



South Africa Siyasebenza

**OVER A DECADE OF INNOVATION AND PARTNERSHIP**



**Ushintsho Olugqokazile**

# Jobs Fund Webinar

Developing sustainable enterprises in the Creative Economy:  
Lessons from the Craft & Design Institute

22 March 2024

**The event will start at 10h00**



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# Opening Address

**Zaid Motala**

Legal Advisor – Jobs Fund

# Background to the Jobs Fund

Facilitator: **Evelyn George** (Jobs Fund)

- The **Jobs Fund** is a R9 billion challenge fund seeking to:
  - **Support sustainable job creation** in the short to medium term, and
  - **Identify scalable, replicable and sustainable job creation models** that lay the foundations for longer term employment.
- The Fund works with implementing partners (intermediaries), sharing risk and leveraging their networks, funding and technical expertise to access and provide support to the targeted market segment.
- It plays a complementary role in the social protection and employment landscape.
- The Jobs Fund was established with knowledge sharing as one of its foundational pillars and has a rigorous monitoring, evaluation, reporting, and learning framework.
- To this end, the Jobs Fund regularly hosts and participates in knowledge exchange sessions, together with its partners and the public.

# Developing sustainable enterprises in the Creative Economy: Lessons from the Craft & Design Institute

**Erica Elk**

CEO, The Craft + Design Institute (CDI)

**Ryan Rode**

Manager, CDI Capital

**Olwethu Kwayiba**

Project Manager, SCALE, CDI







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Established 2001

OVER TWO  
DECADES of  
SUCCESSFUL  
CREATIVE  
ENTERPRISE  
DEVELOPMENT



MEMBERS

MEMBERSHIP IS FREE  
*and nice!*

## VISION

A thriving  
South African  
creative  
economy

## MISSION

To provide quality  
support that inspires  
and nurtures people  
to build prosperous  
businesses in the  
creative industries.

WE GROW  
INNOVATIVE PEOPLE  
TO GROW THE ECONOMY

## HOW WE UNDERSTAND CRAFT + DESIGN



- CRAFT | **An activity** involving skill in making things by hand.  
In a historical sense, particularly the Middle Ages and earlier, the term is usually applied to people occupied in small-scale production of goods, or their maintenance.
- DESIGN | **A design is a plan** or specification for the construction of an object or system or for the implementation of an activity or process, or the result of that plan or specification in the form of a prototype, product or process. The verb to design expresses the process of developing a design

CRAFT + DESIGN ARE WORDS THAT ARE BOTH VERBS + NOUNS

## ACROSS SECTORS; PRODUCT CATEGORIES



- Furniture
- Fashion
- Homeware
- Design Services
- Manufacturing
- Artisanal Cosmetics
- Artisanal Food
- Tourism

