

CHALLENGE  
FUND  
FOR  
YOUTH  
EMPLOYMENT

# Uganda

December 2019

## *scoping report*



Youth



Jobs



Barriers



Opportunities

## Why this report?

The Challenge Fund for Youth Employment (CFYE) was recently launched by the Netherlands Ministry of Foreign Affairs to create more, better and more inclusive jobs for 200,000 young people in the Sahel, the Horn of Africa, the Middle East and North Africa. The fund is looking for private sector-driven proposals from Implementing Partners that have solutions to create and improve jobs and better placements for young women and men.

Uganda is the first country where the Fund will launch a call for proposals. A scoping study was performed to get a better understanding of the country context and specific challenges affecting youth employment in Uganda. The study also aimed to identify the key opportunities and solutions to increase youth employment and assess how the Fund can play a role in supporting these. Information was collected through desk research and interviews and workshops with youth, employers and key informants in Uganda<sup>1</sup>.

This report has been produced by the Challenge Fund for Youth Employment  
<https://fundforyouthemployment.nl/>

The Challenge Fund for Youth Employment (CFYE) is a 6-year programme funded by the Netherlands Ministry of Foreign Affairs, managed by Palladium, VSO Nederland and Randstad.

1. The research took place in the period October-December 2019

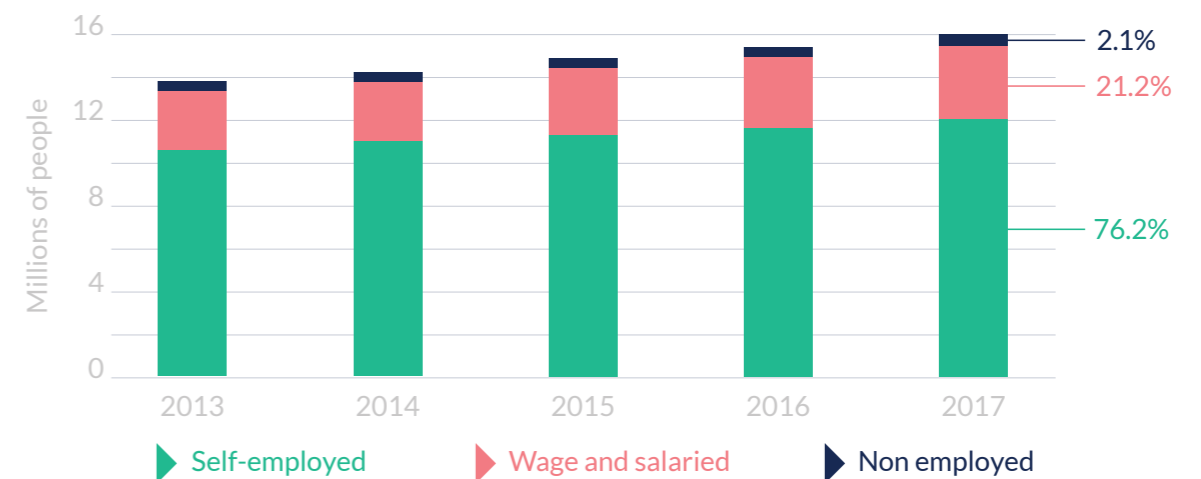
## What does the problem look like?

Uganda's job creation challenge is in many ways typical of the Sub-Saharan African region. It has one of the youngest populations in the world and its working-age population is projected to double by 2040. With a total population of around 45 million, half of which are 15 years or younger, it is estimated that over a million young people are entering the job market each year. There are clearly not enough decent jobs to go around, which has already led to high unemployment and, in particular, underemployment of young people. Thus, rapid action is necessary to stimulate economic growth and tackle the skills mismatch in the labour market, so that young people are not left out.

Uganda's national unemployment rate is 9.2%. The unemployment rate for youth aged 18 – 30 is 13.3%<sup>2</sup>. The rate is highest in Kampala, where 21% is out of work, the majority of whom are young. Delving further into the national figures reveals that urban youth are more likely to be unemployed than rural youth, young women are twice as likely to be unemployed as young men, and youth who have completed tertiary education are more likely to be jobless than those with only primary education.

Around 10% of those in the “employed” category have formal jobs, while 90% work informally; meaning, broadly, without a formal contract or any type of social security. About 54% of the latter category are self-employed entrepreneurs. Most of those entrepreneurs are driven by necessity, rather than opportunity, and their business activities are basically a survival strategy. Most smallholder farmers are involved in subsistence farming and do not run their farms as a business.

Underemployment – which relates to skills, time engagement or wage level - is a serious problem for youth in Uganda. Most simply cannot afford to be unemployed, so a large proportion accept any job they can get. This is quite common in agriculture for example, where 41% of the working age population is engaged in subsistence farming.



