



Sisebenzela ushintsho oluqhakazile

10TH ANNIVERSARY

A DECADE OF INNOVATION AND PARTNERSHIP





A NOTE FROM NAJWAH

OUR CHALLENGE FUND APPROACH, HAS POSITIVELY IMPACTED ON JOB CREATION AND HAS RESULTED IN AN INDEPENDENTLY ESTIMATED RETURN TO FISCUS BENEFIT OF R15 BILLION

Welcome to the Jobs Fund's 10th anniversary newsletter edition! In this issue we reflect on some of the exciting and impactful work we, together with our partners, have undertaken, over the past decade.

From the start of our journey, in June 2011, the Fund has been driven by an enduring vision to unlock job creation and contribute to more inclusive economic growth. Working toward this vision embodies our commitment to delivering more meaningful and sustainable impact for the millions of unemployed in our country. We have infused this ethos in the Fund's delivery model. Adopting a Challenge Fund approach has meant that we are committed to transparency in our operations, building partnerships with those who share our vision for a more inclusive economy, together with a tireless focus on delivery and prudent use of public funds.

In 2011 economic conditions, more specifically labour market conditions, required innovative solutions to tackle pressing social challenges, it required government to be more responsive. Economic growth, at the time, was at a low 3.3%, while unemployment was at a staggering 23.8%. Women and youth (ages 15 to 24 years old) bore the biggest brunt of unemployment, at 25.9%

and 49.5% respectively. Ten years on, the economic and labour market conditions have worsened, exacerbated more recently by the effects of the coronavirus pandemic. According to Statistics South Africa, real GDP growth declined by 7%, year on year in 2020; unemployment has hit a troubling new high of 32.6%. Unemployment amongst women and youth is at untenable levels, with rates of 34% and 63.3% respectively reported for the first quarter of 2021 (Quarterly Labour Force Survey, 1 June 2021).

In its grant-making work, the Jobs Fund has aimed to uncover and catalyse the most competitive job creation ideas and partnerships in the country. With each partnership we look for several key factors to advance our objectives. These include a shared commitment to job creation, alignment of interest, adoption of a shared risk approach, proven implementation capability, appreciation of evidence-based implementation and a solution-oriented mind-set. Our partnerships have enabled the Jobs Fund to complement key government efforts in addressing persistent economic and labour market challenges.

One of the Fund's guiding principles is additionality. To this end through the crowding in of private, public

and non-state sector funding we have tripled the value of funds available for job creation; leveraged technical expertise to augment government capacity; broadened our reach to the unemployed through established intermediary networks and channels and supported the building of institutional capability thereby strengthening job creation ecosystems that stimulate demand and future job growth.

More specifically, our Challenge Fund approach, has positively impacted on job creation and has resulted in an independently estimated return to fiscus benefit of R15 billion; a competitively low grant cost per job of R20 thousand and R11 billion in Partner match-funding contributions. Our intermediary networks have facilitated deeper reach resulting in support to more than 39,000 majority black owned SMMEs and, more than 16,000 black smallholder farmers; the facilitation of beneficiary participation in established value-chains and the forging of strategic partnerships with government departments and entities.

Value for money and risk sharing are key cornerstones of our approach and the Fund has had success in piloting various job creation models which are ready to be scaled and replicated. Examples include: the

Harambee Youth Accelerator Programme (facilitated over 27,000 youth placements into vacant positions and has reached more than 600 thousand youth with targeted information and resources during the COVID pandemic), the Unjani clinics initiative (established 42 new mobile clinic sites), the Ashburton guarantee mechanism (raised over R500 million in the capital markets, for targeted SMME support, against a R61 million grant allocation), the Riversands Incubation Hub (strategically located in the upcoming Diepsloot Industrial Zone, boasting over 15,000m² of SME occupied space, with a 90% occupancy rate, benefiting 132 small local businesses), and the A2Pay spaza shop support programme (providing a technology platform for digital product sales in nearly 5,000 spaza shops).

