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Implications of the COVID-19 pandemic on employment prospects for Uganda's youth in the Middle East

Executive Summary

The brief examines the likely effects of COVID-19 on Uganda's semi-skilled youth searching for employment opportunities in the Middle East. Ugandans employed as either semi-skilled or manual labourers in the Middle East increased from over 9,900 in 2010 to 21,000 in 2018. The main driver of labour externalization to the Middle East is the relatively high monthly wages offered for unskilled and semi-skilled jobs. Reports show that monthly remunerations range from $225 to $500 for domestic workers in Saudi Arabia; $350-$700 for a factory worker in Qatar, UAE and Saudi Arabia; and $350-$600 for persons in catering services in Qatar and UAE. Likewise, one could earn between $300- $900 as a security guard in both. Uganda's economy benefited as remittances from the Middle East grew from $51.4 million in 2010 to $309.2 million in 2018; a contribution of 23 per cent of the $ 1.3 billion the country earned through remittances in 2018. COVID-19 pandemic challenges this source of remittances to the Ugandan economy. The expected drop in labour migration to the Middle East brings to fore the need to support growth in other sectors identified in Uganda's agro-industrialization (AGI) agenda. Alternatives include domestic production of critical supplies for COVID-19 containment, such as masks and sanitizers; expedition of the expansion of the cotton and textile sector to bridge the employment gap for youth and women.

Background

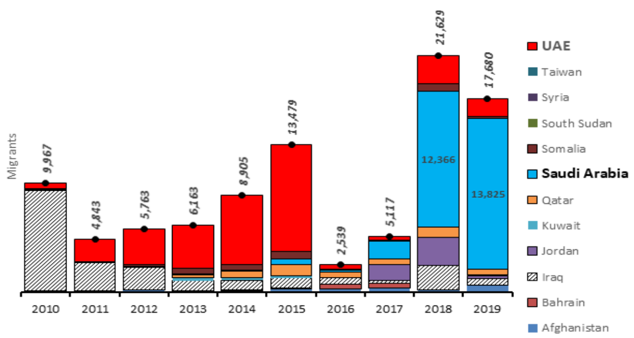
Middle East countries of United Arab Emirates (UAE), Qatar, and Saudi Arabia offer attractive employment opportunities to Ugandans—both in the professional and the unskilled manual labour category. The Uganda Association of External Recruitment Agencies (UAERA) estimates that at least 165,000 Ugandans work in various sectors in the Middle East.[1] Likewise, the International Labour Organization (ILO) reports that between 2013 and 2017, the demand for migrant workers in the Middle East region increased by 5.2 per cent annually; attributed to the need for the workforce in the construction and services sector.[2]

The ILO also approximates that the number of migrant workers in the Middle East as of 2017 was 23 million, with a majority from Asia and Africa. However, the outbreak of COVID-19 in 2020 is likely to constrain Uganda's labour externalization market, especially for the unskilled Ugandan youth. The decline in migration will arise due to the potential effects of the pandemic on jobs and incomes that the Ugandan youths have been receiving from Middle East countries. The brief uses secondary data to examine what the COVID-19 pandemic means for labour externalization as a means to absorb a large number of unemployed youths in Uganda.

The Opportunity

Figure 1 shows that labour migration and job opportunities for unskilled youth opened up in the Middle East (UAE and Iraq) as early as 2010. The annual number of migrants from Uganda to the Middle East more than doubled during 2010-2019—from 9,967 to 17,680 per annum. Initially, Iraq was the leading destination country, but UAE took the lead as the top destination between 2011 and 2015. From 2018, the Kingdom of Saudi Arabia accounted for about 70 per cent of all Ugandan migrant workers to the region. The surge in migrant numbers after 2017 is explained by the January-2018 signing of a new General Labour Recruitment Bilateral Agreement between Saudi Arabia and Uganda. The agreement allowed both professionals and unskilled manual labourers to seek employment in the Kingdom legally. At the same time, addressing threats to trafficking and violation of workers' rights that were inherent in the previous 2015 agreement. On the other hand, there was a drop in migrant numbers by 18 per cent in 2019 to 17,680.

