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# Empirical review of youth employment policies and their impact in South Africa.

## Policy Paper



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**Policy Paper**

# Empirical review of youth employment policies and their impact in South Africa

This paper was produced in the context of the “What Works for Youth Employment in Africa” initiative implemented by the Partnership for Economic Policy (PEP) in partnership with the Mastercard Foundation. “What Works for Youth Employment in Africa” was a three-year research initiative that ran between 2021 and 2024, to provide evidence that can drive policy reform to increase youth employment in ten African countries. The views expressed do not necessarily represent those of the Foundation, its staff, or its Board of Directors. For more information about this initiative, please visit: [www.pep-net.org/programs/youth-employment](http://www.pep-net.org/programs/youth-employment)

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## Disclaimer

This paper was produced in the context of the What Works for Youth Employment in Africa: A review of existing policies and empirical analysis in partnership with the Mastercard Foundation. It was a three-year initiative that ran between 2021 and 2024 to create a knowledge base of youth employment and related social development policies to inform policy and practices. The views expressed do not necessarily represent those of the Foundation, its staff, or its Board of Directors. For more information about this initiative, please visit: [www.pep-net.org/programs/youth-employment](http://www.pep-net.org/programs/youth-employment)

## 1. The policy context and issues of youth employment in South Africa

Since close to 64% of South Africa's population is below the age of 35 and the country's median age is 28, its population can still be considered to be made up of predominantly youth (Statistics South Africa 2023).<sup>1</sup> While a young population has the potential to yield a youth dividend, the reality is that youth unemployment in South Africa is alarmingly high and among the highest in the world (Khan et al., 2024).

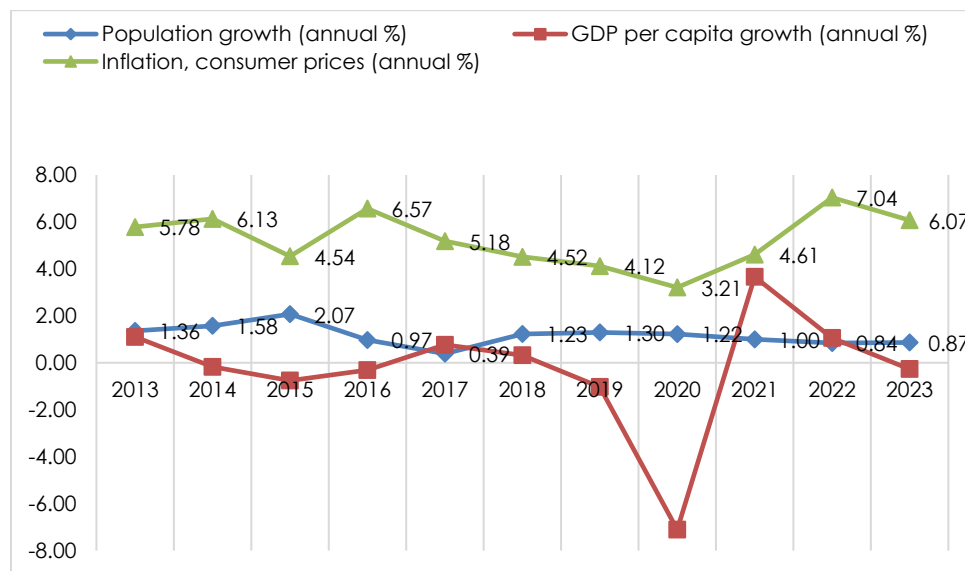
Despite the strategic and development plans that are in place, the country's socio-economic outlook in terms of macro-economic indicators has been unsteady. Between 2013 and 2023, the South African economy did not perform well. The country's gross domestic product (GDP) grew less than the population in most of those years (see Figure 1). The economy grew by only 0.01% per year during the period 2014–2018 before increasing marginally, by 1.03%, in 2019 and then falling again drastically, by 7.1%, in 2020. Although economic growth increased remarkably from -7.1% in 2020 to nearly 4% in 2021 (a post-COVID-19 pandemic effect), it quickly decelerated again to 1.6% in 2022 and -0.27% in 2023. Meanwhile, the population growth rate exceeded the GDP growth rate each of those years except 2017 and 2021, which implies declining per capita GDP growth rates. The country's fiscal space has deteriorated significantly due to increased public debt, which climbed from 47% of GDP in 2014 to 72.8% in 2022. Rising public debt, an energy crisis (in the form of widespread electricity load-shedding<sup>2</sup>) that has intensified since 2015, and shocks resulting from other global crises—such as climate change, the COVID-19 pandemic, and global geopolitical instability in the form of ongoing wars in Ukraine and Gaza—have further deteriorated the stability of the country's macro-economic landscape and aggravated challenges related to high levels of poverty, inequality, and unemployment, particularly among the youth population (Government of South Africa, 2020).

