

YOUTH COALITION ON ELECTORAL DEMOCRACY

TAKING STOCK OF THE YOUTH GAINS IN THE 2017/18 BUDGET

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Introduction

This paper takes stock of the gains in the 2017/18 Uganda Budget for the youth across sectors and identifies key gaps, while giving a way forward to meaningfully address the youth development agenda in the coming years.

The Youth Sector in Uganda

The population of the youth is 7,242,000 of which 3,690,000 (51%) are female and 3,550,000 (49%) are male. The youth in Uganda represent over 70 percent of the population and majority are unemployed despite the high literacy levels. The implication is that the Government must create jobs for the youth in order to reduce the unemployment in the country¹. One of the key tools in the fight against poverty and vulnerability is ensuring that citizens have a decent, predictable income. This can only be achieved if the working population has access to gainful employment.

The results of the 2012/13 Uganda National Household Survey indicate that unemployment in Uganda stands at about 9%. Unemployment is even higher amongst the youth (21.3%), which calls for Government action to facilitate their integration into the labour market². It is important to note that the poor social service delivery has resulted into inadequate social outcomes. We note that as the country plans for the youth they need to take into account the huge youth population and their needs in the different sectors.

The budget of 2017/18

Looking at the budget 2017/18, the top sectors that benefitted include Works and Transport (UGX 4,631.20 bn (21.05%); Education (UGX 2,475.56 bn (11.25%); Health 1,821.05 bn (8.28%); Energy and Mineral Development (UGX 2,379.16 bn (10.81%); Public Sector Management (UGX 1,440.47 (6.55%); Security UGX 1,463.27 (6.65%) as well as interest payments at (UGX 2,675.40 (12.16%).

While it is commendable that Education and Health are among the top 5 sectors funded for the financial year 2017/18, it is important to note that Agriculture, ICT, Social Development, Trade Tourism and Industry that would engage more youth all together form less than 6% of the total Budget. Government has said variously in its planning documents and frameworks³ that Tourism, ICT, Agriculture, Industry and Manufacturing are the prime drivers of the economy that are to take the country to middle income status by

¹ UNBFP P230

² National Budget Framework Paper 2017/18, p9

³ NDP II, Vision 2040 and NBFP 2017/18

2020. However, these very sectors which employ more youth by the way, together do not constitute 10% of the Budget for the FY 2017/18.

It is also not a good picture of the economy to see that interest payments are taking 2nd place competing against these key drivers of the economy. This then questions governments statements versus actual allocation of resources to these key sectors.

Intra Sectoral allocation of these key sectors:

Agriculture

Government has planned that in order to increase value-addition to agricultural products, focus will be put on: promoting contract farming or out grower schemes for high-value produce in order to enhance large scale agro-processing and ensure a steady supply of quality produce. In addition, government will promote and support private investment in agro-processing of the prioritized agricultural products; support women and youth associations to engage in agro-processing; facilitate equal access to appropriate agro-processing machinery and equipment through favourable credit facilities, and intensify enforcement of standards to ensure high quality of local agricultural produce and improved market information flow⁴.

What the budget 2017/18 shows however is different. With a total sector budget of UGX 863.44 Bn, most money went to NAADS Secretariat (UGX 318.61 bn). Ostensibly this money is meant for Operation Wealth Creation (OWC) although the budget estimates 2017/18 do not even mention the word OWC anywhere. OWC is meant to finance seed distribution with very few resources remaining to recruit and facilitate extension workers. It must be noted that in the FY 2016/17 OWC has been riddled with inefficiency, distributing fake seeds, to the wrong farmers at the wrong time. They are however credited with supplying seeds to 69% of the farmers who are subsistence. The other bigger chunk goes to the Main ministry of MAAIF with UGX 247 bn of which Agricultural Extension was allocated only UGX 24 bn.

The President in his State of the Nation Address was hesitant to discuss the challenges of the sector⁵, preferring to highlight three challenges vis financing, irrigation and power saying it was an irrationality to talk of draught in Uganda given that the water level for Lake Victoria today is 12.13 meters with the highest having been in 1964 at 13.65 m. He said many irrigation schemes were in the feasibility and design stage.

