



LABOUR ACTIVATION PROGRAMME

Re-integrating UIF beneficiaries
into the labour market



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1. Background and Introduction

The Unemployment Insurance Fund (the UIF) is a Schedule 3 public entity of the Department of Labour, established in terms of the Unemployment Insurance Act, 63 of 2001 (the UI Act) to provide short term relief to unemployed beneficiaries during periods of unemployment, illness, dependence, maternity and adoption.

In terms of the UI Act, the UIF is mandated to register all qualifying employers and employees in South Africa and to pay benefits to all qualifying claimants. In terms of the Unemployment Contributions Act, 4 of 2002, both UIF and SARS are mandated to collect monthly contributions from employers and employees.

The UIF is self-funded and its core mandate is to collect contributions from registered employers and to pay benefits to unemployed beneficiaries. The UIF pays benefits to an average of 60 000 people per month based on qualifying conditions. A majority of these people remain unemployed for a long time due to a lack of necessary skills that can enable them to be re-integrated into the labour market.

Therefore the UIF Board, as mandated by section Section 48 of the UI Act No.63 of 2001 advised the Minister of Labour to implement labour activation programmes that will ensure that unemployed UIF beneficiaries are re-integrated back into the labour market. The UI amendment Act, 10. of 2016 (section 5) provides for the retention of contributors in employment and the re-entry of contributors into the labour market.

Therefore, the Labour Activation Programmes (LAP) Unit was established to increase the Fund's participation in poverty alleviation schemes.

LAP realises this objective by focusing on the following areas:

- Partnering with other government institutions in the implementation of job creation initiatives
- Funding turn-around solutions to companies in distress
- Participating in the implementation of the Training Lay-Off Scheme
- Training of the unemployed.



2. Glossary of Terms

GLOSSARY	INTERPRETATION
Accounting Officer	Means body or person mentioned in Section 49 of PFMA
Department	Department of Labour
LAP	Labour Activation Programmes, a unit within the Unemployment Insurance Fund whose mandate is to fund unemployment alleviation schemes
Learner	The term used for participants of training schemes
Long Term Unemployment	Defined as those who have been continuously unemployed for at least one year
Minister	Minister of Labour
PFMA	Public Finance Management Act, 1999
SETA	Sector Education and Training Authority established in terms of Section 9 (1) of the Skills Development Act
Skills Development Levies Act	Skills Development Levies Act, 1999, as amended.
UIF	Unemployment Insurance Fund established in terms of the Unemployment Insurance Act, 2001(Act No. 63 of 2001); as amended
UIF Beneficiary	“beneficiary” means a natural person: (a) who is or was employed; (b) to whom the Unemployment Insurance Act, in terms of section 3, applies; and (c) who can satisfy the Unemployment Insurance Commissioner that he or she has made contributions for purposes of the Unemployment Insurance Act
Worker	Includes an employee, an unemployed person and a work-seeker

3. Labour Activation Schemes

The LAP Unit has developed a strategy that is aimed at guiding the implementation of the programme in order to ensure consistency and uniformity in the implementation of the poverty alleviation interventions.

The strategy is premised on the following pillars:

- Partnerships with various stakeholders
- Training of the unemployed
- Supporting companies in distress
- Enterprise development and business skills.

3.1 TRAINING OF THE UNEMPLOYED

The training of the unemployed involves the provision of training programmes to unemployed UIF beneficiaries and unemployed youth. The training or learning programmes are designed to afford the unemployed an opportunity to be integrated into the labour market or to start their own enterprises.

The beneficiaries must be registered on the Public Employment Services (PES) database of the Department of Labour and must be available for training in various artisan skills needed by different industries in our country.

THE TRAINING PROGRAMMES ARE DELIVERED IN PARTNERSHIP WITH THE FOLLOWING INSTITUTIONS:

- 1.1. State Owned Entities/Public Entities (as stipulated in PFMA schedule 2 & 3) and SETAs that provide learning Programmes: Apprenticeships (Artisans).
- 1.2. Technical and Vocational Education and Training Colleges (TVET) and Universities whose learning programmes include learner ships and new venture creation including Incubation.
- 1.3. Private Sector Training Providers that provide learning programmes will be considered in future.

