

Labour Externalization Pathways to the Gulf Cooperating Countries (GCCs) and Development Implications for Uganda

By

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Abstract

Background: In this study, we conducted a survey in Kampala among 806 returnees from Middle East countries to ascertain pathways in labor externalization and its impact on development in Uganda. An analysis is done at both the descriptive and multivariate levels. At the multivariate level a probit, logit, and finally a complementary log-log (*clog log*) are estimated. Labor externalization pathways are captured by how the migrant travels to the Middle East while development is captured by investment opportunities carried out by the returnee and its impact on their welfare. Results from this study indicate that

Methods: To better understand the experiences of Ugandan migrant worker externalization processes to the Middle East countries, we with the support from the Makerere University Research Innovation Fund (Mak-RIF) carried out a survey that was both quantitative and qualitative among 806 migrant worker returnees from the GCC countries in the districts of Kampala and Wakiso. This research was an effort to better understand migratory processes, trends, problems, opportunities, and prospects in the labor externalization sector in Uganda. Data were collected using a computer-assisted personal interviews system (CAPI) using electronic devices (tabs). Data was imported in STATA cleaned and prepared for analysis, both descriptive and multivariate level was conducted.

Results:

The study findings indicated that there has been a reported rise in the demand and export of cheap migrant labor from Uganda to the GCC countries in the last decade but has been only disrupted by the COVID-19 pandemic. The biggest increase has been seen in the domestic worker's category which is mostly young women. While other categories have seen a minimal increase. Two major factors emerge as the most pushing factors for labor externalization in Uganda namely higher levels of unemployment and also underemployment, these have pushed workers to take drastic steps in their search for employment to the extent of risking travel through unregistered and unlicensed companies to the Middle East countries. Despite that labor, externalization has created employment opportunities for migrant workers themselves helping in absorbing surplus labor supply in Uganda and improving family dependent's standards of living.

Conclusion:

The government should fully regulate the externalization industry through registering and licensing firms that fulfill all the requirements. Government should establish embassies in countries where they are missing, a financial Aid fund should be established to help those experiencing abusive and risky situations in GCC. Government should be in a position to repatriate Ugandans suffering in the Middle. Lastly, the government should sign labor export agreements and MoU with all labor exporting countries in the Middle East.

JEL Codes: F22, F24, J41, J61, and J62

Keywords: Labor export channels, Development, Migrant workers, Middle East Countries, Uganda.

1.1 Introduction

Labor migration is the oldest poverty reduction and human development strategy in the world (UNDP, 2015). The African Union Commission (AUC) and the African Regional Economic Communities (RECs) recognized the importance of migration for the development of the African continent, first through the development of the Migration Policy Framework for Africa (2006) and, in January 2015, with the validation of the Framework's implementation. Since migrant numbers have increased leading to increased income repatriation. Globally, figures from the World Bank indicate that remittances have increased from \$613 billion in 2017 reaching the all-time highest of \$689 in 2018. In 2019/2020 the global remittances market was predicted to be worth \$49.49 billion but this trend was disrupted by the outbreak of the COVID-19 pandemic (Arenas-Arroyo et al., 2020; World Bank, 2020). Several factors can be attributed to this increase, for instance, there has been increased migration to affluent countries, reduction in transfer fees due to pressure from the UN, growth, and adoption of mobile payment platforms, and growth and popularity of non-bank remittances vendors such as money-gram and western union (ILO, 2018; World Bank Group, 2020; World Health Organization, 2020). Besides, there has been an expansion in the refugee population and rapid urbanization across the globe. Migrant workers from India, China, Philippines, remitted the highest share accounting for \$69billion, \$64billion, \$33billion per year respectively with exception of Mexico at \$31billion, this has contributed a ripple effect in growth among these countries (Gaudecker et al., 2020; UN Women, 2017; World Bank., 2020). In Uganda, it was estimated that close 70,000 were working in the Middle East in 2017, while 50,000 had migrated on their terms, of which 64% were youths according to the study by Uganda Parliamentary Forum on Youth Affairs¹ (UPFYA). In 2016 remittances in Uganda were reported at Sh4.6 trillion (about \$1.6 billion), in 2017 it increased to Sh7 trillion (about \$2.0 billion) and it has continued on the increasing trajectory, although it has been disrupted by the COVID-19 outbreak.

The Joint Labour Migration Programme (JLMP) identified the protection of migrant workers, facilitation of their mobility, and easier recognition of their skills as priorities for the continent. At the national and sub-regional level, tripartite consultations are underway in some African countries and RECs (e.g., SADC, EAC, IGAD, Morocco, South Africa, Zimbabwe, and Tanzania) to design rights-based and sector-specific labor migration policies. Cooperation between African countries and the countries of the Gulf States is also proceeding as evidenced by the BLA currently considered by the Government of Uganda facilitating the placement of one million men and women in Saudi households over the next five years. Similar BLAs have already been signed by Kenya, Tanzania, Malawi, and discussions are taking place between Madagascar and the Republic of Comoros with the Gulf States. In addition, Ethiopia has also signed BLAs with Kuwait, Jordan, and Qatar. On the 28th of February, a member of Ugandan Parliament moved a private Member's Bill titled The Externalization of Labour Bill. This followed the numerous reports from both the social and mainstream media as regards the mistreatment² of Ugandan migrant workers most in the Middle East. This followed 2005 Uganda's adoption of labor externalization strategy to shed of the abundant labor force and unemployment that has ravaged the country for years. Although the industry has been lucrative for the player's lack of serious regulation has resulted in mistreatment of migrant workers from Uganda into the Middle countries.

¹ <https://cepa.or.ug/the-externalization-of-labour-bill-why-uganda-needs-to-embrace-but-regulate-the-labour-export-industry/>

² <https://mglsd.go.ug/response-to-allegations-made-by-a-group-of-ugandan-domestic-workers-currently-residing-at-the-sakan-housing-facility-in-riyadh-saudi-arabia/>

Uganda has the highest and youngest populations in the world, with over 78% of its entire population the age of 30 years. Despite this bulge in the productive aged population of both skilled and non-skilled, the labor markets in Uganda are essentially shrinking. This has made it impossible for some 500,000 young job seekers who enter the country's labor market annually. Such high levels of unemployment have given rise to labor export as the viable option to earning a living for many young Ugandans. Globalization is one of the main causes of labor externalization, this has feasibly led to the integration of world economics and markets leading to both labor and knowledge transfers between developed and developing countries. The phenomenon of labor externalization is not unique to Uganda, many countries around the world, particularly developing countries adopted labor export as a stop-gap measure to rampant unemployment that ravaged most of those countries in the early 1990s, and this was visibly seen among the Asian countries such as like India, China, and the Philippines, since then, their efforts have paid off.

