

Public Financing for Social Innovation (June 2026)



Case Study

South Africa



Social Employment Fund

Policy rationale

The Social Employment Fund (SEF) is a flagship component of South Africa's Presidential Employment Stimulus, created to tackle mass unemployment through "work for the common good" in partnership with civil society. As a key component of the country's social economy strategy, it supports NGOs, early childhood development (ECD) centres, and other community-based organisations in expanding on a greater scale and with greater impact.

Managed by the Industrial Development Corporation (IDC), the SEF funds community-level initiatives that create short-term jobs while addressing social needs.

Its objectives are to:

1. Create scalable employment, especially for youth and women, through partnerships with NGOs, faith-based groups, early learning centres, and others.
2. Strengthen civil society's role in health, education, ECD, food security, GBV prevention, greening, placemaking, and arts.
3. Build skills and livelihoods for pathways to sustainable jobs and enterprises, and foster a "whole-of-society" approach to unemployment.
4. Importantly, it also provides support scaffolding that enables complementary livelihood and enterprise activity to emerge and grow.

Overview

South Africa's Department of Trade, Industry and Competition appointed the IDC to manage the fund. The IDC established an investment committee to assess proposals, drawing on its own financial experts alongside three external social economy specialists.

The SEF works with 40 strategic partners (SIPs), such as the Hlanganisa Institute for Development Southern Africa, Solidaridad Network, the Johannesburg Inner City Partnership, Impande Yotshani, and the Seriti Institute. Community partners encompass NGOs, hospices, crèches, community kitchens, faith-based organisations and other civil society bodies.

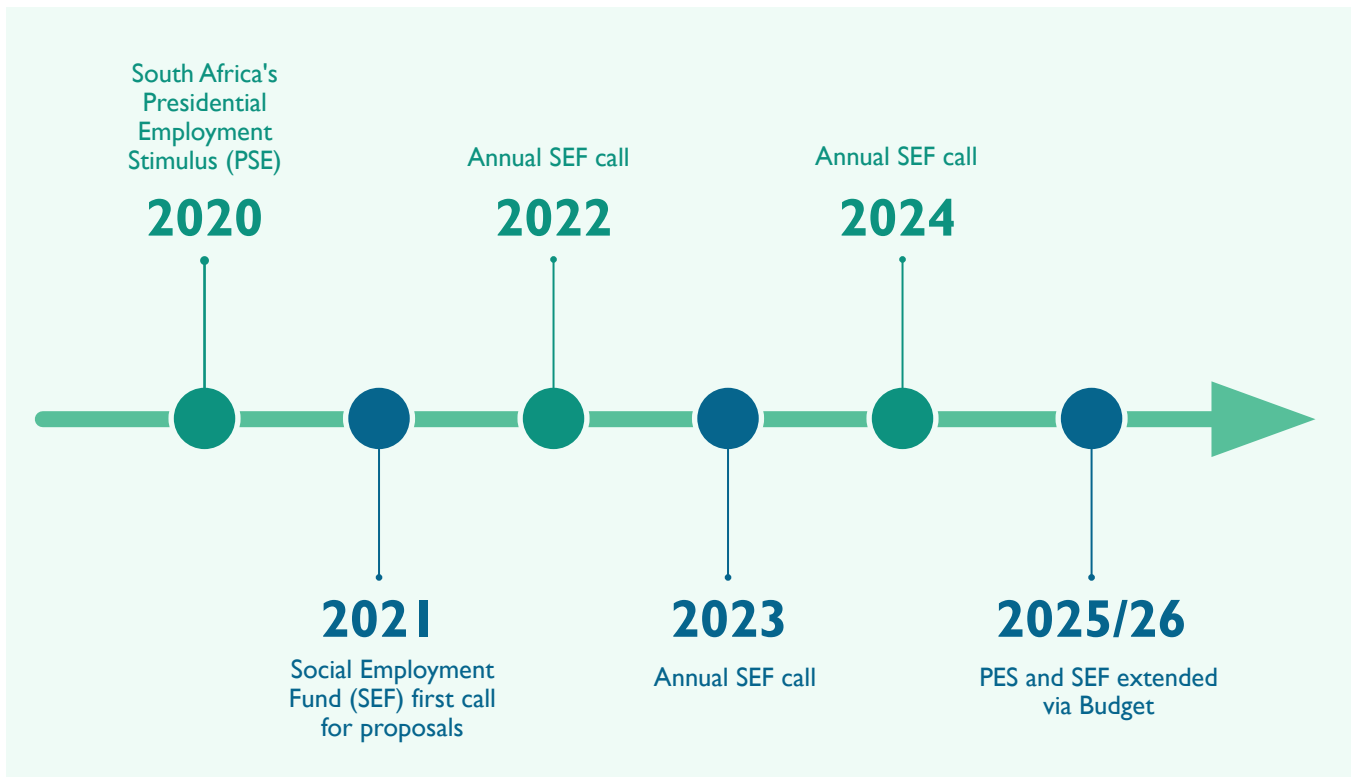


Large-scale employment programmes of this kind are new for much of South Africa's civil society sector. To ease the transition, the IDC equips SIPs with the payment technology needed to manage payrolls, including stipend payments, attendance registration, and time recording.


