

# Market Building Workshop 1

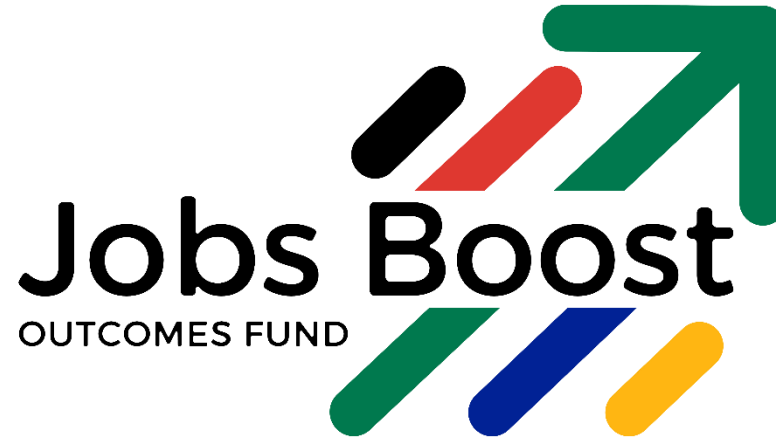
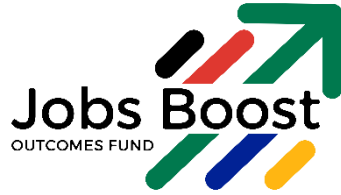
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4 December 2023



# Welcome



*Implemented by*



*Outcomes funder:*



*Part of:*



**PRESIDENTIAL  
YOUTH  
EMPLOYMENT  
INTERVENTION**



# Agenda

1

Introductions



Jana van Deventer  
Research Manager:  
Impact Investing  
Krutham

2

Why an  
outcomes fund?



Dr Stuart Theobald, CFA  
Executive Chairman  
Krutham

3

Key features of  
Jobs Boost



Riyaadh Ebrahim  
Project Director: Jobs  
Boost Outcomes Fund  
Krutham

4

Data and reporting



Dr Lameez Alexander  
Senior Researcher  
Krutham



## Who are we?

We believe financial systems are powerful mechanisms to improve human wellbeing. That is why we provide our clients with services that improve the functioning of their institutions and financial systems to deliver better outcomes for people in their societies.

**15** years old

We were co-founded in South Africa in 2008 by well-known South African analyst Dr Stuart Theobald.

**33** full-time staff

Our team includes those with PhDs, MBAs and CFA charterholders with decades of financial services and research experience between them.

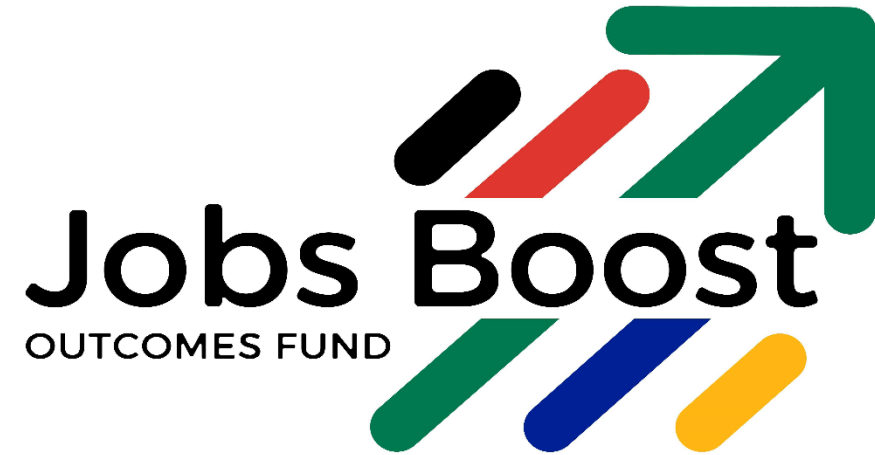
**3** offices

We have offices in Sandton, London and Boston. From here, we serve clients across the world, including sub-Saharan Africa, South Africa, Europe and the United States.

**40** associates

We draw on a network of 40 associates with relevant region-specific experience, enabling us to adapt to the specific problems our clients are trying to solve.





# Why an outcomes fund?

# Does this ring a bell?



<https://youtu.be/-gELZnORV4U>

Credit: HumanServicesCouncil  
([YouTube](#))



# Activities and inputs vs outcomes

Let's do job creation like we do pizza

## How we do pizza:

Inputs and activities:

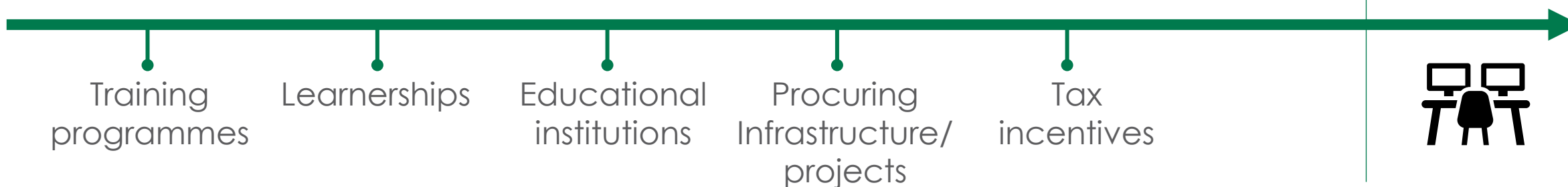
Outcome:



## How we do job creation:

Inputs and activities:

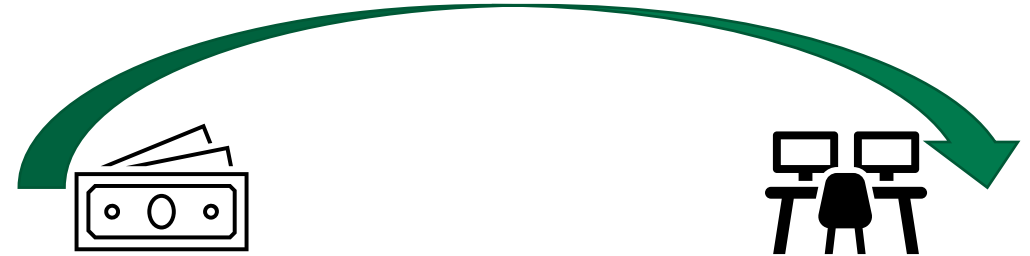
Outcome:



# How an outcomes fund changes things

*Outcomes focussed not process focussed.*

- Sets up a dedicated pooled fund for social outcomes
- Is largely agnostic in respect of the inputs and activities
- Is focused on results, not processes



## The Incentives:

- **Encourages innovation:** By not specifying inputs, enables organisations to develop new ways of achieving outcomes
- **Encourages partnerships:** By focusing payments on outputs, incentivises collaboration to deliver outcomes
- **Drives efficient resource allocation:** By focusing on outcomes, partners are incentivised to achieve them at least cost
- **Enhances transparency and accountability:** With clear, measurable, outcomes, it is clear when spending is achieving its intended results
- **Is scalable:** Fund can attract new funders and expand spending, driving further impact
- **Improves risk management:** By placing risks of outcomes failures with implementers, reduces probability of outcomes failure



# The pros and cons

*Simpler way to ensure greater efficacy of funding in pursuit of reliable impact*

## Advantages

- **Lower risk on the funder.** Funding only gets spent on the impact that it aims to achieve.
- **A lot less prescriptive;** implementors know what needs to be done and trusts them to do it.
- **Clearly defined,** predictable outcomes.
- Implementor enjoys **greater independence.**
- Lends itself to greater **transparency and authenticity.**

## Disadvantages

- **Higher risk on the implementor.** The implementor loses out if the impact is not achieved.
- Higher **external administrative burden.**
- Complexity in **contracting.**
- **Data verification requirements** can become onerous.
- Can be **rigid** in definitions and acceptable outcomes.
- Needs **economy of scale** otherwise the administrative costs can be too great to be worthwhile.

# Managing cash flow

*Outcomes payments are at the conclusion of a programme. This creates a funding requirement for organisations. There are three ways of financing working capital*

## Self-finance

- Organisation absorbs the costs of the programme until the milestones are reached
- Advantage: Administratively easier
- Disadvantage: Requires available resources

## Commercial finance

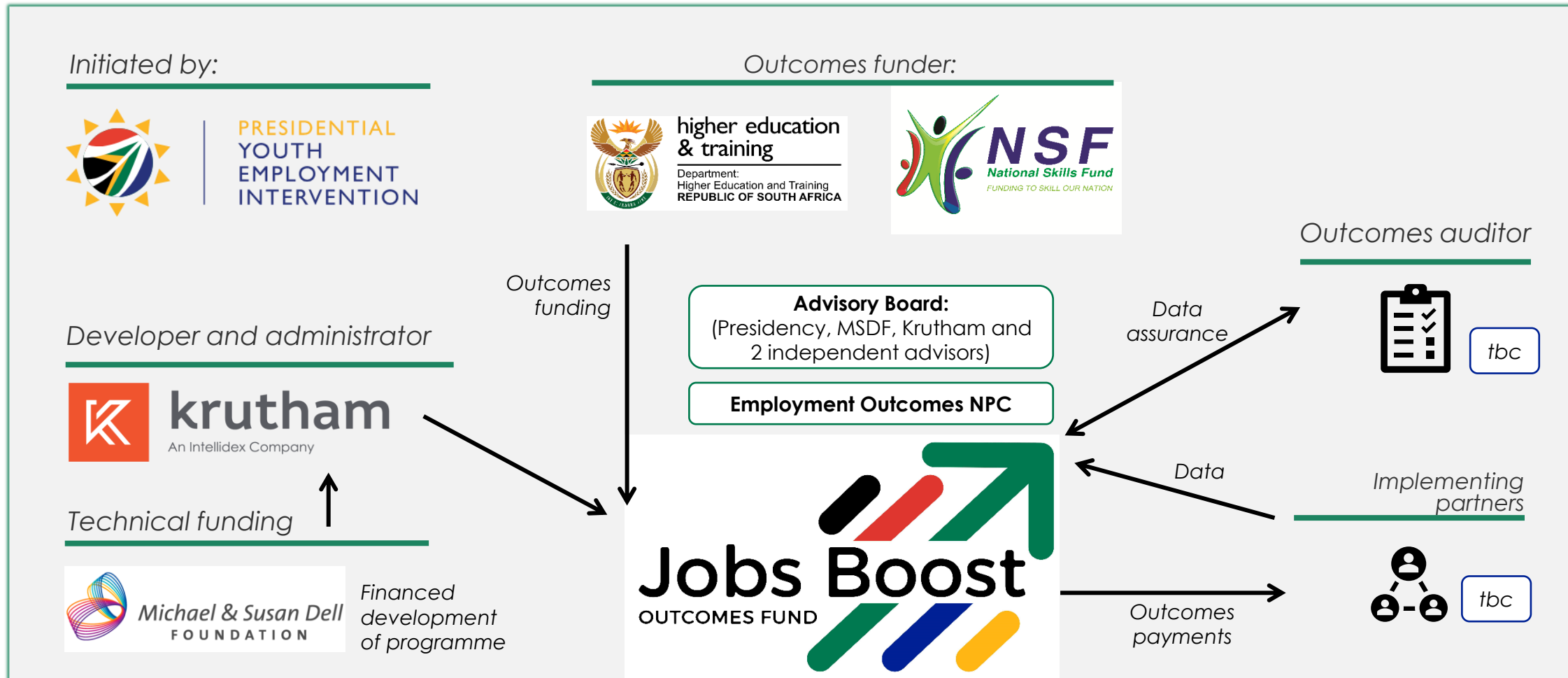
- Organisation accesses commercial loan to cover cash flows
- Advantage: manages cash flow easily. Administratively easy.
- Disadvantage: increases the cost of the programme. May not be creditworthy.

