Krutham Youth Employment Impact Fund

Providing working capital to high-performing implementing partners in South Africa's first large-scale outcomes-based youth employment programme

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R1 billion
Scale-up outcomes target

~20,000
Youth into formal employment

7%
Target investor return p.a.

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South Africa's youth employment crisis

43.8%

Youth unemployment, ages 15–34 (late 2025)

57%

Unemployment among ages 15–24

~50%

Of 15–34 year-olds NEET (not in education, employment or training)

Why outcomes-based financing?

/ The problem with conventional spending

Government pays for inputs and activities regardless of employment outcomes. Attrition risk sits entirely with the public funder.

/ How Jobs Boost changes this

80% of each implementing partner's payment is contingent on verified placements and sustained retention — funders only pay for what works.

/ The role of impact investors

Investors provide working capital so high-quality implementing partners can mobilise and grow, repaid from verified milestone payments.

Source: Stats SA

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The proof point: Jobs Boost: South Africa's first large-scale outcomes-based employment fund

Jobs Boost
OUTCOMES FUND

Verified results from the pilot phase — independent evaluation by KOMIS, April 2026

9,509	6,813	4,991	R300m
Young people enrolled across 12 partners	Valid job placements (51% above target)	Sustained 3-month employments (73.4%)	Total pilot fund (NSF/PYEI)

> *"The Fund delivers verified employment for excluded youth at a cost per outcome below the SETA system average, and achieves a placement-to-3-month retention rate that exceeds SETA training completion benchmarks."*
> — KOMIS Independent VIM Evaluation, April 2026

WHO BENEFITS

- 58% of participants are women
- 100% meet 'excluded youth' eligibility criteria (quintile 1–3 schools or Child Support Grant recipients)
- Placements in formal private sector — employers pay salaries directly from day one
- Median monthly salary R4,781 | 80.4% meet or exceed the national minimum wage

FUND DISCIPLINE

- Management & verification costs: 5% of total budget — 95% flows directly to outcomes payments
- Independent financial and outcomes auditing for every verified milestone
- Milestone rebalancing reduced enrolment tranche, strengthened retention incentives
- Exceeded targets and below budget. Budget under-utilisation reflects risk transfer operating as intended

NOW BEING SCALED TO A R1BN FUND FOR NEXT PHASE

Independent proof points: value for money

KOMIS evaluation commissioned by GIZ/PYEI — April 2026

R49,732 vs R53,627 SETA average

per 3-month sustained outcome

Cost per outcome: below SETA benchmark

The Fund converts resources into verified employment outcomes at a cost competitive with traditional training programmes — without the input-funding risk of paying for non-performance.

1.56× vs 2.27× SETA system average

Fund attrition multiplier

Attrition multiplier: structural risk transfer

The OBF architecture means implementing partners bear pre-placement dropout costs. The public funder pays nothing for participants who don't reach a verified milestone. The 1.56 attrition multiplier is far lower than the SETA alternative meaning fewer rands are spent on participants who don't reach employment.

64%→73% vs 44% SETA completion rate

enrolment-to-3-month conversion

Conversion rate: outperforms training completion

Vertically integrated partners achieved 78% conversion at the lowest cost per outcome, confirming that structural employer linkage is the strongest predictor of fund performance.

5% of total R300m budget

management & verification costs

Lean administration: resources reach outcomes

Independent verification, governance, and financial auditing — the full oversight apparatus — consumed under 5% of programme cost. 95% of the budget flows directly to outcomes payments. NSF benchmark is 7.5% cost for administration.

Source: KOMIS Value for Money Evaluation Report, April 2026 (independent evaluation commissioned by GIZ/CPD4E on behalf of PYEI)

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Krutham's role in Jobs Boost

A programme of the Presidential Youth Employment Intervention (PYEI) / Initiated by the Presidency, DHET and the National Skills Fund

01 / DESIGN

Programme architecture

- Commissioned by the Michael & Susan Dell Foundation with support from the Presidency to design South Africa's first large-scale outcomes-based employment fund
- Designed the pay-for-performance milestone structure: 20% enrolment → 40% placement → 20% three-month retention → 20% six-month retention
- Established Employment Outcomes NPC as the fund's legal vehicle and governance structure
- Ran a two-stage partner selection process (EOI + closed RFP) drawing over 100 initial expressions of interest; selected 12 implementing partners

