Employment and Labour Market Analysis
Uganda

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Employment and Labour Market Analysis Uganda

Report

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Acronyms and Abbreviations

AAH	Action Against Hunger
ATP	Assessment and Training Packages
BCP	Bricklaying and Concrete Practice
BEAR	Better Education for Africa's Rise
BMAU	Budget Monitoring and Accountability Unit
BTC	Belgian Technical Cooperation
BTVET	Business, Technical and Professional Education and Training
CEDEFOP	European Centre for the Development of Vocational Training
DDP	District Development Plan
DFCU	Development Finance Company of Uganda
DIT	Directorate of Industrial Training
DLG	District Local Government
DRC	Danish Refugee Council
DRC	Democratic Republic of the Congo
ELMA	Employment and Labour Market Analysis
EPR	Employment-to-Population Ratio
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FGD	Focus-Group Discussion
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HC	Host Community
HCI	Human Capital Index
HRD	Human Resource Development
IDA	International Development Assistance
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LED	Local Economic Development
LFI	Local Financial Initiative
LFPR	Labour Force Participation Rate
LG	Local Government
MDI	Microfinance Deposit-taking Institutions
MoES	Ministry of Education and Sports
MSME	Micro, Small & Medium Enterprise(s)
MV	Motorized Vehicle
NDP	National Development Plan
NGO	Non-Governmental Organization
NLFS	National Labour Force Survey

NRC	Norwegian Refugee Council
OPM	Office of the Prime Minister
PPP	Public-Private Partnership(s)
PSF	Private Sector Foundation
RDO	Refugee Desk Officer
RISE	Response to Increased Demand on Government Service and Creation of Economic Opportunities in Uganda
SACCO	Savings and Credit Cooperative Organizations
SEZ	Special Economic Zone
SME	Small and Medium-sized Enterprise(s)
SMLE	Small, Medium-sized or Large Enterprise(s)
TVET	Technical and Professional Education and Training
UBOS	Uganda Bureau of Statistics
UBTEB	Uganda Business and Technical Education Board
UGAPRIVI	Uganda Association of Private Vocational Training Institutions
UGX	Ugandan Shillings
UIA	Uganda Investment Authority
ULGA	Uganda Local Governments Association
UMA	Uganda Manufacturer’s Association
UNDP	United Nations Development Plan
UNHCR	United Nations High Commissioner for Refugees
USSIA	Uganda Small Scale Manufacturer’s Association
VSLA	Village Savings and Loans Association
VTI	Vocational Training Institution
WIPO	World Intellectual Property Organization
YIG	Youth Interest Group

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Executive Summary

The elaboration of this study with regards to Uganda’s labour market is based on an exhaustive review of literature and reports on economics, population, labour market, business development, and professional and technical training in Uganda and the West Nile region. The literature review has been complemented with visits to the districts, interviews with key informants, and a survey about the labour market in West Nile.

The main conclusion of this labour market study is that the problem of underemployment and unemployment is not due to the lack of qualification of the labour force. The fundamental cause is the lack of demand that should be generated through the creation of small, medium, and large companies that require skilled labour, provide quality jobs, and that invest in technology and innovation.

Uganda's economy has not created the necessary conditions for the development of a dynamic private sector. There are structural restrictions such as inadequate infrastructure, lack of reliable energy, and limited access to credit. The World Bank Doing Business 2019 Report states that starting a business, obtaining electricity, and registering properties are the most binding constraints in Uganda. The private sector in Uganda is dominated by sole-traders and microenterprises, most of them operating in the informal sector, and with very little chance of becoming small businesses.

The National Government of Uganda has launched several initiatives to address unemployment and underemployment in the country. These initiatives include, among others, the Strategic Plan for Business, Technical and Professional Education and Training (BTVET) 2012/3 to 2021/22, and the National Policy for Local Economic Development (LED) that seeks to strengthen both supply and market demand labour. The results of both initiatives are still to be seen since BTVET is almost at the end of its implementation period; however, no changes in the business sector or job training have been noted yet. Similarly, concerning the LED policy, the results in terms of job creation and economic growth are not as expected primarily because local governments do not have the human or material resources to implement the policy.

An important reason why unemployment and underemployment persist, is because the economic growth is concentrated in a few capital-intensive sectors such as telecommunications, the oil sector, and the construction of infrastructure. This in contrast to sectors such as agriculture and retail trade (that still represent about 80 percent of the employment) which are mainly informal, driven by necessity, and cannot create better labour conditions. Likewise, the rapid growth of the population puts considerable pressure on the labour supply, where neither the public nor the formal private sector can absorb the available labour force.

Another characteristic of Uganda's economy is its rural character with a dispersed population, made up primarily by subsistence farmers with limited access to essential services. Despite the predominantly rural nature, Uganda does not have a defined rural development policy that integrates efforts for social inclusion, economic growth, and environmental sustainability. There are sectoral actions of the various government agencies and territorial actions executed by the districts that are not harmonised in the integrated rural development policy.

Similarly, urban development is not considered a crucial factor to boost economic growth and innovation through agglomeration economies. There is no policy aimed at promoting secondary cities as nuclei that integrate regional development, attract new investments, and link rural development efforts with markets and services for rural inhabitants.

Finally, the general low quality of education and vocational-technical education fails to contribute towards innovation and towards the diversification of economic activities. The offer of vocational-technical education is concentrated in saturated traditional sectors such as tailoring, hairdressing, and welding. A market with higher capacity for innovation is required, as well as the adaptation of existing technology that is achieved through the combination of technical training and the development of analytical thinking and the ability to solve problems. In other words, there is a need to diversify the vocational and technical training and invest more in soft skills.

The promotion of innovation and technological adaptation is essential; for this to happen, incentives should be created to promote regional competitions and prizes for innovation and applied research. Also, these innovative activities should be boosted by access to soft loans and venture capital, coaching, incubators and business accelerators.

Methodology

This Employment and Labour Market Analysis (ELMA) was initiated by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) project “Support to Refugees and Host Communities in Northern Uganda", which aims to improve the inclusive socio-economic development of refugees and local population in three refugee-hosting District Local Governments, being Adjumani, Arua and Moyo. The project is related to the “Response to Increased Demand on Government Service and Creation of Economic Opportunities in Uganda” (RISE) project financed through the EU Trust Fund and delegated to GIZ. ELMA aims to identify employment potentials and analyse the needs and capacities of the target group.

ELMA relied on both qualitative and quantitative methods of data collection and analysis. A literature review on the subject matter was conducted focusing on previous national studies and regional survey reports as outlined in the bibliography.

Field Study - Semi-Structured Questionnaires

To avoid over-reliance on secondary sources, a case study approach was undertaken in Arua. This allowed capturing primary data using semi-structured questionnaires to generate control data to validate some of the secondary data source conclusions. Sampling was purposive in relation to enterprise selection, but random within selected enterprise categories; this was conducted for both economic enterprises and Vocational Training Institutions (VTIs). Random sampling was used for both enterprises and VTIs to better understand the enterprise mix within the area as well as the internal characteristics. The analysis of data has been primarily qualitative, apart from the limited cases when MS-Excel has been used to work out summations, frequencies, and percentiles.

Key Informant Interviews

Key informant interviews and discussions were conducted targeting local government officials, officials from Office of the Prime Minister (OPM), NGOs, and private sector associations and enterprises (see appendix for a list of Key Informants). The ELMA team developed and relied on interview guides; these guides provided information on a wide range of topics basing on speciality and general knowledge of the project area.

Focus Group Discussions

Focus group discussions (FGDs) had been planned for host communities and refugees but were cancelled after it was confirmed that various agencies had conducted similar discussions within less than 2 years on similar subject matters. Therefore, this analysis considers the findings of these previously conducted FGDs and has relied on reports from those agencies such as UNHCR, ENABEL, Mercy corps, Finnish Church Aid, JICA/UNDP and others to enrich the study data. These FGDs had been conducted in refugee settlements in Rhino Camp, Palorinya, and selected refugee zones of Adjumani.

Transect Walks

Transect walks and drives across host communities and refugee territories in Arua, Moyo and Adjumani were also conducted. Observation and pictorials allowed gaining a general overview of economic activities, habitat status, and household distribution. Triangulations has therefore been undertaken to align findings from the different techniques and sources of information. A combination of the above techniques therefore yielded information that has been used as the basis for conclusions in this report.

Literature Review

A literature review was conducted to identify and analyse relevant resources, including previous research reports, policy papers, and published reports on the economic situation. The literature review considered available data related to employment, economy, population, businesses, and technical and vocational training.

Limitations to the Study

A series of limitations have been identified to the study; these are listed below:

1. The definition of ‘host community’ remains unclear in most of the survey reports. During the stakeholder meeting held in Adjumani at the Refugee Desk Officer (RDO), officers from the UNHCR Office interpreted ‘host community’ to mean a 7 km circumference from a refugee settlement. In some areas, such as in Palorinya and Rhino camp, however refugees live side by side with some non-refugees.
2. There is no easily accessible aggregated database on what is going on in the settlement areas as far as access to skills and financial support is concerned. Accessing any information involves laborious encounters with individual actors operating in tight bureaucratic protocols as far as information sharing is concerned.
3. Even when such reports/data is available, the information is not segregated according to gender, youth, refugee, and host.

1 Economic, Demographic and Political Framework Conditions for Employment Generation

1.1 Uganda: Geographical Situation and Administrative Division

Uganda is a medium-sized country located in East Africa with "*an area of 241,550.7 square kilometres (sq.km), of which 44,484.77 sq. km are open water and swamps while 197,065.93 sq. km is land. The altitude above sea level ranges from 620 metres (Albert Nile) to 5,111 metres (Mt. Rwenzori peak). For transboundary water bodies, Uganda shares Lake Victoria with Kenya, Tanzania and Lakes Albert and Edward with the Democratic Republic of Congo (DRC). Within its boundaries are lakes Wamala, Bunyonyi, Katwe, Nakivale, Mburo, Kyoga, George and Bisina*." (Uganda Bureau of Statistics, 2018). The country borders to the southeast with Lake Victoria, to the east with Kenya, to the north with South Sudan, to the west with the DRC and, to the southwest with Rwanda and Tanzania.

A large portion of the population (about 85 percent) reside in rural areas; three-quarters of households are in some way dedicated to agriculture, many of them at subsistence level. Urbanisation is growing rapidly at an annual rate of 5.5 percent. This growth is concentrated, mainly in smaller cities, for which it is estimated that 60 percent of the urban population live in slums and informal settlements.

Uganda has more than 40 different ethnic communities, commonly classified into two major linguistic groups- the Bantu and the Nile Sudanese. These groups are geographically separated, with the first located in the centre and the south, and the second in the north. No single group dominates: the largest group (Baganda) constitutes only about 17 percent of the population. These groups are associated with traditional kingdoms which play a crucial role in Uganda's society and politics.

Uganda is a unitary country with a significant degree of decentralisation. The Local Government Act (1997) identifies five tiers of local government, of which the city council of Kampala and the district councils are the highest levels of local government. Below these, there are different types of *lower local governments* and *administrative units*. Currently there are 134 Districts in Uganda. The total number of subnational units increased from about 44,000 in 2004 to more than 69,000 in 2017.

Local governments currently account for about 14 percent of public expenditure by 2017/18. This is significant by developing country standards but considerably less than their peak share of 24 percent realised from 2000/01 to 2006/07.

The districts selected for this ELMA study are located in the North of Uganda, in the West-Nile Region, being Arua district, Adjumani district and Moyo District. The specific characteristics of these areas provide the basis of this study.

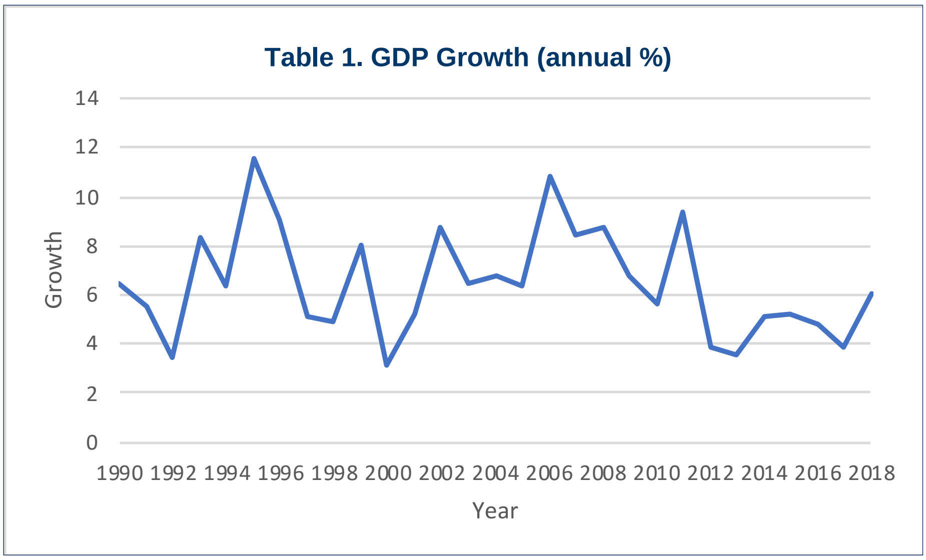
Figure 1. Map of Uganda

Source : https://www.nationsonline.org/oneworld/map/uganda-administrative-map.htm

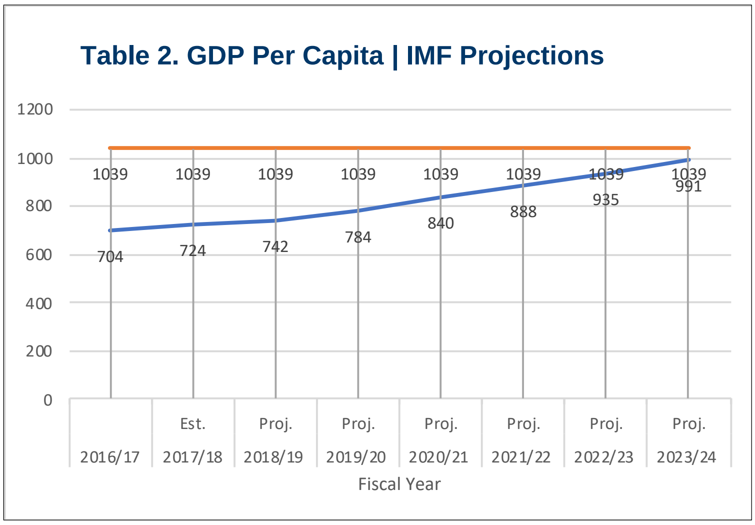
1.2 Uganda’s Economy

Uganda's economy has grown steadily over the last decade (2009-2019) reaching its peak of 9.3 percent in 2011 and its lowest point in 2013 with 3.5 percent. According to the World Bank, in its Country Overview of Uganda 2020[1], the economy has slowed in recent years, reducing its impact on improving household income and poverty reduction. The average annual growth was 4.5 percent in the 2011-2016 period, compared to the 7 percent achieved during the 1990s and early 2000s. The slowdown was mainly driven by the adverse climate that affected rain-fed agriculture (the most important economic sector in employment and exports), the ongoing conflict in South Sudan and the DRC (through the exodus of refugees and loss of two major markets), credit restrictions on the private sector and debt in arrears. The overview also mentions the low collection of taxes and delays in the execution of public investment in roads and energy as critical constraints (World Bank, 2019).

[1] https://www.worldbank.org/en/country/uganda/overview



When comparing the long-term objectives and performance of Uganda's economy, one can conclude that the government is not reaching its proposed goals. For example, the expected economic growth rate during the implementation period of National Development Plan I (NDPI) was on average 5.5 percent; this is well-below the expected rate of 7.2 percent for the period 2010/11 to 2014/15. In the last five years, during the NDPII execution period, the economy grew at an average rate of 4.7 percent, which is again lower than the target annual growth rate of 6.3 percent projected by NDPII.



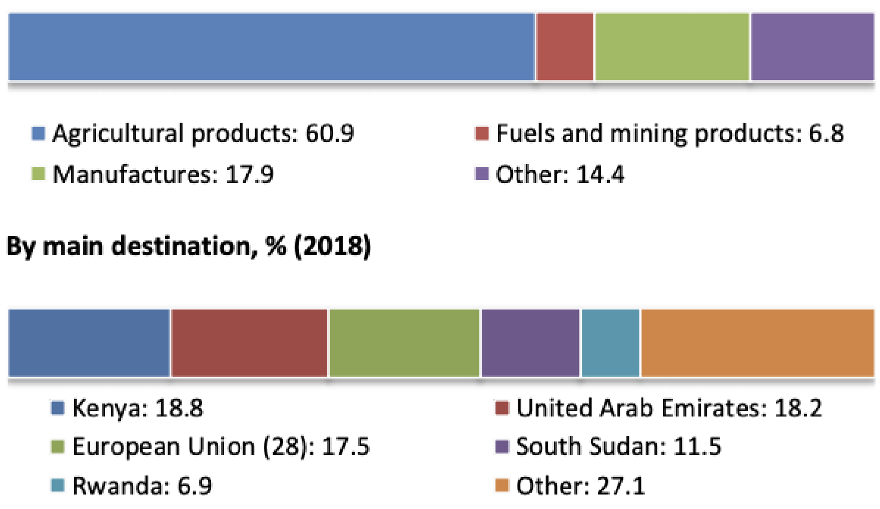
In the same way, in view of the economic objective of achieving middle-income country status by 2020 (in line with the aspirations of Uganda's 2040 Vision) the government obtained a result below its expectations (PwC, 2019). According to projections by the International Monetary Fund (IMF), the country is unlikely to reach the status of a middle-income country by the end of the NDPIII (2023/24), which is equivalent to a GDP per capita higher than US$ 1,039 (IMF, 2019).

The vision of the NDPII is to achieve *"a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years"*; and the theme of the NDPII is to *"strengthen Uganda's competitiveness for sustainable wealth creation, employment, and inclusive growth"*. Considering these ambitions, it can be concluded that, to date, growth rates have not been disappointing, however, they are well below what was expected.

Given the rapid growth of the population, the economic growth has not been enough to achieve the objectives of job creation, to increment the GDP per capita, and to foster inclusive growth as stated in NDPII. *"The effective implementation of this Plan should lead to an average annual economic growth rate of 6.3 per cent during the five-year period from 2016 to 2020, which would have represented a GDP per capita of USD 1,039 by 2020, with 79 per cent of the workforce employed and a poverty level of less than 14.2 per cent"* (PwC, 2019). None of these targets are likely to be accomplished.

After a significant decrease in growth rates between 2015 and 2016, the economy recovered in 2017 mainly due to a strong services sector and a rebound in drought agriculture the previous year, as well as the significant increase in Gross Fixed Capital Formation (FBCF). Growth is also driven by capital-intensive sectors, such as Foreign Direct Investment (FDI) related to oil, telecommunications, and investment in public infrastructure (IMF, 2019). Within investments in public infrastructure, construction has a share of 72 percent of GFCF recorded in 2017/18 as compared to 76.2 percent in 2016/17. The ongoing construction of hydropower plants (Isimba, Karuma and numerous other small dams), and roads have led to increased investment in infrastructure development (Uganda Bureau of Statistics, 2018).

Figure 2. Breakdown in Economy's Total Exports by Main Commodity Group



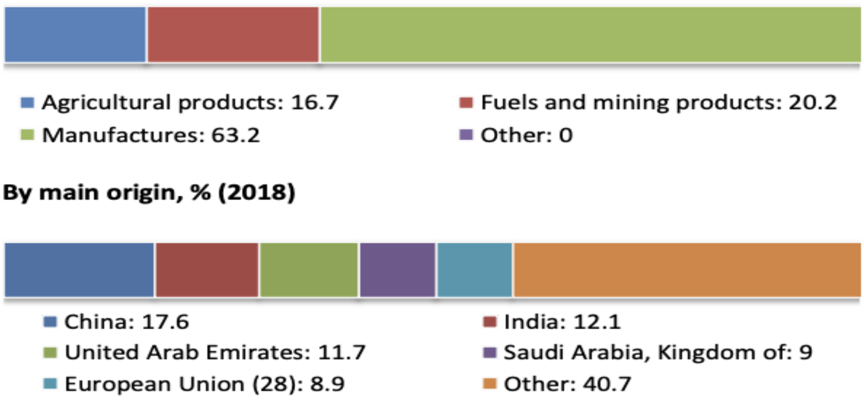
Source: World Trade Organisation

Real gross domestic product (GDP) growth is expected to reach 6 percent in 2019. However, this prediction assumes continued good weather, favourable external conditions to boost demand for exports, and an increase in FDI inflows (World Bank, 2019) as oil production is expected to start by 2022[2], and capital investments executed as planned.

[2] The Economist, Issue April 4 2019. *"Uganda tries to dodge the Resource Curse"*

About 65 percent of the population depended on agriculture by 2017. Reliance on rain-fed agriculture, however, remains a risk to growth, to the income of the poor, as well as export earnings (around 60 percent of the total exports are agriculture related products). In 2016/17, 43.2 percent of the working population was engaged in the subsistence agriculture sector only and agriculture products represented around 60 percent of the Uganda exports, according to the Observatory of Economic Complexity.

Figure 3. Breakdown of the Economy's Total Imports by Main Commodity Groups



Source: World Trade Organisation

Uganda's exports are mainly directed to neighbouring countries; although, in recent years the country has diversified its markets to include the United Arab Emirates and European countries such as Germany, France, and the Netherlands. *"Regional instability and a continued influx of refugees could undermine exports and disrupt growth in refugee-hosting parts of Uganda"* (World Bank, 2019).

The ongoing civil war in South Sudan and violence in the DRC, which are currently Uganda's third and fourth top export destinations, could negatively affect the growth of Uganda's exports (World Bank, 2019). The targeted region for this study borders both South Sudan and DRC.

1.3 Sector/ Sub-Sector Analysis

Uganda's National Development Plan has identified strategic pillars to support long-term growth through: (i) the modernization of the agriculture sector which accounts for about two-thirds of employment and more than half of today's exports; (ii) the development of the tourism sector, minerals, and petroleum; (iii) the development and maintenance of strategic infrastructure and human capital; (iv) and, improvement of the business environment through better governance and fight against corruption. Medium-term growth rate is projected between 6-7 percent (IMF, 2019).

However, the figures show little progress on the five pillars. Agriculture has not been modernised and, worse yet, the added value per worker has decreased from US$ 684 per worker in 2012 to US$ 570 in 2018. The value of international tourism receipts (percentage of total exports) has decreased from 23 percent in 2013 to 18 percent in 2018. Oil exploitation is expected by 2022 and mineral production has not changed significantly except for gold: *"exports surged to US$ 514 million in 2018 from less than US$ 10 million a decade ago"* (The Economist, 2019). The investment in infrastructure and human capital (government expenditure on education is 7 percent of the GDP and expenditure in health is decreasing from 10 percent of the GDP in 2010 to 3 percent in 2017/2018) has not achieved the expected levels, much of the public investment has not been executed. According to the World Bank Doing Business reports from 2019 and 2020, the business environment does not show significant improvements in the business climate.

Uganda's recent high economic growth rates have not been accompanied by high employment growth. This means that while the economy is growing, this growth has not been inclusive enough since it has not translated into job creation, poverty reduction, and wealth creation for Ugandans. One of the main reasons why the growth of the economy has not translated into a massive growth of jobs is because, in the last ten years, the growth originated from capital-intensive sectors including investments in public infrastructure, telecommunications, as well as in the mining, oil, and gas, instead of the traditional labour-intensive sectors, such as agriculture, manufacturing and tourism (PwC, 2019).

Despite the economic growth rebound in fiscal year 2017/18, fiscal revenues stagnated, while the mix of expenses deteriorated further, with excessive current expenditure and a deficient capital budget execution.

The current expenditure in fiscal year 2017/18 exceeded the initial budget by 32 percent. However, the World Bank concludes that this current expenditure was not mainly destined to finance investments in human capital. The report also reflects the low execution of the public investment budget that only reached 60 percent of the budgeted amount. Capital expenditure compared to its peers in the region is very low, reaching only 4.4 percent of GDP in fiscal year 2017/18, which is less than half of Rwanda's capital expenditure of 10.3 percent of GDP, and only 60 percent of Kenya that reached 7 percent of GDP (World Bank, 2018).

As shown in the table below, the contribution to the GDP by economic activity shows that agriculture, forestry, and fishing represent 24.2 percent of the GDP, and food crops more than 12 percent of the GDP. Industry, including construction, accounts for 19.9 percent where manufacturing and construction represent the lions' share with 8.3 percent and 7.2 percent respectively. Services are about 50 percent of the total GDP, where trade and repairs account for almost 12 percent, real estate activities 4.4 percent, and education and public administration are equivalent to 7.4 and 3 percent respectively (Uganda Bureau of Statistics, 2018).