Source: Taken from Walter, Mukasa, Koltai and Muspratt, 2018: 11

2. Both rates are based on data for 2017. Source: CDA, UBOS Uganda National Household Survey 2016-2017

# Who are the youth and to what do they aspire?

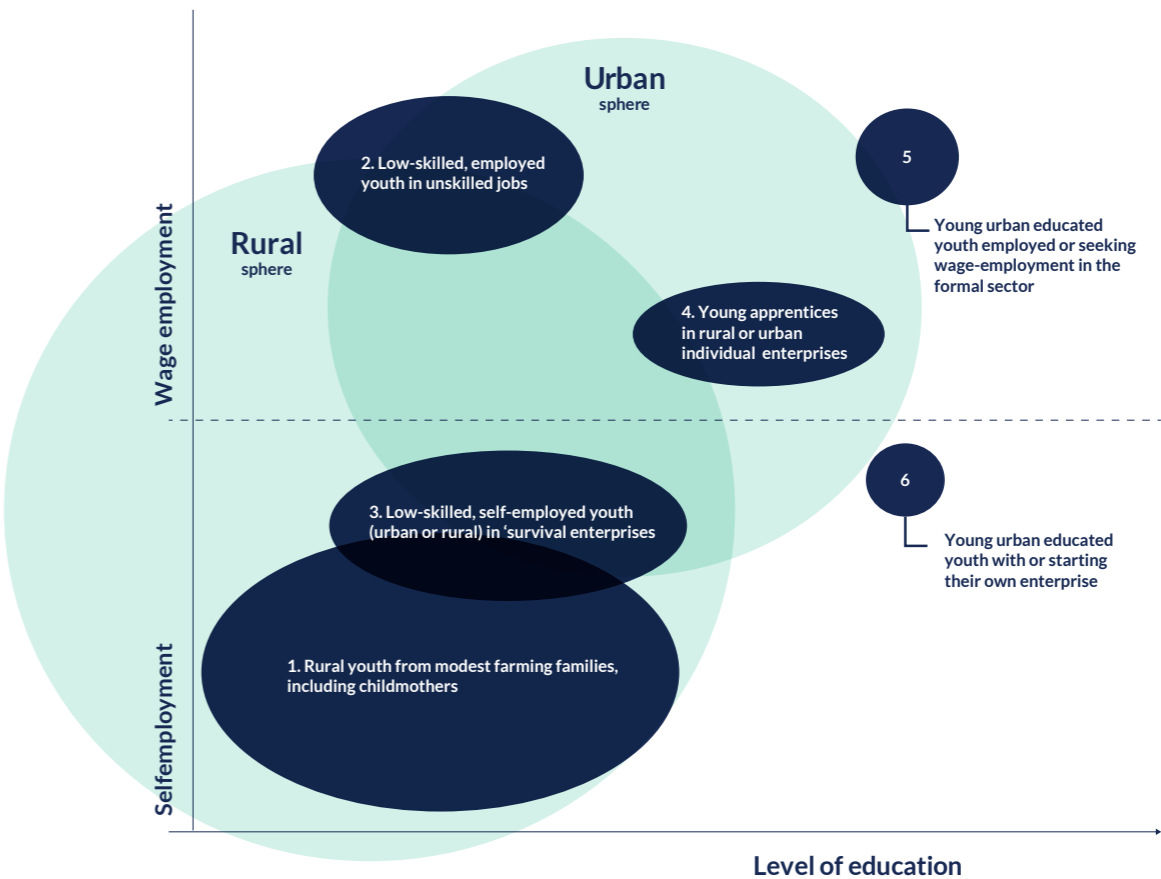
Youth is not a homogeneous group. In Uganda, we have identified 6 groups into which different types of youth can broadly be clustered<sup>3</sup>:

1. Rural youth from modest farming families, including child-mothers<sup>4</sup>
2. Low-skilled, self-employed youth (urban or rural) in 'survival enterprises'
3. Low-skilled, employed youth in unskilled jobs
4. Young apprentices in rural or urban individual enterprises
5. Young urban educated youth employed or seeking wage-employment in the formal sector
6. Young urban educated youth with or starting their own enterprise

The Challenge Fund for Youth Employment aims to create decent jobs for youth. The definition of decent work in Uganda tends to be more basic than the ILO's official international definition. For most Ugandan youth, a decent job is defined as stable work with enough remuneration to survive.

However, decent work also implies equal opportunities and treatment for all men and women. Currently, there is a clear gender gap in terms of both career development and wages, and the problem's roots can be traced to lower literacy rates for girls and lower enrolment rates of girls in secondary schools. Girls also often drop out of school prematurely because of early marriage or pregnancy.

