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Towards a youth employment strategy for South Africa

Project Leader and Report Editor:

Marina J Mayer – Lead Economist, Development Planning Division (DPD), DBSA

Project Team:

Saguna Gordhan (Manager: Strategic Stakeholder Relations, DPD, DBSA)
Rachel Manxeba (Labour Market Analyst, Information Division, DPD, DBSA)
Colleen Hughes (Strategic Stakeholder Relations, DPD, DBSA)
Penny Foley (Shisaka Development Management Services)
Carmel Maroc (Singizi Consulting)
Peliwe Lolwana (Barmat Consultants)
Matthew Nell (Matthew Nell and Associates)

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Development Planning Division
Development Bank of Southern Africa
PO Box 1234
Halfway House 1685
South Africa

Telephone: +27 11 313 3048 / 313 3474

Telefax: +27 11 206 3048 / 206 3474

Email: lyns@dbsa.org / rosen@dbsa.org

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Abbreviations

ABET	Adult Basic Education and Training
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
BEE	black economic empowerment
BUSA	Business Unity South Africa
CBPWP	Community-Based Public Works Programme
CSO	civil society organisation
CWP	Community Work Programme
DBSA	Development Bank of Southern Africa
DoE	Department of Education
EDD	Economic Development Department
FET	Further Education and Training
FJA	First Job Agreement Programme (Belgium)
GEAR	Growth, Employment and Redistribution
HSRC	Human Sciences Research Council
LAC	Latin America and Caribbean
Mafisa	Micro-Agricultural Financial Institutions of South Africa
MIG	Municipal Infrastructure Grant
NATED	National Technical Education
NBI	National Business Initiative
NCV	National Certificate Vocational
NDYP	New Deal for Young People (United Kingdom)
NEET	not in employment, education or training
NGO	non-governmental organisation
NGP	New Growth Path
NPWP	National Public Works Programme
NQF	National Qualifications Framework
NSC	National Senior Certificate
NYDA	National Youth Development Agency
NYP	National Youth Policy
NYS	National Youth Service
NYSP	National Youth Service Programme
OECD	Organisation for Economic Cooperation and Development
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SACCI	South African Chamber of Commerce and Industry
Samaf	South African Micro-Finance Apex Fund
SANDF	South African National Defence Force
Seda	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SPRA	Special Poverty Relief Allocation
Stats SA	Statistics South Africa
USA	United States of America
UYF	Umsobomvu Youth Fund
VAT	value-added tax
YIEPP	Youth Incentive Entitlement Pilot Project
ZAR	South African rand

Preface

In response to the high and growing rate of youth unemployment in South Africa, the DBSA initiated a project in September 2010 to develop a high-level youth employment strategy. The purpose of the study was to review current government programmes for promoting youth employment, in order to identify programmatic measures that will absorb a far greater number of young people into the labour market and allow them to engage in more income-generating activities than is currently the case.

In order to provide a comprehensive analysis the following individual papers were developed:

1. A demographic profile of young people in South Africa in 2010, to enable a deeper and more textured understanding of who the unemployed youth are, where they are located and what their level of educational attainment is;
2. Barriers to education faced by young people in equipping them with the skills needed to enter the labour market;
3. Current programmes, institutions and activities implemented by the government to create employment for young people;
4. An international review of government interventions that support young people in finding employment; and
5. Current gaps and misalignments in South Africa's public strategy for providing employment for young people.

The project team synthesised the findings of these five papers into a high-level strategy for youth employment in order to address gaps and misalignments in existing programmes and institutions.

The strategy was presented at a Roundtable hosted by the DBSA in June 2011 and attended by specialists from government departments and agencies, including the National Youth Development Agency (NYDA), as well as the private sector, academia and civil society organisations (CSOs). The outcomes are summarised in Appendix 1.

This working paper is a summary and synthesis of the five papers that formed the basis of the study, and of the policy proposals that emerged from the interactions of the project team and participants at the Roundtable. Its purpose is to provide a framework for dealing with the crisis of youth unemployment in South Africa, which currently appears to be intractable. The paper, therefore, considers the various elements of the labour market, including the education and skills development pipeline, in order to present a comprehensive, high-level strategy for assisting young people to enter the world of work and engage in income-generating activities.

The report, published as part of the DBSA's online working paper series, is thus made available to all policymakers, scholars and practitioners involved in the youth employment discourse, which forms part of the broader discourse on a new growth path for South Africa.

1. Introduction

Youth unemployment poses a formidable policy challenge for South Africa. The unemployment rate of 25% in the fourth quarter of 2010 (Stats SA, 2011) is among the highest in the world. Significantly, unemployment is concentrated in the 14–35 age cohort, which accounted for 72% of the unemployed in 2010. Consequently, the country's unemployment crisis is seen as a youth unemployment crisis in particular. South Africa's growth trajectory in the 16 years since attaining democracy has not absorbed labour at the required scale, and the lack of access to the labour market and wage income has driven up poverty and inequality, despite a significant rollout of social grants and basic services.

Against this background, this study contributes to the policy discourse on a new growth path for South Africa by providing a framework in which to design programme interventions to support a holistic development framework for the youth. It extends the discussion on youth unemployment beyond public employment programmes and into the realm of skills development and active labour market interventions, with the aim not only to support the absorption of young people into the labour market, but also to prepare them for the world of work.

While “the youth” are defined as the 14–35 age cohort in South Africa, this paper focuses on the 15–24 age group with its very specific characteristics and needs in terms of the school-to-work transition. It is also a strategic group to target in order to change the pattern of low returns to education, which has arisen in the period of the country's democracy, principally because young people are unable to find jobs after completing their education and training. Finding pathways to employment for the 15–24 age cohort is critical to transforming South Africa's future employment and growth trajectory, if growing poverty and inequality are to be redressed.

Since achieving democracy in 1994, significant effort has been invested in developing a national youth development strategy that would ensure that the generation deeply affected by apartheid would have an opportunity to participate fully in the South African economy and society. These interventions include:

- The adoption of a broad definition of youth (14–35 years);
- The adoption of a national youth strategy and the creation of the National Youth Commission to monitor and advocate for its implementation;
- The significant restructuring of the education system and investment in a unified education system;
- The development and implementation of a national skills development framework;
- The setting of clear quotas for youth participation in many government interventions; and

- The implementation of a social grant support network that would benefit children in particular.

Despite these efforts, youth unemployment and marginalisation remain disconcertingly high at present. While many more young people have access to education than the generation before them, they have been unable to access the economy at the required scale. Alarming, over 60% of South Africans under the age of 25 are unemployed or have been discouraged in their search for work.

A new generation of young South Africans are facing the same future that young people faced at the end of the apartheid era, but this time without the hope that a new political dispensation and policy environment will bring about change. In countries where traditional demographic patterns are changing, such as South Africa, the large population of young people can be seen as a “demographic dividend”. This is described as follows (HSRC, 2002):

... an opportunity for governments to capitalize on the impending demographic transition, where the number of working-age adults grows large relative to the dependent population and potentially acts as a major economic spur. However, if the appropriate policy environment is not in place, particularly to educate and provide appropriate skills training for the youth who are the product of pre-transition high fertility, unemployment and instability may result, and health, education and social welfare systems may undergo unbearable strain.

An enormous demand is being made on the ability of the South African education and training machinery to develop appropriate skills and capacities in the current youth population. This challenge will affect the South African economy and social health system both directly and dramatically in the next 10–30 years.

A high investment in education will allow children to leave school with the skills required by a growing economy, and to become economically active and a boon for the nation. Conversely, a stagnant economy, or a young population with a skills set that does not match employment opportunities, means that yet another generation will face the prospect of exclusion and endemic poverty.

The objective of this phase of the study was to design a high-level strategy for addressing the problem of youth unemployment. To this end, the paper presents the findings of the study, including:

- An overview of South Africa’s economy and labour market in order to contextualise youth unemployment;
- A demographic profile of young people in South Africa in 2010;
- Barriers to education that young people face;
- Current programmes, institutions and activities implemented in South Africa to equip young people to become economically independent;

- A review of the types of interventions applied internationally to address youth unemployment; and
- Current gaps and misalignments in South Africa's strategy for public delivery of employment for the youth.

The report concludes with a strategy for addressing youth unemployment, identifying priority interventions on the demand and supply sides of the youth labour market, alongside designing active labour market interventions for creating pathways to employment.

2. The context: South Africa's economy and labour market

South Africa's challenge of youth unemployment cannot be meaningfully delinked from the country's growth trajectory. Since democratisation in 1994, this trajectory has been characterised by significant structural change, alongside stubbornly high levels of poverty and growing inequality. These socioeconomic trends have been exacerbated by the impact of the global economic recession in 2009, which resulted in the economy contracting and a significant number of jobs being lost.

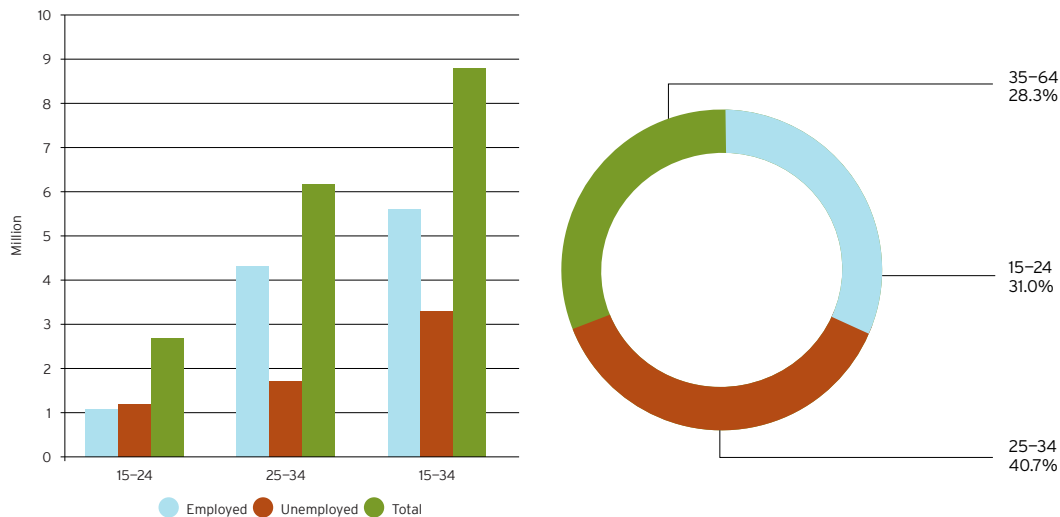
In short, the growth-employment-poverty-inequality dynamic has not resulted in growth being inclusive, mainly because it has not been labour-absorbing. The lack of access to wage income is the main driver of poverty, and together with growing income differentials within and between racial groups, has driven up inequality. At least two aspects of exclusion from the labour market are evident: first, low participation rates, which are largely the consequence of poverty and spatial exclusion hampering job search; and, second, high unemployment rates, or exclusion from the formal labour market. The latter is concentrated among young people exiting their education and training with aspirations of entering the labour market.

Exclusion from the formal economy begins in the labour market, due to low participation rates and high unemployment rates. A very small proportion of the potentially economically active population is employed (Hausmann, 2008:3):

[I]n countries in Latin America, Eastern Europe and East Asia at similar levels of development, the proportion is about 50 percent higher ... If ... South Africa had a rate of employment similar to that of comparable countries in other parts of the world, over 6 million more South Africans would be working.

An important characteristic of South Africa's unemployment crisis is its concentration in the 15–34 age cohort, and it is, therefore, seen as a problem of "youth unemployment". Figure 1, which decomposes unemployment by age, illustrates that the 15–24 age group accounts for 31% of aggregate unemployment, and the 25–34 age group for 41%. In aggregate, the 15–34 age cohort represents a staggering 72% of South Africa's unemployed.

Figure 1: Unemployment by age, 2010



Source: Stats SA (2010).

Given that expenditure on education has increased during the democratic era, the unemployed youth have higher educational qualifications than older citizens who are employed. Therefore, “the fact that better-educated young people remain poor suggests that the labour market has not been playing a successful role in alleviating poverty and that the education system is not delivering the skills needed in the labour market” (Leibbrandt et al., 2010:10).

It is significant that the labour market and the pathway into it (through education and training) are key determinants of mobility out of poverty and exclusion from the formal economy and the fruits of its growth. Empirical analyses in developing countries show that initial inequalities in the distribution of physical capital (e.g. land) and human capital (e.g. education and health) represent obstacles to economic growth, with the effects being almost twice as great for the poor as for the population as a whole (Pillay, 2006).

With regard to South Africa it is argued that “the persistence of high income inequality, which is clearly inhibiting economic growth and poverty reduction, cannot be meaningfully disassociated from the limited and unequal access to human capital; they are inextricably linked” (Pillay, 2006:).

In order to redress poverty and inequality, the ultimate objective of the country’s growth and development path for the next two decades should be to enable rapid social mobility, with the aim of creating a large middle class. There is substantial agreement that this will be achieved through the labour market, by forging a growth path that enables the poor to secure decent paying jobs. Any future growth path that is not labour-absorbing will exacerbate the challenges of poverty and inequality.

The New Growth Path (NGP), adopted by Cabinet in February 2011 (EDD, 2011), represents a significant shift from previous economic policies, such as the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR) strategy and the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), primarily because it places employment at the centre of the growth path. Other economic variables, such as monetary, fiscal, trade and industrial policy and regulation, are seen as the means to achieve the target of creating five million jobs over the next ten years.

The main criticism of the NGP is that it outlines what needs to happen but fails to show how these outcomes are to be achieved. The present study, therefore, represents a valuable contribution to the NGP in addressing the question of how to deal with youth development, both in terms of educational and skills attainment and entry into the labour market.

3. Youth demographics in South Africa

A key objective of this study is to provide a more textured approach to developing a youth employment strategy. This requires a deeper demographic analysis than has hitherto been utilised. If youth programmes are to target the appropriate age cohorts, it is necessary to augment the current discourse, which is grounded in the understanding that there are three million youth not in employment, education or training (NEETs) – an alarmingly large number.

The demographic analysis essentially decomposes “the youth”, both employed and unemployed, by age, location, educational attainment and level of unemployment. In order to contextualise youth unemployment, it is necessary to begin by describing the structure of South Africa’s labour market.

3.1 Structure of the labour market

In 2010, the working age population of South Africa stood at 31.8 million people, which represents a significant increase of 7.6 million from the figure of 24.2 million in 1995 (Table 1). This population is made up of those citizens aged between 15 and 64 years who are able and willing to work. It includes the employed, the unemployed and the non-economically active.

Since 1995, the number of people in the labour force (i.e. both employed and unemployed labour market participants) increased by 5.8 million to 17.2 million in 2010. Of these, 12.9 million were employed and 4.3 million unemployed. The remaining working age population of 14.5 million were non-economically active, which is an indication of low participation rates. Of the non-economically active, two million were discouraged jobseekers.