### Innovation support to

- ITC
- Medical devices
- Food manufacturing
- Transport

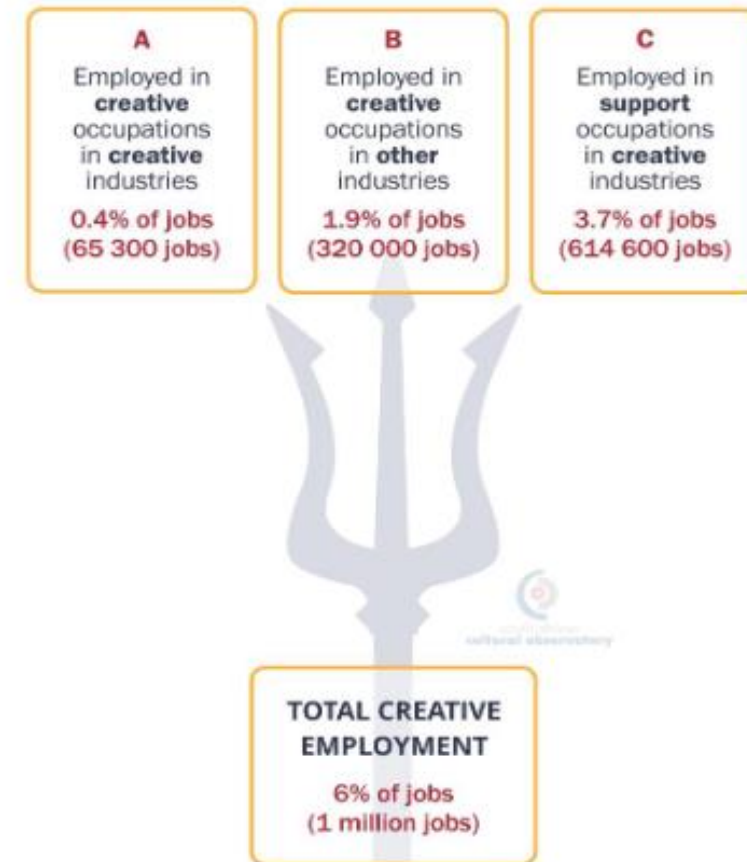




## WHAT DO CREATIVE PRACTITIONERS NEED

- access to markets
- access to finance
- product/service development
- operational and production support
- business training, support and strategic assistance
- developing an online presence
- marketing and advertising

## Creative Industries Employment Trident







# TRANSLATING NEEDS INTO SERVICES

## STRATEGIC FOCUS AREAS

1. Supporting the development of **creative practitioners** and their enterprise journey
2. Building a robust design, craft and creativity **landscape and ecosystem**
3. Stimulating the **appreciation and value** of local creative goods and services
4. **Cross cutting role** of creativity, design and innovation

## CDI PROGRAMMES

### SUPPLY-SIDE

- Business Support Programme (financial and non-financial)
- Capacity Building through LEARN

### DEMAND-SIDE

- Sector promotion and marketing
- Market Access through PEEK

### ECO-SYSTEM DEV

- Market development (open new markets)
- Networks and partnerships
- Service Station + Distribution Centre

## CDI MEMBER BENEFITS

### OPEN ACCESS

- Monthly Newsletters / Opportunity emailers
- Regular Webinars / Creative Exchange
- One-on-one Consultations
- Registration on **PEEK** [online Search/Connect portal]
- Access to **LEARN** [online learning platform]
- Access to Innovation Lab

### GROWTH DIRECTED PROJECTS

- **Financial Support:** Growth Fund, Design Innovation Seed Fund, Working Capital Fund, Work placements
- **Market Access:** Kuier@TheCastle, NEXT export development, eCommerce

## 2012 JOBS FUND LAUNCHES



How to provide financial support to creative practitioners / enterprises in a way that will stimulate the right results and will be sustainable?

**Developing Theory of Change:** If you strengthen the business / business owner you create the opportunities for business growth, job creation and contribution to the economy.



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## OVER A DECADE OF INNOVATION AND PARTNERSHIP



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# JF2 – 2012-2015



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<b>IF</b> we select the right businesses who are on a growth path	<b>selection criteria</b>
<b>AND IF</b> we support selected business owners to develop their own business development intervention plan	<b>bespoke / appropriate strategy for the business</b>
<b>AND IF</b> this plan makes strategic use of catalytic funding to stimulate growth in the right ways	<b>grant funding / blended finance</b>
<b>AND IF</b> participants make a contribution to fund their plan	<b>80:20 funding contributions</b>
<b>AND IF</b> participants sign a contract and report regularly to CDI	<b>managing accountability</b>
<b>AND IF</b> the grant is paid against milestones, to third parties and is flexible/responsive to changing needs	<b>managing value / impact of financial input</b>
<b>AND IF</b> participants are responsive to the changes in the business and environment	<b>developing business acumen and agency</b>
<b>AND IF</b> the CDI can provide support to the businesses through this period	<b>business support and coaching</b>
<b>THEN</b> , the business <b>will grow in terms of turnover, profitability, market share, productivity and production capacity</b> , ability to create and meet demand, be responsive to the market (product innovation, processes and competition).	
<b>AND THEN</b> the <b>business will create employment opportunities</b> in both formal and downstream jobs.	

**STEP 1 : RECRUITMENT**

Open call to 100 businesses on a growth trajectory

*(pre-project application to Jobs Fund)*

**STEP 2 : ELIGIBILITY**

Had to self-select and complete an intervention plan

Had to commit to 20% own contribution and to creating the jobs on a ratio of R20k/job

*(pre-project application to Jobs Fund)*

**STEP 3 : ANALYSIS OF STRENGTH/CREDIBILITY**

CDI team conducted interviews and site visits with applicants to test assumptions and intervention plan and to confirm commitment to going ahead with the project.