The CFYE team held several sessions with youth in Uganda to gain a better understanding of their aspirations, as well as the constraints that male and female youth face when looking for gainful employment. Young women expressed a desire to have a secure income to support the household and contribute to the community and gain the freedom to decide on family matters. For men, influence and decision-making power in the community were cited as important factors, and some also mentioned the desire to have entrepreneurial success.



1. Rural youth from modest farming families, including child-mothers



2. Low-skilled, self-employed youth (urban or rural) in 'survival enterprises'



3. Low-skilled, employed youth in unskilled jobs



4. Young apprentices in rural or urban individual enterprises



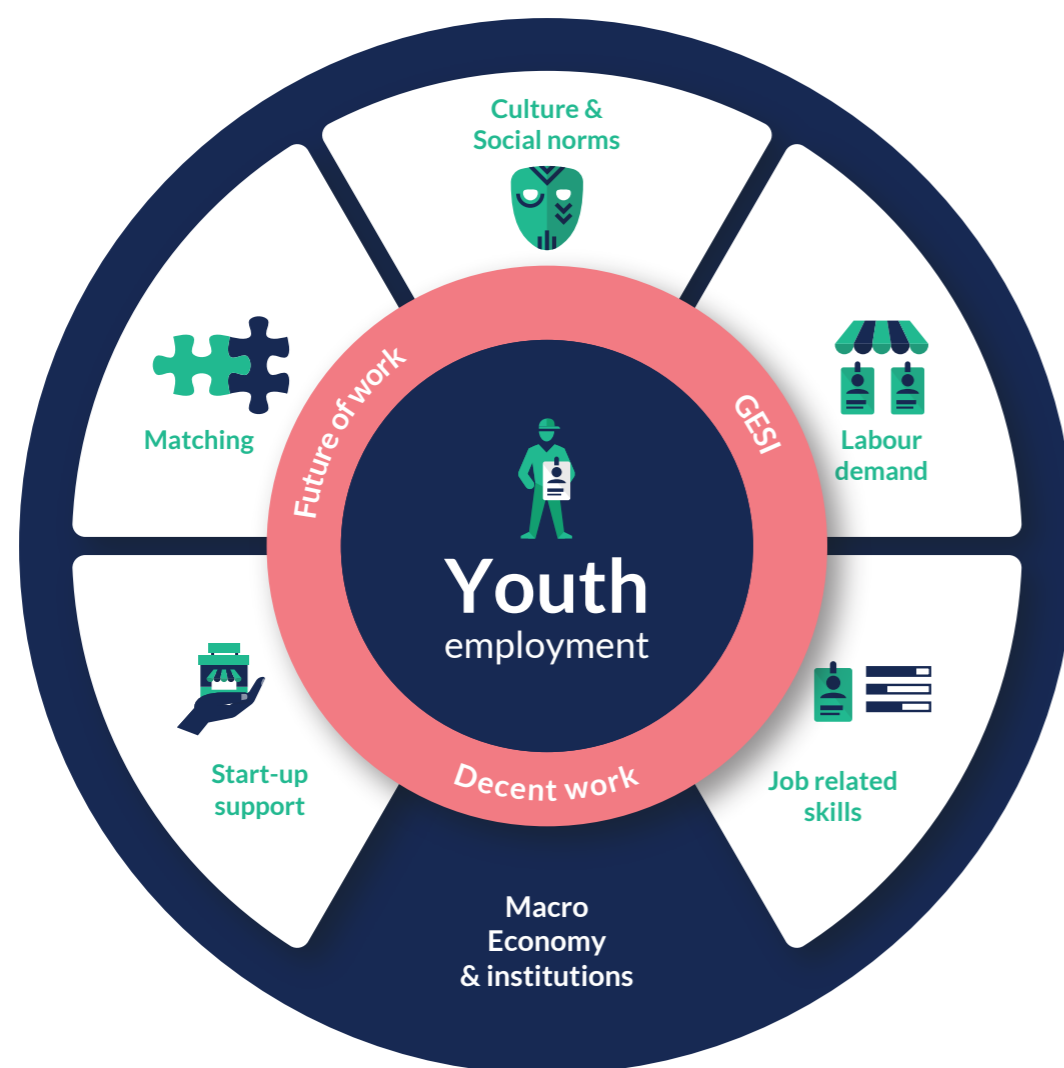
5. Young urban educated youth employed or seeking wage-employment in the formal sector



6. Young urban educated youth with or starting their own enterprise

3. Adapted from AFD (2017) 'Les dispositifs d'appui à l'insertion des jeunes sur le marché du travail en Afrique', Available at: <http://bibrairie.afd.fr/14-etudes-afd-emploi-jeunes-afrique>

4. There is a high percentage of child mothers, in particular in the northern and eastern parts of the country, where many young girls – 40% according to one source – will become mothers before the age of 18. This, combined with many other factors, makes them more vulnerable.



