

A NOTE FROM NAJWAH

Multi-award-winning author Bohdi Sanders once said, “The best you can do is the best that you can do; just make sure that you are actually doing the best that you can do and are not deceiving yourself”. The challenges faced by South Africa’s youth require that our country takes the best action we can to develop youth support initiatives that effectively address the challenges youth are facing. It is thus imperative that we objectively evaluate the efficacy of the interventions currently being rolled out and their practicality in delivering a solution for youth and the nation.

For too long, countries have primarily measured their youth development success by the number of support interventions on offer, without reflecting on the positive linkages that interventions have made to promote the upward trajectory of youth. Support interventions have operated in silos in many instances without adopting a systems approach. These interventions have often led to disparate connections and dead ends that have failed to embed youth in the labour market and economy, resulting in primarily a displaced group of young people. Instead, an effective roadmap of support for youth development is urgently needed to address the next looming pandemic: youth disillusionment.

The World Economic Forum has recognised youth disillusionment as a significant threat to societies and has included it as one of the top 10 risks in its Global Risks Report. The report states that youth are disproportionately affected by climate change, the decade-long financial crisis; an outdated education system; increasing levels

of violence (in certain areas); and insecure work opportunities. This is destructive to social cohesion, individual well-being and economic productivity. Worryingly, children and youth account for two-thirds of the global poor, and the situation has worsened since the onset of the Covid-19 pandemic, highlighting the critical need to act now.

At home, the first quarter of the 2022 quarterly labour force survey results, although improved, still reflects a grim situation of 34.5% unemployment for the country and 63.9% unemployment for youth. The reality of the situation we find ourselves in should be the kindle that reignites the fire in all of us to get involved in changing the status quo, particularly in improving young people’s lives and prospects.

The Department of Small Business Development published the National Integrated Small Enterprise Development Masterplan in May 2022 for comment. The plan aims to promote a coordinated response to small business development and significantly improve the design and delivery of support programmes. The plan also focuses significant attention on the support of youth-enterprises as well as the absorption of youth labour into SMME operations. This plan together with, the Presidential Youth Employment Intervention and the Basic Package of Support for Youth all focus on developing meaningful pathways to gainful employment and business growth through increased collaboration between different stakeholders in the market and the creation of ecosystems of support. It is recognised that government cannot perform this work



in isolation.

Recently, a joint partnership between CapaCiTi, the Jobs Fund, Naspers Labs, Accenture South Africa and Salesforce, has delivered a second cohort of graduates from the #SkillsToSucceed programme, which aims to develop skills for a growing digital economy. This is an example of an initiative that has considered both labour demand and supply in programme design and has effectively responded to the needs of the market and unemployed young youth to ensure sustainable job creation. Achieving effective and sustainable development outcomes requires deepened collaboration and alignment of initiatives across government departments, the private sector and civil society. The imperative for the Jobs Fund has always been to catalyse innovation, partner effectively with organisations across sectors, and implement local job creation solutions. I am pleased to say that our supported partners embrace this call and continue to work tirelessly in creating opportunities for their beneficiaries, the majority of which are young people.

“You are what you do, not what you say you do” (Carl Jung) – so let’s continue to do better together.

Najwah

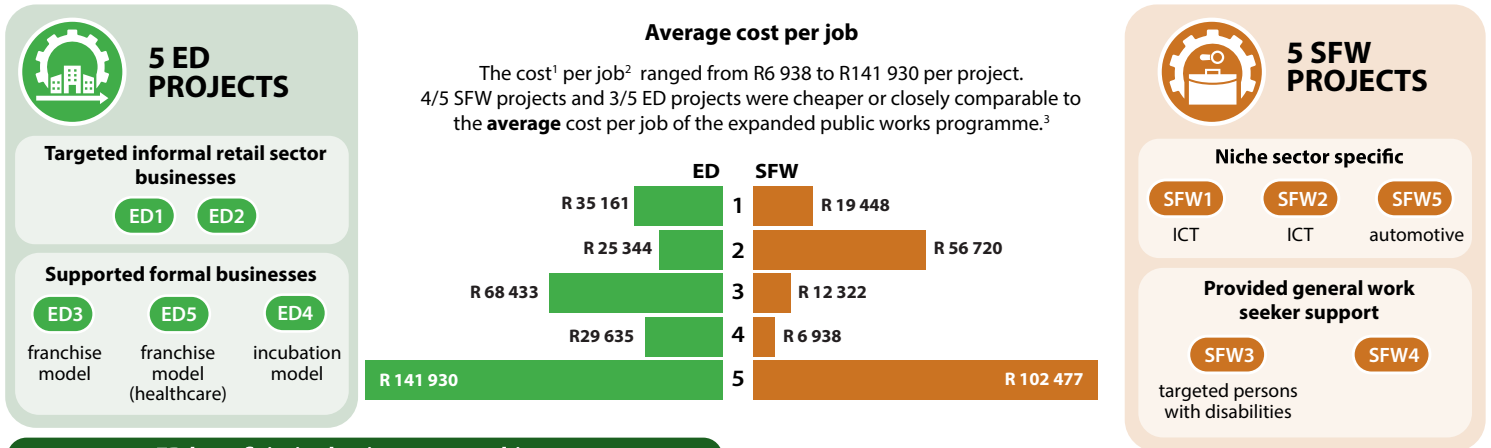
Najwah Allie-Edries
Head of the Jobs Fund