Table 3. Contributions to GDP by Economic Activity at Current Prices (% per fiscal year)

	2013/14	2014/15	2015/16	2016/17	2017/18
GDP at purchaser prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture, forestry and fishing	**25.1**	**24.0**	**23.7**	**24.6**	**24.2**
Cash crops	1.5	1.7	1.7	2.0	2.1
Food crops	13.3	12.5	12.1	13.2	12.8
Livestock	4.4	4.2	4.3	4.2	4.3
Agriculture Support Services	0.0	0.0	0.0	0.0	0.0
Forestry	4.3	4.0	3.9	3.5	3.5
Fishing	1.5	1.6	1.6	1.6	1.5
Industry	**20.4**	**20.0**	**20.6**	**20.3**	**19.9**
Mining & quarrying	0.8	0.7	0.7	0.7	0.4
Manufacturing	8.5	8.7	8.7	8.6	8.3
Electricity	0.9	0.8	1.0	1.0	1.0
Water	2.6	2.5	2.7	2.8	2.9
Construction	7.7	7.3	7.6	7.3	7.2
Services	**47.1**	**47.9**	**47.7**	**47.1**	**47.6**
Trade and Repairs	12.8	12.7	12.8	12.0	11.7
Transportation and Storage	3.3	3.1	3.1	3.0	2.8
Accommodation and Food Service Activities	2.8	2.6	2.6	2.7	2.8
Information and Communication	3.1	3.7	2.6	2.2	2.9
Financial and Insurance Activities	2.8	2.9	3.3	3.3	3.3
Real Estate Activities	4.4	4.4	4.6	4.5	4.4
Professional, Scientific and Technical Activities	2.6	2.6	2.6	2.5	2.5
Administrative and Support Service Activities	1.6	1.8	1.6	1.4	1.5
Public Administration	2.8	3.1	3.1	3.1	3.0
Education	5.7	6.1	6.4	7.3	7.4
Human Health and Social Work Activities	3.3	3.2	3.2	3.1	3.1
Arts, Entertainment and Recreation	0.3	0.3	0.3	0.3	0.3
Other Service Activities	1.2	1.2	1.2	1.3	1.6
Activities of Households as Employers	0.4	0.4	0.3	0.3	0.3
Adjustments	**7.4**	**8.1**	**8.0**	**8.0**	**8.3**
Taxes on products	7.4	8.1	8.0	8.0	8.3

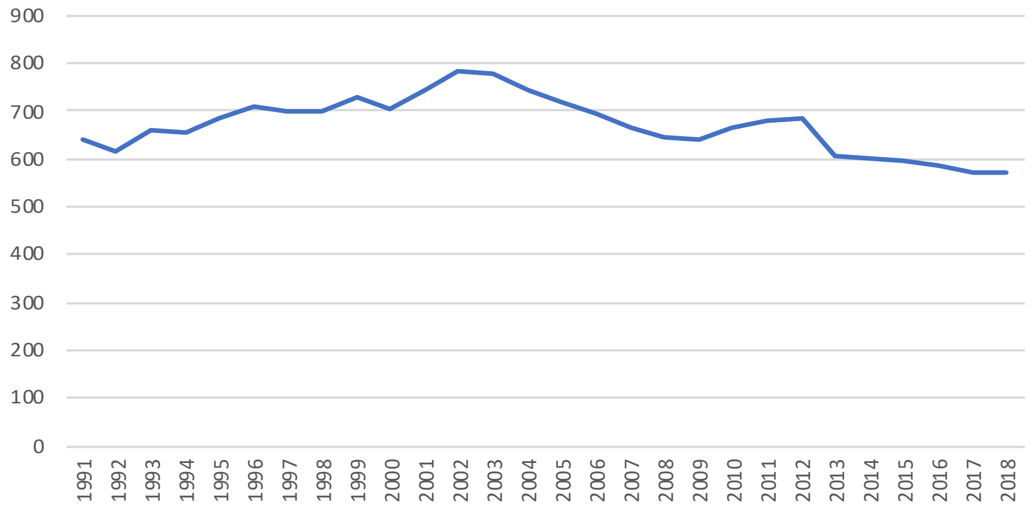
Source: Uganda Bureau of Statistics

1.3.1 Agriculture

The government has defined agriculture as one of the vital economic sectors towards Uganda's transition into a middle-income country by 2020. The pillars for the development of agriculture is the increase in productivity, the addition of value, and commercialisation of agricultural products. However, increments in the productivity of small-scale farming are challenging. National agricultural output has grown at only 2 percent per annum over the last five years, which is well below the population growth rate- above 3 percent- and below the 3-5 percent growth rates in other East African countries (World Bank, 2018).

According to data from the Food and Agriculture Organization (FAO), in the 1960s agricultural production thrived, mainly due to area expansion, but also to yield improvements in food production in Uganda that increased more rapidly than population growth. This process halted in the 1970s, and around 1980 the cultivated area decreased because of the armed conflict. In the Structural Adjustment Program (SAP), adopted in the early 1980s, the agricultural sector was mainly privatised and deregulated, and a market model for the agricultural sector was adopted. However, the structure of agricultural production varied substantially. Until the mid-1990s, there was a substantial increase in production for self-consumption, mainly in the cultivation of bananas (matooke) in the central and western parts of the country. From the mid-1990s onwards, the dairy sector, and corn and cassava crops became the engines of agricultural sector growth. The coffee that has been and continues to be Uganda's most significant export product has had ups and downs throughout this period (Berendsen, Dietz, Schulte Nordholt, & van der Veen, 2013).

Figure 4. Agriculture, Forestry, and Fishing- Value Added per Worker (constant 2010 US$)

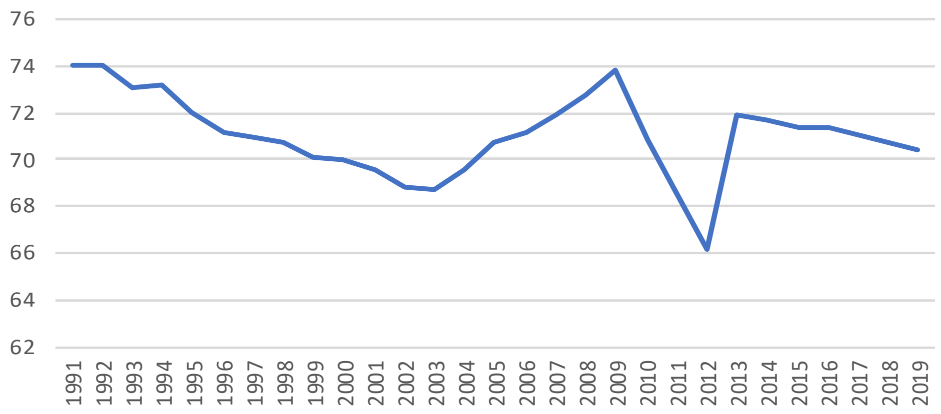


Recovery started in 1990, visible in the steady expansion of cropping areas and increments in productivity. However, since Uganda has some of the highest population growth figures in Africa (more than 3 percent), agricultural growth can hardly cope with population growth without massive investments in technology and extension. With a population, almost five times the level of 1961, food production only increased by a factor of three during the last fifty years: a doubling (100 percent growth) of the food cropping area and only 150 percent growth of yield levels (Leliveld, Dietz, Foeken, & Klaver, 2013).

As indicated earlier, Uganda's agriculture sector plays a critical role in the economy and has the potential to make an even greater contribution in the future. Currently, it accounts for about two-thirds of employment, provides more than half of all exports and about one-quarter of GDP.

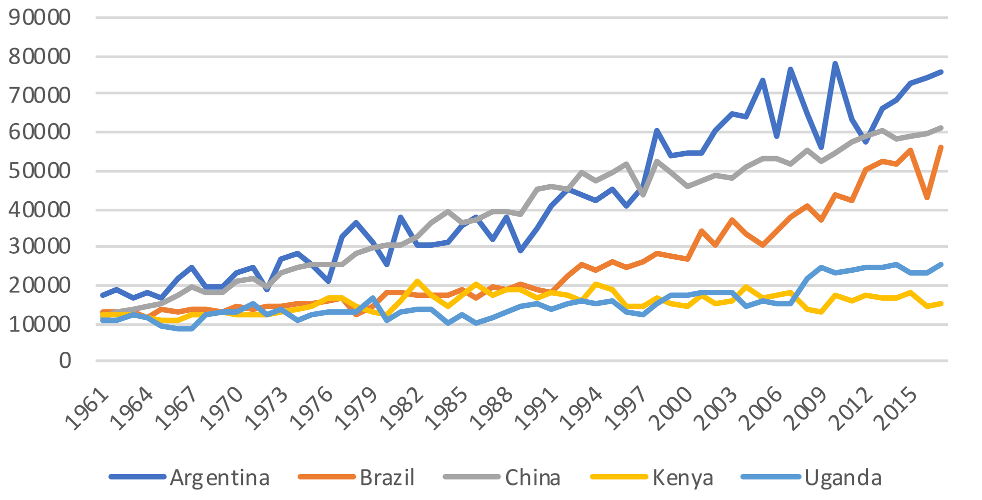
Both domestic and regional demand for agriculture commodities is on a rapid rise, the top exports of Uganda in 2017 were coffee (US$ 555 million), dried legumes (US$ 98.4 million), fish fillets (US$ 87.1 million), and cocoa beans (US$ 74.9 million). In addition to the international demand, the domestic market is also growing and, and increasing number of urban dwellers demand more processed food and protein-rich diets. It is projected that by 2050, about 102 million people will live in Uganda (almost triple the current population) (World Bank, 2018).

Figure 5. Uganda Employment in Agriculture (% of total employment)



Productivity in agriculture in Uganda has remained stagnated compared to other countries. For instance, the production of maize per hectare- which accounts for about 20 percent of people's overall calorie intake in Uganda- has only doubled during between 1961 to 2017, while Argentina and Brazil have seen quadrupled production growth and China has quintupled production.

Figure 6. Comparison of Maize Production for Argentina, Brazil, China, Kenya, and Uganda (hectogram per hectare)



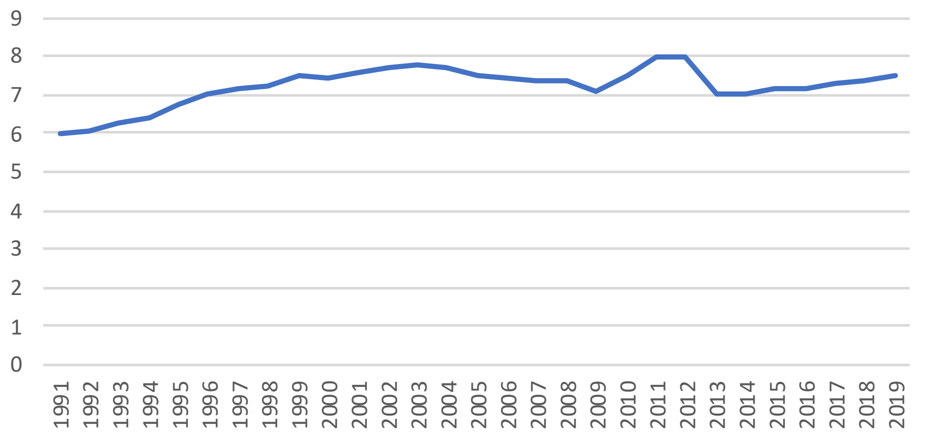
Increasing productivity in agriculture would contribute to the increment in household income and facilitate a transition from agricultural employment to other growing sectors, including light manufacturing and services. However, improving productivity requires significant investments in infrastructure, agricultural extension, research, as well as improvements in land registration and tenure, and a substantial increase in investment in human capital. Policies to improve the quality of education (pre-primary, primary, secondary and vocational) and to promote gender equality would help enhance economic growth and redistribution of wealth (IMF, 2019).

However, an increase in agricultural productivity will shift workers from the agricultural sector towards other sectors or depress the situation of less efficient farmers. That is why it is necessary to promote innovation and foster the emergence of new industries that demand employment and that focus on tradable goods and services for which there may be an international market (Economic Development Policy and Research Department , 2014).

1.3.2 Industry

Over the past decade, manufacturing has accounted for about 9-10 percent of GDP. In terms of employment, the manufacturing sector in Uganda has not changed significantly over the last twenty years, the most recent data presented by the National Labour Force Survey 2016/17 published in 2018, shows that the sector employs approximately 422,000 people in the manufacturing (74 percent men) and 197,000 in construction (100 percent men), which together account for about 7 percent of total employment. These figures consider both registered companies and the informal sector. A total of 139,097 workers are employed in registered companies, which represents about 22 percent of the total number of employees in Uganda's manufacturing sector. The food, beverage, and tobacco subsectors represent the most dynamic subsectors in terms of job creation, providing 50,745 jobs or 36 percent of the 139,097 manufacturing jobs in 31,757 registered manufacturing establishments.

Figure 6. Uganda Employment in Industry (% of total employment)



NDPI from 2010 identifies several critical restrictions that must be overcome to improve the performance of the sector:

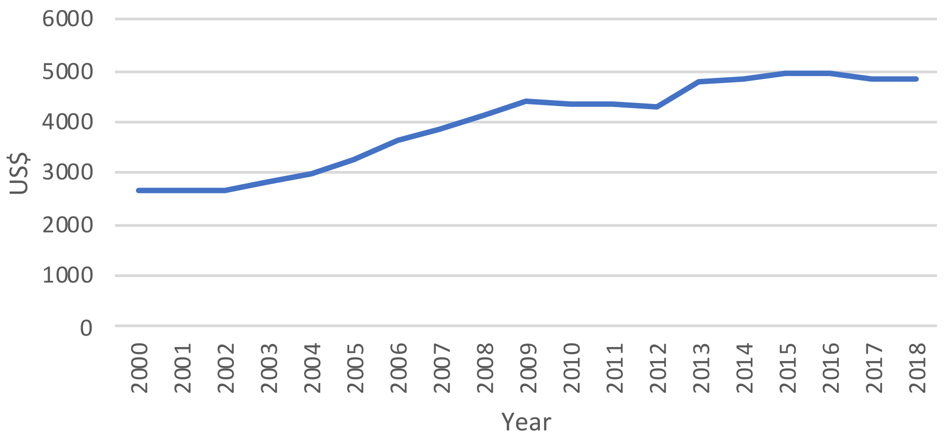
1) Poor and inadequate physical infrastructure that makes the industrial sector and the manufacturing sub-sector particularly uncompetitive due to high transport costs and associated risks.
2) Weak technical skills and insufficient managerial capacity to lead the industry to reduce productivity and increase the costs of hiring expatriate managers.
3) Limited local capacity to adapt and develop technology at the national level; the country has not invested in scientific and technological development and innovation.
4) High reliance on imported industrial inputs by the manufacturing sector, generally resulting in higher costs when compared to other countries due to transportation and logistics costs.

5) Local agricultural inputs are characterized by low quality, lack of standardisation and low reliability in supply.
6) Access to industrial parks with specialized and shared services remains an important bottleneck for the industrial sector.
7) Lack of reliable electric energy and high rates are a major impediment to industrial development. The lack of provision of reliable electric power is the most crucial concern of the micro and SMLE managers. About 80 per cent of managers of companies of MSMEs and Large companies find the electric supply as the most critical obstacle for their companies (Obwona, Shinyekwa, & Kiiza, 2016, p. 25).

Furthermore, entrepreneurs judge that access to land is also a major constraint to the establishment of new investment projects in Uganda (World Bank, 2016).

The private sector in Uganda has identified low labour productivity and a lack of innovation and entrepreneurial skills to be major impediments to the expansion of the country's array of manufacturing activities. Enterprise surveys conducted by the World Bank in 2013 indicate that about 10 percent of manufacturing firms in Uganda considered the lack of a skilled labour force to be a major constraint to their activities. The garment sub-sector is the most constrained by an inadequately skilled workforce, with over 36 percent of manufacturing firms raising this as a major impediment for the development of the sector (African Development Bank Group, 2014).

Figure 7. Uganda UGA Industry, including the Construction Sector (value added per worker, constant 2010 US$)



Although labour costs are low in monetary terms, they are relatively high compared to productivity and could potentially be a drag on competitiveness in international markets. As reflected in the Uganda National Household Survey 2002/03 conducted by the Uganda Bureau of Statistics, Ugandan firms compare poorly with firms in other developing countries concerning unit labour costs.

Because labour productivity is even lower compared to most of the comparator countries than labour costs, unit labour costs are higher than in most of the comparator countries that are successful in manufacturing. Moreover, unit labour costs do not appear to have improved significantly in recent years.

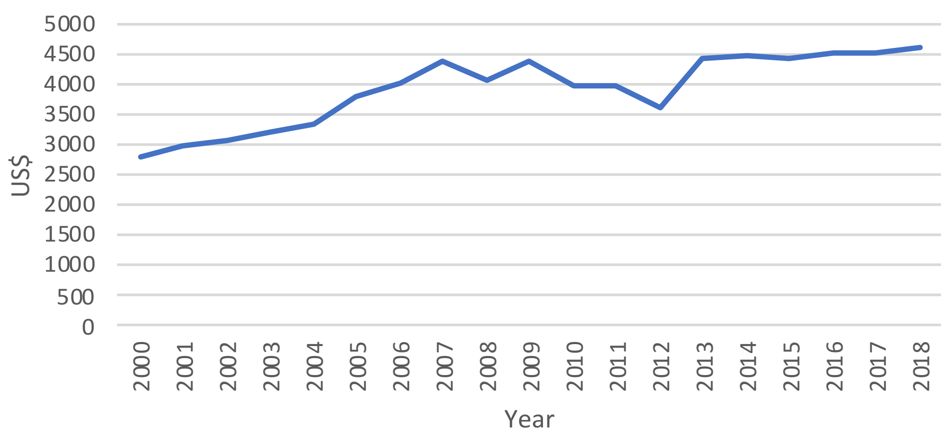
There was only a small difference in unit labour costs between the 2003 and 2006 surveys (World Bank, 2009), and the situation had not improved in 2017. Working Paper 466 by The Center for Global Development includes an analysis on Uganda that concludes that "*both labour costs and labour productivity are far higher for formal industry in Africa, relative to GDP per capita than in comparator countries. In addition, we found that as firms became larger and more productive their labour costs increased more in Africa than elsewhere"* (Alan, Christian, Vijaya, & Divayanshi, 2017).

Contrary to what might be assumed in Uganda, only 9 percent of managers interviewed for the study 'An Assessment of the Investment Climate in Uganda' were concerned about the education and skills of workers and considered this as *"a serious or serious obstacle in Uganda"*. The data differs from similar countries such as Tanzania or Rwanda, where between 25 and 45 percent of employers reported concerns about the low qualification of workers. Most employers interviewed in the assessment of the investment climate in Uganda reported that their *"typical industrial worker has 6 years or less of education in Uganda than in any of the comparator countries for which similar data is available, except Burundi."* The report concludes that one of the causes behind the low level of education of workers is that returns to education appear to be low in Uganda. *"An additional year of schooling increases earnings by approximately 3 to 5 percent, at the lower end of the distribution of returns to schooling found in other developing countries."* If there were a great demand for educated workers, the returns to education would be greater because companies would be willing to pay more for the services of these employees (An Assessment of the Investment Climate in Uganda. Volume 1: Overview, 2009, p. 35).

1.3.3 Services

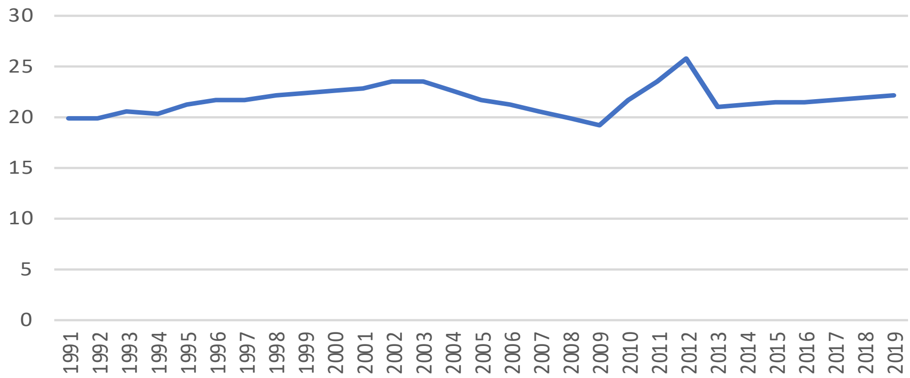
The service sector is the largest employer after agriculture in Uganda representing about 25 percent of total employment. The service sector includes: wholesale and retail trade; repairs, transport and storage services; accommodation; food; information and communication; financial and insurance activities; real estate activities; professional, scientific and technical services; administrative and support services; public administration; education; health; arts, entertainment, and recreation; and, other service activities.

Figure 8. Uganda UGA Services (value added per worker, constant 2010 US$)



According to information from the Uganda Bureau of Statistics (fiscal year 2016/17), the services sector employed around 2,234,000 people. Within this category of economic activities, trade appears in second place with 852,000 people dedicated to this activity that represents 9.5 percent of the total number of people employed (56 percent of which are men). Education services are listed second place in terms of employment with 323,000 people dedicated to this activity, equivalent to 3.6 percent of the total (59 percent are men). Ranked in third place is the transport and storage area with 215,000 people employed, equivalent to 2.4 percent of the total (100 percent men). In fourth place are the activities related to hotels and restaurants with 180,000 people employed, representing 2 percent of the total (28 percent are men). Finally, various services are grouped with 7.4 percent of the total number of people employed, representing 664,000 people (57 percent men) (The National Labour Force Survey 2016/17 -Main Report, 2018).

Figure 9. Uganda Employment in Services (% of total employment) (modelled ILO estimate)



The added value of general activities in the services sector grew 7.7 per cent in 2017/18 compared to 5.4 per cent in 2016/17. Services contributed 4 percent towards GDP growth in 2017/18 compared to 2.8 percent in 2016/17. The main subsector contributors to the strong growth in the service sector were information and communication, commerce and repairs, education, and public administration (Uganda Bureau of Statistics, 2018).

Table 4. Annual Growth of the Services Sector

Annual Growth Services Sector		
Services	**FY 2016/17**	**FY 2017/18**
Education	9.3%	6.7%
Public Education	17.4%	8.8%
Private Education	5.7%	5.7%
ICT	15.4%	14.6%
Broadcasting and Programming	6.4%	51.8%
Public administration and defence, and compulsory social security Services	2.1%	10.6%
Trade & repairs activities (wholesale, retail trade and sales & repair of motor vehicles)	1.6%	2.2%
Source: Uganda Bureau of Statistics (2019). Statistical Abstract 2018.		

Exports of services have become more important in recent years, which comprised 34 percent of total exports in 2017. Main service export sectors include travel and tourism, ICT, and transport (IMF, 2019, p. 41). In 2017, out of 1.9 million total arrivals, 1.4 million (73 percent) were visitor arrivals. The number of visitor arrivals has marginally increased between 2013 and 2017. During the period (2013-2017) the visitor arrivals were consistently higher than the visitor departures, but the reverse was seen in 2015 and 2016 (Uganda Bureau of Statistics, 2018).

1.3.4 Economic Sector/ Sub-Sector Layout in West Nile Area

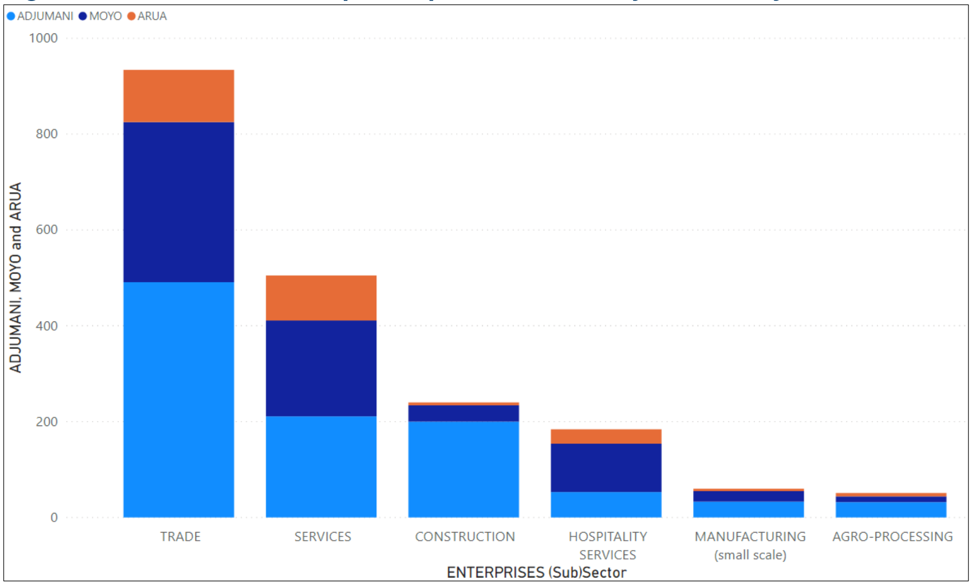
As indicated in the table below, commerce and services are the most prominent sources of employment in the West Nile region. These findings are consistent with the results of the ENABEL Study (Enabel, 2018, p. 13). The information related to construction in Moyo and Arua is based on the number of registered construction companies. However, it does not adequality depict the real scenario as most of the masonry work happens individually within the community without formal offices, and Adjumani's figures are based on the number of approved construction activities carried out under formal inspection.

