



PRESIDENTIAL
YOUTH
EMPLOYMENT
INTERVENTION

Local Ecosystem Enablement to strengthen livelihoods, enterprise and self-employment

FACTSHEET 3



LEAVE **NO**
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REPUBLIC OF SOUTH AFRICA



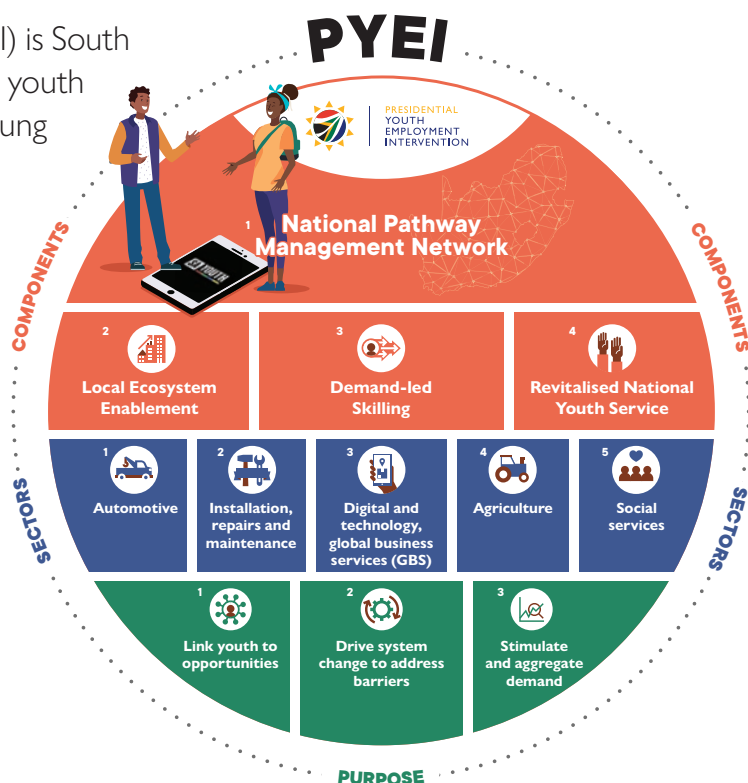
About the Presidential Youth Employment Intervention

The Presidential Youth Employment Intervention (PYEI) is South Africa's most comprehensive effort yet to address the youth unemployment crisis. Its goal is to transition more young people from learning to earning.

The intervention brings together the strengths of numerous government institutions and social partners to deliver more opportunities for young people. It seeks to coordinate, accelerate and enhance existing programmes and unblocks pathways to employment, learning and youth enterprise.

A central component of the PYEI is the establishment of a National Pathway Management Network (NPMN) that guides young people towards opportunities. Other components include a focus on Demand-led Skilling; Local Ecosystem Enablement to facilitate self-employment and enterprise; and a Revitalised National Youth Service (NYS).

Activities focus on growth areas with earning potential for young people. These are: digital, technology and global business services; agriculture; installation repairs and maintenance; social services; and the automotive sector. A Project Management Office (PMO) in the Presidency coordinates the PYEI. Government departments with key roles in employment creation and youth development implement the intervention.



3 key facts about Local Ecosystem Enablement

1

The Presidential Youth Employment Intervention (PYEI) seeks to stimulate local economic activity in marginalised communities with growth potential. Realising the potential of small, micro and medium enterprises (SMMs) is crucial to creating more income opportunities, including for young people. Developing enabling environments for entrepreneurship also opens opportunities for young people to start businesses themselves.

2

The PYEI aligns action to enable entrepreneurship at community levels. Led by the Department of Trade, Industry and Competition (the dtic), concerned departments and agencies have set up a coordination committee to harmonise strategies for local economic development in line with the District Development Model. The PYEI also links with the efforts of Operation Vulindlela to enable business through improved infrastructure and reduced administrative barriers.

3

A Local Ecosystem Enablement Fund will support initiatives that improve the ecosystem for SMMs in rural and township economies. This may include short- and medium-term interventions that improve access to markets and to services that are essential for SMMs to grow and create additional income opportunities.

Why promoting local economic activity is critical to reducing youth unemployment

At the end of first quarter of 2023, **44.7% of young people between 15 and 34 years were not in employment, education or training**. This rate is even higher in many townships, informal settlements, villages and inner-city areas. At the same time, the significant employment and income potential of small, micro and medium enterprises (SMMEs) has not been fully realised.



While **SMMEs in South Africa make up 98.5%** of the total number of registered companies, **they deliver only 28% of the jobs**.

The causes are complex. South Africa suffers from historic patterns of economic disadvantage and exclusion that are exacerbated by global economic trends. At the community level, small-scale producers struggle to compete with the established manufacturers of mass-produced goods that historically have been favoured by government policy. Global trends such as automation, digitalisation and globalisation have caused further polarisation and uneven spatial distribution of economic activities and opportunities. For instance, 69% of all SMMEs are in urban areas. Consumers often prefer to spend their money in commercial centres, which erodes the customer base in marginalised communities. This results in lower revenue for local governments and makes it harder to provide services that attract investors and businesses to those settings.

Lack of trade-related infrastructure and poor service delivery make it difficult for existing SMMEs to survive. Many do not have access to training and mentoring, or reliable services such as finance, internet, electricity and storage facilities. They also face difficulties in reaching markets with their own products and services.

