







**THE REPUBLIC OF UGANDA**

# **THE NATIONAL EMPLOYMENT POLICY FOR UGANDA**

*Increasing Decent Employment Opportunities and Labour  
Productivity for Socio - Economic Transformation*

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## FOREWORD

Employment creation is central to the national socio-economic development process. It is at the core of the transformation of Uganda from a poor agrarian economy to a modern, prosperous and skilled society. The main asset that the poor have is their labour and if appropriately harnessed it can be transformed into sustainable and productive employment and better quality of life. Sustainable employment is the main source of livelihoods and self-fulfilment for most women and men.

Human capital quality is essential for employability, higher incomes and sustainable economic growth. Likewise, a well-nurtured, skilled and productive labour force contributes towards a dynamic economy and cohesive society and better quality of life. The only way to survive, generate value and prosper today and in the future is to become more innovative and productive. Lack of access to decent and remunerative employment, lowers self-esteem; leads to denial of basic needs of the individual and the family thus perpetuating the vicious circle of poverty. The most direct impact of unemployment, low skill, low productivity and poor working conditions on the economy is the loss in terms of output of goods and services. The consequences of unemployment and underemployment could be seriously damaging as a potential source of industrial unrest, instability and increased crime rate.

It is, therefore, important that Government works towards the goal of decent and remunerative employment for all women and men seeking such work, in conditions of freedom, equity, security and human dignity. The National Employment Policy for Uganda provides a framework for achieving this goal.

This policy proposes an integrated framework for a macroeconomic environment that provides linkages of employment creation to labour absorbing economic sectors. The policy is based on: sound basic education followed by skills training for more productive employment, promoting agriculture and enhancing its linkage with other sectors; pursuing more innovative strategies for employment creation and job intensive investments, particularly, within the National Core Projects of the National Development Plan. Increasing productivity in both the largest and the very smallest enterprises in Uganda; mainstreaming vulnerable groups; strengthening labour administration, social dialogue, improving working conditions and the workplace environment as well as establishing a more appropriate institutional framework for coordination and sustainable employment are also key action areas.

The role of improved labour market information in monitoring and reporting on the employment situation, real wages and poverty programmes/ strategies and the inclusion of employment creation as a key indicator of economic performance are emphasized. Tracking the real wages of the poorest workers, often women working seasonally in unregulated enterprises or as domestic servants, is equally important.

This policy is a product of wide consultations with various stakeholders including: line Ministries, departments and agencies, local governments, the employers' representatives, labour unions, private sector organisations and civil society as well as academia and development partners. Concerted efforts and active participation of all stakeholders will be a catalyst during the implementation of the policy.

Government commends the ILO for the technical support as well as all the partners who participated in the development of this policy.

Government encourages all the actors to translate the policy priority actions into implementable interventions and allocate adequate resources to them. Government further encourages feedback on better ways and or best practices for improving the implementation of the policy. The crucial issue is to ensure that the policy objectives are factored or mainstreamed in all policies, programmes and plans. It is in this context, therefore, that this policy will ensure that the growth process is inclusive and generates decent employment opportunities for all.



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## ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immuno- Deficiency Syndrome
CBOs	Community Based Organisations
COFTU	Central Organizations of Free Trade Unions
COMESA	Common Market for Eastern and Southern Africa
CSOs	Civil Society Organisations
CSR	Corporate Social Responsibility
EPZ	Export Processing Zone
FASERT	Foundation for Advancement of Small Enterprises and Rural Technologies
FUE	Federation of Uganda Employers
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information and Communication Technology
ILO	International Labour Organisation
LoU	Laws of Uganda
MNE's	Multinational Enterprises
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NGO	Non Governmental Organisation
NOTU	National Organisation of Trade Unions
NRM	National Resistance Movement
PEAP	Poverty Eradication Action Plan
PWDs	Persons with Disabilities
UBOS	Uganda Bureau of Statistics
UIA	Uganda Investment Authority
UNHS	Uganda National Household Survey
UPPAP2	Uganda Participatory Poverty Assessment Project 2
UTA	Uganda Tea Association

## GLOSSARY

- Active labour force:** Those persons whose activity status is categorised as employed, self-employed, unpaid family workers or those actively looking for work.
- Casualisation of Labour:** Work of a daily or hourly basis where payment of wages is due at the completion of each day's work.
- Child Labour:** means work, which by its nature or circumstances in which it is performed, is likely to harm the health, safety or morals of children and is found when--
- children are exposed to dangerous machinery, equipment and tools;
  - children carry heavy loads beyond their capacity;
  - children work in unhealthy environments that expose them to hazardous substances, infectious diseases, excessive noise, temperature or vibrations;
  - children are exposed to harassment or physical, psychological or sexual abuse;
  - children work underground, in water, or at heights;
  - children are unreasonably confined to the premises of the employers;
  - children work under conditions such as work for long hours;

<b>Corporate Social Responsibility:</b>	is a term used to describe how institutions voluntarily monitor and improve the social and environmental impact of their actions. Through their CSR programmes, organizations make financial contributions to a community or charity or encourage their employees to participate in voluntary community work or even donate products to a particular cause.
<b>Decent work:</b>	Refers to opportunities for safe work that is productive and delivers a meaningful income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom of expression and association, to organise and participate in the decision making and equality of opportunity and treatment for all women and men.
<b>Economically active:</b>	A person is considered to be economically active if he/she contributes or is available to contribute to the production of goods and services. (UBOS definition)
<b>Employment:</b>	The state of gainful engagement in any economic activity.
<b>Formal sector:</b>	Covers all those enterprises which fulfill the following: <ul style="list-style-type: none"> <li>- offer regular wages and hours of work</li> <li>- employees carry with them employment rights</li> <li>- are officially registered, and</li> <li>- are liable to taxation.</li> </ul>
<b>Full employment:</b>	Situation in which everyone who is available for work, and is willing to work has access to work.

<b>Informal sector:</b>	Covers enterprises that are not incorporated according to the Companies Act (LoU 2000, Cap. 110), do not have complete books of accounts, do not separate the legal entity independently from the owners and operate within a fixed or without fixed location
<b>Labour Administration:</b>	Public administration activities in the field of national labour policy
<b>Labour force:</b>	Persons aged 14 - 64 years who are either employed or unemployed. This is not withstanding the provisions of the national constitution and other legislation, which prevent children from participating in hazardous work
<b>Multinational enterprises:</b>	include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned.
<b>Older persons:</b>	Persons aged 60 years and above
<b>Poverty:</b>	The state of deprivation of well-being or welfare ranging from lack of basic needs of life such as nutrition, health, shelter, education, to lack of human rights and social networks.

<b>Private sector:</b>	The part of a nation's economy, which is not directly owned or controlled by the public domain.
<b>Productivity:</b>	The efficiency with which inputs are transformed into outputs.
<b>Public sector:</b>	The part of the economy concerned with providing basic services under the public domain.
<b>Persons with Disabilities:</b>	Persons with permanent and substantial functional limitation of daily activities caused by physical, sensory or mental impairment and environmental barriers resulting in limited participation.
<b>Social Dialogue:</b>	all types of negotiation, consultation or simply exchange of information between representatives of governments, employers, workers on issues of common interest relating to national development. Social dialogue takes place at the national, sectoral or enterprise level.
<b>Social partners:</b>	Employers' and Workers' organisations.
<b>Underemployment:</b>	Refers to a situation where working individuals aged 14-64 years are not fully utilised in terms of hours of work, skills and earnings.
<b>Unemployment:</b>	Refers to a situation whereby persons aged 14 – 64 years, who during a reference period are without work but are available for paid employment or self-employment.

**Vulnerable groups:**

Categories of people who lack security and/or are susceptible to risk and/or are exploited e.g. Communities which are prone to regular drought or crop loss, elderly with no means of support, men, women, and children in armed conflict areas, orphans, workers in hazardous working conditions such as casual agricultural wage workers, domestic servants, persons with disabilities, the elderly and the unemployed.

**Working poor:**

Individuals who are employed but whose incomes fall below the internationally agreed poverty measurement (Purchasing Power Parity of one US dollar a day)

**Youth:**

Persons aged between 18 and 30 years as per the Constitution of the Republic of Uganda

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## 1.0 INTRODUCTION

Employment creation is central to the national socio-economic development process. It is at the core of the transformation of Uganda from a poor agrarian economy to a modern, prosperous and skilled society. The centrality of employment is anchored in the Constitution of the Republic of Uganda<sup>1</sup>. The Constitutional provisions on employment are espoused in the National Vision of transforming Uganda from a peasant society to a modern and prosperous country in thirty years. It is also reflected in the objectives of National Development Plan one of which is enhancing the availability and quality of gainful employment. Government shall, through this policy, translate these aspirations into action.

### 1.1 Background

The economy of the country has been growing at a rate of 6.5 percent on average for the last two decades. However, the capacity of the economy to generate sufficient employment for the labour force has been constrained by, among others, the high population growth rate of 3.2 % per annum and an inadequate level of investment.

Whereas the economy has experienced changes in sectoral composition of GDP, there has not been a commensurate change in the distribution pattern of the labour force. GDP share by sector was 23.9 percent for Agriculture, 24.6 percent for Industry and 45.4 percent for services in 2009/10 compared to 2000/01 when it was 34 percent, 18 percent and 48 percent for Agriculture, Industry and Services respectively. On the contrary the share of the labour force employed in manufacturing and services has declined from 6.8% and 26.8% to 4.2% and 20.7% respectively despite the rise in the GDP shares. Agriculture has increased from 66.4% in 2002/03 to 69% in 2009/10 while its share of GDP declined over the same period (UBOS Abstract 2010).