Adapted from: Wellington et al., 2010<sup>5</sup>

5. Active Labor market programs for youth – A framework to Guide Youth employment interventions. World Bank Policy Primer, November 2010, No.16
6. World Bank (2012) "Uganda: Promoting inclusive growth, transforming farms, human capital and economic geography" and National Planning Authority (2019) "Strategic Direction for the Ten-Year and Third Five-Year National Development Plans", September 2019
7. Business, Technical Vocational Education and Training
8. OECD (2017) "Youth Aspirations and the Reality of Jobs in Developing Countries: Mind the Gap", Development Centre Studies, OECD Publishing, Paris.

## What are the main obstacles to youth employment?

The figure on the opposing page presents the framework for mapping the youth employment ecosystem. We believe that the following aspects need to be optimised to create and improve jobs for youth:

- ### Labour demand

  - ▶ Uganda's economy is dominated by very small firms, few of which are growing. Most of these small businesses do not generate much employment besides the owner and have a poor survival rate. Structural barriers in the enabling environment (see next section) make it difficult to start and grow a business. Moreover, the challenges in finding employees with the right skills mean that intensive (on-the-job) training is required and that new employees have unrealistic expectations.
  - ▶ High turnover of employees is found in all sectors, which affects the growth of firms; some people go back to their communities once they have earned enough money. Employers have to spend time and money in finding and training new employees.
  - ▶ At the same time insufficient and unreliable raw material supplies, combined with logistical issues such as high transport costs and intermittent power supply, lead to low utilisation rates in many processing industries. In some cases, these can be as low as 20%<sup>6</sup>.
  - ▶ Low utilisation rates and low productivity in manufacturing – including in the agro-processing industry – lead to lack of profitability and low wages for employees in a sector that is crucial to Uganda's economic development.
  - ▶ There is a need for more investment both from government (e.g. in infrastructure, including transport and energy supply) and private sector to boost economic development and enable the manufacturing industry and other sectors to achieve their full potential.

### Market-driven job relevant skills (employability)

  - ▶ Employers frequently mention young people's lack of appropriate skills as a

- ▶ they have to conduct intensive additional on the job training to get trainees, young hires and graduates up to the standard needed for their business
  - ▶ they face issues with managing (unrealistic) expectations of young employees, especially with regards to their prospects of promotion into senior roles
  - ▶ they face particular challenges in hiring staff for (middle) management positions, as most young employees lack the requisite management skills to succeed in those positions.
  - ▶ Uganda's labour market continues to face a shortage of requisite qualifications, with only a small minority holding some form of tertiary education qualification. Even then, there is often a mismatch between the skills level of graduates with labour market requirements.
  - ▶ Enrolment in STEM at universities is less than 27% (significantly below the UNESCO minimum of 40% required for a country to economically take off and participate in the global knowledge-based economy). This is because non-STEM education is cheaper to deliver and easier to access.
  - ▶ Most young job-seekers lack soft skills. Employers often cited trustworthiness, willingness to learn, reliability and communication as important skills for employees. Skills for future labour markets are also lacking. These include advanced cognitive skills such as complex problem-solving, socio-behavioural skills such as teamwork, and skill combinations that enhance adaptability such as reasoning and self-efficacy. Lastly, there are minimal opportunities to develop skills on the job through continuous learning. Educational opportunities should be extended beyond schools and universities and into the workplace.
  - ▶ The Ugandan BTNET<sup>7</sup> system does not equip Ugandans with the required skills to allow companies to compete on the domestic market, let alone on regional and international markets. Nor does it

adequately prepare individuals to successfully make a living through self-employment. Major gaps include lack of engagement with the private sector, rigid supply structure, and lack of labour market information. There is also a narrow sector focus and a lack of attention to practical competencies and soft skills. On the other hand, youth enrolment rate in BTJET is very low. Part of this is due to the low quality and poor reputation of many BTJET institutions, but also because young people are not aware of TVET education. Compounding these issues is poor basic education among youth, which results in them not achieving entry requirement, as well as high tuition and boarding costs in BTJET institutions. We consider improving the BTJET sector a high priority; the labour market needs people with solid craftsmanship and hands-on skills.



