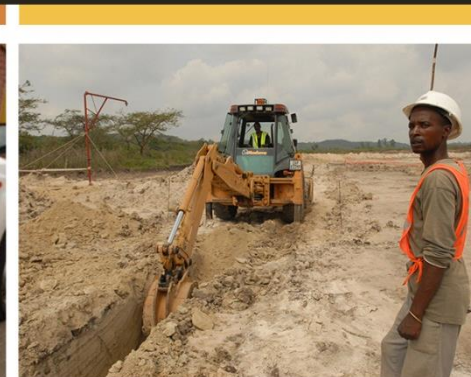
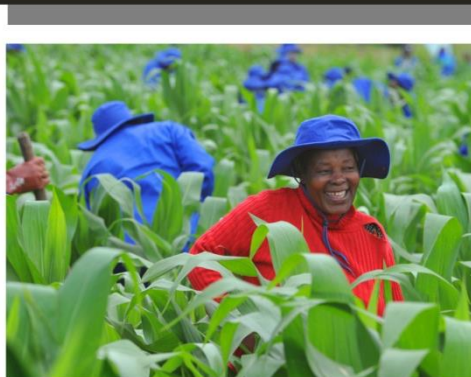


Jobs Fund Update

Presentation to the Standing Committee on Appropriations

05 March 2019



Najwah Allie-Edries
Deputy Director General: Employment Facilitation

Jobs Fund Mandate

- The Jobs Fund was launched in June 2011 by the President
- It was **capitalized with R9 billion** to support initiatives that **pilot innovative approaches to employment creation**.
- The over-arching objective:



Test innovative approaches to employment creation and **share the successful models** in such a way that **organisations and government are encouraged to adopt these approaches** as part of their mainstream strategy

=

Wider market adoption over the medium to long term



Key focus on
projects that benefit
women and youth

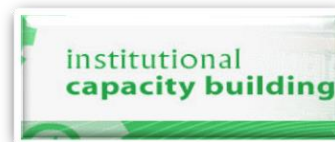
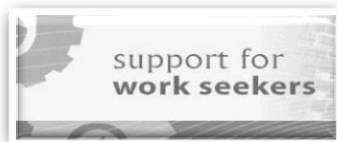


Create **150,000**
new permanent
jobs



Challenge Fund Principles

- The Fund operates on **challenge fund** principles - the allocation process is **competitive**, and **transparent**.
- The Fund requires that **projects are co-financed: share risk** and costs by matching the Jobs Fund allocation (**partnership and collaboration**, particularly with private sector and civil society).
- Key goal is to **overcome barriers**: cost, technology, infrastructure (de-risk investment) and technical know how.
- The Jobs Fund has **four funding windows** which focus on job creation from the supply side (upskilling beneficiaries to ensure they can adequately fill available roles) and the demand side (stimulating enterprise growth resulting in new positions in the labour market):



- **Creating a legacy** that is pertinent over the short, medium and long term:
 - The creation of an **enabling environment** through partnerships,
 - The creation of **growth orientated businesses**,
 - Funding **infrastructure** that will have an impact way beyond the Jobs Fund grant period, and
 - The **recycling of Grant Funding** in on-lending projects – ensuring the facility is available to more beneficiaries over time.

Operating Context

- To address the challenge of unemployment sustainably, South Africa requires (amongst other things) inclusive economic growth.
- The macro-economic policy environment, direct foreign investment, infrastructure asset base, education system and regulatory frameworks are all key determinants of growth.
- Suggested policy to address low growth largely revolves around:
 - Encouraging rapid growth in skilled labour, particularly by upgrading semi-skilled and unskilled workers.
 - Encouraging a reorientation of manufacturing towards exports.
 - Emphasizing job creation in small businesses and in agriculture.
 - Raising investment in infrastructure and public services, targeting the poor and underprivileged, and restricting the growth of recurrent spending to meet budgetary targets.
 - Improve ease of doing business (currently SA is ranked 82nd out of 190 with a score of 66.03).
- The Jobs Fund is not intended to tackle the structural causes of low growth and unemployment - many other government initiatives are directed at these, rather:

*The Jobs Fund is an opportunity to complement these efforts with a **targeted programme of support** for effective labour market interventions that 1) promise **job creation in the short to medium term** & 2) will provide a knowledge base of **successful job creation models** that can be **replicated by government and the private sector to achieve maximum impact over the long term.***

Results

(as at 31 December 2018)

Performance Overview

OUTCOMES & IMPACT



Sustainable job creation
(170 148 permanent jobs
+ placements facilitated)



Scalable & replicable job
creation models shared
with the market –
solutions for government,
private sector, NGOs.

