

# Overview by Executive Director Anton Krone: 2010/11



The period under review has been one of consolidation for SaveAct. While demand for the organisation's services and growth in Savings and Credit Group (SCG) membership continued to be high, the organisation focused a considerable portion of its energies on securing local funding streams to support its work.

As has long been predicted, aid is either in decline or being redirected

to other parts of Africa. This has been based on the assumption that South Africa is politically stable and economically advantaged compared to its regional neighbours.

While this position has merit, South Africa continues to be wracked by the highest prevalence levels of HIV/AIDS and the most acute levels of inequality, unemployment and social stresses. This translates into some of the continent's worst social and economic conditions. As grim testimony, recent World Health Organisation statistics show that life expectancy for women has fallen from 59 in 2000 to 55 as a result of the country's high HIV-infection rate.

For a relatively wealthy country in peace time, these statistics concerning a treatable disease are a shocking reminder that the lives of hundreds of thousands of women are still characterised by poverty, vulnerability, poor access to health care and high levels of distress. They are also a reminder that measures within South Africa to address these issues in a sustained and meaningful way are falling dramatically short. Effective strategies to create reliable funding streams

to enable effective anti-poverty programmes are not in place. Too many funding streams are narrowly conceptualised and respond only to safely defined 'sectors'. There is insufficient appreciation of the multi-dimensional nature of poverty, and the need for more integrated strategies that speak to this.

In this context, the work of SaveAct remains vital. It is estimated that some 30% of savings members are directly affected by HIV/AIDS. Feedback suggests that membership helps people to manage the impact of HIV/AIDS. In one study it was found that 47% of savings group members started new enterprises after joining their groups. The majority of these members indicated that they did so because of the financial and social support they found in their group. SaveAct's recently expanded financial education programme is increasingly being integrated into the savings group meetings, so as to keep the costs of training for both members and the organisation to a minimum.

Increasingly, our performance data is showing that the savings and credit group system, combined with enterprise training, offers a sustainable and demand-driven model for livelihood development, with savings groups acting as localised incubators and fora of mutual learning and encouragement.

SaveAct is exploring the implementation of a randomised control trial assessment in order to obtain a more scientifically rigorous statement about the impact of its savings-led model. With this information we hope to demonstrate to government and other stakeholders the efficacy of the SaveAct model as an effective strategy to enhance social security and offer an enabling platform for enterprise development.

Five years on, the SaveAct programme is now firmly established and is poised to grow in response to massive demand for the formation of SaveAct-led savings and credit groups in both KwaZulu-Natal and the Eastern Cape.

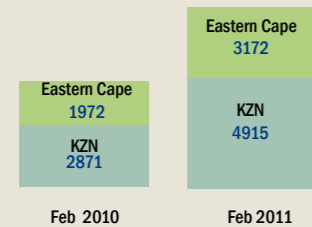
The organisation continues to forge new strategic partnerships, with a consistent emphasis on sustainability. One of our emerging partnerships is with Reach Global, which has expertise in the scaling-up of similar programmes in India and Africa. The

University of California, (Davis) is also on board and brings with it considerable capacity in agricultural development in developing countries and clean technologies such as solar power which we hope to bring to savings groups members in the future. In January 2011, SaveAct became a member of the KZN Financial Literacy Association, an initiative championed by Finance MEC Ina Cronje, aimed at improving financial literacy in the province.

SaveAct ploughed back its experience by jointly conducting a one-week training course with VSL & Associates in February 2011. Facilitated by Gabrielle Athmer and Nolufefe Nonjeko-Dlanjwa, the course included a field visit to savings groups and was attended by 22 NGO representatives working in Africa and Asia.

## Members

Membership of SaveAct-formed savings groups grew from 4842 at the start of the year to 8087 at the end of February 2011. Membership retention of savings groups exceeded 98%. Indicators show group sustainability to be very high.



In February combined capital value of savings groups was R2 045 170 and annual growth on investment 34.3%.

Member equity at start of year: R3 321 332 (\$442 844\*)  
Member equity at end of year: R7 421 686 (\$989 558)  
\* R7.50 to 1

In another indication of our growth and maturity, SaveAct increased the size of its board which now comprises Milton Ncolosi as chairperson, Ilan Lax as secretary, Professor Krishna Govender, Timothy Hobden, Dr Mary van der Riet and Father Zaba Mbanjwa. We were sorry to lose the services of Ms Nokuthula Gumbi who resigned from our board in early 2011, but we wish her well and are grateful for her contribution to the organisation.

