



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-holders a better understanding of one another's perspectives.

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

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Cool Chicks in KwaZulu-Natal

Prospective poultry farmers spray-vaccinate broilers at KZNPI (see story below)



The *unglamorous* job of farming might seem to have little appeal for youths, especially in the African community where agriculture has long been equated with manual labour, poverty and disempowerment. But new opportunities are opening up for young people in the commercial agriculture sector. With financial support from SSACI, the **KwaZulu-Natal Poultry Institute (KZNPI)**, affiliated to the School of Agricultural Sciences and Agribusiness at the University of KwaZulu-Natal in Pietermaritzburg, is helping prospective young farmers take advantage of those opportunities.

Founded in 1992 to address a skills shortfall in the poultry industry, KZNPI conducts various training courses in poultry management, a disease-diagnostics service and ongoing research in scientific poultry farming. The mainstay of KZNPI's training programme is an intensive, full-time five-month course in poultry management. Trainees reside at KZNPI's training centre, situated on a functioning poultry farm on the outskirts of Pietermaritzburg, where they receive theoretical and practical instruction in their new profession.

The curriculum covers a broad range of subjects, from the practical management of poultry from point-of-lay to slaughter, nutrition and feed manufacture, public health requirements and disease prevention, legal issues, and basic economics. The course is accredited and quality-assured by the University of KwaZulu-Natal.

During 2003 and 2004, forty youths from disadvantaged backgrounds will complete the course and be assisted to find permanent employment in the poultry industry or to set up their own commercial farming enterprises with the aid of a R794'000 grant from SSACI. To date, fifteen previously-unemployed youths have graduated from the programme, fourteen of whom have found full-time jobs and one has started a small business.

Given the government's policy of promoting black economic empowerment in agriculture, prospects for KZNPI graduates look good. Once again, SSACI funding has helped to open up a new pathway to employment for disadvantaged youths

What About the F.E.T. Colleges?

In his State of the Nation address on 21 May, President Mbeki said that the government “will work to ensure adequate funding of the technical colleges and proper alignment of the courses they offer with the requirements of the economy”. New Minister of Education, Naledi Pandor, echoed this undertaking in her budget vote speech to parliament on 21 June, announcing that she would be asking the treasury for an additional R3,1-billion for the colleges over and above the R4,8-billion already allocated to them over the next three years.

Increased support for the technical colleges – or Further Education and Training (FET) colleges as they are now called – is overdue. With fifty-two multi-campus institutions spread across the country and an annual enrolment of over 350'000 students, they are arguably South Africa's most important providers of technical and vocational education and training (TVET), especially at the intermediate-skills level, i.e. the equivalent of senior-secondary and pre-tertiary education. They are perhaps also the most under-resourced public providers of TVET.

Pressure on the sector is enormous. Student numbers have increased dramatically, from just over 76'000 in 1991 to almost 352'000 today, mostly due to an increase in the enrolment of African students, who now make up 75% of the student population (up from only 33% in 1991). With this change came a call for transformation of the management and teaching staff, long dominated by white males, so as to reflect more fairly the demographics of the nation as a whole. As a result, the colleges have over the past few years undergone a comprehensive but difficult restructuring process, including mergers aimed at improving cost-efficiency, staff re-deployments and curriculum reviews.

A GTZ-funded review of the strengths and weaknesses of the FET college sector in 2003 found that, on the credit side, the colleges:

- are the most accessible providers of technical and vocational education and training in the country, owing to their relatively low fees and presence in all but the smallest towns
- have generally sound administrative infra-structures

- focus on the critical intermediate-skills level
- have good access to workplace training sites through contacts with local business
- make frequent use of learner-centred, action-orientated training methods

On the debit side, however, the research also found that the colleges:

- are critically short of adequately qualified and experienced staff (especially in terms of their familiarity with current practice in commerce and industry) owing to the poor conditions of service on offer
- have cumbersome management systems and inflexible modes of training-delivery that are often unsuited to the needs of prospective learners, especially adult learners
- lack clarity on national education and training policy and are therefore out-of-step or even out-of-touch with key elements such as learner-ships, the National Qualifications Framework (NQF) and outcomes-based education.

