

FROM JOBS PROBLEMS TO JOBS STRATEGIES- UGANDA

DINO MEROTTO

NOVEMBER 6TH, 2019

The Approach in Practice in Uganda

Country	Uganda
Peer Groups for benchmarking	SSA, LICs, fast growing LICs and LMICs
Key jobs problem(s)	<p>Higher than normal agriculture share in employment Falling median non-agricultural real wages</p> <p>Stalled Economic transformation (limited transitions from rural to urban, informal to formal, out of agriculture)</p> <p>Spatial inequality with high wage gaps</p> <p>High share of micro firms Insufficient labor demand in the `modern` sector</p>
Constraint or Condition (Syndrome)	<p>Poor public service delivery for agriculture – bad enforcement of input and output quality, weak extension, inadequate support for cooperative integration</p> <p>Neglect of economic infrastructure in secondary towns</p> <p>Jobs Externalities</p>
Recommendations (see slide 22)	<p>Realign public support in agriculture, incl. commercialization and value chain participation</p> <p>Prioritize infrastructure investments around economic transformation (agriculture processing hubs in secondary towns with potential)</p> <p>Attract FDI and Facilitate Exports</p>

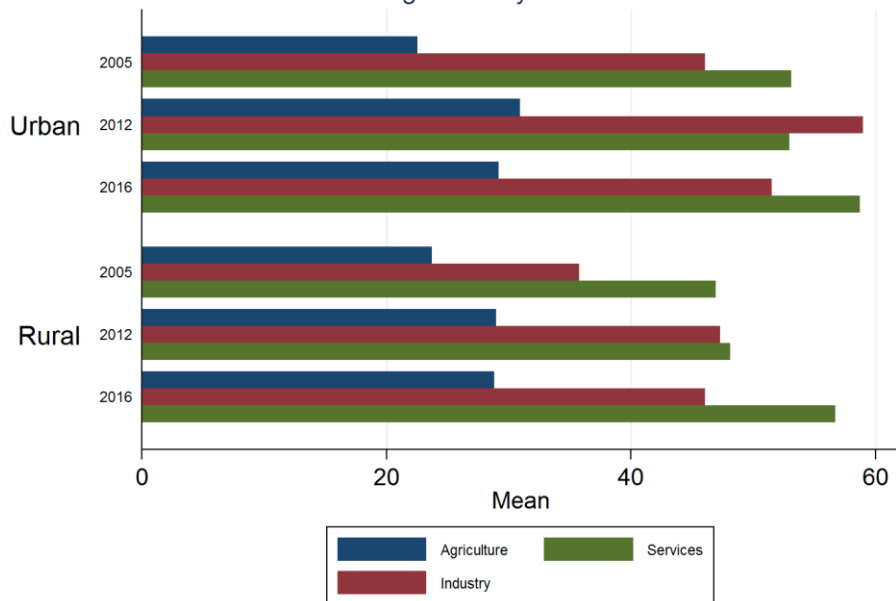
Key Finding: Decline in *quality* of Jobs

Average hours worked increased in both rural and urban areas, especially in services between 2012-2016.

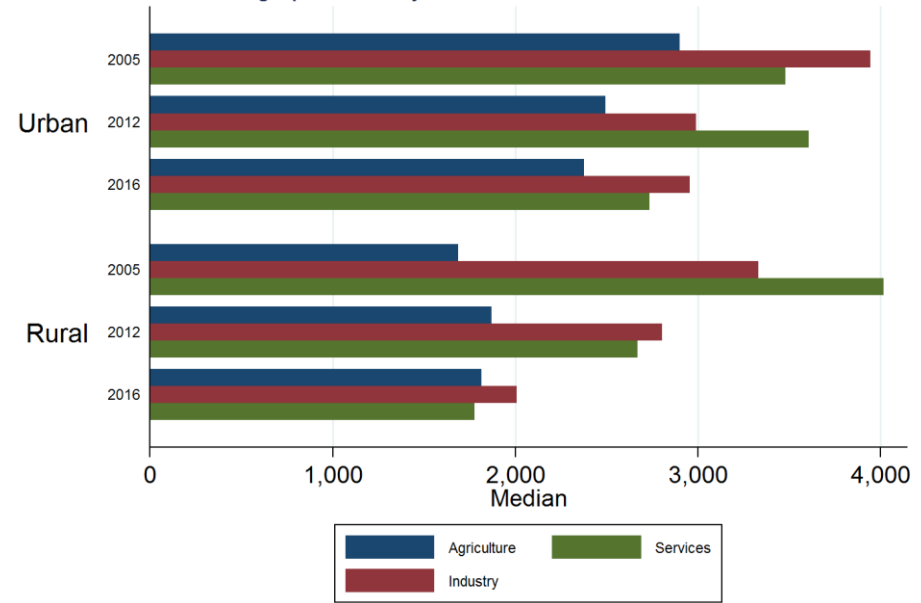
Median real earnings dropped markedly, especially for those in rural services and rural industry

