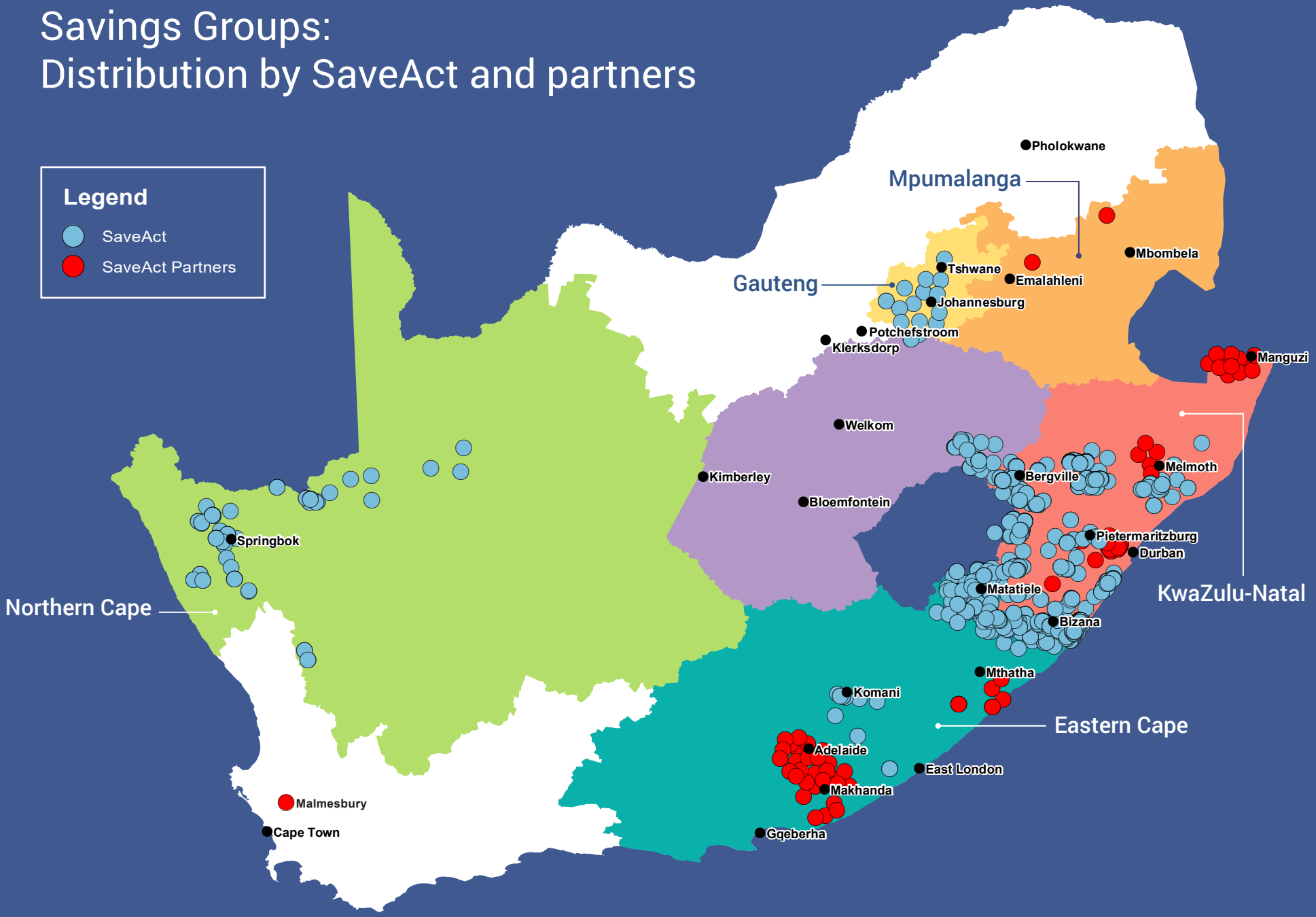


SAVEact

Annual Report 2020-2021

Savings Groups:
Distribution by SaveAct and partners



Q&A WITH MARCEL JAKUBEC

After six years as a member of the SaveAct board of trustees, Marcel Jakubec is the new chairperson.



