

Jobs Fund Briefing: Standing Committee on Finance 11 March 2015



Contents

1. Jobs Fund objectives, rationale and strategy

2. Jobs Fund framework

3. Jobs Fund performance to date

4. Jobs Fund funding window highlights

5. Financial Management Challenges

6. Key Lessons

Objectives

Objective of the Jobs Fund is to *co-finance public and private sector projects with the potential to contribute to sustainable job creation.*

- Catalyse the creation and expansion of employment through inclusive partnerships (leverage intermediaries)
- Pilot innovative approaches to sustainable job creation (“open architecture”)
- Improve the employment prospects of young people
- Create 150 000 sustainable job opportunities (over the project portfolio implementation period)
- Complement other government initiatives

Contents

1. Jobs Fund objectives, rationale and strategy

2. Jobs Fund framework

3. Jobs Fund performance to date

4. Jobs Fund funding window highlights

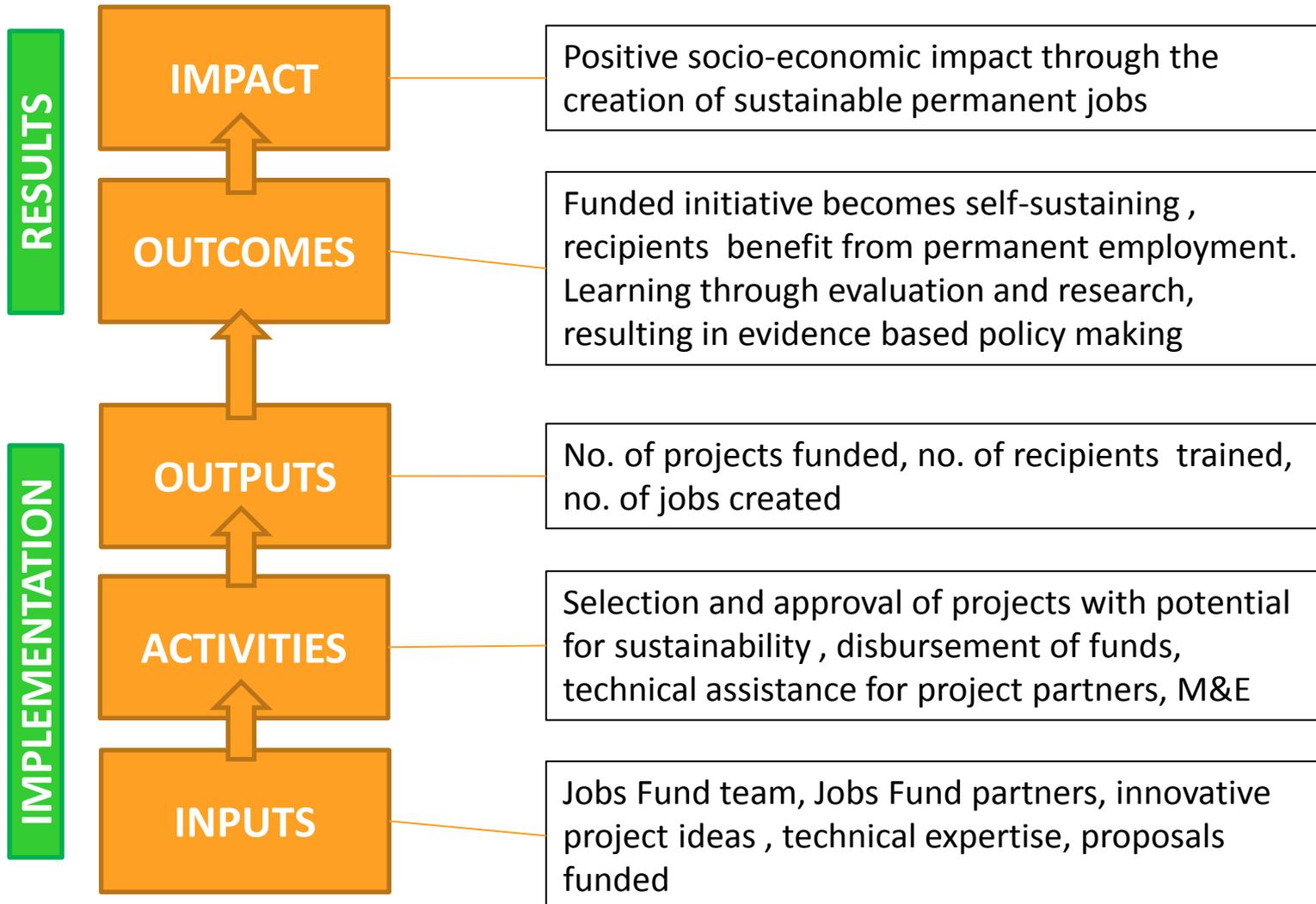
5. Financial Management Challenges

6. Key Lessons

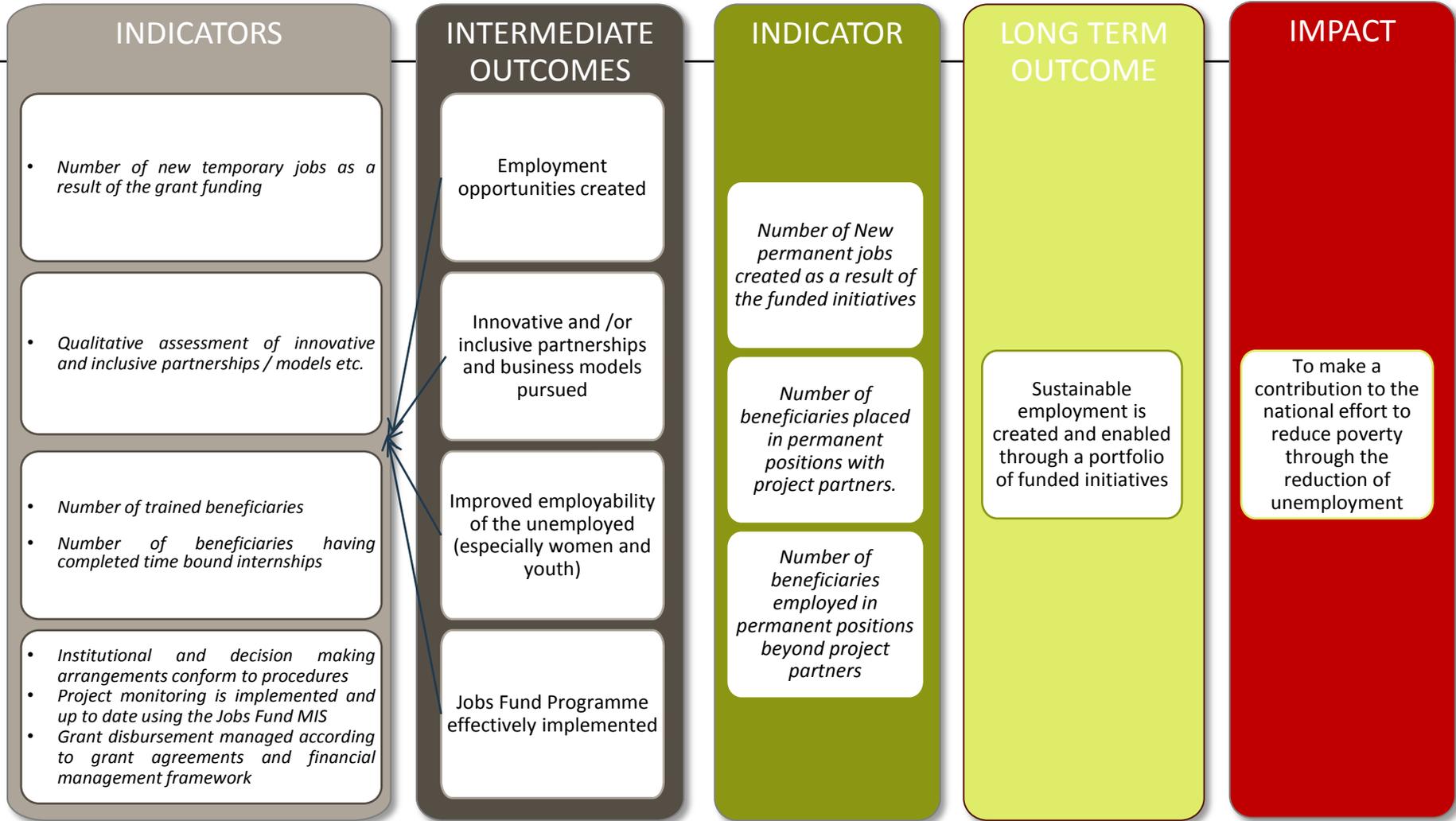
Jobs Fund Operating Framework

- The Theory of Change / Results Chain is the foundation framework that describes how the Fund through its activities and outputs seeks to contribute to the national effort to reduce poverty.
- The focus of the Fund is two-fold
 - Employment creation
 - Learning

Jobs Fund Theory of Change- facilitating the creation of



Jobs Fund Log framework



Jobs Fund definitions

- **Permanent jobs**

This is defined as a new job that has been created as a result of the project, for which a permanent employment contract has been signed. The new job is expected to exist beyond the grant funding period and is not directly maintained or paid for using Jobs Fund grant funds.

- **Short term jobs**

A short term job is a position that has been created as a result of the project, which will exist for a finite period of time and does not offer a permanent contract to the beneficiary. The job is not expected to exist beyond the funding period and may be supported by Jobs Fund grant funds.

- **Placements**

This is the number of recipients that have successfully completed training and mentorship programmes as well as where applicable, time bound internships and have been employed in existing vacant jobs.

- **Training**

This is the number of recipients that have successfully completed training and mentorship programmes and received their qualifications/certificates. The training and mentorship programmes are expected to be strongly linked to employment opportunities for successful recipients.

