Economic Inclusion for Women and Youth: Budget 2021 and Beyond

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The Motsepe Foundation recently completed a review of the economic inclusion of women and youth in South Africa, including the impact of 2020. The review will shortly be available on our web site. We found that, although there has been some progress since 2015, more needs to be done to create equal opportunities and to address the specific challenges women and youth face when it comes to full participation in the economy.

Unemployment rates for both men and women are very high, but remain higher for women, and are particularly high for Black African women, at 36%. In 2020, there were approximately 3 million Black African women actively looking for work and not finding any, and another 1.3 million who wanted to work but had given up looking.

More encouragingly, the job creation rate for women over the last five years has been higher than that for men. Leadership and professional jobs for Black African women have also increased more than elementary occupations and domestic workers, a welcome development.

However, women remain under-represented in the private sector and over-represented in the services and social economies, and rates of business ownership and access to credit to start or grow a business remain highly unequal. Women-owned businesses are also more likely to be small, survivalist enterprises.

In the case of youth, the picture is more sobering. At the beginning of 2020, there were 630 000 less jobs for those between the ages of 15 and 34 than there were at the end of 2008. Sharp job losses occurred during the global financial crisis, but subsequent years have seen a further, more gradual reduction in youth jobs. At the same time, the number of youth looking for work has increased significantly. As a result, we now have a youth unemployment rate of 43%. A serious concern is the high share of youth who are not in employment, education or training.

The exclusion and vulnerability of women and youth has been heightened by the disproportionate impact of 2020 on them. Despite the efforts of government and South Africans in general to prioritise the most vulnerable in our society in this difficult time, labour market data tells a story of further and deeper suffering.

In the six months to end September 2020, 1 692 000 jobs were lost, or about 10% of all our jobs. The impact has been devastating, and it has not been gender, age or population group neutral.

Women's employment decreased by 11.4%, compared to 9.5% for men, and women's unemployment increased by 11.8 %, compared to 3.5% for men. By sex and population group, the three hardest hit categories, in terms of share of jobs lost, were Coloured women, Indian / Asian women, and Black African women. By age, almost half (48%) of jobs lost were jobs held by 15-34 year olds.

To make these numbers more concrete: a Black African woman, aged 24, had more than a one in three chance (37%) of losing her job between end March and end September 2020.

These results point to continued economic exclusion and high labour market vulnerability, and must inform how we think about transformation and economic participation going forward.

So what do we need?

We need, firstly, more effective and ambitious support for women and youth as entrepreneurs and business owners, which will need to include improved access to credit. A shift is needed in what is regarded as appropriate loan security for women's borrowing, since asset ownership remains unequal. Building up more detailed and gender-nuanced credit histories is part of the solution, and will require a change in the mind-set of banks.

Government industrial incentive schemes benefit female entrepreneurs as well as male entrepreneurs. However, most schemes do not collect data on beneficiaries' gender, and none of the larger current schemes are specifically targeted at women.

South Africa requires a significant incentive scheme targeted at women entrepreneurs, including a focus on women-owned and managed businesses in the supply chain with which the directly supported entrepreneur contracts. Both improved credit access and a targeted incentive scheme needs to be accompanied by mentoring, networking and other business support to assist female entrepreneurs initially.

Secondly, we know that the world of work is changing, and that economies are increasingly driven by knowledge and innovation. To take advantage of emerging opportunities, higher education must become more accessible, and we need to ensure that girls as well as boys are supported in the science, technology, engineering, arts and mathematics (STEAM) sectors, which are set to become the fastest-growing industries.

Thirdly, we need further work on continued grant support beyond the Covid-19 horizon. We know that grants make an important contribution to women and poorer households, including youth-headed households, precisely the groups who have borne a disproportionate share of the virus and lockdown's impact. Research and multi-stakeholder engagement should credibly explore the full costs and benefits of extending grants beyond the current horizon.

Fourthly, whilst a fiscal adjustment will be needed, such an adjustment must maintain the real value of education and health spend and in general shield critical areas of public expenditure from the impact of deficit contraction. The historical evidence is clear that 'austerity' is hardest on the poor and vulnerable, unless special protective measures are put in place. Moderation of health, education, community development and similar budgets needs to be approached very carefully. We dare not lose sight of the fact that poorer households have very few resources and safety nets beyond what is provided through the public budget.

Fifthly, the next few years are a perfect time to support and grow the social economy, which can create jobs, promote socially useful innovation and contribute to a structurally transformed economy. Support should include improving the ability of the national accounts to count the social economy's contribution to GDP, enhancing social economy networking, mentoring, business incubation and similar services, improving access to finance, establishing a distinctive social economy legal form, introducing 'buy social' campaigns and expanding preferential procurement criteria to provide some 'set aside' for social economy organizations. Government's green and white paper process is an important step in the right direction in this regard.

Finally, I welcome the President's commitment to combatting gender-based violence in the SONA and his comments on prioritising the economic empowerment of women, including cabinet approval that 40% of public procurement should go to women-owned businesses. This is important and potentially transformative but it will be important to monitor progress and to ensure that support is in place to give meaningful effect to this policy.

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