Moreover, the increase in the number of employed people has been unable to keep pace with the number of new entrants into the labour market. Due to the additional 6.9 million people who entered the labour market between 1995 and 2010, the unemployment rate rose by 7.3 percentage points to 24.9% in 2010.

The absorption rate, which measures the proportion of the working age population that is employed, increased at a marginal rate from 39.3% in 1995 to 40.7% in 2010. At the same time, the labour market participation rate, which indicates the proportion of working age South Africans who are economically active, rose strongly from 47.7% in 1995 to 54.2% in 2010. In international terms, however, South Africa's participation rates are extremely low relative to other upper-middle-income developing countries.

Table 1: Key labour market indicators, 1995–2010

	Working age	Economically active population	Employed	Unemployed	Non-economically active population	Unemployment rate (%)	Absorption rate (%)	Labour participation rate (%)
1995	24 231 000	11 547 000	9 515 000	2 032 000	–	17.6	39.3	47.7
2000	27 008 000	16 078 000	11 840 685	2 465 405	12 238 824	17.2	44.6	53.9
2005	29 364 572	16 517 389	12 091 027	4 426 362	12 847 183	26.8	41.2	56.2
2010	31 753 718	17 201 552	12 912 680	4 288 872	14 552 166	24.9	40.7	54.2

Source: Stats SA (2011).

3.2 Characteristics of the labour market

Unemployment in South Africa is highest among females, the Black population and those aged between 15 and 24 years (Table 2). Teenagers aged 15–19 years have the highest unemployment rate (64.1%), followed by young adults of 20–24 years (48.6%). Unemployment rates decline in the older age groups due to relatively higher labour market absorption rates, which suggests bias against younger cohorts in the labour market.

Table 2: Unemployment, participation, absorption rates and share of unemployment, 2010

	Population	Working age	Economically active population	Unemployment rate (%)	Share of unemployment (%)	Participation rate (%)	Labour absorption rate (%)
By gender							
Male	24 329 000	15 280 570	9 402 952	22.9	50.2	61.5	47.4
Female	25 662 300	16 473 149	7 798 600	27.4	49.8	47.3	34.4
Population group							
Black	39 682 600	24 747 494	12 621 127	29.3	86.1	51.0	36.1
Coloured	4 424 100	3 008 715	1 926 121	22.0	9.9	64.0	50.0
Indian	1 299 900	910 318	551 055	9.0	1.2	60.5	55.1
White	4 584 700	3 087 191	2 103 249	5.8	2.8	68.1	64.2

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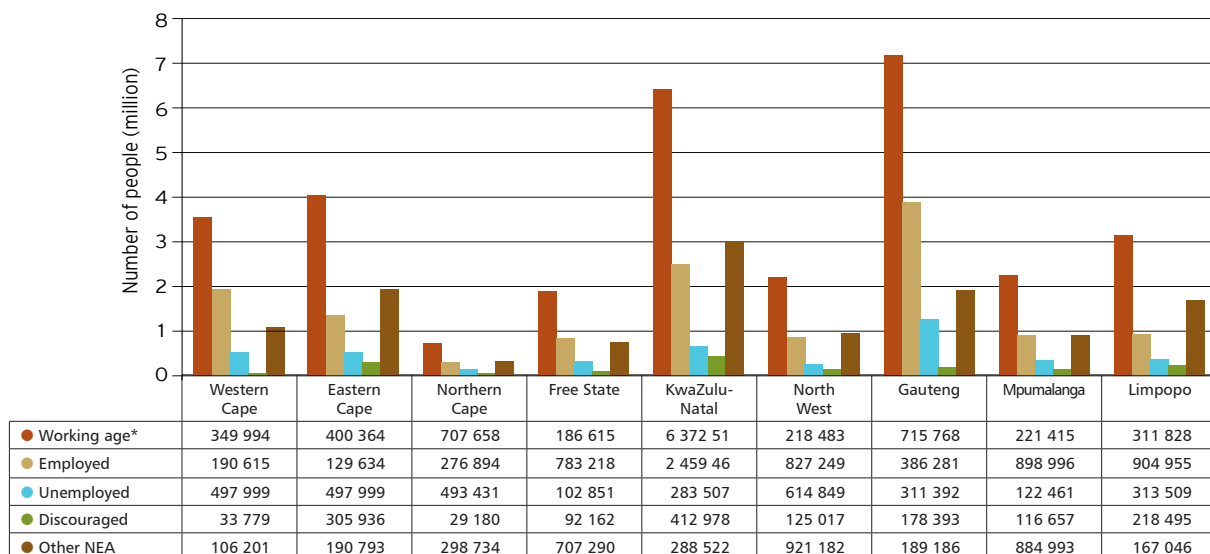
	Population	Working age	Economically active population	Unemployment rate (%)	Share of unemployment (%)	Participation rate (%)	Labour absorption rate (%)
By age							
15–19	5 226 200	5 219 593	327 634	64.1	4.9	6.3	2.3
20–24	5 018 500	4 988 006	2 314 250	48.6	26.2	46.4	23.8
25–29	4 518 800	4 469 765	3 101 497	33.3	24.1	69.4	46.3
30–34	4 035 700	3 988 807	2 977 941	24.3	16.9	74.7	56.5
35–39	3 465 200	3 403 999	2 563 358	19.9	11.9	75.3	60.3
40–44	2 524 200	2 483 787	1 874 641	14.0	6.1	75.5	64.9
45–49	2 230 600	2 226 648	1 570 197	12.7	4.6	70.5	61.6
50–54	2 019 100	2 010 905	1 284 475	10.9	3.3	63.9	56.9
55–59	1 653 700	1 645 283	835 289	8.7	1.7	50.8	46.3
60–64	1 319 700	1 316 927	352 270	3.9	0.3	26.7	25.7

Source: Stats SA, LFS and QLFS 2005–2010.

3.3 Spatial characteristics of the labour market

Gauteng and KwaZulu-Natal are home to the highest working-age population, with approximately 7.2 million and 6.4 million people respectively (Figure 2). Although one of the smallest provinces, Gauteng accounts for a high proportion of the country's economic activity and output and has, therefore, consistently experienced high levels of in-migration from other provinces. Discouraged jobseekers are concentrated in KwaZulu-Natal and the Eastern Cape, provinces that have very large rural populations where jobseekers lack the resources to search for employment actively.

Figure 2: Labour market structure by province, 2010

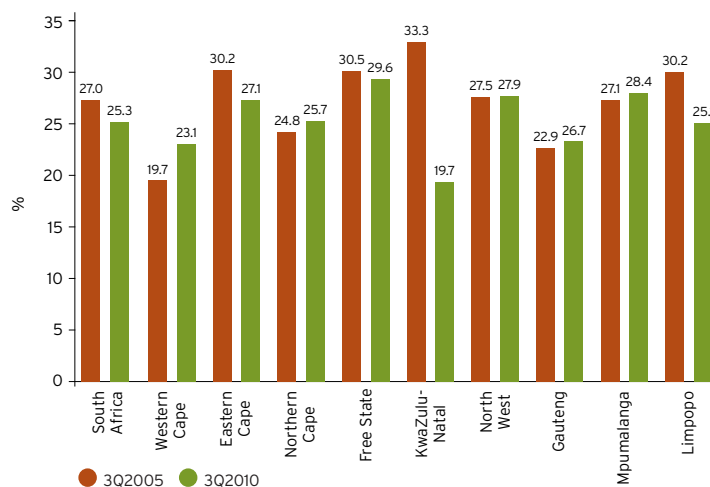


*Working age excludes the category of "not applicable".

Source: Stats SA (2010).

Figure 3 reveals that the unemployment rates of most provinces in South Africa are higher than the national unemployment rate. Mpumalanga and North West registered the highest rates in the third quarter of 2010. Since 2005, South Africa's unemployment rate fell by 1.7 percentage points to 25.3% in 2010. KwaZulu-Natal recorded the highest unemployment rate in 2005 (33.3%) and the lowest in 2010 (19.7%). The rate in North West remained virtually unchanged over the same period, while that of the Western Cape was lower than the national unemployment rate.

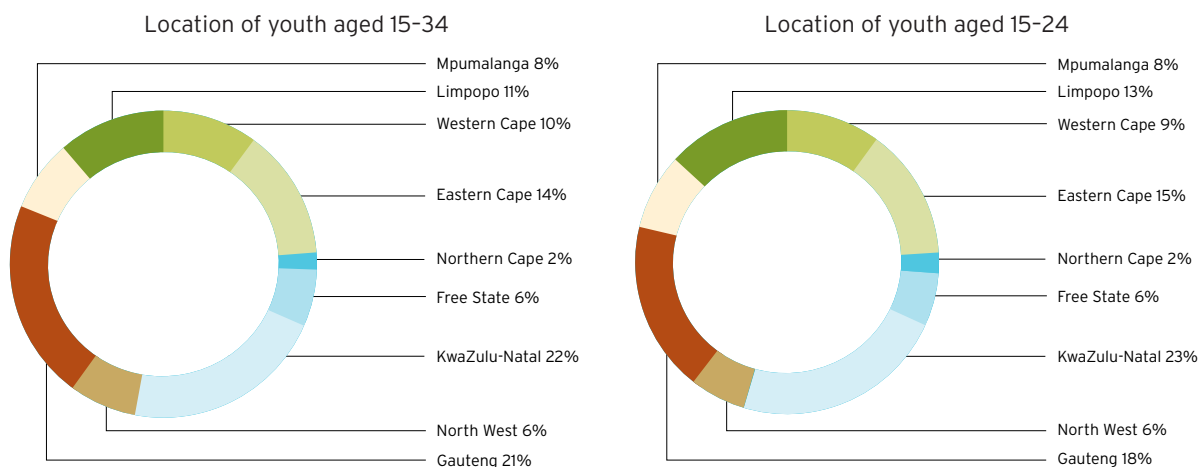
Figure 3: Unemployment rate by province, 2005 and 2010 Q3



Source: Stats SA (2010).

A spatial decomposition of South Africa's young people (Figure 4) shows a relatively even spread throughout the different provinces, although a slight concentration exists in Limpopo, the Eastern Cape and the Western Cape. Notably, the 15–24 age cohort, which is the subject of this study, is concentrated in KwaZulu-Natal and Gauteng.

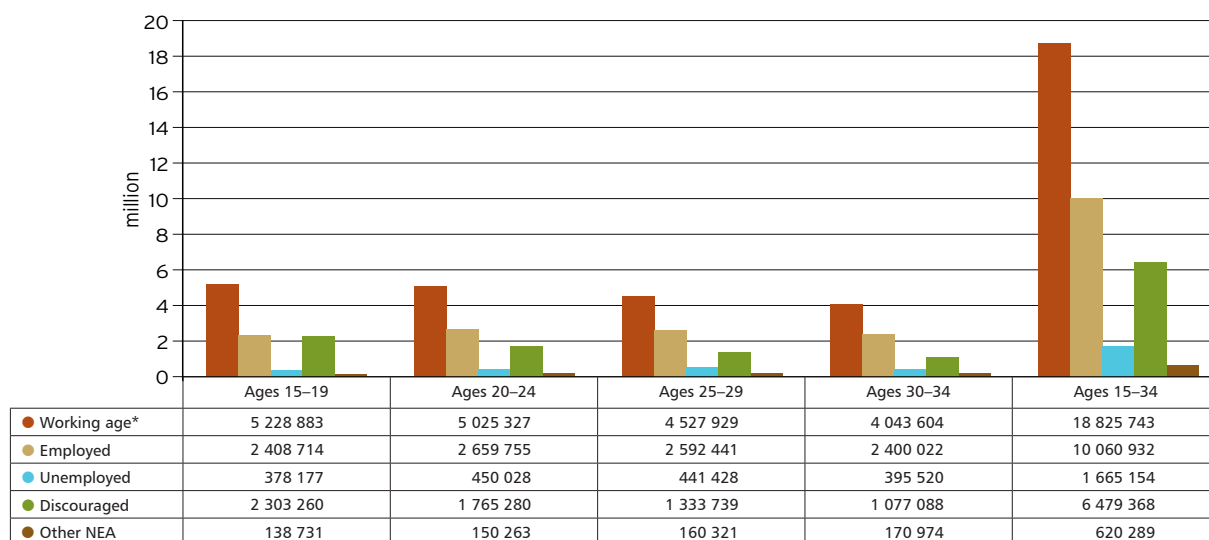
Figure 4: Location of youth in South Africa



Source: Stats SA (2010).

Figure 5 provides a decomposition of the location of young people by urban and rural area. Of the 18.8 million youth in South Africa, those aged 15–19 account for 27.8% (5.2 million) and those aged 20–24 for 26.7% (5 million), whereas those aged 25–29 and 30–34 account for 24.1% (4.5 million) and 21.5% (4 million) respectively. Just over 10 million young people are concentrated in formal urban areas, while about 6.5 million are found in rural tribal areas. Only 1.7 million live in informal urban locations while 620 286 reside in formal rural areas. Approximately 36% (2.3 million) of those in the 15–19 age cohort reside in tribal areas, while the remainder is evenly spread over the remaining geographical locations.

Figure 5: Location by age, 2010 Q3



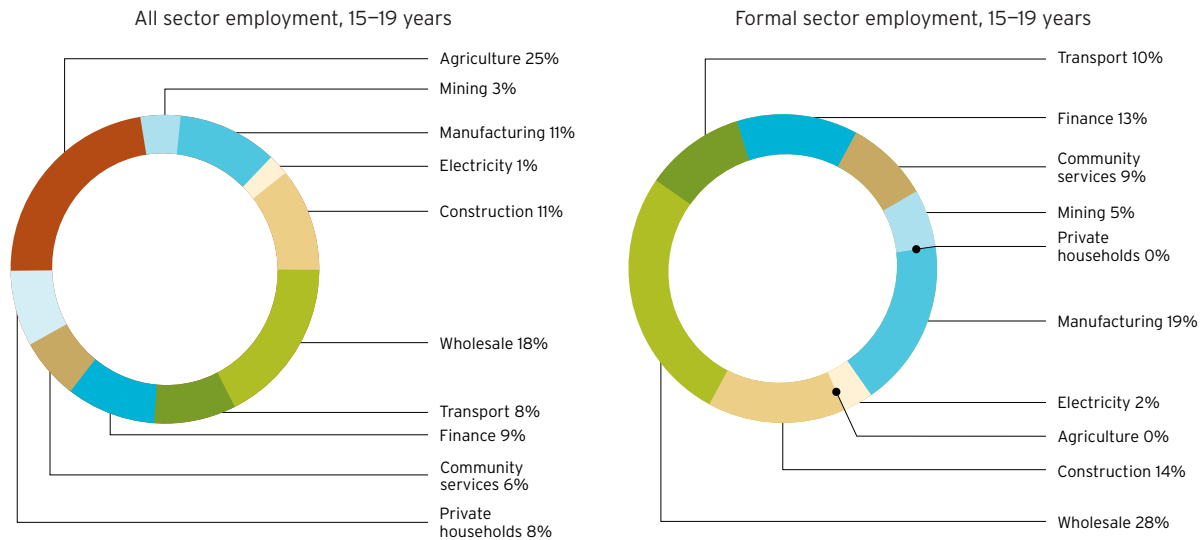
Source: Stats SA (2010).