Returns to education (still quite high) are *falling*

Working Hours by Sector and area



Earnings per hour by sector and area, constant 2010 values



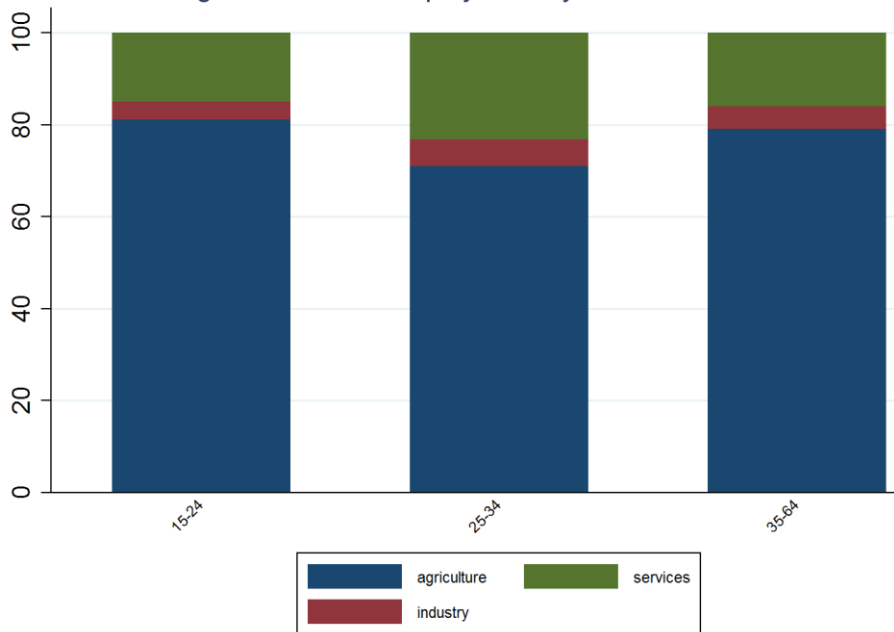
Key Finding: Agriculture remains an important first job for youth

Structural change happened more for the age groups 25-34 and over 35.
Most youth are still employed in agriculture

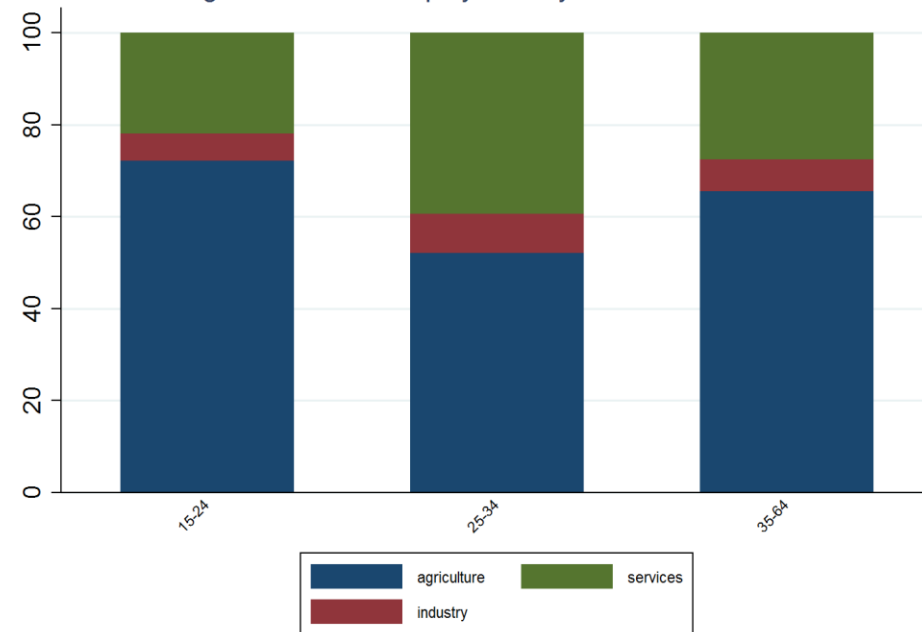
In 1999, 81% of youth were in agriculture
And 15% worked in services