OUR COLLECTIVE DREAM OF EQUAL OPPORTUNITY FOR ALL SOUTH AFRICANS MUST CONTINUE TO BE THE DRIVING FORCE THAT UNITES ALL OUR EFFORTS TO BUILD BACK BETTER

The Jobs Fund has a strong performance tracking and evaluation ethos and over the past decade have accumulated a formidable knowledge base. A key focus for the Fund is to make this information available to partners and stakeholders. Since 2014, the Jobs Fund has hosted 6 annual Knowledge Exchange conferences, produced more than

15 Learning Series Papers and Policy Briefs, highlighting key learnings from its project portfolio. Over 20 independent evaluations have been commissioned by the Fund, including evaluations on the Jobs Fund programme itself. Our project partners also commission their own evaluations which has led to improvements in implementation and greater impact for the interventions. More recently, the Fund has advanced its knowledge agenda through webinars.

The world of work is changing. Technological progress, globalisation and ageing populations (particularly in developed markets) are some of the factors shaping labour markets around the world. New business models and evolving worker preferences are also contributing to the new landscape. In all this change lies opportunity.

We don't have all the answers on how to solve our unemployment crisis, what we do know is that effective solutions will be realised through partnership and collaboration, innovation and risk sharing. In this the Jobs Fund can offer a model that works.

In a speech to the Sowetan Nation Building programme's 10th Anniversary celebrations in June 1998, then president Nelson Mandela, cautioned that it will take years to achieve equitable wealth redistribution in South Africa, as the country worked to undo the effects of three centuries of oppression. He noted that the challenge facing the country then was to increase the pace of delivery to further improve the lives of its people.

"Our confidence (in facing this challenge) derives from the fact that

South Africa is a country rich not only in natural resources, but above all in its people. We need programmes to realise the potential which was so cruelly wasted by apartheid".

Our collective dream of equal opportunity for all South Africans must continue to be the driving force that unites all our efforts to Build Back Better! Those of us who are in positions of privilege and influence must cast our vision beyond our own self-interest and create opportunities to give back. We invite you over the course of the next few months to join us in our efforts to give back, to share what we have learned as we collaborate to build a better South Africa.

To our Investment and Technical Evaluation Committee members, our indomitable Partners and my skilled team, I say, take a bow! We celebrate your commitment and patriotism! It is through your collective efforts that we continue to light the way for positive change, Sisebenzela Ushintsho Oluqhakazile!

N. Albie-Eldred
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THE JOBS FUND JOURNEY

2011

The President announces the establishment of the Jobs Fund in the State of the Nation Address.

The Fund is officially launched by the Minister of Finance on the 7th of June.

The first call for proposals is issued and 1,205 applications are received. 36 projects are approved.

2012

The Jobs Fund issues its second call for proposals and receives 972 applications. 33 projects are approved.

R241.6 million in grant funding disbursed.

R371.1 million in matched funding from partners leveraged.

2013

The Jobs Fund issues its third call for proposals and receives 606 applications. 17 projects are approved.

R726.2 million in grant funding disbursed.

R962.2 million in matched funding from partners leveraged.

2014

The Jobs Fund issues its fourth call for proposals, targeted at projects in its existing portfolio. 36 applications are received, and two projects are approved.

The Jobs Fund hosts its first Learning Forum for partners.

R1.51 billion in grant funding disbursed.

R1.43 billion in matched funding from partners leveraged

2015

The fifth call for proposals is issued, focusing on the agricultural sector. 211 applications are received and 14 projects are approved.

R738.6 million in grant funding disbursed.

R1.75 billion in matched funding from partners leveraged.

2016

The Jobs Fund issues its sixth call for proposals and receives 262 applications. 14 projects are approved.

R651.8 million in grant funding disbursed.

R1.77 billion in matched funding from partners leveraged.

2017

The Jobs Fund issues its seventh call for proposals and receives 201 applications. 10 projects are approved.

The Fund reaches its target of 150,000 permanent jobs.

R485.3 million in grant funding disbursed.

R1.36 billion in matched funding from partners leveraged.

2018

The Jobs Fund issues its eighth call for proposals and receives 214 applications. 24 projects are approved.

R368.5 million in grant funding disbursed.

R1.18 billion in matched funding from partners leveraged.

2019

R447.9 million in grant funding disbursed.

R1.49 billion in matched funding from partners leveraged.

