Youth employment

This is one in a series of topical guides developed for PAN:Children that provides key information on the current state of affairs in South Africa related to the topic and highlight practical guidance, lessons learned and case studies (both national and international) that will be helpful in policy development dialogue and knowledge sharing.

1. International, African and national instruments guaranteeing the employment rights of youth

International, regional and national instruments that oblige the State to protect, respect and promote the employment rights of young people include:

1. The United Nations Convention on the Rights of the Child (United Nations, 1990);
2. The African Charter on the Rights and Welfare of the Child (African Union, 1999);
3. The African Youth Charter (African Union, 2006);
4. The United Nations Millennium Development Declaration (UN General Assembly, 2000);
5. The Resolution Concerning Youth Employment adopted by the International Labour Conference at its 93rd session (International Labour Organisation, 2005);
6. The youth employment crisis: A call for action, resolution and conclusion of the 101st Session of the ILO (International Labour Organisation, 2012);

2. National policies, laws, and strategies for securing youth employment

The national policy, legislative and strategy framework on youth employment includes:

The National Youth Policy provides a national framework and statement of intent to address youth development, including youth employment in South Africa (National Youth Commission, 2009).

The National Youth Development Strategy 2007/08 – 2011/12 is a framework to secure collective national action and support to improve the situation of youth in South Africa (Department of Social Development, 2007).

The National Youth Commission Act No 19 of 1996 establishes the National Youth Commission and spells out its mandate, which includes the development of a national youth development plan and mainstreaming youth development across all sectors (Office of the Presidency, 1996).

The Skills Development Act No. 97 of 1998 as amended provides the framework for development and implementation of national, sectoral and workplace strategies to develop the skills of the South African workforce (Department of Labour, 1998).

Delivery Agreement for Outcome 4: Decent Employment through Inclusive Growth documents the South African government’s commitments and outcomes to establish an enabling environment to create decent employment. A key output (no. 3) is the development of a multi-pronged strategy to reduce youth unemployment (The Presidency, RSA, 2010).

Delivery Agreement for Outcome 5: A skilled and capable workforce to support an inclusive growth path documents the government’s commitment to increase both the supply and demand of a skilled workforce through, inter alia, improving access to and the availability and quality of post-school skills development programmes (The Presidency, RSA, 2010(a)).

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National Development Plan 2030. Our Future – make it work is the national development for South Africa which targets improvements in education and youth employment as two of the national priority interventions for addressing poverty and inequality. It specifically prioritises addressing youth unemployment through incentivising the employment of young, unskilled work seekers (National Planning Commission, 2012).

Green Paper for Post-School Education and Training creates a policy framework for the development and implementation of policies and strategies for the development of a post-school education system able to meet the needs of the labour market and address the availability and access of vulnerable young people to post-school education (Department of Higher Education and Training, 2012).

3. Situation assessment of youth unemployment in South Africa

3a. The employment situation of youth in South Africa

The ILO describes the youth unemployment situation across the globe as having reached crisis proportions. In 2011, close to 75 million (12.6%) youth were unemployed around the world – an increase of 4 million since 2007. Medium-term projections indicate that the situation is not likely to improve by 2016. Almost 10% of the unemployed youth (6.4 million) have given up the job search altogether or have opted to remain in the education system to postpone entry into the job search circuit (International Labour Office (ILO), 2012).

South Africa has one of the highest youth unemployment rates and youth-adult unemployment ratios of all developing countries. The unemployment rate for youth aged 15 to 34 years was 35% in 2010. It is worse for younger people and has remained largely unchanged between 2009 and 2012, with almost 50% of the population between the ages of 15 and 24 years being unemployed. The youth-adult unemployment ratio is 2.5 (OECD, 2010) (Statistics South Africa, 2012) (National Treasury, 2011). Moreover, the duration of unemployment for the majority of young people is in excess of one year, and for as many as 38% it lasts for more than three years. This has led to high levels of discouraged work-seeking youth who are no longer actively looking for work. It is estimated that between 25% and 30% of school-leavees have never entered the job market and will never be formally employed for the full duration of their lives (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (Lam, Leibbrandt, & Mlatsheni, 2008) (Centre for Development Enterprise, 2008) (National Treasury, 2011).

