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**A PAPER ON THE CHALLENGES OF YOUTH (UN) EMPLOYMENT IN UGANDA**

BY THE

**YOUNG LEADERS THINK TANK FOR POLICY ALTERNATIVES**

## **Executive Summary**

The term “unemployment” is not new to many Ugandans because it is a prevalent problem throughout the country. Reports reveal that in 2002, youth unemployment was estimated to be at approximately 23% and has today skyrocketed to 32.2%.

Youth “un”-employment therefore poses a serious political, economic and social challenge to the country and its leadership. Its persistence is making it increasingly difficult for Uganda to reduce its poverty levels.

This paper on the challenges of youth (un)- employment in Uganda is intended to highlight the problem at hand and also give offer possible policy alternatives that can alleviate it. The paper will also inform key policy makers and implementers about the interests of the young generation and highlight the rationale for including them in the country’s national development priorities.

The statistical data provided in the paper is mainly based on official Government reports and reports from other sources.

**Salient facts about employment in Uganda are as follows.**

- The Ugandan labour force consists of persons aged between 14 to 64 who were either employed (in paid employment, self-employed and unpaid family workers) or unemployed (without work and available for work)
- Currently the Uganda labour force is estimated to be 9.8 million for person aged 14-64 years, of which 53 per cent are female.
- About 85% of the labour is in rural areas, a notable percentage of the labour force is illiterate (30 percent). Close to 77% of the labour force had either no education or had attained primary education. In addition, about 75% of the labour force is below 40 years.
- This indicates that majority of the individuals entering labour market have no skills considering that the primary schools do not offer vocational working skill training.
- The current labour force participation rate is 80%. Participation levels by selected background characteristics show rural women had higher participation rates than their urban counterparts.
- The 2009/2010 Uganda National Household Survey revealed that the unemployment rate was at 4.2% in 2009/2010 compared to 1.9% in 2005/2006.

- The survey also showed that the general proportion of youth (International definition, 15-24 years) rose from 27% in 2005/2006 to 28% in 2009/2010.
- On the other hand, the proportion of the youth (national definition, 18-30 years) rose from 44% in 2005/2006 to 48% in 2009/2010.

Some of the major reasons behind the high youth unemployment rate are attributed to the fact that many youth lack employable skills, access to resources like land and capital. The youth also have a negative attitude towards certain types of work. Additionally, the overall existing policies also continue focusing on creating job seekers and not job creators.

In a 2010 Economic Report of Africa entitled, *"Promoting High Level sustainable growth to reduce unemployment in Africa"*, the United Nations Economic Forum for Africa noted that African countries can pursue several short-term and long-term policies to achieve the needed structural transformation that generates high growth with increased employment creation. These policies should be based on a comprehensive development planning framework that embodies well designed and implemented macro-economic and sectoral strategies.

With this in mind, we realize that a single policy strategy has no capacity to effectively resolve the problem of youth (un) employment. Uganda therefore needs to adopt a multi-sectoral approach which involves transformation of every sector in the economy including the education sector, health sector, transport sector and the agricultural sector among others.

This approach requires a combination of initiatives which directly involve the state, private sector actors, as well as the mobilization of civil society to take a proactive interest in addressing the problems presented by unemployment. The discussion of policy options to alleviate youth unemployment illustrates that there are many possible interventions available to Government.

Policies and proposals for confronting youth unemployment should be guided by the underlying issues that explain why youth employment is very low. It is critical for interventions to raise the quality of basic and higher education and also provide an environment that cultivates not only academic but also technical and vocational skills development. The Government of Uganda also needs to work in concert with potential employers, interested individuals and young people themselves in developing and

implementing initiatives that can avail the youth with employment opportunities and enhance their potential.

## 1.1 General Introduction

Unemployment as defined by the International Labour Organization (ILO) occurs when people are without jobs and they have actively looked for work within the past four weeks. The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed individuals by all individuals currently in the labour force.

In the year 2010, Uganda registered a GDP growth of about 5.2% but this has not been rapid enough to create the jobs needed to keep pace with its population growth which according to the Population Reference Bureau, a Washington D.C based research and advocacy group, is way ahead of the world's, which is at 1.2% leading to a persistent high rate of unemployment. The policy conclusion drawn is that we need faster growth to increase the demand for workers and reduce unemployment which is one of the most pressing social economic challenges facing Government today.

