

Youth Labour Market Transitions Report

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EXECUTIVE SUMMARY

The youth labour market transitions study comprises two core parts: a literature review and a status quo analysis presented within a defined conceptual framework. The final element of the study consists of the proposal of three models of interventions to support youth labour market transitions.

Literature Review

The literature review reflects the context of a growing youth population in South Africa – particularly in the urban areas. It outlines young people's economic and educational reality and flags concerns relating to the decreasing number of young people that are able to be absorbed into the economy. It also considers the risk profile of young people and highlights some of the key challenges with respect to sexual and reproductive health rights, substance abuse and crime. It emphasises the importance of disaggregating the broader “youth cohort”, in recognition that these cohorts face different obstacles when making the transition into the economy and that specific groups find it particularly difficult to access the labour market including: the younger cohort, women, Africans and Coloureds, individuals from rural areas as well as those individuals without a higher education qualification.

The review highlights the challenges relating to

growth and employment creation in the South African economy. Critically it highlights the changing nature of the job market and points to the reality that there are a decreasing number of opportunities for individuals in the formal economy and in particular for those with low levels of skills. It outlines the nature of the industrial strategy and its intended impact on key sectors, and investigates the participation of young people in these sectors and in specific occupations. The economic contextual review also considers the extent to which young people are involved in entrepreneurship and highlights the low levels of participation rate in South Africa as compared to the rest of Africa.

The review explores how young people transition into the labour market and observes that there is increasing emphasis on the non-linearity of youth transitions. It cites the ILO (2015), which indicates that a successful labour market transition does not end on entry into a first job, and explains that this job must also fulfil the qualitative criteria of being stable or having permanency - thereby enabling other transition processes such as starting a family. It also highlights that where individual agency and the resource base is strong, there is higher likelihood of a successful outcome (transition) – and conversely that weak individual agency combined with a weak resource base is likely to result in problematic transitions. In this context, the role of social capital as both a “bonding” and a “bridging” is explored. Thus socio-economically deprived youth face the double bind of spatial and skills mismatch. It further highlights that successful youth transitions will invariably be measured by the extent of employability that has been achieved by the individual, which is defined as the interaction between the individual and labour market conditions.

The review reflects on the international lessons that relate to enabling these transitions. It focuses specifically on Active Labour Market Policies/ Programmes (ALMP). International experience suggests that a number of key elements need to be taken into account when designing youth employment programmes. For example, programmes need to determine their target group and then design strategies to reach this target. The international learnings review also highlights the emerging focus on strategies that are geared to preventing long-term unemployment. Furthermore, the importance of providing good information and having clear selection processes is outlined. This section also investigates learning about programmatic strategies. More specifically, it explores



the advantages and disadvantages of outsourcing training; whether it is useful to provide education and training prior to placement or in a more integrated manner; and the importance of supporting Individual Action Plans for young people as part of the Job Search assistance and monitoring that is provided to them. The international learning also talks to the importance of incentives for both the young people as well as for employers. The report nevertheless notes that the South African context for youth is substantially different to that experienced by wealthier countries – particularly with respect to the magnitude and diversity of young people that are unemployed. For this reason the strategies employed in developed countries for unemployed young people must be considered very cautiously for the South African context.

The international learning is augmented by learning from programmes implemented in SA. Lessons highlighted in the local learning review include the need for demand to be established prior to the implementation of the programme, in order to ensure that graduates will be able to be absorbed into the economy. The need for selection criteria and process is further reinforced in this section. The report also highlights the importance of supporting young people to build networks to both access and sustain employment and/or to initiate and sustain an enterprise. Finally it explores South African institutional capacity to implement programmes – particularly in the context of enterprise development and public employment programmes.

The literature review concludes with a meta review of evaluative studies that have been undertaken on youth employment programmes. It notes that despite the growth in funded youth unemployment programmes, there has historically been a scarcity in evidence of what works. It indicates that this absence of evaluative work is in part because many evaluations are not available in the public domain (creating a gap that precludes evidence based decision making), and in part because, “the messages on ALMP [Active Labour Market Policy] from the researchers and evaluators are neither clear-cut nor easily transferred to political decision-making”. The review therefore concludes that a key aspect of this project is the need to develop an approach to reviewing the quality of such evaluations to ensure that: (i) they provide useful information on the effectiveness of the intervention; and, (ii) they are credible as evaluation studies. It suggests that this requires that programme theory evaluations are implemented in an integrated manner with impact evaluations. It further suggests that impact evaluations could be experimental (though these are costly, can raise ethical concerns and often impractical given the complex nature of these programmes) or non-experimental (though it is noted that there is very varied quality in this regard and there is a need for a set of quality criteria to ensure their credibility and usefulness in providing relevant information).



Conceptual Framework and Status Quo Analysis

The second part of the report outlines a conceptual framework which forms the basis for analysing interventions to support youth labour market transitions, as well as proposed models through which various interventions could be most effectively combined and implemented to facilitate labour market transitions for different youth cohorts.

The framework categorises youth cohorts into four distinct categories, namely: ‘fine’, ‘at risk’, ‘marginalised’ and ‘dangerously disengaged’, based on a range of factors such as race, gender, educational level etc. It then introduces the notion of transition pathways, comprising the channels and mechanisms through which youth access the labour market, and the impediments that inhibit these pathways. The analysis of transition pathways reiterates the non-linearity of such transitions, and also demonstrates the low level of successful youth transitions into formal employment and the high rates at which youth become discouraged and stop looking for work, thus emphasising the large percentage of youth in need of transitional support.

The conceptual framework assumes that enabling successful labour market transitions necessitates a strategy that can overcome ‘failures’ in the South African labour market with respect to both supply and demand as well as ‘failures of alignment’ between supply and demand. It suggests that, to address South Africa’s youth unemployment crisis, a strategy must both stimulate / incentivize the creation of jobs that better match the profile of young people, and simultaneously supports young people to become more employable given the current structure of the South African economy.

Applying this framework to current programmes in South Africa, the report finds that:

- There are a large number of programmes intending to address youth unemployment,
- Existing programmes place much emphasis on addressing supply side challenges.
- On the demand side, public employment programmes continue to absorb young people (as an employer of last resort) whilst creating a building block into other opportunities.
- There is need to gather further evidence with respect to the extent that interventions which create access to workplace learning result in employment though initial evidence is promising.
- The policy environment is enabling though there are areas that could be strengthened such as access to transport and internet to support job seeking.
- There is a need to ensure that the myriad of supply side programmes also target youth who are classified as “marginalised” or “at risk”.
- There is a range of entrepreneurship programmes interventions but varying levels of success.

These points consider the reality that significant sums of money are already being spent on youth programmes in South Africa. These findings suggest that there is space for the consolidation of programmes, and that going forward additional funding ought to be employed primarily to support the alignment of existing programmes, and mechanisms to enable transitions in a manner that results in a greater impact on youth employment outcomes.

Three Models of Interventions

Based on an analysis of what currently exists, models of interventions to support youth labour market transitions are proposed. Three models are proposed with Model One targeting youth who are least “at risk” through to Model Three, which targets youth most “at risk.”

Model 1: Enterprise Development

Small business support has the greatest chance of success within the context of a defined value chain. Market access, for a contracted period, at a sustained level of income, is one of, if not the most, important factor in facilitating small business growth. Market access may arise from the Enterprise and Supplier Development (ESD) activities of a corporate within their supply chain, created within the context of a defined industry sector or government programme, or exist within a franchise model.

The youth entrepreneurship model assumes that the young people - aged between 18 and 35 years old – are already running a business and/or have work experience. It does not target survivalist activities (these are targeted under Model 3 – see below). It comprises four core elements:

- A standardised business skills training programme, which develops the capability of the entrepreneur to develop a viable business plan.
- A mentorship programme, which links an entrepreneur to a seasoned business person or trained adviser.
- Financial support, in the form of low-interest loans and asset finance.
- Contracted business, either within the supply chain of a company or within the context of a large programme.

The model can support the movement of a young person from paid employment into self-employment, or turn a budding entrepreneur into a sustainable enterprise. Resultant growth will enable the SMME to employ other young people and hence contribute to increased job opportunities for the youth.

The model could be supported through increasing the emphasis on supporting youth-owned business in target-setting for Enterprise & Supplier Development programmes and in government programmes. Greater coordination at industry sector level will assist in ensuring that programmes are not limited to larger, better-resourced organisations. In addition, better alignment can be achieved between providers of capital and providers of skills and linkages. Established SMME incubators should be engaged to determine what specific programmes they can implement to promote and support youth-owned businesses.

Combining the Enterprise Development Model with aspects of Model 2 (see below), would strengthen the linkages between youth-led SMME's and youth-targeted training and placement programmes, thereby supporting and incentivising youth-owned SMME's to hire other young people.

Model 2: Accessing the Formal Sector

This model seeks to address the interface between skills supply and the demand for jobs in the formal economy and describes various ways in which young people are, or can be, supported to transition into these employment opportunities. This model considers that there are various routes or pathways that youth can follow when exiting the schooling system and many young people may enter a post-schooling option or public employment programmes. The model seeks to ensure that these young people are then afforded

the opportunity to transition into formal employment in a manner that addresses the various failures of misalignment within the supply / demand interface.

Thus, kinds of interventions underpinning the model generally aim to enhance the ability of youth to search for workplace opportunities, match youth to these opportunities and ensure they are equipped (both in terms of skills and work readiness) to enter into them, assist them to gain access to these opportunities and to learn while in the workplace.

This model targets youth that have exited the schooling systems either having completed Grade 12 or having failed Grade 12 and needing to complete it, and are not accessing further or higher education; youth who access vocational or occupational qualifications after having exited school; and youth who have gained work experience through the EPWP / CWP / NYS.

The supporting components are job placement programmes into entry-level jobs, internships (which have a structured, learning programme and may or may not lead to some form of vocational/occupational qualification), learnerships and apprenticeships, employment incentives that encourage employers to specifically hire youth as well as a package of services that make it easier for young people to search for work. The success of the formal economy model is reliant upon both private sector and NGO initiatives, and effective public-sector interventions, policies and regulations. These include funding mechanisms to enable scale for job placement programmes, coordination of funding to increase the number of workplace learning opportunities, and effective use of the employment tax incentive, levy grant scheme and BBBEE codes to incentivise companies to employ youth.

Model 3: Supporting the Social Economy

The model recognises that in many communities outside the major metro areas, it is highly unlikely that formal sector employment will be available, and that the frustration of “having nothing to do” leads to high levels of socially negative activities including substance abuse and involvement in criminal activity. Creating pathways for young people to undertake social entrepreneurship and/or survivalist enterprise activities increases the likelihood of positive engagement of young people in the economy and society more broadly.

The primary target group for this model are youth at risk and youth who are marginalised or dangerously disengaged. This includes all young people who are not in employment, education or training and who are unlikely to be able to successfully access programmes which support transitions into formal sector employment. This model considers how to expand and more efficiently manage state interventions to engage young people in communities across South Africa in

initiatives which develops the aptitude and attributes to create social enterprises.

The model supports ongoing and expanded delivery of initiatives under the Expanded Public Works Programme (EPWP) with different transition opportunities for young people. It further advocates for growing the offerings of the Departments of Economic Development and Small Business Development to identify and stimulate opportunities for local businesses in communities with a particular focus on social entrepreneurship and survivalist activities.

The model further highlights the significant role that NGO's and social enterprises could potentially play in actively developing and professionalising the social economy. This includes providing opportunities for work and skills development; expanding community education programmes; supporting community youth organisations; accelerating and investing more in sport and recreation activities in local communities; and massively increasing programmes, services and support for young people affected by substance abuse and other social issues.

The model aims to use existing line budgets allocated for public employment; social development; enterprise and business development, sports, recreation, arts



and culture to support more intentionally an integrated strategy for youth economic growth and participation. This would include a EPWP wage incentive to support public employment and national youth service; prioritising public employment participants for funding /access to further education; having DSD to monitor & support community organisations to deliver services via performance based grants; and building on CWP / NYS to support social entrepreneurship and survivalist industries.

Recommendations

The report concludes with overarching recommendations. Vital to the success of a strategy to enable transitions is the need to create the opportunities that enable young people to make the transition from a particular intervention to sustainable participation in the economy. In the context of SMMEs this paper argues that there is a need to ensure that the SMMEs have a defined market access, ideally within an existing supply chain/ value chain model. This ensures that young people who access enterprise development support are able to utilise this support to meaningfully grow their business. In the context of the formal sector: there is a need to ensure that young people, who have completed matric, skills development/TVET programmes and/or public employment programmes are able to access workplace experience in order to enhance their work readiness and networks. There is similarly a need to enable young people who require workplace experience as part of a formal learning programme to have access to these opportunities. Specifically in terms of the social economy there is a need for government policy to promote service delivery models that create opportunities for social entrepreneurs so as to enable these transitions. In addition there is a need for the establishment of mechanisms to identify opportunities for social entrepreneurship and survivalist industries within the community. This should be done in a manner that builds on the work that is being done through initiatives such as CWP and the NYS.

There is further a need to grow existing initiatives and ensure that there are clear targets against the priorities agreed upon that apply to both government and the private sector.. One of the key challenges relating to for example the SMME sector is the absence of clear targets— this is seen as critical to driving the behaviour of both corporate and public sector entities (including large-scale government programmes). Similarly in terms of access to the formal sector this requires clear targets to increase the number of work-place learning opportunities (i.e. learnerships, apprenticeships, and certain types of internships³⁸) available to young people.

For these targets to have meaning, effective monitoring mechanisms need to be put in place to further steer this expansion. This monitoring data should include

both the numbers reached and the costs associated with these activities and should support an overarching analysis of the numbers of young people reached by different programmes and the associated costs. This will also allow for an analysis of the relative costs and benefits associated with these different labour market programmes.

This expansion should be incentivised using key instruments such as the BBBEE Code and the various charters. This in turn reinforces the need for reliable reporting. This incentive is already in place in terms of supplier development and there is already an awareness of the need to provide points for this activity as distinct from wider enterprise development programmes.. Similarly there is a need to monitor workplace experience opportunities offered (over and above existing human resource requirements) including both those opportunities that are integral to a formal qualification as well as those opportunities that are offered to young people that have already completed their studies³⁹. In the context of the social economy there is a need to consider the expansion of the EPWP wage incentive to provide income support in the context of a variety of different interventions, including public employment programmes, NGO volunteer programmes, and the initiation of social enterprises.

These transitions would also be more effectively supported if accessing the labour market and supportive labour market programmes was more affordable for young people e.g. through access to zero-rated internet and transport allowances.

These recommendations all reinforce the need for an evaluation framework that is able to report on - not only how many young people complete the programme as is the case in many of the current evaluative studies - but the numbers of young people that then make the transition from the various interventions such that they are actively involved in economic opportunities.

Interventions that target young people and that are successful all have appropriate support programmes in place to enable young people to succeed having made the transition. For example, this paper notes that whilst SOEs and government departments can implement set- asides to ensure that business is awarded to target groups, without appropriate support programmes to work alongside these awards and ensure that SMMEs use the contracts to become sustainable and build their expertise, they will become short-term gains, without longer term benefit. This paper also argues that there is a need to scale up existing successful models that provide support in relation to work-readiness, matching and placement such that young people are more likely to succeed. This should be coupled with support in the initial period in the workplace to support the young person to manage the complexity of the workplace and sustain their participation in the economy.

For these interventions to be successful there is a need to develop sustainable funding mechanisms. This paper has highlighted that there is considerable resource being allocated to interventions to support young people. However it is difficult to ascertain how much is being spent and how these resources complement each other and to set the conditions that need to be put in place for these to be accessed (for example where a company has claimed ETI the conditions that should be in place for them to also make use of the learnership tax allowance or discretionary grant). An analysis of the proposed monitoring data – as suggested above – would support this. To enable these initiatives there is a need to review the different funding mechanisms in place to determine how these initiatives can be sustained and to determine how the existing mechanisms complement each other. There is also a need for certain initiatives that specifically focus on the transition to be funded in a sustainable manner: this includes for example work readiness training (including non-accredited training focused on workplace mastery), incentives to encourage effective matching and placement of young people that are otherwise excluded from the labour market (linked to the failures outlined in this paper) as well as to support young people to transition from certain public employment programmes to viable social entrepreneurship initiatives. Many of these initiatives are currently being funded in an ad-hoc way through initiatives such as Jobs Fund yet ways in which for example the Public Employment Services could incentivise this support where young people are placed from cohorts where there has been an ‘alignment failure’ needs to be explored. Specifically with respect to the social economy there is a need for the establishment of a simple funding mechanism to support social and survivalist enterprises. Such a mechanism should allow for the allocation of seed funding in support of the implementation of such enterprises. This also requires the development of a low touch, low cost way of administering grant funding to existing, well-capacitated Community Based Organisations, in support of the provision of skills development, agency building, and EPWP transitional initiatives. Such grants could potentially be administered on the basis of performance.

Related to the above there is a need for improved coordination between public, private and development sector programmes to gain greater value out of public funds that are available. This includes for example the funds that are available for disbursement to SMMEs: the private sector has a proven track record in developing appropriate management development and support programmes that succeed in making SMMEs sustainable. Government should more actively draw on this expertise and provide the funding necessary to support it, rather than duplicating efforts to define how these support programmes should work and attempting to create a ‘one size fits all’ approach. In the context

of initiatives to access the formal sector it is specifically noted that there are already a number of existing forums for private sector engagement, such as the business associations that could be more effectively utilised. In this context, the collaboration already in place between government and business around the YES initiative should be built upon such that there is a space to build a constructive partnership for growing internships across sectors using a differentiated model dependent on sector dynamics. Further there are initiatives in place where foundations are being coordinated (including as part of an existing partnership between DPME, MISTRA and Yellowwoods which offer real potential with respect to enabling all three of these models.

There is also a need for coordination at the industry sector level to ensure that programmes are not limited to larger, better-resourced organisations. Coordination of available public and private sector funding and alignment between providers of capital and providers of skills and linkages allows organisations with the willingness to engage with small business, but lacking the resources to provide direct financial support, to partner with funders in the context of enterprise development programmes. Further, linking larger and smaller companies creates opportunities for larger companies to enable smaller companies within their supply chain to access incentives such as ETI and through this expand the number of work opportunities available to young people and in turn grow the capacity of small businesses. In the social economy there is a need to focus on understanding the capacity of the thousands of organisations registered with the Department of Social Development and creating the space for these organisations to enable the opportunities outlined in this paper.

Finally, these recommendations all require agreement about a coordinating mechanism within government that works across sectors and institutions to both set and monitor targets. This mechanism would also be important to ensure that different incentives and mechanisms are in place. Currently this coordinative responsibility is shared and yet there are real constraints with respect to reliability of data across government, private and development sectors. There is also a need to support institutional arrangements that have been established across sectors and ensure that there is recognition of the different institutional arrangements that are required. For example some of these solutions may realise scale – and be implemented at a national level, such as a national clearing house that is able to match and place young people across opportunities. In the case of the social economy while incentives may be national there is a need to recognize that communities work in different ways and that initiatives at the community level requires flexibility. Consequently, a “one method for all” approach will not work.

INTRODUCTION

Government, together with its social partners, is grappling with ways to support and enable economic growth in a manner that mitigates the impact of poverty, unemployment and exclusion. Issues relating to youth unemployment, and the uncertain labour market transition pathways facing youth, find themselves at the centre of South African policy debate. These discussions recognise that South Africa's notoriously high unemployment rate is not just an economic issue. Rather the effects of unemployment reverberate into both the social and political spheres. Thus it is essential to accelerate, enable and facilitate young people's transitions into economic activity, particularly for those young people who are vulnerable to poverty and long-term unemployment.

Certain interventions purposed to enable and support youth labour market transitions already exist across South African society. The rationale for this document is to understand the extent to which these existing interventions, institutions and resources across the public, private and social sectors are enabling young people to successfully transition into economic activities and to ascertain where there are gaps in this regard. This has been undertaken with a view to arriving at recommendations regarding how these solutions could be better organised, aligned, connected, scaled, sustained, and augmented to enable and accelerate the successful transition of youth into the economy.

This document is structured as followed:

- **Section 2** outlines the methodological approach followed.

- **Section 3** explores the definition of youth labour market transitions as well as the unique nature of youth transitions in the South African context.
- **Section 4** sketches the international approaches that are in place for supporting youth labour market transitions, and then provides an outline of South Africa's existing programmatic responses to the transitional challenges faced by youth.
- **Section 5** presents an analysis of the extent to which the existing interventions are meeting the needs of the different cohorts of young people in South Africa. It does so by constructing a conceptual framework against which the scale of implementation of the various programmes by the public, private and social sectors is assessed.
- **Section 6** offers three models for targeting and aligning priority youth transition interventions that focus on addressing the gaps that have been identified. In proposing these models, the team has indicated any policy and programme gaps that would need to be addressed in order to implement the aforementioned models at an appropriate scale.
- **Section 7** presents the recommendations of the study and concludes.



METHODOLOGY

The methodological process undertaken in the development of this document consisted of the following phases.

- Desktop research;
- Conceptual framework;
- Status quo analysis;
- Proposal of the three models and recommendations

Each of these phases is briefly described below.

Desktop Research

This first phase comprised of the compilation of a comprehensive literature review, which included an exploration of the following areas of focus:

- South Africa's youth context and, more specifically, the growing youth population, trends of urbanisation among the youth, and the socio-economic challenges facing the youth of South Africa;
- South Africa's economic context with respect to rates of economic growth, the structure of the economy, and the state of entrepreneurship in South Africa;
- The existing policy, legislation and political accords in South Africa that impact upon youth labour market transition;
- The theoretical youth labour market transition literature;
- The international and local empirical youth labour market transition literature; and
- A meta-evaluation of the existing youth interventions in South Africa.

Conceptual Framework

Once completed, the literature review served as the foundation for the development of the conceptual framework. In order to better inform conceptual framework, the following engagements were facilitated:

- Interviews (15) with various government officials,



experts and researchers in the field of youth labour market transitions;

- Focus groups with 35 young people in Poortjie (in collaboration with Inqanawa), 13 young people in Thokoza East (in collaboration with Thokoza Progressive Youth), and representatives of youth organisations from across the country;
- Round table discussions with relevant stakeholders from the public, private and social sectors.

Status Quo Analysis

Subsequently, a status quo analysis was undertaken in order to gain greater insight into the relative scale of existing youth labour market transition interventions within South Africa. The analysis was undertaken using the following public, private, and social sector data sources:

- Government budgetary and expenditure data. In particular, the following government reports were drawn on:
 - National Treasury's 2016 audit of national government's youth programmes;
 - DNA Economics' 2016 study on financing options for the implementation of the White Paper on Post School Education and Training; and
 - A 2017 review of the Jobs Fund.

- Data from the Department of Higher Education and Training (unpublished)
- Private sector youth expenditure data. In particular, the following sources were drawn on:
 - The Triologue Reports on Corporate Social Investment (CSI) for 2015 and 2016;
 - The 2016 Youth Employment Service presentation; and
 - An electronic survey sent to 62 private businesses, including NBI members, members of the BUSA Standing Committee on Social and Transformation Policy, and members of various business associations
 - Data provided by BLSA on expenditure of the private sector on higher education
- An online and telephonic survey administered to 981 NGOs.

This data was then mapped and analysed against the conceptual framework, and gaps in the existing youth intervention landscape were identified.

It is noted that there are significant limitations to the data. With respect to the government data, it was not always possible to obtain the relevant annual

departmental budgets. In such cases the departments' average annual expenditure over the past four years was used instead. Further challenges were experienced with respect to identifying the proportion of funding benefiting young people specifically in the context of certain programmes.

Furthermore, it was not possible to obtain data from all existing private companies and NGOs and as such it is unlikely that the full range of existing private and social sector youth labour market programmes is captured in the report. Challenges were also experienced in classifying the programmes by sector, as many programmes are funded by the public sector but implemented by the private and / or social sectors. Therefore the findings of the status quo analysis must be interpreted with caution.

Proposal of Three Models and Recommendations

Finally, three models for targeting and aligning priority youth transition interventions were developed. These models focused on addressing the policy and programme gaps identified in the status quo analysis. The models, in turn, served as the basis for the recommendations of the report.



UNDERSTANDING TRANSITIONS

Although the literature surrounding youth unemployment in South Africa is extensive, relatively little is known about the precise pathways that youth follow when attempting to transition into economic activity. The shift of terminology from youth unemployment to youth labour market transitions is indicative of an expanded approach to thinking about the multiple pathways through which young people can enter into economic activity. This approach suggests that, in addition to taking the direct and traditional pathway into formal employment, young people can approach the labour market as employers and can convert their socially driven work into livelihoods in a non-traditional manner. The specific contribution of this chapter is thus to gain insight into the nature of youth labour market transitions and, specifically, the barriers that young people face when trying to make these transitions. The chapter further explores the South African youth context and the nature of youth labour market transitions in the South African context.

4.1 Theoretical Overview

4.1.1 Defining Youth Labour Market Transitions

Youth studies have increasingly sought to investigate the diversity of transitional experiences faced by youth, the role of individual agency, and the manner in which their social and economic context shapes the choices that individuals make. The research supports the need for a holistic understanding of how youth “understand, experience and transform their transition from school and adolescence to adulthood and work” (Raffo and Reeves, 2000: 147).

Schömann (2000) describes the school to work transition as a process in which the young person is migrating from one institutional arrangement to another (Behrens and Voges, 1996, quoted in Schömann, 2000). Raffe (2011) describes “transition systems” as societal institutions such as the education and training system, the labour market, the welfare system and family structures, which shape transitions processes and outcomes.

There is increasing emphasis on the non-linearity of youth transitions (Thomson et al. 2000). This refers to the multiple routes that young people follow in their transition from school to work, particularly in terms of combining studying and work, interspersing periods of

inactivity with periods of work, and prolonged periods before settling into the labour market (Quintini et al., 2007: 4). Raffe (2011) emphasizes that the school to work transition is not a single, abrupt experience, but rather a sequence of “education-work transitions” occurring after leaving school until achieving stable employment, and that this sequence can be complex, non-linear and individualized (shifting between states of learning and/or work).

Raffe suggests that obtaining employment is not a sufficient indicator of a successful transition, particularly as young school leavers are more likely to be engaged in temporary employment. ILO (2015) concurs that a successful labour market transition does not end on entry into a first job, and explains that this job must also fulfil the qualitative criteria of being stable or having permanency - thereby enabling other transitions processes such as starting a family. Given the complexity of transitions, with youth seeking to study, gain work experience and learn new skills before settling in to an appropriate job, Deloitte Access Economics (2012) define good transitions from school as those youth who have been fully engaged in work or study, or a combination thereof, over a three to four year period

4.1.2 The Nature of Youth Labour Market Transitions

Youth transitions are complex because circumstances may be temporary and youth that are at risk at one point may become more successful later (Furlong *et al*, 2003). Furlong *et al*. emphasise the role of rationalized choice, whereby an individual will move through cycles of using past experiences to rationalize their current situation and then mobilize particular capacities, in the form of familial and personal resources (including educational qualifications and skills), towards achieving a desired outcome. This is premised on the understanding that where the agency and resource base is strong, there is more likelihood of a successful outcome (transition). The corollary then is true that where there is weak individual agency combined with a weak resource base, this is likely to result in problematic transitions.

This individual agency emerges from strong family and social relationships, which are supportive of educational and other choices. This is referred to as Social Capital, which is defined as “social networks,

the reciprocities that arise from them, and the value of these for achieving mutual goals” (Schuller, Baron and Field, 2000: 1). Social capital is a resource within the family and in the community (referred to as “bonding” social capital) that creates trust and is conducive to achieving educational and other outcomes within one’s immediate environment.

Accessing the labour market however relies on broader relationships, which can facilitate exposure to workplaces and authentic learning (Raffo and Reeves, 2000). As such, social capital is built first and foremost in the family and community, but its true value is realized through exposure to, and engagement with, institutions of learning, communities and firms. “Bridging” social capital is essential for achieving social cohesion in that it creates cross-cutting ties and therefore enables mobility in the labour market. In situations of inequality, access to broader networks will be limited for disadvantaged youth, and these youth will most likely be locked into narrow channels for growth and development, limited by their immediate networks. (Stone *et al*, 2003; Battu *et al*, 2004).

Socio-economically deprived youth further faced the double-bind of spatial and skills mismatch (Green *et al*. 2005). On the one hand they face the challenges of geographic mobility where they do not have the necessary resources to travel to find work or to travel to work. The extension of this is that, even if they are located in local areas that are accessible to employment opportunities, socio-economically deprived youth will have less chance of getting employment because of their limited skills base. Furthermore, spatial mismatch goes beyond a narrow focus on geographic access, in that socio-economically deprived youth will not necessarily have access to information about opportunities that exist outside of their local context, and may therefore be bound to opportunities within their immediate context due to ‘imperfect information’ rather than unwillingness to travel to work (*ibid*).

4.1.3 Trends in Youth Labour Market Transitions

Globally the trend is for young people to increase their length of participation in education rather than directly entering the labour market. This is attributed to the shifting demand in the labour market towards higher level skills, and the concomitant increased demand for post-school education which mitigates the risks of unemployment (Kirchner Sala *et al*. 2015). As a result, Furlong and Cartmel (2006) suggest that, over the last couple of decades, youth transitions have become increasingly protracted and more complex.

In contrast, in Sub-Saharan Africa (SSA) early labour participation amongst youth is widespread and is linked to early school leaving and low levels of educational attainment. As a consequence, two-thirds of young people in SSA do not have adequate levels of education

for productive work. This transition route creates a number of challenges, as the first job typically does not provide a basis for transition into effective career trajectories.

Thus, whilst those young people that are defined as under-educated have a shorter transition time, in reality the successful transitions of youth (as defined previously) of those who remain in tertiary education can take a third of the time as compared to those young people who only have primary education. More generally, in most low-income countries at least three in four young workers are in irregular employment - engaged either in own-account work, contributing to family work, casual paid employment or temporary (non-casual) labour (ILO, 2015).

4.2 Youth Labour Market Transitions in the South African Context

4.2.1 Understanding the South African Youth Context

A variety of educational, social, spatial, and economic factors combine to determine the broader South African context in which youth labour market transitions play out. While this section serves to provide a summary of these contextual factors, **Appendices A1 and A2** explore South Africa’s youth and economic context in further detail.

The quality of schooling provided to children and young people impacts significantly on their ability to access the labour market. While significant gains have been made in improving children’s access to general education in South Africa, the Annual National Assessments indicate that learner competence in foundational skills (including literacy and numeracy) remain alarmingly low and are well below the international average (DBSA, 2011). Related to this concern is the fact that the dropout rate after Grade 9 remains unacceptably high. Only about 47 percent of 22 to 25-year-olds in the country have completed Grade 12, compared to 70 percent in most developing countries (The Presidency, 2015, p.11).

At the same time, although TVET College enrolments have more than doubled since 2010, this option is still limited both within the context of the large numbers of young people requiring a post-school option and in as compared to higher education. The White Paper on Post-Schooling in SA highlights the challenge and the commitment to changing what is oft described as an inverted triangle. Furthermore, high drop-out rates from TVET institution point to issues of quality and relevance of the TVET colleges, and result in significant numbers of work seekers ending up with incomplete courses of study.¹ Similarly, despite the relatively (to TVET) larger numbers in higher education linked to an approximately

1. Indeed, it is estimated that throughput rate for TVET students lies at only 9% for NCV and 11 percent for N4-N6.

18 percent increase in university enrolments, poor completion and success rates, coupled with challenges in terms of the costs of higher education, inhibit growth in higher education, particularly in engineering, science and technology.²

Similarly, the social context in which many of South Africa's youth grow up is not conducive to the development of productive and work-ready individuals. Research suggests that a lack of social connectedness and social cohesion (i.e. "bonding" social capital) among South Africa's youth negatively impacts on work readiness, by undermining the development of trust and agency among young people. In addition, many South African youth lack access to the type of social networks that facilitate labour market mobility (i.e. "bridging" social capital) (Gewe, 2009; Gewe, 2010). Further, a high number of youth suffer from poor sexual and reproductive health, engage in substance abuse, and are often both victims and perpetrators of violence and crime (NYDA, 2015). Indeed, while 8.5% of South Africans between the ages of 15 and 24 are living with HIV, it is estimated that only 33% of the sexually active youth practise consistent condom use (NYDA, 2015). Furthermore, studies have found that approximately 25% of youth engage in binge drinking on a regular basis, and that approximately 13% of learners have smoked dagga (NYDA, 2015).³ Additional research suggests that young people in South Africa aged 12-22 are generally victimised at twice the adult rate (Pelser, 2008). It is proposed that, due to being consistently exposed to crime and violence in the key institutions of their socialisation, a significant proportion of South Africa's youth has learned and internalised this behaviour and so replicates it (Pelser, 2008).

It is also important to highlight the manner in which South Africa's spatial realities gives rise to a mismatch between the location of South Africa's young work-seekers and existing jobs. While a significant proportion of youth reside in rural areas (36% of the total youth population), the overwhelming majority of economic activity takes place in South Africa's urban areas (GHS, 2014).⁴ In this context, high transport costs serve to dissuade youth from taking up available job opportunities. This was strongly evidenced in studies undertaken by Harambee, which found that the most highly reported reason for a young person rejecting a job was due to distance and travel costs.

South Africa's poor education system, together with

2. This is evidenced in the poor throughput rate of university students, which is estimated at 25 percent for undergraduate students and 21 percent for Masters students. Department of Higher Education and Training (2015) Statistics on Post-School Education and Training in South Africa: 2013. Pretoria: DHET.

3. The 2011/12 Youth Risk Behaviour Surveillance study further found that 12 percent of learners have used inhalants, 5 percent have used cocaine, 6 percent have taken crystal meth (tik) and 5 percent have used Mandrax.

4. Consequently, in 2014 the unemployment rate for youth living in rural areas stood almost two percentage points higher than that recorded for youth residing in urban areas (37.2 percent vs. 35.5 percent). (GHS, 2014)

the dysfunctional social and spatial environments in which many youth grow up, is giving rise to poorly educated, poorly skilled, poorly socialised, and poorly located youth. These challenges are exacerbated by the fact that they exist in the context of South Africa's floundering economy. Indeed, low rates of economic growth, a structurally skewed economy, and limited entrepreneurial activity are resulting in low levels of labour absorption into existing jobs, and the limited creation of jobs that match young peoples' skills levels. GDP growth forecasts for the next five years suggest that private sector job creation will not match the flow of young people into the labour market (IDC, 2015). Furthermore, the changing nature of the job market means that there are a decreasing number of opportunities for the high number of youth with low levels of education and skills (Fedderke, 2014). At the same time, South Africa's entrepreneurial sector is characterised by relatively low rates of youth participation as compared to the rest of Africa. Furthermore, entrepreneurial activity in South Africa is increasingly driven more by need than opportunity (GEM, 2016).⁵

The economic, educational, social, and spatial challenges outlined above play a significant role in explaining South Africa's relatively high rate of youth unemployment and low rate of youth labour absorption, which stood at 54% and 57% respectively in 2016 (QLFS, 2016). Nevertheless, despite these challenges young people remain optimistic. Burns et al (2015: 84) conclude that despite these myriad of challenges, "recent studies argue that South Africa's youth display a remarkable sense of optimism and independence, and a deep desire to assert their agency in order to escape their dire material circumstances." Graham et al (2016) emphasise that young people are not lazy and are engaged in a range of livelihood and work-seeking activities, driven by high level of optimism and a strong sense of agency over their lives.⁶

4.2.2 The Nature of Youth Labour Market Transitions in South Africa

The contextual factors described above contribute to an understanding of the transitional challenges that youth face in the context of the South African labour market. These challenges are explored further in the diagram and analysis below.

The diagram (Figure 1 on the following page) illustrates the findings of Mlatsheni and Ranchod's analysis of

5. In 2015, around two-thirds of entrepreneurs in South Africa were opportunity-driven, with needs-driven entrepreneurship increasing by 18 percent from the previous year

6. This is further emphasised in a tracer study undertaken by Harambee in 2014. The study found that young people were actively trying to overcome the barriers they face in finding work and were proactive in seeking and responding to advertisements for jobs, including moving closer to where work opportunities could be found. Studies also point to the large numbers of young people who volunteer and who indicate a strong sense of agency.

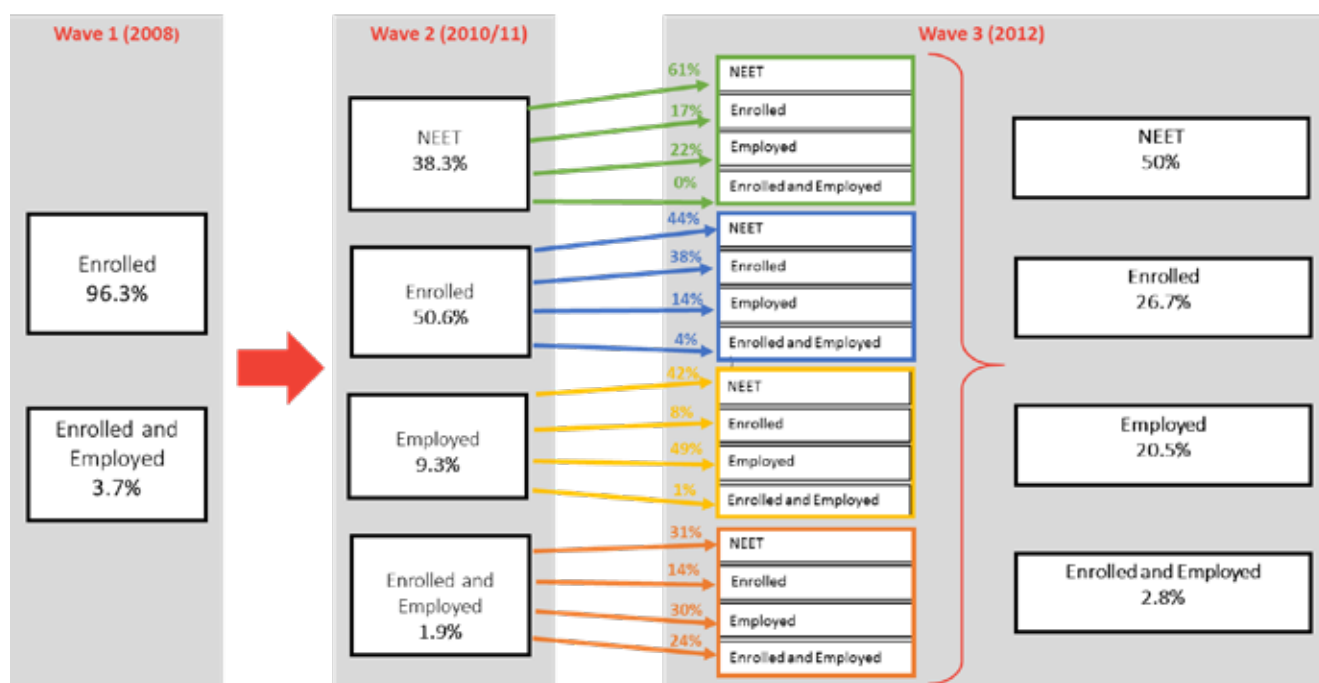
young people's labour market transitions between the three waves of the National Income Dynamics Study (NIDS).⁷ This analysis was based on a sample of 1030 youth, aged 16 to 20, who were still enrolled in some type of educational institution in the first wave.⁸ The sample was selected in order to capture those youth who were very close to the age of either completing secondary school or at high risk of dropping out.

The diagram provides an illustration of the transition pathways followed by these youth, by indicating the various economic state that the sample population found itself in during each wave. It does so by classifying the sample population into one of four mutually exclusive and exhaustive states in each wave; namely employed, enrolled, both enrolled and employed, or neither enrolled nor employed. The findings of the analysis are presented below.

Mlatsheni and Ranchod's analysis finds that by wave 2, only 50.6% of these youth were enrolled, while just below 40% were NEET and less than 10% were employed. The results further indicate that three out of five respondents who were in the NEET category in wave 2 are still in this category two years later, while just over one in five have found employment. About one in six of these respondents have re-enrolled in their studies.

Of those enrolled in wave 2, the largest category in wave 3 is again NEET, at 44%. A further 38% are still enrolled, while fewer than one in five has transitioned into employment only, or employment and enrolment combined. Of the small number of respondents who were employed by wave 2, approximately half are also employed in wave 3, but approximately two out of every five are no longer employed and are in the NEET category.

Figure 1: Trends in youth labour market transitions



7. Mlatsheni, C. and Ranchod, V. (2017). Youth labour market dynamics in South Africa: evidence from NIDS 1-2-3. Working paper 39.

8. The first wave was conducted in 2008, the second in 2010/2011 and the third in 2012.

The diagram thus captures the non-linearity of youth labour market transitions; by highlighting the significant proportion of youth that transition from the education system into employment and then subsequently transition into unemployment or back into the education system. This suggests that the youth employment problem is not only about finding a first job, but also about the stability of employment amongst youth (Mlatsheni and Ranchod, 2017, p.19).

It further captures the reality that very few youth succeed in accessing the economy in a seamless manner and that the majority experience real delays in accessing the labour market. Of particular concern is the low level of successful youth transitions into employment, as well as the high rates of youth that land up in the NEET category.

Other research, undertaken by SALDRU in 2008, arrives at similar findings. The research suggests that 6 months after exiting the education / training system and entering into the labour market, only 3% of youth are in formal employment, while 40% find themselves actively unemployed, 43% discouraged, and 13% in informal employment.⁹ Significantly, of the 3% of labour market entrants who find formal employment within the first 6 months, 19% find themselves unemployed a further six months down the line, while 10% end up discouraged.

In essence, this research (together with the diagram above) highlights the large percentage of youth who get “stuck” along the labour market transition process. This research supports the proposition that the majority of youth in South Africa are at risk of never successfully accessing the formal economy if they are not provided with meaningful support.

While the research cited above provides important insights into youth labour market transitions in South Africa, it does not shed light on the extent to which a young person's labour market transitions are influenced by the various further/higher education pathways available to young people. In order to arrive at a more nuanced understanding of the nature of youth transition in the South African context, the specific transition pathways of young people emerging from various further/higher educational pathways are explored in further detail below.

Youth holding higher education qualifications constitute 10% of the total youth labour market cohort, and are most likely to transition into formal employment relatively quickly and smoothly (Cloete, 2009).¹⁰ In addition to

9. Ranchod, V. & Dinkelman, T. (2008). Labour Market Transitions in South Africa: what can we learn from match Labour Force Survey data? Working Paper Series number 14. SALDRU.

10. In order to calculate the approximate percentage of young people entering the labour market from the various educational pathways, data from various sources was combined including Spaul (2015), DHET (2016a),



possessing high levels of education and skills, this cohort of youth often have access to mechanisms to seek employment and this process is also enabled by companies that are focused on recruiting from higher education institutions. Such access to meaningful labour market entry mechanisms plays a significant role in enabling labour market mobility. These factors combine to ensure that higher education graduate employment rates have consistently been above 80% since 2001, while graduate unemployment rates have been on a long-term downward trend since 2000 (Van Broekhuizen, 2016).

On the other hand, youth who have graduated from TVET colleges (previously FET colleges), both through the NCV and N-programmes, constitute 5% of the total youth labour market cohort. Colleges appear to play very little role in helping successful students to transition into the labour market, and are rated poorly with regard to arranging interviews with employers and assisting respondents to contact employers (SSACI, 2016). SSACI (2016) found that NCV graduates have a 50% chance of finding a job (the same likelihood as Grade 12 school leavers),¹¹ and that most NCV graduates who did find jobs were working part-time and earning less than R3 000 a month.¹²

While N2/N3 graduates (engineering) require access to apprenticeships and N6 students require additional practical experience to get their National diplomas, it is estimated that under 3% of college students succeed in accessing apprenticeships and only 6.3% attain

Broekhuizen et al (2016), and DHET (2016b).

11. Around 8000 NCV students successfully graduate from TVET Colleges annually but cannot access workplace learning opportunities / internships.

12. Furthermore, the Statssa quarterly labour force survey for the fourth quarter of 2016 indicated that a large proportion of the TVET College graduates who do find jobs are not working in industry, but in finance or the government. A quarter of employed TVET graduates are in government jobs and a similar number are in finance. Only 4.3% work in mining, 7.7% in transport and 8.8% in construction.

employment through internships. (SSACI, 2016).¹³ This is largely due to the limited number of work integrated learning opportunities that are available and accessible to young people.¹⁴

At the same time, approximately 8% of youth take an occupational / artisanal route by entering into learnerships or apprenticeships (based on 2014 DHET figures). Young people who have completed qualifications via this channel constitute 4% of the youth labour market cohort, and mostly go on to transition smoothly into stable employment. Indeed, apprenticeships and learnerships have been found to be highly effective in supporting transitions for unemployed youth to employment, with approximately 70% of apprenticeship participants and 86% of learnership participants who complete their qualifications directly obtaining jobs. (Kruss et al, 2012)¹⁵

Finally, youth with only a matric constitute 22% of the total youth labour market cohort, while youth with less than a matric and no post-school education constitute up to 56% of the cohort. Both of these youth sub-cohorts face challenging and uncertain labour market transition pathways, which often end in unemployment, discouragement, or entry into the informal / survivalist economy. Indeed, 42% of youth with a matric and 40% of youth with less than a matric are unemployed, while 15% of youth with a matric and 24% of youth with less than a matric are discouraged. At the same time, 32% of youth with a matric manage to obtain formal employment and thus face better prospects than those with less than a matric – only 16% of whom land up formally employed (Labour Market Dynamics Survey, 2015).

The low rates of transition into the formal economy for youth who directly enter the labour market without a matric or further education and youth who possess matric certificates and / or TVET qualifications, point to

13. Around 30,000 N6 students successfully graduate from TVET Colleges annually but cannot access workplace learning opportunities / internships. Similarly, around 33,000 N2 and 23,000 N3 engineering students who are eligible for access to Apprenticeships, are unable to access such opportunities.

14. As of 2017, Minister Nzimande indicated that only 9,500 Work Integrated Learning opportunities are being created through SETA funding, which targets both N6 and NCV graduates.

15. The Kruss et al (2012) study concluded that learnership programmes in particular have the greatest impact in preparing individuals for the working world. There were also high completion rates in the learnerships: 65% of a sample of those who registered for a learnership in 2005 had completed it by 2007 and by 2010, 86% of the cohort had completed the qualification. Most were absorbed by the formal sector in large private firms or by the public sector, but just over half were employed at the same workplace as their experiential training.

In a recent tracer survey of newly qualified artisans, SSACI (2016) found that 73% of the respondents reported being wage employment, with almost half still working at the company where they did their apprenticeship. Those who were not with their original host-employers mostly left of their own volition and were able to find a better paying jobs. Most respondents indicated that would be able to find alternative employment when their existing contract ends.

the existence of significant impediments and gaps along the labour market pathways that these young people follow. In particular, the lack of targeted employment services and / or work-place learning opportunities (i.e. internships, learnerships and apprenticeships) means that these youth do not usually have the option of following a structured path into economic activity.

At the same time, it is important to note that not all youth enter the labour market with the objective of obtaining formal employment. Some young people are interested in pursuing other labour market pathways, such as those involving commercial and / or social entrepreneurship. Such pathways have the potential not only to provide a source of income for the youth entrepreneurs themselves, but also to create additional jobs and / or social opportunities for other young people. Nevertheless, young people pursuing such pathways face their own unique challenges. In particular, an absence of experience in formal work-spaces acts as an impediment to many young people's entrepreneurial aspirations. In addition, a lack of access to markets and a deficiency of access to affordable finance serve as further barriers to youth entrepreneurial success.

This subsection has demonstrated how the imperfect nature of the South African youth labour market has given rise to the emergence of multiple and complex transition pathways – many of which end in “dead-ends” (i.e. unemployment, discouragement or survivalist activities). Our challenge is to respond to the gaps and obstacles that lie along these pathways, in a manner that acknowledges the multiplicity and non-linearity of the pathways in question, while simultaneously taking into account the opportunities that exist.



SUPPORTING YOUTH LABOUR MARKET TRANSITIONS

5.1 International Overview

This section provides a brief overview of international thinking about ways to enable youth labour market transitions with a particular focus on Labour Market Policies and Programmes. In doing so, it also provides a high-level summary of the various types of programmes that exist to support youth transitions in a range of countries. A more comprehensive review of international youth labour market programmes can be found in **Appendix A3**.

Auer et al. (2008) define Labour Market Policies (LMP's) as taking two forms – “passive” policies, which support individuals during unemployment and “active” policies that support individuals (unemployed, underemployed or employed people looking for better jobs) to achieve labour market integration. According to Auer et al. Active Labour Market Policies (ALMP's) seek to intervene between supply and demand by contributing either directly to matching, or to enhancing supply, reducing supply, creating demand or changing the structure of demand (for example in favour of disadvantaged groups).

The literature highlights that programme approaches to supporting youth labour market transitions are dependent on the set of conditions and challenges in the country concerned. A study conducted on behalf of the World Bank¹ suggests that the following factors may be constraints to youth employment (World Bank, 2010):

- *Skills mismatch* is the lack of adequate general skills (literacy, numeracy), technical skills, or soft skills (behavioural skills), or insufficient entrepreneurial skills.
- *Lack of labour demand* in markets where economic activity is too slow for job growth or where there is a demand for labour but employers choose not to hire the available labour pool.
- *Job search constraints*, including the high cost of job-seeking, poor information about where the employers and employees are (also called “matching”), and a lack of tools that allow young people to signal their capacities to potential employers.

1. World Bank (2010) Active Labor Market Programs for Youth in Africa: A Framework for Engagement (unpublished)



- *Constraints to self-employment*, namely the money, know-how and social networks that are the bases for successful small firm start-up and survival.
- *Social norms*, on the labour supply side, where young people may not pursue available jobs due to self-imposed or externally imposed constraints on the types of employment that are appropriate.

The interventions that have been undertaken internationally to address these constraints are captured in the table below with a comment about the evidence that is available with respect to the extent to which these interventions address the related challenges.



Table 1: International overview – youth labour market constraints and interventions

Constraints		ALMP Interventions	
		Evidence-based intervention	Mixed evidence, theoretically sound
Skills constraints	Insufficient basic skills	<ul style="list-style-type: none"> Information about the value of education 	<ul style="list-style-type: none"> Second chance programmes
	Technical skills mismatch	<ul style="list-style-type: none"> Comprehensive training programmes Information on returns to technical specialities 	<ul style="list-style-type: none"> On-the-job training
	Behavioural skills mismatch		<ul style="list-style-type: none"> Behavioural skills training
	Insufficient entrepreneurial skills		<ul style="list-style-type: none"> Entrepreneurial training
Demand constraints	Slow economic and job growth	<ul style="list-style-type: none"> Wage or training subsidies 	<ul style="list-style-type: none"> Public service programmes Labour-intensive public works
	Employer discrimination	<ul style="list-style-type: none"> Affirmative action programmes 	<ul style="list-style-type: none"> Subsidies to employers who hire target groups Employee mentoring
Job search constraints	Job matching	<ul style="list-style-type: none"> Employment services 	<ul style="list-style-type: none"> Technology-based information sharing
	Signalling competencies		<ul style="list-style-type: none"> Skills certification Training centre accreditation
	Cost of job seeking		
Firm start-up constraints	Lack of access to financial or social capital	<ul style="list-style-type: none"> Comprehensive entrepreneurship programmes 	<ul style="list-style-type: none"> Microfinance
Social constraints (supply side)	Excluded group constraints	<ul style="list-style-type: none"> Target excluded-group's participation in programmes Non-traditional skills training Safe training / employment spaces for specific groups 	<ul style="list-style-type: none"> Adjusted programme content / design to account for excluded-group specific needs

Source: World Bank (2010b)

5.2 Understanding the South African landscape

The challenges outlined in the international space resonate with those identified in the South African context. This section identifies the supply side, demand side and misalignment challenges that exist in the South African context and then describes the interventions that have been put in place to address these.

5.2.1 Youth Labour Market Challenges

Youth face a number of distinct challenges when seeking to transition into economic activity. These challenges can be understood as arising as a result of demand side, supply side and misalignment failures in the South African youth labour market. These challenges, which were alluded to in Section 2.2.1, are

presented below.

Supply Side Challenges

Supply side challenges refer to short-comings in the educational and skills levels of the youth labour force. They also incorporate social challenges that negatively impact on young people's ability to maintain a steady job. Such challenges arise as a result of the following factors:

- Poor quality at all levels of the education system. At the school level this is evidenced by weak foundational skills and high drop-out rates. At the post school level this is evidenced by weak participation rates and low completion rates.
- A lack of entrepreneurial education.
- Limited focus on non-cognitive skills such as

problem solving and time management.

