



South Africa Siyasebenza

March 2023

Siyasebenza



Reflections from the Head of the Fund

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 at a ratio of 1:1 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. Rather, it provides a targeted programme of support for effective labour market interventions that result in sustainable employment creation.

About Siyasebenza

Siyasebenza is the Jobs Fund's quarterly newsletter. Siyasebenza is an isiZulu word meaning "we are working".

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Welcome to our first newsletter of 2023! South Africa's challenges are mounting. Chief among these is the ever-worsening energy crisis, the social cost of which ranges from plummeting investment levels and decimated household incomes to record-high food inflation and growing security concerns. While international factors have also played a role in the rand weakening against the dollar, the threat posed by the energy crisis is a key contributor. The recent lower unemployment numbers in the last quarter of 2022 (at 32.7%, the lowest since the first quarter of 2021) offer a glimmer of hope, but such improvements may not last if we do not act on our energy woes.

Yet, challenges have always presented opportunity for us as South Africans! They offer a chance for all sectors of our society to work together to bring lasting change. At the Jobs Fund, we see the power and potential of public-private cooperation daily. We have seen these partnerships result in well-managed interventions that deliver the kind of impact this country needs to start delivering on its vision for progress. We have learnt that for these partnerships to be effective, collaborating players must:

- Share a common vision and delivery pathway, along with a shared risk commitment
- Leverage their expertise, as funders and implementers, with proven delivery track records
- Share a mutual respect, underpinned by a reputation for consistency and quality
- Display deep sector knowledge and have well-developed networks in the public and private spheres.

The President's February State of the Nation Address (SONA) brought into sharp focus some of the key challenges we face and elaborated on steps being taken to address these. South Africans recognise that the growing energy crisis requires extraordinary measures to ensure the speedy implementation of the Energy Action Plan. As a post-Covid-19 economic recovery

is impossible without the requisite support to small businesses, over R11 billion is being made available to help such businesses grow, including access to solar power. The Presidency's red-tape reduction task team is collaborating with various government departments to minimise the cost and improve the ease of doing business locally. Led by former mining boss Siphon Nkosi, this team is focusing on areas such as tourism, the mining rights system, early childhood development and the informal sector.

The United Nations declared 2023 as the International Year of Millets (IYOM), and there are concerted global efforts to highlight food security challenges faced by a growing number of countries. As of 2020, over 9 million South Africans had been affected by acute food insecurity. Food inflation in 2022 rose by a staggering 12.4%, with the Consumer Price Index (CPI) increasing to 6.9% in the same year.

In this edition of our newsletter, we bring you useful examples of what can be achieved through effective collaboration between capable organisations coming together to deliver social impact. We also report on the conclusion of our competitive tenth funding round, highlighting some of the impacts we anticipate from these new and exciting partnerships.

Our success as a country will benefit from better collaboration across all levels of society. We need to unite around a common policy goal and adopt an inclusive approach to design and implement mutually beneficial interventions.

The Jobs Fund is moving beyond project-based partnerships, towards building enduring relationships that ensure sustainable interventions for lasting impact beyond the grant period. Thank you to everyone who is a part of these expanding cooperative networks that push us closer to an equitable and prosperous future for South Africans.

Najwah

Najwah Allie-Edries
Head of the Jobs Fund



Taking a “whole of society” approach to youth and community upliftment

In 2021, the Presidency appointed the Jobs Fund as the Fund Manager for the Presidential Youth Employment Intervention (PYEI), and as a result, the Presidential Youth Employment Fund was created. The revitalised National Youth Service (NYS) programme is one of the components of the PYEI, for which the National Youth Development Agency (NYDA) is responsible. The Jobs Fund was assigned the task of managing Phase 1 of the NYS programme on behalf of the NYDA.

Service work forms the foundation of the revitalised NYS programme. It is designed to get young people in South Africa involved in creating and delivering solutions to the challenges that their communities are grappling with. Through this process, young people receive a stipend (for up to 16 hours of service per week) and acquire new skills and much-needed work experience to help them navigate the labour market.

Looking back, 2021 was a difficult year for South Africa: we were at the height of the pandemic, large scale rioting and looting broke out across the country, and we experienced extreme flooding in certain provinces resulting in mass displacement. At the same time, unemployment was steadily increasing, with youth unemployment at unacceptably high levels. The urgency of implementing solutions for young people and routing them into earning and learning opportunities was at an all-time high. Amid these challenges, the NYS planning team was working steadily to launch Phase 1 of the revitalised programme by the end of 2021. Together with the support of the NYDA, the Jobs Fund managed to open the first NYS funding round on 29 October 2021 and concluded the application, appraisal and approval process in just over three months. Approved projects were thus able to hit the ground running and begin their implementation from February 2022.