There are three primary causes of unemployment; structural causes (changes in market conditions often turn many skills obsolete); frictional causes (transaction cost of trying to find a new job); and cyclical unemployment (economic contraction). There are arguments that a large share of current high youth unemployment is "structural," in a sense that most of the unemployed youth have skills which are not compatible with the jobs becoming available. It is further argued that many of the unemployed youth either possess inadequate skills or possess skills that have greatly deteriorated or are not applicable to the available industries

## 1.2 Situational Analysis

According to the International Labour Organisation, the number of unemployed youth worldwide increased by 10.2 million in 2009 compared to 2007, the largest hike since 1991.<sup>1</sup>

The 2009/2010 Uganda National Household Survey revealed that the unemployment rate was at 4.2 percent in 2009/2010 compared to 1.9 percent in 2005/2006. The survey also showed that the general proportion of youth (International definition, 15-24 years) rose from 27 percent in 2005/2006 to 28% in 2009/2010. On the other hand, the proportion of the youth (national definition, 18-30 years) rose from

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<sup>1</sup> [http://www.ilo.org/global/about-the-ilo/press-and-media-centre/press-releases/WCMS\\_120465/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/press-and-media-centre/press-releases/WCMS_120465/lang--en/index.htm)

44 percent in 2005/2006 to 48 percent in 2009/2010. According to a 2008 World Bank Report, Uganda is among the countries with the youngest population and the highest youth unemployment rate of 83%.

To further lend credibility to these findings, in the 2011/2012 budget of Uganda, the Minister of Finance recognised that because of the high levels of unemployment, the Ugandan economy can only absorb 20% of its youth.

This same survey revealed that the labour force in the country was approximately at 11.5 million persons reflecting an increase of 2 million from 9.5 million in 2005/2006; an annual growth rate of 4.7 percent. This is above the national population of 3.2 percent per year. According to the survey, the high growth rate of the labour force poses a challenge to the country since it requires that jobs should be secured to match the increasing labour force.

The survey also used the Labour Force Participation Rate to assess the employment situation in Uganda. Labour Force Participation Rate means the number of persons in the labour force expressed as a percentage of the working-age population. The labour force participation rate for youth (International definition, 15-24 years) rose from 44 percent in 2005/2006 to 60 percent in 2009/2010. The Labour Force Participation Rate for the youth as nationally defined, 18-30 years increased from 77 percent in 2005/06 to 86 percent in 2009/10. Consequently Uganda required about 15.6 million jobs for her active population aged 15-64 years by 2010. But due to the current unemployment rate of over 3.5% and whopping youth unemployment rate of over 32.2% then about 4.37 million people have remained jobless.

According to a 2011 statistical abstract, the total labour force in Uganda increased from 10.8 million persons in 2005/06 to 13.4 million persons in 2009/10, an increase of 23 percent; by industry, agriculture employed 66 percent of the working population, while by occupation, 60 percent of the working population were agriculture and fishery Workers; by employment status 79 percent were self-employed in 2009/10.

### **1.3 Causes of the high youth unemployment rate at a glance**

The National Youth policy recognizes that the major causes of a high youth unemployment rate are lack of employable skills, lack of access to resources like land and capital, lack of focus by the existing programs on the informal sector and agriculture, overemphasis on experience, lack of apprenticeship schemes, negative attitudes by the youth towards work especially in agriculture, lack of a

comprehensive employment policy and negative cultural attitudes such as gender discrimination et cetera.

Generally, the high youth unemployment rate in Uganda and Africa at large can be attributed to the slow economic growth and small formal labour markets, high population growth rate, lack of sufficient experience and skills, lack of decent work, the rigid education system, rural-urban migration, limited social networks, youth's limited access to capital support systems et cetera.

A number of analysts believe that the poor Government policies are partly to blame for these youth problems. In recent times the Government has come up with a number of solutions to youth problems and these are embedded in policies such as the National Youth Policy, Employment policy et cetera.

The poor attitude towards certain jobs that both young people in employment and unemployed ones exhibit is also partly responsible for the youth problems. Gasper Mbowa, MTN's company youth segment manager says that on average, about 70 percent of the young people the company employs to man their call centers show commitment to the work but 30 percent will care less about their output at work since this is not a permanent placing for them in the company.<sup>2</sup> The 30 percent will therefore be slow and strictly work within the specified working hours (8am to 5pm). He also attributes the problem to the education system which is largely theoretical and therefore does not quite prepare young people for the working environment.

