

NATIONAL PLANNING COMMISSION: ENHANCING THE QUALITY OF LIFE

A STRATEGIC APPROACH TO YOUTH LABOUR MARKET TRANSITIONS: TOWARDS PATHWAYS TO SUSTAINABLE LIVELIHOODS

Introduction

While a wide range of efforts are being made across various sectors to address the matter of youth unemployment, there is a fragmentation and fluidity to these interventions and, in certain cases, an inability to recognise novel and innovative opportunities to get youth working as partners and leaders in the South African economy. Without a youth employment strategy, there is no clear and collective national strategy that effectively guides or organises efforts toward youth economic participation. The National Planning Commission commissioned a study that explores the nature of youth unemployment, examining the multifaceted drivers of this phenomenon. Further, it explores the institutional landscape of youth employment enablers. Utilising a nexus of desktop research, key informant interviews, youth focus groups and organisational surveys, data was triangulated to paint a textured picture of the state of youth unemployment and the opportunities for resolving this challenge. The Commission further consulted a range of government, private sector, academia, CSOs and youth formations in June 2019 to validate the findings and provide practical inputs to the approach to youth labour market transitions this paper proposes.

This paper is thus the result of a two-step process towards valuing the outcomes of the study in ways that: 1) introduce a new conceptual lens for understanding and addressing youth unemployment by broadly focusing on youth transitions into the labour market; 2) outlines the efficacy and gaps in the existing youth employment enabling initiatives across sectors; and 3) puts forward a strategic approach to expanding opportunities for youth transitions into the labour market. The underlying thesis is a view that youth unemployment will not be solved using only conventional labour market approaches to unemployment, but will require a youth-centric, multi-sectoral, strategic and innovative ethos that guides a vast employment enabling ecosystem towards practical solutions that impact positively on the demand and supply side of the labour market. This is an approach which sees youth as not only potential beneficiaries of jobs, but as co-creators of a new economy as well.

1. BACKGROUND

The youth unemployment challenge

Unemployment remains an urgent challenge in South Africa, with youth comprising the largest proportion of the unemployed. In 2014, more than 5 million South Africans were unemployed and young people aged 15–34 years constituted approximately three quarters (3, 4 million) of the unemployed (StatsSA, 2016). The issue of youth unemployment is at the centre of South African policy debate and the government along with social partners is grappling with ways to support and enable economic growth in a manner that mitigates the impact of poverty, unemployment and exclusion. Statistics South Africa's (StatsSA) Social Profile of the Youth report shows that between 2009 and 2014, the share of unemployed youth dropped by almost 5%. However, youth aged between 25–34 years

continued to contribute the largest share of unemployed youth. In 2014, younger persons (15–24 years) drove the decline in the total share of youth unemployment. The share of unemployed persons in this age bracket (i.e. 15–24 years) declined by 4, 1%. This was considerably higher when compared to a drop of 0, 6% recorded for their older counterparts (25–34 years) (StatsSA, 2016).

The National Development Plan called for the creation of 11 million new jobs between 2012 and 2030. This means that the private sector has a role to play in realising an improved South Africa, with a strong focus on the role of small and medium enterprises as drivers of jobs. Youth as beneficiaries of jobs means that a more nuanced approach to employment must be youth-centric. Given the enormity of the challenge, it can be argued that youth unemployment is a more complex concern than unemployment generally. Youth unemployment is about more than the conventional concerns around demand and supply in the labour market; it is rooted in youth as a developmental life stage and connected to the South African particularities of the transition from childhood to adulthood that characterise the youth experience¹. A thoughtful understanding of what it means to be youth in South Africa must therefore be part of the approach that informs interventions.

What is often lost in statistics on youth unemployment is the net result of having economically inactive youth. At an average of around 52%, inactivity rates for young people between the ages of 15–34 years were above those observed for adults. This can be expected since most young people (particularly within the age bracket 15–24 years) are still attending school. However, over the period 2009 to 2010, we saw a sharp increase in young people aged 25–34 years who were economically inactive. The youth challenge is thus greater than the issue of employment. It is about improving the overall input and role of young people in the socioeconomic development of the country, not only as workers in the labour market but also as employers, social innovators and drivers of progress.

Rethinking the current approach to addressing youth unemployment

Thus far, a normative jobs-centred approach has been taken to understanding youth unemployment in South Africa, characterised by the idea that accessing traditional formal sector jobs that lead to life-long careers as professionals is the norm. This view is challenged by a number of emerging and already established trends in an increasingly post-work society defined by flexible labour practices, the “gig-economy” which normalises precarious work, serial entrepreneurship and multiple careers over a person’s lifetime. This coupled with changing business practices - increasing focus on financialization, the knowledge economy, innovations in services industries and technology, etc., means opportunities for jobs are in many ways shrinking, although opportunities for varying types of work are arguably on the rise.