This situation is attributed to several factors including the mismatch between skills acquired and the requirement of employers, the development of low skilled services and industries, the high growth rate in the labour force and the inability to absorb it in the growing sectors. A low-skill and low productivity economy is unsustainable and incompatible with poverty reduction, transformation as well as prosperity for all.

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<sup>1</sup> Articles 25 (1) and (2) , Article 29 (1) Article 34 (4) Article 40 (1), (3) and (4)

## **2. 0 PROBLEM BEING ADDRESSED**

Unemployment presents one of the principal challenges in Uganda. Though the overall unemployment rate in Uganda is changing, (It was 3.2 percent in 2003 and 1.9 percent in 2006, and 3.6 in 2009/10 (, UNHS 2009/10), the reality of the problem on the ground reveals a more severe situation than what is reflected in the figures. The scarcity of job opportunities has led to rural urban migration, high competition in the labour market and the emergence of a rising number of unutilized and unproductive work force particularly among young people.

The findings of the Urban Labour Force survey 2010 (UBOS,2010 ) illustrate the dimension of the problem of unemployment. In Kampala and urban areas of Wakiso and Mukono about 13.3 percent (122,600 persons) of the working age population, totally lack work. Generally, in Kampala and urban areas of Wakiso and Mukono over 202,000 persons are underutilized.

Uganda is one of the countries with the highest growth rate of the population. The high population growth rate as a result of high fertility rate has led to a high increase in the labour force which is reflected in the large number of young people who are untrained and unskilled entering the labour market every year with limited job opportunities to absorb them. Excluded from reasonably paid formal employment, young people are left with vulnerable and unsustainable forms of employment with low pay or the informal sector, where labour standards are not observed and legal protection is limited.

The Uganda labour market is faced with notable mismatch between what the education system offers and the labour market requirements. Information on the labour market both in public and private sectors, including, the large informal sector is severely constrained by lack of resources. The Employment and labour services are not spread throughout the districts. The country lacks effective reliable labour market information to inform policy development including education and training policies.

The number of Ugandans living under poverty is still high. This is an indicator that the country's success at the macro-economic front has not yet translated into similar success at the micro and household level. Poverty is also significantly high among the working population - 21 percent of whom are below the poverty line. Access to decent and more sustainable employment opportunities is the only escape of the poor from the cycle of poverty.

In addition to unemployment, the country is faced with other challenges, which include: low productivity especially in subsistence agriculture, the impact of the HIV/AIDS on the labour force, enterprises, employment and productivity, casualisation of labour, job insecurity and poor working conditions.

The most direct impact of unemployment, low skill, low productivity and poor working conditions on the economy is the loss in terms of output of goods and services. The consequences of unemployment and underemployment could be seriously damaging as a potential source of industrial unrest, instability and increased crime rate.

### **3.0 SITUATIONAL ANALYSIS**

This section analyses the employment challenges and opportunities in the Uganda labour market.

#### **1.1 Poverty and Employment**

There are strong linkages between unemployment, underemployment, shortage of decent jobs and poverty. Labour is the only asset of the poor. If nurtured and harnessed it can be transformed into decent work. Productive and decent employment provides a pathway out of poverty. A growth process that does not create more and better jobs with adequate social protection might fail to reduce poverty for a large proportion of the population. Eradication of poverty requires continued macro-economic stability coupled with high rates of investment to create new and more productive employment.

Government has implemented structural reforms since 1987 aimed at achieving economic growth of at least 7.0% per year and reducing mass poverty to 10% by 2017. Despite the average economic growth of 6.5% per annum and reduction of poverty levels from 56% in 1992 to 31.5% in 2005/06, and 24.5% in 2009/10, many Ugandans are still employed in low-productivity economic activities such as subsistence agriculture and the depth of their poverty remains a major challenge.

Most of the poor have not completed primary school and face difficulties in acquiring productive assets, such as, land and credit. The Uganda Participatory Poverty Assessment Programme (UPPAP) 2003 confirmed that poverty was characterised by lack of access to wage employment opportunities, low wages for those who were employed and insecure incomes for those in self-employment. According to the Report on Labour Market Conditions in Uganda 2009/10 (UBOS) the working poor represented 21% of the total population in 2009/10.

Despite Government poverty reduction efforts, the number of Ugandans living under poverty (7.5 million, UBOS 2009/10) is still high. This indicates that the country's success at the macroeconomic front is uneven and has not yet translated into similar success at the micro and household level. Addressing unemployment and underemployment is one of the ways to further reduce poverty levels.

### **3.2 Population and Labour force**

The Population and Housing Census 2002 estimated that the population was 25.3 million persons with a growth rate of 3.2% per annum and expected to be 31.8 million persons in 2010. UBOS (2007) further projects that the population will reach 38 million by 2015 and 100 million by 2050. The population is predominantly young with children and youth (0-30 years) constituting 75% of the total population. Persons aged below 18 years represent 56% of the population while the 18-30 year category accounts for 23 percent. The youth population is estimated to increase from 5.4 million in 2002 to 8.5 million in 2015 (UBOS 2005).

Recent estimates indicate that the labour force rose to 13.4 million persons in 2009/10 from 10.9 million persons in 2005/06. This represents a labour force growth rate of 4.9% per annum, which is higher than the population growth rate. This trend is compounded by the high growth rate of the youth labour force, which was 6 % per annum over the same period ( UBOS,2010).

The High Total Fertility Rates (6.38) in Uganda are the proximate cause of the fast rate of growth of new young entrants to the labour force. Over 50% of the labour force is female. About half (48.8 percent) of the population is in the labour force (14–64 years) and 83 percent of the labour force is rural. Approximately 25% of the labour force is illiterate and those with no formal schooling and primary education constitute 75. %. A much larger percentage of the female than the male labour force is illiterate, 34% compared to 16% males. Uganda's labour force is therefore young, untrained, unskilled and rural-based. Despite the introduction of Universal Primary Education, the majority of new entrants to the labour force over the period 2002/3 to 2009/10 had not completed primary education. As the World Bank(2007)for the increasing share of the working age population to positively contribute to economic growth, they must be well educated to ensure high return for their labour efforts; be productively employed and save more and invest wisely.

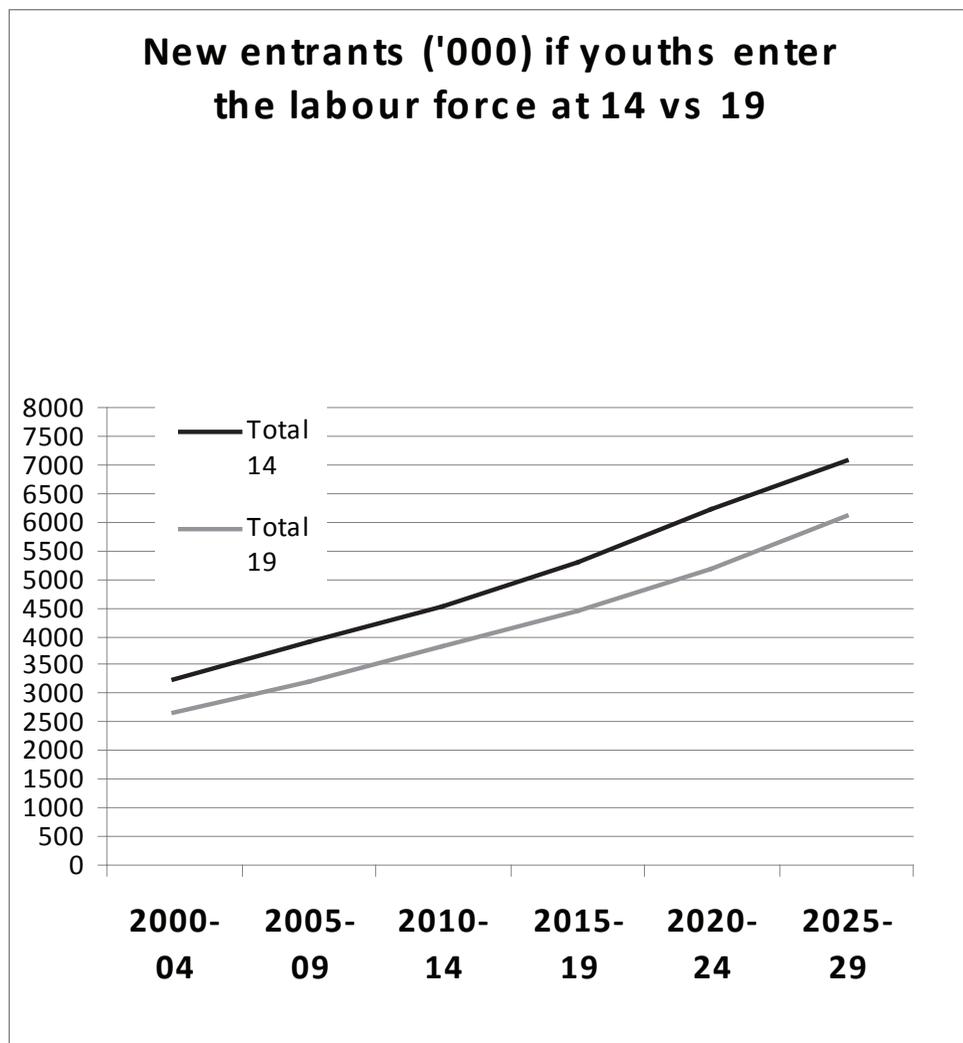
Approximately 392,000 persons enter the labour market every year. Out of the new entrants about 33,000 persons have certificates, diplomas and degrees from formal institutions, (UBOS Abstract 2007). Government needs to create jobs at a commensurate rate to match the challenge.

