



SSACI NEWS

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This newsletter aims to keep SSACI's partners informed about what the Initiative is doing, and why.

It seeks to give sponsors and project implementers a better understanding of one another's perspectives.

It highlights issues in the fields of education, training and skills development which effect SSACI's work.

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Skills Training in North West Province



Trainees at Furntrain learn how it's done

Training people is one thing. Finding or creating employment for them is another. **Furntrain**, a vocational training centre near Brits in the rural North West Province, has become adept at doing both. Its track record of success over the past four years, in which it has trained over 500 learners and placed 450 of them in full-time employment, has enabled it to secure SSACI sponsorship for fifty trainees in 2001, to a total value of R415'000.

Furntrain is one of the fastest-growing non-profit skills-training centres in the country. Its training programme focuses on skills related to the furniture industry. In addition to courses in cabinet-making, furniture-polishing, wood-machining, upholstery and arts and crafts in woodwork, the SSACI-sponsored trainees will also be given instruction in entrepreneurship and small business development. All courses are accredited by the furniture industry's Sector Education and Training Authority (SETA) and quality-assured by City and Guilds, the UK-based assessment agency.

Furntrain attracts many more applicants than it can actually train. Training Manager Vince du Toit believes that this is due to the quality of the training that Furntrain offers and the high placement rate after training. "Employers know that our students are competent in the skills we've trained them in", says Du Toit, "This means that they are increasingly in demand."

Not all former students choose to work for others. About 20% of them have started their own small businesses. Some of their products can be found at the numerous stalls on the road from Hartebeespoort Dam to Sun City, a favourite spot for selling to tourists.

In the longer term, Furntrain hopes to secure funding from its SETA. In the meantime, SSACI's scholarships are being put to good use. Twenty-six of the fifty trainees, all of whom were unemployed before, have already been offered full-time jobs on completion of training and two are about to set up their own enterprises.

Progress With Current Projects

Amsai Primary School.

SSACI has committed R800'000 in 2001 towards the construction of a new IT centre for this community school in Orange Farm informal settlement, south of Johannesburg. Construction of the centre is being managed by the architects, Messrs Erni & Favre who awarded the actual construction contract by open tender to Alminic Construction (Pty) Ltd. A work plan has been approved which will see the first sod being turned in September and the centre being completed by the end of March 2002.

Bahloki Steelpoort Unemployment Association

This project in rural Mpumalanga, which featured in the first edition of *SSACI News*, will receive a total of R400'000 from SSACI for their vocational training programme. Equipment and materials for small-scale chicken farming and the manufacture of diamond-mesh fencing and floor-polish have been purchased, and training has been conducted by RUTEC, a Johannesburg-based NGO specialising in small-business development. Production is now under way, with orders for the fencing and polish coming mainly from local businesses. Negotiations for larger orders have been opened with a mining company in the area. The first batch of chickens is now being reared and will be on sale direct to the public in local shopping areas, outside post offices and at taxi-stops in late-October.

Forest Town Foundation

SSACI has contributed R350'000 towards the establishment of an industrial skills training centre for senior pupils at this school for handicapped learners. A British charity, the MissDorothy.com Foundation, has undertaken to purchase a property close to Forest Town School and lease it in perpetuity at a nominal rate to Forest Town Foundation. SSACI's grant will then be used to renovate and equip the centre. From January 2002, the Gauteng Department of Education will fund a permanent teaching post at the centre. Dainfern Golf Club in Johannesburg is raising funds to buy a bus that can be used to transport disabled learners between the school and the centre.

Outward Bound

SSACI has put up R215'400 for the training of 60 "street youths" in life-skills, literacy and entrepreneurship. Candidates for training are currently being selected from amongst residents at shelters and safe houses in Johannesburg and Durban. In October, the first intake of 20 trainees will commence the outdoor component of their training at Outward Bound's adventure school on the shores of Sterkfontein Dam, near Harrismith.

Siyavuka Lateral Improvement Foundation (SLIF)

SLIF is setting up a ceramics workshop at Ipelegeng Community Centre, Soweto, at which it will run a 12-month training course for 30 Soweto youths in ceramic design and production. After completing the course, successful students will be able to continue to use the workshop as a "hive" for their own micro-enterprises. The director of SLIF, Mr Martin Mathole, is currently visiting Denmark for a month at the invitation of the International Ceramic Centre in Skaelskor, near Copenhagen, to see how ceramic artwork is produced and marketed there.

Youth Empowerment Network (YEN)

SSACI's grant of R462'000 to this innovative project will be used to fund a series of nine-week courses in life-skills and entrepreneurship for a total of 150 unemployed youths in Alexandra, Joubert Park and the East Rand. The first three courses, each of which cater for 25 trainees, are already fully booked. The first course is due to start at the beginning of October .

What's South Africa's "Biggest Unresolved Problem"?

What's the biggest problem facing South Africans today? Given our history and the publicity given to the recent UN World Conference Against Racism in Durban, one might instinctively reply, "racism". However, a nation-wide survey conducted in August by the South African Institute of Race Relations (SAIRR) found that unemployment is our biggest headache.

The survey, which claims to be fully representative, was conducted by Professor Lawrence Schlemmer of SAIRR. It involved face-to-face interviews with 2144 South Africans aged 16 and older. According to the research report, only 8% of respondents gave priority to racial issues, which were relegated to ninth place overall in a list of "major unresolved problems in the new South Africa". By contrast, 56% considered unemployment to be the biggest problem, with crime a close second.

