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YOUTH UNEMPLOYMENT AND JOB CREATION IN UGANDA: Opportunities And Challenges

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Abstract

Consensus emerged out of the 49th State of the Nation Platform that there is need for attitude change among youth to inspire entrepreneurial energy and appreciate a culture of personal savings and longer term financial growth. While engaging youth was acknowledged to be energy-intensive and difficult, Government needs to focus on addressing real unemployment lest socio-economic ills in society like gambling (sports betting) and drug abuse increase. Evidence shows that such social ills could spark insecurity in form of riots and demonstrations as been witnessed in and around Kisekka, Bwaise and Kalerwe markets. Ineffective vocational training and unattractive employment prospects in the agriculture sector are not the

solution. Rather, there is need to focus on and engage youth computing, craftsmanship, and technical and electrical engineering disciplines. It was observed that the proposed Youth Livelihood Programme (YLP) is projected to employ only about 2000 youths even when the overall level of unemployment stands at 4 million.

The take home message was that government needed to take it as a challenge to spur productive policies that create avenues for different groups of unemployed youths and avoid interventions designed primarily for short term political gain. Employment creation data and progress updates on the National Development Plan from government are needed, as is connecting sectors impacted by youth unemployment issues (public, private and government) to clarify the needs of the market and tailor the education system accordingly.



Participants attending the 49th Session of the State of the Nation Platform at Protea Hotel in Kampala

A. Introduction

Objectives of the 49th STON platform were 1) To open debate on problems associated with youth unemployment in Uganda, and 2) To provide insights regarding possible mechanisms to address the existing challenges. The platform was graced by the attendance and participation of Honorable Amelia Kyambadde, Minister of Tourism, Trade and Industry; Mr. Charles Ocici, Executive Director of Enterprise Uganda; Mr. James Ebitu, a Commissioner from the Ministry of Gender, Labour and Social Development; and Mr. Andrew Mwenda, Journalist and CEO of *The Independent Magazine*, as presenters and discussants. Following presentations, participants assessed existing challenges, opportunities and strategies, and recommended policy reforms on youth unemployment and job creation in Uganda.

B. Brief Background

Youth unemployment stands at between 64% and 70%, and about 400,000 youths are released annually into the job market to compete for approximately 9,000 available jobs. About 30% of the youths who are institutionally qualified in Uganda are unable to find jobs, and the situation is even worse for semi-skilled and unskilled youths. Youths who remain unemployed or underemployed and do not exploit their full potential, are often associated with high incidences of drug abuse and gambling.

Unemployed youths migrate from rural to urban areas for work, which negatively impacts on the social services sector in urban centres. Ugandan youths shun the agricultural sector, one of the biggest employers in rural areas, preferring to work in service sector jobs like riding motorcycle taxis (*boda-bodas*), or as low-wage laborers in industries. The government response has been to issue soft loans and youth grants to agricultural programmes such as NAADS (National Agricultural Advisory Service), the Youth Livelihood Fund, and youth SACCOs (Saving and Credit Cooperatives). Additional services include vocational training education programmes as well as Universal Primary and Secondary Education.

Despite these interventions, the problem of youth unemployment remains high. In response to this state of affairs, the 49th STON was organized to facilitate debate on youth unemployment and assess the existing strategies for ensuring that more youths find employment in Uganda.

C. Presentations

Speaker: Hon. Amelia Kyambadde, Minister of Tourism, Trade and Industry.

Citing the social exclusion of youth from high level debates on employment, Hon. Amelia Kyambadde noted that about 65% of the Ugandan population is categorized as 'youth'. They are a resource for the

market that can be directed for development. The generalization of 'youth' as a homogenous group is unhelpful, however, as it results in the application of projects with similar approaches for vastly different categories of youths. Citing this as a reason for the partial failure of youth employment interventions,



Hon. Amelia Kyambadde noted that the broad categories applicable to unemployed Ugandan youth are skilled, semi-skilled and unskilled. Each of these groups has unique challenges, requiring different project targets and requirements.

In her experience, Hon. Amelia Kyambadde noted a lack of self-esteem and focus amongst skilled workers who tend to adopt a general attitude of sourcing 'quick' money and looking to secure a job as opposed to creating their own jobs. Semi-skilled workers, by contrast, were more willing than skilled and unskilled workers to relocate and start their own businesses. Youths in all groups are unable to market their skills and present themselves as viable employees, partly due to a lack of self-esteem and a negative attitude.

Her recommendations included increased access to loans for youth, and a shift in youth attitude to focus on job creation as opposed to looking for white collar jobs. Central concerns include the prevailing belief that money is required for success. The platform agreed that gambling and betting poses a lot of dangers and may need tighter controls.

Regarding government interventions, Hon. Amelia Kyambadde highlighted the spread of MTACs (Management Training and Advisory Centres) across thirteen districts, which conduct subsidized and/or free training at the district and sub county levels. The Uganda Investment Authority is also conducting entrepreneurship training and business skills training for different target groups and the Ministry of Trade was reported to be in the process of reviving cooperatives through value-addition technology. The minister illustrated her resolve to deal with youth

unemployment in her constituency through her own initiative, the Twezimba Foundation, which helps youth and women to get start-up capital. It was agreed that similar initiatives are needed for the rest of the country.

