



PRIVATE SECTOR CONTRIBUTION TO THE PROVISION OF RELEVANT SKILLS DEVELOPMENT IN UGANDA

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1.0 Introduction

Skills development for enhanced productivity and development, as is the theme of this ESSAPR, is only possible within national economic development policies and plans. As Uganda strategically positions itself for takeoff under Vision 2040, it is absolutely necessary that the country gets the fundamentals right. One of the fundamentals that Uganda has got right so far is establishing macro-economic stability through revitalized and vibrant private enterprises, playing a leading role in all sectors of the economy. In education, the private sector has 100% of pre-primary school enrolment, 27% of primary and 51% of secondary school enrolment. At tertiary level, of the 37 universities, 31 are private sector owned. As of September 2013, these enroll about 55,000 students or 42% of total university enrolment (UNCHE). Beyond the formal education system, private sector contribution to skills development is even more pronounced.

This paper looks at the current framework of private sector participation in skills development, discusses the policy issues around private sector contribution to skills development and makes some recommendations for strengthening and streamlining this contribution.

Participants at the UNESCO meeting of TVET experts on Learning for Work, Citizenship and Sustainability, held in Bonn, 2004 declared that, *“Since education is considered the **key** to development, technical and vocational education and training (TVET) must be the **master key** that can alleviate poverty and improve the quality of life for all and help achieve sustainable development”* (UNESCO 2004).

Indeed, countries that have taken off and developed have done so by creating a critical mass of personnel with vocational skills. In China, for example, deliberate

skills development policies have ensured that at least one third (33%) of upper secondary school students are enrolled in vocational schools. This is largely responsible for the China's fast economic growth. In the European Union, countries like Germany have solid economies mainly because of great emphasis placed on teaching of technical and vocational skills. In Sub-Saharan Africa, the percentage of secondary school students enrolled in vocational training is below 20% (UNESCO Institute for Statistics, 2005). This is largely responsible for an acute lack of appropriate workplace skills, especially in the technical areas.

2. Skills Development

In the broadest sense, skills development relates to the process of equipping current and future labour force with knowledge and competences appropriate for the world of work. The British Government's Department for International Development (DFID) notes that the defining feature of skills development is that it serves industry, focusing on enabling people of working age to acquire skills which are needed by businesses now and in the future (DFID, 2010). According to UNESCO International Centre for Technical and Vocational Education and Training (UNEVOC), 80% of these skills consists of those occupations which centre on the application of technical and vocational skills to the world of work (UNESCO-UNEVOC, 2006).

In this respect, the relevant skills development addressed in this paper refer to the development of both technical and other vocational or workplace skills.

3.0 Current Framework for Private Sector Participation in Skills Development in Uganda

The private sector is in the forefront of skills development in Uganda. An overview of the existing practice reveals the following core framework:

- Formal, private skills education and training institutions

- Internship training in private enterprises
- non-formal sector skills development
- Corporate investment in employee skills development
- Private sector associations training programmes

3.1 Private Sector Role in Formal Skills Training

The mainstream skills development in Uganda is through the formal education system. Technical and vocational education in Uganda begins with Post-Primary Education and Training (PPET) and includes tertiary institutions awarding certificates and diplomas. These are meant to be an alternative for school leavers who do not proceed in the main academic pathway through secondary to university. Currently, these institutions are categorized as Business, Technical, Vocational Education and Training (BTVET).

Funding for BTVET programmes includes public financing, private sector financing and donor financing from Education Development Partners (EDPs). It is important to note, however, that since the World Bank started prioritizing primary education, funding for skills development in developing countries like Uganda has significantly reduced (UNESCO, 2005). This is exacerbating further the huge deficit in available technical skills.

The contribution of the private sector to skills development through formal education structures begins right from pre-primary through primary and secondary education, where private investment has been steadily growing to the current levels as shown in **Table 1** below. Under the current setup, all pre-primary is under private provision.

A significant number of BTVET institutions are owned by private providers, and include private commercial training institutions, faith-based training institutions, training institutions run by NGOs, CBO and projects. According to MoES, Education Statistical Abstract 2011, of the 189 (PPET) institutions, 96 (51%) are privately run. Indeed, of all the Post-primary Education and Training (PPET) enrolment, about 36% is in private institutions.

At the tertiary level, according to National Council for Higher Education (NCHE), 86 of the 141 institutions are private and at university level, 31 of the 37 universities are private, enrolling 55,000 students (42%).

Table 1: Ownership and Enrolment in Government and Private Schools and Institutions

	Level	Gvt.	%age	Prvt.	%age
School Ownership	Primary	12,075	72.4%	4,609	27.6%
	Secondary		34%		66%
	PPET	93	49%	96	51%
	Tertiary	55	39%	86	61%
	Universities	06	16%	31	84%
	Student Enrolment	Primary	7,090,338	83.8%	1,369,3
Secondary		669,225	49%	693,51	51%
PPET		27,682	64.2%	15,453	35.8%
Tertiary		25,841	45.7%	30,063	54.3%
Universities		75,000	58%	55,000	42%

(Sources: Education Statistical Abstract 2011, Education and Sports Sector Fact Sheet 2002-2013)

At the tertiary level, dozens of private universities are complementing public universities in developing a variety of skills. Clearly, the private sector is playing a significant role in the development of skills by founding and operating formal skills training institutions.

