



south african micro-finance apex fund
an initiative of **the dti**

samaf Newsletter Vol.5 November 2009



Mandate

The mandate of samaf is to:

Contribute to government's poverty reduction strategy by acting as a catalyst for the development of micro-finance institutions through:

- Support the establishment of micro-finance institutions broader to

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Ms. Nothemba Gqiba
Marketing and Communications
Manager

Editor's footpath

It has been a roller coaster ride since the last issue. **samaf** has grown from strength to strength in meeting the needs of the enterprising poor. The Challenges and achievements thus far have made **samaf** family to realise the role of our existence as an organisation. The road we travelled has got so many potholes but it does not mean we are deviating from our mandate to emancipate the enterprising poor.

samaf has done inroads in re-defining the rules of the game in the micro-finance sector. The government has given **samaf** thumbs up to drive the micro-finance sector in South Africa and also regulate. This has been confirmed by the exemption Notice Number: R 887 issued in terms of Bank Act.

The commitment displayed by **samaf** employees in Bokamoso project is breath taking said, "Mr.S.Mase" (Chief Executive Officer). **samaf** of tomorrow has all the ingredients that define the role of the enterprising poor in the 21st Century. Implementation of Accpac on the 14 August 2009 was a pat on the back as it aims to enhance the financial systems and control in our organisation.

Success stories on this publication are a result of the footprints left out by our foot soldiers on the ground. These stories bears testimony of the good work done by women and men of goodwill to emancipate the enterprising poor.

samaf is conducting an evaluation review focusing on an overview since inception in 2006. The launch of a stakeholder's forum also marks the beginning of stakeholder's engagement in the history of **samaf**. It has been pleasant and excellent to witness all these changes without having any casualty in the process. This indeed, is a realisation of a dream deferred.

Until we meet again. I salute!!!



Mr. Sithembele Mase
CEO

Visioning samaf for 2014 and beyond

During the last 3 years **samaf** has been focusing on building **samaf** model through setting up systems, controls, developing policies and procedures. We have tested the model and have learnt a number of lessons during the pilot phase. Within six months of assumption of duty, I was faced with a challenge of producing the first audited financial statement for this entity. The first year of our audited financial statement, we had qualification of 3.8 million regarding grants that had been disbursed prior my appointment.

In 2007/2008, we reversed that audited finding from the lessons learnt over the 2006/2007 financial year. We further intensified the development of financial controls and refined business models of improved appraisal, screening and identification of financial intermediaries (FI's). We trained **samaf** staff on standardize business process which is financial modeling, financial reporting, monitoring and analysis so that they adequately monitor the FI's. This an able us to increase service delivery in terms of disbursements, beneficiaries and **samaf** mobilization.

2008/ 2009, has now seen a new vision of **samaf** becoming more vivid and thrive. Although our performance was lower during 2009, we have conducted an extensive review thus going back to the drawing board. We clarified the mandate, vision, mission and values of the entity through an extensive employee engagement process called **samaf** of tomorrow (Project Bokamoso). The communication lines became clearer, staff and management did an introspection and we all agreed that it is excellent performance and satisfied customers that will guarantee a long time sustainability of **samaf**.

The project Bokamoso opened new avenues of a robust, honest engagement. There was demand for a new kind of leadership for **samaf**. A leader who is competent on people leadership + developmental + financial discipline as well as commitment to the cause of micro developmental finance. This leader should embrace a high performance ethic.

The vision for 2014 is as follows:-

- High performance entity with well trained staff
- A corrupt free entity with appropriate risk management and fraud prevention
- A disciplined work force which respect the cause of financial inclusion, financial discipline, service delivery and good corporate governance
- A thriving developmental finance sector which is highly efficient and effective

Understanding the role of samaf in the micro-finance sector in South Africa



Ms. Nosipho Ngewu
HR Executive

Micro-finance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income household and, their micro-enterprises. Micro-finance services are provided by the following sources:

- Formal institutions, such as Micro-finance Institutions [MFIs] and Financial Services Cooperatives [FSCs];
- Semiformal institutions, such as nongovernmental organisations; and
- Informal sources such as money lenders and shopkeepers.

Institutional micro-finance is defined to include micro-finance services provided by both formal and semiformal institutions. Micro-finance institutions are defined as institutions whose major business is the provision of micro-finance services.

