

Welcome to the Jobs Fund Webinar

Stimulating Enterprise Development in the Informal Economy

30 March 2021 – 10h00 to 11h30

Delegates to ensure that their videos are off and that microphones are muted during the presentations.

There will be an opportunity to ask questions in the last 20 minutes of the webinar.

We will be using MENTI during the presentation, please register on www.menti.com using code 8432 6715 and respond to the first question.

The Webinar will begin shortly

Welcome

Najwah Allie-Edries

Head of the Jobs Fund

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Overview of Jobs Fund Informal Economy Strategy

30 March 2021



Dr Fidelis Hove
Team Leader: Project Management Unit

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www.menti.com using code 8432 6715 and respond to the first question

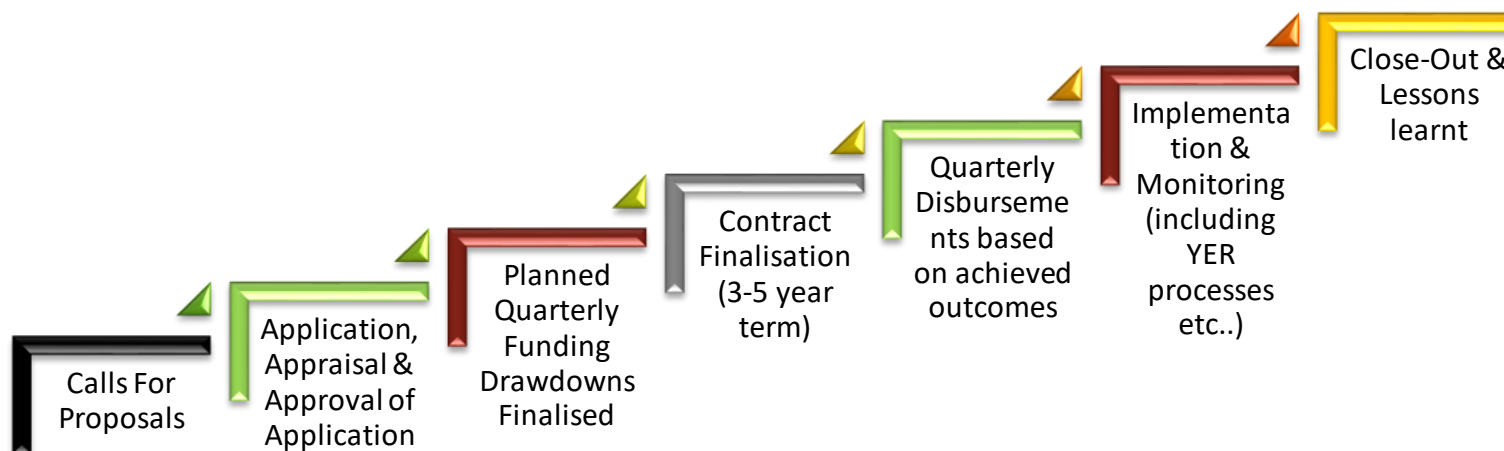
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- 1. Who is the Jobs Fund?**
- 2. Defining the informal economy**
- 3. Current support ecosystem**
- 4. Reaching informal enterprises**
- 5. Headline opportunity (reach, support, graduate)**

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1. Who is the Jobs Fund?

The Jobs Fund has an established reputation for the development of scalable, intermediary-driven job creation models; proven through the creation of 277,378 jobs & internships



- Works with intermediaries leveraging their networks to access and provide support to the targeted beneficiaries.
- Operates on Challenge Fund principles – once off grant allocations made on a competitive basis in a transparent and open manner, match funding is required.
- Four funding windows: 1) Support for Work Seekers, 2) Enterprise Development, 3) Infrastructure, and 4) Institutional Capacity Building.
- Performance: 132,915 permanent jobs, 58,655 permanent placements, 63,228 short term jobs and 22,580 internships | Total number of projects = 146.

