Solidarity Fund
Unity in action

SUPPORT OF THE FOOD VOUCHER RELIEF PROGRAMME

Solidarity Fund close-out report

AT A GLANCE

R90 059 200	128 656	107 539	R75 277 300	R81 011 587
Total disbursed in rands	**Total vouchers issued**	**Total vouchers redeemed**	**Total vouchers redeemed in rands**	**Total expenditure**

Start date: **1 July 2020**

End date: 7 May 2021

> I sent letter of gratitude. [I] am one who got R700 under mom connect, with ill baby and recovering from stroke, even now healing slowly. [T]hat assisted me a lot as my kids age group with stroke was hard, especially without family, I wish God Bless ur hearts as u light next person hard journey, thank u so much."
>
> **Quote from beneficiary**

01 EXECUTIVE SUMMARY

The Humanitarian Relief Pillar is one of four immediate focus areas for the disbursement of funds that South Africans have donated to the Solidarity Fund. To provide accelerated aid for South Africa's most vulnerable households and communities during the COVID-19 epidemic, the Humanitarian Relief Pillar focuses on promoting human welfare. This pillar augments the efforts of government and business to enhance households' sustained access to food, care and other interventions. Through the Humanitarian Relief Pillar, the Solidarity Fund aims to alleviate the negative impact of economic disruption.

The Food Voucher Relief Programme sought to disburse cash vouchers to beneficiaries most greatly affected by South Africa's COVID-19 lockdown. These included expecting mothers, artists and people working in sports who had lost incomes; unemployed youth who had lost temporary employment; migrants who were reliant on temporary work; as well as South Africans in rural who, that had also been adversely affected by lockdown.

The Food Voucher Relief Programme aimed to disburse 135 000 food vouchers across South Africa. A total of 128 656 vouchers were disbursed (R90 059 200), and 107 539 (R75 277 300) were redeemed. This was achieved through four payment partners (namely Praekelt, Standard Bank Mthunzi Network, M4Jam and the South African National Zakah Fund [SANZAF]), and 10 databases (MomConnect, the Department of Sports, Arts and Culture [DSAC], the Department of Social Development [DSD], International Organisation for Migration [IOM], National House of Traditional Leaders [NHTL], South African Council of Churches [SACC], M4Jam, Harambee and SANZAF).

Overall, the programme was a success, with two prominent highlights a high overall redemption rate, and the development of a possible new payment mechanism and guide for social payments. The programme did face some challenges, most notably significant time delays, as well as database format and quality, POPIA compliance, although these were managed effectively. Significant lessons have emerged, which can be applied to other programmes.
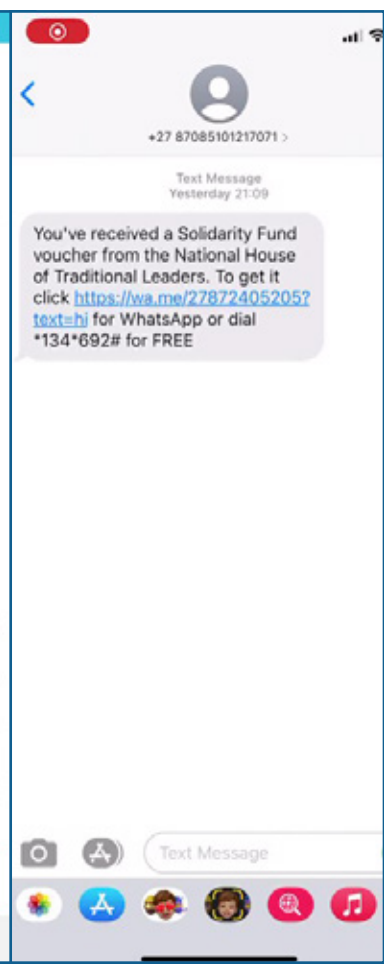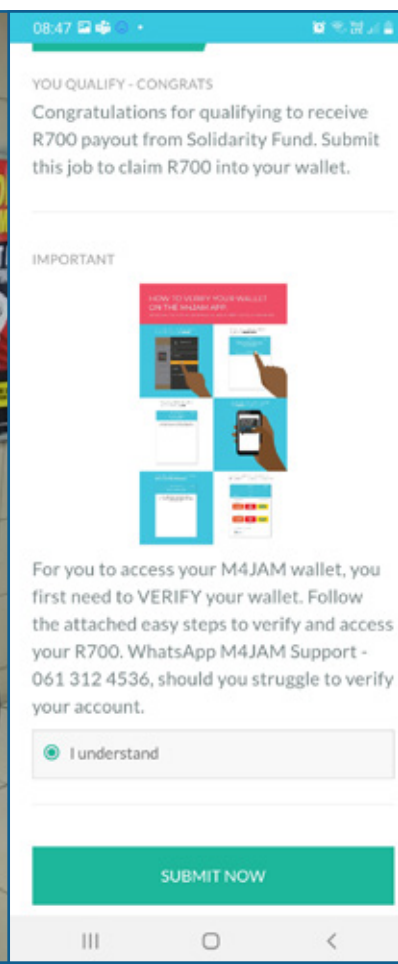
02 THE FOOD VOUCHER RELIEF PROGRAMME

The Solidarity Fund's first phase of humanitarian food relief focused on food parcel distribution, which broadly targeted the most vulnerable people in South Africa. While this initiative was successful, the Fund learnt that distributing food parcels includes significant logistical costs. Furthermore, beneficiaries may experience difficulty to adhere to social distancing as they queue for food. To mitigate these concerns, the Solidarity Fund decided to adopt a digital food voucher approach in the second phase of food relief. The food vouchers are also intended to safeguard the dignity of beneficiaries by enabling them to choose items that are essential to their needs.