OUTPUTS

as at 31 December 2018



126
approved projects



R6.7 bn
in Grant Funding
allocated



R9.5 bn
committed in
Matched funding



125
reporting projects



R4.63 bn
disbursed to
reporting projects



R8.6 bn
leveraged in Matched
funding from reporting projects



244 287
people completed
skills training



20 444
internships
completed



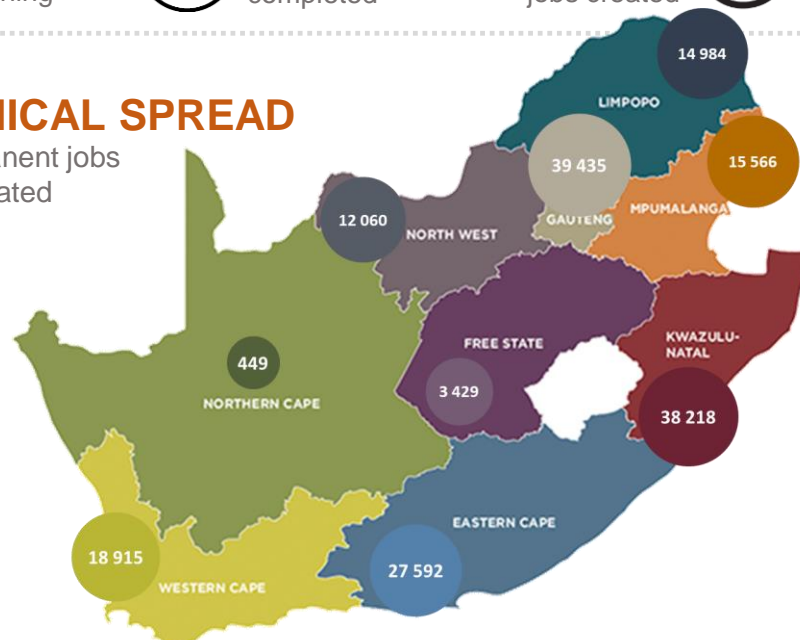
55 654
short term
jobs created



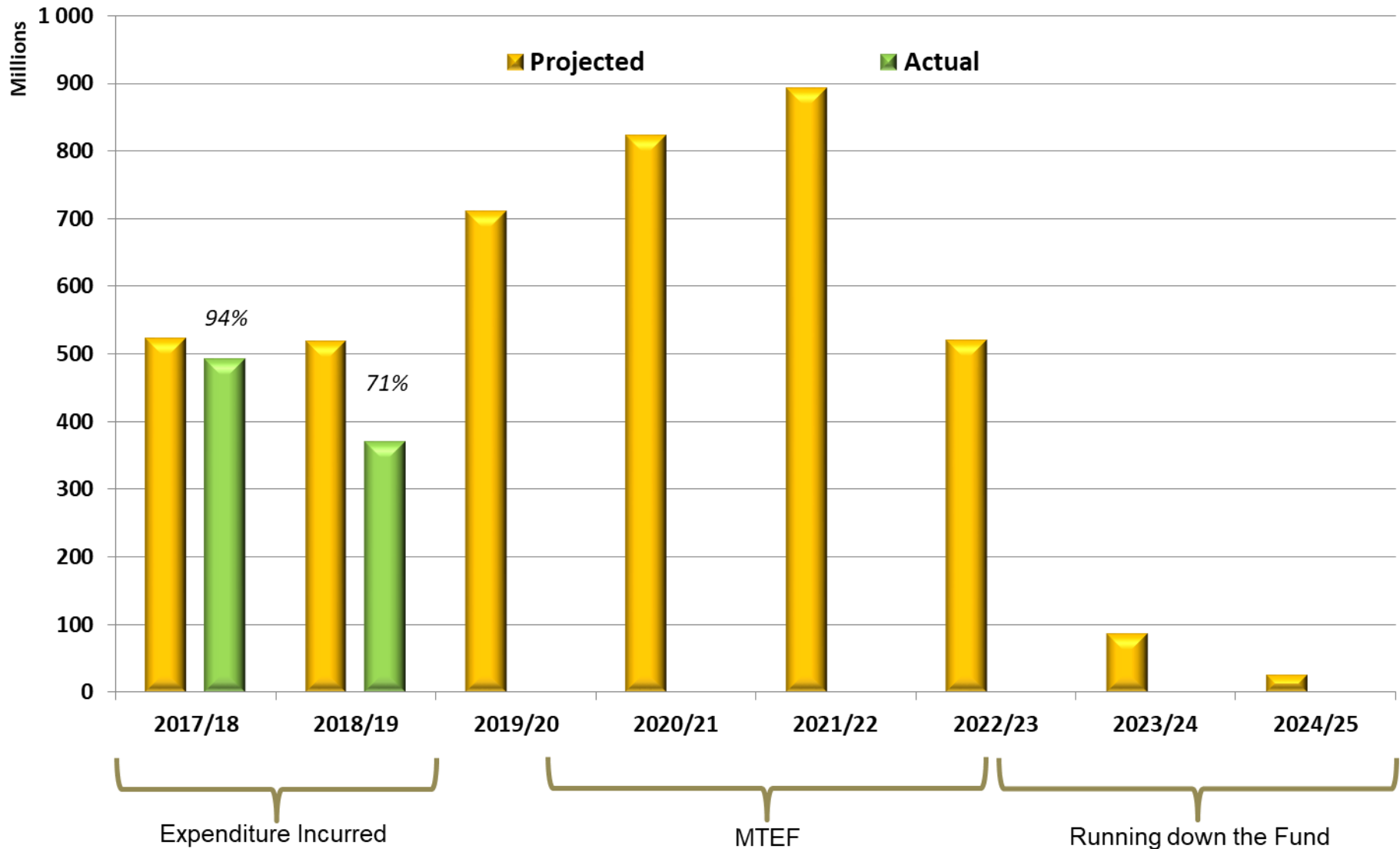
170 148
permanent
jobs created

GEOGRAPHICAL SPREAD

of permanent jobs
created



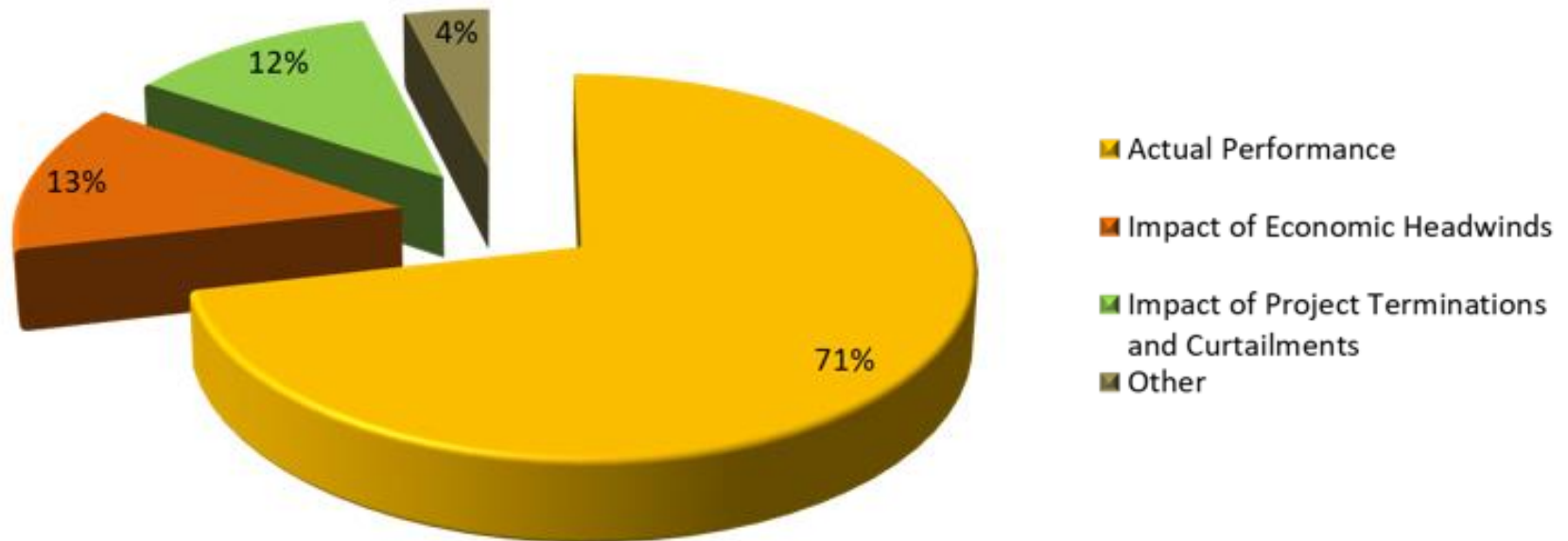
Overall Portfolio Performance (disbursements)



