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Policy Brief 015

DIGITAL JOBS AS A PROFOUND SOLUTION TO UNEMPLOYMENT IN UGANDA

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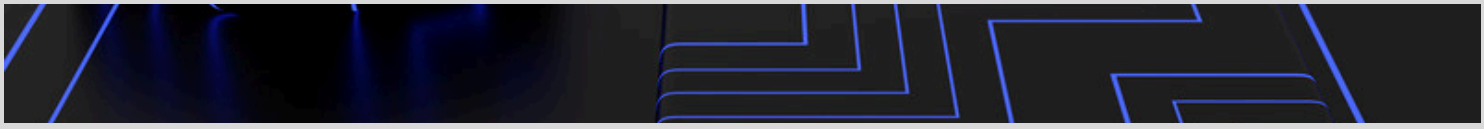
INTRODUCTION AND BACKGROUND

The Fourth Industrial revolution has led to a paradigm shift in the way businesses are conducted and how people interact especially in the Post Covid-19 period that catalysed a rapid expansion and growth of digital economies. The digital economy is a segment emanating from digital transformation that has altered how businesses operate and the whole society's day to day life. Technological advancements such as e-commerce, social media platforms, emails, video conferencing have enhanced the ability to connect globally, working remotely, and redefining the World as a global village.

The G20 Toolkit for measuring the digital Economy spells out various indicators of Information & Communication Technology (ICT) infrastructure such as the prices of internet connectivity, mobile broadband, safety of servers, and household access to internet. It also highlights the need for adoption of innovation and technology by embracing research in machine learning, Research & Development (R&D) in information industries, ICT use by businesses, AI (Artificial Intelligence) -related technologies, empowering society, narrowing the digital divide, mobile money, and e-commerce. Further, it suggests Jobs and Growth through ICT occupations, e-commerce, extended ICT footprint, ICT & Global Value chains and several other components that constitute the digital economy.

The World Bank uses the "Country Assessment of the Digital Economy" (DECA) to determine the readiness of countries to implement digital technologies; the IMF in the "Measurement of the digital economy" goes beyond Gross Domestic Product (GDP) and assesses the impact of digital technologies on the well-being of society. Similarly, the United Nations Conference on Trade and Development (UNCTAD) supports the portal "indicators of the information economy", dedicated to measuring e-commerce and the digital economy. Overall, to achieve a successful digital society, there should be a multi-level digital economy that includes all economic activities that depend on digital resources or significantly enhanced through their use such as digital technologies, digital infrastructure, digital services, and data (AU & OECD, 2021). For developing countries like Uganda, unemployment and underemployment have remained critical challenges for decades especially among the youth due to failure to prioritize technology in business and for employment. Uganda has one of the youngest and most rapidly growing populations in the world with a population growth rate of 3.7% and 78% of the country's population being under the age of 30 (UNDP, 2021).



With Uganda's rapidly growing population and limited opportunities in traditional job sectors, it is paramount to embrace innovative solutions characterized with exploiting digital transformation opportunities. Digital jobs encompassing a wide range of online and technology-based employment opportunities present a viable solution to the high unemployment rate. Tech jobs align with global employment trends and offer flexibility, scalability, and accessibility. Many Small and Medium Enterprises (SMEs) can be operated online, and clients can be reached out remotely intertwined with online orders and mobile delivery. This policy brief explores the potential of digital jobs to alleviate unemployment in Uganda and provides actionable policy recommendations. With a population of over 45 million, Uganda has a high youth unemployment rate, which is exacerbated by a mismatch between the skills possessed by job seekers and the demands of the job market.

Approximately 41% of Uganda's youth are Neither in Employment, nor Education or Training (NEET), 52% of these are females and 48% males (UBOS, 2023).

The digital economy, characterized by jobs in ICT, online freelancing, e-commerce, and tech startups, offers a viable solution to this macroeconomic problem. With the shift to digital transformation, digital jobs can provide flexible and well-paying opportunities that are accessible to a wide segment of the population. Notably, several digital jobs require less expertise specifically only necessitating basic computer literacy to intermediate skills. This has been enhanced with the rapid spread in the usage of AI- apps that are user-friendly.

AFRICA'S DIGITAL ECONOMY

One of the challenges to digital transformation in Africa, Uganda inclusive, is the high cost of desktop computers and laptops rendering many unable to afford them. There is little that can be done by using smart phones to do digital work due to a small graphical user interface.

In East Africa, Kenya has been commended for having the fastest growing digital economy in the region. It has witnessed a remarkable rise in its digital transformation over the past decade in which the digital economy contributes 7.7 % to its GDP.

