



YOUTH POST-BUDGET VIEWS HUMAN RESOURCES POTENTIALS KEY IN ACHIEVING DEVELOPMENT PLANS



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Brief 4:20

Introduction

Proper skills are key to the development of any nation. For a country to have sustainable development and attain Sustainable Development Goals by 2030, skills development for its youth is a vital move to embark on. The Sustainable Development Goals (SDGs 2030), at goal number 8 and its targets, earmarked the need for improving employment skills, in order to attain sustainable decent employment. However, in the recent report on Global Innovation Index earmarked growth of rankings as of now Tanzania rates the 1st among 16 low-income economies and 4th in Sub-Saharan countries but with a greater weakness on human capital and research¹.

¹ Global Innovation Index, Report 2020. https://www.wipo.int/global_innovation_index/en/2020/

For their youth policies to bear tangible results, need to be backed up by financing. For the last five years, the government has embarked into enactment of several pro- youth policies as part of improving youth livelihood. For the time being, as the Second Five Year Development Plan (FYDP II) comes to an end this year 2020/21, there is a great need to conduct a thorough participatory post mortem review, to see its efficacy and set the way forward as planned to be on competitiveness in the five coming years.

Recently, the World Bank declared Tanzania a 'Middle Income Economy' at a lower level, with \$1,080 rates stage. However, the Tanzania Vision 2025 as promulgated by the third phase government of President Mkapa, earmarked that by 2025 the national economy needs to reach middle income level with \$3,000 earning per individual. In connection to that, the

fourth government set for 15 years implementation plan from 2010; which divides the 2025 plan into 5 years plans. The first five years 2010/15 built on 'Unleashing the growth potential of Tanzania'. The second five years 2016/17 to 2020/21 plan, dwells on 'Nurturing Industrialization for Economic Transformation and Human Development'. While the last five years 2021/25 plan will focus on 'Enhancing Tanzania competitiveness in regional and global marketplace'.²

From the aforesaid themes it is noted that there is a great requirement for the budget to finance the development of human potential as a major artery for attaining these needed objectives. This is quite necessary for building competitive mindset and skills in youth.

² Former President Kikwete: President Mkapa is the one who came up with vision 2025

Thus, skills development should not only be addressing local needs and standards but more on competitive global market standards. However, the current skills development trainings trends reflect mainly the local labour market opportunities. This trend needs to be reversed to incorporate at least regional competitive focus.

From experience any good youth employment empowerment programme, may be characterized by a set of inter connected three aspects, known as employment model. These aspects are core functions for increasing employment in the country. The first is self-employment which works on the self-creation of enterprises. The second is securing available jobs in the labour market. And the third is setting youth friendly policies for the first two aspects to work properly. Therefore, for any government or employment programme that would like to engage in helping youth to tackle unemployment problems, cannot avoid thinking in that sphere.

Financing Youth Initiatives

For the last five years, youth funds have taken commendable improvement. Before 2018 youth funds were issued mainly by political proclamations and as a leaders' choice as well. However, in 2018 under the Finance Act, 2018, the Local Government Finance Act Cap. 290 R.E 2002 was reviewed and in April, 2019 regulations³ came to force. The law recognizes the 10% i.e. 4% youth funds as core legal empowerment fund for youth initiatives. This move enables youth to increase their access to finance. In financing youth enterprises, the youth development fund in 2018/2019 released 4.2 billion for 775 youth groups. Moreover, 31 youth innovations were identified amongst 11 were

³ LGA Loans regulation for Women, Youth and PLWDs made under S.37A(4) of the Local Government Act GN, 286 of April 5, 2019.

assessed for further steps including incubation.⁴ While in 2019/2020 youth development fund dished out 3.2 billion for 4,222 youth groups in 155 councils.⁵ These amounts are relatively small compared to number of youth entrant in labour market which is estimated to be 8,000,000 - 1,000,000 in them only 40,000 - 50,000 get formal decent jobs. Therefore, it is expected that self-employment to be the only avenue to rescue youth from unemployment but its financing is still relatively low.

On part of 10% from councils dedicated for vulnerable groups i.e. 4% youth, 4% women and 2% People With Disabilities (PWDs), until February 2019 a total of 13.2 billion equals to 24.4% was released out of 54.08 billion set. A total of 5,628 groups enjoyed the funds out of 28,025 groups applicants. Amongst the released funds, 8.04 billion was given to 3,835 women groups. 4.7 billion was given to 1,606 youth groups while PWDs were given 415.96 million for 187 groups.⁶ While until February 2020, a total of 25.38 billion equals to 31.3% had been released to youth, PWDs and women groups out of 62.2 billion set.⁷ These statistics show significant increase of funds after the 2018 legal changes but the amount is still low compared to job market entrants. If this significant increase is directed towards economic activities which have great effect on lives of people (estimated 7 out of 10 people in Tanzania are engaging in

⁴ Hon. Kassim Majaliwa's speech on the projections and Estimations of the income and expenditure from the Prime Minister's Office and the Parliament for FY 2019/2020.

