



# Putting South Africa to Work: The Role of the Jobs Fund in Supporting Enterprise Development

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TSHEGOFATSO KGASAGO  
CAROLINE STAPLETON



# G: Three Learning Takeaways

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How can enterprise development be a vehicle for job creation?

02

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Under what conditions can government and private sector stakeholders partner to support enterprise development?

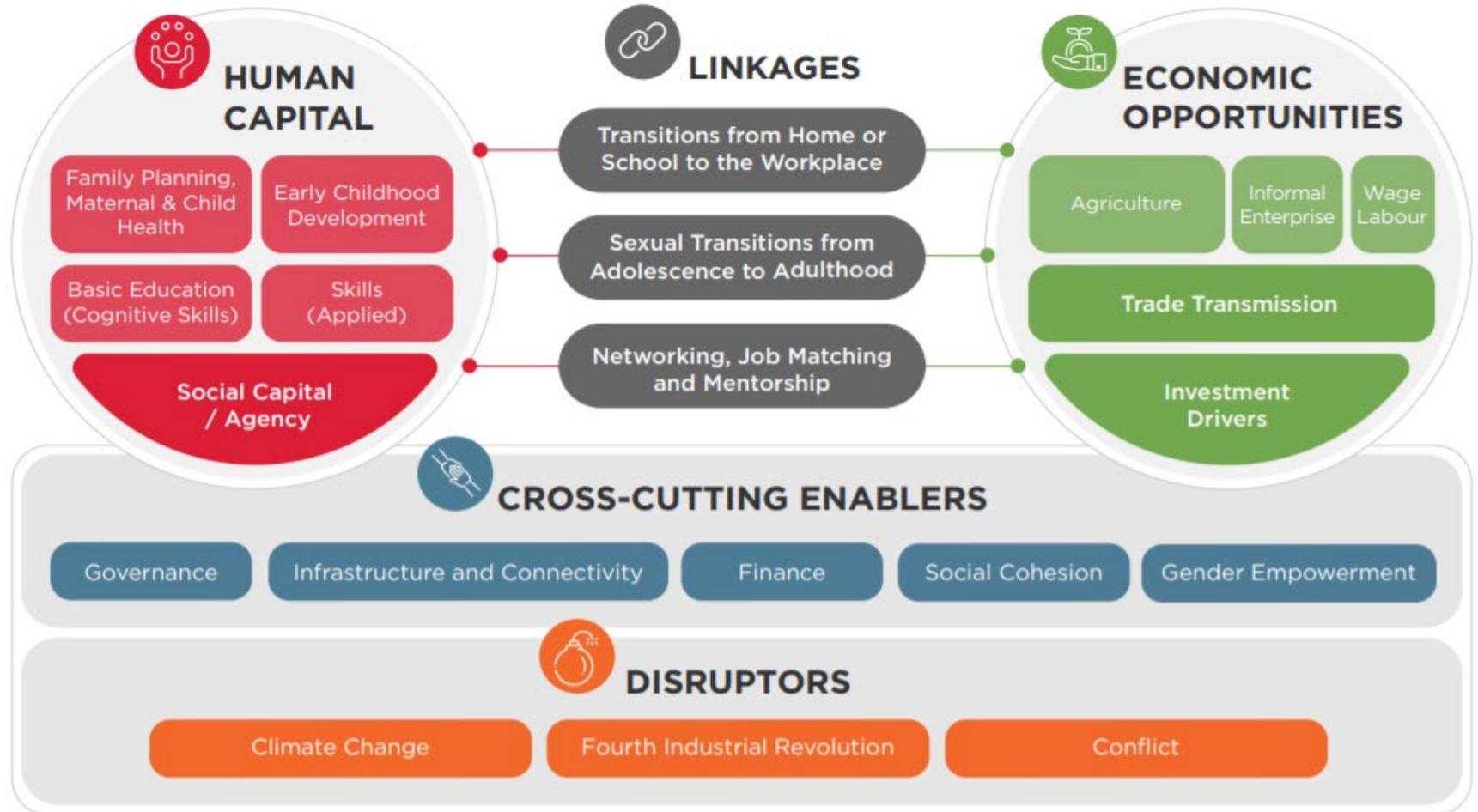
03

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How can these solutions be tailored to ensure inclusion of youth?



# G: Our take on the youth development ecosystem



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# G: Youth unemployment in SA

## 'YOUTH BULGE' IN THE SOUTH AFRICAN ECONOMY

Recent data indicates that youth unemployment is significantly higher than the already high overall unemployment rate.

