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## Growing Township Economies: A Key Opportunity for Skills Development and Youth Employment

### Why is addressing youth unemployment so crucial?\*

The COVID-19 operating context has severely impacted South Africa's economy with unemployment increasing by 1.7 percentage points to 32.5% in the fourth quarter of 2020. This jump is a record high, with an estimated 7.2 million people now unemployed. Unfortunately, the outlook is even worse amongst the youth, who recorded the highest unemployment rates, with 63.2% (15-24 years) and 41.2% (25-34 years) of youth unemployed.

Unemployment amongst black South Africans (36.5%) remained higher than the national average with black African women as the most vulnerable at 38.5% unemployed. The number of already limited entry-level opportunities for young people is contracting rapidly. This is having the worst impact on already vulnerable groups, such as black youth and particularly black women. In South Africa, two million of the nearly three million job losses as a direct result of COVID-19, were held by women.<sup>[1]</sup>

Fundamentally addressing youth unemployment is crucial for enhancing economic inclusion, gender equality and social sustainability in South Africa. Growing our Township Economies is a vital opportunity not only to create entry-level employment opportunities for young people where they live but also to prioritise upskilling the most vulnerable groups, including black youth and women, with skills that will enhance employability.

\*Unemployment data: StatsSA (2020): "P0211 - Quarterly Labour Force Survey (QLFS), 4th Quarter 2020", 23 February 2021, Available at: [http://www.statssa.gov.za/?page\\_id=1854&PPN=P0211&SCH=72942](http://www.statssa.gov.za/?page_id=1854&PPN=P0211&SCH=72942)

<sup>[1]</sup> Iskander, M., A survey shows young women are bearing the brunt of Covid-19 unemployment, Daily Maverick, 12 August 2020, Available at: <https://www.dailymaverick.co.za/article/2020-08-12-a-survey-shows-young-women-are-bearing-the-brunt-of-covid-19-unemployment/>

### **How do we grow the demand for skills and jobs in Township Economies?**

The development of artisanal skills, which are in wide demand across the industrial economy, is an important enabler of economic opportunities for young people. However, the realization of these opportunities is limited because the large majority of young people are locked out of formal artisanal learning pathways. The scope for more inclusive artisan learning lies in the broad SME environment, which currently offers little formal and recognised training.

The Installation, Repair and Maintenance (IRM) Initiative recognises that youth unemployment will not be solved through labour absorption in the formal sector alone, and that township youth in particular face significant barriers in accessing and sustaining employment opportunities. Therefore, it is critical to support and develop township enterprises so as to grow economic activity and unlock employment/self-employment opportunities where young people live.

### **What is IRM and how does it address skills development and youth unemployment?**

Installation, Repair and Maintenance (IRM) roles comprise approximately two million jobs, a third of these occupied by young people and the majority being within SMEs. The majority of IRM roles are in enterprises which operate outside of the formal economy (including general repairs, maintenance, manufacturing and plumbing) with many being township-based. The NBI has identified an opportunity to develop IRM Township Hubs which will:

- Identify entrepreneurial IRM enterprises in townships
- Create support packages to strengthen these businesses
- Enhance SME market access through securing procurement options
- Create opportunities for IRM candidates to be trained and employed in these enterprises

The success of the IRM Initiative is based upon two assumptions. The first is that IRM enterprises need to grow their market presence, which requires skilled workers to be more productive. Secondly, IRM enterprise owners can be incentivised to expand their business, upskill their workforce and train and employ new entrants in the labour market.

### **What differentiates our Township Economy model?**

The key success factor is the creation of market linkages between township enterprises and large companies in the formal sector. In addition, the programme works with local and provincial government to grow more inclusive access to procurement opportunities for township enterprises. The IRM Initiative puts in place the necessary enterprise development support to equip township entrepreneurs for these opportunities, on the proviso that they train and employ young people from the community. In this way, the IRM Initiative actively grows the demand for skills and jobs in township communities.

This is where YOU and your organisation can be part of the solution. The NBI is engaging with our members and other large companies to develop Enterprise and Supplier Development (ESD) models that can reach these township based IRM enterprises and increase the demand for these services.

**Please contact Dr Anthony Gewer (Programme Manager: Social Transformation) to be a part of this innovative and demand driven solution to address both skills development and youth unemployment through Growing our Township Economies: [anthonyg@nbi.org.za](mailto:anthonyg@nbi.org.za)**

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