2020

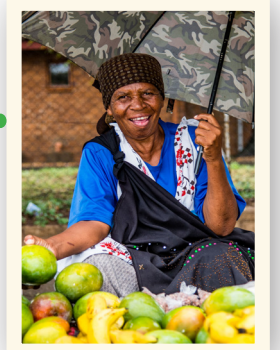
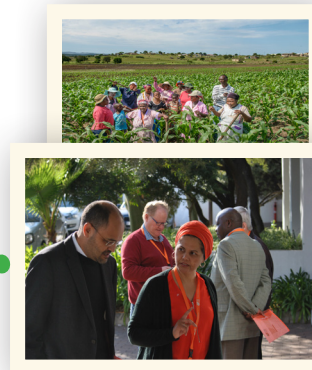
R434.6 million in grant funding disbursed.

R859.8 million in matched funding from partners leveraged.

With businesses suffering the effects of Covid-19, the Jobs Fund established a relief fund for implementing projects and has disbursed R217 million in support to partners, over an above the R434.6 million. More than 9,000 jobs have been saved, and over 640,000 beneficiaries, primarily young people, reached through this support.



South Africa Siyasebenza



JOB CREATION MODELS: IDENTIFYING GOOD PRACTICE

As we celebrate our 10th anniversary, we recognise partnerships as an integral part of what has made for a decade of successful piloting of innovative job creation models. Over the last decade, the Fund and its partners have tested a range of job creation interventions across different sectors and industries. Many of these interventions have been evaluated and the lessons have been incorporated to either improve design and or impact.

Job creation interventions generally fall into two broad categories stimulating demand for labour or improving the supply of labour. The design of the intervention provides a blueprint for how the project will be implemented and funded, the methodology underpinning it, the target beneficiaries, and the modalities to be utilised stimulate demand and/or improve supply.

The Jobs Fund supports the implementation of several different project models, including Business Incubation, Infrastructure Development, Blended Financing,

Franchising, Technical Skills Development, Train and Place, etc.

Although several projects may implement the same overall job creation model, the specific support and services provided to the beneficiaries (whether workseekers, smallholder farmers [SHF] or small, medium and micro enterprises [SMMEs]) may vary from project to project. The Jobs Fund recently commissioned a study to investigate the relationship between the project model, the core support/elements provided and the overall success of the model. The key elements that lead to success have been distilled and converted to good practice for scale and replication.

Thus far, the study has shown that the manner in which support services and core elements are combined within a project model has a multiplier effect on their efficacy over time. For example, a youth train and job placement model without effective workseeker assessment techniques has a high probability of being unsuccessful

since the placements are likely to result in an ineffective employee-employer match. Resulting in a higher staff turnover rate for the employer and the increased likelihood that the young person is not able to secure the required experience to remain in the labour market.

In this article, three successful project models are discussed, and good practice identified and shared.

The Value Chain Development Model

The value chain development model provides SMMEs/SHFs with access to inputs and markets, and assists them in establishing their operations firmly within the associated value chain. The model appears to have been most successful in crop and animal farming, where farmers often lack access to a market where they can obtain a fair market-related price for their products (off-take) and secure access to the relevant supply chains.

Research conducted by the Jobs Fund has

identified the following core elements as catalysts:

- Firstly, the inclusion of sector expertise in the support offered to participants assists in identifying and analysing trends, such as demand and supply, buying habits, and emerging market dynamics. This supports participant businesses in identifying and taking advantage of new opportunities in the market.
- Secondly, industry partnerships should be secured through valid agreements between all involved stakeholders (for example, between off-takers and the SMME/SHF). The lack of viable and valid contracts can negatively impact the SMMEs/SHF's position in the value chain and their overall ability to secure off-take for their products at reasonable prices.
- Lastly, the provision of training, mentoring and coaching is integral to fostering healthy, successful relationships and partnerships in the value chain. The training provided should also be considerate of different cultural and social contexts which are likely to influence

business behaviour. This is particularly relevant in communal farming settings, where collective buy-in on project roll-out is fundamental for success. General Business Development Support (BDS) is also a critical success factor, as is mentorship and skills transfer from industry experts.

