



South Africa. Siyasebenza

JOBS FUND

ELIGIBILITY & ASSESSMENT CRITERIA

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Administered and supported by:



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JOBS FUND ELIGIBILITY & ASSESSMENT CRITERIA

The Jobs Fund involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities that contribute directly to enhanced employment creation in South Africa. The kind of innovation and activity targeted by the Fund will be unlikely to happen without an initial external stimulus (or if it happens at all, it may only happen at a small scale or at a slower pace).

The Fund aims to stimulate good ideas, risk-taking and investment to discover new ways of working, where the costs and risks may be unknown, and where the pro-poor impact, principally in the form of sustainable job creation, may be significantly larger than with conventional approaches. At its core, the aim of the Fund, through its various windows, is to operate as a catalyst for innovation and investment in activities which directly contribute to sustainable long term employment creation.

The Fund will provide a once-off financial contribution to qualifying applicants in support of a demonstrably worthwhile initiative, consistent with making it less risky, more sustainable and more impactful for its promoter. All initiatives supported by the Fund should link to a transformational goal around enhanced job creation. This could mean developing new partnerships and business models around commercial business processes; or exploring new approaches to vocational training, procurement, SME development etc. In each case, the initiative must link to the development of information, experience and learning relevant to the challenge of job creation, and must go beyond the mere extension or expansion of existing activities.

1.1. OVERARCHING PRINCIPLES TO GUIDE THE OPERATION OF THE JOBS FUND

The defining operating characteristic of the Jobs Fund may be summarised as being:

'The award of once-off, limited duration grants, through an open and competitive process, to a variety of stakeholders in support of innovative and high impact job creation initiatives. To ensure shared ownership and risk-sharing, applicants must make a financial contribution to the project.'

Within this overall definition, the Fund's activities will be directed by the following overarching principles:

- ***Innovation*** – the Fund will seek to catalyse and capitalise innovative initiatives linked to job creation.
- ***Competition*** – the allocation of grants will be determined by an open, competitive process, so as to incentivise good ideas and maximise impact: only the best proposals will qualify for funding consideration.
- ***Additionality*** – grants will target activities and investments which would not have happened without a Jobs Fund grant, and where the uncertainty and risks involved preclude access to conventional sources of funding (whether from within or outside of the applicant).

- **Non-distortion** – grants should not be used in a way that distorts or undermines existing economic activity; nor should the funding be used to ‘crowd-out’ private sector investment opportunities or public sector initiatives.
- **Portfolio approach** – the Fund will pursue a *portfolio* of investments, diversified according to a range of risk and impact criteria, partners, sectors, grant sizes, and implementation periods.
- **One-off, limited duration grants** – the Fund will prioritise initiatives which are clearly defined and which require limited, temporary support that will lead to scaling-up, replication or long-term sustainability.
- **Systemic change** – initiatives supported by the Fund must have relevance beyond themselves. This is achieved through developing, piloting and testing new business models and approaches which explicitly lend themselves to replication and expansion beyond the funding period, and beyond the initiative in question. Ideally, Jobs Fund initiatives will inform sustainable change in the way existing delivery systems work and in a way that is more inclusive of people historically excluded from employment and enterprise opportunities.

By adopting these parameters, the Fund aims to offer significant advantages over other development financing instruments, principally by being demand-driven and opportunistic around good ideas. The Fund aims to be targeted yet flexible, to limit the scope for dependency and distortion, and to incentivise good ideas, experimentation and investment. To achieve these aims, the Fund has developed screening criteria against which all applicants will be assessed. Only those eligible applicants which can demonstrate significant impact in relation to the stated criteria will be selected for funding.

1.2. ISSUES CONSIDERED IN DESIGNING THE APPLICATION PROCESS AND DEFINING THE FUNDING CRITERIA

1.2.1. ELIGIBILITY AND IMPACT CRITERIA:

The Jobs Fund has a two stage application process. All applications, whether at the Concept Note or Full Application stage (see below for an explanation of the distinction), have separate *eligibility* and *impact* criteria. At each stage the application is assessed against both the eligibility and impact criteria.

Eligibility criteria are applied first. They are designed to enable a rapid assessment as to whether or not applicants conform to the core pre-requisites of the Fund. Assessing each of these criteria results in simple Yes/No answers in each case. *If the answer to any one of the eligibility criteria is ‘No’, the application will not proceed.* There is limited scope for interpretation in assessing an applicant’s conformity to eligibility criteria.

Impact criteria measure the relative merits, or ranking, of each *eligible* application in relation to all the others under consideration. Each criterion is allocated a specific score or weighting against which every eligible application is judged. Applications are then ranked according to how they score in relation to these. Only those applications with the highest ‘Impact’ scores (or those that score above a certain pre-determined minimum – e.g. 70%) are accepted for final consideration by the Fund’s Investment Committee.

