



YOUTH POLICY PAPER ON NATIONAL DEVELOPMENT PLAN FOUR (NDPIV)

*Theme: Mainstreaming Youth Not in Employment, Education and Training into the
National Development Plan Four*

March 2024

1. Introduction

This paper analyses Uganda's youth demographics and development indicators and provides policy and programmatic proposals for inclusion in the National Development Plan Four (NDP IV). The key emerging demographic challenge is the youth not in employment, education, and training (NEET), estimated to be over two million. The proposals herein were solicited and validated from youth at various levels before being presented to the National Planning Authority for consideration under the consultations for the NDPIV.

2. Youth Situational Analysis

2.1. Youth Demographics, Employment and Development

Uganda's population is estimated at 45.5 million (UBOS 2023), of which 10.9 million (24 per cent) are youth aged 18 – 30. At a projected population growth rate of 3 per cent, an estimated 370,000 young people will enter the youth category annually over the NDPIV period, peaking at 13.5 million by 2030.

UBOS estimated the total working-age population to be 18.3 million (2021), with the rate of labour force participation (LFPR¹) at 43 per cent (male 51.3 and female 34.5) for youth (18-30 years). This implies that 7.8 million (71.5 per cent) youth are active in the labour force. The employment-to-population ratio² (EPR) for youth aged 18 – 30 was 35.7 per cent, implying that four million youth were in gainful formal employment (see table 1 below). Three million (27.9 per cent) were in subsistence agriculture, one million youth (9.2 per cent) were in school, and a significant two

¹ The World Bank defines the LFPR as “the proportion of the population aged 15 and older that is economically active.”

² The International Labour Organisation (ILO) defines the EPR as the “proportion of a country's working-age population that is employed.”

million (18.7 per cent) were neither in school/training nor employment (NEET). The above statistics have been summarized in Table 1 below.

Table 1: Employment Status of Youth Aged 18 - 30

Activity status	Male (%)	Female (%)	Total (%)	Absolute
In employment only	43.6	29.1	35.7	3,891,300
In school only	10.4	8.2	9.2	1,002,800
Both school and employment	2.5	0.9	1.7	185,300
Both school and subsistence agriculture	8.3	5.5	6.8	741,200
Subsistence agriculture only	22.2	32.8	27.9	3,041,100
Not in employment, education, or training (NEET)	13	23.5	18.7	2,038,300
Total	100	100	100	10,900,000

Source (UNHS) 2019/20. Last Updated on 27th January 2022

While UBOS reports that 18.7 per cent of youth were neither in school/training nor employment (NEET), the unemployment rate³ according to the Uganda National Health Survey (UNHS) 2019/20 was given as 13 per cent (male 13 and female 13).

Using the statistical representation in Table 1 above, and given the 13 per cent youth unemployment rate, it is implied that 5.7 per cent of youth (621,300) were not just NEET but also not actively looking for work. This should concern policymakers and youth stakeholders as such cohorts of youth, neither NEET nor looking for employment, can “have negative long-term consequences by giving rise to potentially ‘scarring’ effects, i.e. by permanently reducing a young person’s future employment and earnings potential.”⁴ It is important to note that given Uganda’s demographics, youth's active participation in the labour market is a key socio-economic transformational driver and plays a significant role in moving Uganda towards its strategic aspirations. This is because the youth stage is characterized by enthusiasm, energy, and innovative transformational ideas, which can only be harnessed if the right policies and programmes are in place. In NDP III, there were no bespoke-deliberated and structured interventions to address the issue of youth in NEET or those not seeking employment. In the NDPIV period (2025/26 –

³ The ILO defines the unemployment rate as “the ratio of unemployed people to the number of people in work.”

⁴ Carcillo, S., & Königs, S. (2015). NEET Youth in the Aftermath of the Crisis: Challenges and Policies.

2029/30), if no deliberate interventions are undertaken to integrate them into productive activities, the number of youths in NEET is expected to grow to 2.5 million.