Since many young South Africans are unable to get jobs, perhaps the focus should be on preparing them to explore the wide range of emerging opportunities that are becoming available, and creating new opportunities that focus on their individual as well as South Africa’s collective, unique and specific capabilities. This capabilities-centred approach is well aligned with the National Development Plan, which foregrounds the idea of development through strengthening and leveraging the country’s human capabilities. In the opening lines of the Vision 2030 as set out by the NDP, we aspire to be a country “...where everybody feels free yet bounded to others; where everyone embraces their full potential.”²

A capabilities-centred approach to redressing youth unemployment cannot be driven by talks of labour market dynamics alone. It must be underpinned by an understanding of who South Africa’s

¹ Youth as transition

² National Development Plan p. 11

youth are, the unique challenges they face and the varying ways in which they can contribute to their own success and that of the country as a whole. As stated in the African Governance Architecture's Youth Engagement Strategy, the youth of Africa are not only to be beneficiaries of our development, but must be recognised as partners and leaders who are capable of charting the course and implementing success. To truly reap the rewards of the "youth bulge" pointed to in the National Development Plan, and harness the demographic dividend as it relates to youth employment, youth must be reimagined as more than potential workers but as active citizens who can offer efforts in a wide range of ways and who should be rewarded with economic and social capital that will enable their personal and professional development.

2. FROM YOUTH EMPLOYMENT TO YOUTH LABOUR MARKET TRANSITIONS

To realise a new outcome of broader youth participation in the economy, this paper makes a clarion call for a shift from solving for youth employment toward solving for youth transitions into the labour market. This shift in language and thinking is informed by challenges emerging from conventional approaches to unemployment, the unique experiences of youth and the diversity of economic opportunities in a changing world. In this section we explore these dynamics in an effort to rethink what the picture of success might be in efforts to combat youth unemployment.

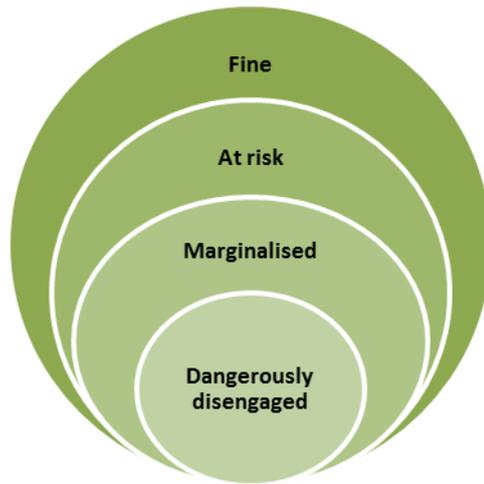
The idea of youth is synonymous with the notion of transition. The development from childhood to adulthood is premised on a period of change, uncertainty, mobility and adaptation. What is key about transitioning is determining not only the picture of success, but by the critical levers for attaining success. Central to both these key outcomes is determining who the youth in South Africa are and what their personal and socioeconomic contexts are. For the purposes of this paper, defining youth will go beyond age towards some of the structural factors that acutely impact on people during youth.

Characterising Unemployed Youth

The National Development Plan is premised on the demographic reality that South Africa is a youthful and urbanising country that must see young people as central to our challenges and opportunities³. As a form of analysis in this paper, youth cohorts have been categorised into four distinct categories: 'fine', 'at risk', 'marginalised' and 'dangerously disengaged', based on a range of factors such as race, gender, education, etcetera. These categories are not fixed and are currently a work in progress but provide an initial understanding of different starting points for youth seeking to transition into the labour market. "Fine" to "dangerously disengaged" represents not only a scale of youth who have better or worse access to opportunities, but also a scale from the most visible youth to the ones least seen and thus least attended to.

FIGURE 1. Categories of Unemployed Youth

³ National Development Plan Vision 2030: Executive Summary. 2012.



These characterisations are framed based on a range of variables outlined in the figure below, which makes an initial attempt to demonstrate the impact of various factors on where a young person falls on the scale.

FIGURE 2. Scale categorising Unemployed Youth

	Dangerously disengaged			Marginalised			At risk		Fine	
	1	2	3	4	5	6	7	8	9	10
Race	African			Coloured			Indian		White	
Gender	Female								Male	
Disability level	Incapacitating disability			Moderate disability					No disability	
Educational level	Less than Gr 12		Gr 12			Some post school training		Degree or diploma		
Socio-economic circumstances & household income	Below poverty line		Just above poverty line		Low-Med income		Med- High income			
Length of time unemployed	Unemployed longer than 6 years			Unemployed between 3 & 6 years			Unemployed less than 3 years			
Rural or urban location (upbringing and current)	Deep rural		Rural		Peri-urban		Urban			
Previous conflict with the law	Done time in prison			Convicted but no prison			No conflict			
Substance abuse issues	Been in rehab			Abused drugs/alcohol			No abuse			

While the range of impacting factors listed in Fig. 2 are not exhaustive, they represent some issues that serve as core economic enablers or inhibitors and which will be dealt with in greater detail later in this paper. Importantly, this framework allows us to imagine the complexities and variations in the experiences of unemployed young South Africans. In assessing, strengthening and reshaping the youth employment enabling ecosystem, we are thus encouraged to ask who we currently design interventions for, who we have left behind and how we can be more inclusive in future interventions.