2. Defining the informal economy

Formality and informality can be conceptualised as opposite ends on a continuum with many intermediate cases existing between these ends

Figure 1: Informality/formality continuum

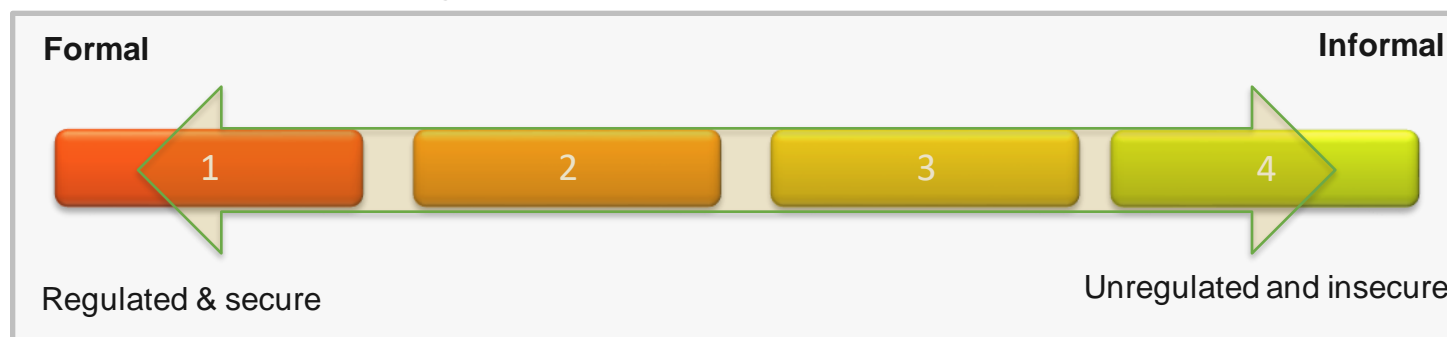


Figure 2: Categorising informality

Production units	Types of jobs	
	Formal employment	Informal employment
Formal enterprises	1	2
Informal enterprises	3	4

Sources: Devey et al (2006)

2. Defining the informal economy

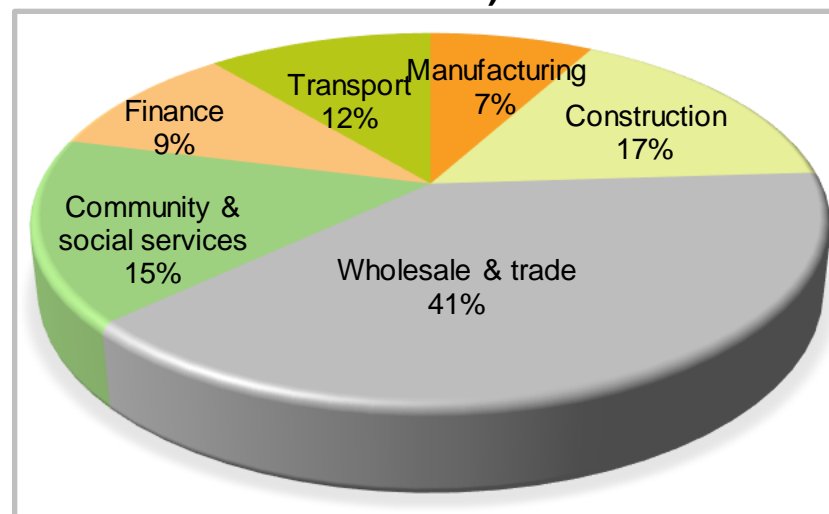
Informal employment makes up a significant proportion of all employment in developing countries – however, South Africa is an outlier

Figure 3: Informal employment as % of total employment (excl. agric)

