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Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Background and Purpose of the SETA Skills Summit

23 APRIL 2024



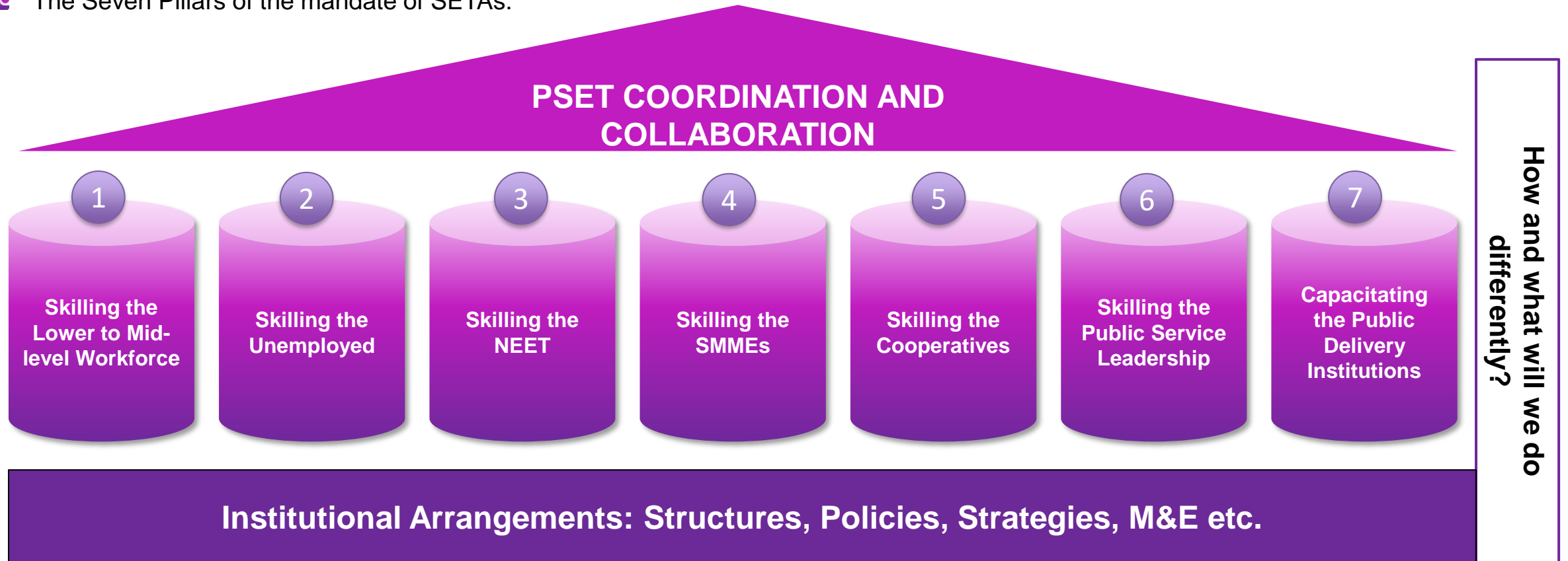
SETA MANDATE

- Sector Education and Training Authorities (SETAs) are statutory bodies established under the Skills Development Act No. 97 of 1998 (SDA) as amended.
- SETAs are further guided by the National Skills Development Plan (NSDP) 2030, which seeks to **ensure adequate, appropriate, and high-quality skills that contribute towards economic growth, employment creation and social development.**
- SETAs re-established in 2020 with a ten-year license; hence the importance of reviewing progress at Mid-term.
- The Seven Pillars of the mandate are highlighted overleaf.



SETA MANDATE

■ The Seven Pillars of the mandate of SETAs:





MID TERM REVIEW

SOCIO-ECONOMIC DYNAMICS

- ❖ **Inequality** - South Africa is still considered as one of the most unequal countries in the world with a Gini coefficient of 0,65 (StatsSA, 2023).
- ❖ **Poverty** - About 30,3 million people or 55,5% of the population in South Africa live in poverty (World Bank, 2020).
- ❖ **Unemployment** – The official unemployment rate was 32,1% in the fourth quarter of 2023; and
 - ❖ Youth unemployment - 44,3% in the fourth quarter of 2023.



