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MINISTRY OF FINANCE, PLANNING
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SUSTAINABLE BUSINESS FOR UGANDA

SKILL NEEDS ASSESSMENT SYNTHESIS OF MAIN FINDINGS

MARCH 2020

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LOT 2 – INFRASTRUCTURE, SUSTAINABLE
GROWTH AND JOBS

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1 BACKGROUND

Initiated by the European Union Delegation (EUD) Kampala and the Private Sector Foundation Uganda (PSFU) and supported by an international consultancy firm CESO*, under the Sustainable Business for Uganda Platform (SB4U), this report summarises the findings of a skills needs assessment, designed to understand in further detail what the actual 'skill gaps' in the existing labour force are that hinder private sector development.

The economic sectors under assessment were:

- Construction
- Manufacturing (including Agro-processing)
- Tourism and Hospitality

The above sectors were identified during stakeholder discussions as strategic sectors having a high potential for economic growth and in turn room to provide employment opportunities.

Skills in the context of the assessment were defined 'as the ability and capacity acquired through deliberate, systematic, and sustained effort to smoothly and adaptively carry out complex economic activities or job functions involving **1 · ideas** (cognitive skills), **2 · things** (technical skills), and/or **3 · people** (interpersonal skills).'

The analysis provided is based on primary information captured with the help of in-depth Key Informant Interviews, conducted with 113 different private sector companies (Ugandan and EU businesses) as well as primary information that were collected through Focus Group Discussions with businesses from the highlighted economic sectors. Further, secondary information was gathered through a comprehensive desk review to help contextualise findings.

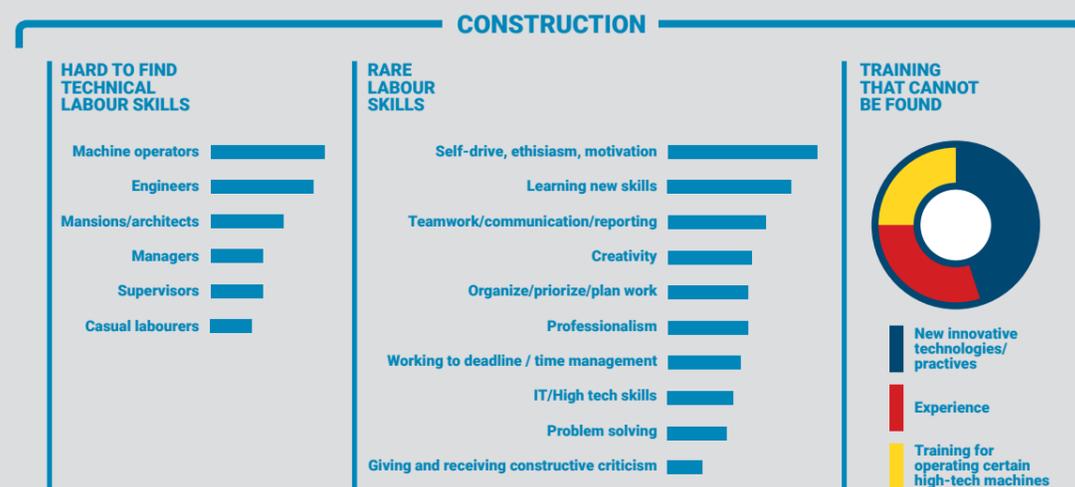
2 SUMMARY OF SECTOR SPECIFIC ASSESSMENT FINDINGS

2.1 · CONSTRUCTION

The assessment revealed very high firm activity in the sector and very high competition. The survival of construction firms correlates heavily with the firm ability to tap large scale infrastructure investments. The average construction firms in Uganda are small, in terms of their number of employees. Many firms are reducing staff. Hence, they do not generate many jobs. Firm size is largely dependent on the capabilities of firms to secure contracts through good networks and marketing.

Access to finance is a major challenge, especially for smaller firms. Many local firms do not have the financial means to front load the implementation of projects and depend on loans to finance their interventions. Furthermore, a significant number of small local construction firms were sole proprietorships, whereby firm owners pay income taxes for business profit on their personal income tax returns. Hence, the firm owners are also legally liable for business debts. On the contrary, foreign firms were most often part of larger corporations. The advantages of the corporation structure are limited liability.

Source: Skill Needs Assessment



Many local construction firms have to rely on cheap labour intensive implementation measures and temporary recruited skilled staff to run operations and safe implementation costs. Key informant interviews revealed that most construction businesses interviewed recruit on average more than 80 per cent of their staff temporarily.

