

The Youth Employment in East Africa: An Integrated Labour Market Perspective

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Abstract: The paper provides a review of the Youth Employment Situation and Challenges in the East African, (EA) Countries. The study finds that youth employment problems are common and continue to pervade the EA economies, with disproportionately large number of young women and men exposed to long-term unemployment or short-term work in informal sector. As a result, a number of them drop out of the workforce or fail to enter successfully in the first place and become inactive. Socially disintegrated youth are particularly affected, thereby perpetuating a vicious circle of poverty and social exclusion. All East African countries may need to promote an integrated economic and employment growth in order to reduce youth unemployment and under-employment in the rural and urban areas to ultimately eradicate poverty.

Emploi de la jeunesse en Afrique de l'Est: une perspective intégrée du marché de travail

Résumé: Le papier tente de fournir une explication de la situation de sous-emploi de la jeunesse en Afrique de l'Est. Il indique que les problèmes liés à l'emploi de la jeunesse sont communs et continuent d'affecter les économies de l'Afrique de l'Est. Il souligne l'existence d'un grand nombre de jeunes femmes et hommes exposés au chômage de longue durée, et au travail précaire dans le secteur informel. En conséquence, nombreux d'entre eux perdent leur emploi ou éprouvent des difficultés à entrer dans le marché du travail. Une telle situation est en partie à l'origine de l'avènement du cercle vicieux de la pauvreté et de l'exclusion sociale. Tous les pays de l'Afrique de l'Est doivent s'engager dans une politique de création de croissance économique forte et génératrice d'emplois afin de remédier au chômage des jeunes et au sous-emploi dans les zones rurales et urbaines et d'éradiquer la pauvreté.

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Introduction

In most African countries, including the three East African countries, unemployment, under-employment and poverty levels have continued to increase and have remained at extremely high levels despite considerable efforts to promote sustainable development by national governments and international development agencies, (Economic Commission for Africa-ECA, 2002). In recent years, there has been increased concern over the tragic waste of human potential, particularly for the youth. Most of the youth are either unemployed or underemployed. On the other hand they can also be overworked in conditions lacking in the core labour standards.

The proportion of young women in poverty is still greater than that of men, although they assume the major role in maintaining the family. They work more in the agriculture and informal economy, occupying jobs in low profitability activities and earning low incomes. This is one of the main economic reasons for the feminization of poverty in Africa. The challenge therefore is to design integrated employment-generating macroeconomic policies that create decent opportunities for young women and men, who represent a majority of the population and in the labour force, (Semboja, 2005).

The centrality of youth employment has long been recognized by the East Africa countries as one of the major means to alleviate poverty and empower people to be part of the social, economic and political processes. Regional intergovernmental organization and global development partners are now also gradually taking a similar position. The East African Community was established as the regional intergovernmental organization of the Republics of Kenya, Uganda and Tanzania with the goal of enhancing co-operation and integration in all areas for the mutual benefit of the Partner States. In order to reach this goal a Customs Union has been established as the entry point of the Community to be followed by a Common Market, then, a Monetary Union and ultimately a Political Federation of the East Africa States. One of the strategic moves and preparatory activities is the regional integration of labour market, with the goal of facilitating free movement of factors of production, including the youth labour power.

Objectives of the paper

The objective of this paper is to provide a policy analysis of the *Youth Employment Situation and Challenges in Kenya, Uganda and Tanzania*. The

paper reviews youth employment situation, magnitude and characteristics in these countries. It then examines major secondary and primary problems hindering youth employment and provides general policy recommendations for the future.

For a systematic presentation, the paper is organized as follows. Section I presents a brief note on neo-classical labor market theory. Section II explores basic data and information on population development, youth employment and unemployment situation in these countries and indicate specific constraints and limitations of youth employment. The last section briefly presents the conclusion consisting of major findings and policy recommendations on youth employment in East Africa countries.

I. Neo-Classical employment theories

The neo-classical labor economics distinguishes types of unemployment between structural, frictional, and cyclical unemployment. Structural unemployment is conceived as a product of the institutional set up of the economy, including policies, laws, regulations, private and government organizations, types of market arrangements and demography. In the literature, the importance of the institutional features for structural unemployment is particularly tied to their implications for demand for and supply of labor, price and wage formation, and the efficacy of search and matching processes in the labor market, (Campbell and Brue, 1995, Davidson, 1990).

Frictional unemployment may be regarded as a subset of structural unemployment; mainly reflecting temporary unemployment spells as the result of job mobility, search and matching difficulties in the connection with quits, new entries to the labor market, and job separation because of the employers' dissatisfaction with individual workers.

