



Analysis of existing approaches for rural youth employment in Uganda

The issue

Unemployment and underemployment are big issues that youth face in Uganda. The overall unemployment rate stands at 9.4% and is **particularly high among youth** (60% of the unemployed) and those with higher levels of education. According to the Uganda National Planning Authority (NPA), the youth unemployment rate reaches up to 37.8 % when including volunteers and unpaid family workers (NPA, 2015). On the other hand, employment has expanded in lower-productivity activities such as subsistence agriculture and petty trade, while it is contracted in some high-value sectors. Over 80% of those primarily engaged in subsistence agriculture are underemployed (World Bank, 2014).

Context

Evidence reveals that **youth engagement in agriculture is declining** in Uganda. This might become an urgent problem to address since over 400,000 young people are entering the job market every year, and the services and industrial sectors, despite growing at considerably faster rates, are not creating enough jobs for the burgeoning youthful labour force.

The **main reasons** behind the low rate of youth participation in agriculture and in the rural labour market are the underdevelopment of rural areas, poor economic diversification and private sector development, as well as low productivity and returns from subsistence farming. Perceived as offering quick and regular income with less risk, petty trade and activities in the service sectors attract young people to urban areas. 66% of the internal migrants move from rural to urban areas, especially to Kampala. About 45% of them are aged 15-29, with young women constituting 54% (IOM, 2015). While rural-urban migration trends are to a certain extent

unavoidable and represent an important pathway out of poverty for many, **distress migration** often translate into **precarious opportunities** in the informal urban economy, aggravating destitution and social conflict.

One way to reduce distress migration from rural areas would be to creatively **re-engage youth in agriculture**, tapping into the large reservoir of productive and lucrative employment opportunities that the sector can offer. For this to happen, in addition to **targeted investments** for youth-friendly job creation throughout agricultural value chains, **improvement in working conditions** will be crucial to support the well-being and long-term productive potential of rural workers and to make agricultural work attractive to youth.

Assessment of existing initiatives

The Ugandan Government and its partners are taking serious steps to **address the employment challenge** and various intervention programmes targeting youth have been initiated, including in rural areas and in the agricultural sector. Demand seems also to be growing. These programmes utilize different approaches for identifying beneficiaries, providing training, disbursing start-up packages/capital, and monitoring implementation progress. With the support of the Food and Agriculture Organization of the United Nations (FAO), an **analysis of the main ongoing initiatives** has been conducted, to assess their strengths, weaknesses, as well as innovation and replication potential. **Focus was on rural youth** and their engagement in the agricultural sector and the food system. The assessment has resulted in a **series of recommendations** towards the replication and upscaling of successful interventions that will inform the forthcoming National Strategy for Youth Employment in Agriculture (NSYEA), as well as future strategic discussions on youth engagement in agriculture and food systems.

Key findings

The assessment focused on **23 programmes targeting youth**. Relevant information and data were collected through various methods: desk review of literature, key informant interviews, focus group discussions, and a survey of 243 youths (128 beneficiaries and 115 non-beneficiaries) randomly selected from all four regions (central, western, eastern, and northern) of Uganda.

As emerged from the assessment:

- Most of youth programmes in Uganda include vulnerable groups of rural youth and target mostly **youth aged 18-30**, providing trainings, funding or both. Some of these programmes are nationwide, while others are focused on specific areas or regions.
- **Common challenges** identified across the different programmes include: inadequate funding, delays in the disbursement of funds, short project cycles, weak group dynamics, and natural calamities.
- All programmes contribute to different degrees to the **four pillars of the Decent Work Agenda** (see Box 1). Most of the interventions are centered on *Pillar I - Employment creation and enterprise development*, but to different degrees they also promote social protection, respect for fundamental labour standards and the engagement of youth in social and policy dialogue.
- Youth programmes have used **different employment-enhancing approaches**, which have been clustered in 5 typologies: i) Participatory; ii) Multi-stakeholder; iii) Value chain/cluster; iv) Hub/one-stop center; v) Hands-on/practical; and vi) Holistic/integrated. These approaches, which overlap in many cases, differ in nature, categories of targeted youth, innovation, and replicability.