Information gathered through the transect walks and drives, shows that construction activities are increasing because of the increasing urbanisation, especially in Arua and Adjumani. In rural areas of all districts, it is also evident that construction activities grow as communities continue to change from mud huts and beards to cooked bricks. However, the growth of the construction does not seem to justify the training of more banks that study the more than 500 Bricklaying and Concrete Practice (BCP) trainees in the region. Similarly, key informants in the settlements indicate that most apprentices cannot win contracts with the public sector because they are not registered as formal companies and therefore are not able to comply with legal requirements. They also mention that their level of training and experience is too low to entrust them with construction contracts.

Table 5. Sectors/Sub-Sectors of Engagement (Mini-Survey 2019)

ENTERPRISE	ARUA		MOYO		ADJUMANI	
(SUB) SECTOR	COUNT	%	COUNT	%	COUNT	%
Trade	109	43.4%	334	47.5%	491	48.1%
Services	94	37.5%	200	28.4%	211	20.7%
Hospitality services	30	12%	101	14.4%	53	5.2%
Agro- Processing	7	2.8%	12	1.7%	32	3.1%
Construction	6	2.3%	34	4.8%	200	19.6%
Manufacturing (small scale)	5	2%	22	3.1%	33	3.2%
Total	**251**	**100**	**703**	**100**	**1020**	**100**

Figure 10. Number of Enterprises per Sector in Adjumani, Moyo, and Arua



For the construction sector in the refugee settlement areas, the production of burnt bricks for hut construction may be seen to boost employment opportunities in the industry. However, the environmental concerns continue because of the levels of deforestation to get firewood for burning bricks.

Figure 11. A brick hut (growing technology)

1.4 Access to Credit by the Private Sector in Uganda

The 2018 statistical summary published by the Bank of Uganda shows that the total volume of credit granted to the private sector by commercial banks reached the amount of UGX 13,593.5 billion in December 2018.

When the sectorial composition of the portfolio is analysed, the construction sector represents more than 20 percent, followed by the commerce sector with 19 percent and personal loans and households with 18 percent. The manufacturing sector, which represents 13 percent of the portfolio and the agricultural sector with 12.5 percent, also stand out for their importance. Of the almost UGX 1,700 billion placed in credits to the agricultural sector, processing and marketing are equivalent to 65 percent of the total, while production accounts for 35 percent of the sector's portfolio.

Regarding the composition of the credits of the manufacturing sector, there is a marked concentration in the sub-sector of food, beverages and tobacco, which represents 26 percent. The category of a chemical, pharmaceutical, plastic and rubber products has a participation of 15 percent and, finally, the item of construction products 14 percent.

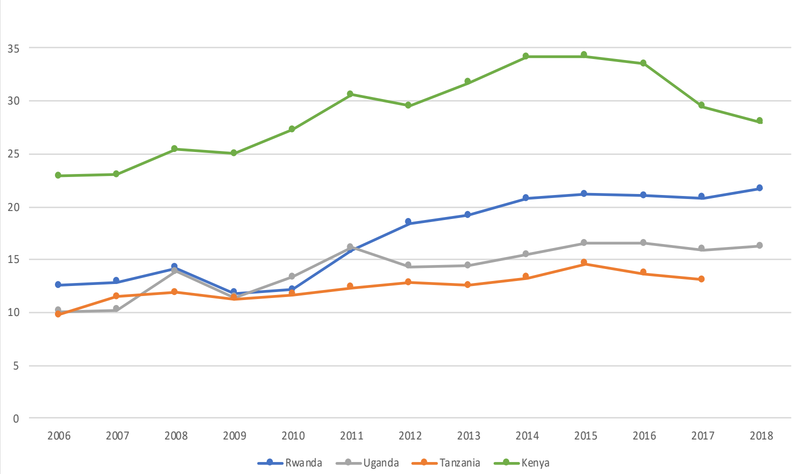
In terms of credit to the commercial sector, wholesale trade accounts for 45 percent of the portfolio, while retail represents 35 percent of the total.

Table 6. Outstanding Stock of Loans to the Private Sector from Commercial Banks

Economic Sector	Dec 2018 (Shs, billion)	%
Agriculture	1.684,2	12,5
Mining and Quarrying	97,0	0,7
Manufacturing	1.755,0	13
Trade	2.568,1	19
Transport and Communication	842,8	6,2
Electricity and Water	276,3	2,0
Building, Mortgage, Construction & Real Estate	2.748,8	20,4
Business Services	574,1	4,3
Community, Social & Other Services	449,4	3,3
Personal Loans and Household Loans	2448,5	18,1
Other Services	59,3	0,4
Total	**13.503,5**	**100**

Source: Bank of Uganda. Statistical Abstract 2018

Figure 12. Domestic Credit to Private Sector (% of GDP)



Yet, private sector credit remains low around 16 percent of GDP. Although large corporates have access to credit on more favourable terms, smaller firms in need of financing have limited options. They often do not meet financial accounting standards and formal status that would facilitate access to long-term capital. The authorities note that the two credit bureaus have started to reduce information asymmetry and facilitate access to financing for small and medium-sized enterprises (SMEs). The law to allow movable assets as collateral (The Security Interest in Movable Property Act, 2019) has been passed recently. However, legal uncertainty over property rights and lengthy proceedings to recover collateral continue to weigh on bank credit risks (IMF, 2019, p. 16).

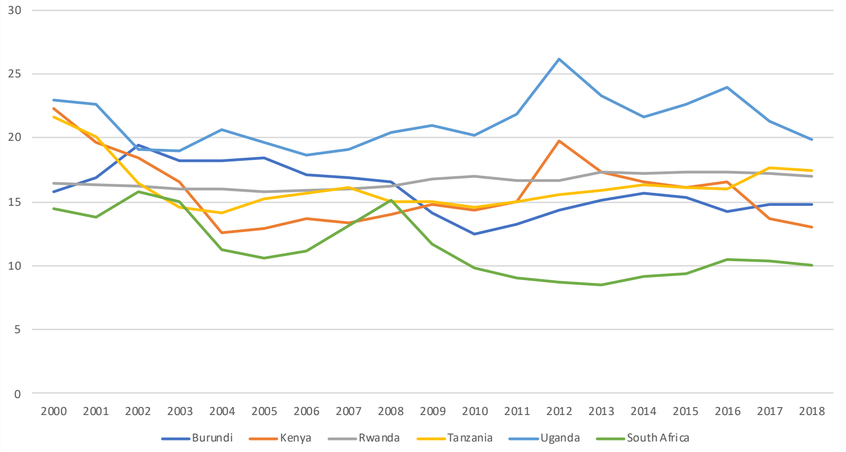
In comparison with other countries (Mauritius 100 percent, South Africa 150 percent, and Korea Republic 140 percent), the trends show that Uganda's performance in credit provision to the private sector by 2014 as percentage of the GDP is still very low (14 percent) which limits available capital for domestic investments (Ministry of Finance, Planning and Economic Development, 2017).

Objective information on access to finance also suggests that access to funding is limited in Uganda. On average, Small, Medium-sized or Large Enterprises (SMLEs) report that they finance about 13 percent of their new investment with bank financing. Although this figure is similar to that of Tanzania, it is slightly lower than most other countries in East Africa, and significantly lower than in better-performing economies. For example, firms in Thailand finance about 58 percent of their investment with bank financing and firms in Mauritius finance about 34 percent in this way. In general, there is little evidence that access to finance has improved since the 2004 Investment Climate Assessment (World Bank, 2009).

Although it is difficult for some firms, and particularly microenterprises, to access bank financing, many others without bank financing did not want to get credit loans due to its current interest rates. For firms that had not applied for a loan, the most common reasons that they gave for not using were that they did not need a loan or that they thought interest rates were too high (microcredit rates are above 30 percent). About one-third of firms said that the interest rate was the main reason why they had not applied for a loan. This suggests that risk aversion and high-interest rates discourage borrowing in Uganda (World Bank, 2016).

High-interest rates and informality discourage borrowing in Uganda. Firms reported paying higher interest rates than SMLEs in other countries with comparable data.

Figure 13. Lending Interest Rate (%)



The report ‘An Assessment of the Investment Climate in Uganda’ issued by the World Bank in 2009 already showed that *"the median firm reported interest rates of about 22 percent in Uganda"*. That interest rate was higher than the nominal rates paid by similar companies in countries like Burundi, Rwanda, Kenya, and Tanzania (14 and 20 percent) (World Bank, 2009).

Ten years later, in 2019, the situation remains unchanged in comparison with neighbouring countries. The website of the Uganda Central Bank shows that the commercial credit rate shows a slight variation from 20.23 percent in August, to 19.82 percent in September 2019 (Bank of Uganda, 2019).

Table 7. Weighted Average Lending rates on Shilling Denominated Loans from Commercial Banks

Economic sector	Dec 17	Dec 18
Agriculture	21,2	22,8
Mining and Quarrying	13,1	19,9
Manufacturing	16,9	18,1
Trade	22,0	19,9
Transport and Communication	14,1	15,6
Electricity and Water	24,3	22,2
Mortgage & Land Purchase	20,0	22,6
Other (Building, Construction and real estate)	22,0	21,4
Business Services	22,1	22,4
Community, Social & Other Services	23,5	21,7
Personal Loans and Household Loans	21,7	22,0
Other activities (not anywhere above)		
Overall Weighted Average Lending Rates	**20,3**	**20,1**

Source: Bank of Uganda, Statistical Abstract 2018

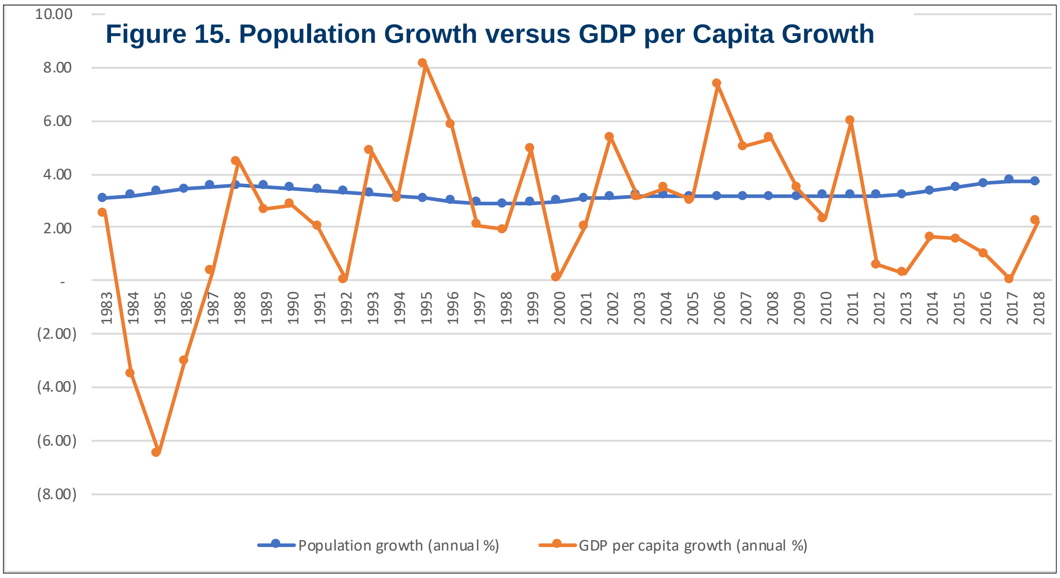
The primary source of start-up capital for those self-employed was 58 percent own savings while 28 percent of the start-ups said they did not need any form of financial capital. Borrowing as a source of financial capital is still very low, with all types of loans accounting for only about 4 percent of start-up capital for the self-employed (Uganda Bureau of Statistics, 2018, p. 49).

1.5 Demographic Characteristics

1.5.1 Demographic Characteristics- National Context

Uganda is among the countries with the fastest-growing population in Africa. By 2019 the projected population is 40.3 million (Uganda Bureau of Statistics, 2018), and it remains on course to exceed 60 million by 2030 (IMF, 2019). The Total Fertility Rate (TFR) levels in Uganda have declined over time-from 6.9 children per woman in 1995 to 5.4 children per woman in 2016. According to the World Bank report ‘Uganda Jobs Diagnostic and Strategy’, the rapid growing population challenges the country to create more than 600,000 jobs a year between 2014 to 2030 and for 2030 onwards more than one million of jobs per year.

Rapid population growth has an important social impact. Less children per household generally lead to larger investments per child in education and health, more freedom for women to enter the formal workforce, and more household savings for old age. Countries with the greatest demographic opportunity for development are those entering a period in which the working-age population has good health, quality education, decent employment, and a lower proportion of young dependents. When this happens, the national economic payoff can be substantial. This is denominated as a "demographic dividend (United Nations Population Fund, 2019).



A possible positive effect of population growth is the so-called *demographic dividend,* consisting of a large group of young people and a much smaller group of old people depending on the young. This may also speed up technological progress as young people are more conducive to new ideas. Another possible advantage may be that the pressure resulting from rapid population growth, triggers incentives to increase the economy's productivity. Thirlwall and Pacheco-López observe that there is a paradox of labour: evidence across countries suggests that population growth and the rate of capital accumulation are inversely related, which decreases the growth of labour productivity, but population growth and technical progress are positively related, which increases the growth of labour productivity. The two effects offset each other, leaving the total effect of population growth of per capita income roughly neutral (Thirlwall & Pacheco-López, 2017).

Demographic change is contributing to growing mismatches between labour supply and labour demand in Uganda. Over half of the labour force is under the age of 30, and with over half of the population still under the age of 15, the number of labour market entrants is increasing rapidly. Over the last three years, the labour force grew at an average rate of 4.8 percent per year. This is significantly faster than the growth of wage jobs over the same period, making the youth's transition into working life increasingly difficult. At the same time, the labour force is progressively urbanised. The urbanisation rate increased from 15 percent in 2009/10 to 23 percent in 2012/13, mainly driven by the expansion of up-country towns and the steady growth of the main cities. Individuals are moving from rural to urban areas in increasing numbers but the majority are absorbed into low productivity forms of employment in the informal sector predominantly trade; 62 percent of the urban labour force work for themselves or their families (Ministry of Finance, Planning and Economic Development, 2014).

With a fast-growing population and low levels of education, the country is facing large numbers of low-skilled labour market entrants every year, surpassing by far the demand. A successful programme of universal secondary education would significantly reduce the annual number of new labour force entrants as many young people would be engaged in secondary education full time, however, net completion rates for secondary education is very low in Uganda. Educational is one of the key requirements for a country to have a high quality and productive labour force.

More females (28 percent) than males (12 percent) did not have any formal education. Overall, more males than females attained different levels of formal education (Labour market transition of young people in Uganda: Highlights of the School-to-Work Transition Survey 2015, 2016, p. 17).

1.5.2 Demographic Characteristics- Regional Context

1.5.2.1 Arua District

The Arua district lies in the North Western Corner of Uganda. It is bordered by the districts of Maracha in the North West; Yumbe in the North East; Democratic Republic of Congo in the West; Madi Okollo district in the South; Zombo District in the South East; and, Amuru District in the East. In total the district covers an area of 4,274.13 km2, of which about 87 percent of the districts land is arable or suitable for cattle grazing. The distances from the district headquarters to Kampala Uganda´s capital city is 520 kilometers (Arua Distric Technical Planning Committee, 2015).

According to the 2014 population census the district has a total population of 782,077 people 374,755 males, 407,322 females with 720,115 living in the rural areas and 61,962 in urban areas. The projected population by 2018 was 867,700 (Uganda Bureau of Statistics, 2018).

1.5.2.2 Moyo District

The Moyo District is located in the north-western corner, or West Nile region of Uganda. The Nile River forms its southern and eastern border, South Sudan its northern border, and Yumbe and Arua districts are its western border. In total, the district covers an area of 2,059 km2, of which 192 km2 is rivers and swamps, 172 km2 is gazetted forest and game reserves, with the creation of Obongi district from Moyo the facts above are likely to change. According to the census of 2014 data, the district had a total population of 139,012 people with 68,940 male and 70,072 females; 10,579 live in urban areas and 128,433 in rural areas. The 2018 projected population was 151,700 (Uganda Bureau of Statistics, 2018).

1.5.2.3 Adjumani District

According to 2014 National Census, the district had a total population of 225,251 people with 108,298 males and 116,953 females, and an urban population of 41,064 and 184,433 rural (Uganda Bureau of Statistics, 2016). The projected population by 2018 is 232,300 people (Uganda Bureau of Statistics, 2018).

1.5.2.4 Demographics of Refugee Settlements

The refugees are distributed across several settlements which include Rhino camp and Imvepi in the Arua District, Palorinya in Moyo and numerous settlements in Adumani as indicated below.

Rhino Camp. According to the data published by UNHCR in its official website, this refugee camp hosts 113,223 people, out of which 51 percent are female and 24 percent are youth between 15-24 years of age. The refugees came from South Sudan (109,656), DRC (2,695), Sudan (768), Rwanda (48), and Burundi (24). The refugee settlement is distributed into several zones as can be seen in table 8. Table 9 shows the several activities refugees are currently undertaking to enhance their family welfare.

Table 8. Rhino Camp Demographics

ZONE	Households	Population
Zone I	2.612	12.426
Zone II	2.721	11.171
Zone III	1.156	4.634
Zone IV	2.711	9.418
Zone V	2.337	12.273
Zone VI	7019	26.729
Zone VII	11.412	34.570

Table 9. Main activities conducted

Activity	Numbers
Housekeepers	4,925
Farmers (crops and vegetables)	4,788
Business professionals	832
Housekeeping and restaurants	706
Farm labourers	602
Farming and forestry advisors	538
Teaching professionals	447

Adjumani. The settlements host 209,337 refugees, with 54 percent females, 23 percent youth, between 15-24 years and 31.8 percent have an occupation. Table 10 provides an overview of the distribution per zone. Table 11 indicates the occupations the refugees are engaged in.

Table 10. Adjumani Demographics

ZONE	Households	Population
Nyumanzi	5.916	40.141
Pagirinya	6.503	36.652
Ayilo I	3.531	25.579
Maji II	3.161	15.982
Maji III	3.135	14.880
Ayilo II	2.215	14.430
Boroli I	1.695	10.049
Agojo	1.741	6.996
Baratuku	1.124	6.912
Alere	1.057	6.705
Mirieyi	995	6.473
Oluai	794	5.466
Boroli II	895	5.121
Mungula I	752	4.922
Olua II	611	4.267
Mungula II	290	1.580
Oliji	225	1.417
Elema	192	989
Maaji I	79	514

Table 11. Main Activities Conducted in Adjumani

Activity	Numbers
House keepers	13.026
Farmers (crop and vegetable)	4.331
Teaching professionals	736
Housekeeping and restaurant	629
Subsistence farmers	593

Palorinya. The settlement hosts 121,473 refugees, out of which 30.5 percent have an occupation. They originate from South Sudan (121,440), Sudan (30), DRC (3). The distribution is indicated in Table 12. Table 13 provides an overview of the economic activities

Table 12. Palorinya Demographics

ZONE	Households	Population
Morobi	8.498	33.871
Dongo west	6.446	24.567
Chinyi	4.858	1.852
Base camp Ibakwe	3.384	14.705
Dongo East	3.080	12.421
Balameling	2.422	10.074
Budri	1.862	6.835

Table 13. Main Activities Conducted in Palorinya

Activity	Numbers
House keepers	4.649
Farmers (crop and vegetable)	4.122
Diverse	2.197
Teaching professionals	902
Housekeeping and restaurant	527
Farming and forestry advisors	365
Business professionals	288

Imvepi. The settlement hosts 62,711 refugees, out of which 52 percent are females and 36.5 percent of women have an occupation. They originated from South Sudan (62,668), Sudan (22), DRC (18), Chad (1) Central Republic (1) and Senegal (1). They are distributed across the following zones:

Table 14. Imvepi Demographics

ZONE	Households	Population
Zone II	9.805	35.292
Zone I	5.034	15.967
Zone III	3.074	10.432

Regarding the level of skills of the refugees, some of the refugees have undergone some training, but the data concerning who and where they were skilled remains scanty due to miscoordination and poor record sharing. The Office of the Prime Minister lacks this critical information which should have guided donors and NGOs to plan before implementing capacity-building activities to avoid duplications and, to also ensure alignment between the training demanded with potential demand (geographically and technically).

UNHCR has embarked on creating a database regarding the skilling, but this is currently still incomplete. It is key that all agencies and VITs that have participated in skill development cooperate and contribute towards this data collecting effort.

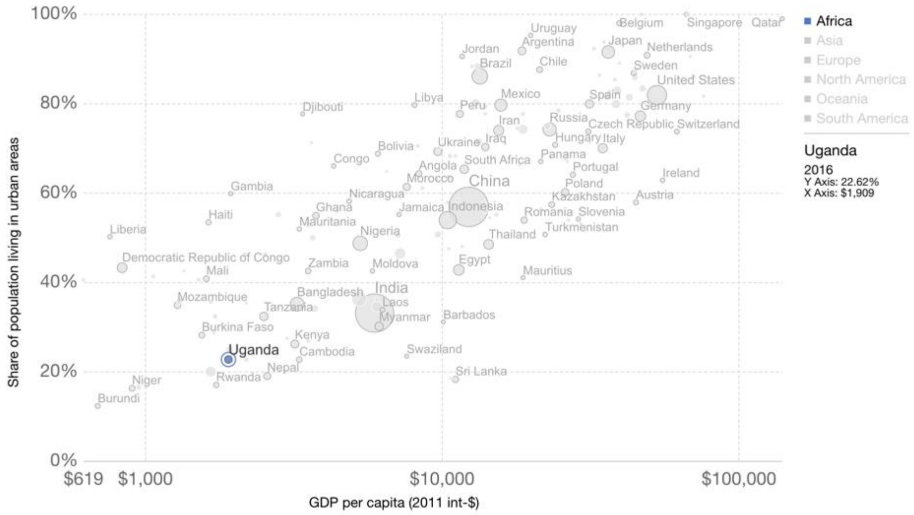
1.6 Urbanisation, Economic Growth, and Job Creation

Uganda remains a rural country. World Bank data presented on its Global Indicators Website[3] shows that by 2018, the urban population in Uganda was approximately 24 percent of the total, which is comparatively lower than other countries in the region, except for Burundi. There is a strong relationship between urbanisation and per capita income: *"almost all countries are urbanised at least 50 per cent before reaching the middle-income status, and all high-income countries are urbanised at 70 to 80 per cent"* (Michael, Patricia, & & Robert M., 2009).

There is also an important relationship between urban and rural development. Therefore, the development policies and plans must be *district integrated territorial development plans* (urban- rural). In this way, urban centres become markets for rural areas and, at the same time, provide specialised services to rural areas. Likewise, population density also attracts new businesses that, in turn, require new talents and capabilities, increasing the size of the market.

The urban population increased from less than one million persons in 1980 to about 3 million in 2002, representing nearly a threefold increase and further increased to 7.4 million in 2014, 9.4 in 2017, and by 2018 10.1 million. However, not all the growth that appears in official statistics corresponds to the urbanisation of the country. According to Uganda Bureau of Statistics, the most substantial increase is attributed to four factors, which include i) definition of the government of new urban areas; ii) natural population growth in urban areas (the difference between the number of live births and the number of deaths); iii) the re-demarcation of the boundaries of the selected urban areas; iv) and, rural-urban migration. Likewise, the Uganda Bureau of Statistics concludes that the growth of the urban population from 2.9 million in 2002 to 9.4 million in 2017 was mainly due to the creation of new districts, municipalities and town halls that went from being considered rural to urban areas (Uganda Bureau of Statistics, 2018).

Figure 14. Urban Population versus GDP per Capita (2016)



Source: OWID based on UN World Urbanization Prospects (2018), Maddison Project Database (2018)
OurWorldInData.org/urbanization • CC BY

[3] For more information, refer to: https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=ZG

Urbanisation brings some economic advantages for the private sector as well. For individual companies, economies of scale can be internal or external. The internal economies of scale arise from the larger size of a plant achieved through investment in fixed assets and large volumes of production (dilution of fixed costs), specialisation (labour division), as well as through volume discounts from suppliers (bargaining power).

