



THE ASPEN INSTITUTE

GLOBAL OPPORTUNITY YOUTH NETWORK: ETHEKWINI

THE FUTURE IS YOUNG

MARKET INTELLIGENCE REPORT

JULY 2020



accenture

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1 GLOSSARY OF KEY TERMS

Key Term	Definition
Opportunity Youth	Youths that are not currently in education, employment or training, meaning that they are not gaining professional experience, nor acquiring or developing skills through educational or vocational programmes in their prime years. Globally this population numbers 267 million, approximately one-fifth of the world's population.
Persona	A persona is an archetype we are designing for. Personas help solution designers to empathize with different categories of youths by understanding their business and personal contexts. By basing personas on user research, we seek to avoid the pitfall of designing for outliers. Our personas are based on our engagements with youths in eThekwini.
Wraparound services	The complete suite of services youths need to find meaningful employment or start a successful entrepreneurship. These services can include, but are not limited to: interview preparation, CV writing, career guidance, mentorship, skilling, mental wellness, teenage pregnancy awareness training, drug abuse awareness training, English, communication and psychosocial support.
Career track	A positive vocational outcome for youths to follow. The three career tracks included in this report are being in formal employment, being in informal employment and entrepreneurship.
Ladder	Existing interventions in eThekwini that support youths in getting into, or staying in, one of the three career tracks.
Barrier	Existing pain points and blockages that youths in eThekwini may experience in pursuing a career track.
Trap	A negative vocational outcome that youths might inadvertently find themselves in. The four career traps included in this report are long-term unemployment, youths chasing stipends from training interventions, youths underutilizing their skills and entering dishonest employment in the informal sector.

2 EXECUTIVE SUMMARY

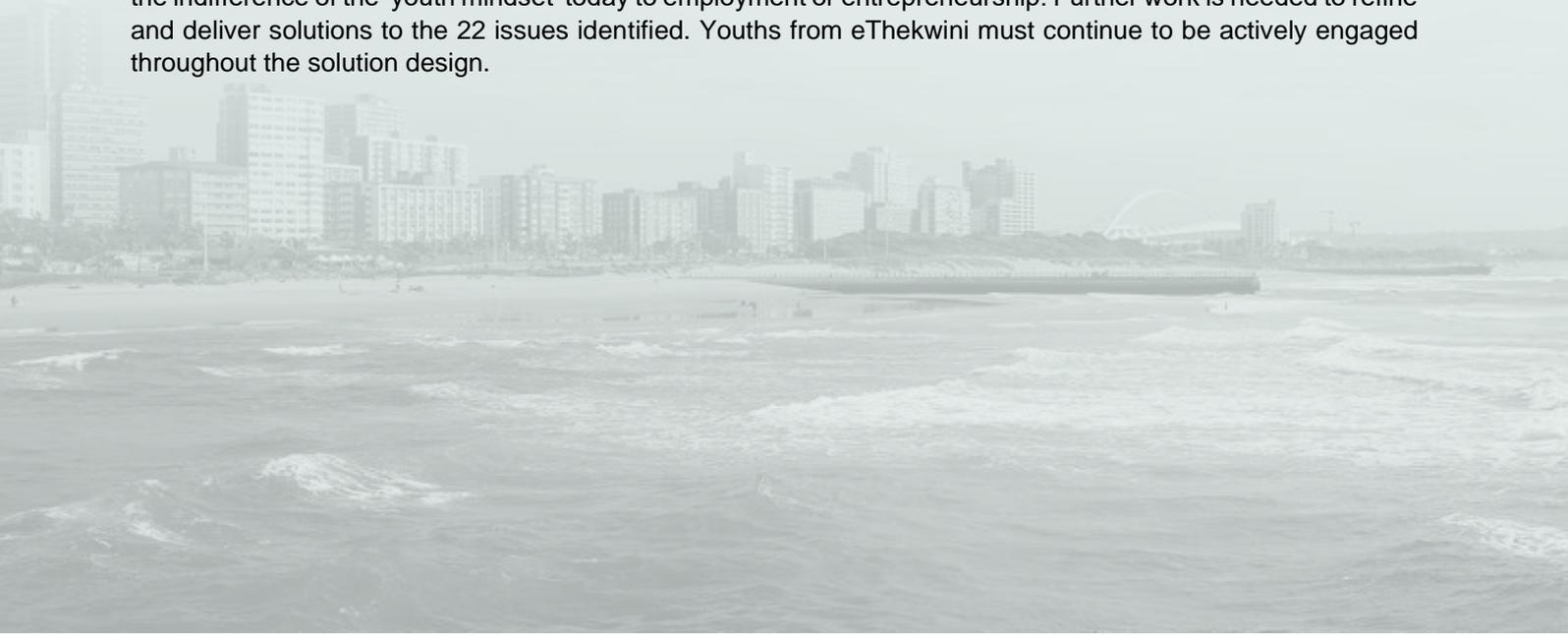
The unemployment rate in South Africa is the highest in the world. At 29% unemployment; the country is almost six times higher than the global unemployment average. Youth contribute disproportionately to the high unemployment count; 57% of South Africa's unemployed are aged between 16 and 24. In eThekweni alone, over one million youths aged between 15 and 24 are unemployed, despite it being the second largest contributing district to national GDP.

With national unemployment projected to reach 50% as a result of COVID-19, significant knock-on effects on youth employment are anticipated: the prospect of a lost generation looms large. eThekweni is already a net exporter of skills, with many of its graduates leaving the city to find employment in Gauteng, the Western Cape or overseas. This 'brain drain' of local talent compounds the local scarcity of economic opportunities, as fewer roles get created by budding entrepreneurs or talented business people.

This report was created after having interviewed 242 youths in and around eThekweni, as well as 54 stakeholders from local businesses, skilling providers and industry bodies. In this report, we attempt to use these stakeholder voices to unpack the issues experienced by youth in eThekweni, before suggesting some preliminary recommendations to help advance the development of local Opportunity Youth.

'Traditional' employment alone will not solve eThekweni's youth unemployment problem; there is a need to embrace job creation through entrepreneurship and via the informal sector. This report considers three career tracks: upskilling for formal employment, enablement for youth entrepreneurs and upskilling youths for 'honest' informal work. This report also uncovers four traps that many youths fall into when pursuing these three career tracks: where youths get trained but enter employment that underutilizes their skills; where youths go from one unrelated training course to another in order to collect stipends; where youths remain unemployed for more than a year and where youths enter informal, criminal 'careers'.

This report finds 22 issues to be addressed and clusters them into five key groupings that hamper youths from finding meaningful work in eThekweni. The five groupings are the fragmentation of services, limited accessibility of resources, poor monitoring and evaluation standards, the need for niche support to be made available and the indifference of the 'youth mindset' today to employment or entrepreneurship. Further work is needed to refine and deliver solutions to the 22 issues identified. Youths from eThekweni must continue to be actively engaged throughout the solution design.



3 REPORT OBJECTIVES

This report is written for stakeholders involved in equipping eThekweni's youths with the means and motivation to enter formal employment or entrepreneurship.

The overall objective of the Market Intelligence report is to help the Global Opportunity Youth Network (GOYN) to move Opportunity Youth into meaningful careers in formal employment, and to empower youths to build their own entrepreneurial ventures in South Africa, particularly in eThekweni. This report provides recommendations to direct the development of Opportunity Youth in eThekweni, enabling them with skilling pathways to achieve sustainable economic success. This report also outlines what is required to meet the needs of market segments going forward. The findings are based on lessons learned from 54 stakeholder interactions across the ecosystem, including enterprises, government, trade bodies, youth forums and advisors in the sector, the contributions of which have been aggregated and anonymized for this report.

To understand the on-ground challenges and real-time support required, consultations with 242 youths have been conducted. 33 face-to-face interactions were held, 57 online questionnaires were completed and 152 telephonic interviews answered. Originally the intention had been to run the engagements in person, before COVID-19 forced a redesign of approach.

This report gives a snapshot of the supply-side of skilled youths in eThekweni and the demand-side of local employers. Recommendations are made on how to grow the number of local employment opportunities available to local youths in eThekweni.

To analyze employment demand for Opportunity Youth, the report examines the current and future trends facing market segments at the national and municipal levels. To assess skilled employment supply levels, the report analyzes the current Opportunity Youth demographic, the challenges they face and the different types of support available to them. Support services include education, funding and wraparound services from public and private sector stakeholders, such as government, academia, NGOs, youth organizations and small business incubators.



4 INTRODUCTION

4.1 Why Does Youth Unemployment Matter?

For every unemployed adult in the world today aged 25 and above, there are three unemployed youths aged between 16 and 24.ⁱ Globally, it is estimated that 70 million youths are unemployed. In addition to this, it is reported that one-fifth of the world’s youth population are not in education, employment or training, meaning that they are not gaining professional experience, nor acquiring or developing skills through educational or vocational programmes in their prime years. In this report, we refer to these 267 millionⁱⁱ people as ‘Opportunity Youth’. Over the past three years, this has increased by 3%, meaning that an extra eight million are in search of relevant training and employment. A study by WHO indicates that unemployment puts youth at risk of poor mental health, including depression and anxiety, in the long run.ⁱⁱⁱ

The desire to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is enshrined in UN Sustainable Development Goal 8. Historically, targeted interventions have been ‘top-down’ from governments, development agencies, nonprofits, funders and investors to increase economic opportunities and skilling initiatives for youth, rather than directly involving youths and assessing the wraparound services they require.

4.2 Global Opportunity Youth Network

The Global Opportunity Youth Network (GOYN) is a new concept, created by the Aspen Institute, that seeks to create new, sustainable economic pathways for Opportunity Youth, resulting in at least 250,000 new economic opportunities.

GOYN will do this by positioning youth to lead the conversation and steer the agenda, utilizing a collective impact model to eliminate siloes and enable donors and implementers to ‘do more with less’. GOYN is creating a global network of communities by partnering with community leaders and engaging with Opportunity Youth to co-design solutions. The intention is to make compelling investment cases for sustainable economic opportunities for youths that overcome local, long-standing barriers to meaningful employment. GOYN’s approach can be categorized into six strategic pillars, shown in the diagram below.

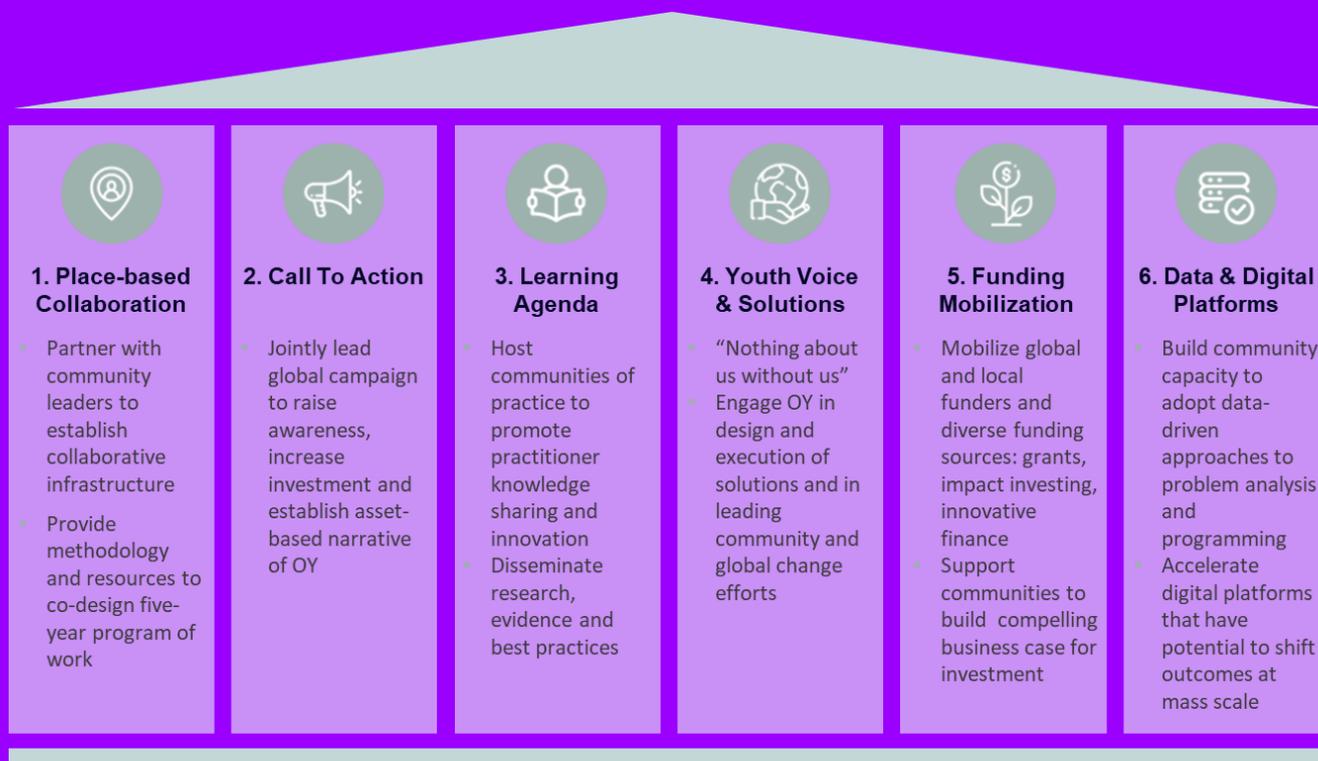


Figure 1: Six strategic pillars of GOYN strategy

In seeking to understand the obstacles faced by youth, GOYN has selected six communities from around the world, based on the diversity of their challenges, interventions, perspectives and experiences. The six communities are Bogota (Colombia), Mombasa (Kenya), eThekweni (South Africa), Pune (India), Jharkhand (India) and Sao Paulo (Brazil).

GOYN aims to develop a ten-year vision for each community, outlining a suite of priority interventions and systems changes to accelerate youth economic opportunity at scale. These roadmaps will be based on in-depth research and data collection on local issues and interventions.

4.3 Why South Africa?

4.3.1 Progress made and lost

South Africa has been a longstanding desirable location for investment. A combination of world-class infrastructure and logistics, an abundance of natural resources, favorable access to global markets and a large pool of prospective workers makes it one of the most promising markets in the world. It is home to the most developed and diversified economy on the continent, with competitive advantages in the manufacturing and services industries. The country is ranked by the World Economic Forum's Global Competitiveness Index 2019 as the second most competitive country in Africa.

Despite the country's tremendous potential, its rising debt levels, repeated below forecast tax revenue collection and the poor performance of state-owned enterprises have led to slow economic growth that threatens to erode the advances made since the 1994 referendum. The country is suffering from a period of economic stagnation, with annual GDP growth flat-lining at 0.8% in 2018. The country's sluggish economy – exacerbated by corruption, state capture, and chronic underinvestment in infrastructure and high yield industries – has resulted in mass retrenchments by major companies. South Africa is backsliding on poverty reduction, wealth distribution, access to education, access to health care, and employment rates.

annual GDP growth
flat-lining at
0.8% in 2018



The unemployment rate in South Africa is the highest in the world, currently standing at 29%, almost six times higher than the global unemployment average. South African youths contribute disproportionately to the high unemployment count; 57% of South Africa's unemployed are aged between 16 and 24.

South Africa suffers from the highest prevalence of AIDS in the world, a scourge that has resulted in many child-led families. Some households have gone for three generations outside of formal employment.

4.4 Broad-Based Black Economic Empowerment

South Africa's Broad-Based Black Economic Empowerment, or BB-BEE initiative, is a robust national regulatory framework aimed at incentivizing more equitable skilling, job placement, and the promotion of positive practices across South Africa's labour market. However, the percolation of BB-BEE down to the municipal, grassroots level, where the nuances of skilling and placement matter most, is not happening effectively.

The apartheid era left the black community with many legacy challenges that are yet to be overcome. For instance, as the formal employment sources tend to be far from black communities' places of residence, there remains a high degree of income inequality across ethnic groups. Upward social mobility within black communities has been impeded by a phenomenon called the 'Black Tax'. The Black Tax refers to when a small number of people in a black household end up supporting a large number of unemployed extended family members.

Within Businesses, the government mandate platform, BBBEE becomes extremely relevant as it creates opportunities in relation to qualifying business/tender opportunities and ability to work with companies with similar score carding requirements.



Figure 2: 7 pillars of BBBEE, from BBBEE scorecard

GLOBAL OPPORTUNITY YOUTH NETWORK – MARKET INTELLIGENCE REPORT

The country of South Africa has been historically viewed as a beacon of economic prosperity in Africa, attributed to its diversified landscape, commodity wealth, historically skilled workforce and the maturity of its infrastructure. Following the end of apartheid in 1994, South Africa made substantial progress in reducing poverty, promoting more equitable distribution of wealth, and improving access to education, health care, and economic opportunities, all critical measures in reversing racial economic segregation driven by 46 years of apartheid policy and governance. Despite this early progress, South Africa's current economic outlook is facing significant headwinds that threaten to walk back advancements made since the 1994 referendum. After 26 years of apartheid, South Africa was identified as the most economically unequal country in the world, with a consumption expenditure Gini coefficient of 0.63 in 2015. Inequality has been persistent, having increased from 0.61 in 1996^{iv}.

The country's economy was performing slowly just before COVID-19 struck. Prior to the epidemic, GDP was flatlining due to corruption, state capture and chronic underinvestment in infrastructure and high yield industries. Short term benefits being offered around election cycles have contributed to a deepening of the racial divide.

South Africa already has a robust national regulatory framework aimed at incentivizing more equitable skilling, placement and promotion practices across South Africa's labour market. This policy framework, the Broad-Based Black Economic Empowerment (BB-BEE), seeks to develop talent in line with the needs of industry. Enforcement of BB-BEE is done through the Skills and Education Training Authority of South Africa (SETA), yet data from South Africa's labour markets show, this framework is not translating down to the municipal or grassroots levels where the nuance of skilling and placement matter most.



4.5 Why eThekwini?

4.5.1 eThekwini's Demographic Profile

eThekwini is ethnically diverse, with a cultural richness of mixed beliefs and traditions. The municipality's population can be broadly delineated into four groups: African (85%), Asian (10%), White (4%) and Coloured (2%). Zulus comprise the largest single ethnic group in eThekwini, with an estimated 10–12 million people living mainly in the province of KwaZulu-Natal, which is also home to many British and Indian descendants. Indians arrived in South Africa in the late 1860s as indentured laborers to work in the sugar cane fields, making Durban 'the largest Indian city outside of India'. The influence of Indians in Durban has been significant, bringing with them their culinary, cultural and religious traditions. The coloured community is predominantly descended from numerous interracial sexual unions. In KwaZulu-Natal, the coloured possess a diverse heritage, including British, Irish, German, Mauritian, Saint Helenian, Indian, Xhosa and Zulu.

4.5.2 eThekwini's Big Potential

The municipality of eThekwini, one of 11 districts within the KwaZulu-Natal province, has huge untapped economic potential: it is the second largest economy in the country, with the third largest population size. eThekwini has some of the most strategic assets in the country, such as eThekwini Central Business District, the Durban port and Durban Container Terminal, which handles 65% of the country's container traffic.

There are a multitude of clustering initiatives aimed at bringing public and private stakeholders together. Local catalytic projects aimed at generating job opportunities and revenues include the new Dube TradePort Special Economic Zone (SEZ), the Point Waterfront Development and the Cornubia development.

eThekwini has a 2030 vision of becoming 'Africa's most caring and livable city'. To address local challenges of poverty, inequality and unemployment, large investments have been made with social and economic impacts. The Accelerated and Inclusive Economic Growth plan, which runs from 2019-2025, sets the economic agenda through an interactive partnership approach called 'Shape Durban', which informs local economic development, enterprise support and infrastructure upgrades. Shape Durban has identified the local textile, leather, fuel, petrochemical, transport, manufacturing and agricultural industries as having a comparative advantage over the rest of the country.

eThekwini's formal economy is built on three key pillars: logistics (both land-based and maritime), tourism and manufacturing. Over the past ten years, the city has been transitioning from a goods-based economy to a more service-based one, with its manufacturing base in steady decline and new growth coming from services sectors, such as community services, finance and trade.

