THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

PRESIDENTIAL
YOUTH
EMPLOYMENT
INTERVENTION

LEARNING BRIEF

Enhancing Youth Employment through Demand-Led Skilling in South Africa:

Insights from the PYEI Demand-led Skilling Workstreams.

About this brief

This policy brief distils the key learnings and policy recommendations that emerged from an assessment of the Presidential Youth Employment Intervention's (PYEI's) demand-led skilling workstreams model. Demand-led skilling workstreams are coordination mechanisms for actors in growth sectors. These workstreams improve the understanding of skills gaps and improve the design of interventions addressing these gaps. By examining the successes and challenges of implementing this model in growth sectors, this brief will highlight valuable insights for stakeholders— including policymakers, workstream leads, implementing partners, skilling organisations and industry leaders— on optimising the demand-led skilling model. The purpose of this policy brief is to inform and advocate for continued support and tailored approaches within the PYEI demand-led skilling model ultimately contributing to sustainable pathways for youth employment and youth earning opportunities.
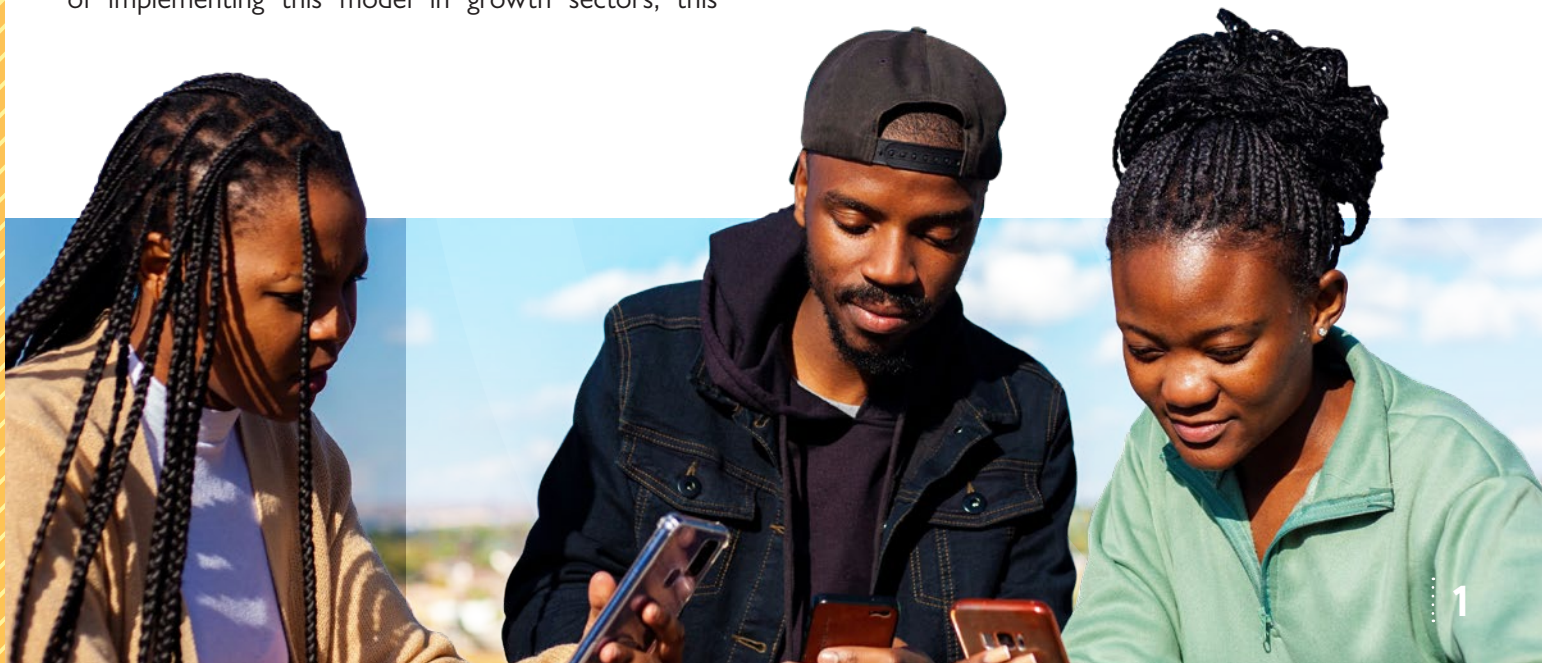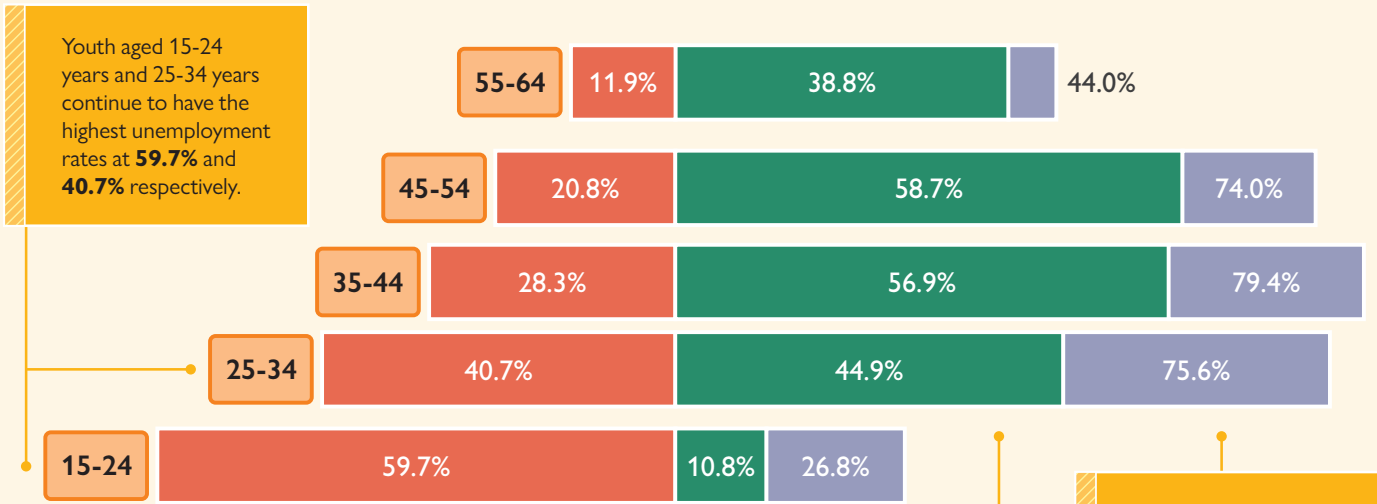
Context