However, despite the youth employment context, UBOS reported a 10.9 per cent (males 11 and females 10.7) skills-related inadequate employment situation⁵. This translates to about 420,000 youth with insufficient occupational skills to deliver in their current deployments. Given that human capital development was a central theme in NDP III, leaving this youth cohort unsupported will thwart the government's intentions to increase youth's productivity and competitiveness in the labour market.

2.2. From NDPIII to NDPIV – What has Changed?

National Development Plan Three (2020/21 – 2024/25) extensively analysed the context of youth and enlisted several interventions to mainstream their participation in and contribution to development. The youth demographic composition during the NDPIII period was 23.9 per cent (9.6 million), which the Government considered an opportunity if harnessed well and a challenge if ignored. The government thus set out several catalytic interventions to harness the youth demographic dividends, some of which are listed below.

- Prioritization of skills and vocational development to address unemployment. This was to be informed by the skills projections in the national and sectoral human resource plans, which were done through quick skills mapping with emerging or anticipated job opportunities in the economy.
- Strengthen the agricultural extension system by developing and equipping youth with the knowledge, skills, and facilities to access and use modern extension services.
- Increase access to and use of digital technologies in the agroindustry by empowering youth to use ICT to develop agro-enterprise innovations.
- Increase the number of farmers with titled land to ensure land tenure security, with particular attention to the youth, women, PWDS and other vulnerable groups.
- Strengthen farmer organizations and cooperatives, e.g. empower youth to form cooperatives.
- Enable access to technical and vocational training to improve skills in the agro-industry, particularly for women, persons with disabilities and the youth.

⁵ The ILO defines skills-related inadequate employment situation as “insufficient use of workers' occupational skills.”

- Establish youth-led agro-processing facilities focusing on incubation and demonstration centres.
- Digitalize acquisition and distribution of agricultural market information by empowering and institutionalizing youth participation in the agro-industry value chain, especially focusing on packaging and marketing.
- Reform and strengthen youth employment policies and programmes towards a demand-driven approach.

Several of the above interventions remained unimplemented, as highlighted in the NDP III mid-term report (2023), which showed that the country attained only 17% of the targets set in the plan halfway into its implementation (NPA, 2023). This section highlights youth participation in and contribution to two proposed NDP III programmes: the Youth Livelihood Programme and the Parish Development Model.

Youth Livelihood Programme (YLP)

In 2014, the government launched a UGX: 265 billion (approx. US\$. 100 million) 5-year youth livelihood programme (YLP) as a flagship intervention to address the staggering youth unemployment in the country. YLP was designed and implemented nationwide, focusing on three pillars: skills development, livelihood support and institutional support.

The YLP funding by the government ended in 2017, and there was no precise qualitative impact evaluation but a proposition to develop YLP phase II for implementation under the NDP III period. Unfortunately, YLP phase II was never actualized by the government and even the recovered funds have been withheld.

Following the engagement between youth leaders and the government, a decision was taken to allow the Ministry of Gender, Labour, and Social Development to plough back UGX: 17 billion that had been recovered into the YLP revolving fund. The YLP, therefore, continues to operate, utilizing the UGX: 17 billion, which is only 14 per cent of total recoveries. Calls to the government to recapitalize YLP have not been fruitful.

Unfortunately, neither phase II nor any other bespoke programme was executed in the NDP III period to respond to the unique socio-economic challenges of youth in the country. Instead, there were propositions from the government to cease funding the YLP and create fiscal space for the parish development model.

Parish Development Model (PDM)

One of the development paradigms enlisted in NDP III was the proposition to strengthen the sub-county as the lowest planning unit and the parish as the administrative and operational hub for all government services at the local level. With this approach, development policies, programmes, and processes become people-centred and sensitive to their needs. Therefore, the NDP III leveraged the human rights-based approach, drawing on the asset-based community development model, where local people map and harness their existing productive assets and human resource capacities to elevate themselves from socio-economic challenges.

In 2021, the government of Uganda unveiled the Parish Development Model as a citizen-led, asset-based and community development funding framework. With an underlying development proposition that 'common citizens as the end users of social services are better placed to identify and respond to their own needs and priorities and direct the use of resources.' The overarching goal of the PDM was to transition 39 per cent of households from subsistence into the money economy, using the parish as the epicentre for development. Through the PDM philosophy, the government modified and transitioned from the sub-county to a parish as the epicentre of multi-sectoral community development, planning, implementation, supervision, and accountability.'