Essential to this model operating effectively is that the project implementer should be an effective aggregator. The model recognises that individual SMME/SHFs may lack the scale and experience to effectively negotiate with and gain access to bigger customers and suppliers. The aggregator's role is to manage and facilitate this access and safeguard the SMME/SHF against unfavourable treatment and terms.

The Blended Financing Model

The blended financing model involves lending money, using a combination of different funding instruments such as concessionary loans and grants, for

development projects with a view to progressively graduate these initiatives toward financing on commercial terms. The lender often acquires equity within the SMME/SHF enterprise in exchange for this finance. The equity held by the lender can either be for a fixed time (often ending when the entire loan is repaid) or into perpetuity (until the lender sells their shares).

Due to the equity stake taken, the lender can be more involved in business decisions, as it is in their direct interests for the SMME/SHF to succeed.

The following core dimensions have worked well in the blended financing context:

- **Loan Guarantees** - Many SMMEs/SHFs cannot access conventional banking and financing institutions, mainly due to their lack of financial history or collateral that would serve as surety. The loan guarantee essentially acts as surety from a guarantor, albeit at a project level, and the enterprise can then secure the required finance.
- **Mentoring Support** - Given that participant enterprises would not have previously met the requisite qualifying criteria to access traditional funding due to, amongst other things, track record and experience, they are likely to require targeted mentorship to assist them in the efficient management of the loan, ensuring that the enterprises are in a position to repay the loan. Industry-specific mentorship is also highlighted as essential for success and improves the likelihood of the enterprise repaying the loan or generating the expected Return on Investment (ROI).

Through the establishment of specific risk histories and profiles over time, some of these blending financing initiatives have successfully created enterprise development models for niche sectors that commercial banks are willing to replicate. This has facilitated the beginnings of a perception-change by traditional financiers when assessing the risk profiles of some of the participating SMMEs/SHFs.

Further good practice includes, the hire of skilled project and enterprise support staff with sector and market-specific knowledge; and the establishment of

a sophisticated portfolio management system that is able to adequately track and monitor investments and beneficiaries and flag potential issues. The consideration of a niche funding offering is also likely to increase the project's success, as competition risks associated with different markets will be minimised and focussed support delivered.

Demand led Train and Place job creation model

The train and place model focusses on training unemployed people, mostly young workseekers, and placing them in a suitable role with a suitable employer. This model is characterised by facilitating this access through a matching process. Where gaps in competencies are identified, the initiative will bridge those gaps through a training intervention (either accredited or non-accredited), and workseekers can develop their competencies, complete qualifications and gain knowledge.

The following core elements are particularly successful in job placement models:

- **Effective matching & placement** - Matching the right workseeker to the right employer in the industry is fundamental for success in this model. The use of more pragmatic methods in assessing candidates' latent potential have opened up new talent pools that recruiters would have otherwise overlooked (assessment methods include the use of job simulations and gamification to assess aptitude, numeracy and literacy). The resultant positive matches have realised more efficient recruitment processes; candidates that are a better fit for advertised positions and higher levels of incumbent retention. These methods, therefore, lower recruitment risks for both the workseeker and the employer.
- **Mentoring** - Providing first-entrant workseekers with mentors (more experienced professionals) assists in a smooth transition into a job. Mentoring involves both work-readiness as well as more technical and sector-specific skills transfer. The assigned mentors must have experience in the field in which the workseeker is placed to provide targeted and relevant professional assistance. This assists in employee retention.

- **Enabling technology** - Technology enablers like mobile apps, online placement platforms, and online assessment allow further beneficiary reach and support and reduces the time and logistics required to recruit, assess and match the workseeker.

The study has also identified that peer networking is as important as networking with potential employers and recruiters. It provides an opportunity for workseekers to learn from others in the same industry or the same roles they aspire to work in.

Further good practice relates to the effectiveness of research-based advocacy work around what employers think they want and what is really necessary for an entry level job. To effectively identify requirements for the job and recruit the right people to fill the job, the selection process is considered to be a foundational element for success. An explicit target population and target goals should be established up-front and recruitment and assessment strategies and tools are then developed around this. In addition, training partners ideally should have established training programmes in the relevant areas of work or have the expertise to develop customised programmes that respond to employer needs.