Many plans have been initiated to provide a conducive environment for the economy to thrive, one of them being the Durban Aerotropolis 50-year Master Plan^v, a smart city blueprint being built around the King Shaka International Airport, offering local businesses speedy connectivity to their suppliers, customers and enterprise partners. By 2065, it is expected to create 750,000 permanent jobs in key industries such as Advanced Manufacturing, Health & Pharmaceuticals, Aviation & Aerospace, Tourism, Agriculture & Agro-processing and Electronics & Electrical Components.

4.6 Employment

Tourism and the clothing and textiles manufacturing industries employ the most people in eThekweni, followed by business process outsourcing (BPO). The agricultural and mining sectors, which typically absorb lower skilled labour in South Africa, are very small sectors within eThekweni. The most recently created jobs (over the past five years) were in trade, business services, and community services, with net gains also being recorded in construction, transport, and in government.

Despite its economic potential, more than one in five of eThekweni's four million people are unemployed (estimated from government data from the end of 2019).^{vi} Our interaction with the municipal government reveals that the unemployment rate for youths aged 15-34 is 39%. We estimate that the number of Opportunity Youth in eThekweni not in formal employment is just over 600,000. However, this number is likely to grow due to the impact of COVID-19.

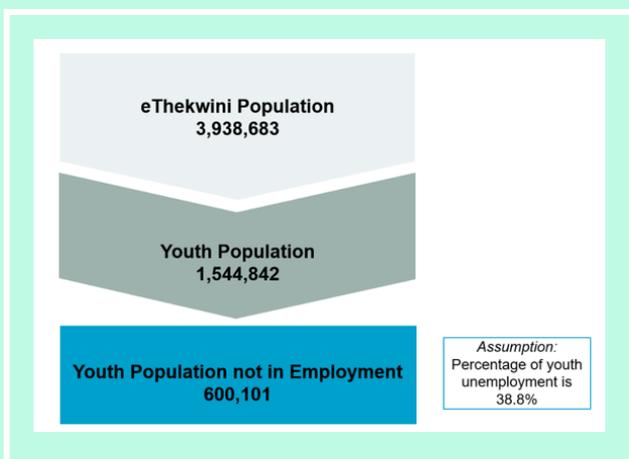


Figure 3: Youth numbers in eThekweni

Data from Stats SA show that 55.2% of 15 to 24-year-olds in South Africa were unemployed in Q1 2019. The unemployment rate in this age grouping falls depending on education level, with 58.4% of youths without a matric qualification being unemployed, 55% of matriculants being unemployed and 31% of graduates being unemployed. Whilst it might be encouraging to see a link between employment status and degree of education, it is noteworthy that almost a third of graduates are unemployed, indicating that education alone is no panacea when it comes to lifting unemployment levels.

eThekweni has performed better than the provincial and national average in terms of educational attainment and literacy rates across secondary and tertiary levels in 2019, but eThekweni is a net exporter of skills; many of its graduates leave the city to find employment in Gauteng, the Western Cape or overseas. This 'brain drain' of local talent compounds the local scarcity of economic opportunities as fewer new roles get created. eThekweni's strong matriculation and literacy rates and high levels of talent migration indicate that educational reform should not be the area of immediate focus: demand-side strengthening should be prioritized.

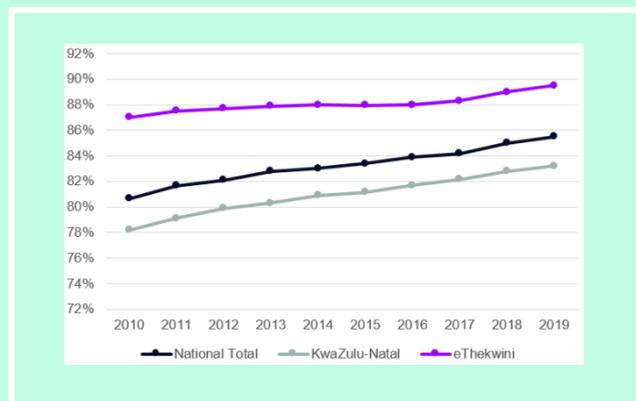


Figure 4: Functional Literacy (Grade 7 and higher) for years 2010-2019

4.7 Snapshots of Local Industry

SPOTLIGHT ON MANUFACTURING

Manufacturing of goods in KwaZulu-Natal contributes 19% of South Africa's GDP. Public-private partnerships (referred to in eThekweni as 'clusters') operate at the provincial and municipal level to advance eThekweni's major manufacturing industries. Clusters exist for the chemical, maritime, clothing and textiles, furniture, automotive and agro-processing subsectors. These subsectors are highlighted below as focus areas

Automotive: KwaZulu-Natal is a significant producer of vehicles and components for Toyota, Volvo, Desmond Equipment, MAN and Bell, all of which have manufacturing facilities in eThekweni. The development of the KwaZulu-Natal Automotive Supplier Park (ASP) on the province's south coast was announced in February 2020, replicating a model of centralizing industrial zones to service local motor manufacturers.

Agro-processing: Agriculture has played a significant historical role in KwaZulu-Natal's economy starting with sugarcane in the mid-1800s and diversifying into tropical fruits (banana, mangoes, litchi, avocado, macadamias), livestock and agroforestry. The legacy of agriculture continues to shape the history, culture, and economics of the province, with long-established sugar companies such as Illovo, Tongaat-Hullett and Glendale cultivating thousands of hectares, and smallholder farmers off-selling smaller yields through formal and informal channels. Global conglomerates have established a presence in KwaZulu-Natal, in part to more closely cater to the growing sub-Saharan African consumer goods market. Food and beverage giants such as Unilever, Kerry Group and RCL Foods all operate factories in Durban and its surrounding areas.



SPOTLIGHT ON AGRICULTURE

Sugar cane farming has had a tumultuous history in KwaZulu-Natal, where hundreds of indentured labourers from India met the growing demand for sugar after refusal by native Zulus to work for the region's white British settlers. The province also exports maize, livestock, dairy and nuts. Small-scale farmers, day laborers and other members of the informal economy are integral parts of the agricultural landscape of KwaZulu-Natal. Formally, the sugar cane industry is actively trying to diversify and enhance its value chain, especially by incorporating technological advancements. Competitive advantages exist in strong research and development capabilities, dominated by the South African Sugar Association. Scientists, growers, millers and process specialists are often dedicated niche roles that require formal agricultural training and education. COVID-19 also poses risks to the sector, even though agriculture is classified as an essential service; with many employees still at work during the outbreak.



SPOTLIGHT ON FINANCIAL SERVICES (BPO, ICT)

The financial services sector constitutes 21% of Durban’s GDP. The growth of the financial industry is buoyed by increases in demand for two of its key subsectors: business process outsourcing (BPO) and information and communication technology (ICT). In addition to the skilling institutions established at the national level (industry-specific Sector Education and Training Authorities, or SETAs, overseen by the Department of Higher Education and Training), organizations such as the National Electronic Media Institute of South Africa, Maharishi Institute, and SmartXchange have emerged to further progress South Africans’ technological competency and provide networking and professional development opportunities. Finance in the traditional sense certainly has its presence in KwaZulu-Natal as well – all five of South Africa’s ‘big five’ banks have a retail presence and provide employment in eThekweni and its surrounding areas.

KwaZulu-Natal is home to more than sixty BPO centres and almost half of South Africa’s call centres. Most employees fill roles in sales, customer support and data analytics. Durban is attractive for BPO growth due to its low cost of living and salary expectations, business-friendly enabling environment with strong government support, and young, literate talent pool with accent-positive language skills. Recent strides in the BPO subsector in eThekweni aim to attract the Municipality’s youth; for instance, Bridge City in KwaMashu, announced in October 2018 as a partnership between the Tongaat Hulett Property and the eThekweni Municipality, strategically chose to launch operations adjacent to where many youth live and can access public transportation. However, with many BPO employees working remotely due to COVID-19 restrictions, a potential challenge for the sector will be widespread internet access in employees’ residences.

The ICT subsector has become more relevant amid the rising need for businesses and families to interface virtually in the COVID-19 era. However, even prior to the pandemic, eThekweni has demonstrated a commitment to growth in ICT, boosting hubs for a myriad of local and global telecommunications, hardware and software and IT solutions companies. One such example of corporate sponsorship of the sector was the recent donation of a R2,5 million ICT Innovation Hub by Samsung South Africa to Adams College, south of metropolitan Durban. Alongside employment opportunity growth, ICT-focused incubators and co-labs such as Innovate Durban and Inqubate have surfaced as supplements or substitutions to SETAs to address the challenge of attaining required qualifications to enter the sector, which are often the most expensive among educational courses. The COVID-19 pandemic has emphasized the urgency of strong infrastructure to support ICT, and the changing world of work across all sectors will be shaped by constantly improving technological capabilities.

Our youth survey with youth indicates that the majority of youths in eThekweni possess at least intermediate ICT skills and regularly use computer and related services.

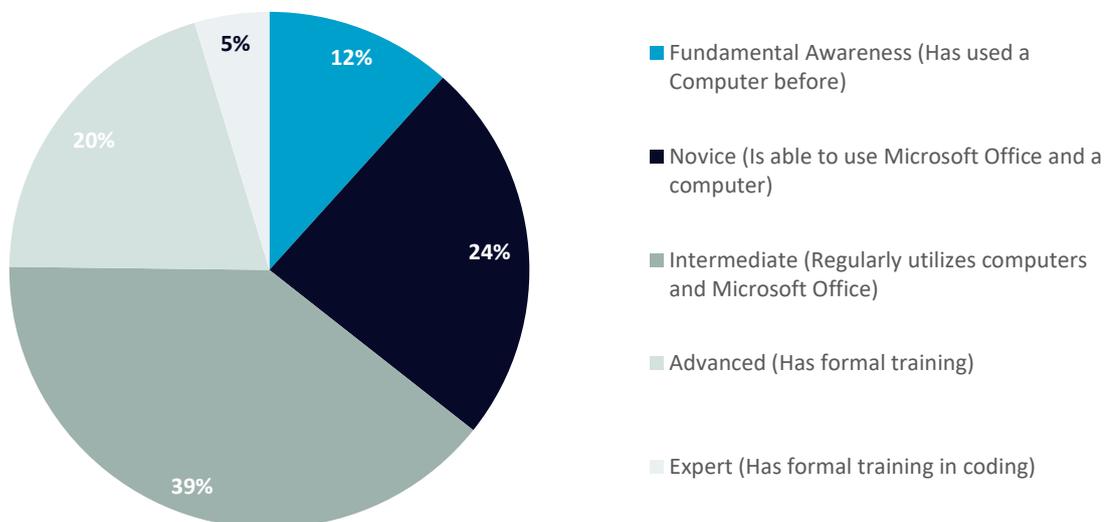


Figure 5: Youth ICT proficiency in eThekweni (self-reported by youths)

SPOTLIGHT ON COMMUNITY SERVICES

Local government is the main employer in eThekweni. At 21% of GDP, community services employment encompasses education, public administration and defence, residential care activities, social work and postal and courier activities. The demand for one community service in particular – healthcare – has skyrocketed amid the COVID-19 pandemic, and municipalities must reimagine employment pathways to meet this demand.

Healthcare has always been a major area of focus in the region, one that is wrought with prevalence of HIV/AIDS and tuberculosis. KwaZulu-Natal has the highest number of HIV infections in South Africa, with over two million people living with HIV/AIDS. COVID-19 exacerbates this health crisis, as clinical expertise has shown that people of any age who have serious underlying medical conditions, especially people with immunocompromised systems, might be at higher risk for severe illness from COVID-19.

The Aurum Institute, a partner of the Global Opportunity Youth Network, is set to launch a pilot programme as a two-fold solution addressing the demand for healthcare and the high youth unemployment rate. Through Aurum's Youth Health Africa model, youth have gained valuable employment skills in community health work aimed at combating HIV/AIDS and TB, even without often prohibitive formal training in medicine.



SPOTLIGHT ON TRANSPORT

Durban's strategic assets make it an ideal region for the transport industry to thrive. It houses the Port of Durban (commonly called Durban Harbour) and the Durban Container Terminal, which handles 65% of the country's container traffic. Transport's contribution to national GDP amounts to 14%.

Another catalytic project, the Cato Ridge Dry Port, is intended for a region largely rural in nature with a high unemployment rate and will create thousands of employment opportunities both during construction and upon completion. It will handle container and bulk cargo from the ports, increasing overall efficiency and capacity while reducing logistics costs.

Operation Phakisa, the prioritization of the national government's oceans economy programme as a source of up to one million jobs, promotes a favorable environment for the maritime subsector of transport. South African Shipyards, based in Durban, is renowned among the maritime sector for creating jobs as it makes technological advancements in its commercial and naval shipbuilding capabilities.



SPOTLIGHT ON HOSPITALITY AND TOURISM

One of eThekweni's major Special Economic Zones, the Dube Trade Port, is a major airfreight and passenger hub, comprising of five business zones that will provide support to several industries: medical, pharmaceutical, electronics, aerospace, agricultural, clothing and, most notably, automotive. These manufactured goods are major exports for international trade, in addition to materials such as iron and steel and petrochemicals. Exports contribute 26% to the city's GDP; however, COVID-19-induced business lockdown has impacted demand from some of Durban's top export markets, including Germany, France, Malaysia, China, and even neighboring Namibia and Botswana. China alone buys R2.5 billion worth of agricultural input goods such as ores, pulp wood, and copper annually. Value chains in Durban are also highly dependent on imports such as machinery and nuclear reactor components from China and Italy. eThekweni will see ripple effects of supply chain disruption around the world, through both the export and import lenses, for a significant, albeit undetermined, period.

Trade is also a major employer of participants in the informal economy. 70-80% of the informal economy consists of retail trade, including street traders, spaza shops and vendors, many of whom could doubly be considered as entrepreneurs and artistic 'orange economy' participants.

Durban is also home to the Durban International Convention Centre, voted Africa's Leading Conference Centre for several years. The ICC is renowned for connecting Africa to the world – facilitating networking, transactions and partnerships across industries, business organizations and countries. It accounts for R2.1 billion worth of direct annual expenditure into the economy, including its own revenue, international and local delegate expenditure and expenditure by organizers and exhibitors. The global pandemic has cancelled numerous events, leaving many SMMEs and permanent and temporary employees in the food and beverage industry devastated.

Durban is by far South Africa's most popular city in terms of domestic tourism, but places fifth, far behind Cape Town and Johannesburg, for international tourism. Though smaller than other metropolitan areas, eThekweni's tourism sector can absorb low-skilled, informal labour and has been poised to grow, touting the area's natural and cultural assets combined with recently established direct flights to the United Kingdom. Physical assets have been developed over recent years, such as the R35 billion Durban Waterfront Project which aims to create a beachfront ambience with lodging, dining and amenities.

Informal tourism employees have been tuned into the proposed new Tourism Amendment Bill, which aims to regulate the shared or collaborative tourism economy that attracts many informal participants, particularly via short-term leasing services like Airbnb. Locals believe the bill can be modified to encourage innovation and participation from local communities, leading to greater job and opportunity creation as well as rural and township development.

Amidst the COVID-19 pandemic, the National Department of Tourism has made an additional R200 million available to assist the survival of SMEs in the tourism and hospitality sector.





5 MIND THE DATA GAP

There is an enormous amount of data available at the local level on youth unemployment. However, this data is not being utilized effectively, to inform policy or programmatic interventions effectively. Data is highly fragmented; duplicative in some cases and missing in others.

Given this study's focus on helping to shape interventions to place eThekweni's youths into meaningful work, it is important to agree on a solid baseline of numbers of youths that are in employment, are in training and are out of work. However, requesting, cleaning and analyzing the data necessary for this baseline has been a significant and time-consuming challenge. An urgent intervention is needed to focus on an analytics solution that removes fragmentation, creates a trusted data lake and enables local stakeholders to effectively utilize existing data.

5.1 Data Fragmentation Challenges

Lack of data management processes. The initial data scoping conducted has been enough to form a foundational report; however, considering that the programme would run for ten years, more insights could have been generated if some basic data management processes had initially been in place in the environment.

Lack of a common data repository. The public institutions currently lack a common platform for data consolidation, which makes it a time-consuming process to access various data sets.

Limited data analysis capability. There exists little to no analysis of data captured by the public institutions in making decisions and driving policy decisions.

Limited data accessibility. Additionally, not all research studies conducted by the institutions are published publicly, making it a lengthy process to access them hindered with data privacy and confidentiality issues.

Siloes of data. Different public departments have different definitions of key terms and data, resulting in data inconsistencies.

Long lead-time for data requests. Multiple stakeholders interviewed for this report highlighted that, due to the existing procedures, there is a long lead-time for collecting and publishing data, which makes the data less relevant by the time it is accessible by a wider audience. Collection of data from various sources, verification, auditing and secure sharing all add to the total time needed for publishing of data on common platforms.

Poor data granularity. Another challenge encountered by this study was that the existing research focuses on the national level. There are few research studies conducted at the municipal level; this leads to organizations not being able to use the reports for actionable interventions. There was a dearth of youth-focused research conducted in the recent times that focused on municipal level challenges.

In summary, there is a need for technological advancement in the public sector so that data can be aggregated in a common place and made easily available to the wider audience and for intelligence to be produced from the data that is captured. In order to make this happen, we should look to speak to the enablers that would need to be in place to make this happen, assessing openness across parties to sharing the data, before putting a robust data privacy policy in place to enable the safe and ethical sharing of the data. Pending these steps, an effective data strategy will need to be drawn up to limit redundancy and fill key gaps, using collective resources effectively and efficiently. Once this is in place, we can create an analytics backbone to enable data.

6 YOUTH CAREER TRACKS

Analysis of multiple data sources reviewed for this report suggest that approximately 600,000 youths have left school and are outside of formal employment in eThekweni. We see there being three positive vocational tracks for youths to follow: formal employment, informal employment and entrepreneurship.

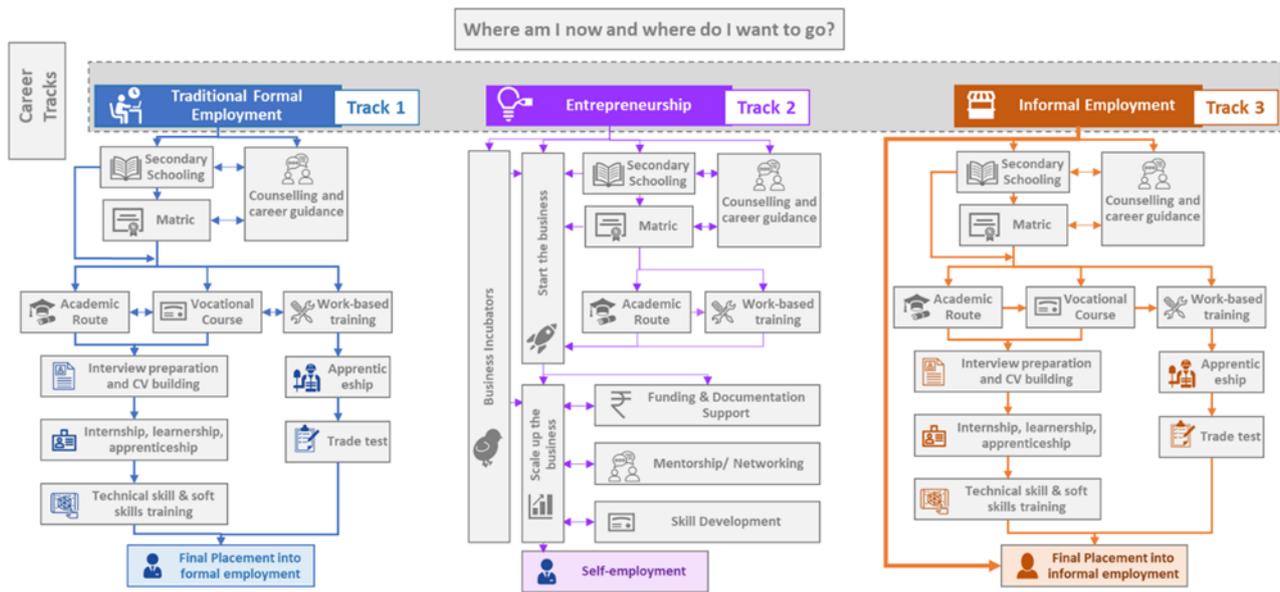


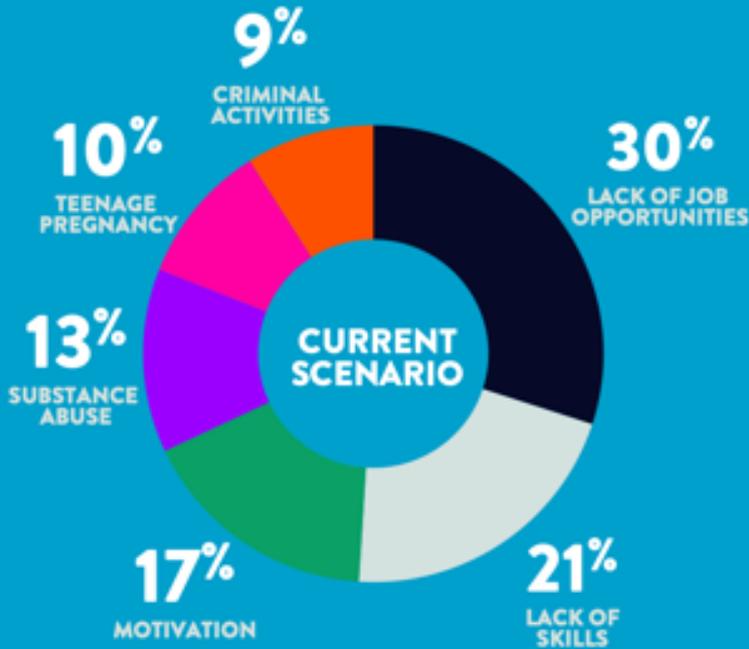
Figure 6: Youth career tracks

In this section of the report, we examine the three tracks that we believe to cover the majority of Opportunity Youth in eThekweni. Given our consultation with 242 local youths in creating this report, we selected seven ‘personas’ to share some of the most common profiles that we encountered along the way, using them to reflect some of the most common barriers, aspirations and support requirements that we heard.