Central Africa		Eastern Africa	
Angola	89,5	Comoros	84,6
Cameroon	79,0	Madagascar	83,8
Chad	75,8	Malawi	75,0
Congo	85,0	Rwanda	91,1
DRC	76,2	Tanzania	83,5
Southern Africa		Uganda	87,7
Botswana	55,1	Northern Africa	
Namibia	61,1	Egypt	49,8
South Africa	34,0	Morocco	75,6
Zambia	71,5	Tunisia	53,5

Source: ILO (2018)

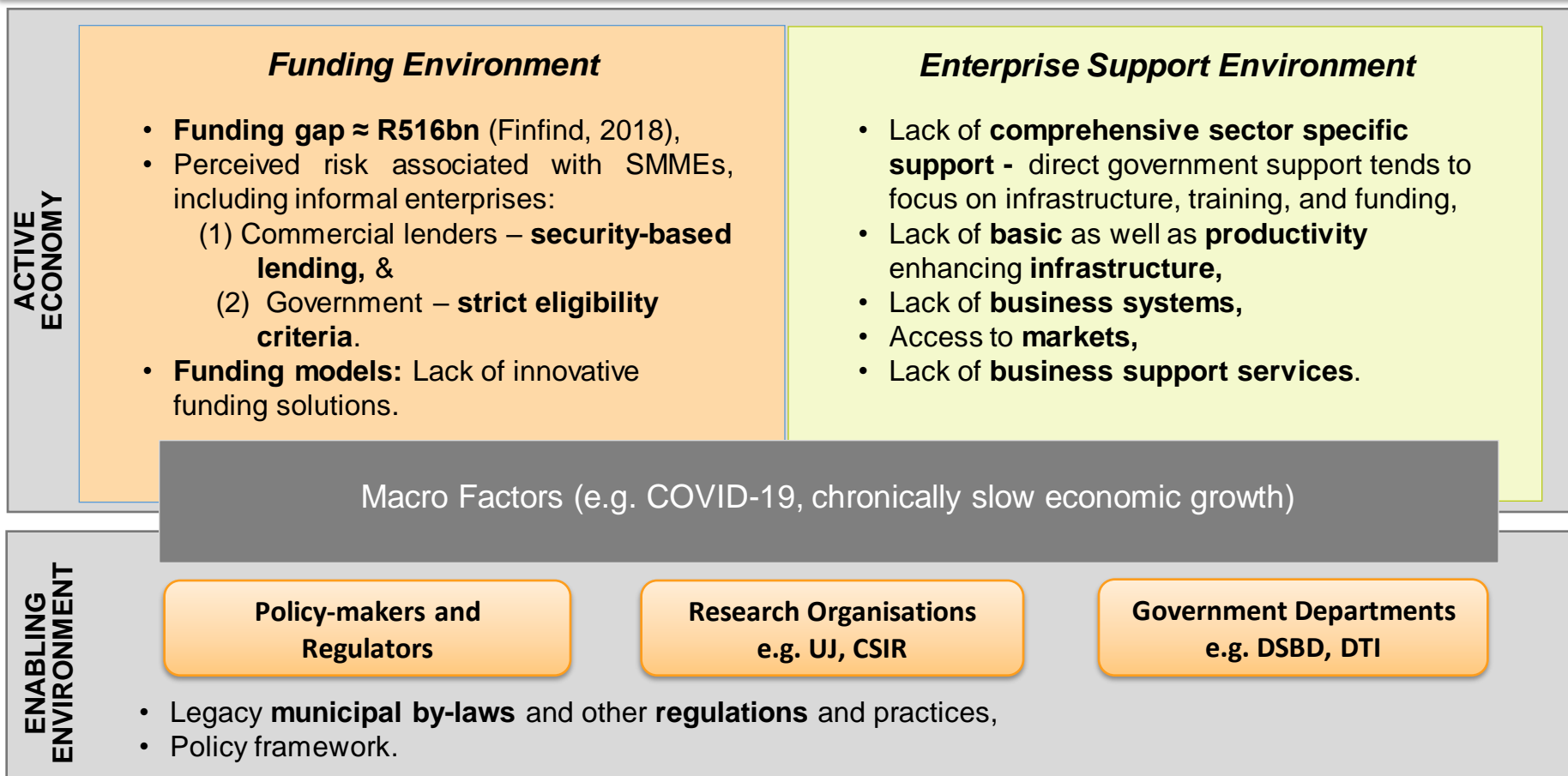
Figure 4: Breakdown of informal employment by sector & industry, (excl. agric, mining, utilities)