- Sub-optimal conditions of socialisation (including a lack of “bonding” social capital) which result in a myriad of social issues including teenage pregnancy, high levels of HIV/AIDs, substance abuse, and involvement in gangs and crime.

These factors give rise to poorly educated, poorly skilled, and poorly socialised youth who are largely unemployable in the context of the South African economy.

Demand Side Challenges

Demand side challenges refer to the lack of work opportunities for young work-seekers in the context of the South African economy. Such challenges result from the following:

- Low levels of economic growth;
- A structurally skewed economy, which is giving rise to a decreasing number of opportunities for the high number of youth with low levels of education and skills;
- Low rates of youth entrepreneurial activity limits the extent to which economic opportunities are generated in the economy (as there is a reliance on formal sector absorption capacity, which as indicated is constrained);
- An entrepreneurial sector increasingly driven more by need (necessity) than opportunity.² This is highlighted as the Global Entrepreneurship Monitor, a significant study of entrepreneurship, highlights the motivation of an entrepreneur as a key variable noting that, “improvement-driven opportunity entrepreneurship appear to be primarily innovation-driven countries. In these countries, opportunities may be expected to be more abundant, and individuals may have more alternatives to make a living.” Thus the relative number of necessity versus opportunity driven entrepreneurs is again likely to impact on the extent to which demand is created in the economy (GEM website).
- Poor initiatives to create an enabling environment for businesses, and for small business and the informal sector in particular.

Misalignment Challenges

Misalignment challenges refer to market failures resulting from a mismatch between the available

2. Need- driven entrepreneurial activity refers to businesses driven by individuals whose sole objective is to survive – as opposed to grow. In contrast, opportunity-driven entrepreneurial activity refers to businesses driven by individuals who actively want to be entrepreneurs and who are continuously seeking opportunities for growth and expansion.

youth labour pool and existing job opportunities. Such challenges stem from the following:

- A lack of information on available jobs and weak employment services (e.g. counselling and career guidance);
- Social biases (e.g. strong “insider” networks) and broader socio-economic challenges;
- Spatial disparities, caused by Apartheid planning, which result in many young people being raised far away from existing jobs;
- The high costs of job-seeking;
- The negative perceptions that many employers hold about young people;
- Young people’s unrealistic expectations about the world of work; and
- Problems relating to the work-readiness of young people³.

5.2.2 Youth Labour Market Interventions

This report suggests that in order to enable successful labour market transitions there is a need for a targeted youth employment strategy that seeks to overcome ‘failures’ in the South African labour market with respect to both supply and demand as well as ‘failures of alignment’ between supply and demand.⁴ As indicated previously, this section provides an overview of the types of youth labour market programmes that already exist in the South African context to address these challenges so that it is possible to understand what could be expanded and to determine whether there are any gaps and if so, how these could most effectively be addressed.

Youth interventions aimed at enabling youth employment can be categorised into specific programme types. These are:

- Public employment programmes;
- Entrepreneurial development programmes;

3. Note that this is defined as an alignment failure as the research suggests that even where people have the relevant qualification and there are opportunities, the absence of work readiness reduces the ability of young people to identify which jobs would be appropriate for them to apply to, how to present themselves in an interview, or how to engage in the workplace when first entering employment. These misalignment factors all contribute to young people either not accessing employment or to the high levels of churn linked to young people absconding from work rather than addressing conflict or navigating a further transition. Thus developing the attitudes and understanding required to access employment is seen as a critical way of addressing this misalignment.

4. Put another way, what is required in order to address South Africa’s youth unemployment crisis is a strategy that both stimulates / incentivizes the creation of jobs that better match the profile of young people, and simultaneously supports young people to become more employable given the current structure of the South African economy.

- Work readiness programmes;
- Placement programmes;
- Technical, vocational and occupational programmes;
- Second chance programmes;
- School based initiatives;
- Agency building programmes; and
- Social support services.

Each of these categories is defined and described below.

Public Employment Programmes

Public Employment Programmes are interventions in which the State acts as “employer of last resort”. In early iterations of Public Employment Programmes in South Africa there was an expectation that people would migrate from such initiatives into the formal sector. However, whilst there is still an intention to enable such transitions and particularly where young people are involved in these programmes, over the three iterations of the Expanded Public Works Programme (EPWP) there is greater understanding that such initiatives are beneficial in creating social capital and mitigating the very damaging effects of entrenched unemployment.⁵ There are two significant kinds of public employment programmes that have realised some success in enabling young people to make the transition into other opportunities.

The first is the *Community Work Programme (CWP)*, which provides a guarantee that members can work for a certain number of days a month (equivalent to 100 days a year) and earn the EPWP minimum wage, while undertaking activities that benefit local communities. Programme implementers report that the highest transition of workers “out” of the programme and into some other kind of employment occurs amongst participants under 30 years of age. One of the reasons for this, implementing agencies suggest, is that in entering the CWP, young people are more likely to take on leadership roles, such as site administrators, as they have higher literacy and numeracy rates than the adults. In these positions, they become connected to networks in the community, both social, political and administrative, and these networks and connections play an important role in enabling them to find employment.

The second initiative that must be noted is the *National Youth Service (NYS)*. Since 1993, NYS has formed an integral part of National Youth Policy. No large-scale

delivery of NYS has taken place (by large-scale we mean tens of thousands people engaged per annum). The largest iteration of the programme has been the Department of Land Reform and Rural Development's National Rural Youth Service Corps (NARYSEC) which aims to engage young people from the country's 3 300 poorest wards. In 2014 the programme had engaged over eleven thousand young people, many of whom had participated in TVET learning programmes.⁶

The NYS has struggled with the fact that no budget has been allocated to implement the programme. Rather, it has depended on line department's delivery budgets for its “service” components, and complicated relationships with different organs of the National Skills institutions to leverage learning functions, which often leave the essential youth development components limited to “orientation” or “life skills workshops”.

This paper notes though that the non-state sector EPWP initiative has the potential to also contribute significantly to enabling young people to enter social entrepreneurship activities. This opportunity has not yet been used in an optimal manner in this regard and this issue will be explored further in this paper.

It is also noted that while there is limited evidence about the role of other forms of EPWP programmes there are innovative examples of ways to link individuals that complete these programmes with other opportunities such as work for water programmes that result in small business development initiatives or EPWP programmes in the social sector that allow participants to acquire skills towards a qualification. There is limited evidence about the extent that these opportunities specifically address the imperatives of young people and therefore these initiatives do not form part of the focus of this proposal within this paper though they are undeniably important large-scale employment interventions.

Entrepreneurial Development Programmes

Entrepreneurial Development Programmes include a diverse range of interventions in support of young people as they set up businesses, including the provision of finance; an array of training; business incubation and mentorship. Successful iterations of these programmes can be seen in learnerships, which include self-employment as a core route, and deliberate provision of support for start-up contractors by encouraging businesses using local procurement to secure entrepreneurial start-ups as part of their supply chain.⁷ There has also been a focus on supplier development programmes as well as value chain initiatives.

6. A Paterson, M Visser, F Arends, M Mthethwa, T Twalo & T Nampala, (2015) High-Level Audit of Administrative Data Sets. LMIP Report 14. Pretoria: HSRC.

7. Miriam Altman, HSRC and Carmel Marock, Singizi. The Role of Business in Supporting Youth Transitions, A concept note developed for BUSA, 2013

5. Kate Philip, Presentation on Public Employment Programmes for the Economies of Regions Learning Network

A number of institutions within government (including the City of Johannesburg) as well as the private sector (through foundations) have been exploring ways of engaging young people in “Micro Franchises”, and while this work is still in an embryonic state, initial evidence suggests that the structure and oversight provided in this model is having a high rate of success. Significant investment by several government agencies has also been made in establishing Cooperatives.

Work Readiness Programmes

Work Readiness Programmes primarily aim to prepare individuals for the world of work by providing the knowledge, skills and attributes required to make the transition into the work place. Programmes such as Harambee Youth Employment Accelerator has played a particularly important role in the past five years in providing insight into what this, at minimum, means for entry level jobs for young people. They have shown that employers are less interested in “skills” for entry level jobs, but rather in attitudes and behaviours. Therefore a critical component of a work readiness intervention is to ensure that young people are able to cope with the



specific requirements for a job. In South Africa, work readiness interventions include training interventions that support personal mastery and workplace skills development. In some cases this is combined with workplace based learning.

Placement Programmes

There are a number of placement Programmes cutting across government, non-government and private sectors. These work to ensure young people move into contracted opportunities such as a job, a learnership or an internship. Many of the private placement agencies focus on higher level occupations, whilst the Department of Labour placement services as well as a range of initiatives supported by the Jobs Fund through the work seeker window (such as Harambee and Mr Price Foundation) focus on young people with limited formal qualification and often no experience and assist these young people to access employment. Critical to the success of such programmes are strong relationships with employers and ideally, a process, which “matches” candidates with opportunities in which they are likely to succeed. A number of government policies seek to support these initiatives and support access to the workplace.

Technical, Vocational and Occupational Programmes

This category refers to a wide array of programs that are intended to provide young people with specific skills that are in demand. This includes skills that are required for growth, skills where there are employment opportunities, and skills which are required for social development priorities. Interventions can be: (a) education and training programmes towards an occupational qualification or part qualification; (b) learnerships which utilise a combination of institutional and workplace provision and culminates in an occupational qualification; (c) apprenticeship which results in a trade qualification; and (d) vocational programmes offered by TVET institutions resulting in



a National Certificate (Vocational). Interventions can also have an entrepreneurship component aimed at providing artisans with the necessary skills to start their own viable businesses.

The TVET institutions provide the majority of technical and vocational programmes, though there are also a myriad of private colleges, skills providers and workplace providers that also offer programmes towards an occupational qualification. The emphasis of provision within this intermediate band is to enable young people learners to access employment or entrepreneurial possibilities, though many of these programmes also create articulation pathways into further learning.

Second Chance Programmes

Second Chance Programmes are implemented with the objective of enhancing the education levels and employability of South Africa's youth, through foundational learning programmes and adult matric. Second chance programmes are primarily implemented in the context of Community Education and Training (CET) colleges and Public Adult Learning Centres, which cater mainly for youth and adults who did not complete their schooling and for members of the community.

School-based Initiatives

A number of interventions have been implemented with learners at secondary school, with the intent of assisting them to transition more effectively into the economy. Areas addressed by a number of different agencies include improving learners' ability to complete and succeed in English, Maths and Science; career guidance, entrepreneurship education as well as in some cases bursaries and even accommodation so that the learning environment of young people in schools can be supported. These could also include after school programmes to address reading or mathematics. Some of these initiatives recruit young people in schools and support them through schooling and then, if successful, enable them to transition directly into higher education or entrepreneurial, social and formal workplace opportunities.

Agency building initiatives

Agency building initiatives refer to programmes that aim to create environments that are conducive to the development of positive social relationships amongst young people and more widely (bonding and bridging). The culture shock that marks the adjustment from school environments that are communal, nurturing and based in the local context to higher education and work environments that are experienced as individual, unfamiliar and most often outside of the young person's community of origin means that a labour market

transition requires a range of social and interpersonal competencies to navigate the new experiences successfully.

The act of job-seeking alone requires presentation skills and confidence that the basic education system does not automatically require or develop. Whilst many of the other programme types also develop agency this is highlighted as research suggests that initiatives such as sports, art and recreation programmes, as well as youth organisations, develop confidence, build such relationships, build individual agency and encourage good educational and other decision-making. Where young people are able to play a leadership role in these initiatives this also develops their non-cognitive skills and provides them with organisational experience.

Social Support Services

Social services refer to programmes that assist young people facing the type of social problems that would prevent them from obtaining and maintaining a steady job. Social support services include drug and crime rehabilitation programmes, trauma support, HIV / AIDs counselling, and programmes seeking to address gender based violence. Such programmes are a prerequisite for providing vulnerable youth with type of social support and skills necessary for transitioning into economic activity.

Appendix A3 explores the lessons that have emerged with respect to these programme types in further detail.



STATUS QUO ANALYSIS

This section presents an analysis of the extent to which the existing interventions meet the needs of the different cohorts of young people in South Africa. It does so by constructing a conceptual framework against which the scale of implementation of the various programmes by the public, private and social sectors respectively is assessed. The section concludes with an indication of the extent to which existing policies enable these interventions to address the constraints and realise their purposes. This lays the basis for the 3 models that are proposed to address these challenges and maximise the impact of the existing interventions on the ability of young people to successfully transition into the economy.

6.1 Conceptual Framework

A key principle underlying this document is that a relatively nuanced understanding of the target group is necessary to achieve a meaningful understanding of the type of support required to enable young people to make the transition into employment. A 'lens' for understanding the target group is presented below.

Figure 2: Categories of Youth



The diagram presents four distinct categories of youth, namely: 'fine', 'at risk', 'marginalised' and 'dangerously disengaged': A combination of a variety of factors will place a young person broadly into one of these categories. These factors include:

• Race	• Length of time unemployed
• Gender	• Rural or urban location (upbringing and current)
• Disability level	• Previous conflict with the law
• Educational level	• Substance abuse issues
• Household income	• Parents' socio-economic status (e.g. education level, employment status, ne works etc.)

For example, a young, able-bodied individual located in an urban area with a matric and some work experience and/or tertiary education would be classified as "fine". If, instead, the young person in question did not have a matric or work-experience, and in addition, came from a poor family, he/she without would likely be classified as "at risk". The individual might be classified as "marginalised" if he/she was further located in a remote rural area and had been unemployed for a significant period of time. On-going engagement with substance abuse and/or criminal activity would likely place the aforementioned individual in the "dangerously disengaged" category.

Different categories of youth face different barriers to productive employment and thus require different types of interventions to support them in the context of the youth labour market transition process. Consequently, the extent to which the precise mix of youth interventions applied in a given context will enable youth transitions very much depends on the characteristics of the youth target group in question.

By considering the various categories of youth in the context of the labour market challenges and programmatic responses outlined in the previous section, a framework is created for evaluating the extent to which the existing interventions are addressing the relevant challenges and reaching the relevant youth.

The table that follows presents these interventions by programme type, the challenges that they seek to overcome and the target groups that they reach. In addition, the sectors responsible for the funding and implementation of the various programme types in the South African context are indicated.

Table 2: Framework for thinking about youth labour market transition programmes in South Africa

Type of programme	Market challenges being addressed	Specific programme	Target youth group	Funders	Implementers
Public employment programmes	Demand side	EPWP Environment	All	Public sector	Public sector
		EPWP Infrastructure	All	Public sector	Contractors; Public sector
		EPWP Social Sector	All	Public sector	NGOs; Public sector
		EPWP Non-state Sector	All	Public sector	NGOs
		CWP	All	Public sector	Contractors; Public sector
		NYS	All	Public sector	Public sector
Entrepreneurial development programmes	Demand side	Supplier development / value chain development	Fine	Public sector; Private sector	Public sector; Private sector;
		Small business development	Fine	Public sector; Private sector	Public sector; Providers NGOs
		Micro enterprise development	At risk	Private sector	Providers NGOs
Placement programmes	Misalignment	Assessment and matching	Fine	Public sector; Private sector; NGOs	Public sector; Private sector; NGOs
		Placement into contracted opportunities	Fine	Public sector; Private sector	Public sector; Private sector; NGOs
Work readiness programmes	Misalignment	Personal mastery	Fine / At risk	Public sector; Private sector	Public sector; Private sector; NGOs
		Workplace skills	Fine	Public sector; Private sector	Public sector; Private sector; NGOs
		Workplace experience	Fine	Public sector; Private sector	Public sector; Private sector; NGOs
Technical, Vocational and Occupational Programmes	Supply side	Skills development programmes (Learnership/ apprenticeship/ part qualification)	Fine	Public sector; Private sector; NGOs	Public sector; Private sector; NGOs
		TVET programmes	Fine / At risk	Public sector	Public sector
Second chance programmes	Supply side	Community Colleges and second chance matric	At risk	Public sector	Public sector
		Foundational learning (numeracy/ communication/ ICT)	At risk	Public sector	Public sector
School-based initiatives	Supply side	Maths and language support	Fine / At risk	Private sector; NGOs	Private sector; NGOs
		Career guidance	Fine / At risk	Private sector; NGOs	Private sector; NGOs

Type of programme	Market challenges being addressed	Specific programme	Target youth group	Funders	Implementers
		Entrepreneurship training	Fine / At risk	Private sector; NGOs	Private sector; NGOs
Agency building programmes	Supply side	Sports, recreation and art	Fine/At risk	Public Sector; Private Sector; NGOs	Public Sector; Private Sector; NGOs
		Youth organisations	Fine/At risk	Public Sector; Private Sector; NGOs	Public Sector; Private Sector; NGOs
Social support services	Supply side	Drug rehabilitation	Marginalised / Dangerously Disengaged	NGOs	NGOs
		Crime rehabilitation	Marginalised / Dangerously Disengaged	NGOs	NGOs
		Trauma support	At risk / Marginalised / Dangerously Disengaged	NGOs	NGOs
		HIV / AIDs counselling	At risk / Marginalised / Dangerously Disengaged	NGOs	NGOs
		Youth and gender based violence programmes	At risk / Marginalised / Dangerously Disengaged	NGOs	NGOs

6.2 Programmatic Review

In the sections that follow, we review the various programmes that are being implemented and funded by the public, private and social sectors respectively. In doing so, we provide an indication of the scale of implementation of youth programmes in South Africa, in terms of funding and the number of young people being reached. **Appendix C** presents further details related to the status quo analysis.

6.2.1 Public Sector Programmes

The majority of public sector youth labour market programmes are driven by the various national government departments. National departments including the departments of Arts and Culture, Environmental Affairs, Human Settlements, Planning, Monitoring and Evaluation, Social Development, Sports and Recreation, Tourism, and Water and Sanitation fund and implement various youth programmes, many of which focus on agency building and skills development.

At the same time, the Department of Cooperative

Governance and Traditional Affairs and the Department of Public Works oversee government's public employment programmes, which have a strong focus on youth participation. Furthermore, the Department of Higher Education and Training devotes significant resources to technical, vocational and occupational programmes (largely through the TVET system) and second chance programmes (largely through the CET system), which are aimed at supporting young people in further developing their skills and knowledge.

In addition, various funding programmes purposed to support youth labour market transitions exist at the national level. Such funding programmes include the Industrial Development Corporation (IDC) and the Small Enterprise Funding Agency (SEFA), which fund youth entrepreneurial development programmes, and the Jobs Fund, which has committed significant resources towards the funding of work-seeker support programmes such as Harambee.

The tables and figures below explore the scale of youth labour market programmes supported by national government, by exploring the approximate amount of funding going towards such programmes

and the approximate number of youth being reached by such programmes. The data was sourced from National Treasury's audit of youth programmes (2016), DNA Economics' study on financing options for the implementation of the White Paper on Post School Education and Training (2016), a review of the Jobs Fund (2017) and various government annual reports and websites.

The table below presents national government's approximate annual expenditure on youth labour market programmes.¹

Table 3: Government annual expenditure by programme type

Programme Type	Approximate Annual Expenditure ¹
Agency building programmes	R 164,440,500
Sports, recreation and art	R 82,476,000
Youth organisation	R 81,964,500
Entrepreneurial development programmes	R 1,063,200,000
SME development	R 1,063,200,000
Public employment programme	R 2,917,749,500
Community Work Programme	R 1,734,383,000
EPWP (all)	R 1,183,366,500
Second chance programmes	R 1,764,700,000
Community colleges and second chance matric	R 1,764,700,000
Technical, vocational and occupational programmes	R 10,183,019,750
Skills development	R 1,683,019,750
TVET programmes	R 8,500,000,000
Placement programmes	R 786,000,000
Assessment, matching and placement	R 226,000,000
Placement	R 560,000,000
Grand Total	R 16,879,109,750

Source: National Treasury (2016), DNA Economics (2016), Jobs Fund (2017). Author's own analysis

1. We note that the following government expenditure and incentives are **not included** in our analysis:

- Sectoral Education & Training Authorities (SETAs): R13.3 billion per year
- Employment Tax Incentive (ETI) targeted at youth ages 18-29: ~R3 billion per year
- Tax allowances for learnerships: ~ R1 billion per year, CIT tax deductions

Source: Solutions Exchange Presentation (2017)

The data indicates that over 10 billion rand per annum is being spent on technical, vocational and occupational programmes – primarily through the TVET colleges. Significant resources (nearly 3 billion rand per annum) are simultaneously being channelled towards government's public employment programmes. Other programmes benefiting from significant government funding include second chance programmes (which receive approximately 1.7 billion rand per annum) and entrepreneurial development programmes (which receive approximately 1 billion rand per annum). These findings are illustrated in the figure below.

The table below presents the approximate number of young people per annum being reached by national government's youth labour market programmes.

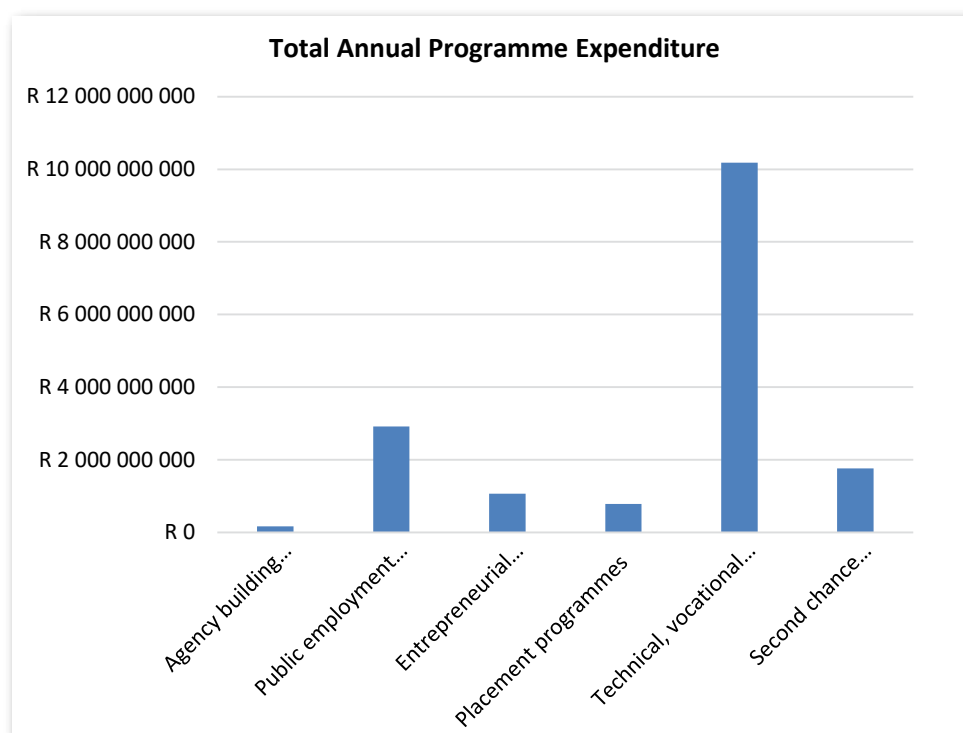
Figure 3: Number of young people being reached by government's programmes

Programme Type	Approximate Number of Young People Reached per Annum
Agency building programmes	132,200
Youth organisation	131,900
Sports, recreation and art	300
Public employment programme	1,232,416
Community Work Programme	220,056
EPWP Environment	348,892
EPWP Infrastructure	319,596
EPWP Non-State Sector	116,720
EPWP Social Sector	227,152
Entrepreneurial development programmes	15,195
SME development	15,195
Placement programmes	4,400
Placement	4,400
Technical, vocational and occupational programmes	770,638
Skills development	32,758
TVET programmes	737,880
Second chance programmes	287,199
Community colleges and second chance matric	287,199
Grand Total	2,442,048

Source: National Treasury (2016), EPWP Quarterly Report (2015/16), Jobs Fund (2017), DHET (unpublished). Author's own analysis.²

2. See **Appendix C** for a detailed referencing of the data being analyzed.

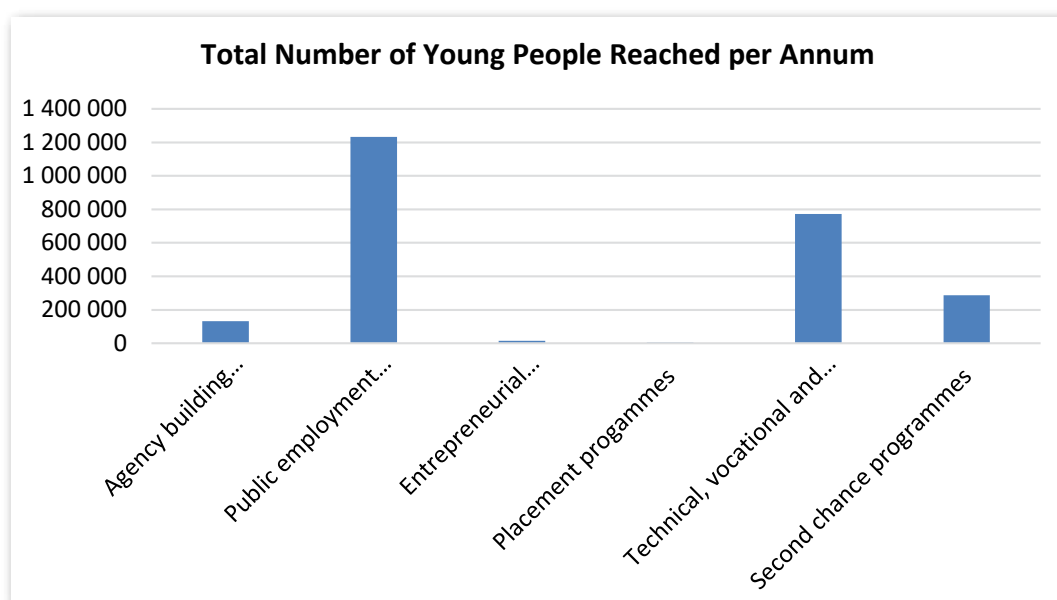
Figure 3: Government annual expenditure by programme type



The data indicates that over 1.2 million youth are participating in government's public employment programmes annually. At the same time, approximately 800,000 young people per annum are receiving skills and training through the TVET

collages. Close to a further 300,000 youth are receiving educational support every year through government's second chance programmes. These findings are illustrated in the figure below.

Figure 5: Number of young people being reached by government's programmes



Appendix C disaggregates the government data into programmes by department and provides further insight into the programmes in question.

6.2.2 Private Sector Programmes

The private sector is actively involved in funding and implementing a variety of youth labour market programmes, including placement programmes, work-readiness programmes, school based initiatives, entrepreneurial development programmes, skills development programmes and agency building programmes.

The tables and figures below are based on an analysis of a variety of data sources. These include the websites of the large private sector foundations and other publically available reports; the Trialogue Reports on Corporate Social Investment (CSI) for 2015 and 2016; the 2016 Youth Employment Service presentation; and a survey of 62 private businesses. It is noted that the available data does not cover the entirety of the private sector's youth labour market activities. Nevertheless, we propose that the analysis provides a decent overview of the areas of intervention in which the private sector is involved.³

The table below presents the private sector's approximate annual expenditure on youth labour market programmes.⁴

Table 4: Private sector expenditure by programme type

Programme Types	Approximate Annual Expenditure
Agency building programmes	R 10,500,000
Sports, recreation and art	R 10,500,000
Entrepreneurial development programmes	R 33,800,000
SME development	R 33,800,000
Placement programmes	R 175,190,000
Placement	R 175,190,000
School based initiatives	R 50,543,962
Career guidance	R 19,243,962
Maths, Science and English support	R 31,300,000
Technical, vocational and occupational programmes	R 15,000,000
Skills development	R 15,000,000
Work readiness programmes	R 128,220,000

3. We note that the following private sector expenditure is **not included** in our analysis:

- National Skills Fund (NSF): R3.3 billion per year
- BBBEE scorecard spend: >R100 billion per year

Source: Solutions Exchange Presentation (2017)

4. It is once again noted that these figures are likely understated due to the incompleteness of the data.

Programme Types	Approximate Annual Expenditure
Workplace experience	R 2,000,000
Workplace skills	R 78,720,000
Workplace experience / skills	R 47,500,000
Grand Total	R 413,253,962

Source: Trialogue Reports (2015, 2016), foundation websites (2017). Author's own analysis.⁵

The data suggests that the private sector is channelling significant resources into work-readiness programmes and placement programmes. Other areas of notable private sector involvement include entrepreneurial development programmes and school-based initiatives. These findings are illustrated in the figure below.

The table below presents the approximate number of young people per annum being reached by the private sector's youth labour market programmes.

Table 5: Number of young people being reached by business's programmes

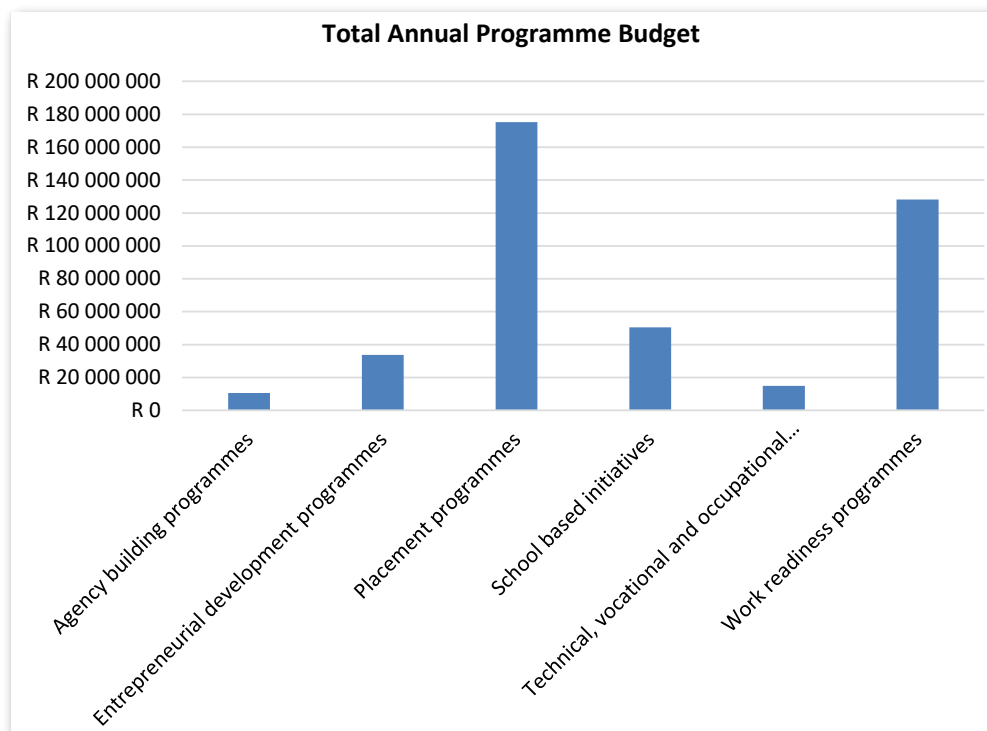
Programme Type	Approximate Number of Young People Reached per Year
Agency building programmes	50,000
Youth organisation	50,000
Entrepreneurial development programmes	668
SME development	668
Placement programmes	102,085
Assessment, matching and placement	100,000
Placement	2,085
School based initiatives	19,701
Career guidance	14,000
Maths, Science and English support	5,701
Work readiness programmes	953,342
Workplace experience / skills	265,000
Workplace experience	37,032
Workplace skills	651,310
Technical, vocational and occupational programmes	11,835
Skills development	11,835
Grand Total	1,137,631

Source: Trialogue Reports (2015, 2016), YES (2016), Employer Survey (2016), foundation websites (2017). Author's own analysis.⁶

5. See **Appendix C** for a detailed referencing of the data being analyzed.

6. It is once again noted that it was not possible to obtain data from all existing private companies and as such it is unlikely that the full range of

Figure 6: Private sector expenditure by programme type

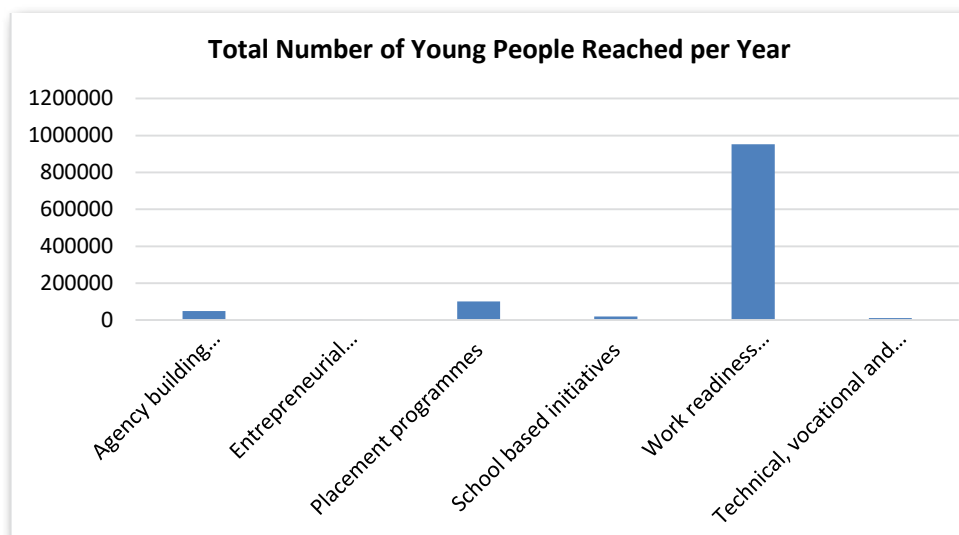


The data suggests that around 1 million young people are being reached by the private sector's work readiness and placement programmes. Smaller numbers of youth are being reached through programmes focusing on agency-building, skills development and school based initiatives. These findings

are illustrated in the figure below.

Appendix C disaggregates the private sector data into programmes by business and provides further insights into the nature of the programmes in question.

Figure 7: Number of young people being reached by business's programmes



existing private sector youth labour market programmes is captured in the report. Challenges were also experienced in classifying the programmes by sector, as many programmes are funded by the public sector but implemented by the private sector. Therefore it is likely that this table understates the involvement of the private sector in youth labour market transition programmes. See **Appendix C** for a detailed referencing of the data being analyzed.

6.2.3 Social Sector Programmes

The social sector is very much involved in the implementation of a variety of youth labour market programmes – specifically in the realm of agency building, social support and school based initiatives.

The tables and figures below are based on the data collated from the administration of surveys to 981 NGOs. It is noted that this data does not cover the

entirety of the social sector's youth labour market activities. Nevertheless, we propose that the analysis provides a decent overview of the areas of intervention in which the social sector is involved.

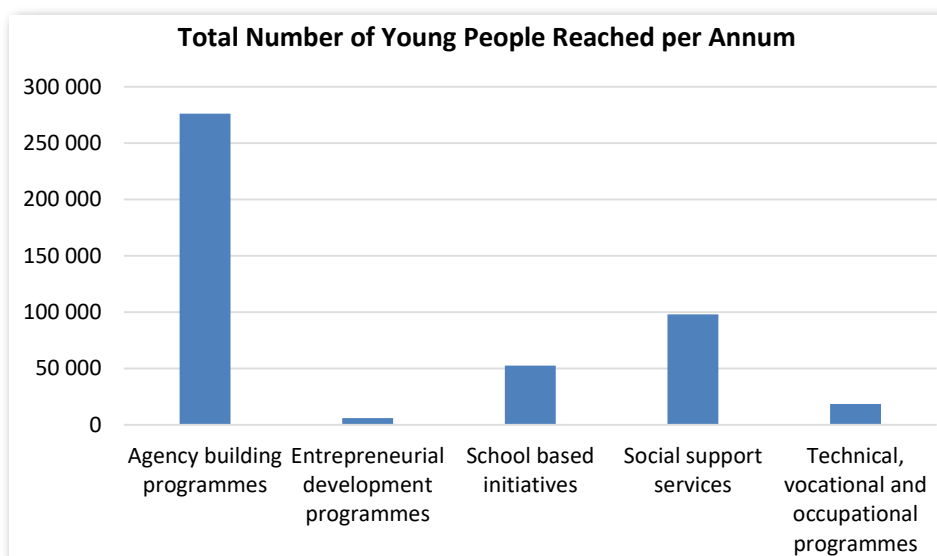
The table below presents the approximate number of young people being reached by the social sector's youth labour market programmes. Funding data was not available for this particular sector.

Table 6: Number of young people being reached by NGOs

Programme Type	Approximate Number of Young People Reached per Annum
Agency building programmes	276,113
Sports, recreation and art	9,951
Youth organisation	266,162
Entrepreneurial development programmes	5,985
Micro enterprise development	4,500
SME development	1,485
School based initiatives	52,386
Career guidance / subject support	52,386
Social support services	97,890
Crime rehabilitation	250
Drug rehabilitation	1,600
Drug rehabilitation	35,155
HIV / AIDs counselling	50
Trauma support	500
Youth / gender based violence	100
Rehabilitation / counselling	60,235
Technical, vocational and occupational programmes	18,283
Skills development	18,283
Grand Total	450,657

Source: NGO Survey (2017), NGO websites (2017). Author's own analysis

Figure 8: Number of young people being reached by NGOs



The data suggests that approximately 280,000 young people per annum are participating in agency building programmes through the social sector. In addition, close to one hundred thousand youth are receiving social support services through this channel, and around fifty thousand youth are participating in school based initiatives. Altogether, approximately half a million young people are benefitting from labour market programmes that are being facilitated through the social sector. These findings are illustrated in the figure below.

Appendix C provides further insight into the activities of the social sector.

6.2.4 Synthesis

The table below provides a summary of the scale of implementation of youth programmes in South Africa in terms of funding. The data includes programmes funded by National government, private sector foundations, private sector companies and NGOs.

Table 7: Scale of implementation by funding

Programme Type	Approximate Annual Expenditure
Agency building programmes	R 174,940,500
Sports, recreation and art	R 92,976,000
Youth organisation	R 81,964,500
Entrepreneurial development programmes	R 1,097,000,000
SME / micro-enterprise development	R 33,800,000
SME development	R 1,063,200,000
Placement programmes	R 961,190,000
Assessment, matching and placement	R 226,000,000
Placement	R 735,190,000
Public employment programme	R 2,917,749,500.00

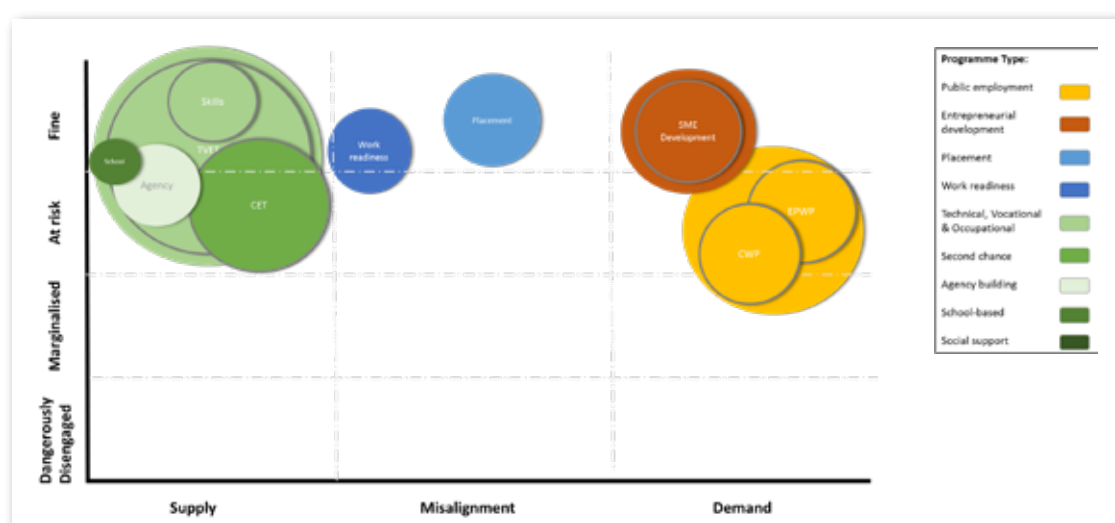
Programme Type	Approximate Annual Expenditure
Community Work Programme	R 1,734,383,000
EPWP (all)	R 1,183,366,500
School based initiatives	R 50,543,962
Career guidance	R 19,243,962
Maths, Science and English support	R 31,300,000
Work readiness programmes	R 128,220,000
Workplace experience	R 2,000,000
Workplace skills	R 78,720,000
Workplace experience / skills	R 47,500,000
Second chance programmes	R 1,764,700,000
Community colleges and second chance matrix	R 1,764,700,000
Technical, vocational and occupational programmes	R 10,198,019,750
Skills development	R 1,698,019,750
TVET programmes	R 8,500,000,000
Grand Total	R 17,292,363,712

Source: National Treasury (2016), DNA Economics (2016), Jobs Fund (2017), Trialogue Reports (2015, 2016), Foundation websites (2017). Author's own analysis.

This data is mapped against the conceptual framework in the figure below.

The data suggests that a significant amount of funding is going towards technical, vocational and occupational programmes, which seek to address supply side constraints, as well as towards public employment programmes and entrepreneurship development programmes, which seek to address demand side constraints. A relatively smaller amount of funding is being channelled towards interventions addressing issues of misalignment.

Furthermore, while the majority of programmes being funded target youth who would be considered "fine" or



“at risk”, very little funding is being channelled towards programmes addressing the “marginalized” youth.

The table below provides a summary of the scale of implementation of youth programmes in South Africa in terms of the number of young people reached.

Figure 9: Scale of implementation by number of youth being reached

Programme Type	Approximate Number of Young People Reached per Annum
Agency building programmes	458,313
Sports, recreation and art	10,251
Youth organisation	448,062
Entrepreneurial development programmes	21,848
SME / micro-enterprise development	2,153
Micro enterprise development	4,500
SME development	15,195
Placement programmes	106,485
Assessment, matching and placement	100,000
Placement	6,485
Public employment programme	1,232,416
Community Work Programme	220,056
EPWP (all)	1,012,360
School based initiatives	72,087
Career guidance	14,000
Maths, Science and English support	5,701
Career guidance / subject support	523,86

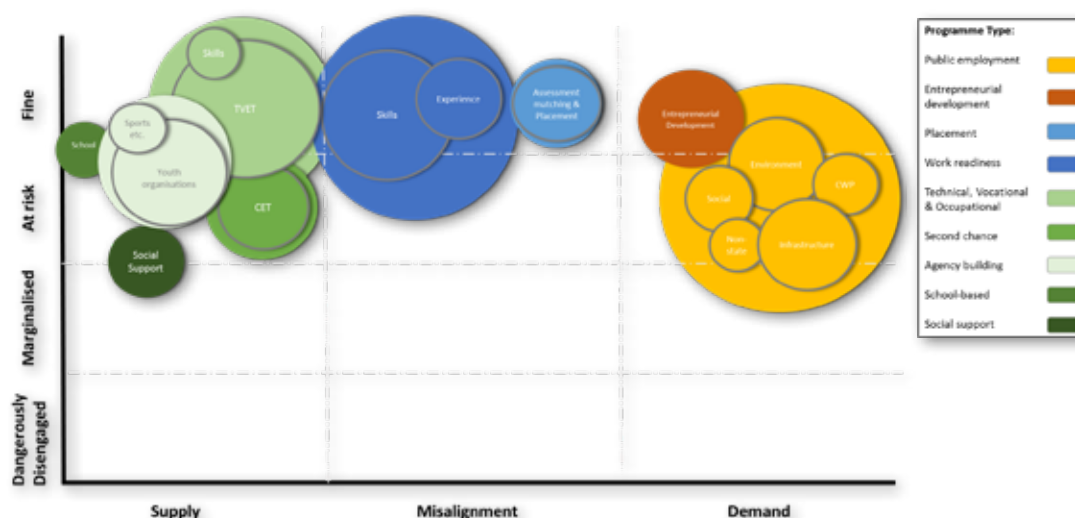
Work readiness programmes	953,342
Workplace experience	37,032
Workplace skills	651,310
Workplace experience / skills	265,000
Second chance programmes	287,199
Community colleges and second chance matric	287,199
Technical, vocational and occupational programmes	800,756
Skills development	62,876
TVET programmes	737,880
Social Support Services	97,890
Rehabilitation / counselling	97,890
Grand Total	4,030,336

Source: National Treasury (2016), EPWP Quarterly Report (2015/16), DNA Economics (2016), Jobs Fund (2017), Triologue Reports (2015, 2016), YES (2016), Employer Survey (2016), Foundation websites (2017). Author's own analysis.

This data is mapped against the conceptual framework in the figure below. The data suggests that the existing youth labour market programmes are reaching a significant number of young people, and that these programmes are not significantly skewed in favour of one particular type of constraint. Once again, however, the programmes reaching the most people are those targeting “fine” and “at risk” youth. In other words, relatively few “marginalized” young people are receiving the labour market support that they need.

In summary, the programme analysis illustrates the following:

- Hundreds of NGOs with a mandate to support young people's personal and educational development exist in every province, and are reaching hundreds of thousands youth annually in the realm of agency building, school based initiatives and social support (NGO Survey, 2017);





- Around one million young people are receiving vocational and skills training, and participating in second chance programmes through the TVET and CET colleges annually (DNA Economic, 2016);
- Around one million young people are receiving work-readiness and job placement support annually, primarily through private sector driven youth programmes (YES, 2016; Employer Survey, 2016; Trialogue Reports, 2015 & 2016); and
- Around one million young people are participating in various public employment programmes annually (EPWP Quarterly Reports, 2015/16).

Furthermore, the analysis illustrates that significant sums of money are already being spent on youth programmes in South Africa. In particular:

- The public sector is investing heavily (estimated at R16.9 billion per annum) in youth labour market programmes; specifically in public employment programmes, entrepreneurial programmes and technical, vocational and occupational programmes; while specifically school-based initiatives, placement towards youth labour market programmes;
- The private sector is channelling significant resources (estimated at R400 million per annum) programmes, and work-readiness programmes.

Altogether, approximately 17 billion rand is being spent annually on youth labour market programmes, which are reaching an estimated 4 million young people per annum.⁷ When provincial spending is also taken into

7. These figures do not account for the fact that some young people may be accessing more than one type of programme per year.

account, these figures increase to R18.5 billion and 4.3 million young people respectively.⁸ This figure is significant, given that approximately 7 million young people find themselves in need of such support programmes annually.⁹

Overall, the analysis finds that considerable resources are being channelled towards a wide range of youth labour market programmes. These programmes seek to address the full spectrum of labour market challenges (i.e. supply-side, demand-side and misalignment constraints), and are reaching significant numbers of young people. It must be noted, however, that these programmes largely target youth who are “fine” or “at risk”; and that relatively fewer resources are going towards programmes servicing “marginalised” youth.

6.3 Enabling Policy and Legislation

The implementation and funding of the youth labour market transition programmes outlined in the previous section is enabled by certain elements within South Africa’s policy and legislative framework. The table below summarizes how these key elements support and enable South Africa’s youth transition programmes. **Appendix B** provides a comprehensive overview of the relevant policy, legislation and political accords.

8. See **Appendix C** for a further break-down in provincial spending on youth programmes.

9. This number is extracted from the 2015 labour market dynamics survey. It includes 15 to 35 year olds who are informally employed, unemployed and discouraged

Table 8: Youth labour market transition programmes - enabling policy and legislation

Type of programme	Specific programmes	Enabling Policy	Enabling Legislation	Relevant Accords
Public employment programmes	EPWP and CWP	<ul style="list-style-type: none"> Cabinet Memo 2003 approving the implementation of EPWP Ministerial Determination and the Code of Good Practice for Expanded Public Works Programme Expanded Public Works Programme (EPWP) Institutional Arrangement Framework, (2012) NGP: direct employment schemes NDP: public employment schemes Municipal level EPWP policy 	<ul style="list-style-type: none"> Divisions of Revenue Act 	<ul style="list-style-type: none"> The Youth Accord
	NYS	<ul style="list-style-type: none"> National Youth Policy: youth and community service National Youth Service Development Policy: participation of youth in voluntarism through the NYS. 		
Entrepreneurial development programmes	Supplier development / value chain development; Small business development; and Micro enterprise development	<ul style="list-style-type: none"> Youth Enterprise Development Strategy 2012-2023 	<ul style="list-style-type: none"> Broad-Based Black Economic Empowerment Act Commencement of the Broad-Based Black Economic Empowerment Amendment Act Public Investment Corporation Act 23 	<ul style="list-style-type: none"> The Youth Accord
Placement programmes	Assessment, matching and placement	<ul style="list-style-type: none"> NDP: subsidy to the placement sector. Advocacy for zero rated internet to support job search. 		<ul style="list-style-type: none"> The Youth Accord
Work readiness programmes	Personal mastery	<ul style="list-style-type: none"> NDP: life-skills training. 		
	Workplace skills			<ul style="list-style-type: none"> The Youth Accord

Type of programme	Specific programmes	Enabling Policy	Enabling Legislation	Relevant Accords
	Workplace experience	<ul style="list-style-type: none"> NDP and National Youth Policy: public and private sectors to provide workplace learning opportunities. NDP: tax incentive for employers hiring youth. NGP and White Paper on Post Schooling: work experience through internships. DHET Strategic Plan 2015/16 – 2019/20 DHET Work Place-Based Learning Policy Transport allowances 	<ul style="list-style-type: none"> Employment Tax Incentive Act Broad-Based Black Economic Empowerment Act Commencement of the Broad-Based Black Economic Empowerment Amendment Act 	<ul style="list-style-type: none"> National Skills Accord The Youth Accord
Skills development and TVET programmes	Occupational programmes (Learnership/ apprenticeship/ part qualification)	<ul style="list-style-type: none"> NDP: public sector to train artisans and technical professionals. White Paper on Post Schooling: linking education and the workplace through apprenticeships and learnerships. QCTO 2014 Strategy Plan OQSF Policy 	<ul style="list-style-type: none"> The Skills Development Act The Skills Development Levies Act Broad-Based Black Economic Empowerment Act Commencement of the Broad-Based Black Economic Empowerment Amendment Act 	<ul style="list-style-type: none"> National Skills Accord
	TVET programmes (NCV programmes and N1 – N6)	<ul style="list-style-type: none"> NDP: Strengthening / expanding FET colleges. White Paper on Post Schooling: Strengthening / expanding TVET colleges. 	<ul style="list-style-type: none"> Further Education and Training Act and Amendment Act 	<ul style="list-style-type: none"> The National Skills Accord The Youth Accord
Second chance programmes	CET programmes, second chance matric and foundational learning programmes	<ul style="list-style-type: none"> National Youth Policy: second chances to complete education. White Paper on Post Schooling: community colleges to cater for youth who never completed school. 		<ul style="list-style-type: none"> The Youth Accord

Type of programme	Specific programmes	Enabling Policy	Enabling Legislation	Relevant Accords
School-based initiatives	Subject support, career guidance, and entrepreneurship training	<ul style="list-style-type: none"> NDP: skills development for students with a focus on grooming an entrepreneurial attitude. Youth Enterprise Development Strategy 2012-2023 		
Agency building programmes	Sport, art and recreation and youth organisations	<ul style="list-style-type: none"> National Youth Policy: govt. provision of professional youth workers; planned sport, recreation, arts and culture activities. Sport and Recreation White Paper. Department of Sport, Recreation, Arts and Culture Strategic Plan. 		
Social services	Drug and crime rehabilitation, trauma support, HIV / AIDs counselling, youth and gender based violence.	<ul style="list-style-type: none"> National Youth Policy: govt. provision of professional youth workers. Framework for Social Welfare Services (2011) National Drug Master Plan 2013 – 2017 White Paper on Corrections in South Africa. National Crime Prevention Strategy National Strategic Plan on HIV, STIs, and TB 2012-2016 Western Cape Department of Social Development: Policy on the Funding of Non-Government Organisations for the Provision of Social Welfare and Community Development Services 	<ul style="list-style-type: none"> Children's Act and Amendment (2005) Prevention and Treatment for Substance Abuse Act (2008) Social Service Professions Act and Amendments (1995) 	

PRIORITIES AND GAPS

These findings reinforce the perspective that there are a myriad of programmes that are currently being implemented. However despite this there are still a range of challenges with respect to ensuring alignment and there is therefore a need to support the development of mechanisms to enable transitions, in a manner that results in a greater impact on youth employment outcomes.

In order to address these gaps, this section posits three conceptual models that capture the ways in which various interventions could be most effectively implemented in order to facilitate labour transitions for youth cohorts existing and operating in varying contexts. Each model also sets out the mechanisms that need to be put in place to increase the impact of these different interventions and highlights any gaps in policies and incentives to enable these models to be implemented effectively and at an appropriate scale.