ISSUES LIMITING SUCCESS FOR YOUTH DESPITE EDUCATION/TRAINING

Figure 7: Infographic on data from youth surveys



Youth mirror the market sentiment of the increased need for skilling.

More than **42%** of youth believe that more education and training are needed for them to achieve their dream job, as compared to the **35%** who believed that more financial support would be required to meet their career aspiration.

Three out of four Youths are willing to relocate for better employment and earning opportunities



SUPPORT OVERVIEW

Youths go to a wider range of sources of support for career-related issues



than anything else while



SOURCES OF FINANCIAL SUPPORT



SOURCES OF SOCIAL SUPPORT



MOST DIFFICULT PART OF JOB SEARCH

Current skillset does not support job aspiration/lack of qualification

27%



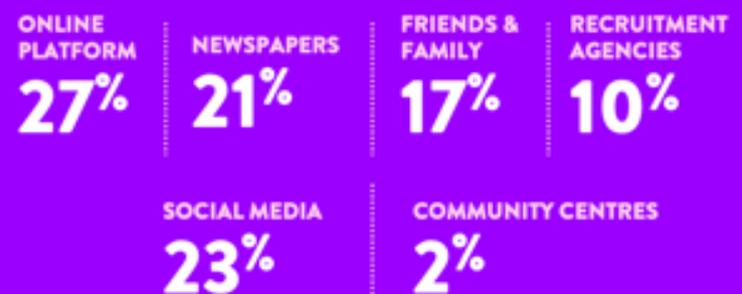
Interview process

20%

Access to info regarding job opportunities

17%

MOST COMMON SOURCES OF INFORMATION ON TRAINING



6.1 Upskilling Youths for Formal Employment

6.1.1 Persona for Youths Seeking to Upskill for Work

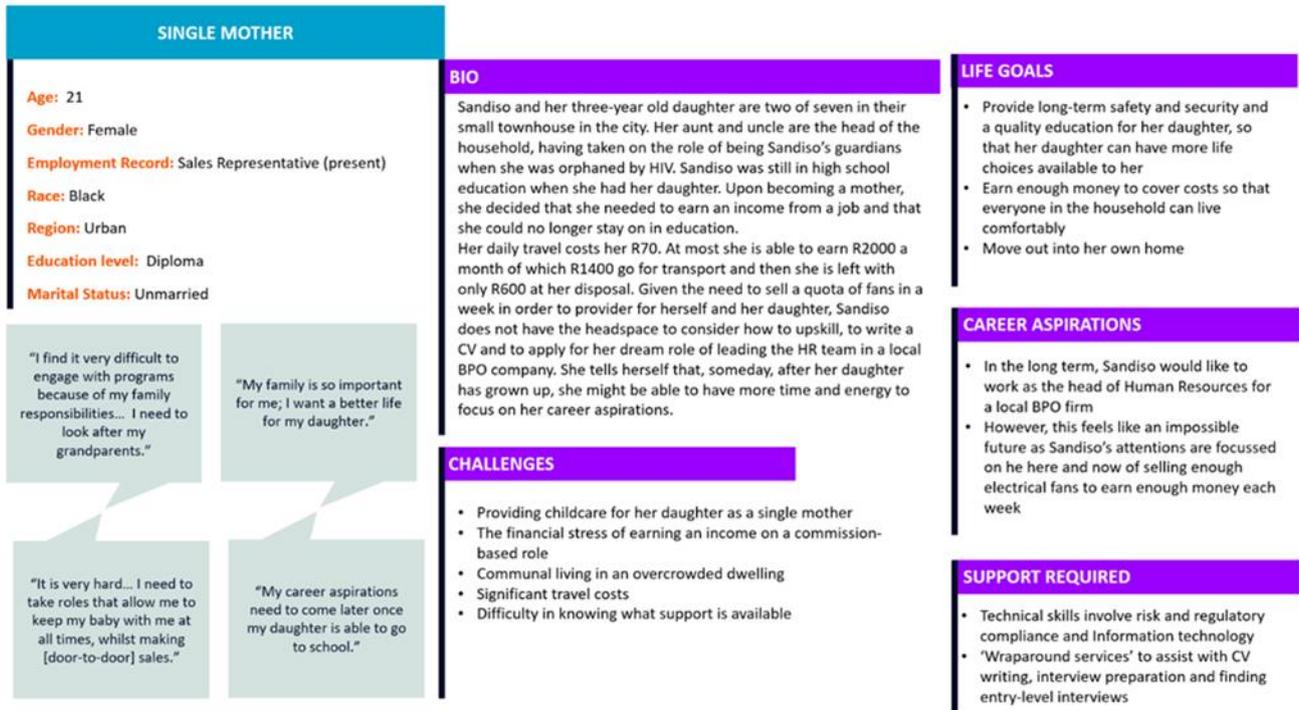


Figure 8: Youth persona for a single mother upskilling for work

We observe there to be three common approaches for youths pursuing this track, where youths pick up new knowledge and develop their capabilities as they go through the educational system, ultimately ending up with a paid job and a career:

- Embarking on the standard academic pathway
- Progressing through vocational courses
- Developing professional skills through work-based training

Once youths have secured a skilled job in a company, their impact on employment numbers is not over. If employers provide an environment where existing employees can acquire scarce and critical skills, these employees can create new productive value in the economy, increase their marketability and competitiveness in the market and, potentially, pursue new job opportunities at that company. Job takers have a role to play in job creation. Even when leaving a company, other employees are given the opportunity to step up and to fill the vacuum left behind, which in turn potentially creates an employment availability 'chain' right down to the entry level. As such, growing employers need to emphasize the importance of, and build a culture around, continuous learning and upskilling of youths in this career track.

6.2 Current 'barriers' associated with this career track

Results from our survey of eThekweni Opportunity Youth indicate that roughly only about 22% of youths find employment within a month of finishing their education, indicating that the transition between education and work is not a fluent one.

From a systems perspective, the fragmentation of services on offer to youth seeking employment, and the limited exposure to career guidance available to youth, contribute to this inefficiency. Businesses and government point to unrealistic expectations that many youth have, along with other mindset issues, as barriers inhibiting the flow.

6.2.1 Fragmentation of Services

In eThekweni, no single institution offers a complete spectrum of services to youths looking for employment. This makes it hard and frustrating for youth to know where to look for assistance as there is no 'one-stop shop' for them to consort. In our surveys, we found that family and friends are the most common sources of information and assistance for finding and preparing for jobs, followed by newspapers and social media.

A multitude of organizations' exist with distinct offerings for youth, such as resources and guidance on identifying areas of interest, interview preparation and personal development, but we observe that each institution involved in helping eThekweni's youth to enter local employment tends to set up its own practice, build its own relationships and offer a particular service or offering to youth. As a result, support is not widely circulated, leaving some critical youth target groups underserved.

A multitude of local programmes, designed to enable the transition between school and work, exist. These programmes include – but are not limited to – learnerships, Work Expanse Programmes (WEPs), apprenticeships and internships. These experiential programmes blend theory with practical work to enable a smooth transition into employment. Whilst these programmes are heavily promoted in national policy, there is limited information available in the province on the extent of these programmes and their relative success and impact; over 40% of youth surveyed were unable to mention a single skilling programme available to them as awareness about programmes is usually spread through word of mouth.

Youth Organizations play a key role in supporting youths by providing them with 'wraparound services'. These services can include interview preparation, CV writing, career guidance, mentorship and skilling, wellness sessions, social development awareness training (e.g., teenage pregnancy and drug abuse), English as a first language, communication skills, and work readiness programmes. Generally, psychosocial support is absent from wraparound services provided to youth. Our interviews revealed that the majority of youths approach their family and friends for support on emotional, career, social and financial issues. However, 19% of youths surveyed indicated that they did not seek any support or guidance from anyone on social issues. Therefore, psychosocial support could be something to think about including in future wraparound services for youths.

It has been observed that Youth Organizations have not been successful in effectively imparting their services to local youths. This is partly attributable to there not being a clear mandate for Youth Organizations, resulting in duplicated responsibilities and overlapping focus areas. It has also been noted that few initiatives planned by Youth Organizations ultimately get implemented. The lack of a monitoring framework, insufficient funds and a lack of experienced facilitators are the key reasons for this.

6.2.2 Limited Exposure to Career Guidance

Our interviews with youths in eThekweni reveal that youths tend to graduate from high schools lacking a clear understanding of their own career interests, a grasp of what options are available to them post-school, or a view of the largest sources of local demand for jobs.

High schools have competing priorities for their constrained financial resources. As such, few high schools have career guidance programmes or services for youths once they leave school. In cases where career guidance services are offered, our interviews revealed that youths perceive their assigned counsellors as not being sufficiently trained and experienced.

Over the course of a four-year school career, typically less than five school days are dedicated to educating pupils about careers and the world of work. That is just over one day per year dedicated to decisions that are going to affect the next 40 years of their lives. Youths might choose not to pursue science, technology, engineering and math (STEM) subjects due to their difficulty, blind to the impact of that decision. One of our skilling interviewees noted that students who do not pursue any STEM subjects in school effectively lose over 100 future career options.



A third to a half of youths growing up in eThekweni are responsible for helping their families meet daily survival needs and receive little guidance, or develop little appreciation for the value of education. In many cases across eThekweni, a consequence of HIV/AIDS prevalence is that many households do not have parents to provide family stability, to act as role models or to guide youths on the importance of staying in education.

6.2.3 The Youth Mindset

A common lament we heard from job providers in eThekweni was around the 'youth mindset'. Local businesses see youths as often having unrealistic expectations about 'workplace realities', as having an unchecked sense of entitlement upon leaving school and as showing an unwillingness to graft in unfamiliar or stretching work environments.

Some local schools offer time for volunteering outside of school hours, but this has limited uptake from pupils. Our interviews indicated that youth seem to undervalue volunteering experiences; less than 27% of youths surveyed believe it is worth being involved in volunteering activities during their free time. This lack of enthusiasm for volunteering might be in part due to many youths' needs to use their free time to earn an income, rather than seeing volunteering as a developmental 'stepping stone'. However, when we asked youths what they wanted to do with their spare time, 49% they wanted to pursue recreational activities, 26% said they wanted to pursue volunteering and 25% expressed an interest in personal development activities.

Innovate Durban found that 30% of candidates routinely drop out of training programmes in the first few weeks. Of those that remain, there are often class commitment issues, with trainees often showing a poor work ethic, little commitment and a lack of 'soft skills', like listening, empathy and critical thinking. We heard from several interviews with local businesses that many youths often have an embedded 'dependency mindset', which robs young people of the self-drive to build their futures.

6.2.4 The Education System

The education sector in South Africa receives the largest share of the government budget, but the outcomes achieved are not commensurate with the levels of investment. The Integrated Development Plan of eThekweni suggests that the vocational training sector, which plays a critical role in many developed and developing countries, plays a marginal role in South Africa. A consequence of this is that more pressure is put on the university system, which seeks to accommodate growing numbers of students, without corresponding investments in infrastructural and operational assets.

The funding disbursement scheme amongst universities is determined by the numbers of students admitted. Generally, the larger universities receive more funding, regardless of the effectiveness of the learning outcomes they impart to their students. Currently, no emphasis is placed on assessing the effectiveness of the courses. This disbursement system locks smaller universities out from growing, as they are constrained by the small sizes of the cohorts they can admit.

University curricula are designed based on guidance received from the Sector Education Training Authorities (SETAs) or the QCTO and other education authorities such as DHET or Council of Higher Education. However, our conversations with SETAs suggest that universities are not quick in adapting to changes in industry and prefer to continue with old curricula. This results in youths graduating with academic knowledge that is not well aligned to what is needed by industry presently.

Technical and Vocational Education Training (TVET) colleges are experiencing something of a credibility crisis with industry and youths. As TVETs moved from delivering National Accredited Technical Education Diploma (NATED) programmes to National Certificate Vocational (NCV) programmes, the number of graduates ready for placement in jobs dwindled for three years, causing industry to turn to other sources, including taking on Grade 12 school leavers directly and training them on the job.

Businesses found that their new recruits needed a similar amount of time to upskill than those recruited out of TVETs, and youths saw this direct recruitment channel as a quicker route into paid employment. Consequently, TVETs are struggling to justify the value they add to youths, and through those youths, to employing businesses.

Businesses view SETAs as being overly bureaucratic and that delays to the publication of national scarce and critical skills data result in universities equipping youths with skills that are less demanded by current businesses. This ultimately impacts the employability of university graduates.

For artisanal training, our interviews highlighted that many youths do not complete their National Certificate (Vocational) Level 2 (N2) qualification, which is key to their future employability. The low numbers coming through with an N2 qualification are due to training courses being expensive and long. Typically, three to five years are needed for these courses.

6.2.5 Network and Connectivity Issues

In South Africa, 85% of the population uses a phone, 60% of the population uses a smartphone, 24% use laptop or desktop computer, 12% use tablet computer and 1% use an e-reader device.^{vii} As per the GSMA Mobile Gender Gap report 2020, out of all non-mobile owners, 39% men and 16% women found the handset and sim cost to be the top barrier to mobile ownership, with 14% men and 24% women citing credit cost as another major barrier. The root cause preventing universal access to internet is affordability. Amongst all the mobile users, handset cost, data cost and relevance of internet emerged as the top barriers to mobile internet use.^{viii}

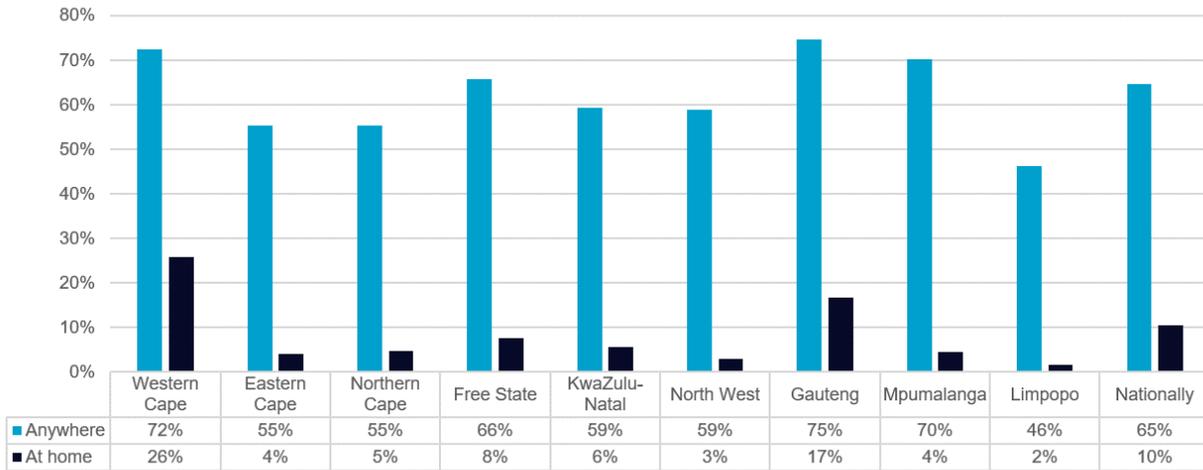
Not everyone has access to digital platforms that enhance the likelihood of getting information and accessing training, wraparound services and employment. Internet in South Africa costs ~R1,250 per month for a 100Mbps connection^{ix} which makes it the most expensive in the world – a clear barrier to youths looking to access online employment assistance.

As can be seen from the figure below, the low level of internet penetration at homes reflects the persistence of apartheid policies which has excluded the vast majority of the population from basic services such as fixed-line telecommunications.^x

Internet access can be particularly troublesome for youths living in rural areas, which can have limited or highly intermittent network coverage and few internet cafés. Urban areas in eThekweni have better infrastructure, but costs for access still prove prohibitive. In the current lockdown situation, with no face-to-face interaction, youths are unable to use infrastructure provided by support centres built to increase their access to devices, such as Innovate Durban, a Co-Lab in Cato Manor and Digital Centres built by Moses Kotane Institute. With a multitude of connectivity options available in the market, youths from lower socio-economic backgrounds, who constitute the majority of Opportunity Youth in eThekweni, are disproportionately impacted by the lack of reliable access to e-learning and online platforms.

There are six options for internet connectivity in South Africa: mobile internet, LTE (fixed), ADSL, Fibre, 5G and satellite internet. Pricing and network latency differ across all the methods which forms the basis for decision making. Mobile internet ranges from R100 for 1GB to R905 for 20GB, but this is considered expensive and is not consistent everywhere. LTE is more widely accepted as it has a good coverage and easy setup; however, connectivity is dependent on the closeness to the tower and the network is not mobile. Pricing ranges from R250 to R1,069 depending on the network provider and amount of data required. ADSL is being phased out by fibre and LTE alternatives but is still present in many residential areas. Fibre connectivity, ranging from R399 to R689, is also a widely accepted form of connectivity. Areas lacking access to fibre are starting to get 5G connectivity, priced upwards of R1,000. Satellite internet is not a well-known option in the country, but it is present in farms or away from mainstream city areas. They are priced from R1,099 to R2,348 depending on the network provider and data size.^{xi}

Internet Access



Source: StatsSA GHS, 2018

Figure 9: Percentage of households in KwaZulu-Natal with access to internet (2018)

6.2.6 Commuting: Mobility Issues

According to a study by Harambee, the median job-search costs of an unemployed youth are R550 per month; of that, R350 is attributed to transport, R200 to print, data and other administrative costs.^{xii}

eThekweni has dense residential areas in the south and central region (Umlazi) and northern regions (Inanda, Ntuzuma and KwaMashu). The most economically active areas tend to be located away from where people live, meaning that employees tend to face long commuting distances and times; the average travel time for eThekweni commuters is two hours per day, which impacts negatively on labour productivity. Additionally, unreliable transport systems and cost of transport are some of the reasons why youths are unable to attend work and training. Transport is an especially difficult barrier to overcome for many youths with disabilities.

Young men are up to six times more likely than young women to have a license to drive.^{xiii} A growing number of entry-level jobs require employees to have a driver’s license, potentially excluding many women from these job opportunities. Furthermore, for both personal and professional vehicles, the costs to obtain a learner’s permit and other clearances, sit for an identification photograph and renew licenses when necessary compound.