South Africa is grappling with a significant youth unemployment crisis, with an alarming 45.5% of individuals aged 15 to 24 unemployed as of 2024.[1]

This persistent issue is rooted in a combination of structural barriers, economic inequality, and a mismatch between the skills youth acquire and the demands of the labour market. Many young people are unable to transition into sustainable employment despite efforts through existing programmes. Compounding this is the slow response of traditional skills development programmes to the rapidly changing needs of key industries. The country's education and training systems have struggled to anticipate and meet labour market demands, leaving many young people trapped in unemployment or underemployment. This crisis is more than a labour market issue—it threatens the social and economic fabric of the nation, creating barriers to economic participation and exacerbating inequality.

Addressing this challenge requires more agile and responsive interventions that can equip youth with relevant, in-demand skills and break the cycle of unemployment.

Labour Market Rates by Age Group, Q1 2024

Youth aged 15-24 years and 25-34 years continue to have the highest unemployment rates at **59.7%** and **40.7%** respectively.

Age group	Unemployment rate	Absorption rate	Participation rate
55-64	11.9%	38.8%	44.0%
45-54	20.8%	58.7%	74.0%
35-44	28.3%	56.9%	79.4%
25-34	40.7%	44.9%	75.6%
15-24	59.7%	10.8%	26.8%

Legend: ○ Age group ● Unemployment rate ● Absorption rate ● Participation rate

75.6% of those in the working, age 25-34 are participating in the labour market, with **44.9%** of the working age are in employment

- Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.
- Absorption rate is the proportion of the working-age population that is employed

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30 YEARS OF FREEDOM

Figure 1 | The unemployment rate in South Africa for youth aged 15-24 and youth aged 25-34 for Q1 2024

1   SA News (2024) SA unemployment rate increases. Available at:
    https://www.sanews.gov.za/south-africa/sa-unemployment-rate-increases
    Source: Stats SA.(2024)

The solution

In response to the crisis of youth unemployment in South Africa, the Presidential Youth Employment Initiative (PYEI) was launched in 2020. Its primary objective is to transition young people successfully from learning to earning. Given the structural nature of the barriers to youth unemployment and the urgency of the crisis, the President determined the need to actively drive and coordinate this intervention from the Presidency.

The PYEI implements four components in five priority growth sectors that aim to increase alignment across and beyond government and innovate in ways that accelerate delivery and catalyse further actions. Crucially, the intervention aims to effect change at a systemic level and scale, thereby supporting solutions that encourage innovation, give prominence to what was working in the system and benefit young people at scale.

The PYEI is delivered through a partnership approach. The PMO in the Presidency provides overall coordination and strategic guidance, while key government departments and their agencies lead the implementation supported by civil society, development partners, academia and the private sector. The diagram below provides an overview of the PYEI.

Central to the PYEI's efforts is the establishment of a National Pathway Management Network (NPMN). The NPMN is a network of networks that provides information and active support to young people, helping them to navigate pathways into the economy. The Department of Employment and Labour (DEL) leads the implementation of the NPMN. Next to the NPMN, other PYEI components include:

- Demand-led skilling, led by the Department of Higher Education and Training (DHET) in partnership with the National Skills Fund and Sector Education and Training Authorities (SETAs). This component aims to help young people develop skills that meet actual demand in the economy.

- Local Ecosystem Enablement led by the Department of Trade, Industry and Competition (DTIC) partnership with the Industrial Development Cooperation. This component aims to stimulate local economies and build ecosystems that can enable self-employment and enterprise development for young people.