1. When did you join the board and what are your core skills and experience?

I joined the SaveAct board in 2015 and continue to feel proud of the incredible work being done to financially empower vulnerable South Africans.

My experience is in strategy consulting, with 10+ years in the financial services space, and I'm passionate about helping to create new opportunities for people to live better lives.

My current focus is on developing SaveAct's digital enablement strategies to really achieve what we've set out to do: drive successful financial wellbeing initiatives for those who need them most.

2. What have you found most interesting about SaveAct in the time you've been involved with it?

SaveAct is an impressive organisation, with important foundational work being done at a grassroots level that spans financial literacy, building ecosystems and enterprise development.

The team has had to be incredibly dynamic, and I appreciate how innovative digital solutions are being explored to support the broader mission — helping boost security and reach in the savings space, while accounting for a lack in some of the "human" elements which are so critical in this context. It's been a challenge to find ways to balance this.

What I find particularly exciting about SaveAct is the impact these initiatives are having, and the clear knock-on benefits across the communities we serve. More than a hundred thousand people have been positively affected in some way through SaveAct – and as one of the few organisations committed to solving financial inequality in predominantly rural areas, the lessons we're learning through our rigorous testing help to feed into our long-term savings initiatives.

This is never easy – and was made even more challenging during the pandemic. But, the team's ability to evolve and adapt has meant the initiatives themselves have remained resilient over these last 18 months.

3. What do you see as the main challenge/s going forward?

Going into 2022 we will continue to expand our reach, to give access to more South Africans in need of financial tools. Here, sustainability remains a key focus for us. We must ensure that the great work being done continues, and that people feel agency through our programmes and projects to make informed financial decisions to improve their lives. In this way, the aim is to uplift entire communities and change the way people see saving, thereby creating wealth opportunities that may otherwise have not existed.

I look forward to the next chapter of SaveAct and feel privileged to be working alongside such a dedicated team.





Top: *Nomagugu Mfedu kept her poultry business afloat during Covid by borrowing money from her savings group. The pandemic has shown us that belonging to a group makes members more able to withstand shocks.*

Bottom: *A group share-out.*

EXECUTIVE DIRECTOR'S REPORT

Anton Krone



The past year has been another tough one for South Africa, but despite the challenges that affected us all, SaveAct continued to expand its reach and there were even a few silver linings.

Through our savings groups we are introducing more people to the reality of being able to generate an income, and we are consolidating our footprint in more provinces. Increasingly we are expanding through other organisations, as opposed to SaveAct working physically in the most remote places.

We now have fledgling start-ups in four new provinces, which, although affected by Covid, have managed to survive and start growing, albeit slowly. We are working with climate change innovators such as K2C and Conservation South Africa, in northern Mpumalanga, where savings groups are a foundation for adaptation. We are also working in the Western Cape with a Malmsbury NGO called Goedgedacht.

In addition, we are working with new partners, Gender CC in North West and Choice in Limpopo. Through these two partners we will extend our gender pilot work with savings group formation and financial education that is more deliberately attentive to gender relations.

This pilot has been running in some of our Gauteng and KZN groups for the last two years. Supported by the French Embassy and the Industrial Development Corporation (IDC), its progress was also hampered by Covid, but we did a lot of virtual workshopping plus some initial testing of the methodology, and there is a commitment to continue that process.

This methodology attempts to open up a conversation about money, livelihood pathways and how women and men in households experience this. The aim is to help people to think more about the power relations around money and how this affects access to finances and decision making in the household.



It also looks at how people can begin to map pathways towards more equitable power relations in the family and community. It's a tricky thing, especially in rural areas. One has to be very cautious around what is promoted and what is said, because ramifications can be costly. Women have the right to be free but in practice their safety could be put at risk through some of these conversations, so our staff need to be very sensitive and facilitative, rather than deterministic about rights. It needs to be owned by the participants and shaped by what they are comfortable with.