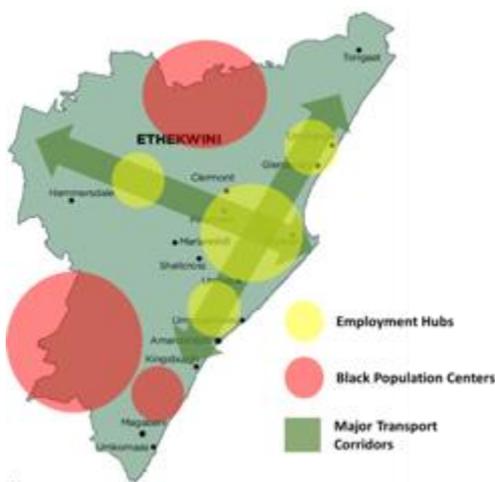


Figure 10: Map of eThekweni showing spatial concentration of employment hubs, black population and transport corridors^{xiv}

6.2.7 Vulnerable Groups

In the post-apartheid era, vulnerable groups are still receiving limited opportunities, leaving them poorly equipped to face the future. An accusation levied at local businesses by some of our interviewees was that businesses are not really focused on youth development – that their approach to the skilling of youth is a ‘tick-box activity’ to achieve BB-BEE certification and compliance, rather than focusing on providing youths with an enabling environment for development.

Vulnerable groups are defined as members of the population that experience a higher risk of poverty and social exclusion than the general population. In this report, we consider this group to include people with social development issues, people with disabilities and women. Below, we consider the barriers faced by each of these vulnerable groups.

6.3 Youth Social Development Issues

South Africa suffers from a number of social development issues, including HIV/AIDS, substance abuse and early pregnancies. All of these social issues deter youths from furthering their education, leading to higher rates of dropout from education and increasing levels of unemployment.

One-fifth of the population living in South Africa has HIV, making it the highest number of HIV/AIDS cases in the world.^{xv} Within South Africa, KwaZulu-Natal has the highest prevalence at 27%.^{xvi} The prevalence rate of HIV amongst youth aged 15-24 years in KwaZulu-Natal is 5.5%, according to the Mid-year Population Estimates 2018. The highest prevalence of HIV in pregnant women was in KwaZulu-Natal, with an estimate of 44.4% of expectant mothers known to be carriers of HIV/AIDS.^{xvii} All districts in KwaZulu-Natal have high HIV prevalence rates.

There is a lack of local level data on the number of youths that act as household ‘breadwinners’ in the absence of parents, and on their needs. Such data and profiling would help inform the appropriate integrated services that government, civil society, organized labour and businesses could provide by way of targeted programmes in the province. The COVID-19 pandemic further strains youth, as they become schoolteachers and caretakers for siblings, homemakers, and sources of income all at once. Programmes that address the needs of these youth must consider the intensified impact of COVID-19.

KwaZulu-Natal has the third highest prevalence of teenaged pregnancies in percentage terms, at 19%.^{xviii} This is more likely to constrain youths’ ability to pursue education and attain their career aspirations as they will have to manage additional responsibilities.

6.4 Women

Although there is constitutional and legal progress being made towards increasing gender equality in South Africa, patriarchal norms persist and KwaZulu-Natal tops the list of South African provinces for violence against women and children. Of the 886 people killed in the province in 2018, 665 victims were women.

The prevailing cultural norms in South Africa have women putting their family members’ needs and aspirations before their own, to the detriment of their own education and upward social mobility. It has been observed that women are less likely than men to complete secondary school, reducing their likelihood of landing entry-level jobs; research shows that men are 1.5 times more likely than women to have completed their secondary education. Household duties further reduce the amount of time that women can put towards their own social development; women are 17 times more likely to help around the house than men, and research has concluded that men spend 1.5 times more time searching for work than women. However, women display resilience, commitment and responsibility, which are good indicators of work-readiness.^{xix}

Poor communities, especially youths and black women, suffer from higher rates of trauma than those in higher socio-economic brackets. Trauma is a less discussed issue in society and needs to be addressed to fully understand and prescribe the breadth, volume and frequency of psychosocial support services that youth require in order to effectively proceed with skilling and pursuing a livelihood. It is common to find children being raised without parents, being raised by one parent or by a grandmother in poor communities.

6.5 Youths with Disabilities

Youth with disabilities experience various levels of difficulties in functional domains such as seeing, hearing, walking, remembering and concentrating, self-care, communicating and social interaction. These disabilities require specialized accommodations to be made to enable them to more equitably access and succeed in the world of work. The 19th commission for Employment Equity Annual report 2018-2019 reveals that only 1% of the disabled population in the country are employed. The lack of support for youths with disabilities in eThekweni leaves many ill-equipped to learn and to compete in the job market. Whilst the government has made efforts to make the public transportation more inclusive, there is much yet to be achieved such as wheelchair lifts on buses, audio and visual prompts, tactile paving, ramps to get on bus stands, braille plate guides, and more. This presents a mobility barrier to those needing to commute for work, or to attend conferences, seminars and trainings held far from their place of residence.

For many youths with disabilities, completing a standard academic schedule is difficult physically, financially and, in some cases, mentally. Social support from the government in the form of grants and funding do not consider that youths may still require additional support and care beyond the age of 18. One interviewee told us this is an issue for many youths with disabilities that take longer to complete standard training packages or curricula, especially given that eThekweni's schooling systems do not readily cater to the additional needs of youths with disabilities, such as dedicated provisions for training, interview preparation or career access.

Organizations exist that support this segment of the population but are run on a voluntary basis with limited funding and support from the government. Effective programme implementation is a secondary priority for these organizations, compared to ensuring long-term financial survival.

6.5.1 Poor Policy Execution

South African policy has been adopted by other African governments, indicating that the design of South African policy is amongst the best in the region. However, when it comes to implementation, South Africa has not had much success.

eThekweni currently does not have a long-term or a short-term strategy or plan which sets out the targets it aims to achieve. Rather, it has a portfolio system of policies, which is a collection of departmental unit plans. Plans are collated and presented in the form of an Integrated Development Plan. In such a system, impact is likely to be incremental, rather than transformational, as the big system view only emerges right at the end of the process.

The performance of municipal policies is generally measured through outputs, rather than outcomes, which does not provide the necessary insights to litmus-test the effectiveness of the policies. Government budgets are allocated upfront for policy evaluation, which is inefficient and may result in ineffective programmes running for years without any test of value or impact. Furthermore, red tape between the municipal and provincial governments limits the ability for policy impacts to filter down to the community level. The entire system lacks a proper monitoring and evaluation framework.^{xx}

With regards to the implementation of youth initiatives, more support and backing is required from provincial and national governments in order to implement youth policies and initiatives effectively.

6.6 Current 'ladders' associated with this career track

Several interventions from the public and private sectors exist today to help youths overcome some of the barriers mentioned in the previous section. We now consider the existing 'ladders' to help youths overcome the aforementioned barriers.

6.6.1 Businesses

‘As business, we cannot continue to be an island of prosperity in a sea of poverty because business can only prosper in a prosperous society’ – Busisiwe Mavuso, CEO of Business Leadership South Africa’

Businesses prioritize the focus of Corporate Social Responsibility initiatives on youth employment above any other area. There is value to them doing this, as youths are the bedrock of local current and future talent, the lifeblood of every business; for businesses to grow, interventions and programmes are needed to help talented youths to find – and play – an active role in driving their future growth.

On a national basis, the Corporate Social Investment (CSI) report by Trialogue shows that 79 South African companies invested over R10.2 billion in 2019, a 5% increase over 2018 (this is an undervaluation, given that only funding from survey respondents is included). On average, the CSI contributions from South African corporates cover cash and non-cash contributions to almost five sectors. The sector receiving the main bulk of CSI contributions is education, with 94% of companies having some form of educational support programme. Half of companies’ aggregated CSI spend in 2019 was on education, with social and community development the second most supported area, ahead of health, with 77% and 51% of corporates funding these sectors, respectively.

On a regional basis, 54% of the corporates surveyed supported projects in Kwa-Zulu Natal, though that accounted for only 8% of the national CSI expenditure – the third highest, after Gauteng (21%) and Western Cape (10%).

One example of a corporate’s own initiatives in this space comes from a downstream oil company, which has been supporting some growth initiatives in eThekweni by funding the establishment of nine maths and science schools across South Africa, with four of them being in South Durban. The company’s programme evolved from an initial weekly schooling programme, launched in the mid-1980s. It aims to help learners from grades 10 to 12 who show potential in maths and science. It is seemingly an effective programme, or they are effective at admitting the most talented young academics, as their matric pass rate for the past five years has been over 90%, which is well above the national average. Over the past decade, the company’s free computer skills training school has given more than 1,700 students in South Durban the training to go out and secure jobs. However, only 77 students over the past two years have secured jobs or been accepted into learnership programmes after completing the course. Last year, just 12 out of 80 students found jobs during their training. The company invests approximately R15,000 per student to attend the course.

South African Shipyards, the largest shipyard in the country, identified the need to help youths develop apprenticeship skills to help them gain practical industry knowledge and experience. Their four-year course allows youths to choose their specialization, such as boiler-making, fitting, rigging, electrical or welding and has a high success rate, with 90% of the apprentices qualifying for fulltime employment after the training programme finishes.

The **‘orange economy’**, which we define as the ‘creative and cultural’ economy including activities like crafts, design, arts and heritage, is mostly represented with informal labour, but partnerships exist between these workers and the formal economy to legitimize their output. There is high demand in retail and tourism to tap into KwaZulu-Natal’s rich craft heritage with ceremonial beadwork, hydes and other cultural elements. Established two decades ago in Durban, The Space is a clothing retailer that elevates the designs and products of African designers by lowering the barrier to entry into the retail market. The Space provides professional retail support to amateur designers: 14 nationwide shopping mall stores and an online store, customer service, financial and operational assistance and reporting, among other key components of a start-up business.^{xxi} Operated by the KwaZulu-Natal Society of Arts, the KZNSA shop and BUZZART fair are other examples of showcases for local crafters and small creative businesses.



6.6.2 Skilling Providers

Youth organizations, sector-specific industrial bodies, SETAs, TVETs and some schools play a key role supporting providing youths with 'wraparound services', such as interview preparation, CV writing, communication skills, language skills, career guidance, mentorship, skilling and training, social development awareness training, wellness counselling, work readiness programmes, community reintegration programmes for ex-offenders, and engagement activities such as sporting activities and bead making.

Unisa, the largest open distance learning institution in Africa, enrolls nearly one-third of all South African students. They offer a basket of courses through their open distance learning model, ranging from short courses and certificate programmes to three- and four-year degrees and diplomas. Unisa has career oriented courses that help prepare for the world of work and formative academic programmes. It determines its own admission requirements, grants access to traditionally disadvantaged students, recognises prior experiential learning and promotes flexible learning in terms of its interactive learning material. Annually, almost 50,000 students attain diplomas, certificates and degrees which increases their employability.^{xxii}

LFP Training, a private TVET college in the country, delivers SETA-accredited learnership programmes, youth workplace assessments and work readiness evaluations at training facilities in KwaZulu-Natal (as well as in Gauteng and Western Cape) for unemployed learners. Disabled learners are accommodated on the campus with accessible infrastructure on site. As an accredited college and training provider, corporates who skill their employees through the online LFP Digital Campus can benefit from government initiatives such as tax rebates, youth subsidies and other grants. Corporates can claim more than 500% of the salary of the enrolled learner as a tax rebate and count the numbers towards their BB-BEE skills development targets. Larger rebates are available for sponsoring disabled learners' training.^{xxiii}

World Changers Academy is a non-profit organization that equips life and leadership skills to young adults aged 18-35 living in poorer communities in and around Durban. The Academy conduct six outreaches per year at various venues, mostly in and around the city of Durban. Several other relatively small-scale youth development programmes exist across KwaZulu-Natal, such as Enactus, ABSA's Youth Development Programme, Coastal KZN TVET College, Hammarsdale Skills Unit, CKZN Occupational Skills Training & Trade Testing Centre.^{xxiv}

GLOBAL OPPORTUNITY YOUTH NETWORK – MARKET INTELLIGENCE REPORT

However, the reach of some of these initiatives remains limited, with selective admissions policies limiting their accessibility to the vast majority of youths.

One of several trade associations making interventions around local youth employment is the South African Sugar Association (SASA), which leverages available government funding through SETA to provide youths in eThekweni with internships and apprenticeships. Learners graduating from these schemes are tracked to ensure that they are getting opportunities inside or outside of the sugarcane industry.

There is a mix of learners finding direct employment opportunities within the sugarcane industry and those that use the work experience to move into other industries. SASA has been able to place 80 youths with Illovo, HCS, Tongaat Hulett and RCS in two-year contracts, of which some have been promoted and some have been given permanent jobs. SASA has also provided bursary funding to 40 youths to study science and engineering in institutes.

6.6.3 Government

In recent years, there has been a policy transformation where public and private interventions on youth employment are no longer seen as distinct and siloed. Intervention delivery networks now involve NGOs, private sector organizations, employers and public institutions in a framework that maximizes skills development services.

The South African government has an extensive number of policies and plans pertaining to youth-employment. On a national level these include, but are not limited to, Broad-Based Black Economic Empowerment (BB-BEE), the Employment Tax Incentive (ETI) and the Presidential Youth Employment Intervention^{xxv} (PYEI), which 'is the largest and most comprehensive plan that has been established to address youth unemployment in South Africa's democratic history'. PYEI is a five-year plan to effectively transition youths into the labour market by encouraging more multi-stakeholder partnerships with the private sector. Five priority actions have been laid out to bring about catalytic, long-term change.

The first action is for a national Pathway Management Network to be built, allowing three million youths to access support services and workplace readiness training, grow their employability and pursue work opportunities. Support will be accessible in person, online and over the phone.

The second action is to place 500,000 youths in demand-led workforce development programmes for growing opportunity sectors, such as global business services (BPO), digital and technology, tourism, agriculture and social services. Short learning interventions will be matched with real demand in the economy. This will be achieved via collaborations with Department of Higher Education and Training (DHET), Sector Education and Training Authority (SETA), the National Skills Fund (NSF), sector bodies and the Public-Private Growth Initiative.

Thirdly, system-wide enablers, such as internet connectivity, better public infrastructure and easier market access legislation will support self-employment and enterprise in townships and rural areas.

Fourthly, 1.5 million temporary, paid work opportunities comprised of one million work-based placements, 250,000 work-integrated learning opportunities and 250,000 service opportunities workplace experience opportunities will be provided through Youth Employment Services (YES). Access to work integrated learning will be ensured to students enrolled in TVET colleges complete their qualifications and enter the workplace.

The fifth action is to revitalize the National Youth Service, creating opportunities for youths to contribute to their communities, whilst developing critical skills and building confidence and networks.

Recognizing that this plan sits at the national level, we acknowledge that the policy is world-class, but there is no published information around the detailed execution of the plan at the provincial or municipal level.

South Africa has a vast array of national youth programmes and initiatives; these include, but are not limited to, the South African Maths and Science Teacher Intern Programme (SAMSTIP), the Expanded Public Works Programme (EPWP), the Community Works Programme, the Technology and Human Resources For Industry Programme (THRIP) and the National Student Financial Aid Scheme (NSFAS). NSFAS provides financial aid to eligible students at public TVET colleges and public universities and has been receiving more than 4,000 applications a day, on average.

To help youths access relevant training and learning content for employment, the National Career Advice Portal exists as an online self-help tool to facilitate informed career and study decisions.

There is a kaleidoscope of players involved in implementing South Africa's national and regional youth employment policies and programmes. The National Youth Development Agency (NYDA) is responsible for stakeholder collaboration, youth enablement, project management and execution and is charged with monitoring the success and overarching performance of youth. The National Empowerment Fund (NEF) supports BB-BEE by providing loans ranging from R250,000 to R75 million across all industry sectors. Other policy and programme implementors include, but are by no means limited to, the Department of Labour (which has four youth employment centres in KwaZulu-Natal), the Department of Social Development and the Department of Higher Education and Training.

Specifically in KwaZulu-Natal, the government has several catalytic strategies, including the Youth Development Strategy, which presents a roadmap and framework that aligns national and provincial policy frameworks and guides public and private partners to align respective programmes in response to youth development needs in the province.

The government has established Special Economic Zones, one of which is the Dube Trade Port in Durban. Dube Trade Port is a major airfreight and passenger hub, comprising of five business zones that will provide support to medical, pharmaceutical, electronics, aerospace, agricultural, clothing and automotive industries. It operates as a development cluster with preferential corporate tax rates, exemptions and instruments for companies, as well as high-speed connectivity and employment incentives for low salary workers.

6.7 Summary of key issues to consider

- **Low employment statistics:** 31% of graduates are unemployed and 58% of youths without a matric qualification are unemployed.
- **Fragmentation of services:** In eThekweni, no single institution offers a complete spectrum of services to youths looking for employment leading to duplication of same service by multiple institutions
- **Limited exposure to career guidance:** Youths tend to graduate from high schools without a clear understanding of their own career interests.
- **Youth mindsets:** 'Growth mindset' skills are being sought by employers, due to the ever-changing work environment.
- **Education Budget:** The education sector in South Africa receives the largest share of the government budget, but the outcomes achieved are not commensurate with the levels of investment.
- **Connectivity:** Not everyone has access to digital platforms. Accessing mobile data in South Africa is the most expensive in the world.
- **Commuting issues:** The average travel time for eThekweni commuters is two hours per day, which impacts negatively on labour productivity.
- **Vulnerable groups:** People with social development issues, people with disabilities and women experience a higher risk of poverty and social exclusion than the general population.
- **Social development issues:** South Africa suffers from high prevalence of HIV/AIDS, substance abuse and teenaged pregnancies.
- **Women:** Men are 1.5 times more likely than women to have completed their secondary education. Men spend 1.5 times more time than women searching for work.
- **Youths with disabilities:** Only 1% of South Africa's disabled population in the country are employed.
- **Poor Policy Execution:** South Africa is a regional leader in writing policies, but the delivery of policies is known to be poor.
- **Policy is not a panacea:** Government policies will place five million youths into jobs over the next five years, but there are already more than ten million people unemployed in South Africa, and more youths entering working age every year. Government initiatives alone are not the answer.

6.8 Traps

It is not a simple process for youths to enter meaningful skilled employment after having picked up skills through training. A combination of obstacles and challenges exist that prevent youths from progressing to their desired end goal of finding employment. In this document, we refer to these obstacles and challenges as 'traps'. You can think of traps as being the less-preferred alternatives that many youths take on in order to sustain themselves.

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Below we discuss the three main types of traps that youths encounter while progressing on the formal employment career track. These three traps are:

- **Youths with underutilized skills** – Entering employment that does not match their education and skill level
- **Youths chasing training stipends** – Pursuing consecutive training courses for stipends or financial support
- **Youths in long-term unemployment** – Unable to find an employment for over a year

6.8.1 Trap 1: Youths in Long-term Unemployment

6.8.1.1 Persona for Youth in Long-term Unemployment

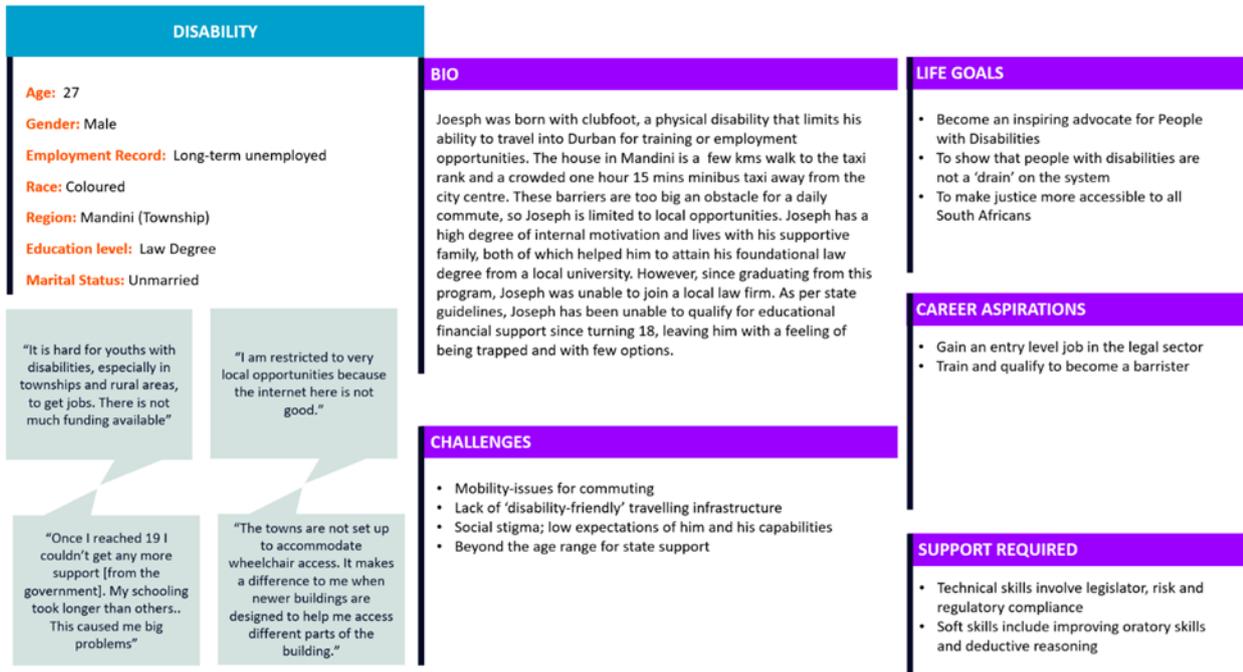


Figure 10: Youth persona for a disabled person in long-term unemployment

As per Stats SA, long-term unemployment refers to those individuals among the unemployed who have been without work for more than one year. The presence of family responsibilities, the lack of guidance and the cost of travelling to find or create work can all contribute to youths ending up in this trap.