### **3.3 Education, Training and Skills Development**

#### **3.3.1 Education**

Education is a key component of human capital quality that is essential for employability, higher incomes and sustainable economic growth. It is also recognized as an essential ingredient in poverty eradication. Despite recent improvements in primary and secondary enrolment rates (8.7 million and about 1.5 million respectively) the quality of the labour force in terms of employability and productivity has not improved. For example, by 2009/10, almost 68 percent of females in the total labour force had not completed primary education. Among those in wage employment in rural areas, no less than 74 percent of females (and 59 percent of males) had failed to complete primary school.

A successful programme of Universal Secondary Education would significantly reduce the annual number of new labour force entrants. Figure 1 shows that if all children aged between 14 – 19 years were in school, there would be a fall in the new labour market entrants of about 100,000 people per year (UN Population Projections 2009).



Source: ILO (2009)

Empirical evidence from the above situation suggests that access to at least basic education is a precondition for access to decent jobs.

### 3.3.2 Vocational Education and Skills Training

Vocational Training and Skills Training is a primary means of enabling young people to make a smooth transition from school to decent employment. Vocational education and training system in the country is relatively small with most of the programmes being pre-employment, supply driven and targeted towards modern sector needs (MOES 2004). Post-school vocational and skill training is ineffective unless it builds on the solid cognitive basis in numeracy and written and oral communication as well as comprehension, which is acquired through basic primary education.

Most skill and vocational training in the country does not follow the more efficient in-employment model. Rapid and continued changes in technology require on-the-job training and re-training to facilitate entry and re-entry into the labour market. Few wage workers in Uganda have permanent employment status and even fewer benefit from programmes of in-employment training provided by their employers. Poor training, low productivity jobs and low wages traps the working poor and excludes young persons and workers from participating in economic growth. It is also recognized that without skills for entrepreneurship development, competitiveness and apprenticeship schemes, prospects for employment creation may be underutilized. In particular, action needs to be taken to avoid the massive waste of resources entailed in providing skills that are not employable to youth and other job seekers because they fail to secure job options in the labour market and creating jobs for themselves.

Equal opportunities should be provided for all to access quality education, vocational training and workplace learning and especially promotion of the needs of under-represented groups in the labour market, such as, young workers, older workers, workers with disabilities and those who are in peculiar employment relationships. The newly created Equal Opportunities Commission shall play an important role in this area.

In order to successfully link skills training, employment creation and development, skills training policies need to target three objectives: matching supply to demand for skills, helping workers and enterprises adjust to change; and forecasting as well as delivering the new and wider skills that will be needed in the future.

### **3.4 Existing Employment Opportunities**

Both the public and private sectors generate existing employment opportunities. Only 20.7 percent (2.8 million) of the total workforce (13.4 million) is employed for wages of which 14 percent are permanent employees and 86 percent are temporary. As high as 79 percent of the labour force is self-employed or employed as unpaid family workers in the agricultural sector. Informal employment constitutes 67 percent of the total employment outside agriculture. There are differences in employment by gender, education attainment, residence whether urban or rural, and by age. The following sub sections analyse employment opportunities by sector.

### 3.4.1 Private Sector Employment

Recorded private sector employment has been concentrated in agriculture and fishing (69.4%), manufacturing (5.6%), trade (8.9%), hotels and restaurants (2.0%), transport and communication (2.3%), construction (2.0%) as well as education (3.0%). Other sectors where recorded employment opportunities exist include mining and quarrying, utilities, posts and telecommunications, financial intermediation, insurance, business services, health and social works as well as community and personal services. These sectors provide employment to approximately 9.8% of the working population.

Uganda's economy is private sector-led. Government has privatized virtually all public enterprises. Efforts to promote foreign direct private investment under Uganda Investment Authority have focused on generating new investments and creation of employment through foreign, joint venture and local projects. The total number of projects licensed from 2000 to April 2009 was 2,226 and projected employment in these ventures was 351,194 jobs (UIA). On average therefore, over that period, only 39,022 jobs were to be created per year.

This number is grossly inadequate compared with the 392,000 new entrants into the labour market every year. The detailed information required to monitor trends in employment in these licensed projects, for example on the gender and skill composition of employment, or wage trends, is not readily available.

According to the UNHS 2009/10, , as many as 33.8% of the employees in the private sector earn less than Shs 50,000 per month. The lowest wages are received by female workers, especially female domestic servants and agricultural wage workers. Rural women employed for wages in the private sector earn a median monthly wage of about 50,000 shillings, compared to 75,000 shillings of the wage earned by rural male private sector employees. Only 10% of the private sector employees earn more than Shs.300,000 per month. This means that many workers' incomes cannot satisfy their basic needs. They cannot save and therefore cannot invest in profitable ventures and are likely to remain below the poverty line.

In addition, it should be noted that few low-paid private sector employees have been able to increase their money wages in the period since 2007, despite sharp increases in the prices of basic foods over the period 2008 to 2009. The ILO has identified a group of vulnerable employees in Uganda as indicated above whose real wages decreased substantially following the food price increases during the global economic crisis of 2008-9<sup>2</sup>.

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2 A Rapid Impact Assessment of the Global Economic Crisis on Uganda (2009)

The majority of people who are in private sector employment work in agriculture, while the minority are in other sectors, such as, industry, construction and services, which currently contribute high GDP. There is a need for strategies to generate more jobs in these highly productive sectors as well as improving the productivity and value addition of the agricultural sector.

### **3.4.2 Public Sector Employment**

The Public sector is no longer the most significant source of recorded wage employment. The civil service reforms and the privatization process of the 1990s led to a decline of employment in the public sector from 300,000 in 1990 to 150,000 by 1998, although employment rose to 259,650 by 2009. The current statistics show that there are about 259,650 employees in the traditional civil service (Public Service Employment Wage Bill, Management and Pay Reform, August 2009). Employment opportunities in the public sector are limited, especially for women who account for only about 37 percent of public sector employees (according to the Gender Productivity Survey 2009).

The annual average growth rate of government wage employment over the period 1992 to 2009/10 was negative (-0.6 percent). The above scenario indicates that employment in the public sector is limited and unlikely to grow. Emphasis needs to be put on promoting an enabling environment to create more jobs in the private sector to meet the growing numbers of new entrants into the job market.

### **3.4.3 Informal Sector Employment**

The informal sector is growing and generates both wage and self-employment opportunities in unregistered small and micro enterprises. These enterprises are extremely heterogeneous. Anecdotal evidence indicates that some have grown rapidly and provide wage-earning opportunities to several workers, while others only offer self-employment and extremely low incomes to a single individual, or unsafe working conditions and poverty wages. The emerging pattern of engaging casual and part-time workers by established, registered enterprises has encouraged the expansion of the informal sector.

The UNHS2009/10 report showed that 1.2 million households operated off-farm informal business engaging 3.5 million persons. Out of these, 0.6 million and 1.0 million persons respectively were engaged in trade and manufacturing. The informal sector will continue to be a major employer for some time and more information is required that covers the full range of its activities, as well as trends in its capacity to generate decent wage earning opportunities.

Many enterprises in the informal sector are still characterised by low labour productivity, limited training, the use of basic technology, limited access to credit and finance, difficulties in obtaining raw materials and other inputs, as well as inadequate markets for semi processed products. Difficulties of land acquisition for expansion and other legal and regulatory requirements also tend to constrain this sector.

Despite the fact that the informal sector currently provides alternative employment to the majority of the labour force, it is insufficiently supported. Hence the need for measures to develop it to enable it grow and to provide better job pathways.

#### **3.4.4 Agriculture sector**

The agriculture sector employs a high and apparently rising proportion (about 69.4%) of the economically active population and absorbs about 40% of the annual growth in the labour force (UNHS 2009/10).

Although agriculture remains the mainstay of the Ugandan economy, making a major contribution to export revenues, the labour force employed in agriculture spends on average only 23 percent of their work time on agricultural activities. The low productivity of many of these intermittently pursued activities is reflected in the high rate and concentration of household poverty in rural areas.

Employment opportunities in high value agricultural export commodity production, such as, floriculture, tea, coffee, tobacco, cotton and in the production of exported fish have grown very slowly, because the production volume of these commodities has been stagnant for many years. The growth of crop yields per hectare has also been sluggish indicating a slow rate of growth of labour productivity reflected in the extremely low levels of pay for workers producing agricultural commodities. The agricultural sector has grown at a slower rate than the rate of growth of the rural population (*GoU/ILO, A Rapid Impact Assessment of the Global Crisis on Uganda, 2009*)

Women are the backbone of agricultural production in the country, accounting for the majority of the agricultural labour force ((58 percent of an estimated 7.3 million workers according to the Gender Productivity Survey).

For the agricultural sector to contribute significantly to employment creation there is need to transform the sector from subsistence to market oriented agriculture. Emphasis should be put on production of high value products including value addition, strengthening agricultural marketing and minimizing harvest losses.

### 3.4.5 Externalisation of Labour

Ugandans have been migrating abroad in search of employment opportunities. Their remittances into the economy were estimated at US \$ 1,392 million in FY2007/08. This represented a significant increase of 215.5% from US\$ 646 million in FY2006/07. Remittances in the first half of 2009 were, despite the global economic crisis, actually higher than in the first half of 2008.

Most remittance flows (73 percent) into the country were found to benefit urban households, while only 17% went to rural households. 18.7% of urban households, but only 2.8% of rural households were found to benefit from overseas remittances. No information is available on the share of remittances in total household income, but only 0.2% of households reported remittances as their main source of income (UNHS (2006/7)). According to the above survey most recipients of remittances state that consumption is the main purpose (37%); a sizeable share also list investment (20%) and education (19%). A high proportion of remittances devoted to investment are directed towards construction and the renovation of houses. The more vulnerable members of the labour force may benefit indirectly from these remittances through the employment opportunities they find as construction workers.

