



JOBS FUND

ELIGIBILITY & ASSESSMENT CRITERIA

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The Jobs Fund involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities which contribute directly to enhanced employment creation in South Africa. The kind of innovation and activity targeted by the Fund will be unlikely to happen without an initial external stimulus, or if it happens at all, may only happen at a small scale or at a slower pace.

The 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. At its core, the aim of the Fund, through its various windows, is to operate as a catalyst for innovation and investment in activities which directly contribute to sustainable job creation initiatives, as well as long term employment creation. In essence the Fund will seek to provide a financial contribution to a demonstrably worthwhile initiative, consistent with making it less risky, more sustainable and more impactful for its promoter.

1.1. OVERARCHING PRINCIPLES TO GUIDE THE OPERATION OF THE JOBS FUND

The defining operating characteristic of the Jobs Fund may be summarised as being:

'The award of one-off, limited duration grants, through an open and competitive process, to a variety of stakeholders in support of innovative job creation initiatives. To ensure ownership and risk-sharing, applicants must make a financial contribution to the project.'

Within this overall definition, the funds activities will be directed by the following overarching principles:

- **Innovation** – the Fund will seek to catalyse and capitalise innovation by applicants.
- **Competition** – the allocation of grants will be determined by an open, competitive process – to incentivise good ideas and maximise impact.
- **Additionality** – grants will target activities and investments which would not have happened without them, and where the uncertainty and risks involved preclude access to conventional sources of funding (sourced from within or outside of the applicant).
- **Non-distortion** – care will be exercised to ensure that grants are not distorting of existing markets and market activity, and that private sector investment, and existing public sector funding initiatives, are not crowded out.
- **Portfolio approach** – the Fund will pursue a *portfolio* of investments, diversified according to a range of risk criteria, partners, sectors, grant sizes, and implementation periods.
- **One-off, limited duration grants** – grants will target specific initiatives which are clearly defined and which require limited, temporary support that will lead to their on-going sustainability.

By adopting these parameters, the Fund aims to offer significant comparative advantages over other development financing instruments. The aim is that the Fund is targeted yet flexible, limits the scope for dependency and market distortion, and is enabling of good ideas, investment and innovation.

1.2. ISSUES CONSIDERED IN DESIGNING THE APPLICATION PROCESS AND DEFINING THE FUNDING CRITERIA

1.2.1. ELIGIBILITY AND IMPACT CRITERIA:

All applications have separate *eligibility* and *impact* criteria. This separation simplifies the application and evaluation process, and will save the fund manager significant time and resources in reviewing applications.

Eligibility criteria are applied first. They are designed to enable rapid confirmation as to whether or not applicants conform to the core pre-requisites of the Fund. Assessing these criteria results in simple Yes/No answers. If the answer to any one of the eligibility criteria is 'No', the application should not proceed. There is limited scope for interpretation in assessing an applicant's conformity to eligibility criteria.

Impact criteria measure the relative merits, or ranking, of each application in relation to all the others under consideration. Each criterion is allocated a specific maximum score or weighting against which every eligible application is judged. Applications are then ranked according to their total scores. Only those applications with the highest 'Impact' scores (or those that score above a certain pre-determined minimum) are accepted for consideration by the Investment Committee.

1.2.2. DIFFERENT FUNDING WINDOWS HAVE DIFFERENT *ELIGIBILITY AND IMPACT* CRITERIA:

Given the different focus, goals and investment determinants of the different funding windows (enterprise, infrastructure, support to work-seekers, institutional development etc.), it is appropriate that both the Eligibility and Impact criteria for each funding window are separately determined. While different funding windows might have common or overlapping criteria, they differ in key respects. These differences reflect the different contextual make-up and developmental purpose of each window, and help to distinguish between the different funding windows in operation.

1.2.3. DIFFERENTIATION BETWEEN PRIVATE SECTOR FOR-PROFIT APPLICANTS, AND THOSE MOTIVATED BY NON-PROFIT CONSIDERATIONS

Ensuring real ownership, cost- and risk-sharing by applicants of their proposals is a crucial requirement for impact and sustainability. Given the profit-orientation of private applicants, a matched funding ratio of 1:1 is required as part of the *eligibility* criteria. For non-private sector applicants (in particular NGOs, research agencies etc.) a reduced own contribution is appropriate, given that such applicants are likely to have less reserves to contribute, and given that the rewards from successful implementation are not likely to be financial in nature.

1.3. FUNDING CRITERIA FOR EACH WINDOW

The following specific criteria relate to each of the Job Fund's four funding windows. Regarding the Enterprise and Work-seekers windows, separate eligibility and impact criteria apply for initiatives which are submitted by for-profit and not-for-profit entities.