⁵ Hon. Kassim Majaliwa's speech on the projections and Estimations of the income and expenditure from the Prime Minister's Office and the Parliament for FY 2020/2021.

⁶ Hon. Selemani Jafo's speech on the projections and Estimations of the income and Expenditure from the PORALG office for the FY 2019/2020.

⁷ Hon. Selemani Jafo's speech on the projections and Estimations of the income and Expenditure from the PORALG office for the FY 2020/2021.

agriculture)⁸ it will contribute a lot on involving youth in agriculture. However, the National Strategy For Involving Youth in Agriculture 2016/21 noted that only few youth groups are organized and registered which is the criteria for accessing youth empowerment funds.

However, from experience, some of the sectors such as creative industry, which includes (art, music, acrobat, traditional, dance, and film) and fishing have not enjoyed well the provision of these funds. Analysis conducted by Mwananchi Data⁹ on involvement of people in type or agriculture reveals that only 2% of people live by depending only on animals keeping while those depend only on farming are 56% and those mixing farming and animal keeping are 42%. On the other hand, recent study on the potential in creative industry reveals that this sector has huge potential for youth employment and development.¹⁰ Unfortunately, no enough continuous budget funds have been allocated for these sectors.

Experience shows that running of youth funds has not yet been fully institutionalized. Each youth fund office (council) has its guidelines for issuing the funds, with some offices issuing cash money (loans), while others issuing tangible things i.e. properties or instruments. Even procedures for accessing the funds are not the same. This makes youth remaining vulnerable to loan application processes. Seeing this problem the government in April 2019, issued a guideline for

⁸ Mwananchi Data, Analysed by Halili Letea, Source Ofisi ya Takwimu (NBS), Annual Agriculture Sample Suevev Initial Report, 2017. Gazeti la Mwananchi 08/08/2020.

⁹ Mwananchi Data, Analysed by Halili Letea, Source Ofisi ya Takwimu (NBS), Annual Agriculture Sample Suevev Initial Report, 2017. Gazeti la Mwananchi 08/08/2020.

¹⁰ Project Title: Assessing Creative Industries for Policy-Making in Tanzania, (Report with findings and recommendations for policy reform/structure within the creative industries in Tanzania), August/September, 2018.

youth fund provision. However, the institutionalization of the guidelines still remains a challenge.

It is further researched and noted that institutionalization of funds provision goes together with trainings for preparing youth for loans as sustainability mitigation for youth enterprises. However, 76.71% of youths have not received any further business education and training skills, while few as 23.29% have received business education and training skills. This situation implies that, majority of the Youths in informal sectors in Tanzania have limited entrepreneurial education, training, workshops and other skills (Nexus Report, 2019).

Job Skills Development in Informal Sector

In Tanzania youth are integral part and 2/3 of national workforce and majority of them play in informal sector (ILO, 2015). The National Employment Policy recognizes that the private sector including SMEs is the major source of employment. The recent study conducted by Policy Forum in informal sector revealed that there is growing trend of informality in youth initiatives and enterprises.¹¹ This is due to the fact that potential sectors for youth employment are not well focused. For example, the creative sector, public transport, animal keeping and service i.e. saloon in which many youth work in, is still informal.¹² This causes work environment not to be friendly. Therefore, any initiative to foster for youth development needs

¹¹ The Nexus between Taxation of the Informal Sector and Inequality in Tanzania, Prepared for Policy Forum, Consultant: University of Dar es salaam-Department of Economics, 2019

¹² Project Title: Assessing Creative Industries for Policy-Making in Tanzania, (Report with findings and recommendations for policy reform/structure within the creative industries in Tanzania), August/September, 2018.

their inclusive participation to meet their demands. Thus, the government needs to provide an environment conducive to the enhancement and stimulation of initiatives in these potential sectors.

It is bad luck that there are skills shortage and no enough investments in training and education for potentials in sub- sectors such as creative industry at every career stage to provide enough young people with the right diverse skills for many of the exciting jobs in the creative economy. Hence, young people have no adequate and relevant creative knowledge and skills to identify opportunities and potentials within the creative industries sector and be successfully engaged in sustainable employment.¹³

We highly commend the government's efforts through the Five Years Skills Development Programme, to train 167 university graduates with disabilities. This goes hand in hand with reviving 3 PWDs vocation trainings, at Mirongo (Mwanza), Ruwanzari (Tabora) and Masiwani (Tanga).¹⁴ However, these efforts need to be connected with provision of internship,¹⁵ jobs or empowerment funds for the acquired skills to be put into practice. Otherwise they might end up in informal usage rather than fit for decent work.