In June 2020, the Solidarity Fund began to develop a targeted strategy for food voucher relief, and to identify partners who would be able to deliver on the strategy. The process included consultations with prospective partners; both partners who would enable the Fund to identify targeted beneficiary groups, as well as payments and integration partners that have the technology and scale needed to process payments and vouchers.

Overview of the initiative

The shift from physical food relief parcels to digital vouchers was primarily intended to assist beneficiaries in a dignified manner. Moreover, the voucher platform meant that the disbursement of value could be done in a more secure, safe and transparent manner. To achieve this goal, the Fund consulted widely with academia, humanitarian organisations and international experts in the field of food security to develop a feasible food voucher programme.

from **Physical food relief parcels** to **Digital vouchers**

Targeting process

As the Solidarity Fund was established to assist the COVID-displaced, the first principle in beneficiary targeting was to identify vulnerable groups and to focus on those who were not already benefiting from existing government grants and support schemes. This excluded the elderly; those who receive child support grants; the differently-abled, who receive disability grants; and Unemployment Insurance Fund (UIF) beneficiaries. This also helped to ensure that the Fund complemented existing government initiatives. The focus was therefore on working-age adults, particularly vulnerable women, working-age youth and migrants.

The next principle was to focus on the geographic areas that were the most affected by the lockdown in terms of job losses and related loss of consumer spending. The Fund engaged consultants, together with a group of academics, who conducted research using census and employment data to identify provinces and districts that were most likely to have been severely impacted by the pandemic.

This exercise revealed that many of the more rural provinces were less impacted. These areas were relatively more dependent on government grants, which had in fact increased during the lockdown. This highlighted the need to focus on provinces with large metropolitan areas. Urban areas in Gauteng, KwaZulu-Natal, the Western Cape, Eastern Cape, Mpumalanga and Free State were identified. However, the Fund ensured that COVID-displaced across all nine provinces benefited from the food voucher programme.

Changes to the targeting approach

As is detailed below in the challenges section, there was a need to adapt some of the targeting criteria that the Solidarity Fund had initially intended on pursuing. Some of the significant changes included:

1. The Fund had to relax regulations around the child support grant. Initially, recipients of this grant were excluded from the selection process. The initial databases were processed through the South African Social Security Agency (SASSA) using ID numbers. During the process, two key problems were found to have arisen. Firstly, the time it took to process the databases through SASSA delayed the disbursement of funds by up to two months on most of the initial databases. Secondly, it was found that a large number of the beneficiaries were receiving the child support grant. The Solidarity Fund subsequently decided to include child support grant recipients, as this grant is primarily intended to provide resources for children, and caregivers were still in need of additional support. This also meant that the database originators would not need to find additional beneficiaries, which allowed for a faster disbursement.

2. The Fund also relaxed regulations around the special relief grant. This was mostly applicable to the databases that originated from the NHTL and the SACC. As with the child support grant, it was found that a significant portion (42%) of the respective databases were receiving the special relief grant. The Solidarity Fund deemed this to be indicative of greater poverty issues in South Africa, and decided that the beneficiaries would still benefit from the once-off food vouchers.

Principles that guided the Fund's support

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

Maximising reach and minimising distribution costs
To maximise reach of the Fund's disbursement, distribution costs were kept to a minimum. On average, distribution costs amounted to 6% of the total disbursement, with higher costs associated with solutions that required additional training and the development of beneficiary identification partners.

Geographic reach
Although the research indicated that the greatest demand for food relief was predominantly in the urban areas that saw the largest COVID-19 impact, the Fund's mandate is to reach all nine provinces across rural and urban communities.

Transparency and reporting
The Fund has a central mandate to promote transparency in how funds are disbursed. As a result, monitoring and reporting was considered a core tenet, and was built into the design of the scheme. The digital transfer of funds for food vouchers made it possible to track and validate the delivery of the funds to beneficiary households.

Diverse partners enable a strong learning environment and greater beneficiary reach
The Fund aims to reach vulnerable households through a wide variety of partners and stakeholders across civil society and government. To this end, the Fund collaborated with four technical partners and nine beneficiary identification partners that possess expertise in various activities, including fund distribution, beneficiary onboarding and the training of beneficiary coordinators. (Additional details can be found in the following section.) The Fund also sought to engage those identification partners who were best placed to service the target beneficiaries.

