

ANNUAL REPORT



2018





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A NOTE FROM SAB FOUNDATION CHAIRMAN, MOSS NGOASHENG

THE SAB FOUNDATION'S DRIVING AMBITION IS TO CONTRIBUTE TO THE ECONOMIC AND SOCIAL EMPOWERMENT OF HISTORICALLY DISADVANTAGED PEOPLE.

This is done primarily by supporting entrepreneurship development and social innovation, with a priority focus on providing opportunities within small, medium and micro-sized enterprises for women and youth, people in rural areas, as well as persons with disability.

Over the last year, we have made a lot of progress both in achieving our goals and in learning how we can improve our offering. This, our first annual report, provides us with the opportunity to share these developments with you, as well as update you on our future plans and ambitions.

We have included an overview of our strategy for the next three years, including new programmes that we have in the pipeline, as well as how we will be adjusting our current offerings to provide enhanced support. We have also included a summary of the impact some of our key programmes have achieved, as determined by impact assessment experts. These assessments provide valuable insights into the effect of our efforts and where we have room for improvement. Entrepreneur case studies further enhance these insights, providing individual stories of progress and success.

We recently launched a Social Innovation Fund, to address the need to get our top performing social innovators to a point of commercialisation, and we are pleased to share some of the programme's key successes to-date with you.

MOSS NGOASHENG
CHAIRMAN, SAB FOUNDATION



SAB FOUNDATION OVERVIEW FROM DIRECTOR, BRIDGIT EVANS

THE PRIMARY OBJECTIVE OF THE SAB FOUNDATION IN THE TRUST DEED IS THE PROVISION OF FUNDING FOR SMALL, MEDIUM AND MICRO-SIZED ENTERPRISES, IN ORDER TO CONTRIBUTE TO THE ECONOMIC AND SOCIAL EMPOWERMENT OF HISTORICALLY DISADVANTAGED PERSONS.

Set up in 2010, as one element of the broad-based black economic empowerment transaction conducted by the South African Breweries Ltd (SAB), the SAB Foundation is an independent trust with an endowment of just under R3 billion, which vests mostly in its 8.4 million SAB shares.

The sale of SABMiller to ABInBev in 2016 triggered some special dividends, allowing the foundation to increase its annual operating budget from under R30 million to over R80 million per annum. This has translated into a significant up-scaling of programmes and has allowed for new programmes to be added.

In 2018, the SAB Foundation has taken more aggressive steps to get more applications from the under-served provinces, by working through local partnerships and funding local advertising campaigns in these provinces for the first time.

The objective of the foundation has translated into our strategy for 2018 to 2020 detailed on page 5. It is hoped that, as we scale up our activity, this will translate into significantly more entrepreneurs, increased turnover, thousands of jobs and an enhanced social impact.

None of this work would be possible without the amazing efforts of my SAB Foundation team, our wonderful trustees and the effectiveness of our partnerships. I'd like to thank Fetola, SaveAct, SocioNext, Impact Amplifier, Siyakholwa, Bertha Centre for Social Innovation, Praxis, The Friday Street Club, ARC and the Innovation Hub for their hard work in delivering value to entrepreneurs in South Africa.

I'd also like to thank SAB for the vision they showed in setting up this scheme and both SAB and ABInBev for their continued support and commitment.



Lastly, to the brave men and women who call themselves entrepreneurs and social entrepreneurs, you are the true protagonists of this story. Thank you for choosing the road less travelled to grow the economy, create jobs and repair our social infrastructure. You inspire us every day.

BRIDGIT EVANS
DIRECTOR, SAB FOUNDATION

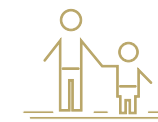
OVERVIEW OF OUR IMPACT

To date, the **SAB Foundation** has invested in **2 375 entrepreneurs**, with a total of **R239 million** in grant funding and business support.

Of the grants we have awarded, to beneficiaries:



70% WERE WOMEN



42% WERE YOUTH



78% WERE RURAL



4% WERE DISABLED

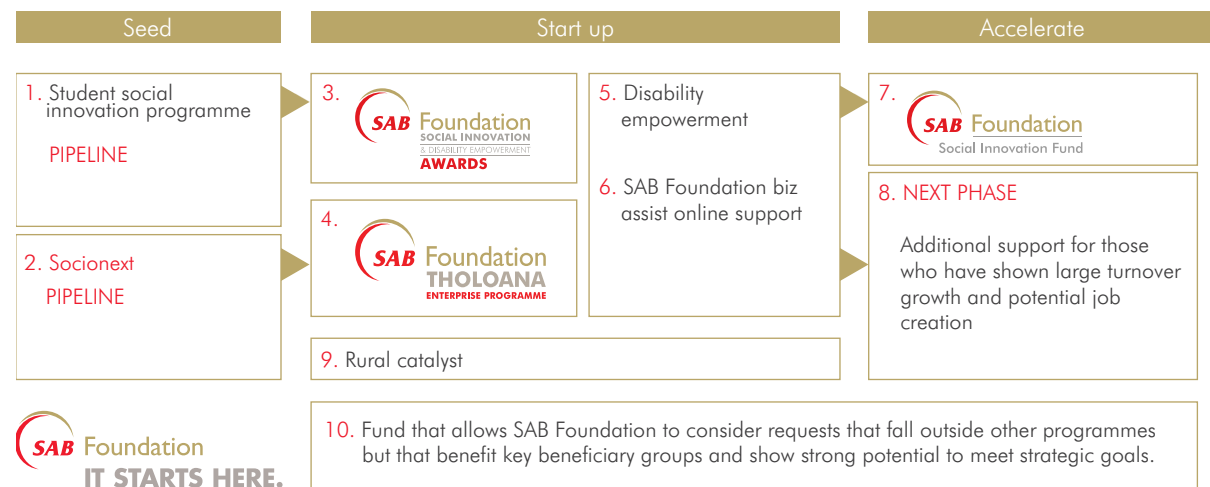
35% were from the **Eastern Cape**, **34%** from **KZN**, **10%** from the **Free State**, **9%** from the **Western Cape**, **6%** from **Gauteng**, **2%** from **Limpopo**, **2%** from **Mpumalanga**, **1%** from the **Northern Cape** and **1%** from the **North West**.



SAB FOUNDATION STRATEGY 2018 - 2020

GOALS: INCREASE TURNOVER, JOBS, SOCIAL IMPACT, THOUGHT LEADERSHIP

KEY BENEFICIARY GROUPS: WOMEN, YOUTH, PEOPLE IN RURAL AREAS, PEOPLE WITH DISABILITIES.