Speaker: James Ebitu, Commissioner from the Ministry of Gender, Labour and Social Development

Commissioner Ebitu updated participants about the Youth Livelihood Program (YLP) which targets the unemployed and poor youth in the country. The YLP aims are: 1) To provide youth with marketable vocational skills and tool kits for self-employment and job creation, and 2) To make youth entrepreneurship a life skill and an integral part of youth livelihoods.

He gave a brief history of YLP which was launched in the 2013/14 financial year. He revealed that YLP targets unemployed youths (aged 18-30 years) in all 112 districts (including Kampala City), and will release/invest 265 billion UGX. He revealed that youth groups were to receive support and interest-free revolving funds if they started an entrepreneurial project within a period of five years. A uniqueness of the venture was that the youths would not be required to have physical collateral security to acquire a start-up grant.

YLP has three components aimed at enhancing the youth's ability for business management: (i) skills development, (ii) livelihood support, and (iii) institutional support. According to the plan, each youth is supposed to get 12 - 25 million UGX to undertake an entrepreneurial project.

Since the project launch in June 2013, the Ministry has put in place a Technical Support Team working with local governments to implement the project and build the capacity of the participating districts. The challenges to YLP include an overwhelming demand for support from youth despite limited resources, limited investment options in certain areas of Uganda, and limited institutional support including weak extension services, production chains and market linkages. The presenter highlighted potential threats to the success of the YLP as the poor mind-set and attitude of youth who resign to 'fate', adopt a dependency on free things, remain reluctant to be innovative, yearn for white collar jobs, and demand instant results.

In conclusion, the presenter highlighted the fact that the YLP is an opportunity for unemployed youth to work together, improve their conditions, and contribute to national development. He also noted that the greatest youth beneficiaries will be those who will focus on investing money wisely for sustainable profit and not those trying to access as much money as possible.

Speaker: Mr. Charles Ocici, Executive Director of Enterprise Uganda

Focusing on current obstacles to youth enterprise in Uganda, Mr. Ocici noted that involving youths in the

private sector required attitudinal change and social and educational reforms. He cited a narrow attitude amongst youths who believe that upon completion of education, employment should be an entitlement. To him, this mindset was the one responsible for the belief that entrepreneurship is for the less educated and the excessive focus on the uniqueness of business ideas. Fear of failure was common as many have misguided beliefs about sourcing capital externally and shunning entrepreneurial business ideas for fear of not setting up a successful business in one attempt.



Uganda cannot solve youth unemployment unless such mindsets are adjusted. Moreover, despite the numerous programs that have addressed youth unemployment such as NAADS, Market Stalls and SACCOs, lessons have not been learned, as programmes remain uncoordinated and untargeted. The private sector approach can find solutions for those willing to work in clean office environments and pursue personal development. Many youths, according to Mr. Ocici, lacked the capacity to pursue personal development hence, their reluctance to engage in the private sector. He remarked that opportunities for youth could change if they changed their attitudes to work.

Speaker 4: Andrew Mwenda, Journalist and CEO of *The Independent Magazine*

Mr. Mwenda, a private sector player, began his remarks by pointing out the massive investment in education -- 323 secondary schools existing in 1962 and a recent graduate quota of 400,000 Ugandan graduates -- which has led to Uganda accumulating excessive human capital without subsequent employment opportunities.



Having sustained rapid economic growth over 27 years, averaging 2.7% growth per year, there has been little to no increase in employment rate. He suggested that Uganda needs sustainable growth over a longer period of time to be able to meet the employment demands of its population.

Liberal economic policies have not resulted in increased employment suggesting that government now needs to link liberalization, investment and employment. The focus on entrepreneurship can also be a challenge because entrepreneurship does not necessarily create employment. For example, the majority of Ugandans are self-employed in the informal sector. However, this has not resulted in additional job creation. Instead, Uganda remains reliant on huge industries to create employment opportunities.

He noted that as a strategy for employment, Uganda needs to move into manufacturing, which would create employment and a better sustainable development index. The manufacturing sector should be driven by the private sector with proper regulation from the government. He was of the view that the government had “over liberalized” the sector and has not set standards of requirements that would ensure citizens are able to participate.

Uganda needs to promote value addition for its products in order to create employment and raise

incomes. At present, all of the exports from the country, from agriculture to minerals, are in their natural raw state so there is no value added. Contributions from the public sector to employment should include the creation of jobs through strategic infrastructural development. Capital should be given for large investments to provide employment, as opposed to dividing it up among many youths who individually receive very small amounts. Ultimately, he argues, the latter strategy does not reduce unemployment.

D. Policy Recommendations

Key recommendations from panelists and participants were:

- 1. Upcountry STON should facilitate youth policy engagement:** STON dialogues within the communities would ensure the youths and other affected persons take part in informing policy development. It was recommended that similar meetings happen throughout the country, following STON or other formats, at sub-county and district level.
- 2. Refocus Youth Development Plans:** Youth development plans must be varied, relevant and consolidated, with care taken to avoid duplication. Projects and plans must avoid dependency models (grants and handouts), and resist a narrow focus on income generation. Prioritize bigger projects and skill development that reflects present market needs.
- 3. Review education curriculum to address issues of unemployment:** The current review of the national curriculum of education must also address issues of unemployment, including education focused on entrepreneurial skills, financial literacy, savings, and the thrifty use of resources.
- 4. National Budget should focus on opportunities for job creation:** The national budget must facilitate job creation by creating and tracking employment. Government must also focus on better incentives for youth employment. For example, all investors who are given benefits such as tax holidays should be required to employ a certain number of Ugandans in their businesses.