

**Programs to Empower the Youth for Economic Participation**

During the financial year 2019/2020, the government estimated 1.2 billion shillings to the Prime Minister's Office to implement programs related to youth mobilization, upbringing, and social economic empowerment. The amount includes 901.9 billion for recurrent expenditure and 336.2 billion as development expenditure<sup>6</sup>.

During the 2018/2019 budget implementation, loans amounting 4.2 billion were provided to 755 youth groups through the National Youth Development Fund (NYDF) compared 783 million during the financial year 2017/2018 which formed 840 loans. In addition to that, other funding opportunities for the youth included the citizen empowerment fund, VICOPA, and SACCOS. Despite these improvements, the funding to youth development programs remains far low from the February 4, 2013 Parliament Resolution, which obligated the government to allocate 200 billion for the Youth Development Program every year.

The mandatory provision of loans to the youth from 4% of Local Government Authorities (LGAs) revenues from own sources has remained a potential decentralized mechanisms for financing youth to engage in economic production. Making this a compelling requirement under the Finance Act 2018, Amendment of the Local Government Finance Act Cap. 290 2002 (RE) and issuance of the regulations by the minister in 2019 to govern the provision of the loans increases

<sup>6</sup> Public Expenditure Estimates Development Votes (Part A); Ministerial, Regional, and Development Programs, 2019

the opportunity for addressing the challenges that was previously hampering the implementation of the program. The regulations provide procedures for the management of the funds, access by youth groups, and recovery measures<sup>7</sup>. This would somehow improve chances for recoverability of the loans. However, evidence on ground have revealed that accessibility of the available funds through LGAs remains challenging due to the compelling need to target the youth who can demonstrate the recoverability of the funds. Owing to this, it has been common that those who have well-established businesses (rather than the neediest) are more likely to access the loans.<sup>8</sup>

There is also a revealed trend of low disbursement of the funds across the councils. For instance, 61.6 billion was allocated to 18233 groups (both women and youth), but only 15.6 billion were disbursed to 8672 groups during the 2017/2018 financial year. The same appears to be a case for the 2019/2020 financial year. Up to February 2019, only 13.2 out of 54 billion (24.4%) had been disbursed to 5628 out of 28025 groups. Out of this amount, 1606 youth groups had accessed 4.7 billion. The gap between the allocated, released, and accessed funds denies the confidence to imagine that more than 50% of the estimated revenues for the same purpose should have been disbursed by the end of the financial year.

<sup>7</sup> Kanuni za Utoaji na Usimamizi wa Mikopo kwa Vikundi vya Wanawake, Vijana, na Watu wenye Ulemavu 2019, made under S.37A(4) of the Local Government Act GN, 286 of April 5, 2019.

<sup>8</sup> Open Mind Tanzania, Youth Employment in Dar: End-of-the Project Report, July 2019

Last, the sustainability of the soft loans-for-youth approach is threatened by the difference in resources endowment across the councils. Another threat arises from the lack of strong entrepreneurship and financial management skills for the potential borrowers, which would affect the sustainability. In

