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Empirical review of youth employment policies (YEPs) and their impact in Uganda.

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The Partnership for Economic Policy is partnering with the Mastercard Foundation for a three-year initiative on “**What Works for Youth Employment in Africa**”. The initiative aims to provide evidence that can drive policy reform to increase youth employment in 10 African countries: Burkina Faso, Ethiopia, Ghana, Kenya, Niger, Nigeria, Rwanda, Senegal, South Africa and Uganda. The initiative aligns with the Mastercard Foundation’s Young Africa Works strategy that seeks to enable 30 million young Africans, particularly young women, to access dignified and fulfilling work by 2030. Teams of local researchers and policy stakeholders are carrying out gender-aware policy and impact reviews in each country. The resulting analysis and findings will build a body of knowledge on youth employment policy in Africa, and will be stored in a new online knowledge repository.

This policy paper was developed as part of the project supported in Uganda. For more information, please visit: www.pep-net.org/programs/youth-employment

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1. Policy context analysis

The Government of Uganda has designed and implemented a number of interventions in recent decades that aim to enhance youth employment. These include measures to create jobs, promote business entrepreneurship, and stimulate the growth of micro-enterprises.

According to a 2019 report on the status of youth employment by the Uganda Bureau of Statistics (UBOS, 2019), 43% of the youth in employment were working for themselves as own account workers, with the proportion for male youth higher (39%) than that for females (31%). However, the share of youth in paid employment in urban areas (45%) was much higher than the proportion (28%) for rural residents (Table 1).

Many youth who are working are in vulnerable employment, with inadequate earnings, low productivity and work conditions that undermine their fundamental rights (Gemma & Ibrahim, 2015). The percentage of youth who are not in employment, education or training (NEETs) was estimated at 39% in 2020 (NPA, 2021).

Although the percentage of NEETs declined by 2 percentage points from 2016 to 2017, the rate remains high and worrying. In addition, young women are almost twice as likely to be NEETs as young men, at 50.5% and 29%, respectively (NPA, 2021). Further, there are higher ratios of NEET youth in Uganda in the Greater Kampala, Northern Uganda and Western regions.

The reasons for high rates of NEETs include a belief among some youth that searching for a job is pointless (NPA, 2018). This underscores the need for job creation and locally targeted economic development initiatives to facilitate employment, particularly for the youth. The failure of ongoing youth employment programmes (YEPs) to generate enough jobs for youth, coupled with a skills mismatch and lack of adequate training, contributes to persistently high rates of NEETs and to youth unemployment in Uganda more generally (UBOS, 2019).

A study by Cieslik et al. (2022) on NEETs in Africa, including Uganda, shows a high correlation between NEETs and certain demographic characteristics, including low educational attainment, living in a deprived neighbourhood, low socio-economic status, and barriers to participation such as pregnancy or disability. In addition, a 2015 school-to-work transition survey by the International Labour Organization (ILO) in Uganda revealed that an estimated 72.9% of the youth labour force aged 15 to 29 were under-educated in terms of their knowledge and labour skills when matching with job requirements and qualifications available (Elder et al., 2015).

This situation presents a significant threat to Uganda's social cohesion and political stability. It is also a major obstacle to its prospects of benefiting from its demographic dividend or achieving its development goals, including the Sustainable Development Goals (SDGs). There is, therefore, a clear need for deliberate policy actions to speed up progress towards SDG 8 on decent work, particularly target 8.6: a substantial reduction in the proportion of young people who are NEET and in overall youth unemployment by 2030.

Table 1: Employment status of youth by background characteristics, (%)

Background characteristics	Employee	Employer	Own-account workers	Contributing family workers	Not stated	Total
Sex						
Male	38.9	3.9	48.4	8.0	0.8	100
Female	31.0	4.6	35.6	28.1	0.7	100
Residence						
Rural	28.4	3.4	43.4	23.5	1.3	100
Urban	45.3	5.2	42.1	7.3	0.1	100
Total	35.5	4.2	42.9	16.7	0.8	100
Number ('000)	1,532	180	1,851	720	33	4,317

Source: Annual Labour Force Survey (2018/19).

