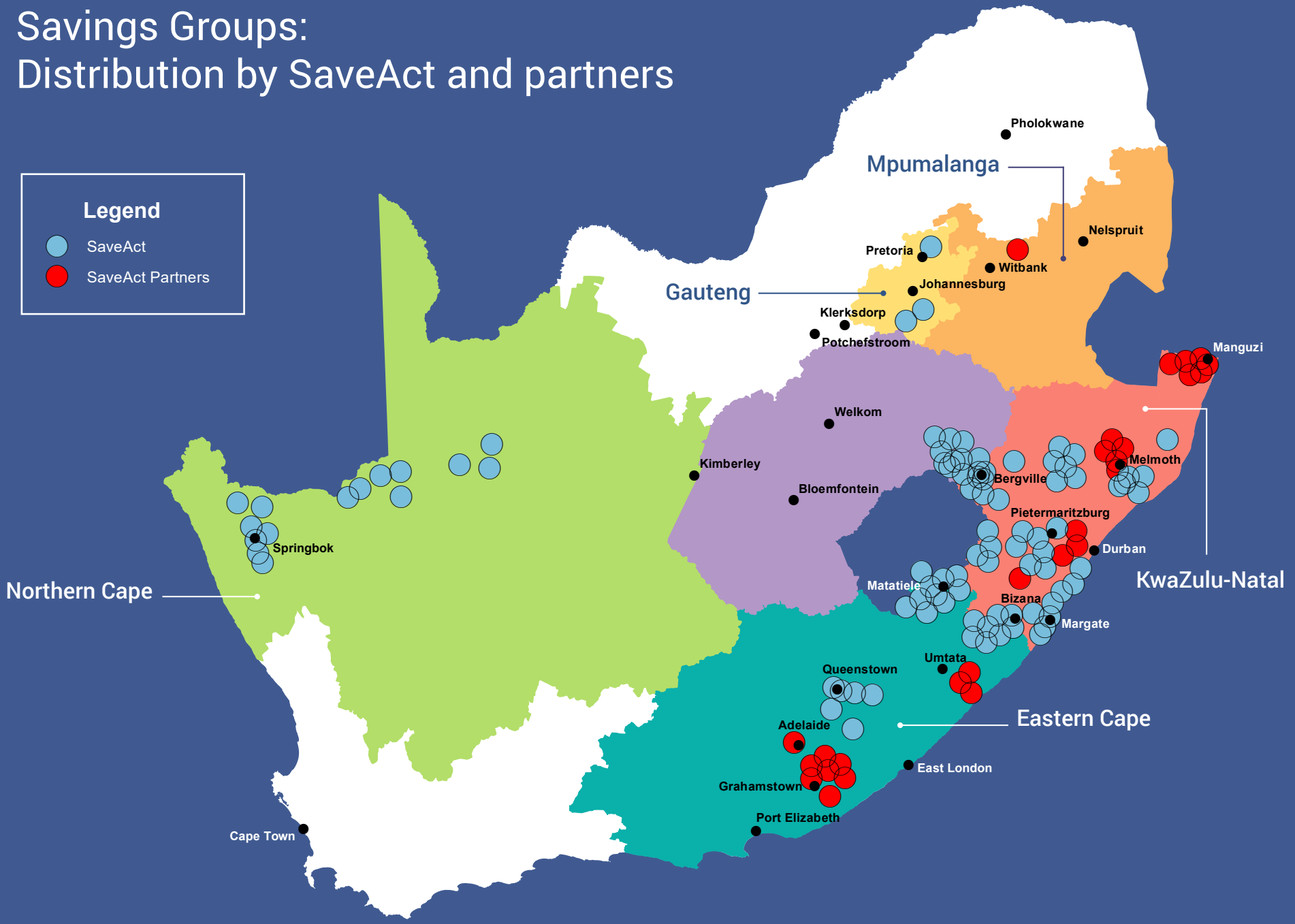


SAVEact

Annual Report 2019-2020

Savings Groups:
Distribution by SaveAct and partners



Q&A WITH ILAN LAX



SaveAct's board chairperson is exiting after being involved with the organisation since inception, 15 years ago. He shared some of his thoughts on the experience.

1. **How did you first get involved with SaveAct and what was your role at the start?**

   Anton came to see me for legal advice about setting up an entity. I helped him define the aims and objectives of the trust and put in place the trust deed. He asked me to be a trustee and I became the secretary of the trust.

2. **What were the biggest challenges (from a board perspective) in the beginning?**

   The main challenge was around training people in the methodology. And, from a board perspective, trying to ensure that the organisation could grow but at the same time not grow so quickly that it outstripped itself.

