



# Employment Pathways That Impacts on Youth Poverty Reduction in West Nile, Uganda

A Policy Brief

## Youth Entrepreneurship through Enterprise and Skills Development (YES) Project

### Summary

Unemployment and poverty is pushing many West Nile youth into vulnerable employment and general delinquency. Over 70% of the inmates in prisons across the region are youth. This alarming situation has created concerns among many key stakeholders in the region who unfortunately lack credible information on which employment market can trigger high impact on youth poverty reduction. It is against this background that SNV and its partners explored which employment pathway is impacting youth poverty. Using its European Union funded Youth Entrepreneurship through Enterprise and Skills Development (YES) Project that aimed to enable youth attain gainful employment through three pathways; agribusiness; vocational skills and micro enterprises, this policy assessment revealed that agribusiness although most highly favored by rural youth (58%) and generated the highest indirect

employment opportunities (1.6 person), had the least (8%) effects on poverty reduction as compared to the manufacturing (25%) and services (24%) sector job markets. Notable drawbacks to agribusiness effects were large market imperfections, family sizes, climate change, and conflict in South Sudan that dampened the markets. Given variations in youth aspirations, job market performance, and market sizes, we propose detailed sector specific labour market studies to ascertain the market opportunities, risk profiles, and sector poverty reduction potentials. This should be pursued through a holistic mechanism that supports demand-driven job market selection integrated with soft and hard skills development, access to start-up kits and business mentoring. There is need to maintain a diversity of employment pathways so that different youth pursue their choice and minimize the risk of market saturation.

### The State of Youth unemployment and youth poverty in West Nile Region

Since 1996, Uganda has made remarkable economic progress. Extreme poverty levels declined from 56% in 1996 to 19.7% in 2014. Yet, regional inequality persists. The 2016 Uganda Poverty Assessment Report shows that northern Uganda, where West Nile region is located, is the second poorest

region after Karamoja (World Bank, 2016). Equally, youth poverty levels are high in the region. The 2015 YES Project baseline study found out 71 percent of the youth in the region lived in extreme poverty (Lakwo, 2015). Few youths have productive assets (e.g., only 55% had land, and 40% had livestock) that can buffer any livelihood shocks. This youth poverty status is in part fuelled by a high unemployment rates in the region (estimated at 31%). This has resulted into many youth depending on their already poor parents for their daily survivals as well as the rise of “youthscapes” that are informal actions such as illicit trade in fuel, drugs, and gambling, among others (Honwana, 2013). Over 70% of the inmates in prisons across the region are youth.

This alarming situation has created concerns among many key stakeholders in the region who unfortunately lack credible information on which employment markets can trigger high youth poverty reduction. In this policy brief SNV and its partners explore which employment pathway is impacting youth poverty using its European Union funded YES Project that aimed to enable youth attain gainful employment through three pathways: (i) rural agribusiness; (ii) vocational skills; and (iii) urban micro enterprises.

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## YES Project Supported Employment Pathways

The YES project targeted 5,000 youth in the districts of Arua, Nebbi, Yumbe, and Moyo with among other things technical and foundational skilling, provision of start-up kits, and market linkages to input, produce, finance, and insurance markets. Although the project prioritized three pathways agribusiness, vocational skills, and micro enterprises to enable youth attain gainful employment, youth were left to prioritize and select the pathways most suited to their employment aspirations. The figure below shows youth response to the various pathways.

**Agribusiness** was selected by 58% of the youth (SNV, 2016) contrary to the held view that youth dislike agriculture. This surprising response was because the agribusiness option was very “demand driven,” that is, it allowed the 3,000 youth to select non-traditional crops like vegetables that require limited land, are of high market value and have short gestation periods and therefore give “quick returns”.

The **urban micro enterprise** comprised of small businesses especially retail shops, restaurants, salons, produce trade, and tree nursery management. These were also attractive for 1,000 youth because of its low skills requirement and low start-up cost.

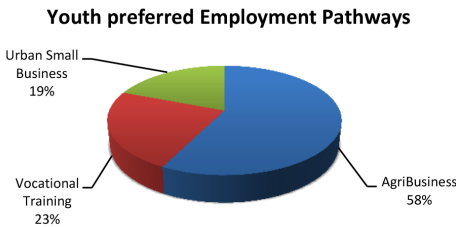


Figure 1: Youth Employment Pathways

**Vocational training in Business Technical Vocational Education and Training (BTJET)** reached out to 1,439 youth of who 819 received internship placements in private sector enterprises to deepen the skills attained (SNV, 2017). Highest

enrolments were in brick laying and concrete practice (BCP), with tailoring and cutting garments (TCG) motor vehicle mechanics (MVM), carpentry and joinery (CJ), and electrical installations (EI).

## Evidence of change in youth poverty reduction

Analysis of project labour market performance in 2016 compared with the baseline data is summarized in the table below.

Type of business	Total Net Worth (UGX)	Monthly income (UGX)	Hours worked daily	Number of employees	Poverty status
Agriculture 2014	4,405,543	55,628	5.0	0.3	66.0
Services 2014	4,524,358	313,857	8.4	0.2	63.8
Trade 2014	4,564,828	268,259	8.1	0.1	63.4
Manufacturing 2014	4,916,140	266,000	8.1	0.6	72.0
Total 2014	3,529,956	139,739	6.2	0.3	71.4
Agriculture 2016	6,732,246	54,310	4.9	2.0	58.0
Services 2016	3,704,653	276,570	9.1	0.8	40.0
Trade 2016	3,382,771	334,347	9.9	0.5	41.7
Manufacturing 2016	4,271,538	337,892	9.0	1.3	47.4
Total 2016	6,359,909	85,850	5.5	1.8	56.0
Change					
Agriculture	2,326,703	(1,318)	(0.1)	1.6	(8.0)
Services	(819,705)	(37,286)	0.7	0.6	(23.8)
Trade	(1,182,058)	66,088	1.9	0.4	(21.7)
Manufacturing	(644,601)	71,892	0.8	0.7	(24.6)
Total	2,829,953	(53,889)	(0.8)	1.5	(15.4)

*Table 1: Mean Labour market outcomes*

It is evident above that although agribusiness was highly favored by rural youth and provided many job opportunities (average 1.6 people), it had the least impact on poverty reduction (8%) compared to manufacturing (25%) and services (24%) job markets. Three critical factors were responsible for this dismal performance. First, rural youth in agribusiness had a larger household size compared to their counterparts in urban areas. Second, they faced climate change effects that reduced their production from two to one cycle. Yet, their colleagues in other job markets earned small but daily

incomes. Third, the political instability in South Sudan dumped the market for agribusiness products. While onions sold in early 2015 for UGX 50,000 a basin, in 2016 this price dropped to UGX 25,000-30,000. The other job markets purely relied on local markets.

## Strategies and Policy Recommendations

While the government of Uganda and other development partners are rolling out numerous youth employment initiatives, it is important that sector specific labour market studies are conducted to ascertain the market opportunities as well as the sector poverty reduction potentials. Sector risk analysis is critical to mitigating job losses and household economic crisis that can pull youth back into extreme poverty.

The YES project has also demonstrated the value added by a holistic support mechanism that used a demand-driven job market selection integrated with soft and hard skills development as well as access to start-up kits and business mentoring. Such an approach enables youth to enter, stay and grow in their preferred job markets and therefore to sustainably expand their enterprises.

Given the variations in the labour market outcomes and especially the risk factors that agribusiness faced, it remains risky to recommend a low upscale of agribusiness pathway. There is need to maintain a diversity of pathways so that different youth pursues their choice and they minimize the risk of market saturation.

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