Jobs Fund objectives, rationale and strategy

.....Challenge Fund Approach

“Challenge Fund Principles” - open, transparent and competitive allocation of funding

Open

- Public sector entities, local authorities and business can apply
- Leveraging private sector capacity to achieve public sector goals

Transparent

- Clear application and assessment processes
- Clearly communicated criteria

Competitive

- Independent investment committee
- Applications compete against one another for funding

- Open, public calls for proposals – targeted windows (Agriculture and Innovation)
- Matched Funding
- Funding Criteria are designed to maximise job creation i.t.o:
 - Innovation;
 - Impact;
 - Sustainability

Jobs Fund governance and implementation approach

.....*JF addresses 5 barriers to employment over the medium term*

#1: Partnerships

An efficient mechanism that incentivises the private, public and NGO sectors to partner together to create jobs

#2: Innovation Risk

Address risk and cost barriers when testing new models and projects (innovation) etc.

#3: Infrastructure

Address missing critical economic infrastructure that causes high-potential job creation projects to be side-lined

#4: Skills Match

Address mismatch between the skills set of unemployed work seekers and available opportunities for employment

#5: Capacity

Mobilise public institutions that could help to facilitate job creation but have weak expertise and poorly designed programmes

Jobs Fund governance and implementation approach - *Funding windows* – (2011-2013)

Enterprise Development

- Initiatives that develop innovative commercial approaches to long-term job creation in ways that combine profitability with high social impact.
- Should reduce risk, remove barriers to market access or improve or broaden supply chains.
- Looks for new ways of doing things: new business models, products and markets.

Support for Work Seekers

- Seeks to link active work-seekers, especially the youth, to formal sector opportunities and job placement.
- Targets initiatives aimed at facilitating rapid access to employment and work-related training for unemployed people, particularly the youth.
- Goal is to improve the quality and supply of labour.

Institutional Capacity Building

- JF recognises that institutional weaknesses may in some cases inhibit the creation of jobs.
- Window targets projects that will improve operational efficiencies, remove barriers to doing business, catalyse innovation and thereby scale up the potential for job creation.
- Assist organisations that can influence the demand for labour and that can improve the efficiency of the labour market. The goal is to unlock institutional barriers to job creation.