**Figure 1: Population growth, GDP per capita growth, and inflation rate in South Africa (2013–2023)**

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<sup>1</sup> In South Africa, the term "youth" is officially defined as individuals aged 15–34.

<sup>2</sup> "Load shedding" is the term used in South Africa to define energy supply blackouts or rolling blackouts.



Authors' compilation from WDI database

The government, concerned with the negative consequences of high and rising youth unemployment, has put in place several youth employment programmes (YEPs) and spent billions of rands (R) to improve labour market outcomes for youth by fostering labour supply, labour demand and skills matching. Despite its well-intentioned plans, its youth employment policies have yielded weak outcomes, as evidenced by the overall employment figures.

### The study

In 2023, a team of local researchers s conducted a comprehensive review and analysis of YEPs in South Africa. Their objective was to identify the best strategies to support young people transitioning into meaningful and sustainable employment opportunities. The researchers combined existing data and policy reviews with qualitative data to provide a more nuanced understanding of the policies and programs - see the "Methodology" text box below for more detail.

This policy paper highlights the key implications of the study's findings to help guide related policy decisions. A detailed account of their methods and findings is available in the corresponding PEP working paper, accessible via the following online repository: [www.pep-net.org/open-repository-what-works-youth-employment-africa](http://www.pep-net.org/open-repository-what-works-youth-employment-africa).

South Africa presents an intriguing case study for several reasons. Firstly, despite the fact the country is classified as an upper-middle-income economy and boasts the most industrialised, technologically advanced, and diversified economy in Africa, it still struggles with a high youth unemployment rate. Secondly, efforts to address the youth employment challenge through various public and private interventions have proven insufficient, as the youth unemployment rate continues to soar. Lastly, the government has allocated considerable funds and resources to youth employment, which makes it crucial to assess the effectiveness of resource allocations across government sectors and explore the potential for scaling up public employment initiatives.

### Methodology

The study employed a three-pronged methodology. First, the authors conducted a comprehensive desk review of YEPs and related literature. This included academic research as well as government reports, legislation, and other relevant publications from both national and international sources.

Based on the gaps identified during the desk review, the second component involved fieldwork, which included focus group discussions (FGDs) and key informant interviews (KIs) to gather diverse perspectives from experts, programme beneficiaries, and non-beneficiaries across South Africa. Conducted between February and May 2024, the fieldwork aimed to capture firsthand experiences and insights related to YEPs.

FGD participants were asked about their employment status, experiences with YEPs, and their understanding of available support. KIs and FGDs also explored issues related to the political economy of YEPs implementation, including coordination, inclusivity, and institutional challenges. Additional questions covered topics such as preferred employment sectors, skills development, mentorship quality, and perceived barriers and success factors.

In total, 14 FGDs (with 186 participants) and 71 KIs were conducted across all nine provinces. Data were segmented by age, gender, race, geographic location, and YEP beneficiary status. These datasets were imported into trial versions of MAXQDA and NVivo for exploratory analysis. The research team also leveraged artificial intelligence tools—including large language models like ChatGPT—to identify key patterns, generate deeper insights, and strengthen the overall quality and validity of the qualitative analysis. Emerging themes were mapped to specific research questions, ensuring targeted, question-driven insights.

## 2. Evaluation of policy strategies to promote youth employment in South Africa

The South African government has a variety of initiatives being implemented that target youth employment directly or indirectly.<sup>3</sup> The direct employment promotion initiatives include funding and technical support initiatives, work placement initiatives and skills training initiatives. On the other hand, the initiatives that indirectly contribute to the creation of meaningful employment opportunities include programmes that aim to build agency or enhance youth work readiness.

Key intervention programmes and their focus areas include:

- i) Education and training through Technical and Vocational Education and Training (TVET) colleges and skills development programmes to provide practical skills and improve employability;
- ii) Public employment initiatives through the Expanded Public Works Programme (EPWP), the Community Works Programme and the Basic Education Employment Initiative (BEEI) to create employment opportunities;
- iii) Entrepreneurship programmes through the Youth Challenge Fund (YCF), the Youth Pipeline Development Programme and the Youth Technology Innovation Fund to provide financial support;

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<sup>3</sup> In their working paper, the authors point out that South Africa has 31 YEPs at the national, provincial and municipal levels. They are implemented using a variety of models ranging from purely public sector (at the national, provincial and local government levels) to the business sector, non-governmental organisations and public-private partnerships. The government spends billions of rands on the programmes—R16.3 billion (about US\$940 million) in 2016 and R18.3 billion (about US\$1 billion) in 2022.