Throughout the consultation, participants acknowledged the need for designing interventions with diverse youth circumstances in mind, particularly focusing on youth who are at risk or dangerously disengaged. Participants also pointed to the effects of poverty, family support, mental health and criminal activity as common issues that affect the labour market chances of various youth. Youth unemployment is thus not only an economic problem, as identity markers, general wellbeing and social support impact it on.

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. As noted earlier, “youth” is not merely an age but a transition from childhood to adulthood that is often anchored in the person’s ability to become a productive economic actor. The links between economic activity and other parts of social reproduction such as active citizenship and family responsibilities supports the need for a holistic perspective of how youth “understand, experience and transform their transition from school and adolescence to adulthood and work” (Raffo and Reeves, 2000: 147).

As alluded to in the introduction, solving for youth unemployment has often been narrowly focused on conventional job creation. In addition to ensuring job availability, it is also as important that we closely examine how youth access jobs, thus requiring a ‘pathway’ lens. The concept of transition pathways comprises the channels and mechanisms through which youth access the labour market and the impediments that inhibit these pathways. Schömann (2000) describes the transition from school to work as a process in which the young person is migrating from one institutional arrangement to another (Behrens and Voges, 1996, quoted in Schömann, 2000).

Challenges of conventional youth labour market transitions

Transitioning from education to employment is a common and linear approach but has not led to desired results for youth employment in South Africa. Our research shows that South Africa faces three types of challenges that negatively impact on a clear transition from education to employment for youth: demand-side challenges, supply-side challenges and misalignment challenges.

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

- Poor quality at all levels of the education system. At school level this is evidenced by weak foundational skills and high drop-out rates. At 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.
- Social and community challenges like drug abuse, crime, low social bonds and chronic poverty

These factors give rise to poorly educated, poorly skilled, and poorly socialised youth who are largely unemployable in the South African economy or who find it hard to adapt to the demands of the world of work and entrepreneurship.

At the consultations, stakeholders including Ms. Lucille Meyer from the Chrysalis Academy, a youth development organisation, emphasised the need to focus on the effects of social instability and trauma that many young people bring with them into the labour market from the families and communities they are socialised in. We cannot successfully build a strong workforce and strong entrepreneurs with young people who have been broken by our societies. Mr. Siasia from the Kliptown Youth Program reiterated that educational programmes are not enough to ensure job readiness when young people are struggling with structural and systemic issues, from getting an ID document owing to service delivery issues to simply overcoming the effects of poverty.

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

- Low levels of economic growth.
- A structurally skewed economy that does not encourage new Black and young entrepreneurs to easily enter as small and medium enterprises
- Human resource and recruitment practices that alienate youth from culturally diverse backgrounds
- Low rates of youth entrepreneurial activity that limit 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).

The over reliance on the formal sector to employ means that often what young people bring to the labour market is not valued on the demand side, and that what young people would like to do to create economic activity is not supported. Prof. Lauren Graham from the University of Johannesburg and Ms. Lindi, a young person from Diski Nine9 both stressed that constant rejection from or lack of access to formal sector jobs leaves youth who were otherwise motivated to work discouraged, while their agency - expressed through many micro economic activities, social activities and recreational activities in their communities - is not valued and rewarded as work. It is necessary to either open formal sector demand side opportunities or support the creation of youth-led enterprises and initiatives if we are to decrease the increasingly high number of discouraged young job seekers.

Misalignment challenges refer to market failures resulting from a mismatch between the available 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);
- A lack of clear policy and leadership in the youth development space (not enough coordination between actors like NYDA, Jobs Fund, Department of Employment and labour and Presidency – no clear leadership)
- Spatial disparities, caused by apartheid planning, which result in many young people living far from economic opportunities
- The negative perceptions that many employers hold about young people
- Young people’s unrealistic expectations about the world of work and employers unrealistic expectations of unemployed youth; and
- The high costs of job seeking for youth

These challenges are directly related to the single narrative of a standard linear path, ideally from formal tertiary education into a job in the formal sector, amplified by high levels of inequality, poor service delivery and social ills that unintentionally sabotage young job seekers and entrepreneurs. If South Africa is serious about effectively transitioning youth into the labour market, models must be built that respond to a diversity of young people, with solutions that address a diversity of challenges that go beyond problematising youth.

3. TOWARDS COORDINATION, MONITORING AND EVALUATION: FINANCING AND REACH

One outcome of this study was a comprehensive look at the services already available to young people through programmes in the public, private and NGO sectors. This included understanding the reach of these programmes and their costs (where available). In this section we aim to understand what is available, what the gaps are regarding the supply and demand, and the misalignment challenges outlined in the previous section. It further opens a discussion about how resources can be spent most effectively to ensure a comprehensive, coordinated and efficient system of offerings that enable youth transitions into the South African labour market.

The Public Sector Programmes

The Department of Cooperative Governance and Traditional Affairs and the Department of Public Works oversee government's public employment programmes, with 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) aimed at supporting young people in further developing their skills and knowledge.

Various funding programmes supporting youth labour market transitions exist at the national level. Such funding programmes include the Industrial Development Corporation (IDC), the Small Enterprise Funding Agency (SEFA), which funds youth entrepreneurial development programmes, and the Jobs Fund.