02 / IMPLEMENTATION

Fund launch & partner management

- Launched the R300m pilot fund in November 2023 under contract with the NSF — the sole outcomes funder, drawing on R200m from National Treasury and R100m from NSF reserves
- Assigned a dedicated programme team to manage day-to-day operations through Employment Outcomes NPC
- Oversaw independent outcomes verification and financial auditing for every milestone payment
- Managed partner compliance, performance reporting, and contractual oversight across 12 implementing partners and 9,509 enrolled youth

03 / ONGOING MANAGEMENT

Performance management & scale-up

- Continuously monitors placement pipeline and milestone achievement data in real time, enabling early intervention where performance is below plan
- Rebalanced the milestone payment pool during implementation to strengthen retention incentives — a structural design improvement made in-programme
- Supported independent evaluation inputs; the KOMIS Value for Money assessment (April 2026) confirming good VfM versus the SETA benchmark
- Now leading the scale-up design: targeting ~20,000 placements and R1bn in outcomes payments, with new partner recruitment and impact fund development underway

Part of the PYEI: Jobs Boost sits within South Africa's Presidential Youth Employment Intervention alongside EPWP, YES, and the SA Youth platform. The NSF, an entity of DHET, is the sole outcomes funder of the pilot phase. **krutham.com | jobsboost.org.za**

What people say about Jobs Boost

Endorsed by government, partners and media

> *"The Jobs Boost fund has pioneered a new model that links funding for skills in demand to the successful placement and employment of young people.*

President Cyril Ramaphosa
State of the Nation Address, 2025

OTHER VOICES

Unlike traditional approaches to job creation, [it] ensures funds are allocated on the successful placement and sustained employment of excluded young people in quality jobs.
Deputy minister Nonceba Mhlauli

Jobs Boost has forced us to rethink the way we do training... we are finding that these youth retain jobs for longer.
Outworx GBS trainer (BPESA)

It is an absolute pleasure working with them... you get answers, people answer their phones and emails.
Implementing partner

... delivers real jobs for SA youth – a new model for SME-led growth
Ventureburn

... offers a powerful pathway to address youth unemployment while empowering businesses and economic growth.
Rising Sun

A performance-based blueprint: How Jobs Boost is redefining youth employment in South Africa
Tech in Africa

Why the fund? Unlocking scale-up capacity

The financial pressure facing implementing partners at scale — and how the fund solves it

R300m
Pilot outcomes fund
~12 implementing partners in pilot

→

>3×
Scale-up multiplier
3× more placements
3× more delivery capacity needed

→

R1bn
Scale-up target
~20,000 youth into formal employment

THE PROBLEM FOR IMPLEMENTING PARTNERS

Cash flow gap in an outcomes fund

Payment is back-loaded by design

In an outcomes fund, implementing partners only receive payment once outcomes are verified — enrolment, placement, and retention milestones. They must fund all upfront delivery costs themselves before a rand arrives.

Scale-up multiplies the gap

Going from R300m to R1bn means partners must mobilise 3–5× their current capacity. Upfront costs — staff, technology, infrastructure — scale with the programme, but milestone income only arrives once delivery is proven.

Working capital constraints become binding

Many pilot partners were self-funded or used their own reserves. At three times the scale, those reserves will not stretch — and partners who cannot fund the ramp-up cannot participate.

THE SOLUTION: WHAT THE FUND PROVIDES

Working capital and growth finance

Working capital facility: bridge costs before milestones arrive
Partners draw down working capital against their contracted outcomes budget — bridging the gap between delivery costs and milestone payment. Repaid automatically when milestone payments flow through the NPC.

Growth capital: fund the scale-up itself

Partners seeking to expand headcount, technology, or geographic reach can access growth loans of up to 24 months — enabling the investment in capacity that the 3× scale-up demands before revenues confirm it.

Derisk the outcomes fund, unlock youth employment capacity

Removing the financial barrier to scale-up enables more high-quality partners to participate fully — making the fund a structural enabler of the R1bn target, not a peripheral addition.