While the NDP III had envisioned phase II of the youth livelihood programme, the design of the PDM and the need to ensure the programme's financing led to the cessation of a possible YLP phase II. Subsequently, the PDM embedded a service package to address vulnerability among youth, women, and PWDs at the grassroots level by committing to developing and implementing inclusive action plans. The current PDM guidelines commit to a 30 per cent quota for youth. Unfortunately, the PDM secretariat has not implemented the 30 per cent quota for youth during the allocation and approval of PDM funds. In addition, the Parish Development Committee was supposed to include the Parish Youth Council Chairperson as one of its members, yet this wasn't the case, and where it happened, the National Resistance Movement (NRM) youth chairperson was appointed.

However, there were several underlying design and implementation challenges to making the programme all-inclusive.

- The PDM guidelines assumed that all the targeted Ugandans were in the subsistence economy and instructed the reorganisation of the targets into formal organizational structures. This paper highlighted that 27.9 percent of youth (3,041,100) were in the subsistence economy and would be in line to benefit from the PDM interventions. However, 18.7 per cent of youth (2,038,300) were NEET and stood to be left out.

- The PDM was premised on the concept that all households produce food and engage in the market, implying that those without land and not in the production chain would not be catered for. This would potentially leave out over two million (18.7 per cent) youth, thus undermining the PDM principle of inclusivity and the sustainable development goal of leaving no one behind.
- Another key tenet of the PDM was that ‘the government shall use the PDM to deliver targeted services to parts of the country that are lagging’, meaning that the PDM was to incorporate an affirmative element in its design and execution. Referencing the financial inclusion pillar, the government committed to allocate UGX: 100m annually to every parish, irrespective of the varied demographic characteristics and development indicators.
- Another proposition for PDM was that data, analysis, monitoring, evaluation, learning and results should drive decisions and actions under the PDM. But how will the government realise this without parish-specific baseline information? How will the government register and confirm the policy's observable outcomes to ascertain PDM effectiveness?

While the PDM was the flagship development initiative under NDP III and will likely remain so in NDP IV, design and structural limitations impede it from mirroring the key underlying principles of inclusivity, participativeness, and representativeness. These challenges must be addressed in NDP IV to ensure policy effectiveness and responsiveness.

3. Proposed Interventions for Youth Development in NDPIV

- a) A strategic bespoke youth livelihood programme should be considered under the NDPIV to respond to the unique socio-economic challenges of youth in the country, and specifically target youth NEET. Such a programme should address the skills-related inadequate employment situation of youth. Alternatively, the NDPIV should propose a need to re-capitalize YLP as envisioned earlier in NDP III.
- b) In the interim, PDM should be redesigned to ringfence 30 per cent of the funds under the financial inclusion module for youth. This funding should support youth in subsistence agriculture to transform into value-adding enterprises and youth in NEET to transition into productive activities.

- c) The NDPIV should propose macroeconomic spur fiscal programmes that position the country's tax and investment regime to incentivize youth employment in the formal and informal sectors. Youth are proposing fiscal stimulus laws and programmes that allow big employers (such as those in the manufacturing sub-sector) to receive tax and investment incentives in return for youth employment. Similarly, the NDPIV should consider tax exemption and relief measures for nascent youth-owned and registered businesses for at least the first years.
- d) NDP IV should provide a mechanism to coordinate national-level efforts to reduce the number of youth NEET. Evidence around reducing youth NEET points to the 'importance of having dedicated national leadership to monitor the NEET' agenda. The International Labour Organisation (ILO) argues that 'sustained support of young people through long-term investment in education and training, hiring subsidies to promote young people's employment-intensive investment is needed now more than ever to facilitate the school-to-work transition.
- e) The Uganda Bureau of Statistics should aid the government through baseline surveys to situate the youth NEET and enable appropriate targeting and mobilisation in development initiatives.
- f) NDP IV should provide a streamlined approach for the implementing and tracking progress on youth specific interventions.