7.1 Model 1: Youth Enterprise Development

The first model outlines an approach to supporting youth entrepreneurship in the context of the formal economy. In the context of our conceptual framework, this model targets youth that would be classified as “fine”, and arises in response to demand side challenges in the South African labour market (i.e. the lack of job opportunities for young people in the formal economy and the low rate of youth participation in the entrepreneurial sector).

The model seeks to provide the core elements of support necessary for business success. Such support could potentially facilitate the movement of a young person from paid employment into self-employment, or turn a budding entrepreneur into a sustainable enterprise. Resultant growth in this context will enable the SMME to employ other young people and hence contribute to enhanced job opportunities for the youth. It is less likely to directly support transition from unemployment.¹ The model proceeds upon the premise that small business support has the greatest chance of success within the context of a defined value chain.² Market

1. It is worth noting that some programmes have focused on equipping young people with technical skills such as plumbing and fitting & turning to enable them to start small businesses. In the absence of any work experience whatsoever and access to contracted business, this model has very limited success.

2. SMME's provided with technical and business support, but no access to

access may take several forms:

- Firstly, it may arise from the Enterprise and Supplier Development (ESD) activities of a corporate which focuses on developing SMMEs within their supply chain as part of a broader programme to meet the requirements of the revised B-BBEE codes.
- Secondly, it may be created within the context of a defined industry sector or government programme. In large-scale infrastructure development, government may set targets for the inclusion of SMMEs. They may participate directly or through being sub-contracted to larger companies.
- Thirdly, a more limited form of market access may exist within a franchise model. Marketing and brand awareness is driven nationally, creating a natural customer base for the SMME.³

7.1.1 Target Group

The youth entrepreneurship model assumes that the young people being targeted are already running a business and/ or have work experience. The target group is youth who fall within one of the categories below:

- They are current employees of a large corporate who have technical and / or business know-how and have demonstrated an aptitude and willingness to become a business owner. They understand the culture and delivery expectations of the company and hence are well-positioned to become a supplier to it, or to similar companies within the industry.
- They are physically located within communities surrounding the operations of a company (such as a mine, manufacturer, or renewable energy provider) or within an area where large government programmes are being implemented. They can therefore provide products or services

a confirmed market, are unlikely to be sustainable. They are also unlikely to raise capital as most funders require confirmation of a signed contract for purposes of bridging finance, or evidence of regular income to confirm the ability of the business to pay back a term loan. Market access, for a contracted period, at a sustained level of income, is one of, if not the most, important factor in facilitating small business growth.

3. The limitation of the franchise model lies in the franchise fees which are often prohibitive to emerging entrepreneurs. (These range from R20,000 – R540,000, excluding set-up costs).

cost-effectively to areas that are inaccessible to other suppliers. This may include participating as part of a corporate's supply chain, meeting the general lifestyle needs of the community (foodstuffs, clothing, health care etc.) or implementing a specific work package within a programme.⁴

- They have proactively developed a business concept, presented it to a possible funder or partner and built confidence in their ability to deliver to the required levels of quality. A company, seeking to invest in building small businesses as part of its ESD programme, is encouraged by the fact that the entrepreneur is 'self-selecting'.

The secondary target group is young people who will be employed by the enterprises supported by the model.

7.1.2 Model Description

The model combines four core elements:

- A **standardised business skills training programme**, which develops the capability of the entrepreneur to develop a viable business plan, including defining staffing requirements and a marketing or sales plan. Core to the training is the development of financial management skills, from the preparation of the budget, to understanding an income statement, balance sheet and cash flow statement. The training programme may also incorporate some form of product development or technical training. Entrepreneurs are taught about business entities and forms of ownership, and assisted to sort out CIPC and SARS registrations.
- A **mentorship programme**, which links an entrepreneur to a seasoned business person or trained adviser, to facilitate discussion and problem-solving on specific issues encountered in the work-place. Included here is access to additional resources, usually available online, as well as the opportunity to network with other entrepreneurs, creating networks of support.
- **Financial support**, in the form of low-interest loans and asset finance, which is aligned to the growth requirements of the business and its ability to repay.
- **Contracted business**, either within the supply chain of a company or within the context of a large programme, ensuring that there is confirmed and regular income over a specific period, enabling the entrepreneur to become established. In time, the entrepreneur may

4. This may also include being part of a value chain initiative being supported by government which has a clearly defined market and mechanisms for ensuring that the SMME is able to fully participate in this value chain and has the requisite logistical and financial support to enable this participation.



be able to offer services to a wider range of clients, particularly if there is an effective referral system within an industry or geographical area. Market access provides the entrepreneur with a reasonable chance of success as he or she can focus their attention on building processes and systems within their business, training staff and ensuring adherence to quality standards, rather than trying to generate new business.

7.1.3 Cost Implications

A SMME support model is by its nature expensive. Indeed, the analysis in section 6 indicates that approximately one billion rand is currently being spent on entrepreneurial development programmes that are servicing approximately 20,000 young people. This suggests that the cost of such a programme amounts to approximately 50,000 rand per participant.

Nevertheless, the precise cost of a given enterprise development support programme will depend on the type of businesses being supported and the extent of support being provided. SMME support experts suggest that while core business skills training and mentoring can cost between R50,000 and R150,000 per participant, this increases substantially if physical infrastructure is provided.

Appendix D provides examples of the cost of various existing enterprise development programmes.

7.1.4 Optimising this model

This report has highlighted that there are multiple programmes in place that successfully enable the implementation of programmes that are consistent with this model. There are also a number of institutions that fund these initiatives from the public, private and development sectors. There are also a number of policies and instruments that incentivise the

implementation of enterprise programmes that are consistent with this model: in particular the BBEE Code provides recognition for supplier development programmes. Further the Procurement Accord provides a set of targets for social partners to meet to support supply chain development initiatives.

The requirements of this model suggests though that this is likely to remain a relatively small initiative for young people who already have work experience and could be categorised as fine. Nevertheless it is suggested that there are changes that could be introduced that would both enable the successful implementation of the youth enterprise development model and ensure that a greater number of young people are able to benefit from this model.

In particular this would suggest the need for:

There is a need for greater emphasis on supporting youth-owned business through **target setting in the context of Enterprise & Supplier Development programmes**. Targets set for the support of SMMEs, and youth-owned SMMEs specifically, will drive the behaviour of both corporate and public sector entities, provided there is meaningful monitoring through programmes like B-BBEE certification. This needs to be coupled with clear monitoring instruments so that it is possible to report against these targets and address institutions that are not meeting these targets.

The above also suggests that large-scale government programmes (e.g. infrastructure development) should be required to look more actively at how successful models could be applied to support SMMEs. The revised preferential procurement regulations provide a much stronger focus on SMMEs, in particular those owned by women, youth and disabled people. This means that SOEs and government departments can implement set-asides to ensure that business is awarded to target groups. However, without appropriate support programmes to work alongside these awards and ensure that SMMEs use the contracts to become sustainable and build their expertise, they will become short-term gains, without longer term benefit. It would therefore be ideal for public entities to work with appropriate support partners to provide mentoring expertise on large programmes.

SOEs (and funders like the PIC) can be tasked with implementing and monitoring more stringent targets with regards to procurement from SMMEs, and youth-owned SMMEs in particular. As with the point above, this should require appropriate support programmes to be put in place.

Improved coordination between public and private sector programmes to gain greater value out of public funds that are available for disbursement to SMMEs is required. The private sector has a proven track record in



developing appropriate management development and support programmes that succeed in making SMMEs sustainable. Government should more actively draw on this expertise and provide the funding necessary to support it rather than trying to define how these support programmes should work and attempting to create a 'once size fits all' approach.

There is also a need for coordination at the industry sector level to ensure that programmes are not limited to larger, better-resourced organisations.

Coordination of available public and private sector funding and alignment between providers of capital and providers of skills and linkages allows organisations with the willingness to engage with small business, but lacking the resources to provide direct financial support, to partner with funders in the context of enterprise development programmes.

Established SMME incubators such as Raizcorp, Shanduka Black Umbrellas, Sarebi (South African Renewable Energy Business Incubator established by SEDA's technology programme), Aurik and Furntech should be engaged to determine what specific programmes they can implement to promote and support youth-owned businesses.

The establishment of mechanisms incentivising the private sector to actively participate in the facilitation of market access for youth-owned SMEs (through their supply chains) is essential. Such mechanisms should include the establishment of relevant regulations / legislation (e.g. target setting) and an effective monitoring process. Recent changes to the policy framework (B-BBEE and preferential procurement) show moves towards supporting SMMEs and target groups. However, programmatic support mechanisms are required to ensure that policy is implemented and its benefits maximised. Drawing on private sector expertise in this regard is necessary.

Finally it is suggested that whilst this model cannot have large scale reach it is possible to also encourage enterprises that are supported to employ young people. Combining the Enterprise Development Model with aspects of Model 2 (see below), would strengthen the linkages between youth-led SMME's and youth-targeted training and placement programmes, thereby supporting and incentivising youth-owned SMME's to hire other young people. There are also discussions underway (as part of YES) to encourage large enterprises to absorb young people into the workplace so that they can acquire workplace experience whilst at the same time enabling the SMME to acquire additional employees.

7.2 Model 2: Accessing the Formal Economy

The second model describes various ways in which

young people are, or can be, supported to transition into stable employment in the formal economy – either directly from schooling, through the Post School Education and Training (PSET) system, or from Public Employment Programmes. The primary target to benefit from this model includes those young people that would be classified as “fine” or “at risk”.

The model firstly seeks to address the challenges arising as a result of a misalignment between supply and demand in the youth labour market. In particular, the model arises in response to imperfect information on available jobs, social biases (such as strong “insider” networks), and problems relating to the work-readiness of young people. The kinds of interventions underpinning the model therefore generally aim to enhance the ability of youth to search for workplace opportunities; match youth to these opportunities; ensure that youth are equipped (in terms of work readiness) to enter into such opportunities; and assist youth to gain access to these opportunities.

Furthermore, the model seeks to address supply challenges arising from poor quality at all levels of the education system. Indeed, the model assumes that the majority of youth are at risk for never successfully accessing the formal economy, despite potentially having persevered and successfully completing their Grade 12 and/or an alternative form of post-schooling qualification, if they are not provided with meaningful support. The model therefore includes skills development interventions, combined with training grants and incentives for employers

Given the non-linearity of transitions, youth may require such interventions at different stages and in different forms.

7.2.1 Target Group

This model targets:

- Youth that have exited the schooling systems either having completed Grade 12 or having failed Grade 12 and needing to complete it, and are not accessing further or higher education;
- Youth who access vocational or occupational qualifications after having exited school; and
- Youth who have gained work experience through the EPWP / CWP / NYS.

This target group broadly comprises:

- Around 212,000 youth that fail Grade 12 annually and require a second opportunity to obtain the Grade 12 certificate.
- Around 300,000 youth who pass Grade 12 annually but do not enter Universities or TVET Colleges.

- Youth who fail and/or drop out of TVET Colleges over the three year period of the NCV. This equates to around 76% of the 200 000 students that enter public TVET colleges each year.
- Those youth who successfully graduate from TVET Colleges but cannot access workplace learning opportunities / internships. This includes around 8000 NCV and 30,000 N6 graduates annually, and around 33,000 N2 and 23,000 N3 engineering students who are eligible for access to Apprenticeships.
- Around 340,000 youth who participate annually in public employment programmes.⁵

Youth with university degrees are not the focus of this programme, as the labour market is currently perceived to be working relatively well for such youth without additional intervention. However there are significant numbers of young people who have not completed tertiary education due to poor results or financial difficulties, and this cohort needs to be considered within this model.

7.2.2 Model Description

This model incorporates a range of inter-related and complementary interventions. The components of the formal economy model can be categorized as follows:

- **Work readiness and job placement programmes**, which include:
 - Work readiness training (including personal mastery, work skills training and workplace experience);
 - An effective selection and matching process; and
 - Placement into entry-level jobs.
- **Workplace learning programmes**, which include:
 - Internships, which supports learning in a purposeful manner and which may or may not lead to some form of vocational / occupational qualification; and
 - Learnerships / apprenticeships/other forms of occupational programmes, which provide unemployed youth with work-place education and training and culminate in a occupational qualification and in the case of designated trades lead to a trade test.
 - National Youth Service programmes integrate education and training with workplace experience and there are examples of these initiatives that result in part qualifications.

5. The number of these youth that gain at least a year of work experience and are seeking to transition into the formal economy is not clear and requires further investigation.

7.2.3 Cost Implications

The status quo analysis indicates that the work-readiness, placement and skills development programmes included under the Formal Economy model are significantly more cost-effective than the entrepreneurial development programmes included under the Enterprise Development model.

Indeed, according to the data approximately R500 million is currently being spent on work-readiness and placement programmes annually, which are reaching approximately 200,000 youth. This suggests that the cost of such a programme is approximately R2,500 per participant.

At the same time, approximately R1.7 billion is being spent on skills development programmes (which include internships, learnerships and apprenticeships), which are reaching approximately 60,000 youth. This suggests that the cost of such a programme is approximately R30,000 per participant.

Noting that the status quo analysis provides only an indicative indication of programmes costs (due to the imitations of the data), the cost components of the Formal Economy model are explored in further detail below.

Work readiness and job placement programmes, include the following cost components:

- Work seeker support, which includes setting up an email account, compiling a CV, developing interview skills and matching. The cost per participant is approximately R600.⁶
- Work readiness training, which can vary from two days to eight weeks.⁷ On average, work readiness training costs about R20,000 per participant.
- A stipend, which can vary between R2,000 per participant and R5,000 per participant. A stipend for a work readiness training can be as low as R2,000, while a work placement stipend should align to the national minimum wage of R3,500

The costs of internships, learnerships and apprenticeships vary, depending on the length of the programme and whether or not the programme culminates in a trade test. As outlined below, SETA funding assumes the following approximate costs per participant:

- R100,000 for a learnership – Learnerships are currently funded in the form of an employer grant and a learner allowance (R40,000), and a

6. Harambe manages to provide work seeker support at a cost of about R400 per participant due to economies of scale.

7. The cost of 2 days of training is about R5 000 per participant. The cost of eight weeks of training is about R100 000 per participant.



learnership tax incentive (R60,000).

- R150,000 for an apprenticeship or a learnership towards a trade – Apprenticeships and learnerships towards a trade test receive SETA funding valued at about R150,000 per student.
- Between R20,000 and R50,000 for an internship ranging between 4 months and 18 months. Internships funded by SETAs include:
 - Internships that constitute Work Based Experience or Work Integrated Learning and form part of a formal qualification through a TVET College or University (SETA funding includes a stipend of about R3,000 per month for 18 months);
 - Internships that provide NCV graduates with the opportunity to gain access to the workplace for periods up to 1 year (SETA funding includes a stipend of about R2,000 per month); and
 - Internships for unemployed Grade 12 school leavers that include on the job structured learning programmes, and which may or may not lead to a full qualification (These could vary from 4 to 12 months and cost between R20,000 and R50,000).

7.2.4 Optimising this model

This report has highlighted that there are already a range of institutions and interventions that address the elements of this model. This includes private sector and NGO initiatives as well as public sector interventions, policies and regulations.

There is a large ecosystem of youth employment enablers that range from small scale operations in rural and peri-urban communities to larger-scale programmes like Harambee. Such organisations ensure the best possible selection and matching processes, and thus have an important role to play in managing and facilitating work readiness and job placement programmes. These programmes need to be adequately mapped, and an approach to supporting their efficacy should be considered as a key component of a youth transitions strategy. Industry has a role to play in this context, through the provision of effective input into the curriculum. The Jobs Fund constitutes a useful mechanism for funding such initiatives.⁸ The Department of Labour also has a potentially central role to play in the provision of public employment

8. Nevertheless, there is an argument to be made that the Jobs Fund should allow sectors greater flexibility in how they define the terms “placement” and “job”.

services through its various labour centres, which are accessible to youth across the country.⁹

Similarly, both the private sector and SOEs have a role to play in facilitating interventions that address skills development and access to workplace learning. At present, apprenticeships and learnerships incorporating work-based learning exist across sectors, and benefit companies in terms of BBBEE status and training industry-specific staff. Many of these employers involved in this programme state that there is high retention in such programmes as the company is able to identify and retain the best candidates. SOEs also play a significant role in offering learnerships to young people.

There are also a myriad of internship programmes in place. For example clothing and textile manufacturers exist at both the pre-production and production stages, and assist in strengthening manufacturing capability and securing the supply chain for retailers. In the example of Mr Price, Red Cap Foundation, short periods of work-based learning in the retail sector enables the company to identify talent and build an effective labour pool for retail stores. Longer internship programmes targeting graduates are offered for junior management occupations such as buyers, planners and store managers, all of which are critical skills gaps in the industry.

TVET Colleges are increasingly offering both vocational programmes and will be growing their occupational programme offerings. These include a work experience component and many include a work readiness component. For example the Cape Town College has run several programmes to enable young people to transition into the auto industry, which includes both technical skills as well as work readiness skills supported by the Passport to Success (PTS) programme.

There are also a number of funding mechanisms for these programmes. A key source of funding for occupational programmes is provided by SETAs as well as the NSF as well as through a number of tax incentives. The BBBEE Code also offers recognition for programmes and workplace experience that results in qualifications.

Organisations such the Mr Price Foundation and Harambee further receive funding from the Jobs Fund to support internships.

9. At present, however, the placement rate of these labour centres is low. Of the 634 503 total work-seekers registered with the centres, only 10 927 (i.e. roughly 2%) were referred to placement opportunities during the financial year 2015/16. The Department of Labour is reported to be exploring ways to expand services in the future and to provide a form of 'one stop shop' where there is a stronger alignment between UIF and the placement offerings. It is also reported to be exploring ways of assessing what individuals require to access the labour market and to address these gaps.



Some employers are also accessing the Employment Tax Incentive (ETI) to supplement the learnership tax incentive. The Employment Tax Incentive was introduced by National Treasury in late 2013 in order to incentivise businesses to employ more young people. It appears to have had a positive effect on the mind-set of employers towards hiring first-time entrants.¹⁰ The extended ETI is also enabling companies to offset some of the high cost of formal training. The ETI incorporates a particular incentive (i.e. funding of about R1,000 per month) for companies to off-set the costs of work-based internships, apprenticeships and learnerships which enables greater access to work integrated learning and workplace opportunities for many youth.

Over and above the ETI there are also tax incentives for learnerships and apprenticeships as well as the levy grant scheme which supports these programmes in occupations that support economic growth, social development and areas where there are employment opportunities. There is also a mechanism for acknowledging these initiatives within the BBBEE code. Furthermore, the presidency is exploring the possibility of transport allowances, while the DG Murray Trust is championing an initiative to reduce the costs of data. The above all reinforce the range and scale of initiatives in place to address supply/demand/alignment challenges. However these interventions are not consistently enabling young people to make the transition into the labour market and there continue to be difficulties in realising the scale required.

This would suggest the need to:

- Map the youth employment support ecosystem and scale up existing successful models that provide support in relation to work-readiness, matching and placement and develop a

10. ETI-supported workers are reported to have higher wages on average than workers not supported by the ETI. Furthermore, the ETI does not seem to have caused job losses. Rather, it has enabled companies to better manage job retention and become more competitive.

sustainable funding mechanism for work readiness training (including-non accredited training focused on workplace mastery);

- Increase the number of work-place learning opportunities (i.e. learnerships, apprenticeships, and certain types of internships¹¹) available to young people. Critically this requires a recognition of workplace experience that supports learning but is not against a qualification (as indicated in the DHET WIL policy) in the revised BBEE Codes.
- There is a need to implement mechanisms to enable young people to transition from supportive interventions (such as the EPWP) into formal sector opportunities.
- This should be coupled with mechanisms that monitor these youth transitions: this would be important as it would ensure that fewer young people fall through the cracks. It will also allow for the relative effectiveness of various labour market transition interventions to be understood.
- Make access to the labour market and supportive labour market programmes more affordable for youth e.g. through access to zero-rated internet and transport allowances

To enable these initiatives there is a need to review the different funding mechanisms in place to determine how these initiatives can be sustained and to determine how the existing mechanisms complement each other and to set the conditions that need to be put in place for these to be accessed.

Finally, it is suggested that in order to increase the scale and quality of such interventions stronger partnerships need to be formed between the public sector, private sector, and development sector. This can be achieved through the effective use of available forums for private sector engagement, such as the business associations. In this context, the collaboration already in place between government and business around the YES initiative should be built upon such that there is a space to build a constructive partnership for growing internships across sectors using a differentiated model dependent on sector dynamics.

7.3 Model 3: Supporting the Social Economy

The third model describes various ways in which young

11. The nature of the internship will depend on the skills and occupation levels, and the dynamics of the sector concerned. Nevertheless, in order to be effective, internships should include sound selection, and include a period of work readiness/skills training and workplace experience. Furthermore, internships should be as cost effective as possible in order to allow for scale.

people can be supported to participate in what we term the “social economy”. The social economy refers to public employment programmes, social enterprises, NPOs and survivalist activities that take place in the context of local, often informal, economies. The model seeks to support such initiatives by building upon community education and social development activities taking place at the community level.

In terms of our conceptual framework, the model primarily addresses youth cohorts that would be defined “at risk” or “marginalised” though it would also include youth that are fine but that live in areas where there is limited access to formal employment. It arises in response to the recognition that the formal sector is currently unable to provide enough job opportunities to accommodate all of the young people entering the labour market and that there is a spatial mismatch for many young people. It thus seeks to address a demand-side challenge in the context of the youth labour market by providing alternative work opportunities.

The model further recognises that in many communities outside of the major metro areas (where job opportunities are particularly scarce) the frustration of “having nothing to do” leads to high levels of socially negative activities including substance abuse and involvement in criminal activity. It is proposed that engagement in community programmes assists young people to build social networks, develop leadership potential, and create positive peer relationships which are essential for enabling sustained engagement and the initiation of income generating activities. The model thus includes initiatives, such as agency building and social support services, which are purposed to address these issues. The model therefore also engages with challenges on the supply side of the youth labour market.

7.3.1 Target Group

The primary target group for this model are youth at risk and youth who are marginalised. This includes all young people who are not in employment, education or training and who are unlikely to be able to successfully access programmes which support transitions into formal sector employment. It includes:

- Unemployed young people and discouraged work seekers with or without a matric certificate;
- Young people who live in communities more than one taxi ride away from potential formal sector employment;
- Young people engaged in not for profit social development activities in local community, work that is often voluntary and unpaid;
- Young people engaged in substance abuse;
- Young people in conflict with the law and exiting

correctional facilities; and

- Young people who engage in survivalist activities such as hawking to survive.

The model assumes that unemployed young people who are “fine” (i.e. young people who would be able to access formal sector opportunities were it not for poverty related challenges) can be engaged to run a range of services that benefit other young people who are at risk or marginalised – thereby building social capital, creating new economic opportunities and assisting other young people to improve their social and economic well-being.

7.3.2 Model Description

The model looks at the very large number of social economic development programmes currently resourced by the State as well as the development sector, and considers how to expand and more efficiently manage these activities in order to change the context for youth at risk in communities across South Africa. In this context, the model explores the creation of pathways for young people to undertake social entrepreneurship and/or survivalist enterprise activities.

The model supports:

- Ongoing and expanded delivery of initiatives under the Expanded Public Works Programme (including the Community Work Programme, the expanded implementation of the non-state Sector grant and the National Youth Service Programmes);
- Establishing various transition opportunities, such as social entrepreneurship initiatives, for young people exiting public employment programmes;
- Growing the offerings of the Departments of Economic Development and Small Business Development to identify and stimulate opportunities for local businesses in communities;
- Expanding the support available to young people in survivalist activities and social enterprises in the informal economy;
- Expanding community education programmes which support skills development programmes that enable young people to access local opportunities;
- On-going and expanded delivery to support community youth organisations and sports, art and recreation activities in local communities, with a particular focus on ensuring young people remain engaged.; and

- Massively increasing programmes, services and support for young people affected by substance abuse and other social issues such that they are able to reintegrate into the community and take up income generating activities.

7.3.3 Cost Implications

Cost components include:

- EPWP expenditure, which includes equipment, stipends, project management, professional fees, and research. Assuming 100 days of work, the cost of EPWP wages per person amounts to approximately R8,200.¹² Other project costs are estimated to range from R1,500 per person (e.g. for NGO run programmes) to R4,400 per person (e.g. for CWP programmes). These amounts are more or less in line with the findings of the status quo analysis, which indicate that approximately R3 billion is being spent annually on providing job opportunities for approximately one million youth.
- Business development support targeted at informal and survivalist businesses as well as social enterprises. This would include micro-financing support. As highlighted in Model 1, business development models are traditionally quite expensive, with core business skills training and mentoring costing between R50,000 and R150,000 per participant. The total cost of a given business development support programme will depend on the type of businesses being supported and the extent of support being provided.¹³
- Financial support for community education programmes, youth organisations and sports, art and recreation programmes. In the short term, this would go towards paying for sports equipment in communities and activity facilitators. In the long-term, money would need to be invested in community recreational fields and community halls.
- Training for lay counsellors and wages for community based social workers and psychologists.
- Revisiting the Department of Social Development's NPO database and expanding its support mechanisms for community based NPOs.

7.3.4 Optimising this model

This model relies on the initiative of the social sector and the support of various levels of government for success. It proposes the use of existing line budgets, to whatever extent possible, allocated for public employment programmes; social development

12. The EPWP minimum wage rate is R82 per day.

13. Appendix D provides examples of the cost of various existing enterprise development programmes.



initiatives; enterprise and business development, and sports, arts and recreation programmes to support more intentionally an integrated strategy for youth economic participation.

Public Employment

Very significant investments have been made in establishing the Expanded Public Works Programme (EPWP) wage incentive and using this to support a diverse range of public employment and national youth service interventions. Although the EPWP wage incentive has succeeded in creating a significant number of public employment opportunities, it has been less successful in facilitating transitions into other income generating activities. In this context, existing youth NGOs have a potentially important role to play in purposively supporting transitions from public employment programmes into productive work. Such initiatives could possibly be supported by the non-state sector grant.

There has also been a discussion for many years about enabling young people who have registered for a public employment intervention to be prioritised for financial support for further education or for acceptance into further and higher learning. There is an urgent need for institutional arrangements to enable and encourage this, as it provides an important signal to unemployed youth, that participation in public employment interventions can support transition pathways and creates an important alignment between the social economy and the more formal economy.

Social Cohesion and Well being

The Department of Social Development has more than 10,000 organisations registered on its database who identify themselves as working with youth. There is an immediate opportunity at looking at ways in which

these organisations can be more effectively supported and resourced by the DSD, potentially with the support of the EPWP wage incentive.

Supporting such organisations would serve to support the young people managing these organisations to earn a basic income and gain experience, as well as potentially initiate activities that provide services to vulnerable young people as well as others.

DSD further has a very significant role to play in relation to substance abuse assistance and with respect to other social issues so that these young people are able to be re-integrated into the community and become engaged in the activities outlined in this model.

Community Education and Social / Survivalist Enterprises

Current policy and development work being undertaken by DHET to grow community education and training interventions (such as those offering short, targeted skills programmes) are a critical component of building the social economy.

Such interventions need to be responsive to the needs of the community. It is proposed that a mechanism for raising awareness among the community education institutions with regards to the types of opportunities available for social entrepreneurship and survivalist initiatives is essential for ensuring that the appropriate programmes can be offered.

Both the Economic Development Department and the Department of Small Business Development are important stakeholders in this regard. Gauteng Province has already highlighted the need for government to support opportunity scans in the community so that these can inform the kinds of survivalist and social entrepreneurship options that might be possible. Work being done by EDD to establish value chain opportunities could also be explored within this context, where the opportunities created lend themselves to micro enterprise or alternatively to employment in small enterprises being developed in the community within the context of this value chain work.

Fundamental to enabling the expansion and growth of the social economy model is the leveraging of partnerships between the state and civil society. There is significant will and opportunity within civil society to resource far greater delivery of services in communities, and in so doing, create opportunities for the emergence of small-scale social enterprises.

Existing interventions that leverage the capacity of community based organisations in this type of activity include support for community and health workers by the Departments of Social Development, Health and Sports and Recreation; the Community Work Programme;

the NGO EPWP programme and a number of smaller initiatives in the agriculture, environment and tourism sectors. State entities such as the IDT, the NDA and the NYDA have an existing function and mandate to manage the disbursement of funds to entities within civil society to support government development objectives.

This would suggest the need to consider and promote the following:

- Government policy promoting service delivery models that create opportunities for social entrepreneurs;
- The establishment of mechanisms to identify opportunities for social entrepreneurship and survivalist industries (this should be done in a manner that builds on the work that is being done through initiatives such as CWP and the NYS);
- The establishment of a simple funding mechanism to support social and survivalist enterprises. Such a mechanism should allow for the allocation of seed funding in support of the implementation of such enterprises.

- Insight and understanding into the capacity of the thousands of organisations registered with the Department of Social Development;
- The development a low touch, low cost way of administering grant funding to existing, well-capacitated Community Based Organisations, in support of the provision of skills development, agency building, and EPWP transitional initiatives. Such grants could potentially be administered on the basis of performance.
- The expansion of the EPWP wage incentive to provide income support in the context of a variety of different interventions, including public employment programmes, NGO volunteer programmes, and the initiation of social enterprises.

At the same time, there is a need to recognize that communities work in different ways and that initiatives at the community level requires flexibility. Consequently, a “one method for all” approach will not work.



Table 9: Model summary and gap analysis

	Model 1: Youth Enterprise Development	Model 2: Accessing the Formal Economy	Model 3: Supporting the Social Economy
Model Objectives	<ul style="list-style-type: none"> To support youth entrepreneurship in the context of the formal economy, through the provision of access to markets, finance and business support. 	<ul style="list-style-type: none"> To support young people's transitions into the formal economy. 	<ul style="list-style-type: none"> To expand youth participation in the social economy i.e. public employment programmes, social enterprises and survivalist activities.
Market Challenges Being Addressed	<ul style="list-style-type: none"> Demand side challenge: Lack of job opportunities in the formal economy; low rate of youth participation in the entrepreneurial sector. 	<ul style="list-style-type: none"> Misalignment challenge: imperfect information, social biases, spatial factors and work-readiness problems. Supply side challenge: poor quality at all levels of the education system. 	<ul style="list-style-type: none"> Demand side challenge: Lack of job opportunities in the formal economy. Supply side challenge: high levels of socially negative activities including substance abuse and involvement in criminal activity.
Target Youth Cohort	<p>"Fine"</p> <ul style="list-style-type: none"> Current employees of a large corporate: technical / business know-how; aptitude & willingness to own business. Youth physically located within communities surrounding the operations of a company / implementation of govt. programmes. "Self-selecting" youth who have proactively developed & presented a business concept. 	<p>"Fine" / "At Risk"</p> <ul style="list-style-type: none"> Youth who failed matric & require 2nd opportunity. Youth who have only a matric - no Higher Education. Youth with vocational / occupational qualifications. Youth who gained work experience through EPWP / CWP / NYS. 	<p>"At Risk" / "Marginalised" / "Dangerously Disengaged"</p> <ul style="list-style-type: none"> Unemployed / discouraged youth with or without matric. Youth living more than 1 taxi ride away from formal employment opportunities. Youth engaged in survivalist activities. Youth engaged in substance abuse / criminal activity.
Programme Components	<ul style="list-style-type: none"> Standardised business skills training programme: business plan; financial management; product development Mentorship programme Financial support: low interest loans & asset finance Contracted business: within supply chain of company / large programme 	<ul style="list-style-type: none"> Work readiness and job placement programmes Internships with a structured, learning programme Learnerships / apprenticeships 	<ul style="list-style-type: none"> Public employment programmes Survivalist and social enterprise support Sport & recreational activities Youth organisations Rehabilitation initiatives
Cost Implications	<ul style="list-style-type: none"> Relatively high cost 	<ul style="list-style-type: none"> Relatively low cost 	<ul style="list-style-type: none"> Average cost

	Model 1: Youth Enterprise Development	Model 2: Accessing the Formal Economy	Model 3: Supporting the Social Economy
Enabling Policy, Funding and Interventions		<ul style="list-style-type: none"> Existing placement models (e.g. Harambee) SETA funding The Jobs Fund Employment Tax Incentive Levy grant schemes BBBEE code 	<ul style="list-style-type: none"> The EPWP Community education and training interventions NGOs and CBOs DSG, IDT, NDA, and NYDA EPWP wage incentive Non-state sector grant
Gap analysis (programme, policy & scale) and Next Steps	<ul style="list-style-type: none"> Increased target-setting for ESD programmes in the private sector, together with effective monitoring. Increased target-setting for ESD programmes in the context of large government programmes and SOEs, together with appropriate support programmes. Better alignment between provider of capital & providers of skills / linkages. 	<ul style="list-style-type: none"> Monitoring mechanisms Transport and internet allowances Mechanisms to support transitions from EPWP interventions. Up-scaling of existing work readiness and placement models Increased number of work-place learning opportunities Stronger partnerships between the public and private sectors 	<ul style="list-style-type: none"> Policy supporting survivalist businesses and social enterprises. Mechanisms to identify social and survivalist enterprise opportunities. Funding mechanism to support social and survivalist enterprises. Review of existing CBO capacity. CBO financial support e.g. through DSD performance based grant. Expansion of the EPWP wage incentive Entrenchment of a culture that affirms and promotes participation in the social economy.



CONCLUSION

In conclusion this report has explored the nature of youth transitions and has highlighted the increasing complexity of the pathways that young people follow and the challenges that are experienced in this regard. It specifically highlights the varied ways that these challenges impact on different cohorts of young people. The report argues though that whilst there is considerable evidence that large numbers of young people are not making the transition into economic opportunities there is also evidence that considerable resources are being dedicated to providing interventions that support both supply and demand. Despite this there are a number of failures with respect to supply, demand and the alignment between supply and demand.

This report has recognised that for unemployment to be effectively addressed there is a need for growth in the economy such that there is greater absorptive capacity. It has pointed to some of the challenges in this regard but recognises that resolving these issues is beyond the capacity of a strategy aimed at addressing youth transitions. Similarly it has acknowledged the real challenges with schooling and post-schooling, which need to be addressed to ensure that young people are prepared to access various post-schooling opportunities. However transforming schooling and post-schooling can also not become part of the responsibility of a youth transition strategy. Nevertheless it is recognised that putting in place mechanisms to ensure that young people are able to

acquire the levels of foundational learning and non-cognitive skills required to enable these transitions must be addressed as part of this strategy, coupled with an emphasis on those occupational programmes that would enable young people to make this transition more effectively.

Critically though this report has suggested ways in which different cohorts can most effectively be supported to make transitions in three key contexts: ability to grow small businesses (SMME), access to employment in the formal economy and creating opportunities in the social economy. In all three of these environments the considerable work that is already being implemented is indicated. Thus the focus of these recommendations is on ways in which to strengthen these existing interventions in a manner that supports more effective transitions.

These recommendations broadly can be captured as follows:

Vital to the success of a strategy to enable transitions is the **need to create the opportunities that enable young people to make the transition from a particular intervention to sustainable participation in the economy**. In the context of *SMMEs* this paper argues that there is a need to ensure that the *SMMEs* have a defined market access, ideally within an existing supply chain/value chain model. This ensures that young people who access enterprise development support are able to utilise this support to meaningfully grow their business. In the context of the *formal sector*: there is a need to ensure that young people, who have completed matric, skills development/TVET programmes and/or public employment programmes are able to access workplace experience in order to enhance their work readiness and networks. There is similarly a need to enable young people who require workplace experience as part of a formal learning programme to have access to these opportunities. Specifically in terms of the *social economy* there is a need for government policy to promote service delivery models that create opportunities for social entrepreneurs so as to enable these transitions. In addition there is a need for the establishment of mechanisms to identify opportunities for social entrepreneurship and survivalist industries within the community. This should be done in a manner that builds on the work that is being done through initiatives such as CWP and the NYS.



There is further a need to grow existing initiatives and ensure that **there are clear targets** against the priorities agreed upon that apply to both government and the private sector.. One of the key challenges relating to for example the SMME sector is the absence of clear targets– this is seen as critical to driving the behaviour of both corporate and public sector entities (including large-scale government programmes). Similarly in terms of access to the formal sector this requires clear targets to increase the number of work-place learning opportunities (i.e. learnerships, apprenticeships, and certain types of internships¹) available to young people. For these targets to have meaning, **effective monitoring mechanisms need to be put in place** to further steer this expansion. This monitoring data should include both the numbers reached and the costs associated with these activities and should support an overarching analysis of the numbers of young people reached by different programmes and the associated costs. This will also allow for an analysis of the relative costs and benefits associated with these different labour market programmes.

This **expansion should be incentivised** using key instruments such as the BBBEE Code and the various charters. This in turn reinforces the need for reliable reporting. This incentive is already in place in terms of *supplier development* and there is already an awareness of the need to provide points for this activity as distinct from wider enterprise development programmes.. Similarly there is a need to monitor *workplace experience opportunities* offered (over and above existing human resource requirements) including both those opportunities that are integral to a formal qualification as well as those opportunities that are offered to young people that have already completed their studies². In the context of the social economy there is a need to consider the expansion of the EPWP wage incentive to provide income support in the context of a variety of different interventions, including public employment programmes, NGO volunteer programmes, and the initiation of social enterprises.

These transitions would also be more effectively supported if accessing the labour market and supportive labour market programmes **was more affordable for young people** e.g. through *access to zero-rated internet and transport allowances*.

These recommendations all reinforce the need for an

1. The nature of the internship will depend on the skills and occupation levels, and the dynamics of the sector concerned. Nevertheless, in order to be effective, internships should include sound selection, and include a period of work readiness/skills training and workplace experience. Furthermore, internships should be as cost effective as possible in order to allow for scale.

2. It is noted that during the time this research has been undertaken, government and business have been working (in consultation with labour) on the YES initiative which intends to provide workplace experience to a million young people and have been working with DTI to explore ways that this can be recognized in the BBBEE Code.



evaluation framework that is able to report on - not only how many young people complete the programme as is the case in many of the current evaluative studies - but the numbers of young people that then make the transition from the various interventions such that they are actively involved in economic opportunities.

Interventions that target young people and that are successful all have **appropriate support programmes in place to enable young people to succeed having made the transition**. For example, this paper notes that whilst SOEs and government departments can implement set-asides to ensure that business is awarded to target groups, without appropriate support programmes to work alongside these awards and ensure that SMMEs use the contracts to become sustainable and build their expertise, they will become short-term gains, without longer term benefit. This paper also argues that there is a need to scale up existing successful models that provide support in relation to work-readiness, matching and placement such that young people are more likely to succeed. This should be coupled with support in the initial period in the workplace to support the young person to manage the complexity of the workplace and sustain their participation in the economy

For these interventions to be successful there is a need to develop **sustainable funding mechanisms**. This paper has highlighted that there is considerable resource being allocated to interventions to support young people. However it is difficult to ascertain how much is being spent and how these resources complement each other and to set the conditions that need to be put in place for these to be accessed (for example where a company has claimed ETI the conditions that should be in place for them to also make use of the learnership tax allowance or discretionary grant). An analysis of the proposed monitoring data – as suggested above – would support this. To enable these initiatives there is a need to review the different funding

mechanisms in place to determine how these initiatives can be sustained and to determine how the existing mechanisms complement each other. There is also a need for certain initiatives that specifically focus on the transition to be funded in a sustainable manner: this includes for example work readiness training (including non-accredited training focused on workplace mastery), incentives to encourage effective matching and placement of young people that are otherwise excluded from the labour market (linked to the failures outlined in this paper) as well as to support young people to transition from certain public employment programmes to viable social entrepreneurship initiatives. Many of these initiatives are currently being funded in an ad-hoc way through initiatives such as Jobs Fund yet ways in which for example the Public Employment Services could incentivise this support where young people are placed from cohorts where there has been an 'alignment failure' needs to be explored. Specifically with respect to the *social economy* there is a need for the establishment of a simple funding mechanism to support social and survivalist enterprises. Such a mechanism should allow for the allocation of seed funding in support of the implementation of such enterprises. This also requires the development of a low touch, low cost way of administering grant funding to existing, well-capacitated Community Based Organisations, in support of the provision of skills development, agency building, and EPWP transitional initiatives. Such grants could potentially be administered on the basis of performance.

Related to the above there is a need for **improved coordination between public, private and development sector programmes** to gain greater value out of public funds that are available. This includes for example the funds that are available for disbursement to SMMEs: the private sector has a proven track record in developing appropriate management development and support programmes that succeed in making SMMEs sustainable. Government should more actively draw on this expertise and provide the funding necessary to support it, rather than duplicating efforts to define how these support programmes should work and attempting to create a 'once size fits all' approach. In the context of initiatives to access the formal sector it is specifically noted that there are already a number of existing forums for private sector engagement, such as the business associations that could be more effectively utilised. In this context, the collaboration already in place between government and business around the YES initiative should be built upon such that there is a space to build a constructive partnership for growing internships across sectors using a differentiated model dependent on sector dynamics. Further there are initiatives in place where foundations are being coordinated (including as part of an existing partnership between DPME, MISTRA and Yellowwoods which offer real potential with respect to enabling all three of these models.

There is also a need for coordination at the industry sector level to ensure that programmes are not limited to larger, better-resourced organisations.

Coordination of available public and private sector funding and alignment between providers of capital and providers of skills and linkages allows organisations with the willingness to engage with small business, but lacking the resources to provide direct financial support, to partner with funders in the context of enterprise development programmes. Further, linking larger and smaller companies creates opportunities for larger companies to enable smaller companies within their supply chain to access incentives such as ETI and through this expand the number of work opportunities available to young people and in turn grow the capacity of small businesses. In the social economy there is a need to focus on understanding the capacity of the thousands of organisations registered with the Department of Social Development and creating the space for these organisations to enable the opportunities outlined in this paper.

Finally, these recommendations all require agreement about a coordinating mechanism within government that works across sectors and institutions to both set and monitor targets. This mechanism would also be important to ensure that different incentives and mechanisms are in place. Currently this coordinative responsibility is shared and yet there are real constraints with respect to reliability of data across government, private and development sectors. There is also a need to support institutional arrangements that have been established across sectors and ensure that there is recognition of the different institutional arrangements that are required. For example some of these solutions may realise scale – and be implemented at a national level, such as a national clearing house that is able to match and place young people across opportunities. In the case of the social economy while incentives may be national there is a need to recognize that communities work in different ways and that initiatives at the community level requires flexibility. Consequently, a "one method for all" approach will not work.



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APPENDIX A: LITERATURE REVIEW

A1. The South African Youth Context

Defining and Disaggregating Youth Cohorts

In 1996, The National Youth Policy defined the youth as people between the ages of 15 and 35¹ years old. This definition arose from an understanding that the generation of young people from 1976 needed to be considered for “special intervention” in a new democratic dispensation². The definition also sought to recognise and encompass specific cultural implications with regard to “youth” and the ways in which “youth membership” has been understood across a wide array of organisations³. Put another way, the National Youth Policy sought to define “youth” in very broad terms, so as to allow for a very comprehensive scope of services to be delivered to a significant percentage of the South African population.

Nevertheless, this definition can be challenging due to the fact that it cuts across various other critical age-specific definitions that have implications for society’s understanding of what it means to be young – such as the age at which young people transition into the labour market, the age of sexual consent (16), the age for legal majority⁴ and the age at which you are dealt with as an adult by the criminal justice system. Furthermore, such a broad definition of youth tends to obscure the different developmental and interventionist needs of the various sub-age groups within the broadly defined youth category.⁵

1. National Youth Policy 2000, National Youth Commission, p8

2. Notes from consultations held between 1992 and 1993 in the formation of the National Youth Development Forum

3. Different organisations had definitions of membership: the ANC Youth League allowed membership up until 35, the Inkatha Youth Brigade up until 40 and many of the religious organisations did not use an age definition, but allowed any person who “identified” themselves as young to be part of their youth organisations. Further, there were very different understandings of when people became “adult” in “white organisations” – most of whom identified youth as people up to the age of 25, than there were in African organisations.

4. The Children’s Act 2007 changed the age of majority to 18, prior to that it was 21. It is important to note

5. T Lauren Graham notes in her article Youth Unemployment in South Africa: Understanding the Challenges and Working on Solutions notes that “The expanded unemployment rate for 20 – 24-year-olds is 61%, going down to 42% for 25 – 29-year-olds and 33% for 30 – 34-year-olds.⁴ Young women are more vulnerable to unemployment than young men (see figure 14 on the next page), and there are significant differences in unemployment rates by province. African and Coloured youth are far more vulnerable to unemployment than their White or Indian counterparts. Just over 40% of African youth and 32% of Coloured youth are unemployed, compared to 23% of Indian and 11% of White youth.⁵ A range of reasons explain these differences, including the inequalities in



It is therefore significant to note that, in practise, most youth programmes work with different cohorts of young people. Such cohorts are generally categorised as 18 to 24 year olds, 25 to 30 year olds and 30 to 35 year olds. In addition, there are also interventions targeting 15 to 18 year olds who are not in school and are unemployed. Such interventions need to be understood in a very specific manner. However there are a range of other issues which impact on the way in which interventions have to understand different needs of young people. For example interventions for young people who are affected by substance abuse; young people in conflict with law and an array of other issues which can impact on a person’s transition to the economy, such as young people who are foreign nationals or LGBTI young people who face barriers which are quite different to the majority of youth.

Demographics

This section explores the country’s demographic changes over the period 2009 to 2014. This highlights that, as per the figure below, between 2009 and 2014 the youth population in South Africa grew from 18.5 million to 19.6 million.⁶ In other words, the youth

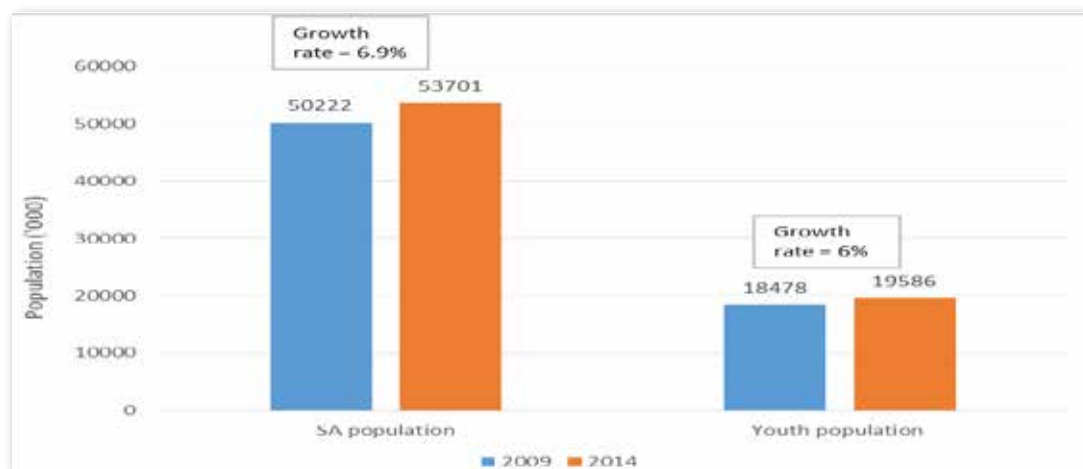
the schooling system”, http://www.ci.org.za/depts/ci/pubs/pdf/general/gauge2015/Child_Gauge_2015-Unemployment.pdf

6. Unless stated otherwise, the terms “youth” or “young people” in the context of Section 2.1 refer to people aged between the ages of 15 and 35 years old. Children are eligible for the Child Support Grant until 18 although since 2015 there have been conversations about raising this to either 21 or 23, reflecting the very real number of young people who are not transitioning into economic opportunity and the burden on poor families to support them.

population grew by 6 percent over a 5 year period. This suggests that the country is currently experiencing a youth bulge i.e. a demographic dividend that could potentially propel the economy and the country onto a

new growth trajectory (Lehohla, 2016, p.viii). Indeed, as of 2014, young people constituted 36 percent of the total South African population.

Figure 10: South African population growth rate (2009 - 2014)

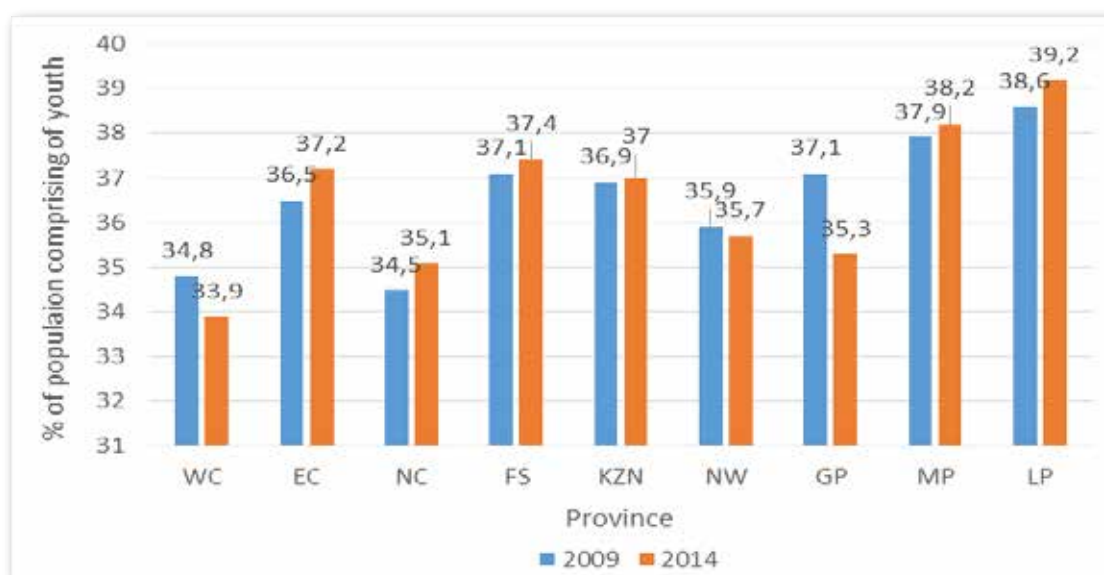


Source: GHS (2009, 2014)

The figure below captures the proportion of the total population in each province that are between the ages of 15 and 34 years old. It is interesting to note that the share of youth declined slightly in provinces such as

Gauteng, Western Cape and North West (by 1.8, 0.9 and 0.2 percentage points respectively) between 2009 and 2014.

Figure 11: Percentage of youth by province (2009 and 2014)

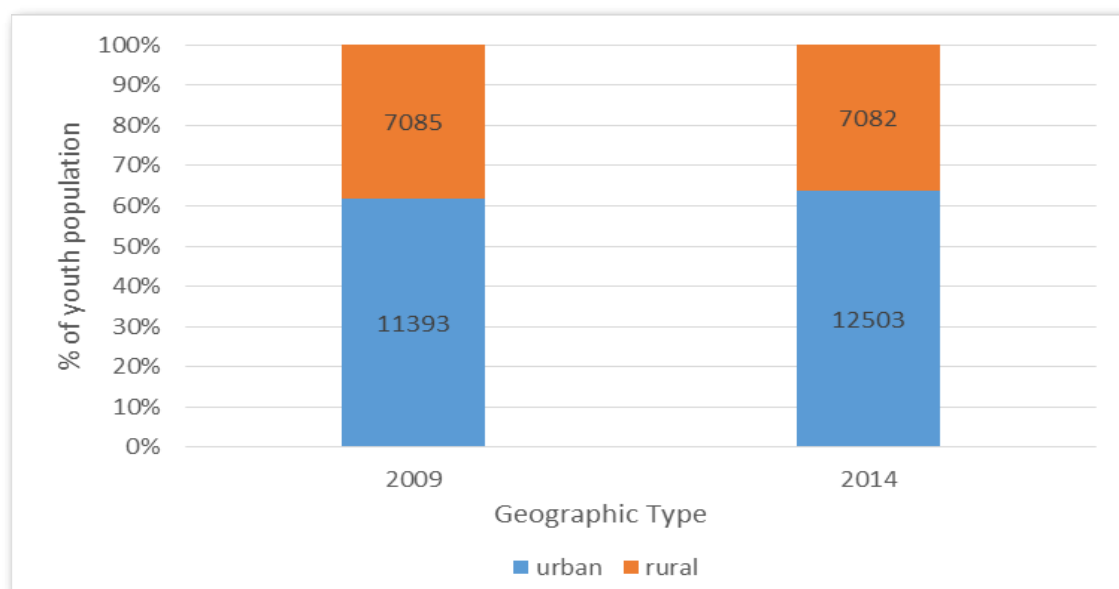


Source: GHS (2009, 2014)

At the same time, the figure below reveals that there has been a steady decline in the proportion of young people residing in rural areas relative to the proportion of young people residing in urban areas. Indeed, while

62 percent of young people lived in urban areas (as opposed to rural areas) in 2009, 64 percent of young people lived in urban areas in 2014.