Although now at an end, initial funding from the Ford Foundation has been critical to our early success and thanks are also due to the foundation for its foresight and commitment to the organisation.

A solid foundation has been laid. We enter a new era with confidence and optimism.

Recent research over three months by UK-based researcher Annie Rose Barber funded by FinMark Trust shows that SCGs are helping members in the Eastern Cape who are affected by HIV/AIDS to withstand financial shocks, improve their health and assume greater control and confidence over their lives. To download the report, go to [http://www.saveact.org.za/images/stories/annie\\_barber\\_paper.pdf](http://www.saveact.org.za/images/stories/annie_barber_paper.pdf)

# Annual Financial Statements

As at 28 February 2011			1 March 2010 to 28 February 2011		
	2011 R	2010 R		2011 R	2010 R
<b>ASSETS</b>			<b>SUPPORT AND REVENUE</b>		
Cash and cash equivalents	1 177 974	1 777 455	Grant income	4 379 362	2 317 397
Property and Equipment	226 850	-	Donations, interest, dividends	46 599	111 191
<b>TOTAL ASSETS</b>	<b>1 404 824</b>	<b>1 777 455</b>	Other income	-	750
<b>FUNDS AND LIABILITIES</b>			<b>TOTAL SUPPORT &amp; REVENUE</b>		
<b>LIABILITIES</b>			<b>EXPENSES</b>		
Accounts Payable	809 743	1 774 334	Consulting and professional fees	1 014 311	1 102 694
<b>TOTAL LIABILITIES</b>	<b>809 743</b>	<b>1 774 334</b>	Employee Costs	1 387 932	790 561
<b>FUNDS</b>			Enterprise Training	23 363	26 028
Trust Capital	100	100	FAIR	4 415	354 714
Accumulated Surplus	594 981	3 021	Finnish Embassy	28 983	-
	595 081	3 121	Recurrent programme costs	716 766	492 637
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 404 824</b>	<b>1 777 455</b>	Recurrent costs - local office	394 297	232 927
			Training and development	69 270	191 809
			Travel - local	163 685	199 724
			Networking	19 829	-
			Non-recurrent expenditure	11 050	89 977
			<b>TOTAL EXPENSES</b>	<b>3 833 901</b>	<b>3 481 071</b>
			<b>SURPLUS/(DEFICIT) FOR YEAR</b>	<b>592 060</b>	<b>(1 051 733)</b>

Over the past year, Mrs Sibongile Madondo, a SaveAct village promoter from the Potshini near Bergville, has seen a number of positive developments in her community where she works with 10 graduated and 29 new savings and credit groups.

"SaveAct has helped SCG members get out of debt from the mashonisas (loan sharks). People are now buying with cash using group loans," she says. Potshini is a rural area in KwaZulu-Natal where farming is one of the most important economic activities. SaveAct group members have quickly grasped the capacity of group loans and savings to boost agricultural practices and efficiency, particularly when members pool their money to buy agricultural inputs in bulk. Says Mrs Madondo: "Members are saving money to buy fertiliser and other inputs. Some are able to buy cattle which are an asset that brings pride, especially to the men of the household." Other SCG members have focused on home improvements, the development of small businesses and meeting priority expenses such as school fees.

As a village promoter, Mrs Madondo's role is to encourage the establishment of new groups, monitor them, facilitate their training and help them to resolve conflict, where necessary. She is also involved in the provision of financial education and collects data for SaveAct's centralised management information system.

She derives a lot of satisfaction out of her work. "Not only am I helping others to improve their lives, but being a VP has improved my confidence in the community. I feel respected and important because of the knowledge gained from SaveAct."

SaveAct gratefully acknowledges the support of the following donor partners:



# Annual Report 2010 - 2011



## Message from the Chairperson of SaveAct Trust



SaveAct has steadfastly pursued the vision of a model of practice that is both empowering for rural women in a social sense, but also relevant to their need for sustainable enterprise development. I am pleased to see that this vision is being translated into practical and realisable steps that can be applied in different contexts in a way that is accessible to the poor and vulnerable. South Africa is a country of painful extremes, of poverty and inequality, of suffering, and of social and economic exclusion. These realities quickly take us into a place of despair, of paralysis. To engage

with the work of SaveAct is to bring an antidote to that, a model of hope and change that makes a better future possible.

