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.

Figure 1: Link between labour externalisation and agro-industrialisation

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

- Transform agricultural raw materials into higher-value products
- Creates value chains along which job opportunities are created.
- Facilitates knowledge transfer to Uganda from externalised labour that worked on foreign farms.
- Benefits from increased investments by returnees.

Externalised labour works on agriculture mechanized farms abroad and save from their earnings
- Makes agriculture work easier and likeable
- Creates surplus produce which is a raw material for agro-processing.

Source: Authors own conceptualisation (EPRC) and Aventino Bakunda of MAAIF, 2021
Population insights in 2019/20

**Population**
- 40.9 million

**Youth population (18-30 years)**
- 7.8 million

**Population in employment**
- 8.3 million

**Population in unemployment**
- 796,000

Uganda Unemployment rate
- Male: 8.7%
- Female: 8.8%

Youth unemployment rate: 13.0%

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

Labour migrants outlook

**Ugandan migrants**
- 781,440
  - Male: 372,735
  - Female: 408,705

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

**Ugandans in the Middle East in 2019**
- 17,680
  - Female: 85%
  - Male: 15%

Average age at externalisation in the Middle East
- Female: 23 years
- Male: 29 years

Monthly earnings in the Middle East vary depending on job between USD 225 to USD 1,000.
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.

**Investment Opportunities in Fisheries**

Provision of soft skills and technical skills throughout the value chains of Mukene, Nile Perch and Tilapia

1. **PRODUCTION**
   - Manufacture of sustainable fishing gear e.g. nets, hooks and baits
   - Fishing vessels including boats construction for particular fish varieties whether for artisanal or commercial fishing
   - Cage production, pond construction and management for aquaculture dependent on land availability
   - Fish feeds are needed more at production and these are low

2. **PROCESSING**
   - Cheap processing technology for drying and salting fish
   - Customised cold storage facilities for different fish varieties
   - Primary and secondary wholesaling and processing
   - Invest in cheap processing technology for drying and salting fish

3. **TRANSPORTATION AND DISTRIBUTION**
   - Cold storage equipment and transportation for different modes

4. **MARKETING**
   - **Domestic**
     - Fishing supply chain businesses or outlets e.g. Restaurants, Markets, Shops
   - **International**
     - Fish skin and fish maw trade
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.