Voucher disbursement process

The total envelope size for the food voucher programme was R100 million, which included administrative and disbursement fees. The programme aimed to reach 135 000 beneficiaries, who were each to receive assistance to the value of R700. The following allocation of funds were approved by the Fund:

DATABASE ORIGINATION	BENEFICIARY GROUP	NUMBER OF BENEFICIARIES	DISBURSEMENT PARTNER	IMPLEMENTATION PARTNER
MomConnect / DoH	Pregnant women	45 000	Standard Bank	Praekelt
DSAC	Gig workers in the sports and creative industries who have not been able to earn an income	10 000	Standard Bank	Praekelt
UN IOM	Migrants	5 000	Standard Bank	Praekelt
DSD	Individuals who have not been able to access funding through DSD	20 000	Mthunzi Network	Mthunzi Network
NHTL	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 disbursement process differed across partners due to varying systems and methods of operation, the Fund ensured a consistent method of vetting and processing disbursement. A high-level methodology was developed to ensure fair and timely disbursement.
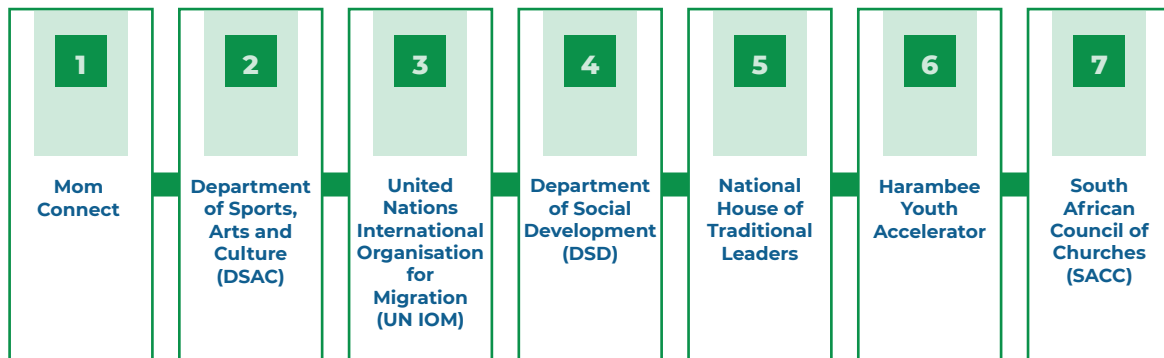
Once the draft food voucher strategy was in place, the next step was to identify partners who were best placed to implement the programme.

Partner selection and progress

Partnerships

The general principle for selecting partners was their ability to help the Fund identify and serve individuals experiencing extreme hardship as a result of the lockdown-related economic crisis. The process included vetting whether the organisation was already working with large segments of the target beneficiary groups described above (specifically women, youth and migrants). The Fund also aimed to collaborate with partners who would support access to diverse beneficiary groups across geographies and religions. From a technical perspective, integration partners were selected with consideration given to the efficiency of their technology, cost, diversity of distribution channels, and ability to scale.

In keeping with the Solidarity Fund mandate to complement government initiatives, the Fund established partnerships with key government departments tasked with relief efforts. These departments were well positioned to identify potential beneficiaries requiring humanitarian assistance, who met the criteria identified above. Additionally, the Fund sought partnerships with civil society, NGOs and religious organisations that have a proven track record and extensive reach. To this end, the partners listed below were selected to support the beneficiary identification process.

1	2	3	4	5	6	7
Mom Connect	Department of Sports, Arts and Culture (DSAC)	United Nations International Organisation for Migration (UN IOM)	Department of Social Development (DSD)	National House of Traditional Leaders	Harambee Youth Accelerator	South African Council of Churches (SACC)

Database origination

1   *MomConnect*

In the process of identifying women who are not SASSA recipients, we learnt of MomConnect – a programme managed by the National Department of Health (NDoH). All expecting mothers who receive prenatal care from a public primary health clinic are registered for this communication programme. MomConnect has the largest database of expecting mothers in South Africa, at approximately 920 000. The programme also provided existing infrastructure for identifying and communicating with qualifying mothers. As a result, Praekelt and NDoH were identified as critical partners for targeting this beneficiary group.

As expecting mothers would not qualify for other government support, barring conditions such as disability, we concluded that first-time expecting mothers are potentially a critically under-supported population group. This conclusion was further validated by research, which makes the case for expecting mothers to receive social support grants as maternal nutrition during pregnancy has a significant impact on a child's lifetime development.[1]

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

Gig workers' livelihoods were significantly impacted by the lockdown, as they were unable to work during this period and do not qualify for UIF. As a result, 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. This partnership was particularly important as the DSAC had received many requests for support which they had been unable to provide, due to a lack of resources.

3   *United Nations International Organization for Migration (UN IOM)*

The UN IOM has a list of +15 000 migrant beneficiaries who the organisation had been unable to support due to a lack of resources. The Fund chose to work with this organisation as they have close relationships with local embassies, which they agreed to partner with for vetting and validating beneficiaries.

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[1] Chersich 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.

4

Department of Social Development (DSD)

The DSD has a list of beneficiaries who they had not been able to service as part of their relief efforts. The Solidarity Fund tapped into this list to complement government's existing efforts. A key learning from the first phase was to increase collaboration with government departments and, in particular, to liaise with the national DSD to improve coordination of provincial-level departments.

In addition to the beneficiary lists, the Fund entered into a memorandum of understanding (MOU) with the DSD for SASSA to conduct a process of checking beneficiaries against their existing databases to prevent a duplication of efforts, and therefore enable the Fund to complement government efforts. This has proved a critical component of the voucher programme in ensuring that the Funds efforts have the greatest possible impact.