The formalised externalisation of labour has contributed to the increase in remittances. The establishment of the External Employment Unit in the Ministry responsible for Labour by Statutory Instrument No. 62 of 2005, The Employment (Recruitment of Ugandan Migrant Workers Abroad) enhanced coordination, licensing of private recruitment agencies and facilitating access to job opportunities abroad. As of December 2009, 11 external employment recruitment agencies had been licensed and over 11,000 Ugandans formally recruited and deployed abroad.

Linking and cooperation with governments of receiving countries, the regulation and the monitoring of recruitment for work abroad will continue to be important, if social costs experienced by workers are to be avoided. These social costs include among others, breach of contracts, unsafe working conditions and sexual harassment. Measures to address these social costs and to promote emigration of Ugandans into jobs of higher remuneration are necessary.

### **3.4.6 Labour Migration**

Data on immigrant workers are hardly accessible and therefore it is difficult to regulate the inflow and working conditions of both skilled and less skilled immigrants. The evidence available from workers organisations indicate that some allegedly skilled immigrant workers do same or even less work and are highly paid as compared to their Ugandan counterparts, while others are smuggled into the country, confined and work under very poor terms and conditions of employment.

These violations, in most cases, arise as a result of inadequate coordination among key actors such as ministries responsible for labour administration, immigration and investment promotion in licensing, registration and issuance of work permits. The ministry responsible for labour and the social partners (FUE, NOTU and COFTU) should be strengthened and involved in the monitoring and regulation of these inflows.

### **3.4.7 Emerging employment opportunities**

Between 1992 and 2009 the share of agriculture in real GDP reduced by half, but agriculture's share in total employment only fell by less than 10 percent, indicating low levels of labour productivity in the sector. Over the same period, the share of the total labour force in industry increased marginally, from 4.6 percent to 8.1 percent. However the share in services increased more rapidly, rising from about 14 to nearly 21.2 percent.

As the economy continues to expand, new employment opportunities are expected to emerge, especially in the construction sector, given the planned massive expansion of investment in rural infrastructure. New job opportunities are further anticipated in the fields of petroleum exploration. Oil and gas activities are by nature capital intensive and mainly generate direct employment for science and engineering professionals and technicians among others. There are however prospects for significant employment opportunities through chain and multiplier effect. New businesses that may be established to provide goods and services to the oil and gas sector will provide self-employment opportunities. Expansion of other sectors of the economy as a result of the development of oil and gas sector will also lead to generation of employment opportunities. Transportation and storage of oil and gas produced within the country may also lead to the construction of pipelines, roads, rail lines and storage facilities.

The mining and mineral exploitation employs more than 130,000 people as artisans and small-scale miners. The number of artisan and small-scale miners is likely to grow to 300, 000 by 2014/15.

Horticulture and floriculture for export as well as value addition through agro-processing, handloom cottage industries, bee -keeping and honey processing have prospects for generating more employment too. The traditional export crops, as well as labour intensive food crops, such as, rice have the potential to offer a very substantial number of decent jobs, expand the volume of production and raise labour productivity as planned investments in the National Development Plan (2010/2014).

In future, efforts to create employment therefore need to focus on the new and emerging opportunities, particularly, public physical infrastructure, oil refinery and the pipeline, energy infrastructure - construction of dams, improving transportation network (railway and national roads). The ICT infrastructure, increasing internet and promoting virtual companies, trade, tourism and commerce will offer new opportunities and the potential to participate in global value chains. Climate change is likely to alter energy use, impacting on how industries operate and raise the demand for new skills and job opportunities across in the areas, such as, agriculture, transportation, manufacturing and construction industries, environment inspection, health and research.

In addition, the steps being taken to revive the Cooperatives will offer new promises for rural development, linkages to the new pilot ' One Village-One Product' Initiatives and generate employment and increased income. Uganda needs to position itself by developing appropriate skills for the envisaged new job openings.

### **3.4.8 Globalisation**

#### **3.4.8.1 Global Labour Market**

At the global level, the trade share of GDP has increased consistently since the 1980s. A steady upward trend in this share has also been observed in Sub-Saharan Africa, Uganda inclusive. Before the crisis in 2008, the global economy had been growing at an average rate of 3.3 percent for three decades, accelerating to 3.8 per cent per year between 1995 and 2007 and to an even more impressive rate of 4.8 percent in Africa. However, against this backdrop of growing integration and rapid output growth in the world economy, it is important to note that global labour market outcomes were less impressive.

Over the period 1995–2007, average wages lagged behind the growth in GDP per capita, which is an indication that increases in productivity failed to translate fully into higher wages. During this period, there have also been slow reductions in the wage gap between women and men and an overall increase in inequality among wage earners. The ILO projects that as output growth declines after 2008-9, global wage growth may fall even more rapidly, increasing the poverty of vulnerable workers<sup>3</sup>.

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3 ILO 2008, Global Wage Report 2008/9, International Labour Organisation, Geneva.

The macroeconomic impact of the global economic crisis on Uganda is anticipated to be slight, reflected in a fall in real GDP growth in 2010 to a level about three (3%) percent below the level of growth in 2008. However, despite reasonable rates of growth of GDP in Uganda, there has been a large fall in real wages since 2007, especially for lower paid workers, as shown in the GOU/ILO's Impact Assessment Report (2009). Thus, low paid workers have suffered during the current global economic crisis and may be vulnerable to future shocks in the global economy in the absence of initiatives to protect their standards of living.

#### **3.4.8.2 Regional Labour Market**

With the launch of the East African Common Market Protocol and regulations on free movement of labour, the employment policies and other labour market policies, labour legislation, as well as employment structures of partner states will have to be harmonized. The issue of skills portability and employability is highly relevant for member states in the context of the regional market and the high levels of youth unemployment, free movement of persons as well as rising migration. This has implications on development of appropriate skills to enable Ugandans to compete for job opportunities in the region. In addition, a new initiative to set a decent wage floor through closely monitored minimum sectoral wages could reduce the country's vulnerability to regional and global economic shocks.

#### **3.4.8.3 Multinational Enterprises and Employment**

Multinational enterprises (MNEs) play an important part in the economies of most countries and in international and regional economic development. Through direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilisation of capital, technology and labour. By contracting local enterprises for manufacturing, production of local raw materials and the progressive promotion of the local processing of raw materials, the MNEs contribute directly or indirectly to the creation of employment opportunities. Approximately 73 million persons are employed by these enterprises worldwide. This constitutes nearly 10% of paid employees engaged in non-agricultural activities, and about 20% in developed countries alone (UNCTAD 1994). The World Bank estimates that MNEs employ close to 12 million workers in developing countries. (World Bank 1995: 62). MNEs also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; and to the enjoyment of basic human rights, including freedom of association through Corporate Social Responsibility programmes.

Within the EAC regional integration, MNEs by nature of their cross border operations, have potential to offer employment to EAC citizens, thus encouraging labour mobility. However the advances made by MNEs in organising their operations beyond the national framework may lead to conflicts with national policy objectives and the interests of the workers. Government needs to put in place measures to guide the Multinational Enterprises on employment promotion and social dialogue.

### **3.5 Labour Productivity**

A country's ability to achieve economic growth and to improve the standard of living over time depends almost entirely on its ability to raise its output per worker. Improved labour productivity is the key to generating more and better quality jobs, better remuneration and wealth. It is about increasing value in what is produced by working in more effective and efficient ways. Increased labour productivity is reflected in leadership and management, skills and knowledge, technology and innovation, work organization, workplace culture, networks and collaboration and measurement.

Uganda's labour productivity is the lowest in East Africa due to inadequate skills, negative attitude to work, poor managerial practices and poor working conditions. The State of Uganda Population Report 2010 revealed that one Kenyan worker does the same task as six Ugandan workers. For one Tanzanian worker, it takes four Ugandans do the same job. Comparative studies done for Uganda, India and China show that value added per worker in Uganda is 68% lower than that in India and 96% lower than that in China.<sup>4</sup> The highest labour productivity per person ever reached in the world was US\$65,480 in the United States, followed by China (US\$ 58,605), and Ireland (US\$ 56,701)<sup>5</sup>.

There is need for Government to put emphasis on improving productivity and public value in the services, to align every one in the workplace and entrepreneurs towards value addition, increased productivity and better performance.

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4 2010, Government of the Republic of Uganda, National Development Plan, National Planning Authority

5 2008, Key Indicators of the Labour Market, International Labour Organisation (ILO)

### **3.5.1 HIV/AIDS, Productivity and Employment**

HIV/AIDS remains a major challenge. Recent data [Antenatal HIV sentinel Surveillance, The Uganda HIV/AIDS Sero-Behavioural Survey (2004/05) and longitudinal studies] indicate that the once declining prevalence may have stabilised at an unacceptably high rate of between 6.1% - 6.5% or may be increasing in some populations. The age pattern of HIV infection shows that the age at which the infection peaks had shifted towards older age groups among both women and men. For instance, at 30 – 34 and 35 – 39 years the prevalence rate was 10.3% and 9.6% respectively compared to 7.6% for 25 – 29 years for both sexes. Prevalence rates among 15-59 age groups, who form the majority of the labour force, were 6.4% and 7.2% among those at the work place. It was higher in urban than rural areas and for women rather than men.