3.4 Share of employment by industry and age

Statistics South Africa (Stats SA) captures employment data in terms of four categories: the formal sector, informal sector, employment in private households, and employment in agriculture. The formal sector is characterised by establishments that are registered for income tax, and establishments that employ more than five persons. It also comprises employers and workers who are registered for income tax and value-added tax (VAT).

Figure 6 depicts the spread of employed youth in the 15–19 age cohort across sectors. The majority are employed in the agriculture and wholesale sectors. In the formal sector, the wholesale and manufacturing sectors are the largest employers of this age group.

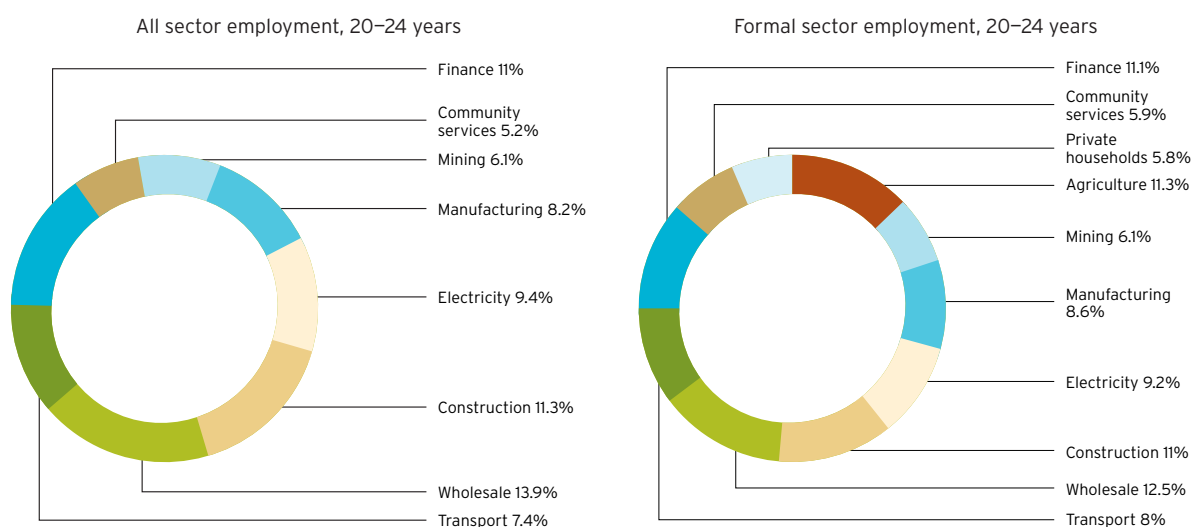
Figure 6: Employment in the 15–19 age cohort – employment in all sectors and in the formal sector



Source: Stats SA (2010).

Employed youth aged 20–24 are spread across all economic sectors, although the wholesale, agriculture and construction sectors make the greatest contribution to employment. Figure 7 shows that, in the formal sector, the wholesale and construction sectors continue to play a significant role in youth employment, alongside the financial services sector.

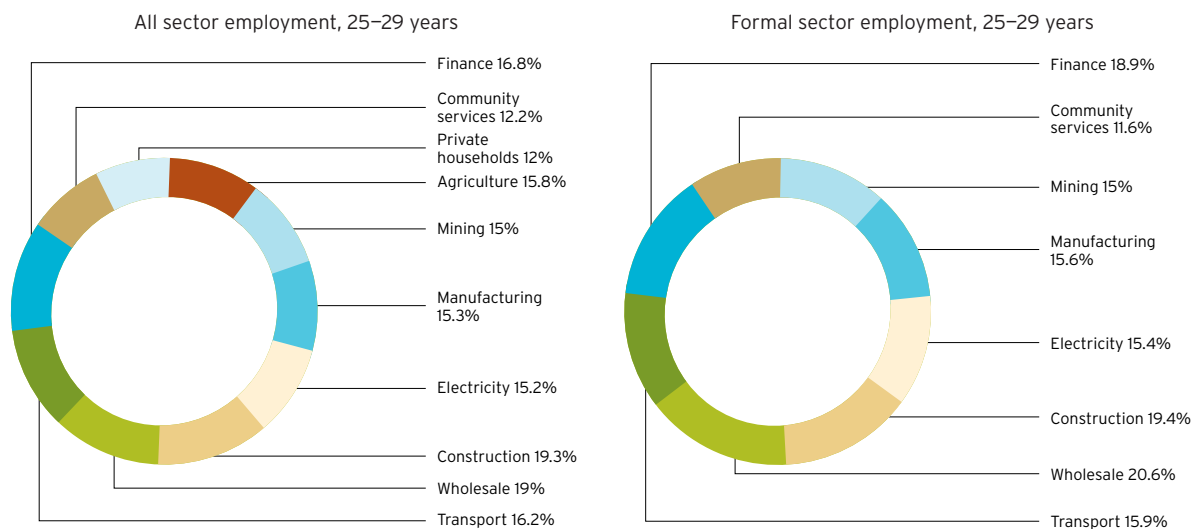
Figure 7: Employment in the 20–24 age cohort – employment in all sectors and in the formal sector



Source: Stats SA (2010).

As young people get older, there appears to be a more equal spread of employment across sectors, as illustrated in Figure 8, although the wholesale, construction and finance sectors continue to play a dominant role in formal sector employment.

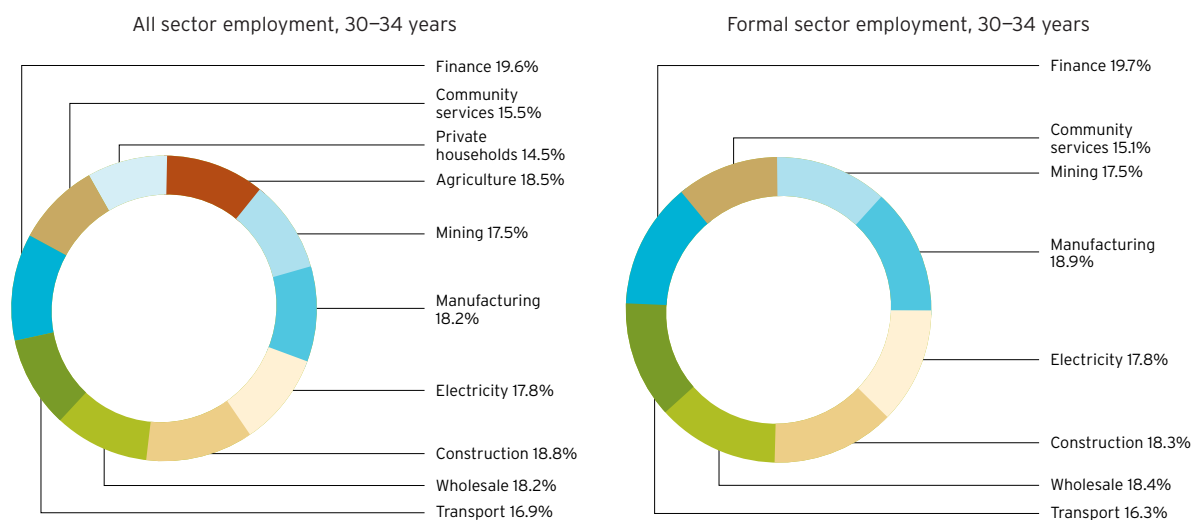
Figure 8: Employment in the 25–29 age cohort – employment in all sectors and in the formal sector



Source: Stats SA (2010).

The finance sector employs more youth in the 30–34 age group, compared with the younger age groups, as shown in Figure 9.

Figure 9: Employment in the 30–34 age cohort – employment in all sectors and in the formal sector



Source: Stats SA (2010).

3.5 Characteristics of the youth labour market

South Africa has two definitions of unemployment, the official or strict definition and the expanded definition, both of which include people aged 15 or older who are unemployed but are available for work. The strict definition requires an individual to have taken steps to find employment in the four weeks prior to the survey. The expanded definition includes those who are discouraged jobseekers but have not taken active steps to find work in the four weeks prior to the survey.

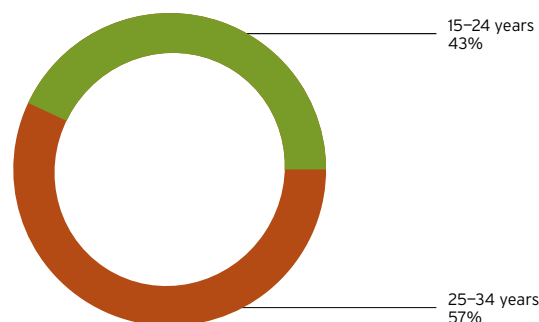
In the third quarter of 2010, some 3.2 million of the unemployed were aged 15–34, of which 1.4 million were 15–24 years old, as depicted in Table 3 and Figure 10. The unemployed in the 15–24 age group accounted for 31% of the unemployed and those in the 25–34 age group for 41%. In aggregate youth represented a staggering 72% of the unemployed.

Table 3: Characteristics of South Africa’s youth in the 15–34 age cohort

Youth (15–34) characteristics	
Youth population	18 825 743
Employed	5 660 214
Unemployed	3 154 935
Unemployed 15–24 years	1 363 521
Unemployed 25–34 years	1 791 414
Discouraged jobseekers	1 407 895
Other not economically active	8 602 699

Source: Stats SA (2010).

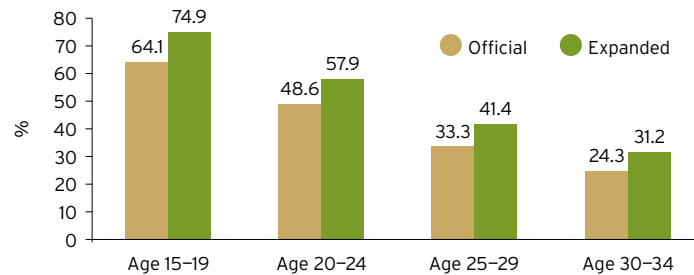
Figure 10: Youth unemployment in South Africa



Source: Stats SA (2010).

Figure 11 compares the youth unemployment rate using the official and expanded definitions. The rate is higher when the expanded definition is applied to all age cohorts that are defined as youth. The graph demonstrates that there is significant job discouragement among the unemployed youth.

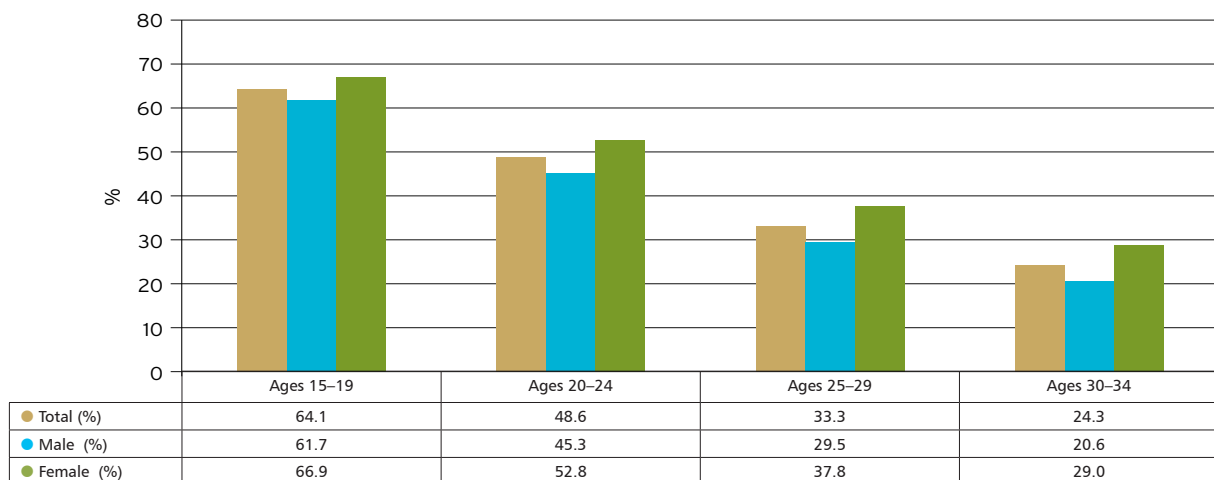
Figure 11: Official and expanded youth unemployment rates, 2010



Source: Stats SA (2010).

The unemployment rate for females is higher than for males, a consistent trend across the different age cohorts (Figure 12). Those aged 15–19 and 20–24 years have the highest unemployment rates of 67% and 53% respectively. This supports the view that there is high frictional unemployment in these age cohorts, with a bias against young people who have recently exited training and education. There is also a significant gender bias in unemployment trends for young people.

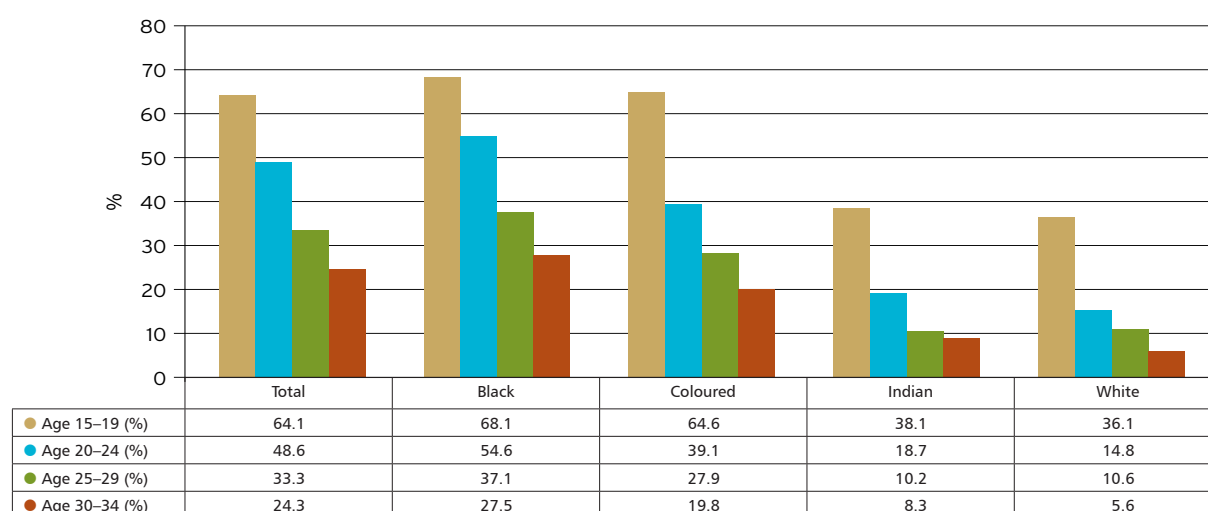
Figure 12: Unemployment rate by gender, 2010



Source: Stats SA (2010).

