

## **Dissemination Workshop: “Enhancing Youth Employment and Small Firms Growth”**

### **Summary Report**

The workshop “Enhancing Youth Employment and Small Firms Growth” was organized by BRAC Uganda NGO, the Institute for Fiscal Studies, Stockholm University and the IGC, and was supported by the Growth and Labor Markets in Low Income Countries Program of DFID and IZA. The event took place in Kampala on July 18th, 2017, and brought together about 80 researchers, policy makers and practitioners working on skills training, youth labor markets, and small firm expansion. The day featured a number of presentations by researchers from various institutions in Uganda, Europe and the US, as well as talks by Ugandan government officials and NGO practitioners.

The morning session was centred on skills training programs and youth employment. Marta Russo and Christine Nabulumba opened the event discussing the relative efficacy of formal vocational training and apprenticeship programs in improving youth labor market outcomes in Uganda. They presented key statistics on the Ugandan youth, highlighting how the young masses are struggling to find stable and productive employment: 78% of the population in Uganda are under the age of 30, and the youth unemployment rate is currently at 13.3%. Moreover, among those who have a job, informal employment, vulnerable employment and salaries below the national average are all higher than 60%. The preliminary findings from their impact evaluation reveal that vocational training and apprenticeship programs both had a positive and significant impact on employment, earnings and practical skills, with vocational training being the most cost-effective type of training.

Vittorio Bassi, Aisha Nansamba and Brian Kule focused on the role of soft skills – such as creativity, communication skills and trustworthiness – in enhancing youth employment in Uganda. The preliminary findings from their study show that both small enterprise owners and young graduates recognize the importance of soft skills in the Ugandan labor market. In addition, their evaluation shows that certifying the soft skills of young talented workers improved their employment outcomes, by helping firm owners assess their skills during recruitment. In addition, their findings suggest that those young workers with particularly high soft skills used the certifications to try to transition to better paying jobs over time. Overall, the study concludes that soft skills are important in determining youth employment, and certificates on soft skills seem to be a cost-effective way of improving the labor market outcomes of young talented workers.

Michael Okumu and Grace Baguma emphasized the need for increased policy focus on both formal and non-formal skills training programs in Uganda. Mr Okumu highlighted how there is currently a large gap between labor demand and labor supply in many sectors of the economy: for instance, while there are currently about 30,000 vacancies in the oil and gas sector, firms are struggling to find workers with the appropriate skills to fill such positions. Further strengthening skills training programs to address such labor market gaps should be a key priority for the social and economic development of Uganda, according to Mr Okumu. Mrs Baguma stressed the importance of introducing soft skills training in curricula at all levels of education: she confirmed that the government is already taking steps in this direction, and that there are plans to further embed soft skills training in national educational curricula going forward.

The afternoon session focused on challenges and opportunities for fostering the growth of small firms, which represent most of the private sector activity in Uganda and in the developing world more generally. The discussion had a particular focus on lending programs. Miri Stryjan and Selim Gulesci both recognized the key role played by access to credit in fostering small business growth, and discussed how increasing the flexibility of loan contracts can affect the investment decisions of the borrowing firms. Preliminary evidence from their program evaluations in Uganda and Bangladesh, respectively, shows that introducing flexibility in loan repayment schedules led to an increase in the employees hired and in the capital investments made by small firm owners. Both studies also document an increase in household consumption as a consequence of the additional loan flexibility.

Addressing the same issue from a different perspective, Stephen Kagera emphasized the role of managerial skills in determining the growth of small firms. In the study he presented, Information and Communication Technology, such as Skype and mobile phones, was used to provide remote-based coaching from (volunteer) professional consultants based all over the world to small firms in Uganda. No significant impacts of the intervention were found on the business practices (such as records keeping) of the coached firms. However, the consulting services were effective at improving the strategic focus of businesses, leading to a stronger orientation towards customer needs and to increased investments in more efficient technologies.

The panel discussion which followed stressed the need for further research on the constraints and challenges faced by lenders in introducing more flexible credit products. Johnson Abitekaniza and Jacqueline Musiitwa further analyzed the challenges of stimulating small firms growth from a policy perspective: they outlined the importance of promoting product and service quality standards, of supporting access to microfinance, and of enhancing gender equality as the main policy objectives for fostering the growth of the micro, small and medium enterprises sector in Uganda.

Overall, this workshop proved to be an important opportunity to disseminate the results of a number of recent research projects, and to foster interactions between academics, researchers, policy makers and practitioners working on youth employment and small firm growth in Uganda. We hope this will be a starting point for further productive discussions and fruitful interactions going forward.