The labor exportation industry is one of the most lucrative industries worldwide and is estimated to be worth more than the US \$613 billion globally. Remittances received from Ugandans working abroad contributed 4.5% of GDP and there was an increase of 1.7% between 2017 compared to 2016 (BoU, 2020) (BoU, 2018) and increased to over 2% in 2020 (BoU, 2021; MoFPED, 2021; World Bank, 2020). Despite these benefits, labor externalization has faced many challenges. For example, in 2016, the Government of Uganda halted labor exportation to the Gulf Cooperating Countries due to maltreatment, abuse, non-payment, and human trafficking (Atong et al., 2018; Bisong, 2021; Bwowe, 2021; Namaganda and Laiboni, 2019; UNICEF, 2021) In 2018, a regulatory framework was proposed by the government to protect the rights of migrant workers. However, since the adoption of the framework, there is limited knowledge on labor externalization pathways in the GCCs and development implications such as the related progress or changes for Uganda. This project, therefore, seeks to assess the labor externalization pathways and the development implications for Uganda and will propose appropriate intervention pathways for maximizing the benefits of labor externalization to the GCCs. whereas studies on migration have focused on migrants to largely the developed world, there is limited evidence for labor migrants in the GCCs. This paper argues that whereas traditional classical destination places for Ugandan labor migrants were known to be the UK, USA, South Africa, and Kenya, since 2003, a new diaspora has emerged in the Gulf States such as Oman, United Arab Emirates, and Saudi Arabia, which includes skilled and non-skilled labor, and such a trend is projected to increase. Thus, we examine labor externalization pathways to the Gulf Cooperating Countries (GCCs) and the development implications for Uganda.

1.2 Motivation

Although the exact statistics on the number of Ugandan migrant workers currently active in the GCC countries is still doubtful. Data from the Ministry of Gender Labor and Social Development (MGLSD³) estimates that over 31,859 Ugandans traveled to Middles East in search of employment between 2016 and 2018 (Namaganda and Laiboni, 2019). And currently, it is estimated that annually 12,000 Ugandan migrant workers travel to the Gulf corporation countries (GCC) for employment and this number has been growing since 2010 (Bwowe, 2021). Some other sources report this figure to be over 100,000⁴ for the 2016-2018 period (MoFPED, 2021; Ssonko, 2020).

³ <https://mglsd.go.ug/external-employment-mis/>

⁴ <https://allafrica.com/stories/202106080092.html>

The United Nations estimates that over 620,000 Ugandans could be living and working outside of the country particularly within the Middle East, East Africa, Africa, Asia, Europe the Americas, and among others, the variability in the true figures on Ugandan labor migrants could be due to lack of data on exist and human trafficking through porous borders (Nattabi et al., 2020). Currently externalized workers to GCC stands at 140,402, with 98% working as causal laborers, 0.2% and 1.8% working as professional and semi-professionals. Labor export now constitute one of Uganda's major exports helping to absorb the abundant labor supply, creating opportunities and increasing remittances to Uganda. The main attractions of migrant workers to the Middle East are basically to run away from unemployment and to also the higher pay for both unskilled and semi-skilled workers with wages ranging between \$300 to \$1000 depending on the industry and the job type. In 2019 Ugandan remittances from the Middle East stood at over \$500m, increasing to over \$1.3b in the subsequent year according to the Bank of Uganda (BoU, 2020; Nattabi et al., 2020). However, this momentum was slowed down by the outbreak of the pandemic.

1.3 Theoretical framework

Theoretically, there have been many theories formulated to explain people's movements otherwise known as theories of migration and labor externalization. However, it is imperative to note that labor externalization has been ravaged by the lack of a coherent theoretical framework that explains both the causes and determinants of this phenomenon. Thus following (Berg and Aleksynska, 2016) (Davis-blake and Uzzi, 1993). We look at labor externalization based on two dimensions, first for the hiring firms (i.e., labor importing countries) and second for the nations exporting the labor. On the hiring firm's side labor externalization improves the flexibility of the firms to solve the challenges of evolving market conditions and organization requirements in the corporate world (Bayer and Charles, 2018; Gaudecker et al., 2020; Ruiz and Vargas-silva, 2016). Furthermore, externalization reduces the cost of the operation such as those associated with administration and employment (i.e., health insurance, pensions, and retirement benefits). The second benefit of externalized workers is that they are hired on short terms basis and thus can be terminated any time without harming the bottom-line and the image of the firm (Davis-blake and Uzzi, 1993; Dzhioev, 2015; Fellmer, 2017). Externalization enables skill-constrained countries to tap into a highly trained cheap skilled manpower, such specialized skills like engineers and surgeons may be needed for a short period to implement a project common in the construction industry (Karymshakov and Sulaimanova, 2019). Such projects and opportunities are common in GCC countries.

On the other hand, many theories have been formulated to explain people migration across the world, key among these include the *push/pull factors model* of Everett developed in the 1960s, according to this model people move from one country to another in search of a better life but also as means to escape from pushing factors such as war, unemployment, discrimination and lack of and violation of human rights, climatic shocks and more recently developing climate refugee (Davis-blake and Uzzi, 1993). According to Everett, all these factors contribute to influencing migratory processes. However, this theory has been criticized due to due to its over-reliance on economic factors to explain migratory processes, thus remaining silent on non-economic factors (Dzhioev, 2015). Besides both irrational and rational decisions can influence individual migratory processes

The second theory of the migratory process is the *neoclassical theory of migration*, this theory is based on free competition and perfect product markets (Dzhioev, 2015; Fellmer, 2017). It explains the role of labor migrants in the economic transformation at both macro and micro levels.

According to this theory, location/territorial differences in labor supply and demand, wages, and expected benefits account for the largest share of migratory processes. However, this difference in wages must be reasonable to cover migratory costs (Pessoa, 2015). This theory emerges as a genuine solution to effective resource allocation between resource-constrained and resource-abundant countries, also acts as an investment in one's human capital to become more productive in the new location since new skills are acquired (Ruiz and Vargas-silva, 2016; UNICEF, 2021). A third theory is *Piore's 1979 dual labor market theory* (Dzhioev, 2015). The dual theory asserts that labor requirements in the modern industrial society are the main cause of international labor migration, this is due to stable demand for immigrant workers in the developed world. In this theory demand for migrant workers in the developed world is intrinsically connected to inflation, labor-population dynamics, motivational challenges, and finally economic dualism (Kan, 2018). Finally is a theory of *world-systems on migration* developed by Wallerstein in 1989 (Dzhioev, 2015). According to this theory, the world/countries can be thought as consisting two spheres i.e., a center and periphery. The capitalists expand the periphery dispossessing the poor from their productive lands to develop cities through urbanization and Globalization which increases demand for migratory labor in return (Dzhioev, 2015; Ruiz and Vargas-silva, 2016). The displaced peasants become mobile population; this theory resonates with the colonial era where the capitalist came from the center to occupy poor countries on the periphery.

