



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 that effect SSACI's work.

"SSACI News" is issued quarterly from the desk of the Programme

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Talking Shop

*SSACI's new Programme Officer, Bheki Mchunu (left), talks to Simon Kekane, a young Mamelodi entrepreneur who started his own "spaza shop" – or informal retail outlet - after receiving training from the **Dynamic Business Start-Up Project**, which SSACI is funding to train 120 micro-entrepreneurs during 2003-4 (see summary on p4)*



Calling All Call Centres

SSACI is currently funding two projects involving the training of young people as call-centre agents: in Gauteng, **I-Fundi Development Solutions** will train 210 youths over the next three years, while in the Western Cape, the **Athlone Association for the Blind** is training 84 youths – many of them visually-impaired – as call-center agents. Both projects expects to get at least 75% of their trainees into jobs within 3 months of completion of training.

These projects are in line with SSACI's strategic focus on training for growth industries that are generating new jobs accessible to youths with relatively low levels of technical skill and little or no previous work experience. According to Alistair Ruiters, director-general of the Department of Trade & Industry (DTI), the current total of 60'000 call-centre

agents in South Africa could be doubled over the next few years if more multinational companies set up outsourced call-centres here. IBM, General Electric and Virgin are known to be considering doing just that. So great is the job-creation potential of call-centres that the DTI has formed a special task team to attract them.

The I-Fundi and Athlone projects also exemplify SSACI's desire to help pilot innovative learnerships that open up new career paths for youths. Both have had their curricula registered by Services SETA, the body ultimately responsible for generic training within the call-centre industry. SSETA is also paying the young trainees a stipend.

The future looks bright for call-centres in SA and for young people who want to make a career in them. SSACI and its partners will help them do it.

The SETAs and SSACI

Changing headlines can reveal a lot. A few years ago it was common to read on newspaper billboards about South Africa's looming "Skills Shortage". Then the phrase changed to "Skills Crisis". The cover story in the *Financial Mail* of 20 June 2003 was headlined "Skills Collapse". There you have the recent history of skills availability in South Africa in a nutshell.

It's not that no provision at all has been made for technical and vocational education or training. There are in fact two pathways to such skills:

1. The FET colleges, which provide pre-service training, mainly for youths still within the public education system
2. "Learnerships" (in-service job-specific training programmes) financed by a 1% levy on all company payrolls and administered by the 25 Sector Education & Training Authorities (SETAs)

Both these pathways have the potential to accommodate large numbers of trainees, but both are currently gridlocked. The FET colleges are going through a complex rationalisation and restructuring process, mandated by the national Department of Education, which has temporarily reduced their capacity to deliver training. The SETAs, despite generous funding (R3-billion per year) and their extensive authority to implement on-the-job training programmes, have since their inception in March 2000 failed signally to make any significant contribution to skills training. Again, newspaper headlines tell the story:

- "Overhaul of SETA System May Be Called For" (*Business Day*, 7 Nov 02)
- "Minister [of Labour] Deplores SETAs' Sorry State" (*City Press*, 9 Mar 03)
- "SETA System in Need of Overhaul" (*Sunday Times*, 4 April 03)
- "Crackdown on SETAs" (*Mail & Guardian*, 30 May 2003)
- "Labour Minister May Take Over Failed SETAs" (*Business Day*, 3 July 03)

These reports make disturbing reading. For example, the *City Press* quotes Minister of Labour Membrothi Mdladlana as saying that "The situation is ridiculous. We have chief executive officers who wield too much power, union representatives on SETA boards who have no clue as to their policing role and government representatives who go to sleep at board meetings". He added that "There is a sad tendency for CEOs to rush to replace vacant positions within their SETAs with close allies seconded by the unions

to the boards". The reports in the *Mail & Guardian* go on to reveal that a number of senior officials within the SETAs have allegedly been fired - and in some cases even arrested - on charges of fraud or corruption. Amongst the worst affected have been those for the forest industries (FIETA), secondary agriculture (Setasa), the criminal justice system (POSLECSETA) and tourism and hospitality (THETA). A *Business Day* article reports that, "of the 25 SETAs..., only about 10 have performed satisfactorily. The rest have failed to deliver on their targets".

Even the best SETAs have been plagued by administrative logjams and a lack of managerial capacity. As a result, only about 26 000 trainees have been signed on for learnerships, despite an intensive publicity campaign aimed at enrolling 50 000 by September next year and 80 000 by 2005. Given the scale of the skills shortage in South Africa, these targets seem modest enough. But, according to Chez Milani, general secretary of the Federation of Unions of South Africa, 'if the trend within the SETAs continues, the government might not reach its 2005 target'.

As the *Financial Mail* cover story of 20 June revealed, many companies appear to have stopped artisan training altogether while they wait for clarity on the status of apprenticeships, which have been eclipsed by the new learnership system. In the metal sector there are only 1800 apprentices in training today; twenty years ago there were 13 000. In mining, the number of apprentices has dropped by a third in the past five years.