3.2 Internship Training in Private Sector Enterprises

In the formal training system of skills development, internship is critical in providing opportunity for hands-on experience in an authentic workplace environment. It complements training programme and for most courses, especially skills based courses, at certificate, diploma and degree levels, it is compulsory requirement.

Growth in the number of training institutions at all levels has meant that placement opportunities have to be sought in both public and private enterprises. In manufacturing and hospitality sectors, after liberalization of the economy, factories and hotels are private sector run enterprises and these are the companies offering practical training opportunities to students from institutions, colleges and universities. Companies like Uganda Breweries Limited, Century Bottling Company Limited, Kakira Sugar Works among others are indispensable in the training programmes for technical skills. Private primary and secondary schools support teacher training programmes through school practice placements. Other social service industry enterprises are involved in internships for vocational skills development.

To illustrate this point, a review of internship placements for Bachelor of Industrial Chemistry at Makerere University for the last two years reveals that 79% of students did their internship in private companies.

Table 2: Makerere University Bachelor of Industrial Chemistry Internship Placements in Government and Private Companies

2012/13			2012/13		
Company Ownership	Number	%age	Company Ownership	Number	%age
Govt.	06	21%	Govt.	05	21%
Prvt.	23	79%	Prvt.	19	79%
Total	29	100%	Total	24	100%

Source: Chemistry Department, Makerere University Kampala

While statistics are not comprehensively documented, this example demonstrates that the private sector is supporting skills development through internship training for thousands of students across the country.

3.3 Skills Development in the Informal Sector

A study entitled, Linking labour Organization and Vocational Training in Uganda, by French Agency for Development (AFD), concluded that:

“The capacity of the formal vocational training system to reach large parts of the population, and the poorest segments in particular, is limited. Adequately equipped vocational training institutes are costly to operate. ... a majority of the rural population will continue to depend on non-formal training services in order to acquire and/or improve their productive skills. (Focales, 2010)

Indeed, the informal sector has a dominant share of economic activities in Uganda, covering mining, manufacturing, commerce and finance sectors among others. The specific activities include:

- the processing and vending of food,
- health care by traditional healers,
- the tailoring of garments,
- the manufacturing of furniture and repair of automobiles.

The size of the sector is estimated to account for about 42% of gross domestic product (GDP). About 80% of those employed in the informal sector are self-employed and less than 5% of these have a post-secondary education. In the context of national economy, informal sector skills are vital. For example, the “Informal” Manufacturing sub-sector alone contributed 2% of total GDP in fiscal year 2012/13 (UBOS, Statistical Abstract 2013).

In light of this, it is important to find ways of promoting skills development to improve productivity in the informal sector for national economic growth. The common approach to developing skills in the informal sector is through non-formal training, largely by apprenticeship. In West African countries like Ghana, traditional apprenticeships are by far the most important source of skills training for the informal sector.

In Uganda, Government has recognized the need to develop skills in the informal sector as part of the Poverty Eradication Action Plan (PEAP). Skills development is seen as an essential component of broad-based economic development and poverty reduction through non-formal training programs , including:

- Complementary
Opportunity for Primary Education (COPE),
- Alternative Basic Education for Karamoja
(ABEK),
- Basic Education for Urban Poverty Areas (BEUPA)
- Child-Centered Alternative,
Non-Formal Community-Based Education (CHANCE)

Over 90% of the officially recognized non-formal training institutions are Government run (MoES Statistical Abstract 2011). However, the real picture is far different.

There is a large number of privately run, unregistered; small scale non-formal training outfits which are part of the informal sector themselves. These are responsive to demands for skills, adjusting quickly to changing needs. The programmes offered often require limited investment in equipment and facilities and provide easy market entry and exit for the providers, for example hairdressing and cosmetics, tailoring, auto repair, food processing etc. The programmes are often of short duration to fit the 'just-in-time' learning needs of trainees.

However, there are challenges that need to be addressed for skills development through non-formal training to be effective. First and foremost is the lack of standardization and quality controls in this kind training and secondly the inadequate number of skilled craftspersons available to train apprentices. The other challenge is the fragmented and undocumented nature of the training that does not follow any qualifications and certification framework.

3.4 Corporate investment in Employee Skills development

Corporate firms in mining, manufacturing and service industries have focused interest on identifying specific forms of training that benefit them in achieving their goals of among others; maximizing profits and increasing their market share. Consequently, they train and provide needed skills for their employees to promote efficiency in their operations. The training offered tends to be short-term and uses the firm's own skilled workers or engages external training

consultants. In many cases, it is offered on-site in form of apprenticeship, or off-site in instructional institutions.

Corporate entities like Tullow Oil in mining, Nile and Uganda Breweries in manufacturing, MTN and PriceWaterhouseCoopers in the service industry have over the years invested in the training of low, medium and high-end skills for their employees. In recent times, companies are finding a need to have their employees trained in the use of ICT services and products, including mobile phones and internet usage.