The scientific theories discussed above help in understanding the factors that play part in international labor migratory processes. Understanding migratory processes help to predict the impact of such processes on the development of low and high incomes countries and to formulate policies to address the challenges of the migrant workers. However, it's imperative to acknowledge the absence of a unified theory on labor migratory processes given the above varying views on the subject.

2.1 Methods:

A cross-sectional mixed-methods design, in which a survey of 806 returnees was conducted in Kampala Uganda to obtain results. To supplement the quantitative data, a qualitative questionnaire was also administered, here key informant interviews (KIIs) and focus group discussions (FGDs) were conducted among the key labor industry experts, knowledgeable people, and practitioners. The analysis is done at both descriptive and multivariate levels.

2.1.1 Multivariable level analysis

Our empirical approach models labor externalization and its impact on development through a fairly general setting. First, we formulate labor externalization as a binary variable gotten from respondent's future predictions about migrant workers travel to GCC. Secondly, development was model by remitting incomes and investing of remittances choices. Externalization was captured by the likelihood of the future flow of migrant labor workers from Uganda to GCC countries. While the impact of labor externalization on development was captured by whether a migrant worker had ever sent remittances back home and whether the migrant worker has ever made any investments in Uganda using savings from GCC. Since our outcome variables are binary, first a probit model is run, followed by a binary logistic model. The difference between these modeling techniques lies in the assumptions made about their respective error terms (Baltagi, 2021; Hsiao, 2007; Wooldridge, 2002), i.e. probit model follows a normal distribution while the logit model follows a logistic distribution function.

Our outcome variables of interest are binary, we investigate future migrant worker's flow to GCC as perceived by returnees, secondly, development is captured by two measures, i.e., whether the migrant worker sent remittances while in GCC and whether remittances were invested. Assuming y_j are our main three outcomes of interest then;

$$y_j = \begin{cases} 0 & \text{if No} \\ 1 & \text{if Yes} \end{cases} \quad (1)$$

The probit model fits a model of a binary independent variable, in this case, the probability of the positive outcome is assumed to follow a standard normal cumulative distribution function. The advantage of a probit model is that it can compute robust and cluster-robust standard errors and adjust results for complex survey designs. The probit model fits maximum likelihood models with dichotomous dependent variables and therefore below we fit a probit model of the likelihood of sending remittances as below.

$$\Pr(y_j \neq 0 | X_j) = \Phi(X_j\beta) = F(X'\beta) \quad (2)$$

To allow the predicted probabilities to be limited between 0 and 1, a probit estimation uses a normal cumulative distribution function (CDF) given as below.

$$\Phi(X_j\beta) = \int_{-\infty}^{X_j\beta} \phi(Z) dz \quad (3)$$

Under a logit model, $F(X'\beta)$ follows a logistic distribution and it is the cumulative distribution function (CDF). We thus fit the likelihood to send remittances through the logit model.

$$F(X'\beta) = \frac{\exp(X'\beta)}{1+\exp(X'\beta)} \quad (4)$$

Given that investing specifically remittances in the local economy by migrant workers is a rare event, in addition, we fit a complementary log-log model as below

$$\Pr(y_j \neq 0 | X_j) = 1 - \exp\{-\exp(X_j\beta)\} \quad (5)$$

The log-likelihood function for complementary log-log is

$$\ln L = \sum_{j \in S} \omega_j \ln F(x_j\beta) + \sum_{j \in S} \omega_j \ln\{1 - F(x_j\beta)\} \quad (6)$$

Where S is the set of all observed j such that, $y_j \neq 0$, given a set of explanatory variables Xs, $F(z) = 1 - \exp\{-\exp(X_j\beta)\}$, while ω_j denotes the optimal weights and thus estimates are maximized through the log-likelihood function. Through the maximum likelihood estimation method, the score is calculated as, $u_j = \left[\frac{\exp(x_j\beta)\exp\{-\exp(x_j\beta)\}}{F(x_j\beta)} \right]$, for positive outcomes and $\{-\exp(x_j\beta)\}/x_j$ for the negative outcomes. In this estimation, we report cluster standard errors because these relax the independence assumption required by the complementary log-log estimator to being just independent between clusters. A complementary log-log analysis is an alternative to logit and probit analysis, but it is unlike these other estimators in that the transformation is not symmetric. Typically, this model is used when the positive (or negative) outcome is rare which in our case investing especially remittances alone may be a rare event.

3 Results

Descriptive data analysis was conducted in which summary statistics of major study variables are conducted and the results appear in the tables below.

Table1: Summary Statistics of Respondents

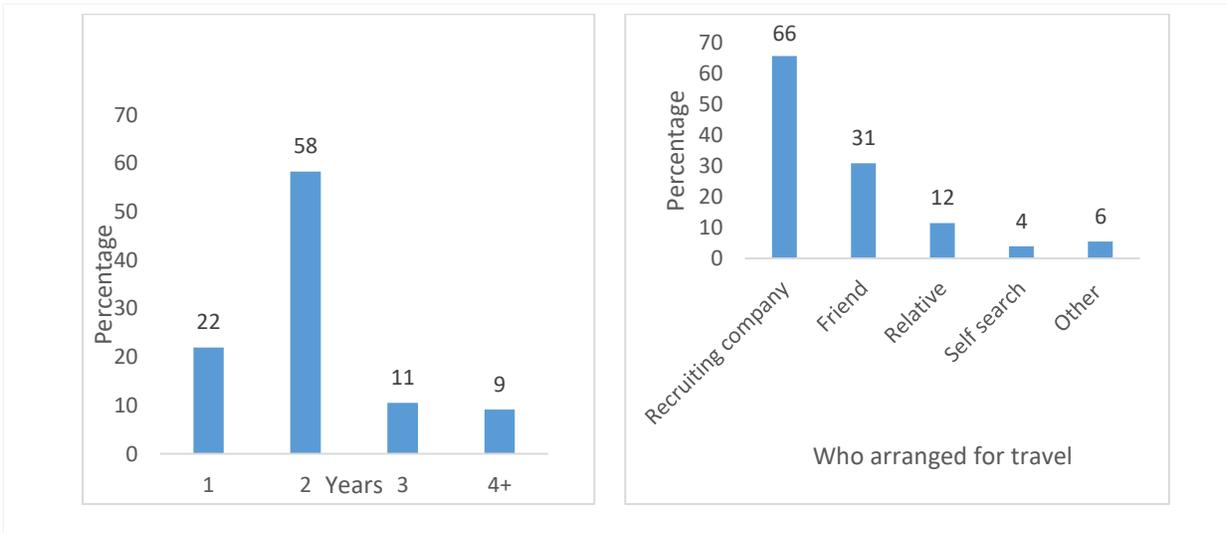
Characteristics	Percentage	Number of Respondents
Region of origin		
Central	60.1	484
East	17.3	139
North	1.7	14
West	21.0	169
Sex		
Male	21.3	172
Female	78.7	634
Age		
18-24	20.5	165
25-39	75.6	609
40-50	4.0	32
Marital Status		
Never married	37.6	303
Married/Cohabiting	41.8	337
Widowed	0.9	7
Divorced	0.7	6
Separated	19.0	153
Education Level		
None	1.5	12
Primary	18.5	149
Secondary	63.4	511
Diploma	11.0	89
University	5.6	45
Religion		
Catholic	25.6	206
Anglican	21.0	169
Muslim	33.8	272
Pentecostal	18.2	147
Others	1.5	12
Total	100.0	806