- 1. Student Social Innovation Programme** – The SAB Foundation currently funds the GIBS Festival of Ideas as well as the SAB Foundation Seed Fund at UCT. Both of these programmes allow students, alumni or members of the public (GIBS only) to submit early stage businesses which solve a social problem in the country. The best of these receive mentorship and funding which creates a great pipeline of businesses for our Social Innovation Awards. Next year we aim to expand this offering to a number of other universities, beginning with University of Limpopo and University of Zululand.
- 2. SocioNext** – This is a five day workshop for people, mostly youth, who are unemployed, in rural areas and townships. During the course of the week, participants generate ideas, start businesses, do market research, sell to customers and pitch to investors. The SAB Foundation runs 10 of these per annum and this forms a great pipeline for the Tholoana Enterprise Programme.
- 3. Social Innovation Awards** - This is one of the SAB Foundation’s flagship programmes which attracts entries that are innovative, solve social problems, create jobs and have a viable business model.
- 4. Tholoana Enterprise Programme** – This is the other SAB Foundation flagship programme. This programme accepts businesses from any sector and any geography, with an emphasis on the foundation’s key beneficiary groups and job creation.
- 5. Disability Empowerment** – It has become apparent that people with disabilities are a very marginalised group in South Africa. In order to increase our efforts and to draw attention to this issue, we created a special category in the Tholoana Enterprise Programme to ensure that it was accessible to people with disability. We also set up the Disability Empowerment Awards that funds either innovative and affordable assistive devices or creates employment for people with disabilities. Lastly, we have funded a pilot which has established an employment hub in Mowbray on the Cape Flats. This has a recruitment centre which provides placement at a call centre and urban farm, that only employ people with disabilities.
- 6. SABF Biz Assist** – This is a 24 hour email or contact centre where entrepreneurs from any of our programmes can receive support across multiple areas of the business including legal, HR, finance, sales, IT and other services.
- 7. Social Innovation Fund** – This is an acceleration and funding programme, introduced in 2017, and born out of the realisation that there is not enough funding available in South Africa for social innovation. It reinvests in previous Social Innovation Award winners who have demonstrated, over a two year period, that there is real potential for commercialisation. It aims to get them investment ready.
- 8. Next Phase (2019)** – We are currently in the design phase for a new programme that aims to offer continued support (undefined) for top performing Tholoana Enterprise Programme participants.
- 9. Rural Catalyst** – This aims to transform rural economies with an emphasis is on innovation, potential for scale and high job creation.
- 10. Special Projects (2019)** – This fund is still under construction, and will allow the foundation to consider assisting bigger projects that, while falling outside the scope of the foundation’s other programmes, benefit key beneficiary groups and show strong potential to meet our strategic goals and entrepreneurship objectives.

UNDERSTANDING OUR IMPACT

THE SAB FOUNDATION STRIVES TO CONTRIBUTE TOWARDS ECONOMIC AND SOCIAL EMPOWERMENT IN SOUTH AFRICA BY SUPPORTING ENTREPRENEURSHIP AND SOCIAL INNOVATION.

To ensure that our efforts in these areas are succeeding in bringing about a meaningful and lasting change, it is necessary to understand our impact.

Understanding what we've achieved is vital to effectively plan for our future, helping us address any shortcomings and accentuate any strengths. With this in mind, we commissioned impact assessment experts, Greater Impact, to conduct detailed research into the results of our Tholoana Enterprise Programme (TEP) and our Social Innovation and Disability Empowerment Awards (SIA and DEA).

Their findings are documented in detailed impact reports, a summary of which are included here. As a foundation set up to benefit South Africa as a whole, we have chosen to publish these results to enhance transparency, share our knowledge and encourage others to invest in social innovation and measure their impact.

The limitations to the insights provided by the studies include that they were completed in December 2017, and therefore do not contain meaningful comparative analysis reflecting progress in 2017 and exclude 2018 participants' businesses. Since this was the period in which we began to scale-up our operations, it is anticipated that we should see many more jobs created and achieve an even greater impact in the coming years. While this is the first time we have published our results, we anticipate publishing them on an annual basis from 2019. The full versions of both the TEP and the SIA and DEA impact reports are available on the SAB Foundation's website.



THE IMPACT OF OUR SOCIAL INNOVATION AND DISABILITY EMPOWERMENT AWARDS

SOCIAL IMPACT

OUR AWARDEES:



EMPLOYMENT

- have created 20 harvesting jobs, 26 jobs at Eco-Dynamic Toilet, 17 jobs at Repurpose Schoolbag and 64 jobs at Tour 2.0;
- currently employ a total of 375 people with intellectual disabilities;



ENVIRONMENT

- have saved approximately 400 million litres of water;
- created 20 000 ecobricks, diverted more than 180 tonnes of waste each month and recycled 10 tonnes of plastic bags;



EDUCATION

- have provided learners with 20 000 educational books and 5 000 schoolbags;
- assisted 427 previously employed graduates to find jobs or increase their education;
- and helped to increase Bachelor's Degree passes by 14%;



SOCIAL

- have helped to bring about a 26% reduction in sexual offences and a 9% reduction in murder rate;
- have worked with 1 700 women in abusive relationships, drafting 42 protection orders and assisting in 25 divorce settlements;



MEDICAL

- have tested more than 40 000 children for hearing loss;
- have fitted over 100 children with prosthetics, provided training to 211 substance abusers;
- conducted medical screening on over 70 000 people in 24 countries;

OVER 30% OF THOSE WHO'VE SUCCESSFULLY COMPLETED OUR PROGRAMME WENT ON TO RECEIVE FULL-TIME EMPLOYMENT.

SOCIAL INNOVATION AND DISABILITY EMPOWERMENT AWARDS IMPACT ASSESSMENT

RESEARCH WAS CONDUCTED TO ASSESS THE IMPACT OF THE SAB FOUNDATION'S SOCIAL INNOVATION AND DISABILITY EMPOWERMENT AWARDS FROM 2011 UNTIL 2017.

Through the SIA and DEA, the SAB Foundation finds, supports and scales social innovations, through funding and tailored mentorship. The awards are aimed at innovators, entrepreneurs and social entrepreneurs with prototypes or early stage businesses that demonstrate a sustainable business model while solving a social problem.

Social innovations are defined as an innovation that demonstrates a sustainable business model while solving a social problem. Priority is given to innovations that benefit women, youth, people with disability or those in rural areas.

To determine the SIA and DEA's impact, the survey responses of 109 award recipients from 2011 to 2017 were assessed. These responses were drawn from annual surveys which included questions about the winners' innovations, their access to funding and the support they received from the SAB Foundation.

The findings provide a number of interesting insights into strengths and weaknesses of the awards.

Drawing on these will help us better assist social innovators in the creation of jobs, profit and, most importantly, new and cost effective ways to address social challenges.



KEY FINDINGS

IT WAS ENCOURAGING TO NOTE THAT 93% OF THE SOCIAL INNOVATORS THAT WE HAVE INVESTED IN ARE STILL WORKING ON THEIR INNOVATIONS, MOSTLY ON A FULL-TIME BASIS.

This is particularly impressive considering the often long and expensive journey to profitability. Many of our innovators are highly qualified and could easily have found jobs elsewhere.

Since receiving a Social Innovation or Disability Empowerment Award, 58% of our social innovators have gone to market, many in other African countries. This is particularly significant considering the important contribution these innovations make to society.