## Impact investment

- Organisation receives finance from an impact investor
- Advantage: reduces risk (financier has higher tolerance for loss). Crowds in technical expertise.
- Disadvantage: administratively difficult

# How Jobs Boost is structured

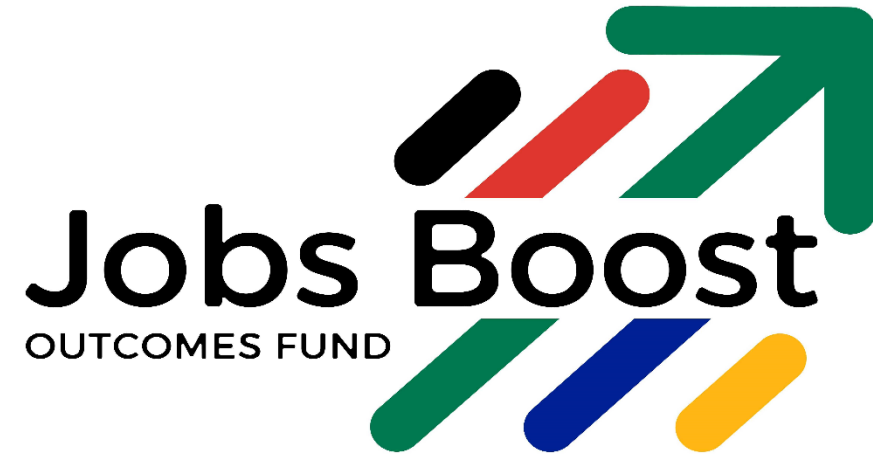
Part of the PYEI, independent entity established and administered by Krutham.  
DHET's NSF as the outcomes funder.



# What Jobs Boost aims to achieve

- ↗ The first year is a **pilot programme** but has good scale in outcomes funding
- ↗ Place as many previously excluded youth in **high quality jobs** as possible, broadly matching demographic features of unemployed youth
- ↗ Stimulate **innovation** in training and workplace support
- ↗ Drive down the **cost** of developing employment for young people
- ↗ **Demonstrate** the use of outcomes funds in youth employment, and provision of public services generally
- ↗ Accumulate **evidence** on the effectiveness of outcomes funds as a solution to youth employment challenges
- ↗ **Scale up** post the pilot to multiple outcomes funders and more implementation partners as well as supporting scaling by implementation partners





# Introduction to the fund

# What is Jobs Boost

*R300 million outcomes fund that supports the placement of excluded youth into quality jobs.*

## 18-34 years old

Age group of the youth that we seek to place into employment.

## Quality jobs

12-month+ contract of employment. Minimum wage+

## Excluded youth

Unemployed or in precarious employment youth with a Gr12 or lower from Quintile 1, 2 or 3 public school and/or beneficiary of CSG.

## Outcomes fund

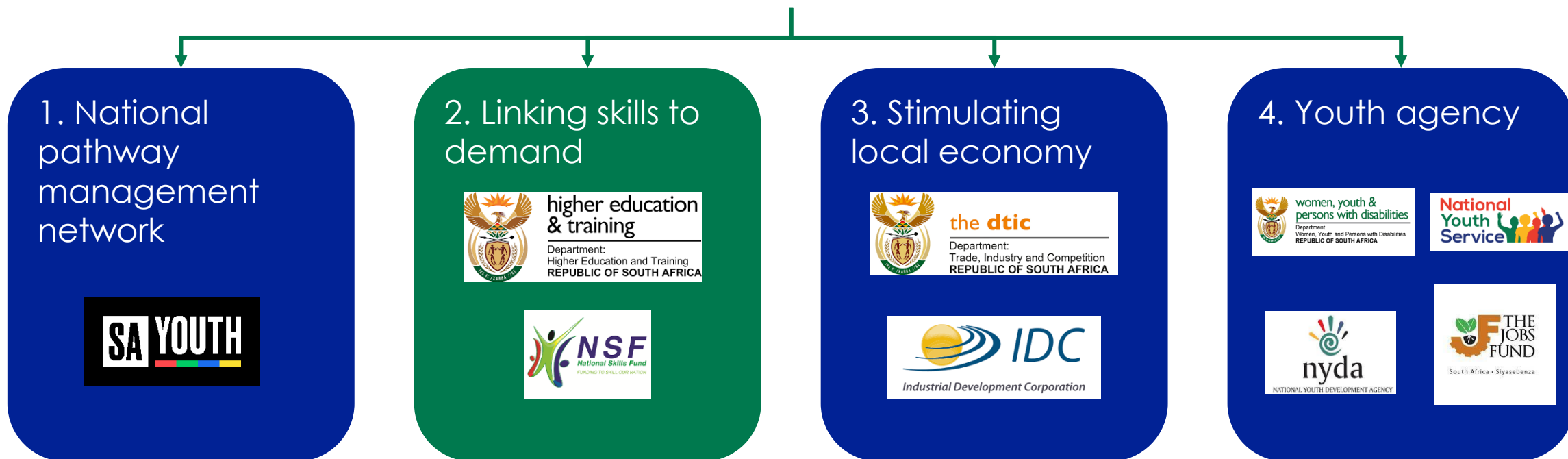
Payments linked to milestones that will be independently assessed.