A new element of the NYS delivery model was to focus on crowding in the support, knowledge and implementation capacity of several stakeholders with proven implementation capacity. The Presidency

acknowledged that one player could not provide the solution to youth unemployment, and that strong partnerships with other government agencies (such as the NYDA and the Jobs Fund) and the NPO sector were required.

To engage youth meaningfully requires a “whole of society” approach that means bridging the gaps between government policy, private sector growth ambitions, NPO/civil society objectives and grassroots requirements.

The implementation of Phase 1 of the NYS programme thus far shows that the “whole of society” approach is indeed possible in practice, when the correct mix of role-players are brought together to conceptualise and implement youth-focused interventions. Although an independent evaluation will be conducted on the NYS in the next few months, the preliminary data collected by the Jobs Fund, the NYDA and implementing partners is showing positive impact thus far. Some of these preliminary findings are as follows:

- Over 45,000 young people have participated in the NYS and received stipends for the service work completed.
- The income young people have received has significant impact on their lives and has:
 - Allowed them to pay for activities associated with looking for further earning opportunities, such as CV development and transport to interviews
 - Allowed them to buy food for their households (complementing the social grant system)
 - Empowered them to help with family decision-making, as they are meaningful contributors in covering family expenses
 - Improved their feelings of self-worth and overall confidence as they are developing new skills, assisting their communities and gaining respect from their households.

- NYS participants are learning skills that can be applied in other workplaces or in their own SMMEs (if they choose to go the entrepreneurship route).

Through community-based initiatives, NYS participants have already served more than 50,000 children at early childhood development centres; over 30,000 small-scale and rural farmers; and thousands of patients at clinics and health centres across the country. NYS participants have also developed community gardens; repaired community infrastructure; strengthened performing arts and culture programmes at schools; and helped to maintain school buildings and grounds.

At least 6% of all NYS participants are young people with intellectual disabilities who have served their communities as sports coaches and administrators.

A survey conducted by one of the implementing partners revealed that 93% of youth involved wanted to continue serving their communities as volunteers after the stipend programme, showing a commitment to the betterment of their communities that does not depend on ongoing payment. Arguably, the acknowledgement in itself that their innovation, creativity and actions are making a significant difference in the lives of others is empowering for young people.

The programme has shown that by leveraging existing capabilities within government, programmes with significant reach can be launched and implemented very quickly. In addition, all the players involved (such as government, NPOs, community-based organisations and youth) appreciate the magnitude of the challenge of youth unemployment and lack of service delivery, and are collaborating to pilot new ways of transitioning young people into appropriate opportunities through serving their communities.

Overall, the programme helps reduce youth disillusionment and exclusion – a challenge that is one of South Africa’s greatest social and economic risks. The next step for our country is to scale these solutions for greater reach and impact.



R1.8 billion in funding for initiatives that will contribute to economic recovery in the country

Late last year, the Jobs Fund concluded its tenth funding round, focused on supporting innovative solutions that contribute toward “Supporting South Africa’s Post-pandemic Economic Recovery.” The Jobs Fund is pleased to report that 18 projects were approved by the Jobs Fund’s Investment Committee (IC) and that most of these projects have already begun their implementation journeys, creating a positive impact towards economic revival.

The new projects have a combined grant allocation of R770 million, and partners have committed to matched funding of over R1 billion. Over the next two years, partners will implement social development and job creation initiatives under the following three broad areas: 1) enterprise development, 2) support for workseekers, and 3) institutional capacity building. Interestingly, most of the projects approved fall under the enterprise development (ED) funding window, which is focused on initiatives that stimulate demand for labour. In the low growth environment we find ourselves in as a country, these initiatives, which are largely private-sector-led, are likely to promote sustained SMME growth, job creation, and further investment.

Six of the new ED projects target entrepreneurship in the informal economy, where there is dire need for development and job creation. One of these initiatives, implemented by Yebo Fresh, aims to improve goods supply chains within townships. Yebo Fresh uses a tech-driven order-to-delivery platform that allows spaza shop owners to place an order for stock and get free 24-hour delivery to their doorstep. The project will increase the number of suppliers and products available to business owners, optimising prices and choice for consumers and improving each spaza owner’s ability to provide a regular and steady supply of goods. Participating shop owners will also be supported through training and mentorship.