MID TERM REVIEW

LABOUR MARKET DYNAMICS

Unemployment trends

41,0 million

People of working age in South Africa (15 – 64-year-old)

Labour force

Not Economically Active

24,6 million

16,4 million



SA's official unemployment rate stands at

32,1%

Increased by 0,2 of a percentage point between Q3:2023 and Q4:2023

ILO hierarchy – Employed first then unemployed and the remainder is NEA (including discouraged job-seekers). 3 mutually exclusive groups. Cannot be in two groups at the same time.

(Source: Statistics South Africa, 2024)

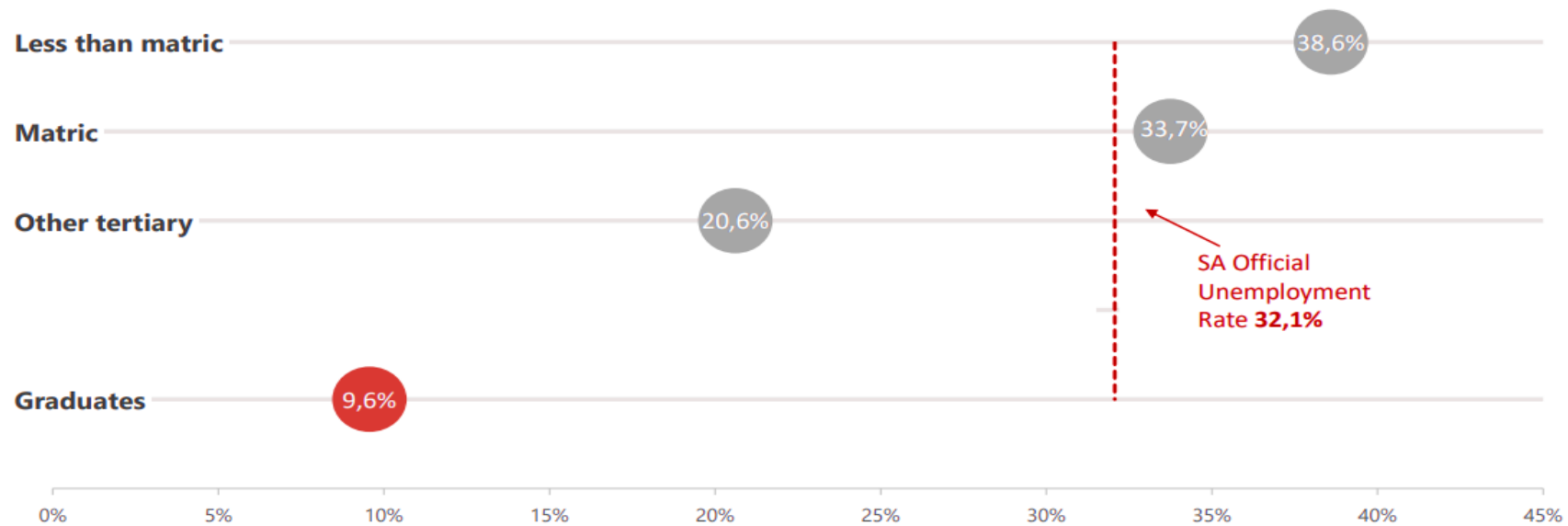


MID TERM REVIEW

LABOUR MARKET DYNAMICS

Unemployment among those without matric remains high at 38,6%, above the official unemployment rate in South Africa.

Official Unemployment rate by level of education, Q4:2023



(Source: Statistics South Africa, 2024)



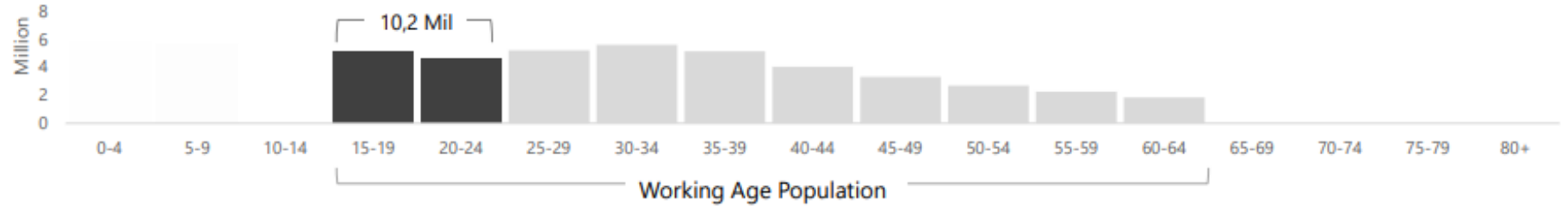
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- Youth aged 15-34 years are more vulnerable to unemployment when compared to older age groups.
- The percentage of unemployed youth is currently 44,3%.
- Approximately 3,4 million (33,0%) out of 10,2 million young people aged 15-24 years were not in employment, education or training (NEET).



