

### A study of the challenges of youth unemployment in Zambia

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#### Abstract

This paper provides an overview of the size of youth unemployment in Zambia and its effect on national economic development. The paper also offers recommendations on the enhancement of youth empowerment in Zambia. This paper is based on a study conducted for the National Economic Advisory Council of Zambia. The paper contains 6 sections: Section one is the introduction; Section two gives an overview of Zambia’s labour market; Section three outlines youth empowerment initiatives in Anglophone African countries with the aim of providing a proper model of youth empowerment programs for Zambia; Section four presents the analysis of Zambia’s job creation strategies and policies currently being implemented on the one hand and the existing or foreseeable impediments on the other; Sections five discusses the legal and regulatory challenges relating to the employment of youths in Zambia; and section six which gives recommendations and the way forward in resolving the unemployment dilemma in Zambia.

**Keywords:** Job Creation, Youth Unemployment, Youth Empowerment

#### 1. Introduction

Zambia inherited a strong economy after independence from Britain in 1964. By the year 1970, the economy experienced a sharp decline mainly due to the decline in world copper prices and an increase in oil price.

In order to empower indigenous Zambians with jobs, the Zambian government in the late 1960s to early 1970s started transforming the economy from a market system to command economy system which characterized increased government participation in running the economy, central planning for the economy and nationalization. The repercussion was an upswing in performance in the labour industry up until 1991. After 1991 with the re-introduction of a market economy, over 220 companies were privatized. The counter effect of privatization was the closure of most sectors of the industry and

consequently loss of employment and employment opportunities for the youths in particular.

#### 2. Overview of Zambia’s Labour Market

Zambia with a population of 13 million is one of Sub-Saharan Africa's most highly urbanized countries (The statistician, 2012). Although Gross Domestic Product has doubled since independence, Zambia’s unemployment rates continue to rise, with sharp increases recorded from the 1991 (CIA 2012). The quality of employment in the formal sector has also declined as can be seen in the following tables:

Table 1 outlines the percentage distribution of currently employed persons aged 15 years and above by sex and sector of employment.

**Table 1:** Percentage Distribution of Employed Persons Aged 15 Years and Above by Sex and Sector of Employment 2008

Sex	Sector of employment				Total Percent	Employed Persons
	Formal Sector		Informal Sector			
	Number	Percent	Number	Percent		
<b>Zambia</b>	522,176	10	4,699,585	90	100	5,221,761
<b>Male</b>	370,311	14	2,298,067	86	100	2,668,378
<b>Female</b>	151,865	6	2,401,518	94	100	2,553,383

Source: CSO, Labour Force Survey, 2012

From Table 1 we can see that out of the entire male population, 14 percent were in the formal sector while 86 percent were in the informal sector. Similarly six percent of females were in the formal sector while 94 percent were in the informal sector.

Table 2 outlines the percent distribution of unemployed persons aged 15 years and above by age group, sex and residence.

**Table 2:** Unemployed population by age, sex and residence

Age Group	Unemployment rate (%)									Economically Active Persons
	Total			Rural			Urban			
	Both	Male	Female	Both	Male	Female	Both	Male	Female	
Zambia	15	12	18	6	5	6	33	25	41	5,413,518
15 - 19	33	33	34	16	17	15	63	60	66	880,583
20 - 24	22	20	24	7	7	7	48	40	55	877,619
25 - 29	12	7	17	4	2	5	27	15	38	864,447
30 - 34	8	3	13	2	1	3	17	7	28	718,641
35 - 39	6	3	10	2	1	3	14	6	23	582,198
40 - 44	6	2	9	1	1	2	13	4	23	423,071
45 - 49	5	2	8	1	0	1	12	5	20	320,301
50 - 54	4	2	6	1	1	2	9	5	14	231,310
55 - 59	4	4	4	1	1	1	11	9	14	164,715
60 - 64	4	3	4	1	1	1	13	8	21	136,290
65 +	3	3	3	1	1	1	12	11	13	214,345

Source: CSO, Labour Force Survey, 2012

From table 2, we can tell that fifteen percent of the economically active persons (5,413,518) were unemployed at national level. The unemployment rate for the youngest age group (33 percent) was the highest in comparison to other age groups.