However, micro-finance services are supplied mainly by informal sources. Their collective outreach, both breadth and depth, is vast especially in South Africa. They supply mainly short-term credit and charge higher interest rates than semiformal and

formal sources. Because of the relatively greater bargaining power enjoyed by the informal suppliers in general, the terms and conditions under which services are provided do not enable the clients to fully harness economic opportunities. The informal sources operate in highly localised areas. Therefore, their contribution to financial intermediation and improvement of resource allocation is also limited. To cite one example, informal sources do not allow savings to be collected from more than a small group of individuals well known to one another, and they do not move funds over large distances. Despite the fact that the formal and semiformal sources's sector has been growing at a fast pace in other countries, South African poor households still have little access to institutional financial services.

In South Africa's case, the South African Micro-Finance Apex Fund (**samaf**) is a wholesale funding institution formally established in April 2006 as an agency of the Department of Trade and Industry (the dti). **samaf** is tasked to facilitate the provision of affordable access to finance by micro small and survivalist business for the purpose of growing their own income and asset base.

The primary purpose of **samaf** is to reduce poverty and unemployment and also to extend financial services to reach deeper and broader into the rural and peri-urban areas of South Africa. This is in keeping with the Africa Development Goals for 2014. Further, **samaf** wants to build a network of self-sufficient and sustainable micro-finance institutions.

samaf has initiated an organisational development project to improve its current efficiencies and effectiveness around its Human Capital Strategy. The **samaf** Organisation Development Framework concentrates on alignment of the organisation to its employees by improving its operating model. It will clarify indicators which will best meet the objectives of the **samaf** vision and mandate, whilst carefully exploring a new ethos around employee competence. Most importantly, the organisation is ready for this change. All these endeavours are aimed at moving **samaf** closer to achieving its Vision and Mandate and to grow **samaf** into market leading micro-finance wholesaler, comparable with the best in the world.

Due to the complexity of micro-finance industry in South Africa which has been seen as a result of the exploitation of pro-poor, Trade and Industry Deputy Minister Ms. Maria Ntuli has called for a national summit to find ways of developing Small-to-Medium Micro Enterprise. The summit will pave a way to policy, legal

framework, micro enterprise infrastructure, institutional capacity, investment in social intermediation and addressing inadequate investment in rural development to mention a few.

The Challenges we faced in South Africa are unique in a sense that there is too much dependence on government and the legal status of the microfinance sector is yet to be defined. The PKSf in Bangladesh was registered as a separate legal entity with an independent board of directors with fiduciary powers. This allowed PKSf to have authority and flexibility to make appropriate business decisions within a clearly defined policy and legal framework.

Profiling our:

Eastern Cape Provincial Manager:



Ms. Tandeka Nosipho Rozani

Ms. Tandeka Nosipho Rozani has more than 20 years of work experience starting from junior level up to senior management position. She started as a teacher at Mpeko Senior Secondary School. However, because of her dedication and her philosophy to strive for excellence in everything she does, she was promoted to Senior Lecturer, Head of Business Studies, Campus Manager, and Institutional Development Manager at King Sabatha Dalindyebo FET College in the Eastern Cape Province.

Her dedication and determination to persevere in life led to being offered a job as the Executive Manager for Planning, Research & Institutional Development at Port Elizabeth FET College. She was the first Chairperson of the Provincial Mega Committee for Planning, Research & Institutional Development in the Eastern Cape Province. She is also a Moderator for Typing and Computer Technology at the Walter Sisulu University (WSU). She was then appointed as the **samaf** Provincial Manager Northern Cape in 2007. She is currently heading the Provincial Eastern Cape **samaf** office. Ms. Rozani has brought in a new dimension in systems

development; leadership, monitoring, evaluation, coaching and training. This signifies a value added within two years working at **samaf**. The Northern Cape and Eastern Cape stakeholders can attest to this.

Her academic qualifications are as follows:

- Trainers Certificate from the International Labour Organization (ILO)
- Secondary Teachers Diploma from Walter Sisulu University
- Bachelor of Commerce (B. Comm) from Walter Sisulu University
- B. Comm. Honours from the University of South Africa (UNISA)
- Master of Business Leadership (MBL) from the School of Business Leadership (UNISA)

Her personal philosophy in life is “always strive for excellence in everything you do”.