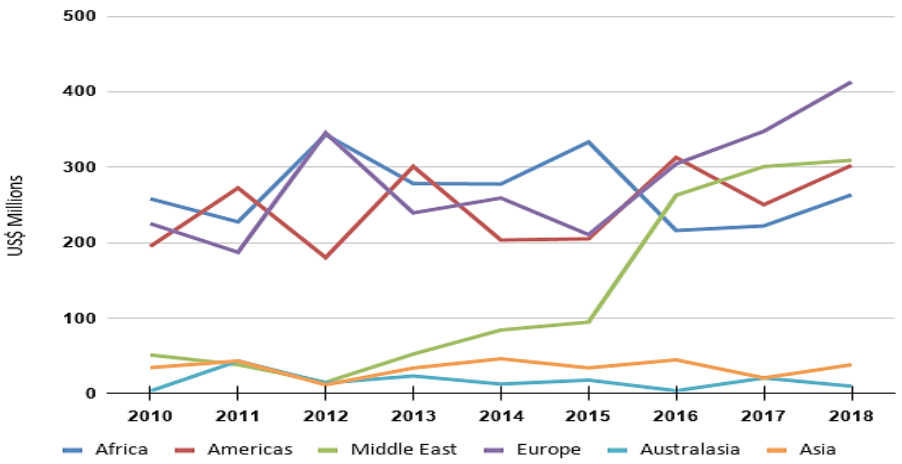
Figure 1: Numbers of Migrant Workers by Destination Country: 2010-2019



Source: EEU Department Report Database, 2020

As the number of migrants to the Middle East increased, the level of remittances from the region raised in tandem. Bank of Uganda data indicates that from 2015 to 2018, remittances to Uganda increased by US$ 436.5 million, from US$ 902 million in 2015 to US$ 1.3 billion in 2018. Figure 2 shows the trends in remittances to Uganda from the six geographical regions of the rest of Africa, the Americas, Middle East, Europe, Australia, and Asia. It indicates that remittances from the Middle East increased from US$ 100 million in 2015 to US$ 225 million before stabilizing at US$ 310 million in 2017 and remittances from the Middle East have increased to surpass those from the Americas. Specifically, in 2018, data shows that remittances from the Middle East were US$ 309.2 million (23 per cent of total remittances of US$ 1.3 billion), while US$ 302.4 million originated from the Americas. Also, it is not surprising that the growth in remittances from the Middle East in 2015 coincides with a sharp increase in labour externalization to the region, majorly to the UAE in the same year.

Figure 2: Personal transfers to Uganda by Source region 2010-2018



Source: Bank of Uganda Statistics Department (2020)

Furthermore, the Annual Personal Transfers Survey 2017, found that the Middle East was residence to 28.6 per cent of remitters of funds to Uganda, second to Africa with 29 per cent. The remittances for 2019 are expected to be lower than those achieved in 2018. This is due to the decline in migrants as indicated in Figure 1 and, those of 2020 much lower due to COVID-19 pandemic, the economic slowdown and mass reverse migration. Nonetheless, these transfers from the diaspora have declined since the outbreak of COVID-19. The World Bank (WB) forecasts that due to the pandemic, remittances to low-income countries will decrease by 19.7 per cent, negatively impacting families whose livelihoods depend on remittances[3].

Turning to remuneration, Table 1 shows that unskilled youths earn high wages in comparison to what they would have made in Uganda. According to the UAERA, salaries paid range from **$225 to $500** (in addition to the accommodation and meals provided) for domestic workers in Saudi Arabia. Factory workers on average earn **$350-$700** in Qatar, UAE and Saudi Arabia; and those engaged in catering, earn **$350-$600** in Qatar and UAE. Security guards make between **$300- $900,** and in high-risk states such as Iraq and Afghanistan, **$500-$1000.** These relatively large salaries have translated into a significant growth of remittances to Uganda from the region (Figure 2).

Table 1: Remuneration for migrant workers

Country	Job category	Salary Range US$		
		Minimum	Maximum	Other Benefits
UAE	Sales Personnel; Security Guard	$600	$900	
	Driver	$800	$1,000	
	Factory Worker	$350	$500	
	Catering, Hospitality	$350	$600	
Qatar	Security Guard	$300	$600	
	Factory Worker	$350	$600	
	Catering	$350	$600	Meals
Saudi Arabia	Factory Worker	$350	$700	Meals
	Sales Personnel	$350	$700	Meals
	Domestic Worker	$ 225	$500	Meals & Accommodation
Jordan	Domestic worker	$ 225	$300	Meals
Iraq	Security Guard	$500	$1,000	
Somalia	Security Guard	$500	$1,000	
Afghanistan	Security Guard	$500	$1,000	