We've found in our work that there are some people who have deep pain that surfaces in meetings, and they have obviously had traumatic experiences. We need to look at how we can connect both the savings group member and the facilitator to professional support, to deal with those deeper traumas which we obviously can't handle at a group level. Part of our challenge is to build that supportive ecosystem for people who have experienced such traumas.

What's been encouraging is that we've also seen significant and sustained expansion in two of our "newer" provinces, Northern Cape and Gauteng. Namakwa, Northern Cape was previously one of the hardest regions to work in. Stokvels are not part of the culture there, so it has taken a few years for our model to take root, but having seen the results of the early groups there is now a growing clamour for new groups.

In Gauteng it's been exciting this past year is to see the significant upswing in demand for participating in savings groups in townships, informal settlements and peri urban areas. We can confidently say that the pilot supported by the IDC over the past few years, to verify the relevance of this methodology in an urban context, has been confirmed.

We need to thank the far-sightedness of donors like the IDC and Government of Flanders, who have been prepared to take risks and explore what kind of support people on the margins need to find the right financial service.

Left: *Nontsindiso Thutshini survived the hard lockdown of 2020 by living on savings from the previous year.*





Top: *Important progress was made in Gauteng with a WhatsApp pilot that allows members to transfer money using an e-wallet system.*

Bottom: *Recipients of Covid relief. We were able to provide Covid relief to thousands of SG members; 2 291 received seedlings through the Jobs Fund, and 6 175 were sent vouchers for farming inputs through a partnership with the Solidarity Fund.*

Lessons learnt

There were valuable lessons learnt in the Gauteng pilot. Our physical distance from Gauteng meant we were quite risk averse and put in place a team that was not as rooted in the place as we would have liked. Initial growth of group numbers was slow, but over time we built connectedness with the local community and eventually nearly 100 new savings groups were formed.

We've made important progress working with a tech partner that has built a WhatsApp bot that allows members to conduct money transfers using an e-wallet system. This really came in handy at the height of the pandemic, when it was difficult for members to travel and have physical meetings.

We've definitely established that there's interest in savings groups making use of those types of facilities. What we now need to build is a seamless pathway for members, to be able to record and manage their saving and lending inside savings groups, in cash, to do that digitally, and then to also link electronically to virtual digital money transactions.

That's where we're now heading. When we have that in place there will be room for other financial services that could be introduced, like a group funeral policy, group insurance and investments. However, while the digital path is often portrayed as a no-brainer, it's not as simple as that. People are still psychologically connected to cash, although many of the younger members take to the use of technology quickly and enthusiastically.

So it's a mixed bag at the moment. A societal transition is taking place and we believe in working with what people want, rather than trying to force the issue.

Silver linings

Covid brought a unique and exciting role for SaveAct, where we were able to provide relief to many thousands of SG members; 2 291 received seedlings under the Jobs Fund, assisted by National Treasury, and 6 175 were sent vouchers for farming inputs through a partnership with the Solidarity Fund.



The work we did with the Jobs Fund, as part of a Covid response, to distribute seedlings to 2 000 + households, had a significant impact. It was heartening to see how many people took what was a relief distribution and converted it into an enterprise track for themselves. Many of them were encouraged to buy more seedlings and converted this into a livelihood.

We also welcomed the opportunity to respond to farmers affected by Covid in KZN, the Free State and Northern Cape by partnering with the Solidarity Fund. Within a couple of weeks we were able to successfully register 6 175 savings group members who are farmers, and they were able redeem vouchers, worth R2 000 for agricultural inputs, at local outlets. Some of these suppliers were introduced into the supply chain in remote areas like Msinga.

Such interventions are significant because they have the power to begin to redefine in people's imagination what can happen economically in the community when they see their local suppliers distributing farming inputs for savings group members.

We're hoping to do more of these initiatives, for example around the violence in KZN. SaveAct is uniquely placed because of its members to offer a large distribution network that can be used for other development work, at scale, in multiple provinces.

