

Press Release



South Africa Siyasebenza

Jobs Fund spurs high-impact job creation with innovative performance-based investment of R100m in youth employment accelerator Harambee

Johannesburg, 24 October 2018 – With youth unemployment at a staggering 52%, the Jobs Fund is supporting the national drive for sustainable employment and inclusive growth with a R100m matched grant to Harambee Youth Employment Accelerator to scale up a social impact bond for jobs.

Harambee has been a Jobs Fund partner for many years due to its ability to scale solutions quickly and create high-impact jobs.

This initiative comes ahead of today's medium-term Budget, which will seek to find solutions to the jobs, debt and growth conundrums faced by the country. It also comes a day before South Africa's Investment Summit, targeting \$100 billion of new investment to stimulate economic growth.

SA's unemployment rate of 27% is close to a 15-year high, while the economy slipped into its first recession in a decade in September. This raises the urgency for more innovative approaches to job creation.

"SA will not be able to spend its way out of the crisis or rely on the government to come up with the panacea to all the problems by itself. A broader and more concerted effort by all role-players in our economy to creating sustainable jobs – most importantly for our youth – is urgently required," says Najwah Allie-Edries, Head of the Jobs Fund.

"Harambee Youth Employment Accelerator is proud to partner once again with the Jobs Fund – this time focused on an innovative and sustainable new financing platform that can deliver real-time skilling for growth. This impact bond model guarantees a real return on investment for government's significant spend on skills development. This will be done through a public-private partnership with funders, investors, employers, evaluators and Bonds4Jobs as an intermediary organisation," says Harambee CEO Maryana Iskander.

The Jobs Fund has, since 2011, been driving innovation in job creation through structured partnerships with private, public and not for profit entities. Harambee has been one of its major supported initiatives.

The Fund continues to actively search for and support innovative job creation models in key sectors of the economy. "The Jobs Fund believes that high-impact actions must be

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implemented to drive job creation, job retention and economic growth. Only then can we pull our economy out of its dire unemployment and recessionary predicament. We are therefore not standing still and will continue to make strategic allocations and provide support where it matters most. This latest partnership with Harambee is one example of what is possible when government and the private sector come together to share risk and measure results to make sure we make the impact needed for growth,” adds Allie-Edries.

It is notable that the landmark Framework Agreement signed earlier this month at the Presidential Jobs Summit adopted Harambee’s proposal of a “pathway manager” which connects excluded youth to economic opportunity using breakthrough solutions that are driven by inclusion. Working with all social partners, its pathway management system will be strengthened to ensure that 1.5-million young people are part of an active network of work seekers and, that 500,000 young work-seekers are able to enter first jobs or on pathways to generating an income to sustain themselves.

Since the Fund’s inception in 2011, the Jobs Fund Investment Committee has approved 127 projects in seven Funding Rounds (as at 30 September 2018). An amount of R6.7 billion in grant funding has been allocated to these projects, which will be disbursed in tranches throughout their implementation period. The Jobs Fund Partners have in turn committed R9.5 billion in matched funding.

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