

**SOLIDARITY FUND SUPPORT OF
THE FOOD VOUCHER RELIEF PROGRAMME
SUMMARY REPORT**

SEPTEMBER 2020

DESCRIPTION	FUNDING ALLOCATED	FUNDING DISBURSED
Food Relief Programme	R100 million	R100 million

01

SOLIDARITY FUND'S HUMANITARIAN MANDATE

In order to provide accelerated aid for South Africa's most vulnerable households and communities during the COVID-19 pandemic, the Solidarity Fund's **Support Pillar** focuses on promoting human welfare. More specifically, it aims to support the efforts of government and business to provide sustainable access to food and care, alongside other welfare interventions. Ultimately, through the **Support Pillar**, The Solidarity Fund – referred to as 'The Fund' from here on – is working to alleviate the negative societal impact of the economic disruption caused by Covid-19 restrictions.

02

THE FOOD VOUCHER RELIEF PROGRAMME

The Fund's first phase of humanitarian relief focused on food parcel distribution, targeting the most vulnerable people in South Africa. While this initiative was successful, The Fund learned that distributing food parcels incurs significant logistical costs and can limit the ability of beneficiaries to adhere to social distancing as they queue for food. In the second phase of food relief, The Fund took the decision to adopt a digital food voucher approach in order to mitigate against these factors. The food vouchers also have the added benefit of enhance **beneficiary dignity** by allowing them to choose the food items they need.

In June 2020, The Fund launched an initiative to develop a targeting strategy for food voucher relief, including the identification of partners able to execute such a strategy. These partners would make it easier to target those most in need of assistance, using their technology and scale to handle payment processing and voucher distribution.

OVERVIEW OF INITIATIVE

The primary intention of the shift from physical food relief parcels to digital vouchers was to assist beneficiaries in a more dignified manner. Vouchers are also safer and improve transparency. In pursuing this change in strategy, The Fund consulted widely with various academics, humanitarian organisations, and international experts in the field of food security to develop a feasible food voucher programme.

Targeting process



The Fund was established to assist those impacted directly by Covid-19. It follows that those receiving food vouchers must come from an affected, vulnerable group. This excludes those already receiving government grants like the elderly, those receiving child support grants, those receiving disability grants, and beneficiaries of the Unemployment Insurance Fund (UIF). This targeted approach helps to ensure that The Fund's contribution, through the **Support Pillar**, is additive to existing government initiatives. As a result, The Fund chose to focus on relief for working age adults (particularly vulnerable women), working age youth, and migrants.

The next variable to incorporate in the targeting process was the geographic areas most affected by the lockdown, with the parts of the country with the highest job losses, and related loss of consumer spending, being a natural starting point. The Fund engaged consultants who conducted research using census and employment data and worked with academics to identify specific provinces and districts that were most likely to be severely impacted by the pandemic.

The exercise revealed that many of the rural provinces were less impacted due to their reliance on government grants, which increased during the lockdown. This highlighted the need to focus on provinces with large metropolitan areas; namely, urban areas in Gauteng, Kwa-Zulu Natal, the Western Cape, the Eastern Cape, Mpumalanga, and the Free State. This analysis has not, however, prevented The Fund from issuing food vouchers to those outside of urban areas who qualify for support.

PRINCIPLES THAT GUIDED THE FUND'S SUPPORT OF THE FOOD VOUCHER RELIEF PROGRAMME

The following principles originated during the development of The Fund's Impact Framework and have been adapted for application to the Support Pillar's Food Voucher Relief Programme.



Maximising reach and minimising distribution costs:

By minimising the distribution costs associated with the Food Voucher Relief Programme, more vouchers could be issued, increasing the reach and impact of the programme. On average, distribution costs were 6% of the total disbursement. Training and development of beneficiary identification partners were among the higher cost expenses.