President Ramaphosa visits a Jobs Boost implementation Partner during Youth Month 2025

Investment partner: building a joint enterprise

Investment partner + krutham

A proposed seed partnership — first-in-SA outcomes-backed investment solution to youth unemployment

01 WHAT KRUTHAM BRINGS

Financial & execution expertise

- Extensive financial analysis and solution design experience
- Designed and manages **Jobs Boost** — South Africa's first large-scale OBF employment fund
- Deep expertise in outcomes-based financing structures, milestone design, and verification architecture
- Track record: **R300m pilot placed 6,813 young people** into formal employment with independent verification

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02 WHAT THE INVESTMENT PARTNER BRINGS BRINGS

Investment network & capital

- Established investment linkages including to **Business Partners** — SA's leading small business development funder
- Impact investment mandate and capital deployment capability aligned with outcomes-based models
- **Institutional credibility** and investor relationships to anchor the fund structure
- Potential **seed funder role** — first-mover capital that shapes fund terms and governance from day one

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03 THE JOINT OPPORTUNITY

A pioneering outcomes-backed fund

- **First in South Africa:** dedicated working capital facility for youth employment IPs backed by verified outcomes contracts
- **Krutham's OBF skills + Investment partners network** — jointly delivering shared youth employment goals
- Seed capital can evolve into **anchor investor position** as outcomes-based models scale
- Platform for future collaboration across the growing SA OBF ecosystem

Why this is a first: Outcomes-backed working capital for youth employment implementing partners does not yet exist in South Africa. This joint structure would create a replicable model — combining Krutham's OBF programme management with the investment partner's linkages including Business Partners — that could scale as government outcomes-funding commitments grow. We see this as a creative partnership to jointly achieve youth employment goals, not a conventional fund mandate.

Fund structure: how your capital works

A Krutham-managed impact lending vehicle — separate legal entity, Krutham-controlled

CAPITAL DEPLOYMENT — investor capital flowing into the fund

Impact Investors	→	Youth Employment Impact Fund	→	Implementing Partners	→	Outcomes Funder (NSF and others)
R40–50m raise		Krutham-managed		Working capital / growth loans		R1bn scale-up

REPAYMENT — milestone payments routed via NPC set-off

TWO PRODUCTS OFFERED

/ Working Capital Facility (short-term revolving)

Bridges the gap between mobilisation and first milestone payment. Maximum 15–20% of contracted outcomes budget. Repaid via back-to-back set-off against verified milestone payments — repayment flows through the NPC, substantially eliminating collection risk.

/ Growth Capital Loan (up to 24 months)

For partners expanding capacity — technology, staffing, geographic reach. Secured against the implementing partner's outcomes contract. Modestly higher pricing margin than working capital; 15-day drawdown turnaround.

REGULATORY POSITIONING

/ All loans **above R1m** — outside the National Credit Act; the fund will not be NCR-registered.

/ Borrowers are small-to-medium implementing partners; most exceed the SBFE R20m turnover threshold, though some smaller partners fall within it.

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Risk management: why investors are well-protected

Outcomes contract as primary security

Each loan is secured against the implementing partner's contracted outcomes budget — a forward revenue stream from the NSF's R1bn commitment.

Back-to-back repayment

Working capital repayment flows through the NPC, which controls milestone disbursements. Set-off is contractual, not voluntary.

Real-time performance data

The Jobs Boost tracking system gives the fund manager live placement data — enabling proactive interventions unavailable to external lenders.

Rigorous IP appointment process

Krutham appoints implementing partners through a thorough assessment of credibility and likelihood of success, materially reducing execution risk.

COVERAGE RATIO

5–7×

Contracted outcomes payments vs. individual loan size

Krutham's aligned incentives

As programme performance manager, Krutham's success depends on the same IPs it is lending to. Credit oversight and programme management are structurally unified.

10% First-loss buffer

Philanthropic funder takes first loss risk on 10% of the fund. Absorbs defaults before investors are impacted.

Investment Committee oversight

Independent members with credit expertise approves drawdowns, reviews assessments, and maintains a watch-list of at-risk facilities.

Primary residual risk

The main risk facing investors is implementing partner operating performance — failure to achieve sufficient verified milestones to repay a facility. This is mitigated by the structural coverage ratio, Krutham's real-time monitoring mandate, and the 10% reserve buffer. Loss waterfall: Reserve → First-loss tranche (if present) → Pro-rata across investors (pari-passu).

Contract risk

An important overarching risk for any outcomes fund is the risk of default by outcomes funders. We have managed this in Jobs Boost through very clear contracting and ensuring advance cash draw-downs that provide a cash buffer. However, contracting with outcomes funders for the next phase will be an important aspect to the risk facing both implementation partners and their funders.