### 3. Youth Unemployment Resolution Mechanisms Applied in Anglophone Countries

#### 3.1 Introduction

This section gives an insight into how the issue of youth unemployment has been handled in Anglophone African countries. The section reviews the programmes that have been adopted and the extent of their workability. However, the youth employment frameworks agree on the application of good common principles that are embedded in the design of empowerment programmes. The following common principles act as cornerstones for a successful youth employment programme:

- Implementation Quality
- Caring, Knowledgeable Adults
- High Standards and Expectations
- Importance of Community
- A Holistic Approach
- Youth as Resources/Community Service and Service-learning
- Work-based Learning
- Long-term services/support and follow-up

#### 3.2 Review of Global Youth Unemployment

The world population currently consists of an estimated number of 1.2 billion as per the United Nations report. The ratio of the youth-to-adult unemployment rate in the world and Africa in particular equals three (ILO 2006), which clearly points out the substantial difficulties of youth participation in

the labour market. Many countries around the world have however put in place deliberate policies aimed at reducing youth unemployment.

Latin America & the Caribbean have experienced a sharp increase in youth unemployment rates during the crisis, from 13.7 in 2008 to 15.6 in 2009. A similar trend is notice in South Asia where the youth unemployment rate has increased by 0.5 percentage points between 2008 and 2009, and by a further 1.1 percentage point during 2009–10. North Africa and the Middle East on the other hand stand out in terms of their overall unemployment problem, and these are the only two regions where the unemployment rate exceeded 10 per cent in 2011 for the population aged 15 and above. South-East Asia and the Pacific has been affected less by the crisis in terms of the youth unemployment rate, and managed a slight reduction in the rate between 2008 and 2009. In 2011, at 13.5 per cent the youth unemployment rate was 0.7 percentage points below the level in 2008. Although the economic crisis had been detrimental for both young men and women, at the global level as well as in most regions, the impact of the economic crisis on female youth unemployment rates is greater than on male rates.

#### 3.3 Analysis of Country Youth Empowerment Initiatives

Because of the high youth unemployment rates, there are various youth empowerment programs that are being implemented in different countries around the world. The following countries were found to have active youth empowerment initiatives:

- Ghana has implemented eight programs
- Kenya has implemented seven programs one of which is the Kenya National Youth Service (KNYS)
- Malawi and Namibia each have two youth empowerment programs
- South Africa has deficiency of employment opportunities

especially amongst the black youths. In order to reduce unemployment South Africa has implemented seven programs one of which is the Alliance for African Youth Employability.

- Tanzania unlike other countries studied has had only one youth empowerment program called the Empowerment and Livelihood for Adolescents (ELA) program. Targeted exclusively at vulnerable teenage girls, the programme combines innovative livelihood and life skills training with a customized microfinance programme.
- The country with the most youth employment programs amongst the Anglophone countries studied is Uganda which has 9.
- The Zambian government has also initiated a number of policies and strategies aimed at addressing the challenge of unemployment, some of which are the Employment and Labour Market Policy and the MSME Development Policy.
- Zimbabwe currently has two youth empowerment programs.

### 3.4 Conclusion

The review of global youth unemployment rates shows that North Africa and the Middle East stand out in terms of their overall youth unemployment problem. The global youth unemployment rates have averaged 12.5% for the period 1991-2012. Latin America and the Caribbean have also experienced a sharp increase in youth unemployment rates during the crisis, from 13.7% in 2008 to 15.6% in 2009. In Sub Saharan Africa, Tanzania had the least youth unemployment rates. This can be attributable to the nature of economic activities in Tanzania and its strategic location with ports that serve the southern and eastern parts of Africa. Kenya had the highest youth unemployment rates amongst the selected sub Saharan African countries with 65% while its overall unemployment rate stood at 40%. Zambia's overall unemployment rate stood at 14% while its youth unemployment rate stood at 27.5%.