- The revitalisation of the National Youth Service (NYS), led by the Department of Women, Youth and Persons with Disabilities (DWYPD) through the National Youth Development Agency (NYDA). The revitalised NYS empowers young people through paid service activities while advancing social cohesion, nation-building and development.
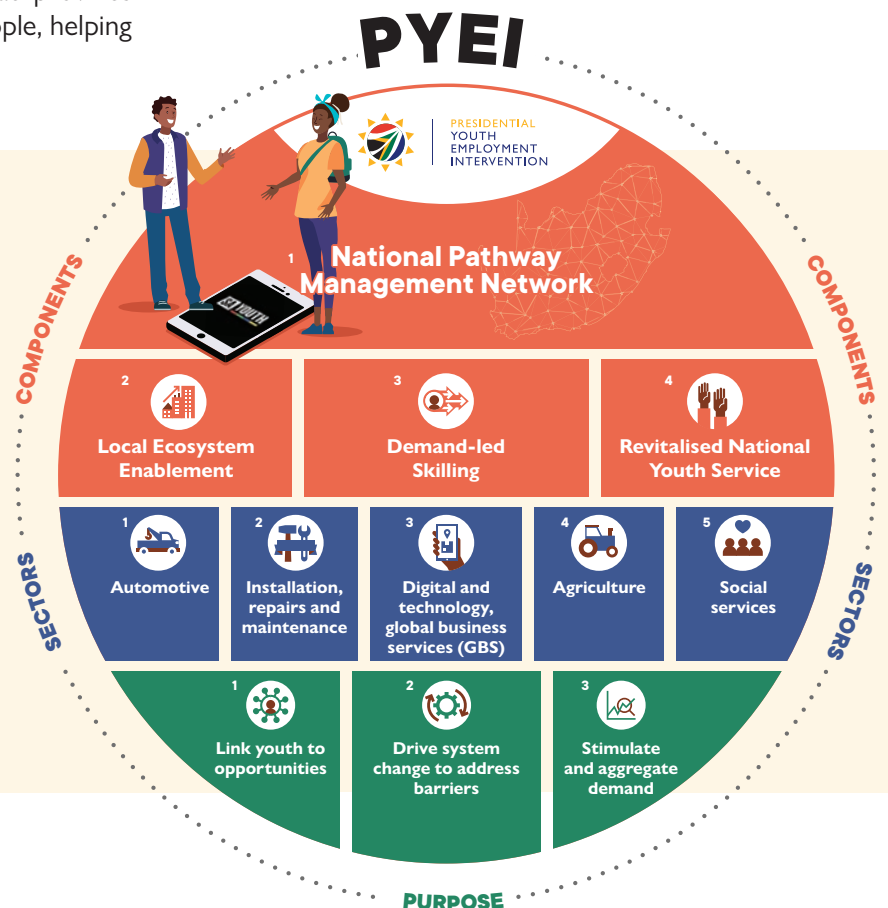

Figure 2 | PYEI – one national network, four components and five priority sectors[2]

2   PYEI. (2023). Presidential Youth Employment Initiative Fact Sheet.
      Source: PYEI Factsheet

The demand-led skilling model is a shift from the traditional, supply-driven approach to skills development. Rather than focusing solely on broad, long-term skills projections that often result in misalignment with actual labour market needs, the demand-led model emphasises real-time alignment between training programmes and industry requirements.

This shift aims to ensure that young people are equipped with the skills that industries are actively seeking today, allowing for a more effective transition from education to employment. The workstreams are one part of the demand-led skilling component of the PYEI - other parts include the Jobs Boost Outcomes Fund and the TVET placement project.

AN OVERVIEW OF THE PYEI DEMAND-LED SKILLING WORKSTREAM MODEL AND ITS KEY FEATURES

The PYEI demand-led workstream model aligns skills training with sector-specific needs to create job opportunities swiftly. This model is distinctive due to key features enhancing its effectiveness. It was created to support the Economic Recovery and Reconstruction Plan of South Africa, focusing on providing viable earning prospects for youth in critical economic sectors post-COVID. Target sectors include agriculture, automotive, social services, installation, repairs, maintenance (IRM), and digital business services referred to here as workstreams. The workstreams aim to bridge short-to-medium-term skills gaps in these sectors, translating skills into viable youth employment or entrepreneurship opportunities.

A Steering Committee, led by the Project Management Office (PMO) in the Presidency and the Department of Higher Education and Training (DHET), oversees the workstream operations. The day-to-day implementation is managed by workstream leads supported by implementing partners (i.e. development partners, industry, NGOs, etc.). Administrative support tasks are handled by Jupilog Consulting, supporting with coordination of workstream and secretarial support to all stakeholders in the workstreams.

Coordination

Through active involvement with industry stakeholders, the workstreams aim to close the skills gap in the job market, offering short-term, focused training solutions that result in immediate job placements, addressing the skills mismatch impeding youth employment.

Skills intelligence and anticipation

The PYEI workstreams collect intelligence on skills demand and the subsequent skills gaps in each priority sector on a continuous basis through independent research and advisory bodies composed of both employers and training institutions.

Learning to earning

A key differentiator of this model is its focus on aligning skilling interventions directly with employment outcomes rather than merely providing training. The workstreams are designed to move beyond traditional skills training paradigms by ensuring that training initiatives are linked to clear job prospects.

Figure 3 | Key features of the workstreams

Overview of PYEI workstreams

The baseline functioning of the PYEI workstreams can be found in the terms of reference crafted for the establishment of a Technical Implementation Forum for the ERRP Skills Strategy. The general functioning of the workstreams is summarised in the table below:

Table 1 | Functioning of the PYEI workstreams[3]

Skills mapping/anticipation	Supply side interventions	Coordination
Identify market demand across sectors (including critical role players, the exact nature of the opportunities, and the timeline for the realisation of this demand).	Craft the proxies for success per stakeholder to enable youth to build their employability profiles and increase their opportunities for employment progression.	Propose interventions required to bridge the skills supply and demand gaps that have been identified.
Identify dynamic mechanisms to unlock the demand in the short, medium, and long term.	Engagement with skills training institutions to facilitate agile training in curricula for young people.	Identifying and mobilising strategic leadership committed to the strategy and its implementation (e.g., PMO in the Presidency; DEL; NSF; SETAs; QCTO, Lead ERRP Departments; other public and private sector partners, including parastatals).
Identify the competencies new entrants require for a successful transition into vacant and in-demand roles.	Develop a workforce development strategy that aligns with the emerging opportunities and creates an appropriate pool of talent needed to realise these with the key tasks to perform, decisions required, and performance outcomes within specified timeframes.	
	Map the editing capabilities to deliver on the skills needed in line with the identified demand.	