48% of the innovators were linked to further funding and award opportunities by the SAB Foundation, with many claiming that winning the award boosted their credibility and opened doors.

Survey participants' comments around mentoring and technical support were very mixed and sometimes critical. This is disappointing but not surprising. Our innovators operate in an array of sectors and their businesses are all at very different stages, from those developing early prototypes to established businesses wishing to scale. Finding generalist mentors that are competent in all of the above areas has not been straight forward. We have tried three different strategies in four years and will be adopting another new strategy in 2019. This will be closely monitored and adjusted as required.

It is encouraging to see that 83% of our innovators' annual income increased following receipt of the award, which equates to an overall increase in turnover from R142 million to R157 million. However, income only exceeds expenditure for less than 50% of the participants. This is not surprising given the high cost of research and development, the low margins and high volumes required for low income markets and the current economic climate in South Africa. In recognition of these realities, the SAB Foundation launched a Social Innovation Fund last year to help us to get top performing innovators to a point of commercialisation.

Job creation is one of the SAB Foundation's key focus areas and we were pleased to find that our innovators went from employing 1 180 people at inception to



currently employing a total of 1 305. We are happy to have been instrumental in the creation of 125 new jobs, a number which we hope will continue to grow as these business ventures scale.

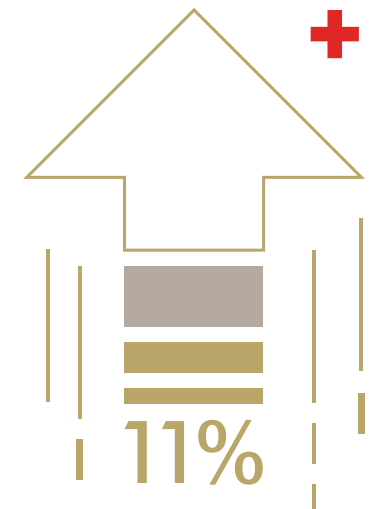
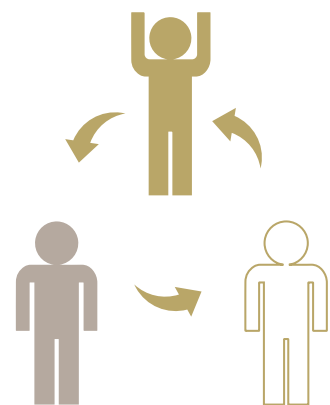
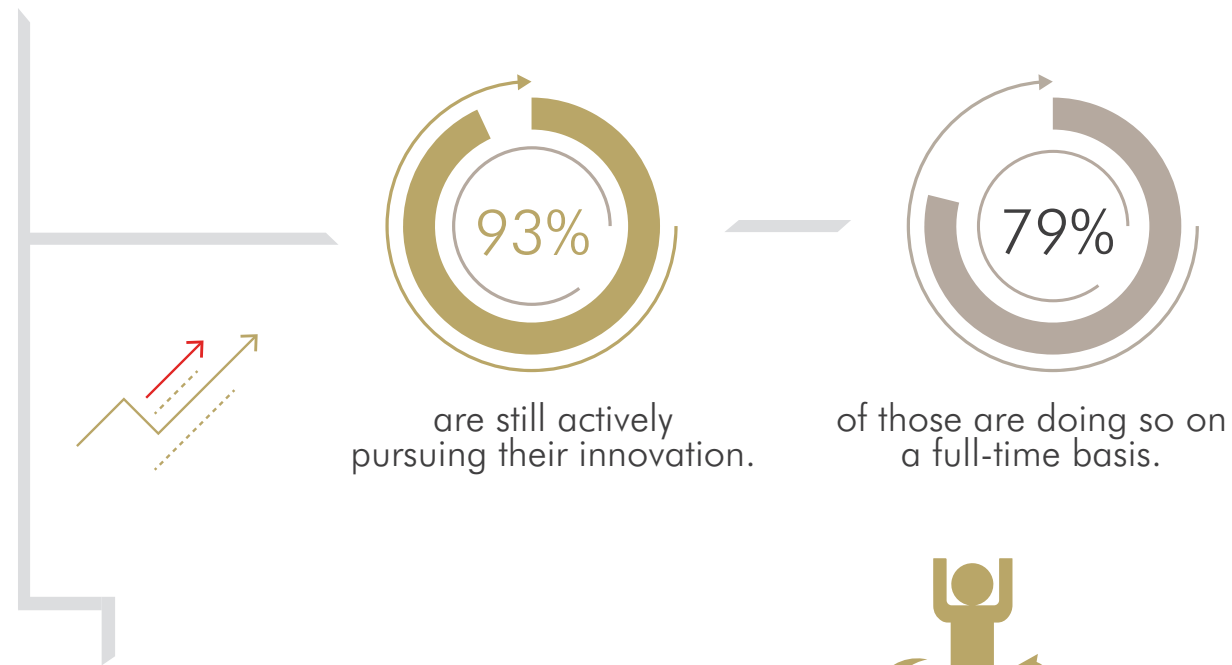
Social impact is critical for these innovators however, only 60% claimed to track their impact. These innovators reported a number of significant social impacts across a variety of sectors including water, energy, education, health, sustainable livelihoods and many more. The SAB Foundation is therefore committed to educating entrepreneurs on more efficient ways of measuring social impact as well as the importance of this measurement to attract investment.

We recognise that the SAB Foundation cannot claim all of the credit for what our award winners have achieved. However it is vital that we keep measuring our impact with the goal of finding more effective ways to assist social innovators, because their success could address many social challenges both in South Africa and beyond.

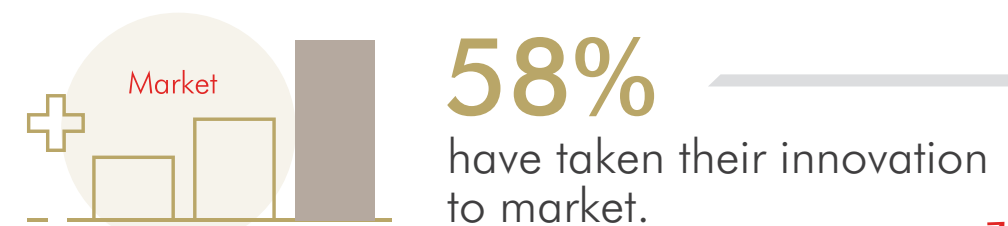


THE IMPACT OF THE SAB FOUNDATION SOCIAL INNOVATION AWARDS 2014 - 2017

KEY FINDINGS: Of the SAB Foundation Social Innovation Awards winners who participated in the study:



It is important for social innovators to track their social impact. Therefore, the SAB Foundation is committed to finding more efficient means of measurement as well as enhancing our efforts to educate social innovators on the importance of social impact measurement to attract additional funders.





SOCIAL INNOVATION AND DISABILITY EMPOWERMENT AWARD WINNER CASE STUDIES

I LOVE COFFEE (DISABILITY EMPOWERMENT AWARD WINNER 2016)

CO-FOUNDED BY GARY HOPKINS, I LOVE COFFEE IS A DEAF-RUN COFFEE SHOP IN CAPE TOWN.

