

**Linking The Current Vision for a Basic Package of Support
For Young People Who Are Not In Education, Employment
Or Training (NEETs) in South Africa**

**Prepared by Kathy Nicolaou
for the Basic Package of Support research consortium**

November 2019

About this summary

This summary is one in a series of reports and working papers by the project “Towards a Basic Package of Support for Young People who are not Employed, in Education or Training (NEET) in South Africa”. The BPS project, which commenced in November 2018 and runs until March 2020, explores the feasibility and design of a South African intervention to provide more comprehensive support to young people, aged 15 – 24 years, who are NEET.

Based on research and consultations, the project has put forward a detailed proposal for a programmatic intervention that can provide well-targeted, individualised and long-term support to young people in South Africa, while building a local community of practice to support both young people and the services and opportunities that exist for them. The proposal carefully sets out the various building blocks of such an intervention, founded in a review of best practices. It concludes with a proposal for a pilot that can be implemented at the local level across different South African municipalities. It also proposes an approach to develop an overarching, national institutional framework that can both ensure sufficient resource allocation and safeguard the quality, integrity and coherence of the intervention when rolled out at scale.

The project builds on earlier work, led by the Poverty & Inequality Initiative and the Southern Africa Labour and Development Research Unit (SALDRU), both at the University of Cape Town, in partnership with a coalition of partners in government, academia and civil society, to conceptualise a more comprehensive approach to support South Africa’s youth.

The 2018 – 2020 phase is led by SALDRU and conducted in partnership with the Abdul Latif Jameel Poverty Action Lab (J-PAL) Africa; the Centre for Social Development in Africa (CSDA), University of Johannesburg; DG Murray Trust; and The Jobs Fund. The work was funded and provided with technical support by the Capacity Building Programme for Employment Promotion (CBPEP), funded by the European Union and based in the Government Technical Advisory Centre (GTAC) in the National Treasury.

Suggested citation:

Nicolaou, K. (2019) *Linking the current vision for a Basic Package of Support for young people who are not in employment, education or training (NEET) in South Africa. A summary report of available funding resources located in government programmes and services.* Prepared for the Basic Package of Support research consortium, November 2019.

This study is co-funded by the European Union under the Capacity Building Programme for Employment Promotion based in the National Treasury’s Government Technical Advisory Centre. Its contents are the sole responsibility Kathy Nicolaou and do not necessarily reflect the views of the European Union.

For more information:

Email: Ariane.delannoy@uct.ac.za

Web: www.saldru.uct.ac.za/project/youth/a-youth-guarantee-for-south-africa/

Facebook: www.facebook.com/LeaveNoSAYouthBehind/

Twitter: <https://twitter.com/SAYouthSupport>

1. Background

South Africa is a constitutional democracy with a three-tier system of government. The national, provincial and local levels of government all have executive authority and legislative power to act and implement laws in their own spheres and are defined in the constitution as “distinctive, interdependent and interrelated”.

The National Treasury is responsible for allocating the country’s financial resources generated from taxes and loans across the three spheres of government and oversees the finance, economics and accounting functions in the public sector. The primary function of the Treasury is to manage the annual budget, getting it approved through parliament in February, while providing the necessary public financial management oversight over government departments.

While the budget allocations are guided by the National Development Plan and the Medium Term Strategic Framework, measurable objectives are designed to ensure an outcome-based application of public resources.

The budget decision-making process requires coordination across the three spheres of government and involves engagements with various committees, including Cabinet, to ensure that appropriate budgeting choices are made. “South Africa's intergovernmental fiscal system is based on a revenue-sharing model, with provinces largely dependent on transfers from the national government, while municipalities are only partially dependent on such transfers. The underlying principles of the system are grounded in the Constitution and related legislation, and its functioning has evolved since 1994.¹”

Taxes and user charges are the primary means of raising revenue across the three spheres of government. National government has the greatest ability to generate revenue, with provinces having less revenue-raising potential. On the other hand, local government has more revenue-raising potential when compared to provincial government via user charges for basic service provision of amenities.