 @JobsFund_NT

WHERE ARE THEY NOW? FINDINGS FROM THE JOBS FUND LONGITUDINAL TRACER STUDY

The Jobs Fund recently concluded an independent 3-year longitudinal study on close to 2,000 Jobs Fund Enterprise Development and Support for Workseekers beneficiaries. This study sought to trace the impact of the Jobs Fund interventions on beneficiaries and their families after their participation in these interventions and to identify the characteristics of funded projects and job creation models that are effective and have the potential for scale.

The results have been encouraging and point to the effectiveness of the comprehensive support packages that the Fund, together with its project partners, offer beneficiaries in the Support for Workseekers and Enterprise Development Windows.

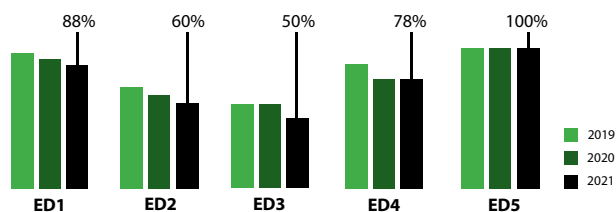


ED beneficiaries business ownership

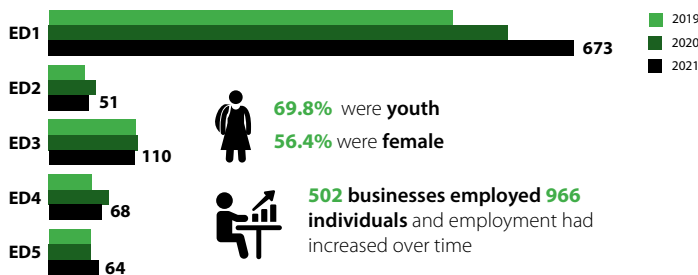


In 2021, **84.2%** of ED survey respondents were running a business as their primary economic activity,

ED beneficiaries who still own the supported business



Number of employees in ED beneficiaries businesses



Support for ED beneficiaries businesses

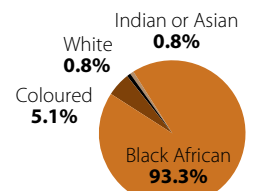
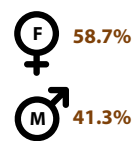
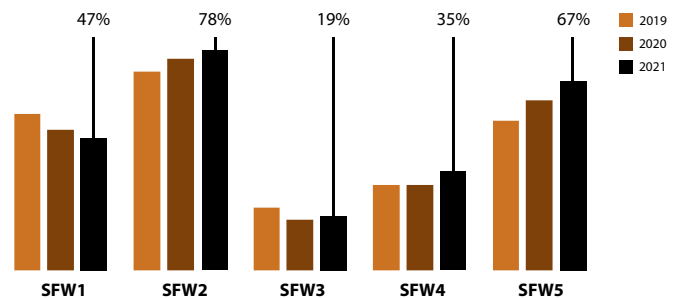
92.6% of businesses were affected by COVID-19

54.8% received COVID-19 business support, **94.5%** of which was provided by the Jobs Fund/JFPs.



69.8% of ED beneficiaries were **still receiving support from their JFP**, in some cases several years after participating in the projects.

Employment by project over time



Likelihood of employment



In 2021 **SFW beneficiaries were significantly more likely to be employed** than similar individuals surveyed for the QLFS⁴

Characteristics of employment



82.0% of the employed had **permanent (12+ month) contracts**

Average annual income for employed individuals increased⁵ (from R75 569 directly after participating in the SFW project to R142 086 at the time of the W3 survey)



CONCLUSION

The ED and SFW projects **succeeded in creating new jobs and helping work seekers** – the **majority** of whom were **female and previously disadvantaged youth** – find employment.