Geographic reach:

Our research indicated that the largest need for food relief was in urban areas where the impact of Covid-19 was most keenly felt. This did not, however, preclude The Fund from providing relief across all nine provinces in both rural and urban communities.



Transparency and reporting:

The Fund is mandated to promote transparency in the disbursement of funds. As a result, monitoring and reporting on the Food Voucher Relief Programme was built into the design of the scheme. The digital transfer of funds for food vouchers makes it possible to track and validate delivery to beneficiary households.



Diverse partners enable a strong learning environment and greater beneficiary reach:

The Fund reaches vulnerable households by collaborating with partners and stakeholders across civil society and government. To this end, The Fund worked with four technical partners and nine beneficiary identification partners who have expertise in fund distribution, beneficiary onboarding, and training of beneficiary coordinators (more details in the following section).

Voucher disbursement process

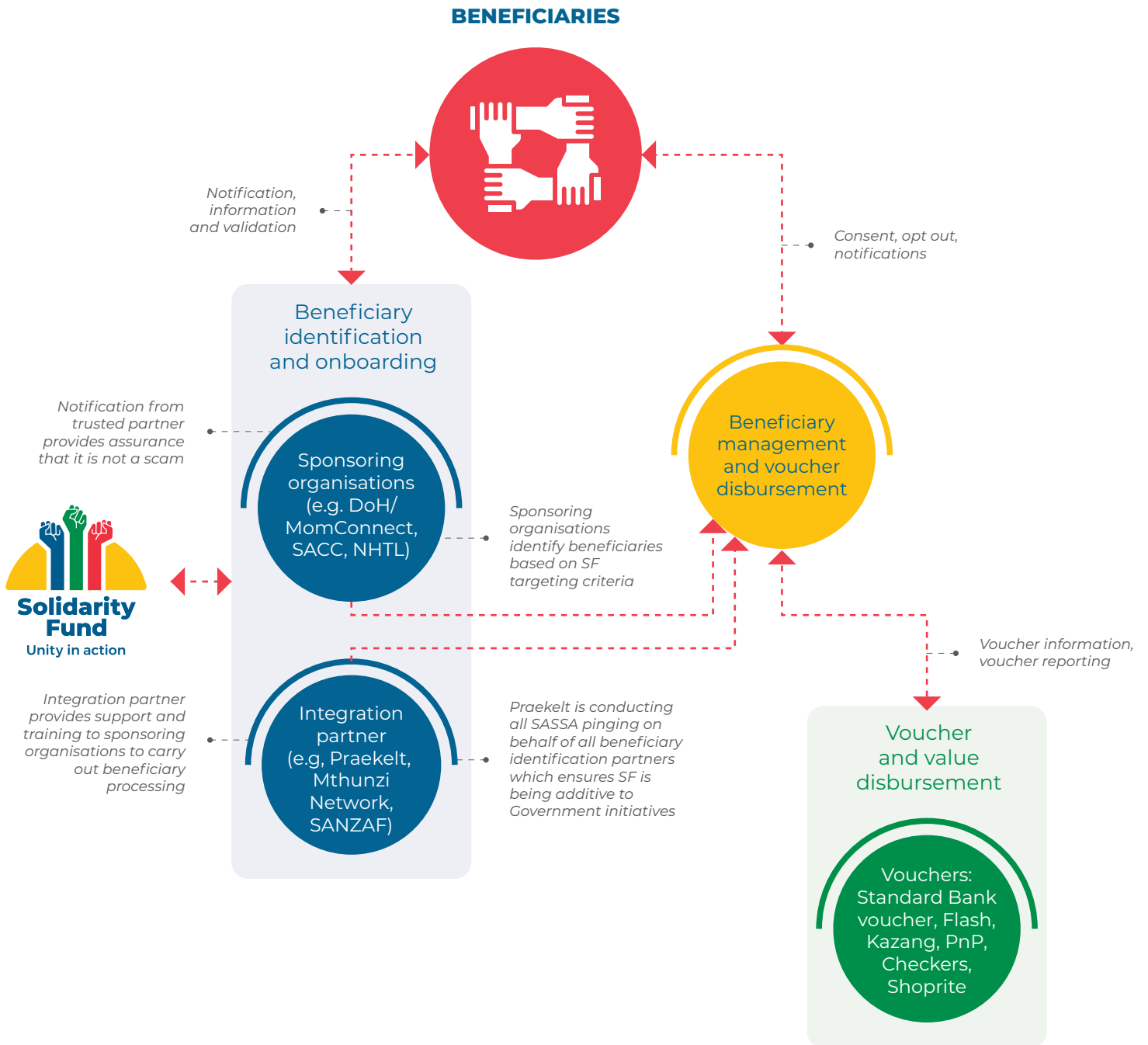
The total envelope size for the Food Voucher Relief Programme is **R100 million**, inclusive of administrative and disbursement fees. The programme aims to reach **135,000 beneficiaries** who will each receive food vouchers to the value of **R700**.

