



Promoting rural youth employment in Uganda's coffee sector



Uganda's youth employment challenge

Uganda, like other sub-Saharan African countries, continues to experience increasing levels of unemployment in view of its rapid population growth in recent decades. The country has one of the world's youngest populations, with over 78 percent below the age of 30. Due to low private sector development and constraints in terms of capital, skills and assets, young people have limited access to decent jobs in the rural labour market. Many others migrate to the urban areas, mostly concentrated around Kampala, in search of quick incomes in the informal sector.

The Government of Uganda recognizes youth unemployment and underemployment as one of the biggest development challenges the country is currently facing. According to ILO data,¹ youth unemployment in Uganda stood at 18.6 percent in 2015, up from 13.3 percent in 2013 (Table 1). Moreover, the proportion of female youth of working age who are unemployed (22.4 percent) is significantly higher than that of unemployed male youth (14 percent). Such trends exert mounting pressures on the overall capacity of the national economy to generate adequate numbers of jobs to absorb the working age population.

TABLE 1. Key indicators in youth labour market 2015 (%)

| | Total | Male | Female |
|------------------------------|-------|------|--------|
| Unemployment rate (broad) | 18.6 | 14.0 | 22.4 |
| Labour underutilization rate | 67.9 | 60.8 | 73.7 |
| Informal employment rate | 91.9 | 90.8 | 93.0 |

Note: Youth is defined as 15–29 years old.

Source: ILO. 2017. *School-to-work transition survey (SWTS) country brief – Uganda*. Geneva.

KEY MESSAGES

- ▶ Youth unemployment is one of the most prominent challenges for Uganda with its expanding population.
- ▶ The coffee value chain presents huge job opportunities, not only in production but increasingly in processing, trade and service provision, driven by a demand for quality and traceability.
- ▶ Ensuring sustainable access to markets for youth-led enterprises and the right skills for young individuals, while providing an enabling environment that fosters access to land and finance, will help youth fulfil the employment potential in Uganda's coffee sector.

A dynamic and profitable agriculture sector is needed to ease these pressures in the rural areas. The Agriculture Sector Strategic Plan has named 12 commodities that are key to wealth creation and employment provision, amongst which coffee.

Potential of the coffee industry

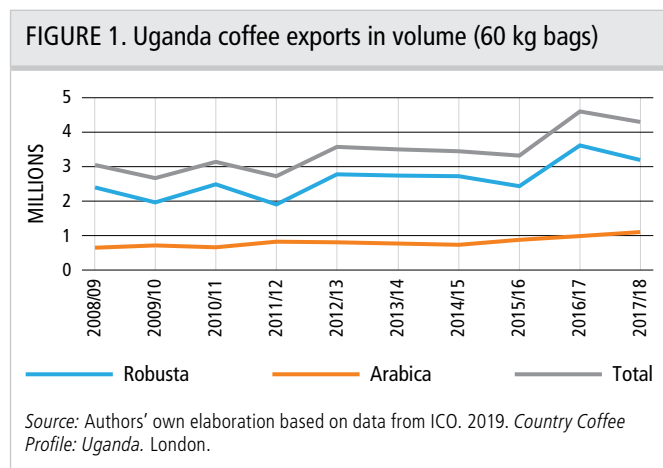
Coffee is Uganda's most valuable agricultural export commodity, contributing to 20–30 percent of the annual foreign exchange earnings for the past two decades. Although prior to 2008, production stagnated at around 3 million bags per year, there has been a marked increase in volume over the past decade to just under 4.5 million bags annually, with value reaching over USD 460 million (Figure 1).²

Ugandan coffee is highly appreciated in the global market and the Government of Uganda is working diligently towards its 2030 target of 20 million bags. If realised, this will bring about major job growth in the sector. As coffee is cultivated all over

¹ International Labour Organisation (ILO). 2017. *School-to-work transition survey (SWTS) country brief – Uganda*. Geneva.

² International Coffee Organization (ICO). 2019. *Country Coffee Profile: Uganda*. London.

the country, the coffee value chain has a considerable potential to provide incomes and employment to rural youth even in remote, mountainous areas.



Opportunities for youth in the coffee value chain

A significant number of opportunities exist for young people to maximize their benefits from the coffee sector, not only in production but increasingly at downstream stages.

- ▲ Trained youth are best positioned to adapt modern technology in production and post-harvest handling. Provision of services by groups have been successfully introduced, including in the rehabilitation and maintenance of coffee gardens, and the management of storage facilities. Since average coffee yields are still low, productivity can be greatly enhanced through systemic application of inputs and appropriate control of pest and diseases - services which young people are well positioned to fill.
- ▲ Business-savvy youth might be drawn toward setting up and managing coffee farms. If enabled to access land, youth will have more incentives to invest in perennial commodities like coffee. As they rejuvenate ageing coffee trees, young people can also revitalize the workforce in coffee production.
- ▲ With a growing demand for sustainability, quality and traceability, the coffee value chain is undergoing a digital transformation, in which technology-prone youth can be empowered as the driving force. Some Uganda-based companies have started training youth to operate as coffee aggregators, as well as field agents to provide agronomic advice. Digital traceability systems create new employment in data entry, quality control and inspection, and laboratory testing. Young people will need to acquire matching skills to take on such jobs.

- ▲ Next to wage employment, youth need support to start up agribusinesses. The rise of direct trade in specialty coffee products, aided by digital technologies, opens up space for small and medium enterprises in the coffee sector. Individuals and youth groups with entrepreneurial drive could add value to coffee by exploring novel processing methods, marketing strategies, or direct sales through coffee shops. Opportunities exist to build direct linkages with foreign roasters and leverage social media to engage with end consumers, both at home and abroad. Access to finance and mentorship in business development are essential in this process.

Policy options to promote youth employment and entrepreneurship in the coffee value chain

- ▲ Facilitate sustainable access to markets for youth-led businesses and equip young people with technical and financial skills in coffee trade and processing. Invest in incubation centres and research institutes which offer opportunities for youth-run businesses to experiment and expand. Through the Uganda Coffee Development Authority and Uganda Coffee Platform, collaborate closely with the private sector to better equip young people with the necessary skills to capture jobs in the field, in the factory, and at the office.
- ▲ Support the establishment of well-organized youth groups in service provision, at the farm and post-harvest level, as well as in the management of community-level storage and primary processing facilities. Facilitate farmers' access to such youth-operated services, by showing their impacts on profitability.
- ▲ Foster youth investments in coffee businesses by facilitating their access to capital. Work with financial institutions to devise products and make use of alternative forms of collaterals tailored to the needs of young rural entrepreneurs.
- ▲ Invest in the upgrading of physical and digital infrastructures. Better roads and mobile networks in coffee-growing areas improve the working conditions and efficiency along the value chain and help young people develop digital competencies. Both are critical to stay competitive in the global coffee market.
- ▲ Increase young women's involvement in the coffee industry and promote fair compensation for female labour. Work with leading companies to expand job options for young women and with community leaders to tackle social norms that hinder them from enjoying mobility and accessing productive resources.
- ▲ Promote inter-generational transfer of land and develop by-laws which make it easier for young people, especially female youth, to access land for coffee production either through leasing or share cropping.