

# The Jobs Fund

## What it aims to achieve and who should apply?

### 1. WHAT IS THE JOBS FUND?

The Jobs Fund was launched in June 2011 by the Minister of Finance Pravin Gordhan. It is a grant fund administered by the DBSA which, in partnership with stakeholders from across the economic spectrum in SA, aims to support good ideas, new approaches and initiatives which enhance the ability of the economy to create and sustain new jobs. The Fund particularly targets initiatives aimed at the long-term unemployed, unemployed youth and women. It was capitalised at R9 billion and will run for three years, after which it will close.

Anyone may apply. More information on the priorities and criteria governing the operation of the Fund are available on its website: [www.jobsfund.org.za](http://www.jobsfund.org.za)

Potential applicants are invited to submit proposals to the Fund in relation to any of the following four funding windows:

- 1) **Enterprise Development** – targets initiatives which leverage existing private sector capacity, experience and resources to facilitate job creation
- 2) **Infrastructure Development** – targets light infrastructure investments which will unlock investment and activity linked to additional job creation
- 3) **Support for Work Seekers** – targets innovative approaches to training and job placement which enables jobs for unemployed work seekers.
- 4) **Institutional Capacity Building** – targets institutional strengthening and capacity building of entities that underpin the effective operation of SA's labour market and employment facilitation entities.

The Jobs Fund operates as a Challenge Fund. This means *applicants are assessed according to a competitive process which identifies and rewards only those initiatives which offer the most impact in relation to sustainable job creation.*

Project selection is undertaken by an independent Investment Committee. In selecting winning applicants, the emphasis is on innovation, sustained impact and exploring new ways of doing things. The Fund thus serves as a *catalyst for innovation and investment* in activities, partnerships and approaches which directly contribute to long term employment creation.

The Fund will launch its second call for proposals on 31<sup>st</sup> March 2012. Drawing from the experience of the first call, this note aims to highlight the kinds of initiatives which are being sought and the key issues that will be prioritised.

## 2. WHO SHOULD APPLY?

Given the limited resources and time available for the Jobs Fund, it will prioritise applicants which offer the most ‘bang for buck’ in terms of job creation impact, innovation, sustainability and potential for systemic change. This informs the following broad targets:

- 1) **Large, game-changing initiatives** which offer scope for significant learning and ‘systemic change’ in the way companies, NGOs, government entities operate, and which have a direct link to sustainable job creation.

*This contrasts with the proliferation of small projects and pilots which characterised the first funding round, and which offered little by way of demonstration, impact and sustainability beyond their particular initiative.*

- 2) **Leveraging existing capacity, experience and resources**, the Jobs Fund is not looking to start new entities and projects – unless these are being used as a vehicle for experimentation and research and development by established players.

*This contrasts with start-up initiatives which do not have a proven track record, resources or demonstrable capacity in the proposed area of investment.*

- 3) **Credible, partnership-based initiatives** which pull together like-minded players and partners with a shared interest and a complementary ‘offer’ in relation to the aims of the Fund.

*This contrasts with questionable, paper-based, opportunistic partnerships and consortia which are not rooted in any previous association or shared interest.*

- 4) **Initiatives which go beyond the mere extension of an existing project**, and which have as an explicit objective the replication or expansion of a proven or high potential model in new areas or sectors – without the need for indefinite outside support.

*This contrasts with applicants who seek funding for the prolongation of programmes or projects, without any reference to systemic change, sustainability or enhanced learning.*

- 5) **A clear logic and ‘line of sight’** between the proposed activities and the stated outcomes in terms of job creation impact and learning.

*This contrasts with numerous applications which fail to demonstrate any credible link between the resources requested, the activities to be financed and the outcomes in terms of sustainable job creation.*

In developing their ideas and interpreting the criteria prescribed by the Fund, prospective applicants are encouraged to engage the DBSA to explore, test and develop their proposals. DBSA’s participation in the development of an application will not compromise the independence of the funding decision, as this will be made by an independent Investment Committee.

### 3. EXAMPLES OF PROJECTS

Outlined below are some examples of initiatives which reflect the aims and criteria of the fund. The examples of approved projects have been made anonymous to protect the project holder from unwanted publicity and approaches. The examples of notional projects serve as illustrations of ideas that might be developed. They should not serve as templates for funding submissions: all applications are competitively assessed and independently adjudicated.

#### **Example 1: Enterprise Development Window**

*An initiative which scales up an existing, highly effective Small and Medium Enterprise (SME) incubation model which is currently linked to the core business of the sponsoring corporate entity.*

Funds were approved to support the scaling-up and replication of the programme from one located in a handful of sites to one operating at a national level, and represented in all high potential areas of the country. One important aim of the project involves adapting the existing funding, skills training and mentorship model from one which is based on commercial linkages to the sponsoring company, to one which supports enterprises with no historical or prospective link to the company, but which is based on the corporate's past learning and proven methodology .