Not all SMMEs who were part of application to the JF continued with the process (12-18 month lead time)

*(Post contracting with the Jobs Fund)*

**STEP 4 : CONTRACTING WITH SMMEs**

SMMEs signed contract with CDI and began implementing their intervention plan.

**STEP 5 > implementation**

Ongoing support to SMME as intervention plans are implemented; troubleshooting; managing payment cycles and evidencing of activities; reporting to JB.

**TARGET: 451 Jobs**  
**R14.5m Fund (80:20)**



## JF2 - PROJECT OUTCOMES

- R14.5m fund
- Jobs Fund allocation of R11,620,000
- 20% own-contribution of R2,900,000
- Created 464 new permanent jobs in 45 enterprises (target of 451 jobs).



# JF2 – LESSONS LEARNT



Ushintsho Olugqakazile

- TOC confirmed
- Time is of the essence in business
- The 20% contribution by participating businesses was a game changer
- The management of disbursements to third party service providers was key
- Growth of business because of grant funding impacted on cashflow; need for additional working capital
- Additional mentoring would support business and project implementation team
- It is hard work managing the businesses (is there a ‘sweet spot’ in terms of business stage?)
- How to generate a return for CDI so it is not perpetually having to raise funds...

ANALYSIS		JOB	JOB
Turnover less than 1m	78%	32%	
Turnover more than 1m	22%	68%	
Average Turnover in group above R1m	5m		
Average Number of employees	64		
Average NP%	2%		
Average cost per job	27k		
Average investment	770k		
% investment to turnover	15%		
Average turnover growth	19%		
Average turnover per employee	95k		

## CASE EXAMPLE | RAIN [2016]



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After establishing as a manufacturing wholesaler, RAIN opened their first branded store in 2005. The concept soon took off, with more Rain stores opening across South Africa and in Ireland, New York and California.

**Challenges Faced:**

- Opportunity to create a new Spa range required R&D, certification and then branding, production and roll out.

**Impact of JF6:**

- Developed a new Spa range for wholesale and retail
- Developed a new perfume range
- Testing, production, packaging and roll out
- Compliance and certification for export to the EU

**Outcomes:**

- RAIN's staff complement increased from 50 to 172 during the project period. Turnover has increased by over 120%
- There are currently 30 Rain retail stores across South Africa and in Ireland, Kuwait and the USA