Some of the resulting inefficiencies in the FET college sector are quantified in an overview of South African human resources development published in June this year by the Human Sciences Research Council. It reveals that most students enter these colleges with a Grade 12 certificate and subsequently leave with an N3 certificate, which is equivalent on the NQF to the Grade 12 they already have. Thus, 81% of the students attending the colleges exit with a qualification no higher than the one they entered with (though most do acquire additional subjects with a more vocational focus). The HSRC study also found that employment prospects for FET graduates remain low, with only 34% of them finding jobs after graduation. This was attributed to the poor image of FET colleges amongst employers and especially their perceived lack of responsiveness to labour market requirements.

Along with the SETAs, the FET colleges are one of the main pillars of the TVET system in South Africa and constitute a vital component in the National Skills Development Strategy. Increased support for them from central government will be a timely investment in the nation's future.

New SSACI-SBC Partnership

SSACI and the Swiss Business Council (SBC) have joined forces in a unique project that will benefit hundreds of unemployed youths and propel participating companies into the forefront of the national skills development strategy. This is being done through the creation of a value-adding learnership-management service, funded by SSACI and available to all Swiss companies operating in South Africa. The service will help employers register learnerships, access training grants, recruit and select suitable learners, engage training service-providers, and mentor the learners. All the company has to do is offer the workplace-based training and participate in a learning forum.

One of the most common complaints against the learnership system is that it involves an excessive amount of administration for the employer. Apart from taking on the responsibility for organising both theoretical and on-the-job training, a company that takes on learners has to cut through a jungle of red-tape to get its training grant from the relevant SETA. This is a major reason why only about 10% of companies currently paying a skills levy have claimed anything back for training. Small companies in particular find the complex procedures involved in implementing learnerships to be more trouble than they are worth.

Many employers are especially reluctant to take on young, unemployed learners, fearing that pressure may then be brought to bear upon them to provide learners with permanent jobs. Although the regulations governing learnerships specifically free employers from any such responsibility, they remain understandably cautious. In addition, employers have learned to their cost that the younger and less-experienced a learner, the more coaching and mentoring he or she is likely to require on top of the technical skills training. All of this is bad news for unemployed youths seeking vocational training, and helps to explain why less than a third of all learnerships registered to date have gone to previously-unemployed persons and fewer still to youths.

The SSACI-SBC learnerships project addresses the needs of employers and prospective learners alike. By providing a comprehensive management service, it relieves employers of most of the administrative burden involved in learnerships and, through a post-training placement service, of pressure to provide ongoing employment. As a skills-training programme aimed at unemployed HDIs, it will also enable participating companies to gain points on the BEE scorecard, which usually allocates 30% of the total.

possible score for human resource development. For unemployed youths, it will create dozens of new learnerships, provide life-skills training and coaching during the learnership and assistance in finding permanent employment thereafter. SSACI has engaged I-Fundi Development Services to manage the project. Owned by Stefan Lauber, a Swiss development practitioner, I-Fundi has extensive experience of learnerships. Lauber is now meeting with CEOs and HR managers of SBC companies to identify learnership-opportunities. Training service-providers will be selected during August, learners recruited in September and the first learnerships will commence in October. Over 100 unemployed youths are likely to graduate from these learnerships by the end of 2005.

The SSACI-SBC initiative anticipated the launch by the Minister of Labour in May this year of the Employment Skills Development Agencies (ESDAs) pilot project. In essence, ESDAs are groups of businesses that appoint a single agency to administer learnerships on their behalf. The financial incentives to the businesses are attractive: for each learner taken on, a company can get an annual tax break of up to R50'000 and training grant of between R20'000 and R60'000 depending on the skills level. I-Fundi is already a DoL-accredited ESDA. With SSACI-funding, it will now be able to offer its services free to Swiss businesses. Lauber notes that "Swiss companies have a long tradition of vocational skills training through the 'dual system', upon which learnerships are heavily based. There is no reason why Swiss companies in South Africa cannot take the lead in implementing new value-added learnerships that include technical skills training, life-skills, mentoring and assistance with job-placement."

By means of this project, SSACI and SBC expect to:

- Increase training and employment opportunities for disadvantaged young South Africans
- Raise awareness amongst Swiss companies of the advantages of learnerships and of increasing their participation in the learnership system
- Enable participating companies to increase their BEE score and, at the same time, upgrade their in-house skills-base
- Raise the profile of Swiss companies as responsible and progressive employers
- Strengthen ties between SSACI and the SBC

Swiss companies interested in participating in this innovative project can contact I-Fundi directly, by phone at 011-789-3474, by fax at 011-886-3922, or e-mail at stefan@i-fundi.com.

