

Savings, Investments & Funding

For Youth Ecopreneurs
(SMEs, Co-operatives, Farmer Organisations/Associations)
in Small towns in South Africa



Citi Foundation



CONSERVATION
SOUTH AFRICA

Member of the CI Network



MISSION

To promote and support conservation, restoration, and sustainable land use in South Africa's hotspots as an essential element of food security and land reform, human and economic development, and building resilience to the impacts of climate change.

VISION

South Africa's hotspots are restored and maintained to provide water, food and climate change resilience for the long-term benefits of people and nature.

VALUES

- 1. We are passionate about nature and cherish the diversity of life from the sea bottoms to the mountain peaks.*
- 2. We respect and trust each other, and we embrace the diversity of our cultures, talents, and experiences.*
- 3. We make every decision with integrity and are accountable for the choices we make.*
- 4. We are optimistic that life on earth can be preserved and that with our partners we will witness unprecedented successes in conservation.*
- 5. We have the courage to take bold action in the face of naysayers and critics, persevere through challenging times, and pursue our vision tirelessly and with enthusiasm.*

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Purpose of this guide



Conservation South Africa (CSA) works in many South African small towns characterised by high unemployment rates, low literacy levels and poverty, factors that threaten



environmental sustainability efforts as they can drive communities to do whatever they can to survive, even if it results in damaging the environment. Rural communities with many unemployed youths can easily become poaching, deforestation and illegal mining problem areas. *Ecopreneurship, entrepreneurship*, saving and investing as ways of fighting poverty and unemployment can support environmental sustainability efforts in small towns.

The target audience for this guide is:

- **Land user groups - grazing associations, farmers associations, wildlife associations, tourism associations**
- **High schools located alongside protected areas in South Africa**
- **Youths (16-35 years old) and youth-focused organisations**
- **Communities living adjacent to protected areas in South Africa**

CSA helps communities to adapt to the increasing and more frequent weather challenges that affect their day-to-day lives. Through workshops, field demonstrations and training programs, CSA provides people with the skills and knowledge they need to adapt their land-use practices to the “new environment”.

Training programs are currently being held with communities in three regions in South Africa these being Namaqualand (Northern Cape), Matatiele (Eastern Cape) and the Kruger 2 Canyon in Limpopo. Emphasis is placed on teaching *climate-friendly farming* techniques, understanding and restoring local *ecosystems* and on adopting nature-based solutions on agricultural lands. In addition, Green Learning is an important strategy that CSA implements to support communities to transition to alternative livelihoods that reduce pressure on land.

This guide has been prepared as a youth-friendly, simple resource on saving, investing and funding for eco enterprises in South Africa's small towns. It seeks to provide basic, but very important information that the youth and young ecopreneurs can build on at an individual level, (having own savings and investment accounts), at the business-owner level (having a business saving and investment account) or at the group level (stokvel, co-operative of farmer association savings and investment accounts). The guide further directs readers to other relevant information resources.

With some success stories coming out of similar communities, there is hope that with adequate information and support, other youth and young ecopreneurs can be encouraged to save, invest and start and operate successful businesses. CSA through this booklet hopes to provide information that will encourage saving, investment and ecopreneurship cultures leading to less poverty and unemployment – both factors being expected to enhance [environmental sustainability](#) measures and efforts.





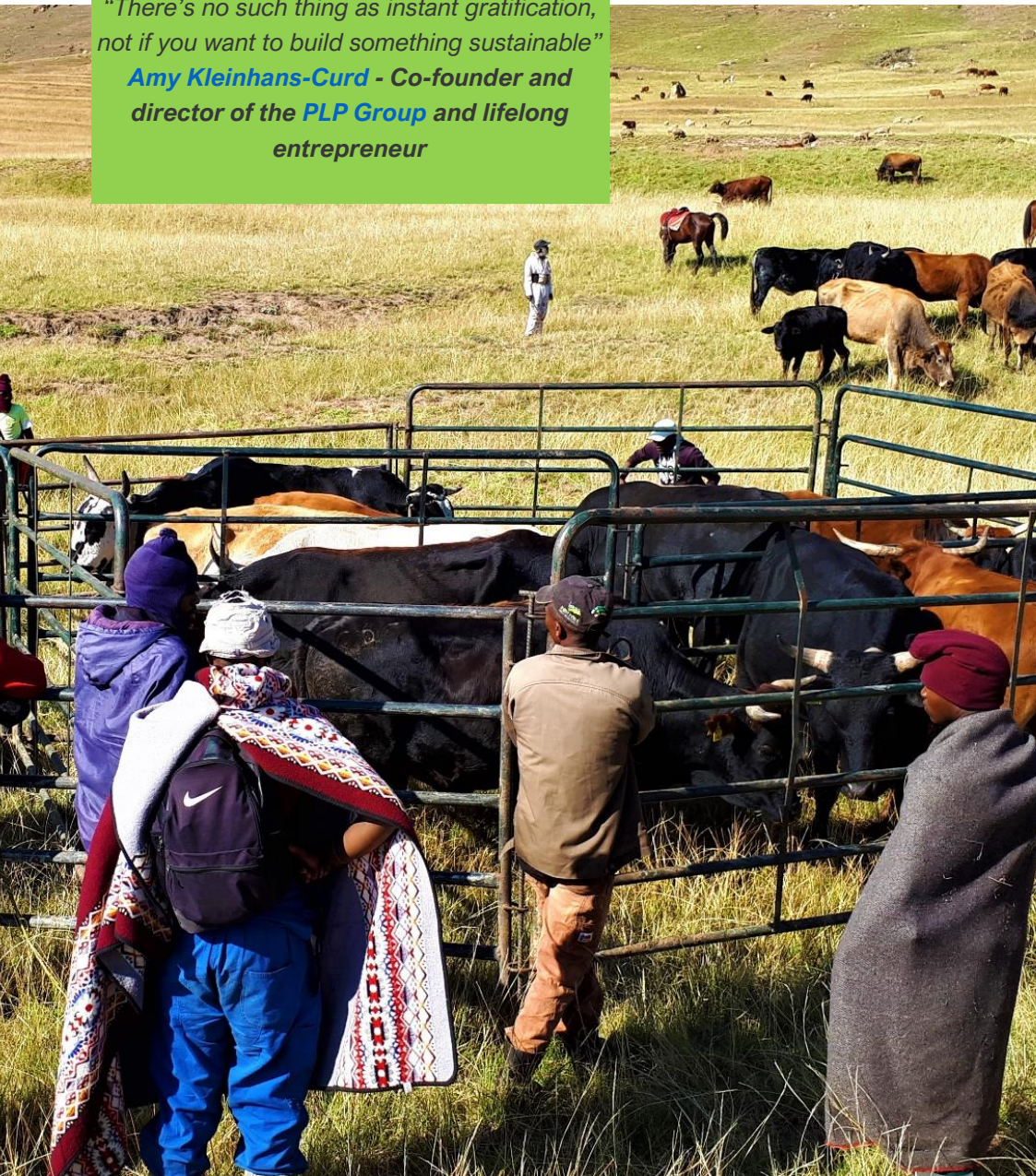
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Saving and investing