In promoting market for their products, companies are engaged in training agents in their supply chains and commercial users of their products. The focus is on key aspects in the development and management of small businesses. Mobile Money service providers have trained thousands of their retailers in ICT applications and business management, which skills are key to business sustainability. In an economy where, according to FINSCOPE III survey, the number of “registered mobile money users is higher than bank account holders as well as other users of non-bank financial institutions,” development of skills relevant to the business is critical.

Cosmetic products manufacturers, such as Movit, routinely train commercial users of their products in low level skills of handling and applying the chemicals and of customer care. In the agricultural sector, companies like Ugachick are involved in equipping poultry farmers with relevant skills of the trade to sustain the industry and therefore market for their products.

3.5 Private sector Associations Training Programmes

The private sector is also contributing to skills development through their agencies and associations. This is in a bid to provide specialized skills to address the gap in skills availability, especially in managerial and technical areas. Enterprise Uganda is one such agency supporting Government in realizing its objective of growing small and medium scale enterprises. They do this through business trainings and advice.

Industry associations serving the formal sector, for example, Uganda Manufacturers Association (UMA) are crucial to promoting skills development. They play an active role in advocating skills development for members. The association's training department offers short-term courses that develop critical skills in business management, including: business plan development, strategic management, customer care, marketing and export management.

The PAKASA initiative is an outstanding example of private sector innovation in skills development. Spearheaded by a leading corporate entity, New Vision, PAKASA is primarily focused on equipping Ugandans with entrepreneurial skills for wealth creation. In four years, PAKASA has inspired and trained thousands of Ugandans in entrepreneurship skills.

4.0 Policy Issues for Private Sector Contribution to Skills Development

In Uganda today, there is no comprehensive, multi-sectoral Government policy or consistent programmes to encourage the private sector to invest in skills development. The Public Private Partnership (PPP) for UPOLET implementation is such an attempt, but it needs to be strengthened and focused.

In the skilling Uganda programme, as articulated in BTVET Strategic Plan 2012/13 – 2021/2, there are plans to engage the private sector in skills

development by supporting skills development centres and groups in terms of technical advice and access to funding. Through DIT, MoES is also supporting skills development in the non-formal sector, which is largely private, under the Uganda Vocational Qualifications Framework (UVQF) for non-formal training.

However, the impact of all these efforts is hampered by absence of an articulated comprehensive policy framework to encourage, to direct and to coordinate private sector participation in skills development. It is expected that the planned Skills Authority will provide for articulation of such a framework that cuts across sectors of social service provision, including education, labour, agriculture and trade.

The other policy issue relates to the need for Government to recognize the cost of skills training as a legitimate social responsibility expense by companies, which should qualify for tax rebates. A policy that allows companies to deduct eligible training costs from their income for tax purposes or that provides tax credits for proven training expenses, would go a long way in encouraging the private sector to invest more in skills development. Under such a policy, Government may come up with feasible incentives that subsidize the cost of companies investing in skills development.

The envisaged loss of tax revenue by such incentives could be recovered through a complementary measure that introduces skills training levies. A number of countries in Sub-Saharan Africa have introduced training funds financed by levies on business and personal incomes. A national skills training fund could be established from the levies for two main purposes;

- (i) to finance the provision of skills training in both public and private institutions and

- (ii) to reimburse enterprises for the cost of skills training undertaken.
- Worldwide, countries allow enterprises to deduct the cost of training from their income as a cost of business before taxes (Johanson & Adams, 2004).

5.0 Some Recommendations

In view of the important role and potential that the private sector has in skills development, and also in view of the highlighted policy gaps, it is important that Government makes strategic interventions. Government should:

- ❖ Coherently acknowledge the role of private sector in skills development in the process of policy formulation;
- ❖ Include non-formal skills development in national strategic planning, policies and programmes
- ❖ Formulate and implement incentives to encourage private firms to invest in skills development;
- ❖ Encourage multinationals to promote skills development through their supply chains;
- ❖ Recognize and support the complementary training role of private, non-formal entities and traditional apprenticeships;
- ❖ Develop a comprehensive framework of public private partnership for sustainable skills development through alternative financing arrangements;
- ❖ Build the capacity of industry associations in skills development;
- ❖ Strengthen assessment and qualification frameworks for skills development in the non-formal sector;
- ❖ Strengthen information and data collection and management as well as monitoring mechanisms of skills development in the non-formal sector;
- ❖ Strengthen the linkages between industry, on one hand and policy makers and training institutions on the other. While this is being done through Directorate of Industrial Training (DIT) and Industrial Training Council,

there is need to legislate for inclusion of industry and businesses on BoGs of BTVET institutions.

6.0 Conclusion

Given that Uganda's development approach is private sector led, it is pertinent that the role of private sector in skills development is adequately recognized, coherently planned for and deliberately promoted in development of national policies and programmes. With 87% of all businesses and 60% of employment outside the agricultural sector being in the informal sector, which is largely private (EPRC, 2007; ILO, 2010), Uganda needs to deliberately leverage the private sector to overcome the key constraint of lack of skilled labour.

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