Cyclical unemployment differs from structural and frictional unemployment by basically being tied to short-term economic fluctuations. An illustration of the importance of structural unemployment as compared to cyclical is that variations in unemployment rates tend to be much larger between cycles than within cycles.

In economic theory, structural and cyclical unemployment are usually regarded as disequilibrium phenomena in the sense that they reflect excess labor supply at existing wages (Campbell and Brue,

1995). Then, individual employers informally tend to hire most efficient workers. Nevertheless, technically (analytically) structural unemployment is often analyzed in terms of the concept of *equilibrium unemployment*. This means that the aggregate-unemployment level is in a "state of rest": existing excess labor supply is assumed to last as long as certain characteristics (parameters) of the economy are unchanged. Noteworthy for the purposes at hand, is that none of these equilibrium concepts in isolation provide satisfactory theoretical explanation and policy guidance on unemployment situation in poor developing countries.

II. Socio-economic situation

This section presents a brief policy framework, economic performance, population characteristics and labour force performance in the East Africa countries.

1. Common policy environment and economic performance

1.1. First generation reforms; 1986 – 1995

Since the mid 1980s, East African states have introduced a series of more or less similar policy reforms intended to restore macroeconomic balance, stimulate economic growth and facilitate social and political development. Experience with the first generation reforms of 1986 - 1995 suggests that specific initiatives and market-oriented economic systems generated higher growth rates than the more centrally controlled, socialist, economic systems, (Semboja, 2005) in these countries.

In 1993, the Government of Kenya, (GOK), began a major program of economic reform and liberalization. Kenya undertook a series of economic measures with the assistance of the World Bank and the International Monetary Fund (IMF). As part of this program, the government eliminated price controls and import licensing, removed foreign exchange controls, privatized a range of publicly owned companies, reduced the number of civil servants, and introduced conservative fiscal and monetary policies, (GOK, 2001).

The Ugandan first generation reforms were especially aimed at dampening inflation and boosting production and export earnings, (Henstridge and Kasekende, 2001). The economy had responded by turning in a solid performance based on continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, gradually improved domestic security, and the return of exiled Indo-Ugandan entrepreneurs. Uganda moved

from a highly restrictive trade regime in 1985 to one of Africa's most open trade regimes currently, (Ministry of Finance, Planning and Economic Development, (MFPED), 2002). It eliminated non-tariff barriers, lowered customs duties, removed price restrictions on agriculture, eliminated restrictive marketing boards, upgraded its infrastructure, diversified its exports and improved its social policies (including nationwide education and health programs).

In the case of United Republic of Tanzania, (URT), there was the institution of a general policy environment, which is more favourable to private sector expansion. This involved measures such as reducing the fiscal government budget deficit, and the liberalization of internal and external trade, the removal of restrictive trade systems, the liberalization of the foreign exchange market (Semboja, 2005). The country shifted from previous reliance on control mechanisms to a predominantly market-oriented environment and private enterprise development. Tanzania has adopted a free and open market system, with easy free entry and exit of people, goods and services. There has been a significant increase of trade relationships among EA countries and an increase of Kenyans employed in the modern financial, communication, tourist and hospitality sectors in Tanzania (URT, 2004a).

1.2. The second generation reforms, 1996/7 and 2004/5

Based on the experiences of implementation of first generation macro-reforms, the three governments of Kenya, Tanzania and Uganda have been conscious of the need for long term prospective development plans and have made a more comprehensive review of their micro-economic and sector policies to resolve social and economic problems, which are still inherent in the sectors and to also ensure that the current interest by investors in the economies is enhanced and sustained.

These second generation reforms occurred between 1996/7 and 2005/6, when all of these East Africa economies were facing huge foreign debt problems and making poverty an important policy issue, (GOK, 2002, MFPED, 2002 and Semboja, 2005).

These second-generation reforms in Tanzania are still focusing on macro-micro linkages subject to intensification of first generation reforms in terms of continuation of fiscal, monetary, legal, regulatory and institutional reforms. In addition, there has been the formulation and implementation of a series of sector specific, macro-economic and other broad based national development policies. The

broad-based policies included; National Development Vision 2025 and Poverty Reduction Strategy Paper.

The Government of Kenya took some positive steps on second generation reforms, including the 1999 establishment of the Kenyan Anti-Corruption Authority, and measures to improve the transparency of government procurements and reduce the government payroll. The new National Rainbow Coalition (NARC) government enacted the Anti-Corruption and Economic Crimes Act and Public Officers Ethics Act in May 2003 aimed at fighting graft in public office. Reforms especially in the judiciary, public procurement etc., have led to the unlocking of donor aid and a renewed hope for economic revival. (GOK, 2001).