The Investment Committee is an independent committee of experts convened with the specific purpose of reviewing applications which have been short-listed by the Fund Manager for final funding review. The Investment Committee takes account of, but is independent of, the recommendations of the Fund Manager. Its decision is final.

1.2.2. DIFFERENT FUNDING WINDOWS HAVE DIFFERENT *ELIGIBILITY AND IMPACT* CRITERIA:

Given the different focus, goals and investment determinants of the different funding windows (enterprise, infrastructure, support to work-seekers, institutional development etc.), it is appropriate that both the Eligibility and Impact criteria for each funding window are separately determined. While different funding windows might have common or overlapping criteria, they differ in key respects. These differences reflect the different contextual make-up and developmental purpose of each window, and help to distinguish between the different funding windows in operation.

1.2.3. DIFFERENTIATION BETWEEN PRIVATE SECTOR FOR-PROFIT APPLICANTS, AND THOSE MOTIVATED BY NON-PROFIT CONSIDERATIONS

Cost- and risk-sharing by applicants is a crucial requirement for ownership, impact and sustainability. Given the profit-orientation of private applicants, a matched funding ratio of 1:1 is required as part of the *eligibility* criteria. For non-private sector applicants (in particular NGOs, research agencies etc.) a reduced own contribution is appropriate, given that such applicants are likely to have less reserves to contribute, and the rewards from successful implementation are not likely to be financial in nature.

ENTERPRISE DEVELOPMENT WINDOW

Targets sustainable job creation initiatives and long term employment creation initiatives linked to the development of private sector business development

1) Private sector enterprise development window

This sub-window aims to co-finance initiatives which are led by the for-profit private sector. It aims to leverage the private sector's capacity for innovation, investment and risk-taking. The Enterprise Development funding window aims to lower the cost and risk barriers that inhibit the development of innovative, private sector led enterprise models, partnerships, ideas and projects that could lead to sustainable job creation.

This window looks for initiatives that develop innovative commercial approaches to long-term job creation in ways that combine profitability with high social impact. This includes funding "umbrella" initiatives that can act as channels of support for smaller enterprises or benefit smaller enterprises indirectly, such as facilitation of market linkages and supply chain diversification. Simple business expansions or extensions that are not linked to innovation, and which would be eligible for normal commercial finance will NOT be considered.

Eligibility Criteria

1. **Due diligence:** applicants must be tax compliant and in good standing with SARS.
2. **Track record:** the applying entity should be well established, measured by a minimum of two years of operational experience at the time of applying. The Jobs Fund will not fund start-ups, as other specialist funding vehicles exist to support such initiatives, and the fund wishes to leverage existing, proven capacity.
3. **Private sector led:** Applicants must be for-profit enterprises or consortia led by a for-profit firm.
4. **Linked to the core business of the applicant:** the initiative must be directly relevant to the applicant's business. It should be about leveraging the business to develop, adapt, test etc. new ideas and models aimed at enhancing profitability while creating jobs. It is not about testing, expanding or replicating new or proven CSI initiatives.
5. **Not a simple business expansion:** Initiatives that are merely aimed at expanding the scale or scope of an existing business with only an incidental link to job creation are not eligible. Pure growth or expansion initiatives should seek commercial funding on the basis of their operating record.
6. **Not dependant on an outstanding government or legal decision:** Initiatives must not be dependent on outstanding government decisions of a strategic, financial or regulatory nature. This does not refer to normal administrative decisions, such as the issuing of business licenses.
7. **Matched funding:** Initiatives are expected to share risk and costs. To ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1. The minimum project size that will be considered by the Jobs Fund will be R10 million, implying a minimum contribution by the applicant of R5 million.
8. **Explicit link to job creation:** all applicants should describe an explicit, credible link between the proposed initiative and the potential for job creation.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly demonstrate their potential to sustainably create jobs. This may not always be through direct employment by the lead applicant, but could also be indirectly through SME linkages with established firms, new outsourcing or procurement models, local economic development contingent on new investment etc. The applicant must offer an explicit link with credible 'line of sight' between the proposed initiative and enhanced job creation.
2. **Innovation:** Initiatives must be innovative in nature, or should aim to take existing, proven approaches and models to scale or into new areas. The emphasis is on encouraging risk-taking around new, more inclusive ways of doing business which leverage good ideas and experimentation. Applications for business expansion or the extension of existing programmes without anything new will not score highly.
3. **Additionality:** Applicants must show that the proposed initiative is unlikely to take place without the Jobs Fund's support. This does not just mean that suitable funding could not be found elsewhere. It is about the proposed funding enabling the initiative to happen in a manner and at a scale which is likely to yield significant additional 'bang for buck' in terms of job creation, innovation and learning. Initiatives should not be about using grant funding to displace or "crowd out" existing economic activity and investment.
4. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going commercial sustainability beyond the 3 year term of the Jobs Fund grant. Evidence of sustainable revenue generation should be a part of the overall plan.
5. **Capacity to implement:** The Fund aims to leverage existing, proven capacity and resources. Applicants should therefore demonstrate they have both the institutional and practical capacity to implement their proposals without relying on significant outside resources. A key consideration in awarding funding will be the strength and credentials of the applicant and the team associated with the initiative's implementation.
6. **Contribution to systemic change:** Applications should, as far as possible, have relevance and contribute to learning beyond the confines of their specific project. Thus, they should involve testing and demonstrating new or path-breaking approaches to established business models; and/or have the aim of adapting or replicating an existing model in new circumstances; and/or be about significantly scaling up a proven model to broaden its impact. Systemic change may be less about creating large numbers of immediate jobs than testing new approaches which, once proven, could transform existing models and their impact. Systemic change is only likely to be realised in a minority of funded projects, but it is important for applicants to try and develop a vision for this.
7. **Value for Money:** Applicants must demonstrate value for money in converting Jobs Fund resources into impact and learning relevant to enhanced job creation. This is difficult to quantify, but at its heart it involves assessing *the monetary value of the requested grant in relation to the number of additional jobs that the initiative aims to create or enable*. More guidance on definitions is given in the on-line application form. Applying this measure simplistically will result in a bias towards the selection of initiatives associated with large numbers of low-paid jobs. This is not the aim of the Fund, so this criterion will be applied in relation to clusters of applications which pursue similar themes or are from similar sectors. It will therefore be used to assess the *relative* merits in terms of value for money of similar initiatives, and will take into account the context and the type of initiative being proposed.