5

National House of Traditional Leaders (NHTL)

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

6

Harambee Youth Accelerator

Harambee were selected as a youth beneficiary identification partner as the organisation has an extensive network of unemployed and underemployed youth across South Africa. They also have pre-existing initiatives with M4JAM (one of the selected integration partners, described below). This meant that their youth could seamlessly integrate to the M4JAM platform. Through this collaboration, Harambee youth would also gain access to potential micro-jobs available through the M4JAM platform.
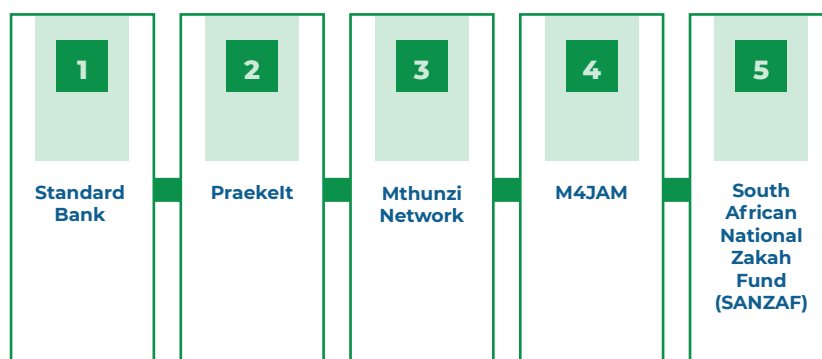
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South African Council of Churches (SACC)

SACC were selected to identify beneficiaries via its network of churches. As a part of the initial forming of the Mthunzi Network (see more detail below), SACC partnered with the Fund on the first phase of voucher distribution. To maintain a culture of learning and improving, the Fund decided to continue working with the SACC: the organisation had generated learnings related to the food voucher programme, and was able to rapidly upscale its activities for a second phase. The SACC also has an extensive beneficiary list, which it identified during the first phase of voucher distribution. This list could be used to quickly identify qualifying beneficiaries for the second phase.

The SACC requested R70 000 (2% of SACC voucher value disbursed), which went towards servicing data and administrative costs for coordinators. These had been presented to and approved by the Fund.

Payments and integration partners

1	2	3	4	5
Standard Bank	Praekelt	Mthunzi Network	M4JAM	South African National Zakah Fund (SANZAF)

1

Standard Bank

Standard Bank submitted a response to a request for quotations that was distributed by the Banking Association of South Africa. Submissions were also received from FNB and ABSA. Standard Bank was selected as the preferred partner based on the ease of processing and for having the lowest pricing, compared to the other submissions. This notwithstanding, the Fund gratefully acknowledged that all banks provided, in their submissions, the best possible pricing and services for the purposes of the food voucher campaign. The Standard Bank cost allocation was R390 000, and covered the administrative costs of the disbursement and reporting mechanisms included in dispatching funds to beneficiaries.

2

Praekelt

Praekelt runs the MomConnect platform on behalf of the NDoH, and was able to access the platform to identify qualifying mothers. They have a track record of being a trusted partner of the NDoH and, most importantly, have a relationship with prospective qualifying mothers. This collaboration had the added benefit of ensuring that communications to mothers came from a trusted partner, which supports beneficiary redemption. Given this role, Praekelt were selected as a partner to process the DSAC and UN IOM beneficiaries for payment through Standard Bank. By drawing on their platform, the Fund was able to leverage economies of scale to process the additional beneficiaries for DSAC and UN IOM at no additional cost.

Praekelt administrative fees were R390 000 (1.3%), which also covered administrative and distribution fees. Their platform proved particularly cost effective, given the use of the existing MomConnect platform for beneficiary vetting and disbursement.

> "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**

Mthunzi Network started out as the Digital Aid Network, an SACC initiative aimed at providing a scalable digital-aid response to the pandemic. The Fund partnered with the network in the first phase of food relief, piloting the voucher solution. The organisation has since formalised as the Mthunzi Network, and has expanded their offering 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 this round of food relief. Additionally, the Mthunzi Network offered useful learnings and insights given their role in implementing the Fund's food voucher solution in the first phase which has offered learning opportunities in developing the other streams within the voucher programme.

Mthunzi Network administrative fees were R2 782 125 (8.9% of voucher value). This budget included the end-to-end processing from the design-of-voucher journey, as well as training and onboarding of coordinators from sponsoring organisations. This was a particularly useful initiative based on learnings from the first phase.

> *"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 a target beneficiary group, as this population group is not covered under any specific SASSA grant. M4JAM were selected to target this beneficiary group as they have a network of 320 000 'jobbers' across urban and rural South Africa, 74% of whom are aged 34 and below. These individuals are completing piece jobs through the platform. Further, 63% of them rely on M4JAM as their main source of income, and have not been able to complete jobs due to the lockdown. As a result, M4JAM offered the Fund an opportunity to efficiently reach this vulnerable youth segment in South Africa.

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

M4JAM administrative fees were R1 690 000 (12.1% of voucher disbursement value). This higher amount was attributed to onboarding and platform costs, which had been found to deliver high redemption rates.

5   *South African National Zakah Fund (SANZAF)*

The Fund aims to support individuals across political and religious spectrums. As such, the Fund saw it fit to diversify partners in this phase to ensure it covers diverse beneficiaries.

To reach beneficiaries closely linked to Muslim communities during this phase, the Fund selected SANZAF, an organisation that boasts an extensive track-record of working in Muslim communities across the country for 50 years. The organisation has a strong track record of transparency and good governance in carrying out social-relief efforts. SANZAF also offers their own voucher solution, which had previously been tested in several programmes. This meant the Fund could tap into SANZAF's existing activities to boost process efficiency and minimise costs.