Decomposition of unemployment by race reveals that the vast majority of unemployed young people are Black (Figure 13). The unemployment rate for Blacks is consistently higher than for all other population groups in all youth cohorts, with the most vulnerable group being the group aged 15–24 years.

Figure 13: Unemployment rate by age and population group, 2010



Source: Stats SA (2010).

The educational attainment of unemployed and job-discouraged South African youth is summarised in Table 4. Some 566 139 of these young people in the 15–24 age group have completed their secondary schooling. It is important that interventions be customised to support this group in entering the labour market, differentiating them from those with a lower educational attainment. This is principally because opportunities for employment or training for employability are higher for young people who have completed their secondary schooling than for those who have not.

Furthermore, the large number of youth in the 15–29 age cohort with incomplete secondary education (599 527) points to the need for “second chance” programmes, in order to support young people who have dropped out of the schooling system.

Table 4: Educational attainment of unemployed and job-discouraged youth, 2010

Status	Education status	15–19	20–24	25–29	30–34
Unemployed	No schooling	1 071	4 979	3 685	8 013
	Less than primary completed	18 471	61 879	54 659	58 142
	Primary completed	14 667	30 198	33 252	27 977
	Secondary not completed	95 978	503 749	525 684	351 697
	Secondary completed	92 210	473 929	358 522	233 354
	Tertiary	663	59 980	73 806	50 577
	Other	1 034	4 713	4 260	7 786

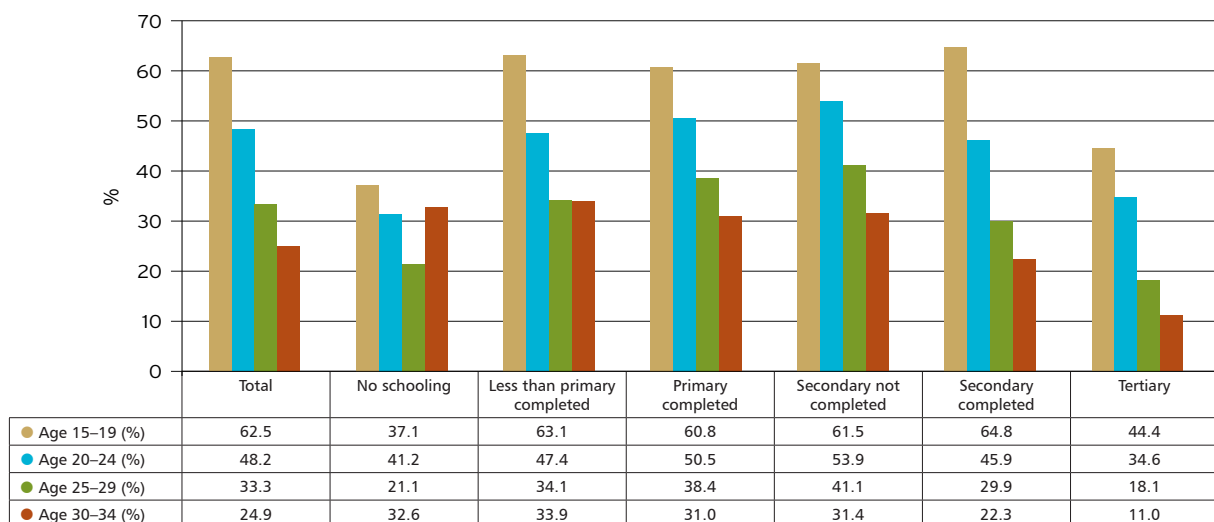
Continued on page 20

Status	Education status	15–19	20–24	25–29	30–34
Discouraged	No schooling	1 428	4 893	2 774	9 630
	Less than primary completed	33 997	37 765	39 585	37 126
	Primary completed	13 270	27 479	22 835	15 569
	Secondary not completed	55 527	280 479	260 315	146 928
	Secondary completed	30 648	170 501	105 481	58 399
	Tertiary	1 294	9 668	20 510	13 457
	Other	–	3 007	2 986	2 342

Source: Stats SA (2010).

In relative terms, unemployment is highest for the 15–19 and 20–24 age cohorts at all levels of educational attainment (Figure 14). There are very high levels of unemployment among even those who have completed their secondary and tertiary education. This underscores the need to prepare young people to enter the labour market, both in terms of formal education and soft skills.

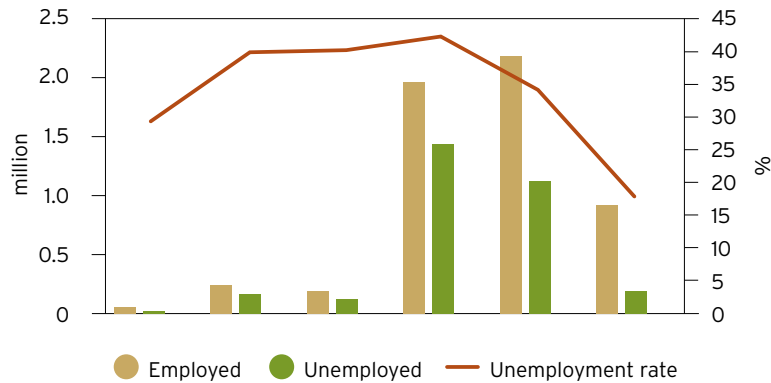
Figure 14: Unemployment rate by educational attainment, 2010



Source: Stats SA (2010).

On aggregate, for the entire 15–34 age cohort, the unemployment rate decreases as levels of educational attainment increase (Figure 15). This supports the view that education, particularly the attainment of tertiary qualifications, does enhance access to the labour market. However, young people remain unemployed for long periods before landing a job.

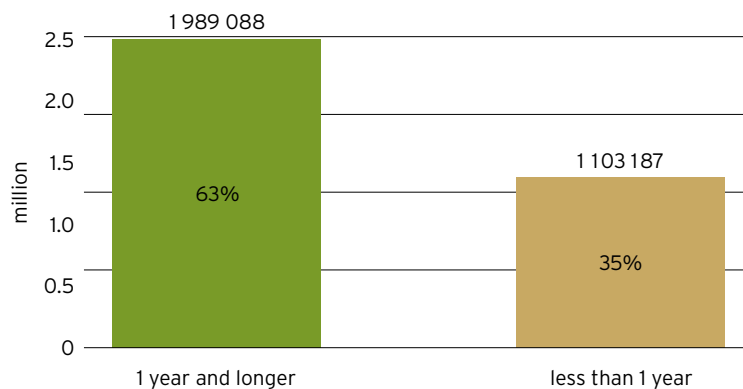
Figure 15: Educational levels of youth (15–34 years), employed and unemployed



Source: Stats SA (2010).

As depicted in Figure 16, an astounding two million young people aged 15–34 years remained unemployed for over a year, while about 1.1 million were unemployed for less than a year before entering the labour market. In relative terms, 63% of new labour market entrants were unemployed for more than a year after exiting their education and training and commencing a job search.

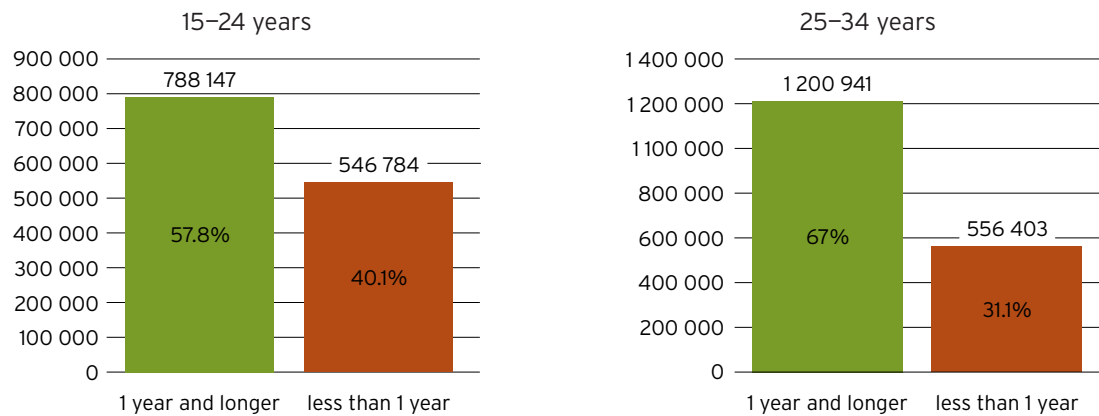
Figure 16: Unemployment by duration, 15–34 age cohort



Source: Stats SA (2010).

A decomposition of the different age groups (Figure 17) reveals that while the majority of the unemployed youth have been without a job for more than a year, the proportion in the 25–34 age cohort is higher than in the 15–24 age cohort. This is an interesting finding, particularly because the unemployment rate of the group aged 15–24 is higher than that of people aged 25–34. This suggests that frictional unemployment may be higher for young people who have lost their jobs after participating in the labour market, than for those who are new entrants.

Figure 17: Unemployment by duration



Source: Stats SA (2010).

In summary, the 15–24 age cohort, which is the subject of this study, has the following broad characteristics:

- The majority of the cohort is located in urban areas in four provinces: Gauteng, KwaZulu-Natal, Limpopo and Eastern Cape.
- The cohort accounts for 31% of the unemployed.
- The unemployment rate for this age cohort is 50% when using the official definition, and 59.6% when including discouraged jobseekers.
- The unemployment rate for females (54.6%) is higher than for males (47.2%).
- In both absolute and relative terms, there is a distinct racial character to unemployment, which is concentrated in the Black majority.
- The unemployment rate is highest for those who have not completed their secondary studies, as well as those who have completed only primary education.
- The majority of the cohort has been unemployed for more than a year.

Of the 15–24 age group:

- 13% (1.3 million) are employed;
- 13% (1.36 million) are unemployed;
- 7% (0.67 million) are discouraged jobseekers; and
- 67% (6.92 million) are not economically active (i.e. still in the education and training system).

Hence, a massive two million young people in the 15–24 age cohort need to be targeted within the framework of a youth employment strategy. A more detailed summary of the data on youth unemployment is provided in Appendix 2.

4. Review of current youth programmes

The purpose of reviewing current youth programmes is to ascertain the type and nature of the interventions, as well as their scale and reach. This is essential in order to identify the gaps and misalignments in these programmes and propose a strategy for addressing them.

The South African National Youth Policy 2009–2014 makes a very critical observation about the socioeconomic circumstances of unemployed young people (Presidency, 2009:10):

There is no reliable data on school-aged out-of-school youth due to the fluid nature of the lives of these youth and their reluctance to engage with authorities. However, these young women and men can be described as those who have dropped out of school prematurely and are unskilled. They are mostly unemployed since they do not have the starting qualifications. They have no adult supervision, have poor levels of general welfare and wellbeing and experience increased levels of stress. They are also exposed to high-risk behaviour such as HIV infection, rape, alcohol and drug abuse, violence and exploitation, and often run a risk of being in conflict with the law. Although there is no specific data available, there are indications that these youth are found in a variety of settings, e.g. some are at home, some spend time on the streets although they still have contact with their families, some live on the streets full-time to escape their intolerable situations at home and/or to survive, some hang out around the shops and shebeens, etc. Since some of these youth lack basic literacy and numeracy, and are mostly unskilled, they remain marginalised from the economy as they lack the capabilities to access economic opportunities. At present, there are limited programmes aimed at addressing the needs of these youth.

Since 1994, the South African government has pursued a number of strategies aimed at better equipping young people to become economically independent. The fundamental principles of this approach are contained in the National Youth Policy 2009–2014, which notes that “South Africa’s democracy and its social development approach to public policy created an enabling environment in which the lives, work and prosperity of young people are placed at the centre of the country’s growth and development”.

The notion of ensuring that young men and women are an integral component of all South African policy has had mixed results. Significant emphasis on enhancing the rights of, and opportunities for, young people has been demonstrated through education and training interventions, as well as some activities of the Department of Social Development. However, interventions for young people who exit the education and training system and do not make the transition to employment or self-employment remain woefully inadequate. Hence, a very substantial gap exists between policy pronouncements and policy outcomes; in other words, there is little convergence between rhetoric and reality.

The following government interventions are currently utilised to facilitate young people's access to the labour market:

- Formal education;
- Vocational training;
- Public employment and deployment programmes;
- Entrepreneurship interventions; and
- Job placement programmes.

The magnitude of youth unemployment is an important benchmark for assessing the impact of these programmes. Outside of formal education (where qualitative issues loom large), the aggregate resources allocated to each programme and the scale of young people targeted are so inadequate that in their current form they have had little impact on the employability and employment of young South Africans. These programmes are subsequently reviewed below.

4.1 Formal education

The school system is by far the most significant system supporting young people's development in South Africa. Since 1994, huge strides have been made in improving children's access to general education until completion of Grade 9. Some 98% of South African children access the school system and complete their basic schooling. After Grade 9, however, an estimated 20% of learners leave the school system each year. It is this group for which urgent interventions should be provided, particularly because unemployment rates decrease as levels of educational attainment increase.

Within the Further Education and Training (FET) band (Grades 10–12), public schools continue to be the major providers of education, while FET colleges offer National Certificate Vocational (NCV) courses as well as National Technical Education (NATED) programmes. Universities and technical colleges are responsible for providing higher education, including both technical diplomas and academic degrees. Adult education centres allow adults to continue their education outside of the school or FET system, although an exceptionally small number of people are engaged in this initiative.

While there are private education providers, the government, through the Departments of Basic Education and Higher Education and Training, is the major provider of education for the youth.

4.1.1 Primary schools

While enrolment rates at primary schools have increased substantially since democratisation, the persisting problem is that of poor quality. Indeed, all externally conducted assessments show that South African primary school learners perform extremely poorly relative to their

peers in other countries. The public resources allocated to primary education are therefore yielding very low returns.

4.1.2 Secondary schools

Progression from primary school to secondary school is not a problem in South Africa, as the bulk of primary school learners are able to move to the next phase of schooling. There is, however, a problem of learner retention, which is more pronounced after Grade 9. The dropout rate below Grade 9 is insignificant, but increases sharply from Grades 10–12. Secondary schooling currently faces the following very real challenges:

- Poverty makes it difficult for many young people to continue attending school. This results in high dropout rates, particularly in Grades 10–12. The government has made schooling affordable by establishing no-fee schools according to quintiles based on the socioeconomic levels of the locality of such schools. This is, however, not always helpful because senior secondary schools are not always available close to where poor people live, although primary schools are. In addition, poor families usually cannot afford fees, uniforms and other school-related costs.
- A small proportion (about 10%) of young people have access to high quality public school education, mainly in former white schools, where they can acquire high-level cognitive skills and move on to university, and thereafter enter the professional and managerial skilled labour force. The other 90% attend schools that produce students with weak cognitive skills who are consequently only able to access manual or low skill jobs or join the ranks of the unemployed. Moreover, South Africa is one of the few countries that does not provide differentiation in secondary education – the limited subjects taught at schools and the level at which examinations are set are not producing young people who are *employable*.
- English and Mathematics are gateway subjects for further progression to quality training and higher education. Yet, very little is known about how young people participate in these subjects, or about curriculum issues and success rates.
- South Africa has an end-of-school qualification that can be described as a “group certificate”. This arrangement is suitable for university entrance, as universities are concerned with a number of interrelated issues about these qualifications, such as the volume, depth, relation issues in subjects, pitching, etc. This excludes a large proportion of students who fail some subjects and pass others. The net effect is that for those who fail matric interested employers have no way of knowing what subjects they did pass. A subject certificate system would work better for this group, but this would have to be tested against prospective employers.