It is impossible to pay 5,000,000 million Ugandan Schilling per month for a well-trained engineer. We bring them only in if we need them. (Quote – Key Informant)

The majority of Ugandan' construction firms are operating as sub-contractors for larger corporations, who very often win tenders as these firms have the managerial and technical 'know-how', access to financial resources and expensive high technology equipment. Many of these larger firms can buffer delayed payments as a result of difficult procurement, validation and approval processes. Local construction firms on the contrary only implement specific construction processes and tasks that do not require abundant technical 'know how'.

Further, most firms interviewed stated that they work closely with external contractors, mainly groups of individuals that are very often informally employed, as they work for their own accounts and lack any form of social protection. It could be exposed that there is a symbiotic relationship between formally registered construction businesses and informal contractors, with registered firms providing an important source of work and income for the unregistered contractors and the latter being an important supplier of labour to the former. Despite this, the informal part of the construction industry is generally ignored and receives little support from the government, especially in terms of training interventions.

Many businesses in the construction sector expressed that they have difficulties filling certain positions. One of the core challenges is the recruitment of affordable and trustworthy skilled labour. Especially machine operators, engineers, architects, mansions, project implementation managers and construction supervisors are very hard to find. Firms interviewed articulated their frustrations with the current education system that produces so called 'highly' skilled managers and engineers without any practical skills and 'half-baked' technical knowledge. Many tenders require highly skilled labour with at least 5 to 10 years works experience that is very hard to find. It was also highlighted that salary expectations of 'highly skilled labour' is not in sync with the labour market reality. Hence, it becomes obvious that recruitment challenges are far more complex and related to labour demand and the employment conditions offered. Another challenge mentioned was related to the fact that

good morals and values in staff and their conduct to business ethics are hard to find.

Besides the technical skills, practice and work experience, the lack of cognitive and socio-emotional skills in Uganda's economically active population seems to be a major hindrance to effective and efficient business operations. Most businesses interviewed highlighted the fact that while technical skills are somehow available if firms are ready to pay, the lack of self-drive, enthusiasm, motivation in most skilled recruits is far more concerning. Many recruits are having difficulty in learning new skills or adjusting their acquired knowledge to the companies work context. Other areas highlighted relate to challenges regarding teamwork, communication and reporting. For most employees in the sector it is difficult to plan work processes and to follow through activities on their own initiative.

People are trained to follow instructions (Quote – Key Informant)

Innovation, creativity and problem-solving skills are scarce. Most planning happens on a day-to-day basis with little foresight or long-term vision. Hence, time management and working to deadlines, both traits that are crucial in workers, especially when the company is delivering on time-bound contracts and tight deadlines, are a severe challenge for 'doing business'. Furthermore, it was mentioned that many workers, especially youth, are having difficulty in receiving constructive criticism for the work performed and to communicate feedback to their fellow workers. Moreover, most Ugandan labour recruited by construction companies interviewed have weak skills when it comes to modern information technology (IT) application and high tech operation and maintenance.

When businesses were asked about how to address the skill gaps, most replied that it would be of utmost importance to support the private sector with the conveyance of on-the job and practical training activities. Many, especially new recruits, have never been exposed to any type of 'work experience' before.

Many workers simply lack the ability to blend in and adjust to internal management and work processes (Quote – Key Informant)

Other areas of education and training investments have to capture the nurturing of cognitive and socio-emotional skills. Mentoring and coaching of staff were valued as key activities to support construction companies. In particular, in-company mentoring and career guidance are regarded as vital for company success. Assessment results also highlight that the design of demand-driven curricula for TVET and HE institutions are regarded as far less important than the actual practical orientation. Non-formal in-company training in this context is also an important form of skills development, which should receive more attention from the current education and training system to close existing skill gaps.

When it comes to 'hard to find' training options in Uganda's current training system, many employers mentioned the lack of training related to the application of new innovative technologies and practices. Especially, specialised training for the application and maintenance of hi-tech equipment cannot be found in Uganda, leaving companies no choice but to recruit foreign labour. Very often, these foreign specialists are brought in from the manufacturers of applied equipment. Many are brought in on a short-term basis and provide training and knowledge transfer to local staff.