In the mid-1990s Uganda entered into second generation economic reforms focusing on financial sector improvement, more universal privatization, improved delivery of social services and improved governance practices, (MFPED, 2001 and Deninger and Okidi, 2002). In 1996 Uganda was one of the first countries to receive funding through the new, participatory Poverty Reduction Strategy Programme (PRSP) approach. It in fact contributed to the shaping of the PRSP design as it has been applied throughout the world since.

The second-generation reform policies in these East African countries are arguably to be more home-grown and have involved different stakeholders in their formulations, than the previous policy reforms. (Semboja, 2005). These aimed at facilitating pro-poor economic growth as the basis for poverty reduction by integrating appropriate policies and strategies. These common policy strategies included the need to [1] promote the creation of enabling environments for good governance, [2] create effective co-ordination and peoples' participation; [3] enhance capacity building for enhancing economic growth and equity through a conducive macroeconomic, sectoral and infrastructure environment; and [4] preserve of the environment and housing and settlement, (MFPED, 2001, and 2003).

2. The performances of the East African Economies

2.1. Gross Domestic Product

Among the three East Africa economies Kenya had highest GDP (US\$ 9876 million in 2000) followed by Uganda (US\$ 6419). Both Uganda and Kenya have higher per capita income of US\$ 332 and US\$ 322 respectively, compared to Tanzania's US\$ 183. Table 1 shows that both Kenya and Tanzania had low economic growth rates

in the year 2000. Kenya had 2 percent and Tanzania had 3 percent and Uganda attained relatively high average annual growth rate of 6 percent. Moreover, economic growth remains fragile, and at current rates is too low to achieve any of the Millennium Development Goals.

Table 1 suggests that Uganda has been a success story with impressive economic performance over the last decade. From 1991 to 2000, annual GDP growth averaged about 6.0 percent, and annual inflation was brought down to single digits by 1993. Economic policy reform, particularly the liberalization of the coffee sector, has had an overall positive impact on the economy, (UBOS, 2003). The proportion of the population living on less than \$1 a day fell from 56 percent in 1992/1993 to 23 percent in 2000. These responses have been facilitated by continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, gradually improved domestic security, and the return of exiled Indo-Ugandan entrepreneurs.

Kenya had mixed experience in her economic performance. Data suggests that from 1994-96, Kenya's real GDP growth rate averaged just over 4 percent a year. In 1997, however, the Kenyan economy entered a period of slowing growth or stagnation, due in part to adverse weather conditions and reduced economic activity prior to general elections in December 1997. In 2000, GDP growth was negative, but improved slightly in 2001 as rainfall returned closer to normal levels. Economic growth continued to improve slightly in 2002 and reached 1.4 percent in 2003, then 4.3 percent in 2004.

Table 1 suggests that Tanzania has recorded moderate improvement in overall macroeconomic performance since the mid 1990s, largely on account of sustained actions on stabilization and structural adjustment policies, (URT, Economic Survey, *Various Issues*): Economic surveys suggest that the economic performance of the Tanzanian has risen from 4.8 percent in 2000 to about 6.0 percent in 2004. Recent growth in 2000/1 – 2005/6 stemmed from relatively strong performance of agriculture, mining, trade and as well as manufacturing sectors.

In general, economic policy reforms continue to be a major influence on economic performances in the three countries. This has contributed to the relatively stronger growth over the 2000 – 2004 periods. EA real GDP grew by 4.6 per cent in 2004, the highest in almost a decade, up from average 2 percent in 2000. This improvement was underpinned by good macroeconomic

management, better performance in agriculture mining, industries, trade and increased donor support in the form of aid and debt relief under PRSP initiatives contributed.

Table 1: East African Countries Main Economic Indicators 2000

A. Gross Domestic Product 2000	KENYA A	TANZANIA IA	UGANDA A	Sub Saharan AFRICA A
1.0 GDP in million constant \$ US	9876	6419	7728	362493
1.1 GDP per capita, 2000				
in 1995 US dollar	322	183	332	617
in current international dollars	1003	501	1152	1797
1.2 Average annual growth in GDP 1991-2000				
Total	2%	3%	6%	2%
per capita	-1%	0%	3%	0%
1.5 Percent of GDP earned by:				
Agriculture, 2000	20%	45%	42%	17%
Industry, 2000	19%	16%	19%	31%
Services, 2000	61%	39%	38%	53%
B: Income Distribution (years vary)				
1.0 Gini coefficient (0=perfect equality 100=perfect inequality)	45	38	37	NA
1.1 Percent of total income earned by the richest 20% of the population	51.10%	45.50%	44.90%	NA
1.2 Percent of total income earned by the poorest 20% of the population	5.60%	6.80%	7.10%	NA
1.3 National Poverty	42.00%	41.60%	55%	NA