Competitive criteria will be weighted relative to each other, and then scored. This will form a solid basis for comparison between applications.

ENTERPRISE DEVELOPMENT WINDOW

Targets sustainable job creation initiatives and long term employment creation initiatives linked to private sector business development

1) Private sector enterprise development window

This sub-window of the fund aims to co-finance initiatives which are led by the for-profit private sector, in order to leverage the private sectors capacity for innovation, investment and risk-taking. Initiatives under this window could relate to diversification of supply chains to boost local procurement, to product development, or enterprise franchising – the private sector is being challenged to come forward with their best and most innovative ideas. The Jobs Fund aims to catalyse and incentivise innovative approaches which combine commercial sustainability with job creation potential.

Eligibility Criteria

1. **Due diligence:** Applicants must be tax compliant and in good standing with SARS.
2. **Track record:** The applying entity should have a minimum of two years of operational activity at the time of applying, i.e. have a track record. The Jobs Fund will not fund start-ups, as other funding vehicles exist to support such initiatives and the fund wishes to leverage existing capacity.
3. **Private sector led,** or a private sector player is the leader of a consortium: Applicants must be for-profit enterprises or consortia led by for-profit firms.
4. **Commercial basis:** The initiative must be based on establishing, piloting or expanding a commercial, for-profit model which is linked to the core business of the applicants.
5. **Not dependant on an outstanding government or legal decisions:** Initiatives must not be dependent on outstanding government decisions of a strategic, financing, regulatory nature to proceed. This does not refer to normal administrative decisions, such as the issuing of business licenses.
6. **Matched funding:** Initiatives are expected to share risk. To ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1. The minimum grant size provided by the Jobs Fund will be R5 million, implying a minimum overall project size of R10 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly demonstrate their potential to sustainably create jobs. This may not always be through direct employment by the lead applicant, but could also be indirectly through skills development, SME linkages with established firms, local economic development etc. - all made possible through the proposed initiative and which lead to job creation.
2. **Innovation:** Initiatives must be innovative in nature, or should aim to take existing, proven initiatives or innovations to scale or into new areas. This implies that applications should not be simple extensions of existing programmes whose funding is ending.

3. **Additionality:** The Fund aims to catalyse activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. A key consideration will be preventing the displacement or “crowding out” of private activity and investment, or existing public funding initiatives.
4. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going commercial sustainability which extends beyond the 3-5 year term of the Jobs Fund grant. This also applies to the on-going job creation potential of the initiative, as well as the maintenance of jobs created during the initiatives implementation.
5. **Capacity to implement:** Applicants should have both the institutional and practical capacity to implement their initiative plans. A key consideration in awarding funding will be the strength and coherence of the Initiative plan proposed, as well as the business case underlying it.

2) Non-Private sector enterprise development window

This sub-window of the Jobs Fund will co-finance innovative business development initiatives by non-private sector stakeholders, which include public agencies, NGO's, government departments, business associations and CBO's. These initiatives could themselves act as channels for support to smaller enterprises, and could also involve activities which benefit smaller enterprises indirectly, such as the facilitation of market linkages and supply chain diversification.

Eligibility Criteria

1. **Due diligence:** Applicants should be registered entities in good standing, and applications should be compliant with the PMFA and MFMA as applicable.
2. **Track record:** The applying entity should have a minimum of two years of operational activity at the time of applying, i.e. have a track record. The Jobs Fund will not fund start-ups, as other funding vehicles exist to support such initiatives and the fund wishes to leverage existing capacity.
3. Although led by non-private sector players, initiatives must demonstrate some level of concrete **private sector linkage** in the initiative, with a degree of risk sharing.
4. **Matched funding:** Initiatives are expected to share risk. To ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 0.2:1. The minimum grant size provided by the Jobs Fund will be R5 million, which implies a minimum project size of R6 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly demonstrate their potential to sustainably create jobs. This may not always be through direct employment by the lead applicant, but could also be indirectly through skills development, SME linkages with established firms, local economic development etc. - all made possible through the proposed initiative and which lead to job creation.

2. **Innovation:** Initiatives must be innovative in nature, or should aim to replicate existing, proven initiatives or innovations at scale or into new areas. This implies that applications should not be simple extensions of existing programmes whose funding is ending.
3. **Additionality:** The Fund aims to catalyse activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. A key consideration will be preventing the displacement or “crowding out” of private activity and investment, or existing public funding initiatives.
4. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the Jobs Fund grant. This also applies to the on-going job creation potential of the initiative.
5. **Capacity to implement:** Applicants should have both the institutional and practical capacity to implement their initiative plans. A key consideration in awarding funding will be the strength and coherence of the Initiative plan proposed, as well as the business case underlying it.