They provide hot beverages and staff lunches to more than 400 employees in an advertising agency building, and are unique because 80% of their staff members are deaf.

In 2016, I Love Coffee was awarded R300 000 at the SAB Foundation Social Innovation and Disability Empowerment Awards. Through this funding, they were able to buy new and improved equipment, employ more staff members and move into a bigger space where they are able to service more people than ever before.

Before winning the award from the SAB Foundation, I Love Coffee only had three employees, but they have now increased that number to nine permanent employees. This has also assisted in doubling their profit margin, by extending their services from simply serving coffee, to growing into a restaurant which provides weekly lunches. Currently, I Love Coffee are in the process of opening a second shop and have joined the SAB Foundation Social Innovation Fund.



"Through the SAB Foundation we were able to move to a bigger space and hire more employees. We started with just three employees and now we have nine."

Co-founder, Gary Hopkins

VULA MOBILE APP (SOCIAL INNOVATION AWARD WINNER 2013)

THE VULA MOBILE APP MAKES IT EASY FOR HEALTHCARE WORKERS, PARTICULARLY THOSE IN RURAL AREAS, TO REFER PATIENTS TO SPECIALISTS IN A NUMBER OF FIELDS.

In South Africa's public health care system, there is about one specialist to every 18 000 people, making it hard for low income earners to access specialist care. By connecting healthcare workers with on-call experts, the Vula Mobile App guarantees that, when there is a critical need for expert guidance, a specialist is easily available to provide advice or organise a face to face consultation.

The Vula Mobile App won first place at the SAB Foundation Social Innovation Awards in 2013 and the R1 million in prize money helped founder Dr William Mapham to launch the app for Android and iOS in July 2014. The app was initially only set up for ophthalmology referrals, but it quickly became clear that the functionality had further uses and in 2016 the app was redesigned to include referral forms for any number of specialities. The Vula Mobile App has made outstanding progress with close to 4 000 medical professionals registered and 21 000 patients treated between January and May this year.

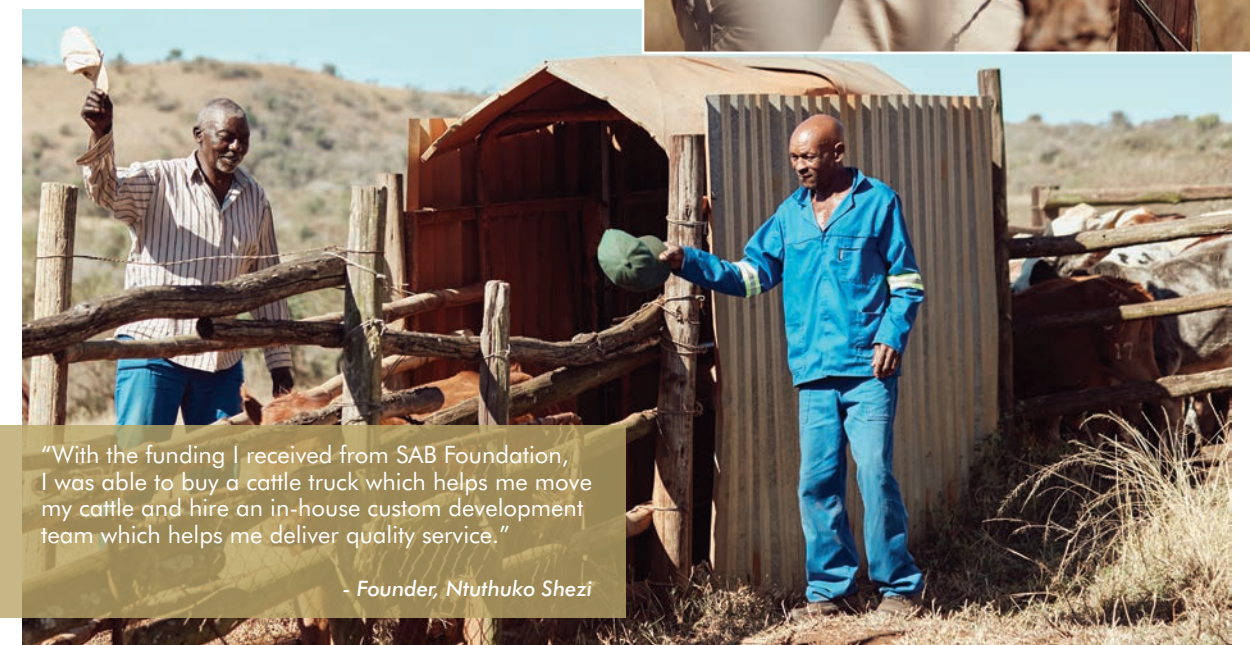


GRASSBEEF BY LIVESTOCK WEALTH (SOCIAL INNOVATION AWARD WINNER 2017)

GRASSBEEF BY LIVESTOCK WEALTH IS A SHARED FARMING SERVICE THAT BUYS, CARES FOR AND SELLS FREE-RANGE, GRASS-FED CATTLE.

The business purchases young calves from communal farm lands and transports them to their commercial farm, where the animals are cared for and nurtured. They are then resold, but remain at the Grassbeef farm where they are looked after on behalf of their new owners for a small monthly fee. This farming technique provides a reliable source of income to the communal farmers from which the cattle are sourced, while allowing those who don't have access to land to own their own cattle and produce healthy, organic, hormone free beef.

In 2017, Grassbeef by Livestock was the overall winner at the SAB Foundation Social Innovation and Disability Empowerment Awards, receiving R1.3 million in funding for the business. Since winning the award, owner Ntuthuko Shezi has employed his own in-house customer development team and purchased a cattle truck to assist with the transportation of livestock, which has greatly assisted in the management of his business. He now employs a total of 12 permanent members of staff, who help him take care of his herd of 1 600 cattle.



"With the funding I received from SAB Foundation, I was able to buy a cattle truck which helps me move my cattle and hire an in-house custom development team which helps me deliver quality service."

- Founder, Ntuthuko Shezi

AFRICAN APPLIED CHEMICALS (SOCIAL INNOVATION AWARD WINNER 2016)



"When we started, we were a business by name but not fully developed. When the SAB Foundation invested in us, they assisted with the full development of the business helping us achieve a turnover of R500 000."

Co-Founder, Mthokozisi Sibanda

MTHOKOZISI SIBANDA AND HIS BUSINESS PARTNER FOUNDED AFRICAN APPLIED CHEMICALS OFF THE BACK OF AN IDEA THAT WAS SPARKED DURING THEIR STUDIES AT THE UNIVERSITY OF PRETORIA.

They realised that currently the number one prophylaxis for malaria across Africa is bed nets, however, they were only effective once people were under them. As many bites happen at dusk and early evening. Their innovation was to infuse a chemical that prevents mosquito bites into plastic polymers, spin the polymers into yarn and make lightweight inexpensive clothing such as socks and leggings. To date they employ four people and have expanded past simple mosquito repellent. Their business model is to target more affluent customers, with the hopes that this will subsidise the supply of these products to less fortunate communities that are affected by malaria.