⁴UNBFP p32

⁵SOTN 2017 p15

The issue of capitalization of Uganda Development Corporation and therefore accessing medium and large-scale farmers with credit, is sticky because ever since the passing of the law to found it, and requiring an Initial UGX 500 bn, since inception, no funds have been provided⁶.

It is therefore not prudent to say that the agricultural sector financing and operational mechanisms are suited to promote production and productivity to benefit the youth. More money should be put in agricultural extension, credit and value addition to help subsistence farmers the majority who are women and youth.

Social Development

Key interventions within the Social Development Sector aim at promoting Social Inclusion and Participation through improving the resilient and productive capacity of the vulnerable persons for inclusive growth, promote decent employment opportunities and labour productivity; - Improve the capacity of youth to harness their potential⁷. In order to achieve this, government through the sector aims to: promote decent employment opportunities and labour productivity; enhance effective participation of communities in the development process; improve the resilience and productive capacity of the vulnerable persons for inclusive growth as well as improve the capacity of youth to harness their potential and increase self-employment, productivity and competitiveness among others.

With a total Sector allocation to social development of UGX 167.1 Bn, and forming only, 0.76% of the National Budget for FY 2017/18, the sector is unable to adequately address the needs of women, young people and the elderly under whose mandate they fall. Out of the total sector allocation, the Youth and Child Affairs Dept was given UGX 2.52 bn, the Youth Livelihoods Programme (YLP) UGX 68.24 bn and PROGREL UGX 0.20 bn.

Government has continued to foster youth entrepreneurship through the Youth Livelihood Programme, which has benefited over 80,000 youth engaged in nearly 7,000 projects. 46% of these projects are in the agricultural sector while 25.9% are in trade. Government is also continuing its efforts to provide adequate skills to the youth in a bid to make them more competitive.

While this is a commendable effort, the YLP in the outgoing year 2016/17 has seen the projects riddled with corruption especially at the District and subcounty level, where many youth were not aware of the presence of the funds or in

⁶Budget Committee report on Annual Budget Estimates 2017/18

⁷Ibid p 229

other cases, where the district officials demanded huge kickbacks from the disbursements making it difficult for the youth to carryout meaningful investments and yet the demand to return the monies was shorter.

There is need to review the selection, disbursement and investment criteria for the YLP and UWEP Projects to enhance youth productivity.

ICT

Under this sector vote, the output 04: Software and hardware industry promoted, the sector has not funded of UGX 15 Bn. It is herein noted that Uganda has educated youth with demonstrated innovative capacity through ideas and research projects but majority of whom remain unemployed. The good ideas and innovations have not been translated into finished products from which the country can benefit. These ideas once actualized can elevate the country create jobs and move the country to middle income status. The sector will therefore be vibrant, more robust and competitive both in the private and public sector.

Education and Sports:

The National Development Plan (NDP) II indicates that the Education and Sports sector priorities over the next five years are aimed at: Achieve equitable access to relevant and quality education and training; Ensure delivery of relevant and quality education and training; as well as, Enhance efficiency and effectiveness of education and sports service delivery at all levels. One of the objectives of the sector is to develop an innovative institutional and educational model for vocationalizing education and extension system so as to increase the productive and entrepreneurial capacity in students/youth and communities.⁸

Ideally, Government under the Education and Sports sector has planned to undertake the following interventions among others:-Certification of non-formal training to enable skilled youth without formal education background toacquire employment; and Sequencing introduction of new curriculum i.e. re-orienting instructors/teachers before introduction of new curriculum⁹. The Ministry of Education and sports has in the FY 2017/18, earmarked UGX 11.81 bn for promoting physical education and sports. Out of this the Aki Bua Olympic stadium has been allocated UGX 1 bn while the National High-Altitude Training Centre has UGX 5.83 bn.

Financing for the above facilities is welcome, however in order to nurture and harness from the sports interventions in the country, there is need to

⁸UNBFP p 152

⁹Ibid p22

promote games and sports as a business on one hand and also create spaces and opportunities to nurture young people's talent by promoting district and regional games and sports competitions so as to encourage movement of youth in these spaces which generate more income for the hosting districts. In one way, this will be another way of promoting local trade and tourism.

