Uganda makes bold strides for youth empowerment as PDM hits sh4.3 trillion

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Since the Parish Development Model (PDM) commenced in 2023, the Government of Uganda has channelled over sh1.29 trillion directly into the hands of young people aged 18 to 30 — the largest investment in Uganda's youth in the country's history and several times larger than every previous youth programme combined.

This trillion-plus envelope sits inside the sh4.3 trillion total release under PDM by the close of this financial year. Of that overall figure, sh3.788 trillion has already been disbursed to the more than 10,500 parish savings and credit co-operative societies (SACCOS) across the country, and a further sh529b was released this fourth quarter and is now in the pipeline awaiting disbursement to the SACCOS in the coming weeks.

The 30% youth ring-fence written into the PDM guidelines is what produces that historic sh1.29 trillion figure for young people. Unlike any youth fund before it, this money is landing in every single parish in the country, not just a few districts or urban groups.

To appreciate just how unprecedented this is, it helps to put these numbers against the youth programmes Ugandans have known before.

The Uganda Youth Venture Capital Fund, launched in 2011, was capitalised at sh25b. The Youth Livelihood Programme (YLP), launched in 2014 as the flagship youth poverty-alleviation effort, was allocated sh265b to be spread across the entire country over five years — roughly sh53b a year.

The youth share of the PDM — sh1.29 trillion — is nearly five times the entire five-year YLP budget and more than 50 times the original Youth Venture Capital Fund. According to the finance ministry, the combined total invested in youth schemes, such as YLP and the Youth Venture Capital Fund, over more than a decade, comes to about sh220b.

UNEMPLOYMENT

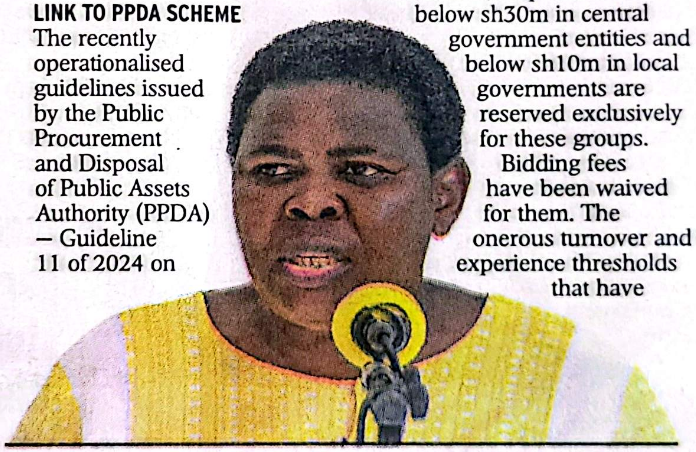
A large share of the unemployed in this country are young people aged 18 to 30 and the formal sector cannot absorb the hundreds of thousands of school leavers entering the labour market each year.

What the PDM offers that earlier programmes did not is universal geographic coverage combined with predictable, recurring annual capital. A young person in any parish in Uganda can now, in principle, access sh1m capital at 6% interest — well below the 21% or more typically charged by commercial banks — to start or grow an enterprise. If they repay and the SACCOS is well-managed, the same fund cycles to the next cohort the following year.

LINK TO PPDA SCHEME

The recently operationalised guidelines issued by the Public Procurement and Disposal of Public Assets Authority (PPDA) — Guideline 11 of 2024 on Reservation Schemes — have ring-fenced a portion of the national procurement budget specifically for registered associations of women, youth and persons with disabilities.

Under these guidelines, every government procuring entity is now required to reserve at least 15% of its annual procurement plan for these special interest groups. In addition, all procurements below sh30m in central government entities and below sh10m in local governments are reserved exclusively for these groups. Bidding fees have been waived for them. The onerous turnover and experience thresholds that have historically locked young entrepreneurs out of public contracts have been significantly relaxed.



The synergy is obvious. PDM provides a young person in a rural parish with the seed capital to launch an enterprise. The PPDA reservation scheme gives that same enterprise — once organised into a registered association — a protected route to actually win a contract to supply chicken to a nearby school, uniforms to a health centre or desks to a sub-county headquarters.

Together, the policies give a guaranteed early customer in the country's largest market, the Government.

NEXT FIVE YEARS

Consider this conservative projection. There are approximately 10,594 parishes in Uganda. If, in each parish, just 30 youth benefit from the PDM in each financial year, the arithmetic over five years is striking.

In a single financial year, that is 317,820 young Ugandans receiving start-up or expansion capital. Over five years, that comes to roughly 1.59 million young people capitalised.

Even if half of these enterprises succeed in becoming sustainable and each creates just one additional job, the country would be looking at close to a million new jobs generated.

THE WORK AHEAD

The PDM has faced real implementation challenges — loan recovery rates remain low in several districts, there have been credible reports of parish chiefs and SACCOS leaders diverting funds. Additionally, many young people still do not know of their 30% share of the parish's revolving fund.

The sh529b released in this fourth quarter must, therefore, be disbursed cleanly, the youth quota strictly enforced. Young Ugandans need to register associations and treat the loans as working capital.

If those things happen, Uganda will finally move from talking about youth empowerment to financing it.

The writer is the deputy secretary-general of the National Resistance Movement