In terms of employment, the largest single share of Uganda's working youth (47.5%) is employed in the services sector, followed by agriculture and industry at 34% and 18.5%, respectively. More females than males are engaged in services and agriculture, while more males than females work in industrial production. Variations by residence show that the majority of the youth in employment from rural areas work in the agriculture, forestry and fishing industries (51%), while most of those from urban areas are in the services industry (70%) (UBOS, 2019). There is, therefore, a need to attract manufacturing/industrial jobs to rural areas and to decongest youth concentration in urban areas in order to address their increasing unemployment in these areas.

Improving job prospects for youth and enhancing their productivity are priorities for the Government of Uganda, particularly for the most vulnerable rural youth. This is reflected in national policies that prioritize youth employment and that are aligned with the overarching frameworks of Uganda's Third National Development Plan (NDP III) 2020/21 to 2024/25, and Vision 2040.

Earlier, NDPII (2015/16 to 2019/20) identified youth unemployment as one of the major impediments to the country's growth prospects. It proposed measures – such as a youth livelihood fund and venture capital – to address both labour market demand and supply-side conditions. The aim was to bolster the expansion of employment to address youth-related challenges.

NDPIII, however, emphasizes a private sector-led development approach for Uganda, with employment opportunities expected to emerge from private sector growth. This approach is enhanced by the National Employment Policy of 2011 (NEP 2011), the National Action Plan for Youth Employment (NAYPE) and the Green Growth Development Strategy. NDPIII acknowledges the challenges facing youth labour policies and proposes an intervention under the Human Capital Development (HCD) Programme to “*Reform and strengthen youth employment policies and programmes towards a demand-driven approach*”.

Government policies on youth employment, however, place less emphasis on labour demand than on skills building and entrepreneurship. The dominant assumption that underpins Uganda's youth employment policy frameworks is that youth lack the skills required to enter the labour market or to perform well in businesses and that this situation is exacerbated by quality gaps in education and high dropout rates (especially for women).

Given this context, our study has aimed to provide a comprehensive review of youth employment policies and programmes in Uganda. We have also explored policy options to address the current constraints to youth employment and support a shift towards decent work for all youth.

Methodology

The study employed a mixed methods research approach, drawing on primary qualitative and secondary quantitative data sources.

Primary data were obtained from national and sub-national levels through 12 focus group discussions (FGDs) with 120 participants, mainly youth employment programme beneficiaries. The FGDs were supplemented with four stakeholder workshops—with concerned citizens, youth groups, and policymakers—as well as a national stakeholder consultative validation workshop.

There were also key informant interviews (KIIs) with 83 stakeholders, including policymakers, programme implementers and beneficiaries, labour officers, youth leaders, employment officers, training officers, and representatives of workers' and employers' unions. These were supplemented with four validation workshops.

All participants were asked to evaluate the likely impact of the four selected policy options concerning their effectiveness, unintended effects, equity effects, cost implications, feasibility, and acceptability.

The main sources of secondary data were the Uganda National Household Surveys of 2016/17 and 2020/21, as well as evaluation reports on youth employment programmes (YEPs) and Uganda Annual Labour Force Survey Reports (especially for 2017/18) from the Uganda Bureau of Statistics (UBOS).

2. Description of policy options

The Government of Uganda has worked with its development partners to implement several programmes to address youth unemployment as part of the country's national development strategies. These interventions have followed a multi-sectoral approach both at the national and sub-national levels. The key policy interventions include the following.

The Youth Livelihood Programme (YLP) provides interest-free revolving funds to unemployed and low-income youth aged 18 to 30 years. The programme prepares the youth to create their own employment through access to funds at no cost for an agreed period of time before repayment. It has also expanded the county's tax base, reduced a dependency syndrome among youth, contributed to import substitution, and helped youth to undertake value-added projects using locally available materials. Its primary goal is to empower the youth to reach their socioeconomic potential, while increasing their self-employment and incomes. The programme also supports and encourages innovations in non-traditional fields such as information and communication technology (ICT) and agro-processing, among others

(MoGLSD, 2021). Its guidelines require that 30% of the selected beneficiary youth group members be female.

