

Some Views on Youth Policy in SA

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Introduction

- Youth unemployment in SA is not a new issue (Standing *et al* 1996)
- But relatively high youth unemployment is a global concern
- Unemployment rates improve with age so why be concerned?.
- Loss in current productivity and loss in future productivity of youth with prolonged unemployment
 - In 2004, ILO estimated that halving youth unemployment would raise global GDP by US \$2.2 trillion which is 4% of the Global GDP of 2003
- World Bank (2008) estimates that youth (15-24) make up close to 43.7% of the world's unemployed
- However, youth are only 25% of the world's working age population

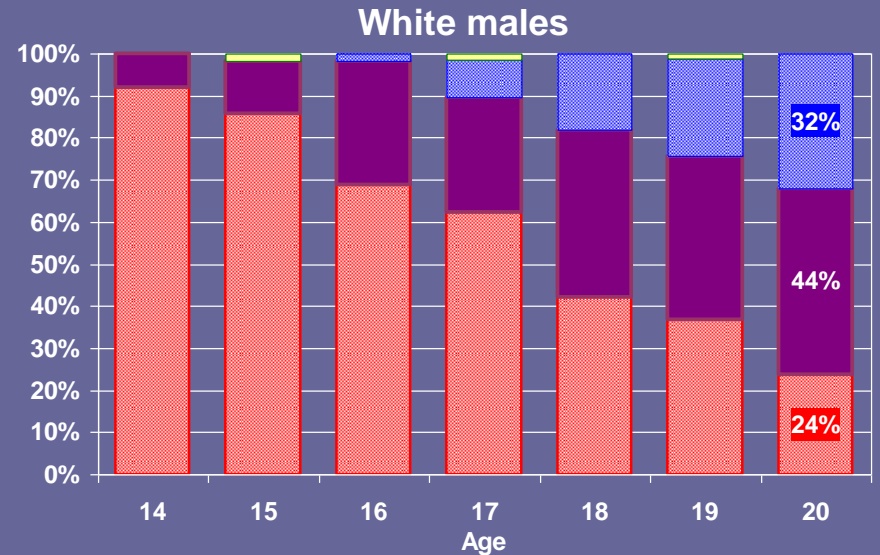
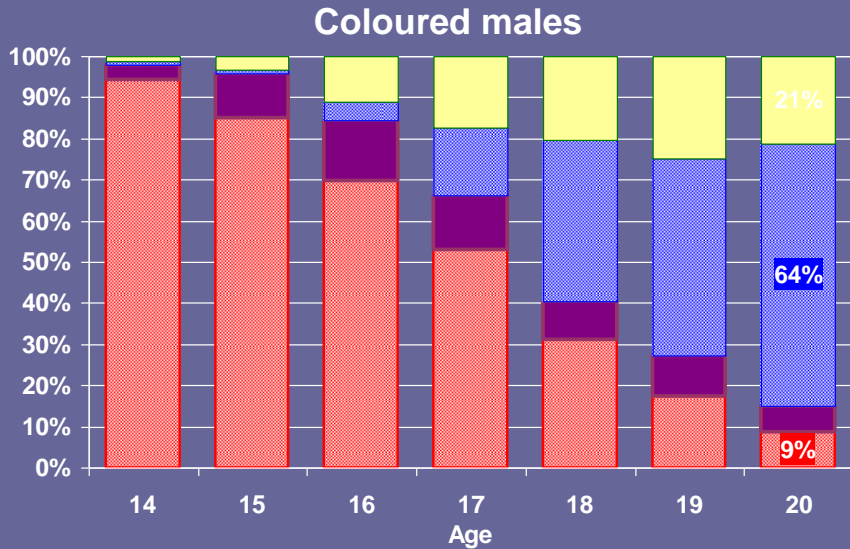
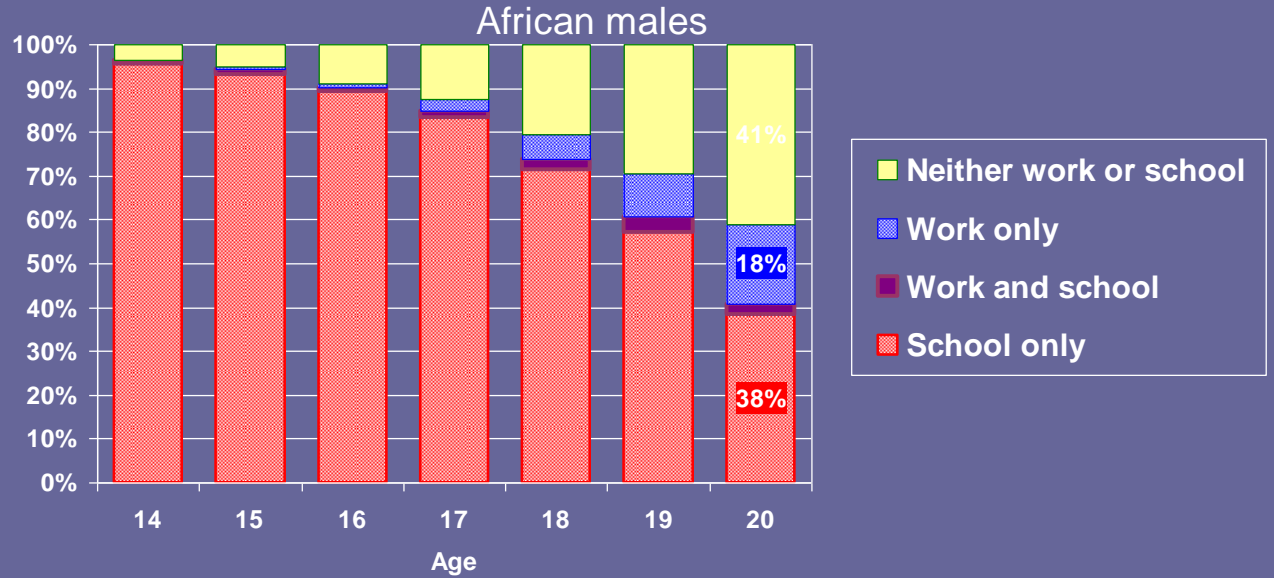
SA youth unemployment stats