3. **It's been fifteen years since SaveAct started. What have been the main milestones along the way for the organisation?**

   We were able to refine the methodology that is used, from something that Hugh Allen taught people to something that is uniquely South African. In an interesting way the method now reflects something of the communal culture that we find in South Africa. We build on that spirit of people doing things for themselves.

   Each time we gained another 10 000 members, that was a massive milestone.

   Another was when we came up with the idea about six or seven years ago that we could use digital apps to help map and monitor progress, as well as provide tools for the groups. Then we realised that we could leverage groups for enterprise development. The idea of Zis'Ukhanyo and KumFama came about, where we began to look at different products and services that might be of value. We also began investigating doing bulk buying for people as part of the add-on we provide with enterprise training.

   Lastly, a significant shift was realising that we could roll out our model more effectively if we worked with partner organisations and trained them to do the roll-out themselves.

4. **SaveAct has had to plot its own course because it was doing something new. What have been the main lessons learnt — for the organisation and for you personally?**

   Firstly, people work at their own pace and you can't push them, otherwise it just doesn't work. Second: the realisation that if you give people the right tools, they will do things for themselves. Against all the odds, people on the receiving end of social grants still manage to save, notwithstanding how little they are receiving. By doing that they realise that they have agency and are able to take charge of their lives.

   Also, you can have the best systems in the world but unless people buy into them they're not going to work. So part of the challenge is trying to get buy-in both from staff and the people you work with. That requires patience, encouragement and commitment and our team has been fantastic at doing that.

   Finally, people will work with commitment when they love what they're doing and they can see that it makes a difference. Many of our staff are really committed, despite the fact that we can't always pay them what they're worth, because the funding is so scarce.

As a board member I'm really grateful to the team for that mindset. For me it's been incredibly fulfilling to be part of something that's grown despite the challenges.

5. Were there any developments along the way that were surprising or unexpected?

I was gobsmacked that incredibly poor people would still find R20 or R50 to save once they understood that to do so would help them cushion the knocks along the way. The resilience of humanity – no matter how bad things are, people find a way to go forward. And the realisation that only about 5% of all the people we work with show an aptitude for enterprise. You can't turn everyone into an entrepreneur.

6. What do you think is the most important thing that SaveAct has to offer South Africa?

A methodology that helps build resilience, confidence and agency in the poorest of the poor.

7. Looking ahead, what do you think will be SaveAct's greatest challenges?

Its founder is getting older and at some point he'll have to step down. Where will SaveAct go once he's left? The biggest challenge will be to ensure that the ethos, ideas and pioneering spirit that Anton has brought is maintained, to allow it to keep growing.

As we grow we'll develop new tools to meet the challenges, particularly digital tools. One of the serendipitous outcomes of the pandemic has been that people are living and working more digitally than they ever did, and this will continue. SaveAct will be able to work in that milieu so that it reaches a much wider audience.

I'd like to say thanks to colleagues on the Board and the SaveAct team for their commitment and contribution over the years, especially the last year with the Covid 19 lockdowns and restrictions.





EXECUTIVE DIRECTOR'S REPORT

Anton Krone



It's been an unforgettable year. We started 2020 on a high and were all set to help host the global SEEP SG2020 conference in Durban. Then Covid-19 arrived, the conference was cancelled and we had to respond to our version of the global pandemic.

South Africa was heading into a major economic downturn before the coronavirus arrived; now the crisis is deeper than ever, and we are still feeling the shocks of lockdown. Initially it looked like there was going to be high mortality in rural areas where we work. But, although sadly there were a few deaths of members in KZN and the Eastern Cape, our worst fears were not realized.

We were fortunate to have, through some of our partners, excellent advice to formulate protocols for savings group members to avoid infection. In the first month of lockdown we reached a large number of groups and convinced them to suspend their meetings to avoid transmitting the virus. By the second month we were able to disseminate guidelines, and, working with our supportive donors, were able to buy PPE and distribute it across the regions where we work. There has been an almost complete resumption of savings activities, indicating that despite the risk, the level of importance people attach to meeting and saving is high.

The main crisis of the pandemic has been the effect of the lockdown, which has caused the loss of thousands of jobs and livelihoods. The economy's trajectory means that it's becoming difficult to sustain the current level of social protection, which is costing R200 billion annually.

Left: A savings group in Msinga, September 2020. After initially suspending meetings, most groups resumed saving in the second month of lockdown. They were supplied with PPE and safety protocols for meeting.