*“There’s no such thing as instant gratification,
not if you want to build something sustainable”*

***Amy Kleinhans-Curd** - Co-founder and
director of the **PLP Group** and lifelong
entrepreneur*



What is to save, what is to invest?

Saving is putting money aside for future use. Saving can be done at an individual level (your own savings account), at a business level (a business savings account) and also at a group level (stokvels, co-operatives, associations and syndicates).

Investing is putting your money in things of financial value (assets) that will bring you more money in the future. Investing also involves putting money into starting and expanding a business. This money is called capital. Investment in this booklet relates to putting money into assets and/or capital with a view of getting more money in the future.

An Ecopreneur: One who owns or plans to own and run a business that offers services and products that are friendly to the environment.

As an ecopreneur, saving and investing can make it possible for you to achieve personal and business goals. However, for this to happen, you need to build the right level of commitment and to exercise patience. Because in most cases money is not always easy to come by and because there are many other uses for the same money, saving and investing may prove to be a challenge. The good news is that one can start saving and investing even with a small amount of money provided one has the right attitude, commitment and patience.

*Asset: a thing you own that has a cash or financial value.
Examples of assets are land, livestock, money in a bank or an investment account*

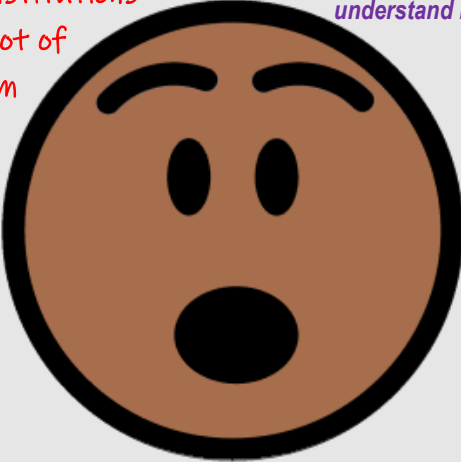
Commitment, sacrifice, consistency, patience, long-term focus, continued learning and discipline are important values that you need to develop if your savings and investments are to grow.

Capital: money you put in a business or a project as an owner

Before you start the saving and investing journey, it is also important to understand that in most cases you will get the rewards after some time and these depend on the amount of money saved. While some investments may start accruing interest from day one, this interest only accumulates to meaningful amounts after some time. Generally, the larger the amount and the longer the time it is saved, the more the interest it will earn. With savings and investments, you therefore need to focus on the benefits you will get in the future rather than on the benefits you get in the present.

Saving and investing: Fears

Some fears can scare ecopreneurs away from saving and investing. Most of these fears are a result of not having enough information on saving and investing. A few common ones are shown below:



I have no money – financial institutions require a lot of money from me

Saving and investing is far too risky – I will lose all my money!

Saving and investing is too complicated – a small-town individual or ecopreneur will never understand it

There are no saving and investment institutions in my area – I have nowhere to do it!

Saving and investment costs too much - the charges are too high for me or my small town business

Most of the fears stated above can be addressed by seeking information and looking for help in the right places. Other fears like not having money can be too challenging to deal with as one cannot save or invest without money. Possible solutions would be to get a legal source of income like a job or starting a project to earn an income to generate the money to start the saving and investment journey.



Case study

Mr. Xaba: A livestock farmer saving to expand his business

Mr. Xaba is a member of a grazing association from the Eastern Cape. For the past three years, he has been selling his cattle at an auction organised by CSA. The auction comes right into his village two to three times a year. All farmers and grazing associations who follow sustainable grazing practices can participate in it.

Mr. Xaba has been able to sell two cows every year. The auction attracts a large following making it possible for Mr. Xaba to sell his cattle at high prices. *“Never before has a cow from Mvenyane been sold for more than R10 000 to outsiders,”* says Mr. Xaba. Mr. Xaba is thankful for the support he has gotten from CSA: *“It is for the first time ever that we have worked with an NGO that really cares about our welfare and wellbeing.”* He now plans to expand and breed even more cattle using sustainable grazing practices. He showed us a list of his past sales and saving records:

	Sales from auctions	Money saved per every auction (30%)	Compound interest at 7% per year	Total amount (savings +interest)
First year, 1:	R 7 700	R 2 310	R 520	R 2 830
	R 7 920	R 2 376	R 535	R 2 911
Second Year, Auction 1:	R 9 145	R 2 744	R 398	R 3 141
	R 9 250	R 2 775	R 402	R 3 177
Third year, Auction 1	R 10 050	R 3 015	R 211	R 3 226
	R 10 325	R 3 098	R 217	R 3 314
Total	R 54 390	R 16 317	R 2 282	R 18 599

He has saved R16 317 for 3 years and has received R2 282 as interest. In total, he now has R18 599. He now has enough money to buy more heifers for fattening and reselling and will therefore make even more money come the next auctions.

Planning to save or invest

Both saving and investing require one to give up some money now so that it can be available for use in the future (i.e. weeks, months or years) depending on the **financial products** one chooses. Saving and investing for a business may require more time to raise money for equipment and expenses such as salaries. In the case study below, see how Tebogo plans and saves for his small business.

Product (financial product): this is any type of account, asset or plan that you can use for saving, investing and borrowing and is offered by financial institutions like banks.