### Effective matching

- ▶ Making information accessible to youth is crucial so they can learn about career or education pathways, employment opportunities and the skills required<sup>8</sup>. Through the interviews and youth sessions we found that youth largely do not use existing platforms such as LinkedIn to stay informed about job or training opportunities.
- ▶ Recruitment is often informal and through personal networks. Larger companies or NGOs may use dedicated internal or external HR personnel to recruit candidates, but most of the time it is done by the general manager or owner, often using informal networks.
- ▶ Job seekers find job opportunities through a few online platforms (for example Brighter Monday and Great Ugandan Jobs) and informal Whatsapp groups. Others find opportunities through advertisements in newspapers. LinkedIn is hardly used. Most firms recruit through their personal (family) networks, which may result in exclusion of (potentially better qualified) people. Local sources confirmed to us that in some cases corruption may occur and that an unofficial payment is sometimes requested to obtain employment.
- ▶ Limited matching occurs through online platforms. Relatively few jobs are posted on the sites that do exist, especially outside Kampala. For example, on the Brighter Monday Uganda site, over 80% of the c. 400 posted jobs are in Kampala.



### Supportive culture and social norms

- ▶ Young Ugandans are often cited to be very entrepreneurial, due to the high number of self-employed entrepreneurs. However, it is important to note that most of these entrepreneurs are driven by necessity, rather than opportunity.
- ▶ Existing jobs available in developing or emerging economies do not align with youth aspirations – even extending to tertiary-educated youth in most developing economies. Youth often have unrealistic expectations about what a job can offer them.
- ▶ Social norms influence the division of work; aspirations and expectations about unpaid care work make it challenging for young women to find and retain a job. During the youth sessions, some young women mentioned that there are different expectations for men and women. Even though most of the women went to university, they felt that their families saw marriage and raising children as more important for them than getting a job. Exacerbating this, women do not accept help and men do not offer to help with activities related to unpaid care and domestic work, as these are seen as ‘women’s tasks’.
- ▶ Once a young woman has secured a job, cultural perceptions often affect the development of a decent career path for her. For example, women are not seen as potential leaders or managers within a company, and they are left with less important tasks and fewer opportunities for learning and promotion.
- ▶ Employment in the agriculture sector is not attractive to youth; given the potential for generating decent employment in large numbers, more should be done to gauge their interest and re-engage them. Informants in Uganda mentioned that youth are only interested in agriculture if it is combined with “tech-enabled solutions”, such as greenhouses or hydroponics.



### Business start-up and scale-up support

- ▶ Providing BDS to smaller SMEs is not commercially viable for providers, as most need long-term, tailored support. The BDS provision on offer is often inappropriate (light touch, short-term) resulting in low success rates.

- ▶ Similarly, in financial service delivery, SMEs find that their needs are not being met. The ‘missing middle’ of SMEs looking for investment of USD 20-100K are underserved by local financial markets. Bank loans are not customised for SMEs; they are expensive, offer no grace period, and require high collateral. Meanwhile, the firms are too small and not sufficiently investment-ready to work with investors.
- ▶ The tax rates and the tax system are commonly cited as an ecosystem weakness preventing start-up and growth of firms.
- ▶ Access to finance is an issue for most SMEs in Uganda, but the lack of investment capital is felt most keenly among high-growth SMEs and self-employed entrepreneurs. There is a dearth of investment vehicles willing to invest capital between USD 20,000 – 300,000. Those that do are invariably driven by social impact motives; but they propose a very narrow definition of social impact, and tend to focus on a few sectors, leaving many SMEs ineligible<sup>9</sup>. Meanwhile, young entrepreneurs find that investment appetite is very low, as the risks associated with early-stage, low-growth business models are prohibitively high.

### Systemic issues

When designing any solution, we need to be aware of systemic issues related to the macro-economy, governance and institutions, that are affecting the performance of the labour market. Some aspects of key importance include:

- ▶ Business climate and markets: Uganda is facing jobless growth and stagnated economic growth since 2011. Growth is limited by a high cost of doing business. The main cost factors include energy and transport, bureaucracy, weak financial services and limited access to capital. Policies and regulations are not stimulating business start-up and growth as well as access to markets. These issues affect SMEs in particular.
- ▶ Infrastructure: Inferior feeder roads make transporting agricultural products difficult and expensive. Unreliable electricity supply affects businesses in agri-processing and manufacturing sectors. Most investments flow into the Kampala metropolitan area, while rural areas remain underdeveloped.
- ▶ General education system: Uganda has very low completion rates at primary school level, with an only about one third is enrolled at secondary level. A high number of pupils are lost from the education system. Quality of primary education is also inadequate; a good number of children complete primary school without acquiring basic reading and numeracy skills<sup>10</sup>.

9. Walter, Mukasa, Koltai and Muspratt (2018) *Uganda Entrepreneurial Ecosystem Initiative: Phase I. Summary Report of Findings & Recommendations*. Center for Development Alternatives, Enterprise Uganda, Koltai and Company.