Source: Authors own compilation from survey data

Results from the descriptive statistics show that the central region contributed the most to the people leaving for the Gulf countries for work accounting for 60.1% followed by the west and eastern regions respectively. The higher numbers in the center are due to the proximity to information and to labor exporting companies, travelling abroad for work is a very expensive venture that sometimes involves selling family properties such as land and livestock. Such assets are scarce in some regions such as in the North. The demand for labor externalization among the Gulf countries has been directed particularly to female youth, this is because most jobs are in-house such as maids, cleaners, cooks, and more while the males mostly work in security and transport sectors. Considering age, the most prominent age is those aged (25-39) constituting 75.6 % followed by (18-24) at 20.5% respectively. Due to high unemployment rates ravaging the country, married individuals have been forced to seek employment among the Gulf countries

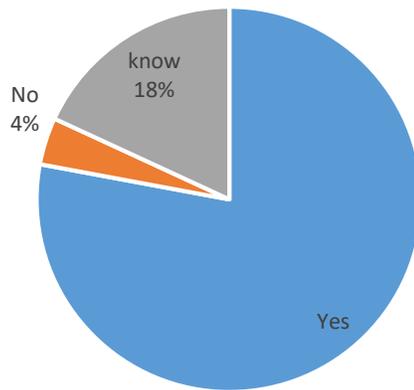
constituting 41.8% surpassing the never-married category at 37.6. Education level sums up the caliber of the manpower that Uganda exports to the Gulf countries, for instance, secondary (63.4) and primary (18.5) levels of education were the most dominant education levels reported in this survey. Such low-skilled manpower attracts low pay and also faces mistreatment by their employers. This explains the rampant cases of exploitation and mistreatment that these workers have reported over the years. Although religion does not feature significantly, Muslims seem to be more than other religions among the individuals moving to the Gulf countries for work.

Figure 1: Pathways of Labor Externalization and years spent in the Middle East/GCC for work



In figure 1 above we see that the average period spent in the Middle East for work was two years making up 58%, while those who persisted to fours and beyond were 9%. This high turnover in labor among Ugandans in the Middle East could be partly due to unfavorable working conditions, exploitation, and physical abuses, and human rights violations among Africans. Although most of the respondents/returnees reported having been exported through a recruiting firm at 66%, the challenge is that most of them are not licensed to export labor and in the worst cases even those that are licensed do not follow up their workers. Besides illegal labor exports and those going through relatives and friends are on the rise, the survey results showed that at least 31 and 12% respectively went to the Middle East for work through friends and relatives. People that travel through other means other than through a licensed company have reported the most mistreatment and suffering in the Middle East and in the worst cases have gone missing never to be seen again. The beauty of traveling through a licensed company at least is to ensure traceability and follow up due to the records left with the labor exporting firm, however, this is not enough and thus government needs to ensure the safety of its citizens in the Middle East through signing MoU at bilateral levels with Gulf countries.

Figure 2: Whether the Labor Exporting firm was it licensed



Licensing labor exporting companies has been a seriously contagious issue in Uganda and more especially among policymakers. From *figure 2* above we see that most of the returnees reported having been exported through a licensed company while 18% did not even know whether the company was licensed and 4% did not know whether the company was licensed or not. The danger of traveling through unlicensed companies is that most of them are fake disguising as labor exporting firms but with a motive of exploiting people for selfish interest. In worst cases, such workers who travel through the so-called back-done end up in illegal human organ trade. A few such cases have been reported in Uganda.

Figure 3: Kind of job respondents were doing in GCC /Middle East

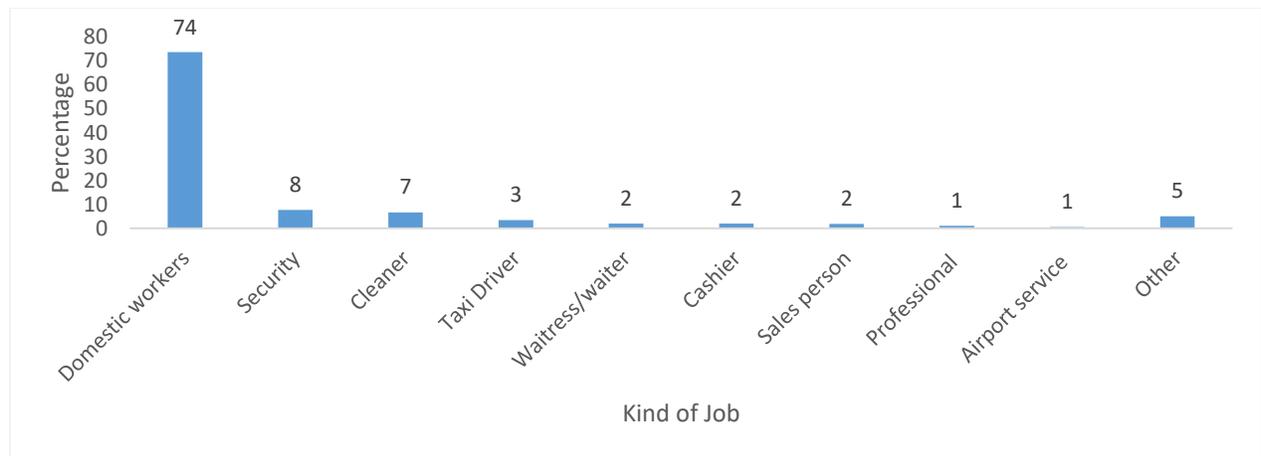
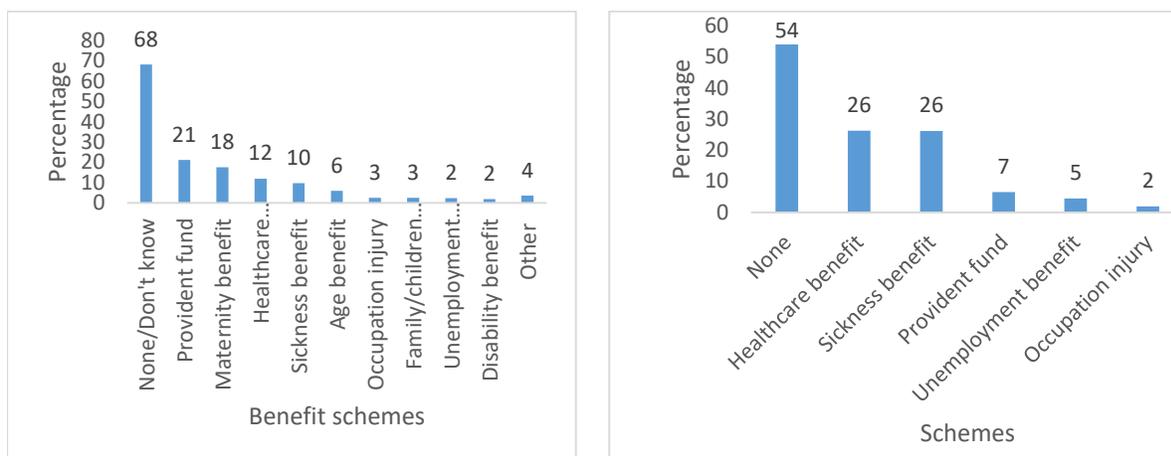