Tebogo wants to start a small herb processing business. He will buy aloe vera, ginger and other herbs, dry them and package them for sale in shops. When doing his research he found that he needed R2800 for a start although he may still need to put in more money as he goes.

What do I need to start?

Company registration, B-BBEE, tax reg =	R175
Starter equipment (pestle, blender, cutting knives) =	R640
Flyers and pamphlets =	R120
Packaging =	R200
Stock -raw ginger and aloe (1 month's supply) =	R1000
Transport and other costs =	R400
Total =	R2535

Left with R265 for emergencies

How I will get it

- 1 How much money do I need? I need R2800
- 2 When do I need it? In 10 weeks
- 3 How am I going to get it? I will save from my weekly wages
- 4 How and where am I going to save?
In a bank, I will open a Capitec Flexible Savings account
- 5 What are the risks in saving in a bank? There are no immediate risks
- 6 What costs are involved? There are no fixed monthly charges
- 7 How much do I get as my weekly wages? R1820
- 8 How much can I save weekly? R280

In 10 weeks, Tebogo will be able to save the R2800 he needs for his business. He will also get a little more in interest.

Why you must save

There are many reasons why different people save and invest. You, as an ecopreneur, could save/invest because you need money to:

store money for future use (e.g. lunch, retirement accommodation)

meet emergencies like illnesses, accidents, deaths

fall back on when your plans go wrong (e.g. low sales, poor harvests, rising prices, losing a job)

start or grow your business (e.g. buying business items for resale, paying for business rent, paying yourself a salary)



develop your life (e.g. educate or skill yourself (returning to school, college, university))

Your purpose for saving or investing can guide the type of products you choose. You may choose **long-term investment** products if you are planning to use your money after five years or more. You could invest in shorter term products if you intend to use your money sooner. Consultants within financial institutions can help you choose the right products.

If you are saving or investing to start a business, the type of products you select will depend on the timing you want to start the business and the money you plan to raise.

It can be **long, medium or short-term**.

Who can help?

In most small towns, banks offer investment and savings accounts and you can go to them directly for information on these. They also have websites and apps where saving and investing information is available. Before opening any savings or investment account, it is important to understand what you will be giving and what you will be getting in return. You therefore need to ask about:

- The saving and investment process - how it starts and how it ends
- The costs and charges involved in opening and maintaining a savings or investment account
- The interest or **returns** that will be earned on the account.
- What else you can get for saving/investing with them. (For example, will they at some point give you a business loan if you need one?)

Consultants: *People who are trained to help you with information and advice in a particular area. Finance and investment consultants can help you with saving and investment information. They may use other names like banking consultants, financial services consultants and personal bankers.*

Financial institutions: *registered organisations that provide financial services like savings accounts and investment accounts. Examples are commercial banks, mutual banks, co-operative banks and others.*

You must always get the full information on the type of account you are opening. Asking for this information is part of investing. Remember, most of these financial institutions have got people employed just to help you with this information. You can also learn how to save and invest from local training workshops that are sometimes held in communities like yours.



Where can you invest?

Where can I invest?

There are many places where one can save/invest in South Africa and these offer different types of [products](#). They include:

- [Co-operative banks](#)
- [Mutual banks](#)
- [Stokvels](#)
- [The South African Post Office Bank](#)
- [Commercial banks](#)
- [Fund management companies/asset managers](#)
- [The Johannesburg Stock Exchange](#)

Q&A: Investing on the Johannesburg Stock Exchange

Q: What is a Share?

A: If you own a [Share](#), you own a portion of a company. Imagine the company as a pie. You own a slice of the pie. You can also call a share equity or stock.

Q: Can you buy shares directly with the JSE or do you need a broker?

A: The JSE does not sell shares directly. You have to go through a [JSE registered stockbroker](#). With online share trading now widely available, you are able to invest any amount on the stock market via the internet.

Q: What is the minimum amount I can invest on the JSE?

A: The minimum amount varies depending on the share or asset class you want to buy. For some [Exchange Traded Funds \(ETFs\)](#), the minimum is R300 a month or a one-off amount of R1 000.

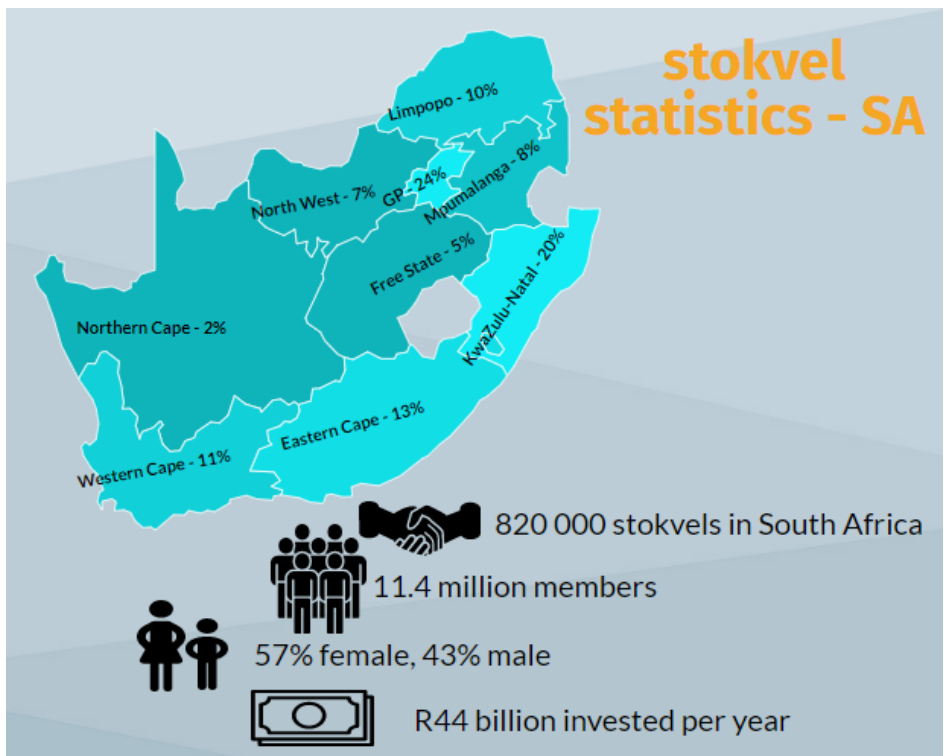
Want to learn more about investing on the stock market? Take a free online course for beginners offered by the JSE:

[The Stock Market for Beginners – a free online course by JSE](#)

The **JSE Investment Challenge** is a platform where ecopreneurs in schools and tertiary institutions can gain real experience in investing on the JSE. The challenge has run for over 46 years and has equipped an estimated 22 000 young South Africans with investment and financial literacy skills. To get more information on the challenge, including how to enter, please visit <http://schools.jse.co.za>

Stokvels in South Africa

Stokvels are one of South Africa's most successful form of community-based savings and investment institutions. Below are some statistics on stokvels in SA.