The fragmentation of career guidance and advancement services within the educational institutions also inhibits the ability for youths to get into a meaningful career.

Another factor that can be attributed to this issue is that many skilling providers put a strong focus on selecting the best available candidates, so that they can show good figures at the end of their programmes. This can mean that the people who least need the training interventions are the ones who receive them! Many of the people participating in these programmes would be able to find employment opportunities on their own accord, without the intervention.

The state welfare system can inadvertently create incentives to stay out of work. In South Africa, an unemployed mother receives R500 every month for every child they have. We found that 25% of the youths we surveyed relied entirely on grants, stipends or social welfare as their sole sources of income. Many youths growing up in affluent families do not attempt to become financially independent, ending up in long-term unemployment.

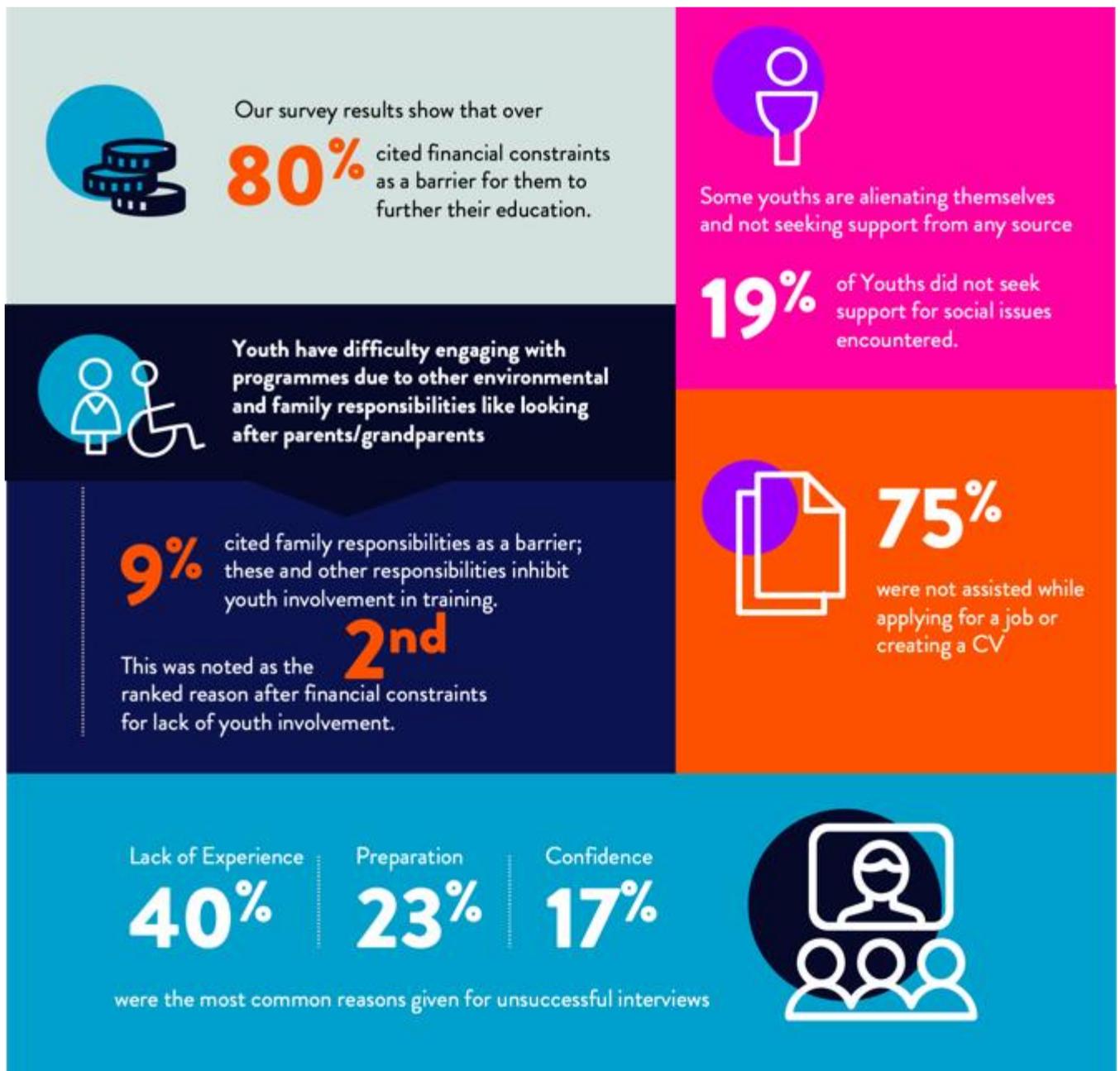


Figure 11: Infographic with primary data collected from youth interviews and surveys

Current ‘ladders’ associated with this trap

This trap is a variation on the two career tracks we discuss, where ladders are in place to upskill youths to get into formal employment or to start their own entrepreneurial ventures. Limited interventions focus on training youth who have been unemployed, but those that do exist are discussed below.

Businesses

Mr. Price Foundation, a youth development organization, runs a work readiness programme called Jump Start where they develop the skills of unemployed youth and link them to career opportunities in the retail sector and supply chain. The programme seeks to bridge the gap between school and the world of work by providing life skills and experiential training to people aged between 18-33 to help them enter the job market.

The development journey also includes a week-long work experience opportunity within one of the MRP Divisions of Spar, a national grocery chain.

It is during this phase that the youth really learn about life in retail and are tested to ensure that they not only understand their roles but that they perform adequately as required by a retail employer. About 7,000 candidates complete the Jump Start programme each year, with approximately 50% getting employment in partner stores, including SPAR, Mr. Price Group Limited, Miladys, MRP, MRP Home, MRP SPORT, Sheet Street and with supply chain partners including Lucky Bean, Alley Cat, Oh Two Clothing, Powerhouse and Up Way.

Skilling Providers

A multi-stakeholder network to empower the unemployed was put in place by Catalyx, a social development agency, to maintain a common database called Joblink, that enables the tracking and placement of students into employment opportunities. The network consists of government, businesses and civil society, numbering over 150 participants from 100 different organisations in Gauteng, Western Cape and KwaZulu-Natal. The network also develops research and coordinates impact studies to mobilize funding and drive advocacy efforts on behalf of the sector.

Government

The government does not lay out targeted programmes for youths in long-term unemployment; however, it does provide support for youths who are unemployed, irrespective of the time they have been out of education or employment.

The Department of Higher Education and Training (DHET) has initiated a National Open Learning System, which aims to provide free access to self-directed learning material and opportunities to obtain recognized qualifications in 13 trades. Learners who do not have access to hardware or data can visit any learning support centre or community centre and print materials at minimal cost. This would help youth to build up skills which may be applied while seeking for employment or for supporting an application to study further at a registered institution.^{xxvi}

Another useful service provided by the government is the Career Development Services (CDS) Portal that provides free career information, guidance and counselling services. It helps youths to identify their areas of interest through various online questionnaires, before recommending the pathway to achieve a desired career. It also features a radio show, called Ketha Radio Programme, that invites industry experts and professionals to provide information and advice on careers.

The Second Chance Programme has been implemented to provide support to learners who have not been able to meet the requirements of the National Senior Certificate (NSC) or were unable to achieve a Grade 12 matric certificate. This programme aims to increase the job opportunities available by further increasing skills, providing certification and enhancing their access to bursary opportunities for further studies. This will be done through provision of face-to-face classes, broadcast media, online and offline facilities, and printed materials. Online psychosocial programmes^{xxvii} are also provided to support learners in their preparations for the matric examinations and include tutoring, access to resources, one-on-one career guidance, life orientation and telephonic counselling.

Summary of key issues to consider

- Family responsibilities and a lack of familial guidance can result in youths not getting the right support for entering formal employment or starting entrepreneurial roles.
- Over 80% of youths we surveyed cited financial constraints as a barrier for them to further their education.
- The education system feeds learners up to the next level, regardless of readiness, which results in high dropout rates and low graduation rates.
- The fragmentation of career guidance within educational institutions inhibits youths looking to enter employment.
- Lack of experience, preparation, support and low confidence were the most common reasons given for youths' unsuccessful interviews.
- Distorted incentives have also made some youths heavily reliant and dependent on state grants.
- Most interventions that are training and placing unemployed people focus on the most employable people, excluding the majority who are the least employable.
- Volunteer service can be a key catalyst for gaining skills and raising employability, but youth tend to reject the value in volunteering opportunities – a youth mindset issue.

6.8.2 Trap 2: Youths Chasing Training Stipends

6.8.2.1 Persona for Youths Chasing Training Stipends

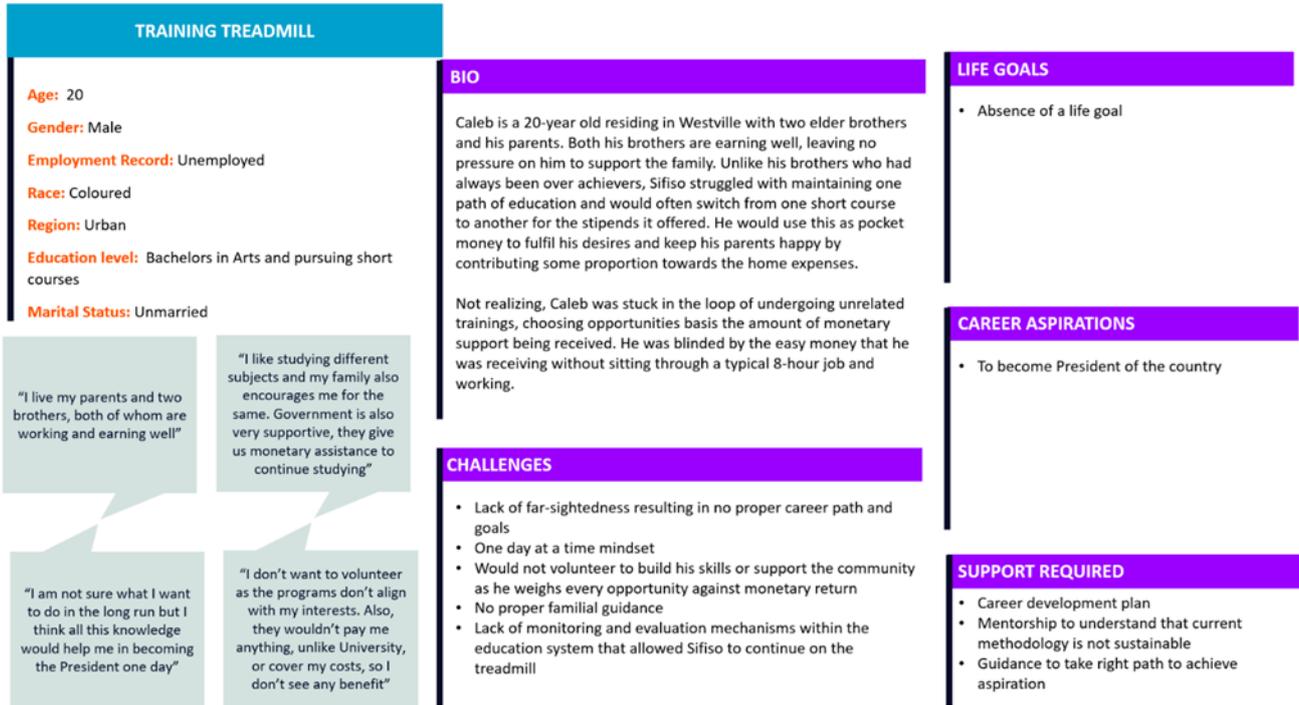


Figure 12: Youth persona for a youth chasing training stipends

Another trap we uncovered in eThekweni is where youths switch from one training course to another in order to get monetary assistance in the form of stipends, bursaries or grants from completing a course. Youths continue on this ‘training treadmill’, picking up skills in unrelated courses or placements. It is difficult to confirm how many youths do this intentionally, but every place filled by a youth that is incentivized by stipend payments is a place that could be taken by a candidate looking to enhance his or her own potential.

Some interviewees have expressed the view that state help has made youths dependent on trainings, to the point where they have lost the motivation and drive to get into a meaningful career and are happy to sustain themselves on training grants. Youths may lack the foresight to weigh short-term opportunities against longer-term career aspirations. Our interactions with youths reveal that they are not interested in voluntary work experience which would help them learn, grow and better understand their longer-term aspirations. They undervalue knowledge for short-term access to money.

Systemic incentives have made this scenario more prevalent amongst youth with disabilities; additional BEE points and money are allocated towards their skill development, but it does not extend to, or depend on, their placement outcome, which encourages these youths to remain on the ‘training treadmill’. The attrition rate in the BPO industry is high as youths leave programmes even if they are attaining an incremental R10, ignoring the long-term benefit and job security that comes with staying until the end of the programme.

The National Tooling Initiative (NTI), a multi-stakeholder skilling initiative for South Africa’s tooling industry focusing on tools, dyes and mold-making, track their leavers paths after their programmes. They observe that many youths take NTI training to reach NQ4 level, but then, rather than progressing to the next NQF 5 qualification with NTI, many youths then take a different NQF 4 qualification from a new course provider – usually a TVET for a different industry. This can mean that, eight years later, youths are still studying in TVETS, which do not have a tracking system.

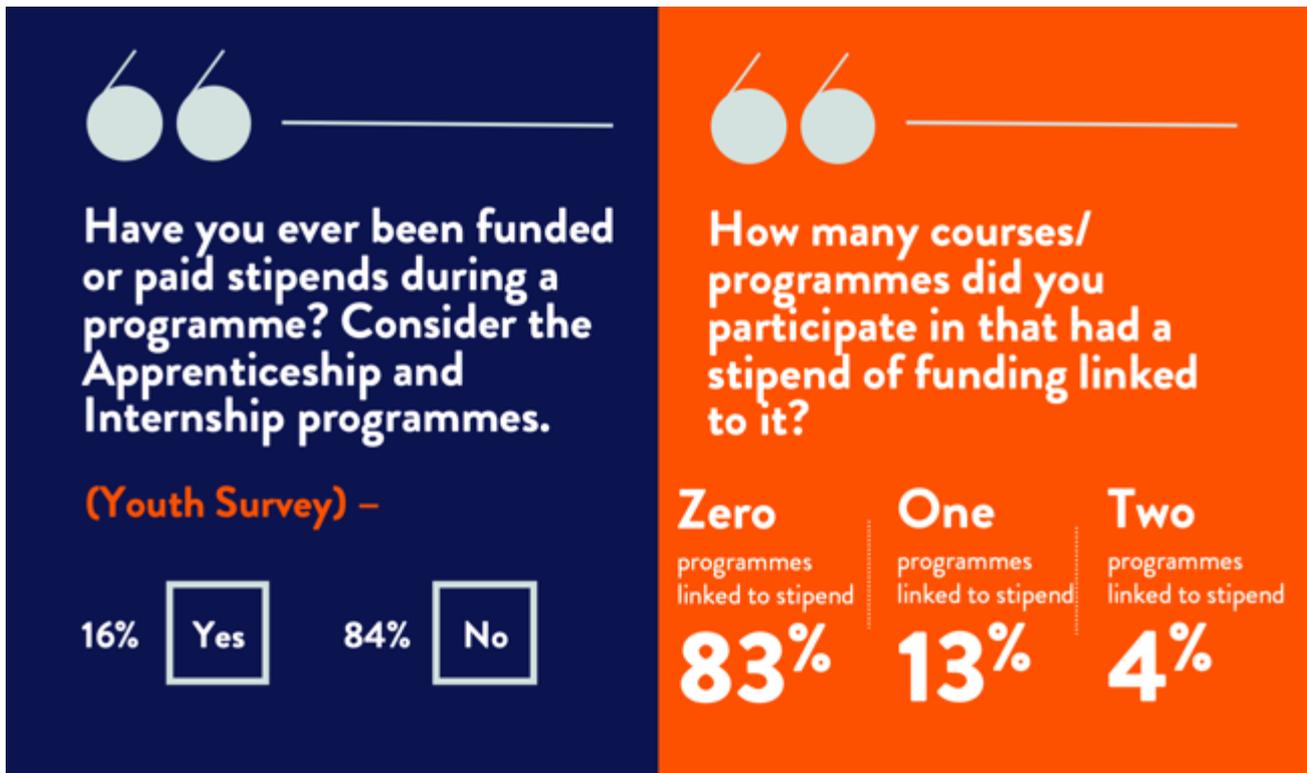


Figure 13: Infographic of primary data collected from youth interviews

Current ‘ladders’ associated with this trap

This trap has not received much attention from stakeholders within eThekweni. Knowledge about the existence of this trap is prevalent, but clear actions are hampered by the lack of identification and tracking mechanisms. Ladders exist solely at the skilling provider level.

Businesses

No direct business interventions exist for this trap, at present.

Skilling Providers

SETAs are mandated by DHET to conduct tracer studies every year to analyze the impact of training interventions. These tracer studies track whether trained youth are employed or have ventured into entrepreneurship. The studies are consolidated in the National Learners’ Record Database (NLRD). However, SETAs face a challenge of maintaining contact with learners while conducting the study, as learners often change their contact details over the course its duration, with no formal process to keep their information up-to-date in SETA databases and thus making tracing an almost impossible task.

Government

Given that this is not a widely recognized issue, we can find no direct evidence of government interventions existing for this trap.

Summary of key issues to consider

- Youths switch from one training to another in pursuit of monetary assistance in the form of stipends, bursaries, grants and other forms.
- State help has made youths dependent on trainings, to the extent that they can lose the motivation to get into employment.
- Youth undervalue voluntary work experiences aligned to a long-term career path – a youth mindset issue.
- Systemic incentives have made this scenario more prevalent amongst youth with disabilities as additional BEE points and money are allocated in their skill development.

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- No single consolidated database is maintained by all the SETAs, making it difficult to track and count youths moving between courses provided by different SETAs.
- No direct government or corporate intervention exists to identify this trap.

