



**Private sector Position Paper on the National Graduate Scheme Bill 2018**

**Prepared by**

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**A paper presented to the Committee on Gender, Labour and Social development,  
Parliament of the Republic of Uganda**

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## **Background:**

Private sector Foundation Uganda (PSFU) is the apex body of the private sector in Uganda with a mandate of sustaining dialogue with Government on improving the business environment, business development support and capacity building. Our membership is organized into 11 sectors including the Human Resource (Skills, education and Health) which includes private skilling institutions, employers, universities, health service providers and other vocational institutions.

PSFU appreciates the Parliament through the Parliamentary committee on Gender, Labour and Social Development for offering to meet the private sector and to have a discussion on National Graduate scheme Bill, 2018. This paper has therefore been developed through consultations from the members under this sector. This opportunity is highly appreciated.

## **General Comment:**

### **1) Principles and objectives of the bill:**

The bill recognizes that transition from school to work is problematic due to the many obstacles that graduates face once they leave the safety net which University-life gives them. Relatedly, Skills and attitude is recognized as the main challenge that affects labour productivity in the private sector. (UBOS 2016). This is further emphasized with the employers' noting that the current mandatory internship program is inefficient due to the short period of the internship **(2 months)**, and is always held during the middle of the student's academic journey. Consequently, the need to extend the internship period to at least 6 months after the student has graduated out of the university. This is evidenced by the positive results seen in other internship programs such as UMA Hest project where 42% of the placed students were retained, 33% joined self-employment and 20% obtained employment in other places. The principles of this bill are therefore consistent with the private sector objectives.

### **2) Alignment with the Education/ skilling related legal frameworks**

The proposed bill concentrates on the labour related provisions which might not be achieved if the reforms proposed/made in the education sector such as curriculum development, TVET policy are not well aligned. This so especially since these developments happened after the bill was drafted.

### **3) Case for certificate, diploma and bachelors qualifications:**

60% of the jobs available are in the private sector with 33% of those requiring a certificate as a minimum requirement, 51% requiring a Bachelors as a minimum requirement for managerial positions however the required age for this is at least 30 years. 78% of the graduates are bachelors or diploma holders and unemployment is higher in bachelor holders than diploma and certificate level.<sup>1</sup> 82% of the job seekers take at least 12 months to find employment in the private sector with over 60% getting employed in 6 months period. There is therefore need to consider the diploma and certificate holders in this bill.

#### **4) Work compensation and insurance:**

The bill is silent about workman compensation and insurance of both equipment and health for these interns during the period of graduate internship. The available laws would apply only if the employee has got a work related contract. This needs to be considered.

#### **Specific comments:**

##### **Definition of “Graduate” & “University”:**

The Bill defines a graduate as means a person who has completed University education and has been awarded a **Bachelors' Degree** in any field of study for the first time. Further, defines University as any Institution, School, Institute or Centre of Higher Education, other than a Tertiary Institution, one of the objects of which is the provision of post-secondary education offering courses of study leading to the award of certificates, diplomas and degrees and conducting research and publishing the results of the Research. The two definitions require well alignment.

##### **Functions of the Secretariat:**

Sec 6 of the bill proposes different functions of the secretariat. The bill provides for several interactions amongst the private sector (employers, university) however, there is no targeted function to enable consultations from both parties. This is not addressed may affect the implementation of this law.

The private sector proposes that a function be put to require the secretariat to ensure private sector consultations.

##### **Placement of a graduate under the Scheme:**

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<sup>1</sup> UBOS Man Power Survey, 2015

Sec 10(2) of the bill proposes that a graduate shall be issued with a placement in an Organization or Department relevant to his or her field of study. The objectives of this are well appreciated however, there is need to consider the limited opportunities in the economy and the need to have graduate functional dynamics especially at fresh graduate levels.

Private sector proposes that this section concentrates placing a graduate at in a sector relevant to his or her field of study.

### **Regulations:**

Sec 17(3) of the bill proposes that the Minister **may**, in consultation with the Minister responsible for finance, prescribe incentives or benefits that shall accrue to private entities that provide placement opportunities for graduates. Our estimates show that the average cost of internship per graduate (6 months) is about 200 USD with this highest in manufacturing sector. It is therefore important to consider incentivizing internship since it can interest more companies in taking on graduate interns. This section if not changed will put incentivizing interns at the discretion of the Minister which might affect the private sector participation.

The private sector proposes that this sector is changed to read: Minister **shall**, in consultation with the Minister responsible for finance, prescribe incentives or benefits that shall accrue to private entities that provide placement opportunities for graduates.

### **Duration of graduate service:**

Sec 11 (1) of the bill proposes that the duration of graduate service shall be one year. This does not provide for a graduate who is attains the one year national service from several institutions or might have attained some of that experience while studying. This if not addressed will limit the graduates who have achieved the required experience in phases, from different institutions or attained while still schooling.

Private sector proposes another clause to cater for graduates who have gained internship experience of one year while part of this was attained when the graduate is still in school.

### **Conclusion:**

The principles of this bill are consistent to the private interests of the need to improve labour productivity and skills for competitiveness. However, its critical align this bill to the developments in the education sector, create incentives the participating companies since the company cost of holding interns is still high and ensure private sector consultation to achieve effective implementation.