INFRASTRUCTURE WINDOW

Focuses on local infrastructure development initiatives which will unlock job creation potential

The infrastructure window of the Job Fund will co-finance infrastructure investment projects which unlock and catalyse job creation potential. These initiatives could include infrastructure investment on which a specific private sector investment (such as establishment of a production facility) is contingent, or infrastructure provision which 'crowds in' private sector activity in a particular area.

Eligibility Criteria

1. Applicants must show a **demonstrable gap / need / motivation** for the initiative in relation to employment-generating economic activity.
2. **Due diligence:** The proposed process for procurement of infrastructure should be compliant with the PMFA and MFMA as applicable, and the project should appear in a statutory plan.
3. **Private sector buy-in:** Although the majority of infrastructure initiatives will be led by public sector players, the provision of infrastructure should be explicitly linked to a private sector investment which is contingent on this infrastructure to unlock job creation potential.
4. **Track record:** The applying entity must have an established track record of implementing similar infrastructure projects.
5. **Matched funding:** Initiatives are expected to share risk, and to ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1 over the lifetime of the project. The minimum grant size provided by the Jobs Fund will be R10 million, implying a minimum project size of R20 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Additionality:** The Job Creation Fund aims to catalyse activities which would not have taken place without the incentives offered. Initiatives will therefore have to demonstrate that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. A key consideration will be preventing the displacement or "crowding out" of private activity and investment, or existing public infrastructure and service delivery financing arrangements.
2. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly demonstrate the link between the infrastructure investment and the potential to create jobs. This should not exclusively be through direct employment as part of the infrastructure provision, although initiatives which maximise the labour intensity of infrastructure provision will be favourably considered. The potential for skills development, linkages with local economic development and crowding in of private sector investment leading from the initiative are important considerations. The provision of critical infrastructure leading to the retention of jobs will also be considered.
3. **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the once-off Jobs Fund grant.
4. **Capacity to implement:** Applicants should have both the institutional and practical capacity to implement their Initiative plans. A key consideration in awarding funding will be the strength and coherence of the initiative plan proposed, as well as the business case underlying it.
5. **Contribution to overall economic development.** The extent to which the infrastructural investment will unlock additional economic activity and job creation potential in the region where the initiative is being implemented will be an important consideration.

SUPPORT FOR WORK-SEEKERS WINDOW

Targets a cluster of initiatives aimed at facilitating rapid access to employment and work-related training for unemployed people, particularly the youth

The Jobs Fund will co-finance innovative initiatives which support work-seekers and which are specifically linked to employment outcomes. These may relate to entrepreneurial development, training (although not in isolation from work opportunities), or job placement services. Initiatives must be linked to real business demand, and should target unemployed youth, those who have never worked before and the unemployed. The private sector in particular is challenged to come forward with innovative ideas which leverage their capacity for skills development and provision of work-experience linked to their core business: a specific sub-window applies to private sector led initiatives.

1) Private sector support for work-seekers window

Eligibility Criteria

1. **Due diligence:** Applicants must be tax compliant and in good standing with SARS.
2. **Track record:** The applying entity should have a minimum of two years of operational activity at the time of applying, i.e. have a track record. The Jobs Fund will not fund start-ups, as other funding vehicles exist to support such initiatives and the fund wishes to leverage existing capacity.
3. **Private sector led,** or a private sector player is the leader of a consortium: Applicants must be for-profit enterprises or consortia led by for-profit firms with proven capacity to implement the proposed initiative.
4. **Commercial basis:** The initiative must be linked in some way to the core business of the applicant, although does not itself necessarily have to be profit generating.
5. **Not dependant on outstanding government or legal decisions:** Initiatives must not be dependent on outstanding government decisions of a strategic, financing, regulatory or judicial nature to proceed. This does not refer to normal administrative decisions, such as the issuing of business licenses.
6. **Matched funding:** Initiatives are expected to share risk, and to ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1. The minimum grant size provided by the Jobs Fund will be R3 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly demonstrate their potential to ultimately place work-seekers in jobs. Broadly, this could be through the provision of training, entrepreneurial development, or job placement services, and initiatives must contain **at least two** of these three elements.
2. **Targeted groups:** The Jobs Fund aims in particular to support initiatives which target large numbers of unemployed youth, those who have never worked, and those who are unemployed.
3. **Innovation:** Initiatives must be innovative in nature, or should aim to replicate existing, proven initiatives or innovations at scale or into new areas. This implies that applications should not be simple extensions of existing programmes whose funding is ending.
4. **Additionality:** The Jobs Fund aims to catalyse activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. A key consideration will be preventing the displacement or "crowding out" of private activity and investment, or existing public funding initiatives.

