

## A NOTE FROM NAJWAH

As the financial year draws to a close, we reflect on the past year's successes and challenges. In 2015/16 we successfully ran our first sector-specific funding window, which supported smallholder farmers. The Investment Committee approved 18 projects out of the 211 applications and committed more than R850 million in grant funding.

The Jobs Fund also completed its second year-end review. The review assisted our partners to realign and refocus their projects, and improved our reporting and record-keeping.

In 2015/16 Jobs Fund projects created 19 821 new permanent jobs and 3 719 short-term jobs, and trained 42 344 beneficiaries.

The 6th call for proposals, which focused on innovation, closed on 1 February 2016. We are reviewing the 262 applications submitted. These are just a few highlights from the year. To read more about project successes, visit our website.

We also faced several challenges over the past year. The economic downturn negatively affected the progress of many projects in our portfolio. Agricultural projects are still dealing with the devastating effects of the drought and mitigation measures are slowly being implemented. We are hopeful for the coming year.

Too many projects were placed on Intention to Withhold and too few developed viable remedial plans to address the challenges within their initiatives.

Even though a noteworthy number of jobs were created this year, we are still behind on our targets. However, we have a plan to address this shortfall and we are committed to working together with our partners to ensure that 2016/17 is a successful year for the Jobs Fund.

**"THE ECONOMIC DOWNTURN NEGATIVELY AFFECTED THE PROGRESS OF MANY PROJECTS IN OUR PORTFOLIO."**

During our annual strategic planning session, the Jobs Fund team committed to working closely with their project partners to develop proactive strategies for job creation. Regular site visits and consistent, ongoing communication with

partners are just a few measures that will be put in place over the coming year.

We encourage all partners that have been selected for the year-end review to complete the requirements timeously. This tool is there to assist projects in identifying potential challenges in advance so that together we can find solutions.

I wish you all the best for the coming year and look forward to fruitful engagement and plentiful job creation.

*N. Albie - Edries*

## THE EDAMAME DEVELOPMENT PROGRAMME: A SUPER SOYBEAN FOR LOCAL JOB CREATION



The Edamame Development Programme was set up in 2009 as a partnership between the Jobs Fund (R19 million) and eThekweni Municipality (R5 million) to establish an edamame soybean industry in South Africa. Edamame is a high-nutrient, high-value food crop that can contribute to local economic development and improve food security. >> page 2

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Over the past five years, the programme has created jobs in the agricultural sector through its farmer development programme and supported about 83 commercial contracted emerging farmers and 256 small-scale growers by providing free seed, training and mentorship.

The programme supplies soybean to, among others, Food Lover's Market and Woolworths. The programme has attracted foreign interest and its export registration was approved in 2015. The programme has also partnered with other government entities as well as local and international research institutions.

The Edamame Development Programme and eThekweni Municipality, supported by the KwaZulu-Natal Department of Agriculture and Rural Development and the Jobs Fund, hosted a successful Food and Agribusiness Seminar in Durban on 22 January 2016 to share knowledge, network and explore the growth of the edamame industry in South Africa.

Key issues discussed included the health benefits for local citizens, the programme's job sustainability, including community development aspects in the programme, and the importance of building a market for the product both locally and internationally. The seminar highlighted the importance of expanding partnerships and collaboration in growing the Edamame Development Programme. More events were proposed to discuss ways to further develop South Africa's edamame industry.

The Edamame Development Programme is on track to achieving its local job creation goals and there are opportunities for substantial economic growth.



Although there are still challenges that need to be addressed, the partnerships that have been established will play a big role in ensuring that the programme's goals are met, especially growing the export market. Locating the programme closer to the Dube Trade Port will also help elevate the success of this inventive job creation initiative.

For more information about this Jobs Fund Project visit [www.edamame.co.za](http://www.edamame.co.za). To download presentations from the Food and Agribusiness Seminar, visit [http://mile.org.za/QuickLinks/News/Pages/news\\_20160122.aspx](http://mile.org.za/QuickLinks/News/Pages/news_20160122.aspx).