Innovative job creation models were tested. Some of the models have the potential for replication and scaling.

¹ Total Jobs Fund Grant cost.

² Permanent Jobs Realised (PJR) refers to the total number of permanent jobs realised as a result of (i) jobs created and (ii) placements into vacant permanent positions.

³ South African Cities Network (SACN). (2019). The state of the Expanded Public Works Programme in South African cities 2017-2018. https://www.sacities.net/wp-content/uploads/2020/03/EPWP_Report-20172018-Released-2019.pdf

⁴ Quarterly Labour Force Survey (51.0% vs 37.7%, p<0.05).

⁵ Adjusted for inflation to 2020 values.

Key findings from the Support for Workseekers Study –

- **Priority youth were targeted and supported.** The beneficiary selection processes of projects under the Support for Work Seeker funding window were found to be effective in targeting beneficiaries from previously disadvantaged groups and from low-income households.
- **Youth beneficiaries readily secured employment post intervention,** with 43% securing work as early as six months after their participation in a Jobs Fund supported intervention.
- **Youth beneficiaries secured longer-term positions** with the average period of employment for beneficiaries across all three survey waves being 2.4 years. In addition, between 70% and 88% of surveyed beneficiaries held full-time contracts of employment by the Year 3 survey.
- **Increases in earnings by youth beneficiaries were seen over the 3-year study period** and 87% of employed beneficiaries continued to receive their full salary over the Covid-19 period.
- **Youth beneficiaries were able to pay it forward, and create further impact in their communities,** with over 69% of beneficiaries contributing financially to their households and 40% assisting family members to get jobs, highlighting the multiplier effects of the training and jobs they had secured.
- **Youth beneficiaries were less likely to be unemployed compared to their peers nationally.** In 2021, 53% of the youth in Jobs Fund programmes were likely to be employed compared to 31% of youth surveyed in the Quarterly Labour Force Survey (QLFS).

Key findings from the Enterprise Development Study –

- **Beneficiaries are still running businesses, and some have gone on to open further businesses** (80% and 20%, respectively), suggesting continued entrepreneurial innovation, despite a sluggish economy.
- **The vast majority of businesses**

in the study are micro-enterprises that have been operating for 3 to 10 years.

The longevity of these businesses is positive, considering that the national average for informal business continuation within the first six months of operation is 60%.

- **Businesses were not unscathed by the Covid-19 pandemic, but more than half received relief support largely funded by the Jobs Fund.** In the 3rd year of the study, 76% of businesses were still affected by Covid-19 (down from 90% in Year 2). About 52% of businesses indicated that they received Covid-19 relief support, the majority of which resulted from the Jobs Fund's Covid Relief programme.
- **Business growth was achieved in a low-growth environment.** A third of the business owners

surveyed indicated that their businesses had grown over the past 12 months and the average salary paid to business owners had also increased in real terms, year on year. The majority of surveyed business operated in the Wholesale and Retail sector, a low-growth sector, but Jobs Fund-supported projects have survived and even thrived in this sector.

- **Jobs were created by the supported businesses, and the majority filled by youth.** At the time of the Year 3 survey, 502 businesses employed 966 individuals, the majority of which were youth (69.8%).
- **Improvements were seen in overall business management.** Over 93% of supported businesses kept financial records, compared to the national average of 21% for



Good practice that promotes success in interventions targeting youth workseekers:

1. Consider labour demand and supply in programme design:
 - The Job Fund's most successful SWS projects adopt a demand-driven approach while simultaneously addressing supply-side deficits.
2. Correctly identify target beneficiary skills deficit:
 - Effective interventions recognise the critical importance of correctly identifying the skills and behaviours required by employers and tailoring interventions to meet those needs.
3. Promote reliable employer-employee matching which is fundamental to youth labour absorption:
 - Changing employers' perceptions regarding first-time labour market entrants.
 - Finding better proxies for testing skills and making work-relevant training easier to access.
4. Target beneficiary selection to promote both transformation and correct employer-employee match:
 - Beneficiary selection and matching processes must effectively target beneficiaries from previously disadvantaged groups and low-income households - ensures priority groups are accessed and supported.
5. Conduct niche training for specific sectors:
 - This is particularly important for scarce skills development and transformation within sectors.
6. Subsidise work-seeking activities:
 - Given the cost of looking for employment, initiatives such as the zero rating of websites which provide information about employment should be expanded.
 - In addition, the provision of free internet access and transport for workseekers.
7. Promote the integration of SWS and ED projects to create further opportunities for youth:
 - Cater for more fluidity for beneficiaries to move in and out of ED and SWS supported spaces to access opportunities that are aligned to their interest and aptitude
 - For example, SWS beneficiaries could be employed in ED beneficiaries' enterprises and work seekers who wish to start businesses can be referred to appropriate interventions.

non-VAT registered businesses as surveyed by StatsSA in 2019.