The following allocation of funds was proposed and approved by The Fund (disbursements are yet to be concluded):

BENEFICIARY IDENTIFICATION PARTNER	BENEFICIARY GROUP	NUMBER OF BENEFICIARIES	DISBURSEMENT PARTNER	IMPLEMENTATION PARTNER
MomConnect / DoH	Pregnant women	45,000	Standard Bank	Prækelt
DSAC	Gig workers in the sports and creative industries who have not been able to earn an income	10,000	Standard Bank	Prækelt
UN International Organisation on Migration	Migrants	5,000	Standard Bank	Prækelt
DSD	Individuals who have not been able to access funding through DSD	20,000	Mthunzi Network	Mthunzi Network
National House of Traditional Leaders	Beneficiaries identified by traditional communities	20,000	Mthunzi Network	Mthunzi Network
SACC	Beneficiaries identified by churches	5,000	Mthunzi Network	Mthunzi Network
M4JAM	Unemployed youth	10,000	M4JAM	M4JAM
Harambee	Unemployed youth	10,000	M4JAM	M4JAM
SA National Zakah Fund	Beneficiaries identified by Islamic charity	10,000	SANZAF	SANZAF
Total		135,000		

Although the process of disbursement differed across partners, due to different systems and operational methods, The Fund employed a consistent practice of vetting and processing disbursements and developed the following high-level methodology to ensure fairness and the timeous disbursement of funds.

Figure 1: High-level voucher disbursement process



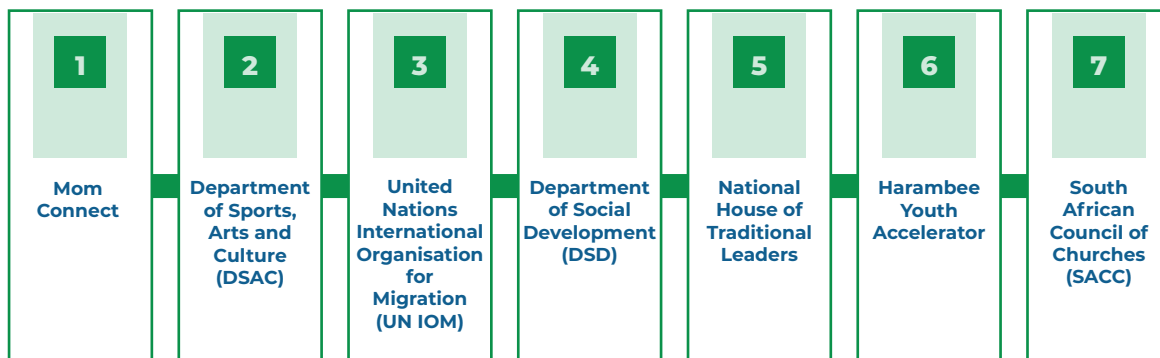
Once the draft food voucher strategy was in place, the next step was to identify partners who were best placed to execute said strategy.