# Background & context

Part of the broader PYEI ecosystem under the “Linking skills to demand pillar”



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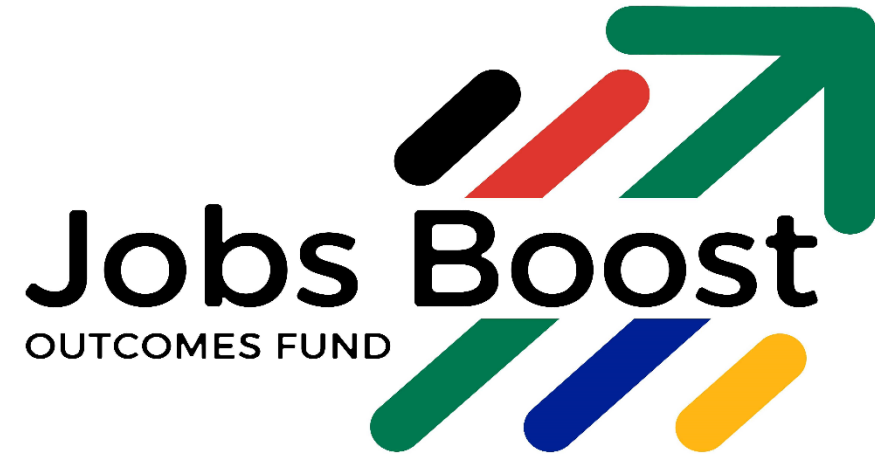
# Objectives

*Pilot a new way of funding quality job placements for excluded youth*

- Pilot an innovative funding model for employment creation.
- Using a pay-for-performance or outcomes-based funding model.
- Deliver quality jobs for previously excluded youth
- Fund implementation partners to deliver, without prescribing how they should deliver
- Build understanding of job creation and labour market dynamics better for this group of excluded youth.







# Programme details

# Definitions: excluded youth (Jobseekers)

*Youth that are mostly excluded from the labour market due to circumstances*

- Guiding principle: youth that are the most excluded from participation in the labour market.
- 18-34 years old (preference to 18-24) and
- Highest level of completed formal education is a Gr12 certificate (NQF level 4) and
- Attended a quintile 1,2 or 3 public school or
- Has been a recipient of a child support grant



# Definitions: quality job

*Youth that are mostly excluded from the labour market due to circumstance*

- Guiding principle: jobs that are “life-changing” for the youth in terms of future trajectory
- Full-time (at least 30 hours of work per week)
- On a continuous weekly basis
- Permanent or at least 12-month contract of employment
- Contracts of employment at an employer compliant with the Basic Conditions of Employment Act and certificate of compliance with Compensation Fund



# Definitions: implementing partners

*Organisations that have capacity and experience in placing youth into employment*

- Guiding principle: organisations that can produce additionality in placing youth into employment.
- Can be non-profits or for profits. Must have formal registration and be able to demonstrate capacity. No public sector organisations.
- Additionality refers to:
  - either creating new jobs or
  - skilling youth into existing jobs that would not have otherwise been filled by the same youth without any training/development.
- Target placements for any single organisation must be between 50 - 2,000



# Implementing partners should be able to:

*We want to make sure organisations have capacity to deliver on the proposal*

- Demonstrate organisational capacity, to deliver (healthy turnover and FTE staff that match the proposed solution).
- A logical articulation of the market demand for the jobs that will be placed and demonstration of additionality.
- A strong M&E system that ensures timely and accurate data collation, secure data storage and reliable report compilation.
- A good understanding of the implications of outcomes payments especially pertaining to cash flow and ability to manage these



# Exclusions

*We are seeking authentic job placements that are fairly remunerated*

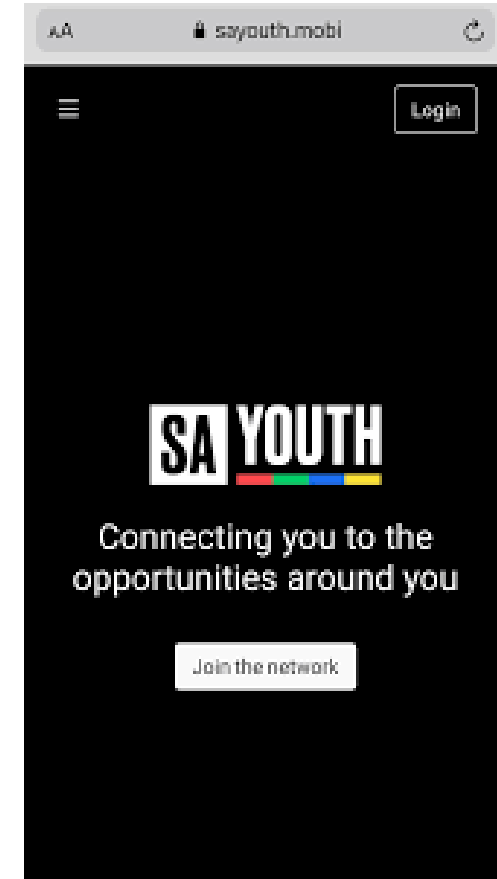


- No internships/learnerships that are less than 12-months long and are not remunerated at minimum wage or higher. These can be smaller components of the training aspect but the authentic job placement at the end of that period is a condition to achieve milestone 2.
- Apprenticeships that are accompanied by a contract of employment are accepted as job placements (meeting all other criteria).
- Implementing partners may not directly employ the jobseekers themselves.
- Self employment and SMME development is not being considered for the pilot. Similarly we are not looking at most gig-economy jobs that do not meet the minimum requirements of minimum wage and full-time employment for 12 months or more

# Jobseeker selection

*Organisations that have capacity and experience in placing youth into employment*

- As part of the PYEI we are looking to support and strengthen the broader ecosystem. Hence all jobseekers must be selected from within the National Pathway Management System (the largest database being SA Youth.Mobi).
- Special consideration may be given to instances where the youth cannot be found through the NPM but then the youth need to be added to the system before selection and selection must remain competitive. The selection process must be fair and transparent.



# Definitions: conditional grants

*Organisations will receive conditional grants*

- Appointed implementation partners will contract with Employment Outcomes NPC, the vehicle established as the legal entity for the programme
- Implementation partners will receive grants that are conditional on meeting the milestones
- Note, these are grants, not procurement. Therefore, VAT is not charged.





