

Accelerating progress: Addressing the special situation of young people

By Humphrey Polepole 2010

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“In 2015, approximately 660 million young people will either be working or looking for work – an increase of 7.5 per cent over the 2003 figure. While bound up with the overall employment situation, this challenge has its own specific dimensions and therefore requires targeted responses” (ILO 2006: XI).

Youth Employment Promotion and Creation through existing opportunities for youth enterprise development, growth and graduation (formalization) is the underlining theme that this study is going to focus on in Dar es Salaam. The issue of employment has been aloud in the policy deliberations at different stages of decision making platforms. Efforts have been made by the government to ensure that the issue of employment becomes a reality to majority of Tanzanians that represent the active labour force; this can be manifested through developing and implementing policy frameworks that accommodate issues of youth employment such as National Employment Policy (1997), the National Employment Creation Strategy (NECS), The National Employment Programme (2007) and the National Youth Employment Action Plan (NYEAP) (2006). The National Strategy for Growth and Reduction of Poverty (NSGRP-MKUKUTA) whose implementation lasts between 2005/06 and 2009/10 has set targets for employment promotion and creation. Despite the various efforts made as pointed out above, employment creation is still a challenge in meeting the increasing influx of youth labour force. Unemployment is worse for youth of all sects including the uneducated, out of school youth, educated youth and most vulnerable youth particularly youth with disability and young people living with HIV/AIDs (MKUKUTA 2005: 9).

“Youth development challenge (including unemployment) in Tanzania is a crosscutting issue. The empowerment of young people involves the concerted efforts of a number of key stakeholders including the government, civil society private sector, community based organizations, families and young people themselves. This ... requires raising specific multi-sectoral issues affecting youth...” (National Youth Development Policy 2007:10). This study aims at engaging unemployed youth of Dar es Salaam specifically in the Kinondoni district to collectively explore opportunities that foster youth enterprise development, growth and formalization. Promoting formulation of youth enterprise groups will in-turn contribute in creating and promoting employment opportunities among young people thus contributing to national economic growth.

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The fact that the labour market continues to be constrained by the huge influx of the new labour force entering the labour market annually (NECP 2007:5), special measures needs to be put in place to ensure that this huge potential is not left unattended and unproductive. Young people continue to be the victims of unemployment while having no access to support services such as loans and credit. The Views of People Report 2007 clearly states that “finding work was a major concern for young people across the country” and those that had wanted to venture into business support services were nowhere within their reach and convenience (GoT: View of the People Report 2007: 24).

Apart from lack of access to loans and credit for both male and female youth, business support services on training, mentorship and follow-up is almost non-existent. It is estimated that employment within the public sector is at 2.8 percent and recently the share of agriculture in the employment has declined by 7.7 percent. There is a shift from relying on agriculture for employment to non-farm activities including

informal sector employment as evidenced by the decline by 7.7% agriculture employment (PHDR 2007:10). This shift is particularly common in urban areas such as the districts of Dar es Salaam. However, the shift has not been beneficial to youth because youth have failed to effectively utilize informal sector activities due to a number of factors including: lack of adequate skills for employment and self employment, lack of access to productive assets such as land, finance and property (SME Policy 2002). There is hence low motivation and incentives for young people who are aspiring for enterprise development as an employment alternative. However, enterprising opportunities when carefully planned for and implemented have resulted to livelihood benefits among young people. Therefore, this study aims at providing a careful analysis of the situation and examination on the possibilities for establishing and successfully running youth led businesses. The analysis will include, looking at the available opportunities for growth of youth enterprises and reducing obstacles and risks associated with establishing and running youth led businesses. .

Despite considerable efforts of the government to promote sustainable development through different reforms, the unemployment and underemployment rates in Tanzania continue to increase especially for youth. This is evidenced in the Analytical Report for Integrated Labour Force Survey 2006 where by it has states that... “The unemployment rate of youth aged 15-24 years is the highest, at 14.9% compared to 10.4% for the adult - unemployment rate and 11.7% for the total unemployment rate. The ratio of the youth-to-adult unemployment rate is 1.4, indicating that youth are nearly one-and a half times more like to be unemployed than adults.”

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The Global Employment Trends (GET) for youth (2006) estimates that there were over 125 million youth working but living in extreme poverty at the US\$ 1 a day, the situation is worse in the Sub-Saharan Africa whereby nearly 60 percent of working youth could not earn enough to support themselves and their immediate dependants out of poverty. This manifest the reality on the ground that majority of young people even those that are on paid employment now are underpaid and therefore the chances of them moving out of poverty are very rare. This gives me the confidence that youth enterprise development can be another avenue for youth employment promotion and creation.

The GET for youth (2008) Report further stresses on the need to promote development in the formal sector which I see as a challenge for young people and policy makers to ensure that youth enterprise initiatives grow and graduate into the formal sector where exist robust opportunities.

“Enterprise and entrepreneurship training programs exemplify this practice, through selection processes which emphasize seeking out individuals with a specific aspiration and with the aptitude to use enterprise to pursue their aspiration. There are tested and proven mechanisms that can be used to identify the naturally entrepreneurial” (Chowdhury 2001 in ILO 2003:23).