Fears about unemployment, especially amongst young people, seem well-founded. Statistics South Africa calculates the economically-active population

of South Africa to be 16.2 million, of whom 4.3 million are unemployed. This means that the official unemployment rate is 26.7%. However, the figure is much higher amongst young people, Africans, women and rural dwellers.

Statistics South Africa further calculates that, each year, just over 500 000 young people enter the job market. Fewer than 10% of them find employment in the formal sector, while another 40% find work in the informal sector

Positions in the formal sector are actually becoming scarcer as many large-scale, labour-intensive industries - notably mining and agriculture - shed jobs in pursuit of greater efficiency. On the other hand, the informal sector - comprising a range of unincorporated enterprises from self-employed professionals to survival-level street hawkers - is growing at about 19% per year. So new jobs are being created, though not at the rate required to make a significant impact on the problem of unemployment nationally.

New Projects Getting Under Way

In August, SSACI undertook to support three new projects:

1. **ABC Ulwazi**, an NGO specialising in distance-education by radio, will run an innovative project – the first of its kind in South Africa - aimed at creating job opportunities for young people in the tourism industry. Community-based radio stations in twelve selected localities with high tourism potential will broadcast a series of educational programmes on business opportunities for young entrepreneurs in the tourism industry. A series of one-month training courses will then be run for budding entrepreneurs at sites close to each of the twelve stations, showing them how to start and develop specific tourism-related businesses. This project will cost R700'000.
2. The **Association for the Physically Disabled** has been granted R438'000 by SSACI to train twenty-five Soweto youths (able and disabled) in welding or catering, and to set them up in sustainable businesses of their own.
3. Seventy scholarships with a total value of R700'000 will be funded through the **Business Skills & Development Centre**, a Cape Town NGO with a fifteen-year track record in training young people from disadvantaged communities in basic business and office skills, and an eighty-percent success rate in placing them in permanent employment. The scholarships will cover a six month, full-time training programme in entrepreneurship and small business management skills, and will be followed by post-training support that will help students start up their own micro-enterprises or find employment in existing companies.

What's Being Done About Unemployment?

There's no doubt that unemployment and poverty have become major issues on the government's agenda, and a variety of programmes have been initiated to tackle them.

In his state-of-the-nation address in February 2001, President Mbeki announced that tax incentives would be introduced to encourage private companies to employ more workers. Certain sectors of the economy – principally agriculture, tourism and the major export industries – are to be targeted for special attention. Quite how the tax incentives will work is yet to be made clear but Finance Minister Trevor Manuel says that the national treasury is working on a simple scheme which will soon be implemented on a trial basis.

Another important central-government initiative is the R600-million which has been earmarked within the 2001-2 budget to subsidise "learnerships", or workplace-based training programmes, in private companies. Regulations published in June 2001 allow employers to claim state grants for providing learnerships, in addition to other funding for skills-development which is made available through the Sector Education and Training Authorities (SETAs). The Department of Labour has announced that its aim is to have 80 000 people under the age of 30 enrolled in such learnerships by 2005. The scheme has got off to a slow start, with many employers complaining that the SETAs not yet functioning effectively and training funds cannot be accessed.

Provincial governments are being urged by national authorities to increase their support for small businesses through the existing provincial development corporations.

In the 2000-1 financial year, government grants to the National Development Agency amounted to R190-million. This brought to R340-million the total amount at the NDA's disposal to tackle its primary aim of eradicating poverty and its causes.

Poverty-relief funds have been allocated by the treasury to a variety of projects within the tourism industry, which is seen as a major potential growth sector.

In the meantime, the private sector has not been idle. Since 1999, The Business Trust alone has raised R850-million for initiatives to support job creation in the tourism industry, skills training, small business development, and public education.

COSATU, the country's largest federation of trade unions, has collected R84-million to finance job-creation projects by asking members to donate a day's wages. This money is being administered by the Labour Job Creation Trust.

However, it has proved easier to raise money than to spend it effectively. The NDA, for example, has come under much public criticism for its failure to disburse funds. According to NDA figures, only R33-million has been paid out since it started operating last year, compared to a target of R150-million.

Similar criticism has been levelled against the Umsombomvu Fund, which was set up by the government in 1998 with R855-million from the demutualisation levy imposed on life insurers Sanlam and Old Mutual. Three years after its inception, Umsombomvu has yet to spend a single cent on its core business of financing job creation and youth development projects.

The government's Tourism Action Plan, to which the bulk of the Business Trust's job-creation funds has been allocated, is proceeding slowly in the face of slower-than-expected growth in the tourism industry and a lack of capacity within SATOUR, the national tourism marketing body which has a key role to play in the implementation of these projects.

Two-and-a-half years after its inception, the Labour Job Creation Trust has just approved its first project.

Clearly, important initiatives are under way. But the pace has been slow, even allowing for the magnitude and complexity of the unemployment problem in South Africa. In this context, there is clearly a role for an organisation like SSACI which can move quickly and effectively to nurture innovative vocational-training and job-creation projects that have potential for replication on a larger scale.

In the next edition of SSACI NEWS...

- Focus on a project: *Siyavuka*
- What does it cost to create a job?