Another cause of the high unemployment rate in Uganda is the societal and cultural aspect that generally encourages young people, particularly the girl child to continue depending on parental support even at an old age. The end result is that many of Uganda's youth do not have the capacity to think for themselves or let alone find creative ways of earning a living.

#### **1.4 Consequences of youth (un)-employment**

Unemployment has social as well as economic consequences for young people. Unemployed young people are forced to find alternatives to generate income, including activities in the survival-type informal sector and, in extreme cases, criminal activity.<sup>3</sup> Urban unemployment is further exacerbated by rural-urban migration. Rural migrants believe that more jobs and social opportunities are available in urban areas, but once in the cities they find themselves without a job and with limited social networks.

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<sup>2</sup> Daily Monitor Newspaper February 9<sup>th</sup> 2011 by Edgar Batte, "Employers wary of unstable recruits"

<sup>3</sup> <http://www.uneca.org/era2005/chap5.pdf>

Trapped and discouraged by bleak job prospects, some turn to the sex, criminality and drug industries to survive.

Youth joblessness also implies missed opportunities in the human resources to produce goods and services. In addition, smaller tax revenues result from a smaller tax base for income tax and indirect taxes such as the value added tax. A further implication is related to security. An increase of one percentage point in the ratio of people ages 15-29 to people ages 30-54 increases the likelihood of conflict such as civil unrest or war by 7 per cent. Higher crime rates also have a direct economic cost in terms of loss of foreign direct investment.

The youth now lack the capacity to access health services, lack leadership and management skills, are prone to poverty et cetera because they are unable to engage in meaningful and gainful employment. Many of them have also resorted to corrupt tendencies in order to quickly go up the ladder of success. To them, the meager sums that they earn are a justification for this form of behavior which is a vice that Uganda needs to get rid of. The youth have also lost faith in the capacity of their country to offer them the necessary protection against exploitative employers.

### **1.5 Recent Developments: The 2011/2012 Budget**

The 2011/2012 budget is one of the most recognizable strategies by the Government to deal with the problems youth face in the employment sector. The financial facilities proposed by the Government are pro youth and an indication that the Government is now looking at young people as important stakeholders in the development process.

In this budget, the Minister of Finance mentioned some of the aspects that continue to constrain development in the country and these include poor business and entrepreneurial attitudes, the lack of good work ethic, integrity and patriotism in both the public and private sectors; negative perceptions in use and appreciation of natural resources; limited adoption of science technology and information and communication technology in business and social spheres and negative attitude towards work and entrepreneurship in favour of paid employment and poor time management.

She further noted that Uganda's human resource base is still characterized by the following: qualitative and quantitative deficits in skilled human resources especially in technical areas; low school completion rates and limited capacities in vocational and technical education which ultimately is reflected in low productivity of Uganda's labour force; inadequate qualified persons in some sectors. For instance, Uganda has low health personnel to population ratio with only one doctor for 25,000 patients; and one

nurse for 1,630 patients; and inadequate social infrastructure and associated low service delivery with low health facility to population and high student classroom ratios.

The Minister also noted that one of the biggest challenges facing the economy is the rising unemployment. She stated that the youth are highly adaptable and only require attitudinal transformation, together with technical and business management skills to fit into the existing job market and create avenues for generating their own small scale enterprises. The Minister of Finance highlighted that some of the Government priorities are employment creation especially for the youth, women and in small and medium enterprises, human resource development, enhancing agricultural production and productivity et cetera.

A sum of Shs. 44.5 billion was therefore allocated towards creating jobs in this financial year and a number of interventions that will be implemented to address the current employment challenges were highlighted. These include establishment of a youth entrepreneurship venture capital fund together with the DFCU Bank to support youth starting or expanding their business enterprises. Finances were also allocated to Enterprise Uganda to undertake a youth entrepreneurial training program to instill business management skills among the youth, to enable them to join the job market or create their own enterprises and also enable it to undertake Business Development Skills clinics in collaboration with the private sector and Uganda Small Scale Industries Association (USSIA), with special focus on imparting technical skills to youth, using non-formal vocational training programmes; establishing dedicated work spaces in markets in which youth and other small scale manufacturers under the Job Stimulus programme will undertake manufacturing and other processing activity.

