

**Media Release****Foundation of the Association for Savings and Investment South Africa (ASISA)****11 June 2018****ASISA Foundation nurtures fledgling micro enterprises into employment generators**

Rural township entrepreneurs from some of the country's poorest areas gathered in Sandton, Johannesburg, today to celebrate the successful incubation of their 28 businesses. Most of them were little more than good ideas or fledgling micro enterprises less than a year ago. Now these businesses support 83 jobs, 42 of which are new. These jobs in turn positively affect the lives of at least 200 dependants.

The 28 entrepreneurs all have one thing in common. They participated in the Saver Waya Waya Financial Literacy and Micro Enterprise (FLAME) pilot programme introduced in 2016 by the Foundation of the Association for Savings and Investment South Africa (ASISA) in Hammanskraal, Soshanguve, Ga-Rankuwa and Rustenburg.

The ASISA Foundation is a non-profit initiative supported by the members of ASISA with the aim of delivering effective and objective financial literacy and micro enterprise development programmes to South Africa's most vulnerable groups.

In addition to teaching financial literacy to low-income earners, the Foundation's FLAME programme also included entrepreneurial and business development workshops. Some 30 participants who had either already started a micro enterprise or who had a viable business idea were then selected for further seed funding, business support and mentoring. The incubation phase of the programme concluded in April this year with 28 entrepreneurs still in business.

Addressing the FLAME close-out event this morning, Ruth Benjamin-Swales, CEO of the ASISA Foundation, said one of the earliest and most important realisations for the Foundation was that you cannot teach people who have no hope.

"We came to realise that unless we provide our most vulnerable groups with the skills, tools and opportunity to create an income, there is little point in teaching them the importance of saving."

Benjamin-Swales said this realisation inspired the structure of the FLAME programme, which goes beyond merely teaching financial literacy.

"FLAME provides communities with a real chance of participating in the country's economy by creating micro enterprises that not only generate an income, but that eventually create employment opportunities for others."

**Building businesses at grass roots level**

Ten micro enterprise entrepreneurs from Soshanguve, Hammanskraal and Rustenburg respectively were selected to incubate their businesses. The selected ventures were all at different stages of development ranging from startups to early stage businesses (in

operation between one and three years) and established businesses (older than three years).

Benjamin-Swales pointed out that of the 30 micro enterprise entrepreneurs, 11 had never run a business before.

“We needed to teach all participants the basics of business ownership and effective financial management of entrepreneurial ventures. As part of the programme, each business owner therefore received one-on-one business coaching twice a month at their business premises. In addition, the entrepreneurs attended monthly networking sessions with specialist presenters and mentors. Each business also received seed funding of up to R10 000 depending on their needs.”

The incubation period started in July last year and concluded in April this year. At the end of the incubation period, 28 out of the 30 businesses were still going strong, reported Benjamin-Swales.

“Incubated businesses managed to grow their profit margins to between 10% and 35% during the incubation period and total turnover for all businesses amounted to R2.2 million.”

Benjamin-Swales said other wins of the programme included:

- Six of the participating entrepreneurs were able to access other sources of funding to the value of R900 000, while they were on the programme.
- All incubatees are able to cost their products and record their income and expenses.
- A number of entrepreneurs now operate separate business bank accounts.

“The biggest win for me is that the FLAME programme has set the participants on a path of economic and financial inclusivity, by empowering beneficiaries through financial education and by teaching business ownership skills and effective financial management of entrepreneurial ventures.”

### **Success stories**

Zanele Ntuli is a 27 year old smallholder farmer in Soshanguve. During the nine months on the FLAME incubation programme she managed to transform her family's farming cooperative into a profitable operation able to pay its members a salary for the first time. Emo Agric Primary Cooperative grows produce like jalapenos and spinach for agricultural aggregators, which in turn supply national retailers.

By diligently applying the financial concepts she had learnt she managed to record a profit of close to R90 000 for the nine months. This enabled Ntuli to employ another 8 people, increasing her staff to 12. Keen to share her successes with her community, Ntuli has also created learning opportunities for other young black farmers through a partnership with a local vocational college. The aspiring young farmers use her farm for practical lessons.

The Segaetsho Cultural Village is the brainchild of Thuto Legwale, who participated in the FLAME entrepreneurial and business development workshops before pitching his business idea for inclusion in the incubation programme. This multicultural experiential centre, which is situated in the Sun City Leisure Resorts Precinct, recorded one of the highest turnovers for the nine months incubation period and created employment and market opportunities for the surrounding communities. Through his involvement with the FLAME programme, Legwale became an enterprise development partner to Sun International.

Another micro enterprise that showed significant and sustained growth over the past nine months is Kgetse Ya-Tsie Primary Co-operative. Owned and managed by Caroline Mathibe, this established sewing business located in Soshanguve clearly demonstrated the positive impact of the FLAME programme.

Within a few weeks of joining the programme, Mathibe diversified her offering from a limited range of garments to supplying various items of school uniforms customised for the schools in the area. Her profits have grown from around R4 000 a month to nearly R40 000 a month. As a result she was able to grow her staff compliment to five people. She used her seed capital to acquire additional sewing machines and to enhance her premises.

### **Support beyond the programme**

Benjamin-Swales explained that each entrepreneur had graduated from the programme with a clear guide on how to grow their business in the short to medium term.

“We will be checking in with each business on a regular basis to assess their progress. In order to further entrench the financial education into sustainable financial management by each entrepreneur, we have also asked the entrepreneurs to submit to us their monthly financial data regarding sales and costs as well as profit and losses for the next six months. We will also continue to look for opportunities to provide the entrepreneurs with greater access to markets.”

### **Designing FLAME 2.0**

All projects delivered by the Foundation are monitored and evaluated throughout the programme implementation and on conclusion by an independent service provider.

According to Benjamin-Swales the outcomes of this monitoring and evaluation exercise, together with insights gleaned during implementation, will define the next iteration of the programme - FLAME 2.0.

“Over the next six months we will also be distilling all the learnings from the first FLAME programme with the aim of making these learnings available to interested stakeholders, highlighting both the successes and challenges of the programme and our approach of providing consumer financial education to communities through the vehicle of micro enterprise development.”

“The preliminary results have already provided significant evidence that programmes of this nature are worthwhile and very much needed in the context of development in South

Africa. However, it is a costly exercise, which requires significant funding commitments," concluded Benjamin-Swales.

She concluded that the FLAME programme was one of several ASISA initiatives supported by members under the ASISA Foster the Future banner to scale up job creation and development for inclusive economic growth.

## **Ends**

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### **Issued on behalf of:**

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*The ASISA [Foster the Future](#) initiative brings together three independent entities: the [ASISA Foundation](#), the [ASISA Academy](#) and the [ASISA Enterprise and Supplier Development Fund](#). With ongoing support from key stakeholders and funding from ASISA members, the Foster the Future initiative aims to empower vulnerable communities through financial literacy, facilitate employment for graduates and create jobs by building businesses. The ASISA Board, through its Transformation Committee, exercises strategic oversight over the Foster the Future entities.*