Since its inception, some of the PYEI workstreams have made progress in convening stakeholders to unlock demand for a young skilled labour force in the priority sectors. Other workstreams made more progress in dealing with systemic barriers in the priority sector that inhibit new job creation and also negatively affect the current jobs in the priority sector. An overview of the operations of the PYEI workstreams is provided in the summative table below:

Table 2 | PYEI workstreams functioning[4]

Sector	Overview	Stakeholders[5]	Operational framework[6]	Major activities[7]
Agriculture	AAMP 2030 aims to create 1.2 million jobs by 2030, contributing 2.4% to GDP.[8]	Agri Youth Coalition, AgriBiz, Agricultural Business Chamber, Department of Agriculture.	Led by Harambee Youth Employment Accelerator, conducts regular research and engagement sessions.	Piloted an Agripreneurship Project with 200 participants and developed an opportunity tracker.
Automotive	Contributes 4.3% to GDP, with a global market share of 0.69%. Employs over 320,000 workers.	Automotive Industry Development Centres, Isuzu Motors, MERSETA, NAACAM, NAAMSA, NUMSA, DTIC.	Developed a dashboard and Skills Framework for New Energy Vehicles with support from DTIC.	Developed skills gaps roadmap and produced a comprehensive skills framework.
Social Services (ECE & Nursing)	The ECD sector has 450,000 jobs;[9] the healthcare sector has 100,000 jobs available.[10]	National Department of Health, Department of Basic Education, BUSA, National Pathway Manager, National Youth Service.	ECD sub-workstream skills led by Harambee's Research and Evidence Unit; Healthcare sub-workstream led by PPGI and Harambee.	Assisted healthcare provider with placing 550 Enrolled Nurses, developed ECD Stimulus Programme and payment solutions.
Installation, Repairs, Maintenance (IRM)	Focuses on infrastructure projects (energy, water, transport, digital, settlements, agriculture). Contributes 5.8% to GDP.[11]	SAPOA, SADA, SAMDDRA, South African Photo-Voltaic Industry Association, MerSETA, EWSETA, Mr. Price, Baragwanath Hospital.	Developed an action plan approved by the workstreams Steering Committee, focusing on high vacancy rate occupations.	Utilized IRM Advisory Committee for skills intelligence, opportunity mapping, and employer surveys.
Digital & Global Business Services (DGBS)	Projected demand for 66,000 ICT roles, with 45,000 entry-level jobs.[12] The market is valued for its strong customer experience and outsourcing.	BPESA, DCDT, DTIC, TechXit, CSIR, Harambee Youth Employment Accelerator, DEL, QCTO, Services SETA, UWC, YES, Western Cape Skills Forum, NSF.	Worked through "Work Areas" led by the Presidency and DHET, involving Coordination, Funding, and other initiatives.	Formation of "Collective X" and Digital Skills Framework (DSFOne) with UWC, and initiated training programs.

4   Ibid

5   Jupilog Consulting (2023). Support to the Presidential Youth Employment Intervention Draft Report. Accessed on: 28/06/2024

6   Ibid

7   Ibid

8   Department of Agriculture, Land Reform and Rural Development (2022). Economic Review of the South African Agriculture 2022. Accessed on: 06/06/2024

9   FHI360 (2023). Workstream 3- Health and Social Care Final Care Report. Accessed on: 29/06/2024

10   Ibid

11   Engineering News (2023). Construction sector expansion paves the way for youth employment. Available at: https://www.engineeringnews.co.za/article construction-sector-expansion-paves-the-way-for-youth-employment-2023-06-14

12   Harambee Youth Employment Accelerator (2020). Mapping of Digital and ICT Roles and Demand in South Africa. Accessed on: 29/06/2024

Key findings and impact of the workstreams and the workstreams model

While in theory, the PYEI workstreams display immense potential to facilitate demand-led skilling in the priority sectors, the assessment found that the model faces sector-specific challenges in their day-to-day implementation.
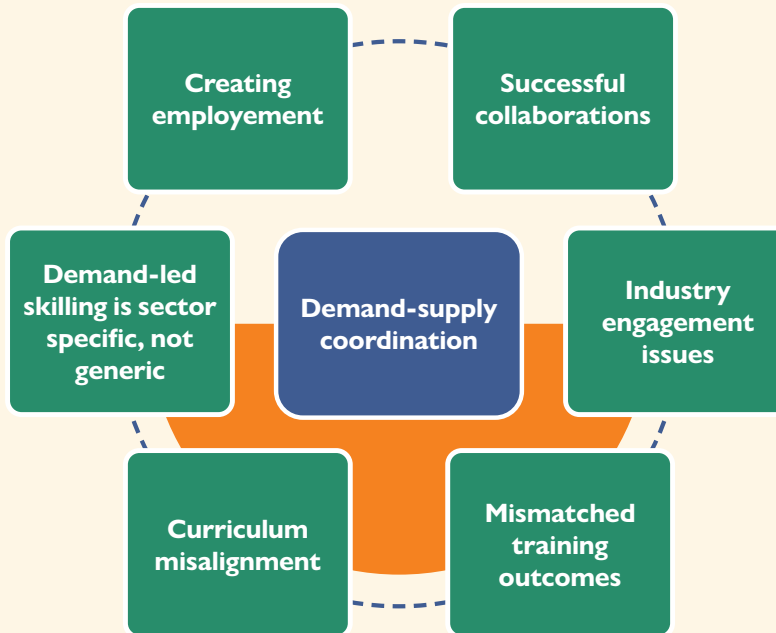
● Findings to be flagged as challenges

Figure 4 | Is the workstream fit for purpose?