We have been fortunate to have been supported by partners that share this sense of hope. Vesper Society is one of those. Vesper sponsored SaveAct's attendance at the annual SEEP (Small Enterprise Education and Promotion) Network microfinance conference. It was interesting at SEEP to observe the attention building around savings-led financial services, at a time when the impact of Grameen-style microfinance is being questioned. Experiences and insights were shared with NGOs practising similar savings models, and networks were strengthened. These networks are providing important points of reference in refining aspects of the model and in positioning SaveAct to pursue its commitment to enabling local innovation and enhanced enterprise development among its savings group clients.

I commend the work of SaveAct and look forward to its continued success in charting a way for people to engage with their poverty and exclusion in a way that is sustainable and representative of a new and effective way of responding to such challenges .

**Milton Ncolosi, Chairperson**



## The SaveAct model

SaveAct implements a hybrid model of community-based savings activities, which incorporates three complementary elements:

- The formation and mentoring of savings and credit groups (SCGs) - financial services controlled and managed by the poor;
- Life Skills Training (LST) including Financial Education - improving people's capacity to plan and act;
- Enterprise or *Isiqalo* training - developing capacity to engage in enterprise activity or follow more sustainable livelihood strategies.

In a relatively short period, SaveAct has been able to show in South Africa that people organised in literacy groups, HIV/AIDS support groups, or farmer learner groups enthusiastically embrace savings as a powerful activity that runs alongside and complements their survival and livelihood endeavours. This integration is largely seamless and has profound implications for how stakeholders with an interest in tackling poverty and vulnerability conceive of their approach. It brings to the fore a new menu of possibilities and potential.

More information on the model is available at [www.saveact.org.za](http://www.saveact.org.za)

**“ The SaveAct model deserves to be included as one of the solutions considered for eliminating poverty and reducing inequality in South Africa. ”**

Commissioner Vuyo Mahlati, National Planning Commission and Inclusive Finance Specialist.

# SaveAct Projects

## FAIR, KwaZulu-Natal

**Farmer Access to Innovation Resources (FAIR) is an eight-country action learning project in farmer-led research and development aimed at piloting Local Innovation Support Funds (LISF).**

The past year has seen high demand for SaveAct-led savings and credit groups in areas covered by FAIR in South Africa. In January 2011 there was a clear example of spontaneous multiplication of savings groups. About 380 women organised themselves voluntarily into 19 groups which then approached SaveAct staff for formal training.

In Bergville, SCGs continued to exploit the complementarity between agricultural activities and savings groups by using share-outs to facilitate the bulk-buying of agricultural inputs. This year, input volumes have been increased as group members from various savings and credit groups show greater confidence in the concept of collective action and their individual ability to contribute effectively to such action.

In Potshini, an enterprising SCG savings group member organised a separate fund for a plant feeder worth R17 000, with contributions of R100 from 15 SCG members and donations from the ABSA Foundation CSI and the Farmer's Support Group. The machine will be rented out to community members at a fee, with proceeds going towards the Sinethemba Youth Club, a local organisation which works primarily to support people affected by HIV/AIDS.

It is especially encouraging to observe vibrancy in agricultural production in the area. This is underpinned by the savings activity, with annual share-outs and bulk-buying bolstering production and motivation to pursue this path.



**Partners:**

- The Farmer Support Group (FSG)
- Department of Agriculture & Environmental Affairs
- PROLINNOVA

**Location:**  
Amazizi area of Okhahlamba, KwaZulu-Natal

## LEAP, KwaZulu-Natal

SaveAct-promoted savings and credit groups were introduced to the Msinga area in June 2010 and demand continues to be strong. In Richmond, demand remains relatively high, while growth is dropping in Nhlazuka because the terrain makes access difficult, and existing demand is largely met.

The introduction of savings and credit groups to the Table Mountain area outside of Pietermaritzburg has seen extraordinary growth and demand. Records show that SaveAct groups have attracted over 1 200 members from within an area comprising 750 households. Local volunteers report that members travel from neighbouring villages to attend group meetings.