More recently, the Jobs Fund has piloted a pay-for-performance model which is a financing mechanism for social outcomes where investors provide upfront capital for services and a government agency repays investors contingent on outcomes achieved. This model monetizes social outcomes and makes it attractive to private capital and reduces government risk. Innovation is promoted through shifting the focus from project activities to project outcomes, thereby prioritising performance.

By identifying the core elements that contribute to both successful and unsuccessful job creation interventions, the Jobs Fund has identified good practice that when adopted will contribute to more effective implementation. The Jobs Fund, through its dedicated partners, continue to pilot innovation in the job creation space and are committed to sharing these learnings.

TEN YEARS OF REAL IMPACT

When reflecting on the impact realised by Jobs Fund supported initiatives, we can easily focus our enquiry at the level of piloted models and what market constraints they unlock. We can highlight how they integrate businesses into value chains, support continued provision of scarce skills in key sectors, promote access to finance for micro and small businesses, improve production capabilities for smallholder

farmers and facilitate market access to enterprises. Yet in assessing real impact we need to go deeper, to the level of targeted participants. In this article we showcase interesting impact examples from the vantage of our partners and participants.

Growing Businesses in Under-served Areas

Spatial inequality is an important consideration in South Africa. There remain significant disparities between communities in terms of access to opportunities and services. The Jobs Fund and Century Property Developments partnered to fund the development of the 15,000 sqm Riversands Incubation Hub located within the Diepsloot Industrial Development Zone.

The project has resulted in the establishment of a vibrant incubation hub that houses over 130 small businesses that will continue to serve Diepsloot and surrounding communities, into the future. Incubated businesses are accommodated at the hub for up to three years in subsidised premises with access to business support services, mentorship and training.

M-Squared Medical is one of the small businesses incubated in the Riversands Hub. Entrepreneur and Clinical Engineer, Masego Mohajane, had noted that medical centres in peri-urban and rural areas often did not have the required medical equipment, such as ultrasound machines, on site. To fill this gap in the market, she established M-Squared Medical, a company that assists medical centres in securing high tech medical equipment. Within the incubation hub, Masego built a thriving business selling and repairing ultrasound machines, as well as supplying other necessary medical equipment to healthcare centres. She has since graduated from the hub and has established her own premises in Centurion.

"Our vision as M-Squared Medical is to be the largest and fastest-growing ultrasound sales and technical specialists in Africa. Also, the most cost-effective medical equipment supplier in the SADC region." - Masego Mohajane, Riversands beneficiary.



Building a Pipeline of Scarce Skills for Manufacturing



South Africa has a shortage of artisans required to fill advanced technical positions relevant to the manufacturing sector. Local training institutions are largely not equipped to address the skills needed or do not have the latest technology relevant to the auto manufacturing industry. In partnership with the Jobs Fund, Mercedes-Benz South Africa (MBSA), a notable employer in the Eastern Cape, built a world-class learning academy in East London equipped with state-of-the-art technology required to produce the skilled labour required by the industry. Technical experts mentor the learners who are trained as millwrights, fitters and electricians and go on to secure positions either within Mercedes-Benz or partner businesses. The academy provided the skills necessary for the R10 billion investment from Mercedes Benz international to expand MBSA's East London plant in 2018.

"We've been on this journey with the Jobs Fund. The Jobs Fund has helped to co-fund the facility and in return for that we are creating jobs... They want to ensure that there's sustainability and this is by no means a three-year project, this is a legacy that's going to last a lifetime." - Stephen Goold, Mercedes-Benz Learning Academy.

More young workseekers will benefit from this training academy in years to come, and the demand for skilled artisans will be met locally.

Developing Entrepreneurs and Affordable Housing



The Trust for Urban Housing Finance (TUHF) is a specialised financial services company that operates in the niche market of inner-city and township housing rejuvenation. The Jobs Fund and TUHF partnered to implement initiatives to finance new and existing entrepreneurs, especially previously disadvantaged individuals, to purchase and construct about 200 residential buildings. TUHF's offering is geared towards financing the purchase, construction and management of affordable housing by private entrepreneurs in areas marred by urban decline. Entrepreneurs are screened based on their ability to repay loans, and a combination of individual capabilities and asset yields is used to determine credit-worthiness. SMEs that access financing from TUHF also participate in capability-building initiatives such as training, mentorship and business support. TUHF has instituted these measures to manage investment risk downwards (reduces default risk and builds a sustainable funding model).