Rate				
1.4 Poverty Rate, Urban Population	29.30%	24.40%	26.85%	NA
1.5 Percent of population living on less than \$1 a day	26.50%	19.90%	23.20%	NA
1.6 Percent of population living on less than \$2 a day	62.30%	59.70%	61.00%	NA

Sources: URT (2004), MFPED (2002b) and GOK (2001)

Common economic problems

Despite the good policy performances and significant macro-economic gains, the East African Countries have not managed to overcome their largest development hurdles, such as eradication of abject poverty and youth unemployment and underemployment, (Semboja, 2002 and MFPED, 2002).

The common problems, these countries faced are that people have disparate political, social and economic priorities based on the level of economic development in these countries. The first and foremost problem is the HIV/AIDS epidemic and its effects on human resource capital. The economic and social effects of HIV/AIDS have exacerbated levels, nature and intensity of poverty and the youth unemployment and underemployment. Another common problem affecting the sustainability of economic growth in the EA countries is the rise of corruption.

The third common problem is the failure to mobilize, own, manage and effectively utilize the natural resource base and expand industrial bases especially in Tanzania and Uganda. Kenya continues to be the primary communication and financial hub of East Africa. The country enjoys the region's best transportation linkages, communications infrastructure, and trained personnel, although these advantages have not been effectively translated to benefit other member states.

This paper focuses on youth employment problems. These countries have common youth employment problems, (GOK, 2000, URT, 2005 and MFPED, 2001). The current reforms pursued in these countries have not taken the issue of youth unemployment -e.g. of unemployment of the under 25's – as one of the key agenda in the labour market situation, and therefore a key challenge for these member states of East African Community.

Similar population and employment characteristics

Section II subsection 1 presents basic population and employment statistics of the East Africa countries. These basic population statistics have been collected from different sources and times; hence it is difficult to make any meaningful data comparisons and analysis. However, available data and information suggest that population has been increasing in all these countries.

3.1. General population

According to the 1999 census results the total population of Kenya was 28,686,607, which was nearly evenly split into males (49.5 percent) and females. The population of Kenya in 2003 was estimated by the United Nations at 31,987,000. The population density in 2002 was 54 per sq km (139 per sq mi). Kenya's population has increased with remarkable rapidity in recent decades. About 75 percent of the population lived on only 10 percent of the land.

The 2002 Tanzania Census revealed a population of 34,569,232 with an average annual growth over the last few years of 2- 3 percent. Like Kenya, the Tanzanian population is also nearly evenly split with males accounting for 49 percent of the total. The proportion of female in the population increases slightly with age. The population density in 2002 was 39 per sq km (102 per sq mi). The most densely populated regions are the well-watered or elevated areas, particularly in the Usambara Mountains, around Kilimanjaro and Meru, on the shores of Lake Victoria, in the Southern Highlands, and in the coastal areas around Tanga and Dar es Salaam.

Uganda Census Population (UBOS, 2002) suggests that Uganda had a total population of 24.4 million persons, which is nearly five times its level in 1948. The highest inter-censal population increase registered in Uganda occurred over the period 1991- 2002, when a net increase of 7.7 million persons were recorded. The population density of Uganda increased from 25 persons per square kilometer in 1948 to 124 persons per square kilometers in 2002.

Table 2 suggests a common gender balanced population structure. This suggests the need to provide equal employment opportunities to both male and female youths in all the three countries.

Table 2: Population Characteristics in East Africa by Gender

	Males	Female	Total
Kenya	49.5	50.5	100.0
Tanzania	49.0	51.0	100.0
Uganda	48.8	51.2	100.0
East Africa	49.1	50.9	100.0

Source: UBOS, (2003), URT, (2002) and GOK, 2002)

3.2. Youth population

In Africa, it is estimated that young people make up more than 50 percent of the population of most countries. In specific, studies (Okojie, 2003) suggest that the youth, aged 15-24 years make up between 19-23 percent of the populations of the majority of African countries. Table 3 presents youth population characteristics of the East African countries. The statistics suggest that on average about 47.9 percent of the population are persons below 15 years and about 29 percent are youth, between 15 and 24 years. .

