

# NPC proposals for Jobs Summit on Youth: Template Number 2. June 2018

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## 1 Problem statement

Young people aged 15–34 years make up approximately three quarters (3, 4 million) of the unemployed. Unemployed youth aged between 25–34 years continue to contribute the biggest 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).

The National Development Plan calls for the creation of 11 million new jobs between 2012 and 2030 and this means that all social partners, especially the private sector have 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. The NPC focuses on youth as beneficiaries of jobs with a more nuanced approach to employment.. Given the enormity of the challenge it can be argued that youth unemployment is a more complex and urgent concern than unemployment generally. Youth unemployment is about more than the conventional concerns about demand and supply in the labour market, it is rooted in youth as a developmental life stage and connected to the South Africa particularities of the transition from childhood to adulthood that characterise the youth experience. An understanding of what it means to be young in South Africa thus must be part of the approach that informs interventions.

With an increased focus in Africa on harnessing the demographic dividend, large numbers of economically inactive youth should set off alarms about the lost human capabilities and lost developmental dividend that the economy suffers if one of the largest cohorts of citizens sit on the margins of economic opportunities. The youth challenge is thus greater than employment, it's about improving the overall input and role of young people in the socioeconomic development of the country as not only workers in the labour market, but also as employers, social innovators and drivers of progress.

The National Planning Commission commissioned a study that explores the status and features of youth unemployment to, examine the multifaceted drivers of this phenomenon. The study explores the institutional landscape of youth employment enablers. Through 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 to address this challenge.

Drawing on this research the NPC's view is that youth unemployment will not be solved using only conventional labour market approaches to unemployment. It 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. An approach that sees youth as not only the possible beneficiaries of jobs, but co-creators of a new economy.

## 2 Jobs impact

The approach to youth employment will strengthen existing job creation strategies and potentially add new job opportunities for youth in the category 25- 34 years.

## 3 Theory of change

To realise a new outcome of broader participation of youth in the economy, the NPC understands the theory of change as a move 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. 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 the critical levers for attaining success, as well as an intentional commitment to developing multiple and contextual pathways for youth into the labour market. In the study youth cohorts have been categorised into four distinct categories, namely, 'fine', 'at risk', 'marginalised' and 'dangerously disengaged', based on a range of factors such as race, gender, educational level and so forth. "Fine" to "dangerously disengaged" is to be seen as a scale of youth who have better or worse access to work opportunities, but also a scale of the most visible youth to the ones least seen and thus least attended.

Transitioning from education to formal sector 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. Solutions need to increasingly target misalignment and demand side challenges, rather than focus on supply-side challenges which is current practice. In doing so youth transitions in the labour market will be based on not only making youth more ready for the workplace but rethinking what workplace opportunities exist in the private sector and in other sectors of society. It is a non-linear approach.

The NPC proposes the development of three models of Youth transitions into the labour market based on three demand-side sectors namely, the formal economy model where jobs are located in the private sector, the enterprise development model where jobs are created through entrepreneurship development and the social economy model where jobs are created through community based initiatives to address social problems and harness localised talents.

## 4 Existing initiatives/experience

The research paper gives a detailed account of the landscape of the youth employment enabling ecosystem that includes interventions from government, the private sector and the social sector. It provides an analysis of the cost and benefits of initiatives and makes a call for greater monitoring and evaluation to ensure effective resourcing, and increased coordination and corporation between actors to reduce overlaps and close gaps.

## 5 Constituency participation in implementation

What is the potential for constituencies to participate in the implementation of the proposal. All constituencies and social partners have the potential to participate in the implementation.

## 6 Benefits

What social/economic groups would benefit from the proposal directly and indirectly? Please use the following table, and do not list more than 5 groups. Please describe the benefits as precisely as possible.

Group	Job creation
<p>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.</p>	<p><b>Formal Economy Model</b>            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.</p> <p><b>Workplace learning programmes, which include:</b>            Internships,            Learnerships / apprenticeships/other forms of occupational programmes,            National Youth Service programmes integrate education and training with workplace experience and there are examples of these initiatives that result in part qualifications.</p>
<p>Transitioning youth in employment into self employment and employment creators            Graduates            Survivalist entrepreneurs into formal business owners, young people who engage in survivalist</p>	<p><b>Enterprise Development Model</b>            A standardised business skills training programme            A mentorship programme            Financial support</p>

Group	Job creation
activities such as hawking to survive.	Contracted business Reducing barriers to hiring
<p>Community development workers and volunteers 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</p> <p>Graduates</p> <ul style="list-style-type: none"> <li>• Young people who live in communities more than one taxi ride away from potential formal sector employment;</li> <li>• Young people engaged in substance abuse;</li> <li>• Young people in conflict with the law and exiting correctional facilities; and</li> </ul>	<p>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);</p> <p>Establishing various transition opportunities, such as social entrepreneurship initiatives, for young people exiting public employment programmes;</p> <p>Growing the offerings of the Departments of Economic Development and Small Business Development to identify and stimulate opportunities for local businesses in communities;</p> <p>Expanding the support available to young people in survivalist activities and social enterprises in the informal economy;</p> <p>Expanding community education programmes which support skills development programmes that enable young people to access local opportunities;</p> <p>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</p> <p>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.</p>

## 7 Cost and potential sources of funding

What social/economic groups would bear the cost of implementing the proposal directly or indirectly? Please use the following table, and do not list more than 5 groups. Please describe the costs as precisely as possible. In the case of financial costs, who would pay them? This does not apply to the NPC as the NPC is not an implementing agency. However

costs and potential sources of funding for existing initiatives are contained in the background research paper.

Group	Anticipated costs	Potential sources of funding to implement the project	Time frame for impact

## 8 Risks

The two main risks to the delivery of these new models of youth transitions into the labour market are:

1. **Coordination:** Low levels of commitment by organisations across sectors to work in a more coordinated and integrated way. Government also needs to commit to much greater consolidation of resources and efforts aimed at undoing youth unemployment within and outside government. Without leadership, evaluation and coordination the resources spent on these efforts will increase with insufficient impact. There also needs to be greater intergovernmental responses to various models
2. **Resistance to demand side reforms:** All three models require reforms the private sector and government that requires new approaches to hiring practices, funding practices and their youth development ethos. Unless the landscape of and access to available jobs does not change, no amount of work readiness will improve youths ability to transition into the labour market

## 9 Risk mitigation

The National Planning Commission will embark on a series of engagements with social partners on efforts and co-creation projects to get wide based buy in by all on the reforms between 2018 and 2019 to improve both coordination and demand-side reform efforts.

## 10 Additional comments

Refer to attached document NPC Executive Summary on Research on Youth Labour Market Transitions.