According to the Q1:2019 Quarterly Labour Force Survey, the official unemployment rate for the full working population as at March 2019 was 27.6%, while the unemployment rate for individuals aged 15-24 at the same point in time was 55.2% and the unemployment rate for individuals aged 25-34 was 34.2%.



National Planning Commission. (2012). National Development Plan 2030: Our future – make it work. Pretoria, SA: The Presidency.  
Retrieved from <https://www.poa.gov.za/news/Documents/NPC%20National%20Development%20Plan%20Vision%202030%20lo-res.pdf>  
Statistics South Africa. (2019). Quarterly Labour Force Survey, Quarter 1: 2019. Pretoria, SA: Government Printer.



# G: The Jobs Fund



The Jobs Fund is a ZAR 9 billion challenge fund, launched by the South African National Treasury in 2011, that aims to catalyse job creation in South Africa. The Fund operates through four distinct funding windows:

1. **Enterprise Development (ED)**

2. **Infrastructure Investment**

3. **Institutional Capacity Building**

4. **Support for Work Seekers**

The ED window, which makes up approximately 60% of the Fund's portfolio, is aimed at partnering with the public and private sector to establish or expand ED programmes that incubate and grow job creating enterprises across a variety of sectors.

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## SEVEN CHARACTERISTICS OF CHALLENGE FUNDS:

- ▶ provides grants or subsidies
- ▶ on the basis of advertised rules and processes
- ▶ with an explicit public purpose
- ▶ who retain significant discretion over formulation and execution of their proposals
- ▶ between independent agencies
- ▶ and share risks with the grant provider.
- ▶ with grant recipients selected competitively

O'Riordan, A, Copestake, J, Seibold, J, and Smith, D. 2013. Challenge Funds in International Development. Triple Line Consulting Ltd. & University of Bath Working Paper

# G: The Jobs Fund ED portfolio



**71**

ED projects funded by the Jobs Fund to date

**R2.34 billion**

spent on ED projects through the ED funding window

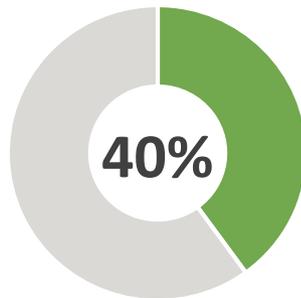
Average Jobs Fund grant of

**R33 million**

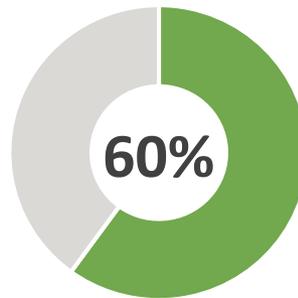
ED portfolio has

created **84%** of the total jobs created by the Fund

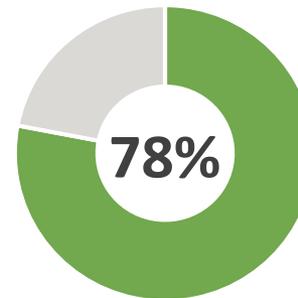
## Demographics of the jobs created by the ED portfolio