African Applied Chemicals received a total of R150 000 at the SAB Foundation Social Innovation Awards to develop the business. They have progressed onto developing innovative ideas, such as a slow release fibre that releases medicine into the body while in contact with skin. This fibre is used in medical socks and patches for pain relief. They have grown from an initial annual turnover of R5 000, to reaching a target of R500 000 turnover in 2018.



MEMEZA HOME SECURITY SYSTEM (SOCIAL INNOVATION AWARD WINNER 2012)

THE MEMEZA HOME SECURITY SYSTEM IS A LOW-COST ALARM SYSTEM THAT ALERTS COMMUNITY MEMBERS AND POLICE WHEN A CRIME TAKES PLACE.

The system is monitored by a network of smart alarms which, once triggered, automatically generate an alert SMS that is sent to SAPS sector policing vehicles, police stations, community policing forums and trusted neighbours. A siren mounted outside the home further alerts the community and repels intruders. Their intelligent back-end management system captures data on alarm activity to create reports on incidents in the area and police response times.

In 2012, the MeMeZa Home Security System won R250 000 at the SAB Foundation Social Innovation Awards and was an early stage start up. Since then, a successful pilot of their system in Diepsloot helped to bring about a 26% reduction in crime, a 9% reduction in the murder rate and a seven-minute improvement in police response times. In 2014, the MEC for Community Safety, the MEC for Economic Development, the Gauteng Police Commissioner and (then) Deputy President, Cyril Ramaphosa all hailed the launch of the SAPS and CPF MeMeZa Partnership and Diepsloot Pilot as a success. Last year, as a result of achieving a turnover in excess of R7 million and employing 21 members of staff, MeMeZa was approved as a recipient for the SAB Foundation Social Innovation Accelerator and Fund.



THE IMPACT OF OUR THOLOANA ENTERPRISE PROGRAMME



THOLOANA ENTERPRISE PROGRAMME IMPACT ASSESSMENT

RESEARCH WAS CONDUCTED TO ASSESS THE IMPACT OF THE SAB FOUNDATION'S THOLOANA ENTERPRISE PROGRAMME, A TWO-YEAR ENTERPRISE DEVELOPMENT PROGRAMME.

It was carefully designed to support the growth of small, micro and medium sized enterprises through the provision of extensive entrepreneurial skills development, mentorship, access to business support, access to peers, and access to finance and markets. Enterprises with long-term growth and high impact potential are sourced from identified growth areas in almost all sectors, with a particular emphasis on those that are either run by or benefit women, youth, people with disability or those in rural areas.

The impact assessment drew on the survey responses of 137 entrepreneurs who had participated in the programme from 2015 to 2017. Each entrepreneur was asked to complete an annual survey with questions that pertained to their socio-economic status, their business, their business confidence and skills and their access to funding. A baseline survey was conducted with the entrepreneur cohorts from each year, with subsequent annual surveys being conducted until 2017. The insights gained from these survey responses will assist the SAB Foundation in understanding the strengths and weaknesses of the programme, so that we can better assist future entrepreneurs in the development of successful, thriving enterprises.





KEY FINDINGS

SINCE PARTICIPATION IN THE THOLOANA ENTERPRISE PROGRAMME, THERE HAS BEEN A MARKED DECLINE IN THE ENTREPRENEURS' EXPERIENCE OF VARIOUS POVERTY INDICATORS.

This includes improvements in access to food, fuel, electricity and shelter.

Notably, there was a significant increase in entrepreneurs who received a regular and reliable cash income, amounting to 50% in the 2015 group and 41% in the 2016 group. Living arrangements also improved, with a 6% increase in entrepreneurs living in free-standing homes and an increase of 25% in those who live in apartments.

It is pleasing to note that the entrepreneurs' socio economic status has also improved. 80% of the entrepreneurs are parents or guardians and progress in this area often extends to future generations, creating lasting upliftment.

51% of the entrepreneurs reported that their income was solely obtained through their businesses. This is a 39% increase, which might be attributed to growth in the entrepreneurs' businesses over the past year.

The majority of entrepreneurs earn an average of between R20 000 and R250 000 a month in revenue and there was an increase in average revenue for both the 2015 and 2016 participants. This is an encouraging result that implies that the SAB Foundation's investment seems to be having a positive effect. Overall turnover has increased by 18% from R164 million to 194 million per annum.

Another encouraging finding is that all of the entrepreneurs' businesses are currently still in operation. This is particularly pleasing considering that South Africa has one of the highest failure rates for small, medium and micro sized enterprises, compared to other developing countries, with most start-ups failing within the first year of establishment.

A significant challenge for most entrepreneurs is effective cash flow management. Many start-ups have small budgets and lack financial reserves and, as a result, poorly managed cash flow can easily result in the failure of a business. While all of the 2016 programme



participants claimed to prepare financial statements on a regular basis, it is concerning to note a decline in the time the 2015 participants are spending on their finances. It is important to understand why this is happening so that we promote better financial management practices to future participants.

Employment is one of the SAB Foundation's key focus areas and we were pleased to see that currently the Tholoana Enterprise Programme participants employ 1 336 people, up from 1 174 at inception, an increase of 162 jobs. This is obviously a critical factor in South Africa given our high unemployment rates and we should see much higher employment rates in our next study as jobs became a top priority in 2017.

In terms of customer numbers, it was great to see a 9% increase in customers served by the businesses. However, most entrepreneurs reported being concerned with the amount of money that clients were spending. Unfortunately, it's likely that this is symptomatic of wider economic issues rather than problems specifically relating to our entrepreneurs' businesses.

76% of the entrepreneurs reported that, due to an increase in revenue and client base, their current financial and strategic position was either better, or much better. Of the 13% that indicated that things were either worse, or much worse, financial challenges and adequate revenue were cited as the main reasons. Despite this, entrepreneurs are overwhelmingly positive about the future financial and strategic positioning of their businesses with 80% indicating that they believe they will be in a much better position within the next year.

