



FLOODS RESPONSE EASTERN CAPE SHELTER RECOVERY

Impact Report

FUNDING ALLOCATED (EXCL. VAT)

R12 612 417

FUNDING DISBURSED (EXCL. VAT)

R11 409 947

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SOLIDARITY FUND FLOOD RESPONSE MANDATE

The Solidarity Fund brings together government, business, and civil society to help South Africa respond to the devastating effects of the COVID-19 pandemic. Following its Board of Directors resolution, the Fund expanded its mandate to include disaster relief response.

After severe flooding devastated large swathes of KwaZulu-Natal (KZN) and the Eastern Cape (EC) in April 2022, the Solidarity Fund responded to the government's request to assist with the flood response efforts and set up the Solidarity Fund Flood Response. The mandate of the Solidarity Fund was extended to include the provision of humanitarian relief, including food, water and sanitation, emergency health care services, shelter and other support services for the benefit of all victims of any disaster in South Africa, where such relief may be required.

The impact of the floods has been profound. Approximately 444 deaths, 40 000 displaced people and 13 790 totally or partially destroyed homes were recorded in KZN. While the crisis in Eastern Cape is on a smaller scale, the impact on these mostly rural, socio-economically deprived communities is no less devastating. Over 3 000 families, 1 943 homes, and countless livestock, crops, farming equipment and infrastructure were destroyed due to the floods. Across both provinces, access to health, education, food, transportation, and water and sanitation services have been interrupted as a result of the extensive damage to infrastructure and supply chains.

As part of its flood response, the Fund, following a board resolution and support from relevant donors, redirected some of its resources and raised additional funds to fund seven projects focused on supporting those displaced by the flooding through the provision of food and essential products, integrated shelter services, and psychosocial support.

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PROVIDING HOUSING RELIEF

The EC shelter recovery project aimed to support 300 vulnerable beneficiaries in the Eastern Cape districts of OR Tambo and Alfred Nzo who had lost their homes to the flooding. The focus was to support those in rural households.

Under the Floods Response Integrated Shelter initiatives, the Solidarity Fund reached out to the National House of Traditional and Khoisan Leaders (NHTKL) to identify rural households whose homes were either partially or completely destroyed by the floods. The Fund then partnered with **Mezzanine Ware** and **Standard Bank** to issue each identified household R30 000 building material vouchers and R10 000 cash vouchers to cover other rebuilding costs such as transport of materials and labour.

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PARTNER SELECTION AND FEES

To ensure the project was implemented rapidly, the Solidarity Fund leveraged partners with a proven track record from within its existing pool of suppliers and partners.

National House of Traditional and Khoisan Leaders were well placed to identify and register qualifying beneficiaries, given their position embedded in rural communities.

Mezzanine Ware is a software company that develops digital solutions in agriculture, health, and education to create productive societies. One such solution is the Connected Farmer eVoucher, enabling funders to deliver resources to beneficiaries, cashless, at an affordable value distribution cost. Mezzanine Ware successfully implemented the Fund's Farming Inputs Voucher programme in 2021/2022 and provided services for eVoucher issuing, technical assistance, vetting, on-boarding, payment to farming input suppliers for redeemed vouchers, and liaison with implementing partners around redemption. The Solidarity Fund has continued its relationship with Mezzanine Ware through the Floods Response programme to issue the R30 000 building material vouchers to 300 flood-affected beneficiaries. The administrative costs for Mezzanine Ware were R585 225.

Standard Bank had successfully implemented the Fund's cash voucher programmes under its COVID-19 food relief and Humanitarian Crisis Relief Fund programmes, facilitating remittances to around 80 000 beneficiaries. Therefore, they were the ideal partner to ensure the support could be disbursed quickly, while still maintaining due diligence. Standard Bank facilitated issuing R10 000 cash Instant Money (IM) vouchers to help beneficiaries of the building material vouchers cover transportation and construction labour costs. The Bank's cost allocation was R5 970 to cover the administrative costs of disbursement and reporting mechanisms to monitor the dispatching of funds to beneficiaries.

Table 1: Expenditure Breakdown

PLANNED VS BUDGET SUMMARY (ALL AMOUNTS EXCLUSIVE OF VAT)	PLANNED	ACTUAL	RETURNED TO SOLIDARITY FUND
Standard Bank IM vouchers	R3 000 000	R2 655 000	R345 000
Mezzanine Ware vouchers	R9 000 000	R8 142 531	R857 469
Standard Bank fees	R5 192	R5 192	R0
Mezzanine Ware fees	R585 225	R585 225	R0
Mezzanine Ware fees (Addendum)	R22 000	R22 000	R0
	R12 612 417	R11 409 947	R1 202 469

VOUCHER DISTRIBUTION AND REDEMPTION

Building material vouchers

Beneficiaries from OR Tambo and Alfred Nzo districts were registered to participate in the programme with the support of their respective traditional community leaders and the Eastern Cape House of Traditional and Khoisan Leaders.