According to the findings from our key informants and FGDs, some youth are involved in the YLP but the programme is not well monitored to find out whether the targeted beneficiaries are reached or if the objectives are met. Most of our FGD participants across the country (78%) stated that the majority of youth (both men and women) who accessed funds from youth empowerment programmes have become financially independent and are able to save and borrow from village savings groups or other financial institutions. This, coupled with the acquisition of business skills, is enabling youth to participate efficiently in employment creation. As a result, they are able to increase their income levels, reduce their dependency on the other people and make independent decisions on how to use their income. *“When people get some income, become self-reliant, the burden on others decreases,”* said one of our key informants.

It was noted, however, that the YLP faces challenges around the misuse of funds by some beneficiaries. This has been attributed to a lack of financial literacy, as well as inadequate training and preparations for the selected youth groups on enterprise management. It is reported that the beneficiaries were, in most cases, trained for only one day on two issues: enterprise management and record keeping. This is inadequate, as noted by one of our key informants: *“Most of the youths that received the youth livelihood fund were extremely poor...so you give a youth who does not even have enough to eat four million shillings, they used that money for survival, hence misuse the fund.”*

These findings are consistent with those obtained from an experimental study on Uganda's Youth Livelihood Programme conducted by Blattman et al. (2013).

The Uganda Women Entrepreneurship Programme (UWEP), launched in 2016, is Uganda's only national government programme that is dedicated to fostering the entrepreneurial development of women. It aims to enhance their welfare and that of their families by promoting their participation in group enterprises. UWEP is implemented as a rolling programme to empower women for economic development, under the Ministry of Gender, Labour and Social Development (MoGLSD). It is currently being implemented in all districts across the country. The programme assists poor and vulnerable women (including young women who have dropped out of school) to improve their welfare and access to financial services, and equip them with the skills they need to grow their enterprises, add value, and market their products and services.

According to one female FGD participant, *“things have really changed for women compared to men due to these programmes, especially the women entrepreneurship fund.”*

The vast majority of key informants (85%) also stated that women have benefited from this programme. They noted that women are able to become empowered and independent as a result of the skills they have acquired from UWEP, and the access to financial services that they have gained as part of the UWEP package.

The Presidential Initiative on Skilling the Girl Child was launched by the President in 2017 to provide young girls with hands-on skills that will enable them to create jobs and generate wealth. Young girls are equipped with skills like bakery, tailoring, hairdressing and makeup, knitting, weaving, embroidery and shoemaking. The six-month training programme includes

an examination administered by the Directorate of Industrial Training (DIT) that is offered free of charge. Upon graduation, the President provides each graduate with 1million Shillings (\$350) to put their new skills into practice and start to earn a living.

The Youth Apprenticeship Programme (YAP) prepares youth who have just left education for self-employment by equipping them with the relevant skills to become service providers. According to the World Bank (2019), about 700,000 young people enter Uganda's labour market every year but only 75,000 jobs are created. It is estimated that the number of new labour market entrants will reach 1 million each year by 2030, making the scaling up of job creation opportunities more urgent than ever. The job market will need to expand at a much faster rate to offset the glaring employment gap.

In response to this challenge, the YAP provides unemployed graduates with a novel answer. They can become apprentices to help small and medium enterprises (SMEs) set up easy record-keeping procedures and provide weekly financial reports to monitor the profitability of their companies in real time. By giving unemployed adolescents opportunities to engage (by volunteering) with SMEs, the YAP establishes a win-win collaboration that enhances their employability and skills.

The programme, which targets recent college graduates, is being carried out by the Uganda Investment Authority (UIA). The apprentices receive free training in a range of subjects, including record keeping, stock management, customer service, and sales and marketing support for SMEs. The goal is to help young people get the crucial work experience they need by offering services to help SMEs on a trial basis.

The Parish Development Model (PDM) is a multi-sectoral strategy to improve the incomes and welfare of Ugandans by bringing services closer to citizens at the parish level. The main goal of the PDM is to increase household income and improve the quality of life, with a specific focus on the total integration of subsistence households (both on-farm and off-farm, and in both rural and urban settings) into the money economy.

