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## **STATEMENT ON THE JOBS FUND LAUNCH**

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The Minister of Finance today announced the launch of the Jobs Fund, an initiative first declared by President Zuma in his State of the Nation Address in February. The Jobs Fund is another innovative approach that gives effect to government's New Growth Path and the emphasis on making 2011 a year of job creation. It will co-finance projects with the potential to create jobs by supporting the expansion of existing, self-sustaining programmes and in piloting new and innovative approaches to job creation. The Fund will target the creation of 150 000 jobs in three years.

The Jobs Fund is distinct from existing development financing instruments as it provides grants instead of loans. There will be no repayment or financial return sought, although funds that are not spent for the purpose for which they were allocated, or are misappropriated, will be reclaimed by the National Treasury. The Jobs Fund will complement other government and related employment creation funds and provides a concrete opportunity for programmes that have proved their effectiveness to expand their footprint. Applicants may be required to also contribute funds towards financing projects.

The Fund will be administered by the Development Bank of Southern Africa (DBSA) because of its experience in working with communities in more than 200 municipalities on facilitating socio-economic development. The DBSA also has developed specialised technical knowledge and expertise in managing projects on behalf of government departments and international donor agencies.

Proposals are invited from both private and public sector organisations operating in South Africa. Projects with demonstrable potential for self-sustaining job-creation will be funded, and particular emphasis will be placed on opportunities for young people to acquire skills and improve their long-term employment prospects.

The Jobs Fund will consider proposals in four broad areas:

- **Enterprise Development** – investments in product development, local procurement, marketing support, equipment upgrading or enterprise franchising.
- **Infrastructure Investment** – local infrastructure investment projects such as light manufacturing enterprise zones, local market and business hub facilities, critical transport and communication links and upgrading of infrastructure services.
- **Support for Work Seekers** – support programmes with a particular focus on unemployed young people such as job search projects, training activities and support for career guidance and placement services.
- **Institutional Capacity Building** – projects aimed at strengthening institutions through which jobs are created or overcoming institutional barriers to job creation.

The Fund recognises the capacity for enterprise and skills development in South Africa, which are undermined by structural distortions, inequality and a fragmented economy. Neither the state nor the market can address these challenges alone. Well-structured partnerships are needed combining both state capacity and private sector resources.

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**Issued by: Finance Ministry**

**7 June 2011**