SANZAF administrative costs were R345 000 (5% of voucher disbursement value). These fees pertained 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

03   BUDGET

A complete breakdown of the budget by partner is presented below. All partners costs are on a cost recovery basis only, and no partners will be profiting off the food voucher initiative.

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	R15 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 with 100% redemption rate

Actual expenditure

A number of changes that occurred during the implementation of the programme had an impact on budget allocations. Overall, all expenditure remained within the R100 million envelope. The most significant shift was that the DSD databases were moved from Mthunzi Network to Standard Bank/ Praekelt for disbursement.

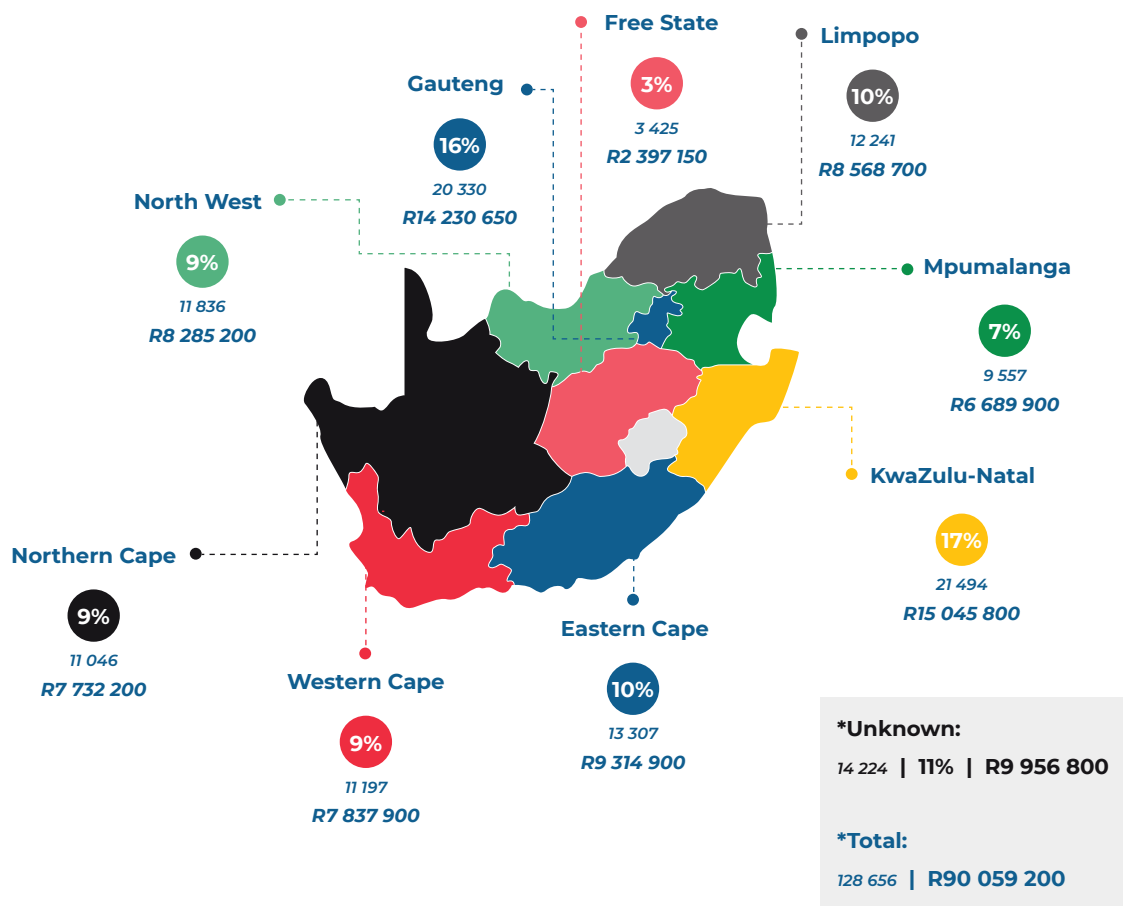| ORG NAME	ADMIN FEES	FEE AS % OF VOUCHER DISBURSED	FEE AS A % OF VOUCHER REDEEMED	TO BENEFICIARIES	TOTAL
SACC	R70 000	2%	2,0%	R0	R70 000
M4JAM	R1 690 000	12.1%	12.1%	R14 000 000	15 690 000
SANZAF	R345 000	4.9%	4.9%	R6 987 400	R7 332 400
Praekelt	R668 916	1.5%	1.5%	R45 103 800	R45 772 716
Mthunzi Network	R2 461 385	26.8%	26.8%	R9 186 100	R11 647 485
Standard Bank	R480 571	0.9%	0.9%	R0	R390 000
Total	**R5 734 287**	**6.5%**	**7.6%**	**R75 277 300**	**R81 011 587**

