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## ***HCI Foundation CEO's Report\_AGM\_03 July 2020***

Good morning everyone,

Thank you for making the time to attend our first Annual General Meeting. Although we are meeting virtually today, I hope that we will have the opportunity to meet some of you face to face and shake hands at the AGM next year. Hopefully, by then, the COVID – 19 pandemic will be history. Yes, we must remain optimistic, especially during this difficult period.

When I think about optimism during this challenging time, I am in agreement with those who say that perhaps the quality and character we need at this moment should go beyond optimism – we should speak about resilience; we should strive to be a resilient people, a resilient nation, resilient organisations, resilient communities, families and individuals. It is only by espousing resilience - the ability to withstand or recover quickly from difficult situations – that we will emerge from the other side of this global pandemic stronger and more resolved to continue to pursue our mission and vision with passion, vigour and courage.

The ability to be and remain resilient rings so true to the Foundation, which like many organisations across the country and the globe, has been negatively affected by the impact of this pandemic, but still believes that we will overcome and tomorrow will be better. To contextualise this, allow me to take you through the year in review.

The financial year 2019/2020 started with huge excitement. We had just completed a strategic workshop with our Trustees few months previously where we aligned our strategic objectives with our newly revised vision and mission statements. It was time for execution where we would continue to focus our efforts and energy on monitoring and evaluation, as well as tracking of the implementation of programmes, their objectives and outcomes.

The year ushered a new era for our Bursary Programme. Since its inception, the Bursary Programme's main purpose has been to make tertiary education accessible to students from "poor" families. We had progressively grown the programme over the previous 13 year by targeting and offering partial undergraduate bursaries to about 950 students per year across the country.

When the funding landscape began to change with the implementation of Government's free higher education for students from poor and working-class families, the Foundation was prompted to refine the Bursary Programme and strategically reposition it to align with the unique needs of the country.

Funding for Honours Programmes was identified as an area of critical need for tertiary institutions and the country as they are chronically underfunded by both government and the private sector. We therefore decided to gradually start phasing out the undergraduate bursary programme and begin working on a new model which aimed at supporting first time bursary applicants for Honours and postgraduate diploma levels of study at 12 selected institutions.

The year 2019/2020 was therefore a transitional year for our Bursary Programme as we slowly started to exit the undergraduate space.

As of 31 March 2020, we had spent R 13.5m towards bursaries of 564 students, which included 199 (35%) new honours and postgraduate diploma students.

This was a decrease of 34.7% in spend and 41.5% in number of awarded bursaries compared to the previous year, where we spent R 20.7m to support 965 students. This is in line with our plan to progressively decrease our investment in the tertiary education sector and invest more in other focus areas, particularly Early Childhood Development.

We continued to support the personal, academic and professional growth of our bursary recipients by offering and exposing them to various developmental opportunities.

In 2019, the Foundation co-hosted with the HCI Group a series of workshops in three provinces which gave participants the opportunity to make the critical connection between their academic studies and their practical application within a business context. About 120 bursary recipients benefited from group mentoring sessions offered by senior HCI company managers and gained valuable exposure to the work of the companies. It was a fun, learning and networking experience for our students and company managers, which unexpectedly saw several students securing internships and job offers as result.

The year 2019/2020 marked two years since the launch of the HCI Foundation Graduate and Internship Programme which links our graduates to employment opportunities within the HCI Group and partner NGOs. The programme has been enthusiastically embraced by our partners. To date, 51 graduates have been placed through the programme and we hope many more will continue to benefit.

On the Community Engagement front we are very proud of the calibre of projects and organisations the Foundation continues to support. These organisations are a beacon of hope in communities they serve, often under difficult circumstances and with very limited resources. We applaud the leaders of these organisations and their staff and volunteers for their unwavering commitment to the communities they serve.

Last year we disbursed grants to 145 organisations to the tune of R 21.3m. Education and Professional Skills continued to receive a large proportion of our project funding at 52%, followed by Development and Enrichment at 20%, whilst the remaining 28% was shared amongst other focus areas.

