



A series by the African
Private Equity and Venture
Capital Association

Achieving the SDGs through African Private Equity and Venture Capital

SDG 8: Decent Work and Economic Growth



Introduction

Over the past 20 years, AVCA has remained committed to tracking, monitoring, and reporting on the wide-reaching positive impact of private equity and venture capital across the continent. The objective of this case study series, **Achieving the SDGs through African Private Equity and Venture Capital**, is to showcase and encourage greater collaboration between fund managers, institutional investors, and entrepreneurs to **drive sustainable growth in Africa.**

It is now six years since the United Nations (UN) launched a global call to institutions and individuals to commit to creating a future of prosperity and peace for all by 2030, through the Sustainable Development Goals (“SDGs”). The 2030 Agenda for Sustainable Development (“the 2030 Agenda”) established 17 SDGs with 169 targets and 232 indicators to enable progress tracking as key global actors, including investors, businesses, civil society, and governments implement the 2030 Agenda.

According to the United Nations Conference on Trade and Development (UNCTAD), meeting the SDGs in emerging markets will require an investment up to the value of US\$4.5 trillion annually, primarily for infrastructure, education, healthcare, and agricultural development. Globally, the private sector is responsible for most investments and has played a historic role in addressing structural, social, and environmental challenges in Africa.



DECENT WORK AND ECONOMIC GROWTH

The SDGs provide a practical framework to achieve inclusive growth on the continent, and the private sector has a vital part to play in mobilising African countries to achieve the 2030 Agenda while strengthening the economy. Africa-focused fund managers and institutional investors have risen to the challenge as they continue to deploy and allocate capital to support the businesses driving long-term economic growth across the continent.

Recognising the importance of businesses and investors in realising the 2030 Agenda, the UN Development Programme (UNDP) launched the SDG Impact Standards for Private Equity Funds to outline a clear system to support private equity (PE), venture capital (VC) and other private market funds to achieve impact and contribute towards sustainable development through their investments.





**DECENT WORK
AND ECONOMIC
GROWTH**

Where Africa is concerned, responsible investing has always been at the heart of private equity due to the origins of the asset class. As Environmental, Social, and Governance (ESG) principles became more prominent in the global investment landscape, AVCA set out to tell the story of impact in Africa. In 2018, we published our first special report, *An*

Untold Story: The Evolution of Responsible Investing in Africa, to highlight the role of development finance institutions (DFIs) and private equity fund managers in creating sustainable growth on the continent.

DFIs have demonstrated how investments in the private sector in emerging markets can have significant positive effects on job creation and

economic growth.

Furthermore, with the majority of private investors in Africa promoting and achieving both impact objectives and commercial returns, Africa-focused fund managers are uniquely positioned to contribute to achieving the 2030 Agenda by investing in companies that advance the SDGs.



DECENT WORK
AND ECONOMIC
GROWTH

Sustainable Development

Goal 8 – Decent Work and Economic Growth

This case study focuses on Zoscales Partners' investment into Africa Jobs Network (AJN), an online recruitment platform with a presence in Ethiopia and Kenya. The company's value proposition is centered around offering bespoke, tech-based talent solutions for the East African job market. Its online job portals, *Ethiojobs*, *Dereja*, and *Kipawa*, contribute to the efficient matching of employers with qualified candidates, thereby promoting a more dynamic and fair labour market.

This case study investigates how Zoscales Partners are integrating SDG 8 – Decent Work and Economic Growth into this investment.



Investor & Company Profile



Portfolio Company Name:

Africa Jobs Network

Investor:

Zoscales Partners

Countries:

**Mauritius, Ethiopia,
Kenya**

Sector:

**Services (Online
Recruitment)**

Year of Investment:

2019

Deal Amount:

US\$1.2mn

Investor Engagement with the SDGs



1. What are the key drivers for integrating SDG 8 into your investment approach?

Investing in small and medium-sized enterprises (SMEs) to catalyse economic growth and quality job creation in East Africa. As an SME-focused fund in East Africa, SDG 8 – Decent Work and Economic Growth plays a central role in our impact investment strategy. SMEs are vital for creating growth and account for approximately two-thirds of all new jobs in the formal sector in our region. Very often, lack of capital is a significant barrier to growth, and by availing equity capital, we enable SMEs to achieve their growth ambitions, enhance productivity and their overall competitiveness, and support quality job creation. Our overarching goal across all our investments is to promote sustainable quality jobs, stimulate local economies, and thereby improve living standards in East Africa. We use SDG 8 to set measurable targets and track progress.