It is surprising that Ugandan hi-tech engineers are more expensive than Chinese and Philippines (Quote – Key Informant)

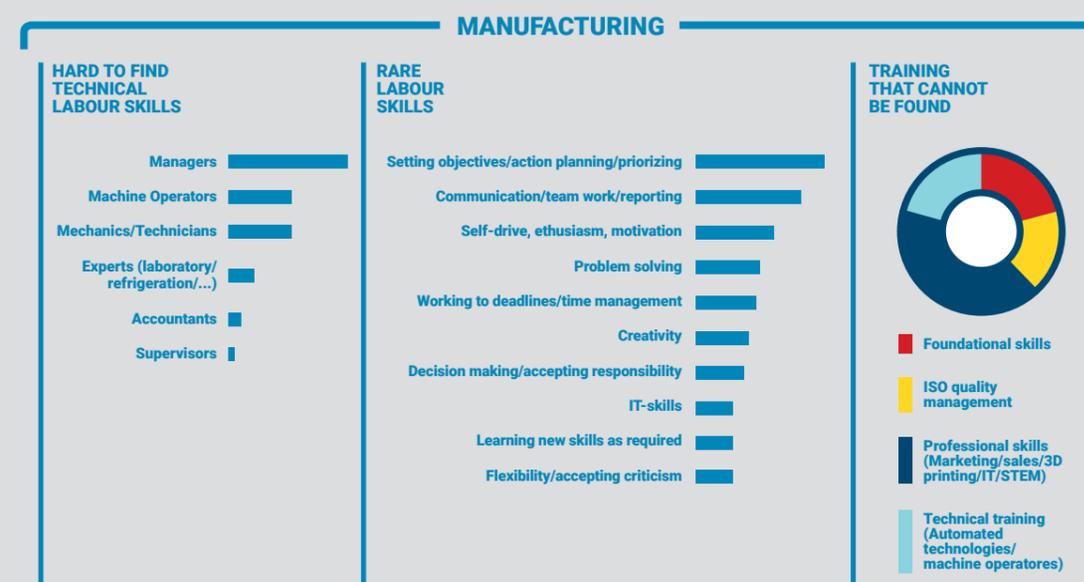
2.2 · MANUFACTURING

The manufacturing sector is regarded as the industry that holds the most potential for job creation in Uganda. However, it is currently focused on the production of low value-added goods. Uganda's manufacturing sector is heavily reliant upon imported production inputs, which make the industry very vulnerable to changes in foreign exchange (Forex). Other struggles are the cost and access to electricity and other infrastructure challenges related to reliable transport and water access. High levels of poverty and low income of large parts of the population impact negatively on the domestic market's purchasing power and the demand for manufactured products. Taunts related to the setting and maintaining of production standards and compliance with international certification hamper exports. Furthermore, products manufactured are facing a high competition from other manufactures at domestic, regional and global market levels.

The manufacturing sector is also dominated by many medium sized enterprises that have only between 100 and 200 employees, which hamper the ability to achieve economies of scale and therefore growth and subsequent job creation. Large manufacturing companies are mainly foreign. The GoU is constantly trying to tackle challenges facing the industry through subsidies and other measures. During key Informant Interviews and Focus Group Discussions it became clear that many businesses in the sector are trying to keep the momentum and are hardly expanding. Other businesses are shrinking, in terms of employee size and revenue.

The manufacturing sector is looking for cheap, skilled, trustworthy and hardworking production and operation managers. Although, there are many local managers available with great certification, many are not 'employable', as they lack the required moral compass as well as technical and practical skills.

Source: Skill Needs Assessment



“My company no longer considers academic papers for recruitment. We just interview to check basic skills. Certificates have become bogus (Quote – Key Informant)”

Furthermore, it was voiced that most very good and experienced managers are not willing to work in the manufacturing sector for little money under harsh working conditions.

Business owners and human resource (HR) managers expressed a strong need for as well as a lack of machine operators, especially new hi-tech equipment for mechanics and technicians. Other expertise that is hard to find among Uganda's labour force are professionals in the area of laboratory works and refrigeration, which is very much necessary to set and maintain production standards related to food processing. Also, Experts in 3D printing technology, mainly related to standard packaging, are hard to find.

The manufacturing sector around the world finds itself in the midst of the Fourth Industrial Revolution. Part of the challenge the manufacturing sector in Uganda faces, is the understanding of how current professional profiles of employees and their associated skills are morphing into new jobs and career pathways that continue to evolve along with advanced technology. Classic professional profiles in the manufacturing sectors will have to adjust to the future of production. However, Uganda's skills development interventions to date do not seem to move into that direction.

“Adaptation of the training system to new labour market requirements is very slow (Quote – Key Informant)”

Skills that are highly regarded by the manufacturing sector are cognitive and socio-emotional skills, which are largely absent in the potential labour force and among the recruited manpower. Businesses stressed that most of the employees are unable to set work objectives, plan their actions and prioritise important tasks considering time lines and production processes. There is a constant need for high supervision to ensure work processes run smoothly. Other major challenges are related to communication, teamwork and reporting.