# Milestone payments

*Four milestone grant tranches will be paid upon receipt and assurance of specific documentation (which will be set out in the RFP)*

Milestone:	% of grant disbursed
<b>1: Enrolment</b>	20%
<b>2: Initial placement</b>	40%
<b>3: Three-month sustained employment</b>	20%
<b>4: Six-month sustained employment</b>	20%

# Impact investors

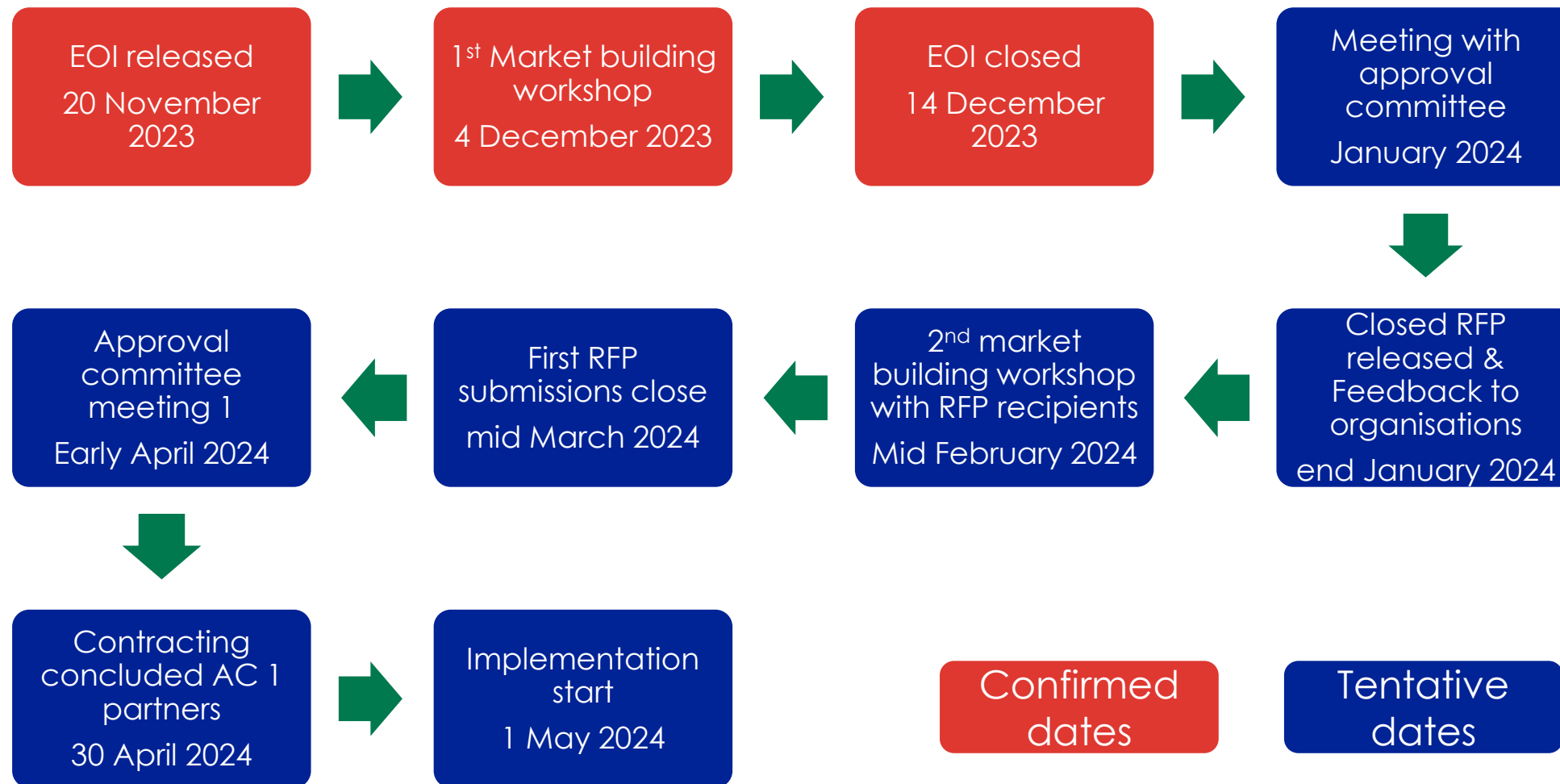
*Assists with cash flow management*

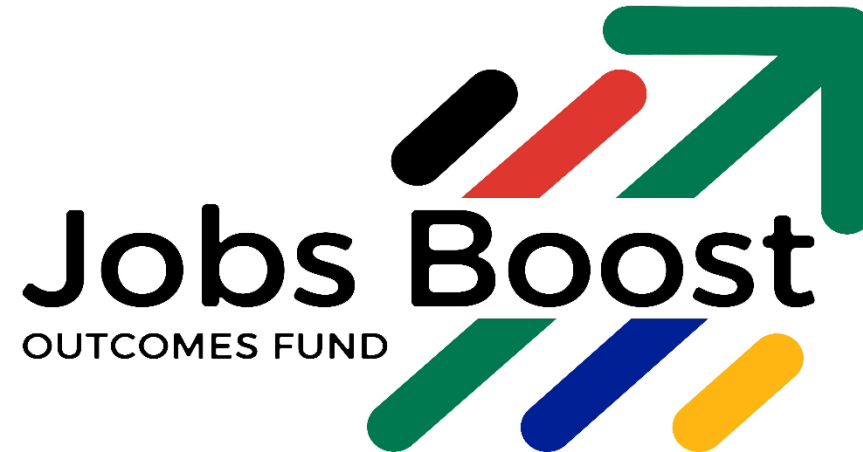
- One potential solution to working capital needs is impact investors who supply upfront funding that is repaid from the outcomes grants
- Organisations can form bilateral relationships of their own
- Jobs Boost has asked funding organisations who might be available for funding to get in touch
- Potential implementation partners who are seeking impact investors can let us know and we will offer the opportunity to impact investors we are aware of.



