Entrepreneurship as a Means to Reduce Youth Unemployment in Kapujan Sub-county and Katakwi Town Council

Editor’s Notes
The research article featured below is based from the study of the Development Research and Training (DRT) organization led by Johnson Kagugube with the support from the Community-Based Monitoring System International Network Coordinating Team (CBMS-INCT) in Uganda.

Despite maintaining a positive economic growth rate, Uganda continues to struggle against youth unemployment. Around 64 percent of the total unemployed persons in the country are youth aged 18-30 years old. The youth unemployment rate is higher among females than males, at 10.9 percent and 8.1 percent, respectively. High labor force growth rates, lack of jobs and employable skills, and lack of access to productive resources are the leading causes of unemployment among youth.

The Ugandan government has taken steps to address this problem by establishing various policies and legal measures such as the National Youth Policy, the National Employment Policy, the National Youth Council, and the Skilling Uganda Strategic Plan 2012-2022, all of which recognize the role of entrepreneurship in creating more job opportunities and fostering economic growth. Meanwhile, the Uganda Vision 2040 program aims to maximize the potential of the country’s young labor force by promoting globally competitive and employable skills through the creation of centers of excellence in health and education, as well as institutions which can provide training opportunities for the youth.

The study findings reveal that a bigger proportion of the youth aged 15-30 years old in Kapujan Sub-county and Katakwi Town Council are engaged in agricultural activities.
Research Results

A CBMS study in Uganda analyzes the factors affecting youth's employment and entrepreneurship.

By implementing a community-based monitoring system (CBMS) in the urban Katakwi Town Council and the rural Kapujan Sub-county, the local research team pilot tested the use of the CBMS Accelerated Poverty Profiling (APP). The system enables districts to collect and generate local level data on the different dimensions of poverty. The household level data gathered can also provide policymakers an in-depth analysis of the youth's employment and entrepreneurship which can help them formulate effective policies and programs in order to address youth unemployment.

The CBMS census covers a total of 20,893 individuals from Katakwi Town Council and Kapujan Sub-county. According to the profiles of the two areas, the youth are often engaged in retail/wholesale, shops, mobile money/airtime, market stales, restaurant, transportation, crop farming/livestock/poultry, and bars/brewing.

Research Findings

The CBMS data shows that of the 20,893 individuals interviewed in both study areas, 21.2 percent were youth. Around 52.6 percent of the youth are employed, while 46.4% are unemployed. Data also shows that unemployment among female youth at 55.5 percent (1,145 females) is higher than male youth at 44.5 percent (918 males). Meanwhile, more than half or 64.2 percent of the youth (1,111 individuals) in the urban town council are unemployed, while 35.2 percent of the youth (952 individuals) in the rural subcounty are unemployed. It appears that unemployment is more prevalent in the urban area than in the rural area. This may be due to the fact that youth in the rural setting can go back to farming while looking for other opportunities, a situation that is unlikely for youth in the urban setting.

Table 1 shows the educational attainment of the unemployed youth. A greater proportion of the unemployed youth (38.2%) has no qualification or has not finished any level of formal education, while only few (4.2%) have finished tertiary education. This may explain their state of being unemployed since employability depends largely on the level of education. In terms of gender, the proportion of unemployed youth with no qualification is higher among females at 43.1 percent than among males at 32.1 percent. Between the study areas, there is a higher proportion of unemployed youth with no qualification in the rural sub-county than in the urban town council, while the opposite is true in terms of higher education levels. This may be because people in the rural areas typically have little access to education compared to those in urban areas.

A chi-square test was used to determine if there is a significant relationship between the educational attainment of the youth and their employment status. The results obtained reveal that there is a significant positive relationship between the two variables; hence, it can be concluded that youth with higher educational attainment are more likely to be employed than those with lower or no educational attainment.

On the other hand, a probit model was used to identify the factors affecting youth employment. Regression results show that all the variables are statistically significant (at $\alpha = 1\%$). The results indicate that males have higher chances of getting employed compared to females by 7.5 percent. In terms of age, older youths are more likely to be employed. This could be because those who are older tend to have accomplished higher levels of education, which also positively affects employment. Increase in age, however, only increases chances of employment up until the age of 29.

Consistent with the results of the chi-square test, the regression results also
show that educational attainment increases the probability of being employed. In this case, college graduates or those who finished tertiary education are more likely to be employed, which can be attributed to the assumption that this group of people have acquired the necessary skills and are, essentially, more qualified to work than others. In terms of marital status, married people are more likely to be employed than the unmarried, something that could be attributed to the amount of responsibilities or financial duties that come with marriage. Meanwhile, youth in the urban area, where more opportunities are found, are more likely to be employed than those in the rural area.