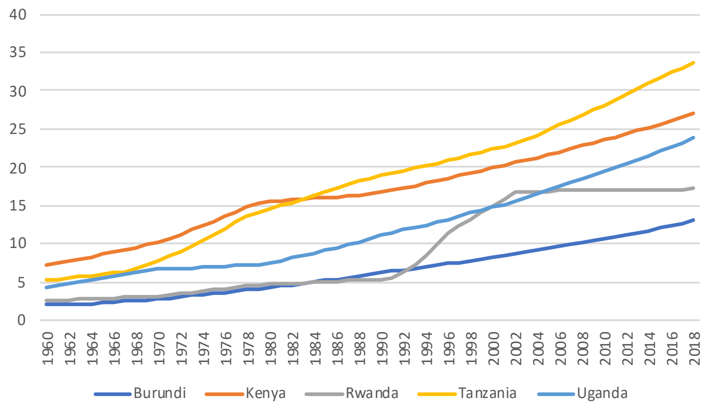
However, external economies are "*synonymous with ‘agglomeration economies’, individual companies can benefit from localisation (being close to other producers of the same product or service) and urbanisation (being close to producers of a wide range of products and services)"* (World Development Report 2009: Reshaping Economic Geography, 2009, p. 129).

“Localization economies arise from a larger number of firms in the same industry and the same place” (The World Bank, 2009) . It offers advantages of specialised services, market information, a wide range of suppliers and buyers and the largest group of skilled labour. *Urbanisation economies* are the result of a higher number of different industries located in the same place. A management consulting company can benefit by establishing near business schools, financial service providers and manufacturers. *"Agglomeration economies depend not only on size (a large city or industry) but also on urban interactions. They are traditionally classified as location economies that arise from the economic economy within the industry"* (World Development Report 2009: Reshaping Economic Geography, 2009, p. 129; The World Bank, 2009).

Cities will continue to play a fundamental role in the innovation-driven economy of the 21st century. However, the forces that shape the geography of economic activity have changed. The cities have generated a virtuous circle, where companies want to be in urban areas because that's where the most skilled and talented workers live and where there are universities and research centres. Well-paid and rewarding jobs, as well as the hustle and bustle of social life in the city, in turn, attract more qualified people who form families. Innovation occurs when there is an exchange of ideas between people, professionals who work, share, and compete. Such exchanges generally occur best when many people live and work close to each other- that is, in dynamic urban centres (WIPO, 2019).

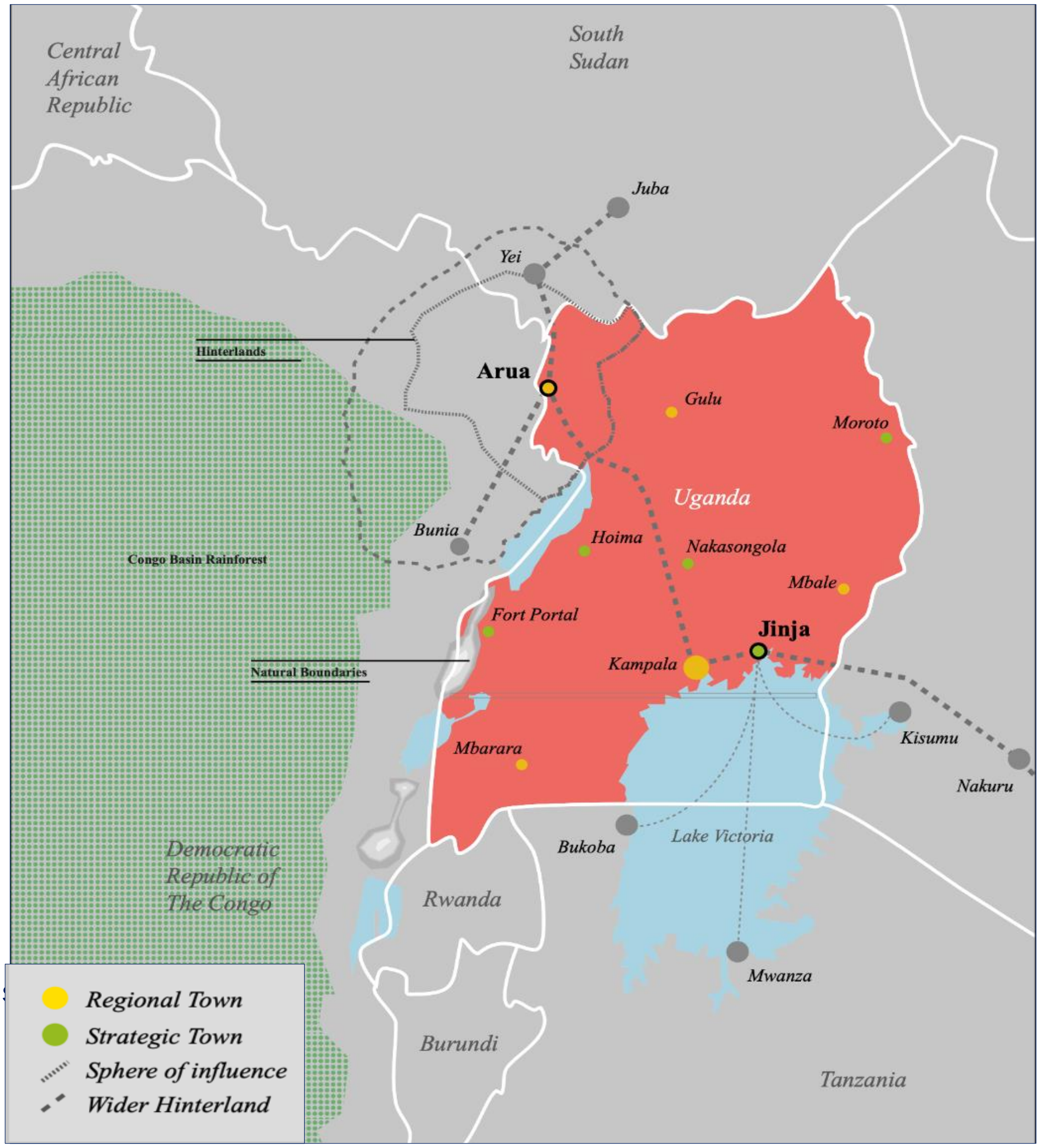
The World Bank in its study ‘Pathways to Better Jobs’, concludes that investing in secondary towns is an effective way to create off-farm jobs in firms with higher productivity. In the same vein, the report concludes that cities are consumption centres that create important opportunities for agro-processing. Therefore, job creation strategies can identify promising locations and solutions for local economic development through secondary cities and towns, adding dynamism to the transition of work into more productive waged jobs in secondary towns and cities (Pathways to Better Jobs in IDA Countries: Findings from Job Diagnostics, 2018).

Figure 15. Urban Population (% of Total Population)



Household income growth, the expansion of the middle-class and urbanisation are driving changes in the patterns of consumption of products both agricultural and industrial. *"Events in neighbouring countries such as Kenya, Rwanda, and Tanzania suggest that Uganda will soon be confronted with the so-called 'Supermarket Revolution', which has already begun in Kampala, and is likely to continue spreading to secondary towns*" (World Bank, 2018, p. 31). Uniform quality standards are crucial for the predictability of supply chains and the operations of supermarkets and specialised wholesalers. To meet these requirements, agricultural producers, industries, and logistical firms need to invest and adopt new practices. However, there is also a flip side, as the growing importance of specialised distribution chains will crowd out hundreds of small shops and street vendors.

Figure 16. Uganda's Secondary Cities



According to Cities Alliance, Kampala is the dominant city with a population of 1.5 million, although, there has been a significant growth of secondary towns. Currently, 50 percent of the urban population live in 13 municipalities. By 2035 Uganda's population will be around 68.4 million, of which 30 percent will be in urban areas. There is a secondary urban centre, Arua, in the West Nile region that is *"identified in national development plans as a key"* regional town. The town has the potential to become a development engine for the region, with national and international trade and tourism opportunities. Currently, Arua has a dynamic lodging and restaurant sector that is strengthened by the presence of many international NGOs and organisations. Finally, Arua has the potential to become a crucial transportation and logistics centre that could be improved significantly if the road infrastructure is improved, and if its airport is upgraded to meet international standards. Yet, the city still faces several challenges such as the access to regular water service where only 18 percent of the population is served. Likewise, only 11 percent of the population enjoys access to electricity and 33 percent has regular service of solid waste collection (Cities Alliance, 2016).

Arua enjoys a strategic location very close to the border with two countries that are essential business partners of Uganda. The 'Cities Alliance Uganda - Secondary Cities' report considers that Arua is still a relatively small city with an area of 10.5 km2 with a population of 63,000 (no updated data since the World Population Review website estimates a population of less than 55,000). The same report mentions a 5.6 percent population growth rate between 1991 and 2002, and 3 percent between 2002 and 2014. Consequently, the city has a high population density of 6,000 people per km2, a population density. However, the importance of Arua lies in its relationship with other urban, peri-urban and rural areas that surround the municipality, considering that around 500,000 people live in this area (Cities Alliance, 2016).

2 Labour Demand-Side: The Impact of Business and Sector Development on Employment Generation

Uganda's private Sector is dominated by Micro, Small and Medium Enterprises (MSMEs) comprising approximately 1,100,000 enterprises and employing approximately 2.5 million people equivalent to 90 percent of total non-farm private sector workers. Evidence from the Uganda business registry in 2010 shows that majority of enterprises were operating on a micro to small scale with more than 93 percent of the enterprises categorised as micro enterprises, and employing less than 5 persons each[4] (Ministry of Finance, Planning and Economic Development, 2017).

Total private sector contribution to GDP is nearly 80 percent. Most enterprises are located in Kampala Business District (45 percent) and Central region (21 percent) with the rest distributed across the other regions–Western (14 percent), Eastern (13 percent), and Northern (7 percent) (Ministry of Finance, Planning and Economic Development, 2017).

In terms of ownership, sole proprietors constitute 43 percent of companies and private companies with limited liability 33 percent. Others include associations (18 percent), associations (2 percent) and cooperatives (4 percent). In the MSME sector, the sole proprietorship is the most common form of commercial operation, which reflects the domain of microenterprises. MSMEs are predominantly informal[5] and young, most of which have no more than five years of existence. (Ministry of Finance, Planning and Economic Development, 2017)

Uganda, due to its economy, is what is generally considered as a country with a "missing middle" which is characteristic common to most countries in sub-Saharan Africa. In Uganda, there are many informal enterprises that take the form of sole proprietorships or microenterprises that employ a maximum of two, three, or four people (primarily members of the same family). At the other end of the spectrum, there are only a few mid-sized and large companies operating in the formal sector. As is typical of economies based on the exploitation of resources, *"value generation is dominated by large companies that have a monopolistic or oligopolistic position, and are owners, managed or linked to political and social elites."* The remaining, mainly informal, economy is numerically dominated by low productivity personal services and basic manufacturing activities (Cities Alliance, 2016).

[4] Micro enterprises are those businesses employing not more than 5 and have total assets not exceeding UGX: 10million. Small enterprises employ between 5 and 49 and have total assets between UGX: 10 million but not exceeding 100 million. The medium enterprise, therefore, employs between 50 and 100 with total assets more than 100 million but not exceeding 360 million. UBOS 2010/11 statistics

[5] Uganda Bureau of Statistics, Statistical Abstract 2018 "Persons in informal employment comprise of:

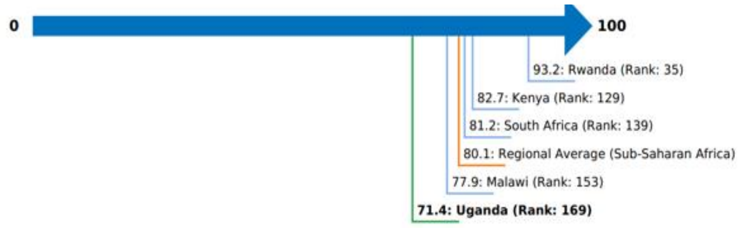
- Employees whose employers' do not pay contributions to their social security or, if they do, do not benefit from annual leave or payment in lieu of leave not taken, or paid sick leave in case of illness or injury or income tax deduction.
- Employers and own account workers employed in their own businesses or places of work that are not registered for income tax and/or Value Added Tax (VAT).
- Members of producers' cooperatives employed in their cooperatives that are not registered.
- Own account workers engaged in the production of goods exclusively for own final use by their household (such as subsistence farming or do it yourself construction of own dwellings), if considered employed according to the 13th International Classification of Labour Services (ICLS) Edition definition of employment.
- Contributing family workers, irrespective of whether they work in formal or informal sector enterprises."

There is a high mortality rate of enterprises with 90 percent of them operating for less than 20 years. At the top end of the spectrum, only a handful of indigenous enterprises have survived the demise of their founders. Most of these small enterprises are family based with no formal skills, no clear addresses and usually operating in an informal manner, using basic technology. This undermines the ability of these enterprises to gain access to services such as advanced technology, information, or financial services for them to favourably compete in the market (Ministry of Finance, Planning and Economic Development, 2017).

Figure 17. World Bank *Doing Business*– Uganda Country Overview (2020)

Most new jobs being created are in non-tradable sectors, where wages are limited by the purchasing power of the local economy, and micro-enterprises that lack economies of scale. As a result, a high proportion of the population is still engaged in subsistence farming or has resorted to informal employment, mainly in the non-tradable service sector. A good reason for optimism in Uganda is the several emerging tradable sectors and subsectors with good economic potential to expand and create jobs, such as agro-processing, tourism, and other manufacturing activities. Consequently, the major issue for Ugandan localities is how to accelerate this structural transformation and the ability of the local economy to transition to higher value added, tradable sectors that can create sustainable jobs. (World Bank, 2016, p. 5)

Figure 18. Starting a Business in Uganda and Comparator Economics - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The 'Economy Profile of Uganda - Doing Business 2020' report shows that the country is ranked 116th among 190 countries analysed. Uganda gets the poorest ratings in the categories of starting business 169, getting electricity 168, registering property 135, and trading across borders 121 (World Bank Group, 2019). World Bank's Doing Business Ranking 2020 puts Uganda in position 12 in Sub-Saharan Africa behind top performers Mauritius (13), Rwanda (38), Kenya (56), South Africa (84), and Zambia (85) respectively.

2.1 The MSMEs Policy in Uganda

The Ugandan government recognises the importance of the MSME sector in the country and its potential to create jobs and generate wealth. The government also acknowledges that there are numerous impediments to the development of MSMEs in the country, and to overcome these obstacles, it approved in 2015 the *"Small and Medium Microenterprises Policy of Uganda: Sustainable MSMEs for the Creation of Wealth and Socio-Economic Transformation".*

The policy makes a diagnosis of the main challenges for the development of these companies, and, it proposes a set of activities and projects to improve the business environment and facilitate the operations of MSMEs in Uganda.

The following provides a list of the policy objectives:

- To provide an enabling environment through policy, legal and institutional coordination framework;
- To promote research, product/process development, innovation, value addition and appropriate technologies including ICT;
- To promote product and service standards for quality assurance;
- To support access to markets and business information services;
- To increase access to credit and financial services;
- To enhance capacity building entrepreneurship, vocational, business, and industrial development skills; and
- To enhance gender equity, inclusiveness; and environmentally friendly businesses for sustainable development.

The main challenges facing MSMES in Uganda are:

- Limited access to affordable finance;
- The dominant informality of the sector;
- Inadequate technical and business skills;
- Limited access to appropriate technology;
- Limited access to quality assurance & affordable product certification services;
- Limited infrastructural facilities;
- Limited access to markets and business information services;
- Uncoordinated structure of MSME sector; and
- Gender inclusiveness in MSMEs development.

To date, no evaluation or assessment on the implementation of the policy has been conducted. However, based on reports such as ‘Doing Business 2019’, we can conclude that there has not been much progress in improving the business climate and in overcoming structural constraints for the private sector development.

2.2 MSMEs, Survivalists (Driven by Necessity) and Growth-Oriented Businesses

Economic growth in Uganda has in large part been driven by high-value services such as telecommunications, finance, and real estate–activities that are capital intensive and rely on a relatively small number of companies and skilled workers. The majority of new jobs have been created in less productive and labour intensive sectors, such as petty trade and subsistence agriculture which are absorbing most of the new entrants to the labour market. (Ministry of Finance, Planning and Economic Development, 2014).

The share of the labour force engaged in low-productivity agricultural activities is high and has recently increased. In 2012, 66 percent of the labour force was primarily working in agriculture, forestry, or fishing; this value went up to 70 percent in 2019. This increase in agricultural employment partly reflects higher food prices, which have increased the relative attractiveness of subsistence activities and the lack of opportunities in other economic sectors such as industry.

Businesses in Uganda are mostly sole-traders and microenterprises. The average size of firms in the 2001/02 census in Uganda was 3.41 employees, but this had decreased to just 2.35 by 2011[6]. This reduction reflects both an increase in the number of self-employed workers–the share of firms with no employees rose from 53 percent to 60 percent–and a significant decrease in the average number of workers among firms with employees (from 5.9 to 4.3).

While only 52 percent of employees were working in businesses with five or more workers in 2001/02, by 2010/11 only 36 percent of employees fell under this category. The entry of new firms is high, but the survival rate is low; very often new ventures only displace existing firms and jobs, rather than add new firms and jobs. Half of Uganda's entrepreneurial activity is classified as ‘necessity-driven', the highest in sub-Saharan Africa. (Ministry of Finance, Planning and Economic Development, 2014)

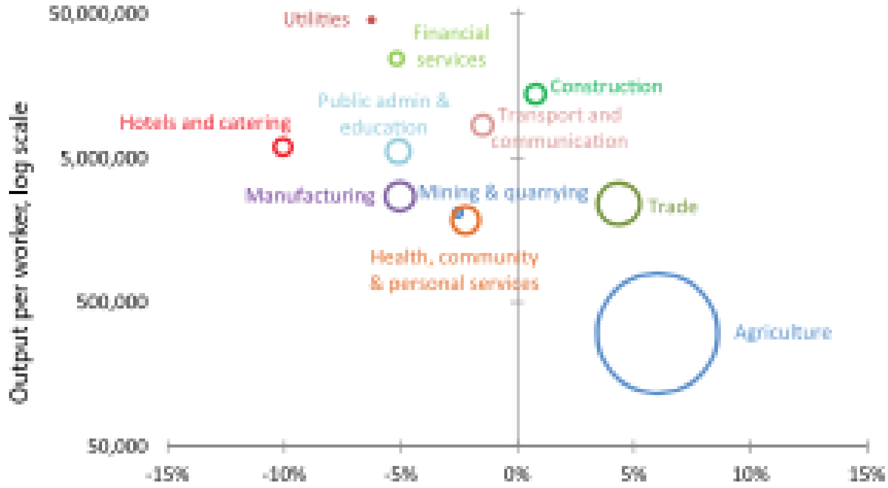
[6] The Census of Business Establishments, 2010/11 is the last census of this characteristics available in Uganda

In the Uganda Policy document regarding MSMEs, the Ministry of Commerce, Industry and Cooperatives points out that MSMEs are the engine of growth for economic development in Uganda. These companies are present in all economic sectors representing 49 percent of sales in the services sector, 33 percent in trade and commerce, 10 percent in manufacturing and 8 percent in others. The Ministry also states that MSMEs are *'critical drivers for fostering innovation, wealth creation and job creation in Uganda'*, employing more than 2.5 million people. In terms of the number of companies, MSMEs represent approximately 90 percent of the entire private sector, generating more than 80 percent of manufactured products and contributing with 20 percent of gross domestic product (GDP). (Ministry of Trade, Industry and Cooperatives, 2015).

The 2016/17 National Workforce survey shows that self-employment also increased from 62 percent in 2011/12 to 75 percent in 2016/17, while paid employment grew from 17 percent in 2011/12 to 20 percent in 2016/17. Similarly, contributing family workers decreased from 20.5 percent to 5.4 percent between 2011/12 and 2016/17 (Uganda Bureau of Statistics, 2018).

The economic ventures in self-employed people is biased towards small scale trade, hawking, and traditional trades (where the barriers to new entrants are lower). Demand for services is limited because most households have more under-utilised labour at their disposal (mostly unpaid household work) than they have money to pay for someone to cut their hair, repair the roof, or tailor their clothes. (Berner, Gómez, & Knorringa, 2015, p. 1)

Figure 19. Productivity and Employment Growth by Sector (2009/10 to 2012/13)

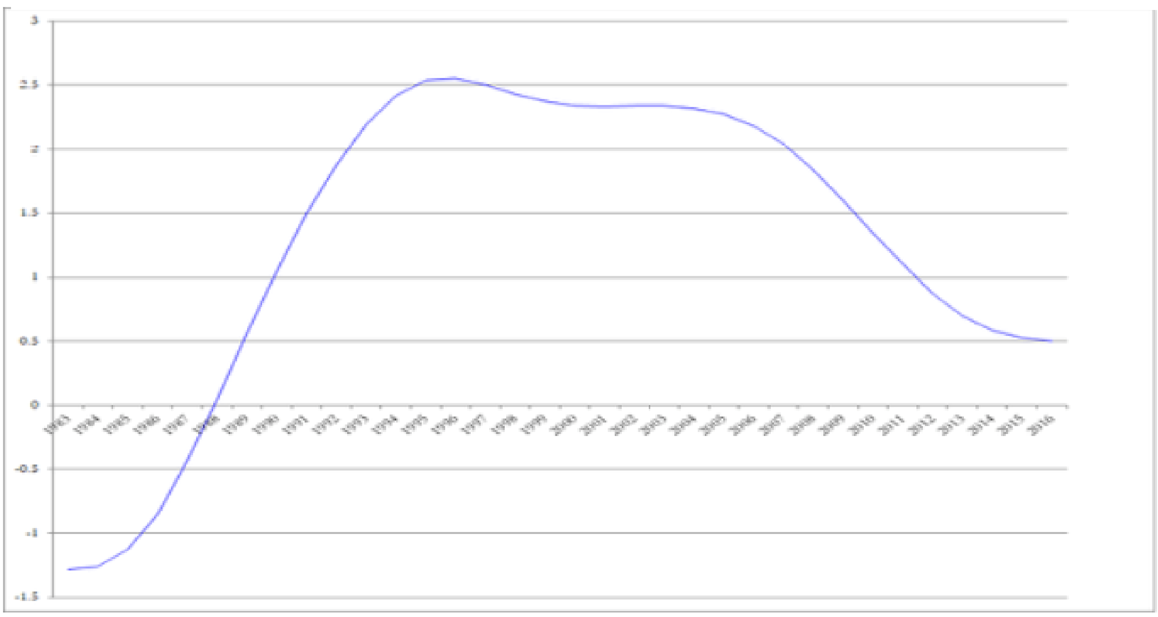


Source: UBOS (National Accounts); Uganda National Household Survey 2009/10 and 2012/13. Note: The area of each bubble is proportional to primary employment in each sector in 2012/13. Output per worker is measured in 2002 shillings.

Even within trade itself, the range of commodities is rather narrow, and supply exceeds demand by several times. Most of the goods on offer are items such as snacks, soft drinks, alcohol, cigarettes, toothpaste, detergents, telephone cards, food, and other goods of daily need.

Despite the great expectations by the micro and small enterprise sector, such optimism is not supported by the actual facts in either the developed or the developing world. *"The 'engine of growth' hypothesis seems wishful thinking: micro-enterprise graduation is an exception rather than a rule, both in developing and developed countries."* The Growth and Equity through Microenterprise Investments and Institutions (GEMINI)[7] Study has found that over a period of five years most businesses (80 percent) do not grow at all. Only 1 percent of those that start with less than 5 workers grow enough to graduate into the category of 10 or more workers. The study also highlights a gender bias in the graduation rate, because when the owners of the enterprises are women living in Sub-Saharan Africa, graduation almost never happens.

Figure 20. Annual Growth Rate in Potential Total Factor Productivity (1983-2016) (%)



In Uganda, driven by negative push factors such as the lack of capital, knowledge, and technology, business founders choose activities with low barriers to entry rather than those with strong growth prospects. Therefore, economic activities such as recreational and personal services, hospitality, and retail trade have the highest entry rate. Yet, these activities are characterised by very high exit rates and therefore, low net employment growth. Competition more often results in destructive imitation and crowding out effect rather than innovation and positive market selection. Jobs in these firms are precarious. (Ministry of Finance, Planning and Economic Development, 2014)

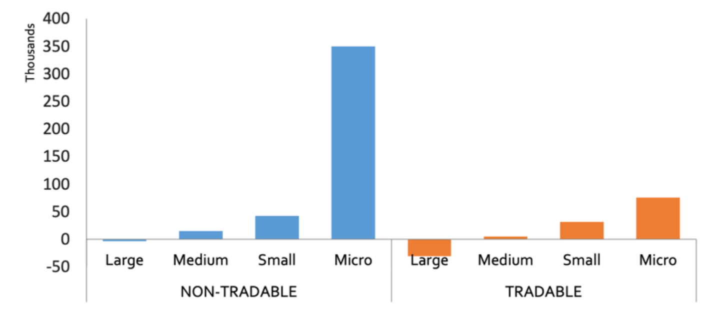
[7] Growth and Equity through Microenterprise Investments and Institutions GEMINI. USAID. Has conducted Nation-wide surveys of Micro and Small enterprises in Botswana, Kenya, Malawi, Swaziland, Zimbabwe, Lesotho and Dominican Republic. GEMINI has also surveyed enterprises in some areas of Guinea, Jamaica, Niger, Nigeria and South Africa.