## SOUTH AFRICA ECONOMIC UPDATE:

# SEIZING THE WINDOW OF DEMOGRAPHIC OPPORTUNITY

South Africa could double its per capita income and eliminate extreme poverty by 2030 by creating jobs for its growing number of young workers, according to a recently released World Bank Group report.

The report, *South Africa Economic Update: Focus on Jobs and South Africa's Changing Demographics*, analyses the complex challenges posed by changing demographics and its implication for jobs and labour markets. It explores the conditions necessary for the country to capitalise on its demographic transition.

"Job creation is South Africa's most pressing challenge and this study offers analysis and evidence on how South Africa could harness its high and growing working-age population to tackle this issue," said Guang Zhe Chen, World Bank Group Country Director for South Africa, Botswana, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe. "We hope it will promote informed dialogue and policy debate about these developmental challenges."

Since 1994, the working-age population, aged 15 to 64, has grown by 11 million, and comprised 65 percent of the country's total population of 54.9 million in 2015. More than half of the working-age population is under the age of 25, and the working-age population is expected to grow by another 9 million in the next 50 years.

For more information visit: <http://www.worldbank.org/en/country/southafrica/publication/south-africa-economic-update-jobs-changing-demographics>

## LATEST RESULTS

The Jobs Fund has a portfolio of **107 approved projects** with a total allocation of **R5.6 billion** in grant funds. These projects will potentially leverage an **additional R8 billion** from our partners to create a **portfolio of 147 085 jobs**.

Implemented projects have already created **67 394 new permanent jobs** and placed an additional **37 462** people in vacant positions. To date, these projects have created **15 440 short-term jobs** and trained **140 720 people**.



# ASHBURTON INVESTMENTS PUTTING PENSION FUNDS TO WORK

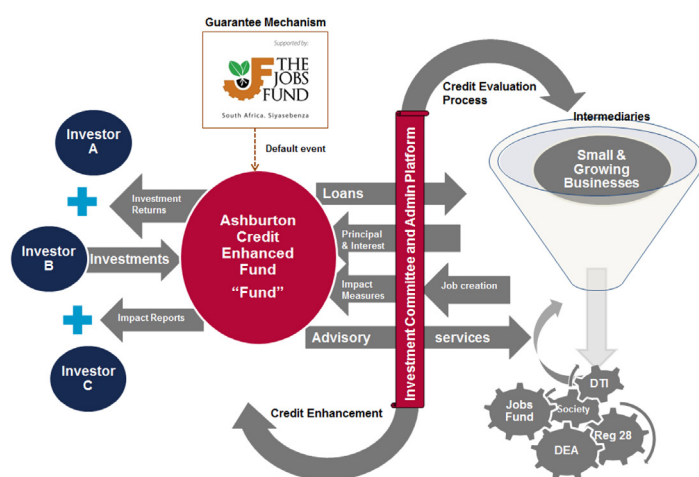
The Ashburton project aims to create 9 635 jobs over a three-year period by providing SMEs with access to funding. Using a guarantee mechanism to partially cover investment losses, the project will encourage the private sector (pension funds, corporates and other institutional investors) to invest in SMEs, which are perceived as risky, but have the ability to create jobs.

Financing for the project comprises R75 million from the Jobs Fund and R1.3 million from Ashburton Investments. About R68 million of the Jobs Fund investment will be used to fund the guarantee mechanism. The guarantee mechanism is expected to leverage a further R298.7 million of investor funds, which will be invested via a fund managed by Ashburton (credit enhanced guarantee fund). The Fund will on-lend to intermediaries. The intermediaries will in turn support SMEs with medium- to long-term loans. These loans will be extended to SMEs at varying interest rates depending on loan negotiations with intermediaries.

The guarantee mechanism mitigates the risk of investing in SME growth and job creation. It will also reduce the SME financing gap and encourage formal financial institutions to include market segments historically excluded from accessing their services.