- SA youth unemployment rate is about 53% (15-24) and 37% (15-34) by the narrow definition and close to 70% by the broad definition.
- The SA employment rate, defined as the percentage of the working-age population with a job, is at 41%
- The global average is 60%, China is about 70%, in Brazil and Indonesia, it is approximately 65%

Context of policy

- Primary goal should be to ensure that youth make a successful transition from school to work.
- This places the labour market central to youth development
- However, economic growth is key to employment creation
 - two million jobs created in the South African economy between 2003 and 2008, when economic growth averaged 4.9% (National Treasury, 2011)
- In the face of sluggish employment creation, other interventions must also be considered, such as active labour market policies
 - at best, active labour-market policies may improve job matching, help counter underinvestment in training, and mitigate the effects of recession by providing temporary employment or creating incentives for employers to hire.

Transitions from school to work, CAPS Wave 1 respondents



Policy approach

- Job creation is not solely government responsibility; sustainable job creation is led by the private sector (ILO, 2013)
- In turn, private-sector-led job creation requires macroeconomic stability, an enabling business environment, human capital and the rule of law (World Bank, 2012)
- Economic growth does not always automatically translate into employment growth and this makes the strategic role of government even more important
- Matsumoto et al. (2012) - macroeconomic determinants of youth unemployment - the higher the rate of investment, the lower the rate of youth unemployment in both industrialised and low- and middle-income economies

Policy approach cont.

- An ILO review of policy frameworks of a number of countries revealed a general underutilisation of policy interventions that aim to increase labour demand (ILO 2013)
- The ILO review also reported that it is uncommon to find a comprehensive set of policy priorities, targets and outcomes for youth
- It is necessary that labour policies encourage employer–employee relations which favour employment creation
- But it is worth noting that a poorly-regulated labour market hampers formal-sector job creation

Risks to be mitigated

- Marginalised youth, growing up in environments of poverty are at risk;
- Drugs and other substance abuse pose a rising social threat
- Teen pregnancies and finance-related vulnerability
- Risk of forming or joining gangs in order to obtain a sense of identity, status and a sense of belonging, reduced symptoms of depression and reduced anxiety.
- Gang membership can be a means of economic survival where members are able to create opportunities denied them by prevailing social structures.
- Mental health and general physical health of youth need to be given attention

Shortcomings of youth policy plans – past and present

- Recognition of a great deal of good work taking place in the area of youth unemployment
- Lack of detail on how plans are to be implemented and objectives achieved
- Failure to involve and engage relevant stakeholders, viz. business and labour
- Failure to recognise the role and importance of the informal sector in planning
- Lack of articulation of how youth can be involved in agriculture and rural development
- No plan around coordination within government of interventions targeted at youth i.e. national, provincial, local
- No plan around sharing of experience and assimilating knowledge that exists amongst stakeholders involved in youth development

Policy issues – intervention strategies

- Early labour market experience
- Keep youth in touch with the labour market
- Active labour market policies (ALP):
 - Public training policies
 - Job-search assistance
 - Subsidies to private sector employment
 - Public works programmes
- Involve business and labour in formulating curricula relevant to the labour market and for vocational training
- Encourage entrepreneurship - formal and informal
- Explore possibilities of upscaling micro youth development interventions
- Youth policy custodians (like NYDA) should position themselves centrally in broader policy formulation and debates