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Youth participation has to be a process whereby young people influence, and share control and responsibility over decisions, plans and resources, which affect them. Youth empowerment should be a process of capacity building needed to partake in society. Youth empowerment means youth participation in formal and informal decision-making, but also the participation of young people in society, through access to education, employment and health, as well as to resources, e.g. land or credit. Empowering young people means allowing them the opportunity to make decisions that affect their lives – allowing them to be active agents for development and changes.

“Normally when we need to know about something we go to the experts, but we tend to forget that when we want to know about youth and what they feel and what they want, that we should talk to them” – Kofi Annan, Former UN Secretary-General

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Young people continue to be pushed out from the labour market because of many reasons including not having enough experience for work and generally inadequacy of spaces in the labour market. This is manifested by the Global Employment Trends for youth (2008:3) that states the number of young unemployed increased from 63 million to 71 million between 1997 and 2007, an increase of 13.6 percent. This can be debated still since the definition of youth used by the Global Employment Trends for youth is that of (15-24) which represent about half of the actual youth bracket of 15 to 35.

Besides the general economical and demographic problems of Africa, there are some additional factors that contribute to the youth unemployment problem. According to the applied employment theory of the International Labour Organization and their Youth Employment Network (YEN) (Semboja 2007: 16, YEN) the problem of youth unemployment in many poor developing economies can be understood as a lack of 4 E's; (E1) a lack of Employability; (E2) a lack of Employment Creation; (E3) a lack of Entrepreneurship and (E4) a lack of Equal Opportunities. This study will deal with E1, E2, and E4 especially concerning youth in Dar es Salaam. Finally a sub chapter will be dedicated to E3, the lack of Entrepreneurship which I connect with enterprise development.

The *lack of employability* (E1) in the East African states can mainly be explained by the discrepancy between the skills that are produced in the educational systems and the requirements of the available jobs in this region (ECA 2002: 5, Semboja 2007: 16). Young people lack the appropriate education and training necessary to penetrate the job market. There are according to Semboja several factors that contribute to this problem: there is a preference of employers for skilled and experienced workers; there is a lack of work experience during school years (theory based education system).

There is poor quality of education; the youths are not adequately prepared for the career development and be ready to face the challenges of the labour market. There is a stigma on the part of the private sector employers and there has been a challenge of mismatch between the school curriculum and the requirements of the labor market. Also personal factors such as satisfaction level and family dependence and the fact that job seekers are more than often looking for prominent and better paid jobs may contribute to this problem (Semboja 2007: 16).

Besides this educational inadequacy that manifests itself primarily as a problem on the supply side there is also a problem on the demand side: *the lack of employment creation* (E2). The formal paid employment sector of the East-African countries is not an environment that is sufficiently creating employment opportunities for youths. According to the Employment Report 2008 in 2007/8 there were almost one million entrants into the labour market while the capacity of the public sector was only 2.9 percent. According to Semboja the government should be tasked with developing public policies that will create more jobs. Tanzania has undertaken several structural reforms to support the formal private sector. In addition there has been some progress in the formulation of national development policies (Semboja 2007: 15-16). The government in 1996 developed a National Youth Development policy, in which the importance of youth as an essential workforce of Tanzania is emphasized over and over again (National Youth Development Policy 1996: 9). The problem with these policies is according to Semboja however that they are not implemented adequately, consistently nor conform to the needs of the people (2007: 15-16). A new and revised National Youth Development Policy 2007 is now in place that provides guidance

on youth development issues, the challenge still is, an operational strategy for this document needs to be finalized.

An additional factor to the youth unemployment problem is the fact that it is not gender-neutral: in the job market there is a *lack of equal opportunities for young men and women*. This problem manifests itself already before youths enter the employment market. There is also unequal educational access and retention: boys and girls do not have the same opportunities in education, which leads to a gender gap in literacy. Besides these educational inequality problems, which makes girls not to enter the job market on an equal base, women face some additional difficulties in entering and staying in the job market than men do. These problems are caused by 'discriminatory policies, structural barriers and cultural prejudices' (Semboja 2007: 18). And although the formal paid employment sector is not sufficiently creating jobs for men and women, this sector is dominated by men and consequently the unemployment rate for women is much higher than for men (Semboja 2007: 18-19).

The discrepancy between the skills that young people are educated in and the skills that are asked for in the paid formal sector as well as the lack of available jobs in this sector have driven many youths especially in Dar es Salaam into self-employment in the informal sector. Self-employment is now considered as the only way out of poverty: youth set up business not to make profit but to survive. Self-employment is the main source of livelihood for most youth engaged with enterprise initiatives. It should be noted then, that the fourth E, *the lack of entrepreneurship*, should not be understood as a lack of entrepreneurship in itself, but much more as a lack of entrepreneurial opportunities and the lack of an enabling entrepreneurial environment.