2) Non-Private sector enterprise development window

This sub-window will co-finance innovative business development initiatives by non-private sector stakeholders, which include statutory agencies, NGOs, government departments, business associations and CBOs. These initiatives could themselves act as channels for support for smaller enterprises, and could also involve activities which benefit smaller enterprises both directly and indirectly, such as the facilitation of market linkages and supply chain diversification.

Eligibility Criteria

1. **Due diligence:** applicants must be tax compliant and in good standing with SARS.
2. **Track record:** the applying entity should be well established, measured by a minimum of two years of operational experience at the time of applying. The Jobs Fund will not fund start-ups, as other specialist funding vehicles exist to support such initiatives, and the fund wishes to leverage existing, proven capacity.
3. **Not a simple organisational expansion:** Initiatives that are merely aimed at expanding the scale or scope of an existing organisation or programme with only an incidental link to job creation are not eligible. Similarly, applications which amount to little more than project extensions will not be eligible.
4. **Link to market-based activity:** Initiatives must link to or be enabling of market-based economic activity. Initiatives which threaten to distort or displace existing market activity will be ineligible.
5. **Not dependant on an outstanding government or legal decision:** Initiatives must not be dependent on outstanding government decisions of a strategic, financial or regulatory nature. This does not refer to normal administrative decisions, such as the issuing of business licenses.
6. **Explicit link to job creation:** all applicants should describe an explicit, credible link between the proposed initiative and the potential for job creation.
7. **Matched funding:** Initiatives are expected to share risk and costs. To ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 0.2:1. This means that for every R1 of funding requested from the Jobs Fund, the applicant must provide R0.20. The minimum grant size that will be considered by the Jobs Fund will be R5 million, implying a minimum contribution by the applicant of R1 million for a total project cost of R6 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** Initiatives should clearly demonstrate their potential to result in the sustainable creation of new jobs. The applicant must offer an explicit link with credible 'line of sight' between the proposed initiative and enhanced job creation.
2. **Innovation:** Initiatives must be innovative in nature, or should aim to take existing, proven approaches and models to scale or into new areas and sectors. The emphasis is on encouraging risk-taking around new, more inclusive ways of doing business which leverage good ideas and experimentation. Applications for organisational expansion or the extension of existing programmes without anything new will not score highly.
3. **Additionality:** Applicants must show that the proposed initiative is unlikely to take place without the Jobs Fund's support. This does not just mean that suitable funding could not be found elsewhere. It is about the proposed funding enabling the initiative to happen in a

manner and at a scale which is likely to yield significant additional 'bang for buck' in terms of job creation, innovation and learning. Initiatives should not be about using grant funding to displace or "crowd out" existing economic activity and investment.

4. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going sustainability or replication beyond the 3 year term of the Jobs Fund grant. Evidence of this, whether in terms of sustainable revenue generation or third-party financial support, should be a part of the overall plan.
5. **Capacity to implement:** The Fund aims to leverage existing, proven capacity and resources. Applicants should therefore demonstrate they have both the institutional and practical capacity to implement their proposals without relying on significant outside resources. A key consideration in awarding funding will be the strength and credentials of the applicant and the team associated with the initiative's implementation.
6. **Contribution to systemic change:** Applications should, as far as possible, have relevance and contribute to learning beyond the confines of their specific project. Thus, they should either involve testing and demonstrating new or path-breaking approaches to established business models; and/or have the aim of adapting or replicating an existing model in new circumstances; and/or be about significantly scaling up a proven model to broaden its impact. Systemic change may be less about creating large numbers of immediate jobs than testing new approaches which, once proven, could transform existing models and their impact. Systemic change is only likely to be realised in a minority of funded projects, but it is important for applicants to try and develop a vision for this.
7. **Value for Money:** Applicants must demonstrate value for money in converting Jobs Fund resources into impact and learning relevant to enhanced job creation. This is difficult to quantify, but at its heart it involves assessing *the monetary value of the requested grant in relation to the number of additional jobs that the initiative aims to create or enable*. More guidance on definitions is given in the on-line application form. Applying this measure simplistically will result in a bias towards the selection of initiatives associated with large numbers of low-paid jobs. This is not the aim of the Fund, so this criterion will be applied in relation to clusters of applications which pursue similar themes or are from similar sectors. It will therefore be used to assess the *relative* merits in terms of value for money of similar initiatives, and will take into account the context and the type of initiative being proposed.

INFRASTRUCTURE WINDOW

Focuses on local infrastructure development initiatives which will unlock job creation potential

The infrastructure window will co-finance light infrastructure investment projects that are necessary to unlock job creation potential in a particular area.

Initiatives could include providing critical missing infrastructure that creates trading opportunities; enhances access to markets; improves the business environment for enterprises and catalyses employment linked investment.

Eligibility Criteria

1. **A demonstrable link to job creation:** Applicants must offer a clear motivation and 'line-of-sight' between the proposed initiative and subsequent up- or downstream employment-generating investment and economic activity.
2. **Due diligence:** the proposed process for procurement of infrastructure should be compliant with the PMFA and MFMA as applicable, and the project should appear in a statutory plan.
3. **A link to private sector investment and activity:** the provision of infrastructure (whether financed by public or private players) should be explicitly linked to subsequent private sector activity, investment and job creation. Funding for basic service delivery or infrastructure development which reflects the core mandate of local government is unlikely to be approved.
4. **Track record:** the applying entity must have demonstrable capacity and an established track record of implementing similar infrastructure projects
5. **Matched funding:** Initiatives are expected to share risk, and to ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1 over the lifetime of the project. The minimum grant size provided by the Jobs Fund will be R10 million, implying a minimum project size of R20 million and a minimum matched funding amount of R10 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** Initiatives should clearly demonstrate their potential to help sustainably create jobs. The applicant must offer an explicit link with credible 'line of sight' between the proposed initiative and enhanced job creation. Jobs created should be sustainable, not temporary, and applicants will be expected to quantify the claimed job creation impact.
2. **Additionality:** Applicants must show that the proposed initiative or partnership is unlikely to take place without the Jobs Fund's support. This does not just mean that suitable funding could not be found elsewhere. It is about the proposed funding being used to enable the infrastructure investment which in turn will yield significant additional down-or upstream activity and job creation. Initiatives should not be about using grant funding to cut across or displace existing, publicly funded initiatives.

3. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate the sustainability of their economic impact beyond the 3 year term of the Jobs Fund grant. This principally refers to the economic activity and job creation outcomes that will be unlocked by the infrastructure investment. It also refers to arrangements for the sustainable maintenance, revenue generation and overall use of the facility beyond the term of funding.
4. **Capacity to implement:** The Fund aims to leverage existing, proven capacity and resources. Applicants should therefore demonstrate they have both the institutional and practical capacity to implement their proposals without relying on significant outside resources. A key consideration in awarding funding will be the strength and credentials of the applicant and the team associated with the initiative's implementation.
5. **Contribution to local economic development through 'spillover effects':** The extent to which the proposed infrastructural investment will unlock additional investment, economic activity and job creation beyond the value chain(s) or sub-sector(s) being targeted is an important additional consideration.
6. **Value for Money:** Applicants must demonstrate value for money in converting Jobs Fund resources into impact and learning relevant to enhanced job creation. This is difficult to quantify, but at its heart it involves assessing *the monetary value of the requested grant in relation to the number of additional jobs that the initiative aims to create or enable*. More guidance on definitions is given in the on-line application form. Applying this measure simplistically will result in a bias towards the selection of initiatives associated with large numbers of low-paid jobs. This is not the aim of the Fund, so this criterion will be applied in relation to clusters of applications which pursue similar themes or are from similar sectors. It will therefore be used to assess the *relative* merits in terms of value for money of similar initiatives, and will take into account the context and the type of initiative being proposed.