What's encouraging for SaveAct is that we've been developing a model that complements social protection systems in South Africa – and almost all the participants in our programme are recipients of social protection grants.

What we can do – and what the evidence from our work suggests – is help grant recipients to take control of their money, get out of debt and assume agency over decisions in their lives. This is particularly important for women, who must make decisions in a complex social context of patriarchy and ever-present violence. What we are also confident about is that savings groups assist members to achieve resilience, to be able to adapt and respond better to shocks, including Covid-19. In these increasingly uncertain times this is an especially critical capability.

We're hearing incredible stories and seeing results where women are able to assume control and accumulate money that enables them to make significant social, educational and economic advancement.

As a complement to what's happening right now, SaveAct's work is important. As a potential alternative to social protection grants, or, should it come to diminishing access to grants, the model is critically important and an example of what could be done to help people move out of poverty. This is being recognized at the highest level. Key national stakeholders are examining what we do with a view to finding sustainable economic models for grant recipients.

It's also exciting to see a number of NGOs approaching SaveAct to use our model in different parts of the country. They come with a wide range of objectives, ranging from supporting women to addressing household food security and resilience. SaveAct currently collaborates with 30 different partner organisations.

Our work with the SABF positioned us well to grab the Jobs Fund challenge and take our enterprise support to new levels. This comes at a very necessary time, as formal employment becomes an even scarcer possibility for youth and women on the margins.

Left: We are increasing enterprise support with a focus on youth and women.



Above: Representatives from some of SaveAct's 30 partners at the Annual Partners' Meeting in 2019.

We are pleased too to achieve recognition from the Jobs Fund, GIZ, Tshikululu, and Misereor as they have journeyed with us and are supporting the scaling up our work.

Part of the engagement with national stakeholders is to convince them of the importance of building a predictable, long-term funding stream that would advance this work. We need a longer-term forecast for our programme which will allow us to build capacity to scale it up. A long-term perspective is needed because there is no magic bullet to help people out of poverty. We require more than cash transfers and more support systems that convert access to cash into economic activity, creating value and self-employment opportunities.

We have also been heartened this year by support from the French Embassy. This is allowing us to strengthen our gender awareness and perspective on the social dynamics of power relationships in households and savings groups. We're equipping our staff to critically engage with groups on these issues, and we are seeing important steps where they are acquiring a framework to do that. We are building a facilitators' guide for all field staff that will provide the tools for them to have conversations about gender with savings groups.

On the tech front we've made strides in using digital systems to communicate with members. We've been able to introduce a social business app that allows them to order stock and become micro-resellers of products and we also produced an app for savings groups, despite the process involving technical challenges.

In addition, we are making good progress in monitoring and evaluation and we've created WhatsApp groups in every region where SaveAct is operating. The groups link field staff and CBPs to members, and this network has also become a platform to bring financial education and life skills information to members.

I am immensely proud of the SaveAct staff and their commitment to their work over these difficult times.

Right: Members have been testing the app developed for savings groups.



SAVEACT'S RESPONSE TO COVID-19

Airtime distributed for communicating with groups

In 2020, with funding from the Jobs Fund, we moved to digital communication for informing our savings group members on how to navigate through Covid-19 and mentoring them in acquiring financial capability.

The funding paid for airtime for **113 point people** (communication champs) who are helping us pass messages to **8 147 members**.

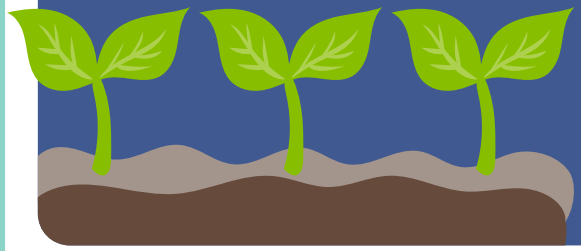
We have **184 WhatsApp groups** that help us to reach **1 613 members**.

We also sent out **62 979 SMSs** to our members, some of whom can't be reached via WhatsApp and point people.



2 677

members have received seedlings



Seedling distribution:
The Jobs Fund provided additional funding to assist vulnerable members with food security. This funding is being used to provide vegetable seedlings and training in how to use them to **2 677 households** (one SG member per HH) in Eastern Cape, KwaZulu-Natal and Free State. Starting in September, each HH, chosen according to need, availability of land and gardening skills, received R100 worth of plants.

572

PPE kits purchased

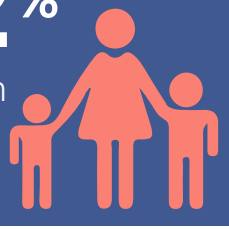
PPE kits were purchased for SaveAct staff, savings groups and community-based promoters.