Table 3: Youth Population in the East African Countries, (1999 – 2002)

Countries	Age 0 - 14	Age 15 - 24
Kenya	50.0	37.0
Tanzania	44.6	20.0
Uganda	49.0	30.0
East Africa	47.9	29.0

Source: UBOS, (2003), URT, (2002) and GOK, 2002)

The UN estimated that youth (15-24) accounted for approximately 20 percent of Tanzania's population in 2000, however, the 2000/01 ILFS sets the total number of youth at 6,166,041, which means that this age group accounts for approximately 18 percent of the total population. The rest of the structure of the population is as follows: 0-14 years, 44.6 percent (male 8,338,764; female 8,247,789); 15-64 years i.e. adults, 52.5 percent (male, 9,674,951; female,

9,847,084); 65 years and over, 2.9 percent (male, 483,760; female, 595,591). While some data files¹ state that all people aged 15 - 35 years are youth, it seems that Tanzania has started to adopt the UN youth definition (15 - 24 years) in recent years.

The Kenyan National Youth Policy, (2002) defines a Kenyan youth as one aged between 15 – 30 years. This takes into account the physical, psychological, cultural, social, biological and political aspects, which explain the Kenyan youth situation. The Youth in Kenya account for about 32 percent of the population or 9.1 million. Of these, 51.7 percent are female youth. These form 60 percent of the total labour force. Despite this, opportunities are very scarce to absorb them in the job market. These young people are a potential resource for growth and social development if gainfully and productively engaged.

The population of Uganda was fairly young with the proportion of children aged less than 15 years increasing from 46 percent in 1969 to 49 percent of the population in 2002. The proportion of children aged less than 18 years increased from 51 percent in 1969 to 56 percent in 2002. The primary school age children (6 – 12 years) constituted 22 percent of the population. The proportion of the elderly (aged 60 years or more) decreased from 5.9 percent in 1969 to 4.5 percent in 2002. Despite the decrease in proportion, the actual number of elderly persons increased from 556,000 in 1969 to 1.1 million in 2002.

Employment and unemployment

Tanzania has an economically active population (10 years +) of 17,827,578 (49 percent male, 51 percent female), which increased by 58 percent since the 1990/91 survey (2000/01 ILFS). The participation rate is 83 percent in rural areas compared to 68 percent in urban areas, but 84 percent of those who are employed work on their own farms. The 1991 ILFS found that unemployment was 3.6 percent according to the Standard/ILO definition or 10.6 percent (6.7 percent males, 15.5 percent females)² according to the

¹ Website of Youth Development Network, <http://www.ydn.org.za/>

² The first definition was a standard definition on statistics of employment and unemployment as adopted by the 13th International Conference of Labour Statistics, (ICLS, 1982). The second definition hereby referred to national definition Under ICLS 1982, a person is classified as unemployed (*Category A*) if she/he meets all the following three conditions;

- (a) Without Work
- (b) Available for Work and
- (c) Seeking for Work

National/Expanded definition. The 2000/01 ILFS found that unemployment had increased to 5.1 percent (Standard/ILO definition) or 12.9 percent (National/Expanded definition). Unemployment levels are therefore on the increase, mainly because of the increase in urban unemployed. Unemployment in urban areas increased from 10.6 percent (Standard/ILO definition) in 1991 to 14.8 percent (Standard). According to the National definition, urban unemployment in 2000/01 was 32 percent compared to 8.4 percent in rural areas, while Dar es Salaam had an unemployment rate of 46 percent.

The overall unemployment in Kenya in 1999 was estimated to be 6 percent per cent. Young people accounted for a significant proportion of the unemployed. The very limited ILO data shows a youth unemployment rate of 6 percent per cent in 1995 with the proportion of youth unemployed to the total population at 12 percent (13.9 percent for males and 9.9 percent for females).

Like other East African countries, Kenya has a large population engaged in traditional or subsistence agriculture, service and informal sector activities. The 1999 Census results show that there were 10, 800,000 persons aged; between 15 and 64; in the labor force. 31 percent were engaged in paid employment, 14 percent in informal sector activities, 49 percent on own farms and 6 percent unemployed.

The Uganda Census Population (UBOS, 2002) shows that for all persons aged 10 years and above, 42 percent and 15 percent of the population were self employed and employed persons respectively, while 39 percent were unpaid family workers. The remaining 4.6 percent were looking for work. Wider sex differentials were recorded for unpaid family workers where 63 percent of the females compared to 18 percent of the males were in this category. Nearly 25 percent of the women were self-employed, compared to 57 percent of the men.

In the second category, i.e., the unemployment *Category B* uses a relaxed standard definition, which satisfies conditions (a) and (b).