Additional revenue sources for provincial and local government include the equitable share of national revenue and other conditional grants from the national government, taxes and user charges. The equitable share is an unconditional and unconditional allocation to provinces in terms of their constitutional responsibility to govern in certain areas.

Several social services departments including Health, Basic Education, Social Development, Cooperative Governance and Traditional Affairs, to mention a few, are concurrent functions with services being offered at both the national and provincial spheres of government. This means that national government sets the policies and monitors service delivery, while provinces are responsible for implementing the policies and delivering these services. It is important to note that for these social services, the provincial department is accountable for delivery in the local municipalities and districts.

The local sphere of government is the lowest formal level of democratically elected government in South Africa. Local government is the sphere of government directly related to the citizen. Within the

¹ National Treasury (2001). Intergovernmental Fiscal Review, 2001, page 3, accessed July 2017, from www.treasury.gov.za

new democratic constitutional framework, provincial and national government were granted and have a constitutional obligation to support municipalities and help them build capacity. Many basic services are delivered by local municipalities.

Under the constitution, a municipality is a distinctive, comprehensive sphere of government with the right to govern the affairs of its community, subject to national and provisional legislation. The executive and legislative authority of a municipality is vested in its Municipal Council.

These entities are focused on growing local economies and providing infrastructure and basic services. The specific objectives of local government include:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.



Understanding the role of the local sphere of government is important for the District Services model that the current government is aiming to implement to address service delivery failures of government.

2. Policy-based Budgeting in the Public Sector

The budget process in South Africa begins within a pre-announced resource envelope based on three-year macro-economic and fiscal forecasts by the National Treasury, with strong departmental and provincial budget elements feedings from the bottom up. “There are strong institutional arrangements in place for ensuring both strong policy as well as technical review. These include the Minister’s Committee on the Budget that considers key policy and budgetary issues prior to the budget being tabled before the cabinet. The MinMEC serves as a political forum where national and provincial departments within a given sector discuss their budgets and the MTEC which is the technical committee responsible for evaluating the Departmental MTEF budget submissions. At the beginning of the budget cycle, parliamentary oversight is facilitated through the Medium Term Budget Policy Statement and at the end of the cycle by the debates on the Budget Review, the Division of Revenues Bill, and the

Estimates of National Expenditure (ENE).²”

The budget process occurs in accordance with a definite budget calendar and is guided by clear and timely call circulars that facilitate an early budget preparation process by the budget holders. The budget preparation process as carried out by the budget holders is based upon firm base lines, if not hard budgetary ceilings, that are provided by the previous year’s MTEF. The Departments have six to eight weeks to prepare their budget bids. Finalised ceilings authorised by cabinet which are provided towards the end of the budget preparation cycle facilitate about a month for Departments to finalise their budgets with approved bids incorporated. The preparation of budgets within final ceilings may be viewed as an amendment to the MTEF base lines since they typically differ by just a few percent from the previous budget ceilings and are allocated solely to new or expanded initiatives.

The national vision, mission and development objectives have been articulated within the Government's Contract with the People of South Africa. The Accelerated and Shared Growth Initiative for South Africa (ASGISA), which was formally launched in 2006, is the national development strategic framework aiming to raise growth and reduce employment and poverty. This national strategy has been updated through a medium term national development framework, the Medium Term Strategic Framework, which refines a 5 year national development framework. The strategic horizon is largely determined by the executive election cycle. The policy framework may be updated through the annual State of the Nation speech which highlights the “Apex” priorities. This, as was the case in 2008, can then be taken into account in the preparation of annual sector corporate plans and budgets. This national development framework serves as a basis for the development of sector strategies.