PARTNER SELECTION AND PROGRESS

Partnerships

The Fund strived to partner with those who would be able to identify and serve individuals, across geographies, who were experiencing extreme, Covid-19 related hardship. Part of the process was to establish whether the potential partner was already working with the targeted groups described above (women, youth, and migrants). From a technical perspective, integration partners were selected with consideration to the efficiency of their technology, the cost involved, the diversity of their distribution channels, and their potential to scale.

In keeping with the SF mandate – to be additive to government’s initiatives – The Fund established partnerships with key government departments charged with relief efforts. These government departments are aptly positioned to identify deserving beneficiaries. Additionally, The Fund sought to build partnerships with civil society, NGOs, and religious organisations that have a proven track record and extensive reach. To this end, the following partners were selected to support the beneficiary identification process:



Beneficiary identification partners

1

MomConnect:

In targeting women who are not receiving South Africa Social Security Agency (SASSA) grants, we learned of a program managed by the National Department of Health (NDoH) where all expecting mothers, who receive prenatal care from a public primary health clinic, are registered for a communication program called MomConnect. MomConnect has the largest database of expecting mothers in South Africa at approximately 920,000. They also provide existing infrastructure for identifying and communicating with qualifying mothers. Praekelt, who administer the MomConnect platform, and the NDoH were subsequently identified as critical partners for targeting this beneficiary group.

As first-time, expecting mothers do not qualify for other government support they are a potentially vulnerable group. This conclusion was further validated by research which argues for social support grants to expecting mothers because maternal nutrition during pregnancy significantly impacts on the lifetime development of the child.¹ Expecting mothers who visited public sector clinics in particularly poor areas were identified by The Fund as acutely vulnerable.

¹Chersich et al. 2016. Safeguarding maternal and child health in South Africa by starting the Child Support Grant before birth: Design lessons from pregnancy support programmes in 27 countries. *SAMJ*. Vol. 106, No. 12.

The MomConnect platform contains an expected date of birth. Once a mother gives birth, they qualify for a Child Support Grant (CSG) through SASSA. This allows the Fund to redirect its support to other vulnerable women not receiving any form of relief.

2 Department of Sports, Arts and Culture (DSAC):

Gig workers' livelihoods have been significantly impacted by the lockdown as they have been unable to work and do not qualify for UIF. The Fund partnered with the DSAC to identify gig workers in the sports and creative industries across South Africa who have been unable to earn an income. The DSAC had received many requests for support which they were unable to provide. With the resources made available to them through their partnership with The Fund, they are now able to answer many of these calls for support.

3 United Nations International Organisation for Migration (UN IOM):

The UN IOM has a list of +15,000 migrant beneficiaries who they have been unable to support due to a lack of resources. The Fund chose to work with this organisation because they have close relationships with local embassies, enabling them to vet and validate potential migrate beneficiaries.

4 Department of Social Development (DSD):

The DSD has a list of beneficiaries who they have not been able to service as part of their relief efforts. In keeping with The Fund's mandate to be 'additive' to government initiatives, The Fund used its resources to assist the beneficiaries the DSD could not. A key learning from phase 1 of The Fund's food relief efforts was to increase collaboration with government departments, particularly with the national DSD, to improve coordination between provincial departments.

In addition to the above, The Fund entered into a Memorandum of Understanding (MOU) with the DSD to cross check potential beneficiaries against existing South African Social Security Agency (SASSA) databases to avoid the duplication of relief efforts, thereby increasing the impact of the food vouchers distributed.

5 National House of Traditional Leaders:

To reach vulnerable citizens in rural communities, it was determined that the National House of Traditional Leaders, in conjunction with the Department of Cooperative Governance and Traditional Affairs, would be well positioned to identify qualifying beneficiaries.