Tanzania adopts an additional unemployment *Category C* which includes the number of persons with extreme marginal attachment to sustainable employment. The marginal attachment to employment is measured by the degree / extent to which the person is attached to the sustainable employment. The national definition is the sum of unemployed categories A, B and C. This national definition is based on understanding that a considerable number of persons classified as employed under ICLS-1982 are actually unemployed for most of their time, depending on the degree of attachment to their jobs.

Out of the population aged 10 years and above, less than one half (46 percent) were engaged in some economic activity. Participation in economic activity was highest in the age groups 25 - 39 and 40 - 59 years. Participation in economic activity was fairly high among the elderly population with more than one half (51 percent) of the population aged 60 years and above being engaged in some economic activity.

Table 4: Labour-force Participation and Unemployment Rates in East Africa 1999 – 2005

Countries	Labour Force Participation Rate	Rate of Unemployment
Kenya	37.7	6.0
Tanzania	51.6	5.1
Uganda	67.0	3.0
East Africa	52.1	4.7

Source: UBOS, (2003), URT, (2002) and GOK, 2002)

The majority of the working populations were engaged in agriculture as their main occupation, where 71 percent of the working population were subsistence agricultural workers. The professional, semi-professionals and administrator categories collectively constituted 7 percent of the total working population, while the sales and service workers were 9 percent of the total working population. Three percent (3 percent) of the population aged 15 – 64 years were looking for work at the time of the census. Table 4 presents summary statistics of labour force participation and unemployment rates in the East Africa countries during 1999 – 2002. The table suggests that under-employment is a major problem in these countries, (MFPED 2001 and 2002, GOK, 2000, Semboja, 2002).

3.3. Youth unemployment

Ugandan youth typically make up over half of the total workforce, and sometimes as much as 80 percent. Secondly, young people in Uganda are disproportionately affected by high unemployment rates,

which have been 76 percent for males and 72 percent for females; the 15-19 years group and 92 percent males and 77 percent females for the 20-24 years age group.

However, the annual growth rate of employment in Uganda that range between 15-19 years was 3.0 percent males and 3.1 percent females, as per statistics of 1995 –2000. According to employment indicator in Uganda, the youth employment as proportion to labour force was 32 percent for males and 32 percent for females (2000).

The typical East African labor market characteristic of youth unemployment is that its rate is higher than that of adults. Youth unemployment in Kenya is on the increase as is under-employment. An increasing number of youth is moving to urban centers like Nairobi and Mombassa but are unable to find work, suggesting that this is due to lack of skills and working experience, but also that the urban Kenyan economy is unable to absorb the potential work-force. (Manda 2003). The ILFS 2000/2001 showed youth unemployment rate is about four times the adult unemployment rate and is growing at double the rate for adult unemployment.

Similar patterns of youth unemployment and underemployment can be observed in Tanzania, where both are also on the increase. An increasing number of youth is moving to urban centers like Dar es Salaam, but are unable to find work, due to lack of skills and work experience, but also demand side problems in the urban economy of Tanzania. ILFS 2000/01 showed youth unemployment rate is about four times the adult unemployment rate and is growing at double the rate for adult unemployment. This is almost the same as in Kenya.

According to the National/Expanded definition, 13.36 percent of all youth aged 15-24 years are unemployed (11.84 percent of males and 14.82 percent of females in this age group). In the 10-17 year age group, 11.2 percent of those in rural areas (28.4 percent of males and 30.9 percent of females) and 29.7 percent in all urban areas (10.6 percent of males and 11.9 percent of females) were unemployed.

4. Similar constraints and challenges of youth employment

This section briefly presents specific primary problems, constraints and challenges of youth employment. The section discusses the causes of youth unemployment in East Africa based on previous studies, and other reports prepared by the government and other stakeholders, (MFPED, 2002, Manda *et al* 2003, and Semboja 2005).. The presentation uses an applied employment theory of 4 E's,

founded on the current of International Labour Organization, (ILO), Youth Employment Network, (YEN). Unemployment in many poor developing economies is conceived as a complex function of lack of Employability, (E1), Employment Creation, (E2), Entrepreneurship, (E3) and Equal Opportunities, (E4), (ECA, 2002 and URT, 2007).

4.1. Lack of employability

It has been argued that there are too many people lacking the necessary education and relevant training for good, productive jobs and there are too many unproductive jobs with poor remuneration, (Ikiara and Ndungu' 2002, MFPED, 2002 and URT, 2002). Education begins with literacy, and in spite of vast improvements on this front, there is still a huge literacy gap. Like other poor developing countries, training in East Africa remains largely unrelated to labour market needs. Young people often lack access to the labour market services and support is needed to help them secure decent and productive work.