04 DISBURSEMENT AND REDEMPTION

ORG NAME		DISBURSED CUMULATIVE	TARGET BENEFICIARIES	% OF TARGET	R VALUE DISBURSED	REDEEMED	% OF TARGET REDEEMED	% OF DISBURSED REDEEMED	R VALUE REDEEMED
PRAEKELT	MOM CONNECT	45 049	45 000	100%	R31 534 300	41 943	93%	93%	R29 360 100
	DSAC	8 434	10 000	84%	R5 903 800	6 498	65%	77%	R4 548 600
	IOM	4 522	5 000	90%	R3 165 400	2 447	49%	54%	R1 712 900
	DSD	16 735	20 000	84%	R11 714 500	12 285	61%	73%	R8 599 500
	NHTL MP	2 027	20 000	94%	R1 418 900	1 261	54%	62%	R7 595 000
MTHUNZI	NHTL	16 808			R11 765 600	9 589		57%	
	SACC	5 061	5 000	101%	R3 542 700	3 534	71%	70%	R2 473 800
M4JAM	M4JAM	14 000	14 000	100%	R9 800 000	14 000	100%	100%	R9 800 000
	HARAMBEE	6 000	6 000	100%	R4 200 000	6 000	100%	100%	R4 200 000
SANZAF		10 020	10 000	100%	R7 014 000	9 982	100%	100%	R6 987 400
		128 656	**135 000**	**95%**	**R90 059 200**	**107 539**	**80%**	**84%**	**R75 277 300**

Disbursement in detail

Provincial breakdown

Free State
3%
3 425
R2 397 150

Limpopo
10%
12 241
R8 568 700

Gauteng
16%
20 330
R14 230 650

North West
9%
11 836
R8 285 200

Mpumalanga
7%
9 557
R6 689 900

Northern Cape
9%
11 046
R7 732 200

KwaZulu-Natal
17%
21 494
R15 045 800

Western Cape
9%
11 197
R7 837 900

Eastern Cape
10%
13 307
R9 314 900

*Unknown:
14 224 | 11% | R9 956 800

*Total:
128 656 | R90 059 200

Governance

Transparency and sign-off

The food voucher strategy required multiple levels of sign-off and extensive consultations with industry experts as well as Solidarity Fund committees. The first level of sign-off went through a rigorous review by the food voucher Technical Advisory Committee. Following this step, the strategy was presented to the Executive Board Committee for further consultations, which resulted in some minor amendments to the strategy. Thereafter, the strategy was sent to the Solidarity Fund's Disbursements Committee for final sign-off.

Reporting

The Solidarity Fund partnered with Tshikululu Social Investments to carry out contracting with the various partners, and to ensure timeous and accurate reporting of the voucher programme. The various partners provided the number of beneficiaries paid and redemption reports on a weekly basis as the voucher disbursements occurred. Additionally, the integration partners, namely Mthunzi Network, Praekelt, SANZAF and M4JAM provided close-out reports upon completion of their respective campaigns.

05 **LESSONS LEARNT FROM FIRST DISBURSEMENT**

The Solidarity Fund sought to use key lessons from the first round of the food relief campaign to inform the second round, and to ensure that efficiencies were gained through the learning process. Some of the key lessons that were taken into account are described below:

1. **More dignity for beneficiaries:** The second round focused on digital voucher distribution to reduce logistical costs, enable low-touch engagement (therefore reducing human contact) and prioritising the dignity of beneficiaries by enabling them to choose items that would best suit their household needs.

2. **Increasing voucher value:** In the physical food relief round, the Fund prioritised getting support to as many households as possible, and careful consideration had gone into the selection of a R400 food basket. However, the Fund received feedback that larger families had found the parcels to be inadequate. Subsequently, the Fund conducted further consultations and was able to provide relief to the value of R700 in the second round.

3. **Enhanced collaboration:** A key learning from the first round was to focus on collaborating with national and provincial governments to identify under-served hotspots and ensure that campaigns complemented existing government initiatives. Additionally, partnering with leading entities 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 the most cost-effective and timeous manner possible. This lesson was intended to help shape the implementation of the second round, but as is noted below under 'challenges', this did not occur to the extent anticipated.

4. **Empower local communities to aid in 'last mile' delivery:** Although there has been a move from physical to virtual delivery to reduce costs, the need to empower local communities and ensure beneficiaries receive food vouchers as timeously as possible remained paramount. The Fund engaged with organisations that are based in the roll-out areas, and which have the ability and requisite training to assist with beneficiary identification and onboarding; to provide ongoing support to beneficiaries; and to mitigate safety and security risks.

5. **Simplify:** The first round revealed that when multiple steps were required to redeem vouchers, this may limit the redemption rate. To this end, the voucher programme sought to ensure that processes required the lowest possible number of touchpoints from beneficiaries, while keeping disbursements secure and traceable.

6. **Contracting lead times:** The sensitivities associated with handling beneficiaries' personal information, and the processing of beneficiary lists through the SASSA platform, delayed programme implementation. However, ensuring that the requisite contracting and data-sharing agreements were in place was critical for maintaining the accountability and credibility of the programme, and to ensure that all parties were clear on roles and expectations prior to the disbursement of funds.

06 CHALLENGES

1. **Contracting lead times:** Despite being aware of the time delays encountered in the first round of food distribution with regard to contracting, it was not possible to significantly reduce the contracting timelines. Although it is difficult to pin-point a particular bottleneck, three potential hold-ups were identified.

   a. Programme complexity: Contracts with payment partners had to be iterated multiple times before reaching completion. This was a complex programme in that it was the first of its kind. Each programme partner followed a unique implementation plan in accordance with the beneficiaries who they were servicing. This meant that a lot of time was spent in understanding these processes, as well as what needed to be documented. Without being able to anticipate the complexities of such a programme, it would be difficult to streamline this element of the contracting process.

   b. Many levels of bureaucracy: Contracting with governmental departments and the IOM took much longer than expected. In all cases this was mostly attributed to contracts being negotiated with parties who were not signatories. This led to delays as communications had to occur across multiple levels, particularly with regards to changes requested.

   c. Limited capacity: Solidarity Fund had a strong contracting team, but the team proved too small for the number of contracts that needed to be developed in a short period of time. Increasing the resources available may have led to a shorter contracting period, but may not have been sustainable.