The training partnerships are considered based on the co-funding principle. This means for any proposal received, the UIF will share the costs of the total amount required for the training requested and no other fees.

3.1.1 PROCESSES FOR PARTICIPATING IN PARTNERSHIP FOR TRAINING OF THE UNEMPLOYED

- Profiling and sourcing from the UIF SIYAYA database
- Sourcing from the databases of partners
- Sourcing of learners proposals that best meet the capabilities of unemployed UIF beneficiaries through funding windows
- Identify key interventions in the various National Plans and Accords for skills development
- Source/appoint a training provider, that is, govt training institutions, SOEs SETAs etc.
- Sign MOU with training providers
- Monitoring and evaluation.

3.2 SUPPORTING COMPANIES IN DISTRESS

3.2.1 TRAINING LAY-OFF SCHEMES

“Training Lay-Off” is a temporary suspension of work of a worker or a group of workers that are facing a risk of retrenchment due to their company being in distress as a result of economic conditions.

Under the scheme, workers agree to forego their normal wage to attend the training programme and accept a training allowance during the training period. Employers gain a recovery period by reducing payroll costs for a stipulated period while improving the skills of their workers at limited costs to the company.

The “Training Lay-Off” depends on an agreement between an employer and workers that there will be continued employment, and that the employer will pay all contributions of social security benefits during the training period. The Training Lay-Off normally runs for six months. UIF pays 75% of an employee’s basic salary up to a maximum amount of R 9 358.00 per month.

Training under this scheme is facilitated through various Sector Education and Training Authorities.

Applications to participate in the scheme are made to the Commission for Conciliation, Mediation and Arbitration (CCMA), and go through a Project Evaluation Committee (PEC) before a final approval by the Director-General of the Department of Labour.

3.2.1.1 PROCESS IMPLEMENTED UNDER TRAINING LAY-OFF SCHEME

- Sourcing of proposals to empower unemployed UIF beneficiaries
- Presentation of proposals to all governing structures of the UIF
- Approval of proposals by the Minister of Labour
- Contracting with the approved implementing partners

- Implementation of the approved proposal
- Monitoring of the approved project
- Monitoring of finances within the project
- Funding of training allowance under the Training Lay-off Scheme.

3.2.2 SOCIAL PLAN FUNDING (TURN-AROUND SOLUTIONS)

In 2011 the UIF and Productivity South Africa (PSA) signed a three year funding agreement (2013 – 2015) wherein the UIF committed to transferring funds to PSA in stages to fund the Turnaround Solution Programme.

The specific aims of the programme are to:

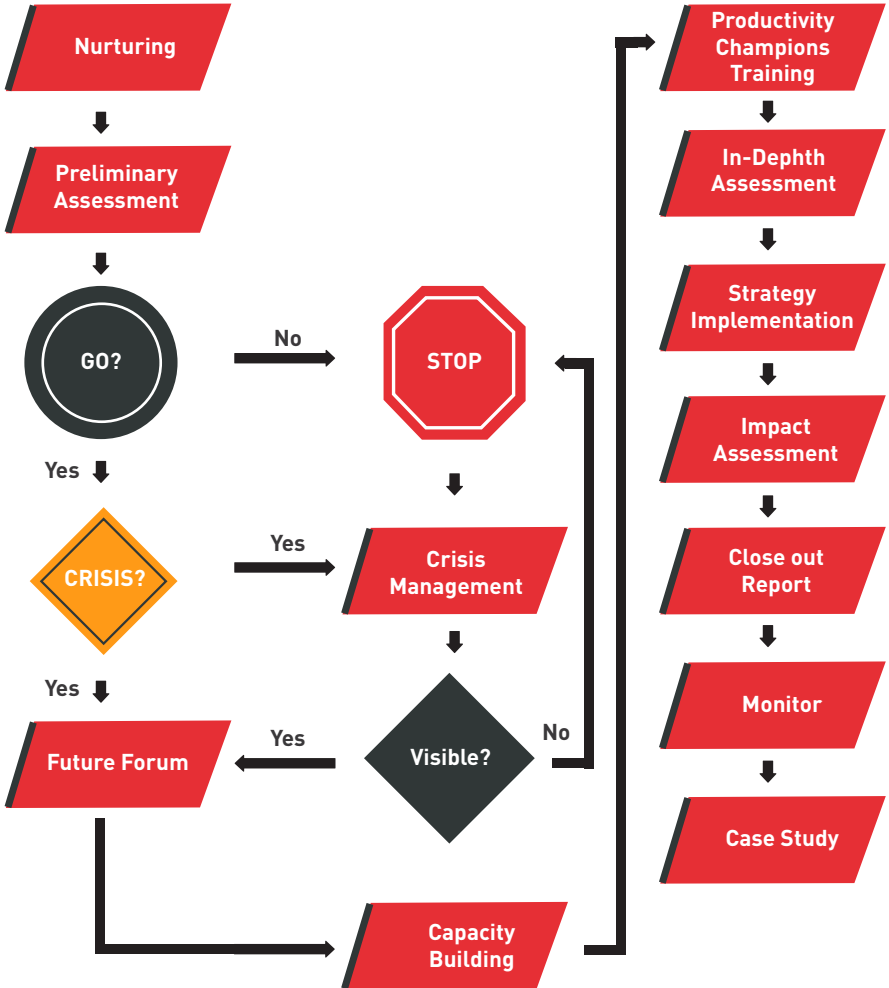
- Avoid and prevent job losses
- Manage the retrenchment process, where job losses are unavoidable
- Integrate retrenched persons into the mainstream economy, where possible.