4.1.3 Further education and training

The provision of vocational training for young people is primarily undertaken through the college system and is provided by the Department of Higher Education and Training, Sector Education and Training Authorities (SETAs) resourced through the National Skills Fund, private providers and employers. The FET sector faces the following challenges:

- The institutional capacity of the FET system is simply inadequate to address the need for such education by young people and the demand for these skills in the labour market. Hence, both the scale and quality of vocational education are substantial bottlenecks to economic growth and labour absorption.
- Historically, for both students and employers, the most attractive element of FET was the apprenticeship system, which led to lucrative employment. While apprenticeships remain an important pathway to employment, they are limited in number and not easily available to young people. The value of learnerships is still highly questionable, as most learnerships are found at the lower end of the National Qualifications Framework (NQF) where vocational education has traditionally not fared well. Also, employers notoriously do not easily accept new nomenclature in qualifications. The NCV programmes are still fraught with political contestations, heavily demanding on the students and not linked to any meaningful progression routes.
- The college system has become a dominant provider of vocational training. At present, it is also being steered towards offering vocational education programmes exclusively. In contrast, the needs of young people who are no longer in the school system and cannot access the higher education system are wide and varying. They include those who want to complete their senior secondary education; those who want to take short courses and bridging programmes to transit to the next levels in their working lives; those who want to complete the foundation phase of higher education programmes; those who want to be trained for an occupation; and the undecided. No one programme is capable of satisfying the needs of so many young people.
- The college system is not easily accessible from both a geographical and financial point of view. Poor students face a number of barriers on their educational paths, including problems with mobility, such as having to travel long distances or even leave home to access a post-school institution like a college. It is also easier to obtain financial support to study at university than to go to college.
- FET colleges do not articulate with any of the other education institutions, namely schools and universities. Young people are unclear as to when they can decide to enrol at an FET college and what they can do after completing their college education.

4.1.4 Universities

As regards universities, the focus has been on expanding the higher education sector in order to provide more space for school leavers, as universities have become the dominant post-school education institution. However, this growth masks persistent inequalities in the education system. For instance, universities are not easily accessible to young people from poor backgrounds for the following reasons:

- Inferior schooling produces students with weak cognitive skills. Universities by their nature cater to the top 10% of students who come out of the schooling system and completely fail to address those from the FET college system.
- Lack of funding remains a significant obstacle. In spite of the National Financial Aid scheme, there are university-related costs that poor families are unable to meet.
- The university sector is still closed to accepting FET college graduates. Where concessions are made, admission requirements are still the same as for students from secondary schooling; for example, a requirement for a second language from NCV-qualifying students.

In summary, the dysfunctionality of the education system, alongside its lack of alignment with the skills and capabilities required by the South African labour market and economic growth trajectory, is the fundamental reason why young men and women exit the system without being employable. Unless this fundamental issue is addressed, other programmes that aim to “fix” the problem *ex post* will have limited success.

4.2 Public employment and deployment programmes

The formal education system has failed to fulfil its purpose of equipping young people with the relevant educational and skills competencies required to access available job opportunities in the formal and informal economies. Given the limited number of work opportunities available, and the significant number of young people who do not have the skills required to access these opportunities, the South African government set out to implement publicly funded programmes that offer:

- Employment in the provision of essential basic services to vulnerable South Africans; and
- Deployment in programmes that can provide income while additional skills and/or capacities are developed.

4.2.1 Public employment programmes

In 1994, the government introduced the National Public Works Programme (NPWP), which consisted of two main components: a fund to finance employment creation projects in the short term – the Community-Based Public Works Programme (CBPWP), and a longer-term

process of reorienting expenditure on line function infrastructure to make it more labour intensive. Compared with the extent of unemployment, the CBPWP created few employment opportunities and the Programme had a maximum funding of R350 million per annum.

The aim of the reorientation component of the NPWP was to leverage the planned large-scale public investment in infrastructure under the RDP to create more work opportunities for the unskilled unemployed. Due to the scale of the planned investment in public infrastructure, it was envisaged that the reorientation component had the potential for creating many more work opportunities than the CBPWP over the medium to longer term. These work opportunities were to be created through the introduction of appropriate technology involving the use of labour rather than machines, where this was technically and economically viable.

In practice, the Department of Public Works was more successful in implementing the CBPWP than it was in achieving the objective of reorienting public infrastructure expenditure to make it more labour intensive (Mthombeni, 1995).

In 2003, the government announced its commitment to implementing an Expanded Public Works Programme (EPWP). This initiative recognised that there was significant opportunity to engage unemployed and less skilled people in work activity through moderating the way in which public funds are spent. The EPWP encouraged all government departments and agencies to identify ways in which critical areas of service delivery could be undertaken while intentionally creating work opportunities for unemployed people. The EPWP applied quotas to ensure the participation of women, youth and disabled people. The quota for young people was 40%.

At the same time, the National Treasury reviewed the Special Poverty Relief Allocation (SPRA), which was used to fund RDP programmes (National Treasury, 2003). It found that the existence of a special fund with its own allocation processes had resulted in a number of unintended consequences, primarily intergovernmental fiscal anomalies. For instance, capital projects would be funded from the special fund, without the required corresponding increase in operational budgets through the main budgeting process. In addition, departments tended to use the fund to engage in activities that were not part of their functional mandates. For example, the Department of Public Works was managing agricultural CBPWP projects, for which it had little expertise.

As a result, Cabinet approved the recommendations of the review, namely that the SPRA should be closed down; that some of the SPRA-funded programmes, such as the CBPWP, should no longer be funded; and that the SPRA budgets for other programmes, such as Working for Water, should become part of the budgets of line function departments. The second phase of the EPWP commenced in 2009, with significantly higher targets (Table 5).

Table 5: Short-term work opportunities as against full-time positions

Work opportunities				
	Infrastructure	Environmental	Social	Total
2009–2010	300 000	150 000	80 000	550 000
2010–2011	342 000	156 000	96 000	642 000
2011–2012	440 000	200 000	132 000	868 000
2012–2013	572 000	275 000	187 000	1 210 000
2013–2014	720 000	375 000	255 000	1 650 000
Full time equivalents				
	Infrastructure	Environmental	Social	Total
2009–2010	108 696	32 609	60 870	110 870
2010–2011	130 435	41 739	67 826	260 870
2011–2012	170 435	59 130	90 435	361 739
2012–2013	220 000	81 304	124 348	502 174
2013–2014	273 913	110 870	169 565	684 783
Work opportunities				
	Infrastructure	Environmental	Social	Total
2009–2010	182 607	247 325	100 068	550 000
2010–2011	208 032	281 720	104 248	642 000
2011–2012	267 920	370 420	133 660	868 000
2012–2013	349 129	501 283	183 588	1 210 000
2013–2014	440 721	659 286	249 994	1 650 000
Full time equivalents				
	Infrastructure	Environmental	Social	Total
2009–2010	61 922	117 554	220 698	210 870
2010–2011	74 371	136 630	228 999	260 870
2011–2012	97 342	181 667	40 991	361 739
2012–2013	125 853	243 527	56 272	502 174
2013–2014	157 086	320 692	76 570	684 783

While all public bodies are required to set targets linked to their current line function budgets in order to create work opportunities, some key programmes or interventions create the bulk of all work opportunities generated under the EPWP. These are the following:

- *Municipal infrastructure:* Local government is required to apply labour-intensive engineering design to specific activities when spending Municipal Infrastructure Grant (MIG) funding.

- *Provincial roads maintenance:* Each year, more than 60 000 people are engaged in maintaining low-volume rural roads in two significant programmes implemented by the Eastern Cape Department of Roads and Public Works and the KwaZulu-Natal Department of Transport.
- *“Working for” programmes:* The Departments of Water Affairs and Environmental Affairs implement several programmes that engage unemployed people in combating environmental threats, such as removing alien vegetation, maintaining firebreaks, and conserving and reclaiming wetlands.
- *Community home-based care:* The Departments of Health and Social Development disburse significant funds to non-governmental organisations (NGOs) to support activities that care for vulnerable people. Many of these activities engage unemployed people under the EPWP banner in providing healthcare, food support and other key services to the most vulnerable members of communities.
- *Community Work Programme (CWP):* The CWP engages between 1000 and 3000 people in some of South Africa's poorest communities. By working two days a week, these people identify and undertake tasks that will benefit the community.

Across programmes, the EPWP generally manages to achieve a participation rate of 35–40% by the youth, including the 18–35 age cohort. Although the EPWP Unit is unable to supply precise figures on the participation of 18 to 24-year-olds, anecdotal evidence suggests that these programmes are less attractive to the younger age cohort, largely because they are not tailored for young people and fail to address their aspirations. Few new entrants to the labour market favour this kind of menial work that offers almost no progression into better-paid jobs.

In the first phase of the EPWP it was anticipated that programmes would also facilitate workers' access to additional educational and training programmes. This has, however, been extremely difficult to implement – it requires a level of institutional cooperation between the Department of Labour, funded training programmes, the Department of Education (DoE) and multiple public bodies implementing programmes, which has proved to be impossible in practical terms. This has been a significant failure of the EPWP and explains why its beneficiaries have not progressed to other jobs.

4.2.2 Public deployment programmes

Public deployment programmes recognise that there is an urgent need for people to be engaged in activities that provide some basic level of income while equipping them with the additional skills, experience and/or education required to participate in the economy. The only significant programme planned and, to a limited extent, implemented in South Africa in this regard is the National Youth Service Programme (NYSP).

The NYDA oversees the implementation of the NYSP, which has been a pillar of the South African National Youth Policy (NYP) since 1996. The NYP identifies the need for different programmes to be developed and implemented for various youth cohorts, including those who are:

- in schools;
- in higher education;
- unemployed; or
- in conflict with the law.

The initial implementation of programmes, funded through the then Umsobomvu Youth Fund, focused on unemployed young people. Generally, the programmes lasted for 12 months and engaged youth in undertaking activities that contributed to national development imperatives. They provided young people with credits towards a qualification in an area of economic demand, and developed the soft skills they would require to negotiate full participation in society and the economy and to obtain comprehensive work experience.

In 2008, the Presidency actively encouraged government departments to identify how certain areas of their core service delivery could be implemented through the National Youth Service (NYS). The main programmes delivered in this way have been the Department of Public Works' maintenance of public buildings and the Gauteng Department of Infrastructure Development's engagement of young people in road building and maintenance initiatives.

Very few programmes were implemented under the NYS in 2010 and 2011, although some significant interventions have begun to be negotiated with government agencies, including the South African National Defence Force (SANDF) National Service, the Rural National Youth Service Corps and the Free State Rural Development Youth Service.

The value of the NYSP, as described in the NYS Implementation Plan of 2003, is that it intentionally provides soft skills, which international findings suggest are critical to young people succeeding in their search for work.

Deployment programmes are an important substitute for employment programmes in contexts where the national education system is dysfunctional, the national growth trajectory is not labour-absorbing, and there is a critically high number of unemployed young people. While some see them as programmes that "babysit" the youth and keep them away from crime, substance abuse and other undesirable behaviour, they are an invaluable means of providing young people with discipline, a work ethic and the soft skills required to become employable.

In the South African context deployment programmes present a solution to mass youth unemployment and its detrimental socioeconomic and political consequences. Much more

effort and resources should be allocated to such programmes to align them with the scale necessary to address the current youth unemployment crisis.

4.3 Entrepreneurship programmes

Since the late 1990s, the government has invested significant resources into growing the entrepreneurial capacities of its citizens, alongside understanding what is required to create an enabling environment for entrepreneurs.

The NYDA is responsible for overseeing and monitoring these interventions for young people, including the provision of loans for young entrepreneurs, business development services, potential support for youth cooperatives and the introduction of youth entrepreneurial training in schools. However, the number of young people accessing these services in 2010 was almost negligible. Hence, there is a major gap in youth entrepreneurial training, which needs to be addressed if self-employment is to provide a pathway into employment for young people.

This present high-level review of government interventions to address youth unemployment illustrates that existing programmes are not designed well enough to address the needs of young people wanting to enter the labour market, and are also woefully inadequate.

5. International experience

Given that youth unemployment is not unique to South Africa, it is instructive to review the interventions made in other countries to support young people in entering the labour market. International experience suggests that the interventions to support enhanced youth employability should:

- Support the job-matching process through, for instance, employment services, job search assistance, provision of information on the job market, and pre-screening of candidates.
- Enhance labour supply through training and retraining.
- Reduce supply through increased intakes in quality educational institutions; for example, by expanding opportunities for vocational training and providing “second-chance” opportunities for young people who have dropped out of mainstream education.
- Create demand through public works, enterprise creation and self-employment.
- Change the structure of demand through employment subsidies and affirmative action clauses.

Although government interventions alone cannot meet the youth employment challenge, they can be effective in the short run, while longer-term structural issues of labour demand, regulation and business climate are being developed.

International experience also demonstrates that when countries determine which interventions to implement, the national socioeconomic context is a critical criterion. Factors that should be considered include:

- The level of economic growth and the demands of the formal economy;
- The current and future skills required by employers; and
- The skills base of young people seeking entry to the labour market.

Table 6 summarises the six categories of interventions utilised by countries around the world.