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

Programme Type	Approximate Annual Expenditure⁴
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 programmes	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

The data indicates that over 10 billion rand per annum is being spent on technical, vocational and occupational programmes – primarily through TVET colleges. Significant resources (nearly 3 billion rand annually) are simultaneously being channelled towards government's public employment programmes. Other programmes benefiting from substantial government funding include second chance programmes (approximately 17 billion rand per annum) and entrepreneurial development programmes (approximately 1 billion rand per annum).

Table 2 below presents the approximate number of young people (per annum) being reached by the national government's youth labour market programmes.

⁴ 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.

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 programmes	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.

The data indicates that every year, over 1.2 million youth participate in government's public employment programmes. At the same time, approximately 800,000 young people receive skills and training through the TVET colleges. Additionally, close to a further 300,000 youth receive educational support every year through government's second chance programmes.

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 including: the websites of the large private sector foundations and other publicly 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.

Table 3 presents the private sector's approximate annual expenditure on youth labour market programmes.⁵

Programme Type	Approximate Annual Expenditure
Agency building programmes	R 10,500,000

⁵ It is once again noted that these figures are likely understated due to the incompleteness of the data.

Programme Type	Approximate Annual Expenditure
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
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

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

Table 4 presents the approximate number of young people per annum being reached by the private sector's youth labour market 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

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 focused on agency-building, skills development and school-based initiatives.

Social Sector Programmes

The social sector is significantly 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.

Table 5 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.

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.

The data suggests that approximately 280,000 young people are participating in agency building programmes implemented by the social sector annually. Additionally, close to one hundred thousand youths 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.

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 allocated towards programmes

servicing ‘marginalised’ youth. Furthermore, the programmes do not address all three challenges equally.

FIGURE 3. Programme focus in different sectors

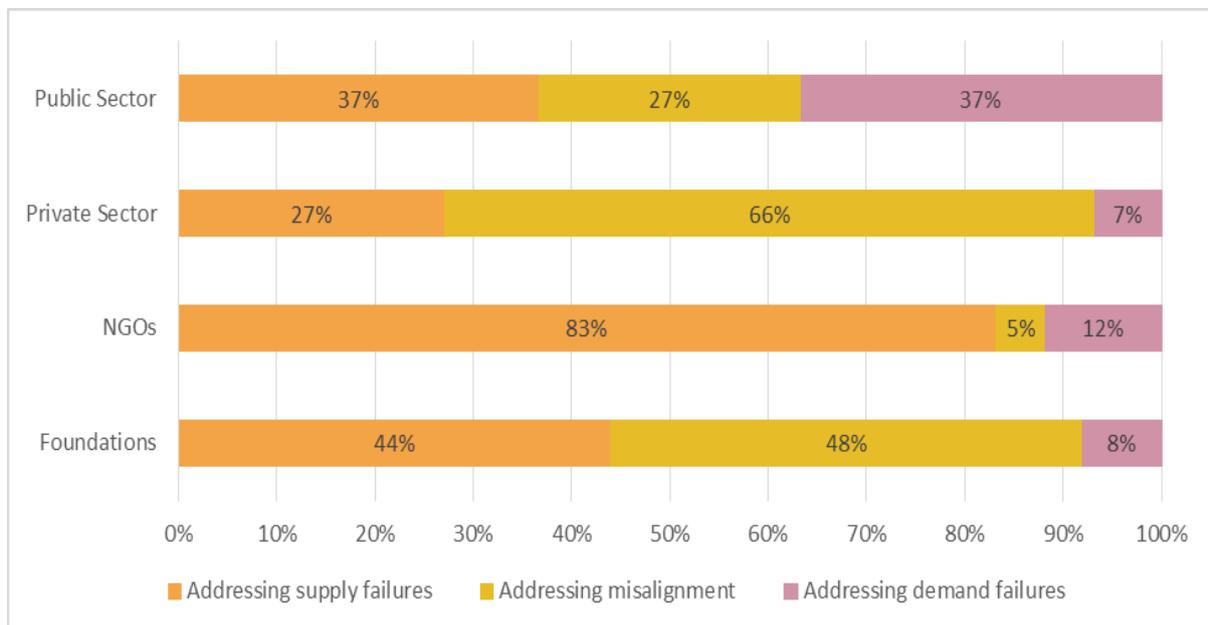


Figure 3 demonstrates that while the public sector programmes balance their resources equally between the various types of challenges, programmes in other sectors are disproportionate, with demand-side failures being addressed the least and supply-side failures being addressed the most. There are two impacts that are worth noting: 1. The lack of balance means that while programmes are focused on getting young people ready for the job market, they are being made ready for a workplace and work experience that either does not exist or is not ready to absorb them, and 2. Youth being assisted in one sector will likely not be able to benefit off the strengths that other sectors have in addressing different challenges. Reaching high numbers is not enough if we fail to measure the success and impact of these programmes on individual youth transitions and are unable to move the collective needle on reducing youth unemployment.