The Turnaround Solutions Programme identifies jobs that can be saved and institutes processes to enable those rescues. The Programme is generally applied in companies, with +-50 or more employees, facing the threat of large scale retrenchments.

The assistance through the Turnaround Solutions Programme is targeted at companies in all the economic sectors and in all the provinces.



3.2.2.1 How it works



TURNAROUND PROCESS FLOW CHART

3.3 DEVELOPMENT AND BUSINESS SKILLS

The enterprise development programme provides training in business skills to both unemployed UIF beneficiaries and the unemployed youth. The purpose of this programme is to support the national imperative of developing entrepreneurs in South Africa that will help grow the economy and create employment opportunities.

The enterprise development programme seek to create self employment, thus decrease dependency on government job creation initiatives. The programme also aims to thus creating sustainable communities by reducing the impact and number of foreign traders in communities.

3.3.1 PROCESS IMPLEMENTED UNDER THE ENTERPRISE DEVELOPMENT AND BUSINESS SKILLS PROGRAMME

- Providing technical support to aspiring entrepreneurs (business profiling, business and financial plans business registration, and marketing)
- Partnering with Ikwezi Enterprise Development of PIC, SEFA, IDC, NEF, Jobs Fund and other financial institutions
- Enhancing productivity through assisting existing companies (Productivity SA)
- Linking aspiring and existing entrepreneurs, SMME's with available opportunities
- Linking beneficiaries with business and funding opportunities.



3.4 PARTNERSHIPS WITH VARIOUS STAKEHOLDERS

Partnerships with various stakeholders assists the UIF to benchmark best practices and also tap into the resources of the stakeholders. Further, stakeholders will assist to increase the number of UI beneficiaries participating in poverty alleviation schemes, as the majority have a national footprint reaching every corner of South Africa.

3.4.1 Process for implementation of partnerships

- Sourcing of proposals that best meet the capabilities of unemployed uif beneficiaries through funding windows annually
- Evaluation of proposals received through the funding windows
- Presentation of the evaluated proposals to the uif bid adjudication committee
- Inform applicants/bidders of the outcome of the application
- Develop the draft partnership agreement
- Discussion of the draft partnership agreement contents
- Approval of the final agreement
- Signing of the final approved agreement by the delegated authority
- Release of fund.

CONTACTS

Mpumi Mnconywa

UIF Chief Director: Labour Activation Programmes

e-mail: mpumi.mnconywa@labour.gov.za

Tel: (012) 337 1460

Sindisiwe Zungu

UIF Director: Labour Activation Programmes

e-mail: sindi.zungu@labour.gov.za

Tel: (012) 337 1666

Maleletse Nape

UIF Director: Labour Activation Programmes

e-mail: maeleletse.nape@labour.gov.za

Tel: (012) 337 1650

Lebo Van Wyk

UIF Director: Labour Activation Programmes

e-mail: mapule.mono@labour.gov.za

Tel: (012) 337 1491



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Department:
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