Most companies do not grow in Uganda; if they are created as micro or small businesses, they remain as they were created. From the information available about companies in the country, we can show that of the companies established in 2001 that survived 2011, the average number of jobs increased by less than one worker during a decade, from 1.9 to 2.7 employees. The slow growth is not exclusive to MSMEs, and it is also evident among the largest companies included in the sample of the World Bank Business Survey in Uganda. The growth of companies in Uganda is due to a small number of formal companies (around 5 percent), and the remaining 95 percent expands only marginally since their establishment. (Ministry of Finance, Planning and Economic Development, 2014).

Table 15. Business Typology

Survival(ist)	Growth (oriented)
(Street businesses, Community of the poor, [Microenterprise,] Informal own- account proletariat, Sub-subsistence)	(Small-scale family enterprise, Intermediate sector, [Microenterprise,] Petty bourgeoisie, Micro-accumulation)
Ease of entry, low capital requirements, skills and technology	Barriers to entry
Involuntary entrepreneurs	Entrepreneurs by choice, often with background in regular employment
Female majority	Male majority
Maximizing security, smoothing consumption	Willingness to take risks
Part of diversification strategy, often run by idle labour, with interruptions, and/or part-time	Specialisation
Embeddedness in social relations, obligation to share	Dis-embeddedness, ability to accumulate
Source: 'Helping a large number of people become a little less poor': The logic of survival entrepreneurs. Erhard Berner, Georgina Mercedes Gómez and Peter Knorringa.	

Figure 21. Change in Employment by Firm Size and Sector in Uganda (2001-2011)

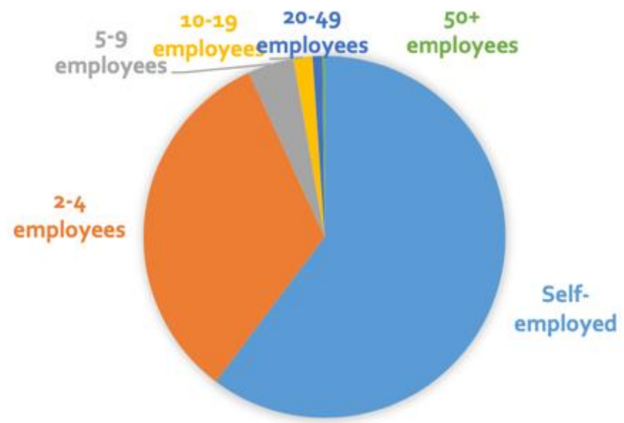


Source: Merotto and Blankespoor (2013)[20] using COBE 2011 Data

Self-employed and microenterprises in Uganda can be catalogued as "survival enterprises". They are mostly found in activities characterised by low barriers to entry, high market saturation, price- rather than quality-driven purchases, little capital, and low skills requirement (in some cases numeracy and literacy). Survival entrepreneurs are concentrated in petty trade, services such as hairdressing, tailoring and food/beverages preparation. Paradoxically, market saturation is sought as a business opportunity for new entrants, and they tend to sell where other people are selling. This is a choice explained by the risk aversion of the poor, stronger than their appetite for returns (and consequent higher risks). They, therefore, read market saturation as a signal that a sector is profitable; however, what happens is the presence of new business further depresses prices and strims profits (Berner, Gómez, & Knorringa, 2015).

Besides the small scale of the enterprises in Uganda (self-employment and microenterprises), most of the jobs created are in the non-tradable sector. The number of jobs created by large and medium-sized enterprises is low as a portion of total employment in Uganda having declined in recent years. Therefore, 90 percent of the business cannot benefit from economies of scale due to dilution of fixed costs and the specialisation of the division of labour.

Figure 22. Type of business in Uganda



Source: Uganda Bureau of Statistics (UBOS), Census of Business Establishments 2011

If Uganda aims to enhance productivity and quality of employment, more jobs are needed in medium-sized and large firms that can take advantage of economies of scale, particularly in the tradable sector. The tradable sector has more potential to generate higher wages and higher productivity jobs compared with the non-tradable sector, where sales are limited to the local market characterised by low purchase power. Also, productivity depends on the firm size to take advantage of economies of scale and a more efficient division of labour (The role of Local Governments (LGs) in promoting Local Economic Development (LED) in Uganda, 2016, p. 17).

2.3 Private Sector and Business Environment in West Nile Area

The private sector in the West Nile region is dominated by sole-traders, micro and some few small-scale enterprises. According to the official records of the Town Council Offices, Arua Town Council has 598 registered MSMEs, Moyo 603, and Adjumani has 851. The councils also report that the databases comprise about 50 percent of the total business. In this case, the information was collected only in urban centres of West Nile because they serve as the nucleus for business ventures and according to Uganda Investment survey on MSMEs, 76 percent of enterprises are located in urban industrial centres.

The enterprises are coordinated through Uganda Manufacturer's Association (UMA) which only has a few members in Arua, and Uganda Small scale Manufacturer's Association (USSIA) which has a regional office in Arua. The Private Sector Foundation (PSF) also gives support to SMEs in the region.

Regionally the primary source of livelihood is agriculture with 84 percent of the host communities and 38 percent of refugees relying on it for livelihood. About 27 percent of workers in host communities are running small businesses with 21 percent of refugees doing the same. Basically, 37.7 percent nationals of the working age population rely on subsistence farming, with 16 percent of host communities, and 5 percent of refugees engaging in livestock farming (UNHCR - REACH, 2018).

As agriculture is a key occupation in Uganda, land is an important asset with 91 percent of host communities having access to land, 73 percent of refugee households reported that the land was not sufficient to provide food for the entire household, as compared to 39 percent of host community considering the fact that refugees are allocated just small plots although many partner with host communities to access land for cultivation. (UNHCR - REACH, 2018)***.*** If agricultural interventions intended to benefit both groups are to be undertaken, sustainable strategies regarding access to land have to be developed.

In the Arua district, 80 percent households engage in agriculture, with 86 percent in the crop sub-sector, 0.6 percent in animal husbandry, and 0.9 percent in fishing (UNDP-UIA, 2018). The main crops include cassava (53 percent), sweet potatoes (16 percent), banana (6 percent), beans (5 percent), sorghum (5 percent), finger millet (4 percent), maize (4 percent), and others including groundnuts, simsim, etc. (7 percent). Cash crops include tobacco and honey (UNDP-UIA, 2018).

In the Moyo district, the main economic activities for 80 percent of households is agriculture with 9.7 percent in salaried employment. The main crops include sweet potatoes (44 percent), maize (19 percent), cassava (14 percent), sorghum (10 percent), simsim (4 percent), ground nuts (4 percent), and others including bananas, millet, rice, beans and peas etc. (5 percent). Fishing in the River Nile, cattle, goats, sheep, poultry, pigs and beekeeping are also some of the key activities (UNDP-UIA, 2018)

Adjumani's main economic activities include more than 70 percent of households engaged in peasant farming including crop and livestock farming. The rest of the population (around 30 percent) are mainly in salaried employment and other non-agricultural activities such as commodity trade, boda boda transport business,[8] market vending, petty trading, fishing and services. The main crops include sweet potatoes, cassava, and maize (UNDP-UIA, 2018).

Business enterprises excluding agriculture within the employment hub areas were analysed using information from the offices of the Commercial Officers. In Arua as a case study through a Mini-Survey 2019, 113 purposively selected samples (by type of enterprise) were taken for deeper analysis from the Town Council, Rhino Camp and Imvepi settlement areas. The survey was conducted to collect some primary data that could be correlated with secondary data collected from documentary reviews undertaken.

[8] *Boda bodas* are motorcycle taxis or bicycles with a space for a passenger or for carrying goods, commonly found in East Africa.

The roll-out of an evidence-based skills demand assessment has been difficult to conduct due to the absence of small and medium-sized industries/enterprises that demand skilled workers. At the VTI level, the training is supply-push-based with no evident demand-pull elements. No enterprise has exhibited an unsatisfied demand for any skill being offered by VTIs except in agriculture where the demand for some agro-based raw materials such as sunflower and cotton. In Moyo lack of trained electricians was mentioned since they often source them from Kampala. In the entire town only one repairer of electronic gadgets i.e. radios were mentioned, but when visited there was no sign of high workload. The solution to unemployment should therefore not be looked at only from the skilling perspective but also from the demand creation perspective, for instance supporting the emergence of small and medium-scale industries.

Agro-processing remains a potential source of employment for the West Nile as the distribution of energy is progressing. For this, it is necessary to encourage the mechanisation of agriculture because, with current technology, farmers cannot produce and maintain production levels to supply agro-processors.

For example, in Adjumani, the company Dia processes cornmeal and runs a poultry unit of more than 15,000 birds. It has silos of 10,000 tons of capacity with machinery capable of handling 50 tons per day. However, they operate at approximately 15 percent of their capacity due to the lack of raw materials; they employ more than 35 people. In the same way, the Comboni Missionary company in the Obongi district, has a plant with the capacity to process 15 tons of sunflower daily, currently employs more than 30 workers.

These examples are private-sector agro-processors which form part of value chains (with backward and forward links to employment), capable of converting agriculture into a commercial enterprise due to permanent and predictable demand. The growth of these companies creates employment at various levels, that is, producers and suppliers of agricultural inputs, warehouse managers, casual workers, machine and repair operators, electricians, accountants, and vendors throughout the value chain. These medium-sized companies can provide employment opportunities, in a sustainable way, to communities, compared to the proliferation of retail stores that offer work only to the owner and, in some cases, to the family.

2.3.1 Category of Enterprises in West Nile Area

According to the results of the Mini-Survey conducted in 2019 by the ELMA team in the Arua district (using a case study approach), 77.7 percent of the 103 registered enterprises were operating with total capital below 10 million Ushs, while 16.5 percent had a capital of USX 10 million and beyond but not exceeding USX 100 million. According to the records of the district's Commercial Officers, there are a few medium scale enterprises in the West Nile area: two in Arua, two in Moyo, and one in Adjumani.

Regarding the number of employees, only 21 percent of the registered 96 enterprises employed above four employees, have less than 30 years of operations, and 37 percent of the employees were foreigners; thus, integration of foreigners in local development activities is not a new phenomenon.

The Ministry of Finance, Planning, and Economic Development states that *"most jobs are created in industries such as retail trade, hospitality and recreational and personal services, which are characterised by very high firm entry but also high exit*." (Ministry of Finance, Planning and Economic Development, 2014, p. 15) This is further supported by the Arua Mini-Survey results that show that 55.6 percent of the surveyed businesses had existed for less than four years, only with 12.9 percent having persevered for more than ten years.

According to the Ministry of Finance, half of Uganda's business activity is classified as "driven by necessity." The Mini-Survey corroborates this situation; none of the entrepreneurs interviewed conducted a cost-benefit analysis or a business plan. In most cases, the reason that drives people to take entrepreneurship is subjective. The "driven by necessity" character of the business activity is complemented by a shortage of business mentoring services. Inadequate training in the areas of business operations is also a major source of poor performance and high exit rates i.e. 55.2 percent of entrepreneurs/managers had never had any training to do with the businesses they are operating (Ministry of Finance, Planning and Economic Development, 2014).

Table 16. Rationale for Business Creation in West Nile Area (Mini-Survey 2019)

REASON	FREQUENCY	VALID PERCENTAGE
Was deemed most rewarding	15	14.4%
It is what I could do best	64	61.5%
Was cheaper to start	6	5.8%
Was inspired by friends and relatives	9	8.7%
Was advised by parents/guardians	6	5.8%
No reason	4	3.8%
TOTAL	**104**	**100**

2.3.2 Legal Status of Enterprises in the West Nile Area

According to the Mini-Survey 2019 results, most enterprises in the region are sole proprietorships of which 45.5 percent operate illegally, without registration certificates and without trading licences. From the registered enterprises, the majority were registered with local authorities for taxation/licensing purposes but not with the Uganda Registration Bureau.

Table 17. Business Type (Mini-Survey 2019)

BUSINESS TYPE	FREQUENCY	VALID PERCENTAGE
Company	21	18%
Partnership	8	7.1%
Sole proprietorship	83	74.1%
TOTAL	**112**	**100**

Table 18. Registration Status (Mini-Survey 2019)

STATUS	FREQUENCY	VALID PERCENTAGE
Formally registered	60	54.5%
Not registered	50	45.5%
TOTAL	**110**	**100**

2.3.3 Source of Initial Capital for West Nile Enterprises

The Mini-Survey results show minimal access to credit/capital from formal financial institutions, due to the collateral security requirements and the informal registration status. The high mobility levels of micro-enterprises also increase the risk of loss to financial institutions discouraging them from working with such enterprises. The Mini-Survey results show that microentrepreneurs or sole traders are still not able to meet the bank requirements.

Table 19. Source of Capital (Mini-Survey 2019)

CAPITAL SOURCE	FREQUENCY	VALID PERCENTAGE
Borrowed from a SACCO/Micro finance institution	6	5.8%
Savings from the previous job/activities.	77	74.8%
From parents /guardians.	10	9.7%
Borrowed from friends	3	2.9%
Borrowed from the Bank.	5	4.9%
Borrowed from money lenders	2	1.9%
TOTAL	**103**	**100**

To improve access to financial capital, several NGOs have formed and supported Village Savings and Lending Associations of varying sizes within the settlement areas targeting both host and refugees' communities. NGOs include the Lutheran World Federation, Chesire, TPO, District Farmers' Association, and Caritas; COSMESS in Adjumani has also formed and supported over 50 groups of 5 persons.

2.3.4 Enterprises Performance in West Nile Region

The economic performance of different business performance is not measurable due to the absence of reliable business records (accountancy, inventories, tax declarations). The Tax Division of the Town Councils also relies on estimates to fix tax rates (which may be the reason some business owners complain of over-taxation). The projected annual business returns, as reflected in the business records, creates doubt because most figures, when divided into monthly returns, cannot even cover monthly rent expenses. This business management, financial literacy and bookkeeping are among the priority skills demanded in the West Nile Area, as portrayed in the table below. The findings are also in consonance with ENABEL findings. (Secondary Labour Market Study in Northern Uganda., 2018)

Table 20. Key Required Skills by Business Enterprise Type (Mini-Survey 2019)

SKILL	FREQUENCY	PERCENTAGE
Management	40	36.0%
Bookkeeping	22	19.8%
Marketing/sales promotion	15	13.5%
Customer care	13	11.7%
Communication skills	14	12.6%
Records management	7	6.3%
Total	**111**	**100**

2.3.5 Access to Neighbouring Export Markets

International trade in the West Nile region has declined since the outbreak of violence in South Sudan. The transit of merchandise is carried out through three border crossings: Afoji, Nimule, and Kajhokehji.

In Afoji, the transit of goods is very low due to insecurity; however, it is a potential export route, since it is approximately 70 km to Juba. There is also a plot of land reserved for a cross-border market, however, even so, more than 70 percent of the population in the surrounding areas of Kajokeji live in Uganda due to the unresolved land dispute between Uganda and South Sudan. It is expected that trade could resume if the security situation is normalised.

Uganda's exports have not decreased in the Nimule with South Sudan border. The exported products are of agricultural origin and include cabbage, beans, tomatoes, onions, cornmeal, pineapples, watermelons, and matooke; more than 50 trucks cross the border daily. Surprisingly, none of the agricultural products come from the West Nile, regardless of fertile land and permanent water sources in this region. Manufactured products include soap, cement, and iron bars.

Manufactured products are exported from Uganda to the Congo via the Vura border with Congo. These products include soap, cooking oil, plastics, steel products, t-shirts and other clothing, and bottled water, but none of these is manufactured in the West Nile. Also, agricultural products such as onions, rice, and tomatoes are exported through this crossing. Additionally, the city of Arua in Uganda imports products across this border. Among them, matooke, beans, millet, and wood. With the planned industrial park, Karuma power lines and employment opportunities in the manufacturing sector are likely to emerge in the city.

2.4 Public Sector and Employment

Historically, the government used to be the primary employer because it played an active role in both companies and public administration. Until the 1980s, the government ran hotels, banks, and other parastatals such as the Product Marketing Board, the Coffee Marketing Board, the Lint Marketing, Food and Beverage Marketing Board, and the Uganda Transportation Company which used to employ a considerable number of people. Through privatisation, the government abandoned its participation in companies and sold more than 81 parastatals. Although many of these companies continue to operate under the hands of the private sector, the government's position as a relevant employer in the industry, commerce, and economic services has declined. The government remains the leading employer considering education, health, and safety services (police and army); its relevance in economic activities has become marginal.

At the district level, local governments remain the principal employer because social services have essentially decentralised. However, in addition to work in social sectors such as education and health, local governments have the so-called government-approved positions (maximum staff limits) that are intended to be filled by local governments.

However, these positions for districts remain mostly unfilled due to the instructions of the Ministry of Public Service and the Ministry of Finance in an attempt to control the national wage bill. In the Adjumani district, the 2019 records of the Human Resources Department showed 109 unfilled vacancies—not because there is a lack of human resources in the labour market or because the district is not willing, but because of the lack of wage guarantees by of the Ministry of Public Service and Finance. In the Arua district, the 2017 Auditor General's report raised the issue of lack of personnel indicating 299 vacancies. The Moyo district with 1,292 salaried employees reported the following staffing gaps per sector: health sector -18 percent, primary education - 7 percent, secondary education - 48 percent, tertiary education - 48 percent. The Moyo City Council reported that 47 percent of City Hall posts (30 of 64) are filled.[9]

Although the public sector faces important challenges to successfully fill the local government vacancies, mainly due to budgetary restrictions, the public sector remains attractive to most young people who are pursuing stable employment. According to the survey on the transition of the youth labour market in Uganda 2015*, "the results show that more than half of young people (almost 66 percent) wanted to work in the public/government sector. More women (70 percent) than men (63 percent) wanted to work in the public/government sector* " (Uganda Bureau of Statistics, 2016).

Currently the creation of the new districts of Obongi from Moyo and Madi-Okollo from Arua has left the staffing position unclear for both districts as staff are being transferred from old districts to reinforce the workforce situation in new districts. The creation of the new districts of Obongi and Madi-Okollo will, however, create more employment opportunities basically within upper level cadres although most positions fall out of the skilling targets since they require degree-graduates.

[9] This data is collected by the official records of the Hurman Resources Department of the districts of Arua, Adjumani and Moyo.

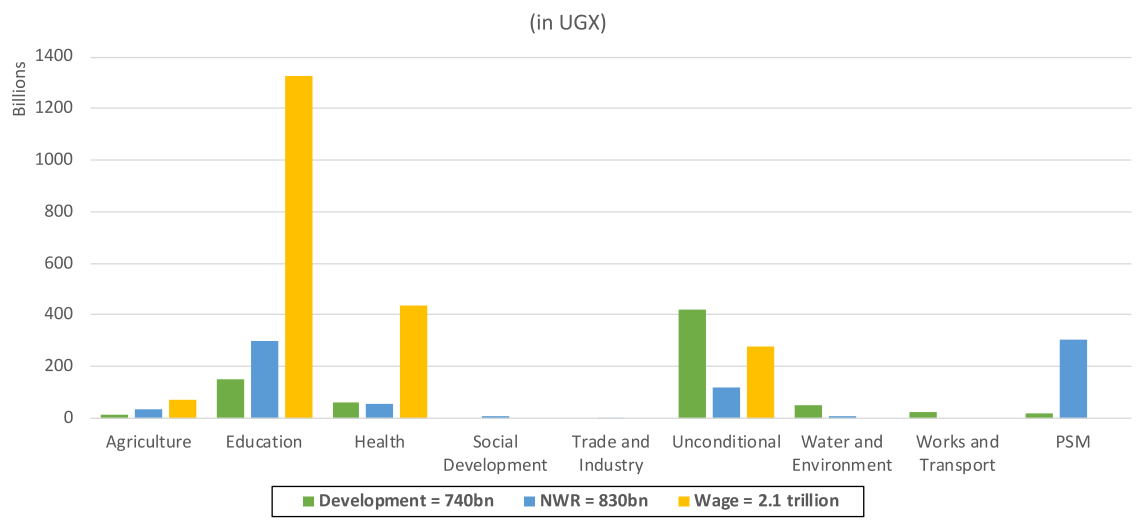
The local governments of the districts have keen interest in filling vacant positions for self-financing, but they are limited in terms of financing mechanisms due to the generation of low local revenue. Filling vacancies without proper assessment of capacities to pay wages can lead to lethal legal battles. Local revenue is basically used to finance all other Council activities leaving no capacity to finance approved positions.

Table 21. Local Revenue Collected at District Level(2016/17 and 2017/18)

DISTRICT	LOCAL REVENUE 2016/17 (Ushs)	LOCAL REVENUE 2017/18 (Ushs)
Arua	544,438,367	582,707,352
Moyo	535,275,119	101,836,135
Adjumani	279,718,136	334,112,408
Source: Local Government Performance Assessment Reports 2018/19		

The above figures indicate a very dramatic decreasing trend for Moyo and an increasing trend for both Arua and Adjumani. The low collections for the districts are attributed to static sources of revenue basically emanating from a slow growing private sector which is the key source of tax collections. This reflects future slow growth in employment opportunities unless the districts develop robust strategies for Local Economic Development (LED).

Figure 23. Central Government Transfer Structures



Source: Overseas Development Institute (ODI)

However, the promotion of local economic development through the implementation of the LED policy is not supported by the actual possibilities of local governments. The financial situation of the districts is not encouraging; low local revenue collections are aggravated by the decreasing transfers from the national government, which were reduced from 24 percent of total spending in 2000/01 to 14 percent in 2017/18. Local governments devote 89 percent of their budgets to recurrent expenses (wages are UGX 2,1 trillion, non-wage recurrent UGX 830 billion and development UGX 740 billion). Therefore, their development budgets are scarce (UGX 419 billion or 11 percent of the total), and districts are not likely to play an essential role in creating enabling conditions for LED (support to the private sector and infrastructure construction represent a minor portion of the district budgets).

3 Labour Supply Side: The Qualitative Dimension of Labour Force Development

3.1 Human Capital

Uganda's development strategy prioritises the scaling-up of public investments to address critical infrastructure and energy bottlenecks. Long-term sustainability of the development strategy also depends on considerable investment in people (IMF, 2019) The expenditure on education as a percentage of the GDP was 2.6 percent by 2017, which is around half of the spending in Kenya (5.2 percent) and less than half of South Africa (6.1 percent). The expenditure in education in Uganda has been in constant decline from 3.38 percent of the GDP in 2011 to 2.6 percent in 2017.

The country's policy framework emphasises the development of a suitably skilled population to enable the matching skills supply to the needs of the labour market of today and for the future. This is expected to lead to a situation where more and better education and training fuels invention, investment, economic diversification and competitiveness, as well as social and occupational mobility – and thus the creation of more productive and more rewarding jobs. Good-quality pre-primary, primary, and secondary education, complemented by relevant vocational training and skills development opportunities, prepare future generations for their productive lives, endowing them with the core skills that enable them to meaningfully participate in the economy (Uganda Bureau of Statistics, 2018).

According to the Human Capital Index developed by the World Bank, by the age of 18, children will obtain a full 14 years of education in the best-performing countries. This is how the quantity and quality of education are measured (learning years are equal or at least closer to schooling years). According to the analysis of Uganda's educational system, a person of 18 years old has in average seven years of schooling while measuring the quantity of education. However, in terms of quality, the seven years of schooling is equivalent to only 4.4 years of learning, considering the results measured by international standardised tests (Kraay, 2018).

However, as the Uganda Secondary Education Expansion Project funded by the World Bank states, the educational system has *"low internal efficiency due to the very low survival rate throughout the education cycles. In 2017, primary survival rate stood at 56 percent, which is considerably below the primary survival rate in Kenya, which is close to 100 percent, Ethiopia at 72 percent, or Rwanda at 68 percent*". As a result of this overall low productivity of the educational system, *"it takes almost twice as many years of schooling than normal to 'produce' a graduate in primary and secondary education"* (World Bank, 2018).