Can I start a stokvel or a savings group?

What if I can't find a stokvel, can I start one? Yes you can start one. But the process needs you to be an honest and responsible person who can gain the trust of others. Also, you can develop a stokvel further into a more formal savings group that is linked to financial institutions. To learn more about savings groups visit <https://mangotree.org/About-SG2020>

Most stokvels have a clear constitution, leadership structure and a saving and investment plan. Also, organised stokvels make use of banks and other financial institutions for saving and investing advice and products. It is always a good idea to check if your stokvel follows the above.

Saving/investing in groups

		Individuals	Business	Cooperative, Farmer/ Grazing Association/Stokvel/ Community group
BENEFITS	Motivation and encouragement from other members	x	depends on size	✓
	Can raise large contributions from many people	x	depends on size	✓
	Members can share ideas on best investment options	x	depends on size	✓
	Members can enforce saving and investment rules that encourage income growth	x	depends on size	✓
	Members can invest in products that require large principal/capital	x	depends on size	✓
	Freedom of choice on saving and investment products, amounts, time-frames	✓	depends on size	x
	Benefits from tax-free investment thresholds	✓	x	x
CHALLENGES	Potential for conflict on saving and investment decisions	x	depends on size	✓
	Some members may not contribute money as agreed	x	depends on size	✓
	Funds can be abused if the group is poorly governed	x	depends on size	✓
	There is lack of personal freedom of choice on saving and investments	x	depends on size	✓
	Funds withdrawals during emergencies may be slowed down by the need to consult other members	x	x	✓
	Changing types of investments may take long due to the need to consult and agree with others	x	x	✓
EXAMPLES	Shares	✓	✓	✓
	EFT	✓	✓	✓
	Unit trusts	✓	x	✓
	Saving accounts	✓	✓	✓
	Fixed accounts	✓	✓	✓
	Flexible accounts	✓	✓	✓

Requirements for saving and investing

When choosing where to save or invest you may need to ask the following questions:

1. Do their products meet my saving/investment needs?
2. What will I get for saving/investing with them?
3. What will I pay for saving/investing with them?
4. What are the chances that I will lose my money while investing/saving with them?
5. How easy is it for me to get my money back when I want it?
6. Is it easy for me to get their services from their branches or online?
7. Do I meet their other requirements? (e.g. proofs of residence, minimum investments amounts, age restrictions)
8. What do other people say about their services?
9. If they need to be registered, are they registered?

For you to start saving and investing in financial institutions, the following are usually required:

- Your valid South African identity document (RSA ID) or passport (in the case of non-South Africans)
- Your proof of residence (Letter with your physical address, water or electricity bill of where you stay)
- Your money
- An application form

Remember, you do not have to start with a lot of money. Most institutions accept as little as R300 to open a savings/investment account and a minimum balance of R0 to keep the account active. Check your budget to see how much you can afford to save/invest monthly.

Please visit this website for more information:

[https://support.easyequities.co.za/support/solutions/articles/13000015026- what-documents-can-i-use-as-a-proof-of-address-for-fica-](https://support.easyequities.co.za/support/solutions/articles/13000015026-what-documents-can-i-use-as-a-proof-of-address-for-fica)

How do I make money from saving/investing?

The table below summarises how an ecopreneur can make money from saving and investing.

	What is it?	How do I get it?
Dividend	Money paid to shareholders from profits made by a business or part of the profit you take out of your business for personal use	Investing in shares, investing in a business
Interest	Money that is paid to you for keeping your money in an institution for a certain time	Saving and investing in financial institutions
Profit	Profit may be kept in a business - this is called retained profit or retained earnings	Investing in a business
Capital gains	Money you make when you buy an investment at a low price and sell it at a higher price	Investing in a business and in a financial institution

The above are also referred to as **RETURNS**. Relating to interest rates, there are two types of interests paid to savers and investors:

Compound Interest:

interest credited daily, monthly, quarterly, semi-annually, or annually on both principal and previously paid

Simple Interest:

interest paid only on the amount invested/saved.



Getting back your money

Different savings and investment products have different **maturities**. A normal savings account will enable you to get your money whenever you want it. Fixed deposit accounts, on the other hand, may not allow you to take out your money before the end of the agreed investment period (the maturity).

Maturity: in finance this is the date at which an investment can be cashed in as money.

Product (financial product): this is any type of account, asset or plan that you can use for saving, investing and borrowing.

On the stock markets (where shares are bought and sold), it may be possible to get your money back when you want it by selling your shares provided someone else is willing to buy them. Sometimes this may mean selling shares below the price you bought them, therefore making losses.

Knowing the time, it takes to get your money out of investments is important because:

- 1. It enables you to plan your cash flows – you will know when you will have your money back**
- 2. It enables you to see if the return you are getting is good. If your money is saved/invested for a long time, it must also get a higher return than if it were saved/invested for a shorter period**
- 3. It helps you decide if an investment is good for your future financial needs**

If you want to use your money soon, it might not be a good thing to put it in investments that give it back after a long time. Investors sometimes make losses while trying to get out of investments that may be too long for them. These losses come as a result of:

- Penalties that may be charged for getting your money before the investment's maturity date**
- Being forced to sell your assets before they have reached a good price that gives you a profit**



Financial products and how they pay back

With these products, you get interest paid on top of the money you saved or invested.

Savings account	allows you to save your money and get interest. You can put in money as many times as you like.
Fixed account	allows you to save money that you put in as one big payment for an agreed fixed period
Flexible account	allows you to save both one big payment (lump sum) and additional deposits and get interest on your money
Retirement funds	you put in money monthly for use after retirement
Stokvel	together with others, you save your money usually with each member putting the same amount monthly
Unit trusts (interest)	many investors who may not know each other put in money under a unit trust manager who in turn buys assets they would otherwise not afford as individuals. The returns on these are shared depending on the amount invested by each investor

With the below products, you benefit when the price of the product increases.