Findings of the study also indicate that more than half or around 57 percent of the employed youth work in the agriculture and fishing industry. This was followed by the Service industry where 20.85 percent of the employed youth are working. A larger proportion (74.8%) of the employed youth in the rural sub-county works in the agriculture and fishing industry, while a larger proportion (44.9%) of the employed youth in the urban town council works in the service industry. In terms of gender, there are more female than male youth engaged in the agriculture and fishing industry (at 32.9%), while there are more male than female youth engaged in the service industry (at 11.1%).

The study also reveals that majority (89.2%) of the employed youth are in the informal sector. Informal sectors, as defined by the Uganda Bureau of Statistics, are all types of business activities with no final accounts, have less than five employees, have no permanent locations, not registered, and are sometimes short-lived.

Although unemployment rate is high and not many jobs are available, results show that only 7.9 percent of youth are willing to establish their own businesses and only 14.6 percent of the employed youth are entrepreneurs. In terms of gender, there are more female than male youth entrepreneurs in both Kapujan sub-county and Katakwi town council.

Among youth entrepreneurs, 30 percent are in the retail and wholesale industry. There are more youth entrepreneurs engaged in this enterprise in the town council than in the sub-county. More youth may have viewed the urban town council as a strategic location for retail and wholesale shops since there are more people in this area compared to the rural sub-county.

Table 2 shows that majority or 52.2 percent of the youth entrepreneurs in the rural sub-county earn within the lowest income range of 1 to 50,000 shillings monthly. The same is true for majority or 28.7 percent of the youth entrepreneurs in the urban town council. Around 21.9 percent of those in the sub-county earn within the second lowest income range, while 27.6 percent of those in the town council earn within the third lowest income range. This means that although majority of the entrepreneurs in both locations earn within the same range, entrepreneurs in the urban area relatively earn more.

Through further communication with youth entrepreneurs, it was found out that an estimated minimum of 500,000 shillings is required in order to have their enterprises registered. Therefore, majority of the youth, who are earning below 500,000 monthly, cannot afford or will have difficultyshouldering the expenses of business registrations.

Availability of loans is also an issue for the youth entrepreneurs in both rural and urban areas. Only 14.5 percent of the youth entrepreneurs had access to loans, allowing only few youth entrepreneurs in the Kapujan sub-county (4.4%) and in the Katakwi town council (10.1%) to receive funding for their businesses.

Of the 348 youth entrepreneurs in the rural sub-county, 85 percent have unregistered businesses. Meanwhile, of the 286 youth entrepreneurs in the urban town council, 64.3 percent have unregistered businesses. Around 76 percent or majority of the registered businesses can be classified under sole proprietorship, while 20.1 percent of the registered businesses can be classified under private ownership.

Table 2: Monthly Income of Youth Entrepreneurs in the Katakwi District

<table>
<thead>
<tr>
<th>Monthly Income Range (Uganda Shillings)</th>
<th>Kapujan S/C (Rural)</th>
<th>Katakwi T/C (Urban)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>1 to 50,000</td>
<td>38.5</td>
<td>60.2</td>
</tr>
<tr>
<td>50,000 to 100,000</td>
<td>23.8</td>
<td>20.8</td>
</tr>
<tr>
<td>100,000 to 200,000</td>
<td>17.7</td>
<td>13.3</td>
</tr>
<tr>
<td>200,000 to 300,000</td>
<td>8.5</td>
<td>1.8</td>
</tr>
<tr>
<td>300,000 to 400,000</td>
<td>4.6</td>
<td>1.8</td>
</tr>
<tr>
<td>400,000 to 500,000</td>
<td>3.1</td>
<td>0.4</td>
</tr>
<tr>
<td>500,000 to 1,000,000</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>1,000,000</td>
<td>2.3</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: CBMS Census in Kapujan Sub-county and Katakwi Town Council (2016)
As seen in Figures 1 and 2, 24.8 percent of youth entrepreneurs in the sub-county and 29.4% of those in the town council stated that lack of information on the registration process is the main reason why they do not register their businesses. Listed second in the sub-county (at 22%) was the inability to comply with all of the requirements, while listed second in the town council (at 17.9%) were registration complications. Lack of resources such as technology could be one of the reasons many youth entrepreneurs in the rural sub-county experience difficulty in complying with the requirements.

Summary and Conclusions
Youth unemployment is prevalent in both the rural and urban locations and is caused mainly by low educational attainment and lack of employable skills. Age and gender also largely affect chances of employment. Results indicate that job opportunities come with age-specific requirements and female youth are more affected by unemployment compared to male youth. Meanwhile, youth in the urban area have higher chances of being employed compared to those in the rural area.

 Majority of the employed youth are in the Agriculture/Fishing industry and in the Service industry, the former being a more prominent choice in the rural Kapujan and the latter being a more prominent choice in the urban Katakwi. Majority of the employed youth, however, work in the informal sector.