This further places it at the forefront of digital transformation in Africa, with Morocco (6.8 %) and South Africa (6.5 %). It has been estimated that this sector will grow further, reaching 9.2 % by 2025 (IFC, 2020).

One of the best practices that some countries have adopted to achieve rapidly growing digital economies, is the establishment of conducive regulatory environments to boost research, innovation and investment in digital technology. In 2017, Kenya developed its digital economy blueprint encompassing five (5) pillars including: Digital government; Digital Businesses; Infrastructure; Innovative-driven entrepreneurship; Digital Skills and Values. Kenya is also borrowing a leaf from already existing digital technology frameworks such as the African Union (AU) Convention on cyber security and Personal Data Protection, European General Data Protection Regulation, and treating digital transformation as a cornerstone that

support the government to navigate the hindrances to economic growth and development. In Kenya's National Digital Master Plan (2022-2032) [1], Kenya's emphasizes a plan to establish a 100,000km of high-speed fiber optic infrastructure to provide internet to all Schools in the country, government institutions/offices, Metro-cities, health facilities, rural businesses, homes and public spaces. They also envisage having 25,000 internet hotspots to provide internet services to innovators and entrepreneurs among other initiatives. All these are geared towards promoting digital transformation and digital jobs in the country.

For Uganda, the Ministry of ICT estimated that its digital economy contributes 9% to its GDP (MoICT & NG, 2023). From a National IT Survey (2022) [2] only one in five individuals was aware of any government services provided online and among individuals that had not used any e-government services, most reported preferring personal contact (23%), followed by lack of knowledge that such services existed (21%). Lack of digital skills thus remains glaring in Uganda.

UGANDA'S DIGITAL TRANSFORMATION ROADMAP

By 2023, Uganda had over 27 million internet subscribers (UCC, 2023). Thus, all these have the potential to become digitally employed persons regardless of their socio-economic status.

Through the Digital transformation roadmap (2023/24-2027/28), the Ministry of ICT & National Guidance (MoICT & NG) proposes a Digital Acceleration Programme guided by 4 strategic areas: i) Governance & Private Public Partnerships, ii) Digital Literacy & Skilling, iii) Access & Availability, and iv) Integration of Educational Services and Data. Despite several challenges in the digital economy, the roadmap includes key strategies such as Licensing of a Low-earth Orbit (LEO) technology to provide backhaul for small wireless operators to help bridge the digital divide; Creating a social purpose International Mobile Telecommunications (IMT) spectrum license to support community operated cellular networks; Development of a National Public Key Infrastructure (PKI) strategy to support trust in use of e-services across public and private sectors; Regulatory interventions to recognize, promote and attract Content Distribution Networks (CDNs) and Cloud Providers to establish Data Centers or Points of Presence in the country: Building appropriate cyber security and data protection capabilities as part of the National Cyber Security Strategy (2022), and many others all of which support the Digital Uganda Vision 2040. By 2023, By 2023, Uganda had over 27 million internet subscribers (UCC, 2023) [3]. Thus, all these have the potential to become digitally employed persons regardless of their socio-economic status.

[1] The Kenya National Digital Master Plan (2022-2032) https://rb.gy/datvcz

[2] Ministry of ICT & National Guidance (2023) Digital Transformation Roadmap (2023/24-2027/28) https://ict.go.ug/wp-content/uploads/2023/08/Digital-Transformation-Roadmap.pdf

WHY UGANDA NEEDS TO ADOPT DIGITAL JOBS

From the 27 million internet subscribers in Uganda, it is a viable opportunity for digital jobs to flourish especially among the unemployed youth. Similarly, underemployed populace can supplement their earnings with alternative sources of income from digital jobs. Conventionally, the young population (Generations Y and Z) is more inclined to adopt digital technologies majority of whom are geeks and always eager to explore new ideas. This explains the urgent need to embrace digital transformation for Ugandans to access remote jobs.

Digital jobs do not require renting large office space neither do they necessitate transport costs to office. Work can be done from anywhere anytime as long as one has access to a computer or a digital gadget and internet.

The adoption and investment in digital jobs will reduce unemployment with many job seekers accessing jobs as freelancers, digital marketers, bloggers, data entrants, data analysts, social media influencers, graphic designers, web designers, video editors, content creators, virtual assistants and so many other remote jobs. This will promote the country's economic diversification making it more resilient to sector-specific downturns.

Youth usually exert pressure on government for jobs. However, with digital jobs, the government mainly needs to create an enabling environment such as low internet costs, low taxes on internet data and gadgets such as computers and tablets. Youth can access remote jobs even from other countries.