The project began on 1 October 2014 and will end on 30 September 2017.

The diagram below illustrates a process flow of funds and impact.



## Development impact

The project will target labour-intensive sectors, including low-income housing; agriculture; financial services and waste management, to maintain a high cost per job ratio.



Investments will target previously disadvantaged individuals, particularly female small business owners. Intermediaries will provide technical assistance to these business owners. If the project is successful, it could change investors' perceptions about the risk profile of such investments and encourage others to create similar investment products. Over time, SMEs will develop the successful track record they need to access capital without the use of these mechanisms.

## Project outcomes

The project has committed to the following deliverables:

- Number of new permanent jobs: 9 635
- Number of beneficiaries trained: 7 709
- Funds leveraged from the guarantee mechanism: R298 690 340
- Compile an impact measurement and tracking report
- Compile a report on guarantee mechanisms as a tool to attract capital from traditional asset owners.

## STAFF PROFILE

*Vuyo Jetyana*



### Where are you from?

I was born in Baragwanath Hospital in Soweto and grew up in Mthatha in the Eastern Cape.

### What did you study?

I have a Bachelor of Arts in law, politics and philosophy, and an Honours degree in political studies, majoring in democratisation and international law.

### Where have you lived?

I have lived in Mthatha, East London and Johannesburg.

### What are your hobbies?

I enjoy mountain biking, collecting model cars and watching movies.

### What is your role at the Jobs Fund?

Manager: Monitoring & Evaluation.

### Which part of your job do you like most?

What I enjoy the most about my job is the opportunity to contribute to poverty alleviation, to be given the opportunity to apply my skills and talents toward addressing a significant challenge that is as complex as it is personal. I get to do this alongside a high-calibre team that is passionate, dedicated and committed to the cause.

# CAPE CRAFT DESIGN INSTITUTE EXCEEDS JOB TARGETS

The Cape Craft Design Institute (CCDI) recently celebrated the successful completion of its Jobs Fund project that resulted in 464 permanent jobs (target: 451 jobs) in 45 enterprises in the creative sector. The project received a grant of R14.5 million over three years and matched it with R2.9 million. The programme also contributed to gender equity: 65 percent of its permanent staff are women.

"We are very pleased to report that we exceeded the job target by 103 percent and created 464 jobs, at an average cost of R31 298 per job," said Erica Elk, CCDI executive director.

Head of the Jobs Fund, Najwah Allie-

Edries said, "We've had an amazing journey with the CCDI team. We thank all businesses involved for embracing the challenge of creating jobs in the economy, and I can see from this project with the CCDI that we have been able to catalyse inclusive economic growth."

Many of these businesses are located in communities where unemployment is high. "Not only have they created jobs but there is an additional impact in the community, from having access to permanent work closer to home, less spent on transportation and more spent on improving the educational outcomes for their children," said Najwah.

The Deputy Minister of Finance, Mcebisi Jonas, the keynote speaker at the event, said, "Through this initiative the government supported the building of intermediary networks that could make a meaningful contribution to sustainable job creation."

He added, "Recently we used the occasion of the Budget Speech to outline challenges we face as a country and one of these is the ongoing problem of inequality and unemployment across the economy. We can have a macro-economic framework to deal with these challenges, but ultimately you need activities at all levels."

Businesses involved in the CCDI project vary in size and in terms of the products they manufacture – from furniture, leather goods and ceramics, to handmade body products and jewellery. "This project has been ground-breaking for the sector and highlights its potential for SME growth and scaling up, increasing jobs and turnover, and contributing to GDP," added Erica.



She continued, "The project has also become a game-changer for the CCDI and we are very grateful to have had this opportunity to partner with the Jobs Fund to develop the innovative financial investment instrument as an addition to the support we are able to provide SMEs in our burgeoning sector."

Erica says the highlight of the three-year project is that businesses such as RAIN, which creates handmade body products, have expanded their operations internationally.