5. **Sustainability** Beyond the funding requested: Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the once-off Jobs Fund grant.
6. **Capacity to implement:** Applicants should have both the institutional and practical capacity to implement their Initiative plans. A key consideration in awarding funding will be the strength and coherence of the Initiative plan proposed, as well as the business case underlying it.

2) Non-private sector support for work-seekers window

Eligibility Criteria

1. **Due diligence:** Applicants should be registered statutory entities in good standing, and applications should be compliant with the PMFA and MFMA as applicable.
2. Although led by non-private sector players, initiatives must demonstrate **some degree of linkage** to the business sector and alignment with business demand, and should clearly identify the gap which the initiative is aiming to address.
3. **Track record:** The applying entity must be established in the relevant field for a minimum of two years at the time of applying i.e. have a track record. The Job Creation Fund will not fund applications submitted by new entities.
4. **Matched funding:** Initiatives are expected to share risk, and to ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 0.2:1. The minimum grant size provided by the Jobs Fund will be R3 million.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so Initiatives should clearly demonstrate their potential to ultimately place work-seekers in jobs. Broadly, this could be through the provision of training, entrepreneurial development, or job placement services, and initiatives must contain **at least two** of these three elements. Any training element should be clearly linked to an identified market need, and preferably backed by placement agreements with the private or public sector.
2. **Targeted groups:** The Jobs Fund aims in particular to support initiatives which target large numbers of unemployed youth, those who have never worked, and those who are unemployed.
3. **Innovation:** Initiatives must be innovative in nature, or should aim to replicate existing, proven initiatives or innovations at scale or into new areas. This implies that applications should not be simple extensions of existing programmes whose funding is ending.
4. **Additionality:** The Job Creation Fund aims to catalyse activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. A key consideration will be preventing the displacement or "crowding out" of private activity and investment, or existing public funding initiatives.
5. **Sustainability:** Beyond the funding requested: Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the Jobs Fund grant.
6. **Capacity to implement:** Applicants should have both the institutional and practical capacity to implement their initiative plans. A key consideration in awarding funding will be the strength and coherence of the initiative plan proposed, as well as the business case underlying it.

INSTITUTIONAL CAPACITY BUILDING WINDOW

Provides for cross-cutting institutional strengthening and capacity building initiatives aimed at institutions through which job creation is facilitated.

The institutional capacity building window recognises that institutional weaknesses may in some cases inhibit the creation of jobs. In order to unlock job creation potential on a sustainable basis., the Jobs Fund contains a specific funding window which will address these weaknesses.

Eligibility Criteria

1. **Registered entity:** The applying entity must be established in the relevant field for a minimum of one year at the time of applying, and should be a statutory registered entity. The Job Creation Fund will not fund applications submitted by new entities.
2. **Operational capacity:** Organisations should have a degree of operational capacity which will allow for the contribution of own resources and the effective implementation of the funded initiative.
3. **Sustainable sources of funding in place:** Applying entities should have secured sustainable sources of funding with which to implement their job creation mandates. The institutional strengthening initiative is aimed at catalysing and unlocking the capacity of the entity to deliver on this mandate, and will not provide sources of funds for new job creation initiatives under this window (this does not preclude application under the other windows in the future).
4. Applications will only be accepted for initiatives explicitly **aimed at one or more of the following:** capacity building, organisational re-structuring, piloting of programmes and initiatives, facilitation of market access & linkages, co-ordination of initiatives, and project preparation activities aimed at expanding job creation initiatives.
5. **Explicit link to job creation:** All applications should contain a cogent, well-articulated link between the proposed initiative and the potential for job creation.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

Competitive Impact Criteria

1. **Innovation:** Initiatives must be innovative in nature, or should aim to replicate existing proven initiatives or innovations at scale or into new areas.
2. **Additionality:** The Job Creation Fund aims to catalyse new activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. The Job Fund grant cannot replace existing grant funding.
3. **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly and convincingly demonstrate their potential to ultimately contribute towards this goal.
4. **Sustainability** beyond the funding requested: Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the Jobs Fund grant.
5. **Relevance to core business/mandate** of entity: any initiative should be clearly linked to the mandate or core business of the entity, and should not aim to expand this through the implementation of the initiative.