Figure 12: Percentage of youth population in urban versus rural areas (2009 and 2014)



Source: GHS (2009, 2014)

It is worth noting that, in general, youth prefer to reside in urban areas rather than rural areas due to perceptions that socio-economic conditions are better in urban areas (Lehohla, 2016, p.11). These perceptions in turn influence youth migration rates, which are explored below.

Migration – both voluntary and involuntary – is a

phenomenon witnessed all over the world. In the South African context, migration is often the result of individuals striving for access to better educational and employment opportunities. For young people, the decision to migrate has the potential to give rise to one of life's most important transitions.

The table below provides significant insights into youth migration between provinces.

Table 10: Distribution of young people by province, against province of birth (2011)

Province of birth (origin)	Province of usual residence									
		WC	EC	NC	FS	KZN	NW	GP	MP	LP
		Per cent (percent)								
	Western Cape	91,3	2,0	0,6	0,4	0,7	0,3	4,0	0,3	0,4
	Eastern Cape	15,5	67,6	0,3	0,9	4,8	1,5	8,2	0,9	0,3
	Northern Cape	6,1	1,5	72,4	2,3	4,7	3,4	7,1	2,1	0,4
	Free State	1,6	0,7	0,7	77,6	1,1	3,2	13,1	1,5	0,6
	KwaZulu-Natal	0,6	0,4	0,1	0,3	88,4	0,3	8,6	1,2	0,1
	North West	0,5	0,2	1,8	0,9	0,7	78,9	15,1	1,0	1,0
	Gauteng	2,3	1,1	0,2	0,9	1,3	2,0	88,3	2,3	1,6
Mpumalanga	0,6	0,4	0,1	0,3	1,1	1,1	15,1	79,5	1,8	
Limpopo	0,3	0,1	0,1	0,3	0,3	1,6	26,4	2,9	68,0	

Source: Census 2011

The key insights derived from the above data can be summarised as follows:

- Over three quarters of youth, at the time of the census, continue to live in the province in which they were born.
- The three provinces with the highest youth retention rates were Western Cape, KwaZulu-Natal and Gauteng (with retention rates of 91 percent, 88 percent and 88 percent respectively). This suggests that young people born in these three provinces perceive their province of birth as providing optimal opportunities to access quality education and employment. The converse is true of the Eastern Cape and Limpopo, which had the worst rates of youth retention.
- 15.5 percent of youth in the Eastern Cape elected to migrate to the Western Cape, while 26.4 percent of youth in Limpopo migrated to Gauteng. More generally, the Western Cape and Gauteng were the two provinces most likely to receive youth migrants.

Provincial in- and outflows of the youth population are further summarized in the table below.

Table 11: In-migration, out-migration and net-migration by province

Province	Out-migration	In-migration	Net-migration
Western Cape	123 057	724 944	601 887
Eastern Cape	953 100	133 968	-819 132
Northern Cape	121 116	65 640	-55 476
Free State	237 297	134 892	-102 405
KwaZulu-Natal	451 056	324 201	-126 855
North West	245 934	298 563	52 629
Gauteng	309 309	2 455 398	2 146 089
Mpumalanga	303 516	321 030	17 514
Limpopo	792 651	210 024	-582 627

Source: Census 2011

The data presented above further highlights the large youth net-migration losses suffered by the Eastern Cape and Limpopo. Additionally, it captures the Gauteng's youth net-migration gain of over two million young people, and the Western Cape's youth net-migration gain of 601 887 young people.

Challenges Facing the Youth of South Africa

Being young in South Africa comes with a host of challenges, many of which directly or indirectly impact on youth labour market transitions. These challenges are outlined below.

Inadequate education and skills development

Although rates of participation in schooling have improved, these are offset by the poor quality of education at all levels of the system. There are challenges relating to both access to education and quality of education, including weak foundational learning and poor primary school results, which lead to weak participation at other school levels and ultimately higher education. There are also a number of challenges with respect to TVET colleges, and access to alternative non-university post-school pathways. These challenges are discussed in further detail in section 2.2.

Poor sexual and reproductive health

Sexual and reproductive health represents a significant challenge for young South Africans. In 2011/12, the third Youth Risk Behaviour Surveillance was conducted by the Medical Research Council in collaboration with the departments of Health and Education. The study, with samples of grades 8, 9, 10 and 11 learners selected from public schools in the nine provinces, found that 36 percent of learners reported having had sex. Significantly, only 33 percent of the sexually active respondents practised consistent condom use.

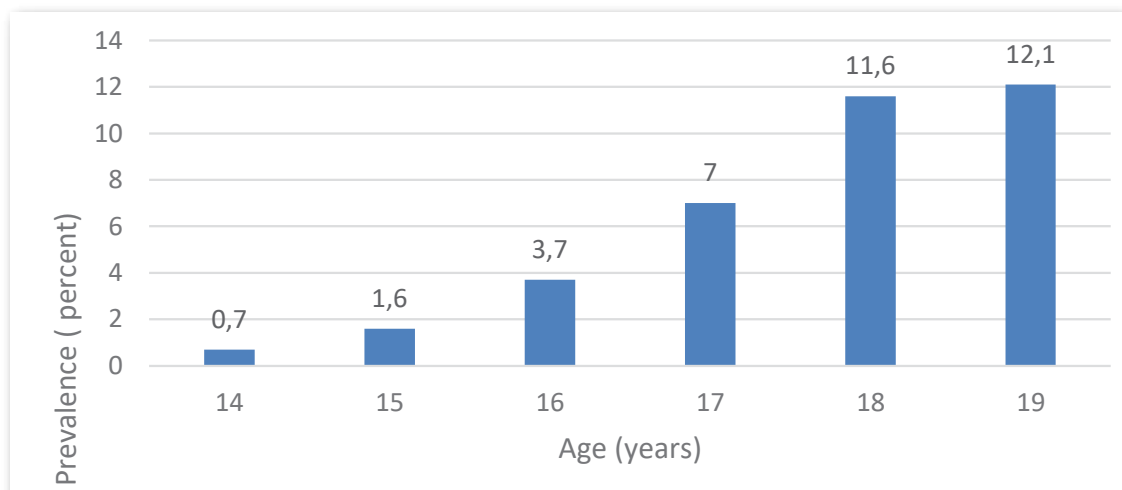
This type of risky behaviour has highly negative effects on young people's futures. Indeed, about 15.9 percent of South Africans between the ages of 15 and 49 are living with HIV, more than half (8.5 percent) of which are between the ages of 15 and 24. Additionally, the 2013 Stats SA Household Survey found that 5.4 percent of 14 to 19 year old females had been pregnant during the previous year.

The breakdown of teenage pregnancy by age is illustrated in the graph below.

High rates of substance abuse

Substance abuse, which is directly linked to high

Figure 13: Percentage of females aged 14 to 19 who were pregnant in 2012



levels of violence, motor vehicle accidents and mental health problems, has become a serious health problem in South Africa. Young people in particular are increasingly experimenting with drugs and alcohol.

The 2011/12 Youth Risk Behaviour Surveillance study found that a third of the interviewed learners (33 percent) reported that in the past month they had been driven by someone who had been drinking alcohol. About 32 percent reported having drunk alcohol in the month preceding the survey, and 25 percent reported having engaged in binge drinking in the past month. About 13 percent of the learners have smoked dagga, 12 percent have used inhalants, 5 percent have used cocaine, 6 percent have taken crystal meth (tik) and 5 percent have used Mandrax.

High rates of youth crime and violence

Research suggests that youth constitute a significant proportion of both the victims and perpetrators of crime in South Africa.

According to Pelser (2008), young people aged 12-22 are generally victimised at twice the adult rate, and experience of an even higher rate of violent crimes than adults. Furthermore, a large proportion of crimes against youth are committed in places normally considered “safe” i.e. the school and home. The figures below illustrate the findings of CJCP research, which points to the school and the home as a key site of crime and violence.

These high rates of violence against youth in South Africa further impact negatively on the future choices

Figure 14: Violence in South African schools

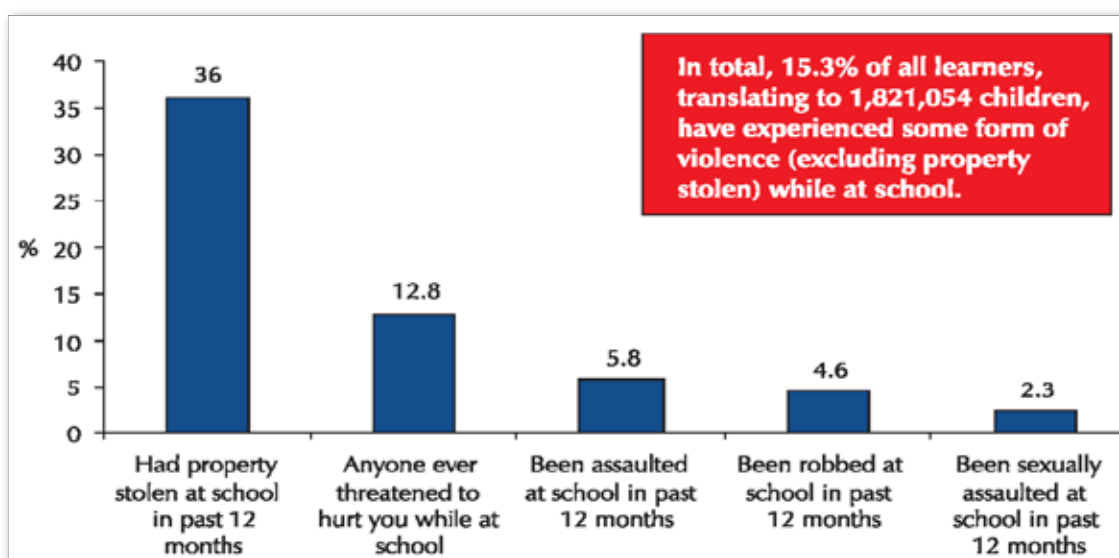


Figure 15: Personal experience of violence at home

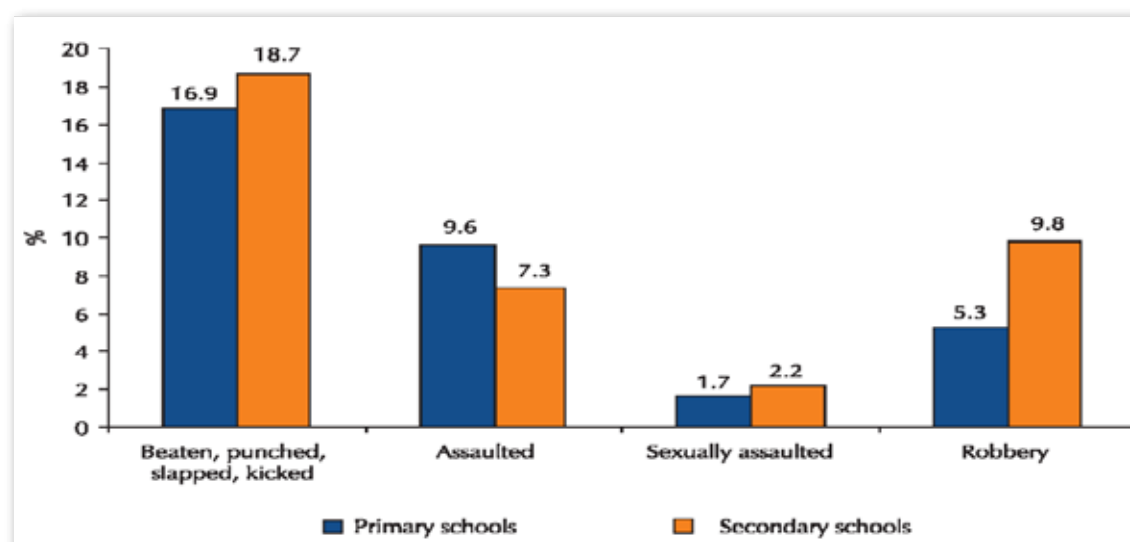
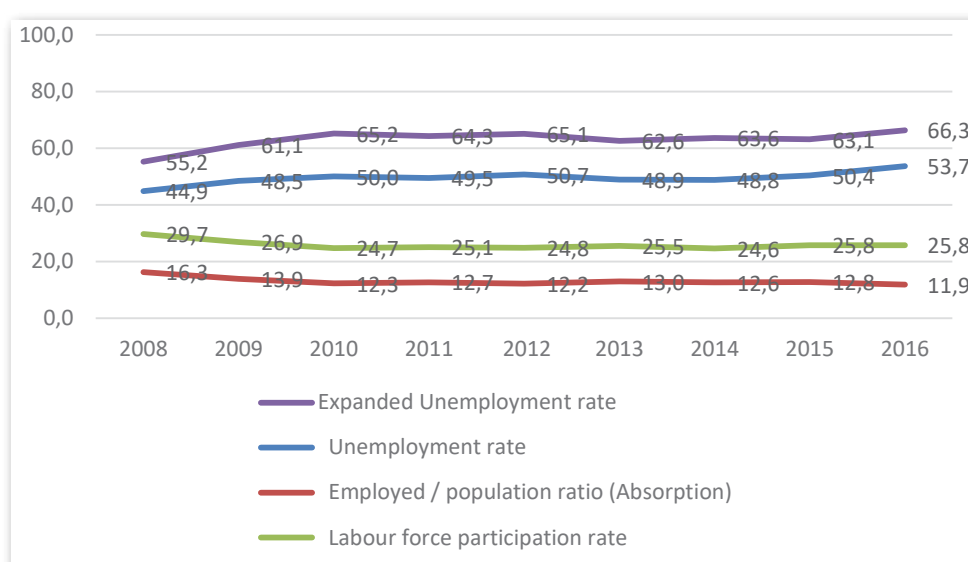


Figure 16: Economic trends of youth between the ages of 15 and 24 (2008 - 2016)



Source: QLFS (2008-2016)

and behaviour of the youth themselves. Indeed, a study by the Centre for Justice and Crime Prevention showed that young people who have been victims of violence were six times more likely to commit a crime than those who have not been victimised.

Pelser (2008) thus argues that due to being consistently exposed to crime and violence in the key institutions of their socialisation (i.e. their homes, schools and immediate social environments), a significant proportion of South Africa's youth has learned and internalised this behaviour and so replicates it. Indeed, research suggests that violent crime in particular is a primary means for many young South Africans to connect and bond with society, to acquire "respect", "status", sexual partners and to demonstrate "achievement"

amongst their peers and in their communities.

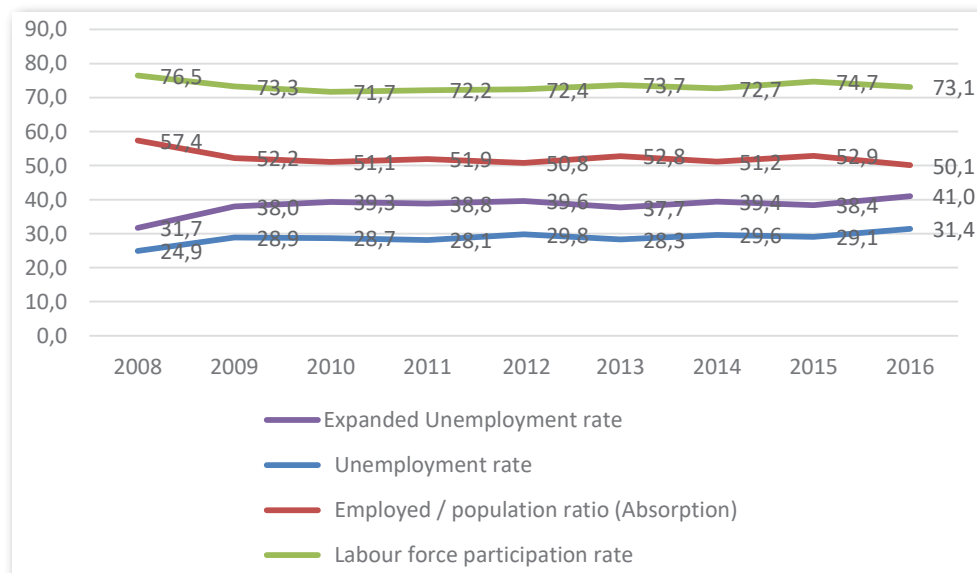
Youth unemployment

In order for the demographic dividend (discussed in the demographics section above) to materialise, it would be critical that young people are economically active. However, recent data suggests that the youth continue to bear the brunt of high levels of unemployment.

The figures below offer insight into the labour force participation rates, absorption rates and unemployment rates among the youth.

The two graphs above give rise to the following insights:

Figure 17: Economic trends of youth between the ages of 25 and 34 (2008 - 2016)



Source: QLFS (2008-2016)

- For both sub-segments of the youth population, unemployment rates have risen between 2008 and 2016. For example, while the unemployment rate and the expanded unemployment rate were 45 percent and 55 percent respectively for 15 to 24 year olds in 2008, these rates had risen to 54 percent and 66 percent respectively by 2016.
- For both sub-segments of the youth population, the absorption rate has decreased between 2008 and 2016. For example, while the absorption rate was 57 percent for 25 to 34 year olds in 2008, this rate had declined to 50 percent by 2016. This indicates that the proportion of young people with jobs has decreased significantly over the past 8 years.
- For both sub-segments of the youth population, the labour force participation rate has decreased between 2008 and 2016. For example, while the labour force participation rate was 30 percent for 15 to 24 year olds in 2008, this rate had declined to 26 percent by 2016. This indicates that the proportion of economically active young people has decreased substantially over the past 8 years.
- There are also significant differences between the economic status of 15 to 24 year olds, and that of 25 to 34 year olds. For example, while the unemployment rate for 15 to 24 year olds is 54 percent in 2016, the corresponding unemployment

rate for 25 to 34 year olds is 31 percent. This suggests that even within the broader youth category, the younger you are the more difficult it is to access work.

The above graphs ultimately point to an increase in youth unemployment, accompanied by a decrease in youth employment and labour market participation. This paints a dim picture for the youth segment of the labour force.

It is important to note that across the youth population there are young people who are substantially more disadvantaged than their counterparts in their ability to access the economy. The NEET (Not in Education, Employment or Training) rate for black African youth is three times higher than that of white youth. Similarly, young women face higher NEET rates than male youth.

The figures below present the proportion of young males between the ages of 14 and 20 that are in school, work and school, work only, and neither in work or school, by race.

They demonstrate that African males between the ages of 14 and 20 are significantly more likely to be in school only than their coloured and white counterparts. At the same time, coloured males between the ages of 18 and 20 exhibit relatively high rates of being solely involved in work. Finally, white males between the ages of 16 and 20 demonstrate high rates of being engaged in school and work simultaneously.

Figure 18: Schooling and work experience - African males

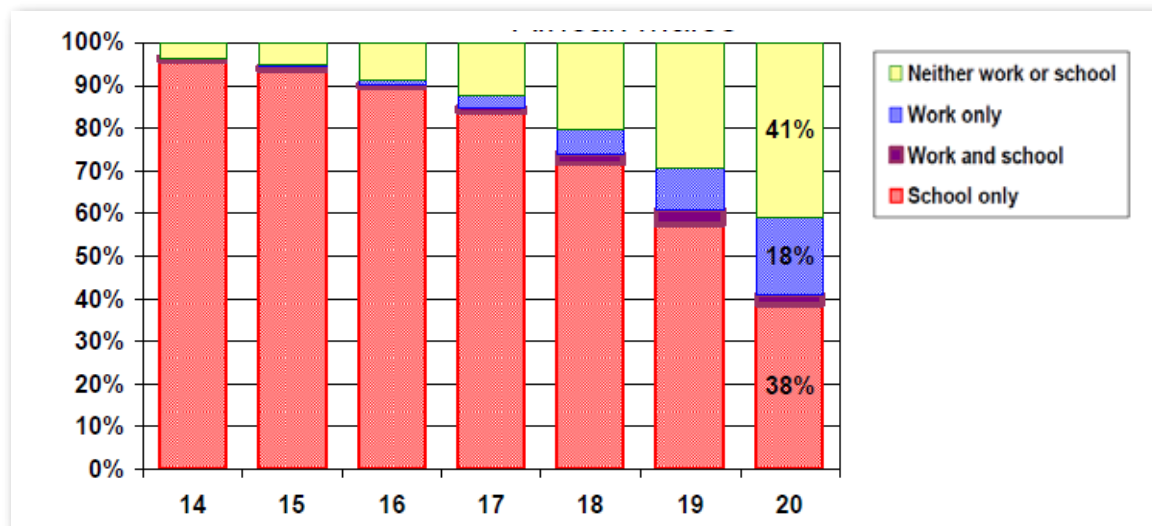


Figure 19: Schooling and work experience - Coloured males

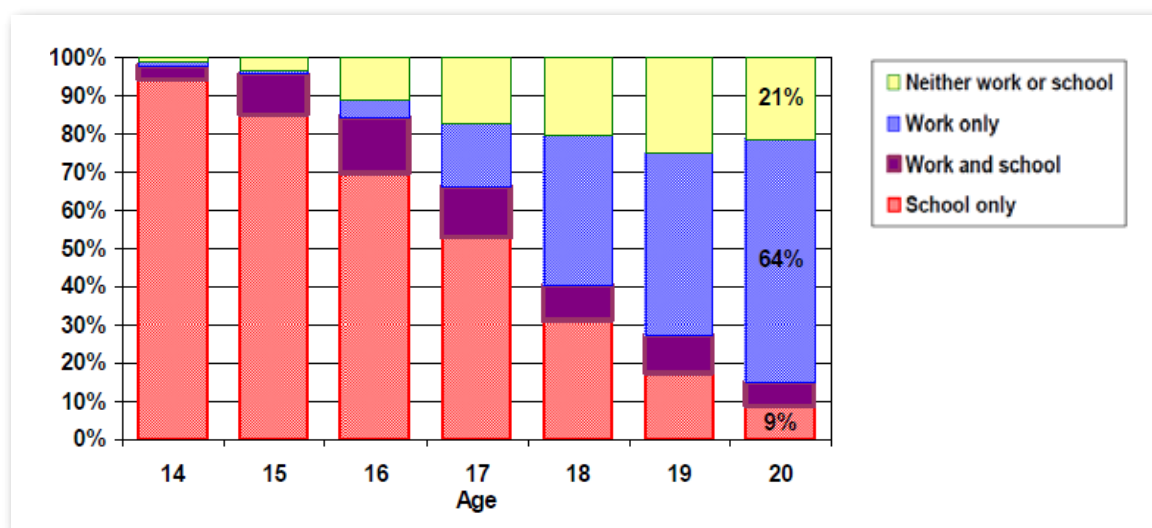
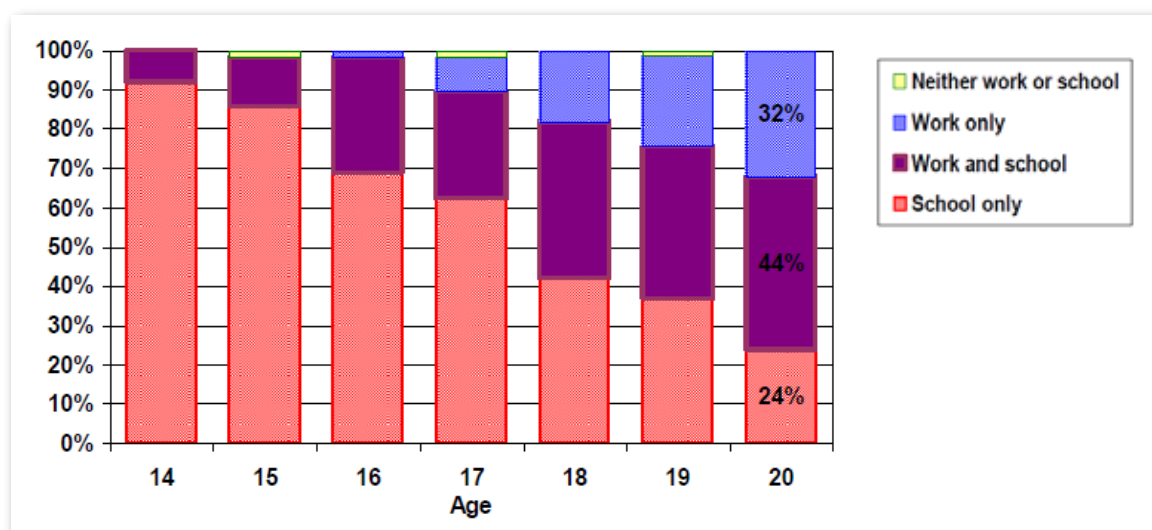
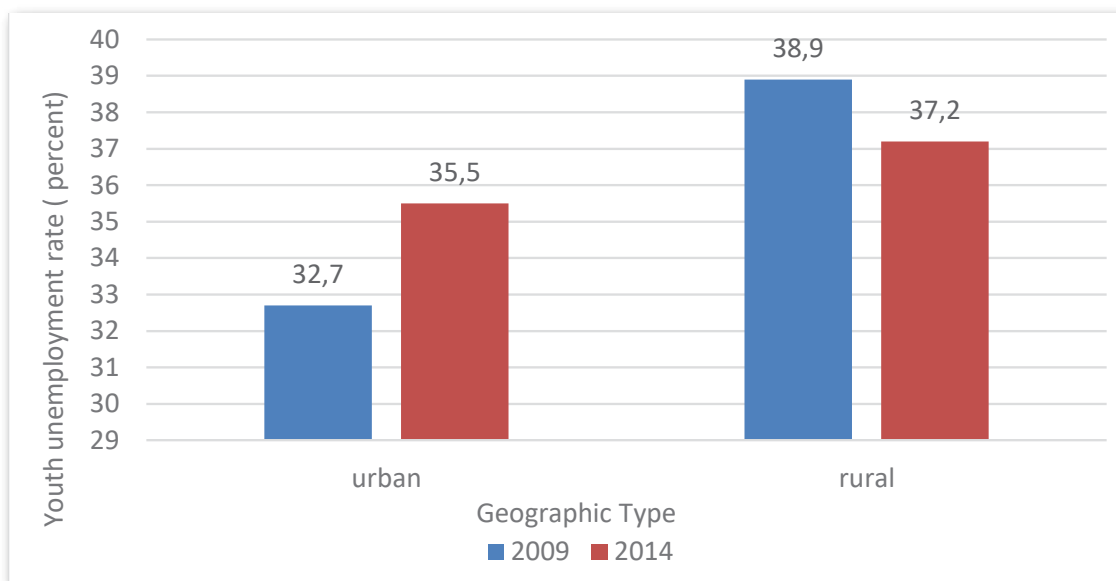


Figure 20: Schooling and work experience - White males



For people who live in the rural areas of South Africa, which were systematically denied development opportunities during apartheid, NEET rates are highest of all. The figure below presents youth unemployment rates in urban and rural areas for the years 2009 and 2014.

Figure 21: Urban versus rural youth unemployment rates (2009 and 2014)



Source: GHS (2009, 2014)

The data suggests that youth from rural areas experience even higher unemployment levels than youth from urban areas. Indeed, in 2009 the youth unemployment rate was 6.2 percent higher in rural areas than in urban areas (38.9 percent vs. 32.7 percent). This can be expected considering the slower-paced economic development in rural areas (Lehohla, 2016, p.77).

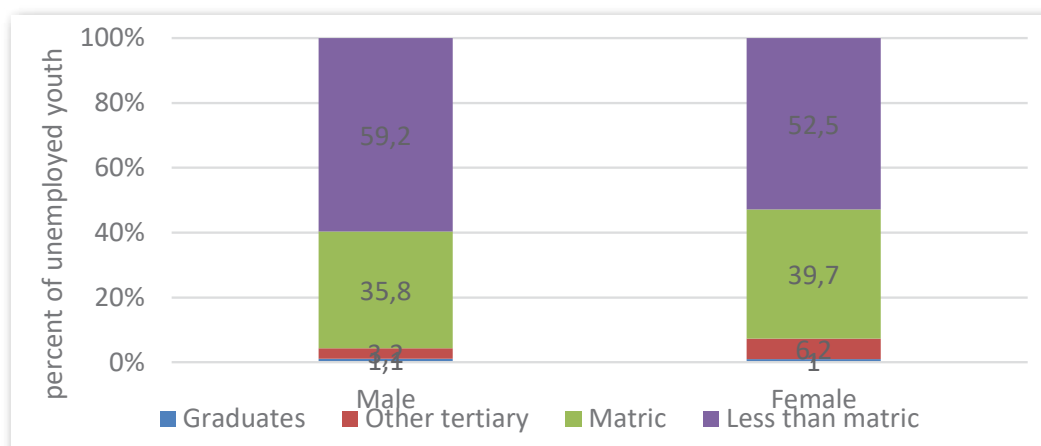
Interestingly, the youth unemployment rate in rural areas declined by 1.7 percentage points between 2009 and 2014, while that of their urban counterparts increased by 2.8 percentage points over the same

period of reporting. This is likely due to the higher proportions of young people migrating to big cities as indicated previously in this report.

Nevertheless, even with the high incidence of rural to urban migration that has taken place over the past 5 years, young people living in rural areas continue to bear the brunt of unemployment. In 2014, the youth unemployment rate in rural areas remained almost two percentage points higher than that recorded for youth residing in urban areas (37.2 percent vs. 35.5 percent).

Finally, the youth unemployment rate disaggregated by sex and level of education is explored below.

Figure 22: Percentage of unemployed youth by sex and highest level of education a (2014)

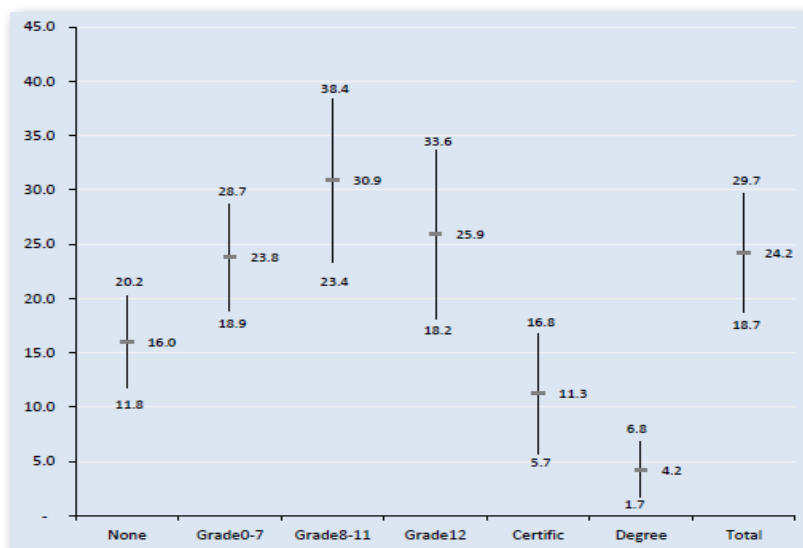


Source: QLFS 2009-2014

The data suggests that the majority of unemployed youth have less than a matric certificate in their possession. On the other hand, a relatively small proportion of young unemployed individuals are graduates or individuals with tertiary qualifications. Interestingly, 36 percent of unemployed males and 40 percent of unemployed females have attained a matric-level education.

The figure below explores the correlation between level of education and unemployment from an additional perspective. It refers to long run average unemployment between 1995 and 2012, by cohorts completing the standard education qualifications associated with the post-school environment. Comparison between the unemployment rate by qualification shows that holders of some qualifications are far more exposed to the risk of unemployment than others.

Figure 23: Long run average unemployment between 1995 and 2012, by education cohort



Source: Post-apartheid Labour Market Series, DataFirst; Own calculations

Based on their data, Festus et al. argue that having a matric – the country’s highest secondary school qualification – no longer leads to better labour-market opportunities. The unemployment rate of this cohort stood at 17.2 percent in 1996, and the difference between those with matric who got a job was 6.6 percentage points higher than those without matric. By 2015, however, the unemployment rate of matriculants had risen to 27.1 percent, and having a matric only offered a marginal advantage. Indeed, the unemployment rate for those without a matric was just two percentage points higher.

It is important to note that the proportion of young people in South Africa who are not in employment, education, or training is extremely high relative to the size of this population in developed countries. The implications of this for the range and diversity of youth interventions that are required in the South African context are explored in Section 4.2.

A2. The South African Economic Context

Globally, the world of work is going through major changes, which have implications for future labour market participants – especially the youth. Availability

of jobs is dictated by internationalisation of production along global supply chains. Slow global growth conditions contribute to growing unemployment and an erosion of standard forms of employment. Research suggests that, “that for many paid work will become less formal and more insecure, with jobs not having prospects for advancement or benefits. This growing precariousness will cut across all sectors, occupational levels and professions. At the same time, opportunities for some, especially for the techno-savvy who have digital access and digital literacy, will increase. Informal work spaces will become a significant feature of the world of work: these will be the spaces of ‘convergence’, the “spaces of hope” . The implications of this level of uncertainty and the complexity that this poses for transitions from education to the world of work are explored throughout the report.

Demand Side Factors

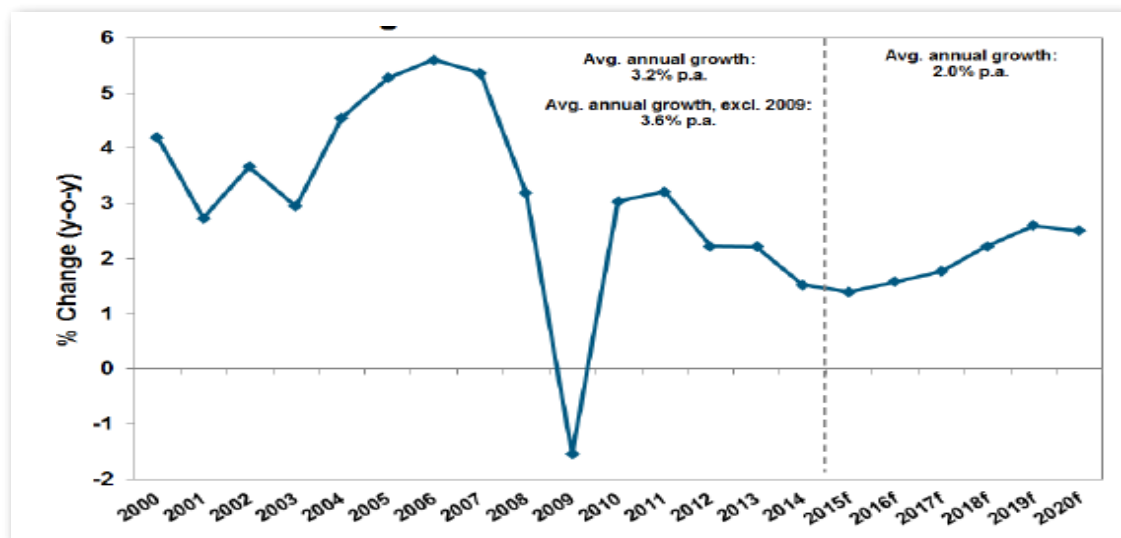
Economic and employment growth

The previous section illustrates that to date the South African economy has not been successful in absorbing the growing youth population into the labour market.

This failure has in part been due to the lack-lustre economic growth rates that the South African economy has experienced over the past decade. Historical GDP

growth in South Africa, as well as forecasted GDP growth, are illustrated in the figure below.

Figure 24: GDP growth in South Africa (2000 - 2021)⁶⁶



Forecasted GDP growth is not predicted to reach the levels required to be labour absorbing over the next five years. This suggests that the status quo conditions are most likely to prevail, which implies that private sector job creation will not exceed the flow of young people into the labour market.

Anticipating trends in GDP growth further down the line will be informed by

- knowledge and insight relating to global economic trends;
- current and future circumstantial events and regulatory positions that constrain or facilitate South African GDP growth;
- the design and implementation of a growth path for the country with potential for job creation, and
- how change from the low growth status quo into a cycle of sustained employment growth will begin to stimulate the participation of young people in the economy.

A number of potential constraints to South African GDP growth are outlined below. Short term constraints include: severe drought conditions in many parts of the country; electricity supply constraints until new capacity comes on stream in 2017/18; low domestic business confidence; and high inflation partly driven by temporary factors (e.g. food prices).

Medium and long term constraints include: low commodity prices; continued weak demand conditions locally and internationally; an uncertain global economic environment; the threat of investment downgrade by rating agencies; rising operating costs; policy uncertainty in sectors such as mining and agriculture ; and downward trends in labour productivity

Going forward, a number of policy and regulatory issues also have the potential to impact on the growth of the economy. These include:

- The strength of fiscal policy and government's commitment to fiscal consolidation, appropriate prioritization of growth-oriented spending and cost effectiveness.
- Market competition, especially in network sectors such as transport and electricity.
- Management of state-owned enterprises and investments.
- Red tape and access barriers in the context of entrepreneurship and SME development.
- The quality of, and access to, education and training.
- Investment in infrastructure.
- Labour market regulations.

Finally, the role played by the South African private sector in testing new opportunities will be important. Given the relative decline in demand from trade with China and the European Union, opportunities beckon - the growth outlook for Sub-Saharan Africa has moderated, but remains positive with growing consumer power. From an export development perspective, South Africa can take advantage of significant market opportunities in various rapidly growing and sizeable African economies.

Skills biased economic growth

The design of programmes to facilitate youth transitions into the labour market, must be based on an understanding of the general pattern of demand across industries and occupations. These patterns may influence decisions regarding programme objectives and how such programmes should be structured and implemented.

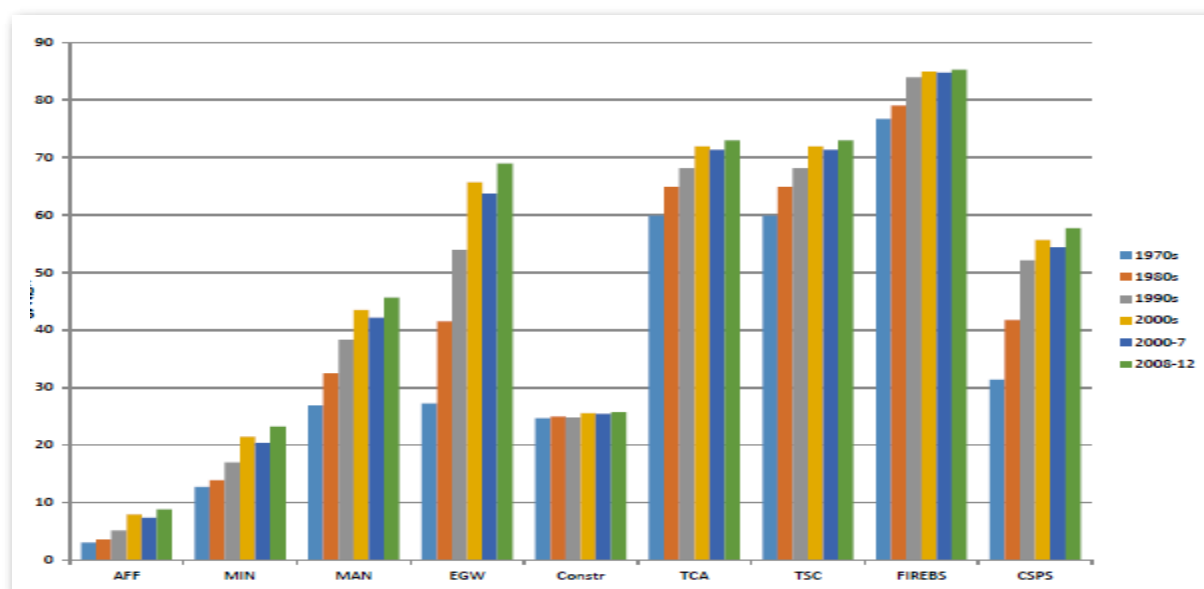
The outstanding feature of the South African labour market lies in unsustainable unemployment rates, especially in unskilled and semi-skilled bands. Simultaneously, high skills and some technical and artisanal skills are in high demand. This fundamental challenge must be placed in the context of economic factors shaping the sectoral make-up of the economy and hence the skills demand structure in the labour market.

A central influence contributing to employment losses from the South African labour market since 1994 is the process of skills-biased technological change, which emerged from the responses of companies to trade liberalisation exposing the domestic economy to global competition. A global commodity cycle downturn, occurring in the post 2009 global financial crisis, reinforced this change.

These factors resulted in enterprises cutting costs and increasing production by investing in capital-intensive methods of production and shedding superfluous jobs. The wave of technological change sweeping through the economy further predisposed employers to hire relatively more workers with higher skills and fewer workers with low skills.

As a result of an accumulation of similar decisions within a large number of firms, the ratio between high and low skills increased in favour of the former within firms and sectors. The figure below shows how the proportion of the formal labour force that is skilled per economic sector has changed between the 1970s and 2012. It demonstrates how overtime the share of labour absorption between sectors has begun to favour value-adding and services sectors over resources-based sectors.

Figure 25: Changes in the proportion of highly skilled and skilled workers per economic sector labour force in percentages (1970s to 2012)^{1 2}



1. Fedderke, J. W. (2014) Exploring Unbalanced Growth in South Africa: Understanding the Sectoral Structure of the South African Economy October 2014 South African Reserve Bank Working Paper Series WP/14/07 p.42 Figure 17:

2. Y-axis presents data for following sectors (from L-R) Agriculture, Mining, Manufacturing, Energy, Construction, Trade, Financial and business services, Community and personal services

Demand for expensive and scarce skilled and highly skilled workers has thus increased over the decades, despite the fact that the South African labour market has an abundance of low-skilled, less educated workers. At a macro level, this represents a mismatch between the types of labour demanded by firms and the types of labour supplied by the labour market. This economic trend, which emerged globally in the last quarter of the twentieth century, contributes to and exacerbates pre-existing high structural unemployment that is the historical outcome of colonial and apartheid economic policy.¹

Bhorat *et al.* (2014) explore the changing nature of occupational labour market trends in South Africa and the resulting impact on wages. They argue that the skills bias in the South African labour market has resulted in “an increasing wage premium for high-skilled workers – and the opposite for low-skilled workers – in jobs impacted by technological change and global competition. Skills-biased labour demand therefore underpins wage inequality, the main determinant of income inequality and one of the central challenges facing post-apartheid policy-making.”²

Consequently, labour demand patterns in South Africa have resulted in significantly higher returns for those with some form of post-schooling qualification.³ Furthermore, labour market participants’ skills levels (measured by qualifications acquired) strongly influences how they are treated by employers.

Changes in industry composition of GDP

The way in which technology diffusion across industries and within firms – enhanced by expanding global relationships of competition - has shifted labour demand upwards in the occupational frameworks is described above. The impact of skills-biased technology change also needs to be demonstrated with reference to changes in industry growth as measured in GDP, to determine whether the distribution of labour across industries is aligned to industry growth patterns. The main shifts between 1994 and 2012 can be observed in the secular decline in manufacturing share (-11 percent), and a decline in agriculture share (-2 percent), which had already shed labour under an earlier phase of mechanisation.^{4 5} The major GDP

gains were achieved in the services sector (business services (+3 percent); financial services (+3 percent); trade (+3 percent). Tertiary sectors, including finance, real estate and business services, transport storage and communication and finance, real estate and business services also increased as a percentage of GDP.

Table 12: Changes in industry composition of GDP: 1994 and 2012

	1994	2012	Change
Sector	percent	percent	percent
Personal services	5	6	+1
General government	16	17	+1
Business services	9	12	+3
Financial services	7	10	+3
Trade	14	17	+3
Construction	3	4	+1
Utilities and logistics	12	12	0
Manufacturing	21	10	-11
Mining and quarrying	7	10	+3
Agriculture	5	3	-2
	100	100	-

Note: Due to rounding percentages may not add up to 100 percent

Community services (essentially the public service) showed a significant increase in the share of employment (largely in health, education and policing). This change is defined primarily by the mandates that government adopts according to the envelope of funds available in the fiscus.

Of direct relevance to this work is that, within the private sector, business services as a percentage of total employment in the economy showed employment growth of 3 percent between 2001 and 2013. This was largely the result of expansion in this sector (including communications and ICT, private security services and cleaning). The key productive sector – manufacturing - saw a 4 percent decline in employment. The sub-sectors suffering most losses were textiles, clothing and leather (5.1 percent decline) and furniture and other manufacturing (2.6 percent decline).

The primary sectors - mining and even more so agriculture- suffered declines of 1 percent and 3 percent in their respective shares of total employment.

1. Bhorat H, Goga S and Stanwix B (2013) Occupational Shifts and Shortages: Skills Challenges Facing the South African Economy LMIP Report? 2013

2. Bhorat, H., Oosthuizen, M. & Cassim, A. (2014) Occupational Shifts and Skills Challenges Facing the South African Economy LMIP Policy Brief No.3 Development Policy Research Unit, University of Cape Town p.1)

3. Bhorat, H., Mayet, N., Visser.M. (2012) Student graduation, labour market destinations and employment earnings DPRU Working Paper 12/153 November p.20)

4. In this period, mining and quarrying showed an increase in output (+3 percent), while precipitous decline followed the September 2012 deaths of 34 Marikana miners by police gunfire.

5. South Africa’s share of world manufacturing output decreased from 0.61 percent in 1990 to 0.5 percent in 2010 showing how, relative to

world trends, the manufacturing component of the economy has been in retreat over a long period.

Table 13: Employment by industry (September 2001 and third quarter 2008 and 2013)⁶

Sector	2001	2008	2013	Change 2001-2013
	percent	percent	percent	percent
Domestic work²	10	9	8	-2
Community Services	19	19	22	+3
Business services	10	12	14	+4
Trade	24	23	21	-3
Construction	6	8	8	+2
Utilities and logistics	6	6	7	+1
Manufacturing	16	14	12	-4
Mining	4	2	3	-1
Agriculture	8	6	5	-3
	100	100	100	-

Note: (a) for September 2001, third quarter 2008 and 2013 (b) Due to rounding percentages may not add up to 100 percent

6 Source: Statistics South Africa 19 20 p.93 Twenty-year review year p.93 Figure 4.9

As can be seen, the trends of declining GDP and employment are prominent in the resources and manufacturing sectors – the sectors most likely to employ low skilled workers. On the other hand, the services sector, a sector geared towards high skilled workers, remains robust with respect to both GDP and employment growth. This further highlights the challenges facing low skilled workers in particular in the context of obtaining a job. With these trends confirmed, the focus of discussion shifts to how the supply side dynamics relate to the demand side. First, however, the relative proportion of young people employed in various industries and occupations is explored below.

Youth employment compared with total employment by industry and occupation

The data shows that there is minor variation in the distribution of youth across industry as compared to the distribution of total employment by industry. The two sectors which show a greater difference are community and social services (which includes public sector employment) and private households (mainly domestic workers), which have lower proportions of youth at -4.1 percent and -2.8 percent respectively. This means that the workforce in these two sectors is slightly older, and may reflect a bias towards older employees in the case of community and social services and avoidance of domestic work among youth.

Figure 25: Employment by industry (October to December 2015)⁷

Sector	Total Employment (percent)	Employed Youth (percent)	Difference
Agriculture	5.4	6.5	+1.1

7. Statistics South Africa (2016) Statistical release P0211 Quarterly Labour

Mining	3.0	2.7	-0.3
Manufacturing	10.9	11.3	+0.4
Utilities	0.8	0.7	-0.1
Construction	9.0	10.0	+1.0
Trade	20.5	24.0	-1.5
Transport	5.6	5.7	+0.1
Finance and other business services	14.2	15.3	+1.1
Community and social services	22.6	18.5	-4.1
Private households	8.1	5.3	-2.8
	100	100	

In comparison with the occupational distribution of total employment, a higher proportion of employed youth are in clerical (+2.5 percent), sales and service (2.8 percent) and elementary work (1.6 percent). The data shows that the distribution of youth in managerial and domestic work occupations are respectively 3.2 percent and 2.6 percent lower than the distribution of total employment by occupation. The lower distribution of youth in domestic work suggests preferences for other work. The lower proportions of youth in management occupations can be because management roles are normally assumed later in people's careers. On the other hand, this may reflect a degree of employer reluctance to hire younger people in management roles.

Force Survey Quarter 1: 2016 Pretoria; Statistics South Africa p.vii Insert employed youth reference Table B

Figure 27: Employment by occupation (October to December 2015))^{8,9}

Occupation	Total Employment (percent)	Employed Youth (percent)	Difference
Manager	8.2	5.0	-3.2
Professional	4.8	4.2	-0.6
Technician	9.1	8.3	-0.8
Clerk	10.7	13.2	+2.5
Sales and service	15.8	18.6	+2.8
Skilled agriculture	0.6	0.5	-0.1
Craft and related trade	12.4	13.3	+0.9
Plant and machine operator	8.0	7.6	-0.4
Elementary	24.0	25.6	+1.6
Domestic worker	6.4	3.8	-2.6
	100	100	-

Supply Side Factors

Immediate supply-side pressure on the labour market is driven by the number of people who need jobs, taking into account their qualifications and experience. In the

supply-side equation, the levels of accessibility and quality of education that are offered in the schooling and the post-school system are vital in preparing people with skills that will best place them to find jobs.

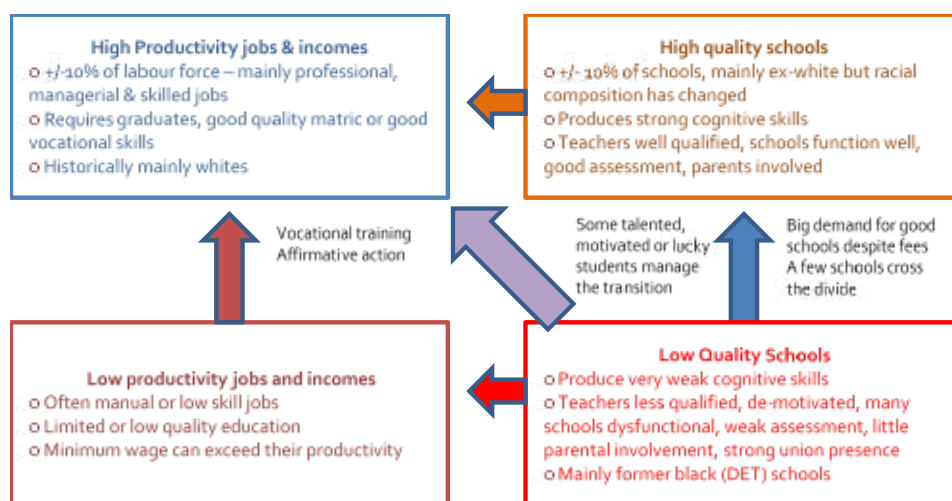
Accessibility and quality of the schooling system

The quality of schooling provided to children and young people impacts significantly on their ability to access the labour market. While significant gains have been made in improving children's access to General Education, the Annual National Assessments indicate that learner competence in foundational skills (including literacy and numeracy) remain alarmingly low and are well below the international average.¹⁰

Related to this concern is the fact that the dropout rate after Grade 9 remains unacceptably high. Only about 47 percent of 22 to 25-year-olds in the country have completed Grade 12, compared to 70 percent in most developing countries. Furthermore, while the national pass rate for the National Senior Certificate examination increased from 70.7% percent in 2015 to 72.5% percent in 2016, in four provinces (Western Cape, Mpumalanga, Limpopo and the Northern Cape) the pass rate decreased over this period. The Eastern Cape was the worst performing province, attaining a pass rate of 63.3%.¹¹

In 2011 van der Berg characterized the South Africa's school system as "dualistic", and presented the challenges this creates in the Figure below.

Figure 28: SA's dualistic school system and labour market⁷



8. Statistics South Africa (2016) *Statistical release P0211 Quarterly Labour Force Survey Quarter 1: 2016* Pretoria; Statistics South Africa p.viii and Figure 6.4

9. Statistics South Africa (2016) *Statistical release P0211 Quarterly Labour Force Survey Quarter 1: 2016* Pretoria; Statistics South Africa p.ix

10. DBSA Youth Employability Strategy, Draft, April 2011

11. EWN 92016). 2016 Matric Class Obtains 76.2% Pass Rate. Available at <http://ewn.co.za/2017/01/04/2016-matric-class-obtains-72-5-pass-rat>.

This diagram is an alarming illustration of how the dualistic school system established under apartheid, continues to thrive more than two decades into our democracy. Schools offering low quality education to learners in poor communities play a very damaging role in continuing the legacy of Apartheid education. Large numbers of school leavers fail to transition into the economy, or, when they do, tend to move into lower skilled jobs. Thus an ongoing and urgent priority is to ensure that public schools serving children and youth most at risk, are able to develop strong cognitive skills and the ability to transition into further education and employment.