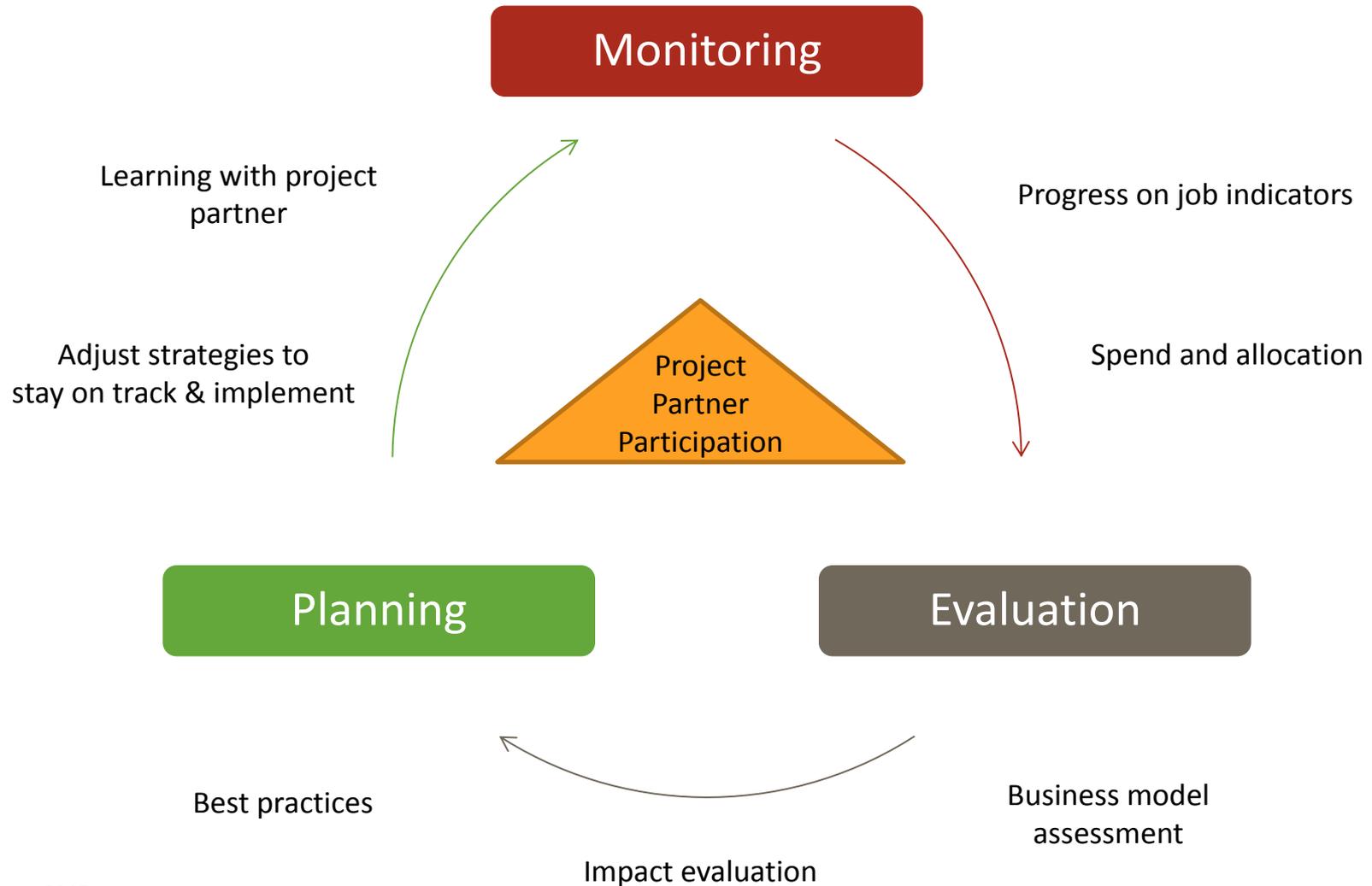
Jobs Fund Target Sectors-

.....*Giving effect to the National Development Plan*

- The Jobs Fund will focus on:
 - Defining target areas (themes) more clearly in order to direct funding for increased impact;
 - Developing a more effective and multi-pronged origination approach that considers harnessing the capacity, sector or other knowledge and networks of strategic partners; and
 - Exploring innovative models and funding instruments in pursuit of the overall Jobs Fund objectives.

Potential target sectors				
	Enterprise Development	Infrastructure	Support for Work Seekers	Institutional Capacity Building
BPO	<ul style="list-style-type: none"> Support services in rural areas 	<ul style="list-style-type: none"> Improve telecommunications infrastructure 	<ul style="list-style-type: none"> Training and placement 	
Agriculture	<ul style="list-style-type: none"> Agro processing High value niche markets Small holder farming expansion 	<ul style="list-style-type: none"> Small holder farming commercialisation 		
Construction		<ul style="list-style-type: none"> New labour intensive construction methods Construction that catalyses other economic activity 		
Green Economy	<ul style="list-style-type: none"> Waste Management Biofuels Waste to energy 	<ul style="list-style-type: none"> Waste management Biofuels Waste to energy 		
Manufacturing	<ul style="list-style-type: none"> Agro-processing Light manufacturing Innovative niche products 	<ul style="list-style-type: none"> Metal fabrication; capital equipment; transport equipment 	<ul style="list-style-type: none"> Skills development 	
Mining	<ul style="list-style-type: none"> Linkages and transformation of supply chains 		<ul style="list-style-type: none"> Employment transition for mine workers 	<ul style="list-style-type: none"> ?
Tourism	<ul style="list-style-type: none"> Rural development Creative industries High value niche markets 	<ul style="list-style-type: none"> Facilitating access to rural tourist sites 	<ul style="list-style-type: none"> Skills development Local community development 	<ul style="list-style-type: none"> Increased coordination

Monitoring & Evaluation framework



Contents

1. Jobs Fund objectives, rationale and strategy
2. Jobs Fund framework
- 3. Jobs Fund performance to date**
4. Jobs Fund funding window highlights
5. Financial Management Challenges
6. Key Lessons

Jobs Fund performance to date

Highlights

Projects

- Four calls for proposals completed in the period 2011/12 – 2014/15
- 89 projects approved
- As at February 2015, 79 projects in full implementation

Funding

- R4,66 billion committed
- R1,9 billion in grants disbursed to the implementing projects

Impact

- Approved projects target 132,725 new permanent jobs
- Leveraged R2.3 billion from project partners
- Projects have created 37,239 new permanent jobs, placed 19,949 people in jobs, created 11,092 short term jobs; while 86,301 individuals have received training

Jobs Fund performance to date

Overall Progress Status as at February 2015

INDICATORS	Target ITD	Actual ITD	% Target Reached
Projects reporting as at mid February 2015	87	76	87%
Jobs Fund Grant Disbursed as at February 2015	R 2.860 bn	R 1.966 bn	69%
Total Matched Funding leveraged	R 2.395 bn	R 2.344 bn	98%
Project Expenditure	R 4.310 bn	R 3.628 bn	84%
Permanent Jobs Created	36 981	37 239	101%
Short term jobs created	14 456	11 092	77%
Placements	23 949	19 949	83%
Recipients completing internships	7260	9103	125%
Recipients completing training	75 856	86 301	114%

Contents

1. Jobs Fund objectives, rationale and strategy
2. Jobs Fund framework
3. Jobs Fund performance to date
- 4. Jobs Fund funding window highlights**
5. Financial Management Challenges
6. Key Lessons