3. Aligning the Current Government Programmes to the Basic Package of Support for Young NEETS

The Basic Package of Support for Youth people who are NEETS (BPS) focuses on the well-being of young people coupled with their ability to actively take up and remain connected to various pathways that have been mapped out for them. This is a dynamic and iterative process, ensuring that the young person can always reconnect into the system, no matter where they are. This is achieved through access to high quality guidance counselling and peer support that:

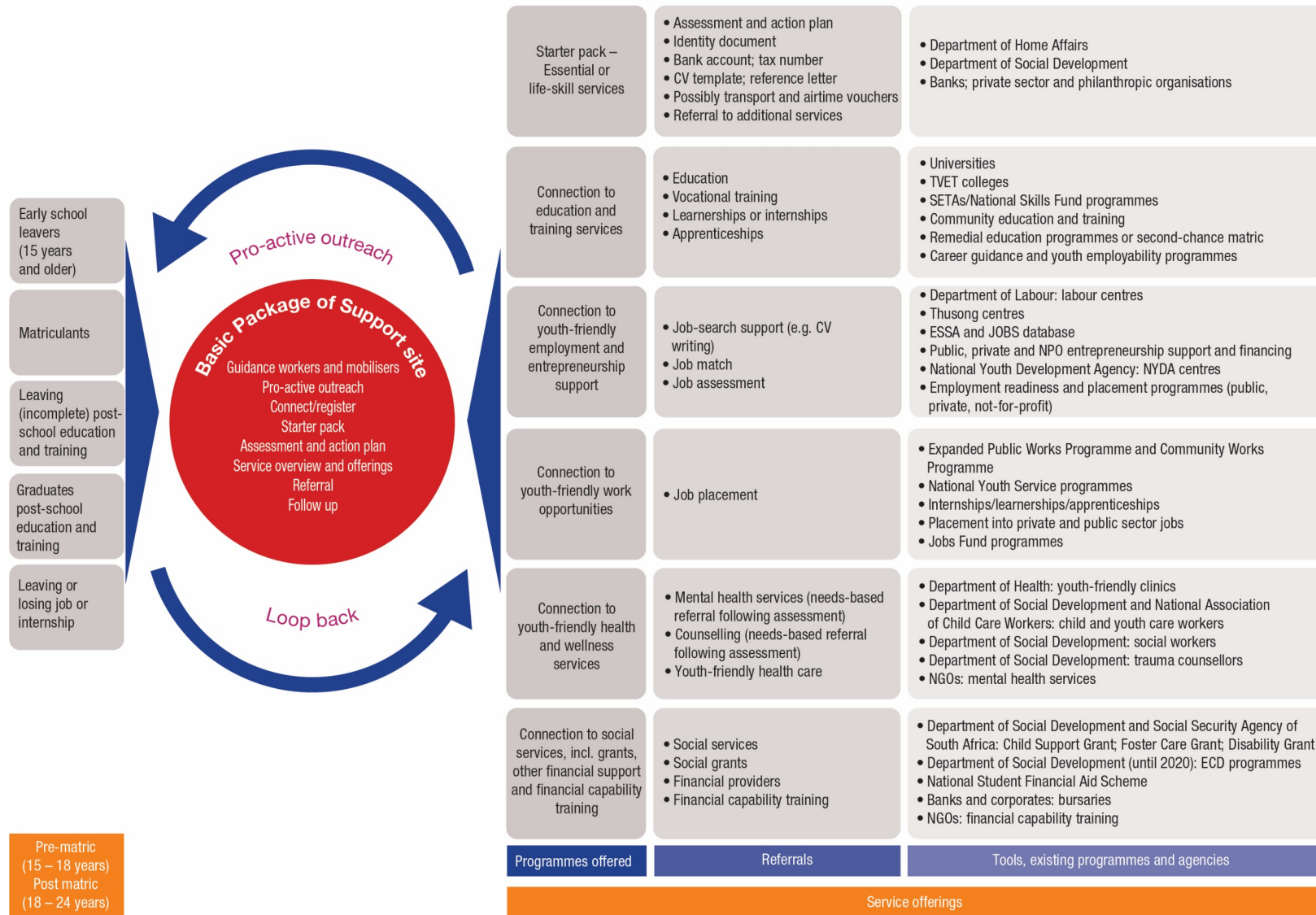
- comprehensively assesses the needs and challenges of the young person;
- translates these assessment results both in a reference letter that can serve as a signal of skill towards prospective employers;
- provides young people registering for the BPS with a “backpack” or starter kit, which will include an identity document, a bank account, a CV, reference letter, etc.
- maps out possible pathways available and an understanding of those pathways;
- develops an action plan with them;
- supports their agency to connect to any of the following, as needed:
 - social, legal and financial services;
 - education and training opportunities;

² Quist, R. E., Certain, C., and J. Dendura (2008). Republic of South Africa Public Expenditure and Financial Accountability: Public Financial Management Performance Assessment Report. Funded by the European Commission Delegation South Africa, PDF, <https://pefa.org/country/south-africa>, accessed July 2016,

- job opportunities;
- health care (including mental health support); and
- follows up with them over time to provide them with a sense of belonging alongside additional resources.