Accessibility and quality of post-school education and training (PSET)

The post-school domain is complex as expected enrolment populations are extremely diverse demographically (e.g. schooling background, age, race, gender, citizenship, rural/urban location), in employment experience (e.g. duration of employment, type of contract, work in field of qualification) and in unemployment experience (e.g. duration unemployed, time since last employed, time spent not active in the labour market). The PSET sector seeks to enhance employment outcomes by offering curriculum that are relevant to industry/sectoral needs, and by minimising the proportion of students that fail or drop-out.

Since the establishment of the Department of Higher Education and Training in 2009 there has been a concentrated effort on expanding access to PSET. The table below reveals that significant gains have been made in increasing enrolment figures in the post school system. At the same time, however, the number of young people – the majority aged between 18 and 24 - who are NEET (or Not in Education Employment or Training) is estimated to be over 3 million.

Table 14: Number of individuals enrolled in the post school system 2010-2014 (millions)¹

	2010	2012	2014
University (public and private)	0.79	0.95	0.97
Colleges (public and private)	0.33	0.66	0.70
Adult Education (public and private)	0.29	0.31	0.26
Not in Education, Employment or Training (NEET)	2.78	2.95	3.00

1. Source: Centre for Higher Education Transformation. <http://chet.org.za/news/changes-shape-post-school-system-south-africa>

Notwithstanding the successes achieved by universities and the TVET Colleges in expanding enrolments and graduate production so far, it is acknowledged that there are tough challenges facing post-school institutions with regards to improving graduate quality and raising internal efficiencies.

TVET Colleges are the key institutions dedicated to skilling people with vocational and occupational qualifications and on balance appear most suited to meet the needs of the NEET population. However, although TVET College enrolments have more than doubled since 2010, as it stands only a small proportion of young people who leave the schooling system and need access to a non-university PSET pathway enrol in TVET colleges. Furthermore, high drop-out and drop-in numbers are evidence of poor retention in the TVET colleges that are unable to prevent high numbers of work seekers ending up with incomplete courses of study. Indeed, it is estimated that throughput rate for TVET students lies at only 9% for NCV and 11 percent for N4-N6.

Similarly, despite around an 18 percent increase in university enrolments, poor completion and success rates, coupled with challenges in terms of cost of higher education, inhibit growth in higher education, particularly in engineering, science and technology. This is evidenced in the poor throughput rate of university students, which is estimated at 25 percent for undergraduate students and 21 percent for Masters students.²

In addition, articulation between institutions and between programmes seems to be difficult to negotiate, due to complex rules or cumbersome bureaucratic procedures (e.g. recognition of credits across institutions). Furthermore, through lack of access to guidance and advice services, students make sub-optimal - and personally meaningless - choices of programmes or subject combinations resulting in low motivation and poor persistence and higher likelihood of experiencing failure.

The Labour Market Mismatch

The analysis shows that the effect of prevailing job destruction in resources and manufacturing is inimical to the needs of unskilled, low skilled and also intermediate skilled job seekers. The pressing question thus becomes how to reconcile the current disjuncture between a predominantly low-skilled labour force and labour demand oriented towards the higher end of the skills spectrum.

For some, direction must be given by industrial policy. Bhorat argues that “current macro industrial policy will not generate large-scale employment” and that

2. Department of Higher Education and Training (2015) Statistics on Post-School Education and Training in South Africa: 2013. Pretoria: DHET.

further focus needs to be given to “a labour absorbing facet within industrial strategy.”³ According to Borhat, it is only in combination with such a strategy that the employment effectiveness of education and training would improve.

In accordance with this line of reasoning, the Department of Trade and Industry (DTI) commits to “a consistent focus on growing the dynamism, competitiveness and labour-absorbing capacity of the manufacturing sector...” with an emphasis on value-adding activities.⁴ Nimrod Zalk comments that “a structural shift towards

higher growth in more value-adding and higher labour-absorbing manufacturing sectors is essential for South Africa to shift to a development path which generates more growth and higher levels of employment.”⁵

DTI’s Industrial Policy Action Plan (IPAP) clearly identifies the industry sectors in which backward indirect impacts in employment are most likely to arise. Leather and leather products, furniture, textiles, footwear and tobacco are likely to create the most jobs across their value chains.

Bhorat *et al* argue for the need to incentivise industries that can absorb the relatively low skilled labour force. Accordingly, they propose “a subsidy directed at light manufacturing sector growth could very well provide a much-needed growth engine.” They argue that such a policy would need to be supplemented by a programme focusing on the upskilling of low-skilled workers, so that such workers can keep pace with, and not be side-lined by, technological change.⁶

However, it is unlikely that the manufacturing sector will be able to contribute more than 0 percent to 3 percent of total employment generated in South Africa in the next twenty years.⁷ Manufacturing activity is exposed to Rand volatility against major currencies with a general trend of depreciation. The weakening Rand reduces the value of available working capital to firms as they import more inputs. Volatile capital flows constrain the ability of firms to make investment decisions and destabilise international pricing measures. Further, at a macroeconomic level, if imported raw material inputs increase in cost while export performance declines, an imbalance in trade can open up which exposes the country to exchange rate risk. These uncertain

Figure 29: Employment - backward indirect impacts¹

1. DTI (2016: 2)



3. Borhat, H., Oosthuizen, M. and Cassim, A. (2013?) Occupational Shifts and Skills Challenges Facing the South African Economy LMIP Policy Brief 3 Development Policy Research Unit, University of Cape Town p.4).

4. Department of Trade and Industry (2014) Economic sectors and employment cluster: Industrial Policy Action Plan IPAP 2014/15 - 2016/17 Pretoria: Department of Trade and Industry p.6

5. Zalk, N. (2014) What is the role of manufacturing in boosting economic growth and employment in South Africa? February 2014 www.econ3x3.org <http://www.econ3x3.org/article/what-role-manufacturing-boosting-economic-growth-and-employment-south-africa>; p.5

6. Borhat, H., Oosthuizen, M. and Cassim, A. (2013?) Occupational Shifts and Skills Challenges Facing the South African Economy LMIP Policy Brief 3 Development Policy Research Unit, University of Cape Town p.4).

7. Kolver, L. (2014) Growing manufacturing sector will not reduce unemployment – planning commissioner *Engineering News* 25th June 2014 http://m.engineeringnews.co.za/article/growing-manufacturing-sector-will-not-reduce-unemployment-planning-commissioner-2014-06-25/rep_id:4433

conditions over long periods of time have negatively affected the employment potential of past low-skilled labour-intensive manufacturing in South Africa.⁸ Programmes to boost exports in target sectors need to be a continued focus of government policy.

Another challenge for manufacturing sectors in middle income countries like South Africa is that productivity needs to continuously increase to gain competitiveness. However, it is argued that productivity targeting results in much less labour-intensive manufacturing on account of the need to invest in technology.

Making effective use of available skills would be optimised through an industrial strategy approach that optimises involvement of a low skills workforce with a strong commitment to upgrading skills. The challenge therefore is to understand the interdependent relationship between economic growth path design and planning of a national skills system for better synergy.

State of Entrepreneurship and its Impact on Youth

Small, Medium and Micro Enterprises (SMMEs) are constantly cited as key to economic growth and job creation in South Africa. The Small Enterprise Development Agency (SEDA) notes the following, “SMEs already have a significant presence in the South African economy, accounting for close to 91 percent of all formal business entities in the country, making an estimated contribution of between 51 percent and 57 percent to national gross domestic product (GDP), and providing approximately 60 percent of employment in South Africa.”⁹

This should be noted within the context of South Africa's rate of established business being much lower than the average for similar ‘efficiency-driven’ economies where the rate of 8 percent is more than double South Africa's rate of 3.4 percent. South Africa is ranked 53rd out of 60 economies in terms of established business rates.¹⁰

Annual research conducted by the Global Entrepreneurship Monitor (GEM) reflects that SA's level of entrepreneurship is low, in comparison to other developing countries, and that it is on the decline. Active entrepreneurial activity, referred to as ‘entrepreneurial intentions’, has dropped by close to 30 percent in the past year (from 15.4 percent to 10.9 percent) and almost halved when compared to 2010. In relation to the rest of Africa, South Africa's entrepreneurship rate is exceptionally low, with the African regional average being measured as 3.6 times higher. In

addition, entrepreneurial activity is now driven more by need than opportunity. In 2015, around two-thirds of entrepreneurs in South Africa were opportunity-driven – the lowest opportunity score since 2011, with needs-driven entrepreneurship increasing by 18 percent from the previous year, “evidence that South Africa's poor economic growth and chronically high unemployment over the past few years is starting to take its toll” (GEM, 2016: 3).

The profile of a South African entrepreneur is relevant to this report, as many fall within the definition of youth. South Africans aged between 25 and 44 years are the most entrepreneurially active, accounting for between 50 percent and 60 percent of all early-stage activity. The percentage of 18 to 24-year-olds in South Africa involved in early-stage entrepreneurial activity is considerably lower than the average for Africa (2.4 times that of SA), as well as lower than the average for efficiency-driven economies¹¹, which at 13 percent is double the South African figure. Given South Africa's high youth unemployment figure, this reflects that young people are not becoming actively engaged in entrepreneurial activity.

The GEM research also reflects some interesting, but concerning findings, with regards to participation by young women and black people in entrepreneurship. In 2015 only 6 women for every 10 men were engaged in early stage entrepreneurial activity, compared to a ratio of 8:10 in 2014. The South African ratio is significantly lower than those in other African countries and in other efficiency driven economies. Recent research also reflects that women entrepreneurs are increasingly more likely to be driven by necessity, rather than opportunity.¹²

The participation of black Africans in entrepreneurship has declined over the past year. While they still constitute a majority of all entrepreneurs, their numbers have declined from 85 percent to 68 percent. Other race groups show increases in participation, with Indians doubling their involvement over the past year and White early-stage entrepreneurs tripling their levels of involvement.

In terms of sectoral participation, the GEM Report notes that the majority of Total Early-stage Entrepreneurial

11. Classification of economies by economic development level is adapted from the World Economic Forum (WEF). According to WEF's classification, the factor-driven phase is dominated by subsistence agriculture and extraction businesses, with a heavy reliance on (unskilled) labour and natural resources. In the efficiency-driven phase, an economy has become more competitive with further development accompanied by industrialisation and an increased reliance on economies of scale, with capital-intensive large organisations more dominant. As development advances into the innovation-driven phase, businesses are more knowledge-intensive, and the service sector expands (<http://weforum.org>).

12. In 2014, women entrepreneurs were 2.6 times more likely to be motivated by opportunity rather than necessity; in 2015 they were only 1.6 times more likely to be opportunity motivated (GEM, 2016)

8. Zalk, N. (2014) What is the role of manufacturing in boosting economic growth and employment in South Africa? February 2014 [www.econ3x3.org](http://www.econ3x3.org/article/what-role-manufacturing-boosting-economic-growth-and-employment-south-africa) <http://www.econ3x3.org/article/what-role-manufacturing-boosting-economic-growth-and-employment-south-africa> p.4

9. SEDA Report: Analysis of the Needs, State and Performance of Small and Medium Businesses in the Agriculture, Manufacturing, ICT and Tourism Sectors in South Africa, 2012

10. GEM (2016) South African Report 2015-6: Is South Africa heading for an economic meltdown?

Activity (TEA) in South Africa is in the consumer services sector, accounting for 67 percent of all activity. This is followed by the wholesale/retail sector, with the business services sector counting for only 9 percent, due to the fact that the sector relies on greater knowledge intensity and hence is more difficult to enter. Geographically, entrepreneurial activity is located primarily in Gauteng, the Eastern Cape and Kwazulu-Natal, whereas Mpumalanga and the Northern Cape have rates of entrepreneurial activity of less than a tenth and a fifth respectively, of the rates of Gauteng.¹³ This clearly indicates the need for provincial and municipal strategies to support entrepreneurship, tailored to local conditions.

With regards to the ability to SMEs to stimulate job creation, the results of the GEM research suggest some caution in assuming that SMEs are natural sources of new jobs. Entrepreneurs surveyed for the report were almost four times more likely to anticipate making no contribution to job creation beyond their own employment. This factor can be attributed to the increase in needs-driven entrepreneurial activity, combined with environmental factors such as South Africa's labour legislation and the lack of appropriate skills in the labour force. On a positive note, a quarter of entrepreneurs still anticipate generating six or more jobs, which is slightly higher than the average of 21 percent for efficiency-driven economies.

A3. Emerging Learning from Youth Transition Programmes

International Lessons

This section reviews various types of programmes to support youth transitions across a range of countries, with a specific focus on Labour Market Policies and more specifically Active Labour Market Policies.¹⁴

Auer et al. (2008) define Labour Market Policies (LMP's) as taking two forms – “passive” policies which support individuals during unemployment and “active” policies that support individuals (unemployed, underemployed or employed people looking for better jobs) to achieve labour market integration. Such policies seek to intervene between supply and demand and:

“...contribute either directly to matching (e.g. public and private employment services, job search assistance, prospecting and registering vacancies, profiling, providing labour market information), or to enhancing supply (e.g. training and retraining), reducing supply (e.g. early retirement), creating demand (e.g. public

works, enterprise creation and self-employment) or changing the structure of demand (e.g. employment subsidies), for example in favour of disadvantaged groups.” (Auer et al., 2008: 13-14)

According to the EU (2015), the primary goal of ALMPs is to increase employment opportunities and job matching for job seekers. Caliendo and Schmidl (2016: 6) suggest that ALMPs for youth seek primarily to “integrate unemployed youth into the labour market, stabilize their career entry, and/or to promote the take-up of vocational training as an intermediate step to labour market entry.” In the international context, ALMPs are geared to providing unemployed people, and particularly marginalised groups (Spevacek, 2009), with the necessary support to successfully enter/re-enter the labour market as soon as possible and in the best possible job match. ALMPs can have particular benefit for long-term unemployed, being largely youth and low-skilled workers, in order to mitigate the increased risk of movement into inactivity.

Piopiunik and Ryan (2012) suggest that there are three broad categories of policy interventions to improve school-to-work transitions:

- Active labour market programmes (ALMP's) targeted at unemployed youth - these focus on rapid results, where government is a direct actor in improving labour supply, increasingly through outsourced agreements with service providers, and stimulating demand.
- Extension of high-quality fulltime vocational schooling which keeps youth out of the labour market and provides a longer-term solution for improving knowledge and skills; and
- Measures to improve the functioning of apprenticeship systems where government may invest in improving the quality of apprentice candidates (for example, through pre-apprenticeship programmes) and promoting the availability of workplaces for on-the-job training.

Programme approaches are dependent on the set of conditions and challenges in the country concerned. Therefore, the success or lack thereof of these programmes will depend on the extent to which they are based on understanding of, and are addressing the specific constraints to, youth employment in the country. A study conducted on behalf of the World Bank¹⁵ suggests that the following factors that may be constraints to youth employment:

- *Skills mismatch* is the lack of adequate general skills (literacy, numeracy), technical skills, or soft skills (behavioural skills), or insufficient entrepreneurial skills.

13. Finscope South Africa Small Business Survey (2010) cited in Department of Small Business Development (2014) Youth Enterprise Development Strategy 2013-2023

14. **Appendix A** provides an overview of the lessons learnt from the implementation of youth transition programmes both internationally and locally.

15. World Bank (2010) Active Labor Market Programs for Youth in Africa: A Framework for Engagement (unpublished)

- *Lack of labour demand* in markets where economic activity is too slow for job growth or where there is a demand for labour but employers choose not to hire the available labour pool.
- *Job search constraints*, including poor information about where the employers (or the employees), also called “matching” and a lack of tools that allow young people to signal their capacities to potential employers.
- *Constraints to self-employment*, namely the money,

know-how and social networks that are the bases for successful small firm start-up and survival.

- *Social norms*, on the labour supply side, where young people may not pursue available jobs due to self-imposed or externally imposed constraints on the types of employment that are appropriate.

These types of constraints and the associated interventions that have been undertaken to address these constraints are captured in the table below.

Table 15: The menu of constraints and interventions

Constraints		Possible ALMP Interventions	
		Evidence-based Interventions	Mixed evidence, theoretically sound
Job-relevant skills constraints	Insufficient basic skills	• Information about the value of education	• Second chance programs
	Technical skills mismatch	• Training “plus”/comprehensive programs • Information on returns to technical specialties	• On-the-job training
	Behavioral skills mismatch		• Behavioral skills training
	Insufficient entrepreneurial skills		• Entrepreneurial training
Lack of labor demand	Slow job-growth economy	• Wage or training subsidies	• Public service programs • Labor-intensive public works
	Employer discrimination	• Affirmative action programs	• Subsidies to employers who hire target groups • Employee mentoring
Job search constraints	Job matching	• Employment services	• Technology-based information sharing
	Signalling Competencies		• Skills certification • Training center accreditation
Firm start-up constraints	Lack of access to financial or social capital	• Comprehensive entrepreneurship programs	• Microfinance
Social constraints on the supply side	Excluded-group constraints (ethnicity, gender, etc)	• Target excluded-group's participation in programs • Non-traditional skills training • Safe training/employment spaces for specific groups	• Adjusted program content/design to account for excluded-group specific needs

In a review of ALMP-related evaluations, Betcherman et al (2004), Spevacek (2009) and Caliendo and Schmidl (2016) indicate that the different types of interventions to support youth transitions have varying effects when evaluated independently:

- **Employment Services** (counselling, job placement, job matching etc.) are relatively low-cost and generally have a positive impact on employment and earnings but are reliant on a demand for labour. In the context of labour demand these interventions should be accompanied by skills training. Counselling (with or without monitoring) as part of job search assistance seems to help youth find employment faster and find employment which is stable and of high quality.

- **Labour Market Training for the Unemployed** (mostly directed at long-term unemployed and take various forms) – while this type of intervention does have positive impacts on employment (but less so on earnings), particularly for long-term unemployed in developed and transition countries, such programmes must be targeted, lead to formal certification, involve on-the-job training and have employer involvement and/or sponsorship.
- **Wage / Employment Subsidies** – these are designed to subsidize an employer’s cost of hiring and are typically targeted at specific groups (long-term unemployed, youth and disabled people) and are predicated on the expectation that the level of productivity by the

end of the subsidy period will be high enough to continue the employment relationship. Wage and employment subsidies on their own are unlikely to be effective, with substantial deadweight and substitution risks. Subsidies do not necessarily address mismatching issues. However, the evidence suggests that they can be effective if the subsidy is supplied directly to the individual as an incentive to get into work, and if there are complementary services such as job search assistance or training.

- **Public Works** – These include short-term employment opportunities in construction, rural development and community services. Evaluations have found that these are effective as safety nets for poverty-stricken individuals but have little benefit for longer-term employment and earnings outcomes, especially if the individual does not make an immediate transition into stable employment.
- **Micro-Enterprise Development Assistance / Self-Employment Assistance** – these interventions include a combination of financial assistance and technical support (training, counselling and the development/implementation of a business plan). These are the least used and therefore least evaluated, forms of ALMP. Where evaluations have been performed, they tend to focus on business survival rather than the employment and earning outcomes of the individual. Programmes that offer mentoring and business counselling, in addition to financial aid, are more likely to succeed than those only offering financial assistance.

Betcherman et al. argue that, based on a small set of available evaluations, while many of the findings from industrialised countries apply to transition countries, this is not always true of developing countries where weak capacity and the size of informal labour markets dominate. The authors suggest that programmes which incorporate a comprehensive packages of services and programmes that are oriented to labour demand, linked to real workplaces and have careful targeting are unlikely to have different effects across countries at various stages of development. However, the evaluations suggest that programme outcomes are usually better when the economy is growing.

There is limited estimation of cost-effectiveness in evaluations of the various programmes. However, drawing expenditure information from the Eurostat Database, Caliendo and Schmidl (2016) found that average per-capita expenditure is highest for wage subsidies, followed by training programs and job creation schemes, while job search services are the least expensive form of ALMP. While wage subsidies are expensive, their effectiveness is high relative to job

creation schemes which are also costly. Job search programmes are most cost-effective and have relatively high effectiveness.

Using an adaptation of the World Bank Framework, six categories of programmes are considered. The table below outlines the categories and the particular examples that have been evaluated and found to have positive employment and earnings outcomes. These examples do not comprehensively cover all forms of programmatic approaches that have been adopted, but have been selected on the basis that they were largely successful in supporting improved employment and earning outcomes, and have produced sufficiently documented lessons that are useful for the current analysis.

Theme 1: Targeting strategies

Generally, international programmes focus on ensuring that the barriers that young people experience in accessing employment are addressed so that when the programme is completed the young person is no longer unemployed. Effective targeting focuses on ensuring that the programme reaches the appropriate groups of disadvantaged youth and, of equal importance, that the programme ensures that the interventions are suited to addressing the needs of these groups in the particular context concerned. Targeting strategies vary significantly across countries.

Targeting strategies must ideally be geared to preventing long-term unemployment

Lessons from a range of European programmes suggests that the effectiveness of targeting may determine the extent to which the programme succeeds in the specific objective of addressing long-term unemployment.

For many European initiatives the deliberate focus is on enrolling youth in the programmes before they have spent too much time in unemployment. For example, in the Belgium First Job Agreement programme, preference was given to those youth who had been in unemployment for less than 6 months: this was a departure from previous strategies in the country which have tended to focus on long-term unemployed and represents the growing understanding of the importance of intervening early.

Other examples include the Danish Youth Unemployment Programme as well Portugal's Inserjovem - both of which target youth that have been unemployed for 6-months or less.

To enable this target group to move into employment, programmes typically rely on a combination of financial incentives (allowances or stipends), job search skills and employability skills. In the Danish

Youth Unemployment programme, specially designed programmes of ordinary education or on-the-job training are offered to youth who have fallen out of the education system. This programme lasts for 18 months, during which time youth continue to receive 50 percent of their unemployment benefits. For Inzerjovem, the youth continue to receive benefits as long as they remain in the programme, and the support to the youth continues until they find employment.

In the UK and some European countries, enrolment in these programmes is linked to potential sanctions: youth who are unemployed are required to enrol in the programme or face losing their unemployment benefits. This provides an effective mechanism for “passive targeting”, as youth are enrolled in the programme when they apply to access their unemployment benefits, which may be longer than the 6 month period outlined above. For example, in the UK, the New Deal programme places youth in a Gateway period once they reach 6 months of unemployment, during which they receive intensive training or work experience in order to fast track their transition to employment.

Programmes in countries that are considered ‘transition countries’, such as Eastern Europe and Central Asia, often target unemployed youth who have low levels of education and preventing long-term unemployment for this target group. In these programmes they focus on raising the skills levels of this target group through a combination of institution-based occupational training and/or work-based training and/or internships, which are combined with wage or hiring subsidies. They report that this targeting is necessary given the significant barriers to employment in these countries, the level of job precariousness amongst youth and the lengthy periods for which young people are unemployed.

Similarly, programmes in the USA are focused on addressing barriers to employment for disadvantaged youth through a focus on ensuring that youth complete their schooling (such as in the Youth Incentive Entitlement Pilot Project (YIEPP) and JobStart). Here, programmes are voluntary and there is a bias towards self-targeting – they suggest that youth that qualify for the particular programme will be drawn by the specific nature of the service offered.

For example, the JobStart programme, which operated across 13 geographically distinct sites, was explicitly targeted at youth who were between 17 and 21 years of age, did not have a high school diploma or GED, read below the eighth-grade level, and were “economically disadvantaged” (defined primarily by household income or receipt of social security benefits). These explicitly stated criteria attracted the targeted economically disadvantaged youth with low reading skills to the centres. JobStart worked better for young people who had been ‘pushed out’ of regular school because of educational challenges rather than being ‘pulled out’

due to other social or familial issues. This is because JobStart created a more conducive, alternative educational setting than regular high school that could assist youth who had struggled in a traditional setting. However, the programme was more effective in some JobStart sites than in others in reaching the target group. The reputation of the site in the community and its perceived service focus appeared to have a strong influence on who applied for the program. Those sites with a history of providing basic skills instruction and not occupational training attracted youths who were more interested in GED attainment, while those centres that emphasized occupational skills training seem to have attracted youths who were more interested in job skills and immediate employment than in education.

In the Latin American countries, the focus is on assisting young people from low-income families who are less likely to access employment opportunities and who are prone to risk-taking behaviours. Examples of these are the Jóvenes and Entra 21 programmes, which actively target economically, disadvantaged youth. Entra 21 tries to ensure that the youth that it targets apply to the programme, by putting in place a financial scheme that provides an incentive for youth to register in the programme. The agencies reach out to youth from a wide range of geographical areas and make sure they have a presence in each of the communities targeted. In the Jóvenes programme they work in those neighbourhoods, which have the highest number of houses operating below the poverty lines so as to be able to reach their intended target group.

Although most Public Works programmes are not directed towards youth, they have been widely used to provide short-term opportunities for long-term unemployed that have low levels of education and are at-risk, particularly in economies that are in crisis. Public Works projects have also been used in post-conflict countries to stabilize and re-integrate youth who have been victims of conflict. Public works have a built-in self-targeting mechanism – by setting the wage offered at no more than the prevailing market wage for unskilled labour, they invariably attract the most disadvantaged groups, although the uptake of the service is generally low. However, they can also have the unintended stigmatizing effect on youth who participate in such a programme, which can undermine longer term employability.

Bulgaria implemented a large-scale public works programme (temporary employment scheme lasting 5 months) to try and mitigate the effects of the transitional economy, with low employment opportunities, on sustained unemployment. Its primary objective was to reintegrate the unemployed on social assistance into the labour market, restore work habits and motivation, and reduce dependency on the social security. The programme was effective in attracting large numbers of long-term unemployed youth through wage and

other incentives, but employers reported low levels of productivity and the need to invest substantially in mentoring and firm-level supervision to address poor work habits and discipline at the workplace. Ultimately, however, employment outcomes were low - only 8 percent of programme participants found employment at the end of the programme.

Providing good information is an effective mechanism for targeting

Both the Latin American programmes and the JobStart programme have demonstrated the important role of providing information in encouraging the targeted group to apply to the programme. These programmes use strong media campaigns, which specifically target youth in their particular communities and demonstrate that if the programme objective and services offered are clearly articulated, individuals will most likely self-target. In other words, articulating the particular set of services that will be provided by these programmes, will more likely ensure that the youth that are being targeted will be most attracted to what the programme offers (and conversely that those who don't need the programme are unlikely to apply). For example, highly skilled youth are unlikely to enrol in a programme that focuses on developing entry-level skills.

The Entra 21 programme ensures it has visible and had a clear marketing strategy in the communities concerned. This marketing strategy is attuned to reaching disadvantaged youth. In addition, the NGO's who acted as service providers are well known and respected in their communities. As such it achieves success in reaching its target audience, which are youth that have completed secondary schooling and that are from low-income households.

The Peru PROJoven program, which is a variant of the Jovenes programmes implemented across various Latin American countries, uses dissemination and information campaigns directed to community leaders and local authorities. It also broadcasts PROJoven activities and goals on television and radio, through printed ads in the press, and distributes pamphlets and other printed materials in localities where poverty rates are higher. They suggest that this allows for a form of self-selection to take place, in that young people that are more motivated – because of a desire to achieve and/or because they are more disadvantaged and will respond to the information about the benefits and the opportunity costs associated with voluntary participation is lower than otherwise would be the case if they had multiple opportunities.

Appropriate selection processes

International learning suggests that successful outcomes from youth programmes depend in the first instance on effective recruitment and selection

processes. This requires of the programme that clear selection criteria are put in place. Once a programme has established selection criteria, it is important that this is communicated to whomever is undertaking the selection.

Ideally, youth should be selected on the basis that they are most suited to the programme demands and are therefore most likely to succeed. However, youth programmes face the challenge of having to balance off targeted selection with the equity and access requirements of the programme. Selection is particularly critical in programmes that rely on self-targeting.

In the case of Germany, ALMPs, wage subsidies, job search assistance and access to long-term/further training were effective partly because of the selection of candidates who were older, better educated, work experience and had higher levels of placement offers during their unemployment period. This suggested evidence of “cream-skimming” – selecting those that were more likely to succeed. The flipside of this is that youth that had low educational attainment and were invariably younger, were selected into public sector job creation and short-term practical training which had little chance of long-term employment benefits.

In general, the first stage of selection will seek to verify that the young person meets the eligibility criteria (i.e. in terms of poverty levels, educational background etc.). This provides the first filtering mechanism in the selection process.

Final selection of participants onto programmes may invariably involve a trade-off between equity and appropriate targeting. When seeking to provide training opportunities for youth, it may not be possible to stick closely to the criteria where high levels of inequality prevail. A key challenge here is the tendency of training providers to select the best candidates that meet criteria and more likely to succeed, resulting in particular educationally disadvantaged youth being left out and further marginalized.

Experience from the international examples suggest that for example, participating centres/training providers should be given clear guidelines about the appropriate selection of candidates. This approach can form part of the public tender process and equity requirements can be built into the contractual requirements of the training providers ensuring that these training providers will be unable to or discouraged from unfairly creaming the best candidates and neglecting others. For example the Jovenes programmes demonstrates the importance of not allowing training providers to make the final decision on which youth are selected for the programme, as it is in their interest to only select those youth who are likely to succeed which could work against equity requirements. This was also demonstrated in the Peru PROJoven programme:

labour offices will pre-select a pool of youth who have chosen to enter particular training programmes on a first-come-first-served principle. This pool, which exceeds the number of spaces available, is sent to the training institutions for final selection. The evaluation found that these training institutions invariably chose those youth who were most likely to succeed in the training i.e. “cream-skimming”.

On the other hand, the targeted selection in the Entra 21 was driven by the placement targets and was viewed, not as undermining equity, but as a means to prevent dropout and ensure placement targets were reached. Youth were selected on the basis of their motivation and ability to succeed. This was done through a written application, combined with interviews and, where possible, should also include other assessments. These screening processes were time-consuming and presented particular challenges when taking the project to scale.

International learning also suggests that small business selection should be based on those that are likely to sustain businesses and create profitable enterprises. The Young Micro Entrepreneurs’ Qualification Program in Peru is a good example of how pre-selection can operate – though it also highlights the challenges inherent in such an approach. The target group is that of: economically disadvantaged young people; that are between the ages of 15 to 25 years of age; that possess entrepreneurial skills and/or own a small and/or informal business (with less than a year of operation); and, that are residing in the localities targeted by the programme. A jury selected the projects or business plans on the basis of a feasibility analysis as well as a determination as to which businesses promised higher profits. It was reported that this competition intimidated a great number of participants with the result that few candidates submitted proposals. However, the evaluation suggests that this process strengthened the likelihood of successful outcomes.

Theme 2: Programmatic strategies

Outsourced training

Evaluations of youth programmes suggest that governments are moving away from the role of direct provision of training and focusing more on addressing market failures in information and financing, while leaving more of the delivery to private providers. The rationale for this approach is that it suggested that this market-driven approach can stimulate demand-driven programmes on the part of training providers. The key objective of these programmes is to stimulate an effective market for training, which is geared specifically to the needs of disadvantaged youth. The Jua Kali programme in Kenya is a good example of this, as training providers responded to the particular needs of the enterprises and were competitive in their pricing, although it also proved difficult to manage,

which opened the door for high levels of corruption.

In another example, it was seen that public tenders were prevalent in the Jovenes programmes. It was found that the public bid process attracted good quality courses at good prices. It was also indicated that a key requirement of awarding the contract is that there must be an internship phase and training providers were therefore incentivised to identify niches markets for skills in order to ensure that they could find internships. In JobStart, however, the use of outsourced agencies was not very effective, particularly in terms of retention and placement of youth. Many outsourced providers were unwilling to accept the youth as they did not meet their entry criteria. Therefore, occupational training programmes, which were an integral component of the JobStart programme, were not always available to these youth and this resulted in lower participation amongst these youth relative to other youth who were provided such training within the JobStart centres. Furthermore, outsourced training providers appeared to have little incentive for, and paid little attention to, job placement activities. In addition, placement activities generally were undertaken towards the end of the occupational training component of the programmes, many youth were not given the opportunity to benefit from such placement activities.

A further challenge, as found in the Jua Kali project, was the challenge of overseeing outsourced providers. Administration needs to be highly efficient to ensure providers are paid timeously but there also needs to be strong governance to avoid corrupt practices or poor quality on the part of providers.

An Education and Skills-First Approach

There is general agreement in the international evaluations that low education and skills levels are critical barriers to long-term employability. The bulk of youth programmes therefore focus on upgrading skills. This approach is taken as the evidence suggests that skills-first interventions are suited to disadvantaged youth who lack skills to enter the labour market. It is indicated though that work-first interventions are suited to skilled workers who are job ready.

JobStart and the Chilecalifica programme in Chile both focus on strengthening the foundational skills of young people. Similarly, the Danish Youth Unemployment Plan prioritized skills development rather than placement, with the intention of raising the qualification base first. The assumption underlying this approach is that skills will open job prospects, and skilled workers will gain a competitive edge in the labour market.

The key challenge associated with a skills-first approach is to ensure the content (skills and knowledge) and skills level sufficiently match the demand from industry but is also delivered in such a way that the needs of

the particular target group is met. For JobStart, the objective is to assist youth to obtain their GED and then do further vocational training. However, while the project was successful in increasing the number of youth with a GED, the participants did not remain in the vocational training for a sufficient period of time to achieve the necessary skills levels for industry. This was due to many sites being inflexible in their approach and requiring students to complete all their classroom training before entering into on-the-job training. Considering the nature of the target group, it is important for sites to be flexible and responsive in the way they structure their programmes. For example, those sites that allowed students to progress into on-the-job training before completing their classroom training had more successful employment outcomes. Those that required students to complete the classroom training first before they went into on the job training had a higher dropout rate as the students lost interest in the extended emphasis on classroom training.

Ensuring skills development meets the skills content and levels required by industry, necessitates closer working relationships between providers and employers, as is the case in strong vocational education systems such as Germany and Switzerland. In the Jovenes programme, providers were incentivized to find niche training markets and internships and the market driven approach was subsequently integrated into the formal training system in Chile.

The Entra 21 programme required agencies to have market intelligence in the design of their programmes in order to reach their target of 40 percent placement of the participants in jobs. This included conducting surveys with employers to understand their entry-level skills requirements and the challenges they experience in hiring youth. Agencies also used secondary data sources such as labour market studies, although this was reportedly not highly effective as data was difficult to find. In addition, they created a business advisory group to guide programme planning and design. The placement of participants in internships also provided the basis to get feedback from employers on the effectiveness of the programme.

A skills-first approach applies similarly to some successful entrepreneurship programmes. The Youth Professional Entrepreneur Development (YPED) in Indonesia is targeted at university/college graduates and works in cooperation with local universities. In the YPED: Graduates are provided with 30 days of training on motivation and self-development, entrepreneurship, business management; marketing and development of a business plan. The graduates are then placed in remote village areas to further improve the knowledge and skills through the establishment of village cooperatives using a revolving fund scheme. Some also conduct peasant business development in rural transmigration areas.

The German ALMPs highlight the particular concern of limiting programmes for youth with low educational attainment to short-term job creation or practical training interventions which did not have access to further education as a key focus, especially given the bias in the labour market to more skilled individuals. Such programmes were unlikely to have favourable long-term employment outcomes.

Individual Action Plans as part of Job Search Assistance and Monitoring

The international studies suggest that activation strategies for youth are best supported by the development of Individual Action Plans, which lay out action steps and monitoring mechanisms for the young jobseeker. This approach individualizes the intervention, by providing a unique plan suited to the particular individual, so as to address the individual's specific challenges, and enables the young person to take some responsibility for their transition to employment.

The Inerjovem programme and the UK New Deal programme both use individual action plans to determine the process of getting into employment. Similarly, many of the Eastern European countries works with each registered unemployed jobseeker to develop an individual action plan, which outlines the activities and obligations of the youth in seeking employment. In Poland this action plan is compulsory after a period of registering for benefits, while in the Czech Republic it is voluntary. It often includes a mutual contract between the jobseeker and the public employment services agency, thus making the actions obligatory on the part of the jobseeker. These plans are reportedly particularly useful for youth that face multiple barriers, including lack of skills, limited labour market experience and various social issues, in that the plan can address each of the barriers in a systematic manner to maximize the support to the young person.

The individual action plans must include a rigorous job-search plan for benefits to continue—should the youth not follow the plan or refuse to take a suitable employment opportunity, they risk losing their benefits. Such plans appear to work best where there is availability of jobs, as they will invariably involve job search assistance. In addition, it is clear from the Inerjovem programme that, while job search assistance is a highly cost-effective approach, it is not effective without a clear focus on skills upgrading. A key risk is that individual action plans themselves are labour intensive and high caseloads may limit the capacity of PES personnel to effectively monitor progress and manage sanctions where the young people are not following the agreed upon plan.

In order to ensure such plans are effective, the combination of Job Search and Monitoring is more likely

to have positive employment outcomes. In Sweden, it was found that while Job search and job search monitoring were both individually effective in facilitating exit from unemployment, a combination of the two was more likely to lead to permanent employment. In Denmark, participants attend a two week job search course and then have to attend regular meetings with PES staff to review search strategies and ensure search efforts are being maintained.

Theme 3: Integrated delivery incorporating workplace learning

A further element of the skills first approach is the importance of adopting a comprehensive approach to education and skills development, with a particular emphasis on integrated workplace learning, to ensure youth are optimally prepared for workplace entry. Internships and placement is given particularly high levels of prominence in developing countries where no formal apprenticeship systems exist. The Latin American Programmes (Jovenes and Entra 21) demonstrate the importance of programmes incorporating a comprehensive set of services to meet the holistic needs of unemployed youth and ensure employability. They are both demand-driven programmes, with Entra 21 being the most successful in implementing a demand-driven approach.

In the Entra 21 programme, internship hours were considered part of training time. The amount of contact time was dependent on the nature of skills being developed, but the curriculum had to integrate lifeskills and technical skills, and incorporate internship time. A general principle was to ensure that the lifeskills input complimented or reinforced technical skills rather than being offered separately. The project emphasised the importance of monitoring training partners closely to ensure that life skills were well integrated with technical content throughout the training process – this was constantly emphasized throughout the project. However, the one challenge related to the lack of specificity with respect to the lifeskills inputs resulted in a lack of consistency, both in terms of the content and the types of lifeskills that were addressed.

Internships in the Entra 21 programme typically occurred after each component of classroom instruction was concluded, although there were attempts by some agencies to alternate classroom and internship hours. In one centre in Colombia, three types of internship were on offer, with varying intensity:

- a six months internship comprising intensive on-the-job experience with a wage incentive,
- a two month internship providing work experience without pay but with a basic stipend, and
- a short duration for youth (variable) who did

not perform well in the classroom and need reinforcement in a particular skill area in order to master the content.

However, the agencies all found that identifying internship opportunities was time consuming and took more effort than they anticipated. Even those agencies that had pre-existing links with industry struggled with the investment of time and energy needed to establish the relationships and manage the internships.

In addition to the internship, the Entra 21 programme included a job placement component, which was new for the majority of agencies and set it apart from most youth programs in Latin America and the Caribbean when the program started. Although social networks were the predominant source of employment, the participants cited the placement services as the second most important service. Placement services were offered up to three months after the completion of the programme, although some programmes began offering the service while participants were still in the classroom. As youth were spread out across geographic areas, the agencies had to devise effective management structures to deliver the programmes through decentralized teams and outsourcing agreements. The Job Placement component was predominately delivered either through a job placement unit within the organization, where dedicated people in the project sites who were hired purposively to fulfil this role, or through outsourced agreements. The latter was the least common approach as the organisations generally wanted to directly engage with employers. However, given the demands for placement, the training providers did not always have the capacity to manage placement. To address this challenge, some organisations hired a job placement coordinator with private sector experience: this was considered critical, as a central part of their job was to understand the needs of businesses. It was found that if youth were located in multiple cities or regions, the coordinator needed to create a decentralized team and delegate the job placement to each site.

The comprehensive approach to youth development was also applied successfully in entrepreneurship programmes. In general, entrepreneurship skills seem to yield better results when they are acquired in a comprehensive training context. For example, the Peruvian Young Microentrepreneurs Training Scheme involved a package including theoretical classes, counselling and follow-up services, on-the-job training and credit: this was found to be more effective for business development than the provision of managerial training alone.

Theme 4: Incentives

There is a substantial base of evidence that demonstrates the effectiveness of incentives in getting

youth into - and retaining youth - in programmes. However, many youth programmes appear to combine a 'carrot and stick' approach in order to reinforce the dual function of incentives and sanctions. These incentives and sanctions may target youth in order to support entry and retention in skills training, or employers through by compelling them to take on youth and subsidizing such employment.

Programmes such as JobStart offer a range of incentives to participants including childcare, transport, meal allowances and incentive payments: however, this is only if youth reach certain milestones. Despite this, the programme struggled to retain participants for long enough to achieve the expected skills levels, partly due to the programme being voluntary and having no sanction for dropping out. The Jobs Corps, which preceded JobStart and provides the model for JobStart, offered residential facilities for participants and this assisted with greater retention than the non-residential option but with substantially higher costs being incurred by the programme.

In the Youth Service Jamaica programme, an intensive entry-level job preparation programme was provided for one month (residential camps) followed by a six month internship / job placement. Volunteers also received a stipend each fortnight.

Generally, activation programmes act as a deterrent and incentivise the unemployed to find employment more quickly in order to avoid participating in them. In an experimental programme in Denmark, a combination of mandatory job search assistance and training acted as both a carrot and stick – the participants experienced more efficient job search but the threat of being forced to be part of the programme for an extended period forced them to find a job more quickly as it lowers the benefit of being unemployed. Distance between the residence of the unemployed person and the place where the interventions take place further increases the stick effect as the costs of unemployment are higher, thus prompting quicker job finding.

Most other programmes are either stronger on incentives or sanctions. The YIEPP incentivizes youth to remain in and complete secondary schooling by providing access to work while they are studying and thus alleviating the economic reasons for dropping out. A reduction or removal of benefits was a strong sanction if beneficiaries did not participate or dropped out.

In Belgium, youth without labour market experience are entitled to unemployment benefits after a waiting period, as long as they continue their job search. Furthermore, unemployed youth who accept a part-time job rather than continue with long-term job search, are entitled to unemployment benefits if their wage is lower than the minimum wage (to address the high minimum wage as

an employment barrier), as long as they are willing to accept a full-time position when one becomes available. The work experience during the subsidy period provides an effective stepping stone into full-time employment and decreases the duration required to finding permanent employment.

Similarly, the Inserjovem provides access to a high level of personal support in job searching but requires the participants to honour their commitment to the programme or face a loss of unemployment benefits.

With respect to employers, subsidies are an effective incentive for hiring youth, particularly in the short-term and for long-term unemployed youth. These incentives can take the form of a direct wage subsidy or a reduction in social contributions. The Belgium First Job Agreement demonstrated that employers can be required to meet a quota of young employees - or face sanction – but continue to receive the incentives that are offered to employers if they agree to having these youth in their employ.

For incentives to be successful in the longer-term, they should stimulate not just placement but also the retention of youth in sustainable jobs. For example, incentives can be extended beyond the initial placement or training incentive towards a further incentive if the employer retains the young person for an extended period of time. In the Belgian First Job Agreement, employers who retain low-skilled young people under a written fixed-term contract of employment, may receive costs reductions similar to those in the hiring subsidy. The subsidy lasts 2 years: during the first four quarters the reduction is 75 percent of the base amount of social insurance contributions; and from the fifth to the eighth quarter it is 50 percent. Furthermore, for retention of skilled workers, 10 percent reduction of the employers' social security contributions is given for the year following the first job agreement.

Conclusion

The various themes that have been extracted from the programmatic reports / studies provide some guidance on how large-scale youth labour market programmes should be approached. These themes must be located with the particular labour market context in South Africa and what has been tried and tested to date in terms of youth transition programmes locally, so that their relevance can be further refined. In particular, the South African context for youth is different to that experienced by wealthier countries. In developed countries, unemployed youth tend to be a small percentage of the youth population and often have very specific and intense needs. However in South Africa, as with many other developing countries, a large number of young people are unemployed, with a diverse array of needs. For this reason the strategies employed in developed countries for unemployed

young people must be considered very cautiously for the South African context. At a more conceptual design level, the themes should take cognisance of the particular challenges facing youth in making successful labour market transitions more broadly. Both of these nuances will enable the development of more refined set of programmes which is appropriate and more likely to be successful.

Local Lessons

Over the past ten years evaluative work has been undertaken to assist in understanding what makes for successful interventions. In addition, over the past three years Singizi and Associates, in partnership with several other stakeholders, have conducted a meta-evaluation of over 100 youth employment/training programmes. The following lessons from successful programs have emerged from these evaluations.

Determine demand for programmes

If programmes aim to enable young people to transition into economic opportunity, there needs to be careful work during planning and implementation to ensure that there is a real demand from employers, or from a real customer base (if the programme aims to transition people into entrepreneurial activity).

Many skills programmes are required to meet certain “exit placement” targets by funders. While the intent is correct, there is a poor understanding in many skills or employment programmes of what is required to achieve this. The investment made by organisations such as the Harambee Youth Employment Accelerator, TVET Colleges that have achieved placement success at the end of Learnerships, or the Mr Price Foundation initiatives, suggest that enabling placement requires dedicated staff who have a deep understanding of employers and the sector needs and requisite budget to support this capacity.

Selecting candidates for the programme

Selection of young people for available programmes is often influenced by issues other than the ability of young people to cope with the programme. Programmes that clearly state the fundamental entrance requirements such as communication, literacy and numeracy competence and then objectively assess these competencies prior to selecting participants lead to much higher levels of course completion and graduation. Some programmes offer those who fail the tests a chance to study and try again, however passing the assessment is required prior to further participation. Equally important is assessing whether young people had a genuine interest in the opportunity the programme would lead to. Assessing for this can take several forms. Young people who have already volunteered

in primary health care are much more likely to take seriously, and complete, a NYS programme in health, for example. Harambee work hard to find areas where employers cannot find young people to learn the skills they need. One area is butchery. Before selecting for the programme, Harambee invited applicants to spend four hours in a butcher’s cold room, hearing about the job.

Ensure learners or participants have sufficient information about what the programme will provide and the opportunities to which it may lead

Many young people take up an available opportunity, because there are so few other options available to them. Programmes which communicate continually on what is on offer and why, and provide realistic information about what is possible beyond the programme also had higher levels of participation, completion and placement beyond the programme. Further, where programme staff were transparent and consistent in the arrangements for details such as stipend payment; assignments and placement opportunities had less conflict and far less drop out.

Address the relevance of learning programmes

Previous evaluative work highlights that, with respect to occupational programmes, where employers understand the programme content and find it sufficient for the job opportunities being identified, programmes were able to successfully place learners at the end of the programme. There was also evidence that results will further improve where employers were engaged in the design of the programme, specifying entry requirements and informing the learning institution of the kind of competencies required for employment.

Evidence also suggests that the relevance of these programmes was further enhanced where the providers engaged mentors who had experience in the industry. Further, programmes are more relevant when based on documented behaviour change models. That provides first time work seekers with actual work experience and that, in its fabric, cultivates the key work readiness attributes wanted by employers (punctuality, attendance, curiosity, energy and positive attitude).

Enabling young people to access formal employment: building networks

A significant barrier to young people obtaining formal employment is their lack of networks which enable them to find the employers. As noted in the CWP example, programmes which support young people to either build networks, or introduces them into the existing networks of employers, have much higher success in enabling placement. This is nuanced, intensive and exhaustive

work, and requires very high levels of trust between the programme providers and employers.

In addition to supporting young people into the formal employment environment, the studies found that it is important that programmes spend time helping young people anticipate and prepare for challenges that may arise in the work place. Peer networks appeared, in some programmes, to be powerful tools that assisted new employees to “hang in”, when they may have otherwise given up. Other ideas include having a person that individuals can call for coaching support as required. A more difficult issue that emerges across programmes, is that many workplaces are abusive and alienating. Thus a level of advocacy with employers in regard to assisting young people transition into the work place is also important.

To complement the above, there are a number of options emerging regarding possible employer incentives: the employment tax incentive has already been put in place and evaluative studies completed suggest that this has real possibilities where coupled with other forms of support such as matching and placement services.

Providing support to enable young people to initiate an enterprise

Programmes in secondary schools to introduce and inculcate an understanding of entrepreneurship were particularly successful with learners when:

- They helped learners understand the concept of entrepreneurship and gave specific examples of people who have achieved success in this area.
- They engaged learners in practical activities such as starting small businesses and experiencing at first hand the need for market research; budgeting and product development.
- They helped learners identify ways of exploring entrepreneurial activities while they were still at school, and identifying possibilities beyond school.

For out-of-school learners two types of entrepreneurial development program have emerged in evaluative studies as dominant:

- Where programmes will not be supporting the development of skills, then the programmes have to clearly define the technical and general skills that participants would require and assess applicants in relation to these prior to recruitment.
- Where programmes target young people who are entering a technical learning programme with the intention of enabling these young people to establish income generating opportunities there is a need to ensure that from the get-go learners are made aware of the entrepreneurial opportunities

and that they are provided with dedicated business incubation support including access to tools, workshops and advice beyond the programme. A key learning is that these young people may require 2-3 years of this support before they become fully independent.

Public Works Programmes that are effective for young people

Evaluations of the EPWP suggest that the most impact is achieved when:

- Programmes are managed effectively and have sustained and clear outcomes.
- If run at a large scale, these programmes must have opportunities for people to take on different roles within the project.
- The programme objectives and outcomes are well understood by both participants and staff.

However, as noted in the Philip ⁷work, the primary purpose of public employment programmes is not necessarily to support transition to other employment, but the value lies in keeping people productively engaged.

A review of the evaluations of more than thirty NYS programmes also showed that application of the principles identified above resulted in much higher throughput and transition into other opportunities.

Managing the programme

There was considerable learning about the nature of the institutions that can support effective youth employment programmes. The programme should be able to respond flexibly and quickly to employer needs and prepare first time work seekers to specifications of employers. Critically there is also a need for programmes to take into account the views of the young person and to understand their aspirations. Certain of the programmes reviewed illustrate the value of a matching system that profiles employees and matches potential candidates to those profiles. This streamlines young first time work seekers toward jobs with which they are more likely to fit and therefore enjoy, leading to higher levels of employee and employer satisfaction, translating to higher rates of retention.

There is also a need for an organisational culture and structure that encourages collaboration and quick responsiveness. Critically where much of the programme is being out-sourced this requires a project management capacity that is able to continually

7. “Lessons for youth employment strategy from South Africa’s public employment programmes”, presentation on opportunities for Public Employment Programmes to transform poor communities by Kate Philip, 2016

monitor how the different partners are implementing the programme and that can respond quickly where challenges emerge.

Meta-Review of Evaluation Studies

This component of the report reflects on the extent to which evaluations of youth employment programmes that are undertaken are sufficient to contribute to the generation of credible information about what works, and specifically about the factors that enable the success of such programmes.

The import of this component relates to the recognition that, in the context of the growing challenge of youth unemployment and poor youth labour market transitions, considerable resources are being invested in a range of programmes to address youth employment.

Previous sections of this report have highlighted that globally many of these youth employment programmes are interventions in skills development and support to school-to-work transitions. Programmes aim to assist youth to seek employment opportunities; become more employable (through education and training); make the transition from education to work; and/or create their own employment. The specific objectives of these programmes vary, however all assume that young people will be able to either access employment as a consequence of the programme and/or to access further study and training opportunities which would result in qualifications that are more marketable. While notions of what 'accessing work' means differ (and there is broad debate on this issue relating to the nature and type of work) it may involve either getting a formal sector job, accessing workplace experience (internship/work-placements that support networks with employers and enable young people to gain 'a foot into workplaces'), creating viable self-employment and/or being able to provide sustainable livelihoods or survivalist youth entrepreneurship.

South Africa has followed a similar trend in implementing youth employment programmes which predominantly comprise supply-side interventions, including school to study or work transitional programmes; programmes focused on enhancing work readiness and supporting work placement; programmes supporting the development of occupational competence (learnerships, artisanships, graduate development), those enabling entrepreneurial development; and those that create public employment opportunities (Marock, July 2013).

Yet despite this growth in funded youth unemployment programmes, both locally and globally, as "policymakers and public managers turn towards researchers and the evaluation community to learn what works for whom

and which interventions are most cost-effective they are nevertheless often disappointed." ⁸ There has historically been a scarcity in evidence of what works. ⁹ This absence of evaluative work is in part due to many evaluations not being available in the public domain, thus creating a gap that precludes evidence based decision making. However, the further challenge is that, "the messages on ALMP [Active Labour Market Policy] from the researchers and evaluators are neither clear-cut nor easily transferred to political decision-making". ¹⁰ Bredgaard (2015) suggests that this is linked to the absence of systematic evaluation in Europe that identifies why programmes work, for whom and in what circumstances. He argues further that the dearth of evidence is compounded by the contradictory nature of results that are available, as well as the reality that these are complex programmes that work under different contextual conditions, thus making them difficult to evaluate. This is confirmed by other research, which states that "few European countries have carried out rigorous evaluations until recently," though it is observed that this is changing "as tight fiscal constraints make it imperative to get better value for public spending on active labour market policies".