Jobs Fund performance to date

Current Jobs Fund Portfolio (February 2015)

INDICATORS	1 st CFP	2 nd CFP	3rd CFP	4 th CFP	TOTAL
Number of Approved Projects	35	32	20	2	89
Jobs Fund Grant Value	R 1.729 bn	R 1.663 bn	R 1.112 bn	R157.181m	R 4.661 bn
Planned Contributions Leveraged Total	R 1.509 bn	R 2.106 bn	R 2.850 bn	R358.795	R 6.823 bn
Total Portfolio Value	R 3.238 bn	R 3.769 bn	R 3.961 bn	R515.977 m	R 11.484 bn
Permanent Jobs Target for Approved Projects	72 496	23 466	36 763	0	132 725
Placement Target for Approved Projects	39 316	14 430	510	30 257	84 513
Training Target for Approved Projects	92 101	47 565	21 943	42 957	204 566
Average grant size per project	R 49.396 m	R 51.969 m	R 55.578 m	R 78.591 m	R 52.366
Average cost per permanent job (Grant and leveraged contribution)	R 25 107	R 73 238	R 19 449		R 52 864

Performance by funding window (Inception-to-Date)

OUTCOME INDICATOR	Enterprise Development		INF		WORKS		ICB	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Number of new permanent jobs created as a result of the funded initiatives	33872	33107	484	764	331	868	2294	2500
Number of beneficiaries placed in permanent positions with project partners	36	388	456	88	22509	18024	0	0
Number of beneficiaries employed in permanent positions beyond project partners	0	5	0	0	268	1300	680	144
Number of new short-term jobs as a result of the grant funding	3160	3357	3648	2658	7526	5070	122	7
Number of beneficiaries completing time bound internships	162	184	0	102	7098	8817	0	0
Number of trained beneficiaries	27102	27331	833	1208	44469	46315	3452	11447

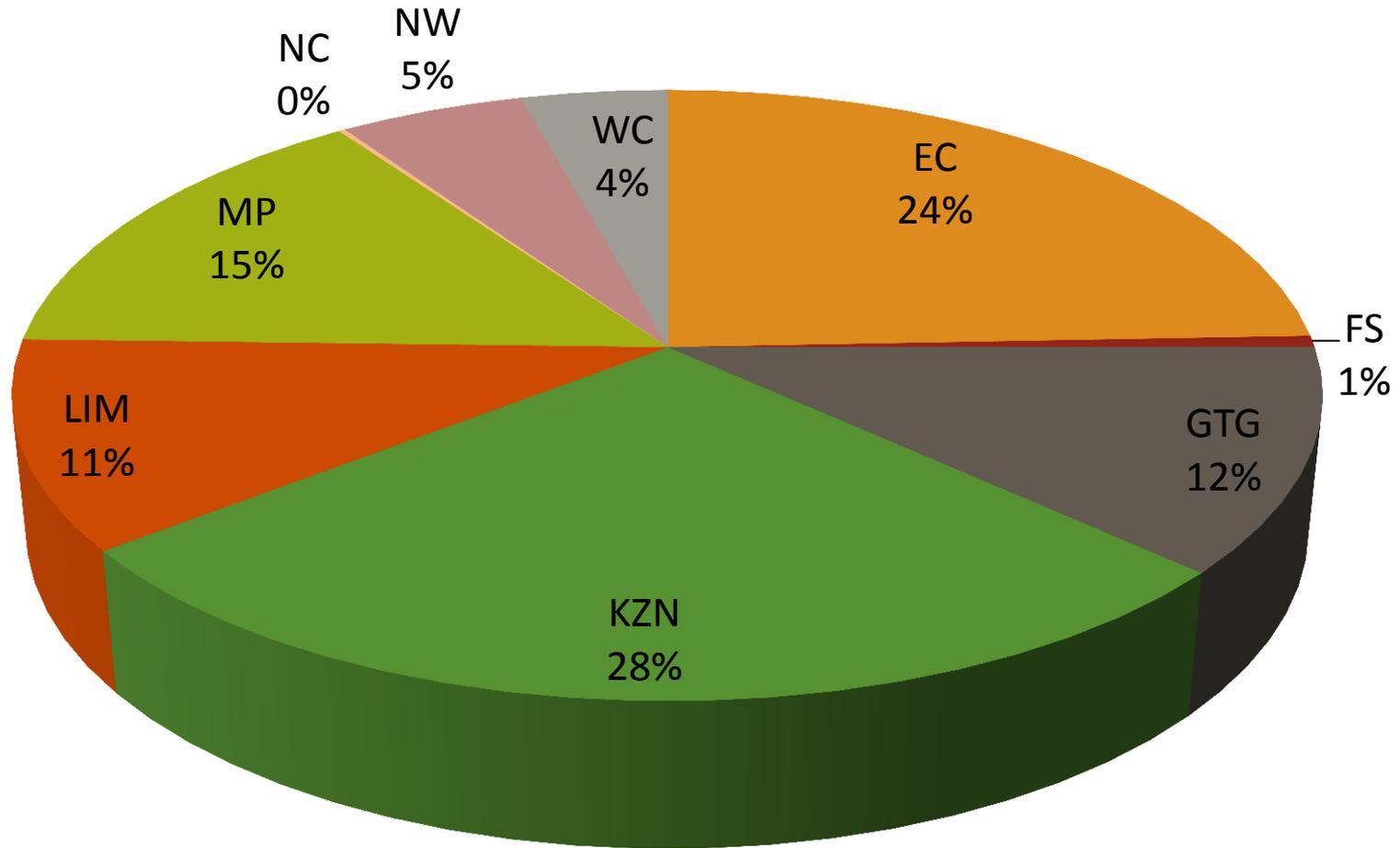
Portfolio performance by sphere (inception-to-date)