Current reading: She is more fascinated by reading strategic management books which equips her with extensive knowledge on strategic level

Relaxation or Recreational Activities: Reading, Watching TV, walking and going to the gym

success stories

Bakenberg Financial Services Co-operatives



Mrs. Jusky Mafafo

Mrs. Jusky Mafafo comes from Kwenaithe Village in Bakenberg. Before joining Bakenberg Financial Service Cooperatives she used to struggle with Government orders due to lack of funds and as a result would lose all the business offered to her.

With the little money that she had, she managed to start a catering and decoration business. It is then that she decided to approach Bakenberg FSC to loan her money to enable her to expand her business in order to meet the demands of her clients. Because of the kind of orders she was getting from government, Bakenberg FSC had to consider her application even though she was a first time loan applicant. Mrs Mafafo started with a loan of R2500.00 and paid back the money with interest. Now she is able to deliver splendid decoration and catering services to Government and other businesses.

Mrs. Mafafo mentions that before joining Bakenberg FSC she was afraid because she thought Bakenberg FSC was operating as loan sharks who will take her bank cards and make withdrawal transactions monthly. She realised that she was wrong after getting the orientation from the loan officer. Bakenberg FSC offered her a loan. Now she is able to pay her monthly repayments with an affordable interest rate.

She thanked the **samaf** funded financial intermediary in offering her the opportunity to improve her livelihood; "I would not have done it if I did not get their assistance. I will recommend it to anyone who needs assistance in terms of getting loans to improve their businesses," said Mrs Mafafo



Mr. Solly Matheane

Mr. Solly Matheane hails from Diretsaneng village. He was recruited by his friend who is already a member of Bakenberg Financial Service Cooperatives. Before joining the Financial Intermediary he was the victim of loan sharks in the area and the loans provided by them were not helping in terms of generating profit for his business. Instead of generating revenues for his business he was making profit for the loan sharks because they were deducting a lot of money monthly. In order to qualify for a bigger amount Mr. Matheane had to start with a loan of R1000.00 which is standard for all first time loan applicants. He paid the loan once off with interest. It was only after paying the first loan that he was allowed to borrow bigger amounts.

He first contacted Bakenberg FSC with the group named Pudiakgopa; the group did not perform as well as expected. Seeing that the performance of the group was affecting his business he decided to go through the loan process alone. Now he is able to save some of the profit and he is even making repayments in advance.

He has employed three women on a temporary basis; the loan has changed his life and the standard of his business. He has managed to buy storage boxes for their stock. Mr. Matheane said in his own words that he recommends **samaf** funded financial intermediaries to all struggling small businesses and medium enterprises.

Sinhle Co-operatives

Mrs. Joyce Green was born in 1957 in the remote area commonly known as Ngodini in the Mpumalanga Province. She grew up under terrible conditions as she was raised by uneducated parents. It was a struggle to survive more especially for women. Women were not in a position to fight for their rights. Women were forbidden to go to school. After getting married at an early age because of circumstances prevailing at the time, she was blessed with a daughter. Her husband passed away in December 1992.

Mrs. Joyce Green was partially blind at a tender age. The path she took was driven by a message her husband left. The message was “never wait for things to be handed on a silver platter”. Instead of waiting for miracles to happen, she decided to approach WDB through the assistance of her 4 friends. samaf is one of the funders of WDB.

Mrs. Joyce Green is from a group commonly known as Sinhle. She started her car wash business in 2007 after realizing that things are tough and she does not meet the needs of her family. Starting a business was not an easy job due to lack of financial assistance. She heard about the WDB financial services and decided to apply. She was offered R1000.00 which enabled her to buy soap, bucket, 2cm horse pipe and spraying machine.

In her car wash business, she employed 4 people, 1 in a barber shop and 2 in the kitchen. She occasionally gives out free food to school children who are less fortunate.

She vows not to allow her situation of not going to school affect her daughter. Her daughter is currently enrolled at the University of Venda. She is looking after her brothers’ kids who are also schooling. With regard to her own education, Mrs. Green did not go beyond standard 3. Her philosophy in life “nothing is impossible”.



