

CASE STUDY

INTELLECTUAL CAPITAL

FLASH/COCARE PARTNERSHIP PROVIDES COVID-19 SUPPORT



The CoCare voucher system illustrates how emergency food relief can be made to work better, especially in dense informal settlements, where it is difficult to grow vegetables, or in rural areas where crop outputs are insufficient.

INPUTS

- ▶ 37 donors, with DGMT as the strategic partner
- ▶ 13 600 food vouchers distributed per month

OUTPUTS

- ▶ Vouchers range in value from R150 to R8 000 for soup kitchens
- ▶ 194 000 Flash traders nationally
- ▶ 32 000 Kazang traders nationally

224 million

Flash and Kazang traders

2 million

vouchers redeemed

R13 992 142.61

value of vouchers redeemed

CoCare vouchers – a flash of hope for hungry families and support for local businesses.

While the COVID-19 pandemic wrought havoc on families, the impact of the lockdown on household income was just as severe, and hunger quickly became the biggest issue for many communities. In normal times, a substantial number of people in South Africa teeter on the brink of food insecurity. In 2020, the loss of jobs and rapid escalation of food prices pushed many more families over the edge. Government and NGOs mounted a response to bring food relief to desperate communities, but the distribution of food parcels is expensive and – in the context of the COVID-19 pandemic – dangerous.

The CoCare project shows how, with technology and the right social partners, relief can be provided in times of distress at a much lower cost (< 70%) than current costs incurred.

The DG Murray Trust (DGMT) and Flash, together with Kazang, pioneered the distribution of digital vouchers, sent via cell phones, to be redeemed at 220 000 spaza shops across the country to give families access to food.

A mix of individual, corporate and civil society donors contributed the first R5 million to sponsor the vouchers and pilot the project in six areas across five provinces. The first priority was to target pregnant women, who do not receive any form of government social assistance, as a sudden decrease in food could have severe long-term effects on their babies.

The pilot showed an 80% redemption rate and, as the system proved itself, new projects emerged. The German Development Bank (KfW) allocated almost R50 million for CoCare voucher support in the Western Cape because of the system's success, demonstrating its ability to reach people who have been excluded from any government aid – and others in severe distress – through local partners, while benefiting the local economy.

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It works like this

A voucher beneficiary receives an SMS on their cell phone, telling them that they had been awarded a CoCare voucher that can be redeemed at a Flash or Kazang spaza shop. They go to the spaza shop, where the unique number is entered into the cash terminal, and they are able to purchase food to the value of the voucher. The trader is credited that amount and cashes it out when the next person buys electricity or airtime, or makes an international cash transfer.

Benefits to CoCare voucher beneficiaries include the following:

- ▶ Without standing in long queues, where it is difficult to maintain social distancing, with the possibility of not receiving a food parcel, the CoCare Voucher Programme ensures that each person who receives a voucher can redeem it with absolute certainty.
- ▶ Redeeming a CoCare voucher at the recipient's convenience and in their own community prevents the possibility of COVID-19 infection associated with waiting in long queues.
- ▶ All families do not have exactly the same needs. With a voucher, people have some choice regarding what they buy.

- ▶ Indignity, pain and suffering directly linked to inequality and poverty are a constant reality for many South Africans. Although it is a tiny measure, a food voucher offers some convenience while preserving dignity.

Lessons learned in the initial roll-out of the programme:

- ▶ Some of the recipients ignored the cell phone messages, believing them to be too good to be true.
- ▶ Some spaza shop owners charged commissions on the transaction, until they understood that this system ultimately benefits them by bringing clients to their stores.
- ▶ The system only works when people have cell phones – up to 15% of households in rural areas do not.
- ▶ Some people tried to redeem vouchers in stores that were not part of the Flash or Kazang network. The ideal solution would be a single interoperable voucher, redeemable at either a spaza shop or a retail store of choice. That would empower the recipient.