The implementation of workstream activities by workstream brings to light the degree to which demand-led skilling is subject to the complexities and nuances of the priority sectors chosen. The workstream model's inherent potential is exemplified by the successful Digital and Global Business Services Workstream.It has been effective for several reasons, including its active engagement with industry stakeholders, the sector's high job placement rates, and the project management expertise of its lead organisation. Challenges across other sectors have hindered effective implementation.

Other workstreams faced sector-specific hurdles due to foundational issues like financing, market access, and accreditation, particularly in sectors such as ECD, Nursing, and Agriculture. Therefore, differences in sectors also play a role in the varying levels of successful "demand-led skilling".

The workstreams have made strides in generating actionable intelligence on skills demands, requirements and gaps. This was done by focusing on short-term employment opportunities and agile training programmes that can be swiftly adapted to meet immediate needs.

This approach contrasts with traditional skills intelligence systems, which take longer to detect gaps and respond. The Digital and Global Business Services workstream is a prime example, having successfully aligned training with the technology sector's demands and increasing job placements through targeted digital literacy programs.

In workstreams where the priority sector is more complex and has various sub-sectors such as the IRM workstream, it was more challenging to generate timely and relevant intelligence, highlighting a need for better data practices and sector-specific strategies.

OVERLAPS, COMPLEMENTARITIES AND SYNERGIES WITH OTHER SKILLS DEVELOPMENT MECHANISMS

Overall, the workstreams displayed significant synergies, complementarities and a few undesirable overlaps with other skills anticipation and demand-led skills development mechanisms in South Africa.
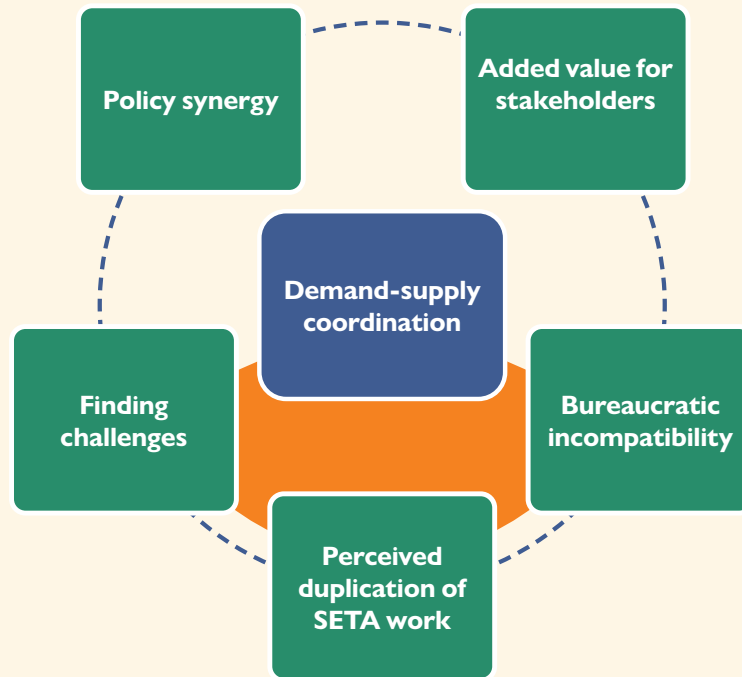

● Findings to be flagged as challenges

Figure 5 | Overlaps, Complementarities and Synergies

The workstreams closely align with various skills development policies, strategies, and plans in South Africa and the wider continent. These include the ERRP Skills Strategy, the National Development Plan 2030, the National Skills Development Plan, the Human Resource Development Strategy for South Africa 2010-2030 (HRD-SA) and the White Paper for Post-School Education and Training 2013.

The workstreams provide significant value to participating organisations. One key advantage the workstreams offer is their agility when compared to traditional skilling institutions, alongside their solution-oriented approach.

In terms of undesirable overlaps, the mandate of the workstreams seemed to be perceived as an added "burden" on existing institutions in the skills and employment ecosystem. Progress in the PYEI workstreams was stifled by a lack of participation by important stakeholders. DHET officials cited the workstreams as an "added on" responsibility. Sector Education and Training Authorities (SETAs), who are mandated by the Skills Development Act for skills mapping exercises, also view the workstreams as duplicative rather than a mechanism for greater efficiency. This perceived duplication also made it difficult to unlock discretionary funding from SETAs for envisaged skills training programmes that the workstream leads intended to roll out, further exacerbating funding challenges.

