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An empirical review of youth employment policies and their impact in South Africa

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Key messages

- **South Africa's youth unemployment rate is alarmingly high. With 64% of the population under the age of 35, the country faces an urgent youth employment crisis that requires effective, targeted strategies.**
- **Structural barriers to employment include slow economic growth, limited informal and small business development, regulatory burdens, lack of work experience, and wage bargaining issues.**
- **Numerous youth employment programmes (YEPs), policies, and interventions have been introduced to address this challenge, but many have delivered disappointing results.**
- **Enhancing YEPs through better coordination, monitoring and evaluation, and tackling structural impediments to economic growth and small business development could help reduce youth unemployment.**
- **Regular policy reviews and updates are needed to ensure YEPs remain responsive to emerging challenges, promoting economic growth, job creation, and social stability.**

Youth employment issues in South Africa

In 2022, South Africa's population reached 62 million, growing at 1.8% per year since 2011 (Statistics South Africa, 2024). Over the same period, the median age increased from 25 to 28 years, indicating that a large share of the population remains within the youth category. Meanwhile, the country faces persistent challenges, including high poverty, inequality, and unemployment.

Youth unemployment has remained critically high, fluctuating between 45% and 65% over the past decade. More than half of young South Africans entering the labour market are not in employment, education, or training (NEET), with young women particularly affected. Structural factors drive these challenges: sluggish economic growth, weak education outcomes, regulatory barriers, lack of experience, wage-setting dynamics, and poor coordination across programs.

South Africa Population Demographics

(2022 Census)

- Total population: 62 million
- 51.5% female, 48.5% male
- Median age: 28 years
- 81.4% Black African,
  8.2% Coloured,
  7.3% White,
  2.7% Indian/Asian

In response, the government has invested billions of rands in various YEPs aimed at strengthening labour supply, stimulating labour demand, and improving skills matching. Institutions dedicated to youth development operate across national, provincial, and local levels.

However, despite well-intentioned efforts, the outcomes of these YEPs have been underwhelming. The gap between planned results and actual performance remains significant. South Africa continues to rank among the countries with the highest youth unemployment rates globally (Khan et al., 2024).

The study

This study reviews and analyses the implementation of YEPs in South Africa to identify strategies that best support young people transitioning into meaningful and sustainable employment. See the text box to the right for a detailed explanation of the methodology used to do so.

South Africa offers a compelling case study. Despite its status as an upper-middle-income country with the most industrialized and diversified economy in Africa, youth unemployment remains alarmingly high. Public and private efforts have so far fallen short, even as the government invests substantial resources in youth employment. This highlights the need to assess how effectively these resources are used and to explore opportunities for scaling up public employment initiatives.

This brief presents the key findings and policy implications from the study.

Methodology

This study used a three-part methodology. First, a desk review was conducted, covering academic literature and relevant documents such as government reports, legislation, national and international studies on YEPs in South Africa.

Next, fieldwork was undertaken between February and May 2024, including 14 focus group discussions (FGDs) with 186 participants and 71 key informant interviews (KIIs) across all nine provinces. These explored participants' employment status, experiences with YEPs, and broader issues such as program implementation, coordination, inclusivity, and support services. Additional questions addressed preferred employment sectors, skills development, and mentorship.

Data were segmented by demographics and YEP beneficiary status, then analyzed using MAXQDA, NVivo, and AI tools like ChatGPT to identify key themes and insights aligned with the study's research questions.

Overview of YEPs in South Africa

There are 31 YEPs implemented at national, provincial, and municipal levels. These fall under four umbrella initiatives:

- Employment Tax Incentive
- Jobs Fund
- Expanded Public Works Programme (EPWP) and Community Works Programme (CWP)
- Education and Training Authority Sector (NYDA)


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Funding is allocated via conditional grants and equitable share. In 2022/23, the government allocated R24.8 billion (US$1.35 billion), rising to R25.3 billion (US$1.38 billion) in 2023/24—approximately 1.2% of total government expenditure for the period.

Most of these funds support short-term employment initiatives (especially EPWP and the Youth Employment Tax Incentive [YETI]). On average, 32.72% of youth have benefited from work or training opportunities.

Programmes are delivered through public institutions, private sector actors, NGOs, and public-private partnerships (e.g., Harambee Youth Employment Accelerator).

Programmes directly promote employment through funding, technical support, work placements, and training, while others build agency or enhance youth readiness for work.

Key intervention areas:

- **Education and training** via TVET colleges and skills development to improve employability
- **Public employment** through EPWP, CWP, and the Basic Education Employment Initiative (BEEI)
- **Entrepreneurship support** through initiatives like the Youth Challenge Fund & Youth Technology Innovation Fund
- **Work placements** via partnerships with Harambee and NYDA
- **Demand-side support** through wage subsidies (e.g., YETI, introduced in 2014 for workers aged 18–29 earning below R6,500)[1].

1.There are also other measures that provide further demand-side support for the labour market, especially in the area of business funding opportunities to help youth start new businesses and maintain existing ones, by removing bureaucratic red tape for informal businesses and informal business infrastructure development.

Key findings

The study concludes that South Africa has laid a strong foundation for addressing youth unemployment, showcasing the potential of coordinated, innovative efforts to create sustainable learning-to-earning pathways. While several constraints limit full effectiveness, many policies have helped thousands of young people transition into meaningful work.

Positive insights:

- YEPs are inclusive, targeting vulnerable groups (e.g. young women, persons with disabilities, displaced persons).
- Programmes are implemented by a diverse range of stakeholders.

Persistent challenges:

- Weak economic performance, with stagnant economic growth limiting labour demand.
- Limited stakeholder consultation, leading to a mismatch between programme offerings and youth needs.
- Poor follow-through, with monitoring and evaluation often reduced to a "box-ticking exercise".
- Regional and sectoral disparities, particularly disadvantaging rural areas.
- Ineffective coordination, resulting in overlap and resource inefficiencies.
- Inflexible policy adaptation, diminishing long-term relevance.
- Accessibility barriers, such as transport costs and lack of childcare support.
- Misalignment between training and labour market needs.
- Limited transparency and accountability in resource use.

Policy recommendations and road map

To improve outcomes, South Africa must develop better-coordinated policy frameworks supported by credible implementation, monitoring, and accountability mechanisms.

YEPs should be harmonized under a unified vision, particularly programmes managed by:

- The Presidency's Project Management Office,
- Department of Employment and Labour,
- Department of Women, Youth and Persons with Disabilities (with NYDA), and
- Department of Higher Education and Training.

Recommended actions:

- Strengthen demand-side support by boosting economic growth and improving conditions for youth entrepreneurship, including infrastructure and market access.
- Ensure youth and stakeholder involvement during programme design and implementation.
- Implement robust monitoring and evaluation systems for adaptive learning and accountability.
- Promote equitable support across regions and sectors.
- Improve inter-departmental coordination and align funding with programme functions.
- Regularly update policies to respond to emerging challenges and feedback.
- Provide supportive services such as transportation subsidies and childcare to enhance access.
- Align training with labour market demands to reduce skills mismatches.
- Enforce accountability and transparency in governance.
- Invest in research and innovation to bridge knowledge gaps in YEP design and impact measurement.

Conclusion:

Addressing these systemic challenges and implementing the recommended reforms can significantly improve the performance of South Africa's YEPs, contributing to reduced youth unemployment, economic growth, and greater social cohesion.

References

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The 'What Works for Youth Employment in Africa' initiative

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For more information about this initiative, please visit:
www.pep-net.org/programs/youth-employment

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