



SOLIDARITY FUND

PRESS BRIEFING Q&A [DRAFT v4 15.12.2020]

ABOUT

The Fund is designed to be an umbrella platform for all South Africans to contribute to the fight against Covid19. It is a rapid response vehicle through which pooled contributions can be deployed to immediately fund impactful initiatives. While operating as an independent entity, the Fund works closely with government and Business for South Africa's response teams, as well as engaging with civil society formations to ensure inclusivity.

Pillars - Since it was established in March 2020, The Fund has undertaken initiatives based on 3 key focus areas, namely Health Response, Humanitarian Effort and Behavioural Change Campaign

DONATIONS AND DISBURSEMENTS

Through the support of over 300 000 donors – individuals and enterprises – the Fund has:
(NOTE: Figures as at 10 Dec 2020)

Received R3,21bn in pledges to date.

Received R3.14bn in funds

Allocated R2.77bn in funds

Disbursed R1.7bn (Health R1,37bn / Humanitarian R214m / Behaviour Change R98m)

It has approved

R1,856bn towards the initiatives of Health Response

R415m toward Humanitarian Support

R176m for the Behaviour Change Campaign

Furthermore, additional projects are currently in the approval pipeline.

GOVERNANCE

Q: The Solidarity Fund has a lot of money going through its hands, how can the South African public trust that it is being managed efficiently and honestly?

A: The Fund operates with independence and the highest principles of corporate governance with oversight of an independent Board which meets regularly and is guided by doing what is in the best interests of the nation as a whole.

We also have an empowered executive leadership team led by Ms. Tandi Nzimande who are all contributing to the Solidarity Fund pro bono in their personal capacities. While the team operates in an agile manner, it is always subject to the governance required to ensure that all contributions to the fund are recognised, accounted for and effectively managed, and to ensure that all disbursements are aligned with the Fund's mandate and the impact thereof is measured and reported.



Q: Relationship to Government

A: The Solidarity Fund has a clear mandate to support/augment the national health response, contribute to humanitarian relief efforts and mobilise South Africans to drive a united response to the Covid-19.

- We act independently, but partner with government, civil society and business across our interventions to ensure we have the biggest impact and deliver on our mandate.

Q: Commitment to transparency

A: Within the first six weeks of its establishment, formal structures including an independent board, committees and reporting lines were established.

- Independent auditing function was set up.

- In the period since The Fund was announced, we have held a number of media briefings/webinars – put out weekly updates and press statements on our website and made available a variety of reports detailing our spending on the health and humanitarian interventions.

- Many of the projects are still in progress and we will continue to release audited reports of all our activities in the coming months to demonstrate our delivery on our mandate.

Q: Connections with business and private individuals/pharmaceutical companies:

- More than 90 full-time voluntary staff across a network of 21 companies and organisations provide support services and all assist the Fund on a pro bono basis.

- No one earns fees or a salary from the Fund.

- Many of these individuals bring expertise required to deliver on our mandate to deliver PPE and critical medical equipment as well as to assist with the massive undertaking that was our food parcel distribution under our humanitarian response as the Covid-19 crisis hit.

PROCESS

Q: How are decisions made in terms of which partners you work with?

A: Each project that we approve and allocate Funds to goes through a rigorous process where we work to understand the national landscape and engage with key stakeholders and individuals in that sector to form a better understanding of the challenges and opportunities the Fund can immediately resolve or amplify. Potential partners that are already operational and making a measurable impact in the area of the project are then identified and engaged based on their ability to fulfil key metrics that are critical to the Fund.

These metrics include national reach, access to beneficiaries, due diligence, speed to implement a project, and the impact the project will have on the beneficiaries in a measurable way. Further, we assess the ability for the partner to be able to provide detailed reports for the duration of the project so we can measure the impact the Funds have made to the beneficiaries.

Following this, the projects are discussed in the various technical committees that have been set up in each stream. This ensures that the Fund has engaged with as many potential partners who are relevant to a project as possible, and as diligently as possible.



Q: How do you determine the beneficiaries?

A: Depending on the intervention or project, there are different processes for determining the beneficiaries. For example, our process for Gender-based Violence interventions, is very different from our process for the allocation of the Food vouchers. For that, beneficiaries of these vouchers will be identified with the aid of two beneficiary identification partners and based on our stringent beneficiary selection criteria. Our identification partners are: Department of Cooperative Governance and Traditional Affairs (CoGTA) and the Land Network National Engagement Strategy in South Africa (LandNNES). With the help of these two partners, we will maximise coverage of our targeted areas (rural and peri-urban), across all 9 provinces.

The point is, for all decisions, we undergo a rigorous process to ensure that the right people or organisations are getting the help they need. We engage with partners who provide the best possible means of identifying beneficiaries according to set criteria as determined by the strategy and objectives of each project.