Box 1: Decent Work Agenda

The Decent Work Agenda is a balanced and integrated programmatic approach, developed by the ILO and endorsed by the international community, to pursuing the objectives of full and productive employment and decent work for all at the global, regional, national, sectoral and local levels. It comprises four pillars, namely: Pillar I (Employment creation and enterprise development); Pillar II (Social protection); Pillar III (Standards and rights at work); Pillar IV (Governance and social dialogue).

Analysis of the main contributions to the four pillars of the Decent Work Agenda

- **Employment creation and enterprise development (Pillar I)** is the main anchor of most programmes, with focus on vocational and business training, access to loans and entrepreneurship support. For those programmes providing loans, training is a prerequisite for youth applicants (usually outsourced to partner institutions like Enterprise Uganda - see Box 2). Yet, the assessment reveals that youth beneficiaries have not yet started earning decent incomes from their investments and often remain trapped in informal occupations after graduating from the programmes. The situation is slightly better for youth engaged in agribusiness or youth groups in urban areas, which tend to start with fairly larger initial outlays and to have access to better infrastructures (roads, electricity, ICTs, markets).

Box 2: Enterprise Uganda

Enterprise Uganda is one of the 32 Empretec Centres operating in Africa, Eastern Europe and Latin America to promote development of small and medium enterprises (SMEs) as the main vehicle for expanding production, providing sustainable jobs and enhancing economic growth. It is designed as a one-stop center providing an integrated and comprehensive range of business support services for SMEs and corporate organizations, using a hands-on approach. Enterprise Uganda has been involved in youth empowerment initiatives since 2007 and has developed and tested a youth empowerment model - the Business & Enterprise Start up Tool (BEST). This is an attitudinal and mind-set transformational tool for empowering both the educated urban population and rural based population to engage in economic activities.

- Most youth programmes do not facilitate youth **access to social protection (Pillar II)**, except for a few that provide in-kind cash transfers. Focus has been placed on innovative measures of funding youth enterprises, namely: revolving fund, no/low interest loans, collateral-free loans, cost sharing, and guarantee schemes. Yet, youth remain exposed to production and marketing risks. As regards access to social security, most of the businesses created through youth programmes remain largely informal, which is an impediment to qualify for measures like the social security fund. Finally, programmes have had so far limited interventions in terms of occupational safety and health, where youth farmers have been trained in safe use of chemicals and equipped with electronic sprayers and protective gears.

- In terms of **standards and rights at work (Pillar III)**, all youth programmes operate under existing national labour laws and regulations and promote gender equality, with some of them targeting only female youth and training them also on land rights. Some programmes have also sensitized youth and children about their rights, as well as communities on the need to avoid child labour and trafficking. Yet, the observance of labour rights in the rural areas remains complicated for all youth programmes, especially given dominance of informal occupations and the absence of a minimum wage policy.
- Finally, as regards **governance and social dialogue (Pillar IV)**, most youth programmes promoted the formation of youth groups, through which they channeled training, support and inputs, taking advantage of peer pressure during monitoring. Though collective production is not common, collective marketing is supported by some programmes. Also, some programmes, advocate for youth involvement in social and policy dialogue. With its decentralized structure of youth organizations, UYONET (Uganda Youth Network) has been able to impact on formulation of the National Youth Policy. The most recent Uganda National Youth Farmers' Association (UNYFA) - targeting youth aged 12-39 years - has been formed to advocate for youth needs and participation in agriculture.

Detailed analysis of the main approaches adopted in Uganda

- For the purpose of this assessment, the **participatory approach** is intended as an approach that guarantees the full involvement of community, youth organizations and local government in its design and implementation. Government programmes, such as the Youth Livelihood Programme (YLP) and the National Agricultural Advisory Services (NAADS) extension programme, and donor-led programmes, such as USAID's Feed the Future Youth Leadership for Agriculture (YLA) and Heifer International East Africa Youth Inclusion Project (EAYIP), have largely used this approach. A participatory approach facilitates the selection of programme beneficiaries and agricultural value chains that are relevant to the community. It also directly involves youth in planning their agricultural projects. As demonstrated by NAADS and YLP, it can be replicated and up-scaled widely and has worked well with both male and female youths, particularly with organized rural youth aged 18-30. However, the approach seems to work less well with rural youth aged 15-17, which are likely to be excluded from community's recommendations, and with urban

youths, which benefit less from backstopping due to weaker community structures. A possible limitation of this approach includes its inherent bureaucracy that might create loopholes in the programme execution. Finally, programme beneficiaries indicated that a participatory approach works best where there is no cash involved, as it might increase the risk of corruption at local government and community levels.