South Africa has an unemployment rate of 25.6% (National Treasury, 2011). The youth unemployment rate is 33% (Statistics South Africa, 2012). The youth-adult unemployment ratio in South Africa is 2.5:1 (OECD, 2010). The unemployment rate for young people aged 15 to 24 years is 35% (Statistics South Africa, 2012). This is three times the unemployment rate for adults (12%). The job market and will never be formally employed for the full duration of their lives (Marock, 2008). It is thus of particular concern that 3.3 million (32.7%) of unemployed young people aged between 15 and 24 years are neither employed nor attending an educational institution (NEET). This translates into twice as many young unemployed people that are out of education compared to those in education. The route to employment for the majority of these young people is to re-enter and further their education (H Perold; N Cloete; J Papier eds., 2012) (Statistics South Africa, 2010).

The rate of unemployment for young people is determined by their level of education. Young people with lower levels of education are substantially more likely to be unemployed than those with higher levels of education, with the completion of Grade 12 and tertiary education being particularly determinative of more positive employment prospects. Young people who complete Grade 12 are 30-60% more likely to be in formal employment than those who do not. It is, however, young people with tertiary qualifications that enjoy the highest levels of employment (Statistics South Africa, 2012) (N Cloete (ed.), 2009) (Lam, Leibbrandt, & Mlatsheni, 2008) (National Treasury, 2011) (Centre for Development Enterprise, 2008) (Rankin, Simons, Rule, Trope, & Bernstein, 2007). It is not only the level of education, but the quality of educational outcomes that impact on employment. Studies have shown a link between better numeracy and literacy scores and access to the job market (Lam, Leibbrandt, & Mlatsheni, 2008) (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (National Treasury, 2011) (Marock, 2008). It is thus of particular concern that 3.3 million (32.7%) of unemployed young people aged between 15 and 24 years are neither employed nor attending an educational institution (NEET). This translates into twice as many young unemployed people that are out of education compared to those in education. The route to employment for the majority of these young people is to re-enter and further their education (H Perold; N Cloete; J Papier eds., 2012) (Statistics South Africa, 2010).

The burden of youth unemployment is not equally shared across racial, gender, urban and rural groups. Africans and coloured youth bear a significantly disproportionate burden, with three times more young black Africans unemployed compared to their white and Asian counterparts (Statistics South Africa, 2012) (OECD,
Likewise, more young men in urban areas are employed than young women and people in rural areas (Rankin, Simons, Rule, Trope, & Bernstein, 2007).

3b. A selection of policy and implementation gaps and innovations necessary to improve youth employment in South Africa

The high levels of entrenched youth unemployment are caused by a combination of challenges and barriers frustrating both demand and supply, including the following:

1. The insufficiency of available jobs, which in turn is linked with economic status and growth, and the chosen national macroeconomic and growth policies (International Labour Office (ILO), 2012) (H Perold; N Cloete; J Papier (eds.), 2012).


3. A skills deficit and skills mismatch between demand and supply. This is caused by the low levels of educational attainment, the poor quality of basic, vocational and technical and tertiary education, and the poor educational outcomes of young people. This is especially the case for young people living in poverty and in rural areas (H Perold; N Cloete; J Papier (eds.), 2012) (National Treasury, 2011) (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (Department of Higher Education and Training, 2012) (Marock, 2008) (Development Policy Research Unit, UCT, 2007).

High numbers of youth in South Africa do not complete secondary education, whether Grade 12 or a Further Education and Training (FET) college qualification, and even fewer acquire a post-secondary educational qualification. In 2008, only 41% of learners obtained a FET qualification (40% obtained a national senior certificate and 1% obtained a FET qualification) (H Perold; N Cloete; J Papier (eds.), 2012) (Department of Basic Education: Action Plan to 2014, 2011). Tertiary enrolment rates remain low, especially among young black Africans. In 2011, only 3.5% of this population group between the ages of 18 and 29 years were enrolled at university, compared to 20% of white and 14.9% of the Indian/Asian population groups (Statistics South Africa 2011 GHHS, 2012 (a)).