Overall, despite the myriad of challenges that the pandemic brought on and the July 2021 civil unrest, the majority

of surveyed beneficiaries remain economically active in predominately secure positions (SWS projects) and stable businesses (ED projects) – a significant finding, given the context. The results of the Tracer Study show

the continued positive outcomes of Jobs Fund interventions well after the support period has ended, highlighting the continued benefits over time and the potential for scaling the more successful models in South Africa.



Good practice that promotes success in interventions targeting SMMEs:

1. Support growth sectors but do not ignore other sectors which may be good options for improved livelihoods:
 - Support ED initiatives in identified growth sectors in specific geographic areas (including their value chains) but acknowledge other sectors which may have potential to support livelihoods.
2. Tailor ED support for SMMEs:
 - Provide appropriate tailored support that best suit SMME needs (particularly during times of crisis, e.g., COVID-19 lockdown).
 - Assist enterprise owners with information about where and how to access support provided via national, regional and local initiatives.
3. Prioritise the reduction of red tape:
 - Re-think policy and regulation which makes it onerous for small business owners, particularly informal businesses, to do business, be compliant, grow and contribute to the economy.
4. Provide a continuum of support for ED beneficiaries:
 - Maintain contact with ED project beneficiaries and direct them to other ED support initiatives where appropriate (supported through each growth phase of their business)
5. Improve coordination across government of initiatives which support small businesses:
 - SMMEs face a multitude of challenges which cannot be solved by one intervention.
 - The National Integrated Small Enterprise Development Masterplan is beginning to acknowledge this and aims to promote a coordinated response.
6. Consider a range of types of funding support to existing and potential entrepreneurs:
 - For example, information about available funding, assistance to access funding, exploring innovative funding models (such as impact investing) and making funding available for start-ups and business expansion.

PARTNER NEWS

RECOGNISING TOWNSHIP TECH

The City of Cape Town, the Cape Innovation and Technology Initiative (CiTi), ABSA, Injini and Telkom Future Makers recently partnered on the second instalment of the Township Tech Hackathon. The initiative allows Cape Town Township technologists, tech students, and entrepreneurs to present innovative solutions that will promote growth and provide opportunities for new businesses and tech ideas to gain exposure and potential investment.

Participants solved problems in three categories (Open Innovation, FinTech/Commerce, EdTech Solutions and EdTech Pitches) with a specific focus on how to apply them in township environments. Selected finalists attended three entrepreneurial workshops and mentorship sessions to prepare them for the pitch competition on 6 May 2022, where a winner was chosen in each of the three categories.

Read more [here](#).

IMPORTANT DATES



5 JULY 2022

Jobs Fund Webinar - Findings from a 3-year Longitudinal Study on Jobs Fund Supported Projects Part 1 of 2: Enterprise Development Good Practice. Register [here](#).

11 JULY 2022

Quarterly Report submission.

19 JULY 2022

Jobs Fund Webinar - Basic Package of Support for Youth: Findings from the BPO Pilot in Atlantis. Register [here](#).

30 AUGUST 2022

Jobs Fund Webinar - Findings from a 3-year Longitudinal Study on Jobs Fund Supported Projects Part 2 of 2: Support for Workseekers Good Practice. Register [here](#).

CREATING NEW DIGITAL PATHWAYS FOR EXCLUDED YOUTH

When it comes to aligning training to the job opportunity, creating an ecosystem of support is invaluable because it allows for access to the labour market through multiple pathways (e.g. further education, starter jobs, and building youth resilience through access to psychosocial services), all of which contribute to a more effective labour market. Research has shown that adopting a holistic approach to youth development has persistent effects such as young people becoming more resilient, having appropriate skills, are more effective at navigating the labour market, and ultimately can shorten the periods where they are not connected, i.e. they are better able to transcend their 'not in education, employment or training (NEET)' status.

The work of the Jobs Fund and others has influenced some of the recent youth-centred initiatives introduced in South Africa, where the main thrust is to adopt a whole person approach to youth, offering interconnected and linked pathways for the young person and assisting them in navigating their life journey, whether it be further education, connecting to the labour market or accessing supporting services including psychosocial support. A network of networks is being built by crowding in stakeholders that provide opportunities or services to youth.

The Jobs Fund has contributed to designing and implementing the Basic Package of Support (BPS), piloted in Atlantis, and the Presidential Youth Employment Intervention (PYEI), a multi-sector action plan/ programme addressing South Africa's chronic youth unemployment challenge.