“Many workers only think about themselves and have no empathy for others. Many workers compete with each other, which makes teamwork and communication very difficult. (Quote – Key Informant)”

Also, many businesses in the sector do not have a clear future vision for their business but rather go with the flow. It was also raised that many workers in the manufacturing sector are lacking self-drive, enthusiasm and motivation to perform their job. Other rare skills that hamper business in the manufacturing sector are the ability of most staff to solve problems, work to deadlines and practice good time management. Many workers are inflexible and do not bring the mind set to obtain new skills required for the job profile.

“Most employees lack passion and interest in the job (Quote – Key Informant)”

There is a reluctance to change, especially if it involves the application of new technologies that require for example digital or IT skills. A significant number of workers also have problems with taking criticism.

“As soon as a situation becomes difficult or mistakes were made they run away and never show up again without even informing anyone (Quote – Key Informant)”

When asked which type of training would be required to address prevailing skills gaps in the manufacturing sector most businesses voiced the need for private sector-led on-the job and practical training for staff already recruited. It was also highlighted that Uganda's educational system would require significant strengthening to equip the 'ordinary' labour force, with very basic attained education only, with basic cognitive and socio-emotional skills. Many people that are currently leaving the education system are neither trainable nor employable.

“Many people are just not trainable (Quote – Key Informant)”

Many businesses interviewed mentioned that there is a need for quality, properly supervised and regulated internships and apprenticeship programmes. Students during various levels of their education should spend at least some weeks per year in a production plant to get a 'feeling' for work. Orientation and career guidance will be important at all levels of the education system to provide students with an understanding of their interests, abilities, aptitudes and strength. Most businesses interviewed train their own people already and no longer rely on the public education and training system. Quality professional training related to marketing, sales, 3D printing, Information technology and Science, technology, engineering and mathematics (STEM) are currently hard to find in Uganda.

“The adaptation of our training system to new labour market requirements is very slow (Quote – Key Informant)”

The manufacturing sector, which employs a significant amount of cheap labour, also highlighted the importance for better foundational skills. The current education system does not equip people with even basic skills required to be useful. Furthermore, it was highlighted that key training challenges the sector is facing are linked to ISO standards. Analysis of information compiled on the engagement of foreign labour to support the manufacturing sector highlight a significant intake of foreign labour for 'skilled' professions such as managers, technicians, machine operators and highly specialised professionals, e.g. experts in 3D printing.

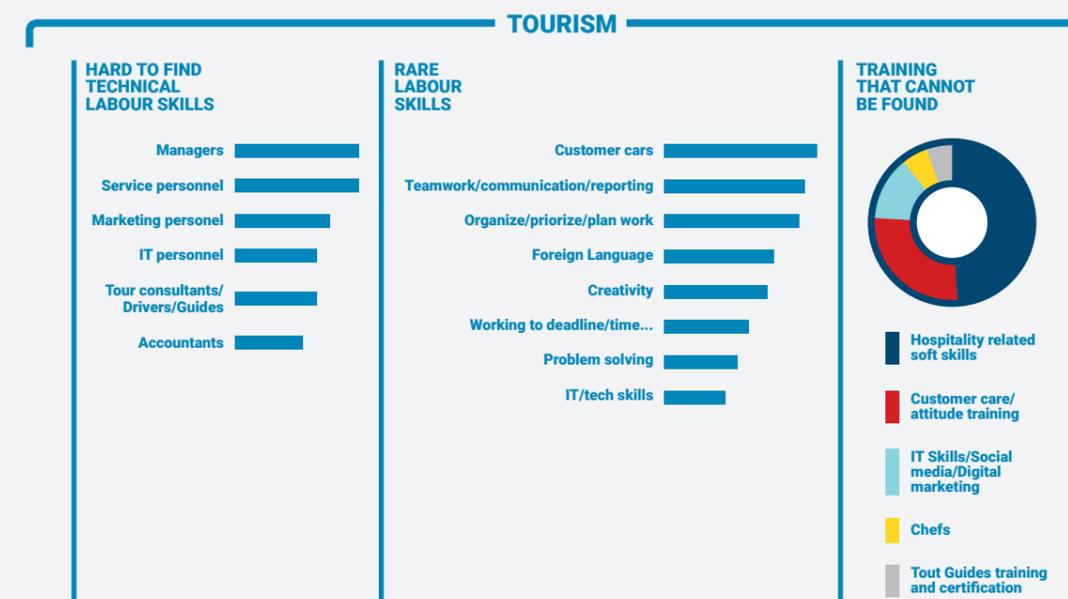
Reasons for bringing in foreign labour are manifold and cannot just be related to a scarcity of skills for the highlighted professions in Uganda's labour market. Most often professional labour is brought in mainly because it is 'cheaper' in relative terms. Albeit salary costs for foreign labour is in some instances higher, companies save overall. Since labour regulations for foreign workers are not clear and migrant workers working in Uganda are not covered by Uganda's Employment Act companies save on social security and other payments that would be mandatory for the formal recruitment of local staff. Furthermore, foreign labour is already trained in the required areas which saves companies investments in the same. Also, firms especially if foreign prefer the recruitment of fellow nationals with similar business ethics and values according to assessment results.