Figure 3 above shows that domestic work was the most dominant kind of work constituting 74% of all the returnees interviewed while security guard and cleaning jobs came in the second (8%) and third (7%) positions respectively. Apart from security guard jobs, the other two positions put the worker in direct contact and control of their employers, this makes them susceptible to mistreatment by their employers. Only a handful perform professional jobs such as tax drivers, waitress/waiters, cashiers, salespeople, airport services, and other professional positions. The explanation for this is that such professional jobs are usually revered by other nationalities, besides there is a lot of segregation in the job market among these countries, besides the academic qualifications of Ugandans are undervalued and, in most cases, disregarded.

Figure 4: Knowledge on Benefit schemes in Uganda and Benefits in the Middle East



Given the misinformation among the returnees, this survey also thought to ascertain their knowledge on the employment benefits schemes in Uganda and those benefits schemes accessed while in the GCC/Middle East by the respondents. The assumption here is that respondents who had some knowledge on employment benefits in Uganda were more likely to demand the same from their employers (i.e., the labor exporting companies). The figure on the left indicates returnee's knowledge of the employment benefits in Uganda, we see that 68% did not even know what employment benefits were, while provident fund and maternity leave are among the commonest benefit schemes reported at 21 and 18% respectively. The majority of the returnees reported no benefits (54%) while in Gulf countries, while health and sickness benefits were reported at 26%, with unemployment benefit and occupation injury being the lowest at 5 and 2% respectively despite being the most important types of benefits to migrant workers.

Table 2: Country of destination for Ugandan Migrant workers

Countries	Average (SE)	N
Iraq	0.0250 (0.16)	20
Syria	0.0012 (0.035)	1
Israel	0.0012 (0.035)	1
Iran	0.0012 (0.035)	1
Bahrain	0.0099 (0.099)	8
Oman	0.2260 (0.418)	182
Kuwait	0.0137 (0.116)	11
Saudi Arabia	0.4120 (0.492)	331
Qatar	0.0447 (0.207)	36
Yemen	0.0025 (0.049)	2
United Arab Emirates	0.1915 (0.394)	154
Jordan	0.1320 (0.338)	106
Turkey	0.0099 (0.099)	8
Others	0.0460 (0.209)	37
Obs		806

Note: Table 2 reports means and standards in parenthesis plus the number of labor migrants to each country

The most common destination for Ugandan migrant workers has been Saudi Arabia, Oman, and United Arab Emirates, Jordan and lastly, Iraq have featured significantly as a destination of choices. Similar results have been in policy briefs by (Nattabi et al., 2020).

Table 3: Descriptive Summary Statistics

Variable	Measurement	Number	Percentage
Average hours worked	<=8 Hours	117	15
	9-15 Hours	451	56
	>=16 Hours	238	30
Earning per month Ushs	<=0.5m/=	14	1.74
	0.51-1.0m/=	620	76.92
	1.1-3m	156	19.35
	3.1m+	10	1.24
Membership of informal social welfare arrangements	None	6	0.74
	Yes	12	1.5
Remitted money back home	No	794	98.5
	Yes	730	90.6
Method of remitting money	No	76	9.4
	Cash	710	97.3
	Kind	10	1.4
	Both	10	1.4
Remitting frequency	Monthly	333	45.6
	Quarterly	259	35.5
	Bi-annually	28	3.8
	Once a year	8	1.1
	Family/expenses (food, clothing rent)	328	44.9
The main purpose for sending the money	Land/plot purchase	127	17.4
	Education	74	10.1
	Building/construction	58	8.0
	Business	23	3.2
	Pay debts	17	2.3
	Health	2	0.3
	Ceremony (wedding, birthday, baptism, graduation, funeral)	1	0.1
Invested earnings in Uganda	Other	100	13.7
	Yes	623	77.3
	No	183	22.7
Obs	806	806	100

Source: Author's compilation from the survey data

On average returnees worked 13 hours, while at least 30% of the respondents reported having worked above 16 hours a day. This result indicates most of the returnees worked overtime since in most cases payment is tagged on how much time is spent working, migrant works tend to work overtime to receive higher pay. An average payment per month was reported at Ushs 1100,000 (*about 290US\$*), varying with a different type of work and employer. This implies there was no standard payment for migrant workers in GCC, payment dependents on the discretion of recruiting farms in Uganda and employers in the Middle East. This explains the rampant mistreatment, underpayment, and exploitation of migrant workers from Uganda. In terms of remittances, close to 91% of respondents sent money home while in the Middle East mostly sending in cash form, in-kind was at 1.4%. The remitting frequency was mostly monthly (45.6) and quarterly (35.5). The main purpose of sending money was family/expenses (food, clothing, and rent), land/plot

purchase, education, building/construction, start and supporting existing business, paying debts, and healthcare. Finally, about the investment of funds earned in the Middle East, 77.3% of respondents reported to have invested their funds while 22.7% did not invest home. The decision to either invest or not can be determined by many factors, key among them could be the amount of salary received which is very low and can barely support the worker and later on support an independent business, and secondly mistrust among investment partners in the families of the returnees.