We argue that understanding the nature of the evaluative work that is being carried out in this sector, and ensuring that these results are credible, valid and relevant, is crucial to both ensuring that the central challenge of youth unemployment is being addressed through these programmes and that there is accountability with respect to these resources. This component of the report therefore provides a brief overview of evaluative approaches and suggests the importance of non-experimental evaluations to evaluate "complex" ¹¹ youth employment programmes. In making this assertion we recognise that there is extensive debate about the concept of quality within the non-experimental evaluation community.

We therefore seek to develop an approach to reviewing the quality of such evaluations. We offer a brief outline of approaches to evaluating youth employment programmes globally and a more detailed meta-evaluation of South African evaluative studies that have been made available to the team. This meta-evaluation examines these evaluation reports from two perspectives: (i) whether or not they provide useful information on the effectiveness of the intervention; and (ii) whether or not they are credible as evaluation studies. Answering these questions required an

8. Bredgaard, Thomas, Evaluating What Works for Whom in Employment Services, International conference on Public Policy (ICPP) 26-28 June 2013 Grenoble, France

9. Martin and Grubb, What works and for whom: A review of OECD countries' experiences with active labour market policies, Swedish Economic Policy Review, 8 (2001) 9-56

10. Bredgaard Thoman, Evaluating What Works for Whom in Active Labour Market Policies, European Journal of Social Security, Volume 17 (2015), No. 4

11. Sage Publications, Using Programme Theory to Evaluate Complicated and Complex Aspects of Interventions Patricia J. Rogers, Evaluation 2008

analysis of the data presented and a consideration of how it has been analysed against a set of defined quality criteria. The section concludes with some preliminary thoughts about the design and execution of these types of evaluations. These initial points will be refined once the final report is completed.

Methodology

Review of evaluations conducted globally

This review has drawn information on the scope and substance of available evaluative studies from key websites that focus on evaluation and/or youth employment globally, as well as – to a more limited extent – key journal articles. It found that many countries are still not undertaking impact evaluation studies¹² and that “there is very little evidence on the long-run effects of active programmes. The vast majority of rigorous evaluations only provide evidence on short-run outcomes, covering at best one to two years after the person has participated in the programme”.¹³ The research also notes that there is an absence of “evidence available on potential social benefits which could flow from programme participation such as reduced crime, less drug abuse or better health”. However it was found that there has been an increase in the number of evaluative studies that are becoming available (USAID, 2013; World Bank, 2013) as well as meta-evaluations (Graversen, 2012; European Commission 2006, Koning and Mosley 2001). This component of the report highlights the key findings of the relevant and available studies as well as, where possible, the design and methodologies that were employed in these studies.

Review of evaluations conducted locally

South African research on youth employment has highlighted that many youth employment programmes are developed in response to policy and are government agency or development sector driven. Many evaluations of these interventions remain as grey literature that have often been commissioned by funding organisations and are not usually available for public examination for purposes of learning and informing policy. For this study more than 40 summative evaluation reports on various youth programmes were made available as a result of the researchers’ long and established relationship with the organisations concerned and the willingness of the organisations to make the data available. As the focus was on examining the quality of the evaluations, no studies that were made available were rejected as long as the report was a final evaluation report and its authenticity was confirmed. Linked to ethical

12. Dr.Özge Bilgili, Evaluating Impact: Lessons Learned from Robust Evaluations of Labour Market Integration Policies, Part of an EU initiative and directed by the Barcelona Centre for International Affairs and the Migration Policy Group, August 2015

13. Martin and Grubb, What works and for whom: A review of OECD countries’ experiences with active labour market policies, Swedish Economic Policy Review, 8 (2001) 9-56

considerations, individual programmes have not been identified in this paper.

Most of the evaluation reports examined in this study use non experimental designs and rely on qualitative methodologies. Some use both qualitative and quantitative methods (for example, interviews and surveys) but are not strictly mixed-methods designs as they use these methods in tandem rather than using them to provide insights into the data from different perspectives and provide a synthesis in analysis. There were also a limited number of experimental evaluations provided by the willing organisations.

The team has considered how these evaluations were conducted, whether the design and methodology appears to be credible and if the evaluations provide information to enable meaningful conclusions to be drawn about the effectiveness of programmes in enabling young people to access employment.

Review of the literature on evaluation studies

It is recognised that making judgements about the credibility of evaluations depends on the assumptions we make about what these studies can and should reveal. The team therefore drew on the extensive body of literature debating the concept of quality within qualitative social research traditions as well as those that are written within the emerging field of evaluation practice. Related literature concerning methods for conducting qualitative meta-synthesis or meta-analysis of research studies and program evaluations were also considered. Finally, literature focusing on identifying successful interventions and developing evaluation criteria for programmes specifically aimed at enabling youth to enter labour markets and employment were also considered. These all support the development of a framework, which underpins the approach taken to examining the evaluations in this paper.

Determining Criteria: What is required for a quality evaluation

Framing the approach to evaluation design

We argue that in evaluating youth employment programmes there is a need to understand the impact of the programme, that is, the changes brought about by the programme. We recognize that much of the literature suggests that experimental or quasi-experimental evaluations, such as randomised controlled trials (RCT) and micro-econometric impact evaluations, are critical to understanding impact. However, we have adopted the approach utilized by Rogers in a Guidance Note (2012), which includes within the definition of an impact evaluation, “any evaluation that systematically and empirically investigates the impacts produced by

an intervention”¹⁴.

In addition we argue that understanding impact is not sufficient and there is a need to go beyond “what works and for which groups” and answer other equally important and related questions, such as “why do certain programmes work for some groups and not for others”.¹⁵ We therefore accept the view posited by Bredgaard (2015) that, “there is a need to combine impact evaluations with programme theory evaluations; especially when interventions have complicated and complex aspects, which are difficult to capture in experimental evaluation designs”. He argues that “researchers and evaluators increasingly use simplifying techniques to synthesise and generalise findings” using randomised controlled trials (RCTs) and econometric impact evaluations. These make it difficult to explain the causal relationships and why and how ALMPs work. He argues for contextual and qualitative data and information as well as more sophisticated evaluation techniques to answer certain types of questions in complex programmes.¹⁶ ALMP interventions are complex programmes because “target groups face major barriers to (re) integration into the labour market; techniques for improving participants’ employability and employment opportunities are difficult to standardise; the interventions do not operate in isolation but in combination with other policies and programmes and under different structural and economic conditions; and outcomes are difficult to measure in the short-term” (page 437).

The focus on non-experimental evaluations that rely on qualitative or mixed methods approach carries with it the concern that there is an absence of an agreement – what might be termed a gold standard – about what defines a quality evaluation. There are a myriad of case studies, process, summative and impact evaluations that describe youth employment programmes and indicate how they work and how they are experienced. However, these evaluations often do not show causality and the findings are often difficult to generalize. This is problematic when we want to learn what type of interventions works for whom, under which circumstances.

There are also challenges, such as the absence of standard or commonly accepted methods for the synthesis of qualitative research (Campbell et al., 2011), which are inherent in undertaking a synthesis of evaluations for purposes of representing and interpreting them collectively and/or identifying various trends, as well as the development of a model or theory

14. Rogers, Patricia, Introduction to Impact Evaluation, Guidance Note, InterAction, The Rockefeller Foundation, 1 March 2012

15. Martin and Grubb, What works and for whom: A review of OECD countries’ experiences with active labour market policies, Swedish Economic Policy Review, 8 (2001) 9-56

16. Bredgaard Thoman, Evaluating What Works for Whom in Active Labour Market Policies, European Journal of Social Security, Volume 17 (2015), No. 4

to explain the findings. The section that follows this, therefore begins to explore the concepts concepts that can be utilised to consider quality.

Defining the concepts utilised to consider quality

Discussion on the quality of non-experimental evaluations begins with an analysis of the notions of validity and reliability and a discussion about the extent to which these concepts, which underpin the scientific method, should be used for both quantitative and qualitative evaluation research. Early work in the qualitative tradition (for example, LeCompte & Goetz, 1982) argues for translating (and renaming) the key concepts of *validity* and *reliability* to be more relevant and applicable to the concerns of qualitative researchers and more aligned to the interpretivist assumptions underpinning traditions in qualitative research, while retaining central tenants common to scientific enquiry in both traditions. Researchers adopting constructivist (and some postmodernist) positions rejected the assumptions utilised in scientific methods relating to reliability and validity, and have developed a range of different terminologies and ways of viewing quality, as well as criteria related to the different paradigms in which qualitative researchers work (Patton, 2002), their assumptions about fluidity in research, and their beliefs in multiple constructions of reality. Criteria adopted within constructivist stances reject the existence of a reality external to how researchers and participants perceive it, as assumed by quantitative research. Lincoln and Guba, for example, proposed criteria that they argued were more applicable to qualitative research than the understandings of validity and reliability used by quantitative researchers (Lincoln & Guba, 1985). They proposed *credibility* (developed through multiple accounts of social reality using, for example, respondent or member validation of findings, triangulation, negative case analysis); *transferability* (rich accounts for others to judge transferability to other contexts); *dependability* (accounting for changes over time in the research phenomenon and setting); and *confirmability* (being able to account for how conclusions were reached through, for example, audit trails and triangulation) as alternative terms. In response to postmodern and relativist challenges questioning (and in some cases rejecting) the idea of criteria and their assumptions being able to identify ‘a truth’, however ‘multiple’ it may be, Lincoln and Guba later added the criterion of *authenticity* to address this issue (Seale, 1999). Authenticity concerns issues of responsibility to those being researched in terms of criteria such as fairness to all participants and questions about relationships between the research and action for change (Lincoln & Guba, 1989).

Attempting to provide a middle ground, researcher’s working within realist or post-positivist “subtle realist”

(Hammersley, 1992) paradigms acknowledge accounts of phenomena as being selective constructions of reality while arguing that they are also accounts of a reality independent of researchers themselves. Hammersley puts forward *plausibility*, *credibility* and *relevance* as the key criteria for judgements about qualitative research. These require providing sufficient evidence to support main claims (dependent on the nature of the claims) and to enable scrutiny. Huberman and Miles (1994) propose objectivity and confirmability; reliability; internal validity, credibility and authenticity; external validity transferability and fittingness; and, usage, application and action orientation (Miles & Huberman, 1994).

However, as argued by Seale (1999a), subtle realist perspectives assume a community of researchers with shared standards about credibility, plausibility and relevance for examining an external reality that allows for examining the credibility of claims made. The absence of this agreement on standards makes the development of checklists of criteria contested terrain (see for example Hammersley, 2008; Kushner, 2005). Rather than attempting to resolve intractable methodological disagreements before conducting research, Seale argues for the application of a range of methodological procedures that can be drawn from across traditions and methodologies to support judgements about trustworthy research (Seale, 1999) with “guidelines” followed intelligently, with sensitivity to and awareness of context and with the aim of assisting better quality work.

Designing the criteria: what do we need to know to determine if a programme is successful?

The second focus of this study is examining youth employment evaluation reports to ascertain whether they provide information on the effectiveness of the youth employment interventions that may inform evidence-based policy. Put differently, the question is: do these evaluation reports provide the kind of information on what works for youth employment that would make conducting a qualitative meta-synthesis of their findings worthwhile? In developing these criteria we drew on other frameworks that have been developed to review youth employment interventions particularly the ILO (ILO, 2013), PEPNet (O’Sullivan, Wernick, PEPNet, & Coalition, 2005), and studies examining evidence from evaluations and research on youth employment and youth employment interventions (Betcherman, Godfrey, Puerto, Rother, & Stavreska, 2007; USAID, 2013; World Bank, 2013). These studies tend to broadly focus on evaluating the programmes in terms of conventionally used summative evaluation criteria relating to impact and value for money but some also add criteria concerning innovation and possibilities for replication (for example ILO, 2013)

Pawson and Tilley’s perspective on evaluation and evaluative research generally argues for a perspective on evaluation (grounded in realist methodological orientations) where the success (or otherwise) of the ‘theories’ that underlie particular interventions are examined empirically through the lens of trying to understand what causes change (Pawson & Tilley, 1997). Programmes, in this view, are theories of what works that need to be tested and reflected on. Working with a realist strategy involves synthesising research in a way that is not judgemental but rather tries to unpack the mechanisms that lead to programmes succeeding or failing in particular contexts. ‘Realist evaluation’ is concerned with the question of “what works for whom in what circumstances, in what respects and how?” (Pawson, Greenhalgh, Harvey, & Walshe, 2004:3) framed by the assumption that programmes work in different ways for different people.

Drawing from this the team developed a set of questions concerning the quality of the evaluations and the extent to which these enable conclusions to be drawn about the efficacy of the youth employment programmes.

Findings

Research design

Most of the evaluation documents used for this analysis were final evaluation reports on projects of which most were undertaken at the closure of the programme. One was a tracer study, which focused on participants that had completed the programme the previous year (although the programme is on-going). These evaluations were sometimes conducted by the M&E unit of the sponsoring or funding organisation and at other times by external consultants. It is not known whether the projects continued.

Most of the evaluations adopted an exclusively or predominantly qualitative research approach focusing on the perceptions and experiences of different stakeholders in relation to different aspects of the programme. In the vast majority of cases the choice of a qualitative form of enquiry for a summative evaluation is not explained or defended by the evaluators and appears to be used as the default. A small number of evaluations did supplement qualitative research methods with a survey using questionnaires (containing closed and open-ended questions) but most did not triangulate the qualitative and quantitative data in their analysis to provide insights, confirmation or raise questions about interpretation of the data. In short they were generally not credible mixed-methods designs.

Methods selected

All studies make reference to using documents and interviews (face to face, telephonic and/or email) as

data collection methods. Some refer to observations or field research, surveys and focus groups. Most evaluations use questionnaires and/or structured and semi-structured interviews to solicit information on perceptions on the programme from different role-players (usually students, programme managers, funding/lead organisations or government departments, trainers/lecturers and employers).

Sampling

Most studies use non-probability, convenience sampling when selecting participants for interviews and/or completion of questionnaires. The availability and accuracy of records of participants and their contact details is reported as being a problem across many of the studies and there is wide reporting that research respondents are sourced by the organisations involved in the projects without means of evaluators being able to question or be informed about the sample selection. This presents a number of particular difficulties for either representative sampling in the case of quantitative research, or for clearly justifying and defending approaches to non-probability sampling as is the case in most of these reports. Ultimately this impacts on the credibility of the evaluations.

It was also found that sample sizes range, with a few drawing a large sample though most did not. In working with small samples there is little reflection on issues of homogeneity and heterogeneity in relation to sampling and what this implies for the kinds of claims that can be made. With small samples it can be argued that rather trying to provide a heterogeneous sample where individual cases may be so different from each other and therefore limit possibilities for generalisability, it would be more useful to focus on describing a sub-group or sub-groups in depth to see what works for whom.

All studies provide gender breakdowns (and often disability breakdowns) but there is almost entirely no analysis of these sub-groups in terms of what they can tell us about possible differences in experiences.

Data collection

Interviews are the main data collection method employed in most of the studies, however in the main there is little information on the data collection process and its rigour. As the credibility and trustworthiness of the data in qualitative research is strongly dependent on how methodologically skilled, sensitive and well trained evaluators (and their field researchers are), this is a key weakness. There is little or no information on the researchers as the instruments of data collection (Merriam, 2009), who they are, their training, project briefing, their experience, when and where face-to face or telephonic interviews (or focus groups) took place,

how long the interviews were, and how data were captured/recorded. There is also little or no comment on how data were stored. In short there is little evidence provided that could reassure a reviewer that there was the possibility of some form of auditing, a key aspect of trustworthiness or validity as viewed qualitatively.

The use and conduct of interviews was unclear in many studies. In many cases there is little or no information about whether the questionnaires that are sometimes included as appendices were administered to individuals, self-completed, group-administered questionnaires, or were structured or semi-structured interview schedules for face-to-face use. It is also unclear whether they were self or researcher completed (unless they are telephonic interviews). The nature of the data and the claims that can be made could vary considerably, depending on the depth and opportunities for exploring meaning that these different approaches present. In some evaluations it is not clear as to whether the questionnaire presented in the appendices or attachments was administered as standardised open-ended interviews or was conducted more flexibly as semi-structured qualitative interviews (i.e. a question phrased as closed in the instrument was asked more flexibly in an interview context yielding a different type of data for analysis). Very few questionnaires distinguish between main questions and probing questions, often leading to long lists of questions. In these cases it seems highly unlikely that this many questions could have been asked in an interview of a reasonable length or, analysed in any credible way. In many cases there is not a strong relationship between the stated objectives of the evaluation and the questions that are contained in the questionnaire.

Some studies report the use of focus groups (usually with programme participants). Many of the same issues in relation to interviews apply in terms of missing details about location, timing, rationale for the focus groups, and how they were conducted and recorded. In addition, the composition of the groups and the potential for sampling sub-group views was seldom addressed. It is also not clear, in many cases, what value having focus groups in addition to interviews added to the data. In all/most cases there is no evidence of how the interaction of participants in focus groups allowed for different perspectives on the interview or other data. Few studies produced different interview schedules for the focus groups and face to face interviews with some questions being inappropriate for the former.

Most evaluations report doing some kind of 'document scan' or 'document review' the nature of which varies across the evaluations. Very few reports indicate being able to review all programme documents (for example baseline reports, process reviews, mid-term or quarterly reviews, needs analyses, budgets, financial reporting and key documents from different stages of the project cycle) and make any assessment of their

quality and usefulness. In addition, few reports listed or detailed documents that were reviewed. Almost all had no details about the approach taken to document sourcing, selection and analysis. There was widespread reporting of poor document management on the part of many stakeholders which was partly attributed to key project managers having left the organisation and not being available for follow up and their organisations did not have (or appeared not to have) efficient document management systems and processes that would reduce reliance on key individuals. The documents do not seem to have been used critically for purposes of generating questions of clarification, for cross-checking information or probing different versions of account in interviews and documents. This undermines the credibility of the findings of these reports yet few reflect on this in terms of how it may or does undermine their conclusions about the project.

Data analysis

As indicated, there was little or no information on if / how the interviews were conducted in a consistent manner (see Patton 1987:10-11). In many evaluations this distinction is not clear making it difficult to assess the quality of the data presented as evidence and the nature of the claims that can be made on the basis of the data.

Further, some reports claim that data were 'transcribed' but offer little explanation of what this means or why this was done – possibly not what qualitative researchers understand to be verbatim transcriptions for detailed analysis. The actual data summary and how it was analysed is not described at all. Where studies claim to have used packages for analysis there is no explanation of what they actually did with these packages which undermines the trustworthiness of the analysis. There are no details of whether data were analysed by an individual or by teams or peers and how this was done. This is a key way of improving validity from a qualitative perspective.

Although many present their findings from questionnaires qualitatively according to what they claim are themes or issues, mostly these 'themes' are in the form of 'headings' or focus areas derived from the questionnaire with little explanation as to how the issues presented under each heading were selected. Weaker evaluations with very long questionnaires seem to have arbitrarily selected some questions / focus areas to comment on without being clear why others were ignored suggesting selectivity. In many cases there is insufficient data presented to support the conclusions that are derived from the data. This is not to say that the data were not there but that it is poorly presented as evidence for assertions made.

Ethics

Few studies reported on ethical consideration in relation to research methods. Considerations such as informed consent from participants, confidentiality and anonymity were not reported on. There was no indication of discussions on which documents could and would become part of the public record of the programme and be used without breaching confidentiality. Further, many of evaluation studies were carried out internally but there is no discussion of how they have attempted to minimise bias or be reflective about the outcomes. Very few of the studies contain reflection on the role or involvement of the agencies themselves in the monitoring and implementation of the studies.

Authenticity

Many of the evaluations do document detailed and potentially valuable information for agencies and policy makers on difficulties in implementation and also outline the structural, processes and capacity problems in the programmes. However in most programmes there is little commentary from the evaluators that takes the analysis beyond the weaknesses already identified by the participants – most reports are predominantly or exclusively descriptive in nature with a focus on procedural issues. While these issues may be of concern, there is little examination of why things do not take place as planned and reflection on implications for policy.

Reflexivity

Many of the evaluations tend to produce a monolithic view of programmes. While there is sometimes evidence in the data of opposing views, for example in dissenting views of different participants within and across categories, these tend to be analysed discretely and not reflected on across the study as a whole.

Contextualisation

Stronger studies do attempt to portray the context of participants and the communities in which the programmes take place. Weaker ones, however, attempt to draw conclusions for programme types without careful consideration of the types of participants sampled and the geographical and socio-economic contexts in which the studies are located. Some studies, for example, do not indicate whether these are rural or urban studies (perhaps making assumptions that readers will all know this). In general the profiling of the participants is weak as is the examination of selection processes (beyond mentioning what seem to be problems in terms of some participants in terms of motivation and interest in the chosen programme). Very few studies make comparisons to other studies they have been involved in or to any published studies.

Relevance

Most of the studies make comments on relationships between the stakeholders, particularly where there are co-ordination problems but usually in ad hoc ways as part of other discussions on findings. These relationships and their effects on the success or otherwise of the programmes are mostly not examined in any specific ways and while there are some comments about a need for strengthening these relationships, there are few comments about how to do this or what to focus on. In cases where the evaluation is done by the M&E unit of the lead agency, there are few comments about the role the agency plays or doesn't play in managing, fostering or supporting better relationships.

Effectiveness and Impact

Most studies seem to have used the programme outcomes as outlined in project documents as the basis for examining effectiveness and impact. In some cases these were very broad and consisted of long lists, while in others they were more concise. Few programmes directly addressed the main expected outcome of all of these programmes which is that of enabling youth to access employment or self-employment. Only one of them attempted to undertake a *systematic* tracer study using acceptable sampling approaches. However all studies did provide information on the employment status of the former participants that they were able to interview and this data provides some insights into the short term impact of the programmes. However, our comments on sampling need to be considered in terms of interpreting these data.

Efficiency

Most studies did not examine efficiency and either did not present financial data or provided insufficient financial data for even basic calculations, such as cost per participant, to be estimated or compared. Some studies however do provide useful contextual data to enable this financial data to be interpreted in context (if it were available) e.g. on interventions made to improve student retention – e.g. mentoring, extra coaching.

Sustainability

Most of these evaluations took place within a few months of the programme having formally ended and consequently cannot make claims in relation to sustainability in terms of employment / self-employment objectives. Many studies do report on specific employer's willingness to take on further participants for work placements where programmes have worked well. In a context where difficulties are experienced in finding placements, this is a positive finding.

Innovation

Few evaluations reflect on creative approaches, such as how to deliver a programme in less than optimum conditions or ways of getting round problems that emerge during programme delivery. It appeared that these innovations are only flagged where evaluators have comparative experience of other programmes as a basis for identifying areas of innovation.

Replicability

Reflections on replicability are patchy and in the main, studies do not clearly indicate whether these programmes can be successfully and efficiently replicated. Further the absence of detailed descriptive data makes it difficult to judge whether a programme could possibly be replicated in another context or vocational field. When reading across all the studies (even though they are implemented in different vocational fields and contexts) there are common implementation problems suggesting that the corollary may be true and there may be strategies that could be adopted across contexts. This is further evidenced by the stronger studies, which have indicated where specific strategies that were adopted have strengthened implementation for a particular iteration of the programme.

Issues emerging

This component of the report argues that there is a need to understand impact and programme theory and assumes that to do this there is value in non-experimental designs that use either qualitative or mixed method methodologies. It suggests that there is an urgent need for evaluation research in relation to youth employment interventions and argues that there is a need to explore a set of quality criteria, within the context of the research about quality in such research, that can be utilised to guide such studies so as to ensure their credibility and usefulness in providing relevant information. Learning emerging from this analysis include the following observations:

- These evaluations should not be considered as a one-off process. They should be used to improve the next phase of policy design. Evaluation is part of the dynamic process of improving policy design, implementation, monitoring as well as evaluation techniques¹⁷.
- Greater attention on the rationale for the design, such that the evaluation focuses on the change as well as the process of implementation, is required.
- The application of methodological procedures that allow for increasing trust in the evaluations and

17. Gaëlle Pierre, A framework for active labour market policy evaluation, employment and training papers 49, Employment and Training Department International Labour Office Geneva, 1999

the data they present, rather than simply a narrow checklist of criteria, is required.

- Contextual reporting, which provides detailed descriptive data of the context and implementation of the programme, needs to be strengthened. This would enable other programme designers and implementers to gain insights into what may work better in terms of running and delivering their own programmes.
- The possibility of a target group approach as compared to evaluating single programmes could be considered: this allows the evaluation to be located within the wider strategy that is being implemented for this target group. It also recognizes that policies interact with each other, sometimes being complementary, sometimes substitutes to each other, and therefore the usefulness of a programme also depends on its interactions with other policies. In addition this supports a comparison of results across programmes.¹⁸
- Evaluative reports should be written as detailed, descriptive case studies, so as to enable an experienced programmed designer to have enough

detail to understand how typical the original case is that is being reported on and therefore the possibilities for replication.

- There is a need to consider ways to increase the number of evaluations that focus on the achievements and changes made since the programme (outcomes and impact) through longitudinal studies (such as tracer studies). Where possible, administrative data should also be utilised to support the evaluative study.
- Further, there is a need to ensure that organisations implement more rigorous monitoring throughout the programme, as well as improved documentation and record keeping so as to be able to support the evaluative work that is conducted.
- Finally, the importance of the evaluator having expertise and experience in such programmes has been highlighted to allow for a recognition of what is innovative and to interpret data with an eye on what is typical and possibilities for replication.



18. Gaëlle Pierre, A framework for active labour market policy evaluation, employment and training papers 49, Employment and Training Department International Labour Office Geneva, 1999

APPENDIX B: POLICY AND LEGISLATIVE FRAMEWORK

The established policy, legislation and political accords that define South Africa's overarching framework within which youth labour market programmes are designed and implemented are presented below.

B1. Policy

New Growth Plan (2011)

The key outcomes of the New Growth Plan (NGP) are employment creation, sustainable employment and employment creating activities. The NGP asserts that in order to achieve its employment related objectives, young people need to be exposed to work experiences through internships, and education and skills development programmes need to be stepped up. The NGP focuses its attention in this regard on engineers, artisans, and currently employed workers.

The NGP further emphasises the need for the state to create jobs through:

- direct employment schemes;
- incentives, support mechanisms and targeted subsidies to encourage the private sector to invest in new ventures and extend existing operations;
- supporting labour-absorbing activities, particularly in agriculture, light manufacturing and services.

The National Development Plan (2012)

The National Development Plan (NDP) provides an aspirational vision of South Africa in 2030 and a framework within which all youth oriented programmes should be located. Proposals highlighted through its "youth lens" include:

- An improvement in the school system, including an increase in the number of students achieving above 50 percent in literacy and mathematics, an increase in learner retention rates to 90 percent, and the bolstering of teacher training.
- Strengthening existing and introducing new community-based youth service programmes to offer young people life-skills training, entrepreneurship training and opportunities to participate in community development programmes.

- Strengthening and expanding the number of further education and training (FET) colleges (now referred to as TVET colleges);
- Creating a tax incentive for employers to reduce the initial cost of hiring young labour-market entrants, providing a subsidy to the placement sector to identify, prepare and place matric graduates into work, and making training vouchers directly available to job-seekers;
- Expanding the role of the public sector in training apprentices and graduates who lack work experience, and state-owned enterprises in training artisans and technical professionals; and
- Providing skills development for students currently in school with a focus on grooming an entrepreneurial attitude.

The NDP further argues that the National Student Financial Aid Scheme (NSFAS) should be put to much better use, especially in relation to service-linked scholarships. In keeping with the National Skills Accord (explored below), the Plan strongly promotes the idea of social partnerships with employers.

Industrial Policy Action Plan (IPAP)

The Industrial Policy Action Plan (IPAP) seeks to address the significant skills deficit and demand supply mismatch in many areas of the domestic economy. In particular, it seeks to identify priority sectors in which industrial and infrastructural development opportunities can be exploited, and to encourage the creation of skills within these sectors. It further promotes the development of human resources in key technical and vocational skills fields, including artisanal skills and mid-level vocational skills.

A range of policy instruments are proposed to deal with skills mismatches, including industry skills hubs, industrial centres or manufacturing supply parks, and centres of excellence in priority areas. These are envisioned to work alongside sector-specific support measures. IPAP further proposes that additional economic and transport infrastructure is required to support labour intensive sectors and achieve a higher degree of economic and industrial decentralisation. Importantly, IPAP acknowledges the importance of

prioritising youth in job creation and strengthening entrepreneurship.

White Paper on Post-School Education and Training (2013)

The *White Paper on Post-Schooling* sets out a vision for the type of post-school education and training system that South Africa should aim to achieve by 2030.¹ The paper understands the post-school system as comprising all education and training provision for those who have completed school, those who did not complete their schooling, and those who never attended school. A key policy objective of the paper is the establishment of a single, coordinated post-school education and training system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.

The paper sets out strategies to improve the capacity of the post-school education and training system, and outlines policy directions to guide the DHET and the institutions for which it is responsible. The proposed strategies outlined in the White Paper, include:

- turning TVET colleges into attractive institutions of choice for school leavers;
- strengthening partnerships between TVET colleges and employers, both at the system level and that of individual colleges;
- establishing community colleges to cater for youth and adults who did not complete their schooling;
- promoting high quality of universities that are committed to building strong partnerships with TVET colleges and with employers;
- creating a post-school distance education landscape based on open learning principles; and
- linking education and the workplace through apprenticeship, learnerships and internships, and re-establishing a good artisan training system.²

The National Youth Service Development Policy Framework (2002)

The National Youth Service Development Policy Framework (2002) prioritises the participation of youth in voluntarism. It envisions National Youth

1. The White Paper on Post Schooling was developed after consideration of the responses to the *Green Paper on Post-School Education and Training* received from educational institutions, Sector Education and Training Authorities (SETAs), employer groupings, trade unions, other organisations and individuals, as well as further reflection within the Department of Higher Education and Training (DHET) on the challenges facing the sector

2. The White Paper suggests that the SETAs have a crucial role to play in facilitating such workplace learning partnerships between employers and educational institutions. A restructured and refocused National Skills Authority will concentrate specifically on monitoring and evaluating the SETAs.

Service (NYS) as a programmatic vehicle for enabling young people to access new opportunities for employment, income generation, skills development and personal development, while contributing to national development objectives. In particular, it seeks to generate opportunities for young people to develop marketable skills and to connect to their communities through service.

The 2016 Draft Framework on NYS presents a revised view of the NYS, which reflects some of the on-going debates within the youth sector about the differences between voluntarism, service and public employment interventions.

National Youth Policy 2015-2020 (2015)

The National Youth Policy seeks to respond to the economic marginalisation of youth in a job scarce environment. The key interventions proposed by the policy are presented below.

- Basic education – Schools should provide the knowledge and skills for life and work while serving as sites where young people can feel they belong,



develop their identity and build their self-esteem through personal discovery and social interaction. Young people should attain their National Senior Certificate or equivalent qualification with practical and economically valuable skills, and out-of-school youth should be provided with second chances to complete their education.

- Economic participation – The education system should familiarise young people with the expectations and requirements of the world of work, while the private and public sector enterprises should provide young people with workplace learning opportunities.
- National Youth Service – The ambit of youth and community service should be extended, and the National Youth Service should be institutionalised. Further, National Youth Service exit opportunities should be established for youth graduates through partnerships between government, state-owned enterprises (SOEs) and the private sector.
- Youth Work – Government should provide adequately skilled and appropriately remunerated professionals to undertake youth work.

B2. Legislation

The Constitution of the Republic of South Africa (1996)

The Constitution of the Republic of South Africa entrenches specific rights, responsibilities and principles that all South Africans must uphold. It lays the foundation for youth economic empowerment and, in the Bill of Rights, enshrines the rights of people (including the youth) and affirms the values of human dignity, equality and freedom.

The Skills Development Act and amendments (1998, 2008, 2009) and the Skills Development Levies Act (1999)

The Skills Development legislation, including the associated regulations and amendments (made in 2008 and 2009), seeks to create access for youth to meaningful skills development opportunities, particularly those linked to employability.

The Skills Development Act encourages employers to provide work experience and learning opportunities to new labour market entrants, and makes provisions for learnerships and skills programmes. Recent regulations increase the amount to be paid to business through discretionary grants, creating greater emphasis on occupational qualifications, rather than shorter skills programmes.

The levy grant scheme, legislated through the Skills



Development Levies Act, 1999, serves to fund the skills development initiatives in the country, by obligating employers to pay a monthly skills development levy.³ The SETA landscape is currently being reviewed, which will have implications for the implementation and funding priorities of the skills development system.

The Unemployment Insurance Act and amendment (2001; 2016) and the Unemployment Insurance Contributions Act (2002)

The Unemployment Insurance Act (2001) outlines the conditions surrounding the provision of unemployment benefits to certain employees via the Unemployment Insurance Fund (UIF).⁴ The Unemployment Insurance

3. The Skills Development Levies Act sets the monthly skills development levy at 1 percent of payroll. 20% of the levies collected go to the National Skills Fund. The remaining 80% goes to the Sector Education and Training Authorities.

4. SAICA. Unemployment Insurance Act. Available at: <https://>

Amendment Act (2016) increases the periods for which unemployed people can receive unemployment benefits, and allows for workers to receive an increased maternity leave benefit of up to 66%.⁵

The Unemployment Insurance Contributions Act (2002) provides for the imposition and collection of contributions for the benefit of the Unemployment Insurance Fund. Together with the Unemployment Insurance Act, it governs the unemployment insurance system in South Africa.⁶

Broad-Based Black Economic Empowerment Act (2003) and Commencement of the Broad-Based Black Economic Empowerment Amendment Act (2013)

The Broad Based Black Economic Empowerment (BBBEE) Act provides for 'the viable economic empowerment of all black people, including, in particular, women, workers, youth, people with disabilities and people living in rural areas' through inter alia human resources and skills development. The Codes of Good Practice guide workplaces in terms of incentives and certification.

The amended codes place a great deal of emphasis on organisations transferring occupational skills against qualifications (accredited courses) to black employees and black unemployed persons. In order to gain the skills development points, companies have to provide targeted training with the objective of absorbing the learner into the organisation. Points can also be gained through offering of learnerships, apprenticeships and internships. When such learners are absorbed into the company further points can be gained.

Public Investment Corporation Act 23 (2004)

The Public Investment Corporation Act (2004) established the Public Investment Corporation (PIC). The PIC has as its major clients the Government Employees Pension Fund (GEPF),⁷ the Unemployment Insurance Fund (UIF) and the Compensation Commissioner Fund. Allocations made by these clients are earmarked for investment in socio-economic

www.saica.co.za/Technical/LegalandGovernance/Legislation/UnemploymentInsuranceAct/tabid/3584/language/en-ZA/Default.aspx

5. Under the new law, families and/ or nominated beneficiaries of a deceased claimant are allowed to receive the deceased's benefits. Sigauqwe, G. (2017) Cosatu welcomes signing of Unemployment Insurance Amendment Act into law. Available at: <http://mg.co.za/article/2017-01-12-cosatu-welcomes-signing-of-unemployment-insurance-amendment-act-into-law>

6. SARS. Unemployment Insurance Fund. Available at: <http://www.sars.gov.za/TaxTypes/UIF/Pages/default.aspx>

7. The Government Employees Pension Fund (GEPF) constitutes 88.2 percent of total assets under management of the PIC. <http://www.pic.gov.za/index.php/about-us/our-clients/>. Accessed 29/10/2016

development initiatives.

Through the Isibaya Fund, the PIC targets priority sectors likely to significantly impact on job creation, skills transfer, poverty alleviation and rural development, and provides direct support to SMMEs. It does so "in a manner which will yield satisfactory financial returns for the investors while contributing positively to the economy particularly in terms of entrepreneurship, new enterprise development and job creation."⁸

Further Education and Training Act and Amendment Act (2006, 2013)

The Further Education and Training Act (now known as the Technical and Vocational Education and Training Act) seeks to provide optimal opportunities for learning, creating knowledge and developing intermediate high level skills in keeping with international standards of academic and technical quality. The Act emphasizes the need for close relationships between public and private colleges and higher education institutions as well as the Quality Council for Trade and Occupation so that colleges can play an important role in skills development.

The National Youth Development Agency Act (2008)

The NYDA Act (2008) mandates the NYDA to develop an Integrated Youth Development Strategy for South Africa and initiate, design, coordinate, evaluate and monitor all programmes that aim to integrate the youth into the economy and society in general. The Act instructs the agency to promote a uniform approach to youth development by all organs of state, the private sector and NGOs.

Employment Tax Incentive Act (2013)

The Employment Tax Incentive Act forms the legislative basis for a cost-sharing mechanism between industry and government that becomes applicable when a business hires a young person between the ages of 18 and 29. The aim of the Act is to make young people more attractive as employees to potential employers, by reducing the cost of hiring them. The Act enables employers to make places available for young people for a period of up to 24 months. Importantly, the Act also makes provision for asylum seekers and refugees within the same age group.

Employment Services Act (2014)

The Employment Services Act provides for public employment services, as well as for the establishment of schemes to promote the employment of young work

8. <https://isibayafund.pic.gov.za/Pages/About-Us.aspx>. Accessed 29/10/2016

seekers and other vulnerable persons.

The Act requires the department of labour to provide a number of public employment services including matching and placing work seekers with available work opportunities. This goal is facilitated by the establishment of labour centres in order to allow the public easy access to the public employment services.⁹ A core focus of the Act is thus on reducing the costs associated with recruitment and selection processes.¹⁰ The Act further alludes to regulations which may be promulgated by the Minister of Labour and which would oblige employers to notify the Department of Labour of any vacancies or new positions, or if any work seekers referred by a labour centre, have been employed by a particular employer.¹¹

B3. Accords

Basic Education Accord (2011)

The Basic Education Accord focuses on enabling the social partners to adopt historically disadvantaged schools and to support other programmes geared at systemic improvements in the basic education system. Weaknesses in basic education are a major contributory factor to youth unemployment, and improvements in the education system can only assist in supporting youth to transition into employment.

National Skills Accord (2011)

The commitments in terms of the National Skills Accord can broadly be grouped into three categories: (1) Delivery of training for artisans and other scarce skills; (2) Skills planning and Seta performance; and (3) FET Colleges and workplace learning. As young people are the most likely beneficiaries of skills development initiatives, achievement of the targets in the Accord will have a direct effect on youth employability.

The Youth Accord (2013)

The Youth Accord was signed in April 2013 by government, organised business, organised labour, and youth formations. The Youth Employment Strategy is contained within the Youth Accord and includes the following imperatives:

- Improving education and training opportunities available for school-leavers who have yet to obtain employment. This includes establishing second chance matric programmes, expanding the intake of FET colleges, and developing stronger roles for the SETAs.

9. Vatalidis, A. Employment Services Act. Available at: <http://www.labourguide.co.za/most-recent/2139-employment-services-act>

10. SANews (2015) Employment Services Act Comes into Effect. Available at: <http://www.sanews.gov.za/south-africa/employment-services-act-comes-effect>

11. Vatalidis, A. Employment Services Act. Available at: <http://www.labourguide.co.za/most-recent/2139-employment-services-act>



- Connecting young people with employment opportunities, through support for job placement schemes and work readiness promotion programmes. These include government career fairs; private sector work-exposure programmes (such as summer internships and job shadowing programmes); state department internship programmes and SOE placement opportunities; and work-sharing arrangements that increase the number of part-time opportunities available to work-seekers.
- Increasing the number of young people employed in the public sector, through coordinating and scaling up existing programmes under a “youth brigade” programme.¹²
- Considering youth target set-asides in particular industries, for example, through the solar water heater installation programme, the infrastructure programme, and the Business Process Services sector (which includes call centres).
- Promoting youth cooperatives and youth entrepreneurship through public agencies such as Sefa, SEDA and the Jobs Fund. Additional state support could take the form of simplified youth enterprise registration processes; technical support in enterprises development; support with demand for products; and funding support.
- Working with the private sectors to expand the intake of young people, with targeted youth support and incentives approved by all constituencies.

APPENDIX C: STATUS QUO ANALYSIS OF YOUTH TRANSITION PROGRAMMES IN SOUTH AFRICA

C1. The Public Sector

There is evidence of significant work having been done by government, at both a programme and a policy level, to support the transition of young people into the labour market. The table below provides an overview of existing public sector driven programmes. This data is aggregated by programme type in section 6.2.1.

Table 16: Overview of public sector youth labour market programmes

Type of Programme	Specific Programme	Name of Programme	Primary Source of funding	Implementing Agent(s)	Average Number of Young People Reached per Annum	Data Source and Details ³	Annual Programme Expenditure	Data Source and Details ⁴
Agency building programmes	Sports, recreation and art	-	Department of Arts & Culture	Department of Arts & Culture	300	Department of Arts & Culture	R 11,783,500	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16) ⁵
Public employment programme	Community Work Programme	Community Work Programme	Department of Cooperative Governance & Traditional Affairs	Contracted Implementing Agencies	220,056	National Treasury (2016) (expected reach in 2016/17)	R 1,734,383,000	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Technical, vocational and occupational programmes	Skills development	Environmental Protection And Infrastructure Programme	Department of Environmental Affairs	Department of Environmental Affairs	19,369	Department of Environmental Affairs	R 877,286,000	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Second chance programmes	Community colleges and second chance matric	Community Colleges	Department of Higher Education and Training	CET colleges	282,308	SSACI (2016) (reach in 2015) ⁶	R 1,700,000,000	DNA Economics (2016) (annual expenditure in 2014/15)
Technical, vocational and occupational programmes	TVET programmes	NCV, N1-N6, and occupational programmes	Department of Higher Education and Training	TVET colleges	737,880	SSACI (2016) (reach in 2015) ⁷	R 8,500,000,000	DNA Economics (2016) (annual expenditure in 2014/15)

Type of Programme	Specific Programme	Name of Programme	Primary Source of funding	Implementing Agent(s)	Average Number of Young People Reached per Annum	Data Source and Details ³	Annual Programme Expenditure	Data Source and Details ⁴
Technical, vocational and occupational programmes	Skills development	Human Settlements Youth Brigade	Department of Human Settlements	Multiple including the Department of Rural Development and Land Reform; NYDA	200	National Treasury (2016) (expected reach in 2016/17)	R 7,500,000	National Treasury (2016) (annual budget 2016/17)
Placement programmes	Placement	ESSA	Department of Labour	Employment Services South Africa (ESSA)	4,400	Department of Labour (reach since inception)	R560,000,000	Solutions Exchange presentation (2017)
Entrepreneurial development programmes	SME development	NYDA youth programmes	Department of Planning Monitoring & Evaluation	NYDA	500	National Treasury (2016) (reach since inception)	R 68,200,000	National Treasury (2016) (annual budget 2016/17)
Second Chance Programmes	Community colleges and second chance matric	NYDA youth programmes	Department of Planning Monitoring & Evaluation	NYDA	4,891	National Treasury (2016) (reach since inception)	R 64,700,000	National Treasury (2016) (annual budget 2016/17)
Technical, Vocational and Occupational Programmes	Skills development	NYDA youth programmes	Department of Planning Monitoring & Evaluation	NYDA	2,662	National Treasury (2016) (reach since inception)	R 20,000,000	National Treasury (2016) (annual budget 2016/17)
Technical, Vocational and Occupational Programmes	Skills development	Youth Development	Department of Planning Monitoring & Evaluation	Department of Planning Monitoring & Evaluation	not available		R 4,563,000	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Technical, Vocational and Occupational Programmes	Skills development	National Rural Youth Service Corps	Department of Rural Development	Department of Rural Development			R 394,766,000	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)

Type of Programme	Specific Programme	Name of Programme	Primary Source of funding	Implementing Agent(s)	Average Number of Young People Reached per Annum	Data Source and Details ³	Annual Programme Expenditure	Data Source and Details ⁴
Agency building programmes	Youth organisation	Youth Mobilisation Programmes	Department of Social Development	Department of Social Development, NGOs, CBOs, and FBOs	131900	National Treasury (2016) (preliminary output in 2015/16) ⁸	R 16,717,000	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Agency building programmes	Youth organisation	Community Development	Department of Social Development	Department of Social Development, NGOs, CBOs, and FBOs			R 65,247,500	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Agency building programmes	Sports, recreation and art	Active Nation	Department of Sport & Recreation	Department of Sport & Recreation			R 70,692,500	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Technical, Vocational and Occupational Programmes	Skills development	Food Safety Monitors Youth Programme, Blue Flag Youth Programme, Hospitality Youth Initiative, Wine Service Programme, National Youth Chefs Programme	Department of Tourism	Department of Tourism, Department of Basic Education and South African Chefs Association	3472	Department of Tourism	R 284,741,750	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Technical, Vocational and Occupational Programmes	Skills development	Graduate Trainee Programme	Department of Water & Sanitation	Learning Academy	55	National Treasury (2016) (annual reach)	R 92,910,000	National Treasury (2016) (annual budget 2016/17)
Technical, Vocational and Occupational Programmes	Skills development	War On Leaks	Department of Water & Sanitation	Rand Water and the Energy and Water SETA	7000	National Treasury (2016) (annual reach)	R 1,253,000	National Treasury (2016) (annual budget 2016/17)
Entrepreneurial development programmes	SME development		Industrial Development Corporation	Industrial Development Corporation	1595	IDC Website (average annual reach: 2013/14 – 2016/17)	R 670,000,000	IDC Website (average annual expenditure: 2013/14 – 2016/17)

Type of Programme	Specific Programme	Name of Programme	Primary Source of funding	Implementing Agent(s)	Average Number of Young People Reached per Annum	Data Source and Details ³	Annual Programme Expenditure	Data Source and Details ⁴
Entrepreneurial development programmes	SME development		SEFA	SEFA	13100	2016 Annual Report (annual youth reach)	R 275,000,000	2016 Annual Report (youth expenditure)
Public employment programme	EPWP all	Infrastructure and operations	Department of Public Works		1012360	EPWP Quarterly Report – 2015/16 (average annual youth reach) ⁹	R 1,183,366,500	National Treasury (2016) (average annual expenditure: 2012/13 – 2015/16)
Placement programmes	Assessment, matching and placement	Jobs Fund: Work Seekers	National Treasury	Private sector, public sector and NGOs	not included ¹⁰		R 226,000,000	Jobs Fund Review (2017) (average annual expenditure since inception) ¹¹
Entrepreneurial development programmes	SME development	Jobs Fund: Enterprise Development	National Treasury	Private sector, public sector and NGOs	not included		R 50,000,000	Jobs Fund Review (2017) (average annual expenditure since inception) ¹²

The sections that follow, unpack certain of these programmes in further detail.

For the purposes of this analysis, we first look at ‘direct programming’ in further detail, which is defined as those programmes that directly result in young people being absorbed into a programme. This includes the classic public employment programmes (although they may also be training programmes without a stipend, such as those run by the Department of Social Development); TVET and CET programmes; and the Department of Labour’s Public Employment Services. We then look at ‘enabling programming’, which is mainly those programmes that result in the creation of opportunities into which young people can either grow businesses or seek employment such as small business support and loans programmes. This includes the Jobs Fund and similar.

National Government Programming

Direct Programming

Public Employment Programmes

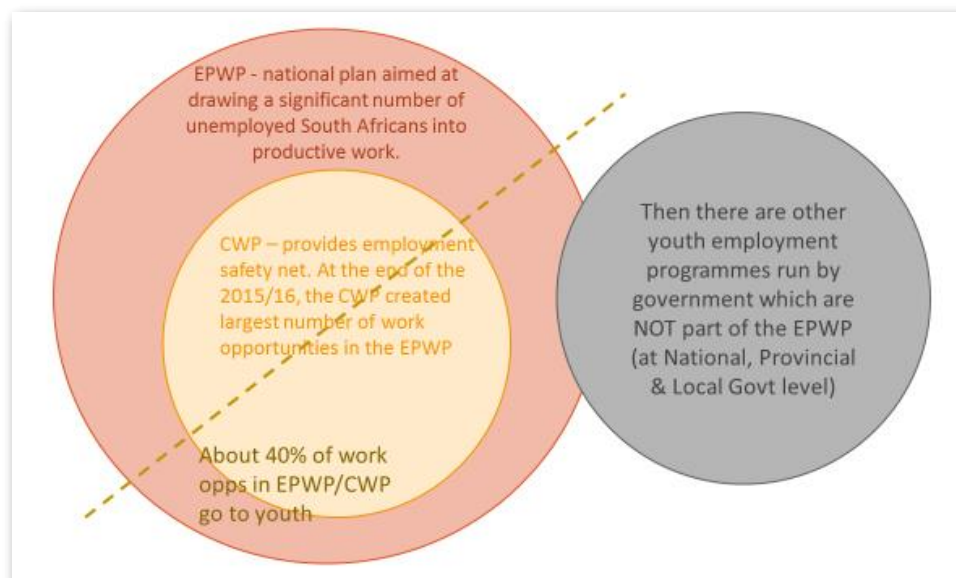
From a direct programme perspective, the focus of

Government work has been within the Expanded Public Works Programme (EPWP), including the Community Work Programme (CWP). Whilst it is noted that these programmes were not designed as youth programmes, it is recognized that the programmes have youth targets and that almost half the participants in these programmes are youth. Further, this report highlights the ways in which certain sub-programmes within these programmes have been implemented to specifically address the varied needs and aspirations of young people.

However, one of the challenges of analyzing data in this area has been that it is difficult to establish the level of overlap in terms of the numbers: that is whether individuals have been reported under EPWP as well as separately. Further, EPWP reports against sectors rather than specific programmes and this also creates a challenge. In addition, there is also the challenge with respect to splitting out youth beneficiaries from total beneficiaries.

The diagram below provides an overview of government employment programming:

Figure 30: An overview of Government Employment Programming



In conducting the research for this programme, the team focused on 31 current Government direct programmes¹, of which 17 are explicitly within the EPWP. These programmes are listed below:

Table 17: Direct Government Programmes included in this analysis

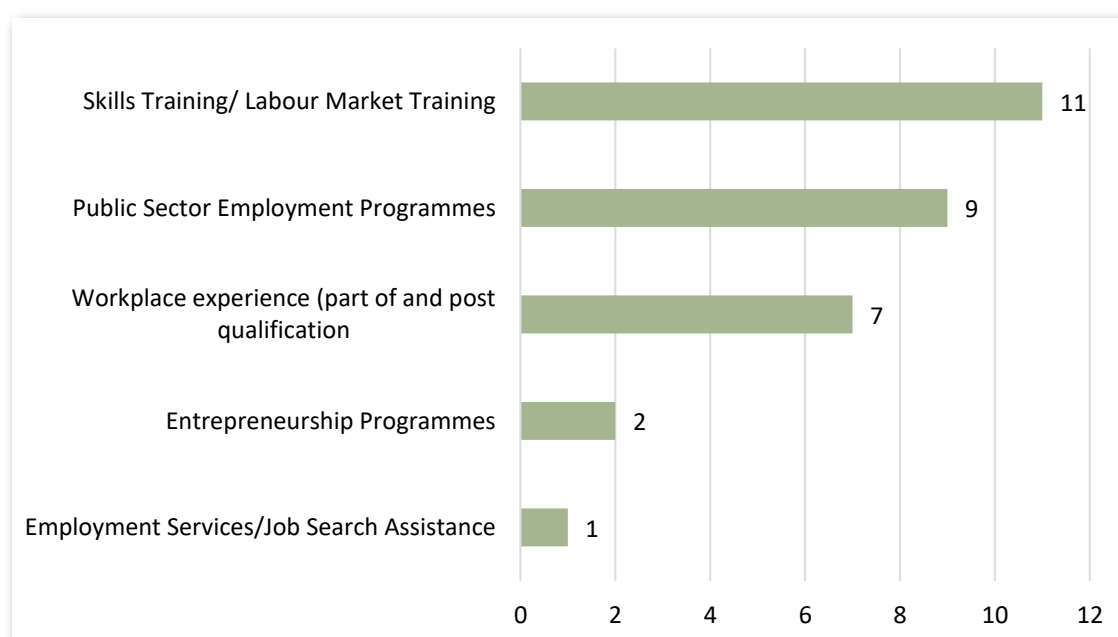
Department	Name of Programme	EPWP?
Department of Basic Education	Kha Ri Gude Mass Literacy Programme	Y
Department of Arts & Culture	Young Patriots Programme	Y
Department of Arts & Culture	Public Art Development Programme	
Department of Cooperative Governance & Traditional Affairs	Community Work Programme	Y
Department of Defense	Reserve Force Part time	
Department of Energy	Community Upliftment Programmes & Projects	
Department of Environmental Affairs	Youth in waste	Y
Department of Environmental Affairs	Youth Environmental Service	Y
Department of Environmental Affairs	Environmental Protection and Infrastructure Programme	Y
Department of Environmental Affairs	Youth Environmental Services	Y
Department of Environmental Affairs	Groen Sebenza Graduate and Matriculant Placement Programme	
Department of Environmental Affairs	Working on Fire	Y
Department of Environmental Affairs	Working for Water Programme	Y
Department of Home Affairs	Youth Cadets Program	
Department of Human Settlements	Human Settlements Youth Brigade	
Department of Planning Monitoring & Evaluation	National Youth Development Agency	

1. This is based on an analysis of the programmes that are reported in government in a range of key forums as well as an analysis of expenditure from the Department of Treasury data: this suggests that this overview provides an indication of the majority, albeit not all, of the programmes that government is implementing which accommodates and/or focuses on young people.