Table 22. Human Development Index Scores - Uganda and South Africa

Country Name	Region	Income Group	Probability of Survival to Age 5	Expected Years of School	Harmonized Test Scores	Learning Adjusted Years of School10	Fraction of Kids Under 5 Not Stunted	Adult Survival Rate11	Human Capital Index
Uganda	Sub-Saharan Africa	Low Income	0.95	7.0	397	4.4	0.71	0.7	0.38
South Africa	Sub-Saharan Africa	Upper middle income	0.96	9.3	343	5.1	0.73	0.68	0.41

Source: World Bank, Human Capital Index. 2018

The World Development Report 2019 recommends that policies focus on investing broadly in human capital, namely, in early childhood development, tertiary education, lifelong learning programs, advanced cognitive skills, and socio-behavioural and adaptability skills, in addition to foundational literacy and numeracy skills. Sub-Saharan Africa has long been lagging in building foundational skills, which continues to create bottlenecks for building and developing more advanced skills (Choi, Dutz, & and Usman, 2019).

The report 'An Assessment of the Investment Climate in Uganda' issued by the World Bank in 2009, concludes that *"labour productivity was lower in Uganda than in Kenya, Tanzania, or in the two low-income countries from Asia that were used as comparators: India and China. Although labour costs were low in monetary terms in Uganda, because productivity was even lower, the ratio of wages to productivity (unit labour costs) was quite high"* (World Bank, 2009). The report notes that high unit labour costs made it difficult for firms to compete in international markets where prices are determined by the most efficient companies and economies.

Yet, the productivity of the labour force is influenced by the environment where health and education condition the results. For instance, a child born in Uganda today will be 38 percent as productive when she grows up as she could be if she enjoyed complete education and full health comparable to developed countries (UGANDA THE HUMAN CAPITAL INDEX (HCI), 2018)**.**

3.2 Labour Force Characteristics

3.2.1 Labour Force Characteristics – National Context

According to the Uganda Bureau of Statistics, the estimated total population of Uganda by 2019 is 40.2 million people; out of which, 76 percent of the population reside in rural areas. Only 4 percent of the total population was resident in Kampala. The National Labour Force Survey (NLFS) 2016/17 estimates that the most significant proportion of the population was children aged 0-17 years who accounted for 56 percent. The ratio of male children was slightly higher (57 percent) compared to the proportion of female children (54 percent) (Uganda Bureau of Statistics, 2018)**.**

[10] The Methodology of the Human Capital Index establishes that "In the case of education, the relative productivity interpretation is anchored in the large empirical literature measuring the returns to education at the individual level. A rough consensus from this literature is that an additional year of school raises earnings by about 8 percent. This evidence can be used to convert differences in learning-adjusted years of school across countries into differences in worker productivity. For example, compared with a benchmark where all children obtain a full 14 years of school by age 18, a child who obtains only 9 years of education can expect to be 40 percent less productive as an adult (a gap of 5 years of education, multiplied by 8 percent per year).
[11] The benchmark of "full health" is defined as 100 percent adult survival and no stunting.

Uganda's working-age population in 2016/17 was estimated at nearly 19 million compared to 15 million in 2011/12. In both years, there were more females than males (52 percent of females in 2016/17 and 51 percent in 2011/12). The largest portion (73 percent) of the working age population was resident in rural areas in 2016/17. The portion of children was 17 percent in 2016/17, lower than in 2011/12 (22 percent). Among the working population, the work performed for others in exchange for pay constituted 59 percent (salaried work). The rest of the working-age population was engaged in own use production work which was purely subsistence agriculture (41 percent). Other forms of work (including volunteer work, unpaid trainee work, and other forms of work) constituted a share of less than one percent (Uganda Bureau of Statistics, 2018).

Wage employment has expanded significantly but many new wage jobs are casual and temporary. Although jobs in registered firms are concentrated in more urbanised and affluent areas of the country, 60 percent are in Greater Kampala, Jinja, Mbale, and Mbarara. The last decade has seen a significant job growth across many areas of the country, particularly along major transport corridors (Ministry of Finance, Planning and Economic Development, 2014, p. 14).

The survey on the transition of the youth labour market in Uganda shows that about 19 percent of young people wanted to work on their own, mainly men and young people in rural areas where there are almost no companies that demand a labour force (Labour market transition of young people in Uganda Highlights of the School-to- Work Transition Survey 2015, 2016, p. 30).

As noted in the Human Development Reports, education is the main component of human capital that is essential for employability and for obtaining higher incomes*: "despite recent improvements in primary and secondary enrolment rates (8.7 million and approximately 1.5 million, respectively), the quality of the workforce in terms of employability and productivity has not improved".* By 2009/10, almost 68 percent of women in the total workforce had not completed primary education. In rural areas, the situation is worse, because of people with wage employment, about 74 percent of women and 59 percent of men did not complete the years of primary education. (Ministry of Gender Labour and Social Development, 2011).

Vocational training and skills training are fundamental means for young people to make a transition from school to employment. The current system of education and professional training in the country is relatively small, since most of the programs are pre-employment, driven by supply and aimed at the needs of the modern sectors of the economy. Vocational and skills training after school is not effective in solving labour market insertion problems. What is required is *"a solid cognitive basis in arithmetic and written and oral communication, as well as in understanding, which is acquired through basic elementary education*" (Ministry of Gender Labour and Social Development, 2011).

Table 23. Selected Labour Market Indicators

Selected Indicators	Male	Female	Rural	Urban	Total
Total population (number '000)	18.379	19.351	28.822	8.907	37.730
Working age population (number '000)	8.992	9.851	13.701	5.142	18.843
Proportion of working age population to total population (percent)	48,9	50,9	47,5	57,7	49,9
Size of working population (number '000)	7.528	7.761	11.525	3.765	15.290

Selected Indicators	Male	Female	Rural	Urban	Total
Working population as a proportion of working age population (Percent)	83,7	78,8	84,1	73,2	81,1
Number of working age population in purely subsistence agriculture, forestry and fishing (number '000)	2.438	3.815	5.640	613	6.253
Proportion of working age population in purely subsistence agriculture, forestry and fishing	27,1	38,7	41,2	11,9	33,2
Employment					
Size of the employed population (number '000)	5.053	3.921	5.861	3.113	8.973
Employment-to-population ratio (EPR)	56,2	39,8	42,8	60,5	47,6
Youth (18-30 years) EPR	58,9	42,4	45,2	60,0	49,8
Labour force					
Size of the labour force (number '000)	5.505	4.427	6.508	3.424	9.932
Labour Force Participation Rate (LFPR)	61,2	44,9	47,5	66,6	52,7
Youth (18-30 years) LFPR	66,4	49,7	52,2	68,2	57,3
Status in employment					
Paid employee	40,8	26,3	27,4	47,8	34,5
Employer	4,0	1,7	2,3	4,4	3,0
Own account worker	48,8	57,8	58,4	42,1	52,8
Contributing family workers	6,4	14,1	11,9	5,8	9,8
Total	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

Industry (sector) of employment	Male	Female	Rural	Urban	Total
Agriculture, forestry and fishing	40,0	42,8	56,2	12,9	41,2
Production	20,2	11,4	14,3	20,2	16,4
Services	39,8	45,8	29,4	66,9	42,4
Total	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

Occupation in the main job	Male	Female	Rural	Urban	Total
Skilled agricultural, forestry and fishery	29,2	34,1	43,3	8,7	31,3
Service and sales workers	17,5	30,6	17,8	33,4	23,2

Occupation in the main job	Male	Female	Rural	Urban	Total
Elementary occupations	15,3	14,6	15,4	14,2	15,0
Craft and related trades workers	16,1	8,6	11,8	14,7	12,8
Plant and machine operators and assemblers	10,2	1,8	4,6	10,2	6,5
Professionals	6,0	6,0	3,8	10,1	6,0
Technicians and associate professionals	3,4	2,4	2,1	4,5	2,9
Others*	2,4	1,9	1,2	4,1	2,2
Total	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

Average daily usual hours of work on main job	Male	Female	Rural	Urban	Total
	7,7	7,0	6,6	8,8	7,4
Median monthly cash earnings for persons in paid employment on the main job ('000)	240,0	120,0	120,0	250,0	190,0
Proportion in informal employment outside agriculture (percent)	84,5	85,6	89,6	80,5	84,9
Proportion of youth (18-30 years) in informal employment outside agriculture (percent)	91,0	89,9	94,3	87,5	90,5

Source: Uganda Bureau of Statistics. (2018) Report National Labour Force Survey 2016/17

Overall, growth in wage employment has been driven by a sharp increase in the number of agricultural labourers. This points to constraints on the demand-side of the labour market that affects the ability of firms to generate and sustain good-quality jobs (Ministry of Finance, Planning and Economic Development, 2014).

3.2.2 The Labour Force Characteristics – West Nile Region

The proportion of the working-age population to total population is 46.9 percent in the West Nile region and the unemployment rate is 13.5 percent.[12] By 2018 population projection, Arua district has a total working-age population of 406,951, Moyo 71,147 and Adjumani 108,949 people. The total working population as a proportion of the total working-age population for the three districts is 172,140 people for Arua, 30,095 for Moyo, and 46,085 for Adjumani.

[12] National Labour Force Survey

Table 24. Labour Force Characteristics of the West Nile Region

Parameter	Arua	Moyo	Adjumani
DEMOGRAPHICS			
Total population	**Total-782,077** (Male-374,755, Female-407,322, Rural-720,115, Urban-61,962) ***(UBOS 2014)***	**Total-139,012** Male-68,940, Female-70,072, Urban-10,579, Rural-128,433, ***(UBOS 2014)***	**Total-225,251** (Male-108,298, Female-116,953, Urban-41,064, Rural-184,433) ***(UBOS 2014)***
Projected population 2018 *(ubos statistical abstract 2018)*	867,700	151,700	232,300
LABOUR CHARACTERISTICS			
Total working age population by 2018 projections	406,951	71,147	108,949
Total working population 2018 projections	172,140	30,095	46,085
Total un employed - 2018 projections	*234,811*	*41,052*	*62,863*

3.2.2.1 Rates of Unemployment in West Nile Region

The Labour Force Survey 2016/17 from the Uganda Bureau of Statistics shows that the National Population by 2017 was 37,78 million, the population in working age is 18,43 million, and the labour force 9,9 million. Only 19.5 percent of the workforce has paid employments, while self-employment represents 74.8 percent and contributing family workers are 5.4 percent. The report displays the sectoral participation of the labour force, where 68.3 percent of the workers are employed in agriculture, forestry, and fishing, 6.percent in manufacturing, and 24.9 percent in services (Uganda Bureau of Statistics, 2018).

The employed population was about 9.0 million, indicating that total Employment-to-Population Ratio (EPR) was about 48 percent with an approximate 16 percentage point difference between the proportion of employed males and females. The population engaged in subsistence agriculture work was about 41 percent of the working population (Uganda Bureau of Statistics, 2018). By grouping industries into economic sectors, the results show that agriculture, forestry and fisheries, as well as the service sectors, provided the most employment with a 41 percent and 42 percent share, respectively, compared to the sector of production (17 percent) (The National Labour Force Survey 2016/17 -Main Report, 2018, p. 51).

About 10 percent of the employed population did not possess any formal education while 67 percent did not have any trade or technical skills or specialisation. Status in employment showed that self-employment which constitutes own account workers, employers and contributing family workers formed the majority of the employed, with a proportion of 56 percent (Uganda Bureau of Statistics, 2018).

The higher the level of education attainment of the employed population, the more likely the population was engaged in services while the reverse was true for the population engagement in Agriculture, forestry and fisheries. The employed females were more likely to be engaged in agriculture, forestry and fishing as well as in services compared to males who were more predominant in the production sector. More than one half of the rural employed population were engaged in agriculture, forestry and fishing (56 percent). On the other hand, the employed urban residents were more engaged in services (67 percent) (The National Labour Force Survey 2016/17 -Main Report, 2018, p. 51).

Informal employment constituted 85 percent of the total non-agriculture employment. There was minimal variation by sex. The results also show that the urban informal employment (81 per cent) was lower than that of the rural areas (90 percent). The regions with the highest proportion of informal employment were Karamoja, Northern and Western (88 percent each). Informality reduced with increasing levels of education completed ranging from 95 percent for those with no education to 49 percent for persons who completed degree and above. The results further reveal that informal employment reduced with increase within the level of education with the highest impact felt with those with degree and above level of education attained (49 percent) (The National Labour Force Survey 2016/17 -Main Report, 2018, p. 63).

Around 48 percent of the youth in employment were own account workers and about 40 percent were in paid employment. The proportion of the male youth in paid employment was higher (46 percent) than that of females (32 percent). On the other hand, the share of youth in paid employment in urban areas (54 percent) was much higher than the proportion for rural residents (31 percent). (The National Labour Force Survey 2016/17 -Main Report, 2018, p. 109)

3.2.2.2 The Youth Employment in West Nile Region

According to the National Labour Force Survey of 2017/18, the youth (18-30 years)[13] to population ratio in Northern Uganda was 20.4 percent (20 percent for males and 20.8 percent for females). The 2018 population projections show that Arua district has an estimated of 177,010 youth, Moyo 30,947, and Adjumani 47,386.

The survey further indicates that in the region the youth in employment only equal to 41.2 percent, those in school only 6.3 percent, those in both school and employment 2.3 percent, those neither in employment nor in education 48.4 percent, and those in subsistence agriculture total up to 39.2 percent.

Of the youth in employment in the region 29.6 percent are paid employees, 1.1 percent are employers, 58.8 percent are own-account workers (vulnerable employment) and 10.5 percent contribute to household work. The statistics still show that of the employed youth, 64.8 percent work based on verbal contracts while 35.2 percent have written contracts—the majority are therefore outside the formal social protection network.

[13] Uganda Bureau of Statistics. (2016) Labour market transition of young people in Uganda: Highlights of the School-to- Work Transition Survey 2015
Definition of "young people": while in other contexts, a youth is defined as a person aged between 15 and 24 (United Nations) or between 15 and 35 (African Union), in Uganda, a youth is a person aged 18 to 30 years.

Youth Employment in the Palorinya Camp

In the Palorinya settlement, the Finn Church Aid study of 2018 indicated that 59.8 percent of the youth were employed or self-employed, while 40.2 percent of the sampled youth were not employed and were not engaged in any form of self-employment activity. According to the data of Finn Church, the situation of the refugee settlement is slightly better than the situation portrayed in the National Labour Force Survey in the West Nile Region. The major challenges regarding youth employment in the Palorinya camp listed in the table below:

Table 25. Major Constraints Faced by the Youth of Palorinya

Constraints faced by youth in the Labour market	Percentage of the TT sample
Lack of capital	66.9
Lack of necessary tools	54.3
Lack/ Low levels of education	47.8
Inadequate skills	93.4
Lack of interest	17.6
Lack of employment opportunities in area of my training	17.3
Inadequate Experience	12.9
Lack of access to internship positions to get experience	10.2
Lack of interest	8.9
Health complications	7.3
Lack of well-placed people to help	6.6

4 Matching Demand and Supply of Labour: The Impact of Labour Market Institutions and Policies on Employment Generation

Having analysed the supply and demand of the labour market separately, we will proceed to evaluate how these two forces align through public policies that seek to generate the conditions for the creation of stable and quality jobs in Uganda. It is key to note that under the characteristics of the Ugandan economy- where 85 percent of employment is in the informal sector- the impact of the policies is minimal and generally focuses on a small group of companies and industries that have the capacity to make their voices heard.

4.1 Uganda's Employment Regulatory Framework

The Ministry of Labour and Social Development of Gender, through its Directorate of Labour, Employment, and Occupational Safety and Health, plans and supervises all matters relating to labour legislation and its implementation. It is assumed that labour officials at the national and district levels must monitor and ensure compliance with national labour legislation.

The national labour legislation framework consists of the following key legislations:

- *The Constitution of Uganda of 1995* which provides for freedom of association, right to work under safe and healthy conditions, the right to form and join unions, collective bargaining and representation, and equal payment for equal work covering all workers, including foreign and migrant workers with the exception of workers from the informal economy.
- *The Employment Act of 2006* which establishes fundamental rights at work, and regulates employment relationships and other working conditions relating to wages, leave, working hours, and termination of employment.
- *The Trade Union Act enacted in 2006,* legalised unions, allowing these to conduct activities without employer interference giving workers the right to strike, freedom of association, and the right to bargain collectively. It also authorizes the Industrial Court to handle disputes which cannot be settled through recommendations of a report issued by a board of inquiry.
- *The Labour Disputes (Arbitration and Mediation) Act* that was enacted in 2006 seeks to simplify and reduce the statutory procedures for settling labour disputes, thus encouraging the use of voluntary conciliation and arbitration, as well as the observance of collective bargaining agreements.
- *The Occupational Safety and Health Act of 2006* establishes duties, rights, and responsibilities of workers and employers, health, and welfare requirements, as well as occupational health standards.
- *The Equal Opportunities Commission Act enacted in 2007* established the Equal Opportunities Commission mandated to eliminate discrimination and inequalities against any individual or group of persons on all levels.
- *The Workers Regular Compensation Act of 2011* stipulates workplace relationships and employer/employee rights and responsibilities and worker compensation issues.

- *The Employment (Employment of Children) Regulation of 2012* regulates employment of children under 18 years seeking to protect them from all hazardous activities and practices.

According to findings from the National Labour Force Survey 2016/17, the majority of employees nationwide (over 90 percent) fall under the category of informal employment which comprises own-use production work (such as subsistence agriculture), workers in household enterprises (own-account workers and contributing family workers), and paid employees in jobs that are not subject to labour legislation, income taxation, social protection, or other entitlements.

At the national level, most of the employed population (85 percent) do not belong to any trade union or similar employee/trade association, with no major sex differentials (Uganda Bureau of Statistics, 2018)**.** There are only two active Labour Unions for the teachers and medical workers who fall in the formal employment category.

4.2 Policies to Address the Employment Challenges

National Employment Policy

The National Employment Policy launched in 2011 is an ambitious attempt to create a comprehensive and integrated framework for employment creation. The policy outlined six key policy objectives that span multiple Government sectors:

i. To promote macroeconomic policies and investment strategies for employment creation.
ii. To increase productivity, competitiveness, and employability of the labour force, especially the youth and other most vulnerable members of the labour force.
iii. To promote on the job training, and apprenticeships and/or internships, especially for the youth.
iv. To promote purposeful and functional vocational and technical skills training.
v. To ensure availability of reliable and timely labour market information, especially for those sectors of the labour market employing the poor and vulnerable women.
vi. To promote and protect the rights and interests of workers in accordance with existing labour laws and fundamental labour standards. (UGANDA'S EMPLOYMENT CHALLENGE: AN EVALUATION OF GOVERNMENT'S STRATEGY, 2014, p. 7)

The Government has also developed programmes and initiatives targeting unemployed urban youth. In 2011, the Government, in partnership with the Development Finance Company of Uganda (DFCU) Bank, Stanbic Bank, and Centenary Bank, launched the Youth "Entrepreneurship Venture Capital Fund" to address unemployment among the youth. The Fund (with seed capital of UGX 25 billion) is used to support growth of viable and sustainable SMEs set up by the youth. Beneficiaries can access between UGX 5 million and UGX 25 million. However, the implementation of this Venture Capital Fund has faced several challenges. Youth are required to provide security (collateral) before they can access the funds from the banks, even though the majority (over 90 percent) of the youth do not have collateral. To address the challenge of collateral, the youth should be encouraged to form groups so the banks can rely on the group guarantee concept for repayment of loans (HABITAT III NATIONAL REPORT, 2014).

In 2013, the Government of Uganda launched the "Youth Livelihoods Programme" to help unemployed youth set up their own businesses. For this, a UGX 265 billion fund was created for young people to access soft loans for business development. Youth can access these funds to invest in various sectors and economic activities, such as bakery, dairy production, raising poultry and pigs, carpentry, bicycle repair, shoe manufacturing, metal manufacturing, honey production and handling, post-harvest, among others.

The programme also includes a component that focuses on the development of vocational skills for unemployed youth between 18 and 30 years of age, particularly those who have dropped out of school. *"The program is driven by community demand and is implemented with the guidance of the Central Government and LG. The funds were disbursed to the Youth Interest Groups (YIG) in the form of a Revolving Fund."* It is expected that the participants benefiting from these funds must make monthly payments to repay the loan, using the profits generated through their new business. To date, more than 50 youth groups have been formed (HABITAT III NATIONAL REPORT, 2014).

However, loan repayment has been a problem, as can be seen in the data for the Arua district (2018 Auditor General's Report) that shows a recovery rate of only 27 percent after more than two years after disbursements. According to the District Community Development Officer in Arua, this is due to the participating youth's perception that the funds were for political patronage. In addition, the formation of youth groups was carried with the sole purpose of generating collateral and receiving the funds. Many of these organisations dissolved after receiving the resources because they had neither a business project nor social ties between them.

National Local Economic Development Policy

The National Policy for Local Economic Development (LED) was launched in 2014. The LED strategy *"which forms the basis for interventions through which local governments, the private sector and communities effectively participate and invest in local development, with the proactive support from national stakeholders".* The LED policy establishes the principles which include eight political objectives and more than 50 strategic interventions. Similarly, the policy defines the institutional framework and assigns responsibilities to several entities, both nationally and sub nationally.

However, this policy is very ambiguous in terms of financing strategic interventions: *"the implementation will be financed by the ministries of the sector, development partners, financial institutions (banking and non-banking institutions such as pension funds, IMF, MDI, SACCO and companies). of insurance) and local governments, private sector and capital contributions".*

Among the innovations of the LED policy, there is the creation of the Local Financial Initiative (LFI) that will seek to *"unlock Uganda's internal system to finance LED infrastructure programs at the local level. In addition, PPPs are established as a way of financing the provision of public services in a cost-effective way Among organizational innovations, the policy states that the capacities of the districts must be strengthened to "incorporate the LED into their planning and budgeting processes in line with the PND."*

The existence of an evaluation of the implementation of this policy could not be evidenced. However, a review of the development plans of the Arua, Adjumani, and Moyo districts shows that most of the investment projects are not funded. For instance, the Arua District Development Plan 2015/2016-2019/2020 shows that only 8.16 percent of the total is devoted to capital investment budget. However, 52 percent of its capital investment for roads, education and sports, health, water, and community-based services in not funded. (Arua District Technical Planning Committee, 2015). In the case of Moyo, 24.5 percent of its total District Development Plan is unfunded (Moyo District Local Government, 2014).

4.3 The Business Technical Vocational Education and Training (BTVET) situation in Uganda

National Skilling Uganda Policy

The Business Technical Vocational Education and Training (BTVET) sub-sector which oversees skills development in the country is supervised by the Ministry of Education and Sports (MoES) through the Directorate of Industrial Training (DIT) and the National Council for Higher Education which oversees the Uganda Business and Technical Education Board (UBTEB).

The enrolment rates for BTVET are still low in Uganda compared to general enrolment in primary and secondary education. *"In 2014, the number of students enrolled in BTVET institutions was 39,712, for the year 2016, there was a strong increase of 59 percent reaching 63,285 students enrolled. In 2017, the number of students enrolled fell by 28.6 percent, registering only 45,153 people registered in these entities*". Comparing the figures for 2017 and 2014, there is an increase of 13 percent in absolute terms. Also, however, *"there is a substantial gap between the planned enrolment figures and those projected by the strategic plan."* (Budget Monitoring and Accountability Unit (BMAU) Ministry of Finance, Planning and Economic Development, 2019). The BTVET Strategic Plan “Skilling Uganda” shows an expected enrolment of 60 thousand students for 2013/14, reaching 100 thousand students enrolled for the year 2019/20 (Ministry of Education and Sports, 2011, p. 37).

The estimated budget to implement the BTVET Strategic Plan during the nine fiscal years 2011/12 to 2019/20 is estimated at UGX 2,001 billion or US$ 870 million. Of the total amount, the recurring expense represents 55 percent and the cost of capital investments is estimated at 45 percent. (Ministry of Education and Sports, 2011). The education sector accounted for 11 percent of the national budget in FY 2018/19. The nominal allocations for education in the fiscal year 2018/19 were UGX 1,091 billion for pre-primary and primary education, UGX 363 billion for secondary education, UGX 363 billion for tertiary education, and UGX 304 billion for skills development. Local governments must fund 22 percent of the budget for skills development. (Unicef, 2019)

The two main sources of financing for the BTVET system are the public budget and household expenditure (through training fees); yet both sources have limitations. "*The participation of BTVET in the MoES budget is relatively low, with 4 percent. In addition, public unit spending is low even by African standards."* The financing of households to BTVET through fees paid to public and private entities *"is a strength of the current system."* However, high levels of poverty and low household income limit the possibilities of increasing private contributions to strengthening the system (Ministry of Education and Sports, 2011, p. 7).

