



ADDRESSING YOUTH UNEMPLOYMENT IN UGANDA; *The Inevitable Advice of the 21st Century*

POLICY BRIEF

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Introduction and Background

The issues raised in this policy brief provide a body of recommendations to policy makers including: the central government, local governments, curriculum developers, educationalists, and other policy implementers. It also highlights a clear vision on how the rampant youth unemployment in Uganda can be reduced. The aim is to improve the general welfare of the youths and their contribution towards Uganda's Gross Domestic Product (GDP). The youths will be able to attempt to move into self-employment and happen to set up their own businesses. Although, many youth startups fail, the experience of working for contribute effectively to the growth and development of their country. Many young people in Uganda themselves may have helped them to develop new skills and gain the experience employers are looking for. 'Softer' outcomes such as attitudes to enterprise and new skills development can be

important for improving a young person's employability. Uganda has one of the youngest populations in the world with roughly 70 % of the population aged less than 25 years and 58 % aged less than 18 years (UBOS, 2013).

According to UBOS, 2018 report, the distribution of employment status is as follows; the paid employment covers 34.5%, own account is 52.8% contributing family works is 9.8% and employer is 3.0%. This is a clear testimony that if self-employment is improved, unemployment and poverty will reduce. Generally, there will be progress towards achieving the goals for the National Development Plan II, 2015/16-2019/20 and the United Nations (UN) Sustainable Development Goals (SDGs).

Youth unemployment in Uganda stands at a level between 64% and 70%, (<https://www.code-u.org>). The threat of extended unemployment may force an

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explosion of self-employment and independent small businesses by disillusioned unemployed who seek to go out on their own, not as a dream but as a necessity. This means that, necessity is the mother of invention. As self-employment is not for everyone, so is unemployment. Thus, everybody has to struggle to become self-employed.

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 ones. Youth who remain unemployed or underemployed, and those who do not exploit their full potential, are often associated with high incidences of drug abuse and gambling (Peter Magelah and Barbara Ntambirweki 2014). These need to be addressed by undertaking measures which can

avert the unemployment challenge. Youth unemployment is one of the biggest problems the government of Uganda is grappling with. In 2012, the Uganda Bureau of Statistics revealed that the share of unemployed youth (national definition, 18 to 30 years) among the total unemployed persons in the country was 64 per cent.

Increase in self-employment has resulted into a significant proportion of employment growth. But many youths in Uganda engage in jobs which they do not desire but they have no option. The youth should be encouraged to pursue their route into work. With some young unemployed people becoming self-employed, or setting up a business may offer important opportunity to enter the labor market, although, this may require some initial capital which may not be available. Self-employment may help some young unemployed people to overcome some of the disadvantages they may face in the

labor market such as; lack of the required working experience, low qualificatio

ns, criminal records, caring responsibilities, health conditions, and lack of networks. The 2013

Millennium Development Goals report by UNDP and the government of Uganda, indicates that, there are about 600,000 to 700,000 new entrants into the labor market each year in Uganda, and more than 95 per cent of these are youths. However, it is estimated that out of these, only 9,000 find jobs and therefore, this needs to be addressed so as to maximize job creation.

Struggles to reduce youth unemployment in Uganda.

Uganda has implemented a number of programs aimed at creating employment specifically for youths. These policies consist of those aimed at providing an enabling environment for the private sector to create jobs as well as those geared towards building the skills and requisite knowledge to make youths more employable (Gemma & Mbowa 2014). The government and other key players have taken different measures including the following among others;

Providing an enabling environment for private sector investment to create jobs

While the Ugandan public sector was the major employer before the 1990s, the civil service reform that started in 1992 led to a large reduction in the

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number of public servants in Uganda. This reduction was achieved through retrenchment, voluntary retirement schemes, divestiture and privatization of public enterprises. A lot of efforts have been invested in the private sector as the major provider of jobs, for not only youths but also the entire population. However, the sector has been frustrated by changes in foreign exchange, inflationary tendencies, heavy taxes and other challenges. Despite the incentives put in place to develop the private sector, the unfavorable policies have made it difficult for the sector to expand in order to provide jobs to the youths. Some of the youths are for example; not able to promote their businesses using digital or online marketing. This is due to the introduction of Over the Top Tax (OTT) in Uganda, which seems small but expensive to the infant businesses of youth striving to survive.