Not only the number of jobs supported matter but also the quality of the jobs concerned. In our region, employment does not guarantee a fair income, safe working conditions, equal opportunities, and social protection. Therefore, as part of our ongoing ESG and impact monitoring and reporting we ensure all our portfolio companies pay their employees decent wages that meet at least legal or industry minimum standards; provide safe and healthy workplace environments; refrain from any form of discrimination; provide health and accident insurance; and respect workers' right to collective bargaining. We draw particular attention to creating opportunities for women and for the youth and invest in SDG 8 while combining it with targets related to gender equality and education/worker training. Across our portfolio, we have achieved a women-positive workforce at 58%, up from 55% in 2020 and 38% in 2019.

2. How did you integrate SDG 8 into your investment strategy and decision-making processes for your portfolio company?

SDG 8 metrics are part of our investment strategy and how we track our progress and impacts year on year. Most of these we disaggregate by gender.

Integrating SDG 8 with a focus on technological upgrades and youth employment. We integrated SDG 8 into the investment strategy for AJN by setting key performance indicators relating to the SDG targets (notably 8.2, 8.3, 8.5, and 8.8) and developing a reporting framework to track progress. A key initiative for AJN is technological upgrading and innovation to expand the business and achieve higher levels of productivity. This entails investing in technologies that integrate the front and back-ends of the business through a cloud-based platform that is organised and operated as other leading platforms globally. Another key focus area is to support youth employment in East Africa by providing online trainings on CV preparation and LinkedIn profiles, providing paid internships, and hosting virtual jobs fairs aimed at supporting fresh graduates in their job search. In 2020, AJN's Ethiopian entity was selected to be the HR partner for the MasterCard Foundation's Young Africa Works initiative, a project aimed at creating 30 million jobs for the African youth, particularly young women, by 2030. The company itself also employs a large fraction of young people (64% in the age group 20-30 years old).



DECENT WORK AND ECONOMIC GROWTH



3. What are the key challenges you've faced thus far implementing and measuring progress made towards promoting SDG 8 in your portfolio company?

Measuring employment quality is not an easy task. We rely on inputs from International Labour Organisation, best practices, to identify the many aspects that make up the quality of employment that Zoscales creates and accelerates.

Data collection and accuracy was a challenge, but by working closely with portfolio companies we have been able to better measure the aspects we identified, for example, remuneration, social security coverage (and access to employee rights through unions), sick leave and parental leave, the type of contract. We want to improve further quality measures, like the degree of job security, access to career advancement opportunities. We are proud of the steps we have taken to measure and implement improvements in the safety around employment, and skills development/trainings, as well as gender equity and diversity.

4. Has the COVID-19 pandemic changed the implementation of SDG 8 and how the organisation achieves impact within your portfolio company?

As a result of AJN's proactive response to the Covid-19 shock, the company remained on track to achieve its SDG 8-related targets.

While many local businesses were struggling to cope with the effects of Covid-19 and subsequent lockdowns, AJN responded to the crisis by accelerating the implementation of new technologies to transform its businesses into fully online platforms. In 2020, AJN implemented three new service components aimed to support recent graduates in their search for employment, including the online portal Dejera.com and the first-ever virtual job expo in Ethiopia.

Covid-19 caused a shift in AJN's client base, as commercial clients significantly reduced their recruiting efforts in response to the economic slowdown, whereas demand rose from NGOs and UN organisations who began to ramp up their response efforts to the pandemic. Despite Covid-19, the company marked a 30% increase between 2020 and 2021 in the number of jobseekers interviewed for recruitment via its platforms. The company itself onboarded 11 new colleagues during this period.

To support the battle against Covid-19, AJN offered free job posting and free recruitment services for Covid-19 related jobs.



