

# **BANK OF UGANDA**



**SPEECH BY DEPUTY GOVERNOR BANK OF UGANDA AT THE  
CAREER FAIR ORGANISED BY DIGITAL OPPORTUNITY**

**AT**

**SILVER SPRINGS HOTEL**

**DECEMBER 13, 2013**

## ***Theme: Fighting Youth Unemployment, Improving Lives***

Ladies and Gentlemen,

I want to thank M/s Digital Opportunity Trust for inviting me to share my thoughts and indeed the concerns of Bank of Uganda on a topic that is generating a lot of debate in Uganda- “Youth employment” or “rather unemployment” as most have come to view this phenomenon.

A high profile religious leader recently remarked that, “the most serious of the evils that afflict the world these days are youth unemployment.” It is a problem for the youth and their families, for their communities, and for the welfare states that are supporting them.

The Government equally recognizes youth unemployment as a major challenge. Indeed, in the Budget Speech for the FY 2013/2014, the Honorable Minister of Finance, Planning & Economic Development stated the following major causes of youth unemployment in Uganda;

a) A demographic “Youth Bulge”

- b) A mismatch between the mostly academic focused curriculum being taught under UPE and USE on one hand and the more technical based skills demand from the market place.
  
- c) A prevailing mindset that “it is government’s job to provide jobs” as well as free basic education.
  
- d) An overall global economic context where governments (including Uganda) are rationalizing their operations i.e. moving away from state subsidized enterprises and shifting to market-based economy.

There is more to what is contained in the budget speech. The storyline should also highlight that the economic growth achieved in Uganda has not brought about any meaningful structural transformation of the economy in terms of shifting workers into formal sector employment. On the one hand, agriculture which is a critical sector of the economy has averaged growth rates of 0.3% p.a

limiting its potential to create jobs. On the other hand, services and industry have averaged growth rates of about 8% p.a and 7 % p.a respectively. Formal sector job creation by these two leading sectors of the economy has been very weak, mainly limited to highly skilled labor. Much of job growth achieved by the Ugandan economy has been derived from shifting workers from lower productivity agricultural jobs into low productivity informal urban jobs and in microenterprises. Oil threatens to make structural transformation even harder to achieve.

According to Uganda Bureau of Statistics (UBOS), the population of Uganda was estimated to be 35.357 million in June 2013 and growing at an average of about 3.6 percent per annum. Majority of this population is below the age of 20 estimated at about 21.762 million or 62% of the total population indicating a massive level of future job seekers. On the other hand there are already problems associated with existing job seekers. For instance, total university enrollment has averaged 140,000 in the recent past with a slightly lower number of graduates each year. Given that the most recent data shows average jobs advertised per year at about 19,000, it would imply that there is an annual deficit of at least 100,000 university

graduates even before considering graduates from other types of tertiary institutions. This poses significant challenges going forward with important implications for the need to create employment for the youth.

So what strategies has government put in place to address the issue of youth employment? In her Budget Speech for the FY 2013/2014, the Minister of Finance, Planning & Economic Development explained the following strategies to alleviate youth unemployment;

- i. Creation of Job opportunities in agriculture and industry
- ii. Provision of rural electrification to agro-industries
- iii. Empowering agricultural production
- iv. Ensuring food security, enhanced household incomes and creating market surplus for agro-processing and exports
- v. Facilitating growth of the service sector

vi. Increase competitiveness at national and regional level.

These are areas that are outside the primary mandate of the Central Bank of promoting macroeconomic stability and fostering financial sector stability. But, this is not to say that our actions do not matter for job creation. By fostering macroeconomic and financial sector stability, the Bank creates a conducive environment to investment, growing the size of the economy and in turn creating employment.

Bank of Uganda, as an agency of Government, has supported the above strategy through:

a) Crafting monetary policies aimed at Fostering price stability and a sound financial system. The Annual core and headline inflation declined in November 2013, to 7.0 and 6.8 per cent respectively, and appears to be slowly converging back to target of 5.0 percent. We believe that this will promote the macroeconomic stability that is important for the success of any youth entrepreneurial ventures.

- b) The Bank has effectively supported the development of the financial sector through licensing and regulating banks, designing a payments and settlement system at a national and regional level, promoting mobile banking and closely working with other regulators to promote financial system stability.
- c) Bank of Uganda administers the Agricultural Credit facility (ACF) which is a financing arrangement set up by the Government of Uganda in partnership with commercial banks, Uganda Development Bank, Micro Deposit Taking Institutions and Credit Institutions, all referred to as Participating Financial Institutions. The facility is intended to provide medium and long term loans to projects engaged in agriculture and agro processing on more favorable terms than is usually available from the financial institutions.
- d) Bank of Uganda is also a key player in government's efforts to promote regional integration under the East African Community. With the recent signing of the Protocol for the Establishment of the East African Monetary Union, the EAC has

opened up a whole range of opportunities for the youth in terms of employment and a wider market for their products and services. Bank of Uganda is at the core of implementing the East African Monetary Union.

From where I stand, the skills requirements have become more sophisticated with few job openings. Most employers are now focusing their employment on the crème de la crème. You need a very good foundation at first degree level and additional qualifications plus technical skills which have now become almost a requirement to effectively compete in the job market. What skills do the youth of Uganda require competing in the job market? The following skills are required by today's employer;

1. Communication
2. Teamwork
3. Problem Solving
4. Initiative and Enterprise
5. Planning and Organizing



## 6. Self-Management

## 7. Learning

## 8. Technology

In a nutshell future employment will depend on the skills level, ability for the youth to create self employment through start-ups of SME's and high mobility to take advantage of employment opportunities elsewhere besides the traditional employment in the civil service and existing private sector. I wish to commend the efforts of M/s Digital Opportunity Trust at mentoring, coaching and training the DOT Interns to prepare them for leadership roles in the communities. In addition, I take this opportunity to thank M/s Digital Opportunity Trust for instilling the notion of entrepreneurship among the youth, more so through the use of modern information and communication technology.

I thank you.

Louis Kasekende (PhD)