# The selection process

The EOI is followed by a closed RFP expected to end by 30 April 2024





## EOI related

Through the EOI scoring we are only trying to eliminate the organisations that clearly won't meet the requirements – saving them time and money.

# Key information

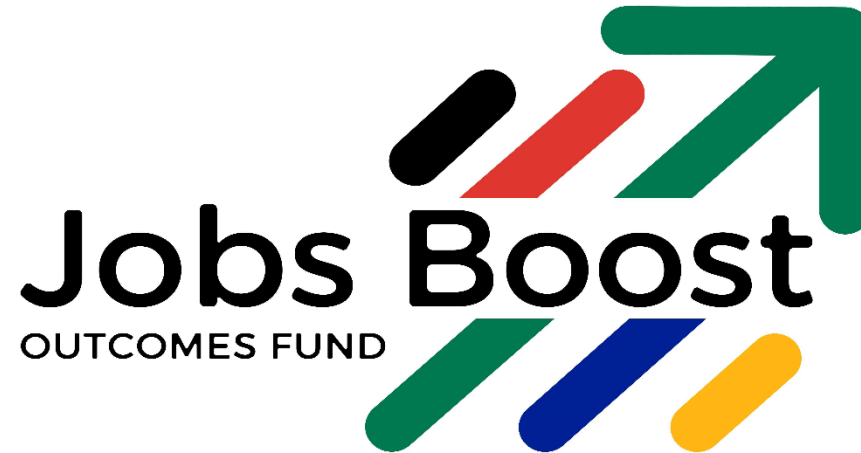
↗ **EOI Deadline: 14 December 2023, 5 pm SAST**

↗ Access EOI completion guide and form at  
[www.jobsboost.org.za](http://www.jobsboost.org.za)

# EOI scoring

We are primarily looking to screen out organisations that clearly will not be able to deliver on the programme.

Criteria	Scoring	Weighting
<b>Historical performance</b>	Ideally, we are looking for organisations that have demonstrable experience, at a similar scale to their proposals, in delivering a programme of this nature. These are most probably organisations that have had good rates of placements of excluded youth into quality employment. We are not expecting organisations to have worked with outcomes funding before but that will be a “nice to have”.	<b>30%</b>
<b>Organisational Capacity</b>	We are looking for organisations that have the internal resources (staff, infrastructure and financial capacity) to be able to manage a programme of this magnitude. The organisational capacity will be judged against the proposal.	<b>15%</b>
<b>jobseeker selection</b>	Whilst we have a recommendation of how the jobseekers should be selected, we want to know how the organisations will be selecting the correct jobseekers matching the definitions for excluded youth.	<b>10%</b>
<b>Placements</b>	We are broadly looking at how likely the job placements are to succeed.	<b>15%</b>
<b>Demand articulation</b>	We are looking to see that organisations have knowledge of and can articulate the demand for the jobs that they are trying to place. The demand articulation must closely match the placements.	<b>15%</b>
<b>Type of Placement</b>	Through type of placements, we are looking to see how closely the types of placements match the “quality jobs” definitions	<b>15%</b>
		<b>100%</b>



## RFP related

Organisations that submit EOs and are selected as qualifying will be invited to submit RFPs.

RFPs are substantially more onerous to prepare so this process aids organisations to conserve resources.

# RFP evaluation – quantitative implementation risk analysis

We are looking to work with lowest-risk organisations based on several criteria:

Criteria	Scoring
<b>Probability of success</b>	The primary concern in assessing proposals is how well the programme fits objectives, and how likely the organisation is to be able to deliver it.
<b>Finance</b>	We are looking for organisations that carry a low financial risk. These are ideally organisations that have at least two-three years of financial records that are independently verified. Newer organisations that do not have this information will need to demonstrate appropriate financial resources and management capacity.
<b>Governance &amp; management</b>	Governance and management is extremely important. We have an internal risk rating system and verifications will be conducted on the organisation, its management and governance structures.
<b>Organisational capacity</b>	Organisations must be able to show organisational capacity. We will likely not be investing in “ideas” only; we do give much higher weighting to organisations that have the size to be able to deliver on proposed programmes.
<b>Impact measurement</b>	We will be looking at how organisations will be measuring and tracking impact. This will not necessarily be a disqualifier, if organisations do not have sufficient systems in place, we will take a more developmental approach to help them get to the right level before approval.
<b>Partnerships</b>	Organisations that have strong partnerships in place are generally considered lower risk organisations. This will likely lead to better placements, recruitment and overall performance.





# RFP: Key RFP assessment criteria

Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations

↗ **Value for money:** This is assessed in terms of “**grant per job**”. This is measured as:

$$\frac{\text{the total grant applied for}}{\text{number of placements that **reach all milestones**}}$$

This implies that implementing partners must factor in a dropout rate and candidates that reach earlier milestones will not count. The “performance offer” is the number of jobseekers that will reach the final milestone, although payments will be made for all candidates that meet earlier milestones.

↗ We will appoint as many implementing partners as possible provided that:

- We are comfortable the proposals meet all criteria
- The total grants applied for will be within the total outcomes fund amount of R300m

↗ We are not setting any limits on the grant per job amounts – as a pilot the programme intends to establish the needs of the market to deliver. However, we have studied previous programmes and do have some expectations.

# RFP: Key RFP assessment criteria

*Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations*

## ↗ **Credibility of plan:**

- Delivery plan: How will jobseekers be screened and selected? How will you ensure fairness?
- Employment plan: How will you source employment vacancies? How will you ensure your jobseekers are appropriately matched to these?
- How will you provide on-the-job support to ensure the employment is sustained?
- How will you manage complaints from jobseekers?