The Minister of Finance also allocated money to the extension of free Universal education to A-level and Business, Technical, Vocational and Education Training (BTVET). She also pledged that the Government would support private sector vocational institutions with equipment, key staff and salaries as well as enhanced inspection of schools; develop and retain a pool of national expertise in the emerging mining, oil and gas industries.

## **1.6 Legal Framework**

Employment relations in Uganda are primarily governed by the Employment Act of 2006. A number of its provisions have a direct bearing on the question of youth unemployment in the country.

Section 6 (1) of the Employment Act provides that it shall be the duty of all parties including the Minister, labour officers and the industrial court to seek to promote equality of opportunity with a view to eliminating any discrimination in employment. In relating this provision to employment and the youth



in Uganda, the law presupposes that the youth are entitled to access employment opportunities in the same manner as senior citizens in the country.

The Employment Act has also established the Labour Advisory Board. As per Section 22 (4) of the Act, its role, among others, is to advise the Minister responsible for labour matters on aspects of vocational guidance and counseling, matters concerning the operation of the employment service and the development of the employment service policy, the formulation and development of a national policy on vocational rehabilitation. From this provision, it is clear that the Labour Advisory Board's role is pivotal to solving the problem of widespread unemployment in the country.

Section 97 (2) © of the Employment Act also gives the Minister responsible for labour matters, permission to make rules that limit the range of jobs available to migrant workers. This same provision is reiterated under Section 6 (5) of the Employment Act. This paper will review whether this is a viable provision in light of some specific causes of unemployment in the country.

Internationally, Uganda has been a member of the International Labour Organisation since 1963. Uganda ratified the R111 Discrimination (Employment and Occupation) Recommendation, 1958 on 2<sup>nd</sup> June 2005. However, this convention has not yet been domesticated. Under this recommendation, every member state should formulate a national policy for the prevention of discrimination in employment and occupation and this policy should have regard to the following principles:

- (a) the promotion of equality of opportunity and treatment in employment and occupation is a matter of public concern;
- (b) all persons should, without discrimination, enjoy equality of opportunity and treatment in respect of:
  - I. access to vocational guidance and placement services;
  - II. access to training and employment of their own choice on the basis of individual suitability for such training or employment;
  - III. advancement in accordance with their individual character, experience, ability and diligence;
  - IV. security of tenure of employment et cetera.

Uganda also ratified the Employment Policy Convention 1964 on 23<sup>rd</sup> June 1967. According to Article 1 of the Convention, with a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and

freely chosen employment. The said policy shall aim at ensuring that there is work for all who are available for and seeking work; such work is as productive as possible; there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin. The said policy shall take due account of the stage and level of economic development and the mutual relationships between employment objectives and other economic and social objectives, and shall be pursued by methods that are appropriate to national conditions and practices.

According to Article 3 of the Convention, in the application of this Convention, representatives of the persons affected by the measures to be taken, and in particular representatives of employers and workers, shall be consulted concerning employment policies, with a view to taking fully into account their experience and views and securing their full co-operation in formulating and enlisting support for such policies.

The mentioned international instruments contain aspects that can ensure that Uganda overcomes the challenge of youth unemployment.

## **1.7 Existing Policies**

Uganda currently has come up with a number of policies to address the various challenges in the employment sector. Those relevant to solving the problem of youth unemployment in the country are the National Youth Policy and the National Employment Policy.

### **1.7.1 National Youth Policy**

One of the principles underlying the National Youth policy is the promotion of the principle of equity in opportunities and in distribution of programmes, services and resources. The policy serves to promote equal access to socio-economic and employment opportunities commensurate with ability, potential and needs of youth. In as much as such a principle exists on paper, some of the programmes and partnerships that the Government proposes to set up are mainly accessible to the urban youth and not the rural youth. This will ultimately worsen the problem of rural-urban migration which is one of the major causes of youth unemployment in the country.

The policy also recognizes the right of youth to seek meaningful employment without discrimination. In reality, the youth are marginalized by various employers, Government inclusive, because they lack the relevant long-term experience that such employers require. Many youth have therefore been denied the

opportunity to utilize the skills that they have acquired in school. The policy does not provide specific and meaningful ways in which the Government intends to ensure that this right is not infringed upon by the various stakeholders in the employment sector.