Box 3: Youth Livelihood Programme (YLP)

The nation-wide Youth Livelihood Programme (YLP), implemented by the Ministry of Gender, Labour and Social Development (MGLSD), is a community demand-driven programme. Youth are equipped with vocational skills and a revolving fund of up to US\$12.5 million to procure start-up kits. Also, loans up to US\$25 million may be given only under special consideration by the programme management. Before funds are disbursed, the approved groups are subjected to orientation and training in financial management, accountability, and vocational training where necessary – mainly through Enterprise Uganda. The funds are advanced by the Local governments to the Youth Interest Groups (YIG) in form of a Revolving Fund (groups of 10-15 youth, in the 18-30 age bracket, unemployed, poor/vulnerable, 30% must be females), who will either run a group enterprise, or will work to support one another in the development of their respective enterprises). YLP targets several categories of youth: educated or uneducated, rural or urban, dropouts from school and training institutions at any level, as well as unemployed graduates from tertiary institutions. It is not for those who are still in school/studying. Commercial agriculture is one its major areas of focus; more than 65% of the 2,000 individual or collective youth projects supported so far are in agriculture (52%) or agro-forestry.



- The **multi-stakeholder approach** is intended, for the purpose of this assessment, as an approach that involves collaboration among many stakeholders leading to pooling of know-how and resources for wide visibility and acceptability of youth programmes. Several government programmes (such as YLP and NAADS/OWEC) use this approach to foster inter-ministerial collaboration and/or deal with the private organizations (such as banks) involved. This approach can be replicated and up-scaled to a certain extent depending on availability of interested stakeholders in agriculture/agribusiness. A good example of multi-stakeholder involvement was obtained under the Skilling Youth for Employment in Agribusiness (SKY) project, where government, development partners, NGOs, private sector, universities and primary schools, parents and community are all involved in skilling youth. The challenges refer to possible conflicts of interest, shifting priorities, stakeholder passiveness/dominance, and slow decision making processes. For example, commercial banks that distributed loan funds under Youth Venture Capital Fund (YVCF) complained of tedious and long evaluation processes.
- Youth programmes using the **value chain or cluster approach** focus on specific agro-value chains, such as: the Consortium for University Responsiveness to Agricultural Development (CURAD) on coffee; Afribanana on bananas; YLA on coffee, maize, and beans; East Africa Youth Inclusion project (EAYIP) and AFRISA on livestock. While such focus obviously reduces the spectrum of youth agri-preneurship opportunities

and limits the geographical scope of the intervention, it allows for more specialized assistance and innovations (e.g. products, processes, brands), as illustrated in Box 3. Youth aged 18-30 years tend to benefit the most from this approach, because it requires preliminary technical skills, often leaving out 15-17 year old youths. The multiple agro-value chains or cluster approach, used for instance under USAID's Feed the Future Commodity Production and Marketing Activity (CPM), is an alternative to focusing on a single value chain.

Box 4: RASA - A successful youth agribusiness

RASA Ltd was launched in 2013 by six students from Makerere University as a personal savings scheme to develop different prototypes of coffee liqueur. At a later stage, CURAD - through the Earn as You Learn programme - funded RASA with US\$ 36 million (ca. \$10,000) to commercialize the business. CURAD is a public-private partnership initiative for agribusiness incubation promoted by Makerere University, the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), and National Agricultural Research Organization (NARO).

The core product of RASA is the first ever coffee liqueur to be produced in Uganda from Ugandans finest Arabica coffee. The business is now self-sustained and survives on sales. The sales volumes of the company have steadily been growing since the launch of the products into the market in August 2014. The monthly sales growth rate is 5-8%. Currently, RASA's total sales turnover is between US\$ 4 and 6 million per month (\$1500-2000/month) and this translates into a profit margin of between 24%-26%. Currently, the company has a total of 10 employees working on a full time basis and 4 part-time employees.