6

Harambee Youth Accelerator:

Harambee was selected as a youth beneficiary identification partner on the back of its extensive network of unemployed and underemployed youth across South Africa. Harambee’s pre-existing initiatives with M4JAM (one of the selected integration partners, described below), enabled their database of vulnerable youths to seamlessly integrate with the M4JAM platform. Harambee youth would also gain access to potential micro-jobs available through the M4JAM platform.

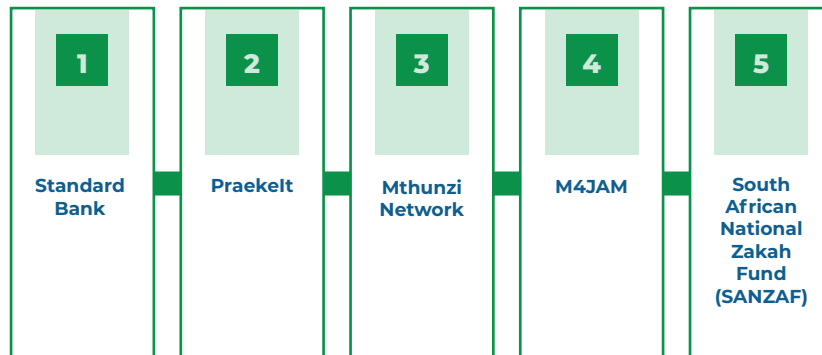
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South African Council of Churches (SACC):

The SACC was selected to help identify beneficiaries via its network of churches for the first phase of voucher distribution. The SACC is a valuable partner given their experience within the food voucher space. They are able to rapidly upscale their activities for second round relief efforts. The SACC also has an extensive list of beneficiaries that The Fund could tap into should further relief be needed.

The SACC has requested R70,000 (2,0% of SACC voucher value disbursed) in order to cover data and administrative costs. This request has been approved by The Fund.

Payments and integration partners



1

Standard Bank:

Standard Bank responded to a Request for Quotation (RFQ) that was distributed by BASA. Submissions were also received from FNB and ABSA. Standard Bank was selected as the preferred partner based on the ease of processing and more attractive pricing when compared to the other submissions. The Fund wishes to thank all the banks for their submissions, and for providing the best possible pricing and services for the purposes of the Food Voucher Relief Programme.

The allocation to Standard Bank for their services is R390,000 (1,0% of voucher disbursement value) and will cover the administrative costs of the disbursement and reporting mechanisms needed to dispatch the funding that backs the food vouchers.

2

Praekelt:

Praekelt runs the MomConnect platform on behalf of the NDoH and is able to access the platform to identify qualifying mothers. They are a trusted partner of the NDoH which ensures that mothers believe the communications they receive, which in turn supports the redemption of food vouchers.

Given Praekelt's role in this regard, they were selected as a partner to process the payments for DSAC and UN IOM beneficiaries through Standard Bank. By tapping into their platform, The Fund was able to leverage economies of scale to process the additional DSAC and UN IOM beneficiaries at no additional cost.

The fees to Praekelt total R390,000 (1,3% of voucher disbursement value) which covers their administrative and distribution costs. Their platform is particularly cost effective given their integration with the existing MomConnect platform, aiding beneficiary vetting and disbursements.



“Praekelt.org collaborated with the NDOH to identify vulnerable women on MomConnect, a nationally scaled health programme which has been supporting pregnant women and mothers in South Africa since 2014. Leveraging the turn.io platform, and simple technology such as SMS and WhatsApp, these women were contacted, asked to complete a short assessment and sent cash vouchers, all through the devices in their hands.”

Debbie Rogers - Managing Director, Praekelt

3

Mthunzi Network:

Originally known as the Digital Aid Network, the Mthunzi Network was initiated by the SACC and aims to provide a scalable digital aid solution in response to the pandemic. The Fund worked with the Mthunzi Network in the first phase of food relief, piloting the voucher solution. Since its renaming, the Mthunzi Network has expanded its capability to include multiple voucher and value transfer distribution channels. Due to their broad channel offering and ability to scale, the Mthunzi Network was selected as an integration partner for the first round of the Food Voucher Relief Programme. Their implementation of The Fund's food voucher strategy has given them the necessary insight to develop other streams within the voucher programme.