Getting Down to Business with Youths

The establishment of small and micro-enterprises is often advocated as a solution to the problem of youth unemployment. Certainly, there is an urgent need for such enterprises. In the past seven years, says Dr Miriam Altman of the Human Sciences Research Council, South Africa has created 100'000 – 300'000 jobs per annum, sufficient to absorb just 33% of new entrants into the job market during the same period. Currently, of every 100 youths leaving school annually, 19 enroll for further or higher education, 30 find a job and the remaining 51 join the ranks of the unemployed. Clearly, existing businesses are not creating jobs fast enough even to maintain SA's current level of unemployment, much less reduce it. Therefore, new enterprises must be created.

That is easier said than done, especially where youths are concerned. Local and international research alike indicate that youths find it difficult to start and sustain businesses, especially in the formal sector. The 2003 report of the Global Entrepreneurship Monitor (GEM) notes that in South Africa, as in other developing countries, entrepreneurial activity is lower amongst 18-24 year-olds than in any other adult age-group. Entrepreneurial activity amongst under-25s is especially low in SA – barely half that of the other developing countries covered by the survey, namely India, Argentina, Brazil and Mexico. A study of over 800 micro- and small enterprises in Soweto, conducted in 2000 by the Bureau for Economic Policy and Analysis (BEPA) at the University of Pretoria, found that less than 5% of them were owned or operated by youths under the age of 24. By contrast, almost 75% of business owners were aged 25-50, with the remaining 20% being over 50.

So what's keeping young people out of business? The GEM report highlights five factors:

- Generally low levels of educational attainment amongst school-leavers
- Especially low levels of basic financial-management skills
- Lack of personal assets and an inability to turn assets into working capital owing to the high probability of criminal damage to property, uncertainty over property rights, difficulties in selling property in townships, former "homelands" and inner-city areas, and the resulting unwillingness of banks to recognize key personal assets in calculating the individual's net worth.
- Failure of the education system to encourage entrepreneurship or impart to learners a practical grasp of what is involved in starting and running a business

- A shortage of outstanding role models in the form of "self-made" men and women

In a similar vein, a 2000 World Bank study of small and micro-enterprises in greater Johannesburg found that less than 5% of the owners were unemployed when they started their business, while over 70% had had previous work experience in the formal sector. In other words, successful businesses are seldom started up from scratch by unemployed youths with no previous work experience.

An excerpt from a recent report from a SSACI-funded project involving business start-up training for youths illustrates part of the problem:

'We have found that youths in the 18-26 age group are idealistic and lack commitment. They tend to believe that they will either get a good job with government or will study further and then walk into the job of their dreams. In addition many still live at home, so they are provided for, and have not had to fend for themselves in the real world...The business ideas that they came up with are innovative but often unrealistic.... We had to work hard with learners to make them see that they had to scale down their ideas or modify them so that they could start up the business on minimal capital.'

Yet the development of small, medium and micro-enterprises (SMMEs) must remain a priority because of their potential for job-creation. According to a 2000 DTI report, SMMEs currently account for 55% of all jobs in the formal sector, with an annual growth in employment of 3,4% for micro-businesses, compared to 1,2% for small and only 0,9% for medium-to-large enterprises. This presents youth-development organizations with a great challenge. On one hand, they must promote SMMEs as a means of creating job opportunities for youths; on the other, they must accept that relatively few young adults under the age of 25 will succeed in their own businesses.

Recognising both these realities, SSACI now concentrates its support for business start-up training and enterprise-development on entrepreneurs aged 26-35 who:

- Have at least a matric (secondary-school leaving certificate) and, ideally, some technical skills
- Have previous work experience or, at least, an entrepreneurial history
- Perform well on pre-training selection tasks such as market research or formulation of a business idea
- Can raise their own start-up capital
- Have some assets and a good credit record

In this way, we hope to maximise their prospects for success.

How Are We doing?

By the end of June 2004, SSACI had committed a total of R36'248'800 to 39 youth development projects, of which 24 are currently active and 15 have run to completion.