To open up funding opportunities for those who would not have ordinarily qualified for traditional funding, TUHF has developed a unique funding model to de-risk investment into these small businesses: "We've really tried to innovate funding mechanisms using Jobs Fund money and also trying to get direct access to the capital markets through listed instruments on the Johannesburg Stock Exchange." – Paul Jackson, TUHF

Khosi Makolota is one of the many entrepreneurs assisted by TUHF's uMaStandi initiative, securing both a loan and access to mentorship, which resulted in her completing a 14-unit housing development in Soweto. Khosi will also be working with uMaStandi to develop her second site to house a further 14 units. "I'll be taking all the lessons I learned through this (first) project over to that site," she says.

Supporting the Growth of Smallholder Farmers

Smallholder farmers are generally resource-poor and unable to afford modern inputs, with production largely limited to 'traditional' methods of agriculture. The Jobs Fund LIMA Smallholder Farmer Support Programme was developed to increase and improve smallholder production, create jobs, and build relationships between farmers, markets and service providers. Farmers are treated as individual entrepreneurs, and the objective is a tailored support package that will strengthen their farming operation and ultimately improve profits. Specific focus is placed on empowering women and attracting youth into the sector. "The Lima-Jobs Fund partnership has had an immense and positive impact on smallholder production and job creation across South Africa. The grant funding from the Jobs Fund has enabled Lima to extend, sustain and intensify much needed agricultural support provided through our Farmer Support Programme and has also assisted us in leveraging in additional partners and funders to support the project." – Lima.



The leverage of this additional funding and support for LIMA has resulted in significantly more beneficiaries being reached, with over 14,000 jobs created to date. Considering the extent of poverty within rural areas, these jobs represent a lifeline for the beneficiaries and their households.

Creating Micro Jobs for Rural Women



Rural women, who constitute one-fourth of the world's population, continue to face more barriers/challenges than men in accessing public services, social protection, employment and markets due to cultural norms and security issues. In South Africa, especially in rural and peri-urban centres, there is little support for micro-entrepreneurs. The Phakamani Foundation fosters an entrepreneurial spirit while empowering women to earn an income and improve their living conditions. This is done through basic financial/business training, short-term loans ranging from R1,000 to R30,000, and a critical group support network.

Maggie Mnisi runs a micro-business, offering seamstress services in her community. She is one of the many women who have received support and funding to grow her operation through the Jobs Fund Phakamani initiative: "I would still be struggling, so I thank Phakamani for coming into my life and changing it drastically. Because my boys are now educated, they live well and are working." – Maggie Mnisi, Phakamani beneficiary.

Growing the Craft and Design Sector through SMME Support



The craft and design sector was previously dominated by a welfare and poverty alleviation approach, which did not focus on the sustainability of initiatives or nurture and develop talent and creativity. Craft producers and designers were not formally represented in the market, and local products were generally not correctly valued. The Craft Design Institute was founded to develop the creative and craft enterprises within South Africa and link them with both local and international markets. The Jobs Fund and CDI have been partners since 2012, assisting many designers and crafters in growing their operations and employing more people. The support provided by the initiative includes improving production processes and facilities; certification and quality assurance of products particularly for export markets; and design support. The project's biggest success was the market support provided to entrepreneurs, with a number of them indicating that this facilitated their entry into exports markets.

In 2009, Majda Rabin started her fashion design studio, Chimpel, inspired to create affordable quality products made from African sourced leather. Growth in her business was dependent on securing additional equipment for manufacturing and securing markets: "The Jobs Fund actually assisted me with buying some of my equipment that I needed. In terms of my marketing as well, the website that I currently have I used part of the funding for that also and my staff that I have, they've got permanent jobs because of the Jobs Fund." Madja Rabin, CDI beneficiary.

JOBS FUND PARTNERS



USING TECHNOLOGY TO STIMULATE LOCAL ECONOMIC DEVELOPMENT

In this article, we shine a spotlight on the economic benefits derived from technology provision to peri-urban and rural retailers, in support of local economic development aspirations. Technology is critical in propelling economic growth. It progressively allows for the efficient production of more and better goods and services, which are key prosperity drivers. In doing this, technology can play a pivotal role in building capability and competitiveness in small marginalised businesses.