As part of the policy, the youth are under an obligation to contribute to social economic development at all levels, create gainful employment and take advantage of available education and training opportunities et cetera. The capacity of the youth to fulfill these obligations is continuously curtailed by the fact that they lack adequate financial resources. The policy provides that one of its priorities is to advocate for the formulation and implementation of an appropriate National Employment Policy that addresses and responds to the concerns of the youth such as the promotion of income generating activities among the youth by supporting appropriate micro-credit financial institutions that extend credit facilities to the youth, advocate for creation of a Youth Trust Bank et cetera. The Ministry of Gender, Labour and Social Development needs to play a more pro-active role in ensuring that such financial measures are actually put in place to address the problem of youth unemployment.

In as much as the policy looks at education, training and capacity building as one of the strategic areas necessary in order for it to fulfill its mission, goal and objectives, the policy does not look into prospects of amending or reviewing of the current Ugandan curriculum so as to reduce on the widespread problem of a mismatch between the skills and knowledge schools are dispensing and the existing needs of the labour market.

The other challenge surrounding the National youth policy is that it is a static document and is therefore not quickly adopted to cover the trends in the Ugandan economy and plan accordingly. The 2011 budget proposals for example are not adequately included within the policy.

One of the priorities of the National Youth Policy in terms of education, training and capacity building is to support vocational training in order to enable the youth to acquire a range of skills and essential tools. Indeed, vocational training has the capacity to solve the youth employment problems. However, the reality on the ground is that the Government is doing very little to support the young people who take up vocational jobs. There is no policy in place to give them tax subsidies and the Government has also failed to control inflation which negatively affects their business enterprises. The result is that other young people who are not involved in these kinds of businesses have a negative attitude towards vocational institutes and businesses of this nature.

The policy also provides for the promotion of functional literacy programmes and special training for youth who are illiterate and migrants including pastoralists, the internally displaced persons, refugees,

street children and the disabled. This in itself is a good policy in as far as it ensures that all young people in the country have employable skills that they can utilize to start up various income generating projects. However, the policy is lacking in the sense that it does not mention clear available statistics relating to the real figures under each category of young people so as to ensure that this policy strategy is well executed in terms of planning and programming. The policy makers also neglected to clearly mention the components to be taught as part of the functional literacy programmes and therefore there is no guarantee that the programmes taught differ from the already existing education system.

The National Youth Policy also provides for the formulation and implementation of an appropriate National Employment Policy that, among others, encourages the adoption of modern agriculture knowledge; provides youth who are farmers with market information and agricultural extension services. The recent Employment Policy however does not mention this aspect. The policy concentrates on advocating for mechanisms to increase yield and therefore create employment opportunities without providing for avenues through which the farmers can access the markets for their products.

Further, the policy looked at pushing for the formulation of a National Employment Policy that would establish a Youth Trust Bank in order to ensure that young people have access to small interest loans to start up and also maintain their businesses. It is true many initiatives that give young people financial support exist but these are loosely located and managed by small scale firms or joint partnerships with the Government and some other organizations. A bank of this nature would be a permanent structure and therefore offer a long-lasting solution to the financial challenges that young people in business and those interested in setting up business projects face.

As a strategy to solve youth employment problems, the National Youth Policy plans that the Government shall support appropriate micro credit financial institutions that extend credit facilities to the youth. The policy however does not put in place appropriate guidelines governing arrangements of this nature and also is devoid of guidelines to ensure that the finances availed to such institutions are used for the right purpose. There is also fear that the decision on which micro institution to support may be influenced by politics and not capacity to deliver.

It is no wonder that the youth are demanding control over the Ug. Shs. 44 billion under the youth stimulus plan allocated by the 2011/2012 budget. The Youth MPs and the National Youth Council Chairman rejected the move to place this money in the hands of private players like DFCU Bank and Enterprise Uganda. <sup>4</sup>

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<sup>4</sup> Daily Monitor 15<sup>th</sup> June 2011, "Youth Demand Control of Shs. 44 billion "Stimulus Fund"

The National Youth policy also advocates for career guidance as one of the mechanisms that are needed in order to deal with youth employment problems. However, this mechanism has not been widely implemented by the line ministries who are among the custodians of this youth policy. The result is that many students are still undertaking studies in courses whose capacity to yield or create employment opportunities is minimal. Higher institutions of learning are therefore churning out more graduates than the market can absorb.

Further, the National Youth Policy mentions a number of priority target groups. However it does not specifically mention "graduate youth" and "youths in vocational institutions". The argument is that these are catered for in the "youth in schools/training institutions". However, because of the unique nature of the challenges that these two groups face, each of them needs to be a priority in itself.