“Immigrant workers impact on the job market thereby competing with Ugandans for the same jobs. From routine labour inspections, it is evident that migrant workers with similar skills as Ugandans do the same or even less work, but are paid higher (National Development Plan II)”

2.3 · TOURISM

According to National Account Statistics, tourism contributed up to US\$1.35 billion into Uganda's export basket in 2016, and was the single highest foreign exchange earner; contributing to 4.3 per cent of GDP 23.5 per cent of total exports in 2016. Growth in tourism and hospitality sector already is contributing to 'significant' job creation according to Uganda's Manpower Survey 2016, albeit progress cannot be accessed and definitions of the sector are not clear. According to UBOS, a tourist is defined as a person that leaves their country of residence and crosses a border and spends anything between 24 hours and beyond in the country, but does not exceed a year. Hence, the difference between tourism and migration is hard to distinguish.

Source: Skill Needs Assessment



Against the common belief that the sector is growing fast, Key Informant Interviews and Focus Group Discussions alike, uncovered that the sector in fact hardly expands. Many businesses interviewed try to keep the momentum; revenues are small and actual visitor numbers seem to decline. The cost of 'Doing Business' in the sector was regarded as extraordinary. Prices related to infrastructure and utility ('running cost') have been cited as very high. Further, it was highlighted a number of times during the discussions with business owners that the sector is 'overtaxed'.

“ Uncertainty of regulations is a major challenge to make businesses (Quote – Key Informant)

The majority of interviewed companies were micro-sized with less than 10 employees. These companies were mainly guesthouses, travel agents and tour operators. On the other hand, hotels, especially if parts of international chains operated with at least 100 and more permanent staff. On average businesses interviewed regardless of being small or large, employed at least 60 per cent of their staff permanently. Casual or temporary recruitment seems to be more common among adventure tour operators and lodges where operations are highly seasonal. Most of the temporary workers can be found in 'low level' service positions related to transportation, guiding and housekeeping according to Key Informant Interviews and Focus Group Discussions. As in the construction and manufacturing sectors, the tourism industry is always in need of affordable and trustworthy managers and accountants.

“ We need good staff but it is hard to find loyal trustworthy people. Many Ugandan managers and accountants have no clean background (Quote – Key Informant)

Most Ugandan employees regard the tourism sector as a sector for 'cheap and unskilled labour'. Hence, not many Ugandans see the sector as one that can offer them a viable career and a stable income. Since the salaries for 'highly skilled', 'skilled' and 'unskilled' employees in the sector are fairly low and the working conditions are hard, turnover of staff is apparently very high. Many workers in the industry move abroad in hope of finding a more decent job. There are many agencies that:

“ Make people believe Dubai is 'Promised Land' (Quote – Key Informant)

Also, many employers in the industry voiced that it is especially hard to find qualified marketing and sales professionals as well as staff with decent skills in information technologies to handle front desk operations and tour bookings with the help of modern technologies. Since it is hard to find talented marketing and sales experts in Uganda's labour market, many tourism and hospitality businesses outsource the marketing and sales business component to external providers. In fact, for many businesses, marketing, bookings and payments are entirely handled abroad, with Uganda only providing the destination and ground handling services that do not generate much revenue to feed into the local economy.

“ Tourism in Uganda is a take-away business (Quote – Key Informant)

While technical skills like accounting, financial analysis and marketing are essential skill sets for the hospitality and tourism industry, socio-emotional skills are also of paramount importance for succeeding in what is first and foremost a 'people business'. But socio-emotional skills are essentially the hardest to find within the Ugandan labour force.

“ People are not sensitive to understand themselves and their surroundings (Quote – Key Informant)

A gap in good customer care skills is one of the main challenges of the industry. Many workers in the industry only see the business profits for the owner. Most employees never had an exposure to the cultures their customers come from and simply do not understand the concept of holiday or recreation. It is widely known that the human factor in tourism, in the form of service personnel, is not just critical for the success of a business but also conducive to the general favourable evaluation of a tourism destination. Other rare to find skills among employees in the sector are teamwork, reporting and communications skills. Also, the lack of organising, planning and prioritising skills was mentioned to be hard to find. Further, to date many employees in the industry are incapable of fulfilling multiple roles if needed.

