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POLICY BRIEF

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Unlocking Industry Capacity to Close Uganda's Skills Gap

Executive Summary

Each year, around 700,000 young people in Uganda enter the workforce, yet only about 238,000 secure jobs annually. This gap between labour supply and demand is expected to widen further, with an additional 13 million workers projected to join the labour market between 2017 to 2030, and annual entrants likely to surpass one million between 2030 and 2040. To address this crisis, work-based learning (WBL), primarily through structured internships and apprenticeships, serves as Uganda's most effective tool for bridging the youth skills gap and enhancing employability. While government agencies and educational institutions provide essential theoretical foundations, the private sector and industry are the primary engines of practical, hands-on training that aligns with market realities. However, the impact of Uganda's WBL ecosystem is severely constrained by a critical supply-demand mismatch: demand for placements far outstrips the number of available slots, particularly within micro, small, and medium enterprises (MSMEs) that face acute space, equipment, and financial constraints. This bottleneck is further compounded by weak institutional linkages between training providers and industry employers, as well as fragmented governance across existing public skilling initiatives such as the Skills Development Facility and Zonal Industrial Hubs. To transition from ad hoc interventions to a sustainable, market-driven system capable of accommodating Uganda's rapidly expanding youth population, this brief proposes a three-pronged policy approach. First, the government must formalise and incentivize private-sector engagement through targeted fiscal relief, tax offsets, or cost-sharing mechanisms to expand MSME hosting capacity. Second, the Ministry of Education and Sports, alongside the Directorate of Industrial Training, should institutionalise industry-education partnerships to secure predictable, curriculum-aligned placement agreements. Finally, Uganda must consolidate its skilling governance under a centralised coordination mechanism to eliminate operational duplication, enforce quality assurance, and maximise resource efficiency across all public and private WBL initiatives.

Uganda's employment urgency

> *"As the saying goes, it's hard to get a job without experience, and it's hard to get experience without a job".*

Work-based learning is not just a beneficial addition for students; it is essential for businesses. By partnering with educational institutions, industry can directly develop the qualified talent it needs, ensuring a workforce with the right skills for a rapidly changing environment. In Uganda, industry is still maturing, so it must intensify efforts to create opportunities for youth to gain employable skills. Active industry involvement is crucial for this transformation.

The government has made important efforts to bridge this gap through initiatives such as the Apprenticeship Programme in the tourism sector, the Skills Development Facility, the Skilling the

Boy and Girl Child Programme, the Uganda Skills Development Project, and the establishment of Zonal Industrial Skilling Hubs. These programmes promote employer-led, short-term training to address persistent skills imbalances.

Despite ongoing demographic challenges, the situation remains critical. Each year, around 700,000 young people enter the workforce (NPA, 2022), yet only about 238,000 secure jobs annually (MoGLSD, 2022). This gap between labour supply and demand is expected to widen further, with an additional 13 million workers projected to join the labour market between 2017 to 2030, and annual entrants likely to surpass one million between 2030 and 2040 (Merotto, 2020).

Quantifying industry's capacity to absorb trainees

According to Uganda's Census of Business Establishments, the country has roughly 115,620 small, 378,597 medium, and 1,712 large enterprises across sectors such as manufacturing, construction, mining, trade, services, and agriculture (UBoS, 2025).

Comparing the 700,000 annual labour-market entrants against this total business ecosystem (approximately 496,000 establishments) reveals a telling maths: the ratio of total business establishments to new labour entrants is roughly 1:1.4, meaning each business establishment should support work-based learning for about 1-2 new entrants to accommodate the expanding youth workforce. Industry capacity varies by sector, with some requiring more support than others.

While large enterprises possess the scale and resources to implement highly structured WBL programs, they represent less than 1% of the economy. Therefore, bridging the national skills gap requires unlocking the collective capacity of small and medium enterprises (SMEs), which vary significantly by sector and require targeted external support.

Note: In this brief, the terms "private sector" and "industry" are used interchangeably. This analysis summarises key findings from the synthesis report, "Fostering innovations for employment opportunities through Work-Based Learning in Uganda" (EPRC, 2025).