- When adopting a **hands-on or practical approach**, youth programmes opt for vocational/practical skills necessary for future employment and job creation, such as in the case of Skilling Uganda, YAP, SKY, YLA, and agribusiness incubators (for instance CURAD, Afribanana, AFRISA). The SKY programme for instance has effectively used this approach by focusing on agricultural skilling of youth and integrating practical agriculture into formal school curriculum. This approach is highly replicable (especially for vocational and general practical skills) and has the potential to reach out to all youth of both gender and ages, whether rural or urban. For specific practical skills the nature of the training tend to favour youth aged 18-30 years, sometimes with gender bias.



- The **hub or one-stop center approach** aims at providing an integrated and comprehensive range of business support services to youth enterprises in one single center, such as those provided by Enterprise Uganda, the Uganda Industrial Research Institute (UIRI), CURAD, Afribanana, Strengthening Rural youth development through Enterprises (STRYDE), and the East Africa Youth Inclusion project (EAYIP) - see *Box 4*. The hub approach enhances closer supervision, monitoring and guidance of youth leading to innovations, entrepreneurship and enterprise development. While marketing of value added products is still largely domestic, with the assistance of the Ministry of Trade, Industry and Cooperatives (MTIC), some youth have acquired certifications from the Uganda National Bureau of Standards (UNBS) that enable them to export their products to international markets. For example, the products produced by Afribanana incubatees meets export markets in European Union and USA, while Afribanana has a United States Food and Drug Administration (USFDA) certificate that enables its incubatees to export fresh vacuum sealed Matooke to the USA and Australia. This approach has the potential to reach out to all young women and men aged 18-30, whether rural or urban. Replicability and upscaling depend mainly on resources availability, given the high costs to establish and manage interventions under this approach. Also, remaining bottlenecks have to do self-sufficiency and sustainability after graduation.

Box 5: The Uganda Industrial Research Institute

UIRI is the Ugandan Government's lead incubator, based at Nakawa in Kampala. It has a state-of-the-art physical incubation space including hi tech tetrapak equipment among other facilities, and manages a series of production manufacturing templates for incubatees, a rarity in Uganda. As part of its effort to conduct virtual incubation across a wide population, UIRI has established value addition centers across Uganda, with peanut-processing facility in Lira, Mushroom Training & Resource Center in Kabale, the Fruit Juice Processing Center in Nabusake, and the Potato Processing Plant in Kabale.

- Finally, the **holistic approach** is intended, for the purpose of this assessment, as a complex empowerment approach for youth to achieve socially, economically and environmentally secure livelihoods. Often, organizations embracing this approach, such as BRAC, Restless Development and World Vision, have a set of strategically connected programmes/projects aligned with a long-term commitment to youth holistic empowerment. This approach has the potential to reach out to youth of all ages, whether rural or urban. Even if not all programmes can be fully holistic due to the differences in the respective design, an integrated approach and some elements of each dimension of sustainable development (social, economic and environmental) should be addressed in all interventions. This is not currently the case, as most of the youth programmes focus on enhancing the economic dimension (agricultural and non-agricultural) of youth livelihoods through enterprise development and employment creation. A possible shortcoming of holistic programmes is that they might dilute specialized support in the effort to take into account the whole spectrum of youth pressing problems, including HIV/AIDS, teenage pregnancy, and drug use.





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Recommendations

Building on the results of the assessments and the concerns raised by programme managers as well as youth beneficiaries and non-beneficiaries, this section presents a list of recommendations to enhance the design and implementation of rural youth employment interventions in Uganda:

Improve overall coordination and monitoring

- To enhance the benefits of a multi-stakeholder engagement and pool resources, the **government could take the initiative in establishing a platform to encourage collaboration** among youth intervention programmes, MAAIF and other government ministries and organizations, development partners, civil society and the private sector. Improved mapping and monitoring of youth interventions targeting agriculture and the food system will be a first step in this regard.
- To improve impacts on actual employment returns and status, the **development of rural infrastructure is crucial**. To this end, Government and international cooperation should improve the coordination of the different youth policies and interventions with agricultural/rural sector-wide programmes, such as rural roads, electrification, ICTs and markets.