SUCCESS FACTORS AND BARRIERS

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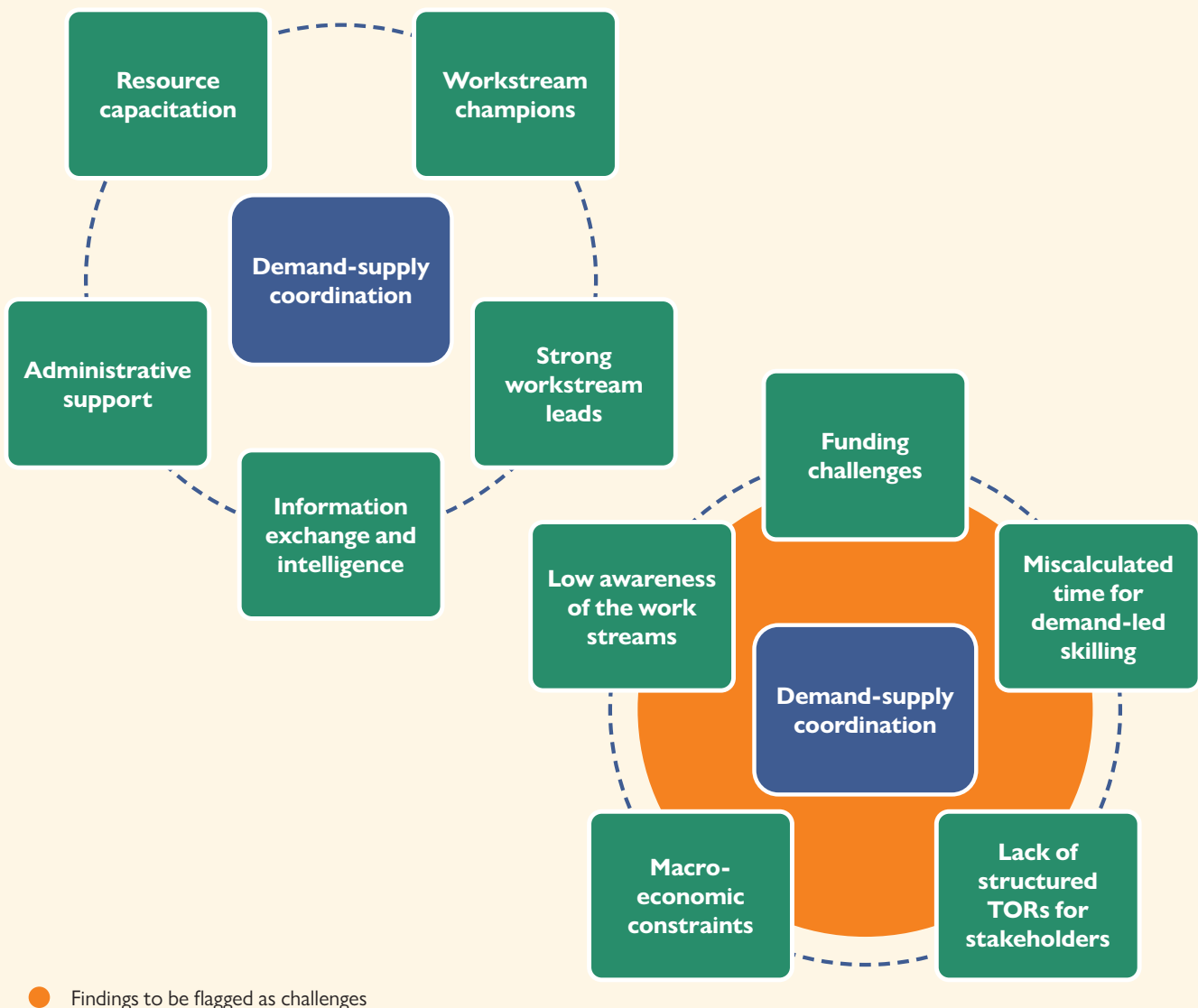

Findings to be flagged as challenges

Figure 6 | Key Success Factors (left) and Barriers (right)

Workstreams excelled in coordination and information exchange but faced challenges in implementing demand-led skilling. Success factors included having dedicated champions in stakeholder entities, robust opportunity trackers, well-equipped workstream leads, and support from relevant government departments. The secretariat by Jupilog Consulting provided vital coordination assistance. Effective workstreams had champions in government entities, consistent meeting attendance, and tangible results. The PMO support was critical in overcoming obstacles to demand-led skilling. Appointing knowledgeable workstream leads and collaborative organisations significantly impacted job creation efforts.

Barriers like misaligned time frames, internal challenges, lack of awareness, funding constraints, and macroeconomic pressures hindered coordination and implementation. Some workstreams struggled with systemic issues, delaying demand-led skilling and job placements due to sector-specific challenges. Engagements revealed a lack of awareness about PYEI workstreams among stakeholders, hindering effective collaboration Macroeconomic conditions impacted workstreams differently, exacerbating systemic challenges in sectors like social services, and leading to delays in addressing critical issues like financing and market access.

ADJUSTMENTS TO IMPROVE PERFORMANCE AND INTEGRATION

To optimise the effectiveness of the workstreams and the model, a comprehensive approach is imperative. This entails establishing a robust foundation through clearly defined Terms of Reference (TORs) that outline objectives and responsibilities for each workstream, nurturing a collaborative and adaptable culture that adapts to the dynamic labour market. Additionally, fostering coordination, synergies, and mutual support among workstreams will significantly amplify their influence on skills forecasting and demand-driven skills development mechanisms in South Africa. Tackling common success factors and obstacles, such as engaging stakeholders, addressing financial constraints, and bridging capacity shortfalls, is crucial for optimal functionality. Lastly, maintaining alignment with industry requirements, integrating with national skills initiatives, and advocating for favourable policies proactively will ensure the workstreams' relevance and long-term viability.