A visual representation is included the figure below.

Figure 1: The Basic Package of Support for Young People



From the figure above, it is clear that the programme connects young people to the services offered by numerous government departments. Government offers a large basket of services directly to young people as can be seen in figures 1 and 2. Government also partners with the private sector and non-profit institutions to offer indirectly support to young people. Despite the large resource allocation to young people, they still remain disconnected and disenfranchised.

The aim of the BPS for young NEETs is to leverage the existing pool of government resources by facilitating better connections, through a high-touch, needs-based, guided service offering, that wraps the service offered directly or indirectly to young NEETs.

This ensures that no young person is left behind and can always find their way back into the basic package of services ecosystem. This is complemented by an on-going feedback loop, where the young person is put at the centre of this ecosystem. The table below summarises the direct or indirect basket of services offered by national, provincial (and municipal) government departments or entities.

The table below summarises the offering in the BPS for young people and aligns it to the services currently offered by governments (directly or indirectly).

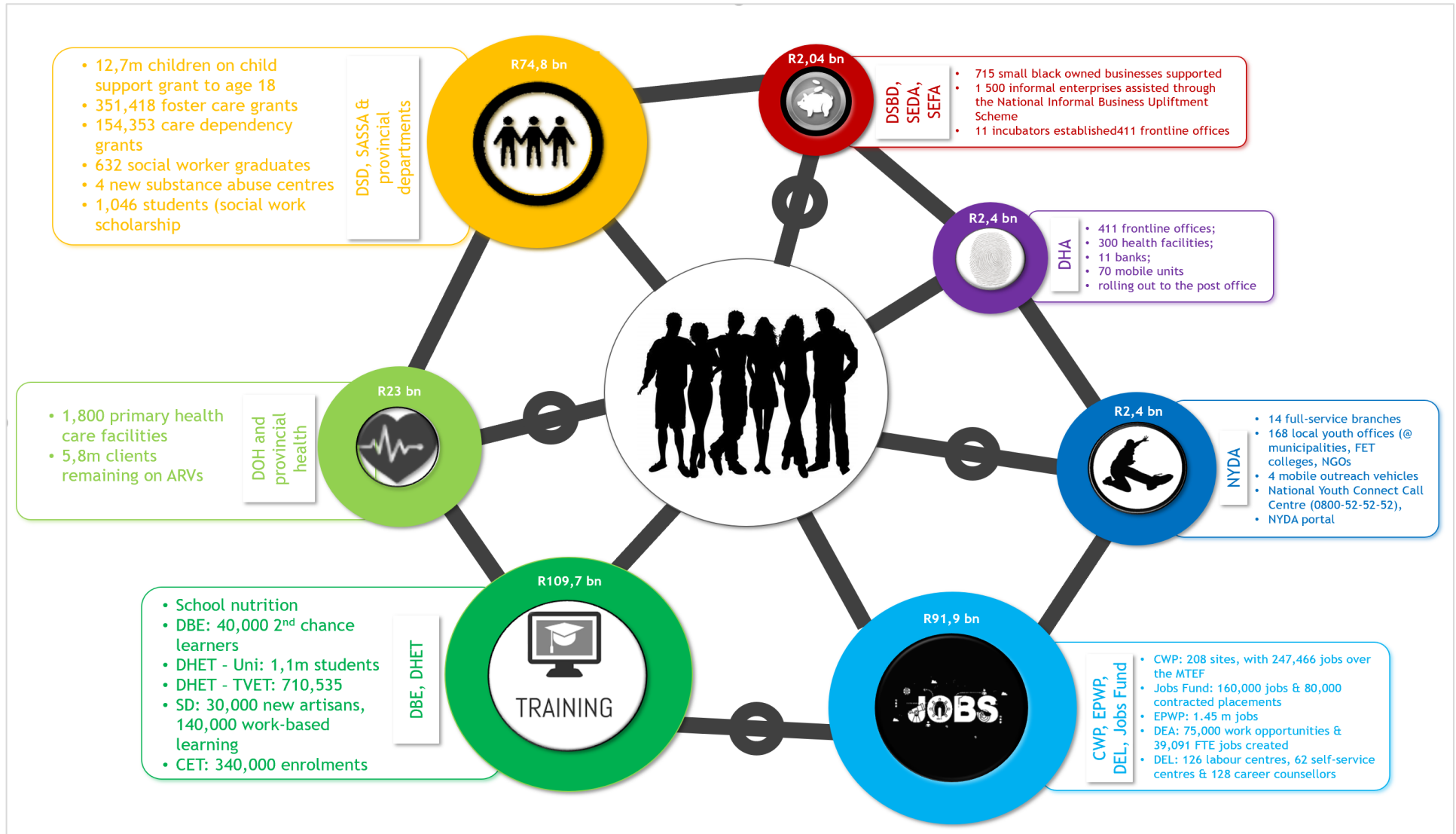
Table 1: Pillars of the BPS to Young People and the Linkage with the Relevant Government Department