Approach

The approach included reviewing documents and conducting key informant interviews to gather diverse perspectives on Work-Based Learning (WBL). These activities offered deeper insights into the changing WBL landscape and highlighted the challenges faced by educational institutions, industry stakeholders, and trainees. The interviews also identified growth opportunities, challenges, and best practices that influence WBL implementation in Uganda.

Key insights

Work-based learning is taking place across Uganda's education and labour sectors, involving government agencies, private companies, and educational providers. Schools, universities, and Technical Vocational Education and Training (TVET) centres form the backbone, providing theoretical classroom instruction and increasingly, practical experience. Although WBL opportunities within these institutions remain limited, recent curriculum updates, such as the revised lower secondary curriculum and ongoing improvements in TVET, are incorporating practical skills to better align with labour market demands. Garuzooka et al. (2025) found that work-based learning significantly enhanced the competencies of TVET graduates in motor vehicle mechanics. The study showed that graduates gained new practical skills in garages while also improving and reinforcing the knowledge acquired during their institutional training, underscoring the complementary role of work-based experience in strengthening technical proficiency and employability.

Industry, including both public and private sectors, plays a vital role in delivering meaningful Work-Based Learning (WBL) by providing real work environments where learners can apply their theoretical knowledge, build practical skills, and experience workplace culture. These organisations offer mentorship, supervision, and sector-specific opportunities, keeping training aligned with industry demands. Industrial entities range from micro and small businesses to medium and large firms, as well as public institutions and community organisations. The most significant WBL activities take place in this sector, where learners work directly with industry professionals and engage in practical tasks.

Government institutions offer some of the most structured and consistent WBL opportunities, but participation and organisation across the broader industry vary.

For instance, the Uganda Revenue Authority (URA) runs a competitive internship programme with two intakes per year, offering 2–3 months of unpaid, merit-based training. This programme receives over 1,000 applications each year but admits only a few students based on academic results. It includes students from various disciplines, such as engineering, agriculture, and social sciences. Furthermore, in the tourism and hospitality sector, the Ministry of Gender, Labour and Social Development (MGLSD), Uganda Hotel Owners Association (UHOA), Uganda Hotel and Tourism Training Institute (UHTTI), and the Directorate of Industrial Training (DIT) collaborate to offer a 12-month apprenticeship programme. This initiative delivers structured, employment-focused training designed to prepare unemployed and underemployed youth with the skills needed for work and sector-specific expertise.

While widespread private-sector engagement remains limited, forward-thinking industry leaders are demonstrating the model's viability. For example, Roofings Uganda Limited maintains paid internship and apprenticeship programmes. The company offers two intakes each year, in January and June, with around 30 interns from over 20 universities and training institutions nationwide. For more than 18 years, it has provided 2-month practical training in technical fields such as machine operation, welding, and electrical engineering, as well as in non-technical roles in finance and office administration. In 2023, Roofings launched a 3–6-month graduate training programme in collaboration with the Federation of Uganda Employers (FUE) and the Uganda Manufacturers Association (UMA).

Work-based learning creates a pool of experienced professionals through hands-on training. It bridges academic knowledge, professional growth, and lifelong learning by providing learners with early real-world work experience. Research consistently indicates that graduates who gain work experience while studying are much more likely to secure full-time, permanent jobs than those without such experience.

Insights from industry actors further highlight the transformative value of WBL. Many employers not only rely on trained interns to meet their skills needs but also absorb them into their workforce because of their demonstrated competence:

> *"Currently, we absorb most of our trainees into our company after they finish their training because we need skilled workers. There is a high demand for these skills, so they always have work opportunities."* (KII-Training Workshop)

In small workshops and artisan settings, WBL also provides a pathway to livelihood security for young people who may not advance through formal education. These workshops are becoming more common as training centres for youth, especially those with parents who actively pursue alternative skill development. Master craftspeople mentor, facilitate the transfer of skills, and create opportunities for career progression.