3.1 Determinants of Labor Externalization

Labor externalization in this survey is captured by returnee's perception on future trends on Uganda migrant workers to the Middle East; specifically, the survey as the question “*Looking at the future, do you see more Ugandans migrating to the GCC / Middle East countries?*”

Table 4: Determinants of Labor Externalization: Probit Estimates

Labor externalization	Coef.	St. Error	t-value	p-value	Sig.
Hours worked	-0.071	0.021	-3.37	0.001	***
Salary paid	0.000	0.000	0.67	0.506	
travel costs	0.000	0.000	-2.41	0.016	**
Age	-0.029	0.016	1.89	0.059	*
Sex (male=1)	-0.267	0.247	-1.08	0.279	
Urban (Yes=1)	-0.439	0.157	-2.80	0.005	***
Region (Central=1)	0.018	0.117	0.15	0.879	
Married (Yes=1)	-0.039	0.124	-0.31	0.755	
Licensed (Yes=1)	0.422	0.138	3.06	0.002	***
REMIT (Yes=1)	0.378	0.189	2.00	0.046	**
Education (Yes=1)	-0.310	0.216	-1.44	0.151	
Muslim (Yes=1)	0.208	0.126	-1.66	0.098	*
Cons	1.652	0.654	2.53	0.012	**
Mean dependent var	0.892	SD dependent var		0.310	
Pseudo r-squared	0.125	Number of obs		806.000	
Chi-square	44.897	Prob > chi2		0.000	
Akaike crit. (AIC)	508.446	Bayesian crit. (BIC)		569.443	

Note: The results above reports probit coefficients with bootstrapped standard errors with 50 replications, *** p<0.01, ** p<0.05, * p<0.1

From the results above we see that as hours worked increase less and less workers are attracted to work in the GCC and this effect is significant at 1% level of significance. Travel arrangement costs also emerge as one of the significant factors that affect labor externalization in Uganda, this implies that travel expenses reduce the likelihood of people traveling to the Middle East countries. Travel costs to GCC countries in Uganda range from as low as 3 million to as high as 7 million and this varies according to gender, with that of female migrant workers being less than that of males. This discrepancy can be explained by the ease of finding work for female workers viz the males (Bisong, 2021; Creel, 2008). Age is also a significant factor in the labor externalization processes in Uganda, for instance, here we see that older people are less likely to migrant to the GCC countries in search of employment. Males are less likely to travel, as expected most of the jobs available fall in the domestic workers' category, and these are mostly required female workers than men (Atong et al., 2018; Ssonko, 2020). Residence also significantly influences the likelihood of

someone traveling for work, specifically urban residents were less likely to travel to the Middle East than their rural residents. Considering the region, the findings show that people from the central region of the country are more likely to travel to the GCC in search of employment. On the other hand, married people are were less likely to travel in search of work. Licensed firms significantly increase the likelihood of people traveling abroad for work and this effect is significant at 1% level of significance. There have been numerous rumors of fake companies conning migrants of their hard-earned money in terms of travel costs. Educated individuals were less likely to travel to the middles east in search for work, this can be explained by the poor working conditions reported in most of these countries. Region also features significantly in the determining labor externalization, we see that Muslims were more likely travel to the middle east countries in search for, however even other religious dominations have been travelling in search of work this is unemployment in Uganda is affecting everyone irrespective of the religion. This result is similar to that by (Bwowe, 2021; Namaganda and Laiboni, 2019).

Table 5: Determinants of Labor Externalization: Marginal effects

Labor Ext	Coef (Robust St. Err)	Coef (Bootstrap St. Err)	dydx (Std. Err)
Hours worked	-0.071*** (0.019601)	-0.071*** (0.021)	-0.0116*** (0.0032)
salary	1.72E-07 (1.77E-07)	1.72E-07 (2.29E-07)	2.83e-08 4.18e-08
travel costs	-1.32E-07** (4.92E-08)	-1.32E-07** (5.25E-08)	-2.16e-08** 8.23e-09
Age	0.029* (0.0155)	0.029* (0.015)	0.0048* (0.0026)
Sex (Male=1)	-0.267 (0.1928)	-0.267 (0.206)	-0.0438 (0.0389)
Urban (Yes=1)	0.439*** (0.1761)	0.439*** (0.182)	0.0721*** (0.0270)
Region (central=1)	0.018 (0.1360)	0.017 (0.150)	0.0029 (0.0258)
Married (yes=1)	-0.038 (0.1332)	-0.038 (0.137)	-0.0063 (0.0251)
Licensed (yes=1)	0.422*** (0.1356)	0.422*** (0.149)	0.0693*** (0.0209)
REMIT (yes=1)	0.378* (0.1887)	0.378* (0.160)	0.0621* (0.0280)
Education (yes=1)	-0.309 (0.1849)	-0.309 (0.179)	-0.0508 (0.0354)
Muslim (yes=1)	0.208 (0.1287)	0.208 (0.141)	0.0342 (0.0243)
cons	1.652** (0.6169)	1.652** (0.532)	
Obs	806	806	806

Note: column 2 reports estimated coefficients and robust standard errors in parenthesis, column 3 reports Bootstrap standard errors with 50 replications while column 4 reports marginal effects with their respective standard errors. *** p<0.01, ** p<0.05, * p<0.1

Table 5 reports labor externalization predictors with respective marginal effects, the results remain conservative, and we see that as hours worked increases labor externalization reduces. People would only work more hours if the salary paid is also reasonably high, therefore salary acts as an attraction to work. On the other hand, travel expenses (cost) also act as deterring measure to labor externalization. As previously reported above labor externalization costs in Uganda range from 3 million to 7 million this is higher compared to the unemployment levels and capita income in Uganda. Residence also emerges as an influencing factor for labor externalization and the effect is significant at 1% level of significance. Since the enacting of the labor externalization bill in 2011 by the parliament of Uganda, the number of licensed firms has increased. We see that the likelihood of a labor exporting firm being licensed increases the number of individuals traveling abroad for work and the impact is significant at 1% level of significance. One of the benefits of migrant labor is remittances send home, thus the possibility of remitting money home by migrant workers increases the attractiveness of others migrating abroad for work. And the impact is

significant at 10% level of significance. This result collaborates findings from (Namaganda and Laiboni, 2019) on women’s labor migration on the Africa-middle East corridor, reporting domestic migrant workers’ experiences from Uganda. Education seems to be an irrelevant factor as regards labor externalization to the GCC since most of the job opportunities in the Middle east are manual labor jobs which seems does not to require any specialty, a similar finding is reported by (Bwowe, 2021). As expected, males are less likely to be externalized compared to females since most jobs in the Middle East countries are female based. Though not significant being Muslim increases the likelihood of being externalized as compared to non-Christians.

3.2 Development impacts of labor externalization

In this section we investigate the impact of labor externalization on development, here development is captured by two binary variables through asking the question “*While you were in the GCC/Middle East, did you transfer some money you earned back home?*” And secondly “*Have you ever invested some of your earnings in Uganda?*” logistic and C- log log results are reported below.