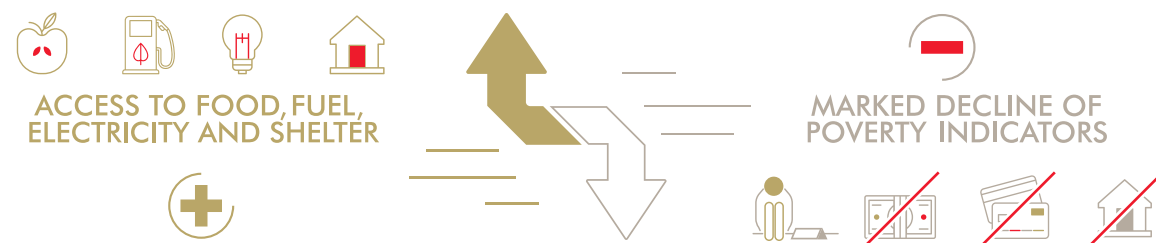
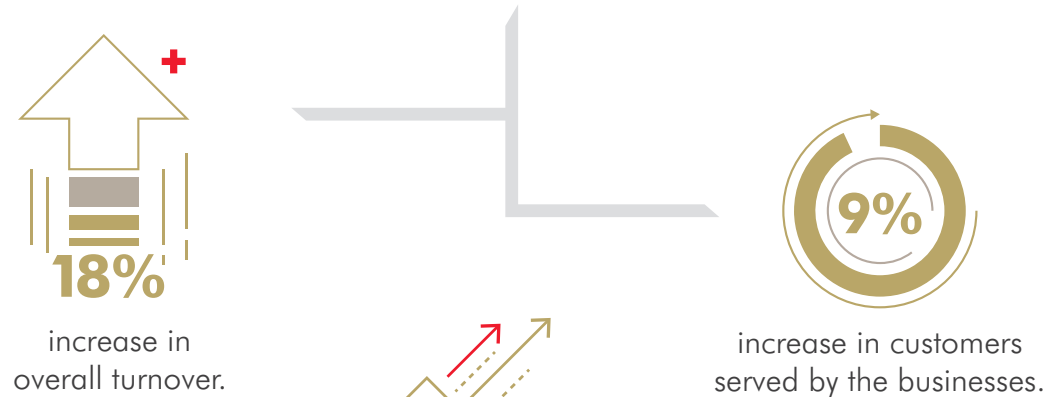
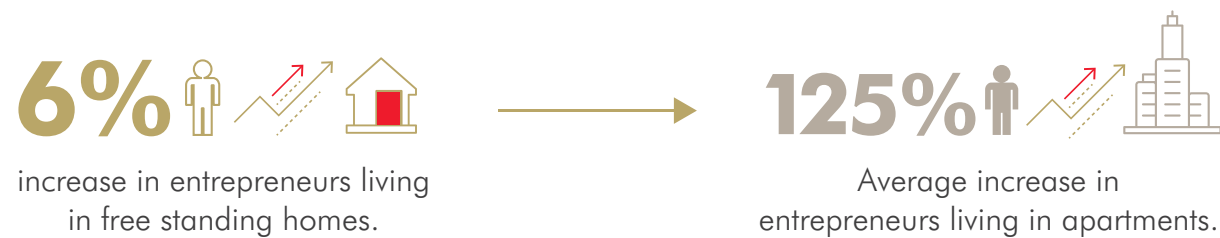


A key aspect of the programme is intensive training and mentorship to improve entrepreneurs' skills, knowledge and capabilities in various aspects of their business. As a result, most entrepreneurs indicated that, since participating in the programme, their knowledge and ability to lead and grow their businesses had improved. The majority showed improved confidence in their ability to deal with work-related stress, sell products, market their businesses, manage HR related issues, manage their finances and establish financial systems, find business resources and develop business networks.

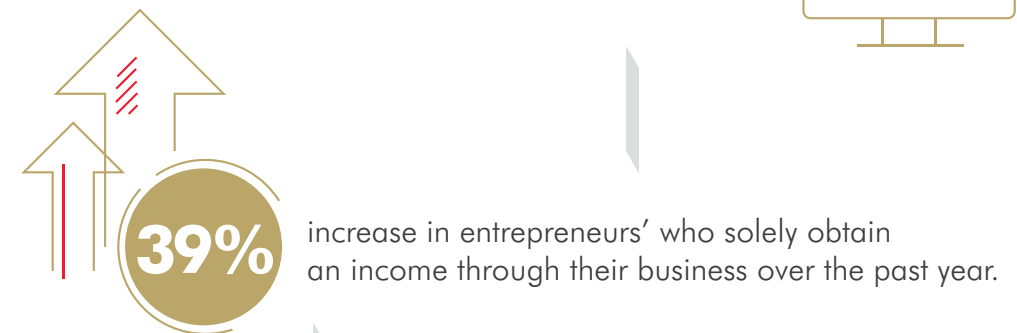
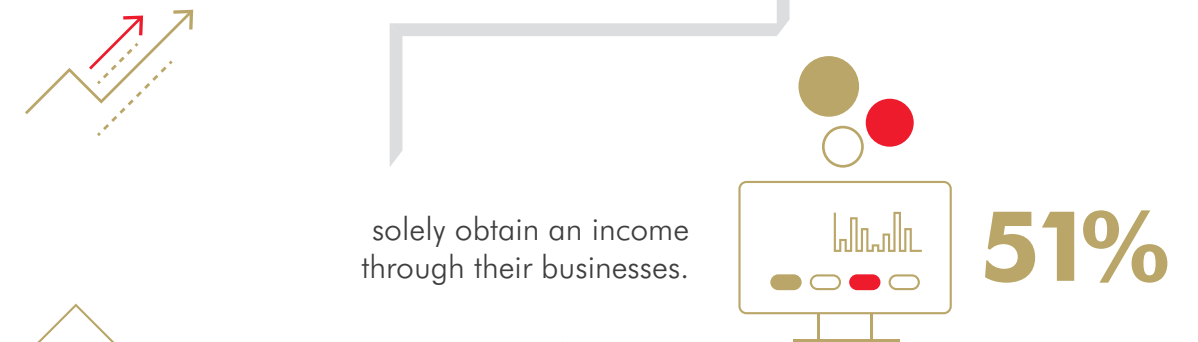
While it is encouraging to see that our intensive business skills training and mentorship programme has contributed to progress in a number of areas, it is also beneficial to note any shortcomings. There is room for improvement in a number of areas, including the use of social media for online marketing, establishing operational policies and procedures, acquiring and managing talent and identifying and securing funding opportunities.

THE IMPACT OF THE SAB FOUNDATION THOLOANA ENTERPRISE PROGRAMME 2015 - 2017

KEY FINDINGS: Of the SAB Foundation Tholoana Enterprise Programme participants who took part in the study,



There was a marked decline in the entrepreneurs' experience of various poverty indicators including improvements in access to food, fuel, electricity and shelter.



The Tholoana Enterprise Programme participants now employ

1 336 PEOPLE, AN INCREASE OF 162 JOBS





THOLOANA ENTERPRISE PROGRAMME ENTREPRENEUR CASE STUDIES

THABO EQUIPMENT AND TOOLS HIRE

FOUNDED BY THABO NTSWANE, THABO EQUIPMENT AND TOOLS HIRE IS A BUSINESS THAT OFFERS A BROAD SELECTION OF HIGH-QUALITY, WELL MAINTAINED INDUSTRIAL TOOLS, MACHINERY AND EQUIPMENT TO HIRE.

In 2016, Thabo was accepted as a participant on the Tholoana Enterprise Programme. With the funding he received, Thabo was able to buy brand new equipment for his business, expanding the range of tools and equipment he offered for hire. He was also able to start another business, building and installing wendy houses.

Through the expansion, Thabo has been able to hire more staff – having started with just two employees, he now has 20 permanent and 15 casual members of staff. He has also managed to triple his annual income from R600 000 to around R1.8 million currently.