Coordination failures

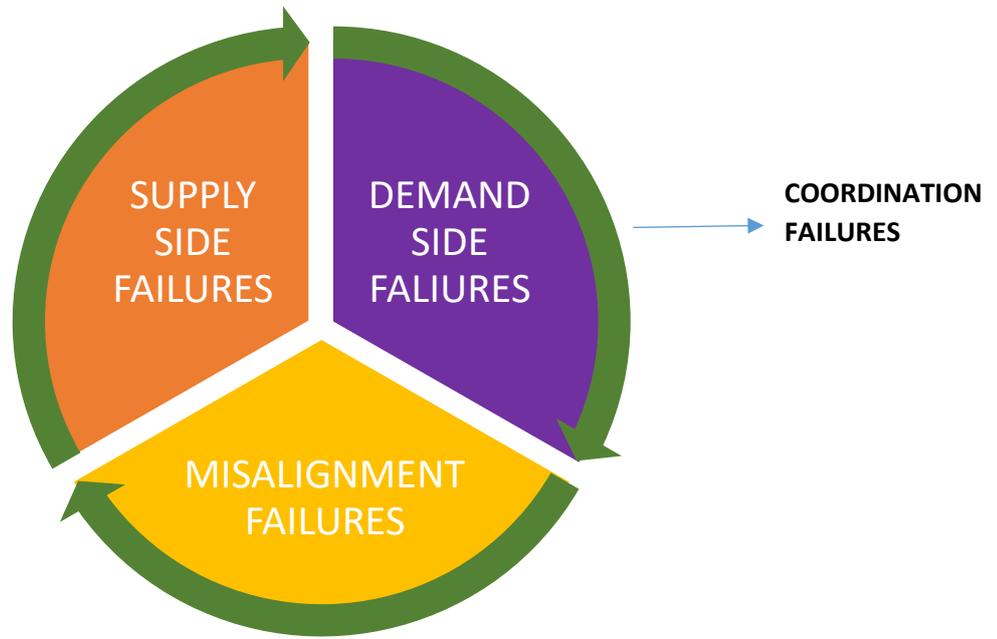
The analysis of the number, range and cost of programmes brings up yet another challenge that negatively impacts on youth transitions into the labour market: coordination failures. Coordination failures in this paper is defined as failures to monitor the resources spent on youth transitions, evaluate the impact of resources and efforts so as to reduce unnecessary duplication, and to improve the ability of cooperation and referrals between programmes. What has been demonstrated by the analysis above is that there is a substantial cost to the state and other sectors geared toward increasing youth employment, yet the results in the statistics do not seem to reflect these efforts. This paper argues that included among coordination failures are the following:

- Programmes designed to assist youth operate in isolation, are not able to address all the challenges and are unable to benefit from the strengths of other programmes;
- There is a duplication of efforts across programmes and sectors;
- There is a disproportionate focus on supply-side failures at the expense of demand-side and misalignment failures;
- There is insufficient monitoring and evaluation of the cost of transitioning youth into the labour market;
- There is a lack of accountability about the return on investment for resources and efforts;

- An ecosystem approach is missing in enhancing the youth experience of getting assistance from the wide range of programmes.

As demonstrated in the figure below, coordination failures impact on all parts of the problem. Coordination efforts should thus be prioritised to ensure that the efficacy of the multiple, multi-sectoral efforts is improved.

FIGURE 4.



It is often said that South Africa has great policies but fails to implement them effectively. Given the vast number of interventions and resources, it is safe to conclude that youth employment programmes are being implemented but the results, reflected in growing unemployment, point to ineffective implementation and/or poor policy that in implementation does not effectively address the challenges. Addressing coordination failures lends itself to the creation of a youth transitions ecosystem that strategically guides young people through a trusted set of paths, from education to being active in the labour market, and youth development stakeholders who are accountable and united by clear common principles.

4. THE THREE MODELS OF INTERVENTION

Based on an analysis of what currently exists, the paper proposes three models of interventions to support youth labour market transitions. Each model sets out mechanisms, policy gaps and incentives that must be in place in order to ensure that each model is effectively implemented, and at the right scale. The three models of intervention have been designed to target the four categories of youth cohorts previously described. Using the youth transitions lens and a multiple pathways approach, the three models approach sets up three focus areas as highways around which pathways can be built. Each model is anchored by a labour market destination (i.e. corporate, SMME, CSO), and can be used to primarily target different types of unemployed youth through different channels. The models are: accessing the formal sector, developing entrepreneurship, and developing the social economy. They are discussed in order, from the most conventional and easiest to build on to the least conventional with the most potential for innovative thinking.

Model 1: Accessing the Formal Sector

This model describes various ways in which young people are or can be supported to transition into sustained employment in the formal economy, either in large corporations or small and medium enterprises – 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. Particularly, 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 types 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 in gaining 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 of 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-linear nature of transitions, youth may require such interventions at different stages and in different forms.

Proposed Interventions

In the formal sector we propose a focus on these three interventions aimed at improving youth access to and retention in formal sector jobs.