Mthunzi Network administrative fees are R2,782,125 (8,9% of voucher disbursement value). This budget includes the design of the voucher journey, as well as the necessary training and onboarding of coordinators from sponsoring organisations.



“The Mthunzi Network came together to deliver digital food vouchers to hungry people during the COVID crisis. In partnership with the Solidarity Fund and others, vouchers have been delivered to 25,000 people to date. Critical to the success of voucher use is the beneficiaries trust in, and understanding of, the digital food voucher redemption process. We found that partnerships with and training of NGO community coordinators helped build trust and provide the necessary support to the beneficiary navigating the digital food voucher process.”

Craig Stewart - Interim CEO, Mthunzi Network

4

M4JAM:

Vulnerable youth were similarly identified as potential beneficiaries as this population group is not covered under any specific SASSA grant. M4JAM were selected to target this group as they have a network of 320,000 ‘jobbers’ across urban and rural South Africa, 74% of which are aged 34 and below. These individuals are completing piece jobs through the platform, and 63% of these workers rely on M4JAM as their main source of income. Many have been unable to complete jobs due to the lockdown. M4JAM gave The Fund the opportunity to efficiently reach this vulnerable youth segment in South Africa.

M4JAM also offers a comprehensive technology platform which enables them to dynamically identify and disburse vouchers to qualifying beneficiaries. Prior to contracting with The Fund, the organisation had been collaborating with smaller organisations to disburse vouchers that could be redeemed for food parcels at their network of spaza shops. These previous initiatives garnered a 100% redemption rate. To this end, The Fund sought to approach M4JAM in the capacity of an integration partner.

M4JAM administrative fees are R1,690,000 (12,1% of voucher disbursement value). The considerably higher costs are owed to the onboarding and platform fees that facilitate higher voucher redemption rates.

5

South African National Zakah Fund (SANZAF):

The Fund aims to support individuals across political and religious spectrums.

To target the beneficiaries linked to Muslim communities, The Fund selected SANZAF, which has a 50-year track-record of working in Muslim communities across the country. They also have a strong track record of transparency and good governance in carrying out social relief efforts. SANZAF has their own voucher solution, which has been tested in previous programmes, giving The Fund the opportunity to tap into their existing framework to improve efficiencies and reduce the costs associated with food voucher disbursement.

SANZAF administrative costs are R345,000 (5,0% of voucher disbursement value). The SANZAF costs pertain to onboarding and disbursement related fees.



“At SANZAF, we see the extent of the food security problem in our country on a daily basis, more so now that we find ourselves in a time of economic uncertainty. Thankfully we are able to augment our usual feeding programmes through collaboration with old and new partners. We are therefore very pleased to work with the Solidarity Fund on the food voucher project as a means to provide some relief to more families.”

Yasmina Francke - CEO, SANZAF

Budget allocation by partner

A complete breakdown of the budget by partner is presented below. All partner costs are on a cost recovery basis only; no partners are permitted to profit from the Food Voucher Relief Programme.

ORGANISATION NAME	ADMIN FEES	FEE AS % OF VOUCHER AMOUNT	TO BENEFICIARIES	TOTAL
SACC	R70,000	2%	R0	R70,000
M4JAM	R1 690,000	12.1%	R14 000,000	15,690,000
SANZAF	R345,000	5%	R7 000,000	R7 345,000
Praekelt	R545,847	1.3%	R42 000,000	R42,545,857
Mthunzi Network	R2 782 125	8.9%	R31 500,000	R34 282 125
Standard Bank	R390,000	1%	R0	R390,000
Total	R5 822,572	5.8%	R94,500,000	R100,322,972

Note: Table indicates cost-bearing partners only and assumes 100% redemption rate

Progress to date

The Fund has ensured that contracting, data sharing agreements, and adequate due diligence processes have taken place during the onboarding of all technical and beneficiary identification partners. Once all contracting is finalised, The Fund expects voucher disbursements to take place over a 2-month period.