Source: StatsSA (2020)

3. Current informal economy support ...landscape

While the SMME Support Ecosystem in South Africa plays a crucial role in enabling the country's SMMEs, there are several opportunities to raise the bar (especially for informal enterprises)



4. Reaching informal enterprises

Internationally, the development and support of “aggregators”/ intermediaries is a critical success factor - intermediaries enable reach and more holistic support



India's Self-Employed Women's Association (SEWA) is a trade union for women aimed at supporting women to obtain work security, income security, food security and social security (especially health and shelter). The association boasts more than 2 million members.

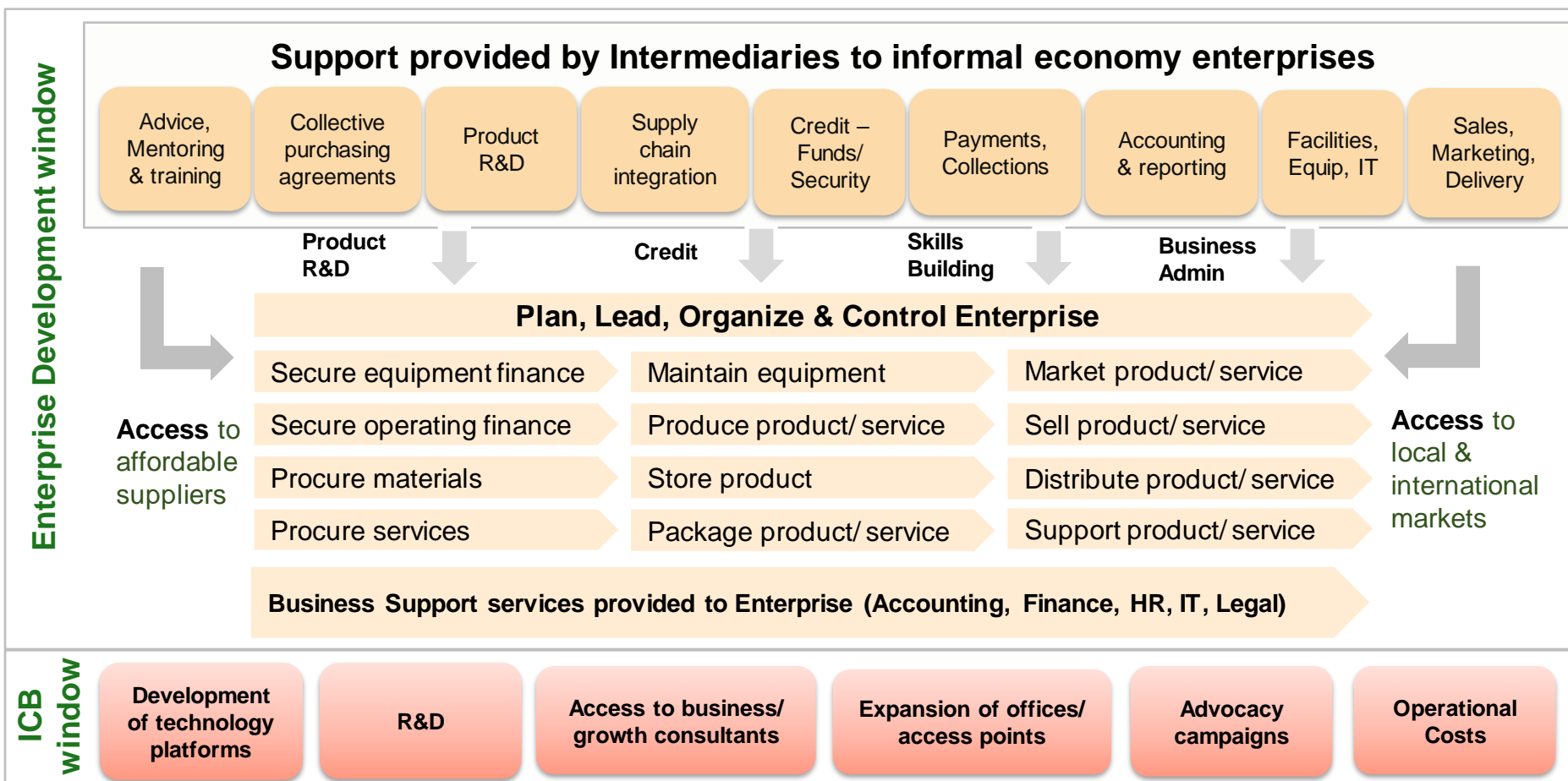
Through national associations of informal workers, a variety of support packages have been delivered including the Jua-Kali Voucher Programme, various loan schemes and the Mbao retirement and savings scheme delivered through M-Pesa and other financial institutions.