Department	Name of Programme	EPWP?
Department of Public Service & Administration	Community Development & Citizens Relations	
Department of Public Works	Extended Public Works Programme	Y
Department of Public Works	National Youth Service	Y
Department of Rural Development	National Rural Youth Service Corps	
Department of Social Development	Youth Mobilisation programmes	
Department of Social Development	Community Development	
Department of Sport & recreation	Active Nation	
Department of Telecommunication & Postal Services	Information Society Development	
Department of Tourism	Food Safety Monitors Youth Programme	Y
Department of Tourism	National Youth Chefs Programme	Y
Department of Tourism	Blue Flag Youth Programme	Y
Department of Tourism	Hospital Youth Initiative	Y
Department of Tourism	Wine Service Programme	Y
Department of Transport	Sihamba Sonke: Provincial Road Maintenance Grant	Y
Department of Water & Sanitation	War on Leaks	

With regard to the core purpose of the programme, as shown the figure below, most programmes are in the category of Education and Training Programmes (although they do all have a public employment element).

Figure 31: Types and Number of Government Youth Employment Programmes



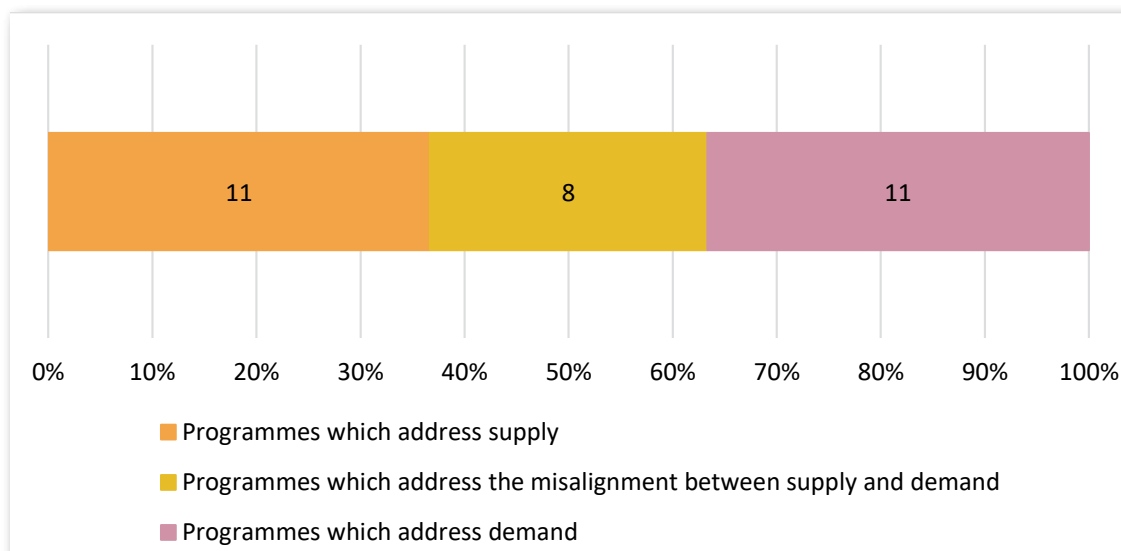
Source: Own analysis

As at 2017 there are some 30 government youth programmes. In terms of the types of programmes, using the categories outlined in the conceptual framework, it can be seen that there is a fairly even split across programmes which address supply issues, programmes which address the misalignment between supply and demand, and programmes which address

demand.

The figure below indicates that of the 30 direct government programmes 11 (or 37%) address supply side challenges, 11 programmes (or 37%) address demand side challenges; while only 8 programmes (or 27%) address misalignment challenges.

Figure 32: Types of Programmes - Government Direct Programmes

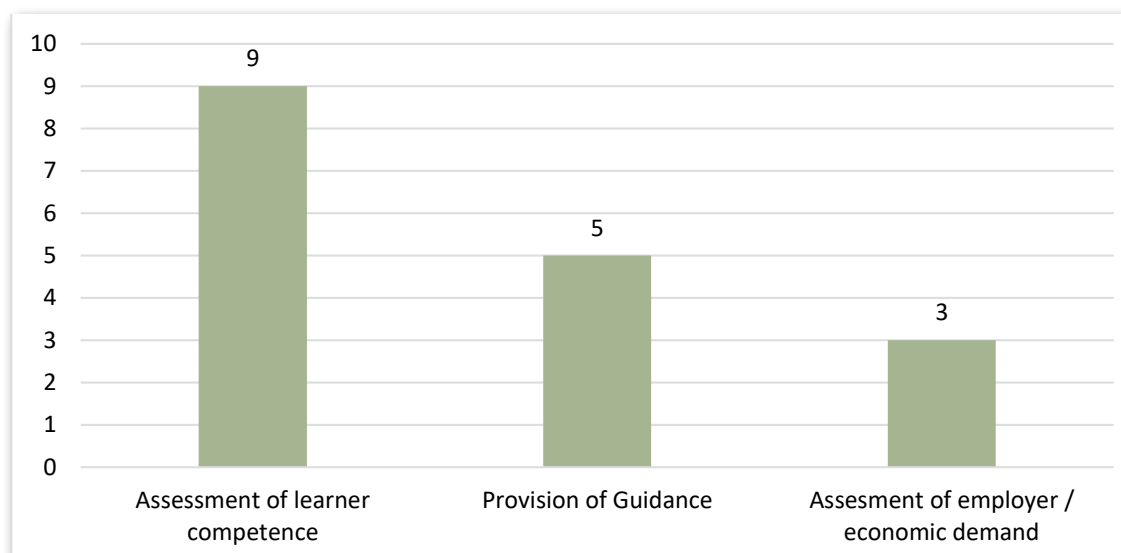


Source: Own analysis

A closer review of the programmes offered by government, against the core criteria as outlined above, found that these programmes include a variety of activities prior to, during and after the programme: As shown in the figure below, 9 of the Government

programmes reviewed and for which information was available, began with an assessment of learner competence, 5 had some form of guidance for participants prior to starting and 3 were preceded by an assessment of employer/economic demand.

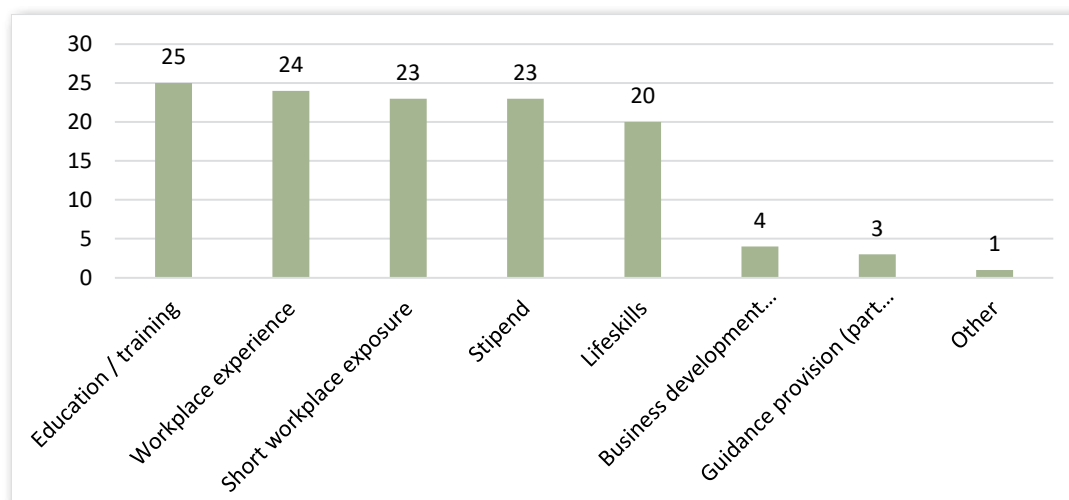
Figure 33: Activities prior to starting the programme



Source: Own analysis

As shown in Figure 4, 25 of the programmes reviewed include education and training of some form, and 24 include workplace experience of differing lengths.

Figure 34: Elements included in the Programme



Source: Own analysis

Despite the relatively high number of programmes which offer education and training (see figure above), only seven of these result in the provision of a formal qualification. One programme (Working on Fire) results in formal contracts of employment.

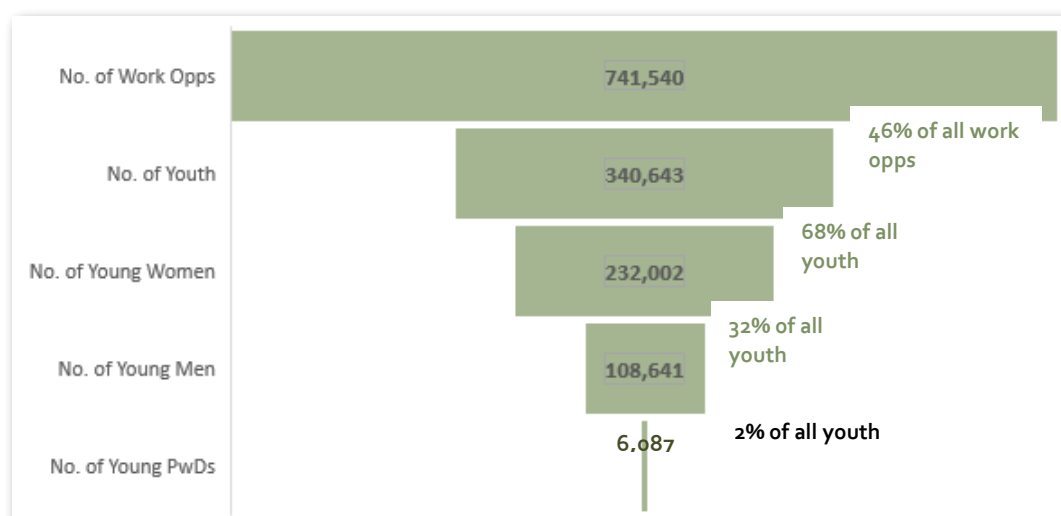
There were challenges with respect to actual numbers (as explained previously) as well as the reality that numbers appear to be reported inconsistently in different reports and, in some cases, do not indicate the number of young people within the intervention.

As indicated, the largest number of beneficiaries in Government employment programmes fall into the EPWP and we have therefore provided some additional detail about this programme: further whilst it is not specifically a youth programme, the EPWP aims to ensure at least 60% of its beneficiaries are women,

40% youth and 2% disabled. These participation targets have been consistently achieved making it a very significant intervention for young people.

In developing the diagram and table below, we have used the EPWP Quarter 4 figures for 2015/16. This data is organised per sector (infrastructure, environment and culture etc) rather than per programme. It should be noted that only percentages for youth, women and people with disabilities were provided, so these have been shown as indicative numbers for the purposes of understanding volume of young people engaged. It can be seen that, in this Quarter, 46% of all work opportunities went to youth (with the highest being 59% of work opportunities in the Environment and Culture sector). And of these, overall around 68% went to young women, 32% to young men and 2% to youth with disabilities.

Figure 35: Work opportunities created in the EPWP, Q4, 2015/16



Source: EPWP Quarterly Report - 2015/16 Q4, own analysis

The table below shows the actual number of work opportunities created per sector (plus CWP):

Table 18: Work Opportunities in EPWP Q4, 2015/16

	No. of Work Opportunities	No. of Youth	No. of young women	No. of young men	No. of disabled
Infrastructure	202 481	79 899	46 893	33 006	743
Environment and Culture	147 785	87 223	49 996	37 227	2 093
Social	113 371	56 788	46 191	10 597	863
NPO	56 528	29 180	21 751	7 429	1 293
CWP	221 375	87 554	67 171	20 383	1 094

Source: EPWP Quarterly Report - 2015/16 Q4, own analysis

DHET Initiatives

Each year, more than 800 000 young people from different pathways are eligible for TVET study as highlighted in the following table.

Table 19: Youth eligible for TVET study

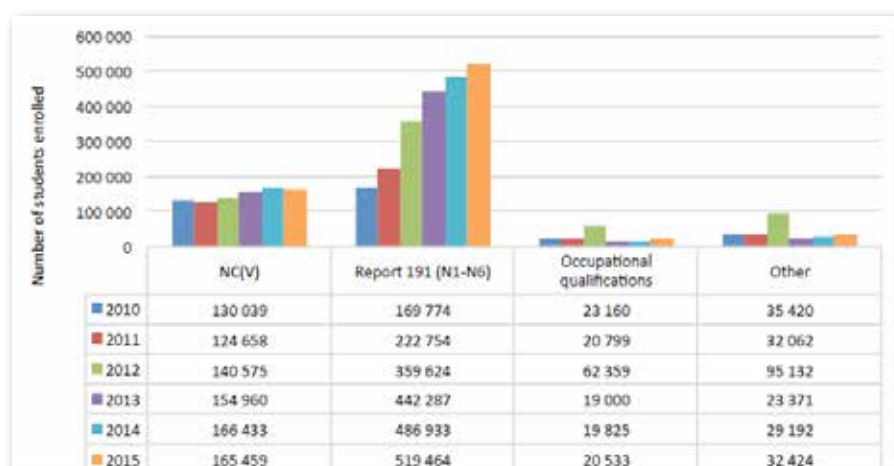
Year	Students from different pathways			Total
	Diploma and Higher Certificate Passes	Those who failed matric	Dropouts in Grade 10	
2011	226 880	147 976	521 251	896 107
2012	241 485	133 323	528 610	903 418
2013	267 848	122 333	532 077	922 258
2014	252 711	128 986	570 635	952 332
2015	289 490	188 711	501 749	979 950

Source: DBE NSC reporting data (2016), own analysis.

This means that more than 800 000 qualify to be enrolled in the first year of study. Yet, in 2015, the enrolment was 737 880 for students on all programmes and years of study for the entire public TVET sector. Clearly, there is huge inability by the sector to accommodate all students who qualify for TVET, even though the TVET sector has grown substantially, with enrolment at TVET colleges more than doubling from 358 393 students in 2010 to 737 880 students in 2015 (DHET, 2017).

Public colleges offer primarily the NCV and Nated qualifications. Although colleges have started offering occupational qualifications, these qualifications are not offered through voted funds in public colleges, and this could explain the consistently low uptake of these qualifications as highlighted in the graph (DHET, 2017). In addition, analysis conducted for the TVET TT for the National Plan showed that there is little relationship between the programmes offered in TVET colleges and regional economic needs and employment possibilities.

Table 20: TVET enrollments, 2010 - 2015

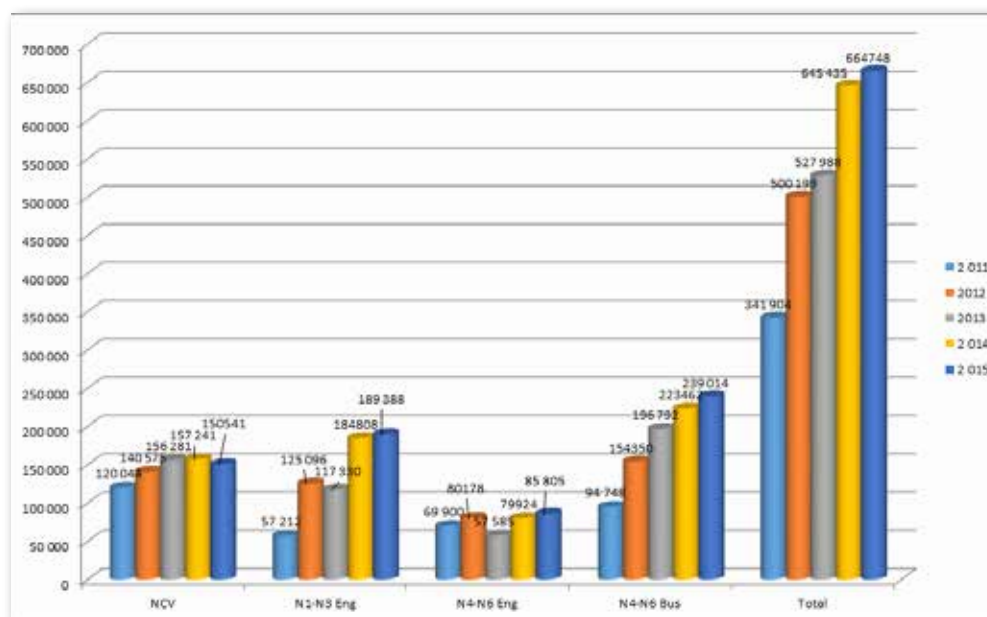


Source: SSACI (2016)

Except for 2012, enrolment in occupational programmes has been consistently lower than 23 200.

A more detailed analysis of programme enrolment patterns for the NCV and Nated programmes from 2011 – 2015 highlights that from 2012, the N4-N6 business programmes enrolled the largest number of students, as highlighted in the graph below (SSACI, 2016).

Table 21: Breakdown of TVET enrollments, 2011 - 2015



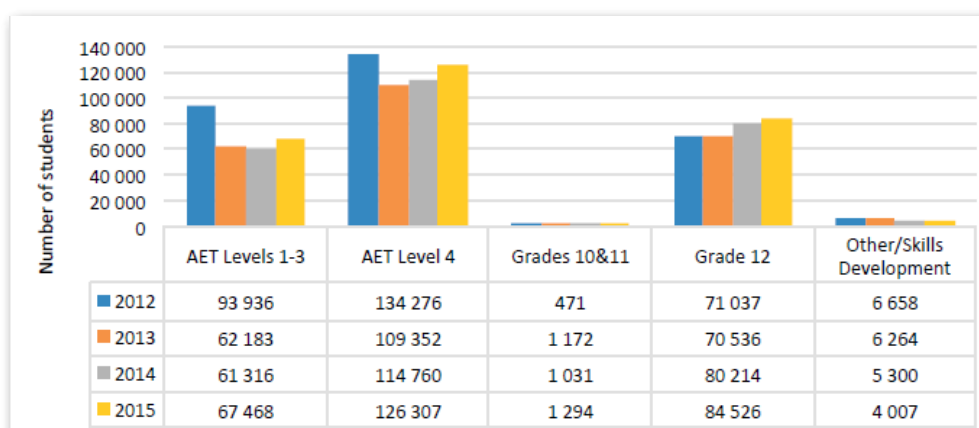
Source: SSACI (2016)

Current enrolment patterns highlight that most of the students are enrolling in programmes that do not lead them to meaningful opportunities. Given the low enrolment in occupational programmes, the shift to offering more occupational programmes is going to be a significant one and the transition has to be managed

carefully to minimise disruption to the system.

In the Community College sector, enrolment has been highest in AET Levels 1 – 4 and Grade 12. Skills development programmes have had the lowest levels of enrolment.

Figure 36: Overview of enrolment in CET colleges by qualification, 2012 - 2015



Source: SSACI (2016)

Public Employment Services

ESSA is the South African Department of Labour's work seeker support programme, which offers work seeker support and placement services. Although also not specifically targeted at young people, data available (based on Department of Labour data) shows that of 219, 942 young people registered on the work seekers database, 40% have received employment counselling and 2% have been placed, as shown below

No. unemployed registered	219,942
Employment Counselling	88,660
No. unemployed placed	4,426

Enabling Programming

As described, 'enabling programming' covers those programmes where Government gives funds to organisations, primarily for business development purposes. The following enabling programmes are included in this analysis:

National Treasury	Jobs Fund
IDC	Youth Entrepreneurs Fund
Small Enterprise Finance Agency	Direct Lending & Wholesale Lending

The Jobs Fund

The Jobs Fund was established by the National Treasury in June 2011 with initial allocation of R9 billion and a target of 150,000 sustainable jobs created over 3-5 years. The Jobs Fund supports innovative approaches and initiatives to create employment. The Jobs Fund co-finances projects that are being implemented by public, private and non-governmental organisations that will significantly contribute to job creation. It does this through utilising a "challenge fund" methodology, which involves the use of matching grants which are allocated following a competitive application process. This involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities that contribute directly to enhanced employment creation in South Africa.

The Jobs fund has four funding windows:

- **Enterprise Development** — for investments in new business models, product development, etc., designed to broaden access to economic opportunities and job creation.
- **Infrastructure Investment** — for local infrastructure investment projects which directly enable enhanced investment and job creation.
- **Support for Work Seekers** — for programmes with a particular focus on unemployed youth such

as job search projects, training activities, career guidance and placement services.

- **Institutional Capacity Building** — for projects aimed at strengthening institutions through which jobs are created, including internship and mentorship programmes.

These funding interventions seek to overcome some of the barriers to job creation that have been identified, including demand for labour, supply of labour and the broader institutional environment. The Jobs Fund states that it does not seek to tackle the long-term, structural causes of low growth but rather complement government's efforts such as the expanded public works programme (EPWP), community work programme and incentive programmes. The Jobs Fund provides a limited and targeted programme of support for effective labour market interventions that promise job creation in the short to medium term.

According to the Jobs Fund website, as of January 2017, R6.5 billion had been allocated to 125 projects across sectors that included hospitality, information and communications technology, and wholesale and retail trade. Of those 125 projects, 99 projects have to date created 84,040 new permanent jobs, placed 48,708 beneficiaries in vacant permanent positions and 21,420 in short-term positions. 169,042 individuals have undergone training. As the Fund allocates grants on a matched funding basis the Jobs Fund reported that it would potentially leverage an additional R9.1 billion from its partners and create 146,083 new permanent jobs. Figures from the Jobs Fund in September 2015 (also on the website, accessed January 2017) illustrate the prevalence of youth beneficiaries in Jobs Fund grant allocations:

Table 22: Youth Beneficiaries of Jobs Fund Programmes

	Youth	% Youth Employment
Permanent jobs (new permanent & placements)	44,125	54.8%
New short term jobs	10,245	72.7%
Completed internships	11,035	96.6%
Trained beneficiaries	73,561	65.4%

Source: Jobs Fund Website

Some examples of projects that focus on youth are provided below:

- The Harambee Youth Employment Accelerator which is a private sector initiative that empowers jobseekers through personal development, skills enhancement, formal job placement (with an expanding focus on SMMEs) as well as self-placement.

- The Monyetla Work Readiness Programme is an initiative of the Department of Trade and Industry which trains unemployed young people to prepare them for successful employment in the business process outsourcing industry.
- The Microsoft Student to Business Programme places unemployed youth with Microsoft's internationally recognised gold certification training partners, who train them in key disciplines such as database administration, web development and system administration. After graduating, the students are placed in internships at other Microsoft partners to gain work experience.
- The MRP Foundation JumpStart programme provides lifeskills training and workplace experience within the Mr Price Group or Spar Group. Following the successful completion of the programme, the programme targets permanent placements in retail clerical and sales positions.

Through the Enterprise Development Window, the Jobs Fund has illustrated the potential benefits of supporting Business Incubators as a means to creating sustainable jobs in SMME's. Three projects are highlighted as positive examples in this regard:

- The A2Pay programme has technology that allows local people to sell prepaid products to consumers in informal settlements and peri-urban and rural areas. Each beneficiary undergoes training to operate the vending machine. They then receive their own "biz booth", which they are able to run themselves. A2Pay provides continued mentorship to assist entrepreneurs in the day-to-day running of the booth.
- The Awethu Project identifies high-potential entrepreneurs from vulnerable groups, equips them with the entrepreneurship skills most crucial to their success, and connects them with the resources that will allow them to lead their own communities to economic prosperity.
- The Shanduka Black Umbrella incubator model provides a structured programme where beneficiaries are afforded professional services, including skills development, mentoring, access

to markets and office infrastructure at a subsidised rate, over a three-year period. This programme of interventions assists the entrepreneur to building a solid foundation for establishing and maintaining sustainable businesses.

The Jobs Fund has illustrated the value of enabling partnerships and a number of innovative approaches have been developed through the Fund. It has further evidenced the value of designing programmes that include identified good practices. There have however been a number of challenges associated with sustainable job creation, and the need to reflect on the nature of a job is highlighted sharply through these interventions. The Fund has also illustrated the high cost of creating new employment and the importance of an improvement in the economy for these interventions to effectively realise scale.

The Jobs Fund has recently released a call for proposals that recognize the need to focus on stimulating demand: the Jobs Fund states that in order to significantly reduce unemployment, poverty and inequality in South Africa, they require "innovative solutions for inclusive job creation which can be implemented at scale". It states that it has opened a new funding round: **Industry Change for Scaling Inclusive Job Creation Models**, which indicates that the Jobs Fund seeks to partner with intermediaries that will focus on high growth and high labour absorptive sectors and in particular on those organisations who are focused on improving market systems for job creation.

Industrial Development Corporation

The Industrial Development Corporation is the national development finance institution established to promote economic growth and industrial development. It is a parastatal under the Economic Development Department, and has had a specific focus on funding youth owned businesses since the signing of the Youth Accord. The table below summarises funds disbursed to youth-owned and youth-empowered businesses, and the related youth jobs created/saved in those businesses. There is an encouraging year-on-year increase in outcomes reflected in this data:

Table 23: IDC Funds disbursed to youth owned and youth empowered businesses, and related youth jobs created/saved

Year	R'million			Jobs created / saved		
	Youth-owned	Youth-empowered	Total	Youth-owned	Youth-empowered	Total
May 2013 (Accord signed) - March 2014	52	37	89	342	87	429
2014 / 2015	69	73	142	138	357	495
2015 / 2016	453	516	970	858	777	1 635
2016 / 2017 to date	950	529	1 479	3 158	664	3 822
TOTAL	1 524	1 156	2 680	4 496	1 885	6 381

Source: IDC Website (2017)

Small Enterprise Finance Agency

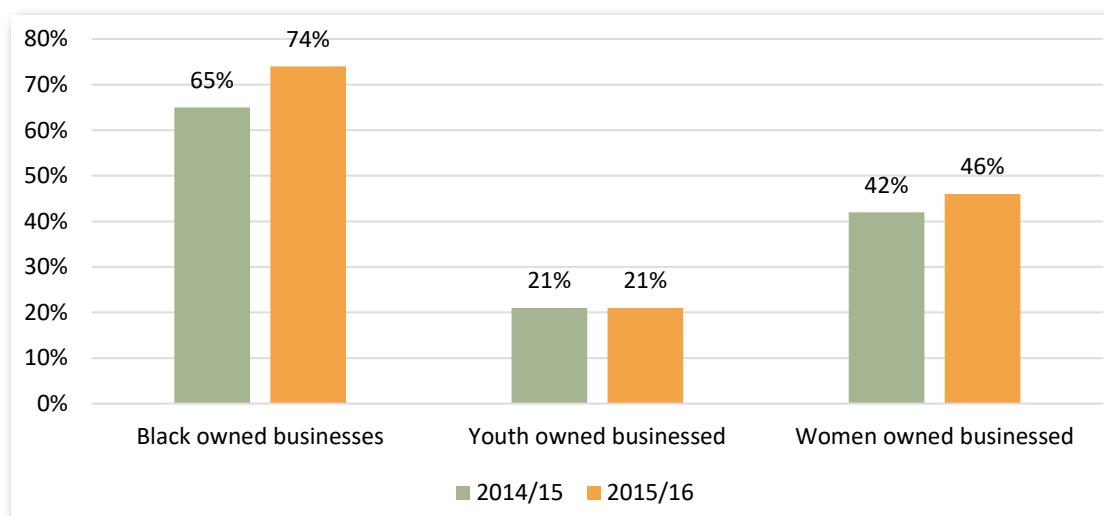
The Small Enterprise Finance Agency (SOF) Ltd, commonly known as sefa, was established on 1st April 2012 as a result of the merger of South African Micro Apex Fund, Khula Enterprise Finance Ltd and the small business activities of IDC. sefa's mandate is to foster the establishment, survival and growth of SMMEs and contribute towards poverty alleviation and job creation. sefa has a regional footprint of 9 offices around the country.

The 2016 Annual Report notes that the Agency

distributed R275 million to 13 111 youth owned businesses, in direct loans, which is 23% of the total R1.2 billion distributed. No further data breakdown is available in the Annual Report.

Sefa's Wholesale Lending Division facilitates the establishment, survival and growth of SMMEs and Co-operatives in South Africa, with the goal of contributing towards poverty alleviation and job creation through enterprise development partners. The figure below, taken from the sefa 2016 Annual Report, shows that 21% of all funding disbursed by the Wholesale Lending Division benefitted youth owned businesses:

Figure 37: The Developmental Impact of the Wholesale Lending Division



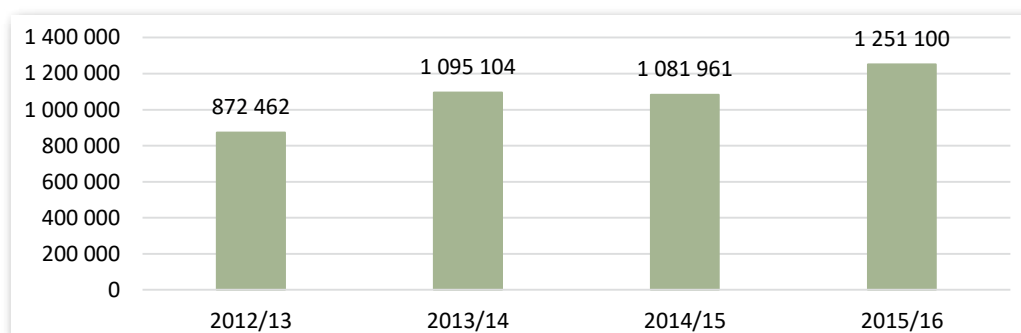
Source: SETA Annual Report (2016)

Activities at Provincial Level

Spend at Provincial Level

Using data from Treasury, it can be seen that there has been an increase in spend on youth programmes between 2012/13, albeit with a slight drop off from 2013/14 to 2014/15, as shown in Figure 8 below:

Figure 38: Provincial spend on youth programmes (000's)



Source: National Treasury (2016); own analysis

Provincial spending on youth programmes can be further broken down as follows:

Table 24: Provincial Spend on Youth Initiatives

Province	Department	Values			
		2012/13 Audited outcome	2013/14 Audited outcome	2014/15 Preliminary outcome	2015/16 Revised estimate
EASTERN CAPE	SOCIAL DEVELOPMENT	70 523	55 129	71 948	108 341
FREE STATE	SOCIAL DEVELOPMENT	105 508	109 199	74 137	123 071
GAUTENG	SOCIAL DEVELOPMENT	382 947	471 605	454 525	499 521
KWAZULU-NATAL	ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS	0	0	2 000	1 954
KWAZULU-NATAL	SOCIAL DEVELOPMENT	95 943	126 627	123 169	154 371
LIMPOPO	SOCIAL DEVELOPMENT	52 737	73 904	61 386	67 637
MPUMALANGA	SOCIAL DEVELOPMENT	32 502	22 394	37 438	64 311
NORTHERN CAPE	ECONOMIC DEVELOPMENT AND TOURISM	150	0	0	0
NORTHERN CAPE	SOCIAL DEVELOPMENT	20 299	37 860	56 690	52 245
NORTH WEST	OFFICE OF THE PREMIER	893	332	0	0
NORTH WEST	SOCIAL DEVELOPMENT	13 826	85 371	81 003	76 392
WESTERN CAPE	AGRICULTURE	30	0	0	0
WESTERN CAPE	COMMUNITY SAFETY	0	66	0	0
WESTERN CAPE	ECONOMIC DEVELOPMENT & TOURISM	10 980	0	0	0
WESTERN CAPE	SOCIAL DEVELOPMENT	86 124	112 617	119 665	103 257
Grand Total		872 462	1 095 104	1 081 961	1 251 100

Source: National Treasury (2016)

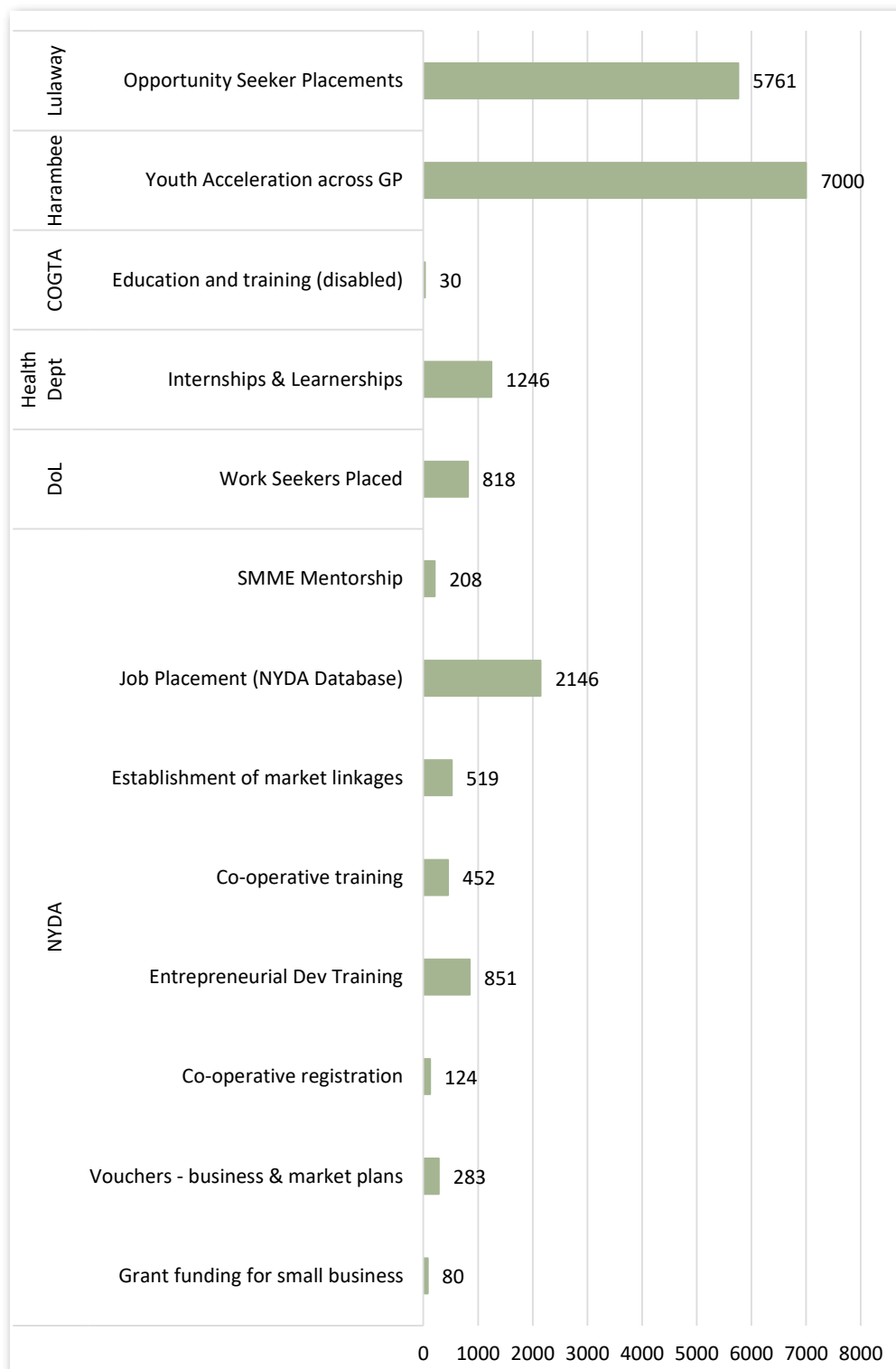
These figures highlight the reality that significant sums of money are being spent on youth programmes by government: this finding is returned to in the analysis as it suggests that the priority is to utilize funds in a manner that has greater impact on youth employment. This suggests that additional funding is primarily needed to support the alignment of existing work with this strategy and in expanding the reach of prioritised programmes.

Looking at Gauteng in More Detail

As shown above, there are a plethora of programmes related to youth employment at a provincial level, but the detailed programme information on these interventions is not publicly available and, given the time constraints for this analysis, a detailed review has not

been possible. In order to provide a sense of what is happening at a Provincial level, data from Gauteng has been analysed in more detail. The Gauteng Provincial Government (GPG) has established a programme called Tsepho 500 000 ("T500K"), operating out of the Premier's Office, which is intended to act as a 'clearing house' for all youth development and related initiatives in the province. As part of this process, T500K have done a scan of what youth development initiatives are currently underway in the province. Figure 9 below shows the total number of beneficiaries of various youth empowerment programmes in Gauteng. It can be seen that the programmes where GPG has gone into partnership with NGOs (Lulaway and Harambee) have had by far the greater number of beneficiaries, although the NYDA in total has impacted on 4 663 beneficiaries:

Figure 39: Beneficiaries of youth empowerment programmes in Gauteng



Source: T500K

C2. The Private Sector

The data in this section comes both from a variety of data sources. These include:

- the websites of the large **private sector foundations** and other publically available foundation reports;
- an electronic survey² sent to **62 private businesses**, including NBI members, members of the BUSA Standing Committee on Social and Transformation Policy, and members of various business associations;
- the Trialogue Reports on **Corporate Social Investment (CSI)** for 2015 and 2016; and
- the 2016 **Youth Employment Service (YES)** presentation.

Efforts to establish private sector activities against the Accords were unsuccessful as it was indicated that business is not reporting against the Youth Accord and the data against the other Accords are not consistently disaggregated in terms of age cohorts.

Whilst the team has had access to data that addresses many of the commitments, it is suggested that there is insufficient data about the extent to which the private sector is involving young people in their interventions to build small businesses as part of their supply chain: the team has though included examples of this type of intervention, and the way in which young people are being supported by these interventions, in the following section as an indication of what is possible. The table below provides a summary of existing private sector youth labour market programmes. This data is presented in an aggregated format (by programme type) in section 6.2.2.

Table 25: Overview of private sector youth labour market programmes

Type of Programme	Specific Programme	Name of Programme	Primary Source(s) of funding	Implementing Agent(s)	Average Number of Young People Reached per Year	Annual Programme Budget
Foundation Data						
Agency building programmes	Sports, recreation and art	Rmb Creative Arts Programme	FirstRand Foundation	Not available	Not available	R 10,500,000.00
Entrepreneurial development programmes	Not available	Leadership For Public Innovation Network	Activate!	Activate!	400	R 17,500,000.00
Placement programmes	Not available	New Skills At Work	JP Morgan	Rural Education Access Program (REAP)	435	R 39,000,000.00
Placement programmes	Not available	Digital Jobs Africa - Skills To Succeed	Rockefeller Foundation	Accenture	Not available	R 13,000,000.00
Placement programmes	Not available	Digital Jobs Africa	Rockefeller Foundation	Harambee Youth Employment Accelerator	Not available	R 26,000,000.00
Placement Programmes	Not available	Digital Jobs Africa	Rockefeller Foundation	Samasource	Not available	R 13,000,000.00
Placement Programmes	Not available	Digital Jobs Africa	Rockefeller Foundation	Global BPO Solutions	Not available	R 1,690,000.00

2. Drawing from a survey that Singizi distributed to business under the auspices of the NBI in August 2016

Type of Programme	Specific Programme	Name of Programme	Primary Source(s) of funding	Implementing Agent(s)	Average Number of Young People Reached per Year	Annual Programme Budget
Placement Programmes	Not available	New Skills At Work	JP Morgan	Maharishi Institute	1500	R 39,000,000.00
Placement Programmes	Not available	New Skills At Work	JP Morgan	Youthbuild	150	R 39,000,000.00
Placement programmes	Not available	Digital Jobs Africa - Grant Livity Africa 2015	Rockfeller Foundation	Rockfeller Foundation	Not available	R 4,500,000.00
School based initiatives	Career guidance	Enterprising School Leavers	DG Murray Trust	DG Murray Trust	14000	R 19,243,962.20
School based initiatives	Maths, Science and English support	Developing Creative Learners - nal'ibali	DG Murray Trust	DG Murray Trust and Project for the Study of Alternative Education in South Africa (PRAESA)	5200	R 26,000,000.00
School based initiatives	Maths, Science and English support	Fnb Primary Education Programme	FirstRand Foundation	FirstRand Foundation	Not available	R 5,300,000.00
School based initiatives	Maths, Science and English support	Mathematics, Science And English High Schools Project	Zenex Foundation	Zenex Foundation	Not available	Not available
School based initiatives	Maths, Science and English support	Tertiary Access & English Olympiad Support	Zenex Foundation	Tsebo Education Network (TEN); Environment And Language Education Trust (ELET)	220	Not available
School based initiatives	Maths, Science and English support	Mathematics, Science And English High Schools Project	Zenex Foundation	Nelson Mandela Metropolitan University (NMMU), Schaffer & Associates, Tsebo Education Network (TEN), Partners for Possibility, New Leaders Foundation and Wendy Heard	150	Not available

Type of Programme	Specific Programme	Name of Programme	Primary Source(s) of funding	Implementing Agent(s)	Average Number of Young People Reached per Year	Annual Programme Budget
School based initiatives	Maths, Science and English support	Zenex Literacy Project	Zenex Foundation	Molteno, Read And Elet With Literary Specialists	Not available	Not available
School based initiatives	Maths, Science and English support	Zenex-Inanda Teacher-Interns Project	Zenex Foundation	Inanda Seminary	Not available	Not available
School based initiatives	Maths, Science and English support	Post-School Bridging Project	Zenex Foundation	Reunert College, Midlands College, Star Schools	131	Not available
School based initiatives	Not available	Urban Education	Michael & Susan Dell Foundation	Michael & Susan Dell Foundation	Not available	Not available
Technical, vocational and occupational programmes	Skills development	Dell Young Leaders Programme	Michael & Susan Dell Foundation	Michael & Susan Dell Foundation	100	R 15,000,000.00
Work readiness programmes	Workplace experience	FirstRand Khulasangam Programme	FirstRand Foundation	FirstRand Foundation	Not available	R 2,000,000.00
Work readiness programmes	Workplace experience	Youth Programming Academy	Rockefeller Foundation Grant	Accenture	240	Not available
Work readiness programmes	Workplace skills	MoveUp	The Reach Trust	The Reach Trust	650000	Not available
Work readiness programmes	Workplace skills	New Skills At Work	JP Morgan	Harambee Youth Employment Accelerator	800	R 39,000,000.00
Work readiness programmes	Workplace skills	New Skills At Work	JP Morgan	International Youth Foundation (IYF)	500	R 39,000,000.00
Business Survey Data						
Work readiness programmes	Workplace experience	Workplace based exposure	62 companies	62 companies	11105	Not available
Work readiness programmes	Workplace experience	Internships to graduates	62 companies	62 companies	4338	Not available
Work readiness programmes	Workplace experience	Internships to students	62 companies	62 companies	1349	Not available
Technical, vocational and occupational programmes	Skills development	Learnerships	62 companies	62 companies	9109	Not available

Type of Programme	Specific Programme	Name of Programme	Primary Source(s) of funding	Implementing Agent(s)	Average Number of Young People Reached per Year	Annual Programme Budget
Technical, vocational and occupational programmes	Skills development	Apprenticeships	62 companies	62 companies	2603	Not available
CSI Data						
Technical, vocational and occupational programmes	Skills development	Artisan Training Programme	NPC and Idwala Carbonates	NPC Trust And the Artisan Training Institute	23	Not available
Entrepreneurial development programmes	Not available	Skills Development Programme	Nedbank	Not available	130	R 7,800,000.00
Entrepreneurial development programmes	Not available	Contactor Academy	Eskom	Edupark	97	R 8,500,000.00
Entrepreneurial development programmes	Not available	ReadytoWork	Barclays Africa	NGOs	Not available	Not available
Entrepreneurial development programmes	Not available	Internship Programme	SA Airways	SA Airways	41	Not available
Agency building programmes	Sports, recreation and art	Soccer Bus	Volkswagen Community Trust	Not available	Not available	Not available
Agency building programmes	Youth organisation	Kwanobuhle Lovelife Y-Centre	Volkswagen Community Trust	Department of Basic Education, Universities (e.g. Rhodes University & the Nelson Mandela Metropolitan University), Literacy Experts (e.g. the Shine Centre and DG Murray Trust)	50000	Not available
Work readiness programmes	Workplace skills	Singita School Of Cooking	Kruger National Park	KNP and Singita Community Development Trust	10	R 720,000.00
Work readiness programmes	Not available	MMI Foundation	MMI Holdings	MMI Foundation	Not available	Not available
Work readiness programmes	Not available	Barloworld Trust CSI Programme	Barloworld Group	Not available	Not available	R 15,000,000.00
Work readiness programmes	Not available	MTN Foundation Education Programme	MTN	MTN Foundation	265000	R 32,500,000.00

Type of Programme	Specific Programme	Name of Programme	Primary Source(s) of funding	Implementing Agent(s)	Average Number of Young People Reached per Year	Annual Programme Budget
Work readiness programmes	Not available	CSI Programme	Anglogold Ashanti	Not available	Not available	Not available
Work readiness programmes	Not available	CSI Programme	Exxaro	Not available	Not available	Not available
Youth Employment Service Data						
Work readiness programmes	Workplace experience	Not available	Not available	Tsepho	20000	Not available
Placement programmes	Assessment, matching and placement	Not available	Not available	Harambee Youth Employment Accelerator	100000	Not available

In the sections that follow, the programmes above are classified according to their data source and are explored from a more qualitative perspective.

Direct Company Responses

In this section, the nature of the programmes in question are explored in further detail. The information below was obtained from the survey sent to employers. Responses were received from the following 62 businesses:

- Actom Transmission and Distribution
- Adcorp
- Aerosud Holding (Pty) Ltd
- Alvern Cables
- Anglo American
- APSO
- Assupol Life
- Atlantis Foundries
- Avengrinaker-LTA
- Barclays Africa Group Limited
- Barloworld
- Beyond Engineering Services (PTY) LTD
- BKB LTD
- BMW SA
- Columbus Stainless
- Edcon
- Eskom
- Exxaro Resources
- Ford Motor Company of Southern Africa
- Hollard
- Hollard Life Assurance Co Ltd
- Isuzu Truck South Africa
- Joseph Grieverson (Pty) Ltd
- JSE
- Kaymac Pty Ltd
- Lonmin
- Media Works
- MMI
- Mr Price Group Limited

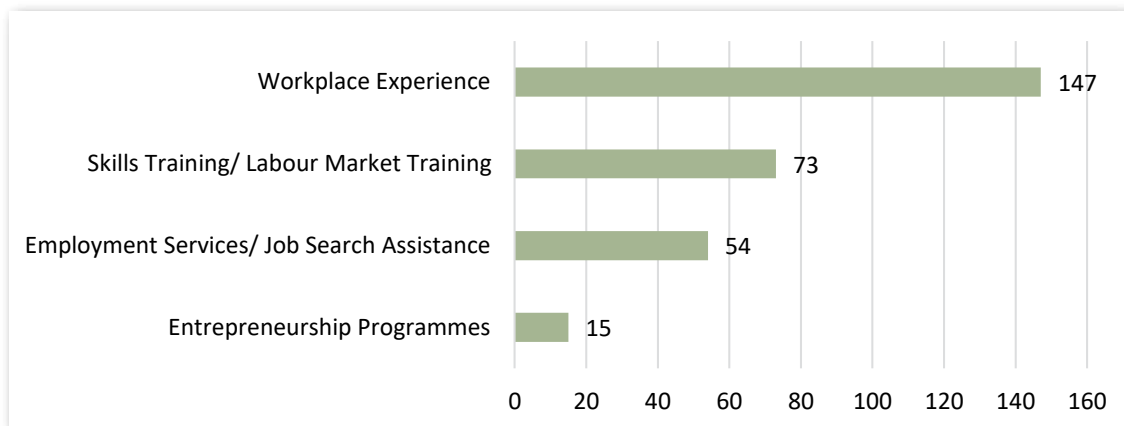
- Mrp Foundation
- MTI Engineering (Pty) Ltd
- Multotec
- Nampak Limited
- Nissan South Africa
- Oceana Group Limited
- PG Group
- Pick n Pay Retailers
- Primeserv
- Prothane industrial
- Regenesys
- Robor (Pty) Limited
- Sanlam Life Insurance Ltd
- Santam
- Sappi
- SEIFSA
- Siemens
- Signa Academy
- Sulzer Pumps (SA) (Pty) Ltd
- Tiger Management Services
- Tongaat Hulett
- Tourism Business Council of South Africa
- Toyota
- Transman (Pty) Ltd
- Transnet Corporate
- Trellicor (Pty) Ltd
- VescoPlastics
- Volkswagen Group South Africa
- Wahl Industries
- Webber Wentzel
- Weir Minerals Africa (Pty) Ltd
- wesizwe platinum
- Woolworths

As shown in the figure below, in the survey sent to employers, respondents indicated that the focus of their involvement in youth programming was on the provision of workplace experience, in many cases directly linked to education and training opportunities (learnerships, internships, apprenticeships etc). This

was followed by involvement in skills training and labour market training (mainly bursary programmes but also some foundational skills programmes). In relation to the provision of employment services support/ job search assistance programming, respondents

indicated that much of this work was in the provision of short periods of work exposure, as well as programmes providing work readiness skills. A small number of respondents indicated that they offered entrepreneurial support programmes.

Figure 40: Youth Employment Related Programmes offered in the Private Sector



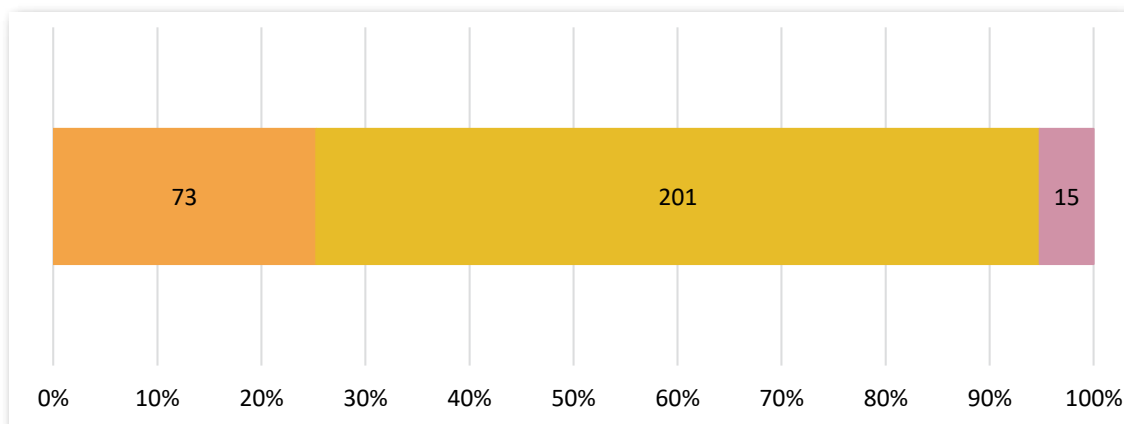
Source: Employer Survey, 2016 (n= 62)¹

1. Respondents were able to select more than one option, which is why the total number of responses is greater than the total number of respondents.