The poor quality of learning and educational outcomes, along with the inappropriate design and choice of courses of study at basic and post-school education levels, impacts on the ability of young people to access the job market and cope with the demands of employment and tertiary studies; in addition, this combination of factors provides them with an insufficient and inappropriate skills-set in relation to market needs (H Perold; N Cloete; J Papier (eds.), 2012) (National Treasury, 2011) (Lam, Leibbrandt, & Mlatsheni, 2008) (Department of Higher Education and Training, 2012) (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (Development Policy Research Unit, UCT, 2007).

4. The cost of secondary and tertiary education continues to exclude vulnerable young people from obtaining secondary and tertiary educational qualifications. Of the people younger than 25 years not attending an educational institution in 2011, 36% were not doing so because of fees (Statistics South Africa 2011 GHHS, 2012 (a)) (Department of Higher Education and Training, 2012).

5. The poor health of young people – both their physical and mental well-being – impacts on their prospects of becoming employed, remaining employed and breaking the cycle of discouragement which the majority of young adults fall into as a result of being unable to find work (H Perold; N Cloete; J Papier (eds.), 2012) (Lam, Leibbrandt, & Mlatsheni, 2008) (Altman, Youth Labour Market Challenges in South Africa, 2007).
Teen pregnancy is closely associated with young girls dropping out of school and hence with lack of access to the job market (H Perold; N Cloete; J Papier (eds.), 2012).

Lack of, and inability to gain, work experience while at school and FET colleges, lack of access to and use of social networks to gain access to the labour market, lack of adequate job-search skills, and lack of vocational and career guidance inhibits the ability of people, especially young black Africans, to enter the job market (Lam, Leibbrandt, & Mlatsheni, 2008) (National Treasury, 2011) (Gewer, 2010) (Altman, Youth Labour Market Challenges in South Africa, 2007) (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (Marock, 2008) (Altman, M; Marock, C, 2008).

The costs associated with starting a business, including the cost of developing a business plan, and lack of access to loans for start-up capital (Rankin, Simons, Rule, Trope, & Bernstein, 2007).

The cost of searching and applying for employment and the lack of any form of social security for unemployed youth between the ages of 18 and 24 years. These costs include, for example, the cost of compiling a CV, making photocopies, making telephone calls, sending faxes, using the internet and paying for transport (Rankin, Simons, Rule, Trope, & Bernstein, 2007) (Altman, Mokomane, Wight, & Boyce, 2012).

The size, complexity and pervasiveness of the demand and supply problems of youth unemployment problem requires more than the creation of job opportunities; it requires a multi-sectoral youth employment plan of action that addresses the underlying causes and consequences of youth unemployment.

The plan of action must include interventions that address the challenges and barriers to youth employment demand and supply by:

1. Massively increasing the quantity and quality of jobs available, especially for the youth. This can be achieved through the financing of youth employment as part of the macro-economic policy, and direct youth-job creation labour market policies such as youth-targeted public works programmes and small-enterprise development and funding (International Labour Office (ILO), 2012) (H Perold; N Cloete; J Papier (eds.), 2012) (National Treasury, 2011) (Rankin, Simons, Rule, Trope, & Bernstein, 2007).

2. Massively increasing the opportunities for self-employment through relaxation of tax and labour market regulations and improving access to start-up capital and other forms of entrepreneurship support (Rankin, Simons, Rule, Trope, & Bernstein, 2007).

