

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 666 [NW827E]

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666. Mr L S Ngonyama (Cope) to ask the Minister of Finance:

- (1) Whether he has found that the R9 billion Jobs Fund as announced by the President, in his state of the nation address of 2011 has achieved its intended targets; if not, why not; if so,

- (2) whether it is on target towards achieving its intended goal with regard to (a) number of jobs created, (b) amount of money spent and (c) determining whether the investment meets the targeted returns; if not, why not; if so, (i) what type of analysis is the President getting about (aa) the nature of the applications and (bb) the applications meeting the desired employment creation target of 150 000 jobs by 2015 and (ii) what are the further relevant details?

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REPLY

- (1) The Jobs Fund has been designed to overcome barriers to job creation by providing public funding through four “funding windows” – Enterprise Development; Infrastructure Investment; Support for Work Seekers and Institutional Capacity Building. The Jobs Fund operates as a challenge fund it competitively allocates funds to projects that catalyse innovation and investment in activities which directly contribute to sustainable job creation initiatives, as well as long term employment creation. In this way the Jobs Fund programme differs from other government job creation initiatives which primarily focus on the creation of short term jobs.

The fund attracts project applications by issuing an open call for proposals and thereafter competitively assessing the merits of the proposals. The intention is that a number of calls for proposals will be issued over the duration of the Fund (three years have been allocated to successful applicants to implement their projects). The period of implementation for individual projects will range between April 2012- March 2016.

To date the Jobs Fund has completed two funding rounds and as at 31 December 2012, 65 projects have been approved by the Investment Committee for Funding. For the 65 projects to which Funds have been allocated Grantees have projected the following targets.

New permanent jobs (107 753); beneficiaries who have completed internships or training programmes that will be placed in vacant positions (53 994); beneficiaries placed in short term jobs (43 359); beneficiaries that participate in training programmes (109 239). These projections are pressure tested during contracting.

As soon as funds are allocated to projects the DBSA begins the process of contracting with grantees (this includes a final schedule of project deliverables over the life of the project and the budget which tags funds against specific deliverables), only when the contract is signed and grant conditions met will funds be disbursed to the project. Projects are required to report every quarter on the achievement of project milestones and thereafter funds are disbursed against targets achieved.

The 65 projects supported to date are required to meet their project targets over a three year implementation period (April 2012- March 2015). Project implementation usually starts as soon as the contracting has been finalized.

Of the 65 projects to which funds have been allocated 22 of these projects are in implementation and 18 of these have been in implementation for five months (August 2012-December 2012)

The following targets have been set for the 22 projects that are in implementation.

KEY PROGRAMME INDICATORS FOR 22 IMPLEMENTING PROJECTS			
	YEAR TO DATE*		OVERALL TARGETS#
	TARGET	ACTUALS	TARGET
Number of new permanent jobs created as a result of the funded initiatives	255	911	35 588

Number of Beneficiaries placed in permanent positions with project partners	2 052	1 115	29 578
Number of new short term jobs as a result of grant funding	581	195	2 933
Number of beneficiaries trained	5 133	4 286	82 893

** This means April 2012 to December 2012*

this means the target over the life of the project which generally translates to 3 years

The lag in the achievement of some of the targets is due to late finalization of contracts and therefore the delayed start in project implementation. As noted above, 18 of the 22 projects in implementation are operational for only 5 months.

The Jobs Fund has a target of 150 000 jobs to be achieved by the end of the program. The number of jobs will continue to grow as more projects enter the implementation phase and as more quality projects are submitted to the Fund. A 3rd funding round has been closed, 601 applications have been received and these are now being assessed.

- (2) (a) Yes the Jobs Fund will create 150 000 jobs over the life of the project
- (2) (b) R3.34 billion has been allocated to projects and a promised R3.14 billion has been leveraged from project partners.
- (2) (c) The following controls have been put in place to ensure that projects deliver as per their contract. Each Grantee is contracted to deliver specific targets, funds are not disbursed if project targets are not met, and projects are required to report on their performance as per their contracted project plan on a quarterly basis.
 - (2) (c) (i) The Jobs Fund reports progress to the Anti-Poverty Inter Ministerial Committee, this Committee is chaired by the Deputy President.
 - (2) (c) (i) (aa) The progress report includes information on: The amount of Funds allocated to Projects; the amount of funds leveraged from project partners; a breakdown of the projects per funding window & sector; the distribution of

projects between the public sector, private sector and NGOs; the distribution of projects per region;

(2) (c) (i) (bb) Information on the number of jobs projected by grantees and results achieved are reported.

(2) (c) (ii) The Jobs Fund was established in June 2011. Between June 2011 and March 2012 the Fund was established, a first call for proposals was issued, 2651 applications were assessed. A second call for proposals was issued in April 2012 a further 1000 applications were assessed and the Investment Committee has finalised its funding decisions for the second funding round. A third call for proposals was opened in December 2012 it closed on the 15th March 2013 and applications are currently being assessed.

The contracting process is very elaborate. The DBSA and relevant Treasury officials have been directed to significantly ramp up the process and ensure much faster processing of applications and allocations of funds. This is expected to speed up the job creation process.