Youth and ICT

Most youth using ICT through the social media on Facebook, WhatsApp and twitter. Very few are however using it to promote and or market their businesses.

Youth are encouraged to use ICT for business marketing and promotion.

Government also needs to spread internet and communication networks to the rural areas to promote other sectors such as mobile banking which in turn will have a ripple effect on promoting other sectors such as tourism, agriculture and trade.

Youth in Trade, Tourism and Industry

Under this vote, in the programme of cooperatives development, there is unfunded priority under cooperatives establishment and development of UGX 2.214 bn meant for Revitalise the Cooperatives Movement across the Country, through the Associations, Unions and Primary Societies Structural revival with supporting Infrastructure, in order to stimulate and increase production and productivity in the Country with resulting effects in Youth Empowerment and Job Creation, and Socially Inclusive Economic Growth for the whole population.¹⁰

The president in his State of the Nation Address 2017, puts emphasis on the youth unemployment challenge although his approach to its solving problem needs to be reviewed, especially if one interrogates what the planning and budgeting framework say needs to be done to tackle the unemployment challenge. For example, the president acknowledges that the youth were being arrested by the police because they were unemployed and not criminals, which is not necessarily true because some could have been enticed into criminality because of unemployment and not inspite of it. Unemployment and criminality are not mutually exclusive.

He goes on to say he has used about UGX 1.4 Bn from State House to help youth in Kampala, namely Katwe, Wandegaya, Nsambya, Bwaise and Najjeera, among others, in Kampala alone to get out of poverty.

¹⁰UNBFP 132

This challenge of youth unemployment that the president calls an opportunity could be if there is a clear national strategy to help utilise the opportunity that the big population of the youth presents. Otherwise they are a time bomb waiting to explode.

Using the presidential approach to youth unemployment is a welcome gesture by the president but this should be inclusive, institutionalized and depoliticized to benefit more youth from other parties and parts of the country. Otherwise, this initiative, good as looks from afar will end up being far from good and is likely to collapse with the cronyism and partisanship with which it has been initiated.

In his SOTN address, the president also hinted on a number of up-coming bills that may benefit the youth. Among them are: The employment Amendment Bill, The National Youth Services Scheme Bill and the National Youth Council Amendment Bill among others. These it is hoped will also help sort the huge problem of the youth unemployment, however, it must be emphasized that Bills alone without being translated into action will not solve the many problems the youth face in Uganda.

Industrial parks

The president has taken over this key institutional role sending wrong signals in the sub-sector.

The energy ministry has ear marked 5.0 bn for electrifying of the industrial parks projects. Besides, different sectors such as water has a UGX 65bn deficit to support urban centres with access to water in towns that have been designated as industrial parks. The deficit for extension of rural water is UGX 90bn, current access to clean water for rural is 65% compared to 77% for urban centres. In the meantime, government plans to sink 270 boreholes every year from 2017/18 to 2019/20. Government should instead be planning to extend piped water to the entire country, Uganda being gifted with 5 major water bodies distributed in the central western and eastern parts of the country.

General Recommendations

1. There must be an institutionalized mechanism with a clear strategy on how to engage youth productively in all the sectors of the economy, but most importantly in Agriculture, trade, tourism and ICT, where the majority of youth are engaged and also which are the sectors with the highest rate of return on investment.

2. Government should adhere to the national planning frameworks, including medium and long-term goals and targets set under the NDP II and Vision 2040
3. Government should also improve on its absorption capacity of the loans it contracts. Secondly these loans must be used to finance sectors with the highest rate of youth employability return. Government must start running its affairs like a private business with a profit motivation otherwise we shall continue to contract debt that will become unsustainable, in the process, further stressing the economy.

Conclusion

The government budget 2017/18 is skewed more towards financing the roads, infrastructure, security and interest payment. Funding to key sectors such as agriculture, tourism and ICT are all below 10% of the national budget and yet have the potential to create more jobs for young people. It will be difficult for us to move to middle income status as a country unless government drastically changes its budget financing strategy especially in trying to reduce the huge debt portfolio, and investing in key growth sectors with a high rate of return on investment. Finally, there is need to reduce political interference in the execution of government programming and let institutions work.