SAVEACT 2020

98K
Savings group members

92%
women



40%
youth





6%
disabled



SAVINGS



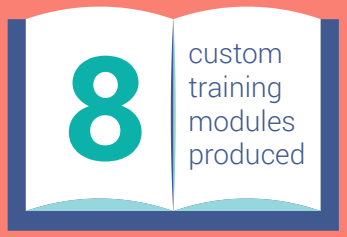
financial & gender awareness training

R5 455
saved PA per member

24%
return on savings

R540m
Total annual savings

LIVELIHOODS & ENTERPRISE DEVELOPMENT



7 817
enterprises supported in 2019

14 657
new members generating income supported by SA

48%
members using savings, credit to build enterprise

DIGITAL



apps developed for Zis, MRD & IGA



184
active WhatsApp groups

62 979
SMS messages sent to members



113
Point Persons pass messages to 8 147 members

TRUSTEES



Ilan Lax is an attorney and legal consultant who works in a range of areas, including land rights, human rights and community-based development issues.



Sazile Mtshali has worked for SaveAct as a programme co-ordinator. She has a PhD from Wageningen University and experience in nursing, home economics and rural development



Kajal Singh is a chartered accountant who has a management role at Umgeni Water, specialising in treasury management and financial planning.



Timothy Hobden is an economist and public policy professional with experience in the design, management and evaluation of donor and philanthropic programme.



Marcel Jakubec is a strategy manager at Accenture with experience in retail banking across sub-Saharan Africa. He sits on both the main SaveAct board and the Gauteng board of trustees.

Portia Kekana has experience in social protection policy and exploring ways of converting cash transfers into sustainable economic development. She has strong links with the public sector and public policy dialogue. (Pending registration)



Mandla Nkomo is the managing director of Solidaridad (southern Africa) with experience in NGO, government and large programme implementation. (Pending registration)



Thabang Phago is a savings group member with field experience in climate change adaptation. He has a masters degree in Botany and works as a climate change specialist at the Department of Environment, Forestry and Fisheries. (Pending registration)



Michel Hanouch (Gauteng board) leads CGAP's work on Open APIs in financial inclusion and has over 13 years of experience working on fintech-enabled product and business model innovation.



Paula Nimpuno (Gauteng board) is an independent consultant in the development sector. She works globally to address issues of poverty, economic and social empowerment and sustainability.



SaveAct gratefully acknowledges the support of the following donor partners:

german cooperation DEUTSCHE ZUSAMMENARBEIT
Implemented by: giz
AngloAmerican
IDC Industrial Development Corporation
MISEREOR IHR HILFSWERK
SAB Foundation
THE JOBS FUND South Africa Siyasebenza
CIVIL SOCIETY DEVELOPMENT FUND
Flanders State of the Art

EXTRACTS FROM THE ANNUAL FINANCIAL STATEMENTS

as at 29 February 2020

	2020 R	2019 R
ASSETS		
Plant and equipment	972 446	689 486
Inventory	33 354	33 064
Intercompany Loan- Saveact Gauteng Trust	194 850	-
Trade and other receivables	231 162	157 854
Cash and cash equivalents	5 176 298	5 176 298
TOTAL ASSETS	**6 608 110**	**5 299 547**
TRUST FUNDS AND LIABILITIES		
LIABILITIES		
Trade and other payables	3 590 392	3 267 277
TOTAL LIABILITIES	**3 590 392**	**3 267 277**
FUNDS		
Trust capital	100	100
Maintenance reserve	-	1 606 194
Accumulated Surplus	3 017 718	425 976
	3 017 718	2 032 270
TOTAL FUNDS AND LIABILITIES	**6 608 110**	**5 299 547**

Statement of comprehensive income

01 March 2019 to 28 February 2020	2020 R	2019 R
SUPPORT AND REVENUE		
Grant income	11 343 924	11 560 229
Interest and dividends	179 202	171 998
Donations	-	8 000
Sales of kits and Zis'ukhanyo	415 434	539 866
Less: Cost of sales	(-375 103)	(-398 982)
Sundry Income	897 314	1 025 722
TOTAL SUPPORT AND REVENUE	**12 835 874**	**13 305 815**
EXPENSES		
Programme and operational costs	1 402 533	5 400 714
Programme management and administration	4 778 600	4 362 892
Equipment and supplies	375 394	31 948
Project staff	4 918 796	4 434 494
TOTAL EXPENSES	**11 475 323**	**14 230 048**
Surplus/(Deficit) for the year	**985 448**	**(-1 323 215)**