In 2016, 72% of youth were in agriculture
And 22% worked in services

Age structure of Employment by Sector 1999 UNHS

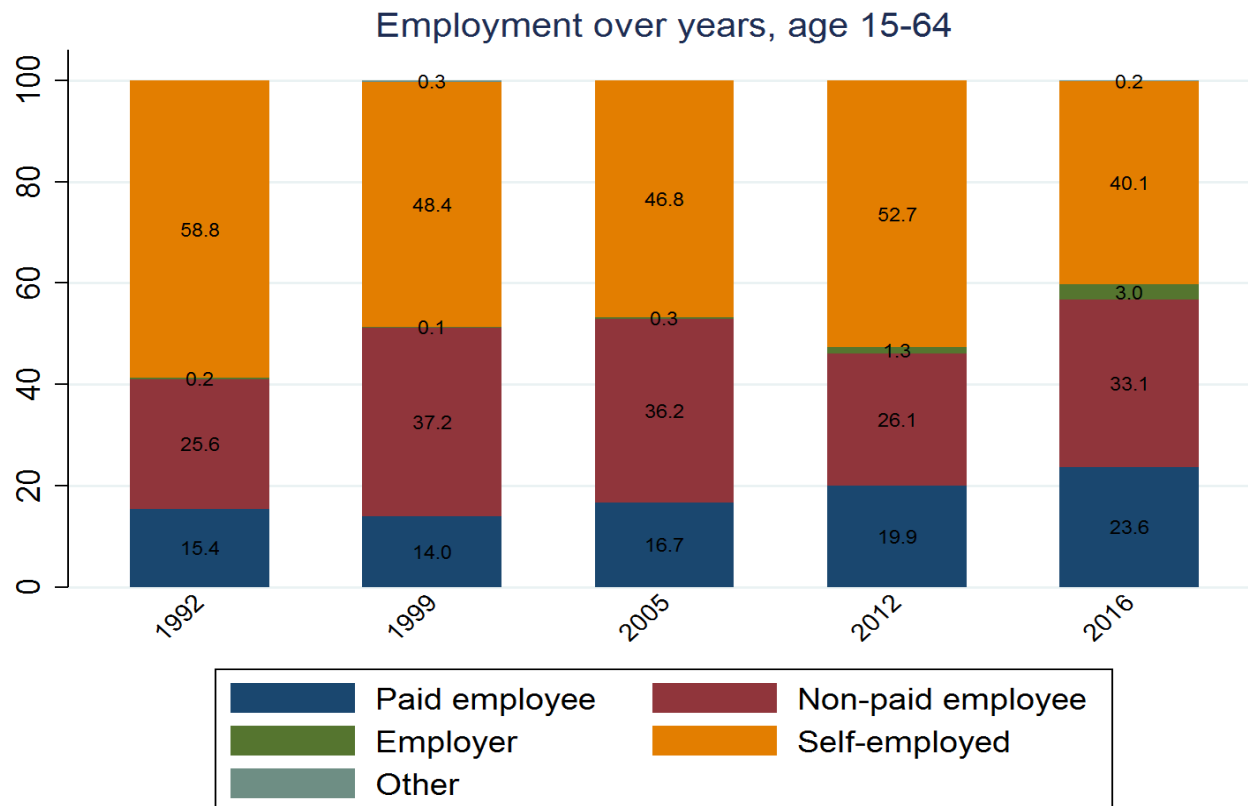


Age structure of Employment by Sector 2016 UNHS



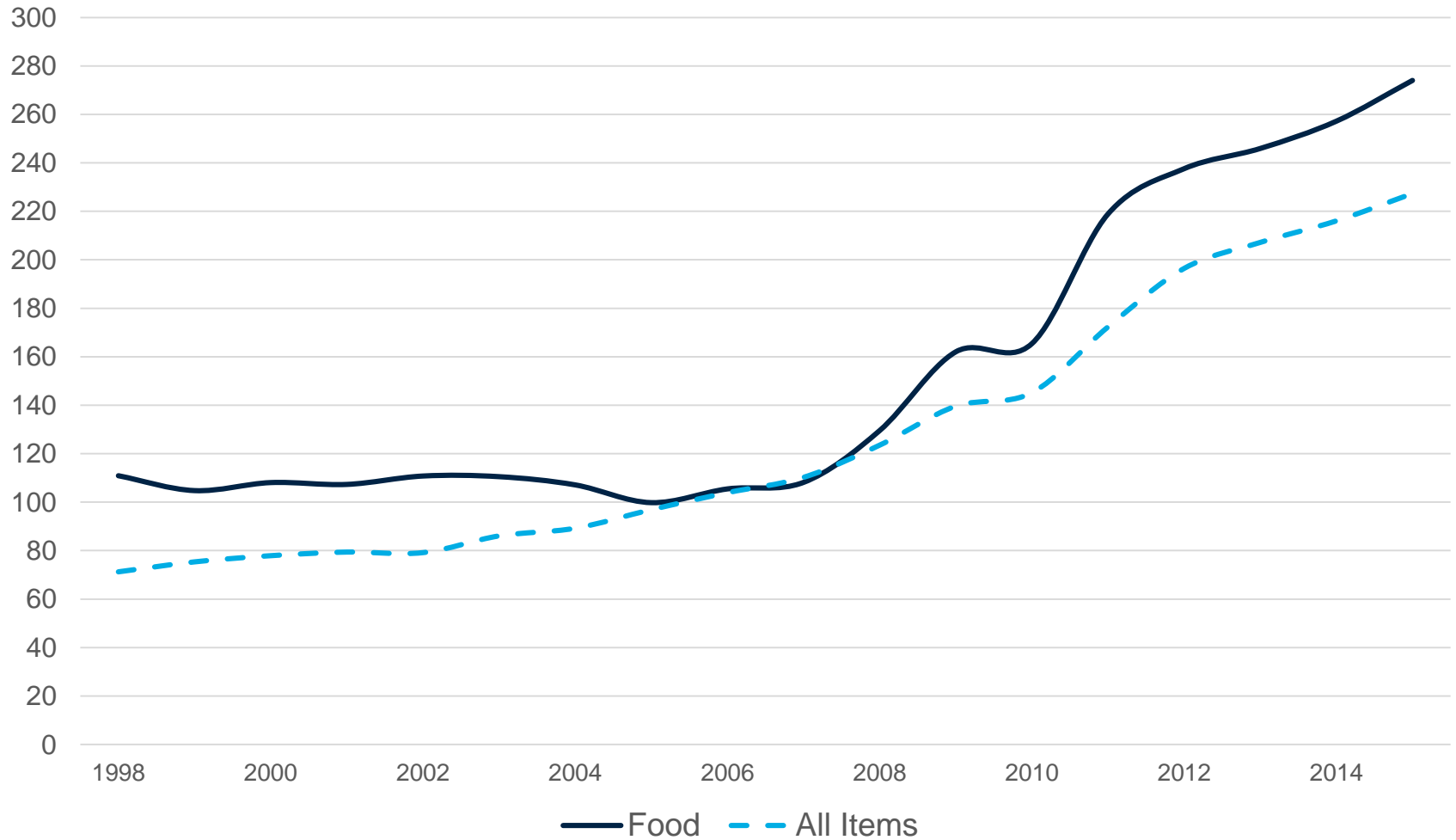
Ugandans are not *all* job creators - Waged Employment is rising

Self employment is falling as a share of total employment as waged employment rises with the growing economy (a normal symptom based on global comparisons)