Looming Threat

Since the outbreak of the COVID-19 pandemic in March 2020, both supply and demand dynamics in the external labour market have been disrupted (Figure 3). To contain the spread of COVID-19 in Uganda, drastic measures were instituted by the Government—including imposing a nationwide lockdown. Among the immediate steps was the suspension of labour export services by the MGLSD effective March 18th 2020.[4] The subsequent closure of Entebbe International Airport and all border points on March 22nd 2020, halted international travel, deepening the uncertainty in the external labour sector. Even when international travel to and from Uganda is set to resume on October 1st 2020, the new testing guidelines may turn out to be prohibitive for an average migrant. Furthermore, other measures adopted globally such as social distancing and requirement to test before travelling abroad and quarantine upon arrival reduced business in the services sector like tourism, transport and domestic work in the Middle Eastern countries. The decline in the volume of business calls into question whether labour externalization is still a viable source of employment for the youth in Uganda.

The most affected country by COVID-19 is Saudi Arabia which had emerged starting in 2018 as the largest recruiter, especially of housemaids (Figure1). Data from the WHO shows that at the end of July 2020, there were 347,947 confirmed cases and 2,869 deaths in Saudi Arabia, while other popular destinations such as the UAE have registered 59,921 cases and 347 deaths (see figure 3a and 3b).[5] Saudi Arabia imposed a ban on all international flights in mid-March 2020, and the ban was only lifted on September 15th, 2020. Besides, given that migrants accounted for 80 per cent of COVID-19 infections in the Kingdom, stringent measures including routine testing of workers was instituted at factories, construction sites and accommodation places. Furthermore, the Kingdom banned domestic travel during March and May 2020 and initiated a nationwide curfew. All these measures affected both travel to the Kingdom as well as private sector recruitment due to reduced business activities.

Figure 3a: Total COVID-19 cases in the Middle East (March –July 2020)

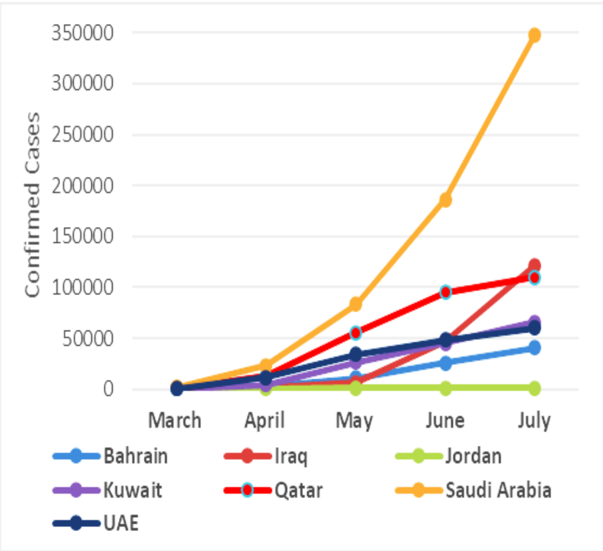
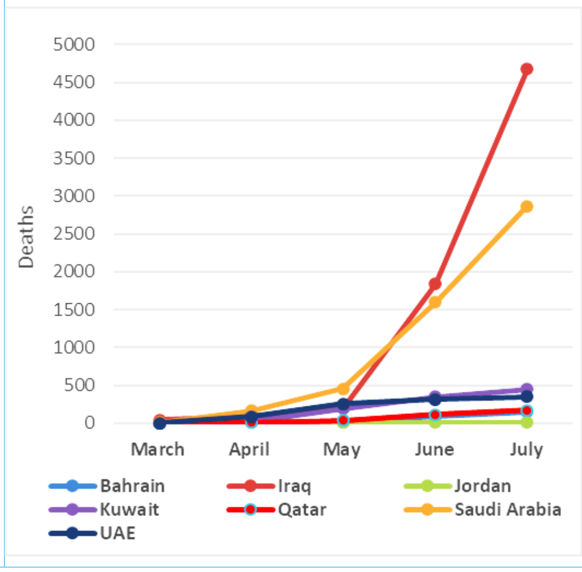


Figure 3b: Total COVID-19 deaths in the Middle East (March –July 2020)



Source: WHO, 2020

The travel restrictions have also curtailed the travel of recruits to their destinations of work. It is reported that 960 Ugandan migrant workers had to come back to Uganda during transit, because of similar travel restrictions imposed by the destination states.[6] Therefore, if the current situation persists, we are likely to see a rise in unemployment because new employment opportunities in the Middle East are not an option currently.