- iv) Work placement initiatives involving partnerships with Harambee and the National Youth Development Agency (NYDA) to facilitate work placements for youth; and
- v) A demand-side employment programme in the form of a youth wage subsidy scheme called Youth Employment Tax Initiative (YETI). The YETI programme was introduced in 2014 for employees aged 18–29 who earn less than R6,500 and aims to reduce the input labour costs of hiring inexperienced youth as a means of incentivising first-time hires.<sup>4</sup>

South Africa's efforts to address its youth employment challenge have led to **many employment positions and opportunities being created** for young individuals. For example, while the Presidential Youth Employment Intervention (PYEI)'s National Pathway Management Network (NPMN) aimed to have 250,000 beneficiaries for the period 2023–2027, as at 2024, 4.2 million young people were already registered on the SAYouth platform and over 1.6 million had already secured opportunities through the platform. The single largest contributor to these opportunities has been the BEEI. On the other hand, the EPWP was found to be modestly successful, since it provided 4.5 million work opportunities in Phase 3 (2014–2019), whereas its target was 6 million.

**Programmes that have worked very well** according to this study's findings include the Youth Employment Service For Youth (YES4Youth) programme, the DBE programme, the PYEI, all the skills development programmes, and the NYDA. The PYEI, which was implemented as the BEEI, and the expanded Works programme, which is now in Phase 4, have been ground-breaking additions that incorporate innovative solutions for all the gaps identified. Having the NYDA involved in the public-private partnership with Harambee as an implementer has strengthened the initiative and its potential outcomes. The Youth Challenge, its implementer the Jobs Fund and the National Treasury all come together to strengthen the initiatives. The NPMN has acquired digital technology to bring together all of these initiatives in order to increase scale and transparency and eliminate limited political inclusivity. Key factors and innovations that have worked include: building stronger relationships with the private sector, taking a new targeted and more comprehensive approach to skills development, and implementing the digital platforms that are bringing it all together.

**The budget analysis** results show that the South African government spends a large amount on YEPs. The funding framework for YEPs consists of conditional grants and equitable share. Using data from the National Treasury and other official statistics sources and mindful of the difficulty that many YEPs are just initiatives and not budget programmes, our analysis shows that the government allocated 24,8 billion rands (about US\$1.35 billion) in 2022/23 and 25.3 billion (about \$1.38 billion) in 2023/24 on YEPs. Public expenditure in YEPs represents approximately 1.2% of total government expenditure over 2022–2024 or 0.4% of GDP in 2023. The national average of youth who benefited from work and training is 32.72%, and women are 79.9%.

Finally, **programme implementation** requires the involvement of a variety of public and private sector actors as well as civil society interventions such as the Harambee youth employment accelerator. As is the case with any other policy, YEP effectiveness relies on not only the design, but also the implementation, monitoring and evaluation, of programmes to ensure they address the specific needs and challenges of the youth labour market. The authors' study highlights several **constraints and concerns regarding the effectiveness of labour legislation enforcement**. For example, while South Africa has a total of 2,000 labour inspectors, fewer than 500 of them are responsible for enforcing minimum wage and health and safety regulations. The remaining 1,500 inspectors focus on compliance with the *Basic Conditions of Employment Act*, and

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<sup>4</sup> 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.

Unemployment Insurance Fund, employment equity and compensation enforcement. At the same time, South Africa has more than 2 million registered companies. Thus, there is room for measures that can enhance capacity to enforce labour laws, protect workers' rights, promote fair and safe working conditions across the country and enhance employment creation.

### Scaling the implementation status of the main types of YEPs in South Africa

The authors summarised the study's findings by applying a simplified scale to indicate the implementation status of youth employment policies. The resulting summary can be found in Table 1, where the scale is detailed as follows:

A = the policies are in place and operational

B = the policies are in place and weakly operational

C = the policies are in place but not operational

D = non-existent

**Table 1 Summary of youth employment policy implementation in South Africa**

Types of Policies	Average Implementation Scores
YEPs to enhance youth employability	B
YEPs to promote youth entrepreneurship	B
Policies to protect youth rights at work	B
Economy-wide enablement policies	B
Policies that take care of vulnerable groups	A

**Overall, the results suggest that South Africa has built a strong foundation for tackling its youth employment challenge;** one that demonstrates the power of coordinated efforts and innovative approaches to create sustainable learning-to-earning pathways for young people. The authors' desk review of YEPs indicated that policymakers have made enormous efforts to address the youth employment challenge. In fact, policies have succeeded in enabling thousands of young people to transition into dignified and fulfilling employment. However, several obstacles still negatively affect policy performance.