## JF6 – 2018-2023



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## PROJECT INNOVATIONS

- **PROJECT STRUCTURE**

- Growth Fund
- Design Innovation Fund
- Working Capital Fund

- **PROJECT ACTIVITIES**

- Employee training
- 3,065 hours of mentorship

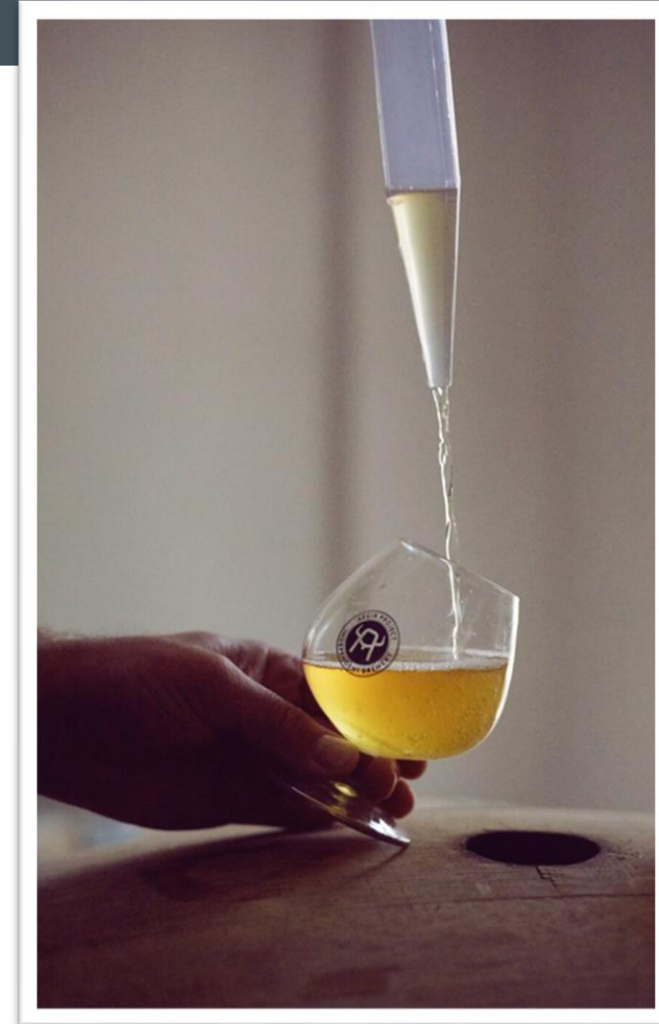
- **ELIGIBILITY CRITERIA**

- **Growth Fund:**

Minimum turnover threshold of R1m, trading 2 years+

- **Design Innovation Seed Fund:**

Technology innovation start-ups (TRL3-7)





**STEP 1 : RECRUITMENT**

Took in 1,094 applications (50 SMMEs – 4.5%)

- >R6m in PR coverage
- 27 SMMEs CDI Growth Fund
- 23 SMMEs DISF

**STEP 2 : ELIGIBILITY**

**Growth Fund:** Minimum turnover threshold of R1m, trading 2 years+

**Design Innovation Seed Fund:** Tech innovation start-ups (TRL3-7)

**STEP 3 : ANALYSIS OF STRENGTH/CREDIBILITY**

Management team / Years in business / Historical growth rate (AFS x 3 and ITA34C) / Projected growth rate / Projected jobs and cost thereof (new BEP and safety margin) / Growth plan/market opportunity (commercialisation strategy) / GP and NP performance / Balance sheet assessments / Vision / Challenges / Achievements

**NOTE:** All project activities, post contracting with the JobsFund)

**STEP 4 : DEVELOP AN INTERVENTION PLAN (3 YEARS)**

Milestones / activities / deliverables / criteria / risks / assumptions / planned draw downs / expected job creation / projected income statement

**STEP 5 : DEVELOP AN INVESTMENT CASE**

Develop investment case for presentation to independent Investment Committee

**STEP 6 : SMME Interview**

SMME interview and Q&A with IC

**STEP 7: Contract**

Contract with SMME and finalise intervention plan, milestones, draw downs and job creation projections.

**STEP 8> implementation**

Ongoing support to SMME as intervention plans are implemented; troubleshooting; managing payment cycles and evidencing of activities; reporting to JF

**TARGET: 600 Jobs**  
**R64m Fund (80:20)**

## COVID-19 PANDEMIC HAPPENS ... !

Hybrid COVID-19 relief product:

- 30% grant
- 70% loan
- 0% interest
- 1 year moratorium
- 2-year repayment



Michael & Susan Dell  
FOUNDATION



- Created 697 new permanent jobs in 50 enterprises (target of 600 jobs)
- Jobs Fund allocation of R16m
- 20% own-contribution of R5m
- **DISF** – >R18m leveraged more than R377m in further investment and created 291 jobs.
- **CDI Growth Fund** – <R12m created 406 jobs. Grew their revenue by 61% or R111m during the project.
- **CDI Working Capital Fund** – R25,000 and R500,000 in working capital loans over 6 months. This fund has a zero-default rate.
- **CDI Covid Relief Fund** – R8.3m preserved over 903 jobs. 2.47% default rate.
- **Mentorship** – > 4,500 hours of mentorship services, target 3,065







## Challenges and lessons learned

- Recruitment, Intervention plan and due diligence
- Relatively low risk portfolio
- Project management tools
- Due diligence on SMME financial statements
- Baseline information and evidence
- Intervention plan
- Resources and capacity
  - Underestimated staff requirements
  - Would have benefited from software (automatic emails, statement reading and ratio analysis)
  - Paid independent Investment Committee (ensure regular meetings

## Observations

- Excel based – not user friendly (web-based portal more user-friendly, reports accessible by SMME)
- Manually transferring between intervention plans to ensure integrity (google removes all locked cells and sheets)
- Blended finance has significant potential to make impact and unlock private capital
- Could have charged interest on the loans

## CASE EXAMPLE | JACOBS JAM [2023]



Ushintsho Oluqhakazile

Jacobs Jam is an exciting new, level 1 B-BBEE, female, youth-owned jam and sauce manufacturer, located in the picturesque and fruitful Ceres valley in the Western Cape of South Africa, a mere 140 km north-east of Cape Town.

