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Making labour externalisation work for Agro-industrialisation in Uganda

Migrant workers contribute to growth and development in their countries of destination, while countries of origin greatly benefit from their remittances and the skills acquired during their migration experience. This infographic demonstrates how the migrant workers and returnees can invest in Uganda's Agro-industrialisation programme with a focus on fish and cotton value chains.



Agro-industrialisation (AGI)

Is the transformation of agricultural raw materials into higher-value products. Investments along the agro value chains are intended to ensure sufficient supply for domestic industries to undertake manufacturing while creating employment for citizens.

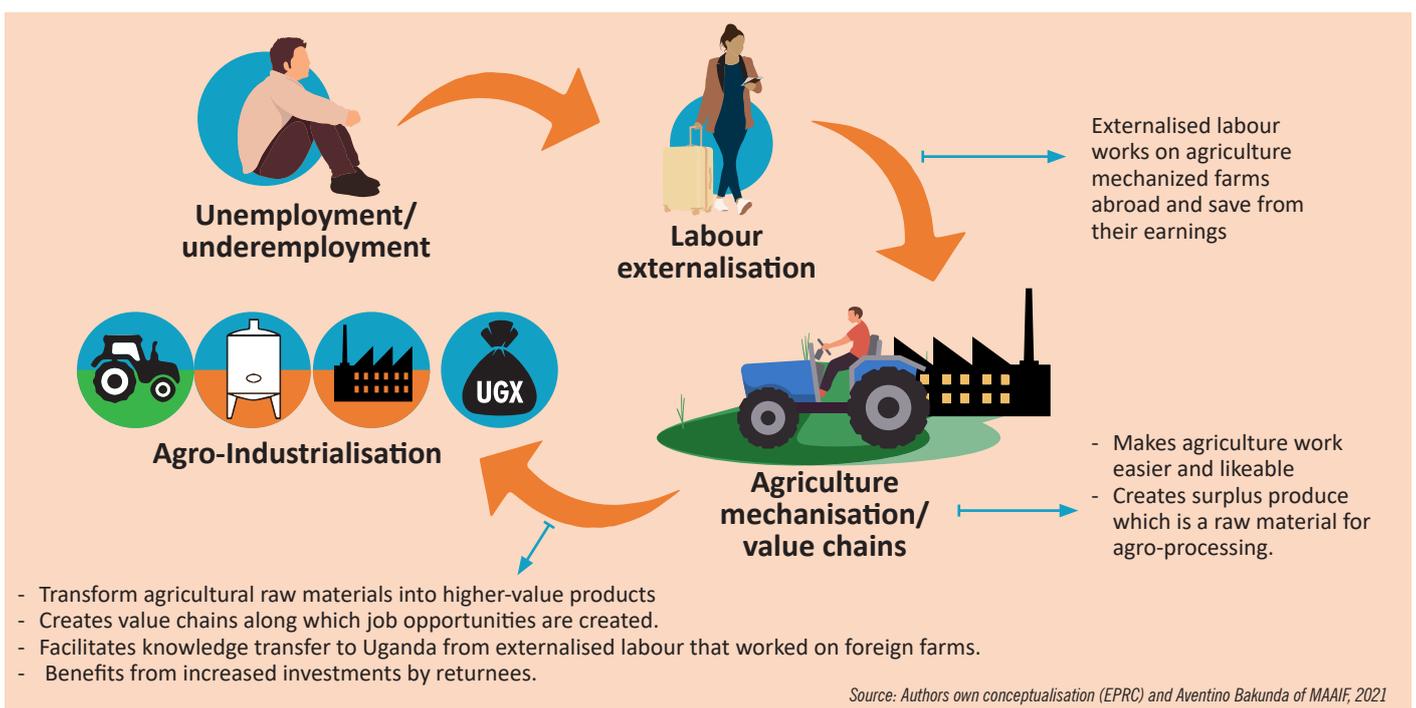
What is labour externalisation?

Labour externalisation is akin to migration, but in this case, outside the borders of the home country. We thus, define labour externalisation as Ugandans in search for job opportunities outside its borders.

How do we link agro-industrialisation and labour externalisation?

Figure 1 below basically demonstrates how external labour migrants can invest in AGI value chains. In other words, it shows that for Uganda to attract more remittances into investments for AGI, labour externalisation has to be strategic and well guided.

Figure 1: Link between labour externalisation and agro-industrialisation





Population insights in 2019/20

Population

40.9 million



Youth population (18-30 years) was

7.8 million



Population in employment

8.3 million



Population in unemployment

796,000



Uganda Unemployment rate

8.8%



Male

8.7%



Female

8.8%



Youth unemployment rate

13.0%

Labour migrants outlook

Ugandan migrants

7841,440



408,705
females



372,735
males,

most of whom were living in East African Countries especially Kenya, Rwanda, and South Sudan (UNDESA 2020).

Ugandans in the Middle East in 2019 were

17,680



females
85%



males
15%

Average age at externalisation in the Middle East



23 Years
females



29 Years
males

Monthly earnings in the Middle East vary depending on job between

USD 225 to USD 1,000.