Fund economic model: first-loss structure

Key parameters and yield waterfall — first-loss tranche protecting senior investors

KEY PARAMETERS

Total fund size	**R40–50m**	Senior (R35–45m) + first-loss (R5m) tranche
First-loss tranche	**R5m (~10%)**	Philanthropic/impact investor; subordinated; absorbs all losses before senior
First-loss investor return	**0–5% p.a.**	0% = pure philanthropic (nil cost to senior yield). Up to 5% for impact-aligned investors
Krutham overhead	**R1.2m p.a.**	Fixed annual admin cost; covered from facility fee income
Bad debt — WC facilities	**~1%**	Low: NPC back-to-back set-off eliminates most collection risk
Bad debt — growth loans	**~4%**	Higher: longer tenor, less direct milestone linkage
Target utilisation	**65–70%**	Remaining 30–35% earns ~7% deposit rate on undrawn commitments
Facility fees (upfront + p.a.)	**1.5% + 0.5%**	Key income source; covers overhead and first-loss cost

HOW GROSS YIELD FLOWS TO INVESTORS

Gross yield on deployed capital *Interest on WC (8.5%) + growth loans (11%) + fees, before costs*	**~9–12%**
Less: Krutham overhead *R1.2m p.a. as % of ~R40–45m average deployed capital*	**(~2–3%)**
Less: first-loss investor return *At 0% philanthropic capital this is nil. At 5% on R5m = R250k p.a.*	**0–(1%)**
Plus: deposit interest (undeployed) *30–35% of fund earns ~7% deposit rate while awaiting drawdown*	**+~1–2%**
NET YIELD — senior investors *On senior capital (R35–45m). Base case ~9% at 68% utilisation, 0% FL return*	**7–10%**
First-loss coverage buffer *Residual first-loss tranche after expected annual bad debts (~R750k). Protects senior capital.*	**~R4.3m**

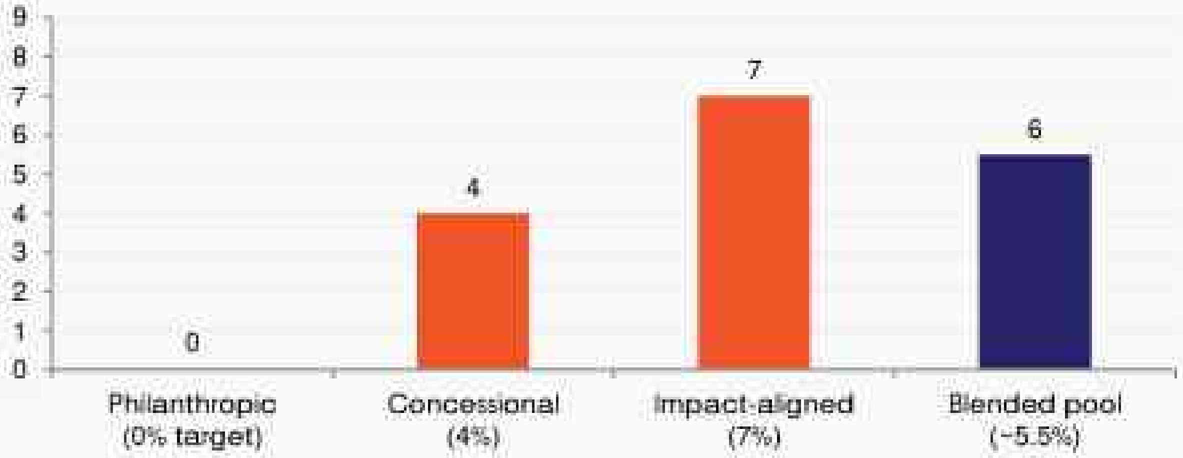
Financial returns

Concessional impact capital with a clear repayment mechanism and an aligned manager

RETURN STRUCTURE

Target Return	4%–7% p.a. nominal (blended)
Structure	Concessional debt, single pari-passu tranche
Horizon	3–5 years, aligned to scale-up phase
Pricing	Blended from investor pool; philanthropic capital lowers borrower cost
Undeployed capital	Earns interest in ring-fenced account — contributes to investor return
Principal	Contingent on fund recovery experience; 10% reserve buffer
Loss waterfall	Reserve → first-loss (if any) → pro-rata across investors
Return type	Cash yield; no equity participation or profit-sharing