The WAYSE project

We've been fortunate over the past year to work during Covid on formulating ways in which savings group members could recover socially and economically from the pandemic, and begin to build long-term livelihood plans.

The support from GIZ is valued. They have a good understanding from prior work with SaveAct of the opportunities and potential to continue to scale up the programme, whilst bringing in a more deliberate economic and livelihood focus.

We're really excited about the design of the WAYSE (Women and Youth in Sustainable Enterprise) initiative, which makes it possible for us to deepen our skillset and tools that we can use to tackle the economic challenges of savings group members, where they are based.

Left: *A seedling recipient in Msinga.*



It's given us an opportunity to upskill our field staff and partners so that they can work with multiple stakeholders and communities on shaping plans that acknowledge the assets and capabilities of people in those areas.

The idea is to help people to think about how they can build local or circular economic activity, where goods are produced and consumed locally. Economic multipliers can bring benefits to the community, rather than being siphoned immediately out into the formal retail economy.

WAYSE has given us opportunities to also work more deliberately with women and youth, and to begin to build these economic opportunities. We're bringing in new methodologies that enable members to map their livelihood pathways and embark on deliberate action to launch their strategies. This could be through farming, small business development, training or tertiary education.

This comes at a very critical time in the country, when it is burdened with towering unemployment and unprecedented levels of social and economic insecurity following the pandemic and the violence in KZN and Gauteng.

In a testing year these have all been significant highlights. A critical player in the background of our success stories is always the SaveAct board of trustees. Huge thanks to them for their steadfast support. It is greatly appreciated.

Left: *SaveAct staff with partners from Siyazisiza Trust and Siyakhula Sonke Trust at the first WAYSE planning meeting in September 2021.*

SAVEACT 2021

101K
Savings group members

92%
women

35%
youth

5%
disabled

5
provinces

SAVINGS

R452m
Total annual savings

R4 488
saved PA per member

24,5%
return on savings

507
savings groups graduated

TRUSTEES



Marcel Jakubec is a strategy manager at Accenture with experience in retail banking across sub-Saharan Africa.



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.



Mandla Nkomo is Chief Growth Officer for the Excellence in Agronomy programme, CGIAR, with experience in NGO, government and large programme implementation. (Pending registration).



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

Portia Kekana has worked 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).



Michel Hanouch 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.



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



Paula Nimpuno 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
WAYSE
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 28 February 2021

	2021 R	2020 R
ASSETS		
Property, plant and equipment	637 610	972 446
Inventory	9 575	33 354
Intercompany Loan Account - Saveact Gauteng Trust	-	194 850
Cash and cash equivalents	4 363 281	5 176 298
Trade and other receivables	251 856	231 162
TOTAL ASSETS	**5 262 322**	**6 608 110**
TRUST FUNDS AND LIABILITIES		
LIABILITIES		
Trade and other payables	3 085 373	3 590 392
TOTAL LIABILITIES	**3 085 373**	**3 590 392**
FUNDS		
Trust capital	100	100
Maintenance reserve	232 000	-
Accumulated Surplus	1 944 849	3 017 718
	2 176 949	3 017 818
TOTAL FUNDS AND LIABILITIES	**5 262 322**	**6 608 210**

Statement of comprehensive income

01 March 2020 to 28 February 2021	2021 R	2020 R
SUPPORT AND REVENUE		
Grant income	9 805 246	11 343 924
Interest and dividends	89 545	179 202
Donations	0	0
Sales of kits and Zis'ukhanyo	269 175	415 434
Less: Cost of sales	-205 349	-375 103
Sundry Income	280 051	897 314
TOTAL SUPPORT AND REVENUE	**10 238 668**	**12 460 771**
EXPENSES		
Programme and operational costs	1 943 577	1 402 533
Programme management and administration	4 279 887	4 778 600
Equipment and supplies	299 760	375 394
Project staff	4 846 496	4 918 796
TOTAL EXPENSES	**11 369 720**	**11 475 323**
Surplus/(Deficit) for the year	**-1 131 052**	**610 345**