Rural v Urban Terms of Trade favor farming since 2008

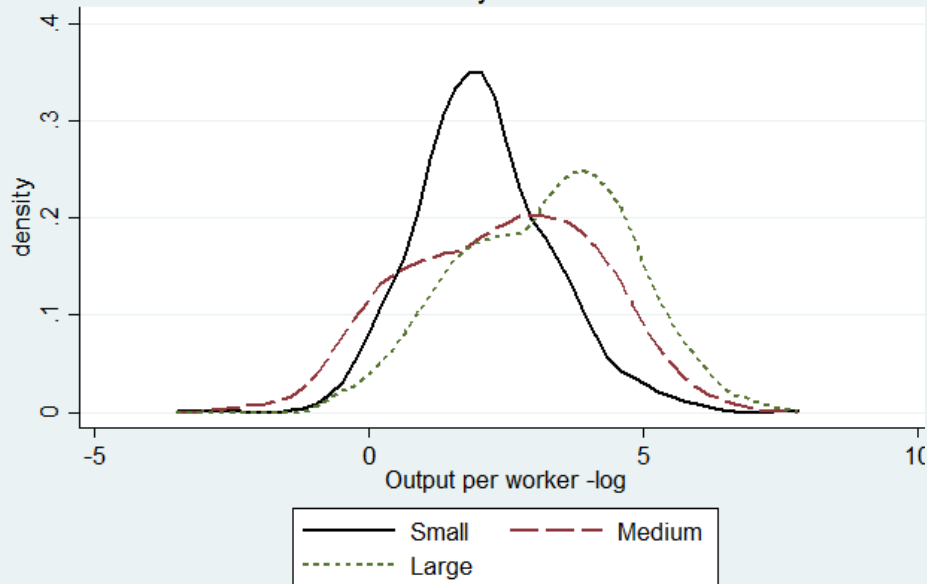
Uganda Food vs All Items CPI Index
1998-2015 (UBOS data)



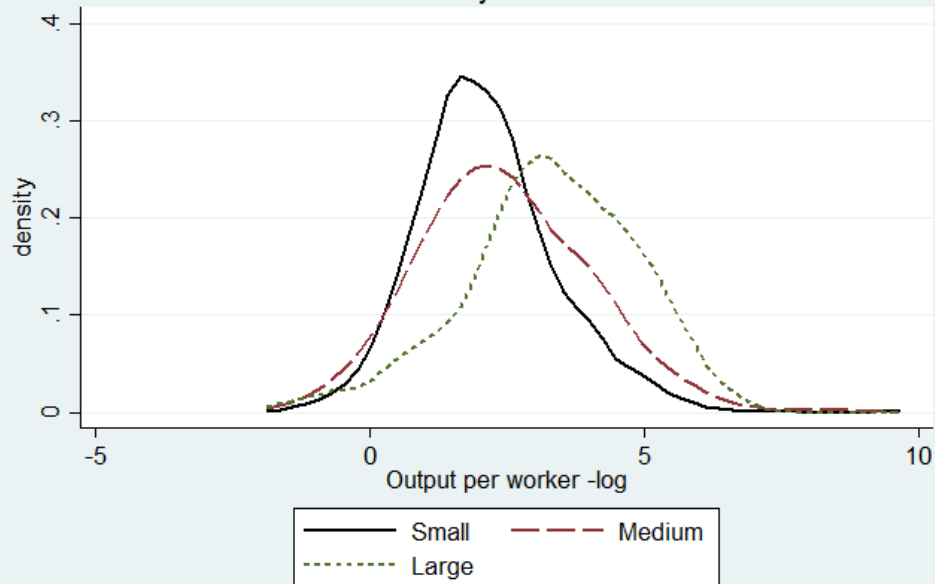
Average Firm Productivity is not rising much

Large and medium productivity is showing mean reversion and is declining on average Relative differences in productivity are as expected (large more productive).