- A gap in South Africa's informal economy landscape is the absence of strong national level intermediaries that can reach a significant number of informal enterprises.

5. Headline Opportunity – reaching & supporting ...informal economy participants

The JF delivery model can provide a platform for government to reach more informal economy participants through enterprise development institutional capacity building



5. Headline Opportunity – formalisation, graduation

The aim should be to improve livelihoods and grow employment/ earnings by providing adequate, innovative, tailor made packages of support which may include appropriate elements of formalization at different stages of the enterprise's growth journey

- Formalisation is typically conceived in terms of three broad areas:
 - **In terms of employment:** i.e. shifting people out of informal self-employment and wage employment into formal wage jobs. But.....
 - **Companies and Intellectual Property Commission (CIPC) and tax registration:** All enterprises including those in the informal sector already pay VAT (value added tax) on inputs that they purchase from formal-sector firms. But
 - **Regulation, licensing and compliance requirements:** Many municipal regulations and licensing requirements are necessary (e.g. those trading in food etc.). But



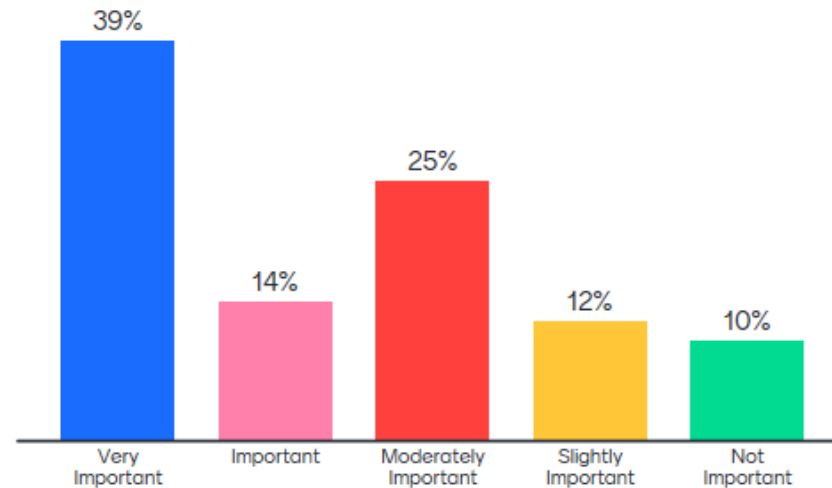
Results of the First MENTI Question

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How important do you think it is for businesses in the informal economy to be formalised?