The PDM aims to increase the effectiveness of the interaction between the government and its people at a local level in order to accelerate the realization of government's long-term goal of socio-economic transformation. In terms of the specific groups that are considered for access to the Parish-level revolving fund, 30% are women, 30% are youth, 10% are people with disabilities, 10% are older people, and 20% are men/general.

An analysis of youth participation in these five YEPs indicates that age has a positive and significant impact on their decision to participate. For example, older youth aged 26-30 years were more likely to benefit from YLP than those aged 18-25 years. Other significant factors included youth business location (urban businesses have a better chance of being selected as beneficiaries of YLP), the type of business enterprise (those in services also have better chances), and the level of business maturity.

Although some of the programmes have had a positive effect on youth employability, there was no significant evidence of their effect on job creation. Our study also found that the YEP implementers were not fully fulfilling their mandates, and that some had strayed from the original goals.

On the policy front, our findings show that Uganda's YEPs have a long-term impact on their intended goals. According to the empirical findings, the promotion of youth entrepreneurship

abilities and skills should be approached holistically (not just through credit) and should target productive sectors with high employment creation potential so as to reduce the youth unemployment.

3. Evaluation of policy options

A number of other scholars such as Gemma & Ibrahim (2015), Sekabira (2017) and Bechange et al. (2021) have evaluated some of the existing YEPs. During the field survey, our respondents also evaluated the YEPs, and their perspectives are the basis for the evaluation responses, shown in Table 2. For example, the YLP has had, and continues to register, a moderate performance. Statistically, 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%).

Table 2: Evaluation of the policy options

Evaluation criteria for decision-makers	Option 1 Youth Livelihood Programme (YLP)	Option 2 Uganda Women Entrepreneurship Programme (UWEP)	Option 3 Presidential Initiative on Skilling a Girl Child	Option 4 Youth Apprenticeship Programme (YAP)	Option 5 Parish Development Model
<i>Effectiveness/efficiency</i>	Relatively efficient in creating own youth jobs	Effective and efficient in uplifting women's entrepreneurship and saving skills	Efficient and effective in skilling the girl child, especially school dropouts	Efficient in increasing youth employability	Less effective in skilling but effective in job creation
<i>Unintended effects (positive, negative)</i>	Spillover effects but also misuse of funds by some people	Reduced domestic violence	Start-up capital	Jobs	Unintended beneficiaries
<i>Equity effects (youth, gender or other)*</i>	Relatively both male youth (54%) and female youth (46%).	For females only, and male youth are therefore disadvantaged	Only for female youth	50% for female and 50% for male	Only 30% for youth and the rest for old population, but also 10% is for those

					persons with disabilities
<i>Cost implications**</i>	High cost of fund recovery	Involves relatively low cost of administration, given that women are more organized	Low cost (implemented through existing local councils)	Involves high cost of training and upkeep of the trainees	Very costly to administer
<i>Feasibility</i> (e.g. technical, legal, funding, etc.)	Feasible	Feasible	Feasible	Feasible	Fully funded by the government.
<i>Acceptability</i> (political risk, etc.)	Politically acceptable	Acceptable	Acceptable	Acceptable	Acceptable
Recommendation	Highly recommended	Recommended	Highly recommended	Recommended	Not recommended

* Where we have affirmative action for persons with disabilities, minorities or vulnerable groups.

** Cost implications: high, medium, low.

Key to Table 1

	Negative
	Moderately positive / Neutral
	Positive

Overall, we recommend the continuation of the Youth livelihood Programme (YLP), the Uganda Women's Entrepreneurship Programme (UWEP), the Presidential Initiative on Skilling the Girl Child and the Youth Apprenticeship Programme (YAP), including the standardization of technical and vocational education to match international standards.

4. Recommendations and/or next steps

To improve the adequacy and effectiveness of Uganda's youth employment policies and programmes, the following steps can be considered.