Unit trusts on shares	various investors who may not know each other put together money under a unit trust manager and buy shares they would otherwise not afford as individuals. The returns on these are shared depending on the amount invested by each member.
Shares	you buy part of a company (shares) and may sell these when their price increases.
Krugerrands/gold	gold coins that you can buy. As a small investor, you can buy unit trusts for gold and other minerals.
Fixed property	buildings and land that you can buy for resale when their price goes up. As a small investor, you can buy property unit trusts as your investment in properties.
Exchange-traded funds	you invest in a stock market index. An index measures how a group of shares performs, for example, how shares of all agriculture companies perform. Your investment increases and decreases with changes in the index.

Please visit these websites for more information:

<https://www.property24.com/articles/8-investment-options-to-get-your-money-working-for-you/26576>

<http://www.savingsinstitute.co.za/sivehicles.htm>



Saving and investing online

Saving and investing online involves using websites and applications (apps) of financial institutions to invest and save. This can be done on a phone, a tablet or a computer. Some small towns are far away from major cities and towns where financial institutions are located. Fortunately, the growth in internet technology makes it possible for ecopreneurs to have access to financial institutions through the internet. The advantages of saving and investing online are:

- **Convenience – you can transact anytime**
- **Location - you can save/invest from anywhere**
- **Online tools - online investment calculators and investment blogs are provided on most financial institutions' websites and Apps**
- **Contact - It is quicker and easier to contact institutions using chat lines made available on most apps**

Online fraud or internet fraud are acts that are done by criminals to deceive other internet users in order to steal information and/or money from them. As you invest online you need to understand the risks involved so that you do not lose money to these criminals. Always be on the lookout for:

- **Websites you do not know offering you very high interest rates or returns if you transfer money to them**
- **Faked websites of common banks that are used to steal people's banking details and money**
- **Fake e-mails asking you to provide your personal and financial details online**

Before investing with any financial institution online, first, check with it physically through a visit or a phone call. Any financial institution that has a website should also have known offices and addresses.

Please visit these websites for more information:

<https://www.capitecbank.co.za/help-centre/privacy-security/website-banking-security/>

<https://www.standardbank.co.za/southafrica/personal/products-and-services/security->

Get-rich-quick schemes

Get-rich-quick schemes are fake “investments” that criminals may ask you to join with a promise of quick, high returns on the money you invest. The common ones are known as “[pyramid schemes](#)” which rely on investors inviting other people to join the scheme. Their common promise is that as an investor/saver, all you need to do is to transfer or deposit a certain amount of money that will grow very quickly, sometimes doubling in weeks without you doing anything. These schemes are also getting popular by spreading their word through social media.

What is common about these schemes is that:

- They promise you very large payments without explaining how they come about
- They need you to get other people to join into the scheme for you to benefit
- They do not seem to have permanent offices, management and employees
- They are not registered to offer investment and saving products

Please visit these websites for more information:

<https://www.spotongmag.co.za/articles/investment-scams-and-how-to-spot-them-6729.htm>

<https://www.sabric.co.za/media-and-news/press-releases/ponzi-pyramid-schemes/>



Understanding risks in savings and investments



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*My advice to emerging young entrepreneurs is to make a **commitment to education**, to learning as much as you can, as this will gear you to be more focused and ready for any hiccups this industry has to offer. Accept failure as something that makes you stronger and be able to absorb negativity.” – Thoko Zwane, founder of Thoko’s Diamonds*

As an ecopreneur, you must know that sometimes you may lose your money while saving and investing. This chance of losing money is called risk. This should not scare you that much but should encourage you to be on the lookout for possible losses and to find ways to avoid them. To reduce these risks while saving and investing:



- ***Do not save/invest in an unregistered organisation (except maybe a local stokvel that you really trust)***
- ***Do not put your money where bank charges are too high and interest rates are too low***
- ***Do not put your money in a financial institution that is reported to be facing money problems***
- ***Do not keep lots of money at home as it may not be safe and will not earn you any interest***
- ***Do not save/invest in products that you do not understand***
- ***Do not save/invest in products/institutions where the interest rate is lower than the inflation rate***

Always remember, information is your biggest tool for avoiding risks in investments and savings.

Inflation

Inflation rate: the speed at which the prices of goods and services increase (for example the price of bread, fuel, etc.).

If the inflation rate is 4% and your financial institution gives you a 2% interest rate

on your savings, it means that prices are rising faster than your money is

growing. Your financial institution should give you an interest rate above 4%.

That way your money grows faster than prices.

To get the Inflation rate, you can go to news and business websites like news24.com or www.fin24.com or simply type "Inflation rate South Africa" on Google.

Risks in investing

With saving, the chances of losing money may be lower than with investing. In investing you may lose the money you put in (the principal) and the expected return as a result of bad decisions or happenings. Every investment has its different risks but these are common ones: Investing in assets whose prices:

- move up and down quickly and regularly
- may go below the price at which you invested
- are not well-understood or not discussed with you

As an ecopreneur, saving and investing requires you to understand what is going on in the country. You should therefore listen to the news every day, read a newspaper or go online to catch the news. Some of the risks above can be managed by you moving your money away from some investments in response to what is or could be happening in the economy.



Understanding your risk fears

Different people have different levels of fear when it comes to saving and investing. As an investor/saver, you need to understand your [risk/return preferences](#). For example, do you prefer taking high risks that also have high returns or a comfortable with low risks and low returns?

With any choice you make it is important to:

- Fully understand the savings and investments products you are getting
- Have a plan for bad situations. What will you do if indeed you lose out?
- Understand your ability to move out of investments when they become risky
- Have a way of watching your risks and understanding how they can come about

Your risk and return choices will help you to choose financial products that best suit your preferences.

Can you pick the square that works best for **you**?