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The following recommendations emanate from the major findings of this study

1. The results of this paper show that there is no good link between the Local government, financial institutions and the youth. Even most of the youth do not have groups where by they can be assisted easily. It is therefore recommended that deliberate efforts should be made to mobilize youth to form groups and strengthen the linkage between local government, financial institutions and youth groups.

2. The results of the paper have also showed that the level of the education matter most in the aspect of employment especially to youth. The results suggest that the government should put more efforts in providing education to youth so as they can be in a position to analyze the issues pertaining to employment. This can be achieved through introducing a program that aim to capacitate out of school youth and those in groups so as they can get some skills in running their businesses or activities.

5. The registration status of the youth enterprise groups

This paper has revealed that most of the youth enterprise groups are not registered. The level of maturity of the youth enterprise groups also determines the registration status, considering the fact that many youth enterprise groups have mushroomed between 2000 and 2008, their operations were still at the formation, storming and norming stages of group development, Tuckman (1956). Very few groups are at the performing stage having most of them engaged in carpentry and they were established between year 1965 and 2000.

Several reasons were given by the unregistered groups as to why they were not registered; their reasons vary, having some being reasonable to some being just irresponsible. Majority of the unregistered said that they did not know where to register and the procedures that one can follow, we felt most of these groups had not reached the norming stages where issues of legality are prominent and their operations are

still too small to attract the issue of legality. There was a claim that financial constrain of the youth groups was also a reason halting them from registering, this reason was not substantial, even that the income of the youth enterprise groups vary but the ability of allocating some money for registration in most youth groups was very possible. There were groups that could not see the relevance of registration, this could have been due to less awareness on the benefits of being registered. The remaining reason was bureaucracy and difficulties in the registration process. 13.3% of the youth enterprise groups were in the process of registration.

6. Financial management and handling: Banks and Bank accounts

Very few youth enterprise groups have bank accounts; this hinders their performance as security of their finances is based on members trust. Just having this one element missing these groups automatically become illegible for loans from financial institutions, their operations are limited and production is low and the income cannot satisfy the member's wellbeing. The financial handling and management of these groups are very traditional and this makes it hard to accumulate profit and growth.

This paper has observed that there is a huge potential if we strengthen the financial handling and management of the youth enterprise groups. If the youth groups are trained on how handle finances, savings and financial discipline, they will tap a huge hidden profit that will not only give them more capital but also improve their income as members. We are proposing that the performing groups be assisted in doing budgeting, business action planning and connect them with the financial institutions. From the study the banks and MFIs have been willing to support youth enterprise groups, therefore further discussion should be done with the financial sector stakeholders to see how they can extend customer support services and trainings to the youth enterprise groups for a certain period of time before graduation for a loan.

7. The level of understanding of youth enterprise groups on economic development policies

It has been evident that majority of the youth enterprise groups are not aware of the national policy frameworks. And for those few who were aware of the policies, they were from the urban centres in Dar es Salaam region. This could have been because of centrality of youth issues at the policy implementation level. The youth development Policy of 2007 is still very new and plans and strategies have not been felt far enough.

8. Youth enterprise groups knowledge on Business Formalization Programme (MKURABITA)

There is need of raising the awareness of youth enterprise groups on the National Business Formalization Programme popularly known as MKURABITA so that young people would understand the relevance of formalizing their businesses and legible for opportunities such as loans.

9. Youth enterprise groups awareness on the opportunities for establishing and running youth enterprise groups

Since the formal sector has not been able to absorb every young person, the need for self employment initiatives is vital in order to bring about livelihood to young people. Again, only organized self employment initiatives are sustainable and can bring about livelihood for young people. Therefore there is a need to sensitize and mobilize young people to form youth self help groups, youth enterprise groups (income generating) and development organizations. This establishment of youth entities shall not only

create income to young people but it will also facilitate their skills development on some issues that will again enhance their productivity in their areas of work.

10. Youth enterprise groups accessing entrepreneurial advice

Another area that we need to capitalize on is on the entrepreneurial advice for youth enterprise groups. We need to widen the scope of the entrepreneurial advisory services in the area from income generating groups to NGOs/CBOs and youth who are in schools and those not in school using informal education. The kind of advice should be focused and geared at upgrading the existing youth entrepreneurial ventures but also create the awareness on the how best one can dwell in entrepreneurship.

The paper proposes that an advisory committee be established that will pull together all stakeholders that are providing entrepreneurship advice to young people and youth enterprise groups so that they can harmonize and synergize their efforts and approaches. Since entrepreneurship skills are not solely for business people, a plan be developed that will ensure that all youth entities are receiving entrepreneurship skills in order to promote the entrepreneurship spirit among the youth in Dar es Salaam and particularly Kinondoni municipality. Civil society should take a lead in role in this.

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The major conclusion that can be drawn from this paper is that the government should make sure that youth are given skills on how to engage themselves in different activities by providing them with entrepreneurship skills. The government through Local government Authority should make sure that it mobilizes youth to form groups so as they can be assisted easily because most of the youth are working individually. Not only that but also the Financial institution should have a good linkage with youth groups so as they have good cooperation and their youth can get an opportunity to access loans and other financial services easily.

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