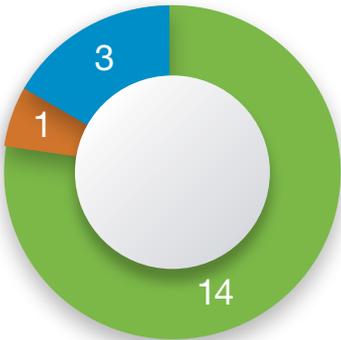
Two blended finance projects were approved in the funding round. One of these, the Sasfin RBN Enhanced Job Creation Fund, makes use of a guarantee mechanism to crowd in investment and increase access to credit for marginalised SMEs, leading to direct job creation. The guarantee mechanism aims to leverage an initial R360 million in matched funding from institutional investors, thereby providing more capital to invest in job-creating enterprises. The intended outcome is to establish a credit-enhanced fund that produces strong commercial returns and high social impact through job creation, and further leverages the guarantee to attract additional institutional investors to encourage scale. SME growth is often thwarted by the lack of access to appropriately structured finance and technical support, so this initiative will bridge this gap for participant SMEs.

When it comes to improving the supply of labour, two of the approved projects supporting workseekers are focusing on skills development in the digital economy – which has been identified in the Economic Reconstruction and Recovery Plan (2020) as a key economic growth driver and a pathway to improving South Africa’s competitive advantage globally. One of the JF-supported projects is CapaCiTi’s Inspiring Economic Growth through Digital Skills initiative, which targets the entire digital skills value chain: from facilitating the future digital generation in schools to addressing the current skills

gap in the digital economy. CapaCiTi has partnered with key corporates, including ABSA, Old Mutual, Accenture and EOH, who have committed to hiring graduates. Other partners include Gauteng City Region Academy (GCRA, a branch of the Gauteng Department of Education), the Click Foundation, Naspers Labs, Younglings Africa and the French Embassy. The project will focus on pathwaying youth into careers within the digital ecosystem in three different areas: 1) future-focused skills; 2) current technical skills gaps; and 3) biotechnology. This focus will assist in closing the current skills gap within the digital economy, as well as training for projected digital skills demand over the next few years.

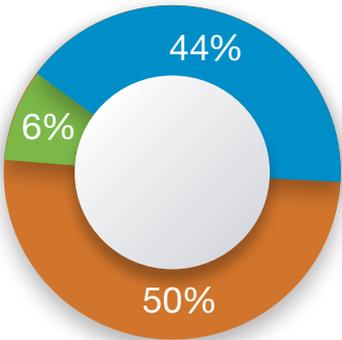
After 10 funding rounds, there is still appetite from the market to invest alongside government in innovative job creation and social impact programmes. The latest funding round has revealed renewed interest in the private and NPO sectors to develop and implement initiatives geared towards post-Covid-19 recovery – as shown by their commitment of more than R1 billion in matched funding. These new projects will have considerable impact in the communities where they will operate, aiming to create over 20,000 jobs and develop relevant skills in over 20,000 employees and young workseekers.

Number of Projects by Funding Window



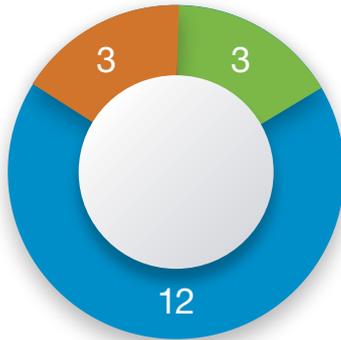
- Enterprise Development
- Institutional Capacity Building
- Workseekers