Labour externalisation contribution to GDP

Personal transfers / remittances increased from



2.8% in 2020 to

3.5% in 2021 (Figure 2).

Although remittances contribute substantially to GDP, there is no evidence on how these are distributed along sectors of investments.

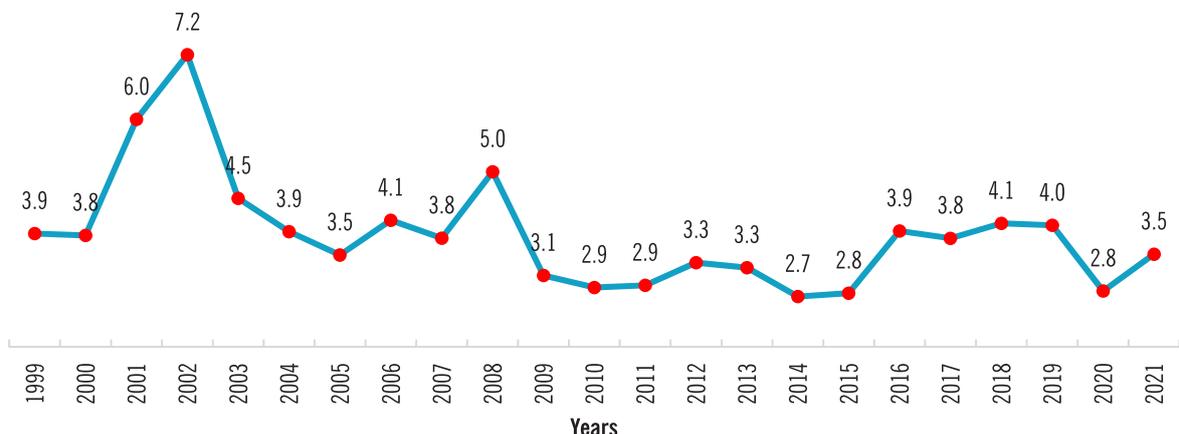
Personal remittances, increased from



USD 348 million in 2001 to

USD 1,061 million in 2020 growing at an average annual rate of 7.8%.

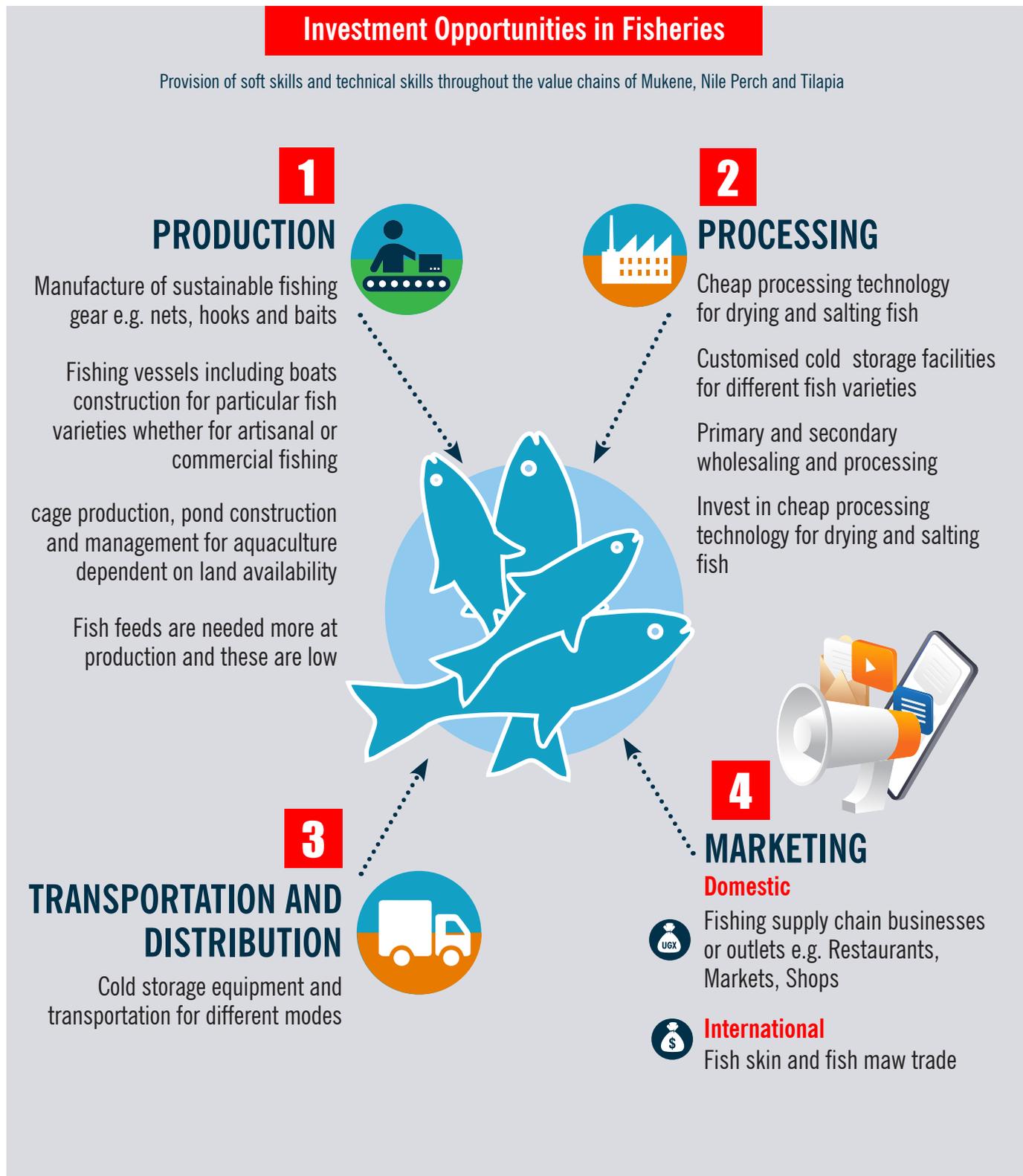
Figure 2: Personal remittances (% of GDP)