## ↗ **Sustaining employment:**

- How will you verify working conditions are safe and employment is being sustained?
- How will you respond if the worker is not happy or leaves the job?
- How will you manage in discretionary payments to jobseekers (e.g. travel)?

# RFP: Key RFP assessment criteria

*Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations*

## ➤ Staffing to deliver:

- What capacity will your programme need in terms of staff and other infrastructure and how will you ensure you provide this?
- What will be the key performance indicators of staff for each stage of the programme?
- How will you ensure they have the necessary skills?

## ➤ Premises and other resources:

- How will you delivery your programme and what physical infrastructure is required?
- How will you provide this infrastructure and other resources?

# RFP: Key RFP assessment criteria

*Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations*

## ↗ Quality assurance:

- How will you capture, and report, all required data on the performance of your programme?
- What quality assurance will your programme include?
- How will you accommodate engagements by Jobs Boost and NSF including site visits?
- How will you accommodate the assurance requirements of the independent outcomes auditor?

## ↗ Data:

- What systems will you have in place to capture data and record the features and progress of all job seekers?
- How will you comply with POPIA?

# RFP: Key RFP assessment criteria

*Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations*

## ↗ Risk management:

- What are the most severe risks to your programme?
- How will you manage these?

## ↗ Funding:

- Provide a full budget for your programme including costs for each element of your programme split according to milestones.
- What is your funding plan to ensure cash flow management leading to outcomes payments?

# RFP: Key RFP assessment criteria

*Full scorecard will be published with RFP. These indications are to guide EOI respondents on expectations*

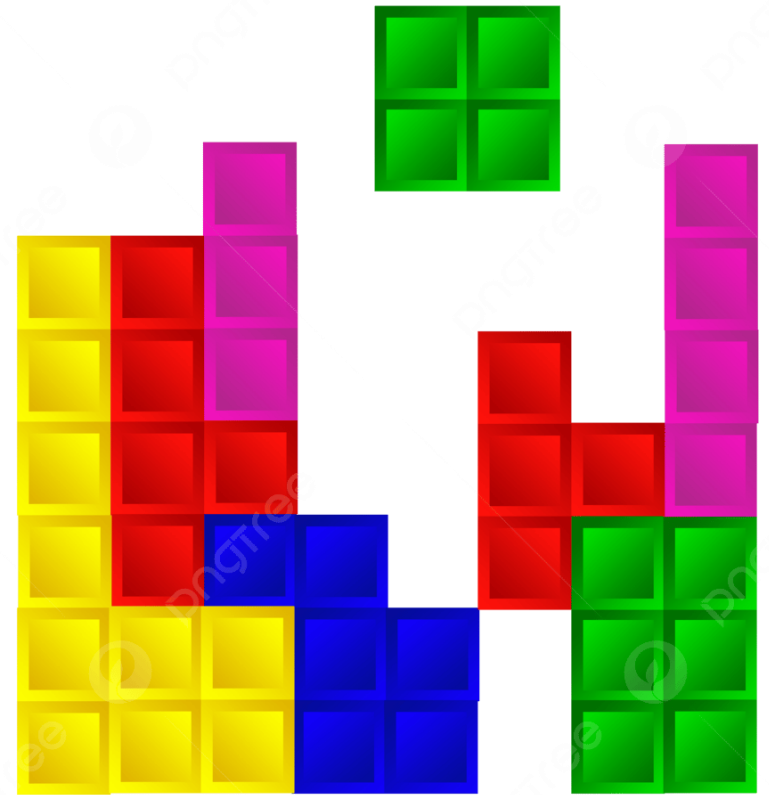
## ↗ Demographics:

- Is there an appropriate gender balance?
- Additional weighting for disabled candidates
- Does your proposal enable the programme to meet national demographic features of unemployed youth? (Additional weighting for projects in rural areas or areas with large pools of unemployed youth)

# RFP evaluation – grant per job

*Our objective is to reach an undisclosed target of quality jobs reliably placed across all partners.*

- **Best-grant strategy:** we will be looking for a balance between quality of placements and grant per job. We are neither following a lowest-cost strategy nor are we expressly following a best quality strategy. I.e. both cost and quality play a role in our assessment.
- **Unequal grant-per-job:** we anticipate that some partners may require higher grants per job than others. This is a pilot programme and we are looking at testing various programmes hence we are not going to have perfect symmetry in the programme.



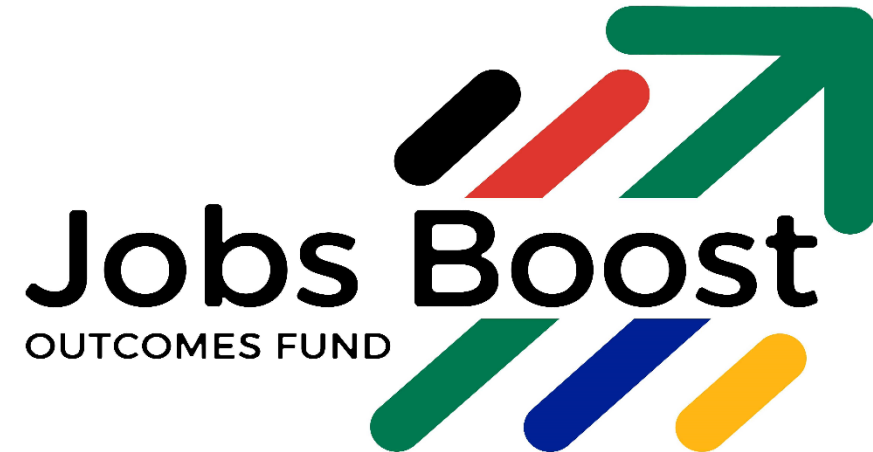
# Other qualifications

*All placements need to be linked to “additionality”; none of the placements should be placements that would have happened without the programme in any event.*

➤ **Other qualifications:** the jobseekers must start the programme with a highest formal qualification of an NQF 4. We accept that there may be jobseekers that have previously undergone uncertified trainings (<NQF5) and, as long as that training was from outside of the implementing partner, it will be accepted. What we don't want is a case where implementing partners are seeking to place their already trained cohorts as this will fail the additionality requirement.

