

# Group Dynamics and Its Impact on the Initiatives Taken to Curb Youth Unemployment in Uganda – Policy Options for the Youth Livelihood Programme (YLP)



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As Uganda struggles with the high rates of youth unemployment and underemployment, this brief explores policy options that can bolster the effectiveness of existing interventions. A key part of government's response to youth unemployment focuses on providing financial support to youth, notably through the Youth Livelihoods Programme (YLP). The YLP supports youth in groups of 10 to 15 members with funding targeted towards skills development and the establishment of income-generating activities – making group formation a key ingredient of the YLP framework. However, this study finds that most youth who apply for the YLP are motivated to form the groups only because this is a requirement for them to access government financing and then disintegrate immediately after receiving the funds. Consequently, the groups do not survive to realise their objectives. This policy brief agrees that working in groups is critical to the successful delivery of financial support schemes to youth. However, for a group-based funding model to be effective, there is need to consider the authenticity of the groups in terms of the group formation process, members' interests, group cohesion and the track record of the group.

## 1. Introduction

Globally, 43% of youth are either unemployed or working yet living in poverty (ILO, 2015). Throughout sub-Saharan African countries, the youth unemployment problem tends to be more serious than that of adults (Mago, 2014) and working poverty, vulnerability and underemployment remain widespread in most developing countries (Geest, 2010). The positive economic growth rates experienced in Africa over the past decade have not generated sufficient decent employment opportunities for the continent's youth (ADB, OECD, UNDP and UNECA, 2012). Research indicates that the difficulties faced by young people in most developing countries in finding work are attributed to limited expansion of employment opportunities, skills mismatches and limited or no work experience (ADB et al., 2012).

In Uganda, youth unemployment and underemployment present a major economic and political challenge. Despite the official youth unemployment rate being relatively low at 13.3% (UNHS, 2016/17), the majority of Uganda's youth (7.7 million) are trapped in precarious self-employment characterised by low pay, lack of social security and work which falls outside the frame of legal protection. It comes with little surprise, therefore, that the national poverty rates at 21.4 % are way above the unemployment rate. The labour force in Uganda grows at an annual rate of 3.4 % resulting in 1,000,000 new job seekers (MFPED, 2015) and yet only 52,000 jobs are being

created each year (UBOS, 2018). Despite impressive GDP growth rates that reached averages of 5.4 % between 2009 and 2016, the pace of creating new employment opportunities has lagged behind labour force growth.

Entrepreneurship development funds in many African countries have been introduced as a key priority strategy for promoting youth livelihoods and employment (Schoof, 2006). In response to the youth unemployment and underemployment challenge, the Government of Uganda has mostly focused on provision of capital for income-generating activities. As such, the government initiated the YLP. The purpose of the YLP is to empower youth in Uganda to harness their socioeconomic potential, and to increase self-employment opportunities and income levels (MGLSD, 2013). A key strategy in delivering the YLP was that youth should be organised in groups in order to access the funds, and by July 2018, a total of 16,169 groups had benefited from UGX 123,970,260,586.

This study was conducted to review the current policy on the youth group model in the implementation of the YLP, and how the policy has affected its performance. The review involved analysis of documents such as the implementation guidelines, reports on the performance of the YLP to date, Key Informant Interviews (KIIs) and focus group discussions (FGDs) with stakeholders.