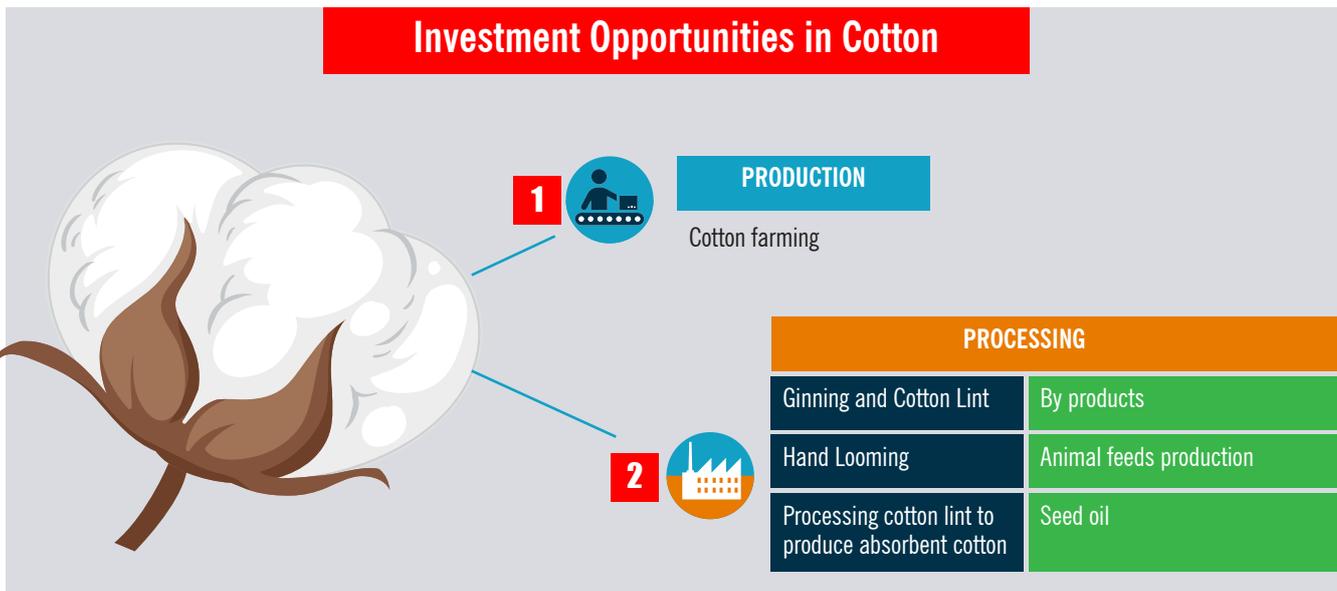


Source: Bank of Uganda, 2022

Investment prospects in AGI value chains through remittances.

Using two value chains of cotton and fish, below are the opportunities for investments in the AGI.





How to encourage migrant labour to invest in AGI?

- 1** **Migrant labour training centres should integrate within their training modules themes and sessions on potential investment opportunities in AGI. Such information should be provided before departure to destination countries and also immediately after return. This is emphasised by the externalisation association:**

There is a need for sensitisation about the opportunities in the agricultural sector, specifically along the value chains of different commodities. They could include the sensitisation in the training curriculum, especially before the workers travel to work abroad. About skills acquired by returnees, these depend on the job done. For example, if one goes to work as a plumber, they will be better plumbers when they return home. However, since most migrant workers are housemaids, the best they get is exposure to new machines, etc.” UAERA, March 2020.
- 2** **Government to government placements: Government needs to negotiate for better placements of its migrant workers especially the highly skilled labour force. Additionally, Government should develop programmes that link returnee externalised workers to identified priority productive ventures in line with its National Development Plans.**
- 3** **Create partnerships between labour export companies and private sector. There is a need for labour companies to partner with the private sector to identify investible areas in AGI. The migrant workers can be exposed to the benefits of investing in various value chains during training.**

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