

LABOUR DAY SPECIAL REPORT

Uganda's labour outlook in 2016

By GILBERT KIDIMU

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Labour Day, also known as International Workers' Day and May Day, is the annual international holiday celebrating the achievements of workers. This public holiday bears its roots in the labour union movement, specifically the eight-hour day movement, which advocated eight hours of work, eight hours for recreation, and eight hours for rest. In the US and Canada, it is celebrated on the first Monday of September. Today, the celebrations are being held in Hoima district, under the theme "Strengthening Uganda's Competitiveness for Sustainable Job Creation and Inclusive Growth" derived from the global theme: "Celebrating the international labour movement."

"The Ugandan theme puts emphasis on how competitiveness is critical for improved productivity, which in turn leads to sustainable job creation and inclusive growth in all sectors of the economy," Pius Bigirimana, the permanent secretary of the Ministry of Gender, Labour, and Social Development, says.

WHY COMPETITIVENESS

Competitiveness can be defined as the set of institutions, policies, and factors that determine the level of productivity of a country. "The productivity levels determine the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates," Bigirimana argues. World Bank data (2015) ranked Uganda in 150th out of 189 countries in terms of competitiveness. According to the Global Competitiveness Report 2014-2015 (by the World Economic Forum), Uganda is one of the 37 factor-driven economies, which compete based on their factor endowments — primarily unskilled labour and natural resources. "In order to attain economic growth, Uganda must compete for

investments, trade in goods, trade in services, and tourists," explains Bigirimana. He calls to attention the fact that within the East Africa, the market calls for stiff competition.

JOB CREATION AND GROWTH

Bigirimana argues that sustainable job creation and inclusive growth are critical in unlocking the country's constraints to development, for example, inadequate quantity and quality of human resources; inadequate physical infrastructure; gender issues, negative attitudes and mind-set; low application of science, technology and innovation; and inadequate supply and limited access to critical production input.

The NRM manifesto and Second National Development Plan (NDPII) strategies underscore the importance of wealth and job creation for inclusive growth.

"The estimated number of jobs, which will be created annually under the NDPII, is about 640,000 on average."

The bulk of the jobs created will be in the agriculture sector, which on average will add 156,000 jobs annually," the NDPII states.

On average, industry will create about 112,000 jobs annually, while for services, 302,000 jobs will be created.

ADMINISTRATIVE REFORMS

The Government has for the last 30 years undertaken reforms to strengthen its competitiveness for sustainable job creation and inclusive growth. They include: reducing regulatory complexities and costs; strengthening legal institutions; easing bureaucratic barriers to business start-up; cutting red tape and quickening property and businesses' registration. Others are the enactment of cross-border trading; labour market regulation with flexible employment policies, laws, regulations, benefits for workers and labour disputes resolution.



Bigirimana

'Skills development is very critical for any country to be competitive'

INVESTMENT DRIVES

Uganda continues to attract both local and foreign investment.

"From 1991-2013, Uganda Investment Authority (UIA) registered 5,118 investments with a capacity of creating 693,274 jobs," Bigirimana reveals. "In order to attract and facilitate investment, UIA is now a one-stop centre for investment matters," he adds.

INFRASTRUCTURE

Uganda has continued to invest intensively in infrastructure development to reduce the cost of doing business. Bigirimana reasons that extensive and efficient infrastructure is critical for ensuring effective functioning of the economy, as it is an important factor in determining the location of economic activities that can develop in a country.

WHAT'S SLOWING DOWN UGANDA'S COMPETITIVENESS?

The ultimate challenge for Uganda is how to sustain its competitiveness over the long term, argues Bigirimana. "We may have moved up 10 notches in yesterday's ranking, but how do we stay there, if not move higher?" he challenges, adding that maintaining firm-level competitiveness is very difficult.

1 Trusted and efficient economic system, with stable institutions coupled with strong political, legal, and social frameworks, underpin the success of an economy.

2 Bigirimana also highlights the sad reality that quality and content of education and skills acquired by the citizens through the education system, which is not adequately matched with the labour market, leads to low labour productivity, which adversely affects competitiveness.

3 Bigirimana further attributes the slowing down of Uganda's competitiveness to the negative attitude towards work. "Some of our people lack the right attitude, commitment and zeal to go through the tough cycle of establishing successful enterprises."

EDUCATION REFORMS

"Skills development is very critical for any country to be competitive," Bigirimana argues. To complement Universal Primary Education, Universal Secondary Education as well as Business, Technical and Vocational Education and Training, the Government has initiated the reforming of the curriculum at all levels to produce skills that are relevant to the market. The Government has also embarked on efforts aimed at expanding skills development to include formal and informal through strengthening co-ordination, regulation and certification of both formal and informal training; and establishment of skills development centres of excellence.

EXPORT PROMOTION

Uganda is a member of the East African Community market and is a

very influential player in the the Northern Corridor Integration Projects. The Government of Uganda has also negotiated foreign market protocols that will see Uganda export to the European Union. "Emphasis is placed on value-addition for our primary products in the agricultural, mining, oil and gas sectors, which will lead to sustainable job-creation and gainful employment, for our people," Bigirimana says.

WAY FORWARD

Bigirimana suggests strengthening institutional frameworks as a key factor because their quality has a strong bearing on competitiveness and growth. He further adds that labour market efficiency, technological readiness, business sophistication and Innovation are critical for Uganda to stay afloat in the global economy.