Number of Projects per Sector



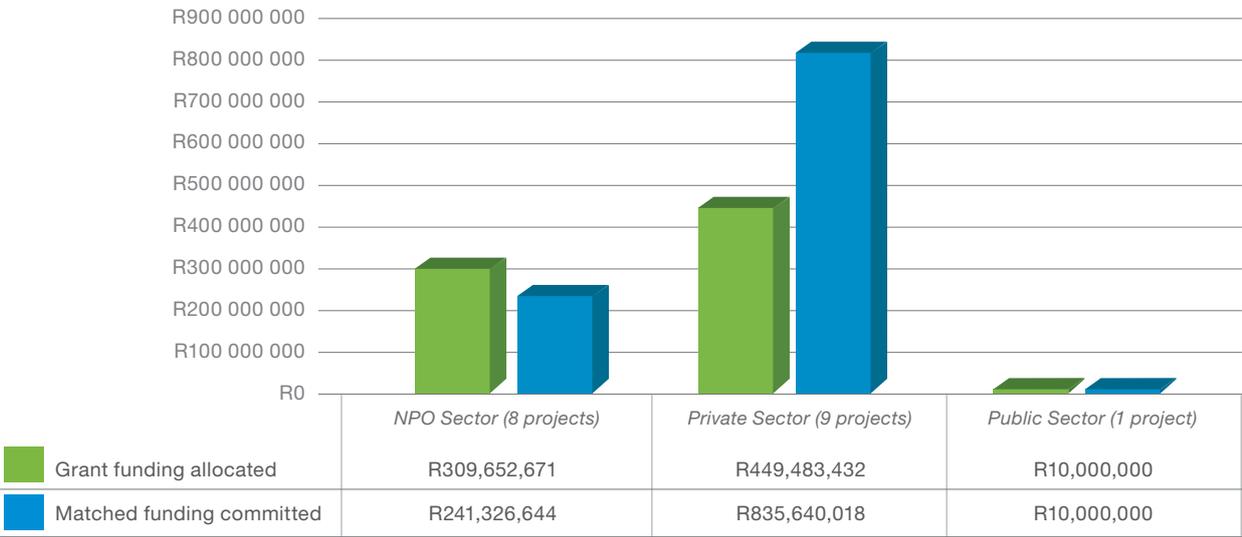
- NPO Sector (8 projects)
- Private Sector (9 projects)
- Public Sector (1 project)

Implementation Reach

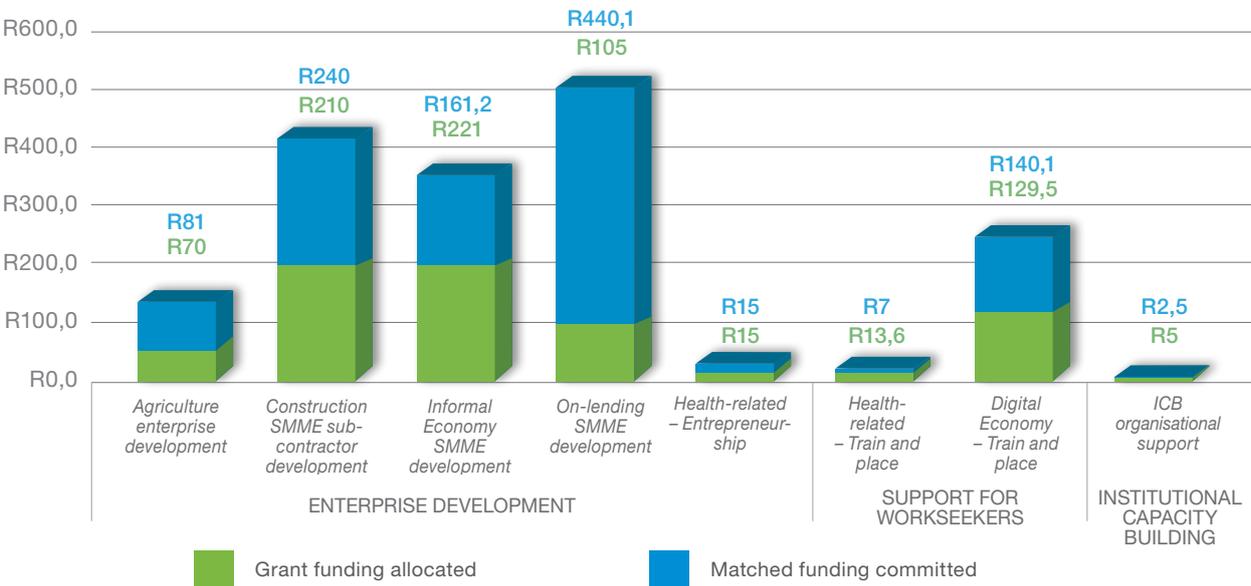


- One province
- More than one province (but less than 9)
- National

Funding by Sector



Project by Funding Window & Model (R millions)



For more information on the Jobs Fund Partners implementing the new tenth funding round projects, please click on the logos below.

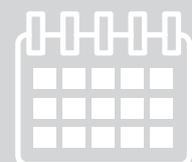


Funding Sources Database



The Jobs Fund receives funding requests on a weekly basis but is only able to consider applications during an official Call for Proposals. There are, however, a variety of funding instruments available at national and provincial levels (besides the Jobs Fund) that promote economic growth and facilitate job creation. On behalf of the National Treasury, the Jobs Fund has developed a database containing the details of these funds as a tool to enable interested parties to refer to the correct funding source. Follow the link to these funding sources [here](#).

IMPORTANT DATES



17 MARCH 2023

Webinar: Stimulating Enterprise Development in the Informal Economy (14h00). Register here to attend.