The R30 000 building material vouchers could be redeemed at approved participating cooperatives and other shops in OR Tambo and Alfred Nzo districts that sell construction-related supplies.

Mezzanine Ware process

Building materials supplier qualification criteria

Suppliers within a reasonable geographic distance from beneficiary communities were identified and required to register to participate. Vouchers were grouped into categories (see below), and each supplier outlet could redeem vouchers linked to products in these categories to the maximum value of R30 000 per voucher.

Participating suppliers were required to have an Android smartphone or internet-enabled PC at the store to redeem vouchers. Suppliers also had to have an electronic Point of Sale system that could produce daily sales reporting at the product level against which voucher redemptions could be reconciled.

Suppliers were expected to fulfil their role with the utmost good faith and ensure that benefits reached the intended registered and verified beneficiaries. (This was not the responsibility of Solidarity Fund or the technology partner).

Building materials suppliers

Management from each participating outlet, or head office of a chain of outlets, registered with Mezzanine Ware to be on-boarded onto the eVoucher software solution. They were also required to send proof of the company bank statement used for the payment of redeemed vouchers to Mezzanine Ware to ensure accurate daily payments.

Suppliers nominated an Enterprise User per service point who was on-boarded onto the platform to redeem the vouchers. They were given virtual training on how to redeem vouchers. When beneficiaries redeemed a voucher, the Enterprise User entered the beneficiary's mobile number into the application and checked the beneficiary's identification against the eVoucher application.

Suppliers' sole responsibility was to ensure that vouchers were redeemed for the intended input product categories only, and that they did not bypass the eVoucher system in any way or act fraudulently. Each outlet was advised to keep an independent daily record of all redeemed voucher numbers in case of a payment file query, clearly listing the expired vouchers separately. Enterprise Users could use the eVoucher Support desk for assistance with software and payment-related issues.

Suppliers were urged to ensure they had sufficient stock of the products identified for the building voucher programme to assist beneficiaries and ensure the programme ran smoothly.

Building supplies voucher categories:

List of building materials



Bricks



Cement



Columns



Lintels



Pre-mixes

Sand and stone



River sand

Wire



Galvanised wire



Wire netting

Plastic sheeting

Doors and windows



Glass sheet



Putty multi-purpose



Internal doors



Entrance doors



Steel and aluminium window frames



Steel and aluminium door frames

Roofing



Roofing nails



Zinc aluminium roof sheet



Corrugated sheet



Corrugated galvanised iron roof sheet



Pine purlin



Treated poles



Untreated poles



Pine rafter



Roof seal

Reimbursing suppliers for redeemed vouchers

Suppliers were required to email that day's sales record and invoices associated with the Fund's voucher redemptions to Mezzanine Ware at the end of every business day. Mezzanine Ware reimbursed supplier outlets for redeemed vouchers daily (business days), four to five days after voucher redemption, depending on the cross-bank transfer time between the respective banks.

Beneficiary building material voucher redemption process

Beneficiaries received their voucher and information on participating shops closest to their locations via SMS. They were not required to pay anything to participate in the voucher programme.

Beneficiaries could then purchase products to the value of R30 000 by redeeming the voucher at an approved supplier. They were required to present proof of identification, the mobile number used to register for the programme, and the voucher code sent to them via SMS.

If the voucher was valid and had not expired, it was redeemed in exchange for the building materials. If the value of the goods purchased was less than R30 000, the beneficiary received a new voucher with the remaining amount that could be redeemed later. If the beneficiary wanted to buy products worth more than R30 000, they could pay the difference themselves.

Each voucher was valid for 30 days, with an expiry date of 30 August 2022.

R10 000 cash vouchers

The Fund understood that the beneficiaries of the building vouchers would require assistance to transport the materials to where they were rebuilding their homes and to pay construction workers to help with the building work. Each beneficiary of the building materials vouchers was eligible for R10 000 cash voucher to pay for these additional costs. These were issued in two tranches of R5 000 each.

Standard Bank process

Solidarity Fund shared the beneficiary details and the amount they would receive securely with Standard Bank. The bank then set up Instant Money vouchers and sent the voucher details and a PIN via SMS to the beneficiaries. The beneficiaries could then withdraw their cash at any Standard Bank ATM and approved retailers.

The bank provided the Fund with information on the successfully issued vouchers. The Fund then pre-funded the nominated account before sending the payment file to the bank. Standard Bank then debited the nominated Solidarity Fund account per payment file, using the payment file number as the reference on the statement. The Fund was then able to reconcile these debits back to the payment response file. Standard Bank then monitored the use of the vouchers, informing the Fund when the cash voucher had been utilised.

Standard Bank provided the Fund with a consolidated schedule of service fees in accordance with each payment file with detailed information on the number of transactions paid out. Vouchers not cashed out after 30 days from being issued were cancelled and refunded back to Solidarity Fund.