OUTCOME INDICATOR	NGO		Private Sector		Public Sector	
	Target	Actual	Target	Actual	Target	Actual
Number of new permanent jobs created as a result of the funded initiatives	30213	30343	6481	6604	287	292
Number of beneficiaries placed in permanent positions with project partners	2997	3407	18717	14351	1287	742
Number of beneficiaries employed in permanent positions beyond project partners	709	896	199	459	40	94
Number of new short-term jobs as a result of the grant funding	2178	2617	2193	3582	10085	4893
Number of beneficiaries completing time bound internships	5749	6627	793	1509	718	967
Number of trained beneficiaries	39393	57022	21974	16283	14489	12996

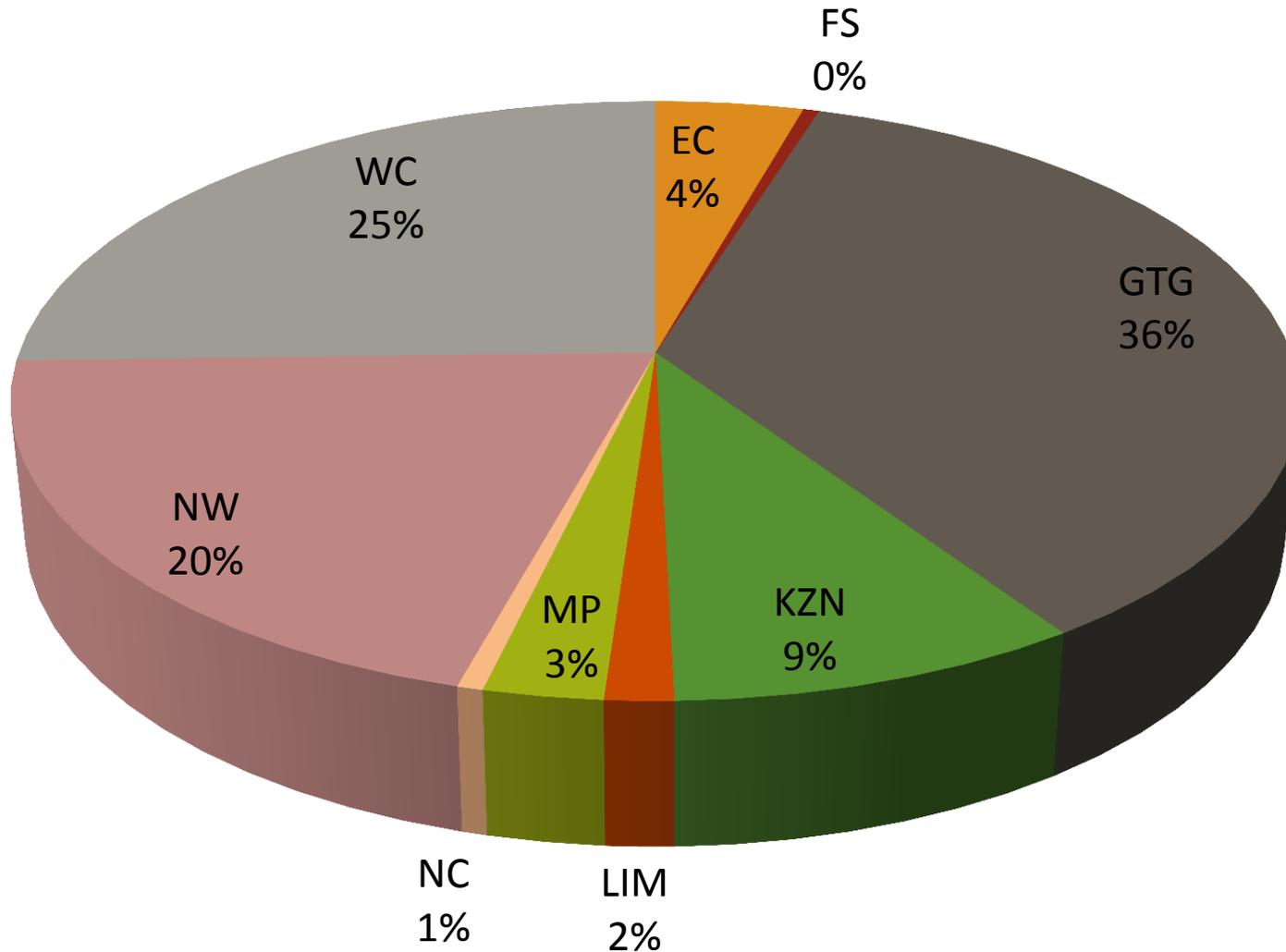
Portfolio performance: youth employment (inception-to-date)