10. UBOS, 2015 *UBOS (2015). Labour market transition of young people in Uganda (Highlights of the school to work transition survey 2015.)*

# What are opportunities?

Through the literature review and field research, we have identified several sectors which have strong growth potential in terms of generating employment for youth and particularly young women: agribusiness, tourism and hospitality and ICT Tech, Innovation and Green Growth. See also Annex 1. While our research highlighted these sectors as the main vehicles for supporting jobs and growth, the Fund remains sector-agnostic, and is open to solutions to the youth employment challenge in any sector.

## Uganda has huge untapped potential for agro-industrialisation and commercialisation

Agribusiness provides between 60% and 70% of the jobs in Uganda, half of which are in agricultural production and the other half in other levels of the value chain. The sector is expected to grow by 5.6% in 2020, provided there are no adverse effects of extreme weather. Most farmers are smallholders with low levels of technology use. There are opportunities for increasing labour productivity, extending crop seasons and increasing access to employment in agriculture-related sectors.

A large share of employment in agriculture is informal, but often in formally registered businesses. About 90% of the agribusinesses employ less than 10 employees<sup>11</sup>. Though youth unemployment is high, there does not seem to be much interest in working in agriculture. A 2016 survey revealed that only 12% of youth, both from urban and rural areas, wanted to work in the agricultural sector. Returns in farming are not immediate; production methods remain inefficient and back-breaking. The result is that many young people are migrating to urban centres, where their chances of formal employment are limited<sup>12</sup>.

Arguably, the most promising prospects in terms of both inclusive and equitable economic growth and an expansion in job opportunities for youth, lie in the development of small- and medium-scale agro-industrial firms which can supply the growing markets within Uganda and the region<sup>13</sup>. Besides contributing to economic growth and employment opportunities, increasing demand from the domestic market comes with a commensurate need to generate increased volumes of output. Many initiatives already exist that are working towards this objective, both funded by donors as well from the Ugandan government.

## Challenges in developing businesses around agriculture and related sectors include:

- ▶ Poor infrastructure
- ▶ High transportation costs
- ▶ High costs of capital
- ▶ Lack of regulation and/or enforcement
- ▶ Weak producers’ organisations
- ▶ Low farmer yields in most value chains
- ▶ Low utilisation rates in agro-processing
- ▶ Poor connectivity between producers and service providers in the sector
- ▶ Lack of storage facilities and financial resources for value-added products lead to low selling costs by the producers, who sell unprocessed primary commodities for low value
- ▶ Women’s access to land is limited and cultural practices on land possession put women at an immediate disadvantage<sup>14</sup>.

## Tourism can be a major employer and foreign exchange earner for Uganda

Uganda has a lot to offer in terms of natural beauty and cultural diversity, now that peace and stability have returned to the country. The NDP III proposes target both elite and mass tourism, putting a strong focus on skills development, infrastructure and accommodation. They also emphasize the importance of branding and marketing<sup>15</sup>. Although tourism has clear growth potential, its fulfillment will greatly depend on the political situation remaining stable.

The Uganda Tourism Association (UTA) expects the sector to grow rapidly in the coming years. For instance, the number of hotel rooms, which was less than 5,000 in 2007, now sits at around 30,000; a figure that is expected to increase to 50,000 by 2021. It will require a major effort to train enough young people to fill all the jobs that are predicted to be created over the next few years.

Likewise, there is already huge, unmet demand for tour guides - particularly women, who are underrepresented. Currently, women in the tourism sector mainly work in office jobs or in hotels. One way of stimulating opportunities for women to work as tour guides could be to offer them driving lessons.

There are several initiatives already underway – or in the planning phase – to boost the development of the tourism sector and ensure that it benefits local youth and women. these initiatives are led by the Uganda Wildlife Association, ENABEL (Belgium), GiZ (Germany), ICCO (Netherlands), Booking.com, MangoTree, and Eyeopener works, to name just a few, A business association in the tourism sector called ‘Women in Tourism’ is affiliated to UTA and seeks to promote the employment of women in the industry.

## Challenges in developing businesses the tourism and hospitality sector include:

- ▶ Competition from neighbouring countries
- ▶ Poor infrastructure (mainly roads and electricity)
- ▶ Lack of adequate skills of youth
- ▶ Low level of current skills training
- ▶ Under-representation of women
- ▶ Political stability

## The ICT sector can generate economic growth and employment opportunities

The ICT sector is seen as both an opportunity and an enabler for generating economic growth and employment<sup>16</sup>. While some experts doubt whether ICT can create enough jobs, due to low employment intensity of the sector, smart use of ICT can have a positive influence on different economic sectors, from agriculture to manufacturing.

Youth in Uganda lack practical software and programming skills needed by the industry in general and tech companies in particular. Larger tech (or IT) companies are establishing their own training facilities, so that they have access to talent with the requisite skills. After providing training, these firms recruit from their own talent database. But for small tech start-ups, providing their own training for staff is not viable.