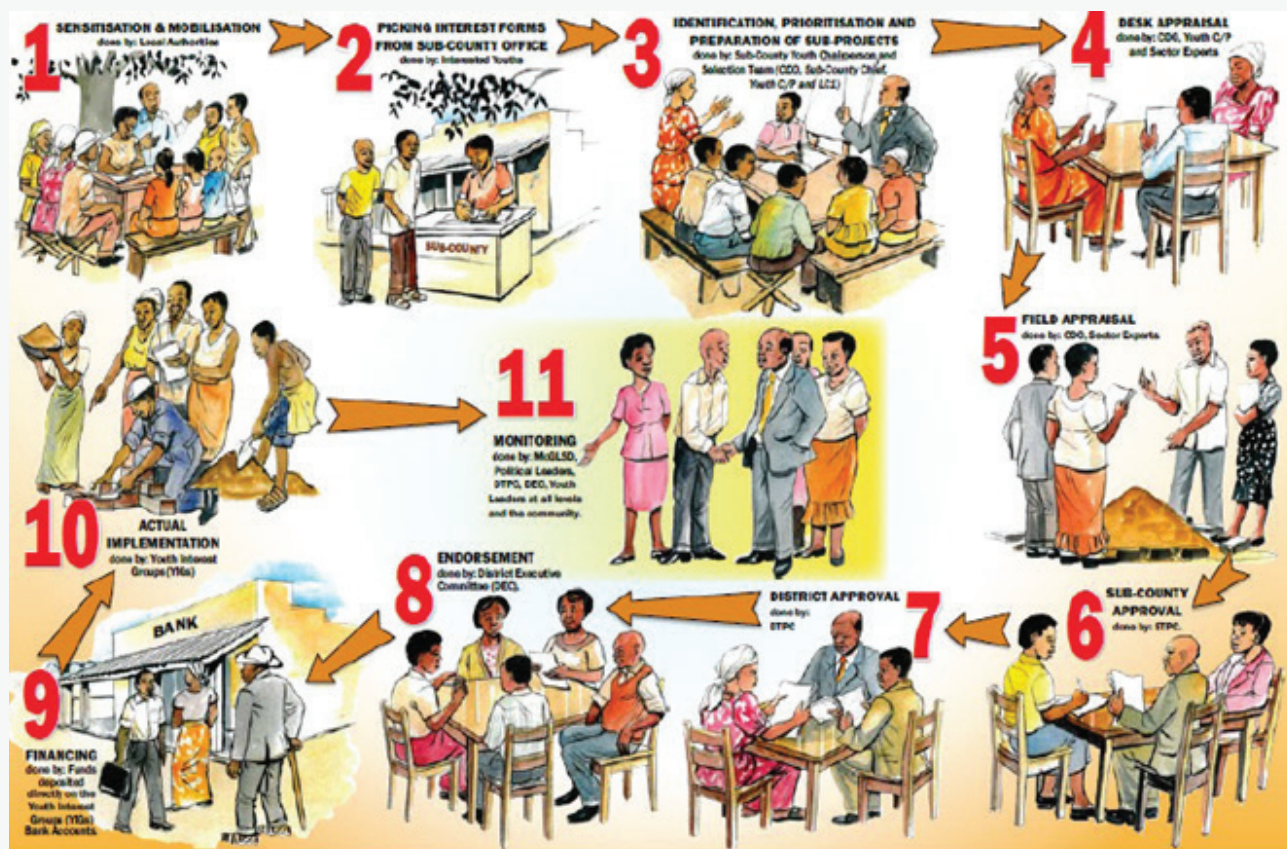
<sup>1</sup> <http://apps.who.int/gho/data/node.main.A1036?lang=en>

## 2. Implementation of the Youth Livelihood Programme (YLP)

The YLP commenced in the FY 2013/14 and was conducted in a phased manner. Phase I of the programme, covering 27 districts commenced in the FY 2013-14, while phase II, covering the remaining 85 districts commenced in the FY 2014-15. In the FY 2016-17, the programme was extended to cover the newly created districts. The Ministry of Gender, Labour and Social Development (MGLSD), working through the local governments are implementing the programme. The local governments (district and sub-county) are the main implementation centres of the programme and are responsible for mobilisation and sensitisation of the youth, generation and approval of youth projects, as well as monitoring and supervision. On the other hand, the MGLSD is responsible for providing technical guidance and support, capacity building, financing

and overall coordination (YLP programme handbook). The YLP targets unemployed and poor youth aged 18-30 years, and specifically makes an effort to increase the participation of vulnerable youth. The following categories of youth are specifically encouraged to participate: dropouts from schools and training institutions; youth living in slums, city streets, high risk and impoverished communities; youth who have not had the opportunity to attend formal education; Single-parent youth, youth with disability; youth living with HIV/AIDS, and youth who have completed secondary school or tertiary institutions (Including university) but remain unemployed. The criterion for accessing funds is long and bureaucratic. Figure 1 shows this criterion from the point of sensitisation and mobilisation to the point of monitoring of the funds by the MGLSD.

**Fig. 1 YLP Funds Access Criteria/Project Cycle**



Source: YLP policy document

Several requirements have to be fulfilled before funds are accessed by the youth. These requirements include: willingness to work in a group of 10-15 members; being unemployed or poor youth (person of 18-30 years), must be a bona fide resident of the area where the

application is made from/intended project location; must be a Ugandan National; and only one beneficiary per household can be selected in a single group for purposes of ensuring equity in the allocation of resources.