Table 6: Impact of Labor Externalization on Development: Logistic Estimates

Development	Observed Coef (Bootstrap Std. Err)	Odds Ratio (Bootstrap Std. Err)
Labor externalization	0.7491** (0.3279)	2.1149** (0.6362)
Hours worked	-2.92E-02 (4.22E-02)	9.71E-01 (0.0401)
salary	5.88E-07 (5.52E-07)	1.00E+00 (4.34E-07)
travel costs	5.82E-08 (1.05E-07)	1(1.29E-07)
Age	0.0398 (0.0316)	1.0407 (0.0307)
Sex (Male=1)	-0.6685 (0.3994)	0.5124 (0.2117)
Residence (Urban=1)	0.0357(0.3394)	0.9648 (0.3581)
Region (Central =1)	0.2887 (0.2767)	1.3337 (0.3079)
Married (Yes=1)	0.6364* (0.2583)	1.8896* (0.5195)
License (Yes=1)	0.4819 (0.2829)	1.6191 (0.4813)
Educated (Yes=1)	0.3010 (0.4467)	1.3512(0.4481)
Muslim (Yes=1)	0.1954(0.2783)	1.215801(0.3673)
cons	-0.4942 (1.5175)	0.6100 (0.7289)

*Note: table 6 reports observed coefficients and Odds Ratio with Bootstrap Std. Err to capture variation*** p<0.01, ** p<0.05, * p<0.1*

Table 6 above reports results of labor externalization on development (proxied by the investment of remittances). We see that our main parameter of interest is significant, labor externalization increases the likelihood of sending remittances home for development purposes and household welfare improvement. Married migrant workers are more likely to send remittances back home for development purposes than non-married migrant workers. Individuals who work fewer hours are less likely to send remittances, this is because most work is based on hourly payment arrangements and thus more hours worked means more income earned if per hour is considered. Similar results are reported by (Atong et al., 2018; Bisong, 2021). Finally, our results reveal a positive association between salaries paid, age of migrant workers, residence region education, and religion with development.

Table 7: The impact of Labor Externalization on Development: clog-log Estimates

Remit Investment	Coef.	Robust St.Err	t-value	p-value	Sig.
labor Exter	0.695	0.164	4.25	0.000	***
hours	-0.018	0.014	-1.31	0.189	
salary	0.000	0.000	0.32	0.751	
Age	0.010	0.010	0.99	0.321	
Sex (Males=1)	-0.004	0.133	-0.03	0.973	
Residence (urban=1)	0.074	0.106	-0.70	0.483	
Region (central=1)	-0.070	0.093	-0.76	0.449	
Married (Yes=1)	0.064	0.101	0.64	0.525	
License (Yes=1)	0.204	0.091	2.25	0.024	**
Educated (Yes=1)	0.089	0.114	0.79	0.432	
Muslim (Yes=1)	0.030	0.096	0.31	0.756	
cons	0.368	0.427	0.86	0.389	
Mean dependent var	0.773	SD dependent var		0.419	
Number of obs	806.000	Chi-square		37.919	
Prob > chi2	0.000	Akaike crit. (AIC)		842.808	

*Note: Robust standard are reported *** p<0.01, ** p<0.05, * p<0.1*

In **table 7** we model development as a binary variable, i.e., whether the labor migrant invested their remittances earned from GCC countries or not. Our main parameter of interest is that on labor externalization. We see that labor externalization indeed increases development by 70% and this impact is significant at 1% level of significance. Secondly, individuals who traveled through licensed firms were more likely to invest their remittances and develop than those that either went on their own account and those that traveled through non-licensed companies. Thirdly a positive association is reported between development and salary paid, age of the migrant worker, marriage, residence, education, while a negative relationship is reported between hours worked, gender (being male), and region (being from central).

4 Discussion

The study findings indicated that there has been a reported rise in the demand and export of cheap migrant labor from Uganda to the GCC countries in the last decade but has been only disrupted by the COVID-19 pandemic. The biggest increase has been seen in the domestic workers' category which is mostly young women. While other categories have seen a minimal increase. Two major factors emerge as the most pushing factors for labor externalization in Uganda namely higher levels of unemployment and also underemployment, these have pushed workers to take drastic steps in their search for employment to the extent of risking travel through unregistered and unlicensed companies to the Middle East countries. A closely related finding has been reported by (Namaganda and Laiboni, 2019) in their study on the export of Ugandan domestic workers in GCC. Salary paid, travel costs and hours worked also feature as factors influencing labor externalization among migrant workers, and most cases of mistreatment have been reported about work, salary withholding, non-payment, and charging of exorbitant costs by local exporting firms. The requirement of migrant workers to have sponsors or employers before acquiring work permits to get work in the GCC countries puts too many powers in the hands of the employers to control migrant worker's lives from finances, welfare, and work life. This exacerbated the mistreatment

and exploitation endured by Ugandan migrant workers, ranging from mild punishments such as beatings, sexual harassment, non-payment of salaries, and work overload.

Despite the above challenges, there is no doubt that labor externalization to the Middle East countries has improved the welfare of migrant workers through absorbing a surplus workforce in Uganda, therefore improving their living standards conditions and those of their families. We see that indeed labor externalization improves development prospects (i.e., sending of remittances and investment of the remittances). Ugandan through organizations such Uganda association of external recruitment agencies (UAERA) Ministry of Gender, Labour and Social Development (MGLSD)'s Employment Services Externalization department, Ministry of Internal Affairs Prevention of Trafficking in person department, media, local and international NGO has formulated and has implemented several measures to better the situation of migrant workers in the Middles East, for example in 2015-2016, 200 domestic workers were repatriated on accusations of mistreatment. Further, the government instituted a ban on labor externalization to some Middle East countries followed by the signing of a memorandum of understanding (MOU) which ensured the safety and rights of migrant workers to GCC countries. There has been improved communication between MDAs directly involved in the migrant workers' issues, improved monitoring and contract enforcement in the labor externalization process, these have been guided by the introduction of a framework on labor migration. However, despite these improvements, Ugandans migrant workers have continued reporting cases of unlicensed job placements, extortion and overcharging of prospective migrant workers, lack of pre-departure training and orientation, lack of employment contracts, and their enforcement. Operation through numerous stages of middlemen between local recruiting companies and prospective employers in the Middle East also causes a lot of challenges.

5 Recommendations

To improve the working environment of Ugandan migrant workers to the Middle East countries and given that the pushing factors such as unemployment, underemployment, and higher somehow higher wages for low skilled workers are not ending anytime soon, this study makes the following recommendations.