Conclusion and policy recommendations

Overall, the assessment recommends that the workstream model should continue to be implemented, but significant adaptations are needed to enhance its universal effectiveness. The workstreams were established as innovative, demand-led mechanisms to address urgent skills shortages and create employment opportunities for South African youth.

This approach represents a significant shift from traditional, long-term skills development models, emphasising immediate alignment with labour market demands to tackle the persistent skills mismatch and promote youth employability dynamically and responsively. Overall, while it has faced significant implementation challenges across several workstreams, the model has demonstrated proof of concept with the digital workstream, and several others have shown promising elements.

There is a divergence between the intended purpose and vision and the operational challenges encountered by workstreams. In the ECD and nursing sectors, addressing systemic issues like regulatory barriers and long-term workforce planning is crucial before demand-led skilling can be truly effective. Challenges such as land access and market connectivity in the agriculture sector must be resolved to ensure that skilling interventions lead to tangible employment opportunities.

These complexities indicate that the focus on rapid skilling may not fully capture the foundational sector-specific constraints that need to be addressed to achieve demand-led and sustainable employment outcomes.

Optimising overlaps and synergies with other skills development mechanisms, such as SETAs is also crucial to amplifying the impact of the workstreams. Integrating the workstreams with existing initiatives can help leverage their strengths while mitigating sector-specific constraints. This requires enhanced collaboration, data-driven decision-making, and continuous stakeholder engagement to ensure that skilling interventions are relevant, feasible, and aligned with broader national development priorities.

By refining the current strategy to better align demand-led skilling opportunities with sector-specific challenges and strategically coordinating with other skills development programmes, the workstreams can more effectively fulfil their intended purpose.

What needs to change to ensure the effectiveness of the workstreams model is captured in an aspirational theory of change (TOC). The ToC maps the causal pathway to a desired change, starting with inputs, activities, outputs, outcomes, and finally impacts. It represents a version of the model that would be effective in facilitating employment and earning pathways for young people. For workstream leads, it envisages effective skills anticipation activities, coordination of workstreams and convening stakeholders, and design of demand-aligned skills training.

The Steering Committee envisages activities including priority sector scoping, monitoring, evaluation and learning, communication and awareness raising, and governance. These activities are all underpinned by critical inputs and lead to outputs that eventually filter into the desired impacts. The ToC assumes the availability of quality and timely information, collective buy-in from stakeholders, and adequate resourcing and capacity within the workstream teams. It also highlights the importance of a tailored approach for each workstream, recognising that different sectors face unique constraints and opportunities.
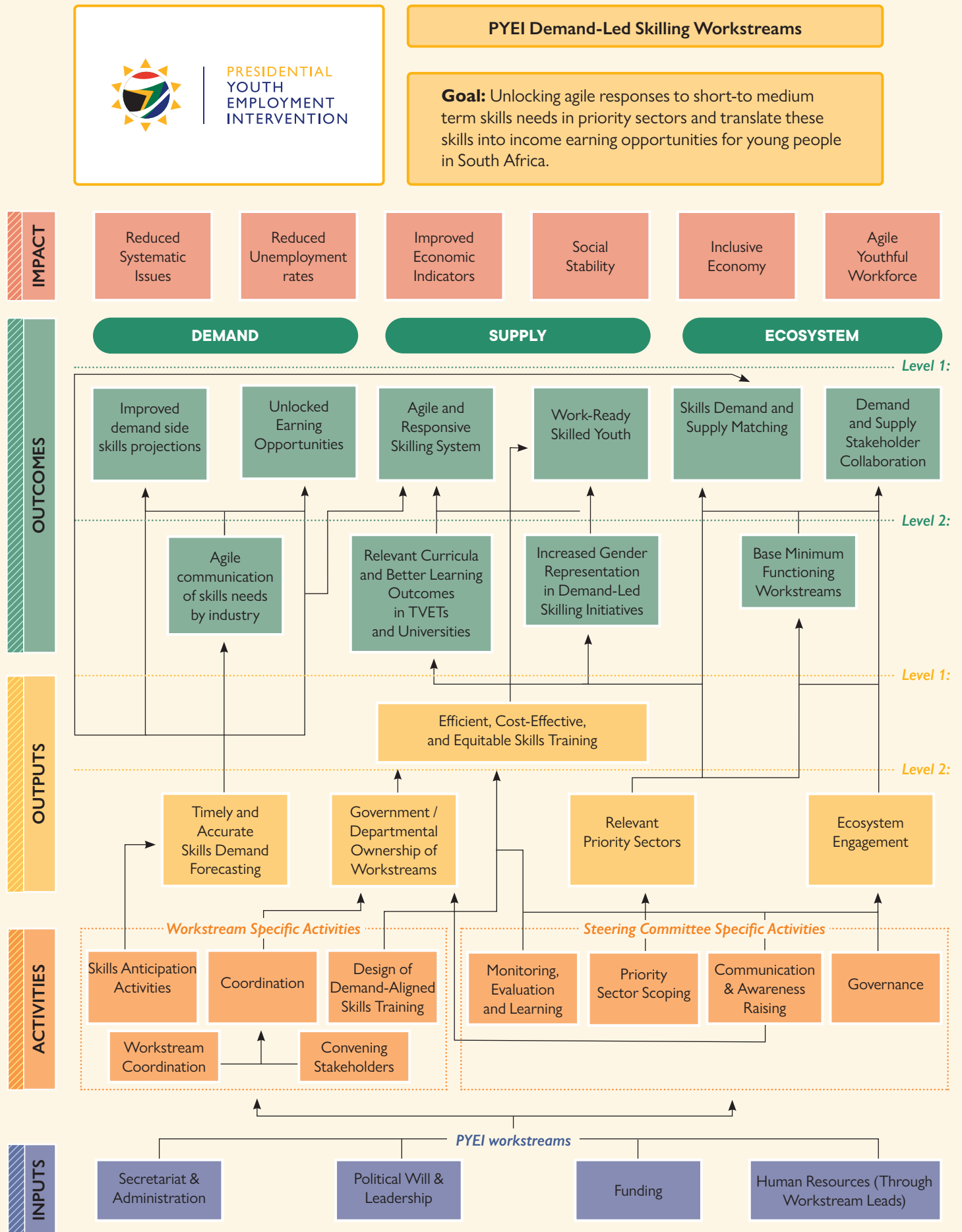
PRESIDENTIAL YOUTH EMPLOYMENT INTERVENTION