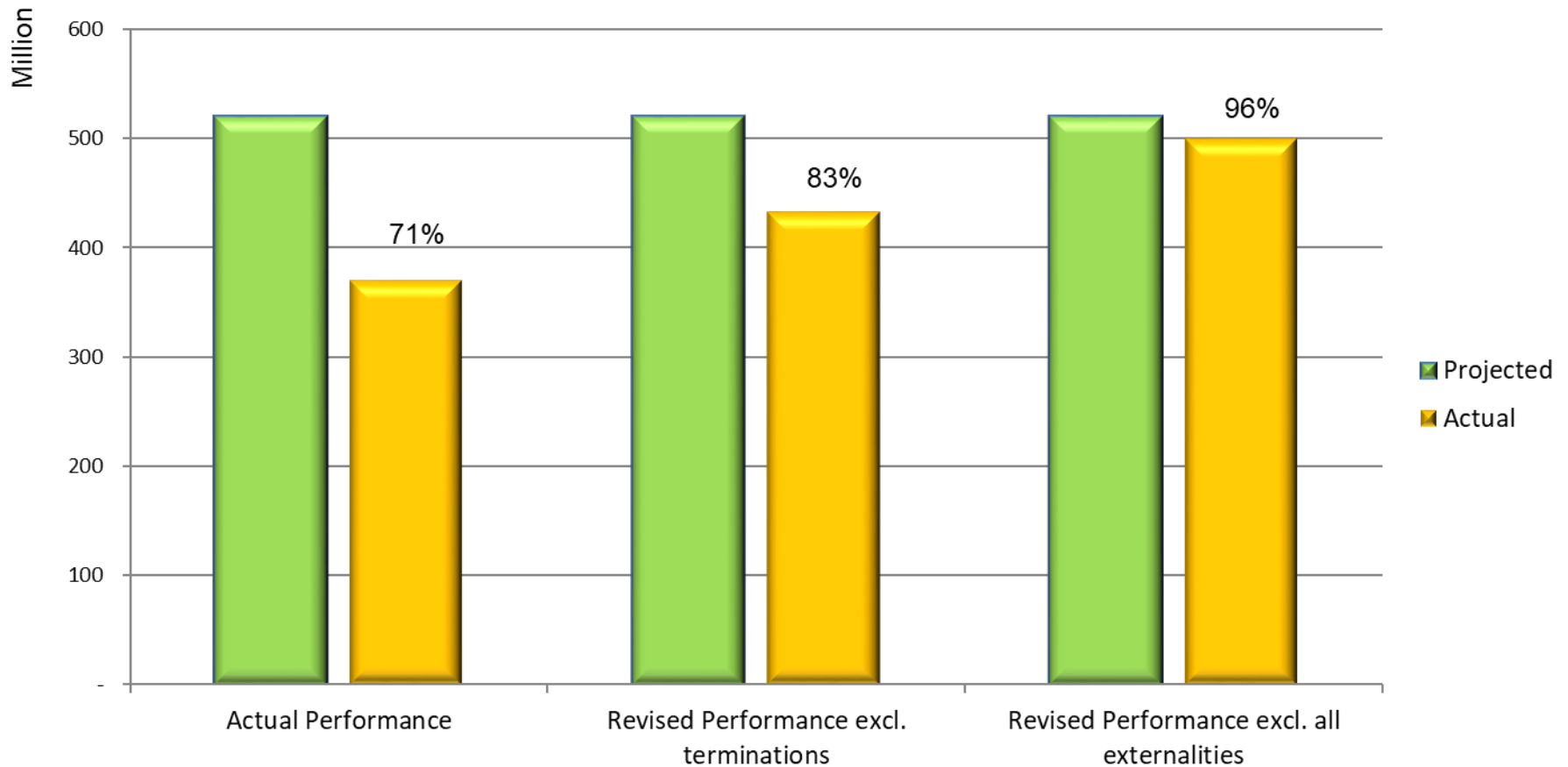
Issues Impacting Portfolio Performance

- The economic slowdown
 - ✓ Lower project activity
 - ✓ Lower project cash flows
- Increased exposure to the Agricultural Sector
 - ✓ Drought conditions results in lower plantings
 - ✓ Poor production yields and lower commodity prices eg maize
- Portfolio impact
 - ✓ Negative impact on Project Partners' institutional capacity to deliver
 - ✓ reduced cash requirements lead to lower disbursement requests
 - ✓ Increased project terminations and curtailments

Impact of Externalities on 2018/19 Portfolio Performance



Portfolio Performance excl. Externalities (2018/19)



Outputs & Outcomes

Although SA has been burdened with low GDP growth and disbursement have not reached 100% of target, the Jobs Fund and its partners continue to deliver on their mandate:

- **Impact on beneficiaries**
 - Over 220,000 sustainable jobs facilitated (167,676 permanent and 53,891 short term) – without considering further multiplier impact;
 - Key focus on priority areas (women, youth and PDI); support for the growth of SMMEs, Smallholder farmers and work seekers.
- **Crowding in Substantial Funding and Technical Support**
 - Considerable power of leveraging additional funding with ITD funding ratio of 1: 1.85; strong partnerships; and
 - The ability to recycle grant funds to achieve greater impact than was initially envisaged.
- **Low Cost of Implementation**
 - On average, low cost of interventions compared to other similar support initiatives & low public subsidy to catalyse job creation.