ILLUSTRATIVE YIELD BY INVESTOR TYPE



% per annum nominal

INVESTOR CONSIDERATIONS

- Return is concessional by design — social return is the primary investment thesis
- Pari-passu treatment simplifies reporting: all investors rank equally on principal and return
- Target raise of R40–50m provides sufficient scale to operate the lending channel
- Activation gated on confirmed demand from Phase 2 implementing partner RFP process
- Note on illustrative yields: The chart shows illustrative return points only. Actual yields will depend on the risk/return appetites of investors who join the fund. We expect to approach investors across the spectrum — from philanthropic to more commercial (7%+) — and the final blended rate will reflect whichever mix of investors is secured. The fund may therefore have a quite different yield profile from the illustration shown.

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Impact returns: what your capital creates

Verified, independently audited employment outcomes for South Africa's most excluded youth

~20,000	58%	100%	R4,781
Scale-up target placements	Female participants	Meet excluded youth criteria	Median monthly salary

PARTICIPANT EXPERIENCE (KOMIS SURVEY)

88.2%	would recommend the Fund
≥80%	satisfied with their training
~80%	felt prepared for their job role
84.5%	felt supported during placement

Source: KOMIS participant survey, weighted to Fund population

SDG alignment: SDG 1 (No Poverty) | SDG 5 (Gender Equality) | SDG 8 (Decent Work) | SDG 10 (Reduced Inequalities)

Investors receive quarterly impact reports: verified placements by funded partner, cohort, sector and geography, plus read-only access to the live Jobs Boost tracking dashboard.

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Governance, administration & Krutham's role

A purpose-built structure with aligned incentives and independent oversight

Phase 2 Prep (now–EOI)	EOI / RFP Process	Activation Gate	Deploy & Monitor	Repayment Cycle
Fund infrastructure established. Investment Committee constituted. Legal counsel prepares facility agreements.	Implementing partners declare working capital or growth capital needs. Demand confirmed.	Conditions: R15m+ committed; legal docs finalised; ≥1 partner request received.	Krutham underwrites and disburses facilities. IC reviews portfolio quarterly.	Milestone payments trigger back-to-back repayment. Interest on undeployed capital accrues to investors.

Legal Structure

— Separate legal entity controlled by Krutham — not within the existing Jobs Boost NPC

— Preserves NPC's tax-exempt (PBO) status; can operate across multiple outcomes funds

— Appropriate data-sharing agreements with NPC

— Allows purpose-built governance distinct from core NPC operations

Investment Committee

— Sub-committee of the board; mandate limited to the impact fund

— At least one independent member with credit/investment experience

— Investor representative included once pool is constituted

— Majority decisions; independent member holds casting vote in ties

Krutham as Administrator

— Day-to-day portfolio management subject to Investment Committee oversight

— Unique informational advantage: live programme performance data unavailable to external lenders

— Aligned incentives: programme success = credit quality = investor returns

— No separate fund manager cost; integration preserves data advantage

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Investment timeline & key milestones

Expected programme phases and investor cash flow events — Phase 2 scale-up

	H1 2026	H2 2026	H1 2027	H2 2027	H1 2028	H2 2028
PROGRAMME	Phase 2 partner recruitment (EOI + RFP)	Phase 2 IPs mobilise; enrolment & placements begin		Placement & retention milestones continue to end 2028		
FUND	Legal structure, IC constituted; docs finalised	Fund live; investor capital callable / Working capital & growth loans deployed		Facilities repaid as milestone payments flow		
INVESTOR	Commitments secured (target R40–50m)	Capital on deposit, earning interest / Drawdowns against approved facilities		Progressive principal + return repayments		

DELAY RISK

Primary risk: Failure to secure the full R1bn NSF commitment on schedule due to government funder process delays, which would defer Phase 2 launch and reduce the pool of contracted outcomes available as loan security.

MITIGATION

Tranche approach: the programme can be launched and the fund activated in tranches as each funding commitment is secured from the NSF, rather than waiting for the full R1bn. Each tranche creates its own contracted outcomes pool, maintaining the coverage ratio and enabling the fund to begin deploying working capital against confirmed revenue streams. This preserves the fund's activation timeline even if the full commitment is phased.

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Co-create with us

We are engaging with potential investors and stakeholders to refine the fund's structure and ensure it delivers maximum impact for South Africa's youth. Your capital and expertise can shape this initiative.

Dr Stuart Theobald, CFA

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