Starting a business in marginalised local economies is particularly challenging for young people, who often lack the network, skills and experience to establish their product or service in the market. This causes a crippling effect on these economies and drives up local unemployment.

Enabling local economies to create opportunities for young people

Deconstructing these patterns of inequality holds great potential to stimulate economic growth and create additional earning opportunities for young people. Led by the Department of Trade, Industry and Competition (the dtic), the PYEI pursues two main objectives to tap into this potential:



Align existing efforts and support innovations that create an enabling ecosystem. The PYEI employs a combination of private sector development approaches and tools to stimulate economic growth and job creation in local economies. These include coordinating existing local economic development interventions within government and catalysing financial support for the creation of enabling ecosystems.



Leverage and strengthen the integrated approach of the PYEI via the National Pathway Management Network. This involves, for instance, improving the reach and relevance of efforts that facilitate linkages to skills training, livelihood support, workplace experience and employment opportunities for young people.

Key activities and delivery

Increased alignment of efforts and experimentation of the PYEI in helping to meet the needs of local SMMEs and potential young entrepreneurs.

As part of the PYEI, the dtic has established a Local Ecosystem Enablement Coordination Committee (LEECC). This committee brings together representatives from concerned national departments (including Women, Youth and Persons with Disabilities; Employment and Labour; and Cooperative Governance) and provincial governments. It also includes key agencies such as the Industrial Development Corporation (IDC), the Small Enterprise Development and Financing Agencies (SEDA and SEFA), the Jobs Fund and the National Youth Development Agency (NYDA).

The LEECC interfaces with relevant actors from the private sector and non-governmental organisations. The committee provides a platform for regular exchange, reflection and the development of joint approaches and strategies and guides specific PYEI interventions aimed at stimulating local economies.

The Local Ecosystem Enablement Fund

The PYEI is also establishing a Local Ecosystem Enablement Fund (LEEF) to support innovative solutions that create environments that support local economic development and in particular SMME growth and entrepreneurship. This will consider the kinds of interventions that are required within the ecosystem to make it easier for businesses to start and grow. The ecosystem comprises all institutions, processes and services that influence how entrepreneurs do business.

While there are several initiatives that provide direct financial or non-financial support to businesses, few efforts focus on enabling ecosystems in marginalised communities. The LEEF is envisaged to close this gap.

The Fund will be managed by the IDC and will provide opportunities to test or upscale approaches that enhance the environment. This may include the development of intermediaries (e.g., business support organisations) that will improve the ability of SMMEs to access finance. It may include other short- and medium-term solutions that increase access to services such as telecommunications or transport. It will also strengthen access to markets, for instance by supporting platforms linking service providers with potential customers.

These efforts complement the work under Operation Vulindlela, the presidential initiative that accelerates national reforms in key areas required for economic development, such as communication, transportation, electricity and the regulatory environment. While reforms under Operation Vulindlela aim to achieve improvements to the entrepreneurial ecosystem, the LEEF seeks to fund local interventions that have more immediate effects on employment creation in local communities.



Local pilots of the National Pathway Management Network

The NPMN stimulates and aggregates the supply and demand of learning and earning opportunities for young people. It also guides young people towards new career pathways. To test ways to increase its reach and impact in marginalised economies, the PYEI implements locally targeted NPMN pilot projects. These pilots include interventions promoting opportunities for income generation and enterprise support. One example of a pilot that seeks to encourage and enable young people to create businesses is the NYDA NPMN project in Empangeni.

Empangeni Pilot



Testing how the NPMN can support local economies

The PYEI is testing how the NPMN can play a greater role in supporting young people in accessing enterprise opportunities in Empangeni, KwaZulu-Natal. The NYDA will play the role of intermediary and will leverage the NPMN to provide local opportunity holders with relevant decision-making tools and platforms available on the network. Young people will be linked to enterprise support and digital learning programmes on how to start a business or social enterprise, and other livelihood opportunities.



Getting involved

IF YOU ARE INTERESTED IN BEING PART OF THIS INITIATIVE, YOU CAN...



As a young person, register on [SAYouth.mobi](https://sayouth.mobi), access [Employment Services of South Africa \(ESSA\)](https://essa.gov.za), the [National Youth Development Agency \(NYDA\) Enterprise Resource Planning \(ERP\) system](https://nyda.gov.za) or check out the [Kheta career advice portal](https://khetasouthafrica.org.za). You can also [download the mPowa app](#). Here, you can build your profile and access opportunities in your vicinity for youth service, further learning or work. If you cannot access SAYouth.mobi, look for a [DEL Labour Centre](#) or [NYDA Youth Office](#) near you. You can also call the toll-free hotline at 0800 72 72 72.



As a service organisation interested in supporting businesses, visit the website of the [Industrial Development Corporation \(IDC\)](https://idc.co.za) regularly to check for progress in setting up the LEEF. Once the fund is established, information will be made widely available.

Further links

- ▶ **PYEI at the State of the Nation Website**
www.stateofthenation.gov.za/pyei
- ▶ **The Industrial Development Corporation (IDC)**
www.idc.co.za
- ▶ **Department of Trade, Industry and Competition (the dtic)**
www.thedtic.gov.za

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