Conducive Working Environment For Youth

In the past five years the fifth phase

¹³ Project Title: Assessing Creative Industries for Policy-Making in Tanzania, (Report with findings and recommendations for policy reform/structure within the creative industries in Tanzania), August/ September, 2018.

¹⁴ Hotuba ya Waziri Mkuu, Mheshimiwa Kassim M. Majaliwa (Mb), kuhusu Mapitio na Mwelekeo wa Kazi za Serikali na Makadirio ya Mapato na Matumizi ya Fedha za Ofisi ya Waziri Mkuu na Ofisi ya Bunge kwa Mwaka 2020/2021

¹⁵ As per the National Internship Guidelines.

regime has been working hard to set for positive environment for youth employment. These include issuing of political proclamations and several enactments. However, core youth opinions on the issues affecting their sustainable development have not been addressed enough. For instance, allocation of youth proper business premises which is the key for establishing legal businesses is still a challenge. In business centers in city centers, youth use roadsides to lay their merchandise for selling. These premises are not legal and hence, offices which issue loan facilities opt not to give them. Thus, youth miss opportunity for growth.

On the other hand, revenue environment has not yet been youth friendly. Tax regimes use hard stings when one wants to formalize business. For instance, for one to have a business Tax Identification Number (TIN) needs to pay for a quarter of tax estimates, even if one has not yet started business operations. This tax system makes youth fear to formalize their business, making the government lose a wide tax base from these businesses.

In 2015 the Parliament took commendable initiatives to enact the National Youth Council of Tanzania Act, 2015 with the aim and objective of setting a platform for youth issues such as unemployment to be discussed and deliberated on. This was done after over a decade of youth championing for establishment of this council. Following the enactment, the government spearheaded for development of the council's regulations, whereby different stakeholders participated. It is very unfortunate that, from 2016 to 2020 budgets, the financing for operationalization of the council has not yet taken place. This leaves youth with no proper platform to discuss on the issues affecting them particularly on employment.

Recommendations

The above named key issues on youth employment which were discussed hereinabove call for urgent attention from the government and other youth stakeholders.

- i. We are of the views that programmes for national development which are in development need to embrace competitiveness aspects that will enable youth to compete in the regional market. Special focus should be built on human capital, research and availability of disaggregated data.
- ii. To embrace the spirit of East African Cooperation, budgets and development programmes need to be set in East African standards/ regional standards so as to be common in skills development as we are heading to the common labour market (movement of labour). If we do not focus on building common standard, the idea of free movement of labour will not be embraced by all state partners, as some will have less skills to compete, hence integration will be delayed.
- iii. Youth development services need to be aligned to cover the job creation model i.e. self-employment (job creation), securing jobs and improving youth employment environment via facilitating policies on inclusion).
- iv. The National Skills Development programme and Youth Funds need to cover rare opportunities with huge potential development impact that will include in financing youth initiatives, the government needs to direct its youth funds officers to look on sectors with huge potentials such as creative art, animal keeping such as poultry, fishing, and services i.e. salon, public transport. Financing these sectors will have a great impact on the national development and job creation.
- v. Provision of youth funds, needs to be institutionalized with common systems and procedures in all youth fund offices. This will reduce the burden to youth in accessing youth funds information.
- vi. For increasing efficiency, youth development programmes need to embrace technological changes. Currently, applications for youth funds are done manually. Youth funds and employment information are hardly found online. Databases for youth employment need to be installed accordingly.
- vii. The Government needs to emphasize and support adaptation of technology and digital skills in youth skills, which is key for the post COVID-19 world. Without proper technological infrastructure connectivity, research and developments, the country and its people will not be able to compete.

- viii. We advise the Government and Development Partners to earmark all potential leading sub-sector economy (such as creative sector, digital and innovations, sports and games, animals keeping, fishing, transport and services i.e. saloon) for youth employment and improve them to have decent work. In this way many skilled youth will feel comfortable to work in, thus, increase decent employment and widen tax base in national economy by making the informal sector enhanced to a formal sector and thus increased government tax collection for better services.
- ix. The government should provide training, business education and awareness to youths. This will bring a positive impact to promote and facilitate the coordinated implementation of interventions regarding youth involvement in entrepreneurship skills.

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