

Update on the Jobs Fund

STANDING COMMITTEE ON APPROPRIATIONS

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national treasury

Department:
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REPUBLIC OF SOUTH AFRICA

Overview of Jobs Fund Performance

- As at 31 December 2018, the Jobs Fund has allocated R6.67 billion in grant funding for CFP 1 to 7 (126 approved projects*) and R9.46 billion has been committed in the form of matched funding from partners. The average Grant Size is R53 million.
- At the inception of the Fund the Minister requested that the Fund's operational expenses are also financed from the total R9 billion allocation to the Fund, i.e. the R6.67 billion in grant funding allocated to project partners does not include the Fund's projected expenditure on operations.
- To date R4.63 billion has been disbursed to the contracted projects and against this amount R8.59 billion leveraged in matched funding.
- Disbursements are aligned with the cash-flow projections for the portfolio as provided by the JF partners. It is important to be cognisant of the fact that the cash-flow projections for the full implementation of the portfolio of projects go beyond the MTEF.

Crowding-in Additional Funding

- The Jobs Fund Challenge Fund model has been successful in crowding-in substantial funding from the private sector, non-profit organisations and public entities. The current inception to date Matched Funding ratio (as at 31 December 2018) is 1 : 1.85. That means for every Rand the Jobs Fund disbursed, Jobs Fund Partners (JFPs) put in R1.85. This against the Fund's benchmark of 1:1.
- This has enabled the Jobs Fund to be more impactful reaching significantly more beneficiaries than what would have been achieved if only public funds were available for job-creation. The Fund has demonstrated the benefit of shaping financial risk to catalyse innovation.

Job Creation & Training (Inception to Date)

- **Job creation*** –
 - New permanent jobs: 117 473
 - Permanent placements: 52 675
- **Training*** –
 - Trained beneficiaries: 244 287

* As reported by Jobs Fund partners (as at 31 December 2018)

Impact

- **Pillar 1: Job creation –**
 - The 8th Funding Round's Concept Note Applications were closed and the appraisal process is almost complete. Those projects approved by the Jobs Fund Investment Committee have commenced the Business Case Application stage and Jobs Fund Project teams are currently appraising the projects. The Jobs Fund Investment Committee will make their approvals in May 2019.
 - Jobs continue to be created, in spite of minimal growth in the economy. Progress against inception to date permanent job creation targets is at 93.2%.
- **Pillar 2: Informing longer term approaches to job creation –**
 - The Fund continues to place emphasis on the Jobs Fund Learning Agenda and Knowledge Dissemination.
 - The Tracer Survey (tracks Jobs Fund beneficiaries on their employment journey) is on-going, with the service provider currently piloting their research instruments.
 - A Request for Proposals has been sent out for a new project-level evaluation which is set to begin in March 2019.

Summary

The Jobs Fund continues to display good value for money for the investment made:

- Impact on beneficiaries
- Crowding in substantial funding and technical support from other organisations
- Low cost of implementation
- Knowledge creation and dissemination
 - Support to evidence based policy making for government and design of similar instruments.
- Effective fund management
 - Low overall Fund management fee when compared to other Challenge Funds
 - Implementation and project appraisal capability within government.

Summary

It is important to note the following:

- The initial assumptions about how long it will take for projects to create sustainable jobs does not hold true;
- Environmental factors such as low economic growth, drought and institutional implementation capacity have had a significant impact on the pace of project implementations;
- Project implementation plans go beyond the MTEF framework and thus poses significant risk to the Fund.