### 3. The Group Model within the YLP

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As clearly stipulated in the requirements, youth have to be organised in groups for them to get financial support/loans from the YLP. Consequently, the policy on group formation states that the youth group members should: be from the same location; constitute at least 30% women; have a constitution; and should be registered with the Community Development Office (CDO) at the district. When these requirements are fulfilled, the group can get a loan.

However, group dynamics (how groups form, their structure and process, and how they function) are not taken into consideration when forming YLP groups. According to Tuckman, any group - youth groups inclusive - has to go through the following stages before it can be effective:

#### **Forming:**

Forming: In this stage, members first get together, and individually consider questions like: "What am I here for?", "Who else is here?" and "Who am I comfortable with?" It is important for members to get involved with each other, including introducing themselves to each other. During this stage, clear and strong leadership is required from the team leader to ensure that the group members feel the clarity and comfort required to evolve to the next stage. In the YLP group formation process, however, the youth leader simply rallies youth who do not ask the key questions stated above, but the anticipation of financial support is majorly what brings them together.

#### **Storming:**

During this stage, members begin to voice their individual differences and join with others who share the same beliefs. One observes that members will align themselves with allies according to shared values and what is in their best interests. Different group members find ways to stick together, and this increases conflict. At this stage, most youth start to question the interests of the team leaders. Therefore, it is important for members to continue to be highly involved with each other, including voicing any concerns in order to feel

represented and understood. The team leader ought to help members to air their views, and to achieve consensus (or commonality of views) about their purpose and priorities. It is at this stage that most YLP groups disburse.

#### **Norming:**

In this stage, members begin to share a common commitment to the purpose of the group, including its overall goals and how each of the goals can be achieved. At this point, the members who did not agree to the group objectives have disbursed and the remaining members are committed to the group activities. The team leader should focus on continuing to clarify the roles of each member, and a clear and workable structure and process for the group to achieve its goals.

#### **Performing:**

During this stage, the team works effectively and efficiently towards achieving its goals. The style of leadership becomes more indirect as members take on stronger participation and involvement in the group activities. Ideally, the leadership style includes helping members to reflect on their experiences and to learn from them. Only 4.2% (218) of the YLP groups have been able to reach this stage.

In addition, little information exists to explain the basis on which groups are formed, whether the interests of the members are similar, and whether there is cohesion among the group members, which are key factors in group performance. Olson's theory of groups states that individuals are more likely to work better in groups if there is a tangible benefit obtained, and if the opportunity cost of working in a group is higher than that of working as an individual (Olson, 2002). If not synchronized at the very beginning, the group members' interests can lead to low group performance - loan recovery, since group dynamics will definitely come to play when the group starts working together. Group interests and cohesion are the two key binding factors that keep the group together even through the storming stage of group formation.

## 4. Performance of the YLP

The YLP has registered moderate performance to date. According to the YLP Success Stories (MoGLSD, 2018)

statistics, a total of 116,169 youth projects in groups have been financed, with 197,728 youth benefiting, of whom 46% are female. The projects financed are in various sectors, including Agriculture (35%), Trade (29%), Services (19%) and Industry (5%) among others. Various vulnerable categories of youth have been reached including school dropouts (34.6%), single-parent youth (11.8%), and youth with disabilities (2.8%), among others. Different amounts of money

are disbursed each financial year to support the YLP. These are listed in Table 1. the group together even through the storming stage of group formation. In conclusion, group dynamics play an important role in the performance of groups. The YLP ought to take into consideration the group formation process and the interest of the group members since they determine cohesiveness. Aristotle sums this best when he says: "The whole is greater than the sum of its parts" and a good group can accomplish so much when they have the right group dynamic.