In practice, there are many complex structural and frictional constraints related with lack of employability, (MFPED, 2002, Manda *et al* 2003, and Semboja 2005). These include preference by employers, for experienced workers; lack of work experience during school years; poor quality in the education; inadequate preparation of the youth in career development and low level of information technology; a stigma on the part of the private sector employers; mismatching between schools and labor market long-term transition from school to the labor market; personal factors such as satisfaction level and family dependence; job seekers looking for prominent and better paid jobs.

4.2. Inadequate employment creation

There is lack of an enabling environment for paid employment creation in the formal private sector. Employability in the formal private sector requires not just appropriate skills and training, but also public policies which lead to new employment opportunities where these skills can be used. East African countries have pursued a number of structural reforms to support a formal private sector (Kulundu 2003, Semboja 2005 and MFPED, 2002c). These include, among others, maintaining macro-economic stability; review of the tax regime; simplification of licensing procedures; and implementing programmes for strengthening the business environment, including implementation of competition policies.

However, many suggest that structural reforms are incomplete and as such youth are still at the cross-road, (Semboja, 2007). While there were significant improvements in the formulation of national development policies, implementation has not been satisfactory, effective, consistent and acceptable by common people in these countries, (URT, 2007). The gains of macro-economic reforms have not been translated into effective ownership, management and operation of economic resources, activities and processes. There is also lack of regional integration in terms of job opportunities, in other words, some jobs accept only residents from a particular region to occupy that vacancy this in turn limits opportunities for qualified cross regional youth.

4.3. Lack of entrepreneurship

Entrepreneurship is taken to refer to Micro, Small and Medium Scale Enterprises, (MSMEs), and capacity to own, manage and operate these enterprises. In the current East Africa context, the MSMEs are understood to be independent business undertakings where operational and administrative managements are in the hands of one or two persons usually the owner(s) / manager(s) who are also responsible for making the major decisions of the enterprise. These MSMEs are in both formal and informal sectors engaging in farm and non-farm economic activities such as manufacturing, mining, commerce and social services. MSMEs are more effective in the utilization of local social and natural resources using simple and affordable production technology. Also, MSMEs are better positioned to satisfy limited demands brought about by small and localized markets due to their lower overheads and fixed costs.

Although micro, small and medium scale informal businesses are dynamic and employment generating entities, they are not socially and economically preferable jobs. This results in a kind of frictional unemployment where the young job-seekers prefer large companies and therefore tend to wait for a satisfactory job to come up.

Several studies have established that there are many complex constraints that face the small entrepreneurs in the process of owning, managing, operating and developing their enterprises (Semboja, 2005). Many micro and small sized enterprises in East Africa are informal because the administrative procedures for business registration are too cumbersome, long-winded or costly. The barriers to setting up new businesses are particularly high for young people who on the other hand face complex entrepreneurship barriers. These structural problems include: the lack of voice and representation; and

lack of access to credit and seed funding, since young people lack the collateral that banks require for a loan. Isolation and lack of support are problems many young women and men entrepreneurs experience and this often prevents them from gaining a foothold in the modern business.

Access to effective business advisory and support services and the capacity to deliver them is critical in promoting youth entrepreneurship. Studies suggest that there are existing initiatives taken by East African national governments, public agencies, universities and the private sector, though they remain isolated (Semboja, 2007).

4.4. Equal opportunities for young women and men

There are socially desirable situations, where boys and girls have equal access to education and where girls are doing better than boys at school. In East African economies girls are not getting the same education opportunities as boys which results in serious gender gaps in literacy as a consequence, (Okojie, 2003 and Semboja, 2007). Regardless of these differences in education systems in these East Africa countries, young women have in general greater difficulties than young men in entering and staying in the job market, because of discriminatory policies, structural barriers and cultural prejudices.

There are wide variations in female labour force participation between and within social economic sectors and regions in East Africa. Studies suggest that labour force participation rates are higher for women than for men in rural areas where production systems are still predominantly family based (URT, 2005). In the rural areas, women are mostly concentrated in agriculture, and within agriculture, in food production.

There are also an increasing number of women employed in the formal sector. But formal wage employment, whether in the public or private sector, is dominated by men and offers relatively limited employment to women. The share of women employed in manufacturing, mining, communication and construction sectors is low. Given limited opportunities in the formal modern sectors, the majority of women in the urban areas are self-employed in the informal sector. The most common entrepreneurial activity for women is retail trade, handicrafts, food processing, services and cottage industries.