“ People cannot handle more than one issue at one time (Quote – Key Informant)

Generally working to deadlines and time management to achieve certain processes and routines were highlighted as a skill gap that currently hampers business effectiveness and efficiency.

“ People do not know how to plan a day ahead or keeping a checklist of things that need to be done (Quote – Key Informant)

During interviews it was mentioned that many young people start out in the hospitality field with an enthusiastic outlook, but don't realise how demanding the work is and consequently get bored quickly. Uganda needs hospitality professionals that are prepared to accept challenges in the workplace no matter how difficult the task may appear.

“ 'It is a problem to establish routine' (Quote – Key Informant)

Further, the low knowledge of IT and new technology skills are making it hard to make business. They also contribute to the fact that the overall sector lacks professionalism, especially when compared to other East African countries. When asking employers in the sector about the required trainings that would be most needed to address major skills gaps, professional hospitality and socio-emotional skills were flagged as core priorities.

“ Technical skills are less of an issue but personal traits and socio-emotional skills are 'People are not sensitive to understand themselves and their surroundings (Quote – Key Informant)

Also, private sector led on- the job and practical training for staff were regarded as paramount to close existing skills. Exiting hospitality in the sector does not equip people with the skills the industry needs.

“Most people produced by our education system are not trainable or employable’ ‘Many people have never learned how to use their mind (Quote – Key Informant)

Generally, it will be vital to build much stronger linkages between existing schools and tourism businesses through the joint design of curricula, proper apprenticeship programmes (that last for at least 6 months) and supervised internship programmes that equip students with the practical work exposure needed to make informed career choices. To date:

“People do not study what their passion is about (Quote – Key Informant)

Mentoring, coaching and career guidance were also regarded as very important to support people in choosing to work in the sector and to regard jobs in the sector as a professional career path. Further, skills gaps should also be addressed with the help of professional short-term courses for example in housekeeping and laundry techniques, front office operations, food and beverages sales and hotel information systems. Additionally, the available training for general and pastry and bakery chefs is not meeting the required standards. Most local chefs miss out on creativity and the ability to teach themselves new recipes according to the needs of the restaurant. The lack of quality professional training for tour guides and drivers (and the certification and certification of the same) was another training gap pointed out.

“The education/ training system only sees marks as measure to successes (Quote – Key Informant)

To bridge existing skills gaps the tourism industry brings in an extensive amount of foreign labour, especially managers, accountants, chefs and other service personnel that can handle customer service, client relations and front desk work that require a high degree of professionalism.

“Foreigners require much higher salaries than locals and it would be much more effective to employ locals. However, locals are unpredictable (Quote – Key Informant)

Assessment interviews results highlighted that 80 to 90 per cent of the employed in ‘higher skilled’ professions are foreigners, often they are nationals of the East African Community, such as Kenyans.

“Kenyan’s do not need a work permit if they pass immigration requirements (Quote – Key Informant)

The low presence of Ugandan’s in higher-end occupations can be explained by several factors. Firstly, the weaknesses in Uganda’s education and labour market training system play a critical role as the system did not effectively adapt to the needs of the private sector and employers find

it more convenient to recruit labour from outside the country. However, there are also important demand-driven factors that need to be considered. Employers argue that Ugandan’s have very high job expectations and are reluctant to take up what are perceived as low status jobs. Furthermore, Ugandan’s have to compete against a large supply of professional expatriate workers willing to accept wages well below labour productivity. In other words, education and training is a condition ‘sine qua non’ for productive employment in Uganda. On the basis of these findings, the private sector jointly with the Government of Uganda have to set priority areas for policies and interventions that focus not just on: (1) education and skills development; but also on (2) generating appropriate job opportunities for Ugandan staff and (3) to provide better governance of the expatriate workforce. In other words labour productivity growth in the sector will rely upon the extent to which employability issues are addressed jointly by the private sector and the Government of Uganda.