Table 6: Review of types of interventions internationally

Category	Components	Developed countries	Developing countries
1. Making labour markets work for the youth	<ul style="list-style-type: none"> • Counselling and job search • Wage subsidies • Public works • Affirmative action 	<ul style="list-style-type: none"> • United States: Youth Incentive Entitlement Pilot Project (YIEPP) 	<ul style="list-style-type: none"> • Romania: Employment and Relocation Services • Bulgaria: Temporary Employment Plan
2. Supporting improved general education	<ul style="list-style-type: none"> • Conditional cash grants • Equivalence programmes • Second-chance programmes 	<ul style="list-style-type: none"> • United States: Summer Youth Employment Programme (SYEP) 	
3. Skills training (PLUS)	<ul style="list-style-type: none"> • Non-formal vocational skills • Apprenticeships • Employee mentoring • Soft skills training 	<ul style="list-style-type: none"> • Belgium: First Job Programme 	<ul style="list-style-type: none"> • Peru: PROJoven
4. Making training systems work for young people	<ul style="list-style-type: none"> • Vouchers and subsidies • Information 		<ul style="list-style-type: none"> • Kenya: Jua Kali Voucher Programme
5. Improving chances for young entrepreneurs	<ul style="list-style-type: none"> • Training • Advisory services • Microfinance • Social capital (relationships) 	<ul style="list-style-type: none"> • OECD: Youth Business International (YBI) 	<ul style="list-style-type: none"> • Indonesia: Young Professional Entrepreneur Development
6. Comprehensive, multiservice approaches	<ul style="list-style-type: none"> • Job and life skills training • Apprenticeships and entrepreneurship schemes • Information, counselling and placement • Incentives 	<ul style="list-style-type: none"> • United Kingdom: New Deal for Young People (NDYP) 	<ul style="list-style-type: none"> • Latin America and Caribbean (LAC) Entra 21

These generic forms of intervention address the frictional unemployment experienced by new labour market entrants the world over. They facilitate the three facets of the labour market, namely the demand side (by incentivising employers to give jobs to young people); the supply-side (by improving the skills and employability of young labour market entrants); and the intermediation between the demand and supply sides. Different interventions that have been implemented elsewhere, and which have particular relevance to the South African context, are summarised in Table 7.

Table 7: Interventions with potential for the South African context

Intervention	Key components	Relevance to South Africa
Romania: Employment and Relocation Services	Unemployed individuals are eligible for financial support, which comprises unemployment benefits (for a maximum of nine months), an allowance for vocational training, and a support allowance (60% of the minimum wage for up to 18 months after the unemployment benefits expire).	Combines wage subsidy and retraining, which appears to have successfully contributed to a significant drop (to almost zero) of the uptake of unemployment benefits after completion of the programme.
United States: Youth Incentive Entitlement Pilot Project (YIEPP)	The programme targets 16 to 19-year-old youth from low-income or welfare families who have not completed high school. These young people are offered minimum wage jobs for up to three years (part-time in holidays, full-time in summer) contingent on them staying in high school or an equivalent education institution.	Illustrates the possibility of applying wage subsidies in a targeted manner to ensure access to experience while encouraging young people to complete their schooling.
United States: Summer Youth Employment Programme (SYEP)	Minimum wage summer jobs with some on-the-job training are offered.	Offers work exposure for school/college students to enhance their employability.
Belgium: First Job Programme	Consists of two parts: an activation programme (media, school campaigns, etc.) guaranteeing “pathways to integration” to all young people who are unemployed; and the First Job Agreement (FJA) programme, which obliges employers who employ 50+ employees to recruit young people up to a share of 3% of their labour force.	Recruitment subsidies are provided through incentives (reduction of contributions to social security) to employ low-skilled young people beyond the 3% quota. The programme targets youth who are above school-leaving age (18+) up until the age of 30. The First Job can be straight employment or employment with training (e.g. an apprenticeship). If the young employees are retained after the first job agreement, further social security deductions are provided to employers. The public sector also has targets for recruitment.
Peru: PROJoven	A multifaceted programme with demand-driven training, and internships with a training subsidy	The relationship between training and work experience is critical: 80% of the people who completed the programme received on-the-job training. Crucially, there are positive and statistically significant impacts in finding paid and formal employment after exiting the programme.
OECD: Youth Business International (YBI)	Financial and mentoring support to emerging entrepreneurs from disadvantaged backgrounds	Establishes business networks to support emerging entrepreneurs during business start-up in order to overcome obstacles.
United Kingdom: New Deal for Young People (NDYP)	Multifaceted employment services – job search, wage subsidy, training or voluntary work	Reduces reliance on social security while providing wage subsidy – this enforces continued job search and training.
Latin America and Caribbean (LAC) Entra 21	Employability training and job placement services	Integrated training is driven through agencies with placement targets, but is based on careful selection, the provision of stipends to defray expenses, and personal attention for those who experience problems.
Bulgaria: Temporary Employment Plan	The programme offers incentives to private employers to hire unemployed workers, through direct wage subsidies that are provided for a period of 12 months.	Targets a particularly vulnerable cohort (the long-term unemployed) who are required to register with the local employment office. Individuals who participate in the programme have a 33% higher employment rate six months after completion of the programme than their non-participating counterparts.

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Intervention	Key components	Relevance to South Africa
Kenya: Jua Kali Voucher Programme	The programme is primarily linked to small-scale manufacturing and technology-based services within the informal sector. Training vouchers enable micro and small enterprises to buy training on the open market in order to upgrade their skills. Upon admission, the beneficiaries surrender their vouchers to the training provider, who redeems the vouchers through the allocation agencies after the training is completed. Participants pay only 10% of the cost of the voucher, with the government subsidising the remaining 90%.	Training providers of all types were responsive, especially those in the private sector. They aggressively marketed themselves to the allocation agencies and tailored their programmes to suit the Jua Kali artisans. Competition among providers also resulted in reducing training costs to the value of the voucher.

These programmes are relevant to South Africa because they illustrate a number of critical principles that ensure success with youth employment programmes. These are discussed below.

1. There is a need for programmes to be carefully targeted.

Programmes for ensuring that young people remain in school, for instance, differ from those designed to get young people back to school. Critically, job-disadvantaged youth are eager to enter the labour market, even for minimum wage jobs, which creates a real danger that they opt out of education in favour of getting a job. These complexities are well illustrated in the YIEPP work placement programme described in Table 7. There was a high participation rate amongst 15 and 16-year-olds as a result of the combination of school and work, which gave them the ability to earn some money while remaining in the education system. However, the evaluation found that YIEPP was unable to achieve the major goal of increasing school enrolment. Researchers estimated that there was little improvement in school enrolment or high school graduation at programme sites, principally because the programme did not attract out-of-school youth back to school. In addition, although the programme was successful in retaining in-school youth, it did not necessarily improve their performance.

2. Activation programmes should be there to support youth rather than limit their options.

Where young people have more choice and feel supported they are more likely to access opportunities successfully. For example, the combination of a “stick” approach (where failure to participate results in the loss of benefits) and a “carrot” approach (commitment from the private and public sectors to provide work opportunities) yielded success in the NDYP in the United Kingdom. It applied an incentive regime that forced young people out of dependency on unemployment benefits. Beyond the “stick” approach, which required the youth to find employment pathways, the intense level of job search support during the “gateway” period was a critical factor in retaining young people in the programme and ensuring that they enrolled in the training and/or placement options.

Similarly, in Belgium, the social security benefits of the youth are protected as long as they remain in the programme. Employers are required to offer work placements in meaningful jobs and/or apprenticeships. The package of services is youth orientated to ensure that young people are motivated to stay in the programme. In LAC Entra 21, emphasis was placed on allowing young people to make their own choices, but this was coupled with a careful selection process to ensure an appropriate match. The average employment rate across 28 evaluated projects was 54%.

3. Subsidised employment can immediately address equity issues, particularly where a specific cohort is targeted.

The subsidised employment component of the Bulgarian Temporary Employment Plan, for example, was successful because it was able to target smaller, more vulnerable groups who had been marginalised through the shift to a market economy. Similarly, the Romanian programme focused on those individuals that have low skill levels.

4. It is important to link subsidised employment with training in order to eventually break the dependency on the subsidy.

In cases where short-term training was combined with a workplace component, a high proportion of beneficiaries subsequently found jobs. In Romania, the impact of combining the wage subsidy and retraining was evidenced by a significant drop (to almost zero) in the uptake of unemployment benefits after completion of the programme.

5. Skills training approaches have more effect in developed countries that have well-established apprenticeship systems (such as Germany, Switzerland and Austria) and in developing countries where it is linked to some form of workplace learning.

The PROJoven programme in Chile seeks to assist 16 to 24-year-old disadvantaged youth to enter the formal labour market through a combination of technical skills training and workplace experience. Beneficiaries are contracted through a labour training contract. The combination of the training and internship has had a significant effect on employability. In contrast, there has been limited impact where there is no systematic link for youth into the workplace (such as in the United States and Canada). Given the need to create workplace learning and linkages it is critical that skills subsidies cover the workplace or internship component.

6. Incentives for work placement should extend beyond the initial period in order to incentivise employers to retain beneficiaries, although they can be reduced over time.

In Belgium, employers were given further tax benefits if they retained the young person as an employee. As a result, 42% of the contracts established in the first year had an indefinite duration.

7. The implementation of vouchers for training could improve the efficiency of the training market.

In the Kenyan Jua Kali Voucher Programme, it was found that training providers reduced training costs to the value of the voucher, meaning that the trainees did not incur additional expenses and the costs of training were reduced.

8. The creation of networks is critical for enterprise development. Mentoring should be done by successful businesspeople and should span the first two to three years of start-up.

Such mentoring enables the identification of finance options and training opportunities. These findings can be compared with those of a similar study completed by the World Bank (2011) focusing on active labour market programmes for the youth in Africa. The key lessons the study highlighted are as follows:

- Urban youth unemployment rates exceed those of rural youth, but underemployment patterns suggest that rural youth are less attached to the labour market than urban youth.
- Individuals follow a life cycle in the labour market, engaging in unpaid labour at a young age, graduating to paid labour and, after accumulating life experience and capital, creating their own businesses.
- Expectations about women's use of time and human capital needs limit their labour force opportunities.
- Ethnicity plays a large role in labour markets, but is more important for demand than supply.
- Black youth lack both general and soft skills, and acquire technical skills instead.
- Youthfulness introduces additional challenges in the labour market because new labour market entrants usually do not have experience, social networks, financial capital or assets.

The study indicates that several interventions deserve immediate attention in the African context:

- Comprehensive job training programmes should replace supply-driven training centres.
- Public interventions should be crafted to help youth accumulate entrepreneurial and business skills, networks and financial capital.
- Especially in times of crisis, standard responses should be modified to accommodate the low demand for labour. For example, rather than supporting public works that target the youth, policymakers could experiment with youth-targeted public services to enhance

post-crisis employability. Rather than provide wage subsidies, governments could provide training subsidies, which may be more effective when the opportunity cost of not working is low but the income need remains high.

- The specific challenges facing women and ethnic minorities need to be identified and addressed, recognising that standard policy design is often inappropriate.

Insights gained from international experiences provide important lessons for South Africa. A key finding is that countries that have implemented successful youth employment programmes take a multifaceted approach that incorporates the demand-and-supply sides of the labour market, as well as the intermediation and placement process. In contrast, South Africa's programmes are narrowly focused on employment and deployment, and are simply do not meet the required scale.

International success stories provide a benchmark against which to evaluate South Africa's current programmes for youth employment. They also assist in making decisions about which programmes should grow, which should be adapted and what the gaps are in the whole spectrum of interventions that are available to young people.

6. Gaps and misalignments in current programmes

This section analyses the gaps and misalignments in current delivery programmes. The analysis made use of a methodology developed by the World Bank and adapted it in respect of South Africa. The methodology identifies the constraints to youth unemployment and then suggests interventions to address these in both the short and long term.

This framework is applied to the South African situation in order to focus on specific constraints in the local context. It also considers the types of international interventions that appear to address these constraints and compares them with the existing programmes in South Africa that were reviewed earlier in the paper. This analysis is summarised in Table 8.

Table 8: Analysis of gaps and misalignments in the current delivery programmes

Constraints/market failures		Interventions	Gaps
Lack of labour demand	Low job growth in the economy	<ol style="list-style-type: none"> Incentives to hire; wage subsidies (employee or employer based) Training subsidies Public Works Programmes; NYS programmes Entrepreneurship programmes Training programmes 	<ul style="list-style-type: none"> Counselling and information programmes are available but are unlikely to ever reach the scale required; most fail to support placement. The scale of training programmes is still limited and there is still too much of the wrong training and of the wrong quality. Training subsidies do not give the potential learner the choice but are determined by national bodies; they are also not clearly linked to other schemes such as the Unemployment Insurance Fund, or wage subsidies. Links between targeted skills programmes and workplace experience are insufficient. There is very little mentorship between existing businesses and newly established ones.
	Employer discrimination against young applicants	<ol style="list-style-type: none"> Wage subsidies to employers for hiring young people Employee mentoring 	<ul style="list-style-type: none"> The number of targeted programmes is insufficient. Certain cohorts need different interventions, with different pricing. Discrimination is often not recognised as a constraint.
Constraints to self-employment	<p>Lack of financial, human and social capital</p> <p>Youth unexposed to an entrepreneurial culture</p>	<ol style="list-style-type: none"> Comprehensive entrepreneurship programmes Microfinance Mentoring between established and new entrepreneurs Business development services 	<ul style="list-style-type: none"> As indicated – programmes that promote mentoring between established and new entrepreneurs are almost non-existent. Most support interventions are short term (international evidence suggests three years).
Skills mismatch	Ensuring that learners obtain a good general education	<ol style="list-style-type: none"> Improve general education provided in schools Programmes to retain learners in schools Second-chance programmes Education equivalency programmes 	<ul style="list-style-type: none"> There are almost no interventions to keep young people in high school. Second-chance learning programmes are almost non-existent. Current interventions to improve the public education system will take many years before yielding results in the labour market.
	Technical skills mismatch	<ol style="list-style-type: none"> Training and on-the-job experience (internships and apprenticeships) 	<ul style="list-style-type: none"> The scale is insufficient. Signalling remains a problem – employers and higher education do not understand what many of the qualifications are or recognise their value. Either the focus or level of the training is wrong, or training is of a poor quality.
	Lack of employability skills	<ol style="list-style-type: none"> Reform teaching methodologies to incorporate soft skills Life skills programmes 	<ul style="list-style-type: none"> There is no significant initiative focusing on transitioning skills/soft skills.

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Constraints/market failures		Interventions	Gaps
Job search constraints	Job matching	<ol style="list-style-type: none"> 1. Job intermediation centres 2. Job counselling 3. Financial assistance for job search 	<ul style="list-style-type: none"> • This is not happening at the required scale. • Insufficient links exist between job counselling and placement programmes. • There are no programmes that enable job search.
	Poor social capital	<ol style="list-style-type: none"> 1. Skills certification 2. Training centre accreditation 3. Secondary school diploma 	<ul style="list-style-type: none"> • There is still inadequate articulation between the three quality councils. • A clear occupational framework is needed.
Other	Economic constraints restricting access to education	<ol style="list-style-type: none"> 1. Programmes that provide opportunities to work while studying 2. Grants and bursaries 	<ul style="list-style-type: none"> • There is a need for greater flexibility of provisioning. • There is a need to proactively create a demand for young people working part-time. • Grants and bursaries are not at the sufficient scale.
	Rural youth having less access	Specific programmes for rural areas	<ul style="list-style-type: none"> • Tailored support programmes are required. • Rural youth should have more options than at present.