Although self-employment can be the key to mitigating the unemployment situation of the youth, very few are encouraged to engage in enterprises or set up businesses, especially registered ones, because of lack of access to needed information, funds, and other productive resources, numerous requirements, and complex registration procedures.

Policy Implications and Recommendations
Based on the analysis of the data from the CBMS census in the study sites in Uganda, the research team proposes the following policy recommendations to reduce unemployment and promote entrepreneurship.

As Uganda continues to produce a young labor force, the government has to remain active in supporting the youth’s endeavors by providing enough labor market training, apprenticeships, job search assistance, financing, employment services, and measures to support unemployed youth who want to establish their own enterprises. The government should also be able to encourage more youth to start their own businesses in an effort to solve the unemployment crisis. Access to education and training facilities should also be provided in order to increase the employable, practical, and entrepreneurial skills of the youth.

Aside from financial help, the government should also find a way to raise the youth’s awareness on the importance of business registration. The government should think of ways to decentralize the registration process itself as well as to subsidize the costs needed to register a business.
CBMS Philippines to hold 14th National Conference on March 5-7, 2018

The 14th Community Based Monitoring System (CBMS)-Philippines National Conference will be held on March 5-7, 2018 at the Novotel Manila Araneta Center in Quezon City. The 3-day policy conference, with the theme “Reducing Inequalities Through CBMS”, will convene around 700 participants composed of local chief executives and planning officers, officials and representatives of national government agencies, and representatives of non-government organizations, academe and development partner agencies.

The CBMS national conference is an annual gathering of CBMS partners and stakeholders in the Philippines which aims to facilitate sharing and discussion on the current developments, findings, and best practices on the implementation and use of the community-based monitoring system. It also serves as an avenue to discuss LGUs’ good practices and strategies in addressing various challenges in local planning and budgeting, poverty monitoring, disaster-risk reduction management and impact-monitoring. Since the adoption of the CBMS by LGUs as a tool for local development planning in 2000, the coverage of CBMS in the Philippines has expanded to 77 provinces (33 of which are implementing the system province-wide) covering 1,037 municipalities, 93 cities, and 29,145 barangays.

The conference is being organized by the CBMS Network Office of the De La Salle University-Angelo King Institute for Economic and Business Studies (DLSU-AKI) in partnership with the Department of the Interior and Local Government (DILG).

Further updates about the conference may be obtained from https://www.pep-net.org/14th-cbms-philippines-national-conference

Over a thousand delegates attended the 13th CBMS Philippines National Conference held on March 1-3, 2017
News Updates

Using LOGOD to Strengthen Capacities for SDG Monitoring and Implementation at the Local Level in Myanmar

Last November 8-10, 2017, officials from the UNDP Bangkok Regional Hub and from the CBMS Network Office went on a field mission to Yangon, Myanmar in line with a pilot project collaboration to strengthen capacities for monitoring and implementation of the sustainable development goals using the local governance diagnostic (LOGOD) tool.

The LOGOD Project Team was led by Dr. Patrick Duong of the UNDP BRH and Dr. Celia Reyes of the CBMS Network Office. During the visit, the Team met with focal persons from the UNDP-Myanmar Office led by Chief Technical Advisor Local Governance Ms. Anki Dellnas and discussed the Project’s rationale, objectives, expected outputs and outcomes, timetable, and explored the details of technical collaboration. The UNDP Myanmar Team also provided an overview of recent initiatives and efforts in line with mapping the state of local governance in Myanmar and on existing national statistical surveys relating to SDG monitoring and governance. The Team also provided guidance in terms of selection of possible pilot sites for the project.

The local governance assessment tool kit generally aims to map out existing capacities at the local level for needs identification, prioritization, and program implementation in the context of responding to the challenges of meeting the sustainable development goals. The tool kit is comprised of 3 main components including (1) socioeconomic data mapping, (2) budget and expenditure analysis, (3) local administration assessment. The tool kit uses primary and secondary data (both quantitative and qualitative data) in the conduct of assessment guided by a structured set of questionnaires customized for pilot implementation in the selected township in Myanmar.

The Project is an offshoot of a research initiative conducted by the CBMS Network Office and supported by the UNDP-BRH in a pilot CBMS site in the Philippines. The implementation of the said project made use of the CBMS as a platform for conducting the socioeconomic data mapping and in generating necessary data for the preparation of a local level SDG report for the pilot LGU.

CBMS Network Participates in 2nd Annual Knowledge Exchange Programme

Dr. Celia Reyes, CBMS Network Director and Senior Research Fellow of the Philippine Institute for Development Studies (PIDS), was invited by the United Nations Development Programme (UNDP) Regional Hub for Asia and the Pacific as one of the resource persons during the Regional Exchange Knowledge Forum: Supporting Policy Coherence for Accelerating Progress Towards the 2030 Agenda, held on October 2-4, 2017 at the Makati Diamond Residences in Makati City, Philippines.