PYEI Demand-Led Skilling Workstreams

Goal: Unlocking agile responses to short-to medium term skills needs in priority sectors and translate these skills into income earning opportunities for young people in South Africa.

IMPACT

Reduced Systematic Issues	Reduced Unemployment rates	Improved Economic Indicators	Social Stability	Inclusive Economy	Agile Youthful Workforce

DEMAND · **SUPPLY** · **ECOSYSTEM**

OUTCOMES

Level 1:

- Improved demand side skills projections
- Unlocked Earning Opportunities
- Agile and Responsive Skilling System
- Work-Ready Skilled Youth
- Skills Demand and Supply Matching
- Demand and Supply Stakeholder Collaboration

Level 2:

- Agile communication of skills needs by industry
- Relevant Curricula and Better Learning Outcomes in TVETs and Universities
- Increased Gender Representation in Demand-Led Skilling Initiatives
- Base Minimum Functioning Workstreams

OUTPUTS

Level 1:

- Efficient, Cost-Effective, and Equitable Skills Training

Level 2:

- Timely and Accurate Skills Demand Forecasting
- Government / Departmental Ownership of Workstreams
- Relevant Priority Sectors
- Ecosystem Engagement

ACTIVITIES

Workstream Specific Activities

- Skills Anticipation Activities
- Coordination
- Design of Demand-Aligned Skills Training
- Workstream Coordination
- Convening Stakeholders

Steering Committee Specific Activities

- Monitoring, Evaluation and Learning
- Priority Sector Scoping
- Communication & Awareness Raising
- Governance

INPUTS

PYEI workstreams

Secretariat & Administration	Political Will & Leadership	Funding	Human Resources (Through Workstream Leads)

Figure 7 | Aspirational Theory of Change

12

- The Steering Committee plays a pivotal role in guiding the overall workstreams model. To enhance its impact, the committee should start by establishing a comprehensive Terms of Reference (TOR) for each workstream, ensuring clarity in roles, responsibilities, and expectations. Adopting an agile and adaptive management model will allow the committee to respond efficiently to evolving challenges, fostering a shared understanding of objectives among all stakeholders.

  Enhancing governance and coordination mechanisms is critical; establishing sector-specific advisory committees will provide tailored guidance and improve stakeholder engagement. Strategic oversight and support for workstream leads is essential, as is developing a unified engagement strategy to address cross-sectoral challenges. Furthermore, aligning workstreams with national skills anticipation initiatives, such as SETAs and NSDP, through formal data-sharing agreements and joint planning sessions can integrate labour market intelligence effectively.

- Workstream leads are responsible for activities of the specific sectoral workstreams. For effective management, each workstream should cultivate an agile, adaptive management style that differentiates focus based on workstream maturity catering strategies differently for nascent and advanced workstreams. Enhancing data collection practices and establishing timely feedback loops will improve decision-making and accountability.

  Fostering a shared understanding of objectives and enhancing collaboration is crucial. Workstream leads should also focus on developing comprehensive monitoring and evaluation (M&E) plans, conducting regular capacity-building workshops, and peer-learning sessions, and working with the Steering Committee where appropriate. Maintaining regular engagement with industry stakeholders to update skills profiles and training curricula based on emerging market needs is vital. Lastly, formalising relationships with SETAs and other partners, and advocating for streamlined accreditation processes and non-traditional learning pathways, such as apprenticeships and micro-credentials, will bolster workstream effectiveness.

- Workstream implementers share responsibility for the activities of the specific sectoral workstreams. In conjunction with the workstream leads, implementers should establish sector-specific advisory committees that will provide the necessary guidance and stakeholder engagement to tailor initiatives effectively. Aligning with national skills anticipation initiatives, like SETAs and the NSDP, as well as formalising partnerships with regional initiatives focused on youth employment, will ensure a harmonised approach to skills development.

  Internal capacity-building for workstream teams through targeted training sessions is crucial for maintaining a skilled workforce. Regular capacity-building workshops and peer-learning sessions will facilitate continuous learning and improvement. Additionally, creating a joint working group between specific sectors, such as the automotive workstream and MerSETA, will help align skills development initiatives with industry needs, enhancing overall productivity and impact.