 - Return to fiscus calculations suggest that a fair proportion of grant funds disbursed is returned to the fiscus through tax.
- **Knowledge Creation and Dissemination**
 - Support to evidence-based policy making for government and design of similar instruments.
- **Effective Fund Management**
 - Detailed operating guideline and technology enabled online Grant Management System (GMS).
 - Fund management capability within government.
 - Good governance through an independent Jobs Fund Investment Committee (JFIC).

Improvements

Process Improvements - Increased Disbursements

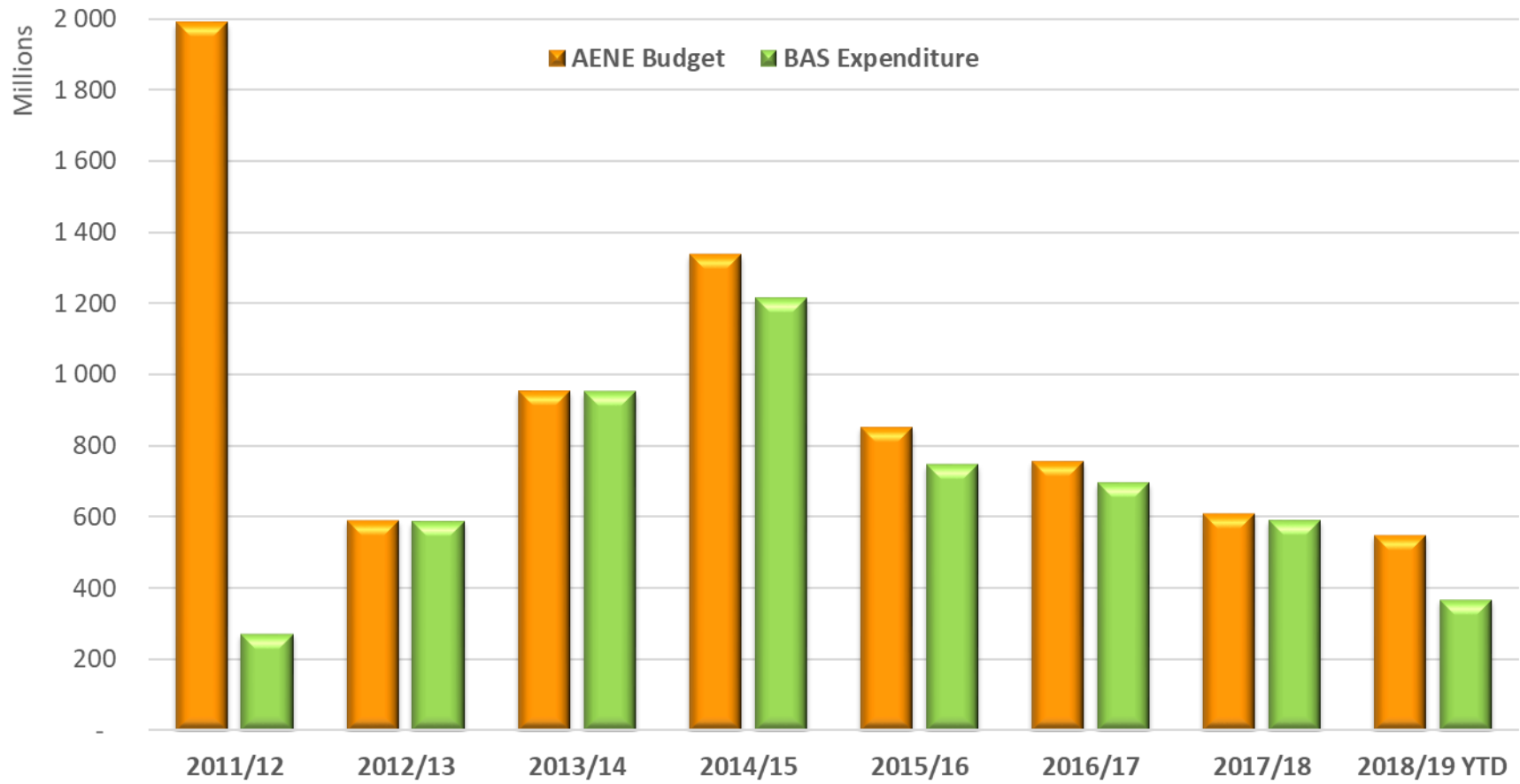
- Economic issues
 - Adopt a partnership approach in risk planning and mitigation as well as vetting budgets and projections
- Contracting challenges
 - More focus has been placed on pre-contracting activities precedent to contract start to ensure that contracting and initiation is smooth.
 - Again, JF adopts a partnership approach-engaging matched funders, governance structures etc. in order to overcome challenges
- JFP Implementation/ Institutional challenges
 - Support through budget or lobbying for institutional capacity where gaps are addressed
- JF processes
 - More proactive interaction amongst JFP, JF management and teams informed by trends and research
 - JF team members (managers) are represented in project steering committees
 - Proactive project management
 - Frequent training for JFPs on reporting requirements