3 OVERALL FINDINGS AND CONCLUSIONS

- 1• The majority of the workforce that is currently produced by Uganda’s education and training system (1) is either reluctant to accept the working conditions that the private sector is able to offer or (2) does not meet the job specific requirements set by companies due to weaknesses in their skill sets attained.
- 2• Overall one could discern that the private sector studied hardly generates decent and productive jobs, while at the same time the pool of labour in general, and skilled labour specifically, is steadily increasing due to rapid changes in the demographic structure and improvements in Uganda’s higher education and training system.
- 3• While serious efforts are made to improve Uganda’s training system and to supporting the labour force in obtaining employable skills, many young people are not acquiring the cognitive, socio-emotional, technical as well as practical skills needed by the private sector to thrive and prosper in an increasingly competitive domestic, regional and global economy.
- 4• There are numerous positions (jobs) available; especially in urban markets that cannot be filled appropriately because skilled labour is (1) either too expensive or (2) applicants do not bring the right skills and work ethics to perform in accordance with the job requirements.
- 5• Many young people, mainly with attained middle-level to high-level skills are available in the labour market but reluctant to accept fierce job conditions for many positions offered, including very low pay and no or insufficient social security coverage, long working hours to highlight just a few.
- 6• Overall, the assessment results highlight that the ‘opportunity cost of education and training’ in Uganda seems to be too high. Hence, salary expectations of graduates are often unrealistic and not in line with labour market realities.
- 7• Many private sector businesses (especially local businesses) interviewed are often not able to afford better wages and working conditions for their staff in order to keep the business afloat.
- 8• To reduce the ‘cost of doing business’ numerous (especially local) companies rely on (1) ‘Out-sourcing’, whereby a company hires another company or an individual to perform tasks, handle operations or provide services that were previously being done by the company’s own employees and/or (2) ‘Out-bonding’ whereby employment is disguised to save taxes and social security expenditures, while it utilises ‘staff’ that work on their own-accounts (mostly informally) as part of the company. (3) ‘Off-shoring’ is another form to reduce costs, whereby the company moves entire company processes or services overseas. Off-shoring was especially pronounced in the construction and tourism sectors.

9. Another strategy used to reduce the 'cost of business' is to recruit labour that has only attained basic education (primary or lower secondary) and train the same in the required technical and practical skills or recruit 'highly skilled' labour on a temporary basis when needed. Many companies also use interns as a valuable source of 'cheap' labour.
10. Many companies interviewed do not recruit by qualification or certification, since professional titles are often not reflective of the actual skills workers possess. Deceitful certification makes it hard for employers to choose the right people. Hence they search for talent that are trainable and that they can trust.
11. Imbalances in skills available and working conditions offered led to a high staff turn-over, in most businesses interviewed that increases training costs of private sector businesses significantly and hampers the realisation of quality standards.
12. Assessment results also highlight a shortage of certain 'highly specialised' skills, especially related to handling high-tech equipment in the construction and manufacturing sectors and professional hospitality skills in tourism. Furthermore, the lack of practical skills and experience is a major challenge.
13. To fill existing skill gaps, increase profitability of businesses, many highly skilled wage and salaried jobs in construction, manufacturing and tourism are filled by foreign labour.
14. Besides knowledge, experience and creativity were regarded, by the employers interviewed, as essential skills for Uganda's future of 'doing business'

The assessment results are stressing that Uganda's private sector businesses in manufacturing, construction and tourism industries are facing numerous challenges in 'doing business'. Although, skills and attitude gaps in the labour force were highlighted by private sector businesses as a major constraint to productivity growth and expansion of companies, assessment findings reveal that the actual problem related to 'skills gaps' as pointed out by employers, is by far more complex and needs to be looked at in the context of wider labour market failures, such as insufficient aggregated demand and thus low demand for expensive and 'highly skilled' labour. Skill gaps persist mainly because many employers in the sectors studied are unable or unwilling to pay market prices for the skills they require and often recruit cheaper and less skilled labour that they can train themselves. By paying more for certain skills, an employer would have less trouble attracting workers with those skills in sufficient quantity and quality, giving the company an undeniable edge over its competitors. Additionally, companies would save significantly on in-house training costs.

The assessment results highlight that the unambiguous challenge of Uganda's private sector businesses studied is a shortfall of aggregate demand rather than skill gaps per se. Nonetheless, there is a strong public narrative in Uganda that business growth is weak because workers do not have the right skills. One reason may be that it is easier to make the labour force responsible for the lack of required skills rather than face the fact that millions that are actually fairly well skilled cannot find work no matter what they do, because the jobs that would return their investment in education and training are simply not offered by the private sector or potential workers characteristics do not meet employer needs (e.g. related to gender, tribe, nationality and/or experience). That in turn makes it easy for stories and anecdotes to circulate unscrutinised about employers who cannot find Ugandan workers with the skills they need. Such anecdotes need to be treated with care.

The assessment findings from focus group discussions also confirm observations from a recently conducted employment diagnostic study. It underlined that the main challenge in Uganda is the insufficient creation of productive job opportunities that can support people to yield a decent income and help to absorb the rapidly increasing labour force, especially the skilled labour force. Hence it is imperative that companies pursue both job and productivity growth in unison, while the GoU needs to provide the right conditions.