Investment Impact Profile

No	SDG 8 Goals		Zoscales Partners/ Africa Jobs Network's Contribution
	Target	Indicator	
8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	a) Technology, automation, or mechanisms introduced to the portfolio company to improve operational efficiency	<p>Completed technological upgrades post-investment:</p> <ul style="list-style-type: none"> • 4 online job portals upgraded with end-to-end technology • 1 technology developed to host virtual job fairs in Ethiopia • Technology implemented to integrate the front and back-ends of the business through a cloud-based platform • Job board <p>Technological upgrades in process:</p> <ul style="list-style-type: none"> • Application Tracking Systems (ATS) • Temporary marketplace platforms • Employment solutions targeted blue-collar workers • Upgrade of 1 mobile application app <p>Productivity (revenue/employee) has increased by 41% post-investment.</p>
		b) Revenue per employee (before and after investment)	
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Average hourly or monthly earnings of female and male employees at the fund and portfolio level, by occupation, age, and persons with disabilities.	<p>As of June 2022, Africa Jobs Network has 66 unique individuals employed across its two entities in Ethiopia and Kenya. This is up from 43 individuals employed in 2019 (pre-investment).</p> <p>As of June 2022, the women to men ratio is 67%.</p> <p>There is no wage discrepancy between men and women for the same post, and all employees earn above the minimum national wage levels.</p>



**DECENT WORK
AND ECONOMIC
GROWTH**

No	SDG 8 Goals		Zoscales Partners/ Africa Jobs Network's Contribution
	Target	Indicator	
8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training.	Proportion of youth (individuals aged 15-24) employed, in training or educated by the fund manager or the portfolio company.	<p>AJN has a particular focus on promoting youth employment in East Africa; Directly by hiring young people and offering internships at AJN and indirectly through its recruitment platforms, job fairs, and trainings.</p> <p>As of June 2022, 64% of AJN's staff is 20-30 years old. 12 new hires in this age bracket since 2019.</p> <p>22 paid internships provided to youth between 2019 and 2022.</p> <p>135,761 youth received online trainings on CV preparation and LinkedIn profiles between 2019 and 2022 from the following sources: a job fair clinic and job fair intervention (32,313 youth); the Dereja Academy Accelerator Program (2,267 youth); and Dereja.com (101,181 youth).</p> <p>66,285 youth linked to job opportunities via Dereja.com since its launch in 2020:</p> <ul style="list-style-type: none"> • 4,693 (2,188 female and 2,505 male) via job fair clinic and job fair intervention • 641 (303 female and 338 male) via the Dereja Academy Accelerator Program (DAAP) • 60,951 (25,853 female and 35,098 male) via Dereja.com intervention <p>5,000 potential candidates linked with over 100 potential employers via the first-ever virtual job fair in Ethiopia, aimed at supporting recent graduates in their search for employment.</p>
			8.8



**DECENT WORK
AND ECONOMIC
GROWTH**

Company View

With the purpose to transform people's lives, we ensure our activities positively impact all the individuals we address through our services. Our service revolves around people, and we take our role further by ensuring we promote their growth through various soft skills trainings to youth and providing dignified employment opportunities. Which in turn ensures them and their families' economic sustainability. We also promote mainstreaming gender and disability agendas throughout our services.

When considering SDG 8 specifically, the mission of our company is in promoting full and productive employment and decent work for all through our online platforms, job fairs, and trainings. We have worked closely with Zoscales Partners on broadening the metrics tracked (and approved upon!) year on year as prescribed by the SDG 8 indicators. Youth have been targeted as well for job trainings and future opportunities — which is essential in the markets where we operate.

In addition to SDG 8, we also see our impact on SDGs 5 and 10 as all our trainings and services strive to ensure inclusion of women and persons with disability. We support multinational organizations in realizing their gender and inclusivity goals by organizing various awareness workshops for employers and designing their recruitment processes to attract diversified candidates.

Yusuf Reja,
Founder & CEO of Africa Jobs Network



CONTACT AVCA

37 North Row
3rd Floor
London W1K 6DH

E avca@avca-africa.org
W www.avca-africa.org
T +44 (0)20 3874 7008