BPS Service Offering	Relevant Government Department
Starter Pack	<ul style="list-style-type: none"> • Department of Home Affairs (DHA) • Department of Social Development (DSD) • Department of Basic Education
Connection to Education Services and Training	<ul style="list-style-type: none"> • Department of Higher Education and Training (DHET) • Technical Education and Vocational Training (TVET) • Community Education and Training (CET) • Sector Education and Training Authorities (SETAs) and the National Skills Fund NSF) • Remedial education and second chance matric (including Adult Basic Education and Training)
Connection to Youth Friendly Employment Services	<ul style="list-style-type: none"> • Department of Employment and Labour (DEL) and their labour centres • National Youth Development Agency (NYDA) • The Department of Public Works and Infrastructure and the Expanded Public Works Programme (EPWP) • The Department of Cooperative Governance and Traditional Affairs and the Community Works Programme (CWP) • Jobs Fund funding • Provincial programmes include: Tshepo1million in Gauteng
Connection to Youth Friendly Health and Wellness Services	<ul style="list-style-type: none"> • Department of Health (DoH) through youth friendly clinics • Department of Social Development (DSD) with their social workers and National Accredited Community Care Workers and trauma counsellors
Connection to Social Grants and Other Financial Support	<ul style="list-style-type: none"> • DSD (Social grants) • National Student Financial Aid Scheme (NSFAS)

From the above it is evident that there is a large service offering provided by government. However, the biggest challenges faced by young people is that they don't know or do not have the resources to navigate and access government programmes and services.

The figure below highlights the basket of services offered by government departments, by recording the extent or magnitude of the government footprint across the various departments. In addition, the figure below also documents the total budget allocated to young people by the relevant government departments (not exclusively for young people) for the 2019/20 financial year.

Figure 2: Reconnecting Young NEETs to a Basket of Existing Government Services – Targets and budgets for 2019/20 Financial Year



Source: Author's own illustration

From the figure above, it is evident that education and training as well employment opportunities through active labour market programmes and support services by the department of labour represent the two largest programmes. Accessing government services is complex as has been seen over the part decade or so, where the Sector Education and Training Authorities have struggled to spend skills development levies on learnerships, resulting in more creative ways to leverage these resources.

The table below highlights the budget allocations to the various national, provincial and local government departments (including through the division of revenue act), for the basket of service offered to young people in the ecosystem that are aligned to the BPS to young people. From Table 2 below, it is clear that there is R303 717.17 billion available in the 2019/20 financial year, increasing to R332 482.37 billion in 2020/21 to leverage form the current system to provide services, reconnecting young NEETs back into the system through better connections stemming from wrapping services to young people.