1. Youth employer of Choice - this would be a set of interventions that existing youth employment programmes would add to their offering. The focus will be on making the employer ready to be a more effective employer of youth and new entrants into the world of work. It would include: innovating recruitment and HR training to be youth friendly; youth sensitization information - explaining the SA youth demographic; and how to manage the changing nature of work.
2. Bring dignity to Vocational Training - this intervention is aimed at improving the TVET and SETA systems through: providing clear and accessible information on learnerships and apprenticeships to youth and employers; increasing the volume of available learnerships and apprenticeships; and creating a pathwaying system that matches TVET students to practical work opportunities.
3. Review and revive the Employment Tax - this would include a programmatic approach that does not simply rely on legislation as an incentive, but tracks the sustainability of ETI-based jobs. The sectors that would most benefit from these interventions are: agriculture and agro-processing; the hospitality and tourism industries; automotive sector; renewable energy; and information technologies and communications.

Model 2: Enterprise Development

This first model outlines an approach to supporting youth entrepreneurship in the context of the formal economy. The 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 survivalist entrepreneur into a sustainable enterprise. Resultant growth in this context will enable the SMME to employ other people and hence contribute to job creation. It is less likely to support transition from unemployment.

The model proceeds on the premise that small business support has the greatest chance of success within the context of a defined value chain, and market access may take several forms.

Proposed Interventions

These interventions focus on making it easier for youth to be self-employed through entrepreneurship, and to hopefully in turn hire other young people.

1. Innovate the entrepreneurship ecosystem – this means greater focus on improving the quality of incubation of youth SMMEs by state and non-state actors. The funding by the state requires an overhaul with a developmental aspect to its funding and support models. State funding and support mechanisms cannot use the same risk-averse funding models that private sector funding employs. Furthermore, more partnerships are needed between state and non-state actors in the entrepreneurship ecosystem, to one the one hand de-risk youth entrepreneurship support by the private sector and on the other plug gaps in the capacity of the state to effectively deliver business support.
2. Develop a directory for SMEs - this would act as a portal for SMEs to list job opportunities and a matching process to facilitate easier access to SME jobs by youth.
3. Focus on digital skills development - this includes providing youth in township and rural areas with access to digital skills development as a way to stimulate opportunities for them to create technology start-ups. This requires collaboration with tech networks that provide coding and other tech training and engage in activities such as hackathons.
4. Changing the private / public ratio on funding – this proposal involves encouraging greater levels of private sector investment into small and medium youth enterprises in order to reduce the direct tax spend on funding businesses. Ideally the state should be seen as a structural enabler that reduces the risks associated with funding SMEs through supports and incentives rather than acting as a venture capital agent.

Industries that would be most affected by this are: transport and logistics, renewable energy and green economies, manufacturing, retail and information technology and communications.

Model 3: Supporting the Social Economy

The third model describes various ways in which young people can be supported to participate in what we term the “social economy”. The social economy refers to public employment programmes, social enterprises and survivalist activities that take place in the context of local, often informal, economies. The model seeks to support such initiatives by building on 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 as “at risk” or “marginalised”, though it would also include youth that are ‘fine’ yet who 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 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 primary target group for this model are at risk youth 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 who engage in survivalist activities such as hawking to survive; and
- Youth who do voluntary community development work.

Proposed Interventions

These interventions are aimed at unlocking social sector opportunities through government and civil society, to ensure that social activities can be translated into economic activities:

1. Encourage Public Private Partnerships - this is a call to support non-profit organizations and social enterprises aimed at or run by youth through seed funding and skills development to enable the growth of community based organizations. This would involve increasing funding opportunities for community based organisations to include organisation development rather than only focusing on project funding. It would also involve the provision of incubation programmes similar to those aimed at small businesses, for youth development organisations to strengthen their organisational capacities around proposal writing, project management and human resource management. Also, short courses should be provided through SETA to upskill youth working in the social sector as this will go a long way in professionalising social development work. There must be a focus on professionalising youth and childcare workers and greater roll out of National Youth Service programmes, in partnership with the private sector and community-based organisations.
2. Improving the quality of EPWP partnerships - this requires a systemic approach to ensuring that EPWP work is substantive enough that youth are able to build skills and demonstrate employability through EPWP work opportunities. This includes: scaling up EPWP partnerships with non- profit, social sectors services organizations by placing youth in organisations doing community development and delivering social services; encouraging longer-term placements of EPWP workers in government social sector services like healthcare, education and social welfare; and creating exit pathways from EPWP into job placements, through pipelines to existing employment placement programmes.
3. Greater accountability of the Social Sector - this intervention is geared toward improving coordination, monitoring and evaluation of organizations providing social sector services by government and social sector networks, including youth-led NPOs. This includes: updating the Department of Social Developments register of NGOs with a focus on service providers to the state and mapping and conducting social dialogues with various organizations to determine and propose ways of strengthening mutual non-government support and accountability among organizations.

Industries that will be impacted most by these interventions are: social infrastructure builds, travel and tourism, child and youth development, sports, arts and culture, agriculture and environmental affairs.

The models are proposed as frameworks rather than structures, but realising this will require coordination efforts led by the state to realise a vision for youth transitions into the labour market that makes the journey for youth seeking to enter the labour market as clear and easy as possible.