High Risk - High Return

"The chances of losing my money are high - but I can also get a lot more money if everything turns out as planned"

Low Risk - High Return

"The chances of losing my money are low - I can also get a lot of money if everything turns out as planned"

High Risk - Low Return

"The chances of losing my money are high - If things turn out as planned, the additional money I get too little for the risk I have taken"

Low Risk - Low Return

"The chances of losing my money are low - and if things turn out as planned, I also get a little money in return"



Investing in your small business

Everyone can rise above their circumstances and achieve success if they are dedicated to and passionate about what they do – Nelson Mandela

*Perseverance always pays off at the end. There were many times when I thought of giving up and looking for a job, but knowing that there are countless opportunities out there, I never gave up: **Vasie Sewramulu, a South African ecopreneur building an eco-friendly detergent manufacturing***

Investing in your small business involves putting your commitment and money into it and expecting it to bring future returns that you will enjoy. It involves understanding that for the business to succeed, it will take a lot of time and hard work.

Small business sizes

In South Africa, there are several types of [registered small businesses](#). These are small, micro-sized and medium-sized businesses (SMEs). When your business is classified as an SME, there are various tax benefits that you get. For instance, SMEs do not pay income tax for the first R79 000 of their before-tax profit. In some business opportunities in government, like tenders below R30m, special preference is also given to SMEs. Being called a small business should not discourage you because it is for your benefit as a starting or expanding young ecopreneur.

Sole traders	No specified number
Microbusiness	0-10 employees
Small business	11-50 employees
Medium-sized businesses	51-250
Co-operatives	Minimum of 5 members

Micro businesses are the smallest businesses in South Africa. Many youth ecopreneurs will start at this stage working with one-to-ten employees. By size, they are followed by small businesses and medium-sized businesses as shown above.

Co-operatives are another form of enterprise. A minimum of 5 persons who share the same business or developmental objectives can come together to form a [co-operative](#). It needs to be registered by the Registrar of Co-operatives. Please follow this link on how to register a co-operative:

Please visit these websites for more information:

<http://www.cipc.co.za/index.php/register-your-business/co-operatives/>

Other types of enterprises are farmers' associations and grazing associations. Farmers come together to form associations through which they can assist each other and work together.

As an ecopreneur, you should know how your business is classified. A business can be an SME even if it is not registered. However, youth ecopreneurs are encouraged to register their businesses to ensure that they get tax benefits and funding opportunities that can come with being an SME.

Why invest in a small business?

Job creation: *small businesses create jobs for youths, helping to reduce high unemployment levels.*

Services and products: *They provide many products and services that are sometimes more affordable to small-town communities.*

Economic empowerment: *They help to reduce social and economic differences that are a result of the past*

Solutions to social problems: *They can help to keep young people focused on developing their lives thereby reducing crime, drug and alcohol abuse.*

Income generation and wealth creation: *small businesses can create wealth for their owners, their employees and communities helping to fight poverty.*

Conservation and sustainability: *Some small businesses are directly involved in conservation while others produce their goods in ways that do not harm the environment.*

Source of innovation (new products): *small businesses are known for coming up with new and useful solutions to community problems.*





How can I invest in my business?

As a youth ecopreneur, you can start a business from scratch. You can also invest by growing your current business for example, by opening another branch of your glass recycling business in another town. You can also buy-in into an already operating business. You do this by giving the current owner an amount of money that is equal to an agreed number of shares. You therefore become a shareholder of this business.

You can also join an existing co-operative, becoming a member who owns part of it. Another option is to buy a [franchise](#). This is a licence or an agreement to name and run your company as part of a successful, better-known business. You then pay a fee for using the better-known company's name, products and processes.

The above choices need different amounts of funding. With saving and investing you can be able to put in your money into your business. You can also get funding from financial institutions, other people and organisations mentioned earlier.

Funding your SME

Funding refers to getting money or “funds” to start, support and grow your business. Funders are the people and institutions that provide these funds. Funds can be in the form of loans, grants, equity (shares you sell to get money for your business) or any combination of these. SMEs operating in small-towns, like those operating in major urban centres in South Africa can approach funders to get money to start or grow a business. However, the most important funder and investor in your business is you.

What funders expect



People and companies putting money in your business expect different things. However, the common things are a viable business or business idea and a passionate ecopreneur who is willing to commit her/his time and effort to it. A viable business or business idea is one that:

- Has the potential to start and grow if it is supported
 - Has customers or has identified many customers for its products and services
 - Can be successfully operated by you and others given your interests, experience, skills and support available to you
- Can make enough money to pay its costs or has the potential to do so within a given time.
 - Is legally and fully registered if it operates in a sector that requires registration and licensing
 - Is environmentally sustainable – it would not harm the environment by using illegal or environmentally damaging methods

Funders also require documents that will help them to decide if your business or business idea is viable. These include registration certificates, business plans, tax certificates and other documents that will be discussed later. These requirements sometimes discourage some ecopreneurs who have little information on how to get them.

Like with saving and investing, there are also fears that discourage ecopreneurs from looking for money for their businesses. Some of these are listed below:

Funding: True or False?

1. My business is too small to get any funding - FALSE
2. My business is located far in a small town, no one will fund it - FALSE
3. My business has no assets, no one will fund it - FALSE
4. They require documents that a small-town ecopreneur can never get - FALSE
5. I have no security so I will never get funded - FALSE
6. I cannot get funded until I travel to their big-city offices - FALSE

As you will see when you begin your business journey, some of the fears you might hold might not be real. Information and advice are the best tools to fight these fears. Look for information and advice in the right places.

So where do I start..?

1

Look for information

Gather as much information as you can on who can provide funding.



2 Make contact

This could be through calling, e-mailing the funders or visiting their offices.



3 Gather documents

Gather ALL the documents that are needed for the application for funding



4 Apply

Some organisations will require you to e-mail your documents to them. Some have websites where you can upload your application and the required documents. Some may want you to submit them manually.

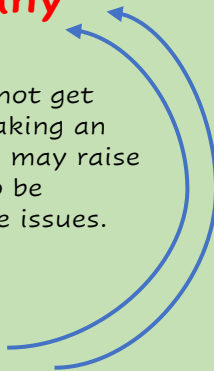


5. Follow up

Once an application has been sent, the next step is following it up. The first follow-up will confirm if it

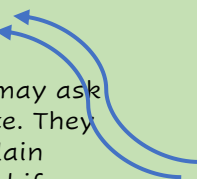
7.Addressing any issues

In most cases, you will not get funded directly after making an application. The funders may raise issues that may need to be addressed. Address these issues.