Digital jobs foster a high level of inclusivity regardless of gender, religious or political affiliation, race, or any other social attributes. This will enhance inclusive growth, reduced inequalities (SDG No.10) as well as decent work (SDG No.8) for women, People with Disabilities (PwDs) and youth. Eventually, digital jobs will widen Uganda's tax base.

LIMITATIONS TO ADOPTION OF DIGITAL JOBS IN UGANDA

Uganda's government has undertaken initiatives such as the establishment of the National Information Technology Authority (NITA-U) whose mission is to transform lives through e-services, the National ICT Policy and the Digital Transformation Roadmap, education reforms to teach ICT in schools at secondary level and various ICT training programs. These have laid the groundwork for employment embedded within the Digital Economy. However, the uptake of digital jobs remains low due to several challenges:

High taxes on Internet and gadgets

Digital devices particularly smart phones and computers are very expensive due to high taxes. This is exacerbated by heavy taxes on internet making it hard for the population to use it frequently.

Majority of job seekers are not aware of the existence of digital jobs

I Most of them continue searching for jobs in which they can be physically employed yet there are several digital jobs that require just basic computer skills hence losing the opportunity to work remotely.

Underdeveloped ICT infrastructure

The network backbone such as fibre optic cables, is not evenly distributed in all parts of Uganda. This renders many regions unable to access internet especially in rural areas.

Facebook ban

Uganda has a suffered a lengthy ban on Facebook since 2021. Facebook users including bloggers and influencers resorted to using illicit means particularly Virtual Private Networks (VPNs) which not only consume high internet data, but also put the country's security at stake since they hide the locations of users at a time.

Skills gap and digital divide

There is a significant gap between the digital skills possessed by job seekers and those required by employers. Moreover, the rural population has less digital skills compared to job seekers in urban areas leading to unequal access to employment opportunities.

Cyber security threats

Many internet users are faced with a challenge of cyber security especially hackers. They are at risk of losing confidential data, e-money fraud cases, and at times online accounts or pages can be fully compromised.

RECOMMENDATIONS

Policy Recommendations to Enhance Digital Jobs in Uganda

01

ICT infrastructure development

The Ministry of ICT should implement the National Backbone Infrastructure (NBI) to improve internet access in all districts of Uganda as stipulated in the Digital Transformation Roadmap 2023/24-2027/28. The roadmap should include internet access for both public and private sectors across the country.

02

Budgetary allocation to a nation-wide digital skills literacy

During the execution of such literacy, the Ministry of ICT & National Guidance in liaison with Ministry of Education & Sports should develop a clear implementation plan supported with a monitoring & evaluation plan as well as an anti-corruption guide. These are needed to prevent cases of corruption scandals that have hindered the successful implementation of development initiatives for many years.

03

Develop regulatory frameworks or policies that promote innovation and protect users of digital platforms

The Uganda Revenue Authority (URA) and Parliament should support digital transformation by either scrapping off or reducing taxes on internet and gadgets by 50% to increase access to digital jobs hence widening the tax base.

RECOMMENDATIONS

Policy Recommendations to Enhance Digital Jobs in Uganda

04

Establishment of Digital Skills Incubation Centres

The Ministry of Finance, Planning & Economic Development (MoFPED) should allocate funds to the Ministry of ICT & National Guidance to develop tech hubs to strengthen Uganda's digital ecosystem.

05

Funding and support for startups

The Ministry of ICT & National Guidance MoFPED, and International Development Partners should consider providing seed capital funding for digital startups. It is also imperative to provide soft loans as well as liaising with URA to offer tax holidays to digital startups to enhance business growth and sustainability.

06

Education and skills development

The Ministry of Education and Sports should reform the education curriculum to include digital skills training from primary school. This should be coupled with providing incentives for private sector participation in digital skills training programs and establish centers of excellence for digital skills development.

07

Public Private Partnerships (PPP) are required to strengthen the pool of opportunities, facilitate entrepreneurship and establish a strong enabling environment for Small and Medium Enterprises (SMEs) growth, which can in turn generate digital jobs.

CONCLUSION

By leveraging the power of digital technology, and the internet, Uganda can create sustainable employment opportunities that are accessible to a broad segment of the population, develop skills, and drive economic growth. Strategic policy interventions in ICT infrastructure, reforming the education curriculum, reducing taxes on internet and ICT gadgets, awareness raising, and favorable legal frameworks are essential to realizing this potential. However, it requires combined efforts from the government, private sector, international development partners, and other stakeholders to ensure that digital jobs become a cornerstone of Uganda's employment strategy and a major contributor to the GDP.

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