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## SRD grants: how they can be used to help young people into jobs

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The COVID-19 pandemic [worsened the unemployment crisis in South Africa](#). In the second quarter of 2021, unemployment rates were the [highest ever officially recorded](#). Many people who lost their only source of stable income fell into poverty as a result.

Social grants provide income that helps people to survive the short term economic hardship of unemployment. In the long term, new opportunities must be created to get people back into work. However, National Treasury's emphasis on fiscal restraint has led to debates about which of these policies to prioritise. This has been particularly evident in the debate around the extension of a grant introduced during the pandemic, known as the [Social Relief of Distress grant](#).

Treasury extended the grant for another year in November 2022, but warned that financing the it would require additional revenue or reprioritising existing spending.

Much of the discussion on the merits of the grant treats it as a competitor to employment-creation schemes in the budgetary allocation. However, the evidence compiled in our [review of the job search assistance literature](#) suggests that with careful design, the relief grant can help to support the policy priority of getting young people into work.

Our research also suggests that the South African government should combine whatever replaces the grant with job search assistance programmes. Researchers have tested a number of job search programmes in South Africa and found promising evidence that they can increase employment. Further testing at a national scale could improve the design of these policies.

### Cash grants

Research shows that [cash grants can increase job-search](#). Simply receiving a cash grant encourages recipients of the grant, and other members of their household, to increase their search for jobs. This is in part because cash grants can be used to cover the costs of job search. One study of the labour market effects of the relief grant in South Africa found that the transfer increased the probability that a recipient would be active in the labour market [by 25 percentage points](#).

Increased job-search can't address the structural lack of jobs. Nevertheless, increasing the

number of applications that job-seekers submit [can translate into improved employment outcomes](#).

We argue the relief grant should be combined with enhanced job-search assistance programmes because they reduce unemployment by helping the labour market function better. Labour markets often don't work optimally: job-seekers face barriers in looking for jobs and employers struggle to identify the right workers. These barriers can reduce employment rates as vacancies go unfilled.

Job-search assistance programmes can reduce these "search frictions", potentially improving employment rates, employment quality and earnings for workers.

## What works

Job-search assistance covers a wide range of programmes that help people search for jobs, such as providing information about jobs, subsidies to cover search costs, job-search training or matching platforms like LinkedIn.

A number have been tested in South Africa. [Formal certification of communication and numeracy skills](#) was found to substantially increase job search, employment and earnings. The low-cost testing and certification of the results provided job-seekers with a new method to share information about their abilities with potential employers.

A scheme that encouraged young job-seekers to include a [reference letter](#) with their job applications and provided them with a simple template letter substantially increased employer call-backs, particularly for women.

[Training job-seekers to join and use LinkedIn](#) increased employment for at least 12 months because workers gained better information about employers and were better able to communicate their skills.

[Encouraging young people to create an action plan for their job search](#) increased job offers and employment by helping job-seekers to search more efficiently.

There is international evidence supporting a range of job-search assistance programmes that could be implemented on South Africa's National Youth Employment Platform, [sayouth.mobi](#). This is a job-seeker database created and managed by the NGO Harambee. Delivering job-search assistance programmes through the platform could be an effective way to reduce costs and the administrative burden, and allow the government to reach a greater number of job-seekers.

Programmes that provide job-seekers with information about the job market have been shown to encourage job seekers to obtain new training, [consider new employment opportunities](#) and increase interviews, [earnings](#) and [employment](#).

Policies delivered offline may further encourage job search. Providing airtime to job-seekers who are active on sayouth.mobi could increase job search.

Workshops can be used to help participants prepare CVs and cover letters that effectively showcase their skills. [In one study](#), workshops improved the quality of employment, but not employment rates. Peer group job-search clubs may also improve outcomes because job-seekers can support each other with the job search process, and because these clubs may decrease feelings of isolation, depression and low self-esteem, which are made

worse by unemployment.

In France, [job search clubs](#) with participants' peers were more effective than one-on-one sessions with caseworkers. Mental health services for job-seekers could also be valuable to combat depression and low self-esteem. Moreover, depression may reduce job search effort. So, mental health services could be used to offset this effect.

### **Next steps**

We argue that the extended grant should not have conditions attached. Conditions are difficult and expensive to set, monitor and implement. But labelling the grant as a "job-seekers grant" might be effective. It could encourage recipients to use the grant for job search without the need for stringent conditions that might reduce take-up.

Related studies in [Kenya](#) and [Morocco](#) found that a labelled grant was as effective as a conditional grant.

Our recommendation of combining cash grants and job-search assistance services is made on the basis of the best available evidence, but the policy has not been empirically tested at a national scale. We recommend that programmes be rigorously evaluated and phased in over time, based on the strength of their evidence base and the costs associated with implementing them.

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