Providing practical training to young people for desired software/programming skills is therefore a significant (but as yet, untapped) opportunity.

The green economy sector is growing in Uganda. Renewable energy products and services are being promoted and distributed, and companies are hiring both salespeople, and technical staff. The sector mostly hires technically trained youth, e.g. for installing solar panel systems. Equally there are also employment opportunities in recycling services for rural and untrained youth.

## Challenges in developing businesses in the ICT sector include:

- ▶ Competition from India (outsourcing)
- ▶ Poor infrastructure (electricity and internet)
- ▶ Lack of adequate youth skills
- ▶ High staff turnover due to unrealistic expectations

Manufacturing accounts for just under 10% of total employment, but 75% of formally registered workers in the sector are male. Female workers are well represented in textiles (64%) and in the beverages industry (50%). Firms in the manufacturing sector tend to be small, with only 3% of firms having more than 20 workers<sup>17</sup>. Expansion is hampered by inadequate investment and low capacity utilisation, estimated at 53%, and in some sectors, a lot lower. This is due to unreliable supply of raw material and logistical issues, as well as a lack of aggregate demand in the domestic economy. Higher labour productivity combined with higher utilisation rates can lead to higher wage levels and, as a result, increased consumer demand. Thus, higher labour productivity is a pre-condition for improving the quality of jobs in this sector<sup>18</sup>.

Construction accounts for 7% of output and 4.6% of employment. The sector has seen strong, though uneven growth over the last 5 years. While men dominate employment – women only account for 20% – their share has increased, mainly as a result of non-manual and off-site activities (planning, management, CAD, procurement, etc.). According to a survey by IOM in 2015, the sector is attractive to young people, as shown by the fact that 40% of employees in their sample were 18-30 years old. The sector offers a wide variety of jobs, but most of these are unskilled. There is a lack of supply of technicians and craftsmen and women (carpenters, painters, welders); a systemic issue linked to the Ugandan education system producing insufficient numbers of technicians<sup>19</sup>.

11. Ministry of Gender, Labour & Social Development (2018) “Employment Diagnostic Analysis Report”

12. Royal Netherlands Embassy (2019) Multi-Annual Country Strategy 2019 – 2022

13. Fowler and Rauschendorfer (2019) Agro-industrialisation in Uganda: Current Status, Future Prospects and Possible Solutions to Pressing Challenges

14. Royal Netherlands Embassy (2019)

15. National Planning Authority (2019) Strategic Direction for the Ten-Year and Third Five-Year National Development Plans (draft version), September 2019

16. NDP III (2019)

17. Ministry of Gender, Labour & Social Development (2018) Employment Diagnostic Analysis Report

18. Flynn & Quak (2019) Private Sector Development: Interventions and Better-Quality Job Creation for Africa, IDRC-Include-ILO (Decent jobs for Youth)

19. Ministry of Gender, Labour & Social Development (2018)

A call for solutions

Over a million young people are entering the job market each year in Uganda. It is clear that there are not enough decent jobs available, which has led to high un- and under-employment of young people. The country is facing crucial systemic barriers that limit economic growth and job creation. Action is required to stimulate economic growth and tackle the skills mismatch in the labour market, so that young people are not left out.

The Challenge Fund for Youth Employment will focus on co-funding initiatives with a short to medium term impact, which take into consideration the structural barriers and test innovative approaches that ideally carry spill-over effects on the systemic level.

Our study allowed us to identify some areas where impact on youth employment can be achieved in the medium to short term. Given the scale of the challenge and our ambitious goals, we welcome proposals from private firms with solutions to create decent jobs at scale. Solutions should always present a clear pathway

to job creation or improvement, whether the focus is on improving the supply of labour, creating more labour demand, or matching youth to decent jobs.

Based on the scoping study, these are the key domains where high potential for impact was identified:

| Mostly relevant for which youth: | Opportunity  | 1. Rural youth from modest farming families, including child-mothers                  | 2. Low-skilled, self-employed youth (urban or rural) in 'survival enterprises'        | 3. Low-skilled, employed youth in unskilled jobs                                      | 4. Young apprentices in rural or urban individual enterprises                         | 5. Young urban educated youth employed or seeking wage-employment in the formal sector | 6. Young urban educated youth with or starting their own enterprise                   |
|----------------------------------|--|---|---|---|---|--|---|
| 1 t/m 6 , all!                   | <b>Working with private firms in high potential sectors</b><br>Improve the functioning of the markets and upgrading of firms in high-potential sector value chains, with a direct pathway to improved productivity and sustainable job creation. High potential sectors in Uganda include agri-processing, light manufacturing, ICT and tourism. In order to be able to address the malfunctioning of markets and stagnation of growth, our focus will be on private sector actors, whose solutions will have greater impact and scale at the wider market level.  |    |    |    |    |     |    |
| 4,5,6                            | <b>Career paths of young women</b><br>Supporting equal career progression for women. Promoting women in leadership positions, for example through accelerated up-skilling and professional development, in combination with role model-driven cultural change  |   |   |   |  |   |  |
| 1,2,3,4                          | <b>BTJET with active private sector involvement.</b><br>Current enrolment of youth in BTJET is too low in Uganda. Upgrading the sector can improve opportunities of decent employment for youth. This requires both improvement of quality and demand responsiveness of the education and awareness, as well as accessibility and signposting of youth towards BTJET. But in order to ensure clear pathways to employment are created (rather than 'skilling for skilling's sake'), the private sector should be actively involved in BTJET provision. This might be through collaborations that provide concrete on the job training (e.g., apprenticeships) and job placements (eg., through public-private co-operation). |  |  |  |  |  |   |
| 4, 5, 6                          | <b>Market- and demand-driven employability skills.</b><br>Employers report that in addition to technical skills, soft skills of youth are equally underdeveloped. Solutions are needed to incorporate improvement of soft skills in education, career guidance and continuous learning on the job, to ensure these are aligned with market demand. Soft skills are also highly relevant considering 'the future of work' and the growing gig economy.  |   |   |   |  |   |  |
| 2,3,4                            | <b>Geographical diversity and regional relevance.</b><br>Most instruments to improve matching of youth with jobs are in the Kampala metropolitan area. Opportunities exist in improving support to self-employment and job placement support in up-country areas, either urban or rural. There are also opportunities for the private sector to take an active role in driving and strengthening regional market development, especially for certain sectors such as dairy, transport, tourism.  |   |  |  |  |  |   |

## Annex 1: Sectors and opportunities

| Key sectors                        | Potential to create jobs for youth  | Opportunities for women                              | Type of jobs - skill set level   |
|------------------------------------|---|--|--|
| Agriculture                        | High  | Low – medium (depends on supply chain / type of job) | <ul style="list-style-type: none"> <li>Currently this remains the sector that offers most opportunities for work and income. This is likely to decrease as the sector modernizes and more young people move to urban areas.</li> <li>Some high value crops production or improved of production could lead to more meaningful participation opportunities for rural youth</li> <li>Increased efficiency and thus higher returns may also attract youth to the sector</li> </ul>                                    |
| Agribusiness                       | High  | High   | <ul style="list-style-type: none"> <li>There are more attractive job opportunities for youth in agri-processing and in marketing and/or export activities.</li> <li>Value addition high on the agenda for Uganda (NDP III and many development programmes)</li> <li>Both interesting for middle – higher educated youth (rural and urban)</li> </ul>   |
| Tourism                            | High  | Medium<br><br>(security & safety issues)             | <ul style="list-style-type: none"> <li>Tourism is expected to further grow (however subject to political instability)</li> <li>Hospitalism, lodges, guide - activity services require middle to higher educated staff</li> <li>Key opportunity sector for rural youth</li> </ul>   |
| ICT / Tech & Green / Innovation    | High, but not necessarily sustainable<br><br>More opportunities at more on established tech firms | High   | <ul style="list-style-type: none"> <li>Mostly highly educated youth needed</li> <li>Small tech start-ups require specific software / programming skills that is currently missing</li> <li>Larger tech (or IT services) companies establishing their own training facilities to recruit from</li> <li>Green economy is growing: renewable energy services, circular economy: mostly for higher educated youth.</li> <li>In recycling services also key opportunities for rural and lower educated youth</li> </ul> |
| Services (finance)                 | Medium – High   | High   | <ul style="list-style-type: none"> <li>Although Digital Financial Services are replacing some need for staff, the financial sector remains one of the biggest employers in country</li> <li>Entry level jobs still available for youth (tellers, loan officers, etc) youth is still a</li> <li>Agency banking actually increases opportunities for youth (youth can operate as agents)</li> </ul>  |
| Oil & Gas                          | Medium  | Low (?)  | <ul style="list-style-type: none"> <li>Mixed views - Often only temporary jobs especially in extraction</li> <li>Currently often outsourced to Chinese contractor who bring along own staff</li> </ul>   |
| Transportation                     | High  | Low-medium   | <ul style="list-style-type: none"> <li>Lower – medium skilled youth</li> <li>Key examples: need for qualified truckdrivers, now mostly imported from neighbouring countries</li> <li>Women lack driver's licence</li> </ul>  |
| Construction & Light manufacturing | Medium - High   | Low-medium   | <ul style="list-style-type: none"> <li>Expected growth sector according to NDP 3 – specifically interesting for lower – medium skilled youth</li> </ul>  |

# CHALLENGE FUND FOR YOUTH EMPLOYMENT

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