Promote innovative mechanisms for youth to access finance and reduce risks

- Youth interventions should foster the **use of innovative**

mechanisms for youth to accessing finance and reducing risk, such as: revolving agricultural funds, low interest agricultural loans, collateral-free agricultural loans, agricultural input vouchers, agricultural equipment cost sharing, leasing, hire purchase, and guarantee schemes.

- Further risk management strategies and **agriculture/agribusiness risk mitigation measures** should be promoted, thus increasing the sustainability of existing interventions, such as: prudent planning, insurance, climate smart agriculture, weather-indexed insurance, contractual production and marketing arrangements.

Support the upgrading and economic sustainability of youth businesses

- Government, international cooperation and the private sector should join forces to **improve value chain governance and linkages between all players of the agro-value chains** to enhance youth access to extension/advisory, financial and marketing services, as well as market opportunities. A good practice in this regard is the establishment of agricultural commodity platforms bringing all stakeholders together, including youth organizations.
- Government and international cooperation should invest in **promote more employment-enhancing and youth-sensitive value chain development**, giving adequate attention to employment and poverty reduction outcomes and labour standards.

Equip the youth to adopt OSH measures and raise their voice for good labour standards

- Government, international cooperation, producers' organizations and civil society, including youth groups themselves, should do more to **sensitize young workers about dangers and risks in agriculture**. All programmes should include capacity building on the observance of safety and health in workplaces (e.g. on handling and use of agricultural chemicals, safe operation and maintenance of equipment and machinery, proper restraining and handling of animals, etc.) and regularly monitor the uptake of good practices. Action is particularly urgent for more vulnerable groups of youth. The use of protective gears and drudgery-reducing technologies should also be promoted.
- A **national minimum wage policy** should be developed, with specific provisions for the agricultural sector as needed.
- The Government should provide **incentives for youth-business formalization**, such as tax breaks/holidays, reduced registration time and burden.

Continue to foster youth active participation

- Youth active participation in governance and social dialogue processes is already a reality in Uganda, including for the development and revision of national

agricultural policies and strategies. To keep this good path, all programmes should continue to invest in **capacity building of youth in group dynamics and leadership** in view of strengthening ongoing dynamics and further broaden their inclusiveness.

- To strengthen the **participatory approach within youth interventions**, it is important to ensure continuous building of capacity of local government, community leaders and youth groups in participatory programme implementation, monitoring and group dynamics.

Replicate and upscale the agri-hub model

- While the hub or one-stop center approach seems to be the best one for youth programmes in Uganda its establishment and management is costly. **Priority should be given to a few agri-hubs** to be set up under public-private partnerships, preferably at the regional level and later rolled out throughout the country.
- To enhance their effectiveness, the agri-hubs should not only be used for training youth, but also serve as **agro-processing and value addition and marketing service centers**. Each regional agri-hub could focus on selected value chains, to be selected on the basis of agro-ecology considerations, national agricultural priorities,



as well as local government, youth and community interests. This will ensure full participation and ownership of agri-hubs by youth and their communities.

Foster more integrated approaches for training and empowerment

- All interventions should **foster holistic approaches** for training and empowerment that look at the three dimensions of livelihoods' sustainability (economic, social and environmental), while ensuring high visibility of the economic/employment dimensions.
- Where a programme does not have the capacity or the nature to be fully holistic, **coordination among well-mapped youth interventions** can contribute to address the variety of youth needs (e.g. coordinating among training, social protection and employment interventions).
- Success in terms of training, as good practices collected at global level demonstrate, depends on quality, adequate monitoring and follow up, and in particular on **focusing not only on agriculture** in the strictest sense, but on "sustainable socio-economic entrepreneurship", including the development of human skills (e.g. cultural, social, technical, organizational and economic) and the linking of agriculture to industry and services.
- Finally, while the main focus of most youth programmes is job creation, incentives need to be put in place to also **support improvements in the quality of jobs**. Incentives could be introduced for instance for registering and upgrading youth enterprises to formal status, together with improved monitoring by government, programmes and youth themselves of observance of labour laws, standards and regulations.

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