Furthermore, unemployment continues to be higher among women than men. Women face various structural constraints on their

effective participation in economic activities (Okojie, 2003). These include: [1] poor customary laws and norms which impede women to a greater extent than men, from obtaining land, credit, productive inputs, education, information, and healthcare; [2] the coexistence of multiple laws which create ambivalence (for example, customary and statute laws relating to marriage and inheritance); [3] gender bias in access to basic human resource development services such as education, training and health, resulting in gender gaps in adult and or youth literacy rates, and; [4] time poverty, resulting from women's multiple and competing reproductive and productive responsibilities.

5. Main Challenges

Given the ongoing and continuous inflows of youth into the East Africa labour market, the main concern should be on the increment of the unemployed and underemployed youth rather than the total unemployment situation. New entrants to the East Africa labour force particularly the youth that do not find appropriate jobs are more of a social threat than the long-term unemployed that would have joined the informal sector and adjusted their life styles accordingly. Some serious consequences of youth unemployment and insecurity are linked to the exclusion of young people from a productive role in the adult world of work that could demoralize them, undermine social cohesion and lead to social problems such as crime, drug abuse, vandalism, religious fanaticism and general alienation in the vicious circle of poverty. Such patterns will persist in the future if no holistic approach is initiated to alter the employment situation.

With regional integration, globalization and the need to implement integrated national poverty reduction plans and strategies young job-seekers will be required to adapt to the changing nature of the jobs demanded by the new economy and the removal of all the distortions to labour mobility. Perceptions of white collar jobs and the work of the female labour force must be changed, particularly among the young themselves, who will be required to join the private sector and compete with the global labour force. Unless distortions created by job preferences are eliminated and replaced by incentives to increase productivity, efforts to improve employment opportunities will be futile.

Free movement of people and labour and the right of residence and establishment

The East African Community (EAC) has protocols, articles, or objectives in their treaties for the free movement of people and right of residence and establishment. EAC established a committee in January 2001 to look into implementation of this objective. A common EAC passport, valid only within the community, entitles the holder to an automatic six-month multiple visa for travel to any EAC member state. There are plans to upgrade the passport for use beyond EAC borders. For now, though, the EAC passport is used alongside national passports and other travel documents.

Under the agreement establishing the Inter-Governmental Authority on Development (IGAD), free movement of goods, services, and people and the establishment of residence are the aims of regional cooperation. Reciprocal visa-free entry for limited stays is granted bilaterally by some member states. One of the objectives of the free movement of people in regional economic communities is the free flow of labour. But most regional economic communities exercise caution. While supporting the idea of labour mobility within their regional economic communities, member states do not want to put the limited employment opportunities available to local workers under undue stress. Instead, countries believe that the gradual, targeted introduction of labour mobility is the best way to move towards a regional policy on general labour mobility.

The foregoing has reviewed common factors accounting for unemployment among the youth in East Africa. As noted these factors are complex and interlinked. Most important is to note that although problematic outcomes (i.e. symptoms) are commonly concentrated around specific sub-labour markets such as among particular areas, groups and occupational categories, the basic causes will often not lie there. For example, employability, equal opportunities and entrepreneurship, to be most effective, require an enabling environment where employment creation is placed at the centre of macro-economic and other public policies. Employability requires not just appropriate skills and training, but also regional public policies which lead to new employment opportunities where these skills can be used.

Conclusion

All three EA countries have more or less similar national long-term development frameworks or visions. These may form common base for youth employment solutions. It is recommended that these EA

countries should develop an integrated national vision, policy and plan of action for youth employment.

The East African Customs Union has been established as way to form a Common Market, subsequently, a Monetary Union and ultimately a Political Federation of the East Africa States. One of the strategic moves and preparatory activities is the regional integration of labour market, with the goal of facilitating free movement of factors of production, including the youth labour power. This demands the need for national states to pursue *open door labour market and employment policies*. It is the mission of these policies to put an enabling environment for increasing youth employment and social security in the rural and urban areas.

Among other things, this entails preparation of the youth for work: ensuring quality basic education for all young men and women, and developing a demand-driven vocational and technical education system; supplying quality jobs through an enabling environment for transforming the traditional agricultural and informal sector activities into formal modern commercial activities; promoting equal youth employment opportunities for men and women and addressing specific needs of vulnerable groups such as youth with disabilities; fostering entrepreneurship and empowering youth and facilitating their entry into business; and promoting youth employment strategies that enhance labour mobility, social security, income and prevent social exclusion.

The top priorities for youth employment strategy focus on what is known as the four *E's*: *Employability; Equal opportunities for young men and young women; Entrepreneurship; and Employment creation*. The general policy strategy is to design and implement youth employment action plan to facilitate and support provision of effective, efficient and transparent service for promotion of youth mobility and employment.

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