Focus group discussions (FGDs) - also held as part of the authors' study - highlighted that YEPs are multifaceted and involve a variety of stakeholders ranging from government agencies to community leaders. Selection processes are inclusive and aim to involve vulnerable groups such as young women, persons with disabilities, internally displaced persons and refugees.<sup>5</sup>

### Programmatic and evidence gaps

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<sup>5</sup> However, challenges such as limited political inclusivity, insufficient coordination and inadequate funding persist. Labour inspections, which are crucial for enforcing labour standards and health and safety regulations, face capacity issues because only a fraction of inspectors are dedicated to these tasks.

Despite all the positive feedback, gaps remain, including limited resources, skills deficits, bureaucratic barriers and communication gaps, limited political inclusivity, fiscal leakages, and wasteful and fruitless expenditures.

The various constraints highlighted by the study include:

- i) Poor economic performance—which implies that the demand side has been unable to meet supply needs—has been compounded by dwindling and unsteady GDP growth rates;
- ii) A lack of substantial consultation with youth and stakeholders has led to a disconnect between programme offerings and the actual needs of youth;
- iii) Insufficient follow-through and inadequate monitoring and evaluation have hindered the effectiveness of programmes;
- iv) Significant regional and sectoral disparities in the effectiveness of programmes have developed across different regions and sectors, with rural areas often receiving less-effective support;
- v) A lack of effective coordination among government departments and stakeholders has led to overlapping programmes and inefficient use of resources;
- vi) The slow adaptation of policies to changing conditions has limited the relevance and effectiveness of programmes over time;
- vii) Inadequate support measures to overcome barriers such as transportation costs and access to childcare have limited the reach and effectiveness of YEPs;
- viii) The misalignment of many training programmes with market needs has resulted in skills mismatch; and
- ix) Limited political inclusivity and a lack of accountability have undermined the effectiveness of YEPs and made stronger accountability measures and transparent resource management necessary.

There are also significant **gaps in the evidence that is needed to inform investments and programmes** addressing South Africa's youth employment challenge. These gaps include a lack of thorough understanding of the root causes of the employment challenge, insufficient evidence-based decision-making, poor programme coordination, inadequate programme evaluation and impact measurement, and weak support systems and data management.

There is also a lack of geographic disparity data, sufficiently detailed local disaggregated data (especially since the COVID-19 pandemic), skills matching and relevance, data about barriers faced by marginalised groups (the existing evidence is very generic), and long-term impact evaluations. These evidence gaps must be addressed to be able to design and implement effective YEPs that can bring about meaningful and sustainable change.

### 3. Recommendations and road map

To improve the effectiveness of YEPs and significantly reduce the youth employment challenge, the following measures are recommended:

- i) **Strengthen demand-side support for the youth labour market** by working to increase economic growth and placing more emphasis on systemic enablers of youth informal and small businesses, such as connectivity, public infrastructure and market access, while continuing to provide direct enterprise support and financing.

- ii) **Enhance youth and stakeholder inclusion and consultation** in the planning and implementation stages to ensure programmes respond to actual needs.
- iii) **Implement rigorous monitoring and evaluation** frameworks to identify and promptly address shortcomings.
- iv) **Improve regional and sectoral balance** by ensuring resources and support are distributed equitably across regions and sectors, with a focus on both formal and informal employment.
- v) **Enhance coordination between government departments and the private sector** to streamline programme implementation and eliminate redundancy.
- vi) **Adapt and update policies on a regular basis** to stay current and flexible, address new challenges and incorporate feedback for continuous improvement.
- vii) **Address economic and social barriers** to enhance programme accessibility by providing comprehensive support measures, such as transportation subsidies and childcare services.
- viii) **Align training with market needs** and reduce skills mismatch by ensuring that training programmes are closely aligned with market requirements.
- ix) **Implement stronger accountability measures** to combat limited political inclusivity and ensure the efficient use of resources.
- x) **Improve framework conditions** in youth labour markets through **innovation and learning** by commissioning more research to tackle evidence gaps.

Overall, it can be concluded that a comprehensive, inclusive and sustainable approach is needed to tackle South Africa's youth employment challenge. Addressing the root causes of the challenge, tackling policy implementation and evidence gaps, engaging with the private sector, involving youth in decision-making, and ensuring transparency will enable the country to create impactful YEPs that offer long-term solutions for its employment challenge.

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