The study of youth empowerment initiatives in selected Anglophone countries like Ghana, South Africa, Uganda, Tanzania, Namibia, Malawi, Kenya, and Zimbabwe showed that most of the interventions were aimed at increasing the employability of the youths through skills training. Initiatives across the reviewed countries also focused on provision of funds to the youths for small business startups. Initiatives also included government spending as a way of creating employment. These policies and strategies just like in other Anglophone countries have faced implementation challenges because of poor funding, corruption, and poor of management.

## 4. Outcome of Interviews and Analysis of Youth Empowerment in Zambia

### 4.1 Introduction

In order to adequately prepare and come up with a youth job creation pathway that addresses youth unemployment in Zambia the first step was to carry out a situational analysis that would provide information leading to the resolution of unemployment. The situational analysis involved the following: undertaking an analysis of the youth employment policy/programme/project framework; the organizational structure and coordination of youth employment programs/projects; youth employment programmes/projects and youth employment stakeholders. The last phase of the situational analysis examined the supervisory & legal framework in Zambia with regard to youth employment. This Section is intended to show that youth unemployment in Zambia is a problem. The Section highlights causes of unemployment and measures which the government, NGOs and other organization are taking to address the situation.

### 4.2 Limitations of the study

The conduct of this study was based on a review of existing youth empowerment policies/programmes and projects and interviews with various stakeholders who included key government officials, selected training providers, a youth group, development partners and non-governmental organizations. It was not possible to access some of the stakeholders initially earmarked for interview. As a result some key stakeholders, especially in government were not interviewed. Data collection for statistical analysis was not readily available from some ministries and institutions. Some of the data that was available was not complete and as a result there are some gaps in the analysis. Some of the promised data did not materialize in spite of the follow-up. Due to limited time it was not possible to pursue all the important leads that were developed during interviews with stakeholders. That notwithstanding, the information gathered is adequate to meet the objectives of the assignment.

### 4.3 Youth Unemployment in Zambia

The actual level of youth unemployment in Zambia has been difficult to determine from the available literature. Part of the problem is the different dimensions (economically active vs. economically inactive) and definitions of unemployment and on whether the agricultural sector is included or not. Thus, the youth unemployment figures presented in this report have been determined using the Main Categories of the Labour Force Framework. Evidence reveals that total employment in Zambia is on the increase especially informal sector employment. The increase in total employment is a resultant of the increase in the economically active population or sometimes referred to as the Labour force.

The table below shows that over 60 percent of the unemployed belong to the age group 15-34 years old, the youths.

**Table 3:** Unemployed population by age, sex and residence

Age Group	Unemployment rate (%)									Economically Active Persons
	Total			Rural			Urban			
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Source: CSO, Labour Force Survey, 2012

#### 4.4 Causes of Youth Unemployment

Youth unemployment can be attributed to a number of factors. These include:

- low levels of education among those who exit the school system without any qualifications at all;
- low absorptive capacity of the labour market for new entrants due to lack of experience;
- mismatch of skills between supply and labour market needs which is as a result of weak linkages between the private sector and training institutions and inadequate investments to improve curricula and teaching facilities in training institutions;
- inadequacy of wage employment, which is exacerbated by low aggregate demand for labour due to economic downturns;
- Inadequate labour market information to guide youths in their career choices and available employment opportunities.
- strict employment protection regulation favouring those already in employment – discrimination and nepotism;
- low levels of entrepreneurship and limited access to appropriate finance, technology and markets among the youths;
- concentration of growth in highly capital-intensive and urban-based sectors like mining (jobless growth) and;
- Constrained skills training capacity. According to the 2011 TEVET statistics there are only about 300 training institution registered under TEVETA offering skills to about 33,000 students.