Mrs. Joyce Green

Bittersweet Trade & Investment (Pty) Ltd 16 -BTI

Bittersweet Trade & Investment (Pty) Ltd 16 is one of the Developmental Micro Finance Institutions funded by **samaf** in the Eastern Cape Province. The micro financial intermediary is situated in the Amatole District Municipality at Mdantsane Township in East London. Their clientele is comprised of micro/survivalist entrepreneurs who rely on the Developmental Financial Institution for the development of their enterprises. Through the **samaf** funding Bittersweet MFI has been able to reach out to 213 clients within a three month period. Within the short space of time operating, they bought office equipment, software, employed 7 staff members on a full time basis and provided training to their staff.

The chairperson of Bittersweet Trade & Investment expressed gratitude to **samaf** for the R1,5 Million assistance which was used for loans and for Capacity Building. The money mentioned above was disbursed to Bittersweet Trade & Investment (Pty) Ltd in March 2009.

During the interviews the clientele confirmed that through the loans received & good customer care by Bittersweet MFI, they were able to increase their stock, put food on the table and pay fees for their children's education.



Ms. Malgas Nothukela

Aloga Financial Services Success Stories

Aloga Financial Services is Christian Micro enterprise development which was established in 1999 funded by USA Boston based organization called Peer Servants. **Aloga** was further funded by **samaf** in June 2006. Through the **samaf** funding assistance **Aloga** was in the position to disburse to over 500 entrepreneurs for a total amount of about R2m. With this assistance from **samaf**, **Aloga** was able to improve the lives of many entrepreneurs who in the past struggled to access capital to grow their small business. **Aloga** is operating around Tshwane area.

The name **Aloga** is a Northern Sotho name which means “Graduating”. **Aloga**’s vision is to transform and empower communities in Southern Africa through self-funded Christian micro-finance. Mr. Matsha Makena is the managing director and also a board member of **Aloga**. This Micro financial Intermediary is managed by 10 board members. The board members salute **samaf** with heads up for the financial assistance rendered to improve the lives of the enterprising poor. The company employed 5 permanent staff members.



*(from left) Mr. Matsha Makena, Ms. Kagiso Mokoena, Mr. Isaac Tladi
Members of Aloga Financial Services*

samaf talking to the people road show



*(left) Mpumalanga Provincial Manager - Mr. Sabelo Mamba
(right) Thembisile Hani Municipality Executive Mayor -
Cllr. V.V. Nkosi*

The **samaf** Marketing and Communications department together with Mpumalanga provincial office hosted **samaf** talking to the people road show on the 30th of July 2009 at Thembisile Hani Municipality. The road show was held with a purpose of creating products awareness at both grassroots and at Financial Intermediaries level. The event was used as a vehicle to position **samaf** within our primary target market and also create a platform for interaction between **samaf** and the intended beneficiaries. The event created brand awareness and positioning for **samaf** by looking at the numbers present on the day. We also believe the brand has reached deeper and broader into the peri-urban and rural communities.

The Municipality has created a platform to interact with communities. The Executive Mayor in his presentation began by challenging everybody present to stand up and

be counted. He further emphasized that the time for people to wait for things to be handed over on a silver platter is gone. He acknowledged that people in this day and age are depending on government on everything while they should be mindful of opportunities created by **samaf** to move to another level.

Addressing audience during the roadshow, **samaf** Mpumalanga Provincial Manager – Mr. Sabelo Mamba urged the community to start Financial Services Cooperatives (FSCs) that would be compliant with the Cooperatives Act No. 14(2005), Cooperative Banks Act No.40 (2007), National Credit Act No.34 (2005) and the Government Notice No. R877 of 22nd December 2008. He further emphasized that FSC's should ensure safety and soundness of member's savings, and members should have a high appetite for repaying their loans to FSCs. **samaf** encourage FSC's to comply with all prudential standards as set by the supervisor and regulator of FSC's. It is worth noting that more than 10 000 women and 4 000 youth have benefited from **samaf** Mpumalanga office thus far

Speaking at the meeting Mr. Sithembale Mase, **samaf** Chief Executive Officer, said "**samaf** as a wholesale fund assists people through community financial intermediary to have access to financial services". The support from the Municipality stakeholders is always encouraging and inspiring. People who attended were seeking for more information regarding our products offering. **samaf** Chief Executive Officer was more than willing and zealous to engage with public. The public were more impressed with his humbly approach and articulation of **samaf** position to emancipate the enterprising poor.

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