Experts across Asia Pacific gathered to discuss the challenges and opportunities of implementing the 2030 Agenda for Sustainable Development in their respective countries—from assessing the status of the implementation, exchanging lessons learnt, and imparting key approaches for SDG acceleration to emphasizing the importance of aligning policies, localizing the agenda, financing for development, and establishing global partnerships.

During the session on Localizing the Agenda – from National to Sub-National and Vice Versa, Dr. Reyes, together with CBMS-LGU partner from Panabo City, Arch. Joseph Sumabal, presented “SDG Prioritization to Leave No One Behind,” which was about localizing the Sustainable Development Goals (SDGs) using CBMS and the SDG Local Governance Diagnostic (LOGOD) tool. Dr. Reyes highlighted that CBMS can provide the necessary disaggregated data for SDG monitoring at the local level. Dr. Reyes and Arch. Sumabal also shared some of the findings of the pilot initiative on the use of LOGOD with CBMS for needs identification, prioritization and delivery of services in line with meeting the SDGs at the local level.
CBMS Network Engages in SDG Dialogues

Anne Bernadette Mandap, research and administration officer of the CBMS Network, participated in the 2017 International Conference on Sustainable Development Goals Statistics held on October 4-6, 2017 at the Peninsula Manila in Makati City. The Philippine Statistics Authority (PSA) collaborated with the UN Statistics Division (UNSD) to organize a 3-day conference with the theme “Level up: Shaping a Strong Data Ecosystem for Monitoring SDGs.”

The objectives of the conference were to (i) serve as venue for knowledge sharing/discussion on the methodologies, addressing data gaps and use of other data sources given the numerous SDG indicators including the demand for data disaggregation (geographical, income, sectoral, age, sex, race, ethnicity or other characteristics), (ii) facilitate a session on improving civil registration systems, administrative records and exploring Big Data, registers, citizen-generated data and other third-party data as potential sources of official statistics for the monitoring of SDGs, (iii) serve as a forum for identifying needed resources/support/capacity building and possible collaboration with international development partners, among others, and (iv) identify partnerships aimed at developing tools and skills that can facilitate data availability and access for SDG monitoring.

Mandap presented the role of CBMS in generating local level statistics to monitor the sustainable development goals (SDGs) during the session on building-up monitoring and reporting of the SDGs at the local level. The main focus of the session was to discuss the different approaches in localizing SDG statistics and address the challenges encountered.

The CBMS Network Team also presented the use of CBMS as a tool for monitoring SDGs at the local level in a consultation on SDG initiatives organized by the Department of the Interior and Local Government (DILG) held on November 27,2017 at the Icon Hotel, North EDSA, Quezon City.
On November last year, representatives of eight CBMS country project teams visited Manila for a 5-day training workshop which also includes mentoring sessions with respective CBMS focal person/s.

The eight CBMS country projects supported under the Policy Analysis on Growth and Employment (PAGE) II Project participated in a study visit in the Philippines last November 20-24, 2017. Among the participants were the CBMS country project leaders and selected research team members from the University of Botswana from Botswana, Université du Burundi from Burundi, Arsi University from Ethiopia, Science and Technology Policy Research Institute (STEPRI) of the Council for Scientific and Industrial Research and Technology Institute (CSIR) from Ghana, University of Nairobi from Kenya, El Instituto de Investigación y Desarrollo Nitlapan de la Universidad Centroamericana (UCA) from Nicaragua, Faculté des Sciences Économiques et de Gestion (FaSAEG) of the Université de Lomé from Togo, and the Development Research and Training (DRT) from Uganda. The CBMS study visit aimed to provide technical support to the PAGE II country project teams in finalizing their methodology and instruments for data collection and for the conduct of their PAGE-CBMS studies.

During the study visit, the country teams were able to present and discuss their final research questions and methodology, data requirements, CBMS design (including data collection instruments (questionnaires and manuals), field operation procedures for conduct of primary data collection, tools for data processing, data validation and database management). They also participated in an extensive training workshop on the use and implementation of the CBMS Accelerated Poverty Profiling (APP) tools, particularly the CBMS Scan (using the final version of the country project questionnaires) and the CBMS Portal. Furthermore, they also participated in a training workshop on processing CBMS data using Stata.

The five-day training and mentoring activities of CBMS project teams were conducted by Dr. Celia M. Reyes, Anne Bernadette Mandap, Jasminda Quilitis, Steffie Joi Calubayan, Natasha Brigitte Kuan, Joshua Moreto, and Jezha Lee Nabiong.