4 POLICY RECOMMENDATIONS

The Skill Needs Assessment results encourage the participation of more parties in different ways to build Uganda's human capital systematically and ruthlessly driven by the private sector following Uganda's economic development vision. Key recommendations hinge on potential avenues of partnerships and increased communication, on collaborative efforts that would be of mutual benefit to both the private sector and training providers while focussing on skills building, different skills at different life-stage, as opposed to just certification.

Foremost, the GoU and private sector businesses should work jointly to try to balance an integrated strategy for productivity. This can best be achieved in an economic and labour market environment that supports the use of skills firstly and thereafter skills development in line with its usage. It will be very important as an entry point to productivity growth for enterprise itself to invest in new entrepreneurial skills to run businesses productively, utilise new technology and skilled labour to adapt to ever changing markets and market demands and maximise on investments.

To achieve strong economic growth, Uganda's government and the private sector will have to evaluate the quality of existing education and training investments and strive to build skills for the entire population, not just upcoming generations.

Further, private sector initiatives are needed to support the potential labour force and staff in obtaining technical, cognitive and socio-emotional skills essential for businesses to expand. One of the key messages of this skill needs assessment is that skills development must be an integral part of a broader economic development strategy.

Skills need to be built from the bottom up (the right skills at the right time) with strong focus on adaptability of people and systems to especially cater for the future of markets in the context of industrialisation 4.0. The lack of foundational skills embodied in most parts of the labour force hamper their trainability as well as continued skills development that would in turn enhance employability.

Investing more in fundamental skills will be crucial in order to allow the private sector to train effectively and enhance productivity growth, promote greater inclusion, and ensure the adaptability of the workforce to the markets of the future. Uganda should ensure the foundations of learning for all its children.

To capture all relevant stages of skills development in a human, the design of a holistic and private sector led Human Capital Development Strategy along the 'life cycle of humans' will be essential. Such a holistic private sector led Human Capital Development Strategy has to touch upon many areas including:

1. The nurturing of children's cognitive and socio-emotional development/skills to support both growth and inclusion;
2. Support science, technology, engineering and mathematics (STEM) fields in education and training;
3. Introduce more active and work-based training practices all over the education and training system through guided internships and apprenticeship (for at least 6 months);
4. The private sector should lead to improvements in the relevance and quality of the education and training system;
5. Facilitate labour market orientation and career guidance throughout the education and training system;
6. Build and upgrade cognitive, socio-emotional and technical skills of the current work-force

through non-formal and formal private sector-led trainings. This requires a flexible institutional structure (to be defined as part of a national LMIA system) and involves the creation of an array of tools to promote skills development and combine various forms of training to suit different demands;

7. Investing in labour market training for disadvantaged youth, workers in low-productivity areas, workers in farm and non-farm rural activities and the urban self-employment. This includes the supporting of youth and adults who have missed out on foundational skills development.

Furthermore, there is a need to pay attention to the governance environment in which human capital development takes place. To achieve broad and sustained human capital development results, policies, programmes and reforms need to also consider the political environment, build the capacity for informing evidence-based strategies and programmes, and create the incentives to align the behaviours of all stakeholders to pursue national human capital development goals. Skills and economic development in Uganda are a sensitive balancing act that needs to be well informed and closely monitored.

In this regard the facilitation of rigorous employment and labour governance to ensure the economy creates and sustains sufficient decent and productive employment/job opportunities for people with all education and training backgrounds will be needed, including;

- A National Employment and Jobs Strategy that spells out a clear employment policy framework that touches upon relevant areas to underpin the national economic development strategy;
- Up-to-date and relevant labour statistics and information on both supply and demand provide the foundation for effective and evidence-based employment and labour governance that can guide and monitor skills development in tandem with private sector development interventions;
- Systematic labour market information analysis and research will be needed to understand Uganda's labour market dynamics in more detail to be able to address skills development challenges. This includes approaches and institutional frameworks for skills needs assessment and anticipation;
- Design and implementation of evidence-based employment policies and labour standards.

Also, while migrant workers already play an important role in the operation of private sector businesses, particularly in higher-skilled occupations, there is a seeming disconnect between policies towards migrant workers and the potential value for the labour market in terms of job creation and skills transfer that needs to be addressed through informed measures. These challenges need to be addressed pro-actively through the integration of migrant workers into employment and labour governance in Uganda.

To date Uganda's 'Doing Business' agenda is embedded in a 'neo-classical' framework assuming that the labour market will work reasonably well if skills development and competition are guaranteed. However, various research points out that unnecessary government regulations, taxations and corruption are actually the most important private sector growth constraints in Uganda. If skills development efforts ought to lead to higher productivity in Uganda various challenges to 'doing business' need to be addressed at the same time.