3. Improving industry access by encouraging and incentivising the employment of young people and by addressing barriers preventing employers from employing young people, especially first-time work entrants, through a range of possible interventions. These could include the relaxation of labour protection laws for the youth, thus making it easier to hire and fire young people, the introduction of a youth-wage subsidy and the provision of tax incentives to hire young people (H Perold; N Cloete; J Papier (eds.), 2012) (International Labour Office (ILO), 2012) (National Treasury, 2011) (Centre for Development and Enterprise, 2008) (Burns, Pauw, & Edwards, 2010) (The Centre for Development and Enterprise, 2009).

4. Increasing the number of youth who complete their secondary education at school or through FET colleges and who enter and complete post-school education (H Perold; N Cloete; J Papier (eds.), 2012). This requires improved retention policies that address the barriers to secondary and tertiary education, including cost barriers, as well as “second-chance” policies which facilitate the return to education of early school-leavers that are not in education or employment (National Treasury, 2011) (Department of Higher Education and Training, 2012).
5. Improving the quality of basic education, starting at primary schools and working all the way to tertiary level, to equip young people with the skills necessary to participate in the job market, to offer the skills required by the economy, and to cope with the demands of post-school education. This is also an essential step to address the racial and income disparities in youth unemployment, given the disparities in the quality of education between poor black Africans and their white and Asian counterparts that inform, and continue to characterise, youth employment inequalities (H Perold; N Cloete; J Papier (eds.), 2012) (Altman, Youth Labour Market Challenges in South Africa, 2007) (Department of Higher Education and Training, 2012) (The Centre for Development and Enterprise, 2009) (Marock, 2008) (Development Policy Research Unit, UCT, 2007) (Moses, 2011).


7. Promoting the availability and quality of training programmes, learnerships and apprenticeships by encouraging and incentivising employers to offer these by, inter alia, addressing the administrative and cost burden involved (H Perold; N Cloete; J Papier (eds.), 2012).

8. Facilitating stronger linkages between the labour market and children and young people while they are at secondary school and FET colleges. This requires the development of systems, processes and interventions to facilitate student access to work-place experience while studying, building of social networks, provision of appropriate career and vocational guidance, and development of their job-search skills (Gewer, 2010) (Marock, 2008) (Altman, M; Marock, C, 2008).

9. Expanding the social security system to provide social assistance to unemployed youth between the ages of 18 and 24 years (Altman, Mokomane, Wight, & Boyce, 2012).

4. Guidelines and advice on the design, implementation, monitoring and evaluation of youth employment policies and programmes

The ILO’s Guide for the preparation of National Action Plans on Youth Employment recognises that resolving the youth unemployment crisis through increased productive employment and decent work for young people cannot be achieved through “fragmented and isolated interventions”. It requires multi-sectoral interventions that work together to create a coherent national youth employment plan of action. It requires an integrated strategy for growth and job creations as well as targeted interventions to address the barriers youth face to enter the labour market. These guidelines have been put together to support governments to develop multi-sectoral National Action Plans on Youth Employment to realise these objectives (International Labour Organization, 2008).

The ILO’s Global Employment Trends for Youth 2012 provides direction, based on an analysis of global youth employment trends and policy responses, to policy-makers on the necessary steps, beyond those targeting first time job-seekers, to address the underlying causes and consequences of the currently globally high levels of youth unemployment. Recommended measures include the development of (1) macroeconomic and growth policies to support employment generation to bring about sustained job recovery and finance youth employment promotion; (2) active labour market policies and programmes targeting the youth, such as direct employment generation measures like small enterprise development, wage subsidies and public works, along with labour exchange or employment services and skills development programmes; (3) labour standards
and social protection for young people to improve the quality of jobs and working conditions; (4) social
dialogue and partnerships for youth employment; and (5) strong labour market information and analysis
systems (International Labour Office (ILO), 2012).

The ILO’s *Improving prospects for young women and men in the world of work: A guide to youth
employment* provides guidance to policy-makers, social partners, youth and other stakeholders on the
formulation of policies for youth unemployment. In particular, it aims to assist policy-makers in preparation for
“National Reviews and Action Plans on Youth Employment” as called for in the UN General Assembly Resolution
on Promoting Youth Employment. The document provides an overview of the common youth unemployment
problems, proven international initiatives taken to address the issue, as well as relevant ILO standards and
activities. It culminates in a series of policy considerations and recommendations which draw on proven case
studies covering areas such as the development of comprehensive youth employment plans of action,
employment-intensive investment policies, strengthening education, training and vocational guidance and
counselling, community-based training programmes and entrepreneurship (International Labour Office, 2004).