6.8.3 Trap 3: Youths with Underutilized Skills

6.8.3.1 Persona for Youths with Underutilized Skills

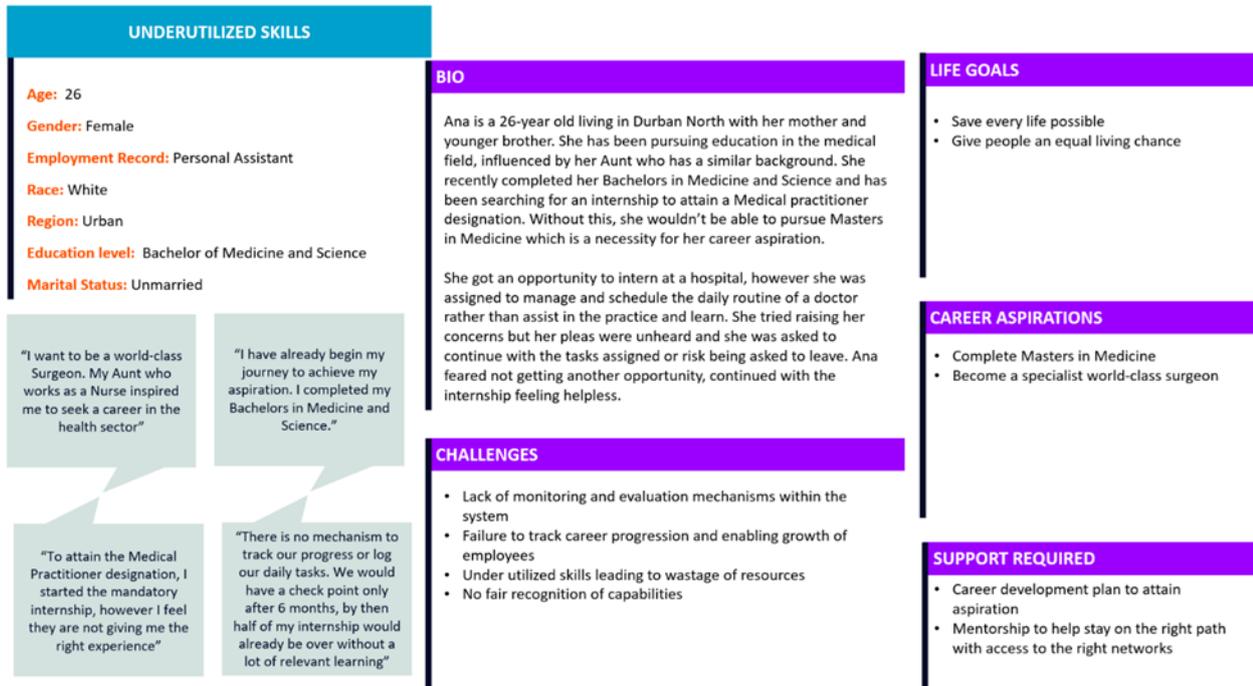


Figure 14: Youth persona for a youth not currently fully utilizing their skillsets at work

In this career track, we cover youths that find a place in employment but are unable to utilize the skills they have. This underutilization of skills can lead to disillusionment, which in turn can then lead to the youths dropping out of their job and rejoining unemployment or migrating to other cities for better opportunities. eThekweni is a net exporter of skills with many of its graduates leaving the city to find better opportunities in Gauteng, Western Cape and overseas.

Once again, the dearth of relevant and appropriate job opportunities is the major causal factor for youth finding themselves in this scenario. Our interviews with stakeholders revealed many youths qualified as mechanical engineers, nurses, accountants and teachers are currently placed in completely unrelated jobs, such as driving taxis, operating cranes and working as sales executives.

Our survey with the youths indicates that over 80% believe they are not utilizing the skills gained from courses in their current employment.

Current 'ladders' associated with this trap

The issue of underutilized youths has not received much attention in eThekweni to date. There are few businesses that recognize this to be an issue, and even fewer interventions in place to identify youths placed in jobs that do not align to their educational backgrounds or future interests. Similarly, educational institutions and skilling providers often don't track the career pathways of the youths graduating due to the lack of monetary assistance received from the funders and absence of a tracking mechanism while laying out the initial budget. The lack of a key performance indicator for tracking youth employment satisfaction is indicative of the priorities of the employers. If employers valued job satisfaction and skill utilization amongst their employees, they would start to monitor this sentiment amongst youths. The few ladders we have identified for this trap are detailed below.

Businesses

Interventions by businesses are largely related to qualifications both before and after employment is offered. One interviewee, a local Business Process Outsourcing (BPO) company, mentioned that almost 20% of its staff were overqualified relative to their current work position. This can be attributed to the fact that BPO, unlike other industries, does not require prior experience for entry-level positions, thus attracting youths with diverse qualifications. Mitigation plans are underway, with a platform being created to bring better visibility of employee qualifications so they can better leverage their capabilities.

Kerry Group, a leading player in the global food and beverage industry, runs regular consultations with employees to identify their level of qualification, experience levels and career ambitions. Based on these discussions, the firm aims to align the employees' roles with their career trajectory so that their past experiences can be put to the most efficient use. The revised B-BBEE codes, includes Management Control as part of their 7 pillars, provides opportunities to increase their BBBEE score by companies by employing predominantly black staff in its board, executive management, senior management, middle management, junior management and employees with disabilities. This does encourage companies to put career progression and succession plans in place to help facilitate promotions and meaningful career paths for employees.

Skilling Providers

Skilling providers' curricula have waned in relevancy. A rigid, outdated curriculum combined with lack of career guidance is another potential reason as to why youths' training ends up mismatched to the skills their employers demand of them. Youths might choose a course that ends up imparting skills and knowledge that is not in high demand by the time they graduate.

Our conversations with stakeholders in eThekweni suggest that universities are not quick in adapting to changes in industry, resulting in youths graduating with academic knowledge that is not aligned to industry's needs. For instance, the fourth industrial revolution has seen a significant increase in demand for IT and digital-related skills, but only few local universities have been quick to provide a significant number of relevant courses.

The current operating model also does not make training providers accountable for transitioning students into employment after training. For every hundred students enrolling in the Services SETA, only 25% complete their qualification and of these only 5-10% enter a job opportunity successfully.^{xxviii} This shows that there is a need for demand-led training and coordinated efforts to streamline systemic initiatives to current and future in-demand jobs. Youths trapped in jobs that do not utilize their skills feel like their careers are stagnating. One innovative service offering to minimize worker stagnation, improve productivity and empower people to grow during their careers is the Upward Mobility Programme^{xxix} from Catalyx, a social development agency. The Upward Mobility Programme is based on the premise that employees must either 'move up or move out', so that career progression creates vacant job positions for other potential employees.

Government

Given that this is not a widely recognized issue, we can find no direct evidence of government interventions existing for this trap.

Summary of key issues to consider

- Youths can end up underutilizing their skills whilst in employment, leading to disillusionment and dropping out of employment, or to relocating to other cities for employment opportunities that are better matched to their skills or interests.
- Few businesses recognize the issue and even fewer interventions exist.
- Educational institutions and skilling providers seldom track the career pathways of their graduates.
- The rigid, outdated curriculum and lack of career guidance is another potential reason as to why youths' training ends up mismatched to the skills their employers demand of them.
- Universities have not been quick to respond to changes in industry demands or societal shifts.
- The current operating model also does not make training providers accountable for transitioning students into employment after training.
- There is a need for demand-led training and coordinated efforts to streamline systemic initiatives to current and future in-demand jobs.



7 ENABLEMENT FOR YOUTH ENTREPRENEURS

7.1 Persona for Youth Pursuing Entrepreneurial Track

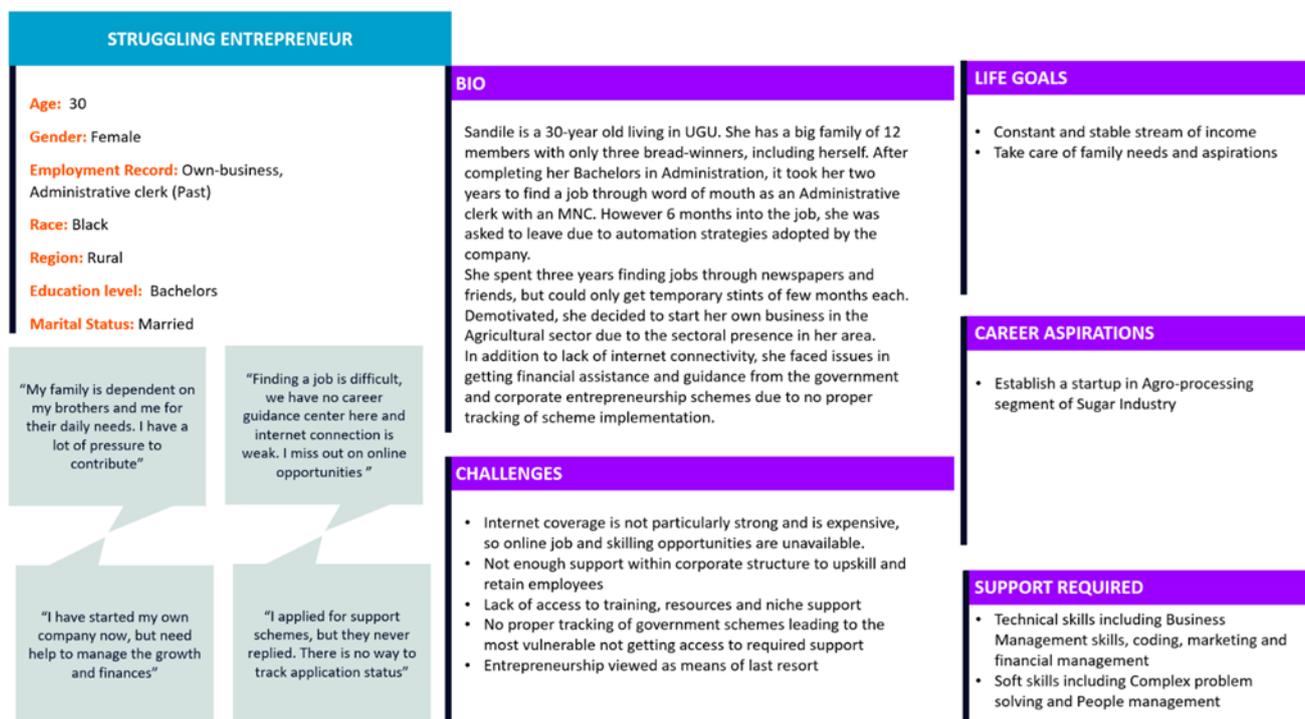


Figure 15: Youth persona for a struggling entrepreneur

The second career track we consider covers entrepreneurship: a pathway enabling youths to be self-reliant and financially independent while providing potential job creation opportunities for others; successful entrepreneurs are job creators, not job takers. Unlike formal employment, being an entrepreneur does not require minimum qualifications in order to make a start. Entrepreneurial ventures have the exciting potential to not only improve local employment statistics, but also to help drive economic growth. The National Development Plan envisions that by 2030, nine out of ten new jobs will be generated by micro, small and medium enterprises (MSMEs).

More than 70% of the youths that were surveyed have considered running their own business at some point. Some of the factors cited for the attractiveness of this career track include the perception of increased autonomy (15%), a steady stream of income (32%) and a way to contribute back to society by creating job opportunities for others (30%). However, many youths do not necessarily see entrepreneurship as a sustainable career option; fewer than one in 20 youths we interviewed noted entrepreneurship as being their “dream job.”

Perceptions of entrepreneurship as a viable career path remain low in Durban. According to surveys by the Global Entrepreneurship Monitor (GEM), 43% of the adult population in South Africa perceive a good opportunity to start a business, compared to 70% overall in sub-Saharan Africa. Respondents commonly cited fear of failure as a significant barrier.

7.1.1 Current ‘barriers’ associated with this career track

Youth entrepreneurship can offer a meaningful career track to youths and can create new employment opportunities for others, a win-win for youths and the economy. However, it is not easy for anyone to start their own business, least of all youths with little professional experience.

Youths need to be forewarned that life as an entrepreneur requires a considerable amount of perseverance and patience, as well as access to the right resources, at the right time. Many barriers to entrepreneurship exist in eThekweni that inhibit youths from choosing this career track and flourishing within it. These barriers are discussed below.

7.1.2 Access to Resources^{xxx}

There is a lack of training available to help equip youths with the analytical thinking skills and methods to identify problems, assess associated costs and benefits, build workable solutions and scale offerings within and between markets. Many aspiring entrepreneurs struggle to create or articulate the value proposition of an offering to their target consumer or to communicate their ideas to investors, which limits their ability to get into support programmes and access funding.

The Entrepreneurial Ecosystem Snapshot by the Aspen Network of Development Entrepreneurs and Innovate Durban covered 151 support providers in the Durban region and found that the majority of local programmes provide nonfinancial support to entrepreneurs, with 71% providing nonfinancial services directly to entrepreneurs and 69% promoting or educating entrepreneurship more broadly. The snapshot found financial support to be the least common service offered. Very few finance providers, such as impact investors, venture capital funds, private equity funds and angel investors service entrepreneurs in eThekweni. According to a recent Durban Government Treasury Economic Review, this may be due to a perception that there is a limited local pipeline of investment-ready entrepreneurs.

Entrepreneurs need to have a basic understanding of all the different aspects of running a business, ranging from theoretical concepts such as financial management, human resource management, marketing, product development, target group assessment and market entry strategy to social and interpersonal skills such as leadership, communication, personality and business management skills. Some of these skills can be learnt most effectively by 'doing it in the field', rather than in the classroom, but the majority of youths in eThekweni do not have the financial means to support themselves in the early stages of creating their ventures – a catch-22. This is assuming that youth business owners have successfully acquired the vocational skills (and SETA accreditation) to provide the products and services demanded by the local market.

Within the province, there are more than ten different incubators that entrepreneurs can access for mentorship and training. However, it is noted that entrepreneurs can and do go from one incubator to another, sustaining their business through this funding, rather through paying customers. The system lacks a Monitoring and Evaluation framework to assess where and how seed capital is deployed, which is needed to better track funding flows into small entrepreneurial businesses and to understand where and how disbursed funding is being utilized, and more importantly – where in the business lifecycle many funded start-ups are getting stuck.

In addition to local incubators, state grant programmes are available, but they do not provide growth-oriented capital that would support entrepreneurs when seeking future private investments.

Durban, like many ecosystems, lacks a free, comprehensive and up-to-date information platform to access this information, and previous attempts to develop such a platform have not been adequately maintained or updated. Due to the fragmentation of local resources, youths have difficulty knowing about – and accessing – the support that is available to them in the municipality, particularly at critical phases in the business lifecycle. Our surveys corroborated the finding that this challenge forces entrepreneurs to spend valuable time sourcing information through referrals, word of mouth or increasingly through referrals, word of mouth or through social media platforms, which may be of dubious accuracy or relevance.

It has been observed that local entrepreneurship support programmes are too general in terms of the mentoring support and guidance offered. This may be due to insufficient available resources to develop and maintain sector specific expertise, a gap that local private sector engagement could help to fill. For instance, the Durban automotive and maritime industries have been working with the local government to provide strategic support to entrepreneurs.

7.1.3 Youth Mindset

Whilst many youths have considered starting up their own businesses, entrepreneurship is often perceived by youths as 'a career of last resort': many youths only consider running their own business after attempting routes into formal employment or education.

Of those that do attempt entrepreneurship, many lack the patience needed, setting unrealistic goals and timeframes, low stress thresholds, cannot make decisions, not open to ideas or innovation and not resourceful, leads to their venture being unsuccessful regardless of the amount of funding injected into the business.

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We heard from youths that social media can be a source of inspiration, but also disillusionment; social media offers ready access to millionaire success stories, which can fuel unrealistic expectations about what success looks like and how quickly it can be attained. Social media does not reveal the hard work, dedication and time that must be invested to create a successful and sustainable business plan, or the intensive personal time and financial commitment required to launch the planned business and continue to sustain its growth.

Low levels of financial acumen are also a limiting factor for youths; to build a cashflow positive business, youths need to understand how to setup their business model for success, accurately forecasting their Cost of Goods Sold, their business's indirect costs and their competitor's retail prices. Discipline and patience are needed to appropriately reinvest profits in the business on an ongoing basis.

7.1.4 Formalization Process

Many successful entrepreneurs in eThekweni start off by setting up informal businesses. When it comes to 'formalizing' the business, a lengthy formalization process, and taxes, await. eThekweni ranks eighth in ease of registering property, suggesting that difficulties exist around the formalization of businesses.

Research by the International Financial Corporation^{xxxi} revealed that informal business owners in South Africa see little benefit to registering their informal businesses, believing the process to be costly, time-consuming and complex. They see registration as a pure cost, rather than an investment. They prefer to reinvest their profits back into the business, rather than paying tax or incurring other formal costs such as Companies and Intellectual Property Commission (CIPC), accounting systems and spare capacity needed to generate financial statements.

Many youth entrepreneurs do not make the transition to formalization, which can limit the growth potential of their business, as they must continue to work outside of the formal economy. This decision could prove disastrous for informal entrepreneurs, given the impact of COVID-19 on businesses and the exclusion of the informal sector from relief funds or other government support, for which registration is required.

7.2 Current 'ladders' associated with this career track

South Africa's National Development Plan envisions that SMMEs will contribute between 60-80% of the increase in GDP over the next decade and generate about 90% of the new jobs. This shows the key role played by entrepreneurs in creating meaningful careers and in building the economy. We now consider the existing 'ladders' relevant to youths in eThekweni to help them overcome the aforementioned barriers.

7.2.1 Businesses

Within Businesses, the government mandate platform, BBBEE becomes extremely relevant as it creates opportunities in relation to qualifying business/tender opportunities and ability to work with companies with similar score carding requirements.





Enterprise Supplier Development is a blend of Supplier Diversity, Supplier Development, Preferential Procurement and Enterprise Development programs.

- **Supplier Diversity** is looking at sourcing products and services that have been less tapped into suppliers. This does help to transform the supply chain of the corporates.
- **Supplier Development** allows corporates to improve their supplier's businesses performance on a one-to-one basis.
- **Preferential Procurement** is a national policy that encourages government departments and agencies to buy goods and services from previously disadvantaged individuals or businesses.
- **Enterprise Development** is an approach for encouraging economic growth and reducing poverty by building up SMMEs businesses. These programmes can be in the form of training, funding and mentoring.

Entrepreneurship and small business support comprise the fifth most supported sector amongst corporates, receiving an average of 6% of national CSI expenditure, according to the CSI Report by Trialogue. Corporates have invested over 70% of the spend on developing entrepreneurial skills, up from 57% of CSI expenditure in 2018. Enterprise and Supplier Development (ESD) commitments require large corporates in South Africa to diversify their supplier base. ESD spend is captured separately to CSI and contributes significantly to BB-BEE scoring. In 2015, ESD became the most significant element on the BB-BEE scorecard – changes that resulted in most corporates in South Africa seeing their BB-BEE ratings downgraded by at least one level.

In response to both global and local calls for more inclusion and diversity in the market, Accenture's Enterprise and Supplier Development Programme applies global best-practice principles to scale and sustain the entrepreneurs and small business suppliers with whom we partner.

The aim is to increase the participation of black-owned SMEs within both our own supply chain and in the wider economy. We are realising this aim through our innovative Enterprise and Supplier Development (ESD) programme.

Adopting a blended approach, specifically packaged for the individual SME, we support our beneficiaries in building high-performing businesses through:

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- Executive training targeted to elevate the business owner to be innovative in thinking, agile in business decision making, and be managers of high performing businesses
- Mentorship with a Senior Accenture Executive in the same line of delivery to guide the growth of the business
- Business Development Support and operational tools specific to the individual business based on the outcomes of the business GAP analysis.
- Early payments of invoices in less than 10 days to help the SME to be cash-flow effective
- Access to market through opportunities within our supply chain and/or that of our clients
- Collaborations with Accenture as a delivery partner at client engagements, (based on business demand).

An initiative being taken up by Investec, a banking and wealth and investment management firm, provides youth entrepreneurs with access to global networks through its Startup School bursary and 12-week online entrepreneurship courses. The interactive courses offer a blend of theoretical knowledge with business coaching and mentorship from industry leaders and create business contacts between South African entrepreneurs and their international counterparts. In 2019, around 200 youths completed the course, 90% of whom reported it as helpful for their entrepreneurial ventures.^{xxxii}

7.2.2 Skilling Providers

Innovate Durban, a central innovation support agency, has been developing the innovation ecosystem for innovators in eThekweni by providing support and ensuring collaboration. The agency was established in 2013 by the eThekweni Municipality to discuss Durban's innovation needs and explore for solutions. It now has a database of around 800 youths.

