

# Institutional, Legal and Regulatory Reforms to Enhance Labour Export in Uganda

## ICBE POLICY BRIEF

### By

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## INTRODUCTION

Export of labour through temporary migration is increasingly recognised worldwide as a pro-poor export strategy with significant development impacts in the poorest countries.

Developing countries with excess labour, high levels of unemployment and underemployment, have positioned themselves to maximize benefits from labour exports because of the tremendous economic benefits from exports of labour.

These countries have enacted policies to encourage temporary migration, institutionalised labour export mechanisms, established regulatory frameworks and undertaken bilateral and regional initiatives to enhance labour exports. However, the situation in Africa seems to have remained mixed. Whereas many countries on the continent have aggressively promoted labour exports and received sizeable amounts of remittance inflows, many others seem to lack a deliberate effort to promote

labour export. Although many countries on the continent, especially in Sub-Saharan Africa, are characterised by excess labour and significant levels of underemployment and unemployment, few or no initiatives have been undertaken to systematically promote labour export and benefit from the remittance flows.

This study set out to examine the extent to which the export of labour could be used as a tool to mitigate the level of unemployment and underemployment through a deliberate export strategy.

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## LABOUR EXPORT AND ITS CONTEXT FOR UGANDA

Uganda started streamlining the process of labour export in 2005 with the establishment of an institutional framework for labour export. This resulted in the setting up of the Labour Externalisation Unit of the Employment Services Department in the Ministry of Gender, Labour and Social Development. The unit was grossly understaffed, with neither a program budget nor administrative autonomy.

The Labour Externalisation Unit was established to promote full employment and equality of employment opportunities for all and allow deployment of Ugandans to countries that protect the rights of migrants. The Unit is also mandated to protect Ugandans desirous to work abroad, enable them to secure the best possible terms and conditions of employment and issue licenses to recruitment agencies.

**From the official employment figures, it can be deduced that the number of job seeking Ugandans likely to seek employment abroad would increase at an annual average rate of 4.3 percent during the period 2009 to 2020.**

The Unit has however been denied necessary resources to deliver on its mandate. Four years since inception, it was still being managed by one junior officer at the level of a Senior Labour Officer. The positions of Assistant Commissioner, Principal Labour Officer, and Labour Officers were still vacant. As a result most of the work that the Unit is mandated to undertake – as stipulated in its statutory instruments – remains unfinished. This has created gaps in the coordination, supervision and export promotion in the labour export sector.

The legal framework (Employment Act, 2006 and the Employment Regulations on the Recruitment of Ugandan Migrant Workers Abroad, 2005) had no explicit provisions on the government's role in promoting the export of labour. The law also failed to provide an effective institutional framework to handle temporary migration of Ugandan workers.

## RESEARCH METHODOLOGY

This study was conducted between October 2008 and March 2009. It set out to examine the extent to which the export of labour could be used as a tool to mitigate the level of unemployment and underemployment through a deliberate export strategy.

Relying on both primary and secondary data, the study adopted a descriptive research design combined with analytical modelling to estimate the level of unemployment and to determine labour export potential.

## KEY FINDINGS

The study established that Uganda suffers high levels of unemployment and underemployment, which are projected to increase significantly by 2020. It further established that projected unemployment is driven by not only high rates of graduate unemployment, but also high levels of 'labour casualisation' as well as high rates of labour migration from the informal sector.

From the official employment figures, it can be deduced that the number of job seeking Ugandans likely to seek employment abroad would increase at an annual average rate of 4.3 percent during the period 2009 to 2020 in line with the trend in unemployment. Notwithstanding this scenario, Uganda's labour externalisation regime continues to look at labour export from a purely 'socio-labour perspective' rather than an economic policy and trade perspective.

Government's role in promotion of export of labour has remained limited in scope, which has in turn resulted in the institutional framework for export of labour being weak. In order to increase the role of labour export in the local economy, a number of reforms needed to be undertaken in the short to medium term. Specifically, reforms need to be undertaken in three areas namely:

- i) legal and regulatory reform,**
- ii) institutional reform, and**
- iii) labour export promotion reform.**

To work effectively, the reforms need to be preceded by a shift in government policy orientation on labour and employment.

With regard to multilateral and regional frameworks affecting labour export, the study observed that the General Agreements on Trade in Services (GATS)

with other countries have remained. Similarly, Uganda's commitments in regional trade agreements would increase pressure to export labour and further raise the necessity to strengthen labour export infrastructure.

## RECOMMENDATIONS

To enhance the export of Ugandan labour, this study has recommended:

- i) Strengthening of the Labour Externalisation Unit through adequate resources.
- ii) Improving inter-institutional coordination in the area of labour externalisation.
- iii) Emphasising the facilitative role of consular offices in Uganda's key labour export markets to service the special needs of this sector.

iv) Amending the Employment Act to give explicit statutory recognition to labour export as well as improving the regulations on recruitment of Ugandan migrant workers abroad in the short-to-medium term.

v) The laws and regulations should also be reviewed to provide for the establishment of an autonomous authority responsible for labour export in the long term, as recommended by the study.

## POLICY ACTIONS

For Uganda to fully realise its full potential through labour export, a number of institutional reforms need to be considered for implementation in the short and medium term.

**i) Strengthening the Labour Externalisation Unit**  
In the short term, Government needs to strengthen the Labour Externalisation Unit with three additional experienced personnel in labour migration and externalization to fill the establishment and turn it into a fully functional division in the Department of Employment Services of the Ministry of Gender, Labour and Social Development in the medium term. The government should aim at establishing an autonomous agency to be responsible for labour export in the long term.

**ii) Institutional Steering Committee**  
To facilitate decision-making and improve inter-institutional coordination, an Institutional Steering Committee with representatives from the public

sector, recruitment agencies and workers should be constituted to oversee the unit, among other duties.

### iii) Program Budget

The unit requires an adequate program budget to enable it to effectively deliver its mandate. Budget levels need to be increased significantly by up to ten times from current levels for the unit to have increased positive impact on labour export.

### iv) Consular Officers

The Government of Uganda should deploy dedicated Foreign Service Officers at Uganda's missions in key labour export markets to service the special consular needs of the sector. These Foreign Service Officers would be tasked to monitor the treatment of the Ugandans working overseas, addressing complaints on defective contracts and other labour-related disputes common in this sector. The officers will backstop negotiations towards bilateral

agreements for long-term market access for labour export to key import countries.

**v) Amending the Employment Act, 2006**

The Employment Act 2006 should be amended to give explicit statutory recognition to Labour export and provide for the establishment of a competent authority responsible for labour export.

**vi) Strengthening the regulations on Recruitment of Ugandan Migrant Workers Abroad**

Strengthen the regulations to make Pre-Departure Orientation Seminars mandatory for all overseas placements of workers and be strengthened with a Code of Conduct for Recruitment Agencies, including minimum staffing standards.

**vii) Mandatory Site Visits**

The regulations should oblige the Labour Externalisation Unit to make mandatory site visits for verification of overseas workers' contracts,

complaints and ensuring compliance with the terms and conditions thereto.

**viii) Export Promotion**

The government should assume a promotional role for labour export. This role should be reflected in the Employment Act, and other relevant laws to highlight the importance of remittances to the national economy as an export and an avenue for alleviating local unemployment and household poverty

**ix) Mandatory Levy**

Impose a mandatory levy on all recruitment agencies as a financing tool to meet the increased funding requirement of supervision and regulation arising as a result of these recommendations.