Uganda:2001 Output per Worker (log)
by Size



Uganda:2010 Output per Worker (log)
by Size



Recommendations for a Jobs Strategy

Accelerate Transformation of Agriculture

More Waged jobs

1. Get the fundamentals right
2. Expand Net Exports
3. Promote FDI
3. Support domestic firms to transition to medium and large firms

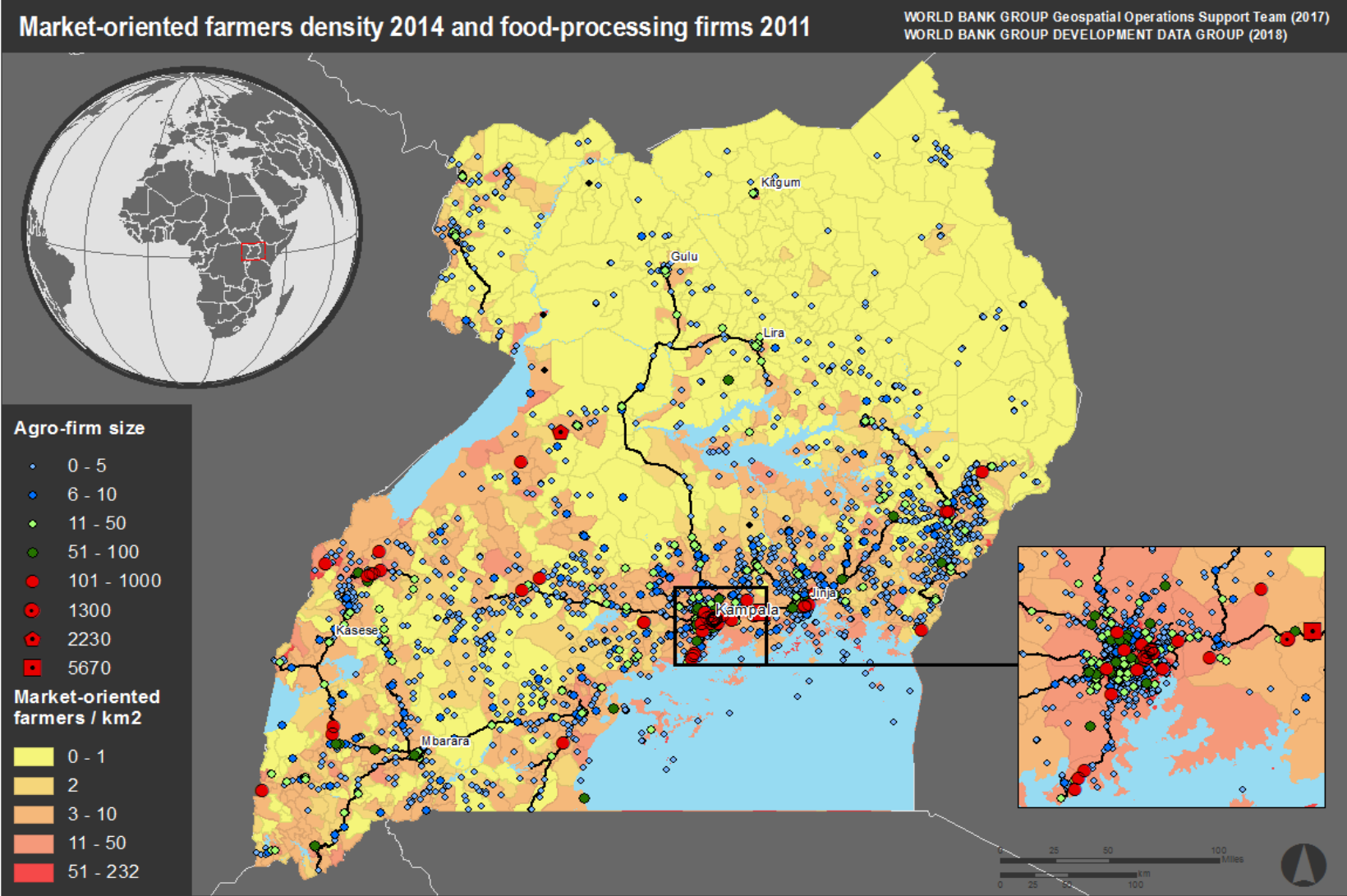
Mobility to Better Jobs: Managed Urbanization

1. Facilitate urbanization
2. Prioritize investment in secondary cities
3. Fiscal decentralization for local economic development
4. Inclusive infrastructure in urban areas
5. Business development services
6. Mobility support

Fostering Inclusion in Better Jobs

1. Value chain integration
2. Entrepreneurship programs, finance
3. Skills – Basic education
4. Youth employment programs

Think Regional about priorities



Source: Blankespoor, Norman and Merotto (2019)