INDICATORS	Target ITD	Total ITD	Percentage youth beneficiaries
Number of new permanent jobs created as a result of funded initiatives	36981	37239	37%
Number of beneficiaries employed in permanent positions beyond project partners	23001	1449	66%
Number of beneficiaries employed in permanent positions with project partners	948	18500?	96%
Number of short-term jobs during the grant funding	14456	11092	80%
Number of beneficiaries having completed time bound internships	7260	9103	97%
Number of trained beneficiaries	75856	86301	69%

Provincial Spread of New Permanent Jobs



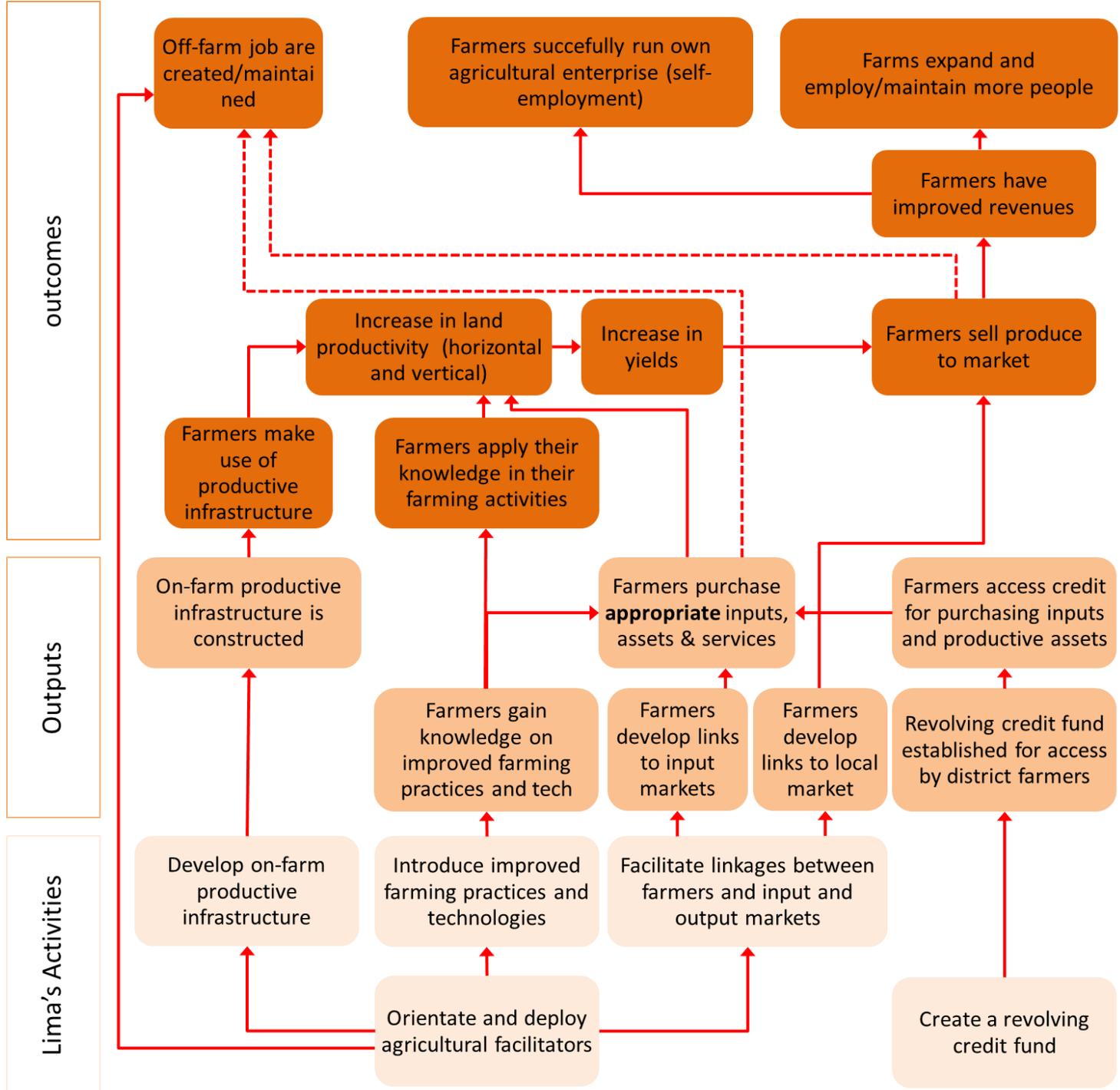
Provincial Spread of Job Placements



March 2015

March 2015

Project: Lima Rural Dev. Foundation
 Small Holder Farmer Support Programme



Funding window highlights: Enterprise Development

Project: Lima Rural Development Foundation

- Lima provides a sustainable and integrated rural development service to many urban and rural communities
- Lima has three facilitators and two agricultural professionals providing a range of institutional change and support mechanisms to growers and their associations.
- Participatory planning workshops are held with farmers to find solutions and getting growers own the change process.
- The project involves the re-establishment of a commercial standard timber plantation through physical clearing, preparation and replanting of 3 300ha of land. This will result in an increased supply of pulpwood, timber, poles and saw logs.
- R80 million rand grant from the Jobs Fund, an additional R20 million was matched by the partner.

Funding window highlights: Enterprise Development

JOBS FUND PROJECTS EXCEEDING TARGETS IN RESPECT OF NEW PERMANENT JOBS

Achievements against Target									
Call	Funding Window	Partnership Sector	Project/ Organisation Name	Q2 Target	Q2 Actual	ITD Target	ITD Actual	Contract Target	Contract Progress
1 ST CFP	ED	NGO	Lima Rural Development Foundation (Small Holder Farmer)	950	1,076	8,700	9,461	8,000	118%

Current Funding round-

.....*Supporting market access for smallholder farmers*

- The 5th call for proposals is sector specific it targets the “Agricultural Sector”.
- R600 million is earmarked for this CFP.
- The round opened on 12 January 2015 – 28 February 2015.
- 211 applications were received.
- 88 Eligible, 123 ineligible, (quality assurance process)
- Another 296 register but did not submit
- Appraisal process is on-going.

Constraints Facing Smallholder Farmers

- Limited access to output markets; input markets
- Limited access to appropriately designed financial products
- Workers lack the necessary skills
- Management models that support communal infrastructure
- Lack of emphasis on agro-processing linkages
- Lack of access to infrastructure
- Limited extension support and business skills development
- Limited access to finance

Type of projects the Fund seeks to encourage

- Innovative support packages to smallholder farmers that:
 - Provide access to existing markets
 - Integration into agricultural value chains at scale
- The desired outcomes of the provision of these support packages are:
 - Increased access to agricultural inputs
 - Appropriate financial support
 - Improved infrastructure
 - More efficient production (resulting in reduced production costs)
 - Improved quality
 - Improved marketability of produce
 - Improved market access on appropriate terms

Contents

1. Jobs Fund objectives, rationale and strategy
2. Jobs Fund framework
3. Financial Management Challenges
4. Jobs Fund performance to date
5. Jobs Fund funding window highlights

6. Key Lessons

Key Elements of Successful Business Support Initiatives (ED)

- Careful selection of clients and beneficiaries reduces the risk of failure
- Clients/ beneficiaries should undergo an initial diagnostic/ assessment – baseline data
- Relevant business training and support for clients
- Mentoring or coaching support for clients is fundamental
- Facilitating access to capital and finance
- Clear exit criteria for beneficiaries
- Adequate resources
- Pro-active and continuous monitoring
- An independent and diverse board – strong governance
- Management and staff with relevant and sufficient knowledge and experience
- For commodity-based sectors (e.g. agriculture), clients require explicit market access facilitation
- BSIs targeting unemployed individuals may need to provide pre-defined, pre-packaged business opportunities in order to promote enterprise sustainability

Key Elements of Successful Work Seekers Projects

- Strong selection process
- Education and training component
- Work readiness component
- Work-based experience
- Placement into employment
- Providing advice and support
- Demand-driven, to meet the needs of employers
- Good relationships with employers
- Effective matching – considering both employer and work seeker needs
- Need to profile positions prior to embarking on selection and training
- Communication, numeracy, life skills
- Cost effective while maintaining quality
- Consider how each partner can contribute (financial sustainability)
- Strong project management and M&E

Key elements for effective disbursement

- Challenges encountered by JFPs that result in delay in disbursement:
 - Meeting conditions and precedent (submission of compliance documents, FICA, tax clearance certificate)
 - Projects slower than projected delivery which results in delayed request for disbursement (effects JF planned targets)
 - Inability to perform at 80% of set targets required for disbursement
 - Insufficient evidence of results
 - Lack of capacity
 - Internal organisational delays
 - Inability to secure match funding
 - Delays in receiving the first advanced disbursement due to contracting and other pre-implementation delays

Addressing Disbursement Challenges

- Plans to address challenges
 - Continuous and proactive engagement with partners to ensure compliance on all provisions of the Grant Agreement
 - Projects with capacity issues will be identified and supported before reporting time
 - Projects will be encouraged to put in more than the required match-funding per quarter to cover unforeseen events
 - Improve contracting processes

**THANK YOU VERY MUCH FOR THE
OPPORTUNITY**



South Africa. Siyasebenza