**Table 1 Disbursement per financial year**

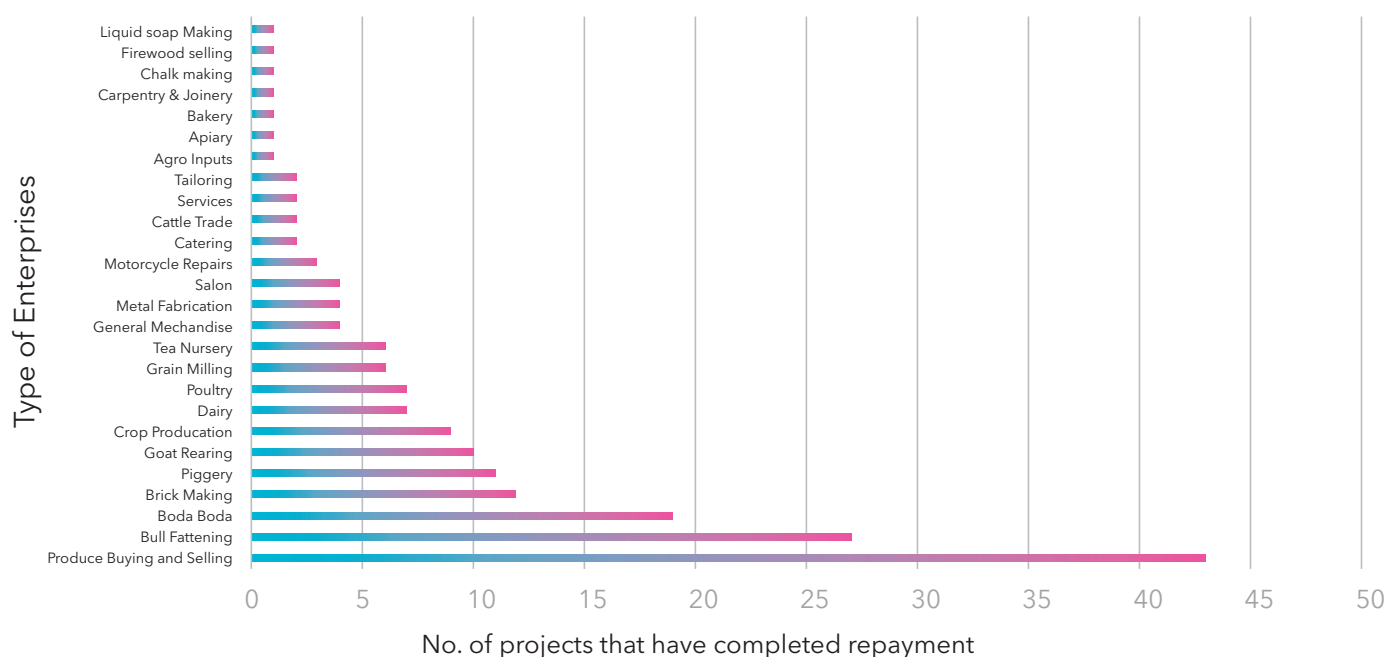
| FINANCIAL YEAR            | NO OF PROJECTS | AMOUNT DISBURSED       | MALE           | FEMALE        | TOTAL          |
|---------------------------|----------------|------------------------|----------------|---------------|----------------|
| 2013 - 14                 | 1,564          | 11,447,997,118         | 11,241         | 8,966         | 20,207         |
| 2014 - 15                 | 3,941          | 27,445,818,370         | 28,477         | 23,162        | 51,639         |
| 2015 - 16                 | 2,705          | 19,624,977,607         | 18,190         | 15,601        | 33,791         |
| 2016 - 17                 | 3,283          | 26,096,618,019         | 20,819         | 17,658        | 38,477         |
| 2017 - 18                 | 4,486          | 37,751,483,472         | 27,850         | 23,680        | 51,530         |
| 2018 - 19                 | 191            | 1,583,240,000          | 1,147          | 948           | 2,095          |
| <b>TOTAL DISBURSEMENT</b> | <b>16,169</b>  | <b>123,970,260,586</b> | <b>107,717</b> | <b>90,011</b> | <b>197,728</b> |

To date, UGX 123,970,260,586 has been given to youth in 16,169 groups. Out of the total number of youth groups that benefited, 1.3% (218 youth groups) have been able to refund 100% of the capital given to them. Most of the groups that have been able to

refund the loans in full are in produce buying and selling, and bull fattening - see Figure 2. The low recovery rate can be attributed to groups' formation, which is not given emphasis in the project cycle.



**Figure 2 Analysis of projects that have completed loan repayment**



Source: MoGLSD – YLP success stories document

## 5. Recommendation

It has been established that the group is a critical aspect of the distribution of finances under the YLP. However, for a group to be effective, group dynamics have to be taken into consideration. This paper, therefore, recommends reforms in the group selection policies of the YLP where the following are particularly taken into account:

**The group formation process:** Ideally, the group should have worked together for at least one year before funds are given to them. This period will give a group time to

go through the various stages of the group formation process (Forming, Storming, Norming and Performing).

**The track record of the group:** This includes the period of existence, demonstrated interest of the group members in the particular line of enterprise in which they propose to engage, frequency of contact of the group members; and records of the group's meetings, activities and finances could also be considered.

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