Investment in infrastructure, promotion of foreign direct

investment (FDI), and support to local investors were anticipated to increase growth in jobs.

The Uganda Investment Authority (UIA) was put in place by an Act of parliament in 1991 to foster private sector investment and subsequently for the creation of employment opportunities through foreign, joint-venture and local projects. Efforts to promote FDI have focused on generating new investments with foreign and domestic private sector actors. Although, the UIA has created some jobs particularly in telecommunication, manufacturing, banking and other sectors, the number is inadequate compared to the huge number of annual labor market entrants. According to the Uganda Employment Policy, employment stemming from the UIA's projects absorb less than 10 percent of labor market entrants annually. By 2013, the UIA's jobs conversion rate (the difference between jobs at licensing and actual jobs at implementation) was about 60 percent. The majority of these jobs (63.5 percent) is of unskilled or casual nature and hence tends to earn less in terms of take home packages.

Support to enterprise development

Recognizing that micro, small- and medium-sized enterprises have been a considerable source of employment in Uganda, the government has tried to promote the culture of "self-employment" through microfinances. This kind of intervention dates back to the late 1990s when the government introduced the Youth Entrepreneurial Scheme (YES). The YES program was designed as a loan scheme for youths who wished to venture into business. Later on, the Youth Loan Scheme was introduced. The scheme did not perform as anticipated because it was largely perceived as a political tool. While it was meant to be a loan scheme, it ended up being a handout with very low (if any) recoveries made. Despite the glaring poor performance of the credit program, the government has continued to use microfinances as a way of addressing constraints to starting and running businesses.

Building skills and equipping labor with requisite knowledge

Upon recognizing that youths lack employable skills, or possess skills that are irrelevant to the current job market since 1997, the government has focused on a phased curriculum review at all

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Encourage entrepreneurship so that people are able to create their own jobs by offering soft loans to youth indiscriminately.

Reduce bureaucracy for business registration of youth-owned businesses.

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levels of education with it focusing on business, technical, vocational education and training (BTVET).

Entrepreneurship was further introduced as a subject in both lower and university levels of education with a view of imparting

practical knowledge and skills, to enable youths to become job creators. In addition, the Ugandan government put an emphasis on science by paying higher wages to science teachers, building science laboratories and allocating more government-sponsored slots (75 percent) for science students at universities and higher institutions. At the tertiary level, mandatory internships and introduction of courses that teach skills that are needed by employers was introduced, although, the mismatch between the skills needed by employers and those taught at school (colleges and universities) is still appalling.

Despite these measures, the levels of unemployment and underemployment have remained high. The BTVET programs continue to be plagued by various challenges. They have remained largely theoretical since most of them lack the infrastructure for undertaking practical lessons, most offer low-cost skills training that are mismatched with labor market demands, and some are privately owned with no access to government funding. Poor community attitudes about vocational education is still a challenge, leading to low enrollment rates. Indeed, many

BTVET institutions run below capacity. Although improvements in the investment climate and building of skills are crucial to jobs creation, there is a need for an effective strategy for industrial development. It is thus imperative to note that the government builds on the efforts to address skill gaps, investment constraints faced by the private sector, and, above all, prioritize industrialization. International initiatives, such as the African Growth and Opportunity Act (AGOA) and Everything but Arms (EBA) should be exploited to boost exports and create jobs.

Key policy recommendations to overcome youth unemployment in Uganda

- The Government should endeavor to create a safe environment for self-employment rather than trying to create jobs for a few people who in some cases may not have qualifications for them.
- Organize periodical financial literacy trainings for youth to enable them manage their business finances well.
- Reduce bureaucracy for business registration of youth-owned businesses.

- Encourage entrepreneurship so that people are able to create their own jobs by offering soft loans to youth indiscriminatively.
- Improving and modernizing apprenticeship to train youth to match with the existing demand on the labour market
- Providing informal opportunities for disadvantaged youths who cannot compete favorably with other people.
- Review of the current national curriculum of education so as to also address issues of unemployment, including education focused on entrepreneurial skills, financial literacy, savings, and the thrifty use of resources.
- The national Budget should focus on opportunities for job creation. The national budget must facilitate job

creation by creating and tracking employment.

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- Provide microloans to people who have got small businesses to improve their capital base.
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