- **Scenario 1 – not accepted:** organisation has trained 500 youth on previous funding and is looking to place those jobseekers into employment using these funds with little-to-no additionality. This will not be accepted.
- **Scenario 2 – accepted:** organisation has enrolled 500 youth, some of whom have received uncertified prior training through other organisations but they are recruited amongst the same cohort(s) that have received no other training. This is accepted, even if some of those youth end up requiring less training than the ones with nothing prior. However; the recruitment of the jobseekers cannot in any way be biased towards youth that have received prior training.





# Data gathering and outcomes assurance

# Impact measurement & management

*We are building an online system tailored to this programme for reporting*

## ↗ Data Tracking

- Programme data (qualitative and quantitative through monthly reports)
- Outcomes data (quantitative data through milestone submissions)

## ↗ Reporting cadence

- Qualitative: monthly reports – template will be provided
- Quantitative: monthly submission via online data portal

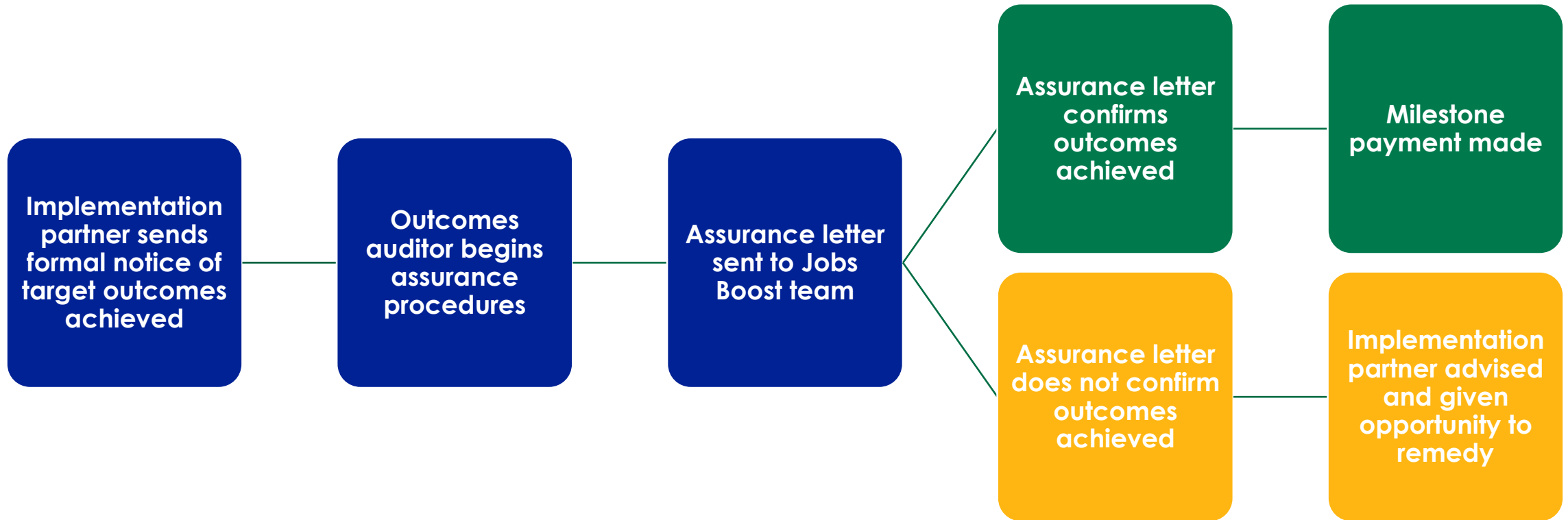
## ↗ Rationale

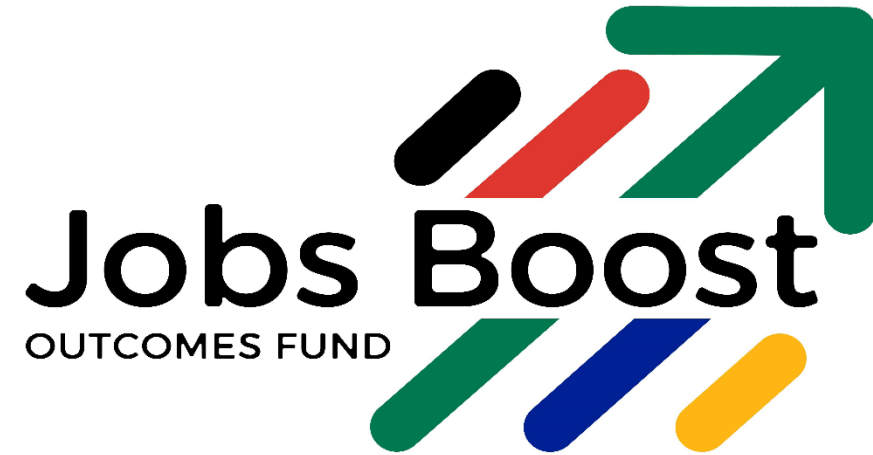
- Monitor progress
- Evaluate pilot success
- Outcomes payments



# Outcomes Assurance Process

*All outcomes are being assured independently before milestone payments are made.*





Q&A

# Thank you

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Anything specific to reporting

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Anything regarding Krutham's impact practice



A photograph of three women sitting around a table in a modern office or meeting room. They are engaged in a discussion, looking at documents and gesturing. The room has large windows, a brick fireplace, and indoor plants. The image has a teal overlay.

We will not solve  
the problem in  
one step

But we will

**CHANGE THE  
CONVERSATION  
and START THE  
JOURNEY**