Whether produced locally or internationally, the vast majority of strategic development plans put forward Local Economic Development (LED) as a key focus area. LED refers to the development and growth of local economies by enhancing competitiveness, inclusive growth and sustainable practices that will result in economic benefits and improved quality of life for the community. The United Nations identifies localisation as an essential principle of “leaving no one behind” in the 2030 Agenda for Sustainable Development strategy. The importance of local economic inclusivity and access to decent work are foundational goals in this regard.

On the national front, LED efforts are guided by the 2018-2028 National Framework for Local Economic Development, which is anchored by six key policy pillars that guide the design and implementation of LED:

- Developing inclusive economies;
- Developing learning and skilful economies;
- Enterprise development and support;
- Economic governance and infrastructure;
- Strengthening local systems of innovation;
- Building diverse and innovation-driven local economies.

More recently, South Africa's Employment Stimulus Programme (2020) has highlighted the importance of technology as an enabler of employment and economic activity. In particular, the strategy highlights that growth in digital infrastructure and technology and the implementation of new, innovative delivery models is required to improve digital access for under-served communities and businesses. Technology-driven growth however, will only be beneficial for society if it is more equally distributed, which in many instances, has not been the case. Policymakers, therefore, need to create drivers that result in more inclusive growth.

Innovation has always been at the core of the Jobs Fund's mandate. Several Jobs Fund Partners are using advanced digital technologies to access traditionally hard-to-reach and remote populations. Many of these initiatives have also embedded the M4P approach (Making Markets Work for the Poor) into their interventions, aiming to improve existing markets to the point where they are more inclusive and accessible for poor producers and consumers. The coupling of technological innovation and M4P promotes a flourishing space for empowerment and sustained growth that

spreads beyond just the direct beneficiaries.

An example of a Jobs Fund project operating in this space is A2Pay; a domestic financial technology company specialising in providing advanced vending solutions to empower and grow SMME retailers in the informal sector through the use of information and communications technologies. The A2Pay model aims to address the following systemic barriers for marginalised communities:

- Lack of resources for informal business to expand their operations and product offering,
- Lack of local jobs for local people, and
- Lack of products and services available to the community within the community.

A2Pay developed an end-to-end retail solution to empower and grow informal retailers, such as spaza shops, and create markets for new products and services within local communities to overcome these barriers. A2Pay provides the technology for retail operators to sell various virtual products such as airtime, money remittances, national lottery tickets, and prepaid electricity. Specific to this context, A2Pay created fixed and mobile vending machines, called Biz Boxes, that dispense various utility services digitally. The tech support an infrastructure are combined with extensive coaching in business skills for the SMME owners and, in some instances, their employees. The assumption was that through the growth of the supported businesses and the availability of new products and services, there would

be spillover effects at the community level which include:

- Savings on transport costs for community members who would otherwise need to travel further afield to access these products;
- A redirection of money that would otherwise be spent on transport towards more productive economic activities within communities (e.g. start-up capital for their own small business, meeting healthcare or education costs, or purchasing food and other essential goods);
- The creation of new local jobs within the community as a result of the establishment of new businesses and the growth of existing businesses.

As at 31 March 2021, the Jobs Fund's A2Pay interventions have supported 4,865 informal sector enterprises through training and tech hardware provision to grow and formalise their business operations. In addition, 6,454 permanent jobs have been created in the communities in which the supported enterprises operate.