HIV/AIDS has profound impact on workers and their families, enterprises and national development. HIV/AIDS undermines the principles of decent work in that it reduces job opportunities and violates the rights of workers. The incidence of AIDS-related morbidity and mortality has reduced the supply of labour and available skills, increased labour costs in terms of absenteeism from work, medical care and reduced productivity. HIV/AIDS has also created a large number of orphan headed households, widow headed households, raised school dropout rates and increased early marriages.

Few employers have put in place strategies to tackle HIV/AIDS in the workplace and, according to UGANET, some employers force staff with HIV into early retirement and retrenchment. HIV prevalence is twice as great in the highest wealth quintile of households compared to the lowest wealth quintile of households.

However, there is little systematic evidence linking prevalence with sectors of employment, occupations, skills, earnings or other labour market indicators. Policy makers would benefit from better socio-economic data, especially data on labour market status explicitly linked to HIV/AIDS and its impact on the labour market.

## **3.6 Vulnerable Groups**

### **3.6.1 Youth**

Young men and women constitute the largest single block of the country's labour force. The youth, in the 18-30 age bracket, constitute over 95% of the about 400,000 labour market entrants annually (UBOS UNHS 2003). The youth share of unemployment is increasing (42% in 1997; 58% in 2003; 65% in 2006 and 53.4 in 2009/10). The largest uneducated group suffering unemployment is located in rural areas while the reasonably educated are urban.

Youth unemployment is suffered most by the female youth. According to UPPAP2 (2002), the youth attribute their poverty to lack of employable skills, lack of productive resources (land and capital and/or credit, entrepreneurship), and lack of apprenticeship and or internship schemes, gender discrimination, and their own negative attitude towards agriculture. In spite of the UPE and the affirmative action for young women in tertiary institutions, many young people are still illiterate, rural based, lack vocational and artisan skills. These youth who are in their prime working age and energetic, are redundant, underemployed, unemployed and vulnerable to manipulations. A growing proportion of youth who are unable to find gainful employment poses a serious threat to social and political stability. It also represents a major waste of available human resource capable of contributing to economic growth. It is important that this human resource is better utilised.

### **3.6.2 Women**

Women in Uganda constitute the majority of farmers and unpaid workers as they are responsible for most of the care economy. Only 12 percent of the women are in wage employment as compared to the 25% of economically active men (. Male participation rate in wage sectors is more than three times that of women. About 50% of employed women work in the lowest paying three sectors, namely agriculture, household and mining and quarrying as compared to 33% of men working in those sectors.

There is a sharp segregation of women into low paying sectors and in all sectors these women are paid less than the male wage. Except in agriculture, women in the lowest paying sectors receive at most half the average male wage.

Unequal access to education restricts women to sectors with low productivity and low wages. Other reasons include unequal gender relations in the households and the reproductive roles that affect women's productivity and therefore preferences of males by employers. Any structural transformation in livelihoods necessitates some targeted interventions for women to access productive and decent employment.

### **3.6.3 Persons with Disabilities**

The Uganda Census Report 2002 indicated that the number of Persons with Disabilities (PWDs) were 837,600. The mid-term projections put PWDs at 1.5 million people by 2007. They still face stigmatisation and discrimination in their search for and even during their tenure of employment. Even among those who are self-employed, their products and services do not easily find markets due to negative societal attitudes and other impediments.

Furthermore PWDs face infrastructural barriers. Most public buildings are still not PWDs user friendly. Public transport and the road infrastructural designs do not meet the requirements of PWDs. In the media and ICT arena, the PWDs are constrained in their access to information.

### **3.6.4 Older persons**

#### **3.6.4.1 Social Assistance**

The number of older persons (60 years and above) is 1,196,439, equivalent to 4.4% of the population of Uganda. Of those, 84% are economically active (UNHS 2009/10). This implies that 16% of older persons have no obvious source of income while the 84% may be straining to make ends meet. Lack of a comprehensive social assistance system exacerbates their vulnerability.

#### **3.6.4.2 Social Security**

Less than 5% of the economically active population is covered by the two main pension schemes - the National Social Security Fund (NSSF) and the Public Service Pension Scheme (PSPS). The number of contributors to the NSSF in 2008/9 was approximately 333,000 and at retirement age contributors are supposed to receive a lump sum equivalent to about one year's salary; the scheme is more like a savings account than an old age social security scheme.

The Public Service Pension Scheme (PSPS) is a pension scheme, covering civil servants (the armed forces, government employees and teachers). PSPS is a non-contributory scheme, fully financed by general revenues of government. There were about 52,000 pensioners and 10,000 widows and orphans receiving benefits from this scheme in May 2009. About 300,000 civil servants in Uganda currently fall under this scheme, but for several years the government's financial allocations have been too low to cover the benefits of the pensioners.

In addition, some large private companies provide pension schemes for their employees. They contract out their pension liabilities to private insurance firms and there is currently no regulation or supervision of these schemes. The East African Common Market Treaty calls upon member states to harmonise Social Security legislation.

### **3.7 Labour Administration and Labour Standards**

Labour administration involves establishing an administrative structure and system that promotes and protects the rights of workers, ensures safety and health at the workplace and guarantees industrial harmony. This can best be achieved through the proper implementation of the labour laws with emphasis on freedom of association that includes the freedom of the workers to form or join trade unions of their choice for effective representation at all levels and collective bargaining through social dialogue.

Some key aspects of labour administration were decentralized to the districts in accordance with the decentralisation policy. The number of districts over time has grown from 36 to 112 and continues to grow. In all these districts there is an establishment for a labour officer but currently 45 out of the 112 districts (local governments) have appointed Labour Officers. Labour Officers/Inspectors carry out inspections of workplaces, investigate cases of breach of contract, arbitrate between workers and employers on undesirable working conditions, and provide relevant technical advice.

Those who have been appointed require skills to fulfill the new judicial and the technical advisory functions to implement the new labour laws, particularly the Employment Act, No. 6, 2006. The purpose of the labour laws is to promote decent work, provide conducive working conditions, improving productivity, prevention of accidents, occupational diseases and injuries at the work place. With increased productivity there is increased output and profits. These profits and improved productivity need to be reinvested to generate more decent employment opportunities.

Major challenges to labour administration, among others, include poor working conditions, lack of adequate maternity protection, unfair dismissal, casualisation of labour, low wages and inadequate occupational safety and health. Many workers do not even enjoy basic decency at the work place. According to UPPAP2 (2002) plantation workers in tea and sugar estates experience the worst working conditions characterised by: casualisation of employment; violation of basic rights; low wages (shs 1,000 per day); long working hours (10 hours per day for six days in a week) and inadequate personal protective equipment. Casual plantation work offers just a means of basic survival not a route out of poverty.

In addition, the Report on the Labour Market Conditions in Uganda (UBOS, 2007) showed that 44% and 33.5% of the working poor were employed in agriculture during 2003 and 2006 respectively, earning an average of shs.22, 000 per month.

One third of the employees in the private sector earned less than shs. 20,000 per month in nominal terms, while the median monthly income for paid employees was shs. 36,200.

However, the Uganda National Household Survey 2009/10 showed that 25.5% of the working poor were employed in agriculture, earning an average of shs.50, 000 per month. About 33.5 percent of the employees in the private sector earned less than shs. 50,000 per month in nominal terms, while the median monthly income for paid employees was shs. 90.000.

The UBOS (2010) showed that only 20.8 percent of the employees in the private sector have written contracts and only 9.5 percent are covered under pension schemes that guarantee them social security.

Another challenge to labour standards and labour administration is the high incidence of child labour. According to the most recent Report; Understanding Children's Work (UBOS, ILO, UNICEF and World Bank 2008) approximately 1.8 million children are classified as child labourers in Uganda. Children work in various hazardous conditions including commercial sexual exploitation, in the streets and the informal sector, on agricultural plantations and farms (rice tea and tobacco.), construction and stone quarries, fishing and domestic service. Some children are trafficked for exploitative work within the country, particularly for domestic work.

Child labour is an impediment to education and training programmes, as well as human capital needed for employment creation. Child labour also undermines national economic development by creating cycles of intergenerational poverty. Child labour perpetuates the problem of underemployment among young people by keeping them in low paid and despised low skill occupations. Children, who join the labour market prematurely before completion of their education, forego the opportunity to gain skills for future decent and productive employment. Providing the alternative of education and training as well as decent work for adults and young people contributes to households breaking out of poverty and helps advance human capital.

The Industrial Court, which is the apex of the industrial relations machinery, has been elevated to the level of High Court. It is important that the potential of the Court to promote equity, effective and expeditious settlement of labour disputes, industrial harmony, improved working conditions and therefore higher productivity as well as sustained employment is fully utilised.

### **3.8 Legal and Policy Framework**

#### **3.8.1 Legal Framework**

Article 40 clause 2 of the Constitution of the Republic of Uganda, 2005 as amended stipulates that, “Every person in Uganda has the right to practice his or her profession and to carry on any lawful occupation, trade or business”. The Constitution also guarantees decent work under the following articles: Articles 25(1) on slavery and servitude; Article 25(2) on forced labour; Article 29(1) on right to freedom of association; Article 34(4) on protection of children from economic exploitation and hazardous work, Article 39 on right to a clean and healthy environment, Article 40 (1) right to work under satisfactory, safe and healthy conditions; equal pay for equal work without discrimination, rest and reasonable working hours and periods of holidays with pay and remuneration for public holidays; Articles 40(3) right to form and join trade union and Article 40(4) on protection of women during pregnancy and after birth, in accordance with the law.

To operationalise the above provisions of the Constitution, a number of laws have been enacted. These include; The Employment Act No. 6 of 2006; the Labour Unions Act No. 7 of 2006; the Labour Disputes (Arbitration and Settlement) No. 8 of 2006; the Occupational Safety and Health Act No. 9 of 2006; the National Social Security Act, Cap 220, and the Statutory Instrument No. 62, Employment (Recruitment of Ugandan Migrant Workers Abroad) Regulations (2005).