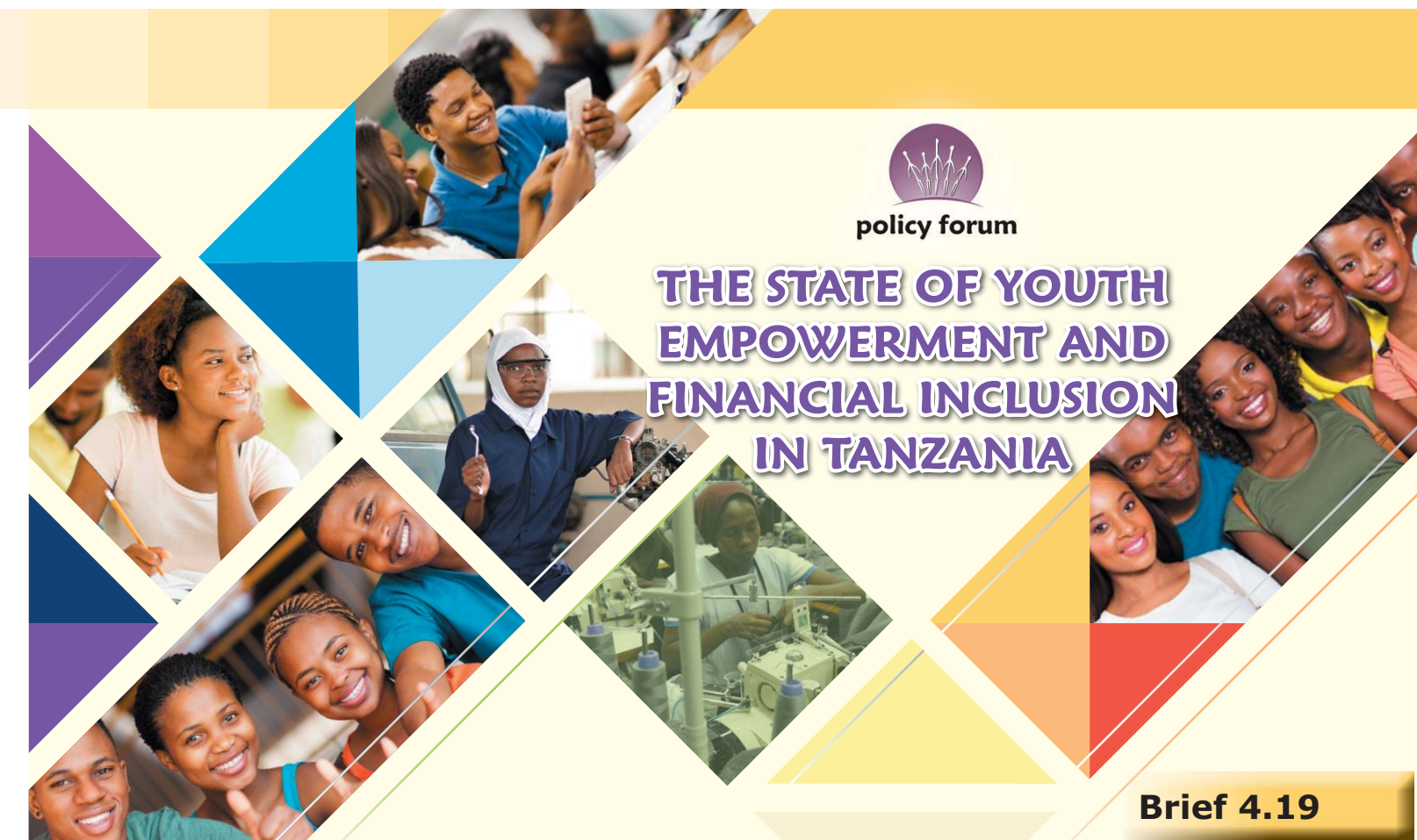
addition, youth awareness regarding the existence and procedures to access the funds is still limited. These difficulties may persist if there are no well-established participatory and transparent mechanisms for accountability and answerability within the management of the funds at councils level.

**Recommendations**

- Responsible authorities need to come up with updated data to inform interventions for addressing youth unemployment within the budgetary framework. The data on the severity of unemployment by gender, disability, and settlement types (rural urban) is crucial. A close collaboration between the Youth Department under the PMO and the National Bureau of Statistics would serve a strong purpose in this case.
- Strong efforts to enhance the role of the private sector in the creation of new employment for the youth should be given priority in future budgets. This is because, the private sectors' potential for creation of decent, standard, and sustainable employment opportunities is higher compared to relying on the public sector related opportunities, which are highly limited., However, this needs to go hand in hand with creation of better environments for private investment and business operation for both local and foreign investors.
- Compulsory and monitored programs to provide practical work and work environment related skills of the youth as soon as they graduate from universities and colleges need to be given priority. These programs, which are critical for making the 'unemployable' graduates 'employable' include internship, apprenticeship, graduate placement, residency practicum, monitored graduate volunteer programs, and mentorship. However, close supervision of the government is also needed for the success of these programs.
- We recommend for rational transformations in pre and primary education to reorient it to suit the national strategic direction. Industrialization needs building a system where learner's talents and abilities are identified, the talented are developed into problem solvers in occupational pathways offered by the present and future economic opportunity, and finally, competencies and skills determine the brightness of the learners.
- A well-designed participatory monitoring system is required for the council's soft loan-for-youth program. In addition to reporting what was allocated and disbursed, information regarding the recovery rate is needed to determine the sustainability.