The initiative is thus about adapting, replicating and scaling up a proven SME support and commercial incubation initiative to operate at a national level. The experience of the project will offer invaluable learning and insights to policy makers and implementers in the SME sector, and could in time inform the design and operation of a major national PPP initiative.

Within this window, opportunities for potential applicants in the next round include:

- Consortia or partnerships aimed at effective commercial or public-private partnership approaches to entrepreneurship development and SME incubation;
- Established retailers pursuing innovative models for the diversification of procurement relevant to small and emerging suppliers;

#### **Example 2: Work Seekers Window**

*A corporate vocational skills training and placement initiative aimed at tackling widespread unemployment among the youth, with the aim of creating 10, 000 employment opportunities for previously unemployed people between the ages of 18 and 24. The innovation lies in the corporate's 'inclusive business' approach to addressing its and the country's skills and employment challenges, as the majority of long term placements will be linked to the sponsoring corporate – ensuring real ownership of the initiative and improved prospects for impact and sustainability.*

The project targets young disadvantaged South African youth with no employment experience or education beyond matric. They are assessed against a set of criteria and those who fit are put through a three month vocational training programme linked to the business of the sponsoring company and its various affiliates. Through scenario-based learning trainees are taught functional skills, business communication and behavioral skills. The aim is to place a proportion of the trainees in permanent jobs, vacancies for which already exist when the

training begins. The remainder are certificated and supported in finding other formal sector jobs.

The project seeks to leverage the company's commercial operations to create employment for youth who would normally have no access to the training and opportunities needed for formal sector employment. The project displays significant innovation and the potential for widespread learning and systemic change in the way vocational training is designed and delivered in SA, with the private sector playing a key role in its organization and operation.

### **Example 3: Infrastructure Window (prospective)**

*A corporate, public entity or a Public Private Partnership (PPP) requires co-funding for the development of light infrastructure (e.g. irrigation, transport, market and storage facilities, broadband signal distribution etc.) in relation to areas historically excluded from formal market opportunities but which offer high economic potential.*

In such cases, the costs, uncertainties and risks of transacting in these areas may be too high to justify investment unsupported by outside partners. Proposals for such catalyzing infrastructure investments which demonstrably will unlock downstream economic activity and job creation will be well received by the Jobs Fund.

### **Example 4a): Institutional Capacity Development Window (prospective)**

*Enhancing the capacity, effectiveness and services of labour placement facilities in SA.*

Labour Centres and similar labour placement institutions in SA have an important role to play in reducing the cost of employment search. There are 135 Labour Centres in SA with an annual budget of R1 billion. Yet the evidence suggests there is little correlation between their operation and the level of job placement and employment in their 'catchment areas'. There may be an opportunity for a private-public partnership(s) aimed at institutional reform and the introduction of efficiencies and incentives associated with private sector players to leverage the existing national infrastructure to more effectively link work seekers with jobs. Equally, it might be appropriate for private players in the sector to propose innovative approaches to training and work placement which is more efficient, effective and impactful than the existing state-based arrangements.

### **Example 4b): Addressing the inefficiencies in South African Labour courts (prospective)**

*Overcoming inefficiencies in the SA Labour Courts to improve the speed, credibility and certainty associated with their operation*

While the legal protection of workers' rights is critical, a slow and unpredictable process in dealing with unfair dismissal and legal challenges deters potential employers from creating jobs. Delays in the processing times of cases put to the Labour Court translate into greater hiring risks for employers, as legitimately dismissing an employee who turns to the Labour Courts can become a cumbersome, prolonged and unpredictable task. One of the contributing factors to process delays in the Labour Courts has been identified as the low IT capacity of the courts. All the courts use manual documentation systems, which are slow and result in the loss of documents and heavy backlogs.

Notionally, an intervention that address the IT and related capacity of the labour courts could alleviate inefficiencies and improve processing times, lowering the cost/risk for employers to

hire more people. Although this project would not result in *direct* job creation, the indirect employment creation effect could be significant: potential employers would be less constrained by the inefficient processing of labour regulations and be less reluctant to hire for fear of being tied into unnecessarily slow and drawn out labour disputes.

**Example 5): Renewable Energy Investments (across all possible windows)**

*'Renewable energy' is currently an area of significant interest, investment and innovation – across all points in the value chain, across numerous sectors and in relation to pro-poor products as well as enterprise opportunities. Where this translates into opportunities for research and development, training, learning, and replication and scaling up; where there are barriers to purely commercially financed activities; and where there is a strong overlap of commercial profitability with significant social impact in terms of employment creation, the Fund would welcome applications.*

High potential initiatives might conceivably arise from every part of the research and development, investment, production, distribution and financing cycle. Care must be taken that projects do not displace or 'crowd-out' profitable commercial activity, but rather enable its extension to areas and market segments associated with higher risk and uncertainty.

The above examples offer illustrative examples and themes of the kinds of ideas and innovation that the Jobs Fund is seeking. They in no way serve as a guarantee of funding. This will be determined through a competitive assessment process in relation to the key adjudication criteria outlined in the application form. See [www.jobsfund.org.za](http://www.jobsfund.org.za) for further details.