The diversity of the training programs currently offered is very limited, generally determined by the availability of workshops and instructors, rather than the demand of the labour market. New skill areas are important to keep Uganda abreast to technological developments in the East African region, but this has been neglected by internationally funded initiatives in Uganda. The BTVET system has also not aligned with the training and skills improvement needs of the priority sectors in the NDPII. The information available in the labour market indicates that demand has been generated for qualified personnel in sectors such as ICT and hospitality, yet competent professionals in financial services, metallurgy, construction technologies, and machine operators are also required. There is also a demand for technicians in the area of oil and gas exploitation. Another important field that requires skilled workers and technicians is the generation of renewable energy and environmental (green) technologies. (Ministry of Education and Sports, 2011)

If the impact of vocational-technical training on the labour market and on the income of graduates is assessed, the benefit for students is evident. The quantitative analysis of the National Panel Survey suggests that completing formal technical or professional training on average increases the income by approximately 7 percent (an additional year of schooling increases income by 3 to 5 percent). In most cases, BTVET returns exceed returns to formal education. These findings are backed by qualitative evidence collected among BTVET graduates.

The same National Panel Survey shows that BTVET *"has had significant benefits for participants, but a more limited impact on the aggregate growth of employment."* In general, graduates of formal BTVET institutions are more likely to find salaried jobs and make use of their job skills, *"but few create jobs for themselves or others, reflecting an insufficient emphasis on business and entrepreneurial skills of the graduates."* (Ministry of Finance, Planning and Economic Development, 2014)

The Statistical Abstract of Education 2018 indicates that there are 88 public vocational training institutes and 90 private institutes in the country. (Uganda Bureau of Statistics, 2018, p. 25) However, the Uganda Association of Private Vocational Training Institutions (UGAPRIVI) database shows that there are 1191 private vocational training institutions registered in UGAPRIVI in several regions, as indicated in the table below:

Table 26. Number of Vocational Training Institutes per Region

Region	Number Vocational Training Institutes
East	196
South West	99
North	224
South	86
West A	66
Central	389
West Nile	81
West B	50

Several studies have been conducted to analyse what type of vocational education should be prioritised according to the demand of the labour market. However, as indicated in the section corresponding to the private sector, the number of companies with five or more employees is very small in the districts studied, so it is clear that the fundamental problem of the labour market is not insufficient supply (quality and quantity), but rather the lack of demand. It is for this reason that most of the "marketable trades" analyses refer to traditional trades that respond to people's knowledge and to the characteristics of internal markets that are very small and saturated by competition.

Yet, there is a large gap between the ambitions of Skilling Uganda's National Policy (the national employment policy) and the economic reality. The main assumption for Skilling Uganda is that there is a dynamic private sector that invests in various areas of the economy and generates a demand for skilled labour; however, based on the analysis of the private sector in Uganda, this assumption is refuted.

In the same way, it is assumed that there is technological innovation, and development or adaptation of technologies, that can promote the creation of companies and jobs. Data of the World Intellectual Property Organization shows that Uganda filed five patent applications in 2014—nine in 2015 and 16 in 2016. The problem in Uganda is not the absence of skilled labour demanded by private companies, but rather the lack of companies that require skilled employees.

4.3.1 BTVET Situation in the West Nile Area

There are both public and private vocational training institutions in the West Nile region. Government-owned institutions are those that offer long-term courses between one and two years of duration. Private sector institutions, which are more flexible and adapt more quickly to the market, offer a series of personalised training courses that can last from a few weeks to several months. Some of the courses offered by the private sector institutions are based on Assessment and Training Packages (ATPs), endorsed by the Industry Training Council and published by the Directorate of Industry Training. However, they also offer courses which are based on the curriculum developed internally by institutions, or by NGOs that support students.

The Arua district has six public and nine private vocational training institutions (VTIs) (Arua District Technical Planning Committee, 2015). Moyo, on the other hand, only has three VTIs and Adjumani has four. However, low enrolment rates remain a problem; this is attributed to the fact that *“the general perception of technical and vocational training by the population is negative. Lack of equipment, sub-standard quality and inability to meet the market needs led to the view that BTVET is a less desirable option than “formal education” at the university”* (Budget Monitoring and Accountability Unit (BMAU) Ministry of Finance, Planning and Economic Development, 2019).

Records form the Belgian Development Agency (BTC) provide some valuable conclusions regarding the BTVET in the West Nile Region. In total, 2,711 people were skilled in West Nile with NGO support; this number included 797 refugees. First of all, the number of enrolled students is very low compared to the primary and secondary school student population in the region. Second, refugees represent 30 percent of the total trainees. Third, traditional trades such as computing, tailoring, auto-mechanics, and hairdressing have received 50 percent of the students.

Table 27. Enrolment- Coverage by Skill 2015 (BTC 2016)

	ENTERPRISE/ SKILL AREA	Number	Frequency	Accumulated
1	Computing	426	15,71	15,71
2	Tailoring and fashion design	413	15,23	30,94
3	MV-Auto Mechanics	272	10,02	40,96
4	Hair dressing & Saloon Business	267	9,84	50,8
5	Welding and metal fabrication	194	7,17	57,97
6	Electrical installation	161	5,93	63,9
7	Needle Work & Crocheting/knitting	148	5,45	69,35
8	BCP	142	5,22	74,57
9	Catering and hotel management	142	5,22	79,79
10	Bakery	135	4,98	84,77
11	Carpentry	127	4,68	89,45
12	Motor vehicle driving	80	2,96	92,41
13	Plumbing	55	2,02	94,43
14	Secretarial services/photocopying	45	1,66	96,09
15	Motorcycle repair	45	1,66	97,75
16	Electronics	38	1,42	99,17
17	Poultry (Layers)	13	0,47	99,64
18	Vegetable Growing	10	0,36	100
Total		**2711**	**100**	

A comparison between the access to vocational training by the hosting communities and the refugees shows no major disparities. The proportion of households that have participated in vocational training is similar among the population groups: 18 percent of households in the host community reported having participated, compared to 13 percent of refugee households. However, in addition to training, there are other ways in which savings, loans, and the possibility of investing in economic activities are promoted. In these topics, the difference between host communities and refugees is greater: *"households in the host community were twice as likely to participate in one of these groups with 52 percent, compared to 25 percent of refugees"* (UNHCR - REACH, 2018).

4.4 Mismatch of Skills

The European Centre for the Development of Vocational Training (Cedefop) defines skills mismatch as "the situation of imbalance in which the level or type of skills available does not correspond to labour market needs. Skills mismatch can be a surplus or a lack of knowledge, abilities and competences." The symptoms of the mismatch are "unemployment, recruitment difficulties, skills becoming outdated, and people doing jobs which do not use their full potential" (Cedefop, 2018). The Uganda Bureau of Statistics defines skills mismatch as "*the incompatibility between education and occupation. Workers whose educational attainment is above the skill requirement of their jobs are in some sense underutilized. The return on investment in their education and training is below optimum and somewhat wasted*". (Uganda Bureau of Statistics, 2018)

However, after analysing the characteristics of the business and economic activities in Uganda and the West Nile region, it is not possible to conclude that there is a mismatch between supply and demand in the labour market.

Considering that near to 70 percent of the workforce is dedicated to agriculture and the remaining 30 percent is mostly made up of self-employed and microenterprises, the demand for employees with higher or different qualifications is minimal. On the contrary, what all studies endorse is the lack of a dynamic business sector, especially small and medium enterprises that create jobs (the missing middle). The few large companies or international companies can hire employees and even invest in training them when necessary; however, SMEs depend more on government intervention for the creation of a sufficient supply of skilled labour.

The World Bank report on Local Economic Development in Uganda analyses the economic potential of three districts, including Arua, and states that: "the skills issue did not appear prominently in Focus Group Discussions with the main economic subsectors of Arua." The study concludes that this "could be due to the lower level of development of companies and subsectors in Arua compared to Jinja, which does not need a more sophisticated level of workforce skills, by virtue of their level of development" (light industry in general). Likewise, it clarifies that this absence may be because the region suffers from other limitations, such as access to reliable electricity, access to land, and access to financing, which may also impact economic activities. The same study mentions that the "lack of affordable financing" is the biggest impediment to the establishment and expansion of companies in Arua. Also, other factors that affect companies include: an agricultural extension system that does not work properly and, the lack of support from commercial offices for MSMEs and cooperative development. The focus group participants also stressed the need to build capacities in the preparation of good quality business plans to secure financing. Finally, participants highlighted the problems caused by poor infrastructure in the Arua district: "particularly rural access roads, as well as the total lack of electricity in many areas of the district." (World Bank, 2016)

Soft skills and people's attitude towards work were also considered problematic in focus group discussions. The fact that “many young people are not interested in industrial jobs” that require hard work was mentioned, and that young employees often quit their jobs shortly after being hired. When employers were asked what the role of the local governments is in promoting local economic development, companies responded that it could contribute to the formalization, training and certification of local tourist guides. Similarly, it was considered that local artisan producers, as well as hotel and restaurant staff, lacked the skill levels necessary to compete with other international tourist destinations in East Africa (World Bank, 2016, p. 33).

However, technical training is not the only skillset required of the workers. The labour market increasingly values innovative and creative thinking, and the ability of employees to adapt quickly to changes in a highly competitive and rapidly developing technological environment. The trait sought by modern workers is "adaptability: the ease of responding to unexpected circumstances and unlearning and relearning quickly. This trait requires a combination of certain cognitive skills (critical thinking, problem-solving) and socio-behavioural skills (curiosity, creativity, flexibility) that are generally acquired at an early age” (World Bank, 2019, p. 72).

In addition to the lack of private demand for skilled labour and the difficulties students face in accessing vocational training courses, the challenge in the West Nile is also the quality and applicability of the study material and their learning. Information obtained in the survey conducted by the ELMA team, shows that BTVET institutions have trained a reasonable number of young people of both sexes, but the level of the training program is only elementary. For example, 120 people were being trained as automotive vehicle mechanics at the Polytechnic Institute (Moyo district, 2019). Despite the high number of trained technicians in Moyo, most of the NGOs operating in the district opt to repair their vehicles in Kampala because the mechanics in Moyo lack the knowledge to repair modern vehicles. Similarly, most of the electricians working in Moyo originate from Kampala because those who study in Moyo lack the adequate level of training. While complementary short-term courses may offer a solution for some sectors (for example for the baking sector), it is vital that the quality of existing courses are improved, and that ongoing training programs are revised and updated.

This situation is corroborated by the study carried out by BTC, which indicates that "existing institutional capacities, governance, staffing, financing mechanisms, infrastructure, and equipment in most IT and public VTIs are inadequate. to produce high-quality graduates”. This report also states that employers perceive that "IT and VTI graduates experience difficulties in using modern machines, equipment and tools and, also show a lack of adequate trade skills, creativity and innovation and knowledge, mainly due to limited practical exposure" (Belgian Development Cooperation, 2016).

The current offer of vocational-technical training points more to self-employment than to satisfying the demand of existing companies. The demand expressed in the ELMA survey reinforces the notion that host communities and refugees alike, are looking for skills that will allow them to be self-employed rather than help them find a job in a company that demands skilled workers. The offer of training and vocational education centres is concentrated in the traditional trades that are best known and demanded by both host communities and refugees. People generally only demand what they know but cannot keep up with technological changes and business management. Especially young people demand training in the trades they see in their surroundings, considering these the bets options to change their subsistence farming activity. However, as explained in the chapter devoted to the analysis of companies in Uganda, these economic activities concentrated in non-tradable goods and services only depress prices and generate high business turnover (displacing other self-employed or microenterprises without adding more sources of work).

However, as can be seen from the analysis on the labour market offer of this ELMA report, there is a need to promote innovation and entrepreneurship in Uganda in general, and particularly in the West Nile region. For this to happen, it is necessary to create the conditions so that there are incentives for innovation, fundamentally regarding the mechanization of agriculture, food processing and storage that are the sources of income generation for most households. Following, it is key to promote creativity and innovation, as well as access to capital for the constitution of companies that adapt to changing market conditions and technological progress. The training/skilling of workers is clearly insufficient and will not solve the problems of unemployment and underemployment. “Technological change makes it harder to anticipate which job-specific skills will thrive and which will become obsolete in the near future. In the past, shifts in skill requirements prompted by technological progress took centuries to manifest themselves. In the digital era, advances in technology call for new skills seemingly overnight” (World Bank, 2019, p. 72).

The Uganda Investment Authority has issued several investment profiles of each district, aimed at promoting investments in diverse sectors. As can be seen in the table that summarises the investment opportunities presented by the Uganda Investment Authority, they do not provide contributions that can attract foreign or domestic investors and only reflect the economic activities that already exist in the West Nile region. "Industrial location responds to many factors, including geography, transport, logistics, and ease of integration into global value chains, domestic market size and agglomeration potential, labour and management skills, policy quality, and more recently ICT readiness (digitization, robotics, AI)” (Alan, Christian, Vijaya, & Divayanshi, 2017).

Table 28. Investment Profiles of the Districts

Invest Profile of Arua	Investment Profile of Moyo	Investment Profile of Adjumani
Agribusiness services provision Value Addition agribusiness Input supply Upgrading of the cottage fish processing industry Tourism	Tourism opportunities Investment in tree planting and tree nurseries Investment in youth technical skills and capability enhancement Upgrading of the cottage fish processing industry Water packing	Investment in the tourism sector Investment in youth technical skills and capability enhancement Investing in agricultural services providing productivity-enhancing technologies Investment in tree planting and tree nurseries.

Source: Uganda Investment Authority, United National Development Programme UNDP. Available at: https://www.ugandainvest.go.ug/wp-content/uploads/2019/06/UNDPUg1720-20DistrictProfile

Despite the scarce information presented by the investment profiles, there is a clear need to improve the productivity of agriculture, forestry, and fish farming and, relating to these activities, generate business and enhance value chains by ensuring a stable supply of raw materials in quantity and quality. *"There are multiple promising trends for value addition and job creation in Uganda's agri-food sector; a booming domestic and regional demand for higher-value foods, dietary shifts into higher value and more processed foods, and increasing vertical integration of smallholders into agriculture value chains"* (World Bank, 2018).

Therefore, it is firstly necessary to promote innovation to face the lack of basic industrialisation needed to process agricultural, forestry, and aquaculture products. Given the limited access to capital, it is unrealistic to envision the development of a "state of art industry"; however, the promotion of so-called "frugal innovation" should be viable. Frugal innovation refers to the development of *"products, simple, intelligent and affordable services, systems with low user complexity, high functionality and high user value for people with relatively low incomes."* (Knorringa, 2018). India, as the country with the largest rural population with low purchasing power, has been pioneering the concept of frugal innovation. There are many frugal innovations in agriculture, health, transportation, and energy generation that can easily adapt to the Ugandan context, based on the *"principle that "use" is the key factor that determines the value of creation, discovery or technological invention."* (Langer, Sood, & Yadav, 2019)

Figure 24. Frugal Innovation for Agriculture

Source of the picture: Langer, Aditi Sood, & Laxmi Yadav. Goodness through Jugaad (Frugal Innovation)- Disruptive Innovation in Agriculture Sector in India Amol.

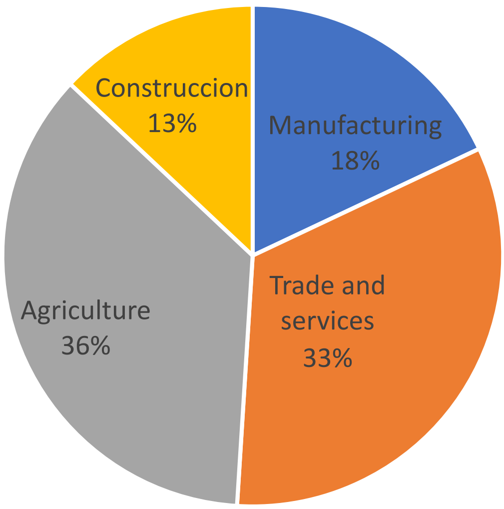
It is therefore necessary to relate innovation with access to capital, business accelerators, incubators, and expert mentoring so that innovators can create companies able to produce their inventions on scale, generating the needed financial benefits. State intervention should therefore aim to create the conditions that follow the axiom that *"economic development is a matter for private sector investments (MSMEs and large companies); however, its promotion is the responsibility of the public sector (legal and regulatory framework, infrastructure, services, access to financial services, copyright protection, workers training and taxation).*

4.4.1 Marketable Trades and Skills in West Nile

ENABEL's study to identify priority training needs was based on information from 38 reports, which reflected the views of young people, women, children from host communities, and refugees. The central question was: *what are the marketable trades, and what are their training needs to get decent employment?*

Based on the findings of the ENABEL report, it can be concluded that the perceptions of the interviewees reflect their vision of employment and are influenced by the trades they know, not by the market demand (marketable trades). The availability of jobs in small communities is limited, as economies are simple and are generally based on subsistence agriculture and some services such as hairdressing, carpentry, welding, and tailoring. However, as mentioned in the section dedicated to the types of companies in Uganda (survivalist and growth-oriented) the market for these non-tradable services is determined by population growth and income. Therefore, the training of more hairdressers, carpenters, or tailors does not generate employment opportunities and only saturates the market by depressing prices and expelling other entrepreneurs.

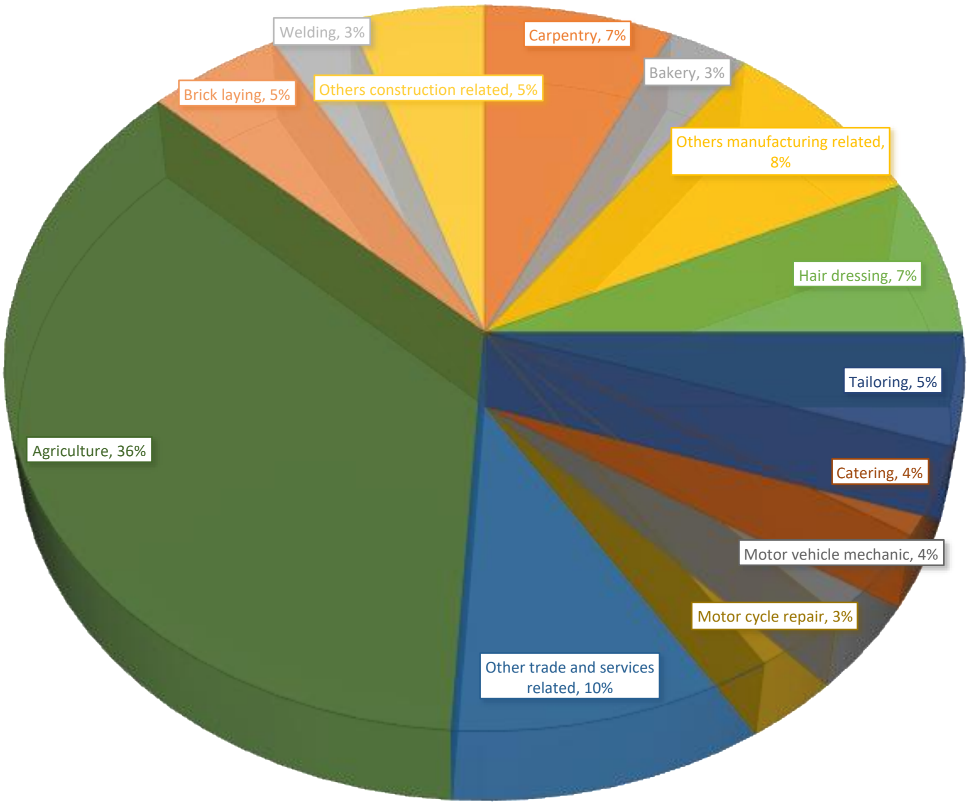
Figure 25. Priority Employment Sectors



Source: Enabel, SECONDARY LABOUR MARKET STUDY IN NORTHERN UGANDA FINAL REPORT

The report 'Secondary Labour Market Study in Northern Uganda' (Enabel, 2018) shows the "priority marketable trades" in various economic sectors. In trade and services, the main labour markets are hair dressing (6 percent), tailoring and garment cutting (5 percent), and catering and hotel management (4 percent). As an easy labour market entry trade, this subsector has a number of non-traditional training needs namely solar technician, bicycle repair, ICT, electronic and phone repair, agro-trade in inputs and produce, knitting and weaving, and leather works.

Figure 26. Priority Marketable Trades



Source: Enabel, SECONDARY LABOUR MARKET STUDY IN NORTHERN UGANDA FINAL REPORT

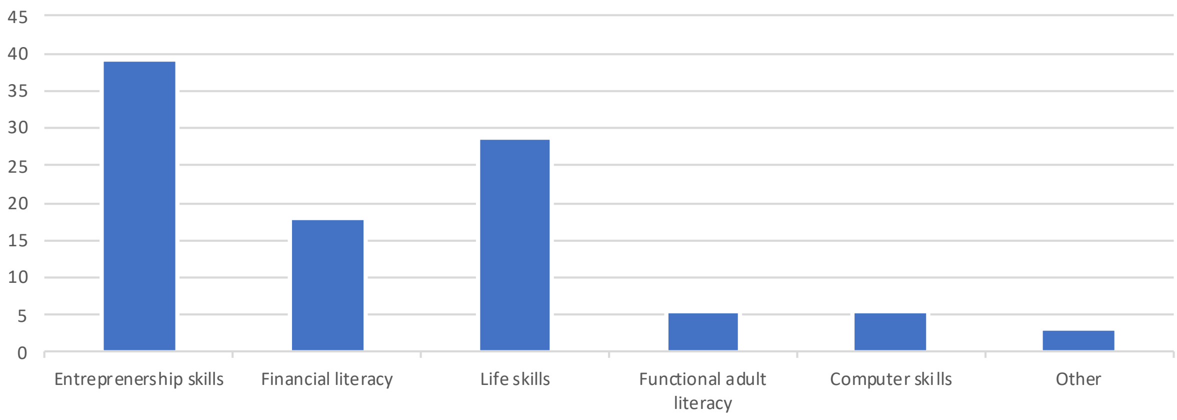
The major trades in the manufacturing sector are carpentry and joinery (7 percent) and bakery and confectionery (3 percent). Some of the non-traditional training needs identified under this sector include energy stove and briquette making, soap making, blacksmith, agro-processing art and craft, and tie and die fabric making.

In the construction industry, the priority labour market training needs are brick laying and concrete practice (5 percent) and welding and metal fabrication (3 percent*).” The priority non-traditional training needs are electrical installations, brick and vent making, painting, and decorations.”* Quarrying/aggregate chipping, and sand mining for which no (non)-formal training is provided were also identified especially by refugee communities.

The list of trades and technical careers that arise from ENABEL's study can be categorized as "traditional trades/skills" that have little or no real demand. Also, the training of more people in these topics may create discouragement among young people seeking employment, that ultimately end up doing low-productivity and low-income jobs. It is also recognised that without skills for business development, innovation, and continuous learning, the prospects for job creation remain low (Ministry of Gender Labour and Social Development, 2011).

ENABEL has also detected this need to complement technical training with complementary skills, which, according to the 2018 World Development Report, are increasingly important for the training of workers. The report of ENABEL "Secondary Labour Market Study in Northern Uganda" shows that *"complementary skills were noted as critical in enhancing the use of technical and vocational skills for the effective in the job market*". Among the complementary skills, demanded by the people interviewed are entrepreneurial skills, life skills, financial literacy, functional adult literacy, computer skills, and other skills, could also be mainstreamed in the VTI's training content (Enabel, 2018).

Figure 27. Priority Complementary Skills



Source: Enabel, SECONDARY LABOUR MARKET STUDY IN NORTHERN UGANDA FINAL REPORT

Community Preferences and VTI Offer

With the collaboration of key informants and VTI professionals, the ELMA team developed a list comprising 57 skills/trades so that communities could identify which they consider important to improve their livelihoods and develop business opportunities. The team also analysed previous community surveys conducted by ENABEL, BTC, Finnish Church Aid, and JICA/UNDP to assess and identify the needed skills.

The ELMA team conducted surveys among 29 professional training institutions in the districts of Arua, Moyo, and Adjumani to collect information on the categories of training courses offered and their enrolment characteristics. The team also conducted interviews with people from the host and refugee communities.

From a total of 57 skills identified, respondents selected 42 skills which they perceived as potentially interesting to learn, and to ultimately improve their income and their living conditions. The results of these surveys were compared with the offer of courses of the 29 VTIs visited.

Of the 42 skills preferred by the communities, the IFPs in the survey only offered 19 skills (45.2 percent), they also provide training in 11 skills that the communities never mentioned as a priority, indicating a mismatch between community preferences and what training institutions offer. In general, VTIs offer training is focused on traditional trades such as hairdressing, metal fabrication, plumbing, restoration and tailoring. Private VITs respond better to changes in trends due to less bureaucratic management and minor investments required, but their sustainability is questionable due to the low enrolment that barely allows them to cover instructor salaries.