The membership of the Committee established under the National Youth Policy should not only be limited to representatives of youth NGOs but should also spread out to a select number of NGOs and CSOs involved in community work. Because of their practical involvement in society, the input of these groups would improve on the National Youth Policy since they understand the general society challenges and would offer mechanisms in which employment can be used as a strategy to solve them.

In addition, the policy advocates for youth involvement in the leadership and management at all levels of Government and in the civil society. Since the youth are facing a number of problems in the employment sector, young people who are knowledgeable in youth policy matters should be appointed in key ministries such as the Ministry of Gender, Labour and Social Development so as to implement youth programs. The youth MPs who have the mandate to play this role should concentrate on legislative and monitoring matters and other youth should take on the implementation mantle.

The Youth Policy recognizes that the trend of rural-urban migration by the youth is mainly caused by the search for better social services and amenities like education and health services, search for employment and and/or business opportunities. However, today many employers in the country still do not offer any form of health insurance to their employees. The salaries received by many workers including young people are too low to ensure that they access proper social services.

Further, the policy rightly notes that one of the major causes of unemployment and poverty in the country is the negative attitude by the Youth towards work especially agricultural work. However, the Youth Policy does not put in place a sustainable number of clear youth programs directed at the agricultural sector.

## 1.7.2 National Employment Policy

This policy was launched this year on May 1<sup>st</sup> during the commemoration of World Labour day. The policy will stimulate Government objectives and processes for generating jobs and ensuring a better employment environment for all workers.

In his speech, the President noted that the Employment policy addresses critical challenges facing the country such as the attainment of full employment, coupled with decent work and equitable economic growth.<sup>5</sup> He added that fast growth in opportunities for permanent employment in the private sector remains the most effective route to sustainable poverty eradication. The main thrust of the policy is, therefore, in the generation of productive and decent jobs for Ugandans.

One of the main criticisms of this policy is its failure to set a minimum wage for all workers across the country. In the absence of a minimum wage, many youth in employment are getting frustrated and therefore opting to quit their jobs because they are incurring high costs but are not paid sums commensurate to the amount of work that they do in their respective places of employment. Some of the youth who are unemployed are discouraged by the current state of affairs and are therefore deliberately choosing not to engage in any form of employment.

Despite the fact that the goals and objectives of this employment policy are viable and will greatly deal with the existing unemployment challenges in the country particularly for the youth, there is need for the Government of Uganda to address the current problem of the high population growth rate in the country. According to the World Population Prospects, the official UN population prospects report, Uganda is ranked as one of the highest fertility rate countries. Uganda's 3.2 percent population growth rate is the third highest in the world after Yemen and Niger. With the fast rate at which Uganda's population is increasing, the current employment policy will not become an effective tool in reducing on youth unemployment in the country. The increase in the population intensifies the pressure on existing economic resources and consequently affects the capacity of the economy to employ the large labour force.

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<sup>5</sup> Found at <http://www.newvision.co.ug/D/8/13/753583/Employment%20Policy>

## 1.8 Policy Recommendations

### 1.8.1 Tax incentives for companies that provide internship opportunities and create jobs for young people

UNCTAD (2003) defines an incentive as “any measurable advantage accorded to specific enterprises or categories of enterprises by (or at the direction) of Government.” Incentives can be fiscal or non-fiscal, direct or indirect. Fiscal incentives include direct ‘cash’ grants or tax breaks. Non-fiscal incentives can include fast-track approval processes or exemptions from certain regulations.

The Government of Uganda should introduce modest tax incentives for enterprises that avail internship placements and also create jobs for young people in the country. In 2008, this idea was raised by the then Minister of Gender, Labour and Social Development but its implementation process has been slow.<sup>6</sup>

It is common knowledge that many youth in our country have failed to become gainfully employed in the formal sector because of their lack of requisite work experience.

Many young people at various universities in the country are finding it increasingly difficult to get internship placements with organizations or companies operating in the country. This is because such employers are at liberty to reject or accept their internship applications. Some of these companies argue that they do not possess sufficient funds to run such internship programs. The result is that many young people are denied the opportunity of having hands-on training in their various fields of study.

The irony however is that these very employers continue to advertise positions which require applicants to have long term work experience well knowing that only a few young people possess such experience. Young people are therefore unable to apply for these jobs and thus end up frustrated and develop a negative attitude towards work.