Process Improvements - Greater Reach/ Inclusion

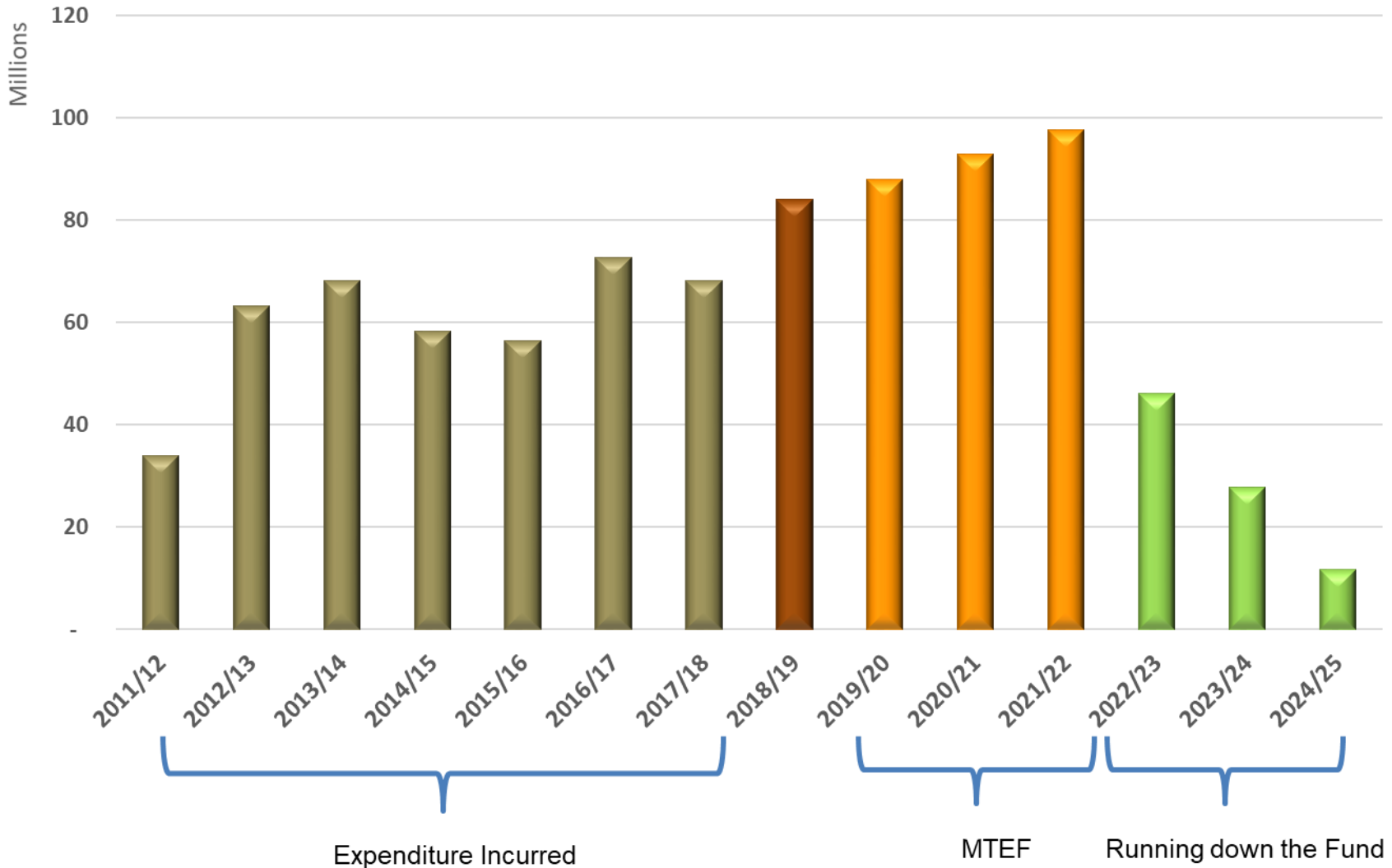
- Dedicated and resourced origination team focussed on sourcing and supporting quality applications throughout application and appraisal process.
- Roadshows in all provinces open to all interested stakeholders
- Line managers reviewed ineligible projects to ensure standardisation and objectivity. Further reviews by Project Director and DDG.
- All speciality areas are represented in a project team to ensure holistic appraisal by dedicated team: Project manager, financial analyst, monitoring and evaluation, legal, sector specialist. Further reviews by Line managers, Project Director and DDG
- 3 levels of committees review team assessments
 - Manco
 - Technical Evaluation Committee
 - Investment Committee
- Other tools to ensure quality submissions
 - Training for applicants
 - Due diligence site visits
 - Guidelines on appraising projects for consistency