The Fund has learned that there is a significant amount of time needed to ensure rigorous beneficiary identification and accurate and transparent contracting with all parties. Disbursements are expected to commence by 30 September and to be finalised in December 2020 with a satisfactory redemption rate.

06

GOVERNANCE

Transparency and sign-off

The food voucher strategy required multiple levels of sign-off and extensive consultations with both industry experts and SF committees. The first level of sign-off involved a rigorous review by the food voucher Technical Advisory Committee. Next, the food voucher strategy was presented to the Executive Board Committee for further consultations, resulting in some minor amendments to the strategy. Thereafter, the strategy was sent to The Fund's disbursements committee for final sign-off.

Reporting

The Fund partnered with Tshikululu Social Investments to carry out contracting with the various partners, and to ensure timeous and accurate reporting around the activities of the Food Voucher Relief Programme. To this end, the various partners will report on the number of beneficiaries paid and the redemption metrics on a weekly basis once the voucher disbursements commence. Additionally, the integration partners, namely the Mthunzi Network, Praekelt, SANZAF, and M4JAM will provide close out reports upon completion of their respective food voucher initiatives.

07

LESSONS LEARNT

The Fund sought to use key lessons from phase one of the food relief campaign to craft and deliver improved support for phase two of food voucher disbursement.

Dignifying beneficiaries

The focus during this phase will be on digital voucher distribution which reduces logistical costs, enables low touch engagement to mitigate against infection, and supports human dignity through choice, allowing beneficiaries to select food items suited to their household needs.

Increasing voucher value

During the first phase of food parcel disbursements, The Fund prioritised getting support to as many households as possible, settling on food basket to the value of R400. However, The Fund received feedback that the parcel contents were inadequate for the average recipient and their family. To this end, The Fund conducted further consultations and has moved to provide relief to the value of R700.

Enhanced collaboration

A key learning from phase 1 was to focus on collaborating with national and provincial governments to identify underserved hotspots. In doing so, The Fund's relief efforts are 'additive' to government initiatives. Additionally, in partnering with leading bodies in civil society and the private sector, The Fund was able to leverage expertise across South African society to ensure that the best possible product could be delivered in a cost effective and timeous manner.

Empower local communities to aid in 'last mile' delivery

Although there has been a move from physical delivery to virtual delivery, the need to empower local communities and ensure beneficiaries receive their food vouchers as timeously as possible remains paramount. The Fund engaged with organisations that are rooted in the local areas and have the ability and requisite training to assist with beneficiary identification, onboarding, beneficiaries support, and to mitigate safety and security risks.

Simplify

The first round of voucher relief revealed that multi-step processes to redeem vouchers may limit redemption. To this end, phase two of voucher disbursement sought to rationalise the required processes whilst maintaining secure and traceable voucher disbursement.

Contracting lead times

The sensitivities of handling the personal information of beneficiaries, and the processing of beneficiary lists through the SASSA platform, added delays to the roll-out of phase two. However, ensuring the requisite contracting and data sharing agreements were in place was a critical component in maintaining accountability and upholding the credibility of the programme and to ensure that all parties are clear on their roles, and what is expected of them, prior to the disbursement of funds.

08

CONCLUSION AND NEXT STEPS

The full value of disbursement and administrative costs have been allocated and await disbursement pending final agreements on contracting. Thereafter, The Fund envisions the completion of food voucher campaign within two months of commencement. The close-out of the food voucher programme will be signalled by completion of a final version of this report that will include the actual disbursement figures, anticipated to be released in December 2020.