In 2018 Christynn and Nigel left their corporate lives to pursue their dream, taking the key learnings with them and incorporating it into their own business. Together they assembled an incredible team with the focus on delivering efficiently produced products at the highest quality.

### Challenges Faced:

- Financial constraints
- Securing orders with large retailers
- Ongoing loadshedding is impacting production

### Impact of JF6 funding:

- Yearlong marketing campaign
- Purchase of equipment to increase production capacity and deal with loadshedding..

### Outcomes:

- Increase from 2 to 7 staff members
- Increase in production capacity
- Electricity backup has been integrated into operations to ensure continuity during load shedding particularly for the packaging line.
- Increase in revenue growth from 2021 to 2024 has been 924%







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## OVER A DECADE OF INNOVATION AND PARTNERSHIP



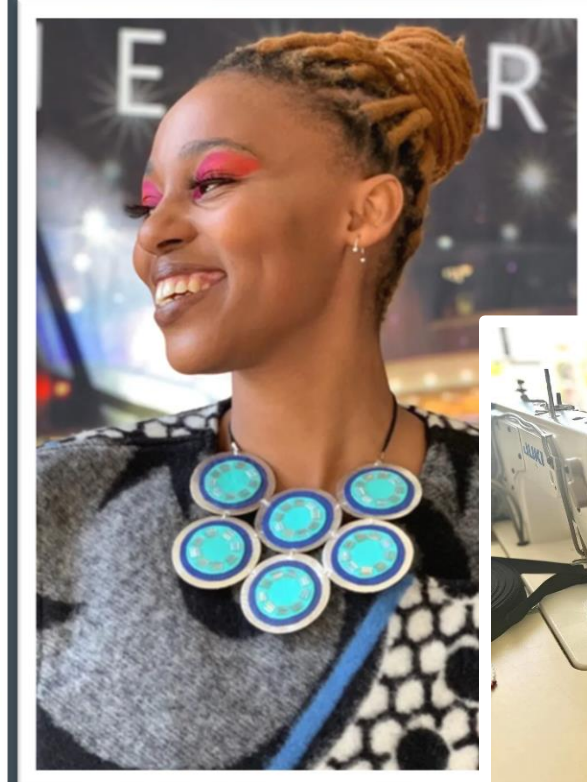
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# JF10 – 2023-2024



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## A NEW INDICATOR – A NEW OPPORTUNITY



Can we apply the methodology that we use as CDI as our **‘standard support process’** along with the systems we used to support established businesses in JF2 and JF6 – to support:

**INFORMAL SECTOR**

**SELF-EMPLOYED**

**BUSINESS OWNERS**



## PROJECT ACTIVITIES

1. A business assessment and Action Plan to support business growth.
2. Access to 10 modules for business growth on LEARN, CDI's online learning platform, and one-on-one business mentoring support.
3. Access to [www.PEEK.org.za](http://www.PEEK.org.za), CDI's online market platform, and one-on-one market access support.
4. A grant of up to R23,000 for the purchase of equipment, materials for sampling, market infrastructure and other technical professional services.
5. One-on-one business coaching and mentoring over 8 months
6. Additional financial incentives to enable fruitful participation in activities:
  - A data grant for 12 months for online research, online training, webinars, mentoring and PEEK for 1 year (valued at R3,000).
  - A reporting incentive if all mentorship sessions have been attended and all reports submitted (value of R5,000).
  - A POS device to support increasing sales (valued at R1,000).
  - Total value of support: **R32,000.**

## OVERVIEW

The JF10 programme is designed for those who may be operating more informally and have an annual turnover of under R1m.

It aims to attract 200 informal businesses across South Africa and has been designed to reduce barriers as businesses don't need to be registered.

The programme enables beneficiaries to grow personally as an entrepreneur no matter where they are in their business development.

The JF10 project is a first for the craft and design sector and has cast the net wide to support these 200 entrepreneurs across the country.