Budget

Budget Allocation vs Expenditure



JF Operational Budget – Life of the Fund



Value for Money

Value for Money Overview

- The Jobs Fund continues to offer good Value for Money (VfM) in respect of the internationally recognised VfM measures (the 4 E's):



Economy is the process of acquiring human and material resources of appropriate quality and quantity at the lowest possible cost.



Efficiency is the production of maximum output for any given set of inputs (or use of minimum inputs to achieve the required outputs). E.g. cost per job facilitated.



Effectiveness is the achievement of desired outcomes and impact in both quantitative and qualitative terms. E.g. progress against projected targets.



Equity is the focus on intended beneficiaries, and in the case of the Jobs Fund, this relates particularly to women and youth.



Economy

- Jobs Fund continues to leverage a large amount of Matched Funding from partners. Although the target Matched Funding ratio is 1:1, Jobs Fund Partners tend to put in substantially more into their projects, with the current MF ratio of 1:1.85.
- The Jobs Fund also manages to keep its operating expenditure at 10%, which is much lower than other Challenge Funds as seen from the table below.

Challenge Fund	Funder	Value in Rand Millions	No. of Projects	Management costs (% of total expenditure)
Jobs Fund CF	Gov't of South Africa	9,000	126	10%
Enterprise CF	AusAid	200	21	27%
Business Linkages CF	DFID	302	53	20%
Africa Enterprise CF	Multi	2,800	133	20%
Financial Deepening CF	DFID	310	36	19%
Business Advocacy CF	Danida	34	725	33%
Responsible and accountable Garment Sector CF	DFID	57	12	15%
Energy and Environmental Programme CF	MFA	440	-	17%



Efficiency (1 of 2)

- Cost per job is one element of Value for Money and is a calculation that is informed by many different factors, including:
 - The sector
 - Barrier to entry may be high
 - Cost of infrastructure
 - The business model/enterprise type
 - Capital-intensive business or a less capital-intensive business (for example, the high cost of infrastructure will inevitably result in a higher cost per job)
 - The type of project intervention
 - Whether or not the investment is recycled (for example, in the case of enterprise development and micro-finance where the money is recycled through the lending and pay-back cycle. The same pool of money could benefit more than one beneficiary)
- Benchmarks, when it comes to cost per job, serve as a cursory guide to contextualise the relative performance
- It should be noted that a 'job' is not systematically defined across all government initiatives - these comparisons are therefore not considered as a reliable measure of value for money and should just be viewed as a guide.



Efficiency (2 of 2)

- The table below shows some comparisons of cost per job for several government-run programmes:

Initiative	Jobs or opportunities facilitated	Gov. grant cost per job	Explanation
Jobs Fund permanent jobs (as at 31 Dec 2018)	170,148	R27,239	There are three Jobs Fund calculations included; 1) the first includes only permanent jobs facilitated 2) the second includes both permanent and short term jobs, and 3) The third includes permanent jobs, short term jobs & internships The Jobs Fund cost per job calculations are based on the amount of Grant funding disbursed and the number of jobs facilitated as at 31 Dec 2018.
Jobs Fund permanent & short term jobs (as at 31 Dec 2018)	225,802	R20,525	
Jobs Fund permanent jobs, short term jobs & internships (as at 31 Dec 2018)	246,246	R18,821	
Automotive Investment Scheme (2013)*	7,000	R 357,143	Definition of jobs may include short term work opportunities.
Youth Employment Tax Incentive*	207,000	R 9,662	The Youth Employment Tax Incentive numbers include all individuals who benefited, <i>including those already in employment</i> . It is therefore difficult to estimate what the cost per additional job actually is.
Department of Transport (S'hamba Sonke)*	70,000	R 91,429	Short term work opportunities converted into an FTE.
EPWP (up to 2008)*	1,000,000	R 34,000	The majority of these jobs are employment opportunities and are short term in nature.

* Source: Oxford Policy Management (2017) Jobs Fund Midline Evaluation.