Timeline

The Presidential Employment Stimulus was launched in October 2020 during the COVID-19 crisis. Implementation started in 2022, with the selection of 28 SIPs. The programme has scaled rapidly with rolling calls for proposals (generally annual, but it depends on allocation from the Treasury).

The programme is now popular and widely recognised across South Africa’s civil society sector. The IDC holds annual public engagements and roadshows, speaking to civil society actors in each province, and receives around 700 applications for each call, of which 30-40 are selected. Terms of reference are drafted by an independent body of civil society representatives, ensuring buy-in from the design stage and broad representation across the country.




Budget



Public investment stands at ZAR 2.4 billion (almost USD 148 million) with a commitment rising to ZAR 4.1 billion (USD 254 million) in 2025/26.

Financial intermediaries




Around 80% of SIPs are non-profits, though the calls are also open to business entities. SIPs must demonstrate that they have a strong finance team, a competent HR function, and independent auditing. Contracts can be extended where projects perform well against performance indicators, and the IDC reports a significant percentage of SIPs returning across successive calls.

Target clients

Each SIP employs more than 1,000, 70% of whom are women, with a focus on youth. SIPs operate across a wide range of thematic areas with measurable results: 31,300 patients assisted through healthcare initiatives; 89,000 learners reached through education programmes; more than 25,000 survivors of gender-based violence (GBV) supported; 6,700 community kitchen gardens established and maintained; living conditions improved in 760 informal settlements; 41,530 children reached through arts programmes.


The programme is implemented nationwide, with strong geographic and thematic distribution of funds, reflecting an explicit commitment to equity and geographic reach.

KEY FIGURES	
181,000+ participants employed across the country as of 2026, mainly youth, 70% women	Reduced clinic strain, improved literacy, addressing 81% Grade 4 illiteracy; GBV case handling from 391 to 6,000/month; skills development in farming, paralegal, arts, and digital
31,300 chronic patients tracked; 89,000 learners tutored; 25,000 GBV survivors supported; 6,700 community gardens	150,000+ children in ECD; 10,000+ people served through NACOSA, including 1,075 youth across 25 hosts in 2025–2026



Financing terms

SIPs receive advances to cover non-wage costs, with 80% of the budget allocated to wages. Each SIP is required to employ at least 1,000 participants in work programmes serving the common good, with participants working 16 hours each week.



Mobilisation potential

The programme demonstrated strong leverage. For every rand invested by the state, at least 15 cents is raised as co-financing from philanthropy, the private sector and corporate social investment. The IDC raised between ZAR 10 million (USD 616,300) and ZAR 15 million (USD 924,450) from outside funders, primarily large South African corporations seeking to direct work to specific territories.

The IDC plans to expand this further by promoting the programme to listed South African companies as part of their corporate social responsibility commitments. The ability to mobilise additional funding is one of the priority criteria for scoring in the call for proposals, and the IDC regularly connects SIP with potential private investors.



Impact considerations

Each SIP has an internal monitoring function that reports monthly on performance indicators and progress against targets. The IDC's own monitoring and evaluation function provides oversight, and an independent evaluator assesses the programme's implementation annually.

Lessons Learned

Pitfalls to avoid	Success factors
<p>Initially, SEF was met with resistance:</p> <ul style="list-style-type: none"> • Civil society was unfamiliar with working with the IDC • The scale of employment required was too large for many community organisations • Low digital literacy amongst participants and organisations • Suspicions that the state was trying to use civil society as a service provider, as opposed to an implementing partner <p>How the IDC responded:</p> <ul style="list-style-type: none"> • Brought in social economy experts in the proposal selection process • Ran extensive awareness- raising campaigns across the country • Provided payment technology at no cost to SIPs 	<ul style="list-style-type: none"> • The SEF allows community organisations to scale and build credibility with private investors • The IDC promotes linkages between civil society and the private sector through roadshows and market days • Civil society representation in the SEF governance structures promotes buy-in

Sources:

Interview with Bhavanesh Parbhoo, Programme Manager, IDC, Social Employment Fund

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<https://www.dailymaverick.co.za/article/2026-01-22-take-a-walk-in-downto-wn-joburg-and-see-the-impossible-made-possible/>