Table 29. Training Offer

	Trade/Course	√ - Course preferred/requested by community	No. of VTIs offering the course	Percentage of total VTIs surveyed offering the course
1	Tailoring and fashion design	√	20	69%
2	BCP	√	16	55%
3	Carpentry	√	12	41%
4	MV-Auto Mechanics	√	12	41%
5	Hair dressing & Saloon Business	√	11	38%
6	Needle Work & Crocheting/knitting	√	11	38%
7	Electrical installation		10	35%
8	Welding and metal fabrication		9	31%
9	Catering and hotel management		8	28%
10	Motorcycle repair	√	7	24%
11	Plumbing		6	21%
12	Computer		5	17%
13	Bakery	√	3	10%
14	Poultry (Layers)	√	2	7%
15	Art and design	√	2	7%
16	Agriculture – general		2	7%
17	Entrepreneurship/Business management/Records management	√	2	7%
18	Sanitary pad making		1	3%
19	Sandal/shoe making		1	3%
20	Tree Nursery Technician/Agro-forestry	√	1	3%
21	Vegetable Growing	√	1	3%
22	Bee keeping/Apiary		1	3%
23	Piggery	√	1	3%
24	Marketing and buying		1	3%
25	Fishing and fish processing (drying)	√	1	3%
26	Secretarial services/photocopying	√	1	3%
27	Motor vehicle driving	√	1	3%
28	Phone repair	√	1	3%
29	Electronics		1	3%
30	Journalism and mass communication		1	3%
31	Concrete Product	√	0	0%
32	Briquette making	√	0	0%

33	Goat rearing	√	0	0%
34	Selling dried fish	√	0	0%
35	Beverages selling	√	0	0%
36	Food processing –Grinding mill	√	0	0%
37	Fruit juice making	√	0	0%
38	Bamboo House Construction	√	0	0%
39	Bamboo Craft and furniture	√	0	0%
40	Phone selling-accessories & charging	√	0	0%
41	Liquid soap making	√	0	0%
42	Mobile money transfer	√	0	0%
43	Restaurant/catering	√	0	0%
44	Retail business -general	√	0	0%
45	Photography -studio	√	0	0%
46	Shoe making and repair	√	0	0%
47	Skin Vaseline making	√	0	0%
48	Boutique-selling clothes	√	0	0%
49	Masonry work		0	0%
50	Beads and Jewelry	√	0	0%
51	Brick making	√	0	0%
52	Bicycle assembly and repair	√	0	0%
53	Solar Technician	√	0	0%
54	Video hall/entertainment	√	0	0%
55	Business administration – Dip		0	0%
56	Procurement and Stores management		0	0%
57	Milk processing (yoghurt, fresh milk)	√	0	0%

Source: VTIs questionnaires and previous survey report.

4.4.2 Green Skill-Based Enterprises and Jobs

NDPII, estates that the development of the industrial sector is going to be achieved through:
- sustainable development of value-added industries in agriculture and minerals;
- increasing the stock of new manufacturing jobs;
- enhancing the use of standards and quality infrastructure in the industry;
- promoting and accelerating the use of research innovation and applied technology;
- and promoting green industry and climate-smart industrial initiatives.

Moreover, NDPII describes how to promote green industry and climate-smart industrial initiatives. It identifies the following actions:

i) Popularize and promote efficient and waste-less technologies and practices.
ii) Establish and support climate innovation centres to support investment in industries that produce and adopt green technologies.

iii) Develop decentralized agricultural processing centres in villages that incorporate low carbon energy sources, such as biodigesters and solar dryers; and,

iv) Develop carbon trading capacity within the private sector to take advantage of innovative financing opportunities provided by the Clean Development Mechanisms (CDM) and voluntary carbon markets. (Government of Uganda, 2015)

Table 30. Skills Development Measures for the Green Economy

Sustainable agriculture: organic agriculture
Renewable energy: wind, solar, hydropower, bioenergy and geothermal
Greening buildings
Sustainable forestry and tourism: certified hotels, ecotourism and adventure tourism
Recycling
Sustainable transport
Sustainable urbanization
Promoting alternative energy sources and sustainable use of energy in schools
Green industrialization
Source: ILO. (2018. Skills for Green Jobs in Uganda)

Despite the good intentions expressed in NPDII, the International Labor Organization (ILO)—in a report published three years after the launch of NDPII—states that *"Uganda does not have a skills development strategy as part of a coherent response of national policy to climate change and environmental degradation. There is very little or no political coherence, complementarity, relevance or coordination as such."* ILO also criticises the absence of a coherent national strategy or national policy aimed at creating the capacities and skills necessary for the "greening of the economy". It refers to the fact that the national strategy for the development of human resources for the provision of skills for a green economy *"is driven by the market, not by environmental policies"* (International Labour Organization, 2018).

Regarding the "skills development measures for the green economy" as recommended in the ILO report, the ELMA team survey found that there is some progress in terms of renewable energy generation and organic agriculture. The other skills are not mentioned—not regarding the demand of the communities nor the offer of the BTVETs.

The openness, willingness, and capacity of BTVETs to face the challenges of the green economy remains limited. *"The content of TVET programs is largely defined by curricula for private courses and job profiles. The focus of training within TVET systems focuses primarily on practical skills (technical)".* The ILO report also highlights that the lack of teachers and poor teaching techniques remain important challenges in BTVET. Finally, it mentions that in Uganda *"there are no criteria for designing a new green competency standard"* and there are no conditions for companies and the public sector to adopt them. (International Labour Organization, 2018)

5 Conclusions and Recommendations to GIZ

Prior to formulating the conclusions and recommendations for GIZ, the team conducted stakeholder meetings to validate the ELMA findings. The objective of these meetings was to share the situation analysis findings and allow stakeholders to provide feedback as to how they thought the GIZ/RISE project should intervene to foster employment opportunities in the region.

One meeting was held in each of the original districts of Arua, Moyo, and Adjumani targeting operating NGOs, local government representatives, representatives of Vocational Training Institutions, business operators, and business association representatives. There was consensus in all the meetings that the issues presented reflected the true situation on the ground. Participants were asked to provide suggestions as to how the GIZ/RISE project should intervene amidst the prevalent challenges on the ground. The collected feedback is listed below:

1. The private sector, which is expected to be the key employer in the area, is dominated by micro-enterprises under a sole proprietorship and constituted informally with low backward and forward linkages to job/employment creation. These enterprises are mostly in the trade and service sectors.
2. Physical infrastructure remains inadequate to boost private enterprise development as a driver for employment creation.
3. There is poor access to capital finance which limits start-ups and existing companies to grow.
4. Private vocational institutions are still insufficient, especially in Moyo and Adjumani, to address the skills gaps. Private vocational institutions are still insufficient, especially in Moyo and Adjumani, to address the skills gaps. Yet, there is also a gross mismatch between the courses the VTI's offer and what the community demands and none of them are connected with the market. The VTIs offer what is possible for them to handle and communities demand what they see around as potential economic activity. (They are also inadequately equipped and with low collaboration with private sector actors).
5. Although agriculture is the major occupation in the area, it is characterised by subsistence small scale farming, rudimentary technology, low-value addition/agro-processing, unstable markets, low productivity—and thus low returns and precarious own-account employment.

A review of the recommendations made during the meetings in the Arua, Moyo, and Adjumani districts revealed no significant differences in opinions between the participants; therefore, aggregated suggestions on what GIZ/RISE project could do are reflected below.

Promotion of the private sector. **Capacity-building of private sector companies in the following areas:**

- Business development/planning, human resources training, tax compliance, life skills and customer service;

- Registration/formalization of commercial operations by linking with the commercial registry office to access companies to simple information related to commercial registration requirements;
- Training in maintenance/records management;
- Subsidised access to capital goods (exemptions from tariffs for machinery and equipment);
- Support the formation of cooperative societies to provide transportation for people and goods (agricultural products and manufactured products); and
- Foster the modernisation of agriculture as a pillar for agro-business and industrialisation.

Improvement of physical infrastructure and services for economic development.

- GIZ should support the advocacy before the national government to improve infrastructures such as electricity, roads, water, and internet services.
- Local governments should prioritise the rehabilitation of secondary roads to improve market access.
- Local economic development initiatives should support not only agriculture but industry, commerce and tourism as well. Support the local government and the private sector to develop tourist sites in West Nile.

Improvement of access to credit and technical assistance.

- Support business enterprises to formalize business registration with Uganda Registration Services Bureau (URSB) and avail information about business registration.
- Build the managerial capacity of business enterprises, particularly the ability to formulate business plans.
- Promote the establishment of credit development facilities and technical support for the private sector.

5.1 Conclusions

- Unemployment and underemployment are not only caused by the lack of skills of the labour force or the mismatch between supply and demand for qualified labour. The absence of a dynamic and diversified private sector in the region is the primary cause of the lack of demand for skilled and unskilled workers. Without considering the subsistence agriculture, the private sector in the West Nile is mostly made up of self-employed people and family microenterprises, and only a few small and medium-sized businesses. Therefore, the supply of labour exceeds the capacity of job creation of the private sector generously. Some of the main causes for the lack of private investment and economic diversification include:
  i. The lack of innovation and adaptation to improve or adapt products, processes and organisations, as well as the absence of stimulus to reward innovation, risk-taking, and creativity of entrepreneurs.
  ii. Limited access to capital and the absence of specialised financial services to promote entrepreneurship and creation of small and medium-sized enterprises such as low-cost

loans, equities, partial guarantees for loans, venture capital to start-ups, and, First-Loss Guarantees.

iii. Economic activities are concentrated traditional, non-tradable sectors, such as petty trade, construction, and services including tailoring, hairdressing, carpentry, and welding. The demand for these non-tradable sectors grows in direct proportion to the growth of the population, and the market is already saturated.

iv. Lack of managerial and administrative capacities of the entrepreneurs (sole traders, MSMEs in topics such as marketing, rudiments of administration, accounting, cost calculation, financial literacy, and numeracy).

v. Structural limitations, such as the lack of economic infrastructure: roads, bridges, electricity, reliable internet, and poor maintenance of existing infrastructure.

vi. Lack of standardisation and enforcement of quality standards for the production of goods and services. For instance, standards for construction (with all the subspecialties), electric and sanitary installations, food production, processing, and packaging.

- The vocational and technical education will not produce the desired effects if it is not accompanied by business development, innovation, and access to capital. Business incubators, complementary services for companies such as industrial parks (for the light industry), business accelerators, and subsidised technical assistance plans are needed.
- The demand for qualified personnel is minimal because there are very few SMEs. Most people who take BTVET courses do so because they want to diversify their economic activities as self-employed, not to look for employment. This lack of demand by the private sector with the capacity to employ more than five people (SMEs) and the need for people to create self-employment, makes BTVET focus on providing training in traditional trades. Additionally, the demand is distorted by the start-up kits offered as part of hairdressing, tailoring, and welding courses.
- Due to the economic structure of the West Nile region and the objectives of the National Development Plan, the government should promote the creation of new careers in technical and professional training. It is essential to focus on the tradable sectors of the economy. Agricultural activities must be aligned with industry, commerce, and trades offered by BTVET. Careers related to the mechanisation of agriculture through the production of agricultural tools and implements are a priority. Also, primary food processing and food storage/preservation must be considered within the offer. Similarly, in order to promote innovation, it is crucial to establish competition and award mechanisms for initiatives that develop innovations related to the mechanisation of agriculture, food processing, and storage/preservation).
- There are few established value chains to learn about in the West Nile region. Perhaps the most stable and consolidated value chain is the honey value chain, which includes a large number of farmers, beehive producers, training and extension, and long-term relationships between farmers and businesses. In the honey value chain, agricultural production, industrialisation, training and extension services, financial services and marketing are

combined[14]. It is recommended to consider this model to when revising other value chains, such as the cassava value chain for example.

- The need for training in trades is very high both among host communities and among refugees in the West Nile region. The survey conducted by the ELMA team detected many trades where people want to receive some training. This demand is mainly oriented to income diversification and risk reduction for households through self-employment. However, it is unlikely that the public or private sector of BTVET can respond to these expectations because of the costs involved in the design of courses and because those interested cannot pay for them.
- NGOs have provided most skills development/training in the West Nile region. The training has used a supply-driven approach where the desire for a particular skill- by a potential trainee- is the paramount basis to decide which skills to sponsor as opposed to a demand-pull approach where the need for specific expertise by the labour market is the driving factor. This dynamic has led to an oversupply of some trades including tailoring, welding, hairdressing, and mechanic. The oversupply renders many trainees jobless after skilling. Most private VTIs manage to survive because the tuition fees are sponsored by NGOs.
- The urbanisation in West Nile region is growing. There are very dynamic urban centres such as Arua, that can stimulate the development of new economic activities and attract professionals and entrepreneurs. However, there is a disconnect between the development plans of the districts and the plans of the urban centres. Cities and towns are the markets for agricultural products and are also the centres that provide services to rural areas. Urban development planning would contribute significantly to improving the development of sectors such as tourism and industry in the West Nile.
- The local development plans of the districts show severe limitations in terms of spatial planning, integrated development (social inclusion, economic growth, environmental sustainability) and financing. In the area of local economic development promotion, the plans focus almost exclusively on agriculture and infrastructure improvement, paying little attention to regulations and essential services to improve the private sector.
- The institutional framework to promote local economic development is defined in the policy; however, there are no financial resources allocated for its execution. The districts raise very few funds and the unit in charge of local economic development has very few staff and no resources. 90 percent of the districts' budget is allocated to recurring expenses.
- Inadequate physical infrastructure, such as traversable roads throughout the year, lack of electricity supply, lack of access to credit and land are the main problems that limit the development of the industry. Similarly, the few existing agro-processors (predominantly mills) in the West Nile region report that inadequate supply of agricultural raw materials leads to operating below their installed capacity, which makes their operations unprofitable.
- In the field of green jobs, renewable energy stands out, and particularly solar energy. There is a growing market for solar panels and, therefore, for installation, maintenance, and repair services. Mini electrical grids can also provide some work, however, there are problems to

[14] Also, the honey value chain presented a relatively equitable distribution of benefits, 33 per cent of the final price reaches producers, 42 per cent to processors, 8 per cent to wholesalers and, 17 per cent to retailers. (Kilimo Trust, 2012)

make these investments through public-private partnerships. It is not yet clear whether such partnerships can be sustainable by paying fees or by subsidies from the national government.

5.2 Recommendations to GIZ

The recommendations presented below apply to both host communities and refugees. Investments in the development of human talent through job training and the provision of essential public services should benefit both communities. Developing human capital allows people to have a better chance of improving their living conditions, regardless of whether they are refugees or host communities.

Skills Supply/Development Enhancement

1. Encourage skill development, by concentrating on the sectors with the highest potential, such as mechanisation of agriculture through the production of agricultural tools and implements (frugal innovation). Primary food processing and food storage/preservation must also be considered within the offer. Potential skills include i) agro-processing, ii) industrialisation of forest product; iii) industrial mechanics, iv) electromechanics, v) turning of industrial parts, iv) casting of industrial components, and iv) maintenance of small-scale industrial plants such as mills, food balers, beverage bottlers and the like.
2. Foster skill development in green economy; areas of interest include i) recycling techniques (mainly plastics), ii) composting and alternative energy generation (biodigesters), iii) tree farming specifically for sustainable charcoal production, and iv) reforestation and nursery creation. There is also a growing market for solar panels, and it is anticipated that the demand for technicians in installation, maintenance and repair of solar panels can increase.
3. Develop skills in construction, specifically in specialities such as plumbing, electrician, tile instalment, solar panel instalment, air conditioners instalment, interior decorating, aluminium carpentry, and carpet fitters.
4. Combine technical training with training in soft skills, including:

   a) Personal development
   - problem-solving
   - critical thinking
   - interpersonal relationships
   - communication
   - entrepreneurship

   b) Administration and management
   - General principles of administration
   - Human resources management

   c) Accounting and finance
   - Cost calculation
   - Rudiments of financial management

   d) Sales
   - Marketing
   - Merchandising

- Advertising and promotion

e) Project formulation and business planning

5. Provide basic business training at a very low cost or at no cost to counter that most people are self-employed or form family microenterprises. The target group of these training courses are small merchants, street traders, boda-boda riders, food vendors, and subsistence farmers. The recommended topics are numeracy, financial literacy, income and expense registration and marketing, among others

6. Develop a system of competitions and awards to encourage innovation and entrepreneurship among the trainees and young businesspeople. These competitions should facilitate the selection of ideas from innovative companies and accompany them in the establishment and consolidation process of the ideas. To do this, GIZ should collaborate with other entities such as UNCDF and banks to ensure that innovators can access capital to put their ideas into practice. The support should include mentoring, coaching, and technical assistance for the formulation of business plans, formalisation, and access to various financing modalities such as venture capital and credit guarantee funds.

7. Strengthen existing technical institutes, both public and private, to improve the offer of adequate courses and technical training. Technical training institutes require substantial investments in infrastructure and equipment that can only be made with resources from the national government and international cooperation. In the same way, the development of curricula and job training techniques in addition to accreditation, must be carried out by the public sector. A lower investment is required concerning training in soft skills and in administrative and managerial capacity-building. Training in these areas could be carried out by private sector institutions with the necessary accreditation, which can in turn be enhanced through capacity-building of sector associations such as UGAPRIVI and USSIA.

Public Sector Enhancement

8. Support districts in their integrated and spatial planning efforts, to ensure the development of realistic plans. Spatial planning allows for the better use of the scarce resources and improves the access of host communities and migrants to public services. Likewise, these plans guide the actions of donors, national government, and NGOs that work in the region, promoting greater coordination and saving resources. There is also a need to provide training and technical assistance in Public Finance Management and the collection of local resources.

9. Support local governments in improving and updating their property records, identifying assets as land that can be used for local development. In the same way, local governments should be supported in the design of public-private partnerships for the development of infrastructure projects and the provision of public services.

10. Support municipalities and towns in urban planning. Promote zoning for the definition of residential, commercial and industrial areas to improve the provision of public services and densification. Additionally, there is a need to organise the petty trade and traffic to make urban centres more liveable and attractive for tourism.

11. Promote the establishment of public-private forums to encourage private investments, primarily small and medium enterprises. These forums should guide the public actions of local economic

development and align the capital investment programmes and local government actions to promote the creation of new business and the consolidation of existing ones.

12. Promote the collection of the local hotel and local service tax in some districts with a significant number of hotels and high occupancy (staff of NGOs, UN organisations, and development partners). A part of these taxes can be dedicated to the development of the tourism sector of the district, for example through investments in the development of tourist circuits, the training of tourist guides, and the training of chefs and bartenders.

Private Sector Development

13. Create alliances with entities specialised in finance such as UNCDF and others to promote the establishment of venture capital funds, partial guarantee funds for entrepreneurs, and other schemes that allow entrepreneurs to start their businesses.
14. Encourage the exchange of experiences by promoting business missions and technical assistance from European entrepreneurs or other African countries (SMEs) that can help their peers to improve their processes and their production. These exchanges can also lead to joint investments that would allow to expand operations and create jobs. This recommendation is particularly relevant for existing companies in the West Nile region.
15. Consider the feasibility of supporting the installation of business incubators, business accelerators, and shared services to reduce the initial costs of start-ups. Shared services may include registration and formalisation, accounting, tax management, marketing, and administrative functions.
16. Focus enterprise development on SMEs and, sector and sub-sectors with growth potential and capacity to readily generate employment opportunities such as;
    a) Agro-processing, the primary transformation of raw materials for food for people and animals. The industrialisation of forest products such as wood, honey, medicinal herbs and others.
    b) Mechanisation of agriculture through the fabrication of tools and rig development for economic purposes and households.
    c) Green economy such as the production of biofuels, wind and solar energy; recycling upgrading and reusing devices, appliances and tools; biotechnology; green buildings development;
    d) Electromechanics, precision metalworking; manufacturing and maintenance of industrial machines; lathe and fabrication of mechanical parts.
    e) Tourism and support industries, such as entertainment (theatre, dance and music), gift/souvenir production, hotel and catering, travel operators, guides, thematic tourism (bird watching), etc.
17. Do not neglect sole-traders and family microenterprises; technical assistance, access to credit and capital mechanisms must also be envisaged for this group, taking into account the industrial, services and commerce sectors. Financial innovations such as credit with solidarity guarantee, guarantee funds and subsidised training courses should be part of the support package for these entrepreneurs.

18. Structure promotion mechanisms around the development of value chains. In agribusiness, it is essential to strengthen the industrial stage, which is what generates demand from agricultural producers. Mechanisms of financial promotion, services, and regulations of the public sector should be developed for each of the components of the chain. For instance, factories may need additional capital in the form of a joint venture or issuing shares; while agricultural producer can get capital form microlenders or from the community-saving fund. A fundamental role of the public sector is to ensure symmetric and beneficial relationships between value chain participants.

Appendices

Appendix A: List of VTIs visited in Arua, Moyo and Adjumani

Arua VTIs

1. Arua Multipurpose-Training Institution
2. Arivu Vocational School
3. Timeline Institute Of Hospitality And Catering
4. Umcat School Of Journalism And Mass Communication
5. Stress Free Enterprises And Skills Training
6. St.Josephs Vocational Training Institute
7. Jambuzuri Skills Training Centre
8. Zobele Memorial Vocational Institute
9. Our Lady Training Centre
10. Inde Technical School
11. St.Lawrence
12. Green (Abcd)
13. Obutava Community Vocational School
14. Pride Scholar Vocational Institute
15. Care Int. Centre At Imvepi
16. Welt Hunger Centre At Siripi

Moyo VTIs

17. Moyo Technical Institute
18. Moyo Community Polytechnic
19. Belameling Vocational Institute

Adjumani VTIs

20. Mother Annetta Vocational And Technical School
21. Junior Express Vocational Centre
22. Capacity Building Organisation For Small & Medium Enterprises (Cosmess Uganda)

Appendix B: List of Key Informants

	Name	Position/Institution
	Mr Kyalimpa	Uma
	Mr Bachu Mubarak	Ussia
	Mr Nuwagira Richard	Ugaprivi
	Mr Ayiko Jobel	Commercial Officer
	Mr Frances	Ugaprivi
	Ms Adiro Zaitun	Community Volunteer
	Mr Matata Jonathan	Opm
	Ms Rita	Imvepi Camp
	Mr Gordon Toa	Production Officer Arua District
	Mr Richard	District Community Development Officer
	Mr Solomon	Rdo Arua
	Ms Rita	Opm Imvepi Campa
	Mr Toa Gordon	District Production And Marketing Officer Arua
	Mr Azuma John	District Commercial Officer Arua
	Mr Achio Marino	District Education Officer Arua
	Mr Inziku Richard	District Labour Officer Arua
	Mr Acidri Ali	Technical Director – Honey Pride Arua (U) Ltd
	Mr Angudubo S. Robert	Coordinator Training & Capacity Building - – Honey Pride Arua (U) Ltd
	Ms Priscilla Kahunde	Operations Manager – Bee Natural Uganda Arua
	Mr Alini B. Victor	Executive Director – Caritas Arua

Appendix C: Participants Lists

Participants Giz/ Rise- Adjumani Debriefing Meeting 14/11/2019		
No	Name	Sector/Institution
1	Sr.Ikulana Regina	Vti
2	Alice Ouma	Business
3	Olima Denis	Business
4	Rhoda Arizio	Business
5	Area Joyce	Adjumani Town Council
6	Madrama Maflica	Adjumani Business Association
7	Draga Lawrence	Adjumani Business Association
8	Oboi E. Celestine	Ngo
9	Mongdpi Lawrence	Business/Sacco
10	Juan Juliet	Vti
11	Daba Stella	Dco
12	Bazio Doreen	For Cao
12	Mindraa Margret	Business
13	Maula Gabriel	Business
14	Olema Swaibu Abdullah	Dlo
15	Bako Cadribo Hilda	Adjumani Dfa
16	Okuonzi Peter Obiayi	Adlg
17	Amaza Emmanuel Aba	Business

Participants Giz/ Rise- Moyo Debriefing Meeting 12/11/2019		
No	**Name**	**Institution**
1	Tushabe Modern	Ingi/Finn Church
2	Rugga Onzo Ellis	Vti
3	Bayoa Beatrice	Vti
4	Dragule Daniel	Vti
5	Aloyzious Inyani	Vti
6	Iranya Mark Michael	Vti
7	Mafabi Bernad Milton	Vti
8	Denya Francis	Business
9	Dima Stephen Logi	Mdlg
10	Tidodi John Keneth	Mtc
11	Ibawi Michael	Business
12	Kandaniku Daniel	Mdfa

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