Furthermore, a recent independent evaluation of the model outcomes at household level indicated that households accessing prepaid products through the vending machines at the A2Pay-supported spaza shops had experienced notable reduction in their transport expenditure. Average and median monthly transport expenditure for these households fell by 27% and 44%, respectively, between 2017 and November 2020. By contrast, for the ‘control’ households continuing to access traditional spaza shops without the A2Pay vending machines have seen 11%



THE JOBS FUND CONTRACTED PORTFOLIO

(AS AT 31 MARCH 2021)

- **146 CONTRACTED PROJECTS**
- **R9 BILLION IN GRANT FUNDING ALLOCATED**
- **R5.61 BILLION GRANT FUNDING DISBURSED**
- **R11.15 BILLION LEVERAGED IN MATCHED FUNDING FROM PROJECT PARTNERS**
- **135,135 PERMANENT JOBS FACILITATED**
- **58,778 PERMANENT PLACEMENTS FACILITATED**
- **63,531 SHORT TERM JOBS FACILITATED**
- **22,780 INTERNSHIPS COMPLETED**
- **266,358 BENEFICIARIES TRAINED**

23 JUNE 2021

EXPLORING POST-COVID LABOUR MARKET OPPORTUNITIES: THE ROAD TO RECOVERY

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9 JULY 2021

JOBS FUND PARTNER QUARTERLY REPORT SUBMISSION (Q1)

increases in both average and median household transport expenditure over this same period. These findings lend validity to the assumption in the project model that there is a connection between making prepaid products more readily available in communities and the possibility of households generating useful savings on travel costs as a result. This localisation also presents an opportunity to re-circulate money within the local economy, which will likely result in more business opportunities

for the community and associated demand for labour increases.

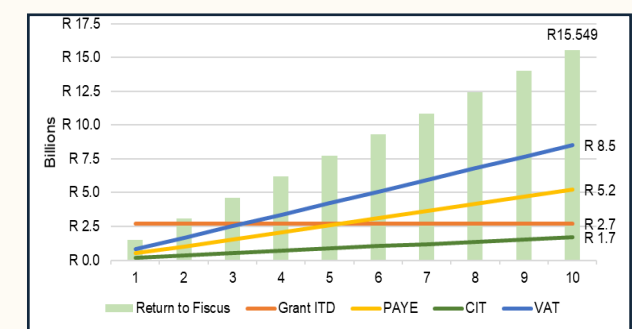
Stimulating the economy at a local level and expanding access to services are fundamental elements in developing competitive and inclusive economies. Technology can be a driver of this change and offer broader opportunities for the most vulnerable.

BEYOND JOBS: COST BENEFIT REFLECTIONS ON THE JOBS FUND

The Jobs Fund and its projects have created more than 280,000 jobs and internships, and trained more than 266,000 people since inception, with the majority of opportunities being allocated to women, youth and previously disadvantaged individuals. However, these headline numbers do not represent the full impact of the Jobs Fund programme and the extent of the multiplier effects or further economic activity that results from job creation, enterprise development and infrastructure investment. These are important elements to track and measure, since they determine value for money and whether the investment provides reasonable social and economic returns.

As shown in the figure, the results from the analysis indicate that over the last 10 years, direct jobs created through Jobs Fund initiatives have resulted in a RTF of R15.549 billion.

Figure: Ten Year Cost-Benefit Analysis of the Jobs Fund Return to Fiscus



Source: Jobs Fund

Notes: (i) All values adjusted to net present value. (ii) Grant ITD refers to the grant funding disbursed to Jobs Fund projects from inception of the Fund to 30 September 2020. (iii) The analysis is based on a terminal value of 10 years.

The Jobs Fund is excited to share the results of an independent Cost-Benefit Analysis (CBA) recently commissioned on the Fund. The CBA included a Return to Fiscus (RTF) component, which gauges the economic returns to government as a result of the jobs created in the economy.

The RTF refers to the additional revenue collected by government from the jobs created by way of taxes, notably Pay-As-You-Earn (PAYE) tax, the amount of Value-Added Tax (VAT) per employee and Company Income Tax (CIT).

In this instance, the evaluator developed several models to calculate the additional taxes added to the overall fiscus as a direct result of the jobs created through funded programmes of the Fund.

The cumulative amount of VAT RTF accounts for the highest proportion of the Return to Fiscus figure (55.2%), followed by PAYE (33.5%) and CIT (11.3%). When we consider that the Fund has disbursed R5.48 billion to projects at the time of the study (results as at 30 September 2020), the return to government is significant.

To put the RTF amount of R15.549 billion into context, with the R15.549 billion return, government could:

- Build 143,665 RDP houses;
- Educate 9,719 children from grade R through to university;
- Fit 246,819 houses with solar power; or
- Purchase more than 100 million additional COVID-19 vaccines.