#### 4.5 Government Policies, Programmes and Projects

The Government of the Republic of Zambia has acknowledged youth unemployment as one of the major threats facing youth in Zambia, along with HIV/AIDS and poverty <sup>[1]</sup>. Although there has been no specific youth employment policy developed, the government has taken a number of steps to address this issue, some of which are:

1. National Youth Policy
2. National Employment and Labour Market Policy Framework (NELMP)

#### 4.6 NGOs and other Organizations Programmes and Projects

Most of the programmes offered by NGOs and other organizations usually address hard and soft skills training designed to promote entrepreneurship. The UNICEF/Barclays Bank partnership runs an enterprise promotion and training programme that targets Youth Resource Centres. The Commonwealth Youth Programme also supports young women and men entrepreneurs with business related coaching and linking them to BDS. Also, there exists cooperatives and extension services for the youths through a network of BDS providers found in most districts around the country that provide business support to all MSMEs including young people.

#### 4.7 Conclusion

The situational analysis shows that the unemployment rate of Zambia stands at 15% (Labour Force Survey, 2008) out of

<sup>1</sup> See foreword section of the National Youth Policy (2006)

which more than 60 percent are youths. Further, of the 85 percent employed 90 percent are in the informal sector out of which more than 60 percent are youths. The major causes of youth unemployment include, but not limited to, low capacity for skills training in Zambia and a mismatch of skills between skills offered by training institutions and skills demanded by the private sector employers.

The government and the NGOs and other organizations have put in place policies/programmes/projects to alleviate the youth unemployment situation. For example the government has put in place since 1994 a National Youth Policy aimed at addressing the developmental needs of youth which include skills training and employment. Whilst, NGOs and such organizations such as ILO have contributed technical and financial resources towards business and entrepreneurial skills development, most government policies/programmes/projects suffer from inadequate funding, political interference, and lack of coordination to achieve desired objective.

5. Highlights on Legal and Regulatory Challenges of Youth Empowerment in Zambia

## 5. Introduction

This section highlights the existence of and the problems with multiple and overlapping legislations on youth employment programs in Zambia. It reviews legislation with the aim of strengthening it and making it more appropriate to the challenges herein.

### 5.1 The Zambia Development Agency (ZDA) Act No. 11 of 2006

The ZDA Act is aimed at fostering economic growth and development by coordinating development in the private sector amongst other things. As well as being the principle piece of legislation for Micro, Small Medium Enterprises (MSMEs), the Act is also there to administer funds for capacity building.

### 5.2 The Employment Act Chapter 268 of the Laws of Zambia

The Act is silent on the need to provide labour force information. As much as the Act provides for the conditions of employment of such youth to be approved by a labour officer, it does not specifically state any favourable conditions for such youth.

### 5.3 The Technical Education, Vocational and Entrepreneurship Training (Tevet) Act No. 11 of 2005

Apart from developing the curricula for institutions, the Tevet Authority sets the minimum standards and qualifications aimed at meeting developmental requirements in the industry. The curricula that the Act provides, is however biased in favour of the formal sector.

### 5.4 The Citizens Economic Empowerment (CEE) Act No. 9 of 2006

The fundamental function of the CEE Act is to promote economic empowerment for Zambian citizens through an empowerment fund. The Act provides for the provision of data by recipients. It does not provide for database protection nor punishment of defaulters.

### 5.5 The Companies Act Chapter 388 of 1994

This Act provides for the formation of Companies in Zambia.

It provides for a number of obligations that need to be complied with. However, there is a gap in the system in that no mentoring mechanism is provided to enable entities to be guided on compliance.

### 5.6 The Banking & Financial Services Act Chapter 287 of the Laws of Zambia

The Act provides for bank lending rates as well as the need for the provision of security on facilities. These provisions are however viewed as a hindrance to development in the sense that they tend to disadvantage upstarts.

### 5.7 The Income Tax Act Chapter 323 of 2004

This Act currently lacks a solid provision for the treatment of the informal sector compliance. The informal sector is not taxed and allowed to go scot free. This denies the citizens of the much needed funds that may be used to empower youths. The situational analysis of the supervisory and legal framework in Zambia shows that a number of laws have bottlenecks and impediments in their design with regard to youth employment.

## 6. Conclusions and Recommendations

### 6.1 Introduction

This Section outlines the conclusions and pathway of youth unemployment based on the foregone analyses of global and local situations. It borrows most of its features from Anglophone African countries but this study maintains originality of its outcome. It is unique in the sense that it is home grown and based on an integrated structure of implementation, monitoring and evaluation.