Mentimeter



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Panel Discussion

Facilitated by: Fidelis Hove

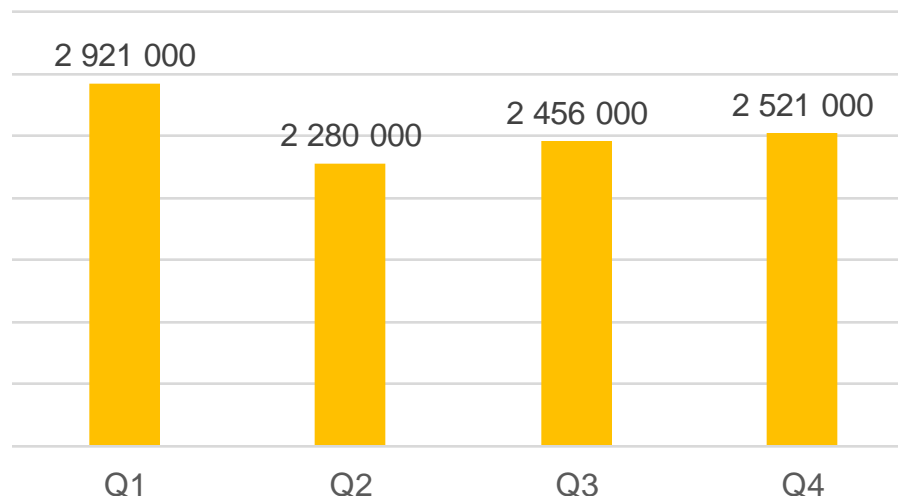
Jobs Fund

Current Informal Economy Challenges

Caroline Skinner

- The informal sector was disproportionately hard hit by lockdown.
- Women's job losses were greater in all types of employment.
- 'Recovery' slow – men three times more likely to return to informal sector jobs than women.
- **THE** major current constraint is lack of demand.