First, it is crucial to create an environment that enables job creation by maintaining a stable macro economy and reforming regulations and systems that hinder the job creation that is needed to solve youth unemployment issues. Economies across the world prioritize policies that create jobs and resolve youth unemployment based on the belief that job creation is the best option for their welfare. However, many economies struggle to achieve this goal. Even economies that manage to solve youth unemployment could still face an employment crisis if they pursue short-term policies while neglecting structural reforms to respond to changes in the socioeconomic environment. All economies must, therefore, analyze and predict the changing environment and implement policies that are responsive to change.

Second, youth employment must be approached in two ways: increasing the number of jobs for youth and improving their overall quality. Economies worldwide face declining employment quality as well as increasingly polarized labour markets because of a growth in non-regular job positions. As more young people receive higher education, they may avoid low-quality jobs. But without any improvement in the number of decent jobs, there is a serious mismatch in youth employment in terms of job quality. More efforts are needed, therefore, to improve the quality of employment in small and medium-sized enterprises and small service providers that have relatively low productivity.

Third, a smooth school-to-work transition is crucial for the prevention of youth unemployment. The longer it takes to find a job after graduation, the harder it is to find employment. Therefore, it is crucial to provide systematic career guidance and job experience opportunities when young people are still in school, so that it is easier for them to find employment immediately after graduation.

Fourth, it is impossible to over-state the importance of nurturing high-quality talent through education and training innovation, strengthening the employability of youth and improving the adaptability to change by deepening lifelong vocational training. Singapore, in particular, provides job experience to students through its Enhanced Internships and Skills Future Earn and Learn Programme, and offers stronger up-skilling, re-skilling and deep-skilling training to the employed. Singapore's achievement in developing a competency-based society through this programme holds many implications and lessons for Uganda.

Fifth, young people who struggle to find employment, such as NEETs, face complex obstacles in finding jobs. It is important, therefore, to analyze the factors that hinder their employment and to provide them with customized employment services. Japan, for example, has established an employment service that includes institutions that specialize in supporting young NEETs and Hikikomori (people who avoid social contact). The Republic of Korea has implemented an Employment Success Package Programme to provide young people with individualized employment services. Again, these programmes offer interesting lessons for Uganda.

Sixth, it is important to establish a secondary social safety net for the many young people who are excluded from employment or from unemployment insurance schemes, which mainly

protect those who already have jobs. Korea's Employment Success Package Program and Japan's Jobseeker Support System are relevant, in that they are employment-welfare programmes for young people and for non-regular workers who fall through the cracks of social safety nets.

In addition to the examples offered by these best international practices, our key informant Interviews and focus group discussions generated other important suggestions. One key informant in Gulu district said: *"Let's involve the young people themselves since it's the most important aspect. Young people know what they want and when. We need to involve young people in the planning process. Let us be with them, and talk to them; they tell us our gaps and then we plan accordingly and allocate resources according to their priorities. The starting point is involving young people. You know a young person is very inquisitive, so they ask, how did you develop this? How did you, and why did you bring this guideline? Does it work? Is it possible for us to pay in such a period? I am going to look after pigs; I am going to buy turkeys. How long before I start getting returns and then you are telling me to pay in 6 months and a turkey matures in 1 year? So, we need to involve these young people."*

A participant in a FGD in Masaka District noted that: *"Monitoring and evaluation and allowing group guaranteeing where members guarantee themselves. Then also involve the leadership in the areas where they are coming from because the local council is very key when it comes to the implementation of the Youth Livelihood Program. So leadership councillors, local councils are all involved in the process of selection."*

A key informant from the National Planning Authority argued that: *"Work-based training or employment-based training times called apprenticeships is a key best practice in Youth Employment Programs (YEPs). Many young people who have been trained at workplaces easily transition into employment. Therefore strengthening collaboration between the world of work and training institutions leads to employability of young people addressing the entire value chain where you address the value chain to employment. In addition, attitude change towards skilling, production, and marketing -- rather than looking at just one component and you stop there. For example, if you skill young people provide tools. If you provide tools, support them to acquire a workspace, support them with utilities. When they produce to support them with marketing."*

Finally, a commissioner from the Ministry of Finance, Planning and Economic Development emphasized the importance of preparation: *"I think that we also need to prepare them properly before we can be able to involve them in any programme; we need proper preparation. They need to be sensitized and appropriately trained on how to manage or sustain the programme."*

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