One is to create mass awareness among prospective migrant workers about available migratory processes and laws, regulations, and policies put in place by the government. Government should establish fully functional and well-facilitated embassies or consulates abroad to help safeguard and protect Ugandan migrant workers to the destination countries of work, i.e., there should a quick response and financial aid mechanisms within these embassies to help workers facing life-threatening situations. Government should also review employment-related regulations such as the employment Act 2006 and also review the ILO convention related to labor and decent work (ILO convention 189). The Government through the Ministry of Gender Labor and Social Development (MGLSD) should start and first truck the processes of establishing and negotiating bilateral labor contracts, arrangements, and arrangements with the major labor importing countries in the Middle East such as Saudi Arabia and UAE, top on the agenda should be health and Occupational safety and agreement on a standard minimum wage. There should be a working group constituting of the government i.e., MGLSD, labor exporting firms, trade unions, and representatives from labor importing countries to ensure the labor externalization process is smooth, conduct pre-departure orientation and training, resolve issues concerning exorbitant travel costs, money extortion, low salary, and right job placement disputes. There should be the assurance by the labor exporting and importing firms on the commitment to enforcing migrant worker's

employment contracts, this can be done by government agencies concerned with labor and migration respective agencies such as UAERA, the International Organizations on Migration (IOM).

Migrant workers representative agencies should work to ensure that workers' contract terms in externalized workers align well with international standards such as those in ILO Labour Standards. Workers' benefits should also be advocated for, such as social benefits, leaves from work, and work overload. The Challenge of misappropriation of migrant worker's remittances by family members should be punishable by law to encourage hard-working and investment and development by externalized workers. Government externalization labor overseeing agencies should enforce that all licensed labor exporting firms should periodically take stock of all migrant workers that have been exported through their firms to establish and maintain contact with them. There should be a free 24/7 telephone hotline established in the ministry of Gender Labor and Social Development (MGLSD) and Interpol (police department) to record and handle complaints among workers in the Middle East. Finally, the government together with labor exporting firms should time to time intervene to rescue migrant workers facing hardships and suffering in their countries of destination.

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Appendix

Table 7: Last country of work before returning to Uganda

GCC country	Freq.	Percent
Bahrain	10	1.24
Iran	2	0.25
Iraq	13	1.61
Israel	1	0.12
Jordan	103	12.78
Kuwait	6	0.74
Lebanon	1	0.12
Oman	158	19.6
Qatar	30	3.72
Saudi Arabia	317	39.33
Turkey	7	0.87
United Arab Emirates	134	16.63
Other	24	2.98
Obs	806	100

Note: table 8 reports frequencies and percentage for respective migrants workers to a specific country

Table 8: Migrant experiences in GCC Labor market

Migrant experiences

	Never	Always	Sometimes
GCC job Enjoyment (26.43)	413 180	(51.24) (22.33)	213
Additional work with no pay 21.84	493 137	61.17 17.00	176
Didn't enjoy living in GCC 26.92	390 199	48.39 24.69	217
Poor relationship with employer 27.79	461 121	57.20 15.01	224
Poor relationship with co-work 20.72	583 56	72.33 6.95	167
Earned less to send money home	182 287	22.58 35.61	337 41.81
Missed my family 20.10	23 621	2.85 77.05	162
Obs	806	806	806

Note: table 8 reports means and frequencies in the parenthesis

Table 9: Migrant workers' Experience with COVID-19 in GCC

Variable (SE)	Measurement Obs	Mean
Guard against COVID (0.4445)	GCC-Wear Mask 248	0.7315
(0.3822)	Use sanitizer 279	0.8230
(0.4876)	Social distancing 208	0.6136
(0.2844)	Stayed home 309	0.9115

	Others	0.0944
(0.2928)	32	
COVID19 impacted in GCC	Outbreak found me in GCC	0.4206
(0.4939)	339	
	Lost job	0.13569
(0.3429)	46	
	Reduced business	0.1062
(0.3085)	36	
	Became underemployed	0.0737
(0.2617)	25	
	Reduced payment	0.1062
(0.3084)	36	
	Less travel	0.0619
(0.2414)	21	
	Increased workload	0.1976
(0.3988)	67	
	Were sent home	0.0678
(0.2518)	23	
	Other	0.0826
(0.2757)	28	
Impact of COVID-19 on earnings	Reduced	0.1150
(0.3199)	36	
	No payments	0.1622
(0.3692)	55	
	Irregular payment	0.1298
(0.3365)	44	
	Increased pay	0.0354
(0.1851)	12	
	Other	0.0324
(0.1774)	11	
Other Covid-19 major challenges	Fear/worry	0.4897
(0.5016)	166	
	Discrimination	0.1062
(0.3085)	36	
	Loneliness	0.1533
(0.3608)	52	
	Ltd access to services	0.0383
(0.1923)	13	
	Inability to return	0.4543
(0.4986)	154	
	Other	0.2949
(0.4567)	100	
Gov. of Uganda assistance	Financial assistance	0.0029
(0.0543)	1	
	Other (Specify)	0.7568
(0.4292)	610	
Reason for return to Uganda	COVID-19 threat	0.1976
(0.3988)	67	
	End of contract	0.8787
(0.3271)	239	
	Unemployment	0.0147
(0.1205)	4	

Variables	Mean (SE)	Obs
Financial hardship		0.0074
(0.0855)	2	
Sexual/physical assault		0.0257
(0.1586)	7	
Other		0.1213
(0.327)	33	
Note: means and standard deviations are reported in parenthesis		
Variables	Mean (SE)	Obs
Costs		
Passport cost	327008 (142144.1)	438
Visa	1300042 (1096310)	24
Ticket	1371143 (979212.7)	35
Agency fees	990514.5 (1649726)	379
health test	120276.9 (91210.46)	390
Interpol certificate	117675.3 74815.23	154
training cost	148000 164370.9	10
Lump sum cost	1424655 1753796	388
Opportunities for Ugandan labor migrants in GCC		
Education	0.1127 (0.3164)	719
permanent settlement	0.0139 (0.1172)	719
starting business	0.0695 (0.2545)	719
Employment	0.9095 (0.2869)	719
citizenship	0.0125 (0.1112)	719
other	0.0375 (0.1902)	719
Don't know	0.0403 (0.1968)	719
Challenges since return to Uganda		
Adjusting/integration	0.3039 (0.4602)	806
Unemployment	0.0434 (0.2039)	806
Debt bondage	0.4764 (0.4998)	806
Family re-unification challenges	0.2208 (0.4151)	806
Misappropriation of remittances	0.1005 (0.3008)	806
Stigma	0.4913 (0.5002)	806
High expectations	0.2159 (0.4116)	806
Other (Specify)	0.3114 (0.4634)	806
Employment and contract		
Received contract	0.7146 (0.4518)	806
contract specify T & C	0.9392 (0.2391)	576
employer adhere to T&C	0.6563 (0.4754)	576
Type of contract	0.9618 (0.1918)	576
contract properly explained	0.86285 (0.3443)	576
Reports on mistreatment of migrant workers		
Sexual Assault	0.7977 (0.4019)	806
Physical Assault	0.8623 (0.3448)	806
Insults/bad language	0.9106 (0.2853)	806
Passport withdrawal	0.9032 (0.2958)	806
Racial abuse	0.8759 (0.3298)	806
Xenophobia	0.7208 (0.4488)	806
Obs		806