Informal sector employment 2020, QLFS

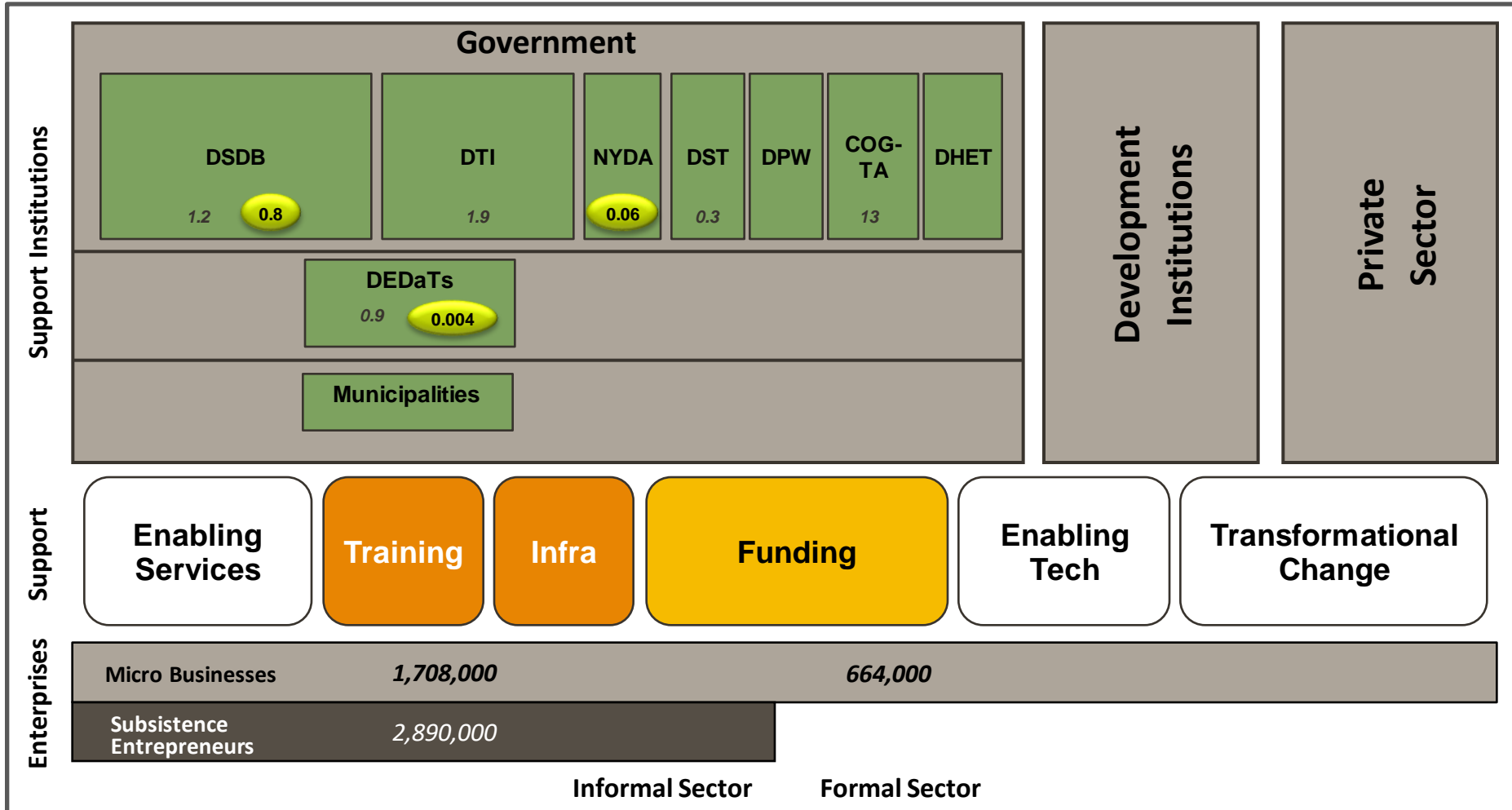


Source: Statistics SA, 2021

Panel Discussion

Creating an Enabling Environment

Lings Naidoo



Panel Discussion

Caroline Skinner

The opportunities and costs of formalisation in the South African context

Panel Discussion

Corporate Participation

GG Alcock



Panel Discussion

Recent Jobs Fund Evaluation Results

Dr Jason Musyoka

The study concluded that:

1. There was 20% increase in average monthly turnover overall as opposed to only a 0.6% increase among non-client Spaza shops over this same period.
2. Two thirds of supported Spaza shops were found to be implementing improved business practices, such as maintaining purchase and sales receipts, undertaking consistent stock management and maintaining separate personal and business accounts.
3. With reasonable increase in revenue, spaza shop owners begin to consider their business from a livelihood rather than survivalist premise.