It is on this basis that the Young Leaders Think Tank for Policy Alternatives recommends that the Government of Uganda through bodies such as the Uganda Revenue Authority (URA) introduces tax incentives for enterprises which create jobs for young people and those that have internship programs targeting this age group. This move would encourage more employers to be involved in progressive programs aimed at dealing with the problem of youth un-employment and also give young people the opportunity to become gainfully employed.

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<sup>6</sup> Found in the Daily Monitor 27<sup>th</sup> August 2008, “Companies that recruit interns to get tax incentives.” (See <http://allafrica.com/stories/200808270194.html>)

### **1.8.2 Creation of national job centers**

The Young Leaders Think Tank for Policy Alternatives further recommends that the Government of Uganda sets up national job centre across the country.

The initiatives of this nature that currently exist in the country are owned by private individuals and mainly benefit young people in Kampala which is Uganda's capital city. In October 2010, the press reported that the Government in partnership with the private sector would be setting up call centers all over the country where jobs would be outsourced on the internet to about 2000 Ugandans.<sup>7</sup>

There is need to have at least one job centre that is solely run by the Government of Uganda and its structures at district level so as to serve the interests of young people from all parts of the country; rural and urban.

In countries like Japan, Public Employment Security Offices (the equivalent of national job centers) have been established and these offer students information on how to apply for jobs, vocational guidance and training to young workers and job seekers outside school. The other job assistance services that they offer are job search courses, counseling and monitoring services to unemployed persons et cetera.

The job centers in Uganda would therefore coordinate demand and supply on the labour market; give the private sector and Government employment agencies the opportunity to advertise vacancies; give young job seekers information on available placements et cetera.

The national job centers would facilitate forums which would bring together employers, training institutions, young job seekers and employees. Such forums would ensure that these key stakeholders maintain close contact and thus continuously assess the skills possessed by young people and those needed by potential employers.

### **1.8.3 New directions in the education system**

The high youth unemployment levels in Uganda are partly because of the mismatch of courses taught by education institutions and the actual skills needed by the job market.

The Ugandan education system, particularly at secondary school level, has constantly been criticized by different stakeholders because of its concentration on the theoretical rather than the practical aspects.

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<sup>7</sup> New Vision Newspaper 10<sup>th</sup> October 2010



The Think Tank therefore recommends that the Government of Uganda through its line ministries such as the Ministry of Education needs to formulate a policy which would allow for the revision of the education curriculum after certain definitive periods. The secondary school education should particularly entail practical training on different aspects. If such reforms are made, the education system would be able to mould young people whose skills are required by the labour market and thus enhance their employability.

In countries such as Kenya, Nigeria and South Africa apprenticeship-structured programmes that integrate theoretical learning with working experience have been introduced. These programmes involve partnerships between Governments, service providers and the private sector and are a good example of the kind of feedback mechanisms needed to address the skills mismatch in Africa. Expanding similar mechanisms to formal schools is a promising way to enhance the skills match.

In addition, there should be a policy that makes it compulsory for all universities and secondary schools to offer their students with career guidance services. Universities should also establish Graduate Development Programmes that enhance the employability of their graduates by providing them with job preparation information, for example, work related life skills, computer literacy, Curriculum vitae preparation, interview readiness et cetera.

All these steps would ensure that students make informed decisions about the courses to study while at the university and also prepare them for the existing job market.

#### **1.8.4 Provide young people with financial facilities**

The Think Tank also recommends the formulation of a policy that ensures that every financial institution operating in the country establishes a facility that can enable youth entrepreneurs to access business loans at low interest rates.

Sections of youth remain unemployed because despite having the zeal to start up income generating business projects, they lack sufficient funds to facilitate these processes.

This would encourage equitable access of finances by young people who seldom have large capital amounts and assets to finance loans intended to build their business enterprises. In countries such as Malaysia, it has been realized that self-employment is a necessary tool in building sustainable economies with potential to absorb the existing labour force.

### **1.8.5 Carry out an annual manpower survey**

There should be policy that makes it mandatory for the Government to carry out an annual manpower survey in order to inform its programming and planning processes.

Despite having a number of viable employment plans for the youth as evidenced in the 2011 budget, the Government has not carried out a survey to establish the number of employees in any given sector or profession and the number of employers in the country.