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**Introduction**

Youth development is an instrumental catalyst in achieving the national goal of creating of an industrialized middle income economy. Successful investment in youth development is critical for preparing the youth to contribute to this vision, which is shared by most of the developing countries including Tanzania. Apart from being a global agenda, countries with transitional economies such as Tanzania have demonstrated the desire to address youth development challenges and mainstream the contribution of youth in economic development and industrialization. However, there is a recognition that better policies, plans, and strategies need to be supported by adequate and well-coordinated financing. Following the 2019/2020 National Budget, this policy brief provides a synthetic summary of the policy environments and financing trends for addressing the key youth development challenge namely youth unemployment in Tanzania. The analysis pays attention to the alignment between the existing policies and strategies on one hand and financing trends and related coordination and implementation arrangements over the last three financial years (2015/2016 to 2019/2020) on the other hand.

**The intricacy of youth unemployment in Tanzania**

The youth account about one third of the Tanzanian population and 65% of the active workforce. However, they are the most dependent and their participation in the economy and ownership of wealth is at a very low rate. Unemployment is

a critical problem for both the educated and uneducated as well as the skilled and unskilled. Whereas the general unemployment rates have lowered to 4.1%, it remains high among the youth (11.7%). Females face critically higher rates of unemployment (14.6%) compared to males (8.9%). Many



of the few who access employment work in indecent and vulnerable employments. It was estimated based on the integrated labour force survey of 2014 that 93% of the youth who are employed in rural populations work in vulnerable employments.<sup>1</sup> Further, 82% of those who are employed in urban employments work in indecent jobs. This is attributed to the lack of confidence to get decent jobs, which force them to accept lower status employment for survival.

Youth unemployment has proved to be a complex multidimensional challenge that persist despite global, regional, and national commitments to address it. The first difficulty has been that youth unemployment in Tanzania is a two-tier problem. First, it is associated with both the limited capacity of the labour market to absorb the new market entrants every year. Second, it is attributed to the lack of key skills required by potential employers. Whereas the first explains the limitations within the existing economic system, the second has been associated with the weaknesses in the educational system and overall policy implementation, which fails to prepare the youth to become employable or self-employed. It is indeed both unemployment and employability. In connection with these two there is also a fact that many of those who access employment are subjected to indecent jobs or less skills jobs. This is attributed to low skills among almost 79.9% of the youth against 16.3 who have medium skills and **3.6% who have relatively high skills**.<sup>2</sup>

<sup>1</sup> Integrated Labour Force Survey 2014  
<sup>2</sup> Prime Ministers' Office Budget Speech 2018/2019, page 5.

This represents underemployment and underutilization of the best potential that the youth present in the economy.

Another challenge in understanding the structure and severity of youth unemployment problem has to do with the accuracy of the estimates of total population of youth who are unemployed. For instance, the data regarding the number of new entrants into the labour market after every year and those who get employed has been 800,000 and 40,000 since the mid-2000s. This estimate appears to ignore the fact that enrollment in universities, colleges, and Technical Vocational Education and Training (TVET) institutions has increased significantly, which guarantees to suggest that the present number of new labour market entrants has multiplied severally. The same, a careful distinction between those who are unemployed, especially having no job, and those who are underemployed –have jobs, but below their qualification standards or have opted to engage in a certain activity not by merit and choice, but for survival. This kind of disparities needs to be highlighted for those who generate data towards the efforts to approach youth unemployment.

### The 'youth question' in national development policies and budget

Youth inclusive development informs the present Tanzania's development agenda. The Sustainable Development Goals (SDGs)' call to leave no one behind is operationally cascaded into the Tanzania National Development Vision 2025, the National Youth Employment Action Plan of 2005, the National Youth

Development Policy 2007, and the Five-Year Development Plan (FYDP) II, and recently the graduate skills development frameworks<sup>3</sup>. All these strategies insist the nation's commitment to harnessing the potential of the youths in economic development by recognizing the need to build a skilled and competent youth population. One of the specific initiatives that reflected the commitment towards the realization of a youth-led workforce include the National Youth Employment Creation program of 2014. However, unemployment forecasts and strategies appeared to be uncaptured in the budget planning guidelines between financial years 2017/2018 and 2019/2020<sup>4</sup>.