6.Get funding

Before funding, funders may ask to visit your business site. They may also ask you to explain your business further and if they are happy they may fund you. Usually, this is through buying the assets you stated in your application form and business plan and giving you



Getting supporting documents

Company registration: This involves getting an official certificate that shows that your business is formally registered with the government. You can register your business with the Companies and Intellectual Property Commission (CIPC) online and also receive company registration documents online. This makes it easy for you if you are in a town without CIPC offices.

***Income tax:** tax that a business pays from the profits it makes.*

***Tax exemptions:** permission not to pay certain taxes that other businesses are required to pay.*

SARS tax registration: This is getting officially listed by South African Revenue Services (SARS) as a taxpayer. Your company may be required to pay certain taxes or may need to benefit from tax exemptions and for this to happen it must be registered as a taxpayer. All registered companies in South Africa are required to

register as taxpayers. You can register for tax online. Your company registration comes with income tax registration. Other tax registrations such as **Pay-As-You-Earn (PAYE)**, **Value-Added Tax (VAT)** can be registered for separately online.

Broad-Based Black Economic Empowerment (B-BBEE) certificate: This is a document from government that shows how your company economically empowers other South Africans including yourself, as required by empowerment laws. You can get **B-BBEE certificates online** from CIPC.

Online registration makes it easy for ecopreneurs in South Africa to apply for business and tax registration. Visit the website provided below for more information and assistance.

Please visit these websites for more information:

<http://www.cipc.co.za/index.php/register-your-business/companies/register-private-company/>

https://www.sarsefiling.co.za/Forms_Guides.aspx

http://www.cipc.co.za/files/6215/2932/7557/Step_by_step_guide_BBBEE_application_via_e-services_v0_1_2.pdf

Support with your business plan

A business plan is a document that outlines what your business is about, what it intends to get in the future and how it will get there. It provides detailed information on your products and services, customers, markets, management, employees, operations and money you expect to get, where you will get it and how you will spend it.

Unlike other documents, like a tax clearance certificate that you request from the South African Revenue Services (SARS), a business plan will need to be prepared by yourself. Some ecopreneurs who have the money to do so consult private business plan consultants to get it prepared. However, even if you do not have money to consult a consultant and are not able to prepare one yourself, consider some organisations that can help.

Several South African institutions offer free advice and support on business plan writing. These include the [Small Enterprises Development Agency \(SEDA\)](#), the [National Youth Development Agency \(NYDA\)](#), the [National Empowerment Fund \(NEF\)](#) and the [Industrial Development Corporation \(IDC\)](#).

Funding organisations

There are different forms of funding or financial support available to ecopreneurs. Some institutions will only fund local businesses, others will fund all businesses; some will fund already operating businesses and others will fund start-ups as well. To avoid getting disappointed, get information on institutions that fund:

- Start-ups (if you are a start-up)
- Businesses in your sector (for example the tourism sector or sustainable agriculture)
- Business to the amount you need to start up or expand
- Businesses that may not have security for borrowing

As you do this search you can identify institutions that are most likely to give you money from the several that exist. So start with institutions that fund start-up businesses in your sector up to a certain amount and expand your search. Also, start with institutions that offer grants and move on to those that do not ask for collateral or security for a loan and have low interest rates. These are mostly government funds also called [developmental finance institutions \(DFIs\)](#).



Here are some of the many government-related organisations that fund small businesses:

- Co-operatives Incentive Scheme (CIS)
- Umsobomvu Youth Fund
- Khula Fund
- NEF-Imbewu Fund
- NEF-Rural and Community Development Fund
- NEF: Women's Empowerment Fund
- NEF-uMnotho Fund
- SEFA-Amavulandlela Funding Scheme
- SEFA loans
- National Youth Development Agency

Please visit these websites for more information:

- <https://www.fundingconnection.co.za/funding-agencies-in-south-africa>
- <https://smesouthafrica.co.za/guide-government-funding-small-businesses/>
- <https://www.youthvillage.co.za/business-funding-south-africa/>

Funding competitions

Ecopreneurs can also raise money through funding competitions like the ones below:

United Nations Seed Awards

Climate Launchpad

SME Toolkit Business Plan Competition

United Nations Organisations

Climate KC

SME South Africa

Chivas Venture Annual Competition
FNB Business Innovation Awards
Start-Up Energy Transition Awards
Engen Pitch & Polish Competition
Business Investment Competition

Chivas Venture
FNB South Africa
Start-up Energy Transition
Engen South Africa
Eskom

Important

1. Know the competitions' application dates, requirements, terms and conditions
2. Thoroughly research on the competition including past winners and how they won
3. Take time to prepare your submission
4. Where there is the need, ask for assistance and advice
5. Submit before the deadline and include all the required forms, documents etc.

Business opportunities

“In my experience, in Africa there is space for innovation. and you don't have to look far, especially when you are at a disadvantage. Look around you. You might be experiencing a problem that is a need in the community.” - Sizwe Nzima, co-founder of Iyeza Express.



There are many small business opportunities you can take advantage of in and around your town. These require different amounts of money and resources to start.

Examples of business opportunity areas

These are just some of the many opportunities you can take.

ARTS AND CRAFTS

- Beadwork
- Sculpturing
- Painting and drawing
- Music and dance groups
- Interior designing
- Signage making
- Jewellery making

FARMING

- Organic farming
- Horticulture
- Growing herbs
- Floriculture
- Fish farming
- Grain farming
- Animal raising (poultry, cattle, etc.)