The ILO’s *Improving skills and productivity of disadvantaged youth* provides guidance on appropriate and
effective policy options to address the barriers to employment faced especially by marginalised and vulnerable
young, such as youth in rural communities, out-of-school youth, girls excluded from education opportunities,
school dropouts, young people with disabilities and graduates of technical or vocational training that are ill-
equipped for available labour market options. It draws on a number of case studies to provide guidance on
models that have proven effective in developing and low-income countries, as well as to provide guidance on
effective institutional and governance arrangements to support the implementation of the relevant policies
(Freedman, 2008).

The ILO’s *Increasing the employability of disadvantaged youth: responding to the impact of the financial
and economic crisis* provides specific guidance to policy-makers on measures to enhance the employment
potential of especially vulnerable young people, including those living in poverty, those lacking work
experience, and those made vulnerable by their gender or geographical isolation from the job market (ILO,
2010).

The National Treasury's *Confronting youth unemployment: policy options for South Africa* provides a
synopsis of the scale and causes of South Africa’s youth unemployment problem and offers an overview of the
range of policy options available to South Africa to improve youth employment. While the report gives a broad
overview of a wide variety of options – ranging from improving education and training, to job creation policies
and comprehensive active labour market policies – it provides a detailed analysis and explanation of, and
makes a strong case for, youth wage subsidies and its link to job creation, offering evidence of the impact the
subsidy option has had on addressing blockages and challenges preventing the youth from entering the job
market elsewhere in the world. It also issues guidance on the different models and forms of subsidies that could
be implemented (National Treasury, 2011).

The Centre for Development Enterprise (CDE) report of a roundtable conference, *Is a wage subsidy a good
idea?*, provides policy-makers with guidance on the shape, justification and potential of a youth wage subsidy
to address youth unemployment in South Africa. The report provides estimates of the cost and impact in the
form of the number of new labour entrants such a scheme could generate. It also addresses the concerns raised
by a number of the participants, including the costs and sustainability of the subsidy, potential wasteful
spending, employer resistance, the lack of evidence as to whether the investment will ensure continued
employment of the youth once their subsidy period expires, and the creation of new labour market distortions
(Centre for Development Enterprise, 2011 (a)).
Wage subsidies: Not the silver bullet, but a good start to address unemployment provides a balanced, detailed review and evidence in support of the development and implementation of a wage subsidy programme targeted at youth as an appropriate policy response to the youth unemployment crisis in South Africa. The report explains different models of the wage subsidy, how they work and their respective pros and cons. It provides guidance to policy-makers on the value of, but also the risks associated with, different forms of wage subsidies, as well as offering insight into their potential impact through a modelling exercise (Burns, Pauw, & Edwards, 2010).

Identifying appropriate interventions to support the transition from schooling to the workplace provides an overview of a range of possible interventions that could be piloted by policy-makers and programme developers to address the youth unemployment situation in South Africa. It considers different models of youth wage subsidies, including the “Harvard proposal” of a subsidy for 18-year-olds, a wage subsidy exclusively for matriculants (the option preferred by the authors), and an employment subsidy for non-profit organisations. The report considers the potential impact that the different models could make, as well as the potential challenges implicit in each. It also considers a number of provisioning and financing models for the provision of basic skills programmes by employment agencies, educational institutions and employers so that young people’s skills are developed where necessary through accredited programmes (Altman, M; Marock, C, 2008).

The Policy Framework for Social Security for Youth in South Africa recognises that poverty impacts significantly on the educational and employment prospects of the youth in multiple ways. It further notes that there is no sustained social assistance programme for youth from the age of 18 to 24 years, and recommends the introduction of this benefit as a key measure to address youth unemployment in South Africa. The report provides an overview of the employment and broader development benefits of youth social security and outlines six models for consideration by policy-makers (Altman, Mokomane, Wight, & Boyce, 2012).