The last general manpower survey in Uganda was done in 1989. In November 2010, the press reported that a manpower survey was to be carried out to enable Ugandan workers compete favorably in the East African region.<sup>8</sup> It is highly unlikely that this exercise has commenced.

This could partly explain the reason why many young people are pursuing different courses of study without having relevant information on the exact sector or profession that needs their services. Many of them therefore remain unemployed because they have pursued certain professions that are already saturated with workers.

A manpower survey would therefore be relevant to both the future and current young generation by providing them with vital information to make informed decisions on their career paths.

### **1.8.6 Establish strict recruitment policies**

There should be standard recruitment procedures embedded in a given Government policy. These should be strictly followed by both public and private entities.

The procedures should ensure that all positions are advertised by employers and that these are offered on merit to the best candidate. Recruitment should be done within a reasonable time.

The complaint by many young people today is that academic merit and general credibility have now been shoved to the back in the recruitment process.

The Public service has been criticized for the delays in its recruitment process; on average, it takes approximately one year for one to know the results of any interview conducted by a Government Agency.

These practices have left many young unemployed people frustrated and denied them the opportunity to engage in meaningful employment.

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<sup>8</sup> New Vision newspaper dated 20<sup>th</sup> November 2010 Found at <http://www.newvision.co.ug/D/8/13/738937>

### **1.8.7 Establish global labour exchange partnerships**

This policy should provide for a program in which the Government forms labour exchange partnerships with more developed countries such as USA, Japan, South Africa, Germany et cetera.

As part of this partnership, Uganda could send some of its unemployed youth to work in these countries for a specific period. This would enable them to learn important work skills that can make them more marketable in the employment world and also given them an opportunity to observe the work culture in these countries.

The young people from the developed world who come to work in Uganda would also be able to share their skills with the young workers in Uganda.

The general benefit of such a process is that it would allow for beneficial exchange of skills and provide a learning platform for the youth in Uganda.

### **1.8.8 Establish national youth development groups**

Given the fact that many Government offices at sub county level are underutilized, youth development groups can be established at village level in every sub-country. These can work in liaison with Community Development Officers (CDOs), NAADs coordinators and youth council leaders and keep young people constructively preoccupied.

These groups can engage in different projects such as commercial agriculture, agro-processing, fish farming, value addition, carpentry, metal works and metal fabrication, tailoring and design, art and crafts and such other projects that promote skills development and can generate income to their young members.

These groups can then form sub-county youth Savings Credit and Cooperative society (SACCO) where they can save and the Government can channel funds for youth development such as the recent youth stimulus fund.

With such in place, Enterprise Uganda or any other organization can then train the youth in business management skills while other institutions like NAADs, the Ministry of Agriculture would equip them with technical and modern farming skills as well as vocational skills for development. All this would ensure the equal distribution of the youth stimulus fund across the country.

### 1.8.9 Youth attitude change programs

A comprehensive youth employment policy should include programs that are aimed at promoting an attitude change among young people.

The youth should be enlightened on a number of things which include the opportunities presented by vocational institutions in terms of creating employment, the potential of Uganda's informal sector, the reality of rural-urban migration et cetera.

Many youth still hold the view that without there is no future without university education and therefore have a negative attitude towards technical and vocational institutions which have helped so many world economies develop over the years.

Fred Muwema, a city lawyer notes that attitude is a key performance indicator and it influences productivity. Productivity on the other hand is a cornerstone for economic growth which means the Government must concern itself with shaping its people's attitude if they are to be an effective tool of development.<sup>9</sup>

Such programs would enable young people in employment to work hard and sustain their jobs and therefore earn promotions at work which are usually a preserve of the older generation.

They will also be beneficial to the unemployed young people by enabling them to embrace vocational work and training which is ordinarily looked at as a preserve of the "uneducated".

## 1.9 Conclusion

As shown above, youth unemployment and underemployment continue to impose heavy social and economic costs and result in the loss of opportunities for economic growth in Uganda and Africa at large. A World Bank publication entitled, *"African Development Indicators 2008/2009: Youth and Employment in Africa-the Potential, the Problem, the Promise"*, notes that success in addressing youth unemployment in Africa will not be achieved and sustained through fragmented and isolated interventions. Instead, an arching guideline for addressing the youth employment challenge is the need for an integrated strategy for rural development, growth and job creation.

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<sup>9</sup> Commentary: Daily Monitor Newspaper June 23<sup>rd</sup> 2011 , Fred Muwema, "Youth require attitude change more than money"