



TEMPLATE FOR SUBMISSION OF PROPOSALS/INITIATIVES FOR THE JOBS SUMMIT

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| WORKING COMMITTEE: | Inclusive growth, redistribution, and transformation |
| PROPOSAL NAME: | A clearinghouse and pathway management capability for excluded youth |
| PROPOSER: | Business |
| ORGANISATION: | Harambee Youth Employment Accelerator |
| CONTACT PERSON: | Maryana Iskander |
| PROBLEM STATEMENT | <p>Growth forecasts for South Africa in the short to medium-term suggest that private sector job creation alone is insufficient to meet the flow of young people into the labour market. Furthermore, the changing nature of the job market means that there are a decreasing number of opportunities for the high number of individuals with low levels of education and skills. Thus whilst programmes that assist young people to transition into the formal economy are important, the insufficient number of opportunities within the formal economy vis-à-vis the six million young people not in employment, education and training requires an availability of a spectrum of income generating opportunities.</p> <p>Moreover whilst labour market outcomes for youth with higher education qualifications are relatively good, youth who have graduated from TVET colleges have a 50% chance of finding a job (and those who do tend not be working in the professions they qualified for), whilst youth with only a matric (22% of the youth labour market cohort) and youth with less than a matric (56% of the youth labour market cohort) experience low rates of transition into the formal economy and face challenging and uncertain labour market transition pathways. A lack of targeted employment services and workplace learning opportunities provide them with limited options for following a structured pathway into economic engagement.</p> |
| PROPOSAL | <p>A clearinghouse and pathwaying capability is needed to support young, unemployed work-seekers who are not in employment, or have exited education or training people to match, ready, and transition themselves into a spectrum of opportunities in the economy.</p> <p>Although opportunities in the formal economy represent one pathway to productive economic engagement, these are insufficient in themselves and it is therefore critical that a spectrum of other income generating opportunities are made available to youth. These might include pathways for young people to do work which has social value, generates an income and provides an opportunity to further develop attitudes and behaviours congruent with employment and enterprise. These pathways may include (amongst others) engaging people in</p> |



public employment interventions and exploring the relationship between these opportunities and community and social enterprises, as well as developing a range of opportunities to support people who have initiated survivalist activities so as to grow their participation in local economies. These pathways also need to recognise that not all youth enter the labour market with the objective of obtaining formal employment; some are interested in pursuing other labour market pathways (e.g. entrepreneurship) that has the potential to create a source of income for the young person themselves, but create additional opportunities for other young people.

The absence of a coordinating and organising capability results in the absence of an ability to define the pathways to productive economic engagement, the links and transitions required, and the mechanism to facilitate those inter-linkages. There are therefore two requirements: firstly, the need for a clearinghouse capability – the ability to aggregate multiple opportunities on the demand-side, aggregate youth on supply side, and create the linkage between the two. But this in itself is insufficient and therefore a pathwaying capability is a second requirement – an ability to understand pathways and transition points, can organise a spectrum of opportunities as either destinations or transition points on those pathways, and can match and direct young people on their journeys. Such a capability needs to be able to interface and gather real-time data and intelligence on both the demand and supply side and be a credible eco-system link between young people, employers and other opportunity holders and service providers.

Clearinghouse and pathwaying capabilities must provide processes and technology platforms that can stream and pathway young work-seekers and connect them to multiple economic participation opportunities. The mechanics of the clearinghouse and pathwaying capability must also be able to integrate and support the efforts and programmes of different role-players in the eco-system including various government departments, the SETAs, as well as private and social sector initiatives that deliver support to young people that enhances their employability. In this regard it is therefore necessary to leverage the many investments already being made by public, private and social actors, and use existing intermediaries with a capacity to provide ecosystem-wide clearinghouse and pathwaying capabilities.

In so far as these capabilities are concerned, Harambee Youth Employment Accelerator is well positioned to fulfil this clearinghouse role, and has a proven platform and investment for pathwaying excluded youth to a variety of opportunities (especially where a match is itself insufficient) and already has successful partnerships in place with government in Gauteng, the Eastern Cape, Western Cape and most recently, Kwa-Zulu Natal, that can be built on. In addition to being formally mandated to fulfil these roles, budgetary dispensation will need to be provided to institutionalise this capacity.



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| <p>EMPLOYMENT IMPACT</p> | <p>A pathwaying and clearinghouse capability ensures both the efficient unlocking and flow of workforce talent in the economy, and the more equitable spread of new opportunities to youth and households currently economically excluded. It enables youth to transition and progress from one opportunity to another, remain economically engaged, and grow their human capital; rather than having their learning and skills erode through long periods on unemployment.</p> <p>This pathwaying and clearinghouse capability must therefore consider part of its role to:</p> <ul style="list-style-type: none"> • Make it easier for poor young people to access these opportunities and have their potential “seen.” In this regard they should work to share and distribute existing, and innovate and test new more inclusive and non-qualification dependent tools with which to assess a young person’s potential and readiness, signal their aptitude and match for an opportunity, and enable their self-credentialing.. • Get employers ready, willing and able to deliberately source and hire from this excluded pool. • Make it easier for corporate and especially SME employers to access, assess and on-board young work-seekers. • Continuously map and match young people effectively to opportunities that are within affordable transport routes of their homes so they can “afford” to work. <p>Inclusive hiring efforts must be deliberate and seek to maximise impact, and in this regard there are a number of opportunity areas where better, queuing, matching, and pathwaying could occur. To this end, the following should be designated as priority focus areas:</p> <ul style="list-style-type: none"> • Formal, large corporate jobs – mostly retail, hospitality and low-skilled industrial opportunities • Formal, SME jobs (mostly retail, hospitality and low-skilled technical and service opportunities) • Public employment opportunities (CWP, EPWP) • Formal sector entrepreneurship (public and private incubators/business development services and public and private enterprise programmes and supply chain contracts • Local micro-enterprises providing local goods and services and social economy opportunities • Local and global gig economy opportunities (servicing customers by distance, through digital platforms) |
| <p>ANCILLARY BENEFITS</p> | <p>A pathwaying and clearinghouse capability enables the more equitable spread of new opportunities by ‘changing the order of the queue’ and distributing available opportunities across poor/grant dependent households where a regular salary of any kind can be transformative for the young person and their household (reducing dependence on the state and enabling more household financial resilience, saving and investment with its attendant health, educational and social benefits) and an</p> |