In 2018, Thabo was the overall award winner at the Tholoana Enterprise Programme graduation ceremony, receiving the Tholoana Award in recognition of his efforts to break boundaries in business and in life.



"With the funding I received from the SAB Foundation, I was able to buy brand new machinery which also allowed me to start a new business building and installing wendy houses."

- Founder, Thabo Ntswane

LITTLE MERMAIDS SWIM SCHOOL

LITTLE MERMAIDS SWIM SCHOOL WAS FOUNDED BY RUSHANA HARTNICK IN 2012, AND IS SITUATED IN MITCHELLS PLAIN CAPE TOWN.

The swim school was started with the vision of teaching children in the community the basic skills of swimming, many of whom did not have access to swimming pools. Rushana is the first to open a heated swimming pool in Mitchells Plain.

Through the R250 000 grant funding Rushana received from the Tholoana Enterprise Programme, she invested in a filtration system which has enabled her to accommodate more swimmers at her school.

When Little Mermaids Swim School was founded, they only had 35 swimmers signed up. Currently that number has escalated to 500 swimmers a week, including 15 schools who use the swimming pool for extra-mural activities. This expansion has allowed her to hire a total of eight employees and grow her business by 152%.



"Through the SAB Foundation, I was able to gain an excellent mentor who has been the pillar of my business. He was always there to assist me during the hard times."

- Founder, Rushana Hartnick

BUMBANANI MANTIMANDE FARM

BUMBANANI MANTIMANDE FARM IS A CROP FARM LOCATED IN THE DEEP RURAL AREAS OF LADYSMITH, KWAZULU NATAL.

The farm was co-founded by Andile Ngwenya in 2015 after he resigned from his government jobs to pursue his passion for farming. The farm grows vegetables such as cabbages, green peppers, sugar beans and pepperdews, which they harvest and then sell to local stores in Ladysmith and surrounding areas.

Andile is a current participant of the SAB Foundation Tholoana Enterprise Programme. He received R200 000 grant funding from the programme which he used to buy a travel irrigation system. Through this new irrigation he is now able to water 10 hectares per week, compared to two hectares before he had the system. This enables him to plant more vegetables and grow his team to six full-time employees. Andile has also managed to grow his turnover growth from R100 000 over two seasons to R300 000 per month.



"With the help of the SAB Foundation, I was able to expand from 2 hectares of land to 30 hectares of land and invest in better machinery which has helped me speed up production."

Co-Founder, Andile Smangaliso Ngwenya

BAKERS CREATIONZ

BAKERS CREATIONZ WAS FOUNDED BY NJABULO BLESSING SITHOLE IN 2014.

He started his bakery purely out of a passion for baking and identified a gap in the market in his home town, Inanda, Durban. The bakery produces premium quality confectionery and baked goods, specialising in snowballs. They currently supply a number of South Africa's leading supermarkets with their baked goods, including Pick n Pay Express, BP and Engen Garages and selected Spar Supermarkets in Inanda. They have recently signed a national contract with Pick n Pay which will see them starting to supply their stores nationwide.

Njabulo is a current Tholoana Enterprise Programme participant and has recently been granted funding of R 250 000 to support his business. To date, he has used the funding to upgrade his power facility and security system at the bakery and install ventilation. He now employs a total of 16 full time members of staff.



SUNKISSED FASHION

FOUNDED BY BUKELWA NGOQO, SUNKISSED FASHION IS A RETAILER, WITH OUTLETS SITUATED AT EAST LONDON AND O.R INTERNATIONAL AIRPORTS.

They specialise in local fashion, art and craft, as well as home décor, targeted at all types of consumers, including tourists, locals and business people.

Bukelwa recently graduated from the Tholoana Enterprise Programme. At the graduation ceremony, in June, she received the Superstar Award, which recognises businesses that have made full use of all of the elements of the programme. Through the programme, Bukelwa was also awarded R200 000 in funding. This allowed her to open another store at the OR International Airport and increase her stock and raw materials supply, developments that have helped her hire five employees and double her monthly income.



"I honestly believe that without the SAB Foundation, I would not have been able to open another store in one of the biggest airports in Africa, the OR International Airport."

- Founder, Bukelwa Ngoqo

THE SALAD LAB

FOUNDED BY TEBOHO KWANYANA AND HIS WIFE IN 2013, THE SALAD LAB IS LOCATED IN STANDERTON, MPUMALANGA.

They prepare, cut and package fresh vegetables before delivering them to clients in the local area.

Tebeho is a past participant of the Tholoana Enterprise Programme. Through the programme, The Salad Lab acquired funding of R250 000, which assisted in growing their business enormously, including equipping their warehouse, installing a cold room, purchasing preparation tables, installing a POS system and maintaining their delivery vehicle.

With the equipment they bought, The Salad Lab is now able to service a bigger client base, including a local Spar in Standerton and a Mpumalanga guest house, which they supply with fresh pre-packed vegetables on a weekly basis. They now employ 11 members of staff and have increased their monthly turnover to R170 000.



"The SAB Foundation workshops are very detailed, they helped me to understand the business and its operations. I enjoyed learning about finances, which helped me grow my business and now we have a turnover of R2.6 million."

- Founder, Tebeho Kwanyana



THE RURAL CATALYST PROGRAMME

THROUGH OUR RURAL CATALYST PROGRAMME, WE PROMOTE SOCIAL INNOVATION ENTREPRENEURSHIP PRODUCTS AND SET UP SMALL FARMING BUSINESSES IN HARD TO REACH RURAL AREAS.

We also provide training to people in peri-urban and rural areas to give them the confidence and skills to start a business in their area.



QOBO QOBO ESSENTIAL OIL INCUBATOR

THE SAB FOUNDATION COMMENCED WORK WITH QOBO QOBO ESSENTIAL OIL INCUBATOR IN LATE 2017.

Keiskammahoek is an area characterised by high unemployment and a lack of basic services, such as water and electricity, with most of the population surviving on between R500 and R1 000 per month.

The business had a big vision to create a social enterprise that would enable local farmers to create their own essential oils. They already had a small rose geranium nursery, agricultural equipment, a warehouse and an oil distillation plant and, most importantly, access to willing farmers with land available for planting.

The SAB Foundation assisted in two ways, firstly by sending staff for training on how to convert the organisation to a social enterprise and secondly with funding to enable the farms to be set up.

Each farm is independently owned and the incubator acts as a central hub, lending out equipment, providing capacity, distilling oil and ensuring that farmers get the best possible price for their oil.

Much has been achieved in the last year. Feasibility studies and business models have been piloted and the necessary agricultural equipment has been purchased. Seven farmers have been registered with PTY companies, employing 14 full-time employees and 15 casual workers.

A total 21 hectares of land have been identified and secured, with five hectares planted and another five hectares due to be planted from September 2018. In April 2018, 3.6 hectares of biomass were harvested, processed and sold which generated strong oil yields. The quality of oil has been tested and rated as one of the best quality rose geranium oils in the country, and possibly worldwide, relative to the ISO standards.