In addition , there are other relevant laws, such as, the Local Governments Act Cap 243, Laws of Uganda (2000); the Public Service Act (2008); the Education Act (2008); the Uganda Citizenship and Immigration Act (1999); the Prevention of Trafficking in Persons Act (2008;) the Public Service (Negotiating, Consultative and Disputes) Settlement Machinery Act (2008), National Disability Act (2006) and the Equal Opportunities Commission Act (2007)

The above laws are in conformity with the Regional and International Treaties that Uganda has signed and ratified. These include; the East African Community Treaty (2000), which provides for integrated approach to employment strategies (Article 104), the East African Common Market Protocol and the Free Movement of Persons Regulations, the Ouagadougou Declaration and Plan of Action on Employment and Poverty Alleviation in Africa (2004); ILO Convention No. 122 on Employment Policy (1964); as well as the ILO Declaration on Fundamental Principles and Rights at Work (1998).

### **3.8.2 Policy Framework**

This policy is in line with the National Development Plan (NDP) 2010/11-2014/15 whose theme is “Growth, Employment and Socio - Economic Transformation for Prosperity”. The National Development Plan focuses on new spending sectors that have the greatest potential to contribute to economic growth, particularly infrastructure, agriculture, education, health, water and sanitation. The construction of new and the improved maintenance of existing rural roads and irrigation facilities will immediately generate employment opportunities. Similarly, the building of new schools and rural health facilities and the extension of electricity supplies in rural areas will directly generate employment and lead to a more productive labour force in the future. It is important that the new expenditures are directly linked to rapid expansion of employment opportunities in rural areas.

In line with the National Development Plan, the Social Development Sector Strategic Investment Plan emphasises promotion of employment and productivity for sustainable livelihoods. Other relevant policies include; the National Child Labour Policy (2006), the Uganda Gender Policy (2007), the National Policy on HIV/AIDS and the World of Work (2007) and Plan of Action (2010), the National Policy on Disability, the National Equal Opportunities Policy (2006), the Community Mobilisation Strategy (2006), National Industrial Policy (2008), National Population Policy (2010) National Oil and Gas Policy of Uganda (2008) and the Agriculture Investment Policy (2010).

Other policy interventions that provide opportunities for creating employment include, the Public Service Reform, the Medium Term Competitive Strategy for the Private Sector; the Road Sector Development Programme; the Education Strategic Investment Plan; the Health Sector Plan; the Decentralisation Policy; the Plan for the Modernisation of Agriculture and Prosperity for All. These policies are in consonance with the Millennium Development Goals.

## **4.0 THE RATIONALE FOR THE POLICY**

The urgency to put in place an employment policy is therefore motivated by the economic need to address the above challenge. The policy will consolidate, and create synergies among different sectors and anchor employment creation as a key indicator of economic development.

The policy will also provide a framework to promote productive and decent employment and enterprise development, compliance with labour standards by employers, investors and workers, social protection and social dialogue. The policy will further encourage multi-skilling of the human resource, particularly the youth, entrepreneurship development for increased productivity and competitiveness. This will lead to higher savings/profits and investments and consequently creation of sustainable employment and economic growth.

## **5.0 THE EMPLOYMENT POLICY**

The Employment Policy addresses one of the critical challenges facing the country namely; the attainment of full employment coupled with decent work and equitable economic growth. A fast rate of growth of permanent (non-casualised) employment in the private sector remains the most effective route to sustainable poverty eradication. The main thrust of the policy therefore, is generating sufficient productive and decent jobs for Ugandans.

### **5.1 Vision**

Productive and decent employment for better lives and livelihoods for all.

### **5.2 Mission**

To promote and create more decent jobs for women and men.

### **5.3 Goal**

Productive and decent employment for all women and men in conditions of freedom, equity, security and human dignity.

### **5.4 Purpose**

The purpose of this policy is to guide all stakeholders on creation and enhancement of the quality and availability of gainful employment opportunities.

## **5.5 Policy objectives**

- i. To promote macro-economic policies and investment strategies for employment creation.
- ii. To increase productivity, competitiveness and employability of the labour force, especially the youth and other most vulnerable members of the labour force.
- iii. To promote in-employment skills development, training and apprenticeships and or internships, especially for the youth.
- iv. To promote purposeful and functional vocational and technical skills training.
- v. To ensure availability of reliable and timely labour market information, especially for those sectors of the labour market employing the poor and vulnerable women.
- vi. To promote and protect the rights and interests of workers in accordance with existing labour laws and fundamental labour standards.

## **6.0 GUIDING PRINCIPLES**

The policy is guided by the following principles:

### **6.1 Consistency with overall National Planning Framework**

The Employment Policy shall be implemented in conformity with the overall development objectives as outlined in the Constitution of the Republic of Uganda, the national planning framework -(National Development Plan) and the Social Development Sector Strategic Investment Plan as well as other sector-wide plans and programmes.

### **6.2 Social Dialogue**

This policy shall be anchored on the values and principles of strong social dialogue and effective tripartism.

### **6.3 Private Sector-led Growth and Employment Generation**

The policy emphasises the promotion and expansion of private sector investment, in line with the government strategy of a private sector-led economy. Private sector investment shall be promoted not only in the formal sector but also in the informal sector in order that wages and working conditions in the informal sector shall gradually converge with those in the formal sector.

### **6.4 Employment creation as a key indicator for economic performance**

The policy recognises that creation of employment leads to stable incomes, savings and improved livelihoods thus contributing to economic growth. The policy shall emphasise improved labour market information and database for monitoring the trends in employment in key sectors as well as trends in real wage growth for vulnerable workers.

## **6.5 Education, Skills Development and Training**

The policy recognises the importance of universal primary and secondary education as a precursor to skills development. Skills development and training of the labour force enhances productivity and competitiveness. Promotion of skills development and training, especially for vulnerable youth already in wage employment, shall be a major focus of this policy. Similarly, the focus on training for the self-employed shall be on those young people who already have a good track record of small enterprise management.

## **6.6 Compliance with labour standards**

In line with national, regional, International Labour Organisation conventions and other international treaties, the policy shall emphasise compliance with the legal and regulatory framework to promote the rights of workers.

## **6.7 Affirmative action**

The policy shall promote affirmative action, adequate safety nets and social protection for the poor and vulnerable groups to hedge against risks associated with the operation of the market system.

## **6.8 Community participation**

The policy acknowledges that individuals, groups, and the community at the grassroots level are central to employment creation and key actors in the economy.

## **6.9 Addressing HIV/AIDS at the Work Place**

The policy recognises the impact of HIV/AIDS on the labour force, employment and productivity. At the work place, the policy shall promote the principle of non-discrimination, protection of the rights and dignity of persons affected and infected by HIV/AIDS.

## **6.10 Promotion of Gender Equality for all in employment**

To address disparities in access to employment and working conditions, this policy shall promote equality of opportunity between women and men.

## **7.0 POLICY PRIORITY ACTION AREAS**

To address the employment challenge in the country this policy focuses on key priority areas arising out of the situation analysis. The policy priority action areas are:

## **7.1 Employment-intensive growth**

Government is committed to promoting growth, increased employment, socio economic transformation and prosperity for all. In light of this commitment, employment creation will be at the centre of national policies, strategic plans and programmes. To achieve this, the following strategies shall be pursued:

- i. Setting targets towards employment generation for women and men and continuously monitoring and evaluating progress using objectively verifiable indicators.
- ii. Making employment creation a key criterion in selecting between alternative public and private investments, programmes and projects.
- iii. Ensuring that rural infrastructure investments are constructed using labour-based techniques.
- iv. Undertaking research and studies in areas of employment generation in both the formal and informal sectors, with a focus on rural employment generation.
- v. Supporting existing or new labour-intensive enterprises and investments with high and sustainable employment generation potential.
- vi. Mainstreaming employment creation in the National Core Projects of the National Development Plan and other sectors.

## **7.2 Labour market information**

Accurate and timely labour market information on jobs, job seekers, labour mobility, employment levels, real wages, hours worked and desired skills among others, in the public and private sectors, especially the small-scale unregistered private sector, is essential to this policy. Labour market information enables the monitoring of the employment situation, trends and the design of appropriate policies.

The strategies shall include:

- i. Strengthening the ministry responsible for labour to play its role as the national and regional depository for labour and employment management information. The Ministry responsible for Labour shall be mandated to issue computerized employment permits similar to driving permits in order to keep track of persons eligible for employment in the country and maintain an Employment Register. The permits shall be renewable every three to five years.

- ii. Providing guidelines on data collection, processing, and dissemination of information.
- iii. Establishing and supporting institutions in public and private sectors, including social partners, in the production of information on the labour market.
- iv. Studying the impact of multinational enterprises on employment in different industrial sectors.
- v. Developing guidelines on operation of multinational enterprises with regard to social dialogue, employment and their impact on the labour market.
- vi. Documenting, disseminating and promoting best practices on corporate social responsibility.
- vii. Improving the collection, analysis, storage and dissemination of reliable information relating to migration and its effects on employment.
- viii. Carrying out new surveys and research in collaboration with UBOS. The new surveys would focus on low-paid and vulnerable workers especially domestic servants and casual/seasonal workers in the agricultural and other sectors dominated by workers in elementary occupations. An effort will be made to develop early warning indicators that would capture sharp falls in real wages and the employment dynamics of the economy and accordingly re-orient efforts towards the generation of the required growth.