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| | important first stepping stone for progression into the formal economy for young people. |
| CONSTRAINTS | <ul style="list-style-type: none"> • A key contributing factor to South Africa’s youth labour market challenges is South Africa’s economy. Low rates of economic growth, capital intensive as opposed to high labour absorptive investments, a structurally skewed economy, and limited entrepreneurial activity result in low levels of labour absorption into existing jobs, and the limited creation of jobs that match young peoples’ skills levels. • Quality of schooling and attainment of education levels is a factor in determining labour market outcomes for youth. Although a greater focus on vocational training and improving educational outcomes remains a key long-term solution, neither are an immediate solution for helping a current generation of young South Africans. • Nor are they the only barrier: many young people lack the work readiness behaviours and discipline derived from work experience that regarded as inherently necessary for work. And they lack networks into the formal economy where jobs are, to be able to identify, access, and secure opportunities. Proximity to opportunities and costs associated with transport and access to the internet are other barriers that can insurmountably stack up for youth in outlying areas, making the prospect of accessing pathways to formal jobs in the economy virtually non-existent. • Furthermore, despite significant investment of both public and household resources in school and post-school education and training, these are often not relevant and recognised by prospective employers. The long lag times in the transitions from learning-to-earning also mean that skills are lost and distance from the requirements of the labour market increases. • The problem of youth exclusion from the labour market is not one that can be solved by individual entities and individual social partners working in isolation. It requires collaboration, coordinated effort, and compacting among all social partners through deliberate planning and provision of resources. Pre-competitive organisations such as Harambee can be systems integrators in this regard; working to create platforms for public, private, and social sector partnerships. • Young people also require support in pathwaying themselves from one opportunity to the next, and in matching and readying themselves to opportunities in “real-time.” Large scale clearing house and pathwaying platforms such as Harambee are required to support youth – especially those from poor families - to manage these transitions. |
| COST | R1,507,857,543 for five years of operations (2019 – 2022) in support of an active network of 1,500,000 young work-seekers and 500,000 young work-seekers in first jobs or on pathways to generating an income to sustain themselves. |
| SOURCE OF FUNDING | Youth inclusion programming across the private, public, and |



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| | <p>social spheres attracts significant expenditure with National Treasury reporting an increase from R6 billion in 2012/3 to almost R7 billion in 2015/6 of national government spend on youth programmes. However the non-linearity and unevenness of youth labour market transitions, and the persistence and growth of youth unemployment is symptomatic of the inefficiency (at a macro level) of interventions – flowing from a lack of alignment and coordination - to facilitate the transition of young people into formal employment and other forms of economic activity. There is space for the consolidation of programmes with any additional funding being directed to support the alignment of existing programmes and an expansion of the mechanisms to enable transitions in a manner that results in a greater impact on youth employment outcomes. To that end, as a clearinghouse and pathwaying platform, funding can be provided jointly through the redirection of existing public finances for youth inclusion programming, and from the private sector (in the form of fees paid by employers for the matching, preparation, and placement of youth into available opportunities.</p> |
| <p>LINKS TO OTHER WORKING COMMITTEE ISSUES</p> | <ul style="list-style-type: none"> • Economic sector-specific interventions • Small and micro-enterprise support • Education and skills • Other interventions (such as public employment services expansion) |
| <p>OTHER ISSUES</p> | <ul style="list-style-type: none"> • This submission acknowledges the importance for society and the economy of having young people doing work in their communities, being productively engaged, and gaining confidence and experience. Here the government must act as an “employer of last resort” and as a catalyst for other income generating opportunities; be they in public employment interventions, social enterprises, or opportunities to support young people who have initiated survivalist activities to grow their participation in local economies. In this regard, public employment programmes must be re-imagined in terms of how they can better be linked and used as pathways, rather than be seen as long-term dependency destinations in themselves. Existing line budgets allocated for public employment; social development; enterprise and business development, sports, recreation, arts and culture to more intentionally support an integrated strategy for youth economic growth and participation must be leveraged to do this. • Breakthrough innovations in skills upgrading and work-readiness programmes that do not require long qualifications-driven formal training programmes, and do not require tertiary qualifications are required. There are a growing number of jobs in growth sectors of the economy (including in the digital economy) that do not require a tertiary education, but that do require some upskilling intervention over and above schooling (especially given the poor numeracy, science and English outcomes of the South African education system.) Public and private funding needs to be directed to funding work readiness interventions that |



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| | <p>find the shortest, simplest way to “close the gaps” that young people have and to transition young people to these opportunities, and which don’t incentivise endless training, but rather, the conversion from training to employment.</p> |
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