Q: Why is it so hard to see where all the money is going?

A: In the background, there is much work going on that isn't always evident from the outside.

- The planning required to deliver such large-scale solutions means working with the National Command Centre and many other partners, often on a daily basis, to determine what the needs are on the ground and then how we deliver the most effective impact in the shortest space of time.
- Once the needs are determined, suppliers are assessed and vetted to deliver particular goods or services and funds are then allocated and disbursed, although there is obviously a lag between these processes. We have a detailed tracking system to show where the funds are in the cycle.
- We also work with many different distributors, civil society and government agencies to ensure that we deliver the biggest impact in the shortest timeframe.
- We will continue to release audited reports of all our activities in the coming months and B4SA.

BBEEE

Q: There has been talk of the Fund choosing non-BBEEE suppliers, what is the Fund's approach towards BBEEE?

A: In the early days of the virus, the speed with which we procured supplies and distributed them to the South African people was crucial. For that reason, our first round of procurement used partners who were chosen based on their ability to deliver, not on their BBEEE credentials. As we started seeing the urgent supplies coming in, we were able to shift our focus and narrow it down to include only BBEEE partners. A look at the numbers show that our spend with BBEEE companies is significant. In terms of medical equipment, as of September spend split was - R240M on 100% Black Owned, R312M on >51% Black Owned (a total of approx. 42% of total spend) with 69% of all spend being allocated to SMME's and (42% of total spend)

Q: Can contributions to the Solidarity Fund can be considered for BBEE points?

A: No. The B-BBEE Commission has stated that the requirements for recognition of any specific contribution in respect of each element are linked to the objectives of the B-BBEE Act in section 2 of the B-BBEE Act. This means any contribution made by a measured entity must be for a B-BBEE initiative or for B-BBEE purposes. The Solidarity Fund is established to respond to the current COVID-



19 pandemic and not for B-BBEE purposes. As such, contributions to the Solidarity Fund to enhance the fight against COVID-19, cannot be claimed for B-BBEE.

PPE

Q: There's been a lot of talk about the inflated prices of your procured PPE, how can you account for spending so much on these items?

A: The majority of pricing for PPE procured has come in way below or in line with guideline prices as provided by treasury. The work done by the Fund on benchmarking prices reflects the diligence taken by the Fund to ensure fair prices were paid, and the reports reflect the facts.

Q: NGOs in the area of food relief and gender-based violence have seen their funding re-directed with activists and civil society saying they are not fully integrated into The Solidarity Fund, although they are arguably the best placed to give advice in this area.

A: Our humanitarian task team works with NGOs and representatives from civil society.

- For example, during our food relief intervention we worked with established NGOs, with proven track records and the ability to deliver an effective, large scale response.
- With regards to gender-based violence, we continue to work with a number of different players in the sector.
- That said, we will continue to welcome inputs from civil society organisations in the field as we want to build a network of relationships committed to partnering for long-term, sustainable solutions.

Q: You claim that the work done by yourselves and your procurement partner B4SA is above board, how can we be sure?

A: The fund has been extremely proactive in ensuring that those companies which have been engaged to provide PPE met the requisite requirements. Over and above the stringent vetting process, additional due diligence was carried out as a result of the general discourse related to the procurement of PPE and possible corrupt activities in this procurement.

B4SA provided a list of vetted and verified suppliers to the Fund, highlighting whether there were any potential issues in regard to PEP's, illegal activities, dubious actions or any such activity/relationships that may place the integrity of the Fund at risk. Once the Fund had satisfied itself that the suppliers in questions were clear of any possible negative interests/activities, orders were fulfilled.

B4SA assisted with the procurement on our health response. The humanitarian response is separate.



-Given the global shortage of PPE at the time, The Fund was required to procure PPE and critical medical equipment on an emergency basis, to augment prepare our national health system for the expected surge in Covid19 cases and aid in slowing its spread.

B4SA had the capacity and platform to procure these on short notice at a time when there was a global shortage of PPE.

Before the crisis, we imported 92% of medical equipment, including PPE, with only 8% being locally produced that meant PPE and critical medical equipment needed to be procured from a mix of companies that could leverage global supply chains while at the same time support/upskill local SMEs, especially black owned companies to begin manufacturing PPE.

All suppliers provided the necessary company documentation, FICA compliance and demonstrated that they could deliver the necessary goods and services at competitive prices during the first emergency phase of our interventions.

Q: And yet, there is the case of Future Med who failed to deliver quality goods? You received 2m worth of faulty masks.

This actually demonstrates the robustness of our procurement system.

An independent technical team reviewed the goods delivered by the supplier against predefined criteria, which are aligned to current regulatory standards and are approved by SABS, NRCS, NDoH and SAHPRA.