We have organised this data in terms of the continuum of 'types' of programmes linked to the conceptual framework for this review: however, it is reiterated that though the survey asked for different interventions its focus was on work integrated learning and therefore

the extent of the initiatives taking place on supply chain development has likely not been reflected. This is likely to at least partially explain the picture that emerges (Figure 11 below):

Figure 41: Clustered types of private sector programmes



Source: Employer Survey, 2016 (n= 62)

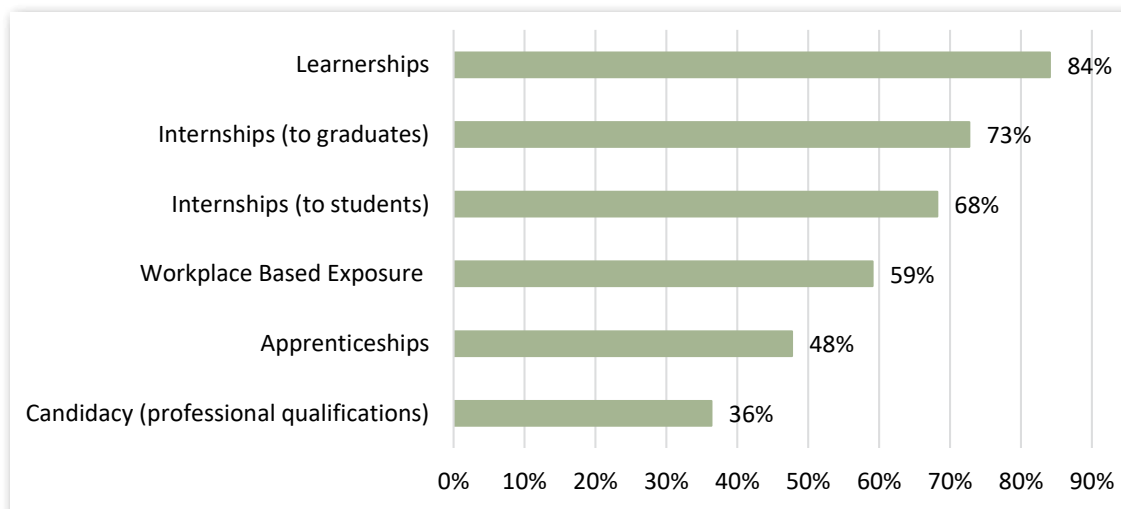
It can be seen that 25% of all programmes mentioned by respondents are focused on addressing supply failures and 70% of programmes are focussed on addressing the misalignment between supply and demand (including all programmes associated with providing workplace learning, experience and exposure). Here

it was found that of the 62 respondents, 59 indicated that they had offered workplace learning opportunities to new entrants in the last three years, and 44 of these respondents provided the numbers of such opportunities that they had offered.

As shown in the figure below, 84% of respondents indicated that they offered places to new entrants on Learnerships, 73% to new entrants for graduate

internships and 68% to new entrants on student internships.

Figure 42: Type of opportunities provided to new entrants



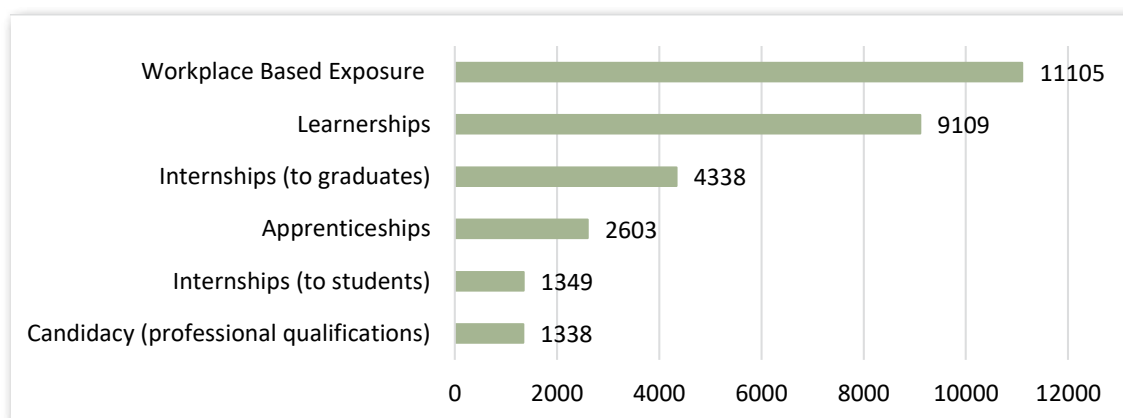
Source: Employer Survey, 2016 (n= 62)¹

1. Respondents were able to select more than one option, which is why the total number of responses is greater than the total number of respondents.

In terms of the number of new entrants offered opportunities over the last three years, the 44 respondents who gave numbers indicated that a total of 29 842 new entrants had been provided with these

opportunities. As shown in Figure 13 below, 11 105 (37%) of these places were for WBE, while 9 109 (31%) were for Learnerships.

Figure 43: No of opportunities provided to new entrants



Source: Employer Survey, 2016 (n= 62)¹

1. Respondents were able to select more than one option, which is why the total number of responses is greater than the total number of respondents.

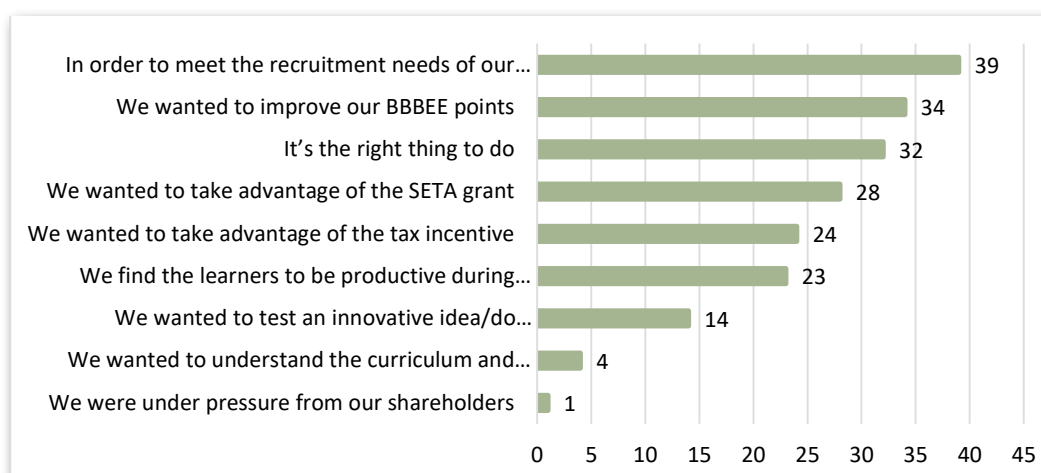
Respondents in the survey that is cited explain that their focus on addressing the misalignment between supply and demand, so as to enable young people to enter the labour market, is motivated by a number of factors.

As shown in Figure 14 below, the most frequently mentioned reason was to meet the recruitment needs of the company, indicating an awareness of the misalignment and the need for interventions that

address this failure. Interestingly, the second most mentioned reason was to improve their BBBEE points,

indicating that policy incentives relating to addressing demand failures are working.

Figure 44: Why did you offer these opportunities?



Source: Employer Survey, 2016 (n= 62)¹

1. Respondents were able to select more than one option, which is why the total number of responses is greater than the total number of respondents.

Corporate Social Investment

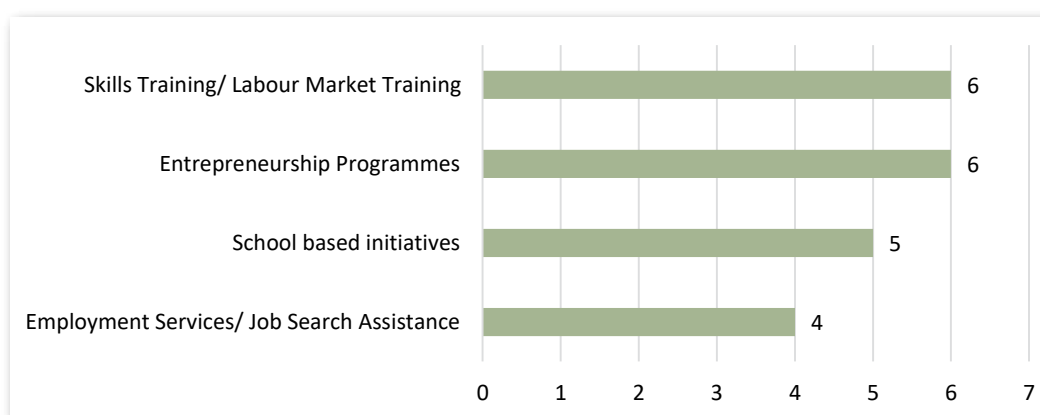
As indicated, part of the research for this assignment included an analysis of the Trialogue Reports on Corporate Social Investment for 2015 and 2016. These reports provide an overview of the CSI environment, and are very high level so offer only aggregated data on youth percentage spend: the reports give an overview of CSI spend on social and community development, and indicate percentage of youth as a target beneficiary and the type of support offered.

This section considers the CSI focus on 21 youth programmes run by the following 15 companies included in the Trialogue Reports.

- Accenture
- Barclays Africa
- Eskom
- Kruger National Park
- MTN
- NPC
- SA Airways
- Volkswagen
- AngloGold Ashanti
- Barloworld Group
- Exxaro
- MMI Holdings
- Nedbank
- Rand Water Foundation
- TigerBrands Limited

As shown in Figure 15 over the page, six of these 21 programmes fall into the category of skills training/ labour market training, and six are entrepreneurship programmes. Five are school based and four are related to employment services or job search assistance.

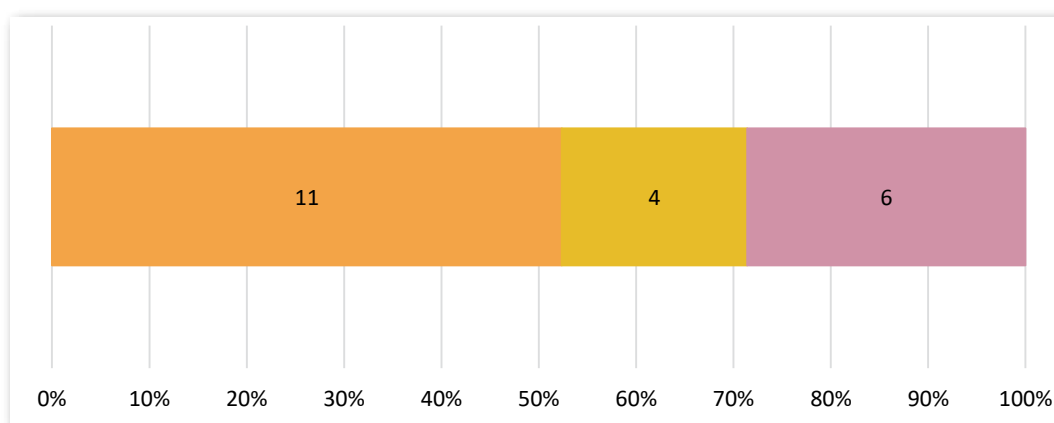
Figure 45: Youth employment related programmes offered through CSI in the Private Sector



Source: Trialogue Reports on Corporate Social Investment (2015 and 2016), own analysis

Looking at this data in terms of types of programme, it can be seen that the emphasis in these CSI programmes is on addressing supply failures, as shown in Figure 16 below:

Figure 46: Clustered types of programmes offered through CSI in the Private Sector

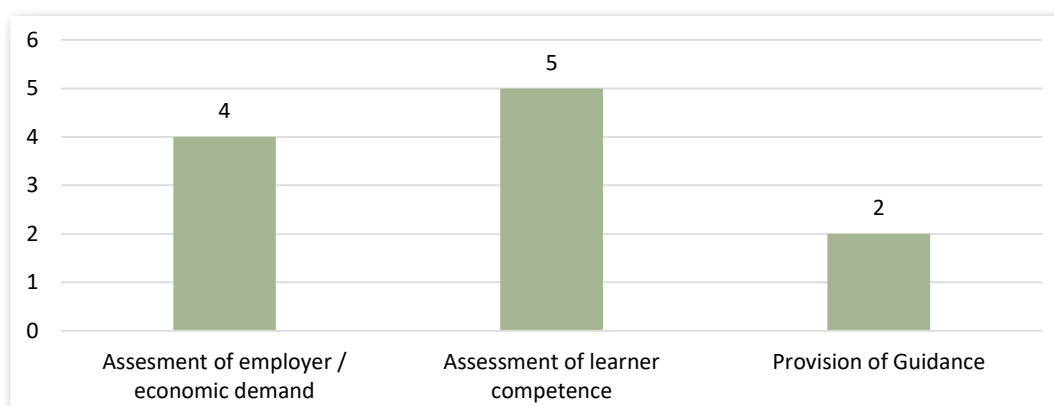


Source: Trialogue Reports on Corporate Social Investment (2015 and 2016), own analysis

A closer review of the programmes offered by the private sector through CSI found that these programmes include a variety of activities prior to, during and after the programme: As shown in Figure 17 below, four of the Private Sector CSI programmes reviewed and for

which information was available, were preceded by an assessment of employer/economic demand, five began with an assessment of learner competence, and three had some form of guidance for participants prior to starting.

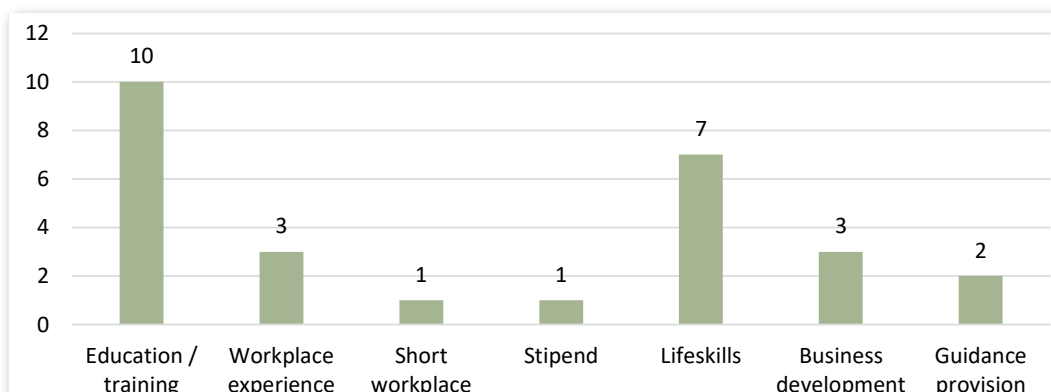
Figure 47: Activities prior to starting the programme



Source: Trialogue Reports on Corporate Social Investment (2015 and 2016), own analysis

As shown in Figure 18, 10 of the programmes reviewed include education and training of some form, and 7 included lifeskills training:

Figure 48: Elements included in the Programme



Source: Trialogue Reports on Corporate Social Investment (2015 and 2016), own analysis

The Foundation Sphere

There are a large number of Foundations in South Africa, and many focus on youth and youth transitions into work. For the purposes of this analysis, the team has focused on Foundations which do slightly more than simply give money to NGOs or charities (not taking away from the importance of this in any way.) Rather we are looking at Foundations which are actively working in the youth transition arena, either directly or through partnerships, and which are collating learnings to feed into programme improvements in this arena.

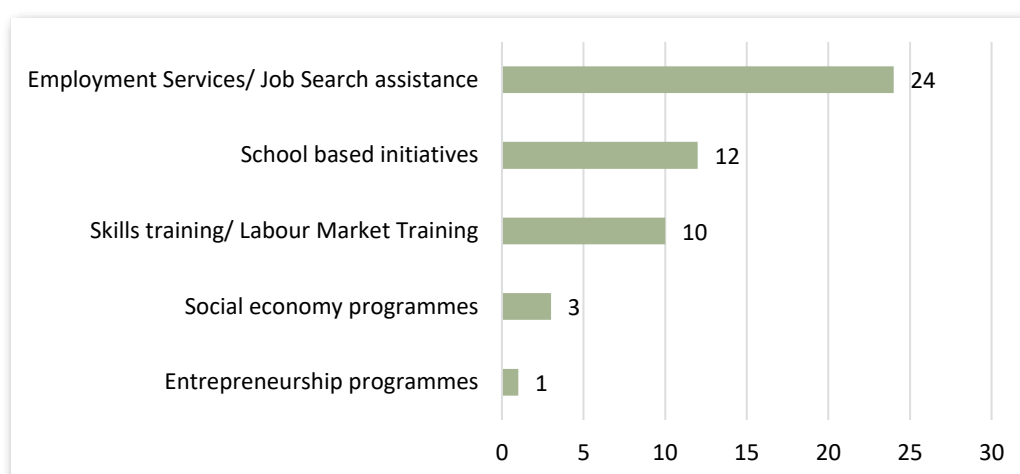
This section looks at the work of twelve foundations, selected on the basis of the criteria above:

- ABSA Foundation
- Accenture

- DG Murray Trust
- ELMA Foundation
- First Rand Foundation
- JP Morgan Foundation
- Michael & Susan Dell Foundation
- Rockefeller Foundation
- The Reach Trust
- UBS Optimum Foundation
- Yellowwoods/Holland Foundation
- Zenex Foundation

These twelve foundations, individually or collectively, support 50 programmes specifically aimed at assisting young people in the transitions through school to work. Figure 28 below shows that nearly half of these programmes can be categorized as being linked to employment services/ job search assistance.

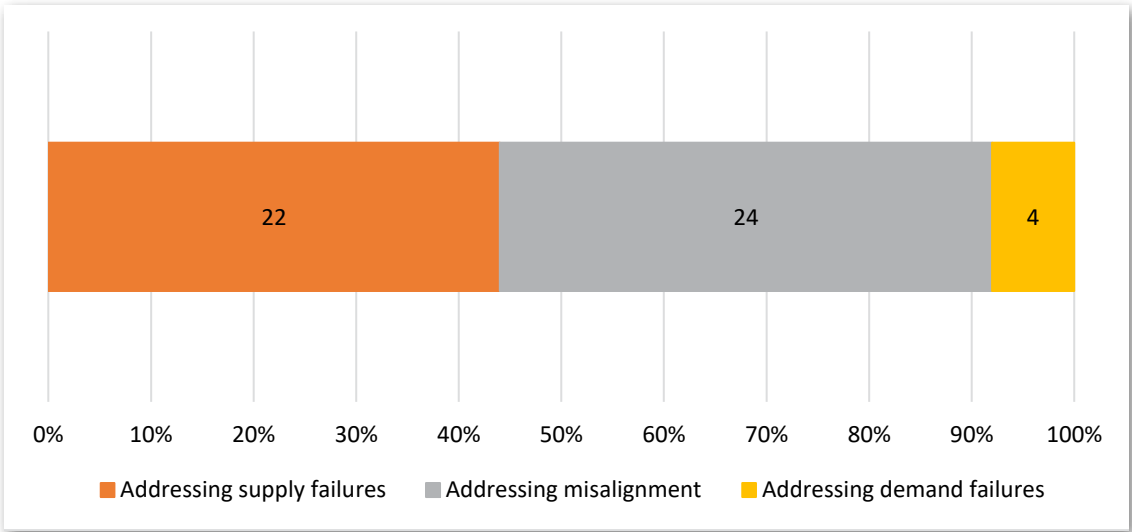
Figure 49: Types of Programmes - Foundations



Source: Foundation websites, own analysis

In terms of clustered types of programmes, figure 29 below shows that 44% of programmes run by Foundations address supply failures, and 48% address the misalignment between supply and demand.

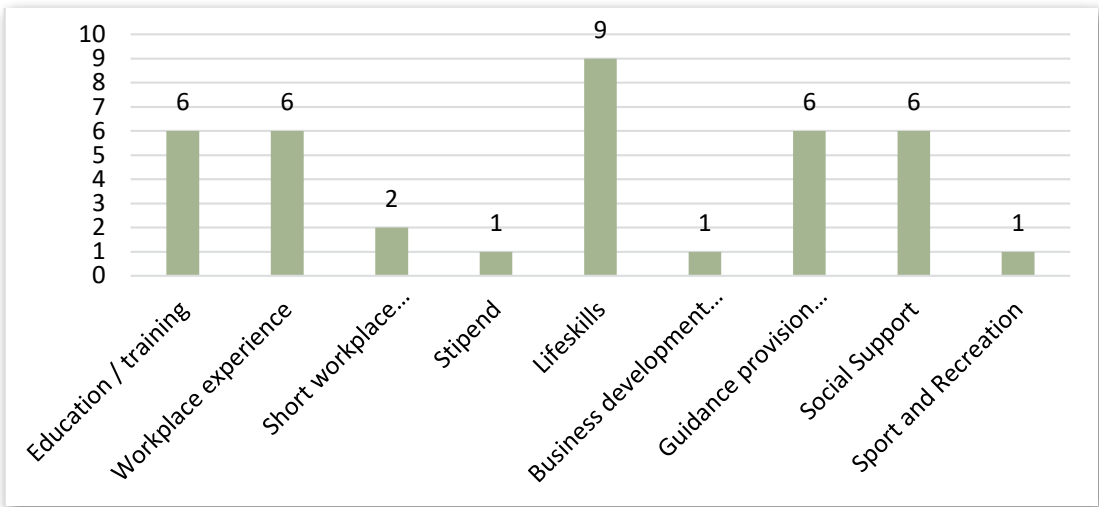
Figure 50: Clustered type of programmes - Foundations



Source: Foundation websites, own analysis

In terms of what the programmes contain, Figure 30 below shows that the most frequently mentioned element is lifeskills:

Figure 51: Elements included in the Programme - Foundations



Source: Foundation websites, own analysis

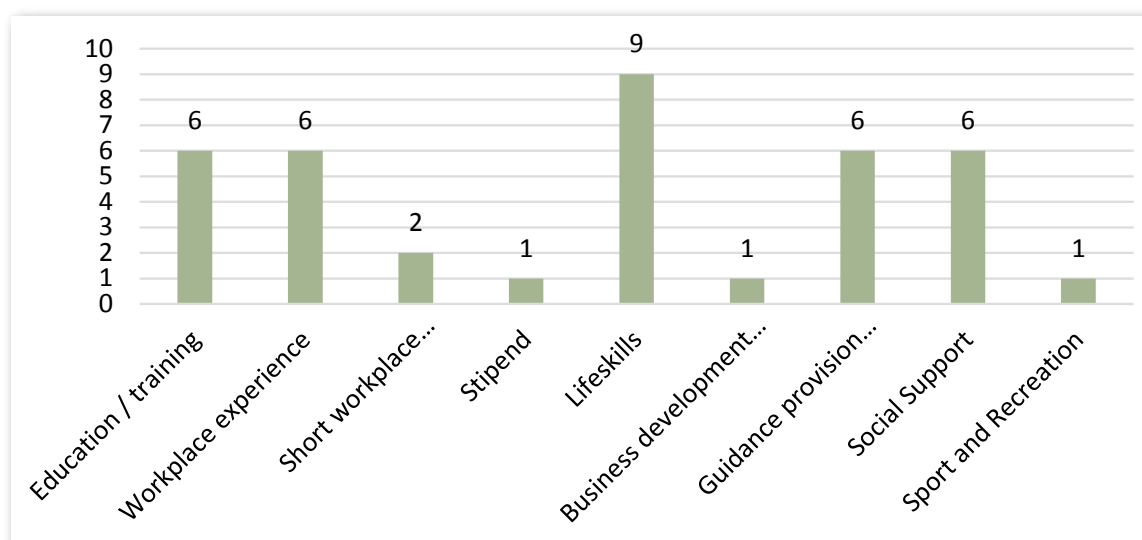
C3. The Social Sector

The sections that follow explore high level data on NGOs/NPOs registered by the Department of Social Development (DSD) and then undertake a deeper dive analysis into a number of youth empowerment NGOs and programmes.

Youth NGOs on the DSD Database

The database made available to the research team by the DSD shows a total of 9 515 youth organisations registered, 28% of which are in Gauteng and 21% of which are in KZN, as shown in Diagram 6 below.

Figure 52: Provincial Distribution of Youth Organisations registered with DSD



Unfortunately, the DSD data does not differentiate between types of youth organisations (i.e. there is no indication in the dataset of what the organisation does within the youth sector), and so the team attempted to contact a representative of these registered organisations in order to better understand their core purpose and their core activities. A very brief survey was developed using SurveyMonkey, and e-mailed to all those organisations which provided e-mail

addresses on the database. Then a team of telephonic researchers attempted to reach the balance of the respondents by phone, asking the same questions.

It is interesting to note that the team was not able to contact many of the registered NGOs – the diagrams below show the results of sending the e-mailed survey, and the telephone calls:

Table 26: DSD Registered NGO Responses to Emails & Calls

EMAILS Sent 4893		
1461 (30%) Opened	2334 (48%) Unopened	1058 (22%) Bounced/Opted Out
519 (36%) Responded		
PHONE CALLS Total on list to be called 4287		
Called 2224		Did not call 2044
Made contact w 625 (28%)	Could not make contact with 1618 (72%)	
Of these 610 answered survey, 15 refused to answer	Of these, 694 (43%) continually on voicemail, 624 (39%) wrong number or number does not exist.	

It is therefore possible that approximately 70% of the organisations on the DSD list are not operational, which means that it may only be about 3 000 NGOs/NPOs that are effectively active and dealing with youth related matters in South Africa.

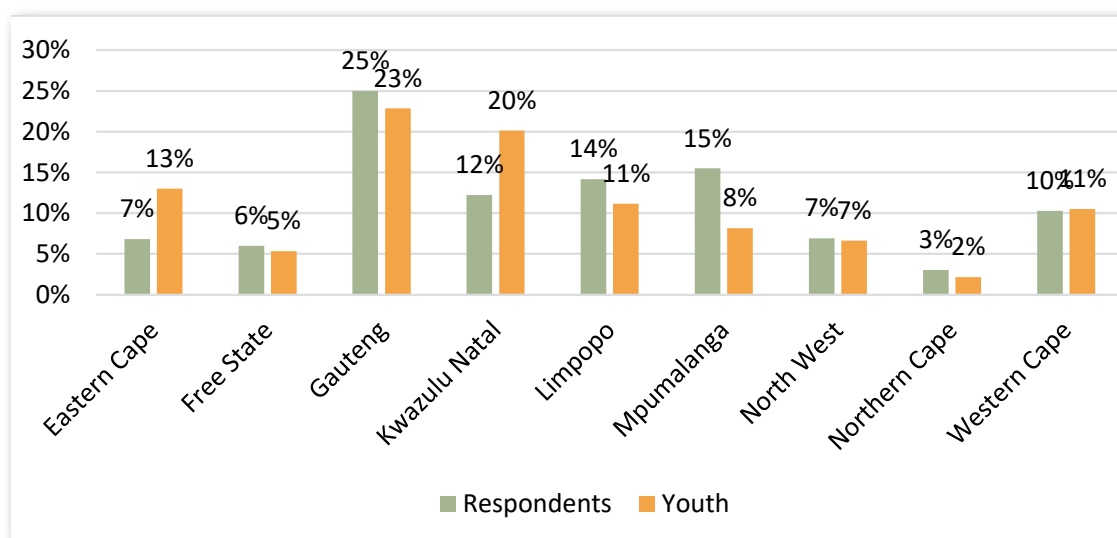
Of these, the team made contact with a total of 1 130 organisations on the DSD database. This was further filtered down as 90 indicated that they were in fact not 'youth' organisations³, and a further 59 respondents did not complete the survey. The team therefore got 'clean' responses from a total of 981 youth NGO/NPO respondents, and these responses are contained in the sections which follow.

Geographical Location

It can be seen, in the figure below, that the distribution of respondents by Province broadly matches the distribution of youth per Province, with the exception of the Eastern Cape and KZN where there are significantly fewer respondents than youth, and Mpumalanga, where there are significantly more respondents than youth:

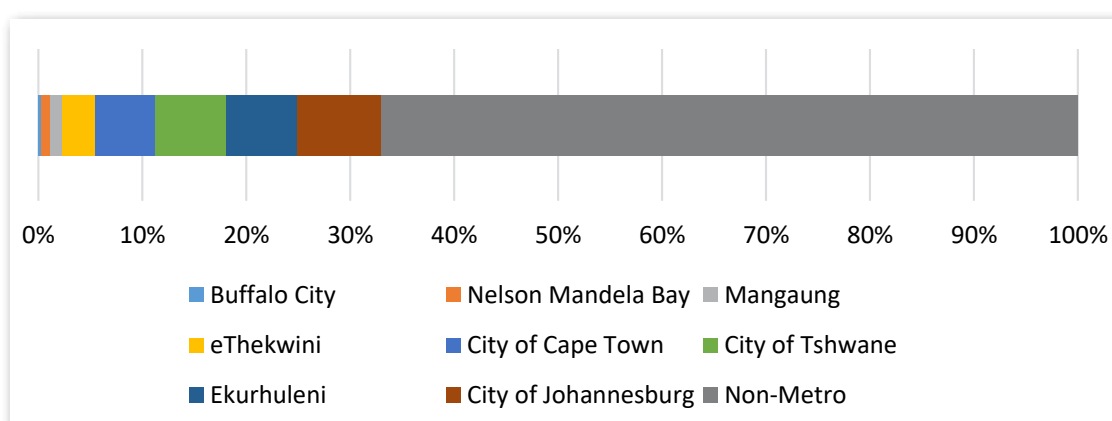
As shown in Figure 20 below, 33% of youth organisation respondents are in metros, with the balance being outside of metros.

Figure 53: Respondents by Province vs Youth by Province



Source: NGO Survey, 2017 (n= 981)

Figure 54: Respondents by Municipality Type



Source: NGO Survey, 2017 (n= 981)

3. The question in both e-mailed and telephonic survey was "Does your NGO focus mainly or entirely on youth (people between 15 & 35)?" If the answer to this was NO, respondents left the survey.

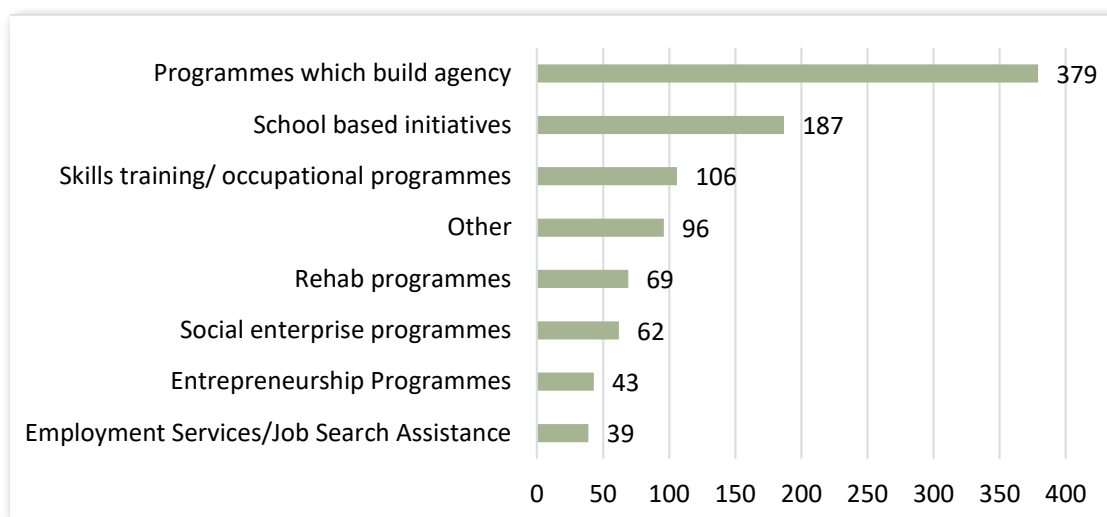
Core Purpose

Respondents were asked to identify the core purpose of their organisation, and were only allowed to select one answer. This did present a problem for some respondents, hence the high number of 'other' responses selected. Figure 21 below shows that most respondents indicated that their programmes were focused on helping young people to build agency i.e. to engage better with society. These could be sports, arts,

culture, leadership etc. programmes. The next most mentioned category was school based programmes – programmes to assist learners to move into further learning and the work place, including career guidance, subject assistance (maths, science) etc.

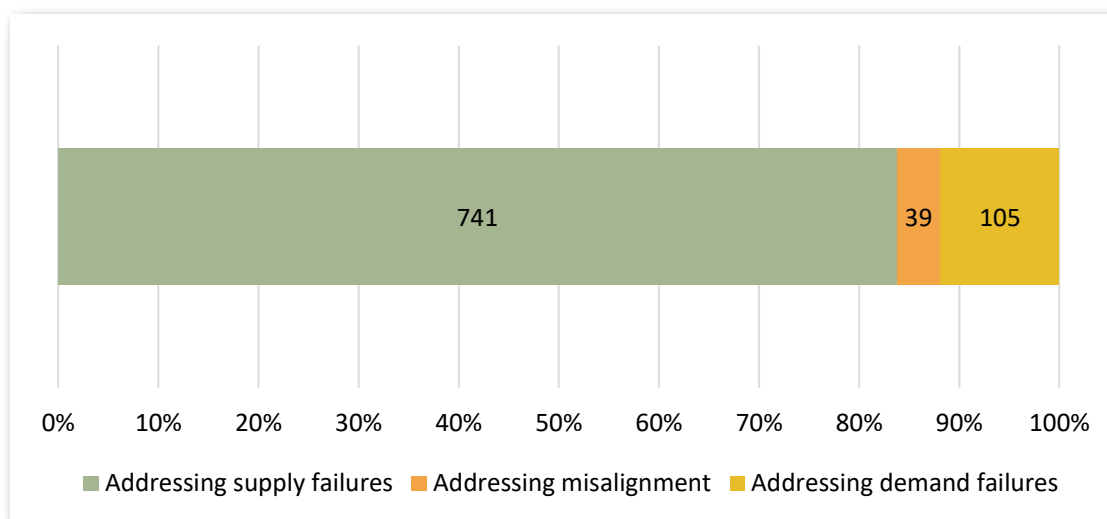
Figure 22 below shows the programmes clustered according to type, and it can be seen that the vast majority of programmes are in the supply side area:

Figure 55: Type of Programme - DSD Registered NGOs



Source: NGO Survey, 2017 (n= 981)

Figure 56: Clustered Types of DSD Registered NGO Programmes



Source: NGO Survey, 2017 (n= 981)

Despite the fact that the lowest number of respondents indicated that the core purpose of their work was 'Social Enterprise programmes', 'Entrepreneurship Programmes' and 'Job search/Placement Programmes', 226 respondents (23%) indicated that one of the aims of their organisation was to get young people placed in

employment or set up in small businesses. Those that indicated success in this area indicated an average of 25% success rate. While the team has no means of verifying this, some of the following comments are interesting:

Table 27: Responses regarding how many beneficiaries are assisted to find work/ set up a small business/social enterprise

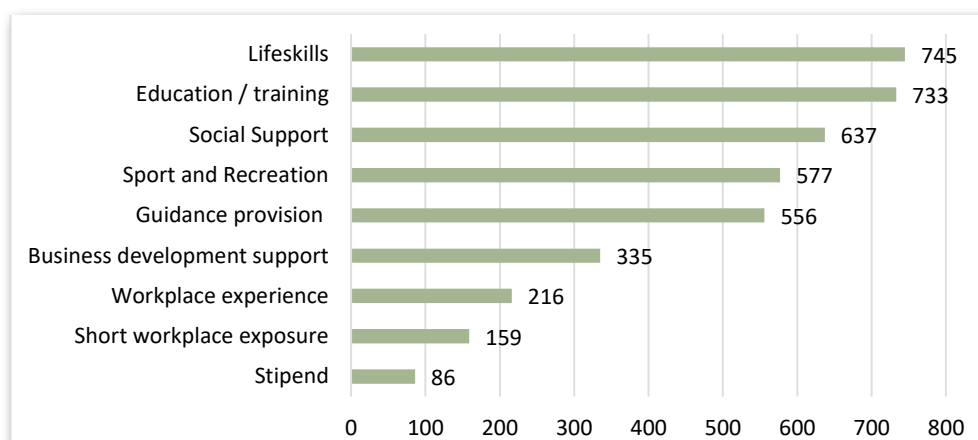
About how many young people do you reach every year?	And about how many of these got jobs or started their own business?
1200	50 got jobs and 5 started their own businesses.
120	We have 7 who were employed, 8 who started their own businesses including myself and one who is now studying at FET without paying anything and we have one guy we have assisted to enroll at UNISA and have now received NSFAS.
350	15 started 3 cooperatives
1300	5 young people started their own businesses last year
DNS	2 started their own business, 10 have jobs and 20 are in Learnerships
600	50 young have started the own business and 20 got employed
400	We have about 10 youth that has started their own business
1600	30% employment 5% in business
+/- 1200	25 Youth have managed to get jobs
50	5 young people belonging to XXX Projects got jobs
Over 200	25% got jobs and about 6 started a co-op
12	One passed matric in 2015 and is currently busy with her apprentice training at SA Airways as an Aircraft technician. The other completed grade 12 last year and also attended the SA Air Ways selection in January 2017. Both these learners received the information about the apprentice training through our organisation. We assisted them to fill the forms, emailed them through for them because they are from poor background and do not have access to the internet. In February 2017, we sent three applications on behalf of three learners to SA Air Force Pilot and Technical.

Source: NGO Survey, 2017

What they offer

Respondents were asked to select programme offerings from a range of options (they could select as many as applied). As shown in Figure 22 below, the most frequently mentioned options were lifeskills and education/training, followed by social support.

Figure 57: What does your programme include?



Source: NGO Survey, 2017 (n= 981)⁴

4. Respondents were able to select more than one option, which is why the total number of responses is greater than the total number of respondents.

A deeper dive into specific NGOs

In order to collect additional data about the work that NGOs are undertaking with youth, we looked at 78 youth focused programmes being run by 35 organisations. These 35 organisations are listed below.

- Actional Volunteers Africa
- African Legend
- Afrikatikkun
- Bergzicht Training
- Boys and Girls Town
- Careerwise
- City Year
- Columba Leadership
- Dignity Dreams
- Durbanville Childrens Home
- Edupeg
- Fetola
- Fundza Literacy Trust
- Get On Skills Development Centre
- Go for Gold
- Harambee
- Ikamva Youth
- Junior Achievement and President's Award
- loveLife
- MasterCard Foundation
- MRP Foundation

- National Institute for the Deaf
- Ntaitaise
- Pinotage Youth Development Academy
- Ray Mhlaba Skills Training Centre
- SA College for Tourism
- Shine
- SOS Children's Village
- Southern African Association of Youth Clubs
- Sparrow Schools
- The Sozo Foundation
- Thokoza Progressive Youth
- Vryground Community Development Trust
- Youth Entrepreneurship Programme (YEP)
- Zandspruit YDF

This does not represent the full gamut of either programmes or organisations working in this field, though efforts were made to ensure that the analysis includes the larger organizations as well as those that are most directly relevant to this assignment. It is therefore suggested that it provides a fair representation of the activities in this sector.

As Figure 24 below shows, over half of the youth programme analysed were either skills training/labour market training programmes or school based initiatives.

Figure 58: Types of Youth Programmes run by NGOs



Source: NGO websites

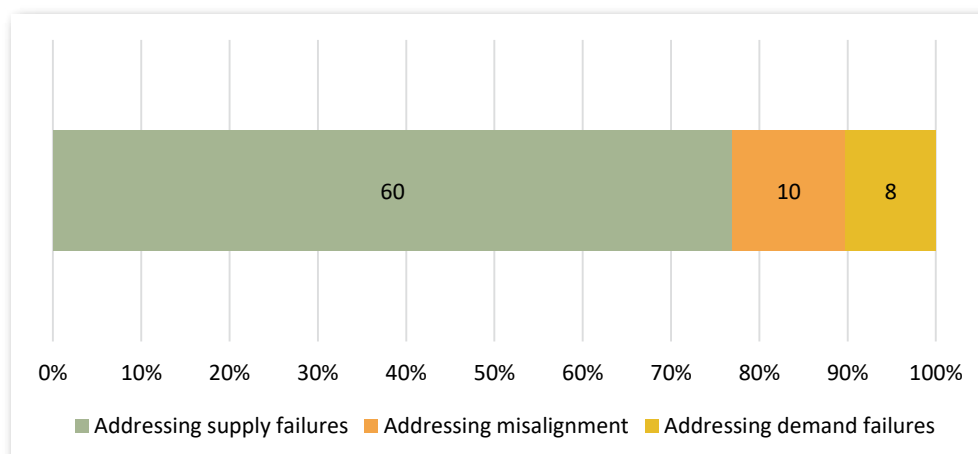
When these programmes are clustered against the conceptual framework proposed in the beginning of this section, it can be seen that 77% of programmes address supply failures, 13% of programmes address the misalignment between supply and demand, and only 10% of programmes address demand failures, as shown in Figure 25 below:

In terms of what the programmes offered by these NGOs include, figure 26 below shows that the most

frequently mentioned elements were education and training, life skills and guidance provision, all of which would be linked to the focus on addressing failures in supply.

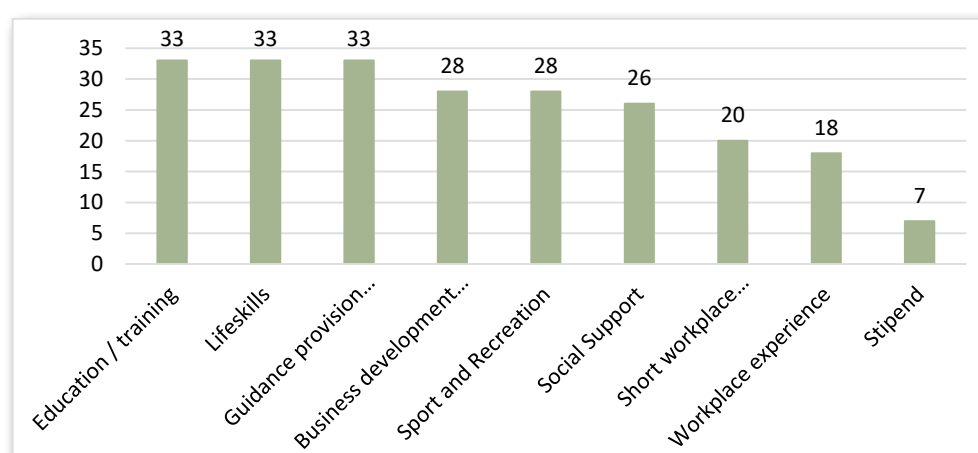
In terms of what young people emerge from the programme with, figure 27 below shows that 22 programmes result in young people getting a qualification, 13 a contract of employment and 12 finance for small businesses.

Figure 59: Clustered Type of Programme - NGOs



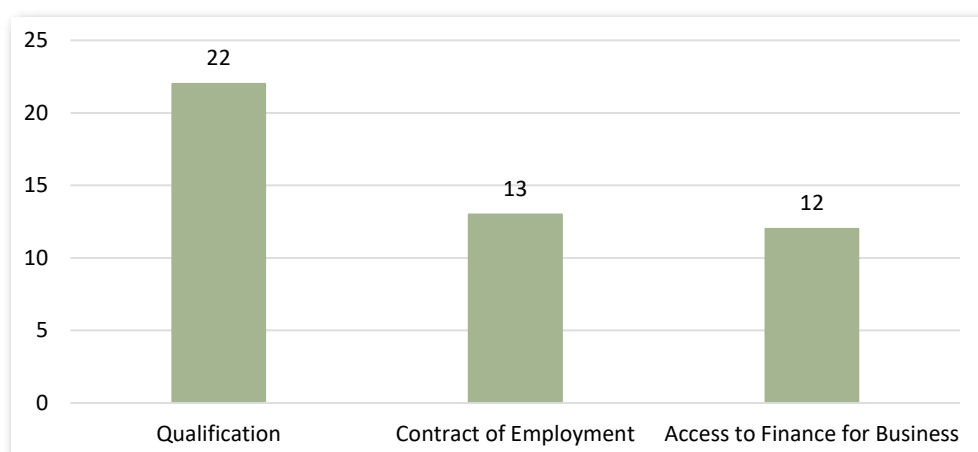
Source: NGO websites

Figure 60: Elements included in youth programmes offered by NGOs



Source: NGO websites

Figure 61: What young people emerge from the programme with



Source: NGO websites

APPENDIX D: MODEL COSTING

Model 1: Youth Enterprise Development

Below, examples of the cost of various existing enterprise development programmes are provided. These examples were extracted from DNA Economics' 2014 analysis of BSIs for National Treasury.¹ These costs vary significantly, and depend on the type of businesses being supported and the extent of support being provided.

Programme name	Zimele
Cost of Programme	R 500 000 000
Time period	3 years
Number of jobs created	8000
Number of beneficiaries	1600

Cost elements	Total cost	Cost per jobs created	Cost per beneficiary
Capital expenditure	R 12 435 000.00	R 1 554	R 7 771.88
Staff compensation	R 49 394 740.00	R 6 174	R 30 871.71
Training	R 91 548 000.00	R 11 444	R 57 217.50
Other goods and services	R 23 590 000.00	R 2 949	R 14 743.75
Financing, transfers & subsidies	R 323 032 260.00	R 40 379	R 201 895.16
Rands	R 500 000 000.00	R 62 500.00	R 312 500.00

Programme name	A2PAY
Cost of programme	R 468 117 000
Funding	R 156 000 000
Income	R 312 117 000
Time period	4 years
Number of jobs created	5026
Number of beneficiaries	5000

Cost elements	Total cost (ooo's)	Cost per job created (ooo's)	Cost per beneficiary (ooo's)
Capital expenditure	R 10 000.00	R 1.99	R 2.00
Management costs	R 14 000.00	R 2.79	R 2.80
Staff compensation	R 46 000.00	R 9.15	R 9.20
Training	R 14 000.00	R 2.79	R 2.80
Other goods and services	R 254 117.00	R 50.56	R 50.82
Financing, transfers & subsidies	R 130 000.00	R 25.87	R 26.00
Rands	R 468 117 000.00	R 93 139.08	R 93 623.40
Programme name	Awethu		
Cost of programme	R 24 000 000		
Time period	2 years		
Number of jobs created	200		

¹ DNA Economics (2014) Comparative Analysis of Jobs Fund BSIs

Cost elements	Total cost	Cost per job created
Management costs	R 2 884 000.00	R 14 420.00
Staff compensation	R 10 094 536.00	R 50 472.68
Other goods and services	R 10 633 464.00	R 53 167.32
Rands	R 23 612 000.00	R 118 060.00

Programme name Buhle Farmers Academy
Cost of programme R 13 520 000
Time period 3 years
Number of jobs created 1107
Number of beneficiaries 1194

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Staff compensation	R 6 423 000.00	R 5 802.17	R 5 379.40
Training	R 3 273 820.00	R 2 957.38	R 2 741.89
Other goods and services (marketing, operations)	R 3 843 180.00	R 3 471.71	R 3 218.74
Rands	R 13 540 000.00	R 12 231.26	R 11 340.03

Programme name Cape Craft Design Institute
Cost of programme R 14 500 000
Time period 3 years
Number of jobs created 451

Cost elements	Total cost	Cost per job created
Management costs	R 1 894 000.00	R 4 199.56
Other goods and services (operations of incubator, service provision)	R 6 756 000.00	R 14 980.04
Financing, transfers & subsidies	R 5 872 000.00	R 13 019.96
Rands	R 14 522 000.00	R 32 199.56

Programme name Enablis Entrepreneurial Network
Cost of programme R 45 600 000
Time period 3 years
Number of jobs created 7500
Number of beneficiaries 2500

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Capital expenditure	R 633 000.00	R 84.40	R 253.20
Management costs	R 7 951 000.00	R 1 060.13	R 3 180.40
Staff compensation	R 11 621 000.00	R 1 549.47	R 4 648.40
Other goods and services (conferencing, tech, consultants & mentors)	R 25 695 000.00	R 3 426.00	R 10 278.00
Rands	R 45 900 000.00	R 6 120.00	R 18 360.00

Programme name	Hotdog Café
Cost of programme	R 35 500 000
Time period	3 years
Number of jobs created	310
Number of beneficiaries	62

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Capital expenditure	R 18 600 000.00	R 60 000.00	R 300 000.00
Management costs	R 816 000.00	R 2 632.26	R 13 161.29
Staff compensation	R 6 938 000.00	R 22 380.65	R 111 903.23
Goods and services	R 9 146 000.00	R 29 503.23	R 147 516.13
Rands	R 35 500 000.00	R 114 516.13	R 572 580.65

Programme name	Karoo Agricultural Incubator
Cost of programme	R 14 000 000
Time period	3 years
Number of jobs created	160
Number of beneficiaries	81

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Capital expenditure	R 6 502 500.00	R 40 640.63	R 80 277.78
Management costs	R 1 800 000.00	R 11 250.00	R 22 222.22
Staff compensation	R 2 155 698.00	R 13 473.11	R 26 613.56
Goods and services	R 2 776 000.00	R 17 350.00	R 34 271.60
Rands	R 13 234 198.00	R 82 713.74	R 163 385.16

Programme name	Microsoft Bizspark Programme
Cost of programme	R 190 000 000
Time period	3 years
Number of jobs created	1800

Cost elements	Total cost	Cost per job created
Capital expenditure	R 96 000 000.00	R 53 333.33
Management costs	R 8 676 000.00	R 4 820.00
Consultants / Professional services	R 80 290 200.00	R 44 605.67
Other goods and services	R 4 225 800.00	R 2 347.67
Rands	R 189 192 000.00	R 105 106.67

Programme name	Mondi Zimele Jobs Fund
Cost of programme	R 140 000 000
Time period	4 years
Number of jobs created	850
Number of beneficiaries	227

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Staff compensation	R 24 000 000.00	R 28 235.29	R 105 726.87
Other goods and services	R 24 000 000.00	R 28 235.29	R 105 726.87
Financing, transfers & subsidies	R 92 000 000.00	R 108 235.29	R 405 286.34
Rands	R 140 000 000.00	R 164 705.88	R 616 740.09

Programme name	Shanduku Black Umbrellas
Cost of programme	R 14 000 000
Time period	4 years
Number of jobs created	206
Number of beneficiaries	70

Cost elements	Total cost	Cost per job created	Cost per beneficiary
Management costs	R 8 192 000.00	R 39 766.99	R 117 028.57
Project related costs	R 10 406 000.00	R 50 514.56	R 148 657.14
Rands	R 18 598 000.00	R 90 281.55	R 265 685.71

APPENDIX E: DEFINITIONS

Youth: In South Africa's policy and legislation framework, youth are defined as individuals between the ages of 15 and 34 years. A further break down is sometimes used to distinguish between younger and older youth, using the age groups 15-24 and 25-34 respectively.

Geo-type: Census 2011 definitions have been applied.

- An urban area is defined as a continuously built-up area with particular economic activity and land use characteristics. Cities, towns, suburbs and townships are typical urban areas.
- A rural area is defined as any area that is not classified as urban. Tribal areas, commercial farms and rural formal areas are all classified as rural.

Immigration: The act of people moving into a destination province with the intention of taking up permanent residence.

Internal migration: The act of people moving to a new place within the same province.

Net-migration rate: The number of in-migrants minus the number of out-migrants per province of birth divided by the youth population per province multiplied by 1000

Employed persons: Those aged 15–64 years who, during the reference week, did any work for at least one hour, or had a job or business but were not at work (temporarily absent).

Unemployed persons: Those aged 15-64 years, who are able, willing and actively seeking work, but do not have a job.

Labour force: The labour force refers to the economically active population i.e. all those who are employed and all those who are unemployed.

Labour force participation rate: The proportion of the working age population that is either employed or unemployed.

Labour absorption rate (Employment-to-population ratio): The proportion of the working age population that is employed.

Unemployment rate: The proportion of the labour force that is unemployed.

Not economically active: Persons aged 15-64 years who are neither employed nor unemployed.

Discouraged Job-seeker: A person aged 15-64, who wants to work and was available to work or start a business but does not have a job and did not take active steps to pursue employment in the last 4 weeks. This only applies when the main reason for not seeking work was one of the following:

- No jobs were available in the area
- The individual would be unable to find work that requires his / her skill set
- The individual had lost hope and motivation for finding any kind of work

Expanded unemployment rate: The number of unemployed individuals and discouraged job seekers divided by the number of working age individuals that desire work (the latter includes the employed, the unemployed and discouraged workers).

(Footnotes)

1. The data captured under the column "total annual expenditure" is an amalgamation of data from various data sources. The majority of data represents government's average annual expenditure on youth programmes over the past four years (2012/13 – 2015/16). Certain data inputs represent government's 2016/17 annual budget. See Appendix C for a detailed referencing of the data being analyzed.
2. In South Africa the share of total employment domestic services which remains a significant employer of African women fell 2 percent.
3. Source of data for average number of young people reached per annum.
4. Source of data for annual programme expenditure.
5. In the case of most of the programmes, annual expenditure did not uniformly increase over time. Therefore an average of the last four years annual expenditure is used as indicative spend.
6. Enrollments across the NC(V), Report 191 (N1-N6), Occupational qualifications, and Other.
7. Enrollments across AET Levels 1-3, AET Level 4, Grade 12, and Other/Skills Development.
8. Number of youth who participated in youth mobilisation programmes in 2015/16.
9. In order to arrive at the average annual youth reach, the number of youth job opportunities created in Q4 of 2015/16 was quadrupled.
10. Jobs Fund data indicates that approximately 93,000 youth have been reached through the programmes that it has funded. This figure is not included in the table above due to the fact the number of youth reached by work-seeker support and placement programmes is likely covered by the private sector reporting data.
11. Refers to funding provided in support of youth work seekers. (90% of total work seekers expenditure)
12. Refers to funding provided to youth enterprises. (10% of total enterprise development expenditure)