Successful budgeting for youth development and integration in the industrialization of the economy would not be possible without a good understanding of what the budget needs to achieve. Revealed from development policies and strategies has been that, the national budgets need to integrate the youth in the industrial economy to address unemployment and benefit from their human potential. Thus, addressing the challenges that limit their potential including skills development, employment creation, mobilizing and empowering the youth for higher economic participation are suggested to be the core focus of national budgets and thus the areas of this analysis.

<sup>3</sup> National Apprenticeship Guidelines of 2017 and the National Internship Guidelines.

<sup>4</sup> Mapendekezo ya Mpango wa Maendeleo wa Taifa wa Mwaka na Mwongozo wa Maandalizi ya Mpango na Bajeti 2017/18, 2018/19, 2019/20.

### Efforts on Skills Development and Employability

Attention to skills development and addressing the mismatch between the skills possessed by the youth and the ones demanded by potential employers is reflected in the budget, both the national budget and ministerial budget estimates. Most of the emphasis is reflected in the budgets of the Prime Minister's Office (PMO); Ministry of Education, Science, and Technology, and Ministry of Agriculture, Livestock and Fisheries.

The 2018/2019 national budget's focus, in relation with the improvement of youth workforce skills, was to have the proportions of the youth who are highly skilled increased from 3.9% to 12.0% and the ones with medium skills increased from 16.6 to 34.0%. The implementation included training of 32,563 youth in employable skills including 18,800 who were trained in setting up greenhouse technology and 2720 who were trained in other skills. Under the same program, 10, 443 were trained on the skills they were informally applying for formalization purpose. Under the 2019/2020 budget, the target has been to reach more 46,950 and train them in different skills for allowing them to be employed and employ themselves. This was a significant increase compared to 22,474 trainees in the 2017/2018 financial year.

There is also an ongoing newly founded countrywide program that involves provision of employable skills to unskilled youth who are not employed. The program is promoted as jointly funded by the President

and Prime Minister's offices and implemented in collaboration with the TVET institutions, the well-known being Don Bosco. This program is said to entail arrangements for continued funding of fees for training and other trainees' costs such as transport. This appears to have increased the hope of mainstreaming the majority of the youth who have been excluded under both the formal tertiary education and TVET. The worries, however, are with lack of clear and transparent strategies to sustain the implementation by specifying the funding sources and measures to ensure equitable access taking into account social, economic, and political variables including gender.

Related to skills development, the other observation is that while concentrating on training programs for the youthful population, which is between 15 and 35 years of age, relooking into the quality and logic of primary education is important. The current educational system seems to have little contribution towards discovering talents, developing competencies, and building skills. Instead, learners are being prepared to pass examinations and enroll into higher levels of education.

### Employment creation

Employment creation has been a concern of the budgets and the pace of generating new employment opportunities is reported to be relatively high. The same as financial year 2018/2019, creating new employment for the youth was one of the funding components in the Prime Minister's budget speech.

Also 133.2 million were allocated for promoting the creation of decent and productive employment under the Prime Minister's Office.

From the implementation of the 2018/2019 budget, it is revealed that 221,807 new employments were created in both the formal public and private sectors until February 2019 compared to 482, 601 during the 2017/2018 financial year. This is less by more than 50% decline per year. However, the contribution of the private sector, which is identified as an engine of economic growth was 28.0% against 72.0% in the public sector. This reflects a slight improvement in the contribution during the 2018/2019 financial year which was 34.0% in February 2019. However, the observation is that the contribution of the private sector to employment creation remains insufficient. With this contribution, the potential for creating adequate numbers of new employment in a short term is challenged.

Another question regarding employment creation is on the types of employment created. For instance, 72% of the employments reported to have been created through the 2017/2018 budget were from construction of infrastructure such including the Standard Gauge Railway (SGR)<sup>5</sup>. These kinds of employment are hardly sustained upon the completion of the projects. With an overall decline in the creation of new employment for the youth, an inclusive and multisectoral strategies and actions for employment creation is needed to make the implementation of the present and future budgets effective.

<sup>5</sup> Prime Minister's Budget Speech 2018/2019