Table 2: Budget Allocations for Relevant Government Programmes linked to the BPS for Young NEETs

Department	Programme	Sub-programme or Entity	Medium Term Expenditure Estimate R millions		
			2019/20	2020/21	2021/22
General policies					
DHA	Programme 2: Citizen Affairs	Identification Services	R316.40	R336.90	R355.40
		Service Delivery to Provinces	R2 096.70	R2 310.40	R2 457.90
	TOTAL	R2 413.10	R2 647.30	R2 813.30	
Policies pertaining to programmes for youth / in which youth are targeted					
Department of Planning Monitoring and Evaluation	Programme 6: National Youth Development	Management: National Youth Development	R11.12	R12.61	R13.32
		Youth Development Programmes: National Youth Development Agency	R459.58	R484.79	R510.38
	TOTAL	R470,70	R497,40	R523,70	
Employment and enterprise development policies					
COGTA	Programme 6: Community Works Programme		R4 084.10	R4 311.60	R4 577.20
	Programme 3: Institutional Development Local Government Equitable Share		R68 973.50	R75 683.30	R82 161.80
	TOTAL		R73 057.60	R79 994.90	R86 739.00
Department of Public Works	Programme 3: Expanded Public Works Programme	EPWP: M&E	59.40	63.40	68.60
		EPWP: Infrastructure	R1 271.70	R1 245.30	R1 425.20
		EPWP: Operations	R1 256.60	R1 344.70	R1 667.30
		EPWP: Partnership Support	R78.10	R84.50	R90.80
		EPWP: Public Employment Coordinating Commission	R6.10	R6.70	R7.50
		<i>Of which is a CONCURRENT FUNCTION: Transfers and Subsidies to provinces, municipalities and NPOs</i>	R2 348.80	R2 482.60	R2 867.10
TOTAL		R2 671.90	R2 744.60	R3 259.40	
National Treasury	Programme 8: Technical Support and Development Finance	GTAC: Jobs Fund	R712.07	R823.77	R894.83
Department of Environmental Affairs	Programme 6: Environmental Programmes	Environmental Protection and Infrastructure	R1 462.50	R1 578.60	R1 652.80
		Environmental Programmes Management	R210.30	R222.10	R234.50
	TOTAL	R1 672.80	R1 800.70	R1 887.30	
		Employment Services	R124.70	R132.90	R144.40