Upgrading informal apprenticeships: A resource guide for Africa draws on the ILO’s experiences and research in a number of African countries, including Tanzania, Malawi, Egypt, Ghana and Mali. It provides guidance for policy-makers on the assessment and policy options for the formalisation and upgrading of informal apprenticeship systems that transmit the skills of a trade to a young person in a micro- or small-enterprise setting to contribute to the development of skills of marginalised youth (International Labour Office, 2012 (a)).

The ILO’s Building Business and Entrepreneurship Awareness: An ILO experience of integrating entrepreneurship education into national vocational education systems provides policy-makers with guidance, based on the ILO’s experiences, on integrating entrepreneurship education and training into national vocational and secondary education systems (International Labour Office, 2011).

The World Bank’s International Experience on Youth Employment Interventions: The Youth Employment Inventory documents the results of a mapping exercise conducted by the World Bank of policies and interventions in developed, developing and low-income countries to integrate young people into the labour market. The study covered 84 countries and this report analyses and synthesises the outcomes into a useful comprehensive guide for policy-makers on the design, cost, benefit and sustainability of the impact of the different policies and programmes on the labour market. It covers a comprehensive range of policies, including wage-subsidies, policies promoting entrepreneurship, second-chance programmes and comprehensive multi-sectoral approaches, and assesses their comparative efficacy in developed versus developing contexts (Puerto, 2007). The results of the mapping exercise for sub-Saharan Africa specifically are further documented in Interventions to Support Young Workers in Sub Saharan Africa: Regional Report for the Youth Employment Inventory (Rother, 2006).

Unleashing the potential of young rural people provides guidance for policy-makers on the development of policies to address rural youth unemployment, based on a review of successful African and European policy
interventions that have been employed to address youth unemployment in rural areas, especially among women and in the agricultural sector (International Fund for Agricultural Development (IFAD) Governing Council, 2011).

5. Case studies

Addressing the youth education and employment nexus in the new global economy documents a number of best policy and programmatic practices from different subregions of the African continent that have succeeded in addressing the challenges of youth unemployment. Common across the success stories are the promotion of youth participation in the workforce, innovation, capacity enhancement, knowledge and human rights, community engagement and commitment and strategic partnerships. The case studies include:

1. Best practices in education systems in Tanzania, the universal post-primary education and training programme in Uganda, and the reform of the higher education policy in Ethiopia to narrow the skills gap.
2. Best practices in vocational and in-service training to address the skills deficit in Ghana and South Africa’s learnership programme implemented in terms of the Skills Development Act.
3. Best practices in youth employment policies, including public works programmes in a number of African countries, job-search assistance in Egypt, and Mali’s internship programme.

The Centre for Development Enterprises’ South Africa’s Door Knockers: Young people and unemployment in South Africa documents the outcomes of a mapping exercise of job creation initiatives by the government, the private sector and civil society during 2006 and 2007. The report provides information about the kinds of job creation interventions in operation, the different approaches taken by government, business and civil society, the results of the programmes and the scale of the results, which programmes are best at equipping people to “find jobs and run their own businesses successfully”, and “which interventions produce permanent jobs and sustainable new enterprise, at the least cost, and why they are successful” (Centre for Development Enterprise, 2008).

The Gambia Youth Employment and Skills Development Study documents a detailed case study of the situation of youth unemployment – the characteristics and determinants of which are very similar to South Africa’s – and documents and analyses the provisioning, financing, successes and challenges of Gambia’s technical and vocational education and training system. The report concludes with a set of recommendations to policy-makers to build on the strengths and address the weaknesses to better enable the remediing of youth unemployment through a strengthened technical and vocational training system (World Bank, 2010).

6. References


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First published: August 2012

This Topical Guide was peer reviewed prior to publication by two peer reviewers.

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