Traditional skilling pathways for

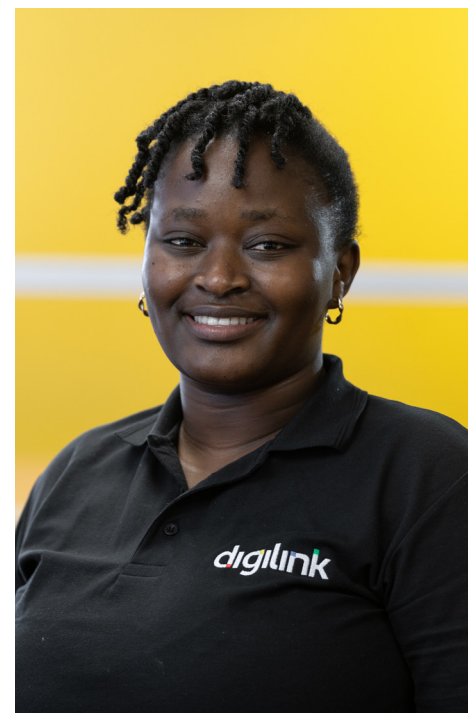
digital talent are costly, lengthy, inflexible and struggle to respond to dynamic business requirements directly. In addition, entry-level candidates often lack the experience required by employers in a fast-paced and high-risk digital environment. Organisations also do not have the capacity to mentor and coach entry-level candidates into high-end complex roles. To bridge these gaps, inexperienced young talent requires a conducive environment to gain the requisite skills and experience to succeed in the available digital roles.

In response to the challenge, two of the Jobs Fund's Partners, the Harambee Youth Employment Accelerator and CapaCiTi, have successfully intervened in this high growth sector by creating an incubator for digital skills development called DigiLink. They contract with organisations vested in growing an inclusive digital economy in South Africa and then expose young people to real work experience in software testing and data analytics to prepare them for the world of digital work. Organisations such as CapaCiTi provide DigiLink with a pipeline of unemployed candidates who have some exposure to ICT but need the practical experience to gain credentials for longer-term placement in the Business Process Outsourcing and other sectors.

The DigiLink initiative has established an incubator in Cape Town to service the Canadian software testing market. The first cohort of digitally skilled youth has graduated and gained full-time employment with global customer engagement company Clickatell. Youth participants gain practical experience under a team of mentors, learning Python, Java and other coding skills, and

in this process, perform software testing for an actual client. This social impact model promotes the simultaneous capacitation of youth workseekers with scarce skills (and certification, such as Software Quality Analyst with the International Software Testing Qualifications Board) with the provision of a service to a client.

Incubators such as DigiLink catalyse inclusive digital transformation by identifying youth talent, effectively preparing them for and placing them in digital jobs, thereby supporting the growth of the South African BPO sector.



"DIGILINK MEANS FINANCIAL FREEDOM FOR ME. IT'S ALSO A REMINDER THAT THE DREAMS OF A GIRL FROM A SMALL VILLAGE ARE VALID AND THAT I CAN ACHIEVE ANYTHING I PUT MY MIND TO" - KEBABTSWE SOPANYA

ABOUT THE JOBS FUND

THE NATIONAL TREASURY ESTABLISHED THE JOBS FUND IN JUNE 2011 TO SUPPORT INNOVATIVE INITIATIVES AND APPROACHES TO JOB CREATION. THE R9 BILLION FUND OPERATES ON CHALLENGE FUND PRINCIPLES, AND ALL FUNDING ALLOCATIONS ARE MADE ON A COMPETITIVE BASIS IN A TRANSPARENT AND OPEN MANNER.

ONCE-OFF GRANTS ARE AWARDED TO PROJECTS THAT DEMONSTRATE SUSTAINABLE JOB CREATION POTENTIAL, AND PROJECT PARTNERS ARE REQUIRED TO MATCH THE GRANT FUND ALLOCATIONS ON A 1:1 RATIO OR HIGHER.

THE JOBS FUND IS NOT A MASS EMPLOYMENT PROGRAMME, NOR IS IT INTENDED TO TACKLE LONG-TERM, STRUCTURAL CAUSES OF LOW GROWTH AND UNEMPLOYMENT BUT RATHER COMPLEMENTS THESE EFFORTS WITH A TARGETED PROGRAMME OF SUPPORT FOR EFFECTIVE LABOUR MARKET INTERVENTIONS THAT RESULT IN SUSTAINABLE EMPLOYMENT CREATION.



Jobs Fund Performance (as at 31 March 2022)