- Currently no gap
- Partial gap
- Severe gap

The analysis indicates that in order to improve youth employability in South Africa significantly, a much broader spectrum of programmes is required. It is evident that there are noteworthy gaps and misalignments within current delivery programmes, the most important of which are:

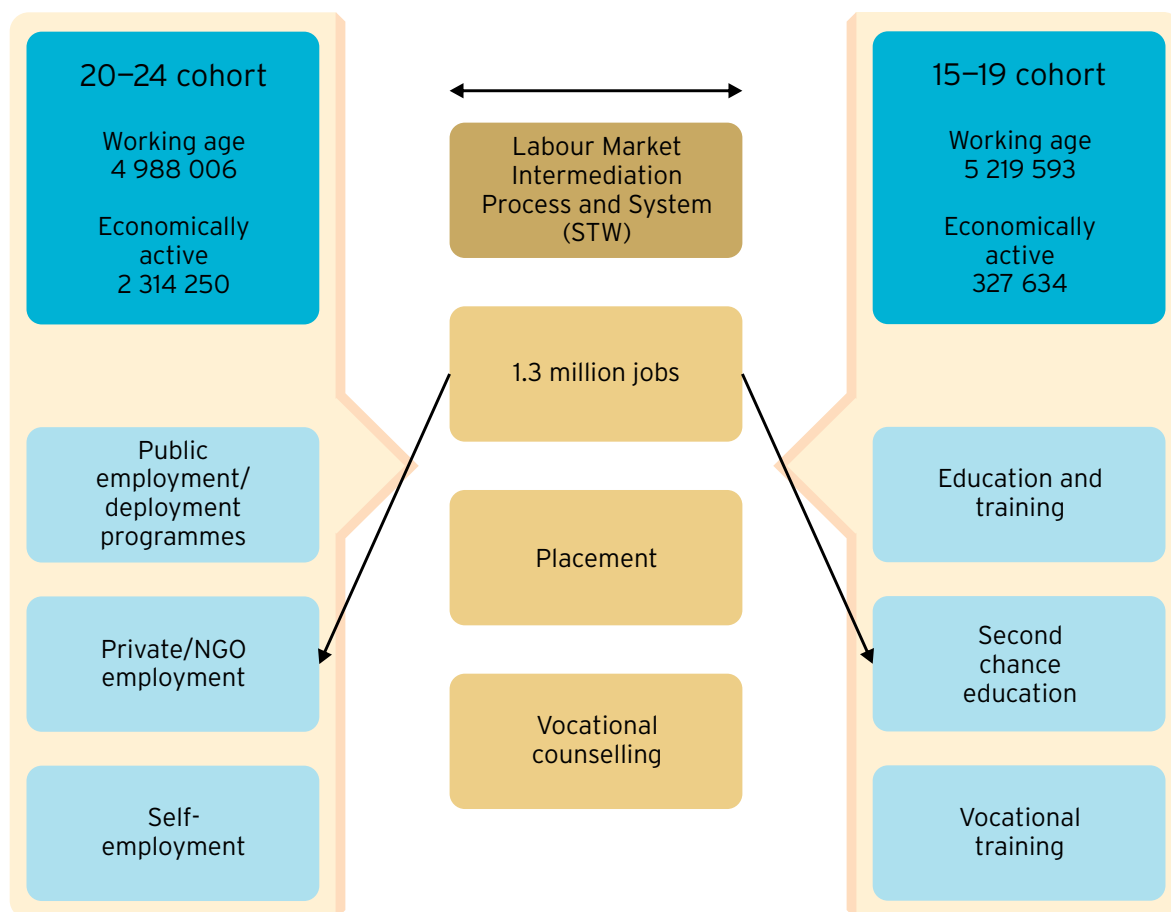
- The provision of interventions to keep young people in school;
- The implementation of second-chance learning programmes;
- The development of soft skills linked to vocational and skills programmes;
- The development of transitioning skills, and the provision of job intermediation and counselling centres;
- The mentoring of new and emerging businesses by existing businesses;
- The need for employment creation programmes, such as the EPWP, which are tailored to meet the specific needs of young people;
- The promotion of “socially useful jobs” (even stipend-based) beyond the constraints of the budget envelope as a way for the youth to attain workplace experience;
- The need for a clear occupational framework that signals the value of different qualifications; and
- The need for tailored support programmes and options for rural youth.

In short, the spectrum, scale, reach and targeting of existing programmes are inadequate and under-resourced when evaluated against the complexity and scale of South Africa’s challenge of youth unemployment.

7. High-level recommendations

The purpose of this paper is to review the status quo in South Africa, together with trends around the world, in order to distil a high-level strategy for addressing youth unemployment. To this end, key areas where interventions are required in different parts of the labour market are identified (Figure 18).

Figure 18: Key areas for intervention in the labour market



The interventions required to provide pathways for young people from school, further or higher education into the labour market should be understood within the framework of different timeframes:

- *In the short term:* Interventions should focus on a set of activities to enhance access to the labour market fairly quickly. These include second-chance learning for dropouts; public employment programmes geared to young people; the rollout of soft skills training for young people; more funding for both higher and further education; and the rollout of vocational counselling for all students in Grade 9 (when subject choices are made)

and in Grade 12 (when students are poised to enter either the labour market or further and higher education institutions).

- *In the medium term:* Interventions should focus on strengthening active labour market programmes, particularly with respect to vocational counselling, placement, structured exposure to the labour market; and a review and restructuring of secondary schooling and vocational education.
- *In the long term:* The imperative is to transform the education system so that it becomes functional in terms of providing young people with the skills required by the economy, and to restructure the economy to make it more labour-absorbing. Furthermore, the role of the private sector and CSOs in driving employment creation needs to be more clearly defined and formalised in social compacts.

The policy and programmatic interventions required are summarised below in terms of their primary objectives.

7.1 Review education in general

At the heart of South Africa's youth unemployment crisis lies a dysfunctional education system that fails to equip potential young labour market entrants for the world of work. Schools should provide knowledge and skills for life and work while serving as sites where young people feel they belong, develop their identity and build their self-esteem through personal discovery and social interaction. To this end, the DoE should:

- Design the school curriculum so that it will provide young people with educational knowledge and life skills to ensure their smooth transition to the world of work and adulthood.
- Accelerate measures for improving the quality and relevance of education, particularly at primary and secondary school level, to ensure that the youth are adequately prepared for post-school learning and training. It should also introduce compulsory education for children born to young people living in poverty in order to mitigate intergenerational poverty.
- Allow the government and CSOs to provide young people with sufficient and accurate information about the choices, needs and constraints they are likely to face in life and in the workplace, and to provide them with information about programmes that address these.
- Create enclaves of excellence in previously disadvantaged communities as a mechanism for inculcating a culture of excellence in such communities.
- Accelerate implementation of the White Paper on Special Needs Education to ensure equal and sustained access to education by young people with disabilities.

7.2 Ensure that all young people attain their National Senior Certificate (NSC) or equivalent qualification with practical and economically valuable skills

At present, an alarmingly high number of unemployed youth have completed secondary education, but remain unemployable. Hence, the following interventions are necessary to provide young people with skills that are relevant to the labour market:

- Education and training should progressively be made accessible to all youth without discrimination.
- The number of youth at risk of premature exit from the education system prior to completing their NSC should be reduced. In instances where young people leave school prematurely, a wider and more flexible range of out-of-school pathways, such as vocational training and similar interventions, should be introduced to enable them to complete their secondary education and obtain their NSC or equivalent qualification, or to offer them second-chance opportunities that will ultimately enable them to participate in the labour market.
- The DoE and relevant partners should strengthen participation in science and technology education and training, and develop learner support material.
- The government should extend to secondary schools the rollout of measures intended to increase effective learning of young people, such as the expansion of no-fee schools, nutrition programmes, transport subsidies, etc.
- The DoE should increase learner success rates by providing needed resources to poorly resourced schools; improving the quality of teaching; and providing supplementary support to learners who perform poorly.
- The government, in partnership with relevant partners, should promote access to education through mobilising scholarships and bursary schemes for the youth to enable them to access education.
- The DoE should reintroduce career guidance, with particular emphasis on the promotion of scarce skills.
- The DoE should support and coordinate with the Departments of Communications, Minerals and Energy, Science and Technology, and Water Affairs and Forestry in promoting career guidance among learners to address the problem of scarce skills, as well as to encourage research.

7.3 Provide out-of-school youth with a second chance to complete education that will enable them to compete in the open labour market

Without access to training to enhance their employability, many unemployed young people will simply not get a job. The following interventions are required to redress this situation:

- The DoE should review Adult Basic Education and Training (ABET) to ensure that it responds better to the skills demand, and appeals to and attracts young people.
- The government and the private sector should introduce flexible, out-of-school pathways through which young people who left school prematurely can complete their secondary education and obtain an NSC.
- The government should promote vocational training programmes and other initiatives, such as the NYS and EPWP, as a basis for gaining further learning and work experience.

7.4 Increase the prospects for further learning, personal development and employment

The current institutional framework does not adequately address this need. The following interventions are proposed:

- The government should increase the funding options available to support students who are academically successful at post-secondary level, but are unable to complete their studies due to a lack of financial resources.
- The government, in partnership with CSOs, should promote young people's access to information about the world of work.
- The Department of Arts and Culture should invest in infrastructure for the construction of community arts and youth centres. This can take the form of building new structures or renovating existing premises that have either fallen into disrepair or are not being used constructively. Such centres should be used as an alternative to formal education.
- The Departments of Social Development, Education, and Arts and Culture, in partnership with CSOs (faith-based organisations, in particular), should design early intervention programmes targeting children and young people as a means to foster the internalisation of rights, responsibility and respect for self.
- The DoE should ensure the provision of good quality education at different institutional levels and put in place a Quality Assurance Framework to signal the value of formal education to potential employers.

7.5 Aid young people in their transition to adulthood by promoting a wider and more flexible range of learning pathways, and show how these can impact on their prospects for further learning, personal development and employment

The following interventions are essential for achieving this:

- The government, private sector and CSOs should promote the value of further education and vocational training opportunities as a route to personal development and preparation for sustainable livelihoods.

- FET colleges should target business skills, and the incubation and mentoring of budding entrepreneurs in high-growth industries and future industries.
- The government should increase the diversity of post-secondary institutions for matriculants, focusing on a variety of career opportunities.
- The government should progressively introduce free education for poor learners up to undergraduate level, and increase the funding options available to support students at post-secondary level who are academically successful.

7.6 Take more active measures to enhance participation of the youth in the economy

Unemployed young people are currently effectively excluded from the economy and there are no pathways to facilitate their access. The following interventions are proposed:

- The government's social partners (the private sector, organised labour and CSOs) should develop a national action plan on youth employment, with clearly delineated roles and responsibilities, alongside a clear set of incentives to promote youth employment.
- The government and the private sector should strengthen youth employment networks at regional, national and international levels.
- Government-wide growth and anti-poverty policies and strategies should reflect and fully integrate the creation of employment for the youth and youth-focused poverty reduction.
- The government should promote youth-focused public employment programmes. Categories of "socially useful jobs" should be identified and programmes implemented, possibly through a form of voluntary national service. This will provide a pathway for young people to participate in the economy in exchange for socially useful contributions to communities and society, work experience, educational bursaries and other positive incentives.
- The government should review current procurement policies, industry charters and industrial incentives (including concessionary finance) in order to include the youth as a specific target for employment.

7.7 Enhance the employability of young people by familiarising them with the expectations and requirements of the world of work by the time they leave the education system

Young people who come from deprived socioeconomic families lack the social networks to understand the world of work and the know-how to create a pathway into the labour market. To address this vacuum in current policy interventions the following measures are proposed:

- The DoE and the Departments of Labour, and Trade and Industry should increase the opportunities for career guidance, job search and work-related life skills by targeting the youth in and out of school, as a means of providing career choices, enhancing their employability and familiarising them with the world of work.
- The government, private sector and CSOs should develop structured programmes for encouraging young people to gain work experience at an early stage, such as part-time work while at school (Grade 10 and above), work during weekends and holidays, and participation in the NYS. All these initiatives are geared towards introducing the youth to the world of work. CSOs should also be encouraged to provide such opportunities, while the government should scale up its internship programme within the public service.
- The Youth Development Forum should strengthen relations with the private sector to widen and strengthen social networks for young people. The government, in consultation with the private sector, should facilitate institutionalisation of this structure to ensure continuity.

7.8 Skills development programmes should be made more inclusive so that young people can benefit from economic growth and job creation

The following interventions are proposed:

- The government, private sector players and CSOs should work together closely and ensure that skills development programmes have exit strategies linking young people to employment, further learning or self-employment. For example, the EPWP and the NYS curricula should be refocused to ensure that qualifying youth who complete the programme are awarded full vocational certificates.
- Apprenticeships should be re-established and incentives introduced as a key mode of imparting technical and other job-specific skills, alongside promoting trades as attractive occupations for young people.
- The government should simplify and extend the current learnership and internship programmes in an effort to greatly increase the involvement of emerging employers and the participation of young people.
- SETAs have an important role to play in structuring learning pathways for out-of-school youth. This includes linking them with accredited service providers to plan and implement learnership programmes, as well as offering them second-chance opportunities for completing their NSC.

7.9 Develop future entrepreneurial generations by scaling up the country's focus on youth entrepreneurship and encouraging the development and success of young entrepreneurs

- The DoE, supported particularly by business and the Department of Trade and Industry, should ensure that schools provide young people with the knowledge and skills that will foster an entrepreneurial culture in South Africa.

- The government should encourage the development and expansion of entrepreneurship-related learnerships, such as New Venture Creation, ensuring that clear entry requirements are developed to position this learnership as an exit point for other programmes in which learners have acquired the technical skills needed to run a business. Furthermore, clear exit strategies for these learnerships should be developed so that young participants can receive additional support (e.g. through incubator programmes) to ensure that new businesses are actually established.
- The government and private sector should provide mentorship programmes and business development support services to young entrepreneurs, and actively develop business links with youth-owned small businesses through strategies such as offering preferential procurement; ring-fencing government funds to provide opportunities to the youth and youth-owned businesses; and making adjustments to black economic empowerment (BEE) codes in favour of the youth.
- The government should promote agriculture and related professions (e.g. veterinary science, horticulture, forestry, nature conservation) as attractive career opportunities. It should support the formation of cooperatives to allow young people access to employment and self-employment in commercial agriculture.

7.10 Increase the efficiency and effectiveness of existing and future youth-focused programmes

- The government, in partnership with role-players, should increase opportunities for economic participation among young people by ensuring that relevant institutions operate at full capacity and exceed allocated targets. These institutions include the Small Enterprise Development Agency (Seda), the Micro-Agricultural Financial Institutions of South Africa (Mafisa), the South African Micro-Finance Apex Fund (Samaf) and the Umsobomvu Youth Fund (UYF), as well as programmes such as the NYS and EPWP.
- The government, private sector and civil society should launch effective communication campaigns to inform young people of the opportunities for economic development and participation; to increase the uptake of the youth in existing programmes; and to promote access to achieve high usage levels.