SAVEACT

IN CONJUNCTION WITH SAVEACT, THE SAB FOUNDATION RUNS RURAL LOGISTICS CHANNELS FOR SOCIAL INNOVATION PRODUCTS AND SETS UP SMALL FARMING BUSINESSES IN HARD TO REACH RURAL AREAS.

Founded in Pietermaritzburg in 2005, SaveAct facilitates the formation of savings groups in extremely rural areas as a tool to fight poverty. Members take control of their lives by developing money management skills and strategies, thereby increasing food security, building assets and empowering their communities.

Since establishment, membership of savings groups supported by SaveAct and partner organisations has grown to over 70 000 in four provinces, where the large majority of people are sustained via social grants. In the past year, these savings groups have saved and shared a total of R330 million.

One of the pillars of SaveAct's approach is enterprise and livelihood development. From 2015, SAB Foundation has provided strategic advice and funding to allow savings group members to begin generating their own revenue. Farmers and entrepreneurs use savings to invest in their enterprises and are supported by an enterprise development programme that runs parallel to the savings programme.

This enterprise programme offers technical support and training across the value chain, from selecting and defining enterprises, to sourcing cheaper inputs, organising bulk orders, helping to improve production and offering easier access to various consumer goods that can be resold. Most of the enterprises involve farming activity however, the SAB Foundation and SaveAct have also piloted a "Last Mile Distribution" strategy where members of the community are trained and subsequently sell products that will improve quality of life for members of rural households such as solar lights, clean burning stoves, water carriers, basic medication, hygiene products and fortified nutrition.

By 2020, the SAB Foundation will have invested R20 million in this initiative, resulting in the establishment of 3 580 micro farming enterprises and 45 sellers in "Last Mile Distribution" products.



SOCIONEXT - SOCIAL ENTREPRENEURSHIP ACCELERATION PROGRAMME

IN CONJUNCTION WITH SOCIONEXT, THE SAB FOUNDATION RUNS FIVE DAY ACCELERATION WORKSHOPS IN PERI-URBAN AND RURAL AREAS WHICH GIVE PEOPLE THE CONFIDENCE AND EARLY STAGE SKILLS TO START A BUSINESS IN THEIR AREA.

This programme focuses on unemployed youth from disadvantaged communities in peri-urban and rural locations across Eastern Cape, Free State and KZN. The main focus is to encourage ambitious unemployed youth to use the tools that they learn during the programme to start businesses and become self-sustainable. A total of 20 workshops were held in 2016 and 2017, providing training for 484 participants.

So far, the results of the social entrepreneurship acceleration programme have been very encouraging. According to a survey conducted in February 2018, 40% of the participants are still engaged in the businesses they started during the programme, 25% have started their own businesses, 4% have started tertiary studies and another 12% have found employment.

Some of the businesses that were founded as a result of these programmes include a waste management provider, a textiles manufacturer, a brick manufacturer, a caterer, a baker, a chicken farmer, a fashion designer, a juice producer, a hair salon and a leather bag manufacturer. Two businesses qualified for the Tholoana Enterprise Programme. Until now, the programme has focused mainly on Free State, Eastern Cape and KwaZulu Natal but will expand to other provinces in 2019.



HIGHLIGHTS OF SOME THE BUSINESSES THAT BEEN HAVE SET UP

FOUNDER, JESTINE FATLDMAN
WASTE MANAGEMENT BUSINESS,
ACADIA PORT ELIZABETH - EASTERN CAPE

A cooperative of five members registered the business and each contributed R2 000 to its establishment. The group was awarded a three month tender by the municipality, for R1.5 million, to manage waste in the Shinville area and they have applied for a further tender to cover other surrounding areas.

Currently, they have a container as their office and 21 workers. They hire trucks to transport the waste but are working on getting their own vehicles and licenced drivers. Their future plan is to expand the business to include office cleaning, construction and catering.

FOUNDER, NTOMBI RADEBE
CHICKEN MEAT PROCESSER,
PHOMOLONG - FREE STATE

Ntombi joined the SocioNext programme in 2015 and decided to start a chicken meat processing business. She is now selling chicken to the value of R35 000 per month and her supplier has provided her with a business account and her own fridge.

Her business growth has enabled her to employ an extra member of staff. Her total profit per month is between R6 000 and R7 000. She hopes to open a container-based shop in the centre of the township and continue to grow her business. Due to her dedication and the business growth, Ntombi has now been selected to be part of the Tholoana Enterprise Programme.

FOUNDER, LINDOKUHLE MKHIZE
BRICK MANUFACTURER,
MOUNT ELIAS - KWAZULU NATAL

This cooperative, consisting of six members, is in the process of being registered as a business.

The group uses manual tools including buckets, spades and moulding trays to manufacture at least 3 000 bricks a month, which they sell to the community. In the future they plan invest in a water tank and modern equipment. Currently the business earns at least R19 500 a month.



SAB FOUNDATION ACCELERATOR AND FUND

WE BELIEVE THAT ENTREPRENEURS HAVE AN EXTRAORDINARY INFLUENCE BOTH ON THE SOUTH AFRICAN ECONOMY AND ON ADDRESSING CRITICAL SOCIAL ISSUES.

Entrepreneurs that are focused on education, health care, food security, financial inclusion, disabilities, energy and water are critical to the creation of an inclusive and thriving country.

However, these businesses face a broad spectrum of, often insurmountable, challenges when they try to grow.

This includes identifying and securing access to new markets, creating a clear revenue generation model, developing a financial plan, achieving strategic direction and securing access to capital.

The SAB Foundation recognised these challenges when it created the Social Innovation and Disability Empowerment Awards in 2011. However, as the programme matured, it became clear that many of the previous awardees needed more time, resources and support to realise their ambitions.

In response, the foundation created a new Accelerator and Fund for winners of this awards programme, which provides investment readiness support and financial resources to help them reach a point of commercialisation.

The programme was launched in October 2017 and the first nine businesses were selected for acceleration in December. The business acceleration offered entrepreneurs the skills, knowledge, documentation and funding required for immediate success, but also positioned them for future funding from other investors.

Our first intake of participants represented a diverse range of businesses that address a variety of social needs, including financial inclusion, education, disability empowerment, small scale agriculture, early childhood development, crime reduction, healthcare and gender equality.



SOME OF THE PROGRAMMES KEY SUCCESSES TO-DATE INCLUDE:

- Six of the nine businesses have developed a functional commercial model and are trading profitability;
- Eight businesses have developed an investment case, growth strategy and long term financial plan; and
- Eight businesses have secured funding from the SAB Foundation totalling over R6.5 million.

The second call for applications was launched in June 2018 and, again, nine new businesses have been selected to participate in the programme. This group will have access to 12 months of business development support and an investment fund of R9 million.

Promoting the creation of a more social just society is a long and ambitious undertaking. However, the SAB Foundation believes that supporting the promising social innovators along their journey to success is one of the most important investments we can make.