### 6.2 Conclusions

The outlined youth job creation pathway recommends the establishment of an independent supervisory body to regulate the business and therefore protect the youths from discrimination and abuse, among other bad employer practices. The private sector and NGOs' involvement in all the components or programs is vital for the model to be successful. The model begins by accommodating all those youths who have not been to school and school drop-outs with short-term jobs. Secondly, the model then provides for the educated youths with life-long skills and entrepreneurship programs. Thirdly, the model recognizes that the non-educated can have skills similar in quality to the educated and therefore could be supported under the innovations and entrepreneurship program. Lastly, the model recognizes the need for capacity building programs in order for the programs to be sustainable in the long-run. Capacity building programs shall among other things lead to the establishment of an independent body to regulate and supervise youth job creation programs.

The study also provides information that the problem of youth unemployment is global but needs immediate reduction in Zambia. More specifically, youth unemployment in Zambia is like a time bomb ready to explode. The study also shows that the Government is currently implementing youth job creation programs but the study highlights the inefficiencies in having non-coordinated implementation.

### 6.3 Recommendations

The study proposes four components or programs aimed at reducing youth unemployment namely:

1. Manual Youth Jobs

2. Education, Internship and Mentorship
3. Entrepreneurship and Innovations
4. Capacity Building

### 6.3.1 Manual Youth Jobs

This component targets the uneducated youths who include; those who have never been to school, school drop-outs, and street kids in the 18-35 years old age category, which is the same bracket for the National Youth Policy. The programme is aimed at engaging youths in short-term employment opportunities for at most eight hours a day and pays them a minimum wage for the first 20 days worked per month. The expected outcomes are; increased youth earnings, Communities benefit from services offered and infrastructures created, improved livelihood for youths and Reduction in crime.

### 6.3.2 Education, Internship and Mentorship

This component also follows the Kenya Youth Employment model. The objectives of the education, internship and mentorship programme are (i) to increase the number of youths getting University education, and (ii) to improve the educated youth's employability by providing youths with skills and work experience through the implementation of programs such as the Secondary School-to-University Scholarship Programme. The expected outcomes are: Increased employment levels for youths; Increased earnings Improved quality of jobs with more youths accessing health insurance, social security, or formal contracts for jobs. That is, reduction in casual labour; increased assets and profits for self-employed individuals and increased skills and psycho-social outcomes.

### 6.3.3 Entrepreneurship and Innovation

The objective of this component is to promote and accelerate entrepreneurship and innovation among youths in order to improve the quality of locally produced products and to provide 20,000 youths with access to credit. The expected outcomes are: Improved access to credit and savings products by micro, small and medium enterprises; Youths being able to access facilities for improving their product quality and improved value addition to locally made products.

### 6.3.4 Component 4- Capacity Building

This component describes all areas of capacity building from the establishment of a regulator to corruption protection and financial plans. The main objective of the component is to support the legal and institutional framework under which youth employment creation can grow by encouraging programme participation from government, multilateral organizations and the private sector. The activities provide increased participation from all stakeholders in reducing youth unemployment.

The expected outcomes include; Increased coordination of the youth empowerment programmes under a single regulatory and supervisory authority to level the playing field; Stakeholders such as multilateral institutions, bilateral partners and the private sector shall benefit financially from services offered by the Government through guaranteed and timely investment returns; Improved access to jobs by the youths; Reduction in corruption and mal-administration; Optimal allocation of financial resources and improved monitoring and evaluation; Remodeling of the existing National Service by

refocusing its mission to give more emphasis on youth service and Improved utilization of ICT and IFMIS leading to quick decisions and provision of information to all stakeholders.

### 7. Participating Funds

- Youth Development Fund- loans and no collateral necessary
- Citizen Economic Empowerment Commission (CEEC) Fund – loans and no collateral necessary
- Forestry Development Fund-loans and no collateral necessary
- Tourism Development Fund-loans and no collateral necessary
- YAPYA Trust- loans and no collateral necessary
- Any other youth fund

The funding mechanism will be through district committees and financial intermediaries.

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