AGRIBUSINESS

- Poultry stock-feed making
- Livestock feed production
- Farming labour support
- Farm area security
- Beekeeping and honey production
- Fruit jam-making
- Peanut butter production
- Vegetable drying and packaging
- Fruits packaging
- Nursery

MANUFACTURING

- Shoe and sandal making
- Handbags and belts making
- Enamel pottery making
- Sustainable furniture making
- Candle manufacturing
- Custom stationery making
- Soap and detergent making
- Snack making

SERVICES

- Internet café
- Seamstress services
- Security services
- Company registration services
- Painting and construction
- Transport and distribution
- Tyre repair
- Courier and delivery services
- Gardening and landscaping
- Car washing services
- House and carpet cleaning
- Blogging
- Catering services
- Tutoring
- Hair and beauty services
- Computer coaching
- Junior sports academy
- Fitness and health facilities
- Tools and equipment hire
- Printing, graphics designing
- T-shirt printing
- Handyman services
- CV-writing
- Proofreading services
- Childcare and caregiver
- Baking services
- Marketing services

TOURISM AND TRAVEL

- Tourist guides
- Bed and breakfast services
- Gifts and curios shops
- Transport services
- Traditional foods sales
- Photography
- Tourist accommodation

Resources on business ideas

300 business ideas to inspire you into Entrepreneurship

<https://www.experthub.info/launch/business-ideas/300-business-ideas-to-inspire-you-into-entrepreneurship/>

Complete list of small business ideas in South Africa you can do now!

<https://thebusinessalert.com/business-ideas-south-africa/>

50 best small business ideas in South Africa for 2020

<https://www.profitableventure.com/business-ideas-in-south-africa/>

Low-cost franchise opportunities for sale

<https://www.franchisedirect.co.za/investment1/>

101 Interesting ways to make money in Africa – the top business opportunities and success stories

<https://www.smallstarter.com/browse-ideas/top-business-opportunities-in-africa/>

Franchise opportunities

There are many franchise opportunities that ecopreneurs can pursue. Some of these require as little as R12 000 to join. For more information on franchises visit the following website:

<https://www.franchisedirect.co.za/investment1/>

<https://whichfranchise.co.za/listing-category/low-cost-franchises/>



Green business opportunities

All opportunities in page 34 can be taken in such a way that they do not damage our environment. As an ecopreneur, it is your duty to ensure that your business is not a danger to the environment i.e. it is not a danger to the soil, the air, the water, the animals and the plants.

You can be a **Green business** by:



- Being directly involved in environmental conservation
- Reusing and recycling material
- Reducing the use of unnecessary materials in business
- Properly disposing any waste material
- Reducing fuel and energy use
- Not using products that are dangerous to the environment



There are many benefits to running a green business. Some of these are listed below:

- You can get more customers interested in environmentally-friendly products
- You may be able to sell your products at lower prices and get more customers
- You create a good name for your business
- You can get funded by many funders who like green businesses



When running a green business you also reduce the risk of being fined for damaging the environment. More green business opportunities:

<https://www.greenfinder.co.za/Business-Opportunities>

Not all business opportunities will succeed at first. Some opportunities may be too difficult or even impossible to follow through. To make sure that what you have identified is really an opportunity you can take, ask yourself the following questions:

10 important questions

1. What is the product/service that I will provide?
2. How is it different from other services and products?
3. Who are my customers and where can they be found?
4. Are there enough customers for it (Demand)?
5. How will I supply to them better than other businesses?
6. How will I make or get it?
7. Where will I sell it?
8. What price will enable me to make a profit?
9. How will I let the market know about the product?
10. Can I get enough money to provide/produce it?

If your answers to the above questions are “Yes” then indeed the business opportunity you have identified might be worth developing into a real business. At the same time, remember that you can also benefit from opportunities outside your community. [Online businesses](#) make it possible for you to offer products and services through the internet.

Why businesses succeed/fail

Starting a successful business is not an easy task. According to [Proudly South African](#), 70-80% of businesses that start fail in the first year. This means for every 10 businesses started, 7 to 8 will fail in the first year and only 2 or 3 will succeed. With so much failure in businesses, you need to work hard and get as much information and support as you can. You may not know everything about the business but you must look for information from those who know and can help you.

Please visit these websites for more information:

<https://bizconnect.standardbank.co.za/grow/leadership-lessons/20-motivational-quotes-from-sa's-top-entrepreneurs-to-inspire-you-this-heritage-day.aspx>

<http://www.lionessesofafrica.com/blog/2018/6/10/introducing-africas-innovative-women-eco-preneurs-turning-environmental-challenges-into-sustainable-businesses>

Why some ecopreneurs succeed/fail?

success	failure
Identifying a real opportunity	Business sets up with no real identified opportunity (gap)
Understanding your competition	No knowledge of competitors and how you can compete
Providing quality products and services	Having poor-quality products or offering poor-quality services
Knowing your customers and marketing to them effectively	No knowledge of the customers and his/her needs
Having passion for what you do	Lacking commitment, passion for the business
Seeking help in the right places	Not seeking professional help when needed
Financial access and discipline	Not having enough money to start & poor use of available money
Having a vision of what you want to achieve	No vision or plan for the business
Setting a business at the right place	Business locates at a place not desirable to customers
Adapting to change	Failing to change with the times, laws and customer needs
Having the right skills needed for the business	Not having the right skills or skilled helpers



Resources

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IMPACT AT A GLANCE 2018

3 DEMONSTRATION LANDSCAPES
> 1,500,000 HECTARES IN TOTAL



692 COMMUNITY MEMBERS TRAINED



13 TRAINING COURSES OFFERED
(E-STUDY, WORK READINESS & BASIC COMPUTER LITERACY)



TRAINED
73 NURSES



251,501 Ha
TOTAL GRAZING AREA
UNDER MANAGEMENT

15 FULL-TIME STAFF



1200 JOBS CREATED



3 INPUTS INTO NATIONAL POLICY AND GUIDELINES



4828m² TOTAL AMOUNT OF
EROSION CONTROL



3848 CHILDREN / YOUTH
REACHED THROUGH
COMPUTER CENTRES



1710 CHILDREN / YOUTH
REACHED THROUGH VALUES
BASED ENVIRON. EDUCATION
(SCOUTS)



390 EMPLOYED ENVIRONMENTAL
RESTORATION WORKERS



8 CLIMATE CHANGE
PREPAREDNESS WORKSHOP
NAMAKWALAND



3314 DIRECT BENEFICIARIES
IN CI LANDSCAPE



10 COMMUNITY ENTERPRISES
D (SMME'S, GRAZING,
SIS, MEAT NATURALLY, AND



2389 INDIVIDUALS THAT
DEMONSTRATE FINANCIAL
KNOWLEDGE AND SKILLS



29 RAINWATER TANKS
INSTALLED NAMAKWALAND



8 NUMBER OF SPRINGS
RESTORED IN MZIMVUBU



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