Effectiveness

- When measured against its inception to date (ITD) targets, the Jobs Fund is performing at a satisfactory level.
- The table below shows the actual performance against targets:

INDICATORS	REPORTING PORTFOLIO ITD (as at 31 Dec 2018)		
	Targets	Actuals	% Achievement
New Permanent Jobs	120 907	117 473	97.2%
Permanent Placements in Vacant Positions	61 573	52 675	85.5%
New Short Term Jobs	57 258	55 654	97.2%
Completed Internships	20 536	20 444	99.6%
Trained Beneficiaries	234 717	244 287	104.1%



Equity

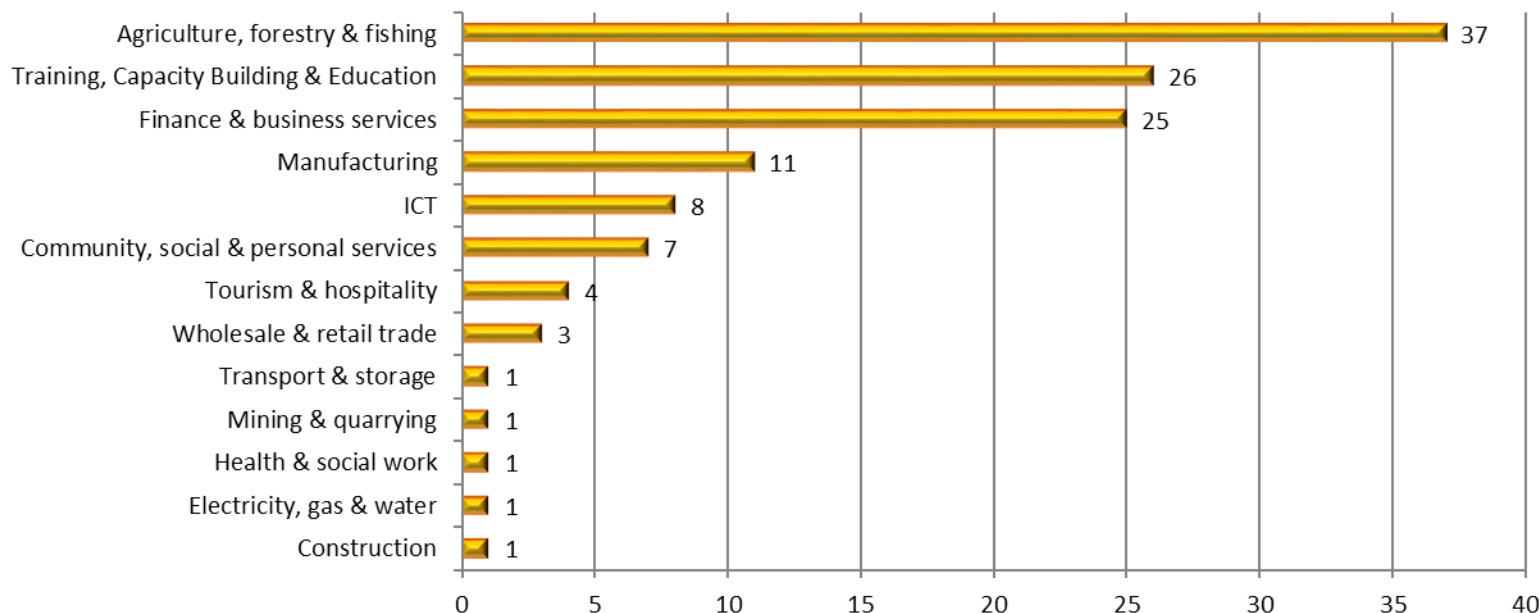
- JF strategy specifically targets women and the youth and some of the largest projects approved are aimed at youth employment.
- The Fund continues to deliver on this mandate, with the majority of permanent jobs created being filled by previously disadvantaged individuals (PDIs), women and youth:



Impact

Projects by sector

- The Jobs Fund supports projects that operate in various sectors as seen by the graph below.
- These projects often create jobs across sectors: e.g. a workseekers project may operate in the Training & Education sector but have partnerships with organisations that operate in the ICT and Wholesale & Retail and thus the job creation/placements happen in those sectors.



- A large proportion of job creation takes place in the Agriculture sector, followed by Micro businesses, Wholesale & retail trade, Admin & support, and ICT.
- The slides that follow provide examples of Jobs Fund projects and successful models.

Transforming the Value-Chain in Agriculture

- Agriculture projects have shown significantly job creation potential:

Total Agriculture Projects	Permanent jobs facilitated	Short term jobs facilitated	Internships completed	Trained beneficiaries
37	55,110	17,013	198	39,488

- Projects that intervene at various points along the value chain are likely to ensure project and farmer success.

- For example, Hortgro's DFDC Commercialization Programme:

- The overall objective of the DFDC project is to graduate 24 black small holder deciduous fruit producers to commercial status over a 4-year period.
- This is done through improving productivity at farm level through technical skills development and mentorship, facilitating market access, assisting with quality standards, assistance with production inputs and the provision of required machinery and equipment.
- Results thus far:
 - 21 PDI farmers have been capacitated and now meaningfully participate in the deciduous value chain (are more productive, have secure off-take for their produce, have access to agro-processing facilities, are working their way up to produce export quality produce [Grade A]).
 - 212 ha of fruit has been planted and 100 more will be planted over the next 12 months.
 - 753 permanent and 527 short term jobs have been facilitated and 523 beneficiaries have been trained.
 - This is an example of a project that is making great strides in transforming the deciduous fruit industry.



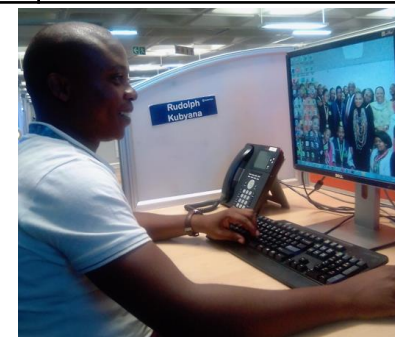
Errol April is a 49-year-old deciduous fruit farmer who until recently knew nothing about fruit farming. Through DFDC's Jobs Fund project, he now has 31 ha under production and plans to increase this to 50 ha over the coming few years.