Department	Programme	Sub-programme or Entity	Medium Term Expenditure Estimate R millions		
			2019/20	2020/21	2021/22
Department of Employment and Labour	Programme 3: Public Employment Services	Work Seeker Services	R184.40	R195.60	R208.10
		Designated Group Special Services	R21.50	R22.70	R24.40
		Supported Employment Enterprises	R155.70	R164.40	R173.60
		<i>Transfers to the Unemployment Insurance Fund for: Business Operations and Labour Activation Programmes</i>	R13 644.00	R15 784.80	R16 766.70
	TOTAL	R15 136.10	R17 346.40	R18 420.80	
Education Legislation and Policies					
Department of Basic Education	Programme 2: Curriculum Policy, Support and Monitoring	Programme Management: Curriculum, Policy Support and Monitoring	R2.80	R2.90	R3.10
		Curriculum Implementation and Monitoring	R384.90	R411.90	R432.40
		Curriculum and Quality Enhancement Programmes	R1 601.30	R1 688.60	R1 782.20
		<i>Of which is a CONCURRENT FUNCTION: Transfers and Subsidies to provinces and municipalities</i>	R612.10	R656.10	R692.20
TOTAL	R1 989.00	R2 103.40	R2 217.70		
Department of Higher Education	Programme 3: University Education (incl. transfer Subsidies to Universities)		R73 409.90	R80 660.10	R85 097.10
	<i>Of Which Departmental Transfers include: National Student Financial Aid Scheme</i>		R30 822.50	R35 314.10	R37 256.20
	<i>Of Which Departmental Transfers include: University Subsidies (Current)</i>		R38 315.00	R40 964.00	R43 235.20
	Programme 4: TVET		R12 721.80	R14 475.20	R15 451.30
	Programme 5: Skills Development		R282.40	R299.60	R318.80
	Programme 6: Community Education Training		R2 532.80	R2 714.70	R2 888.90
	TOTAL		R88 946.90	R98 149.60	R103 756.10
	Direct Charge against the National Revenue Fund: Sector Education and Training Authorities		R15 006.80	R16 249.90	R17 845.80
	Direct Charge against the National Revenue Fund: National Skills Fund		R3 751.70	R4 087.50	R4 461.50
	TOTAL SETAs and NSF		R18 758.50	R20 337.40	R22 307.30
TOTAL DHET		R107 705.40	R118 487.00	R126 063.40	
Health and Mental Health Services					
Department of Health	Programme 3: Communicable and Non-Communicable Diseases	HIV, AIDS and STIs	R22 572.40	R24 968.30	R28 351.00
		Tuberculosis Management	R27.70	R30.70	R32.50
		Women's Maternal and Reproductive health	R20.30	R22.40	R23.80
		Child, Youth and School Health	R237.60	R250.70	R264.70
		Communicable Diseases	R24.10	R25.40	R27.00
		Non-Communicable Diseases	R65.70	R167.20	R217.10
		Health Promotion and Nutrition	R54.20	R58.90	R63.90
	<i>Of which: Transfers and Subsidies to provinces, municipalities and NPOs</i>		R22 443.30	R24 835.10	R28 206.30
	Programme 4: Primary Health Care	District Health Care Services	R21.40	R23.50	R25.50
	TOTAL		R23 023.40	R25 547.10	R29 005.50
Social Development and Social Services					
Department of Social Development	Programme 2: Social Assistance	Foster Care	R5 080.80	R4 947.40	R5 023.30
		Care Dependency	R3 429.80	R3 761.70	R4 021.30
		Child Support	R64 967.30	R70 335.60	R75 723.30
		Social Relief of Distress	R410.00	R407.00	R407.00
	Programme 4: Welfare Services Policy Development and Implementation	Substance abuse	R20.90	R22.00	R23.40
		Children	R605.50	R646.10	R683.40
		Families	R10.40	R11.10	R11.80
		Social Crime Prevention and Victim Empowerment	R69.60	R74.30	R79.00
		Youth	R14.30	R15.10	R17.10

Department	Programme	Sub-programme or Entity	Medium Term Expenditure Estimate R millions		
			2019/20	2020/21	2021/22
		HIV and AIDS	R128.00	R134.00	R142.90
		Social Worker Scholarships	R128.50	R135.50	R143.00
		<i>Of which: Transfers and Subsidies to provinces, municipalities, NPOs and households</i>	R773.70	R822.50	R868.40
		TOTAL DSD	R74 865.10	R80 489.80	R86 275.50
TOTAL FUNDING - POTENTIAL LINKAGES			R303 717.17	R332 482.37	R358 100.43

This indicates the quantum of available resources that can be tapped into through improved connections and reconnections to government programmes and services resulting in improved resource allocation of existing programmes as well as increased efficiencies. The BPS for young NEETs is a high-touch programme, complementing the current service offering provided to young people and young NEETs by wrapping services around them. The BPS complements existing pathway programmes that range from very low self-service offerings to low and medium touch service offering through online mobi-platforms and related technologies.

4. Conclusion

It is evident that the ecosystem to wrap service around young people is large, reaching in excess of R300 billion in the 2019/20 financial year. The BPS for young NEETs is a high-touch programme, complementing the current service offering provided to young people and/or young NEETs by wrapping services around them. The BPS for young people creates holistic pathways to social welfare, social protection and social develop services while creating connections, or reconnections where possible on a journey to possible employment via employment pathways. Employment promotion is but only one of the many pathways currently available to young people under the BPS. It is important to note that this programme offers career guidance counselling and taps into or reconnects to other services that may be required by the young person, even if this basket of service is offered by a non-profit organisation or organisation in a public private partnership with government. The BPS complements existing pathway programmes that range from very low self-service offerings to low and medium touch service offerings through online mobi-platforms and related technologies.