Innovate Durban brings together entrepreneurs and 27 partners from business, government, academia and civil society to provide support programmes, an information dissemination platform and local exhibitions. Innovate Durban runs five programmes every year: an annual competition for innovative solution building, two five-month innovator support training and mentorship programmes, a skill-building programme for women with a special focus on the ICT sector, a youth-specific programme for youths living in townships and a series of skills development workshops.

The Entrepreneurship Development in Higher Education (EDHE) Programme runs events, such as the four-day 'EDHE Lekgotla' gathering of leaders and student entrepreneurs studying at local universities. The event is held to share best practices, showcase the latest developments and foster collaboration regarding entrepreneurship in higher education.

The Enterprise Development Unit (EDU)^{xxxiii} is another local skilling provider that makes services available for young entrepreneurs. Part of the Coastal KwaZulu-Natal TVET College, the unit specializes in training SMMEs to run community projects such as co-operatives, business mentorship and Awards in Education and Training (for Levels 4 and 5).

The Durban Chamber of Commerce and Industry has been developing businesses for over 164 years in eThekweni, forming deep insights and vast networks in both the public and private sector. With its vision of being "In business for a better world", the Chamber has overarching strategies that deals with the organization's aims, initiatives and impact to be achieved in order to improve the attractiveness of running a business in eThekweni. As of January 2019, the Durban Chamber represents 54,000 township businesses through MOUs signed with 16 township and rural business collectives.

7.2.3 Government

A raft of policies are in place to create an enabling environment for South Africa's youth entrepreneurs, including (but not limited to) the National Strategy for the Development of Small Business, South African Women Entrepreneurs' Forum, Integrated Small Enterprise Development Strategy, Youth Enterprise Development Strategy, National Informal Business Upliftment Strategy and National Youth Policy Vision 2030.



Chicken Tikka Masala



In terms of implementing bodies, the Department of Small Business Development partners with two main agencies to provide guidance and support to youth entrepreneurs; the Small Enterprise Development Agency (SEDA) and the National Youth Development Agency (NYDA). SEDA has the mission of developing, supporting and promoting small enterprises throughout the country. The agency has trained over 9,000 small enterprises nationally and incubated 498 new SMMEs, with 200 SMMEs graduating from its incubation programme. SEDA has five main programmes, its flagship initiative being a five-day workshop that trains entrepreneurs in marketing, finance, customer care and business plan development.

The NYDA is a partner to the Presidential Youth Employment Intervention and was set up to improve the youth unemployment situation in South Africa, originally by giving loans to youth entrepreneurs. In 2013, NYDA switched to offering grants so that it could better support those without access to collateral. Grant financing starts at R1,000, with a maximum ticket size of R250,000 for any individual or youth co-operative. NYDA's Grant Programme currently provides youths with access to both financial and non-financial support, allowing them to establish and grow their businesses. As of June 16 2020, NYDA had provided grant funding to 254 youths as part of its '1,000 youth-run microenterprises in 100 days' initiative.

The provincial government has established a KwaZulu-Natal Youth Business Development Fund to transition youths from 'job seekers' to 'job creators'. The fund is open to businesses that are 80% owned by young people between the ages of 18 and 35 and provides support in four major areas: seed capital, collateral support, business development services and innovation (such as regulatory compliance, coaching and business etiquette). The fund is designed to support those who do not qualify for bank loans, as successful applicants do not necessarily need any credit history and collateral. In 2019, over 2,200 applications were processed. Of these, 448 were shortlisted for due diligence, and 55 youths ultimately awarded a collective R71 million in grants.

eThekwini has established a Youth Programme through the Business Support Unit to provide youths already in business with entrepreneurial skills that will enable them to be competitive in the mainstream economy. The programme has a focus on shared learning; youths trained under this programme form a group to coordinate activities and support to one another. In terms of local events, the Durban Business Fair, held every September during the city's Celebrate Durban festival, gives a platform to local entrepreneurs to showcase their products and services and build networks amongst larger corporates, financial institutions and government departments. The registration fee to exhibit a SMME business for the fair in September 2020 is R1,368 for the three days. This cost is likely to be a barrier to entry for many, as it is comparable to a month's access to broadband in South Africa.

7.3 Summary of key issues to consider

- **Access to capital:** Financial barriers prevent young entrepreneurs from getting started, or from scaling existing businesses
- **Access to networks:** Many aspiring entrepreneurs struggle to create a value proposition for customers, or to communicate their ideas to investors.
- **Relevant training:** Successful entrepreneurs need to understand many aspects ranging from financial management to HR, marketing, product development and customer strategy to interpersonal and leadership skills.
- **Niche support:** Despite there being more than ten different incubators in the province, youths in eThekwini do not have the financial means to support themselves in the early stages of creating their ventures. State grant programmes are available, but they do not provide growth-oriented capital.
- **Fragmentation of resources:** There is no comprehensive common platform that brings together all the support services available to entrepreneurs in eThekwini. Due to the fragmentation of local resources, youths have difficulty in knowing about – and accessing – the support that is available to them.
- **Youth mindset:** Entrepreneurship is often perceived by youths as 'a career of last resort'.
- **Formalization process:** 'Formalizing' informal businesses is a lengthy process in eThekwini, so many entrepreneurs keep their businesses running informally.
- **Multiple policies:** A raft of policies are in place to create an enabling environment for South Africa's youth entrepreneurs, but entrepreneurs don't know how these policies can support them.
- **Fragmentation of guidance:** Fragmented initiatives leave youth unsure of where to turn for guidance. Innovate Durban and clusters are too small in scope to have meaningful impact on Opportunity Youth.
- **Monitoring & Evaluation:** Better M&E processes are needed to ensure entrepreneurs do not simply go from one incubator to another. Currently some entrepreneurial ventures survive on different sources of donor funding, rather than moving towards having financially self-sustaining businesses.



7.4 Traps

We mention three traps under the first career track (youths upskilling themselves in order to enter into formal employment). The trap that is most applicable to the entrepreneurship career track is Trap 1: youths in long-term unemployment. Youths might not attempt to become entrepreneurs at all; remaining in Trap 1, or they may end up in Trap 1 after having attempted entrepreneurship and ‘failed’ to be successful.

7.4.1 Trap 4: Misinformation and Lack of Ambition

Youths who enter the entrepreneurship track may find themselves in a trap characterized by misinformation on the requirements for a successful journey, exacerbated by a lack of long-term ambition. It is not so much a trap signaled by tangible action, as are the other four outlined in this report, as it is a mental trap that gives rise to behaviours that do not lead to fulfilling careers as entrepreneurs.

Youths may turn to entrepreneurship not because they have business or financial acumen or a particularly compelling business idea, but because of the mindset characteristics that define this trap. Influenced by their parents’ or neighbours’ backgrounds and examples of ‘successful’ businesses around them, youths may see opening a business as a fast, easy track to earning money if they are able to acquire the start-up capital, or as a ‘last resort’ after having exhausted their other options. Like gig workers, they find the concept of ‘being one’s own boss’ more appealing than being managed by someone else.

Finally, they may not have enough business acumen to know that a core tenet of entrepreneurship is creating or adding value via goods or services to customers. Lacking business knowledge, youth entrepreneurs may inadvertently set themselves up to fail. For example, spaza shops are plentiful in any given neighbourhood, lending to the perception that it does not take much to establish one and there could be unlimited upside balanced by little downside. Not understanding the landscape of existing demand often creates unnecessary competition, to the detriment of both the incumbents’ and the newcomer’s sales, when new spaza shops are opened adjacent to existing ones. Youth are at risk of simply failing as entrepreneurs, unable to procure customers or generate healthy financial metrics, if they fall victim to the mental trap that strong business experience is not required.

Goal-setting is also negatively impacted by the faulty perception of the ease of entrepreneurship. If youth prioritize accessing quick cash over transforming their enterprises into long-term profit-generators, they will not be motivated to seek resources that would help them expand or perform better, such as financing from outside investors that will force them to be held accountable to others and incentivize them to deliver on required outcomes. They would also be less inclined to take advantage of the ecosystem of resources available to entrepreneurs in eThekweni, such as incubators and skilling courses. Merely achievable, unambitious goals limit youth entrepreneurs’ potential and the level of fulfilment they stand to gain from their career.

The issue of lacking the skills to succeed in entrepreneurship is of course solvable if youths are motivated to learn how they can better run their businesses, expanding their networks while doing so. But notably, without a business idea that shapes youths’ actions with purpose and passion, youth who dabble in entrepreneurship in this way are likely to not be committed to their endeavour, especially when it gets more difficult. Youths can avoid this trap by not only seeking out accurate information and mentorship, but also by only embarking on the entrepreneurship track in the first place if they are motivated to cross the hurdles that will come their way and reach their full potential.

7.4.2 Upskilling Youths for ‘Honest’ Informal Work

7.4.2.1 Persona for Youth Finding Honest Informal Work

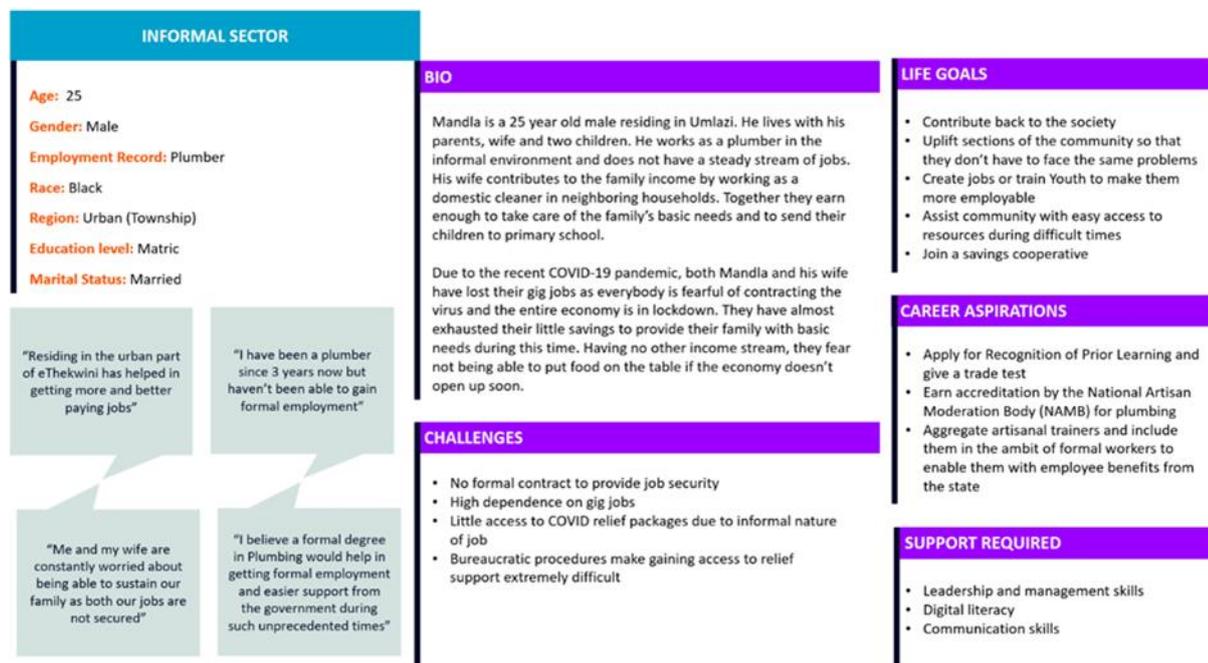


Figure 16: Youth persona for a youth looking for honest work in the informal sector

The informal economy plays a huge role in supporting the growth of the country and creating an income stream for thousands of youths. Informal jobs are a crucial part of the answer to providing meaningful employment for youths, sustaining an estimated 207,427 people in 2019.^{xxxiv} At least 20% of the informal workforce is made up by youths aged 15-35 years.

We define members of the informal economy as those who do not pay taxes. The informal sector encompasses a wide range of occupations from hawkers to hairdressers, artisans to taxi drivers and spaza shop owners. ‘Gig’ employment in South Africa sees workers supporting their lives by moving from one task to another, usually in lower or semi-skilled jobs, specific to an industry like casual construction. Skilled workers might take gig roles as ethical hackers or computer programmers.

South Africa’s gig economy, as with other global economies, has evolved in the digital age owing to the rise of online platforms like Uber, Zulzi and MrD. The gig economy is nothing new, as people have been performing temporary or freelance jobs for centuries, but technology is now enabling more widespread, flexible and on-demand work opportunities. Many youths start work in the informal sector because there are no barriers to entry and the perception of ‘being your own boss’ with flexible working hours is attractive. There are downsides to gig economy work, not least that for many gig ‘employees’, their income falls well below South Africa’s minimum wage after costs are factored in. There is no ability to expense equipment and most gig economy platforms do not provide assistance or injury cover. The rapid growth of these platforms has shifted, and continues to shift, the ‘informality line’ across traditional gig industries. National policy needs to catch up with this technology-driven shift in order to protect those working in the gig economy.

Many youths are not exposed to the formal work environment as they come from family backgrounds comprised of, predominantly, unemployed or informally employed role models. Our surveys found that just 23% of youths whose parents worked informally had experience in formal employment. Parents’ levels of education were shown to be another key predictor of youth employment status; our survey showed a strong positive correlation between parents’ education levels and whether youths’ currently hold, or have held, a formal job.

There is little by way of local policy support to upskill youths to find employment in the informal sector. The Informal Economy Policy was put in place in eThekweni in February 2001, but there has been little progress reported against it and it seems that the policy is effectively moribund^{xxxv}.

7.5 Current ‘ladders’ associated with this career track

We now consider some of the interventions that are in place to enable youths to earn a reliable stream of income in the informal sector, and for some, a transition into formal employment.

7.5.1 Businesses

Companies are increasingly tapping into temporary gig economy labour to support their resourcing needs. South Africa has a 68% mobile penetration rate, enabling gig workers greater access to opportunities online through app-based platforms. This freelance way of working has enabled many youths to generate income from local, formal businesses, like Zulzi and MrD, apps that partner with franchised restaurants, supermarkets and retail chains.

COVID-19's impact on the virtual way of working has also made prominent the need for SMMEs to be part of the conversation surrounding the development of fixed broadband infrastructure. Strategic partnerships between larger ICT companies and SMMEs who rely on and support the gig economy would position gig work for future growth, able to weather economic downturns with greater accessibility to sources of income.

7.5.2 Skilling Providers

SETAs together with the Department for Higher Educational Training are launching the Dual System of Apprenticeship (DSAP) training programme in industrial centres throughout the country. The three most prominent SETAs in Durban are Chieta, Merseta, and the Services SETA, responsible collectively for education and training in the chemicals, manufacturing and engineering and services (e.g., tourism) sectors, respectively.

The Durban School for the Hearing Impaired provides education and training facilities to 250 deaf, hard of hearing, intellectually challenged and autistic learners. This special school provides practical skills training to learners with special education needs.

In August 2019, the Durban University of Technology launched a wellness programme for informal workers to be held annually, complete with basic health screening, somatology and chiropractic therapy. As part of DUT's Community Engagement Office, the event was intended as a promotion of the health and well-being of informal traders at Warwick Junction, as it is acknowledged that ill health often results in a loss of income for informal workers and their working conditions are often hazardous and laborious. The event was hosted in partnership with a local NGO Asiye eTafuleni a non-profit organisation, and the eThekweni Municipality through the office the iTrump ABM. Other partners were the Jes Foord Foundation, Durban and Coastal Mental Health, and Marie Stopes South Africa.^{xxxvi} This effort is no substitute for skill-related programming, but we believe it is a step in the right direction in terms of validating the economic contribution of informal workers.

7.5.3 Government

The South African government has set an overarching target to produce 30,000 artisans per year by 2030 in a quest to develop the country's artisanal skills base. To achieve this target, it has established a non-sector-based artisan development programme, which will address the lack of a detailed, accurate, current data on artisan traders. This database will form the basis for target setting, grant disbursement and monitoring and evaluation.

According to the National Artisan Development Support Centre (NADSC), the body responsible for tracing the registration, certification and employment of artisan learners and for matching the supply and demand of artisan learners with industry needs, 14% of the country's registered artisans are in KwaZulu-Natal as of 2016. This percentage is based on industrial artisanship; the number, when factoring broader artisans in the informal 'orange economy' (which we define as the 'creative and cultural economy' including activities like crafts, design, arts and heritage) is likely to be significantly larger still.

Warwick Junction is a major marketplace for thousands of the 'orange economy's' informal traders located on the outskirts of Durban's inner city, occupying a repurposed highway and land near the Berea Road train station. It is comprised of nine distinct markets (and countless markets within) for different goods, such as artisanal goods, produce, beadwork, spices and a myriad of other items. The Indian culture is also heavily represented by traders and goods available at Warwick Junction.

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Though it suffered during the apartheid era due to the government's disdain for the informal economy, Warwick Junction has benefited from the South African democracy's support of informal trade, particularly infrastructure improvements that have provided more physical space for the marketplace to grow and transportation linking it to the rest of the region with ease.

Despite the importance of the informal economy and of micro and informal enterprises (MIEs) in addressing unemployment and economic growth, there remains a vacuum of programmatic support for eThekweni's MIEs. The Informal Economy Support Programme (IESP) is designed to address this gap by providing a platform with specialist business support services to MIEs, alongside other structured interventions relevant to artisanal workers in manufacturing, specialist retail and other services. Targeted support includes profitability and cash-flow analysis, bookkeeping, working capital financing, marketing, logistics support, legal support and compliance training. To date, 219 new jobs have been created and 440 existing jobs at enterprises were made more sustainable with the help of this programme.

Recognizing the significant role of the informal sector in the province's economy, against the backdrop of COVID-19-driven employment and market attrition, the KwaZulu-Natal government, alongside public entity Trade and Investment KwaZulu-Natal (TIKZN), has extended COVID-19 relief funding support for formal traders to informal traders and small businesses.

The Durban Chamber of Commerce and Industry and the KwaZulu-Natal Business Chambers Council, through their private sector network, are also helping informal businesses attain access to other services, such as IT, legal, marketing and financial support.

7.5.4 Summary of key issues to consider

- **Lack of support for the informal economy:** The informal economy plays a huge role in supporting the growth of the country and in creating an income stream for thousands of youths, but as a whole it is not afforded nurturing resources that encourage youth to embrace wholesome jobs within it.
- **Lack of programmatic support:** There remains a vacuum of programmatic support for eThekweni's micro and informal enterprises.
- **Lack of guidance:** Many youths are not exposed to the formal work environment as they come from family backgrounds comprising majorly of either unemployed or informally employed from generations.
- **Connectivity:** South Africa has a 68% mobile penetration rate; connectivity enables gig workers greater access to opportunities online through app-based platforms.
- **Monitoring & Evaluation:** SETAs keep track of informal businesses and provide skilling opportunities to youths living in townships and working in the informal sector.
- **Policy target:** The South African government has set an overarching target to produce 30,000 artisans per year by 2030, based on current data on artisan traders.