Number of NEET for ages 15-24
Q4:2023

3,4 Million
NEET

6,9 Million
Employed or in
Education or Training

(Source: Statistics South Africa, 2024)



MID TERM REVIEW

SMME TRENDS IN SOUTH AFRICA

- The NDP2030 places SMMEs at the head of addressing poverty and creating employment in the country.
- In 2030, SMMEs will contribute 60% – 80% to GDP growth and employ 90% of the country's workforce (OECD 2022)
- However, South Africa's SMMEs are categorised as survivalist enterprises.
- South Africa has one of the lowest creation rates of successful SMMEs due to:
 - Limited access to funding for SMMEs;
 - Low awareness of opportunities, lack of good quality education;
 - Lack of market access; and
 - Negative impact of the energy crisis due to loadshedding, logistic network etc. (IFC, 2017) (IFC, 2018) (World Bank, 2019).
- SMMEs require grant funding to support ideation or product development.
- Wage employed; Informally employed to Unemployed 50:16:34 (22) against the global norm 45:45:10



MID TERM REVIEW

SMME TRENDS IN SOUTH AFRICA

- Stats SA Labour Force Survey (2022), SMMEs accounted for 9,31 million jobs in the second quarter of 2022.
- This constitutes 59% of total employment in South Africa at the time. Of the 9,31 million jobs, close to 27% was for the SMME owners themselves, and the balance of 73% was for other workers they hired.

KEY INDICATORS	2021Q3	2022Q2	2022Q3	q-o-q change	y-o-y change
Number of SMMEs	2 404 564	2 535 238	2 683 602	5.9%	11.6%
Number of formal SMMEs	677 786	680 830	792 838	16.5%	17.0%
Number of informal SMMEs	1 641 859	1 777 887	1 791 317	0.8%	9.1%
Number jobs provided	9 758 313	9 310 816	n/a	n/a	n/a
% operating in trade & accommodation	38.1%	39.5%	39.2%	-0.4% pts	1% pts
% operating in community services	13.5%	13.5%	14.6%	1.2% pts	1.2% pts
% operating in construction	13.1%	14.4%	14.4%	0% pts	1.3% pts
% operating in fin. & business services	16.0%	13.8%	12.1%	-1.7% pts	-3.9% pts
% black-owned formal SMMEs	73.6%	75.5%	75.7%	0.2% pts	2.1% pts
% contribution of SMEs* to turnover of all enterprises [#]	-55.5%	38.3%	36.1%	-2.1% pts	91.7% pts



MID TERM REVIEW

SETA LANDSCAPE BOTTLENECKS

- ❖ No centralised system for the 21 SETAs, affects implementation of cross-SETA qualifications, as well as double dipping by learners;
- ❖ Focus on reporting on outputs, e.g. number of learners trained versus the impact of interventions;
- ❖ Lack of automated systems to streamline and integrate processes;
- ❖ High learner dropout rates and SETA hopping;
- ❖ Work Integrated Learning (WIL) falls short of equipping young people with cutting-edge workplace skills;
- ❖ Therefore, WIL does not automatically translate into absorption into the workplace;
- ❖ Inaccessibility of SETAs in rural areas; and
- ❖ Responsiveness of the PSET system – high skills mismatch as one of the negative symptoms.



PURPOSE OF THE SUMMIT

- The purpose of this summit therefore is to:
 - Reflect on the performance of the skills development ecosystem on the eve of the sixth administration;
 - Identify the gaps in the delivery of skills;
 - Deliberate on ways to deliver impactful, catalytic, influential, transformative programs in the next five years of the seventh administration.

The Seven Pillars





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THANK YOU