Through these projects:

- a total of 2'417 unemployed youths have been enrolled for training
- 1'636 of these youths have completed their SSACI-funded training, of whom 702 are now in wage-employment, 342 are self-employed, 92 are in further education or training and 77 are doing voluntary community service
- 285 micro-enterprises have been started, employing not only the founding entrepreneurs but also an additional 85 people from the community at large
- 120 start-up enterprises owned or operated by disadvantaged youths are receiving business development services aimed at enabling them to grow their operations and take on additional young employees.

Projects currently being funded by SSACI are:

<i>Beneficiary</i>	<i>Description of Project</i>
Athlone Association for the Blind	Training and placement of 84 youths, many visually-impaired, as call-centre agents through a new learnership programme developed in conjunction with the Services SETA
BEES Trust	Training and business-development services in the tourism and hospitality industry for 30 youths in the Boland district of the Western Cape
Bergzicht Training Centre	Development of a new entry-level learnership in the tourism and hospitality industry, and training of a pilot group of 45 learners from the Western Cape, followed by assistance in finding wage-employment or starting their own micro-enterprises
Centre for Early Childhood Development	Training of 30 young women as early childhood development practitioners through a new 18-month learnership programme being developed by the Education, Training and Development SETA
Durban Institute of Technology	Technical and entrepreneurial training for 30 youths in the ICT-support industry, leading to the establishment of 20 new businesses through new venture-creation learnerships developed in conjunction with the ICT SETA
Dynamic Business Start-Up Project	Entrepreneurial training and assistance in establishing micro-enterprises for 120 youths from Gauteng and North West Province
Friends of Mosvold Hospital Trust	58 scholarships for students from rural Ingwavuma district in KZN to study approved tertiary-level courses in health sciences, followed by employment at rural Mosvold Hospital and its satellite clinics
Furntrain	FET-level technical skills training in carpentry and cabinet-making and post-training mentorship in finding jobs or setting up micro-enterprises, for 190 youths from North West Province
Giyani High School	Establishment of an IT training centre
I-Fundi Development Solutions	Training and placement of 110 youths as call-centre agents through a new learnership programme developed in conjunction with the Services SETA

Inyathelo	Business development services for 10 tourism enterprises in the Western Cape in order to promote growth and further employment
Jala Peo Trust	Business development services for 50 micro-enterprises in Mqohaka (Kroonstad) in order to promote growth and further employment
KwaZulu-Natal Poultry Institute	Training of 40 youths as commercial poultry farmers, at least 15 of whom will be helped to start small businesses and another 15 placed in full-time jobs within the industry
Pelindaba Skills Institute	Practical training, followed by job placement, for 50 youths studying mechanical and electrical engineering at secondary and tertiary level
Rural Education Access Programme	Provision of 3-year scholarships for 58 youths from rural communities in Western Cape, KZN, Limpopo and North West Provinces to study approved technical courses at tertiary level, and assistance in finding wage-employment after graduation
School Leavers' Opportunity Training	Training and in-service learnerships in the hospitality industry for 100 youths from rural Western Cape and KZN, and post-training assistance in finding jobs
Siyavuka Lateral Improvement Foundation	Technical skills training in the production of ceramics for 25 youths from Soweto and assistance in setting up commercial production units
TECSAT	Training of 40 Western Cape youths in metalworking and electrical and mechanical engineering at FET institutions and assistance in job placement
Swisscontact SA	Training of 10 youths from Cape Town as ICT technicians and assistance in establishing franchised micro-businesses.
Themba lethu-Thuthuka	Training and business development services for 30 young entrepreneurs engaged in eco-friendly businesses in rural Mpumalanga
UCT Centre for Innovation & Entrepreneurship	Job-creation through the development of 20 youth-owned micro-enterprises into viable small businesses in the formal sector
Vukani-Ubuntu Skills Lab	Training of 54 youths from Tshwane (Pretoria) as computer hardware and software support technicians and job placement
Wits Rural Health Initiative	Provision of 3-year scholarships at Wits medical school for 20 youths from rural communities in North West and Limpopo provinces, followed by mandatory period of service in participating rural hospitals.
Youth Empowerment Network	Training in life-skills and self-empowerment for 500 unemployed youths from Gauteng and Western Cape

SSACI has produced a short (8 minutes) promotional video on our activities.

It is now being delivered to all our sponsors.

It will also be sent to other interested parties on request.

It is available in VHS and DVD format.