Under 35



Female



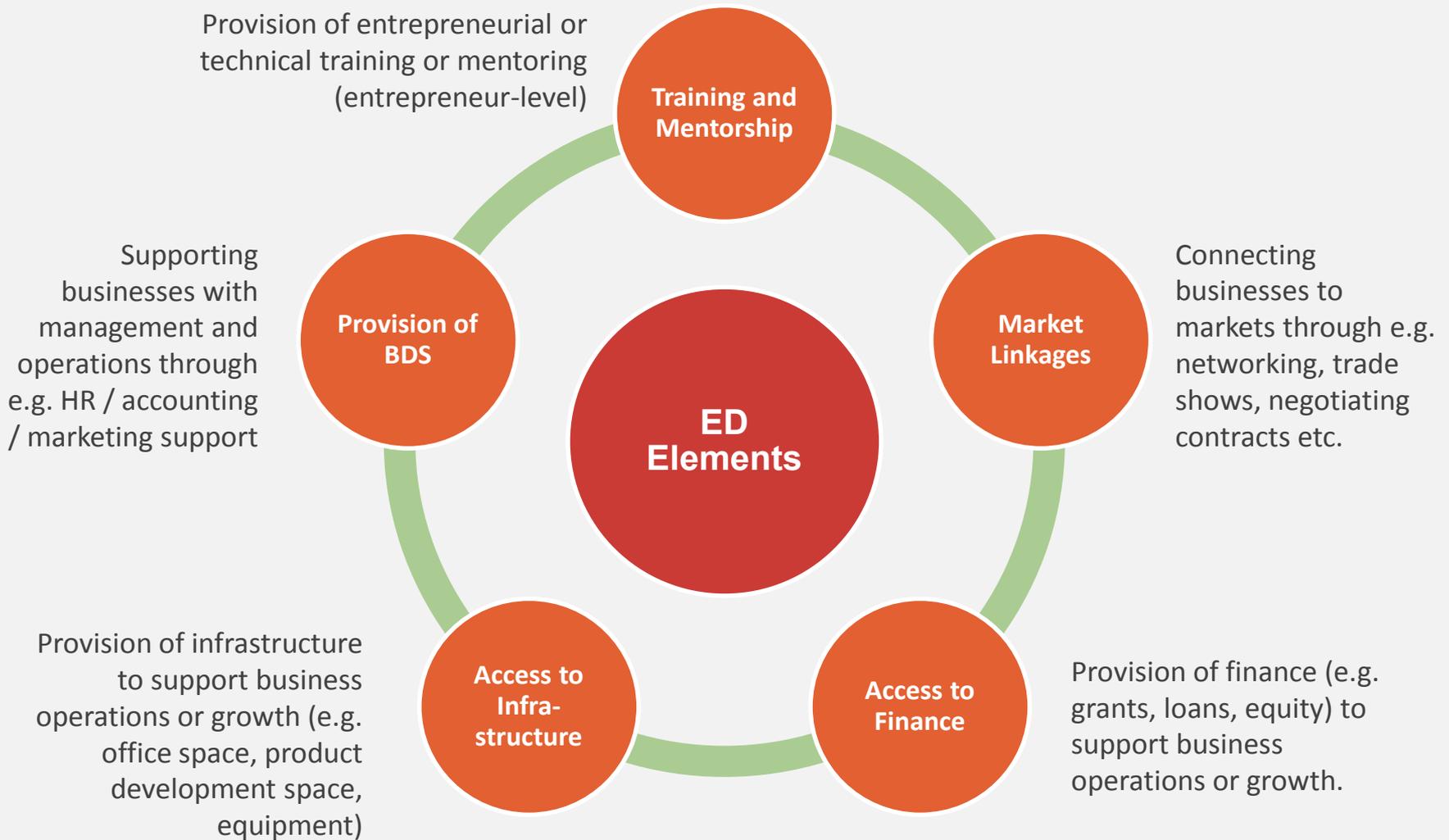
Earn <R3500



PDI



# G: Key ED elements



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# G: Key drivers of success in ED programs

## » SECTOR EXPERTISE

Challenges experienced by small businesses can differ significantly depending on the sector in which they operate. ED programmes that include strong sector expertise are more likely to reflect the needs and abilities of the sector to support small businesses.

## » CUSTOMISED COMBINATION OF ELEMENTS

While the Jobs Fund ED portfolio review did not yield an optimal “silver bullet” combination of ED elements, it is clear that elements of an ED programme should be combined in a way that is mutually reinforcing in order to maximize impact and sustainability.

## » TAILORED SUPPORT TO ENTREPRENEURS

In the same way that small businesses in different sectors need different forms of support, so too do individual entrepreneurs. This recognises that there is no linear path to growth for businesses, even if they are in the same sector and at the same stage of development.

## » ALIGNMENT OF OBJECTIVES BETWEEN ED PROGRAM AND ENTERPRISE

While ED programmes often have clear goals and indicators of success for the program as a whole, this is not always translated into a clear outcome goal for the businesses that they support (or even, in some cases, output goals). Having a clear and well-articulated vision for what each business should achieve as a result of the support provided ensures that expectations are aligned, and provides a clear framework for assessing success.



# G: Recommendations for ED programming



**RECOMMENDATION ONE:** The ED elements framework should be used to analyse and assess ED programmes, but there is no “silver bullet” combination that ensures success



**RECOMMENDATION TWO:** ED programmes should be sector focused, or should make provision for support tailored to a sector



**RECOMMENDATION THREE:** Iteration is important through the programme lifecycle, and should be accommodated in both project planning and in assessing “success”



**RECOMMENDATION FOUR:** Recognise that sustainable job creation takes time in enterprise development programmes



# G: Session summary

- 1 Overview of the youth wave in South Africa
- 2 Overview of the Jobs Fund
- 3 The five components of Enterprise Development
- 4 Conditions under which government and private stakeholders can partner to support enterprise development





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