There is another problem. Very few unemployed people have been enrolled for learnerships, which almost always go to employees whose firms wish to upgrade their skills within the company. Employers have proven reluctant to take on as learners unemployed people about whom they know nothing and who have little or no work experience. This is despite the government's offer of tax breaks for accepting such learners and the fact that employers are under no obligation to provide jobs at the end of the contracted learnership period.

Despite these difficulties, SSACI sees an important strategic role for itself in working with the SETAs. Firstly, we can help to pilot learnerships that can open up new avenues to employment for unskilled youths. Secondly, we can add value to existing learnerships by making them accessible to unemployed youths through a recruitment, selection and preparation process, and by attaching a job-placement or business-development service for successful trainees. This is exactly what SSACI is already doing through the DIT Venture Creation project (see article on p3) and the Athlone, CECD and I-Fundi projects (described on p1 and p4).

Focus on a Project: DIT's Venture Creation Learnerships

Conventional wisdom says that entrepreneurs are born, not made. That probably accounts for the dearth of practical courses in entrepreneurship offered by the country's tertiary educational institutions.

Fortunately, not everyone is satisfied with conventional thinking. Dr Terry Davies, director of the Centre for Skills Development and Technology Transfer at the Durban Institute of Technology (DIT) has turned conventional thinking on its head by initiating, researching, designing and now implementing a new learnership in venture-creation, aimed at helping young people start up viable new micro-enterprises with the potential to grow into small businesses in the profitable formal sector of the economy.

For those not familiar with the name, DIT is a publicly-funded tertiary technical and vocational education and training institution formed in 2001 from the amalgamation of the Natal and M.L Sultan Technikons. Its three campuses offer a wide range of courses to a total enrolment of 12'000 full-time students.

Dr Davies, whose own background was in the private sector before she took to teaching entrepreneurship at tertiary level fifteen years ago, is keenly aware of the need for hands-on courses for young people who want to work for themselves. "Too many business start-up courses concentrate on just establishing the enterprise", she says, "and then leave the new entrepreneur to muddle along from there. That's often a set-up for failure. Recent school-leavers in particular don't have the life-experience or business knowledge to face all the challenges of running a new business. In the DIT venture-creation learnership we aim to equip young people with all the skills they will need to get into business and *stay* there. So our focus is on the driver, not the vehicle."

In August 2002 Dr Davies saw a request for proposals to SSACI in a national newspaper and realised that the learnership she then envisaged matched SSACI's criteria perfectly. She wasted no time in applying for SSACI funding and by November the deal was struck: SSACI would provide R760'000 to help develop the curriculum, register the learnership with a SETA before the end of 2002 and then train a pilot group of thirty aspiring young entrepreneurs during 2003.

The learnership itself comprises 24 training modules, covering various aspects of business start-up and management, and a menu of business development services (including 50 hours of mentorship) for the enterprises that learners will launch during the year-long programme. It is anticipated that during 2003 the first group of thirty SSACI-funded learners will establish at least twenty new micro-enterprises in the



Ruwaan Deokaran, a student in the SSACI-funded Venture Creation learnership programme at DIT, is starting up his own business in web-design and hardware supply

ICT industry, which is being targeted because its rapid growth through diverse applications offers numerous business opportunities right now and excellent future prospects for the entrepreneurially-minded. To make sure the learners have the necessary "hard" technical skills to get started in the industry, the learnership also comprises training in software and hardware support.

Successful learners will receive from DIT a certificate in venture creation which is recognised by the South African Qualifications Authority (SAQA) and credited towards the National Diploma in Small Business Management. More importantly, they will actually start work in their own properly-registered enterprises with skilled services to sell, a clear business-plan to implement, a network of business-linkages to exploit and a range of support-services to draw upon.

The support services will come not only from the Centre for Skills Development and Technology Transfer at DIT, but also from two partner-institutions - the KwaZulu-Natal Innovation Support Centre within the University of Natal and the DTI-accredited eThekweni Business Development Centre in Durban. Together, they will offer the new enterprises useful contacts and expert advice on product development, quality assuring, pricing, marketing, customer relations, contracting, partnering, tendering and much more. Moreover, the most-promising enterprises to emerge from the learnership programme will be "incubated" in the new Durban Technology Hub which shares a downtown office building with DIT.

The students who are currently enrolled in the venture-creation learnerships are keen to succeed. As they recently told the SSACI programme manager, "We *want* to do business".

New Projects Under Way

In addition to the projects featured earlier in this issue – viz. the training of call-centre agents by the **Athlone School for the Blind** in Cape Town and **I-Fundi Development Solutions** in Gauteng, and the venture-creation learnerships at the **Durban Institute of Technology** – no fewer than eight other SSACI-funded projects have so far got under way this year. These are:

1. Training over a period of 18 months of 30 young men and women as early childhood development (ECD) practitioners through a pilot ECD learnership being developed by the lead agency, the **Centre for Early Childhood Development** in Cape Town, the education-sector SETA and the national Department of Education. Successful trainees will be placed by CECD in jobs in established ECD centres and given in-service mentoring for three months after starting work. This project adds value to the SETA's pilot learnership by providing an additional cohort of learners (comprising unemployed youths with a matric certificate but little or no previous ECD experience) who are distinct from the main cohort of SETA-funded learners (comprising teachers already in service); it therefore offers an opportunity to evaluate the suitability and effectiveness of the learnership for a different, younger population. SSACI has provided R650'000 for this project, which will run from January 2003 to June 2004.
2. Creation of 120 new jobs through the establishment and support of sustainable micro-enterprises by the **Dynamic Business Start-Up Project** in Mamelodi (Gauteng), Vryburg (North-West), Kimberley (Northern Cape) and Newcastle (KwaZulu-Natal). This fifteen-month project has a budget of R545'000.
3. Training, over a period of eighteen months, of 40 commercial poultry-farmers by the **KwaZulu-Natal Poultry Institute** at the University of Natal, Pietermaritzburg. Graduates will be assisted either to start their own small agri-businesses or find full-time employment in firms in the local poultry industry. SSACI will provide R794'000 for this project over 18 months, January 2003 to June 2004.
4. Training for 40 students in engineering and business financial management through the Western Cape based **Technical College Student Aid Trust**. Their two-year courses run from January 2003 to December 2004 with a total budget of R645'000. On completion of their studies, graduates will be given assistance in finding employment.
5. Training and placement of 50 mechanical, electrical, electronic and chemical engineers by the **Pelindaba Skills Institute** in Gauteng. Trainees are recruited from amongst the backlog of students who left technikons and technical colleges without graduating because they could not find jobs through which to complete the required practical components of their courses. These components will be fully covered by PSI. On completion of the twelve-month programme of practical training and work experience, trainees will be assisted to find and apply for jobs in their field. After-care monitoring and support will be provided for a further six months. The cost of this project to SSACI is R800'000 for one year.
6. Training of 55 youths in technical skills relating to electrical appliance repair, refrigeration, welding or carpentry through **Stellemploy** in Stellenbosch, Western Cape. As with almost all SSACI-funded projects, the training is followed by assistance to the trainees in getting into viable jobs or their own small businesses within six months of completion of training. This one-year project has a budget of R440'000 from SSACI.
 - Development of 20 micro-enterprises, owned or operated by youths from townships within the greater Cape Town metropolis, into viable formal-sector small businesses with employees of their own. The programme is run by the **Centre for Innovation and Entrepreneurship** at the University of Cape Town's Graduate School of Business and includes business training, mentoring, financial advice, administrative support, interest-bearing loans and business linkages. It will be run over two years at a cost to SSACI of R1'600'000.
 - Training by **Zenzele Training and Development** of 30 youths from Khayelitsha in the Western Cape in welding, woodwork or dressmaking and assistance in starting their own micro-enterprises or finding full-time employment in local firms. The total budget for this one-year project is R720'000.

In short, SSACI is working!

Official Inauguration of the Amsai School I.T. Centre

On 11 August 2003, Minister of Education Professor. Kader Asmal will officially open a brand new IT centre at Amsai primary school in Orange Farm, about 55km south of Johannesburg. Invitations to the event are currently being sent out to SSACI's sponsors and friends.

The centre was built at a total cost of R2,8-million, of which SSACI provided R2,4-million. The remaining R400'000 was donated in cash or in kind by members of the Swiss Business Council (SBC), which has supported the school since 1997.



Established as a farm school in 1989 with an initial enrolment of just five children, Amsai is a project of the Ananda Marga Universal Relief Team (AMURT), an international NGO from India that helps poor communities to undertake self-help programmes. In March 1998, the school moved out of its original accommodation in dilapidated stables to 26 modern classrooms built with R1,9-million from the SBC and the Swiss Government.

Today, Amsai school has a total enrolment of 1268 learners from Grade 1 to Grade 7 and is well-known for the quality of the education it provides. Over the past four years, 75% of the learners from Amsai primary who have gone on to local secondary schools have passed their matric in all subjects. The school was the first in any township in the country to develop its own mobile library. In recognition of the major role that Amsai has played in promoting environmental education in townships and informal settlements, the first National Arbour Week ever to be observed in South Africa commenced with a function on the Amsai school premises, which also hosts a community health clinic and a one-stop office of the Department of Home Affairs.

Amsai now seeks to become a leader in IT education as well. Its new centre comprises four large, custom-designed classrooms, each with its own teacher's office, a central administration area (pictured above), storerooms, interlinking covered walkways and an emergency generator.

The centre operates as an integral part of the school, offering computer science as a core-curriculum subject to all learners from Grade 1 to Grade 7. Its e-mail and Internet connection has enabled the Grade 7 learners to enter into electronic correspondence with their counterparts in Switzerland. From September 2003, evening classes in basic computer literacy and commonly-used software programmes will be offered to adults from the local community. From January 2004, the IT centre will also become a resource for local employment-seekers by offering an online Internet access-point and a facility for preparing c.v.'s, job applications and other correspondence.

In the next edition of *SSACI NEWS*...

- Focus on a Project: the National Peace Accord Trust's ecotherapy trail guides project
- Trends and Challenges in Skills Training for the Disadvantaged
- What's In It for Donors?