In order to improve sustainability, SaveAct has encouraged a shift away from the concept of local 'voluntary promoters' who receive a stipend from the organisation, towards 'village promoters' who charge a small service fee which is paid by the group for each meeting they attend.

The concept of village promoters was piloted in Nhlazuka and Richmond and the service fee was introduced in all areas at the end of September 2010. The idea holds the potential to offer medium to long-term employment opportunities which are not dependent on SaveAct's continued presence in the area. Thus far, the idea has been well-received by the groups, some of which have expressed their appreciation for their support and services by rewarding their promoters with monetary bonuses.

**Location:**  
Richmond and Mkhambathini

**Local Economic Action Partnership for Socially & Economically Excluded Groups (LEAP) is a unique and complementary range of interventions which collectively enable poor and vulnerable groups to 'climb the ladder out of poverty'. It incorporates participatory local economic plans and the promotion of SCGs with life-skills and enterprise training.**

**“ It was wonderful to see this group of predominantly rural women taking charge of their finances, and making their money work for them and their community. ”**

Melanie Venesse, CEO of the Pietermaritzburg Chamber of Business, after attending an SCG meeting in Table Mountain..

## LEAP, Eastern Cape

**Local Economic Action Partnership for Socially & Economically Excluded Groups (LEAP) in Alfred Nzo & Ukhahlamba Municipalities aims to build a sustainable approach to poverty reduction and social exclusion by helping to create sustainable livelihoods and by growing local economies using available local resources and capabilities through a savings-based platform.**

Although the second leg of the LEAP: Eastern Cape programme is in place, plans to upscale the programme were necessarily curtailed owing to a shortfall in the anticipated funding allocation.

However, despite funding challenges, the programme continues to enjoy the firm commitment of its partners. From October 2010, the programme focused on the graduation of older groups, a process which reflects the consolidation of the programme and brings the groups a step closer to self-reliance.

A successful potato information day was held in Matatiele in November 2010 to support local farmers who face a number of challenges ranging from accessing quality seed



to marketing their produce. Organised jointly by SaveAct, the Environmental Development Agency and Lima, the day attracted over 100 local farmers who were given the opportunity to interact with industry representatives. The potato information day was followed by a programme which facilitated the bulk buying and delivery of vegetable seedlings for local farmers.

Although now at an end, initial funding from Thina Sinako and the European Union was essential to the establishment of the LEAP programme and its early successes in the Eastern Cape and we are grateful to both funders for their support at that critical time. Vesper Society continues to play a vital role in sustaining our work in the Eastern Cape, with continuity of work also now being enabled by the National Development Agency.

## Family Literacy Project, KwaZulu-Natal

SaveAct's partnership with the KZN-based Financial Literacy Project continues with the success of the existing groups acting as a major draw card for new groups. A new group was established in Enhlanhleni last year. According to FLP director Lynn Stefano, the established groups had their first share-out at the beginning of the year, and immediately increased their savings shares after the payout, reflecting the groups' confidence in the model. Complementarity between the two activities - literacy and savings - is high, with FLP groups being able to apply their literacy skills to their savings group activities .



**Partners:**  
Bathehi Ba Kgotso People's Organisation, Masangane Treatment Programme, Matatiele Advice Centre, Environmental & Rural Solutions CC, Mt Fletcher Advice Centre, Siyanakekela Community Development.

**Location:**  
Towns and villages in Alfred Nzo & Joe Gqabi Municipalities in the Eastern Cape.

**S**aveAct Field Officer Simbongile Duba is currently mentoring about 45 savings and credit group in the areas in and around Matatiele and Mount Fletcher. These are some of the poorest and most remote areas of the country. Unemployment is high and the majority of people live off social grants. **“Just seeing people's lives change – even if it is just the smallest thing like being able to buy two shares instead of one – that's the reward I have seen this year.”**

SaveAct-promoted groups are tapping into the potential they hold as platforms for community mobilisation. **“Members are now united; they even address community issues together.”**

**Partner:**  
Family Literacy Project

**Location:**  
Centacow and Polela

**“ The savings and credit group meetings allow the FLP members to take their literacy a little further, to make it really work for them. ”**

Lynn Stefano, Family Literacy Project Director