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IMPACT

Building material vouchers

- 300 beneficiaries issued with R30 000 vouchers
- 90% vouchers totalling R8.1 million redeemed
- 270 flood affected rural households in Alfred Nzo and OR Tambo Districts benefitted
- 184 vouchers were redeemed by women
- Local economic activity for building material suppliers boosted.



Table 2: Mezzanine Ware Voucher Redemption Summary

DISTRICT	NR OF R30 000 VOUCHERS SENT TO DATE	VALUE OF VOUCHERS ISSUED TO DATE	NR OF VOUCHERS ISSUED TO FEMALES	NR OF VOUCHERS ISSUED TO MALES	VALUE OF VOUCHERS REDEEMED (21/09/2022)	PERCENTAGE REDEEMED BY VALUE (21/09/2022)
Alfred Nzo	130	R3 900 000	84	46	R3 504 911	89.87%
OR Tambo	170	R5 100 000	116	54	R4 636 465	90.91%
Total	300	R9 000 000	200	100	R8 141 376	90.46%

Table 3: Redemption Value Per Building Material Supplier

SUPPLIER NAME	VOUCHERS REDEEMED
AL S Hardware (PTY) Ltd	2 225 005.66
Dawnbreak 3 Investments CC	1 706 075.19
Boxer Superstores (PTY) Ltd	1 631 817.78
SPARGS Superspar Libode	1 473 213.25
AMOS Save and Build CC	480 000.00
T S S Hussain (PTY) Ltd	330 000.00
Umvubu Projects (PTY) Ltd	281 315.14
Que Mag Trading and Construction (PTY) Ltd	13 949.00
Total	8 141 376.02

Standard bank cash vouchers

- 300 beneficiaries issued with R10 000 vouchers in two tranches of R5 000
- 89% vouchers totalling at R2.6 million redeemed
- 266 flood affected rural households in Alfred Nzo and OR Tambo Districts benefitted

Table 4: Standard Bank IM Voucher Redemption

TOTAL TRANSACTIONS	REDEEMED TRANSACTIONS	UN-REDEEMED TRANSACTIONS	TOTAL VALUE OF VOUCHERS ISSUED	TOTAL VALUE OF VOUCHERS REDEEMED	% REDEMPTION
300	265.5	34.5	R3m	R2.7m	88.5%

Beneficiary stories

Building material supplier: “I would like to take this opportunity and thank Solidarity Fund for trusting us to service beneficiaries that were affected by Floods in Alfred Nzo District. Your business meant a lot to us and has boosted us a lot as we are still recovering from the pandemic. It has not just helped us, I was so touched when I saw beneficiaries so happy and feeling special and the changes it made to their lives. We are so grateful and hope we met the expectations. On behalf of Build it Bizana, thank you so much to Solidarity Fund and everyone involved in the programme.” **Siniko, Build It Bizana Store Manager**



Beneficiary: “My rondavel collapsed due to heavy rains. When I received a call from the chief informing me that we were receiving funding from the Solidarity Fund, I wiped my tears and thanked God. I am so grateful to the Solidarity Fund. I have rebuilt my rondavel (as you can see above). Thank you, Solidarity Fund.”

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CHALLENGES

CHALLENGES	MITIGATING ACTIONS
Incorrect data on the beneficiary list in the verification process with PHTL Partial or non-redemption of vouchers by beneficiaries.	Mezzanine Ware verified all lists received from PHTKL to confirm the veracity of data. The Fund approved an additional resource to manage beneficiary queries. The Mezzanine Ware call centre was in constant liaison with beneficiaries to assist with troubleshooting. They also sent SMS notifications with remaining voucher balances to beneficiaries to encourage them to use the funds. The Standard Bank call centre dealt with beneficiary queries relating to the redemption of vouchers. The bank also sent weekly reminders to beneficiaries with unredeemed vouchers.
Supplier stock shortages.	Mezzanine Ware, with assistance from PHTKL officials, identified qualifying local suppliers throughout the life of the programme to increase the supplier database. Suppliers were expected to ensure the availability of stock prior to voucher redemption.
Due to the high value of the stock, some suppliers were reluctant to release stock prior to receipt of payment from the Solidarity Fund.	Mezzanine Ware facilitated pre-payments to suppliers if they followed strict criteria. Mezzanine Ware also phoned beneficiaries to confirm receipt of the building materials.
Delays in the collection of building materials from suppliers.	Mezzanine Ware liaised with suppliers and beneficiaries to coordinate collection of building materials.

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CONCLUSION

Although the Eastern Cape was not as severely devastated by the flooding as KwaZulu-Natal, many households in the rural OR Tambo and Alfred Nzo districts lost their homes and possessions in the disaster. The integrated shelter recovery project helped 270 households to rebuild their homes and regain a safe haven for their families. By supporting local businesses that were already reeling from the COVID-19 pandemic and also affected by the flooding, the project helped to boost the economy in these districts and uplift the entire community.