The implementation of these proposed interventions will require a layered approach, with appropriate sequencing over time. It will also require a significant increase in resources dedicated to youth employment programmes. Without tight coordination across relevant government departments and public institutions, alongside compacts with social partners, these interventions are unlikely to be successful – as measured by a lower rate of youth unemployment.

8. Conclusion

This report has attempted to contribute to the policy discourse on youth unemployment and policy imperatives underpinning a youth employment strategy. The recommendations are at a high level and require deeper work at a programmatic level to cost the various programmes that are proposed and to address their sequencing over time.

The key findings are that a more textured approach to youth employment is required to support the crafting and implementation of effective programmes. Programmes should target the specific challenges confronting different age cohorts, different levels of educational attainment, a variety of spatial settings, and gender differences in the youth labour market. Such a stratified approach is more likely to yield effective outcomes than one that designs programmes for an amorphous mass of three million NEETs.

The report has illustrated that the youth labour market is complex and multifaceted. Hence, a “joined-up” or interlinking policy is required to ensure that the pathway from early childhood development to primary and secondary school, and for some to higher and further education and into the labour market, is coordinated. More ingenuity and creativity are also required in the conception of learning pathways, particularly with regard to alternatives to secondary schools and FETs.

South Africa cannot sustain the pattern of youth unemployment that has characterised the democratic period. Neither can young people continue to leave the formal education system with no hope of attaining an income, dignity and self-worth through employment. Finally, further work is required to assess in greater detail the feasibility of, and requirements for, implementing the key options discussed in this study.

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Appendix 1: Summary of the outcomes of the roundtable on a youth employment strategy, held at the DBSA on 9 June 2011

A1. Introduction

The DBSA convened a Roundtable to share the findings of its Youth Employment Strategy and to consider options for addressing the depth and extent of South Africa's youth unemployment crisis through concrete and workable programmes.

The deliberations were guided by a presentation of the DBSA's Youth Employment Strategy, alongside several briefer inputs addressing issues and initiatives in the realm of youth employment. This included a presentation by Project Harambee, a private sector initiative for placing young people in jobs; a sharing of the NYDA of its programmes; Adcorp's research into placement services, work in education through corporate social investment initiatives, and efforts to build the FET college sector, as presented by the National Business Initiative (NBI) and JET Education Services.

The session focused on how to target strategies practically by exploring what is currently being done, what has worked in the past, and how this can influence approaches to and planning for the future.

A2. Key issues

Given that this working paper outlines a youth employment strategy, the purpose of this appendix is to provide a summary of the key issues that emerged from the Roundtable.

A2.1 The central issue

The high level of youth unemployment cannot be delinked meaningfully from South Africa's growth path: the lack of inclusive growth reduces the absorption of young people into the labour market, while the lack of participation of young people in the economy acts as a brake on economic growth. This has profound consequences for poverty, equity, social stability and the self-worth of individuals. In South Africa, a number of factors act as disincentives to the employment of new labour market entrants. These are, principally, a lack of the required skills; high wages (in relation to productivity); high costs of training; and inflexible labour legislation.

A2.2 What is a youth employment strategy?

Although there are different ways of tackling the problem of youth unemployment, a detailed understanding of the problem is essential in order to craft a strategic and programmatic response that will have the desired outcomes. Moreover, the different strategies emerging from the government, public institutions, private sector and CSOs should be leveraging each other off.

A critical aspect of the failure of young people to transition from school to work is that it is embedded in the country's socioeconomic culture. Households and communities have come to expect young people to remain unemployed and unproductive for a considerable period of time after leaving school.

Given that South Africa's growth path has not been creating jobs at anywhere near the magnitude required to absorb the stock of unemployed people that has been building up, as well as new labour market entrants, there is not enough pressure to push young people out of dependence on their families and into economic activity.

The immediate priority should therefore not be to create three million jobs to absorb all the unemployed youth – from a strategic point of view, it is impossible to solve the entire problem in the short term. Rather, it is imperative to create more hope for the youth that there are productive activities in which they can engage in order to foster a new dynamic in society. The latter will improve employability, job creation and the quality of labour supply.

A2.3 Consequences of the education system

The presentation, together with several inputs from Roundtable participants, highlighted the principal reason why young people are ill-equipped to enter the labour market. It is because the education system is seen to fail to produce employable people with the skills required to navigate their way into the modern labour market. Hence, programmes to employ and deploy young people are an *ex post facto* response to an education system that is failing at many levels.

The problems of the basic education system are devastating for young people. The South African government has understood, acknowledged and prioritised this crisis. The key intervention would be to ensure that the ZAR150 billion currently spent on education each year is utilised more effectively. Programmes for addressing the consequences of a failing education system will never be resourced at this scale.

In the context of the labour market, the education system fails to equip young people with basic literacy, numeracy, problem-solving skills and a work ethic and discipline. Given the varying levels of educational attainment of unemployed young people and the different challenges posed by their spatial settings, it is necessary to stratify and segment this population to develop programmes that target its different strata and segments. For example, it is currently almost impossible for employers to know which of the new labour market entrants who have completed their secondary education are better equipped to enter the world of work. Outside of tertiary education, this is true at all levels of educational attainment.

One perspective worth noting is that while today's education system is a significant factor underlying youth unemployment, it is helpful to remember that this would not

have been the perspective 150 years ago. Then schooling was what people did if they were rich enough not to work – one did not educate one's children for the workplace as such. Part of what skews current thinking about education is that people have forgotten how the institutions through which people are prepared for work are very different from those that prepare people for civilisation. How do societies overcome the high proportions of people who do not manage to find employment? How do societies collectively overcome that challenge? In a changing world, innovation is required to address this critical issue effectively.

A2.4 Labour market intermediation

It is a striking irony that alongside high and growing levels of unemployment, neither the public sector nor the private sector in South Africa is able to fill existing vacancies. Best practice in other countries involves active labour market policies addressing all aspects of the frictional unemployment young people face – from vocational counselling at school; training and acquiring soft skills; to wage subsidies for employers and placement services targeted at the youth. In contrast, South Africa does not have the programmes and institutions for creating pathways for new labour market entrants into the world of work.

A2.5 Targeting new entrants

Young people searching for their first jobs pose the biggest problem. The school-to-work transition is difficult when unsupported, particularly because most people find work through their social networks. A concern about publically supported interventions is whether or not these first jobs would exist and young people be placed in them without intervention. The efficacy of public programmes to support new labour market entrants is, therefore, a critical consideration.

Processes for bringing young people into the labour market require a developmental approach. Dedicated youth programmes need to be implemented to target young people effectively and then to screen, select and place them. Anecdotal evidence about interventions in the form of private placement agencies for young people suggests that such agencies are growing, but that the costs are staggering: sometimes 600 young people are screened in order to place one person in a job. Innovation is required in the placement process, both in reducing costs and in more effectively targeting young people who are relatively more employable.

A2.6 Costs

The cost of the transition from school to work is high. The lesson of the eighteenth and nineteenth-century apprenticeship model – where a person paid to put someone into an apprenticeship opportunity – is that the employer offering the training opportunity is incurring costs of various kinds. Society should have a strategy for meeting such costs.

One of the burning issues is that South Africa does not have a collective strategy to meet these costs; hence, their distribution across society (in the public and private sectors) should be addressed explicitly.

A2.7 Existing interventions

There was consensus that existing interventions are inadequate for redressing the scale and complexity of South Africa's youth unemployment crisis. There are substantial gaps in the potential spectrum of programmatic interventions, as was highlighted in the presentation by contextualising local programmes against international experience.

Two recent public employment programmes that could fill some of these gaps should be taken cognisance of, namely the Youth Employment Subsidy and the Jobs Fund. The former targets the youth by providing a subsidy to employers to redress the differential between the productivity of new labour market entrants and their wages. The anticipated net impact on the creation of employment for young people is small in relation to the number of currently unemployed youth.

The Jobs Fund, initiated by National Treasury and administered by the DBSA, aims at employment creation but is not designed to target youth specifically. Its intent is to operate through four funding windows: enterprise development, infrastructure development, support for jobseekers (which addresses current gaps in the school-to-work transition), and institutional development in relation to job creation. The objective is to disburse R9 billion over the next three years through the four funding windows.

A3. Conclusion

Too many young people today face a future of economic marginalisation and poverty. In contrast to the immediate period after democratisation, they have no hope that anything will change to alter their fate. The confluence of two critical factors has resulted in this outcome 17 years post-democratisation, namely a growth path that is not labour-absorbing and an education system that has failed to equip young people with the skills to enter the world of work.

The magnitude of South Africa's youth unemployment crisis is a cause for concern. It has been described as a "ticking time bomb" from the perspective of socioeconomic and political stability. There was substantial agreement at the Roundtable that too little is being done, too late. While the long-term solution is to "fix" the education system and place the economy on a growth path that is better aligned with the scale and capacity of its resources, in the short to medium term more forceful and greater interventions are required than have hitherto been provided.

A4. Participants

	Name	Organisation
1.	Andrew Donaldson	National Treasury
2.	Anthony Gewer	JET Education Services
3.	Antony Altbeker	Centre for Development and Enterprise
4.	Bongani Magongo	NYDA
5.	Colleen Hughes	DBSA
6.	David Faulkner	National Treasury
7.	David Jarvis	DBSA
8.	Erik Litver	Embassy of the Kingdom of the Netherlands
9.	Gustav Niebhur	South African Teachers' Union
10.	Ivan Mzimela	Harambee
11.	Johan Kellerman	DBSA
12.	Leonard Nkuna	Presidency
13.	Loane Sharp	Adcorp
14.	Makano Morejele	NBI
15.	Marina Mayer	DBSA
16.	Mduduzi Biyase	University of Johannesburg
17.	Mercy Mhlophe	National Treasury
18.	Mogomme Masoga	DBSA
19.	Monet Durieux	National Treasury
20.	Mphela Motimele	NYDA
21.	Noni Qoboshiyana	National Treasury
22.	Peggy Drodskie	SACCI
23.	Penny Foley	Shisaka
24.	Rachael Manxeba	DBSA
25.	Saguna Gordhan	DBSA
26.	Siviwe Mkoka	NYDA
27.	Tammy Campbell	Harambee
28.	Thabo Mokate	DBSA
29.	Vusi Mabena	BUSA

Appendix 2: Youth employment statistics by province and urban/rural, 2010

Geo type	Age 15–19		Age 20–24		Age 25–29		Age 30–35	
	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed
South Africa								
Total	115 959	224 095	1 178 813	1 139 427	2 061 077	1 053 868	2 304 365	737 545
Urban formal	65 315	147 726	784 125	703 514	1 394 011	633 423	1 552 884	454 225
Urban informal	11 001	18 208	119 495	121 330	212 581	121 980	226 641	82 735
Tribal areas	28 269	53 603	219 231	289 502	355 263	272 502	404 486	181 113
Rural formal	11 374	4 557	55 962	25 081	99 222	25 963	120 354	19 473
Western Cape								
Total	22 002	48 384	170 102	131 776	267 317	119 336	330 330	77 729
Urban formal	18 199	40 481	148 228	116 634	229 172	96 159	287 186	70 676
Urban informal	–	6 328	10 864	13 991	18 178	20 696	18 668	5 994
Tribal areas	–	–	–	–	–	–	–	–
Rural formal	3 803	1 575	11 010	1 151	19 967	2 481	24 476	1 059
Eastern Cape								
Total	15 398	39 078	119 471	120 590	227 566	125 772	263 282	71 153
Urban formal	7 298	28 690	75 653	64 755	138 119	67 888	140 202	43 971
Urban informal	2 749	834	6 188	14 746	26 368	17 186	33 350	10 029
Tribal areas	5 351	9 554	34 487	41 090	56 233	38 464	84 374	17 152
Rural formal	–	–	3 144	–	6 846	2 234	5 357	–
Northern Cape								
Total	6 337	6 424	26 621	25 107	41 861	27 367	51 246	14 236
Urban formal	3 854	4 752	20 932	19 479	35 167	17 162	33 908	11 413
Urban informal	–	163	2 209	1 028	1 428	254	1 761	1 658
Tribal areas	–	1 324	1 135	4 041	1 658	8 874	5 144	1 164
Rural formal	2 483	185	2 345	559	3 609	1 077	10 432	–
Free State								
Total	7 128	16 768	73 607	83 707	114 635	76 297	116 703	59 613
Urban formal	5 001	15 441	56 396	66 957	93 892	68 783	95 379	50 425
Urban informal	–	307	4 807	9 459	4 275	5 672	6 531	4 828
Tribal areas	728	641	7 407	6 712	4 738	1 661	7 952	3 416
Rural formal	1 399	379	4 996	579	11 730	181	6 842	944

Geo type	Age 15–19		Age 20–24		Age 25–29		Age 30–35	
	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed
KwaZulu–Natal								
Total	24 055	30 983	260 536	172 240	435 258	149 462	448 878	108 335
Urban formal	8 738	7 916	131 202	66 763	230 851	51 483	252 023	44 021
Urban informal	6 010	2 638	49 150	13 400	80 646	14 646	68 827	12 966
Tribal areas	8 706	18 797	65 493	84 780	101 756	80 478	108 544	51 348
Rural formal	601	1 632	14 691	7 298	22 003	2 856	19 483	–
North West								
Total	3 385	7 662	58 870	78 423	112 410	66 000	114 783	50 100
Urban formal	1 570	4 409	28 490	31 674	63 151	28 965	63 676	15 926
Urban informal	271	–	2 405	2 763	4 621	1 058	6 395	248
Tribal areas	973	3 253	22 729	41 408	33 597	29 351	33 088	25 870
Rural formal	571	–	5 246	2 578	11 042	6 626	11 624	8 056
Gauteng								
Total	19 935	51 876	297 466	355 225	570 166	324 796	660 604	237 440
Urban formal	18 615	41 011	253 112	287 331	498 506	258 183	566 465	189 766
Urban informal	1 321	7 937	33 673	59 682	64 408	57 187	79 747	45 548
Tribal areas	–	2 927	4 844	6 643	2 009	7 699	6 346	1 499
Rural formal	–	–	5 837	1 568	5 244	1 728	8 046	626
Mpumalanga								
Total	6 940	12 636	89 663	102 256	147 555	83 972	164 270	59 139
Urban formal	1 164	5 026	44 777	39 812	75 419	36 250	70 095	18 648
Urban informal	651	–	5 520	5 080	7 966	5 282	10 122	1 464
Tribal areas	2 607	7 358	31 810	51 692	51 419	37 871	62 172	34 586
Rural formal	2 518	252	7 557	5 672	12 751	4 569	21 881	4 442
Total	10 780	10 285	82 476	70 102	144 310	80 866	154 269	59 800
Urban formal	876	–	25 334	10 109	29 735	8 550	43 950	9 378
Urban informal	–	–	4 679	1 183	4 691	–	1 241	–
Tribal areas	9 903	9 749	51 325	53 135	103 853	68 104	96 866	46 076
Rural formal	–	535	1 137	5 675	6 031	4 212	12 213	4 346

Source: Stats SA (2010).