When it was found that they were faulty, Future Med acted as a reliable and credible supplier and has committed to replacing the 2m masks at no cost to the Fund or its donors.

Q: Why did you hand procurement over to Business for South Africa?

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Q: Why did you choose to procure PPE from non-medical companies?

A: Without doubt, procuring from a company with prior experience in medical supplies would always be first choice, but we were in a unprecedented position where the urgent need at the time required us to act swiftly to get the much-needed supplies. The global shortage of PPE created an environment where we could not disregard any potential offer from any supplier, regardless of their prior history. The concern around procuring from non-medical companies would, naturally, be the experience in procurement of medical devices of these suppliers, and hence the quality of the product procured. This was addressed by setting up a thorough vetting process through B4SA which, firstly, eliminated any risk of dealing with a non-medical supplier, and secondly allowed us to engage with anyone who was offering PPE at the correct market price.



LHC AND FUTUREMED

Q: Why was LHC dropped in favour of FutureMed?

A: In short, they weren't. If you look at the timelines, the order process with FutureMed began on the 5th of April, with the official order being given on the 15th of April. The LHC product was only approved on the 14th of April, which heralded the start of the negotiations. Hence, the FutureMed order preceded the LHC product approval by 9 days. The FutureMed order was always in addition to the proposed LHC order, never a substitute.

Q: But the Fund did drop LHC after agreeing to use them?

A: Again, no. Even once the negotiations begin with a supplier, that is no guarantee that we will eventually end up using them. The formal confirmation comes in the form of a PO, which was never issued to LHC. The slide that they referenced in their allegation was a slide showing "orders in progress". These are planned orders, but still need to be agreed with funders as well as to go through the procurement negotiation process. These "orders in progress" are often cancelled due to a number of factors such as inability to obtain market pricing, NDoH requirements changing, demand for product decreasing, etc. In the case of LHC, they were the most expensive offer compared to all the other potential suppliers – R48 per mask as compared to R38 – R44 from the other suppliers. As stipulated, the order is only confirmed once a PO has been issued.

Q: What about the masks that were delivered by FutureMed that didn't meet the necessary quality standards?

A: Thanks to our robust testing procedures, those faulty masks were identified quickly, FutureMed was approached and they committed to replacing them at their own costs. They have since done so and the new masks are in the process of being/have been distributed. There was no additional cost to the Fund in terms of the actual PPE or transport/distribution costs.

Q: Was an enquiry opened to determine what happened?

A: We started an internal and forensic audit to determine what transpired and to confirm whether or not there was any form of malfeasance or fraudulent activity which could possibly negatively impact the fund.

All findings to date by both the Solidarity Fund's internal audit team and forensic audit team led by ENS Africa have found no fraudulent or criminal activity took place in the supply of the masks and subsequent replacement. As a result a decision was taken by the Board to conclude the matter and close the investigation based on the information at hand.

THE FUTURE

Q: With SA heading into a less critical period in the pandemic, what role will the Fund play going forward?

A: As the pandemic eases and our country shows clear signs of flattening the curve, it is natural to wonder "what next?" What is the Fund's new role in light of the changing environment? This is a question that is under constant review.

As we move forward, it's inevitable that the shape and form of the fund will change and evolve, becoming more responsive to the environment that we find ourselves in.



While our role is changing, it is not over yet and humanitarian assistance is still very much required. As the economy opens up and people start venturing out more, ongoing behaviour change and communication efforts will also play an important part in reminding South Africans to still practice caution and healthy habits as we learn to with the virus.

VACCINE ROLL OUT

Q: Will the Solidarity Fund be embarking on a mass campaign to encourage people to get the covid-19 vaccine once it becomes available in the country?

A: The Solidarity Fund is exploring how it can support government's efforts in the roll out of a comprehensive vaccine programme for the country, including integrating this messaging into its wide-ranging Behavioural Change campaign.

Q: Does the Solidarity Fund plan to contribute more funds to the country's efforts to purchase more vaccine supplies, apart from the R283m donation the fund made to the COVAX facility.

A: Beyond the support provided to government for the COVAX facility deposit, the Fund has not been approached for any additional funding. We are still exploring how we can support Government's efforts in the roll out of a comprehensive vaccine program.

GENERAL

Q: Can partners etc. communicate their involvement with the Solidarity Fund.

A: The use of the Solidarity Fund logo is allowed, subject to the Fund being informed prior to its use and how it will be applied, and only related to a project that the Fund has on with said partner. With regard to marketing initiatives, prior written consent from the Fund is required, and the initiatives are exclusively related to work that was undertaken in partnership with or on behalf of the Fund. That consent would be granted at the Fund's sole discretion.