7.6 Traps

7.6.1 Trap 5: Dishonest Informal Work Finding Youths

7.6.1.1 Persona for Youth in Dishonest Informal Work

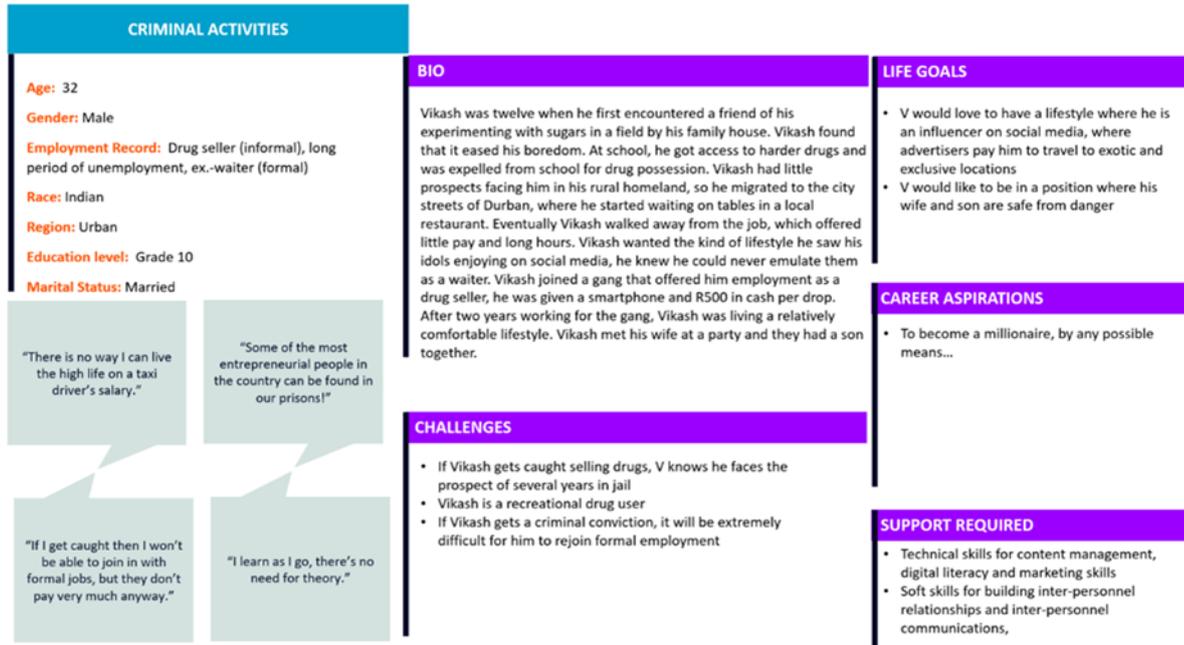


Figure 17: Youth persona for a youth looking to reform from criminal activities

This trap concerns criminal informal employment and describes youths earning a living from illegal activities, including theft, drug dealing and prostitution.

This trap promises quick access to high incomes, with no barriers to entry. Social media can be a driver for youths falling into this trap, with youths seeking to quickly attain a high-end lifestyle that they see on social media. However, exiting from this trap, once inside, is extremely difficult. Once youths are convicted, their criminal records are only expunged after ten years, making it difficult to find employment as corporates often filter and steer clear of past offenders from their recruitment processes. This social stigma hinders reintegration back into the community.

Other barriers to exiting the trap of dishonest informal work include drug addiction, a lack of alternative options for gainful employment or improved homelife and limited safety resources for reformed gang members or sex workers against physical harm.

Current 'ladders' associated with this career track

A handful of interventions exist to reintegrate youths with criminal records back into full-time employment.

Businesses

Not all employers ostracize youth with criminal records. Many believe in giving them a chance by considering their rehabilitation certificates and judging candidates' individual cases. Kerry Group considers the nature of the criminal record and reviews candidates on a case-by-case basis. Another local Business Process Outsourcing (BPO) employer we interviewed revealed that they assess criminal records on the potential risk to the business. Clearance certificates are accepted based on the nature of the offence.

Skilling Providers

Only 3% of ex-offenders are employed after the completion of their sentence. The eThekweni Municipal Academy has therefore been working with Westville prison to establish rehabilitation programmes. Under their current programme, they have continuous engagement with the inmates to check their rehabilitation progress.

The National Institute for Crime Prevention and the Reintegration of Offenders^{xxxvii} (NICRO) impacts the lives of approximately 12,000 to 15,000 direct beneficiaries each year. NICRO provides a basket of services focusing on improving the employability of youths, including training, skills development, therapy and general support services, to help to prepare them for the world of work after prison. NICRO's offerings include offender reintegration, occupational skills and entrepreneurship skills development programmes, an intensive experiential intervention programme and extended services after release.

Civil Society Organisations

Civil society organisations play a pivotal role in sustaining reform and preventing recidivism. Religious organizations in communities also play a major role in reintegrating ex-offenders into the community by running programmes to reform, empower and create community-based employment. Arya Samaj Organisation under the Vedic School Studies runs a programme called Ubuntu Omusha at the Westville Prison (Correctional Services). This programme entails counseling for the prisoners which allows space for self-realization and a way forward.

Government

The Department of Correctional Services^{xxxviii} (DCS) helps youths to develop their knowledge and skills to help them enter the world of work after completing their sentence. Their aim is to provide career-orientated, needs-driven, adaptable and market-related education programmes and services. During the re-integration process, the official in charge of education links the youth on probation with local community learning centres.

The municipal government provides entrepreneurial funding to ex-offenders through a programme called grant-in-aid, managed by the Community Participation Unit.

Summary of key issues to consider

- Only 3% of ex-inmates are employed after completing their sentence.
- There can be a desire to replicate the affluent lifestyles portrayed by social media, making quick money desirable – a youth mindset issue.
- Criminal records are expunged ten years, which makes it difficult to find employment as corporates often ostracize such youths from the recruitment processes.
- Few jobs exist for people with criminal backgrounds; background checks quickly filter out many applicants early on in the recruitment processes.
- Rehabilitation programmes need to be in line with real-world pathways that can be followed post-release



8 POTENTIAL SOLUTIONS TO IDENTIFIED ISSUES

8.1 Fragmentation of Services

8.1.1 Fragmentation of career guidance and services across educational institutions

Clear governance is needed to advise on the integration and coordination of activities and initiatives in play across a complex set of stakeholders. Government must be part of the solution, but it cannot be the sole actor to connect the siloes; the private sector must also be involved in co-designing governance and agreeing upon the data that can and should be shared across educational institutions.

A taskforce should be established by GOYN to bring the different actors together with the mandate of creating a governance framework for sharing career guidance and services in eThekweni in a more collaborative way. The taskforce should start by pooling a long list of resources and running a gap analysis against what youths need to embark on pathways to employment, entrepreneurship or informal engagements with positive externalities. In order to make sure that the services are best suited to youths, it is strongly advised that representative youths be selected from a local youth database to serve as short-term consultants on the taskforce's advisory board.

The taskforce should produce its key deliverables: a heatmap and a governance framework for data and resources to be made available across the local educational institutions, in six months, before disbanding. Given the central importance of overcoming the current state of fragmentation to youth employment in eThekweni, this is one initiative that should be started as soon as possible, so that it can inform subsequent projects.

8.1.2 No comprehensive common data platform to bring trusted sources of data together

Once the heat map of available resources and the governance framework have been established, a data inventory should be created across local education institutions to understand what data is available, who holds it and where and when it was sourced. Any data around demand for skilling from employers, current demographic data and unemployment data from government and education numbers from skilling providers will be considered as potentially within scope for inclusion.

Mapping data sources, assessing their validity and cleaning the data will be precursors to creating an eThekweni education data lake. Once a trusted data lake has been created it will be possible to introduce and use Artificial Intelligence and predictive analytics tools to bring powerful insights out of the data for stakeholders to act upon. Stakeholders could use a smart phone, web page or mobile application to freely download or query information from government-backed databases, encouraging the government to replace bureaucrats and officials with algorithms. Doing so will reduce data handling errors, speed up access to insights, improve the depth of insights and ultimately make the government departments more efficient and corruption-free.

8.1.3 Many employment policies exist, but youths are largely unaware of the support they offer them

Too much faith is currently being placed in solutions around pathways to employment. We need to replace the assumption that youths are job seekers with a new paradigm: that youths are entrepreneurs. Even with the South African government's best intentions for job creation, creating five million jobs for youths over the next five years will not solve the country's youth unemployment problem.

A central online hub is needed that all youths in eThekweni know they can access for vocational advice. It will be important to create this platform with youths informing and guiding its design along the way.

The platform should promote entrepreneurialism over job seeking, but provide services for both categories, such as business mentorship and CV writing assistance. In this way, a youth might enter the platform thinking about applying for an ill-fitting job, but leave the platform feeling inspired that he or she can create his or her own job by building upon existing skills and interests.

Not every youth will desire to become an entrepreneur, but they will find value in the hub by accessing relevant training courses. This is important as youth referrals will be an important way of driving awareness and use.

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The hub will also be a means of match-making training professionals and mentors with youths. More professionals must be produced and placed as career guidance counsellors, so that all learners have the benefit of professional assistance, career advice and guidance in supporting the development of their communities.

8.2 Access to Resources

8.2.1 Average commuting time of two hours per day

The average commute in eThekweni effectively extends the length of a working day by two hours. For youths, this dilutes the value of urban courses or jobs in terms of perceived hourly rates, sometimes significantly. Perceived value dilution is particularly acute for some training courses; typical daily training stipends are around R4,000, but with daily travel expenses of R3,800 the effective stipend falls to R200 per day. For those using public transport to take training courses, consideration should be given to repurpose training stipends to adequately cover a subsidy for travel.

The 'virtualization' of training is not a preferred solution, particularly for mechanical or artisanal skilling. Those without their own equipment are disadvantaged, and those who cannot afford expensive internet access are even more so. In-person training is still heavily favored.

A recommendation for large-scale infrastructure change is outside of the purview of the initiative.

8.2.2 Poor connectivity limits access to digital platforms and gig jobs

It will be interesting for GOYN to review the municipality's WiFi and fiber optic extension plans, particularly post-COVID-19. GOYN should look to involve GSMA as a potential partner for solution designs for connectivity, so that local network providers are being brought into potential support areas.

Whilst gig jobs are becoming an increasingly important source of income for many, they do not typically provide insurance or pension support. Work therefore needs to be done on a local and national scale to make youths aware of the need to plan for their longer-term futures.

8.2.3 Youth entrepreneurs struggle to access or communicate ideas to investors

Entrepreneurs need support to access mentors who can provide them with the right advice at the right time in their entrepreneurial journey. Many successful entrepreneurs have called on the assistance of several different entrepreneurs at different stages in their businesses' growth.

Currently, entrepreneurs compete for finance with other entrepreneurs, many of whom have overlapping business ideas. If there was better coordination of local entrepreneurs' initiatives, perhaps through a common e-commerce platform, collaboration amongst entrepreneurial businesses could encourage co-dependent vertical integration. These local entrepreneurial ecosystems could then be pitched collectively to potential funders and investors.

8.2.4 Vulnerable groups have a higher risk of social exclusion than the general population

An initial step should be to make a map of existing resources available for employment and entrepreneurship skilling pathways. The map should then be converted into a gap analysis showing the assets, services and support available for vulnerable groups in eThekweni.



8.3 Youth Mindset

8.3.1 Entrepreneurship is often perceived by youths as ‘a career of last resort’

To really comprehend this mindset and discern appropriate actions, it will be worth getting a representative cross-section of youths together for a workshop to unpack why entrepreneurship is perceived as being a low priority option. From the deep dive, solutions can be created to address the root causes. For instance, if we hear that a lack of confidence is a root cause, solutions could include creating competitions and challenges with the intention of proving to youths that they have nascent talents for exploring and profiting from local business opportunities.

8.3.2 Undervaluation of voluntary work experiences aligned to long-term aspirations

It would be valuable to map schemes from around the world that promote volunteerism or other social community engagements and to test them with youths to assess their potential applicability to eThekweni. From our research, it seems that there could be a need for more formal structures to be established to train for, and promote, volunteerism. For these initiatives to be successful, youths will need to be at the center of the creative process.

8.3.3 ‘Growth mindset’ skills are sought by employers, but not being taught to youths

In order to catalyze a broad-scale mindset shift from ‘fixed’ mindsets to ‘growth’ mindsets, more coaching is needed at a grassroots educational level. This will involve better collaboration between SETAs and businesses, where businesses describe the ‘on the job’ attitudes they are seeking and SETAs translate these requirements into trainings and assessments that better simulate the skills and demands of a workplace environment.

8.3.4 Social media’s influence; portrayals of affluence makes ‘quick money’ desirable

The growth of social media platforms has left many educational curricula behind. Social media is pernicious; without emotional support and training, it can be easy for youths to be unduly influenced by social media. It would be interesting to better understand how social media, online sessions or video content could be used positively to share career track information with youths in eThekweni.



8.4 The Need for Niche Support

8.4.1 A vacuum of programmatic support for local micro and informal enterprises

A first step could be to interview small informal business owners in eThekweni to compile a long list of their support needs. This list could be compared against the heat map of services being provided locally (created under the governance mapping exercise) to be made available to businesses. The missing programmatic support could then be folded into services being provided by existing skilling institutions.

8.4.2 No direct interventions exist for youths putting themselves on a ‘training treadmill’

The phenomenon of youths moving between unrelated training courses is made possible because of a distorted incentive structure that encourages youths to go ‘horizontally’ across different courses and because different databases do not ‘talk to each other’, making it impossible to spot youths that are seeking new training spaces rather than stepping towards their chosen vocation.

Before interventions can be planned, the size of the issue needs to be better understood, which means that systems need to be put in place to collect and share data across course providers in eThekweni.

8.4.3 Few businesses recognize the issue of employed youths underutilizing their skillsets

In tight labour markets, there is fierce competition to be placed in a limited number of jobs, meaning that menial roles can end up being filled by people that are overqualified to perform that role. Unless businesses start to build career progression plans for their new employees, charting how and when they might be able to move through the company into more interesting or better fitting areas of the business, new recruits can quickly become despondent and terminate their employment, which is a waste of talent for the business.

Data lies at the heart of the solution; businesses should start to collect data on each new employee’s aspirations, talents and qualifications so that they can determine which new recruits are not utilizing their skills and are likely to leave the company. Based on this data, skilling and promotion pathways can be drawn up with progression points to periodically assess personal development.

8.4.4 Only 3% of ex-inmates are employed after completing their sentence

It was noted in the interviews that ex-inmates have many characteristics that are useful to entrepreneurial ventures or formal businesses. Having a criminal record is an easy filter to apply early on in the screening process, which means that businesses miss out on recruiting from this source of talent.

Given their signs of entrepreneurial promise, more support could be given to helping ex-inmates to channel their creative efforts into creating legitimate enterprises. There are successful schemes running across South Africa that could be replicated in eThekweni.

8.4.5 ‘Formalizing’ informal businesses is a lengthy process

Many informal businesses in eThekweni have been hit hard by the COVID-19 pandemic and will be reassessing the upside of being a formal business and qualifying for government support. As such, this is an opportune time for government to help informal businesses to make the jump. Efforts should be made to slash red tape wherever possible; eThekweni could learn from other areas of South Africa where it takes less time to ‘formalize’ a business.

8.4.6 Local entrepreneurship support is too general and under-resourced

eThekweni will not be able to solve its unemployment issues without a significant boost in the number of entrepreneurial business start-ups. If eThekweni is successful in creating an environment where local entrepreneurs flourish, it could lead to a positively reinforcing spiral, where more entrepreneurs are able to ‘pay forward’ their mentoring support to other new entrepreneurs at the start of their journey.

In order to keep support for entrepreneurs from being too generic, it is important to quickly move training from broad solutions towards targeted support from those that have experience in their sector. Applications and platforms exist that enable mentees to find a mentor based on the specific problem they are encountering.

8.4.7 Universities have not been quick to respond to changes in industry demands or societal shifts

It would be helpful to develop and promote standardized learning content and support packages for facilitating the youth transition from school to work or to starting up their own businesses. A more streamlined, data-driven process is needed to capture requirements from businesses and from civil society in order to update the learning content and to keep it relevant, so that youths are cited on local issues to address through their own businesses, or are coming into businesses with skills that make them sought after.



8.5 Execution: Monitoring & Evaluation

8.5.1 Poor policy execution; outcomes not commensurate with allocated funds

Given that the education sector in South Africa already receives the largest share of the government budget, employment rates cannot be improved simply by bringing more public funds to address the problem. Better visibility of how money flows into and through the education system will be useful in identifying bottlenecks and inefficiencies, helping to identify potential improvements to be made in the current system.

8.5.2 M&E processes are needed to ensure entrepreneurs do not cycle from one incubator to another

A database and referral system spanning a network of provincial departments and local municipalities is needed. The system should be created to coordinate the registration of youths into training programmes. Its design should be informed by a body of public and private service providers and a representative set of employers representing each major industrial sector in eThekweni.

8.5.3 Training providers are not accountable for transitioning students into employment after training

Specifications should be formulated for promoting school-to-entrepreneurial business launch, or school-to-work programming. Full-service programming should span the spectrum of services from early preparation for subject choices in schools to employability training and support. Programming should also embody placement and referral services and follow-up support.

8.5.4 The education system feeds learners up to the next level regardless of readiness; causing high dropout rates

The education system in South Africa is something of a 'conveyor belt' that moves students to the next level, regardless of readiness. A closer examination of grades and teacher assessments could better inform the suitability of students for the next level of their education, to better set them up for success.



9 CONCLUSION

Youths in eThekweni must navigate a complex set of ladders and barriers in order to find employment, or to start or register a formal enterprise of their own. The five key issue clusters hampering youths are fragmentation of services, limited resource access, poor monitoring and evaluation and the 'youth mindset'. Across the five clusters are 22 issues that have been identified as a result of this report.

Further work is needed to determine solutions to these 22 identified issues. Wherever possible, youths should be brought early on into the solution design.



10 APPENDIX

10.1 Issue Tree and Key Questions

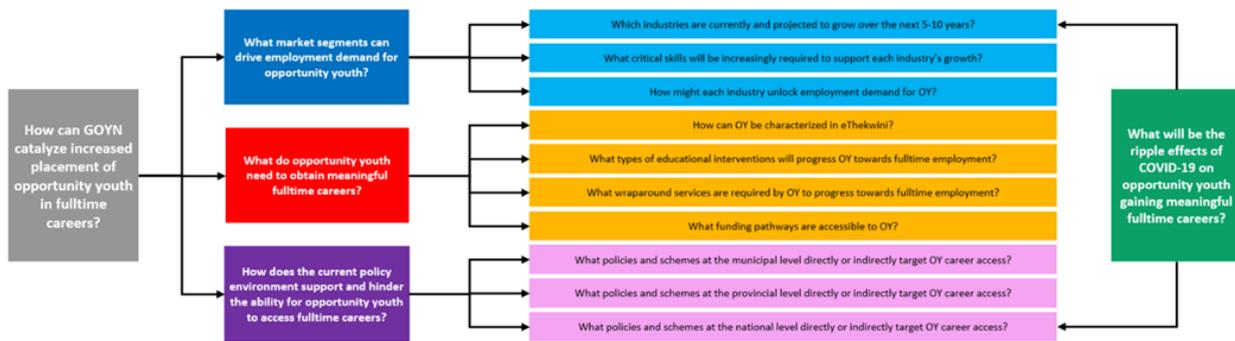


Figure 18: Issue tree used for this project to map key questions against supply and demand drivers

10.2 Government Initiatives

Below are some of the programmes which have been briefly discussed across the report.

PROGRAMME	OVERSEEING DEPARTMENT	DESCRIPTION
Expanded Public Works Programme (EPWP)	Department of Public Works	Public bodies from all spheres of government and the Non-state sector are anticipated to optimise the creation of work opportunities for unemployed and poor people in South Africa through the delivery of public and community services. Training and enterprise development are implemented in sector specific programmes to enhance service delivery and beneficiary well-being.
National Student Financial Aid Scheme (NSFAS)	Department of Higher Education and Training (DHET)	It provides financial aid to eligible students at public TVET colleges and public universities. It identifies eligible students, provides bursaries, and collects student loan repayments to replenish the funds available for future generations of students. It also supports access to, and success in, higher education and training for students from poor and working-class families who would otherwise not be able to afford to study.
South African Maths and Science Teacher Intern Programme (SAMSTIP)	Independent Schools Association of South Africa	It offers prospective Senior and Further Education and Training (FET) teachers specialising in the fields of mathematics and the sciences an opportunity to receive bursaries to study for a four-year Bachelor of Education (B.Ed.) degree or a one-year Post-Graduate Certificate in Education (PGCE) at UNISA. The teacher internships provide an alternative, robust training model to supply quality teachers in the scarce subject areas of mathematics and science.

<p>Community Works Programme</p>	<p>South African Government</p>	<p>It provides an employment safety net to eligible members of target communities by offering them a minimum number of regular days of work each month. The programme targets unemployed and underemployed people. The stipends participants receive supplement their existing livelihood means and provide them with a basic level of income security. They also assist those whose livelihood activities are insufficient to lift them out of abject poverty.</p>
<p>Technology and Human Resources for Industry Programme (THRIP)</p>	<p>Department of Trade and Industry and National Research Foundation</p>	<p>THRIP is a government-academic-private sector partnership established to respond to the shortage of high-level technical skills required by industry and to improve the competitive edge of South Africa’s industry through the development of advanced technologies.</p>

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