> *"Some parents bring their children who are not continuing with formal education; afterwards, they can either work with us or start their own workshops. I feel proud to help them learn. They gain skills that help them earn a living. Some of them can now afford rent and support their families."* (KII - Auto-mechanics)

In larger companies, well-organised WBL programmes showcase robust collaboration between employers and intermediary groups. Partnerships with the Federation of Uganda Employers (FUE) and the Uganda Manufacturers Association (UMA) support placement opportunities, offer stipends to trainees, and ensure the programmes meet industry requirements.

> *"We partner with Federation of Uganda Employers (FUE) and UMA. The program runs for three to six months, during which the trainees take on serious roles like full-time employees. If we have openings after the program, we consider hiring those who perform well."* (KII - Manufacturing Company)

Weak industry capacity, infrastructure, and poor coordination with education institutions. Although Uganda's industry sector offers valuable learning opportunities, it faces notable capacity constraints that hinder effective work-based learning. Many small businesses, in particular, lack sufficient equipment and training facilities to provide meaningful on-the-job experiences. These limitations restrict the number of students industries can accommodate, even as the need for practical training greatly exceeds what is available.

> *"I would increase the number of trainees, but the challenge is space. Since I am renting, I don't have enough room to accommodate more trainees. If I had a bigger place, I would train more people because many youths are interested in learning"* (KII - Auto-mechanics)

> *"Space is a big challenge because sometimes we get many students, but the room is too small to accommodate all of them."* (KII - Hairdressing)

Weak links between industry and educational institutions further undermine WBL. Without formal partnerships or placement agreements, internships and apprenticeships are often informal, making it difficult to facilitate smooth transitions for learners from schools and universities into workplaces. Consequently, many programmes lack defined expectations, structured learning outcomes, or consistent supervision arrangements.

Employer engagement is another notable challenge. Many businesses perceive WBL as an added burden rather than a strategic investment, citing concerns about supervisory time, disruption to work routines, and a lack of incentives or recognition from government or training bodies. This reluctance limits the availability of quality placements and reduces the potential for industry-driven skills development.

Conclusion and policy actions

In conclusion, Uganda's WBL ecosystem demonstrates promising outcomes in improving job readiness and nurturing innovation; however, to realise its full potential, the following policy actions need to be undertaken:

1. **Introduce Fiscal Incentives for Host Employers:** The vital link between training providers and the labour market is the industry. Industry plays a crucial role in addressing skills mismatches and cultivating a workforce aligned with changing market needs. To realise this potential, industry stakeholders need support to enhance their capacity to take on and train the growing number of young workers entering the labour force. This involves institutionalising private-sector engagement in shaping curricula and assessment methods to keep training relevant and adaptable to workplace shifts. In this regard, the Ministry of Finance, Planning and Economic Development (MoFPED), in tandem with the Uganda Revenue Authority (URA), should introduce tax rebates or matching-fund schemes (via the Skills Development Facility) to offset the costs incurred by MSMEs that host trainees.
2. **Institutionalise Standardised TVET-Industry Memorandum of Understandings (MoUs):** Strengthen partnerships between education providers and industry to ensure training aligns with labour market needs and equips learners with relevant skills. This will entail establishing structured agreements between training institutions and businesses to secure predictable placement opportunities for trainees. The Ministry of Education and Sports (MoES) and the Directorate of Industrial Training (DIT) should mandate standardised logbooks and curriculum-aligned placement frameworks to reduce the supervisory burden on private companies.
3. **Consolidate Skilling Governance:** Government skilling initiatives must be deepened to respond effectively to Uganda's demographic pressures and the dynamic needs of industry. Reinforcing these programmes through stronger coordination and quality assurance mechanisms will improve their effectiveness and expand the reach of work-based learning. Establish a Joint National WBL Steering Committee linking MGLSD, MoES, UMA, and FUE to streamline coordination across fragmented initiatives (e.g., Zonal Industrial Hubs and the Apprenticeship Programme) and eliminate duplication of effort.

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