5. RECOMMENDATIONS AND CONCLUSIONS

Successful youth transitions into the labour market requires greater thought into how to better match the wide range of current interventions seeking to enable youth employment with various challenges that inhibit youth employment, and the diverse nature of the experience of youth unemployment in South Africa. The National Development Plan is based on a human capabilities theory of development, not only placing people at the centre of development but also ensuring that all structural components needed to achieve employment, growth, poverty reduction and improved living standards are in place to improve the capacity of people to participate in our collective development as well as their own.

Redressing massive youth unemployment must be an intentional effort, to not only achieve the goals of the NDP but also to do so in line with the ethos of building human capabilities. With this in mind, this paper argues for the development of the three proposed models of intervention to improve youth transitions into the labour market: the formal sector model, the enterprise development model and the social economy model. These models align with the implementation of the NDP as it focuses on 3 principles relied on throughout the National Development Plan as part of its theory of change:

- I. Enhancing capabilities (Chapter 9, 10 and 12);
- II. Assessing and creating the best possible conditions for people (Chapters 5, 6 and 8);
- III. Building relevant opportunities (Chapters 4 and 6); and 4. Promoting effective governance (Chapters 11, 13 and 14).

Enhancing capabilities toward youth transitions into the labour market must go beyond education and should include addressing supply-side failures through more practical employability training and entrepreneurship support for entrepreneurs and young employees seeking to work in SMMEs. In order to activate the potential in the social sector, a strong focus must be placed on redressing social ills (such as drug abuse and criminality) and interpersonal issues that cause youth to be at risk and dangerously disengaged, turning these and other social problems into opportunities for building communities through paid social development.

Building relevant opportunities is premised on the understanding that unemployed young people in South Africa are different, are looking for different opportunities and will certainly need different options for accessing those opportunities. A pathways approach should be actively developed to ensure that for every opportunity there is more than one way to get there for youth. The enterprise development and social sector models present opportunities for multiply pathways into existing opportunities and increase the pool of opportunities beyond the conventional jobs market. Self-employment and social entrepreneurship are largely still undervalued in their potential for unlocking youth livelihoods.

Finally, this paper argues for a strategic approach to youth labour market transitions that is anchored by the three models, implemented across various sectors of government and society, and guaranteed through stronger coordination and evaluation. Understanding the need for an integrated approach, the NPC wishes to highlight 6 recommendations that would cut across and strengthen all three proposed models for youth labour market transitions.

4.1. Co-ordination, monitoring and Evaluation

The National Planning Commission's research shows that South Africa has no shortage of interventions aimed at enabling youth employment. Yearly, over 17 billion rand is spent on such interventions by the state alone. These facts in the face of rising youth unemployment mean that we must considerably evaluate existing interventions before and instead of embarking on new activities and spending.

The NPC thus proposes greater efforts to coordinate programmes across sectors and industries, as well as effectively measuring the success of interventions in the current youth employment enabling landscape. To this end we propose these critical actions:

- a centrally coordinated effort to map out all state and non-state youth employment enabling initiatives specifically aimed at job-readiness and work placements, as they account for a large cross-section of interventions;
- developing a return on investment model that measures the cost of creating youth jobs and standards that measure effective job creation among youth;
- a data management system to improve reliability of data for effective monitoring and evaluation;
- a monitoring and evaluation system that can allow self-reporting of progress by organisations seeking to transition youth into the labour market through any of the models. A reporting template with clear indicators for success should be created and actively managed for validity and reliability. This system should be a tool that rates and approves the quality of the programmes organisations run that would make them more or less eligible to government support and increase their credibility with young people.

These could be coordinated by DPME or National Treasury through the Jobs Fund.

4.2 Implement preferential procurement and empowerment policies

Ensure the implementation of policies that promote youth set asides in procurement, as well as Enterprise development and BBBEE policies that are aimed at connecting youth SMEs to larger value chains. This includes the procurement policy that mandates government departments to ensure that 30% of their procurement is by youth businesses and the commitment to ensure that the time it takes to pay suppliers is no longer than 30 days.

4.3 Redefine success: Move beyond jobs to sustainable livelihoods

The language of job creation is arguably a limiting factor in creating a comprehensive approach to youth labour market transitions. As such we urge government to shift beyond a focus on placing youth into jobs toward encouraging a broader range of youth economic activities. This will broaden society's thinking around reducing youth unemployment, from a focus on formal economy jobs only towards enterprise development and social economy models. This will not only catalyse new innovations across all sectors but also help legitimise entrepreneurship and social sector work as worthy alternatives to formal sector employment.

A successful youth labour market transition cannot simply be measured by how many young people have entered the world of work by being placed into their first job. Success must account for the ease of the journeys for youth from the various points that they exit the education system to sustained and meaningful economic activities where they exchange their human efforts for material and social rewards that they can use to build their lives, families and communities. Building youth agency, their ability to envision and pursue a life and future in ways they experience and most productive is key to successful transitions. Central to agency building is support. The more certain young people are about

support systems that can guide them through the paths they choose, the more confident they will be to make the choices and take up the opportunities presented in and related to the labour market.