We remain committed to strengthening our partnership with our grant beneficiaries. In line with our mission statement, our approach to development is to go beyond offering financial support, to include capacity building for our partners to become and remain sustainable.

In this regard, we hosted two stakeholder engagement workshops on “Monitoring and Evaluation” and “Sustainability of Organisations” which were attended by 58 beneficiary organisations from KwaZulu Natal and Gauteng.

An evaluation of the workshops confirmed that they were beneficial for participants. We hope to continue them in future and thank the organisations who volunteered to share their experience and best practice at these sessions.

We were nearly at the end of the financial year 2019/2020 when the news of the COVID-19 pandemic started to dominate global and national headlines. By then we had bold plans and were looking forward with anticipation to their implementation in the year ahead. Little did we know that, within a shockingly short period of time, the world would look very different or to what extent the pandemic would change our plans and reshape the way we live and conduct our business.

Along with the rest of the world, we all entered unknown territory on March 26 this year when the president announced the lockdown in response to the COVID-19 pandemic. As the long-term seriousness of the situation became clearer, South African civil society was faced with the challenge of how to react to the rapidly increasing levels of poverty, hunger and desperation in the poorest of our communities.

In response, we partnered with eMedia, a subsidiary company of HCI, to launch a television campaign urging viewers to participate in raising funds for food relief across the country. The aim was to distribute food parcels to some of the most vulnerable households in the country, especially those supporting children and the elderly.

The generosity of the South African public completely exceeded our expectations. The total amount raised during the six weeks of the campaign was an astounding R19 million. Through a partnership with The Lunchbox Fund, which acted as our food-parcel distribution channel, we sourced and distributed over 51 000 food parcels to households and reached an estimated number of over 200 000 individuals. This would not have been possible without the incredible dedication and commitment of 122 partner NGOs which distributed food parcels to beneficiaries across all 9 provinces, including in some of the most far-flung settings in the country. Some of those partner NGOs are present here – allow me to thank you once again for making the food relief campaign a success.

The negative effects of the pandemic will unfortunately still be with us in the short to medium term. Of course, whilst we remain resilient and optimistic, we must be pragmatic and accept that it may take some time to recover from its impact. The asset base of the Foundation has been severely affected, meaning that for the coming year, we will be working with a budget of R 29m; an effective decrease of 41.3% from a budget of R49.4m in the year 2019/2020.

With a shrinking budget, we have no choice but to decrease the number of organisations and students we annually support. Although in the year under review we provided grants to 145 organisations, in the coming year that number will decrease to under 70.

The budget for our Community Transport Support Programme will decrease from R 3.7m in the year under review to R1m in the year 2020/2021. This means there will be less buses available for partner organisations in the Western Cape to transport beneficiaries to attend programme activities.

Similarly, the number of students we support will decrease from 564 to under 300. We are looking critically at our office expenditure to find ways of bringing it down in order to be more sustainable.

The year ahead will be challenging, but I firmly believe that together we will weather the storm. I believe in our resilient spirit as organisations and as a country. This is a

time to hold onto our ability to withstand and recover quickly from difficult situations. We should remember to embrace the gifts of adversity - as the Roman poet Horace once said, "Adversity reveals genius".

It is interesting and encouraging to see how we are already embracing the opportunities that come from this changing period. Here we are today hosting an AGM online and bringing friends and partners from across the country in one virtual room. Five months ago, we could not have imagined this.

From the revised proposals we recently received from our partner NGOs, many of them have been quick to utilise technology to implement their programmes.

Magnet Theatre is using online voice and video platforms to train and mentor young theatre makers.

Tomorrow evening, I am looking forward to being mesmerised by the online performance of the young people from Zip Zap Circus.

The University of Cape Town's School of Education has found new ways to continue supporting the young educators who are part of their year-long Newly Qualified Teachers (NQT) programme.

It is incredible how, amidst such calamity, we are finding new ways to reimagine our work and to inspire ourselves and our communities.

That is what this moment requires from all of us – a resilient and resolute spirit which will ensure that we continue to pursue our mission of creating thriving and sustainable communities in South Africa.

I thank you for attending the AGM and look forward to the rest of the meeting.

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