

Case study 3: Jobs Fund levers on South Africa's investment in tertiary education

Another innovative programme that the Jobs Fund supports is the Graduate Asset Programme (GAP) run by Fetola, which seeks to match unemployed graduates to appropriate internship positions in the Small and Medium Enterprises (SME) sector. The reasons for graduate unemployment vary, but a lack of work experience is a key factor preventing new graduates from being employed.

The idea behind GAP is that young people will get vital work experience, thus improving their future employability, while the company employing them gets additional capacity and fresh energy at low cost. The Jobs Fund has contributed R8 million to the programme with GAP providing an addition R21 million in matched funding.



Research suggests that there are 600 000 unemployed graduates - young people with a tertiary education - in South Africa and that they remain unemployed as employers often don't see what value interns can add to a company.

This is where GAP fills the gap. It provides interns with fundamental skills for business as well as work-readiness training. Following the placement and matching process, GAP also offers a range of support to interns in order to maximise their impact on the company.

GAP takes great care to match graduates to companies. Using an assessment tool GAP determines each graduate's capabilities regardless of their qualification and allows the graduate to be placed in an institution that is in line with their capabilities.

Through their website GAP helps businesses to source, assess, interview and recruit suitable interns at no cost, while providing advice on recommended stipends to both employers and interns.

Says Catherine Wijnberg, originator of GAP: "The future of South Africa's economy lies in the small business sector, as this is where the potential for job growth is highest – and by matching SMEs to our other great asset, the wealth of capable but unemployed South African graduates, we can take full advantage of this."

GAP estimates they will place 24 000 graduates into 8 500 SMEs by 2015, and they estimate that around 30% of these will lead to permanent jobs resulting in approximately 8 000 jobs.

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Jobs Fund creates employment through innovation

The Jobs Fund aims to stimulate good ideas, risk-taking and investment to discover new ways of working, where the costs and risks may be unknown, and where the pro-poor impact, principally in the form of sustainable job creation, may be significantly larger than with conventional approaches. Its goal is also to promote opportunities that lead to the long term improvement of employment prospects of the unemployed, especially for the youth and women of our country



Best ideas are funded to boost innovation and investment for job creation

President Zuma launched the Jobs Fund during the State of the Nation Address on 10 February 2011 and was established by the National Treasury in June 2011. The aim of the Jobs Fund is to support innovative approaches and initiatives that create employment in new and innovative ways. The fund provides once-off grants in the areas of enterprise development, infrastructure, support for work seekers and institutional capacity building.

The Jobs Fund utilises a “challenge fund” methodology, which involves the use of matching grants which are allocated following a competitive, transparent and open application process. This competitive application process means that only the best ideas are funded to catalyse innovation and investment in activities that contribute directly to enhanced employment creation in South Africa. Final funding decisions are made by an independent Investment Committee according to clearly defined criteria.

The Jobs Fund does not intend to tackle the long-term, structural causes of low growth and unemployment on its own. Numerous government initiatives are already tasked with aspects of that challenge, and the Jobs Fund forms part of a suite of such interventions.

The Development Bank of Southern Africa (DBSA) was appointed by the National Treasury as the Implementing Agent for the Jobs Fund.

Current status

The total number of approved projects stands at 93, with a **total grant value of R4.96 bn.** With the leveraged funds from project partners, the total value of job creation projects approved by the Jobs Fund now stands at **R6.1 bn.**

The current approved portfolio targets the creation of **143 914 new, permanent jobs over the next five years.** These are jobs that would not have existed without the Jobs Fund intervention.

In addition, approved projects are expected to **place 55 989 individuals into existing, vacant jobs** by providing training and placement services.

As at the end of December 2013, 51 projects were in full implementation. The Jobs Fund has **disbursed R802 million** in grant funding to these projects, which has leveraged a further R697 million from project partners.

Over this period, projects supported by the Jobs Fund have created **12 184 permanent, new jobs;** of which 50% are jobs for young people and **9 728 placements into existing jobs.**

In addition, projects have created **5 443 short term jobs,** and have provided work readiness training to **39 594 individuals.** The Jobs Fund has a specific focus on addressing youth unemployment, and 97% of job placements and 70% of internships have youth beneficiaries.

Case study 1: Entrepreneurial talent is ours for the taking

With funding from the Jobs Fund, Awethu supports township entrepreneurs through an innovative and intensive engagement approach that aims to create sustainable small businesses.

Many entrepreneurial programmes work only with existing businesses or applicants with a minimum level of education. What makes Awethu special is that the barriers to enter the programme are very low.

No matric is required and applicants need not even have a business idea. Applicants to the programme complete a series of tests which measure their cognitive and entrepreneurial ability. Once applicants are selected, they enter the Awethu incubator where they are given a full-time coach as well as access to office space and

computers. Coaches partner with entrepreneurs to develop personal leadership as well as business skills.

The vision of Awethu is to tap the huge entrepreneurial talent of unemployed South Africans, in particular those living in informal settlements and townships. Awethu sees these areas as having massive potential for business opportunities and growth.

Awethu CEO Yusuf Randera-Rees explains that “as long as an entrepreneur has the talent and work ethic to be great, Awethu should supply everything they need to start a business, to grow a business, to employ people and to become an economic hero.”

Awethu received a R20 million grant from the Jobs fund and this was matched with R4 million from the project itself. They estimate that every successful entrepreneur that goes through their programme could in turn create at least three additional jobs through their expanding business.

Established in 2010, the Awethu goal is to set up 500 entrepreneurs by the end of 2014. To date, they have exceeded their target in incubation, having reached a total of 512 entrepreneurs in incubation. They estimate that through their entrepreneurs employing people in their businesses, they will create 1 000 jobs by 2014.

Randera-Rees says: “The Jobs Fund is a real partner to the Awethu Project, and we support each other’s growth. The Jobs Fund team has created a globally unparalleled opportunity for innovative job creation projects, without which Awethu would never be where we are today.”

Case study 2: Jobs Fund sweetens life for small scale sugar farmers

Small-scale sugar cane farmers in the Nkomazi area of Mpumalanga have lacked access to financing, resulting in dramatic drops in their productivity. Akwandze Agricultural Finance Ltd, through funding provided by the Jobs Fund, is addressing this need by ensuring these farmers can get adequate, cost effective and appropriate financing with favourable terms.

Akwandze also provides associated farmer support initiatives such as on-site service back up, training and capacity building. The intended result is to double sugar cane production over a five-year period, which in turn will lead to 1 511 new and sustainable jobs.

In recent years, the number of small-scale sugar growers has declined by 33% and productivity of these small-scale farmers is also declining. The decline is attributed to a lack of farming experience, poor business skills and limited access to appropriate and cost-effective financing. This has resulted in low levels of irrigation infrastructure investment and maintenance, which in turn has meant water insecurity. Says Roger Armitage of Akwandze: “Without water you are dead. You are not going to produce cane.”

Through a grant of R50 million from the Jobs Fund, with matched funding of R70 million from the project, Akwandze will recapitalize irrigation infrastructure for 1 281 small-scale growers, helping to rehabilitate 10 000 hectares of sugar cane land. Akwandze will also extend its lending capacity to the growers for replanting, fertilizer, weeding and irrigation costs. The result should be to increase sugar cane production from 450 000 per year to 850 000 per year over a period of five years.