The NPC supports the exploration of the following interventions as agency building mechanisms:

1. Pathway portals that enable young people to see opportunities available to them that they can use to realise their goals as they navigate the world of work.
2. A basic package of support that provides access to information about the legal, social and economic supports they may need as they transition to adulthood. These include information and direct mentorship about accessing identity documents, bank accounts, social welfare, healthcare, PSET opportunities and economic opportunities.
3. More structured career guidance and psychosocial support at basic and higher education institutions that allow youth to consider a wider range of work options.
4. An improved and effective National Youth Service that builds skills, leadership abilities and an ethic of service.

4.4. Disaggregated youth profiles

To improve the efficacy of programmes that promote youth labour market transitions, we recommend that a targeted approach be utilised to ensure young people can benefit from interventions. To this end we suggest the following actions be taken:

- The development of a model by Stats SA or any other suitable government entity that uses demographic data to define and characterise the youth profile into the categories suggested in this paper, ranging from fine to dangerously disengaged.
- Research should be done towards developing a pathwaying model that develops youth archetypes and develops multiple potential pathways youth with different demographic characteristics could take as they transition into the labour market.

These actions could assist state and non-state actors in determining which youth are served or under serviced by their interventions, thus leading toward the NDP ideals of a more inclusive economy.

4.5. Focus on demand side reforms

The research reveals that while there are challenges on both the supply and demand side, and in the youth labour market transitions landscape in South Africa, there are many initiatives geared toward making youth ready for the world of work but few focused on making the world of work ready for and responsive to absorbing South African youth of diverse backgrounds.

The NPC thus recommends that government promote and encourage programmes that inform employers of the benefits and nuances associated with employing youth. Furthermore we implore formal sector employers particularly to reconsider some of the barriers to the labour market, such as transport costs, alienating human resource practices and organisational cultures.

4.6. Psychosocial Support

While the research shows that there are many programmes that seek to support young job-seekers, many more programmes focus on the skills that make someone employable upfront but very few focus on reducing the psychological and social stressors that many South African youth face in their familial and community contexts. According to the youth social vulnerabilities research conducted by StatsSA, youth bear a disproportionate burden of many of South Africa's social ills. Exposure to drug abuse, domestic violence, racism, crime, chronic poverty and mental health challenges can negatively impact on the young people's abilities to find and maintain employment.

As such the NPC recommends a focus on programmes that support youth with counselling, mentorship, life skills and rehabilitation programmes that can assist them in being emotionally and practically prepared for the world of work and entrepreneurship. This will particularly help youth who can be described as dangerously disengaged and those who have already become discouraged work seekers, contributing to the even higher unemployment rate using the expanded definition.

4.7. Social compact for youth labour market transitions

While co-ordination as a technical competency is key to effective youth labour market transitions, it cannot be accomplished without having diverse social partners on board with the principal approach being proposed. While initiatives like the Jobs Summit and the Spier youth employment conference have been good platforms for engaging a wide range of social partners, they have often relied on a scattered rather than strategically aligned approach. Social compacts also include greater commitments from companies and individual citizens to contribute positively to the development of youth in communities, even beyond tax or related incentives. A call must be made for active mentoring and support of young people one-on-one and through supporting youth-led or youth-focused community organisations and projects by offering time, expertise and resources to support youth development.

4.8 Develop key structural enablers of youth economic activity

As demonstrated by the supply-side, demand-side and misalignment challenges set out in this paper, youth labour market transitions in South Africa are more complex than the demand and supply of labour. Getting youth economically active requires young people to be ready to work but also requires an environment that enables their efforts. The NPC argues that there are issues particularly related to the development of economic infrastructure which if not addressed, will hamper youth labour market transitions regardless of the model. These structural enablers included:

- Affordable and accessible public transport,
- Spatial transformation that allows for greater economic opportunities to be formed closer to township and rural residential settlements,
- Widespread, affordable and reliable technology to enable connectivity and improve digital literacy among young people.

It is therefore recommended that after a unified youth labour market transitions approach is agreed upon and a coordinating body is identified, stakeholders in the youth employment and entrepreneurship ecosystems, including unemployed youth, are sensitized to, consulted on and lobbied to commit to the determined approach.

One of the key drivers of success will undoubtedly be effective governance. This is not only limited to the state which has a limited role to play in actual job creation but refers to the good governance of all sectors and organisations that seek to enable youth transitions. Greater coordination of activities, more monitoring of resources and evaluation of impact will go a long way in ensuring that everyone delivers on the same mandate and is held to the same standards. The development of a functional ecosystem is an essential part of success for the organisations seeking to assist youth and most importantly, for having youth who can easily navigate the world of work and their ultimate transition into adulthood.

Harnessing the demographic dividend will require more than effort, it will also require strategic policies, partnerships and pathways. Young people rightfully represent the greatest developmental opportunity. Getting youth to work is as much about improving the life chances of individual young people as it is improving the chances of the success of the country. Development takes work, and

youth need work. Let us put youth to work by being beneficiaries, partners and leaders of interventions that transition youth into the labour market.

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