11 APRIL 2023

Jobs Fund Partner Quarterly Report submission deadline (Quarter 4).

Jobs Fund Performance Update: 2022

FUNDING

OVERVIEW

R19 billion

total portfolio funding leveraged

R6.27 billion

grant funding disbursed

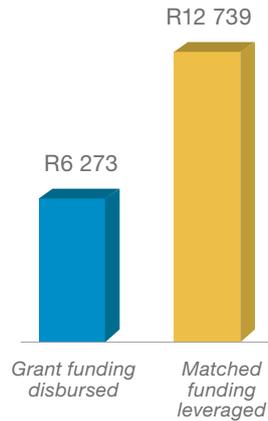
R12.74 billion

matched funding leveraged from partners

1:2

matched funding ratio

Total Funding for Job Creation (R millions)



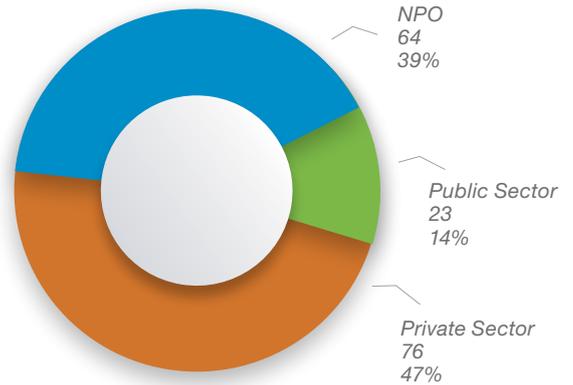
JOBS FUND PARTNERS

OVERVIEW

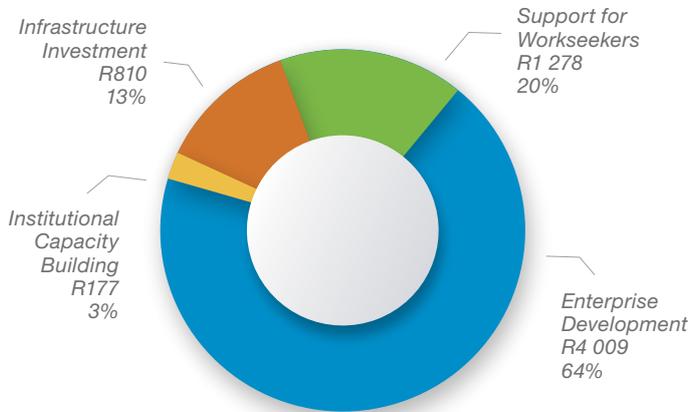
163

contracted projects

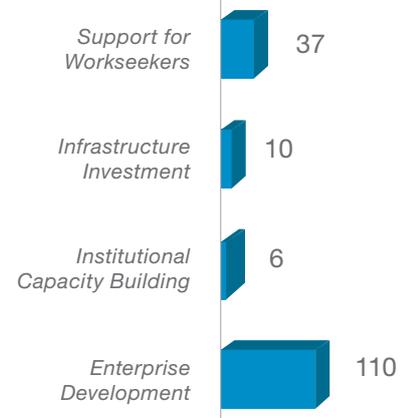
Projects by Implementer Type



Grant Disbursed by Funding Window (R millions)

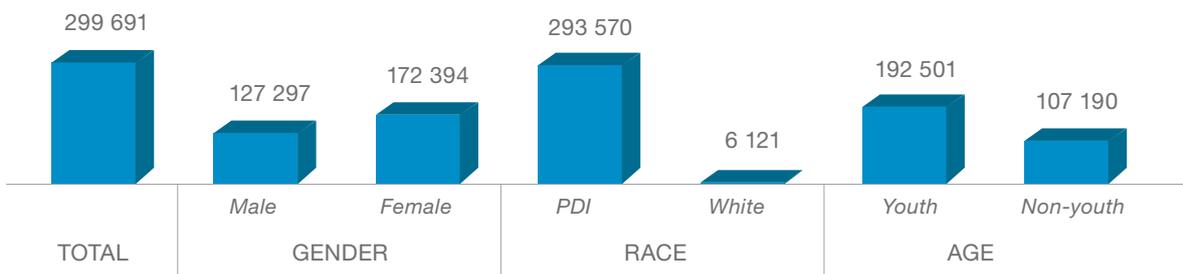


Projects by Implementer Type



JOB CREATION

Total Jobs, Placements & Internships Facilitated



Source: Jobs Fund Database (showing actuals reported by projects as at December 2022)