On the other hand, migrant workers attempting to return home; particularly those whose contracts had ended, or lost jobs due to businesses downsizing operations during the economic slump, are stranded. Moreover, even with Government admitting repatriation flights into the country, several migrant workers cannot afford their return tickets. For those who can, it is required that they facilitate their quarantine expenses at an exorbitant fee. Therefore, COVID-19 is bound to have a long term impact on persons planning to externalize their labour.

However, the WB projects that if the COVID-19 induced economic downturn continues, a sharp decline in the demand of migrant workers is inevitable; and could result in the rethinking of "permissive migration policies", which would affect the terms of work visas.[7] The WB also emphasizes that since an employee's immigration status is linked to the stability of employment, especially under one employer, the recent wave of layoffs would systematically put migrant workers' positions at risk, especially the casual and low-skilled labour. As a result, the prevalence of COVID-19 has negatively impacted the job security of migrant workers, and also their salaries and, consequently, the level of remittances to their families back home.

Major Concerns

Of significant consideration should be the accommodation in the host countries that continues to deteriorate. According to Amnesty International, more than six migrant workers share a room in crowded sites, making it highly unlikely that the rules for social distancing are adhered to, increasing the risk of transmission. Indeed, the WB reports that migrant workers account for a considerable number of confirmed cases in Qatar and Saudi Arabia. Furthermore, with the sudden loss of jobs, entitlement to accommodation provided by the employer is voided; hence turning to temporary housing that is often crowded and unsanitary.

Regarding female domestic workers, Aoun (2020)[8] stresses that their probability of contracting the virus at work is dependent on the adherence to social distancing and preventative guidelines, by the employers and other household members. Also, their access to COVID-19 tests is reliant on their employers' willingness since the nature of their work limits such movement. Notably, the risk of gender-based violence against female domestic workers increases with the high frequency of interaction with the male household members, who are now staying home more due to internal movement restrictions (ibid).

These concerns over the wellbeing, general health and job security of migrant workers point towards a need for both the exporting and importing countries, to rethink and renegotiate their bilateral labour agreements to cater for contingencies such as these that may arise from future pandemics. However,

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this is all dependent on the global decline of infections, concerted easing of restrictions, and importantly, the economic revival that will drive demand for migrant workers.

Available Options

The Agro-industrialization (AGI) agenda offers an opportunity for Uganda to transform and industrialize its agricultural sector, to create jobs and attain long term economic development. [9] Among the AGI prioritized sectors, the cotton sector has notably exhibited resilience since the outbreak of the pandemic. It has built capacity to meet the growing demand for medical supplies required for its containment, specifically masks. Indeed, there are calls for Ugandans to take advantage of this opportunity to industrialize and, promote import substitution and boost the real economy.

To this effect, several textile factories have diversified their product portfolio to include both medical and non-medical masks, and have created jobs. Lida Packing Ltd, in May 2020, expanded its production with two mask-production lines that make 560,000 masks per day and created employment for 315 workers, inclusive of 220 females.[10] This number of female employees is reassuring since data from the Cotton Development Organization shows that less than 50 per cent of women are employed in upper segments of the cotton value chain. Furthermore, UNBS reports that about 55 manufacturers have requested certification to commence non-medical mask production; hence, it is expected that more companies will be occupying this product space.[11]

Similarly, the local production of sanitizers has picked up too. Previously, Go Hi-tech and Soraya dominated the product space, but with increased demand, it is reported that at least 48 entities have requested for production certification.[12] This, therefore, points to employment opportunities opening up in the cotton sector (production and retail of masks) and sanitizer manufacture that the youth and returnees can potentially benefit from if the pandemic persists.

Policy Implications and Way forward

With no predictable timeline for the global decline of the COVID-19 infections, the labour externalization sector faces many challenges, mainly stemming from travel restrictions, Standard Operating Procedures and the economic slump. The current job losses, salary cuts, worsening migrant workers' living conditions and uncertainty with travel, point towards a pessimistic outlook for the youth and women who desired to exploit job opportunities in the Middle East. The pandemic has, however, presented an opportunity for the Uganda government to look inwards and re-prioritize its sectors, to grow the 'real economy' through AGI. This will avail opportunities that will absorb the returnees, whose skills can be leveraged to push the AGI agenda. Moreover, with the increased domestic production of critical supplies for COVID-19 containment, such as masks, the cotton and textile sector is taking off; strengthening capacity and creating employment.

Therefore, investment in resilient sectors that have proved to be less impacted by the pandemic is necessary to bridge the employment gap for the youth.

Endnotes

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