**STEP 1 : RECRUITMENT**

Took in 600+ applications for 200 participants

**STEP 2 : ELIGIBILITY**

Informal sector self-employed business owner with a Turnover under R1m plus one or more of the following:

- Less than 10 employees, including business owner
- Business not registered
- Business not compliant with – UIF, SARS, PAYE, or Department of Labour
- No financial records, employment contracts or payroll
- Business owner earns less than R4,000/month (National Minimum Wage)

**STEP 3 : ANALYSIS OF STRENGTH/CREDIBILITY**

Financial information, business and product evaluation and Video on SWOT and vision.

**STEP 4 : APPROVAL AND CONTRACT**

Contract with participant and finalise intervention plan, milestones, draw downs with mentor

**STEP 5 : MENTORING + COACHING**

Six sessions with a coach to support on development path including 2 Peer Group mentoring

**STEP 6 : DISBURSEMENTS**

Disbursements of data and reporting incentives and grant payments against invoice/payment to third party supplier.

**STEP 8> implementation**

Ongoing support to participant as intervention plans are implemented; troubleshooting; managing payment cycles and evidencing of activities; reporting to JB

**TARGET: 220 'jobs'**  
**R15m Fund (80:20)**

**NOTE:** All project activities, post contracting with the JobsFund)



## PROJECT OUTCOMES

### Success Metrics

#### Market Access:

- Access to new and additional markets

#### Financial Growth:

- 5% increase in revenue.
- Access to additional financial support

#### Technology Integration:

- Adoption of new technologies.

#### Coaching Effectiveness:

- Positive shifts in business strategies e.g.,  
Registration with SARS or CIPC.

#### Mental Health Support:

- Improved work-life balance and well-being.





## CASE EXAMPLE | INDWE DESIGNS [2024]

In 2013 Nondwe Nyathi founded her company **Indwe Designs**, creating jewelry from beads and leather offcuts. Most pieces are once off pieces. One of Nondwe's main challenges was space as she was working from her bedroom. Through the SCALE program she now has additional space and has hired a production assistant.

### Challenges Faced:

- Financial constraints
- Technology gaps
- Operational inefficiencies.

### Impact of JF10:

- Improved financial reporting through YOCO statements and bank statements
- Technological enhancements with expansion of online presence, through PEEK Platform, social media
- Expansion of operations by acquiring a Wendy for production
- Mental health support through The Counselling Hub.

### Outcomes:

- Increased revenue
- operational efficiency
- business resilience.



Video Link:

<https://youtu.be/ncTduoQaUDE?si=P3OkDMecITudqvyM>

## NEW OPPORTUNITIES FOR FINANCIAL SUPPORT



How we have leveraged lessons and systems developed through our Jobs Fund projects to unlock other growth directed financial products for the sector

# GROWTH DIRECTED PROJECTS



Ushintsho Oluqhakazile

**SPECIAL PROJECTS** with a specific funded mandate / outcome focused on job creation, youth employment and economic growth., work opportunities and innovation.

## 1. YOUTH LAUNCHPAD

Subsidised internships for capacity constrained SMMEs

## 2. SOCIAL EMPLOYMENT FUND

Paid work opportunities for creative practitioners

## 3. PRESIDENTIAL EMPLOYEMENT STIMULUS

A whole organisation / whole sector approach to stimulating recovery.

## 4. DESIGN INNOVATION SEED FUND

Supporting early-stage innovations across multiple sectors

## 5. LOAN + GUARANTEE FUND/S (in development)

Supporting the development of a financial offering to support growth and development in the creative sector.



**FUNDING DEPENDENT + PAY AS YOU USE**

INVESTMENT LEVERAGED	R	SMES	JOBS/ WORK OPPS CREATED/ SUSTAINED	PROJECT TIMELINE
JF 1	14 500 000	45	456	2012-15
JF 2	27 137 143	27	579	2018-2023
JF 10	15 000 000	200	200	2023-to date
BLC 1	1 500 000	3	-	2015
DISF 1-5	27 238 997	35	256	2014- to date
Youth Launchpad + Accelerator	24 021 980	194	774	2019- to date
SEF	14 057 686	20	1 080	2022- to date
Covid Relief + PESP	12 607 790	200	1 130	2020 –to date
	<b>136 063 596</b>	<b>724</b>	<b>4 475</b>	

# Pause for Questions



# Closing Address

**Najwah Allie-Edries**

Deputy Director-General: Employment Facilitation  
(Head of the Jobs Fund)



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# Thank you



Jobs Fund:



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<http://www.jobsfund.org.za>



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