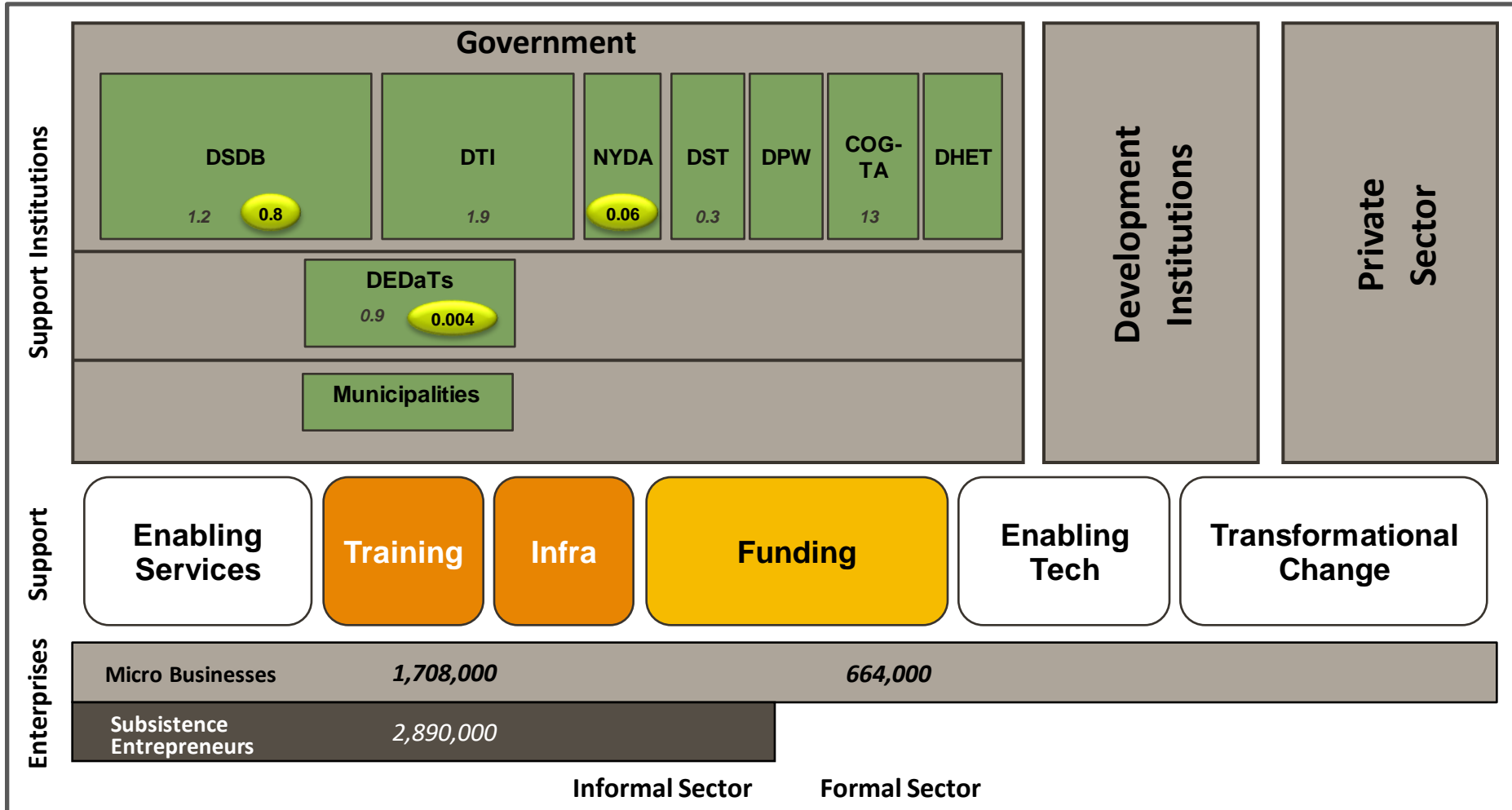
Therefore:

4. South African spaza shop owners do show signs of growth, based on insertion into corporate value chains and PPP frameworks
5. Spaza shop owners have the potential to develop competitiveness through direct technology assistance, as our study demonstrated.

Panel Discussion

Recent Jobs Fund Evaluation Results

Lings Naidoo



Panel Discussion

Key Policy Considerations

Dr Jason Musyoka

1. The conceptualisation of the informal economy is a negation – what it is not. This is a basic (and fundamental) challenge.
2. Current regulation framework is focused on direct generic assistance as a pathway for formalisation.
3. Different gradations of regulations should be considered. Targeted direct assistance as a pathway to growth (as opposed to direct assistance as a pathway to formalization is a more suitable framework for:
 - Shift from survivalist to livelihoods
 - Intergenerational sustainability of informal businesses.
4. Entrepreneurial training and competitive building is required.
5. Spaza shops should be organized into cooperatives as part of competitive building.
6. Spaza shop owners should be provided with revenue enhancement technology training.
7. National performance system should be developed together with informal business owners - This is critical for both growth and national accounting.

Panel Discussion

Intervening in the Informal Economy



Q&A

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Session Evaluation

Please can you provide us with some feedback on today's session

To evaluate the session, go to www.menti.com using code 8432 6715

Closing

Najwah Allie-Edries

Head of the Jobs Fund

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Thank you