   Recommendation: There is very little that can be done to remedy delays associated with contracting. Much of the bureaucracy is a necessity, in many instances ensuring compliance with good governance practices. The resources dedicated to completing contracts could be bolstered, but the costs of doing that over such a short period of time would be hard to justify. The complexity of such a programme, combined with its "newness", meant that the contracts had to go through many iterations.

2. **POPI Act Compliance:** The Protection of Personal Information (POPI) Act presented a level of complexity to the programme in a number of ways:

   a. The first pertained to the requirement for contractual agreements to be in place between the disbursement partners and the database originators. This led to further delays in the contracting.

   b. The uploading of databases needed to be processed through encrypted platforms. This placed a technical burden on the database originators, although it was overcome fairly quickly with strong support from the disbursement partners.

   c. Most of the database originators were not aware of the requirements of the POPI Act and had tried to email databases without any encryption. Sharing databases in this way contravenes POPI requirements.

   Recommendation: Basic training on the POPI Act must be provided to parties that are originating databases which contain personal information of beneficiaries. This has to be done at the very start of the programme.

3. **Database format and quality:** Some of the database originators submitted databases that contained both incomplete entries and duplicate values. From this, it was evident that some of the databases were of fairly poor quality. This led to significant disbursement delays, as quality databases were integral to the success of the programme and the database originators were often required to rework aspects of (or, in some cases, entire databases) that were submitted. Furthermore, after removing duplicates, some of the databases ended up being significantly smaller than anticipated. The disbursement fell short of target by approximately 9 000 beneficiaries (R6 300 000) for this reason; NHTL only disbursed to 17 000 people (target 20 000), IOM to 4 500 (target 5 000), DSAC 8 500 (target 10 000) and DSD 16 000 (target 20 000).

   Recommendation: Training on the compilation of appropriate databases must be provided to database originators from the start of the programme, and possibly even be included as part of the contracting. This can be linked to the training on POPI Act.

4. **SASSA delays:** The SASSA delays in feedback on the databases began to impact greatly on the disbursement timelines. Recipients of the child support grant were the largest number of beneficiaries who were receiving some form of grant, followed by recipients of the Special Relief Grant. In part, due to the time delays, and also a stronger interrogation of the numbers from Solidarity Fund, the decision was taken to remove this requirement. The belief was that child support grants are primarily intended for the upkeep of children, and that the mother still required support. On the special relief grant, the approach was that the beneficiaries (predominantly from the NHTL database) are still in dire need of support.

   Recommendation: Any additional screening by a third party added to a database can lead to massive time delays. Unless the requirements are absolutely necessary, such processes should be considered carefully.

5. **Slow data collection:** There were significant time delays in the data-collection processes of the DSAC and DSD. In the case of the DSAC, the databases were simply not forthcoming. Had it not been for the delays with the DSD databases, only half of the DSAC databases would have been disbursed before closing the programme. There were significant time delays on the part of the DSD with signing the initial contract. The Solidarity Fund had to reach out numerous times to the DSD to get the programme running. Due to the number of beneficiaries who were to receive payment from the DSD database (20 000), the decision was taken not to exclude the DSD from the process. This delayed the entire programme completion by four months.

   Recommendation: From contracting stage, hard deadlines should be set for the initiation of the programme. If those deadlines are not met, alternative partners should be considered. It is too expensive to have programmes delayed this extensively.
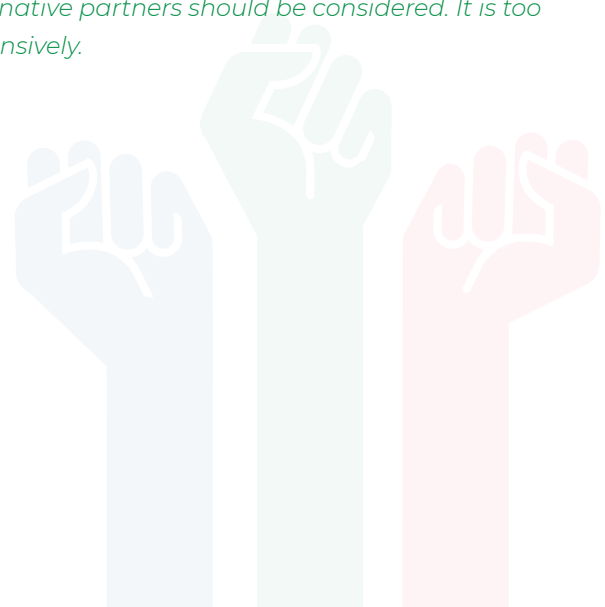
6. **Slow start to redemptions:** Slow start in redemption rates were found to vary across databases. In general, across most of the partners, the Fund was able to achieve fairly high redemption rates. SANZAF, M4JAM and Harambee (cumulatively 30 000 beneficiaries) achieved 100% redemption rates, and MomConnect also achieved a very high redemption rate (93%). The NHTL databases achieved the lowest redemption rates from all of the databases. In an attempt to help increase redemptions, the Mthunzi Network engaged with the NHTL on the ground. The NHTL also went out into certain communities to assist people with redeeming their vouchers. A similar database (the SACC database) experienced similar challenges. Constant reminders were sent to beneficiaries, but this did not significantly increase redemptions. It has to be noted, however, that the achieved redemption rate of 60% is still strong and is considered a good rate by most cash voucher standards. It is unclear what the exact reason was for the lower redemption rates in comparison to the other payment partners, but there are two possibilities:

a.   The voucher-redemption mechanism of the Mthunzi Network may have been too complex. Vouchers issued by Mthunzi needed to be "claimed" first, and then redeemed via a more complex system via USSD short-codes. By comparison, the Standard Bank/Praekelt mechanism simply sent a cash voucher SMS and reminders on a weekly basis, and achieved higher redemption rates, including on the DSD database. This database was the most similar in terms of its demographic profile to the NHTL database.

b.   The NHTL database was very rural and geographically spread across the entire country. This meant that coordinating with beneficiaries was more complex than the effort that needed by, for instance, the DSD. In the case of the DSD, the focus was on just two provinces and there was stronger beneficiary engagement from the start. (This was a lesson learnt from the Mthunzi disbursement that was communicated to the DSD.)

Other challenges that related to the SMS voucher systems included that beneficiaries were, in some cases, unaware that they were receiving the cash voucher and had deleted or ignored the SMS. Another recurring challenge was that some beneficiaries changed their phone numbers, or had their phones stolen. Most of these were resolved, but it may have impacted on the total redemption.

Recommendation: Easily redeemable cash vouchers achieve much higher rates of redemption, and future programmes should prioritise this means of delivery. Limiting the geographic area may also prove useful in terms of coordinating the communication effort on the ground, (as was done with the DSD). The time lag between data collection and disbursement needs to be kept to a minimum at all times to ensure that lost phones or changes in numbers do not impact delivery too greatly. A support mechanism needs to be in place to help resolve such issues promptly. Engaging with beneficiaries prior to issuing vouchers is paramount in achieving high rates of redemption.

7. **Extended timeline:** due to the challenges already detailed, the programme was delayed by four months beyond the initially scoped timeline. This resulted in the Solidarity Fund incurring a significant amount of additional direct costs (by having to extent certain service provider contracts); as well as indirect costs. The latter were absorbed by the payment partners, as well as some of the service providers.

Recommendation: Stronger contingencies must be in place to mitigate against the risks of delayed implementation.

07 **HIGHLIGHTS**

Besides the lessons learnt from the challenges faced, there were two key highlights:

1. **High overall redemption rate:** Across the entire programme, the average rate of redemption was 83%. The closest programme to this was the Flash CoCare programme, detailed in Box 1 above. This programme had managed to achieve an 80% redemption rate on a much smaller total disbursement value. Three of the databases achieved 100% redemption rates.

2. **A new mechanism for social payments:** The Praekelt/Standard Bank payment mechanism that was established for this programme has tremendous potential for the disbursement of bulk social payments. The administrative costs are minimal (under 2% of voucher value, which will decrease further with greater volumes) and it uses accessible technologies (SMSes, which require only a mobile phone). Although around 15% of rural South Africans do not have access to a mobile phone, initiatives such as the LEAP[2] programme in Ghana have helped people to secure mobile phone access so that SMS vouchers can be used for social grant payments. Similar solutions could be considered. Furthermore, other resource demands (human resources and time) are much lower than those required for physical payment disbursement. This comes on the back of a growing body of evidence that makes the case for administratively efficient and unconditional social grants.[3]

3. **Public-private partnerships:** This programme demonstrated a healthy model that could be referenced for future public-private partnerships for food relief. Participants from the public sector, private sector and civil society were able to collaborate effectively towards the common cause of food relief. Participating government departments sought to assist as far as possible to achieve the greatest outcomes, and in some cases even helped by deploying resources into the community to help drive redemption numbers. Private-sector participants and civil society were also highly motivated to assist in a productive manner, and to work together as a single unit. The partnerships leveraged through this programme are among the assets that ensured the successful delivery of the programme.

4. **Data resource:** Whilst the details of the beneficiaries cannot be shared, a significant national database and body of knowledge was developed during the course of the programme, which can be tapped into for further research. The data could be used to better define both the economic impact of COVID-19 on South Africa, as well as certain aspects of poverty in the country. Furthermore, some of the data from the disbursement (e.g. the redemption rates) would be of interest to the further development of digital cash disbursement processes in the future.

08 **CONCLUSION**

The Food Relief Programme was a success. A total of R90 059 200 was disbursed to 128 656 beneficiaries in need. A total of R75 277 300 was redeemed (reaching a total 107 539 beneficiaries). Programme administration cost was R5 734 287, bringing the total expenditure of the programme to R81 011 587. Furthermore, the programme yielded important lessons learnt, which can help to shape the development of other social payments designed in South Africa (and globally).

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[2] Improving the Targeting of Social Programmes in Ghana; The World Bank; 2012
[3] Doing Cash Differently, How Cash Transfers can Transform Humanitarian Aid; Centre for Global Development; 2015