### **7.3 Labour Productivity, Skills development and training**

Government recognises that skills development and training are important in improving productivity, competitiveness of the labour force and enterprise growth. Therefore, Government shall emphasise the following strategies:

- i. Providing incentives for the private sector to encourage them impart integrated skills through in-employment training programmes, attachments, mentoring and apprenticeships/internships.
- ii. Ensuring the collection of the industrial training levy as stipulated in the BTVET Act (2008) to generate additional resources and to ensure equitable distribution of training costs among employers and users of trainees or budgetary allocations.
- iii. Strengthening vocational education and training as an integral component of the general education system and productivity improvement.

- iv. Promoting gender-responsive career guidance and counseling at all levels of education and training.
- v. Promoting and regulating demand-driven training programmes through greater involvement of the private sector, civil society and other stakeholders.
- vi. Establishing a productivity centre to enhance productivity improvement approaches including managerial practices, work ethics and production technologies for the private sector.
- vii. Developing a National Workplace Productivity Programme for selected industries, informal sector and micro enterprises to provide support for employers, workers and entrepreneurs to raise their performance in the work place, the value of the work done and rewards for both employers and workers.
- viii. Undertaking research on workplace cultures, technology, work organization, networks and collaboration, technology and innovation to identify best practices.

#### **7.4 Promotion of agriculture and rural employment**

Government acknowledges that agriculture is currently the largest employer and still has the highest propensity to absorb labour in the rural area. Furthermore government policy through the National Development Plan is to promote and encourage employment in construction of rural roads and other infrastructure to compliment agriculture economic activities. The performance of this sector affects the overall economic growth. The rural sector with over 85 percent of the population has potential to bolster employment generation in the country. In view of this, potential the policy shall undertake the following strategies:

- i. Promoting the use of labour-based methods in the construction and maintenance of rural feeder roads and other public infrastructure.
- ii. Encouraging investment in the production of those agricultural enterprises that have the greatest long-run potential to employ large numbers of wage workers while competing effectively on international markets.
- iii. Promoting agro-processing and agri-enterprises under the Agriculture Investment Policy (2010) to improve productivity and employment opportunities.
- iv. Emphasising investment to increase yields on the most dynamic smallholder farms, where wage employment opportunities will largely occur.
- v. Encouraging provision of rural financial services for income generating activities.

## **7.5 Improving informal sector, micro and small-scale enterprises**

Apart from the agriculture sector, small-scale, unregistered non-farm enterprises are the second highest provider of employment opportunities. Many of these enterprises are characterised by low investment, technology, skills and low productivity. Operating skills are acquired on the job and through apprenticeship schemes. In recognition of its role and the need to improve its productivity and employment potential, Government shall focus on the following strategies:

- i. Developing clusters to meet the 'Supply-Chain Demands' as a special programme for the micro and small enterprises for urban poor and
- ii. semi-skilled artisans.
  
- iii. Promoting forward and backward linkages between large scale registered and small scale unregistered enterprises.
  
- iv. Strengthening the capacity of small enterprise associations in coordination, networking and policy influence.
  
- v. Providing infrastructure and other support to unregistered small-scale enterprises and making local government ordinances and bye-laws and regulations user-friendly.
  
- vi. Providing advisory information on tax compliance, the improvement of working conditions, safety and health issues and union recognition.
  
- vii. Supporting entrepreneurship development programmes including training.
  
- viii. Providing incentives to encourage innovation and creativity among entrepreneurs.

## **7.6 Private Sector growth and employment**

Government recognises that the private sector is a key actor in employment generation. Private sector activities cover agricultural production and processing, mining, manufacturing, distribution and marketing as well as services among others. To support the private sector, Government shall provide the incentives and implement the strategies listed below. However, the labour market outcomes of all such support and subsidies will be very closely monitored, so that policies can be refined or subsidies withdrawn where appropriate:

- i. Encouraging viable joint ventures, between the government and private sector, in industries or sectors that have employment-generation potential, especially in the high value and processed agricultural commodity sectors.
- ii. Establishing export processing zones (EPZs) and district industrial parks to absorb local labour.
- iii. Providing incentives to private sector initiatives, which provide job opportunities to vulnerable youth, women and PWDs.
- iv. Reducing the cost of doing business in Uganda for the private sector so that it remains viable and increases its capacity to absorb more labour.
- v. Encouraging private sector investments to generate decent jobs that provide both social protection and economic gains.

## **7.7 Improving Labour Administration and Labour Standards**

Effective labour administration contributes to protection of workers' rights, ensures safety and health at work, and prevents strikes and industrial unrest thus leading to sustainable industrial peace and harmony. Industrial peace and harmony directly contributes to labour productivity, competitiveness of enterprises and ultimately to economic growth.

In recognition of this role, government shall adopt the following strategies:

- i. Implementing the labour laws, regulations and the fundamental principles and rights at work.
- ii. Setting up a monitoring mechanism covering trends in real wages in the sectors .
- iii. Establishing a Minimum Wages Advisory Board to undertake research on the impact of minimum wages on employment and productivity and wage trends in key sectors.

- iv. Developing a comprehensive and sustainable labour administration and employment services system that is proactive, effective, impartial and service-oriented.
- v. Strengthening departments responsible for labour, employment as well as occupational safety and health.
- vi. Reviewing and implementing the Industrial Relations Charter and reactivating the National Tripartite Council to promote social dialogue and tripartism between workers, employers and Government.
- vii. Strengthening the institutions for labour administration namely the Industrial Court, the Labour Advisory Board, the Minimum Wages Advisory Board and Wages Councils, the Medical Arbitration Board and Occupational Safety and Health Board.
- viii. Implementing the Decent Work Country Programme .
- ix. Implementing the National Child Labour Policy (2007) and Developing a Plan of Action on the Elimination of Child Labour .
- x. Developing the National Strategic Framework for Social Assistance and monitoring the impact of the Pilot Cash Transfer programme on labour market outcomes for the most vulnerable households.
- xi. Providing adequate information and training on occupational safety and health, industrial relations, and collective bargaining to both workers and employers.
- xii. Implementing the National Policy on HIV/AIDS and the World of Work (2007) and Plan of Action (2010) to mitigate the effects of the HIV/AIDS on the labour force and productivity.
- xiii. Regulating and promoting the establishment of private employment services in all districts and monitoring their operations.
- xiv. Developing regulations for migrant workers and providing guidance on importation of expatriate workers whose skills are available locally with a view to minimise the adverse impact on the employment for East Africans.
- xv. Registering and guiding immigrant workers in accordance with national, regional and international regulations.

## **7.8 Externalisation of Labour**

Government acknowledges that labour markets abroad provide employment opportunities for Ugandans in the short run as the country develops its capacity to generate sufficient jobs for its labour force. Despite the country benefiting from other labour markets, it has also faced an influx of migrant workers and it is likely to increase with the free movement of labour within the East African Community.

The Government shall adopt the following strategies:

- i. Strengthening the Ministry responsible for labour to source for opportunities and ensure that the rights of Ugandans working abroad are protected.
- ii. Establishing bilateral agreements with Governments of receiving countries.
- iii. Strengthening the department responsible for employment services to regulate, guide, monitor and coordinate activities of various stakeholders involved in employment of Ugandans abroad.
- iv. Establishing a revolving fund to facilitate Ugandans seeking employment abroad.
- v. Developing guidelines for the private agencies licenced to facilitate employment for Ugandans abroad.

## **7.9 Employment of Vulnerable Groups and Promotion of Gender Equality**

Government recognises that employment of vulnerable groups such as women, people with disabilities and older persons is important for wealth creation and poverty eradication. To attain this, Government shall pursue the following strategies:

- i. Promoting the collection and dissemination of improved data and statistics on the labour force, disaggregated by sub-sector, age, gender, household wealth quintiles, worker education and disability.
- ii. Implementing the Uganda Gender Policy (2007) provisions on education and training, recruitment and promotion in employment for both women and men in all sectors.
- iii. Implementing the National Policy on Persons with Disability (2007) provisions on recruitment, accessibility, participation and enhancement of their capacities.
- iv. Designing programs that involve and benefit the most disadvantaged groups, among women, children and persons with disability.

- v. Involving women, the youth and persons with disabilities in the decision-making process.
- vi. Including methodologies and tools for gender analysis in basic training and skills development.
- vii. Carrying out sensitisation and advocacy on the needs of and capacities of sero-positive persons and persons with disabilities at all levels.
- viii. In collaboration with employers' organisations, ensure that employers remove barriers in order to facilitate employment of sero-positive persons and persons with disabilities.
- ix. Ensuring provision of tax incentives on any costs incurred by the private sector organisations as a result of employing and facilitating PWDs at the work place.

#### **7.10. Promotion of Youth Employment**

Government is concerned about youth unemployment and underemployment in the country. The youth constitute the highest percentage of the labour force and the vast majority of the new entrants to the labour market. The youth require to be instilled with, among others, a positive work culture; commitment and dedication to work including discipline, career guidance and counseling and imparting of skills to enable them become relevant to the current needs of the labour market and employment creation.

Developing and implementing the National Action Plan for Youth Employment and in particular:

- Providing support to young people, particularly women to make transition from informal to formal employment through improved access to training, business development services, and access to low interest microfinance.
- Strengthening the capacity of career guidance to youth in order for them to study practical technical courses.
- Providing young entrepreneurs support through tax rebates at least for the 1<sup>st</sup> five years of establishing business.
- Integrating of youth in NAADS, NUSAF, PRDP and any other programmes.

- Promoting job-placement, volunteer schemes and or internship to enable young acquire the requisite job training and hands on experience.
- Encouraging the youth to form associations and cooperatives for the purpose of developing entrepreneurship and creating employment.
- Establishing of one stop centre to offer technical advisory services including information on existing investment opportunities to youth entrepreneurs.
- Strengthening existing regional youth skills centres through retooling, staffing and capitalization.

