

The road to ESG - how SA can use 'social impact' to make environmental progress

 By [Ravi Naidoo](#)

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As COP27 highlighted, we can't afford to take our eye off the 'E'. Climate change is real. As such, South Africa has no option but to do the hard work to transform to a low-carbon economy, and to mitigate the effects of climate change on our most vulnerable communities. But the reality is that our social challenges are more pressing and immediate, and there is often a false choice being claimed between prioritising social or environmental measures.



Ravi Naidoo, CEO of the Youth Employment Service (YES)

Instead of spending money on climate change measures, shouldn't South Africa rather be spending its money on social priorities such as youth employment? This is a question we often get at the Youth Employment Service (YES). For us, it's not either social or environmental impact. Rather, our approach is to support an integration of both imperatives to adapt the ESG concept to the developing world.

So, how do we leverage social impact to drive environmental change? For YES, the answer is to equip as many young people as possible with quality work experience (social impact) that will ultimately make a difference in mitigating and adapting to climate change (environmental impact).

Creating future-facing skills

It all starts with developing the right skills. There's currently a massive shift in skills as the world rushes towards biotechnology and artificial intelligence. Countries will be divided into technology makers and technology takers. Numerous industries are already undergoing transformations that will be dependent on future-oriented skills. In this race, as we witnessed with the political economy of access to Covid vaccines, you're better off as a technology maker.

One of the keys to addressing South Africa's youth unemployment problem lies in creating jobs in future-facing industries. At YES, we place 2000-3000 young people into private sector jobs every month, entirely funded by the private sector. Increasingly, these jobs and skills are in categories such as drone technologies (including remote operational of drones and the associated data analytics), coding, solar rooftop programmes, and green hydrogen value chain projects. These aren't just jobs: they're jobs that have a clear social impact and drive meaningful environmental outcomes.

With 7 million unemployed youth in our country, we need opportunity to be far more accessible, starting from a child's first years at school. The mass impact will need to come from radical improvements in the quality of education in government schools. And the majority of jobs, albeit often short-term, must be produced via a modern version of public works programmes, paid for by the taxpayer.

However, from a private sector perspective, the requirement is to find the most impactful way to place 30,000-plus youth every year into one-year programmes with companies who have strong ESG interests.



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Putting ESG at the heart of business strategy

For this to happen, we are working closely with corporates and other ecosystem partners to incorporate ESG into their overall strategy. The aim is to get businesses to go beyond products and services to develop and integrate a deeper understanding of how they can play a bigger role as change agents in our society. To achieve this, we need board members and executives in all sectors who understand the broader socioeconomic issues and have the ability to challenge and interrogate the way their ESG stance is reflected in their resolutions and strategic direction.

As a practical incentive, in return for placing youth in YES work opportunities, businesses can gain one or two levels up on their B-BBEE scorecard. This incentive programme is one of the more successful incentives offered by the government, as it leverages 100% financial contributions from business without any counterpart finance from government. Moreover, by getting high-potential youth from the poorest households into the economy, businesses are promoting transformation and truly broad-based empowerment. Now businesses can find ways to integrate job creation into their ESG strategies.



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Creating a compact that integrates social and environmental imperatives

The scale of our social and environmental challenges requires a collaborative and 'joined-up' set of solutions across

government, business, and the non-governmental sectors. We're actively collaborating with organisations like BUSA, National Planning Commission, NYDA, IDC, Harambee, and the National Youth Service, to name a few, to create layers of opportunities for the youth to realise their potential and support our national development.

As a country, we have the collective opportunity to build a forward-looking social compact that can drive an integrated socio-environmental agenda. And just as we did with the concepts of SRI Funds and the just transition, South Africa could be a global leader.

ABOUT RAVI NAIDOO

Ravi Naidoo joined the Youth Employment Service (YES) with over 25 years of experience in implementing and managing a range of social change and impact programmes. During this time, he has worked with trade unions, the public sector, and private sector fund management, finding ways to implement programmes in complex institutional environments.
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