Successfully Preparing Youth for their 1st Job

- The Jobs Fund's Support for Workseeker (SWS) models have been found to be effective in:
 - Addressing unemployment and providing impact at scale through the capacitation of youth,
 - Effectively matching employer and employee to ensure longevity of placement, and
 - Having lower implementation costs relative to other funding windows.

Total JF Workseekers Projects	Permanent jobs facilitated	Short term jobs facilitated	Internships completed	Trained beneficiaries
31	53,485	24,717	19,725	120,675

- For example, Harambee's Youth Employment Accelerator:
 - One of the Jobs Fund's oldest and more successful partnerships - the 1st project approved in Round 1, the 2nd in Round 4 and the 3rd in Round 7.
 - Harambee empowers job seekers through work-readiness & technical training and formal job placement, whilst giving employers access to previously inaccessible pools of talent at a reduced risk.
 - Harambee's work is based on the understanding that if a young person gets and keeps their first job they are more likely to remain employed for the rest of their working careers.
 - Results thus far:
 - Harambee has been able to scale their operating systems, and crowd-in other funding.
 - Harambee are now testing a pay-for-performance model - performance-based contracts attract private sector investors wanting to bring their resources and skills to development.
 - 25,570 permanent and 19,816 short term placements, 501 internships completed and 66,718 beneficiaries have been trained.
 - This project is successfully responding to improving the supply of labour.



Rudolph Ngoako Kubyana is 28 years old and heard about Harambee in 2016. He undertook an 8 week bridging course after which was placed at Standard Bank. He is now a permanent employee.

Growing Enterprises to Stimulate LED

- Enterprise Development projects create demand for labour:
 - SMMEs grow through the support they receive from these projects, creating a demand for labour as they expand.
 - The positive impact of this business growth is felt in the communities and value chains in which they operate.

Total JF ED Projects*	Permanent jobs facilitated	Short term jobs facilitated	Internships completed	Trained beneficiaries
48	47,912	9,063	378	45,451

*Excludes Agriculture projects

- For example, the A2Pay project:

- A2Pay identified a challenge in informal, peri-urban and rural areas, in that residents have to spend a considerable amount of their limited financial resources travelling long distances to nearby towns to buy prepaid products such as electricity and airtime.
- A2Pay designed an innovative technology which allows local enterprise owners to sell prepaid products.
- As spazas expand their product offering through the Point of Sale technology that A2Pay affords, they employ more people to keep up with the demand.
- Results thus far:
 - A2Pay have delivered a technology that not only improves the lives of consumers but also aids in the expansion of small and micro businesses.
 - 4,214 permanent and 3 short term jobs facilitated, and 4,190 beneficiaries have been trained.
 - The informal sector has been viewed by many as an uncertain, and risky market to invest in. A2Pay have assisted in changed the perception of risk in this market and their technology is now being considered by SASSA for the payment of Social Grants.



Maria Mashiane saw an advert for an integrated point-of-sale device about the size of a tablet managed and distributed by A2Pay. With it she can sell airtime, bus tickets, electricity and Lotto tickets and track her stock. It's a technology that is giving new life to small businesses in established township economies.

De-risking Infrastructure Investment

- Infrastructure investment projects create demand for and supply of labour:
 - This involves the co-financing of critical missing infrastructure that improve the business environment for enterprises, or make the difference between employment-linked investment taking place or not.
 - The investment lowers the cost and risk barriers that inhibit innovative enterprise models, partnerships, ideas and projects that will directly enhance sustainable job creation.

Total JF Infrastructure Projects*	Permanent jobs facilitated	Short term jobs facilitated	Internships completed	Trained beneficiaries
6	2,773	4,852	143	12,394

- For example, the Mercedes Benz Learning Academy project:
 - Mercedes-Benz will built a learning academy in East London and source state-of-the-art technology/equipment for the learning academy.
 - Technical experts impart knowledge to the learners who are trained as millwrights, fitters and electricians.
 - The qualified artisans also support existing SMMEs who are struggling to find or develop appropriate levels of expertise in their workforce.
 - Results thus far:
 - 548 permanent and 189 short term jobs facilitated, and 965 beneficiaries have been trained.
 - As was anticipated that the investment will attract further investment and create jobs in East London. This came to fruition in 2018 when the automobile manufacturer announced a further R10 billion investment for the expansion of its East London plant.

*Excludes Agriculture projects



The President attended the R10 billion investment announcement in East London. Given the fact that the Learning Academy will provide the skills necessary for the plant's expansion, the President thanked the JF for building partnerships that have had such an important development impact.

Conclusion

- The Jobs Fund objective is clear: uncover and promote innovative models, partnerships and initiatives for job creation.
- To date the Fund has demonstrated that it is possible for the private sector, public sector and civil society organisations to collaborate, share risk and achieve greater social impact by implementing innovative models for job creation and thereby catalysing broader participation and inclusion in the economy.
- The Fund is in its 7th year of implementation and more than half of the current portfolio of projects have successfully completed their implementation. The Fund can now draw on lessons learned and begin to share the knowledge on what constitutes a successful job creation model in a specific context/sector/industry/geographical region.
- The economic impact of the Fund has been much wider than the number of jobs facilitated.

**Thank you for the opportunity to present
the Jobs Fund performance and impact**