## **8.0 IMPLEMENTATION AND INSTITUTIONAL FRAMEWORK FOR THE POLICY**

Government shall take the overall responsibility for the implementation of this policy with the participation of other actors, including, the private sector, employers' and workers' organizations, development partners, NGOs, CBOs, communities as well as individuals.

Government shall endeavour to mobilise requisite resources, coordinate national and international efforts, and ensure harmonisation of relevant interventions in line with the policy. Government shall publicise this policy and also put in place the enabling legislation. As an employer, Government will seek to demonstrate to all other employers the advantages of following best practice in labour relations, including dialogue with labour unions, ensuring the health and safety of the workers it employs, the provision of in-employment skills training and non-gender discriminatory wage setting.

### **8.1 Implementation of the Policy**

The Ministry responsible for Labour shall spearhead the implementation of the policy in collaboration with other ministries, social partners and agencies that have a key role in employment creation. The Ministry shall work closely with the National Planning Authority, the ministries responsible for Finance Planning and Economic Development, Tourism Trade and Industry, Local Governments, Education and Sports, Works and Transport, Agriculture, Animal Industries and Fisheries, Energy and Mineral Development, Information and Communication Technology, to ensure the integration of employment issues in the implementation of the National Development Plan and the National Core Projects of the NDP.

A five year multi-sectoral National Programme of Action on employment covering: sectoral based specific actions, strategies and targets for employment generation; key outputs to be realized during the implementation of the National Programme of Action; identified roles and responsibilities of various stakeholders and social partners; targeted sectors by industry and or occupations; shall be developed to guide all stakeholders on the implementation of the policy.

### **8.1.1 The Ministry responsible for Labour**

The ministry responsible for Labour shall specifically undertake the following responsibilities:

- i. Developing the Programme of Action on Employment.
- ii. Providing guidelines for mainstreaming employment issues in other policies, programmes and plans.
- iii. Ensuring availability of timely and quality labour market information.
- iv. Establishing a detailed, comprehensive and up-to-date National Occupational Classification and Industrial Standard Classification systems.
- v. Building capacity and providing support supervision to district based staff.
- vi. Co-ordinating the development of the National Strategic Framework for Social Assistance.
- vii. Ensuring provision of social protection for all workers.
- viii. Enhancing coordination, dialogue and collaboration with social partners.

### **8.1.2 The Ministry responsible for Finance, Planning and Economic Development**

This ministry shall be responsible for ensuring that freely chosen and productive employment is a priority goal of all national economic and social policies. Specifically the ministry shall:

- i. Ensure availability of financial resources and budget for employment interventions.
- ii. Attract and guide on employment generating investments.
- iii. Provide incentives to investments, which create employment opportunities.

### **8.1.3 Ministry responsible for Education and Sports**

The ministry shall ensure that the education system provides for acquisition of basic individual skills and competences relevant to self or paid employment. Special efforts will be made to narrow the large gap between the basic education of rural girls in poor households and the education of all other children.

### **8.1.4 The Role of the Uganda Bureau of Statistics**

This institution is mandated to collect, process, analyse and interpret national statistics. The bureau shall work closely with the Ministry responsible for Labour and other line Ministries to generate timely and quality labour and employment statistics.

The questions on labour in the National Household Surveys shall be revised and expanded and new surveys of vulnerable workers shall be planned in collaboration with the Ministry responsible for Labour and social partners.

### **8.1.5 The National Planning Authority**

As a coordinating body of the planning processes in the country, the National Planning Authority shall ensure that labour and employment matters are incorporated in the national development plans and mainstreamed in the sectoral plans.

The NPA shall also ensure that private sector and civil society organisations contribute to the implementation of the Employment Policy. The NPA shall monitor and track the contribution of the different actors and its impact on the whole economy.

### **8.1.6 Local Governments**

Each local government shall:

- i. Ensure recruitment of officers responsible for labour and employment.
- ii. Promote community contracting in construction and maintenance of local infrastructure.
- iii. Collect, store and disseminate labour market information.
- iv. Mobilise resources within the districts.
- v. Create a mechanism for planning and coordinating labour and employment matters.

### **8.1.7 Other ministries, departments and agencies**

Other government ministries, departments and agencies shall integrate employment concerns in their policies, programmes and plans.

### **8.2 The Role of Employers' and Workers' Organisations**

The Federation of Uganda Employers (FUE) and Labour Unions as social partners shall co-operate with the ministry responsible for labour and other relevant bodies in monitoring the achievement of the objectives of this policy and in dissemination. Both employer associations and labour unions shall be encouraged to include a larger number of members from small-scale unregistered enterprises, including employers with one or two workers and casual/seasonal union members.

### **8.3 The Role of Civil Society Organisations**

The Government recognises the role played by CSOs in supporting employment and income generating activities. To implement this policy CSOs shall contribute to research, building capacity of service providers, lobbying and advocacy, as well as provision of legal aid and counseling services.

## **9.0 COORDINATION MECHANISM**

There shall be established a National Employment Council to coordinate, guide, streamline and monitor efforts towards implementation of this policy. Membership to this Council shall be at Permanent Secretary or Chief Executive Officer level and drawn from the following Ministries, Departments and Agencies: The Ministry responsible for Gender, Labour and Social Development [Chairperson and Secretariat]

The Ministry responsible for Finance, Planning and Economic Development

The Ministry responsible for Public Service

The Ministry responsible for Agriculture, Animal Industry and Fisheries

The Ministry responsible for Tourism, Trade and Industry

The Ministry responsible for Works and Transport

The Ministry responsible for Education and Sports

The Ministry responsible for Local Governments

The Ministry responsible for Health

The Ministry responsible for Foreign Affairs

The Ministry responsible for Lands, Housing and Urban Development  
The Ministry responsible for Internal Affairs, Immigration Department  
The Ministry responsible for Energy and Mineral Development  
The Ministry responsible for Information Communication and Technology  
The Ministry responsible for East African Community (EAC)  
The National Planning Authority  
The Uganda Bureau of Statistics  
The Uganda Investment Authority  
The Federation of Uganda Employers (FUE)  
The National Organisation of Trade Union (NOTU)  
The Central Organisation of Free Trade Unions (COFTU)  
Enterprise Uganda (Ltd)

## **10.0 MONITORING AND EVALUATION**

Monitoring and evaluation of the implementation and impact of policy measures at all levels shall be carried out on regular basis using appropriate indicators. This will involve full participation of the government ministries, departments and agencies, private sector, workers' and employers' organisations and civil society.

This policy shall be reviewed after every five years to take into account of impact, performance and emerging challenges.

## **11.0 POTENTIAL CHALLENGES TO IMPLEMENTATION OF THE POLICY**

The successful implementation of the employment policy shall depend on addressing the following potential challenges:-

### **11.1 Commitment by all Actors**

Government shall continue to play its central role both directly and indirectly in decent job creation. All efforts shall be made to encourage all stakeholders to mainstream employment strategies into their policies, plans and programmes. Actors are called upon to internalize this policy and put in place the most appropriate mechanisms for increasing decent employment opportunities in the country.

## **11.2 Weaknesses in Administration**

It is necessary to ensure that appropriate structures are put in place at the national and district level, and within the social partners' organisations. The relevant stakeholders who include employers, workers, government departments, local governments and members of the public are all involved. Appropriate infrastructure for the implementation of the policy needs to be strengthened. Respect for international labour standards, recruitment and retooling relevant staff must be given priority.

## **11.3 Availability of funding for the proposed strategies**

Implementation of this policy needs adequate resources and requires priority budgetary allocation both at the national and local government levels.

## **11.4 Synergy in macro economic policies**

For this policy to be successfully implemented, all major policies need to be harmonized and brought into synergy. Interventions to promote economic growth need to be geared towards creation of decent jobs in order to eradicate poverty and attain prosperity for all.

## **11.5 Peoples' attitude and work culture**

The implementation of this policy shall require change in peoples' negative attitude and work culture. Poor work ethics such as unethical behavior, time management, inappropriate managerial skills and lack of respect for work and workers' rights, which lead to low labour productivity, are detrimental. Promoting social dialogue and tripartism, solidarity, patriotism and respect for national values are essential for increased labour productivity.

## **12.0 FINANCING OF THE POLICY**

Since employment is a cross-cutting issue, the policy promotes a multi-sectoral approach and integration of employment issues at all levels of government and private sector programmes. The financing of the policy is therefore spread over the line Ministries, departments and agencies as well as local governments, social partners and Civil Society Organisations. Each sector ministry shall identify employment concerns, budget and fund them within their MTEF ceilings.

### **13.0 CONCLUSION**

The National Employment policy recognises the twin challenge of poverty and unemployment in spite of impressive economic growth. Accordingly, it has laid a strategic framework to direct efforts towards employment intensive interventions within a stable macro-economic environment.

The policy is anchored on key Government policies and legislation such as the National Vision 2025, the National Development Plan, the National Constitution and other relevant legislation.

It draws inspiration from various commitments to regional and international obligations, such as, the Millennium Development Goals, the Ougadougou Declaration and Plan of Action on Employment and Poverty Alleviation in Africa (2004), the ILO Convention on Employment Policy (1964), the ILO Declaration on Fundamental Principles and Rights at Work, the Common Market for Eastern and Southern Africa (COMESA), the East African Cooperation Treaty, and the East African Common Market Protocol and Free Movement of Workers Regulations, among others.

The policy acknowledges the potential of individuals, groups and the community to contribute to employment creation. Therefore, the policy puts the private sector at the centre of generating employment opportunities.







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