

Socio-economic impacts of COVID-19 and options for Government's response

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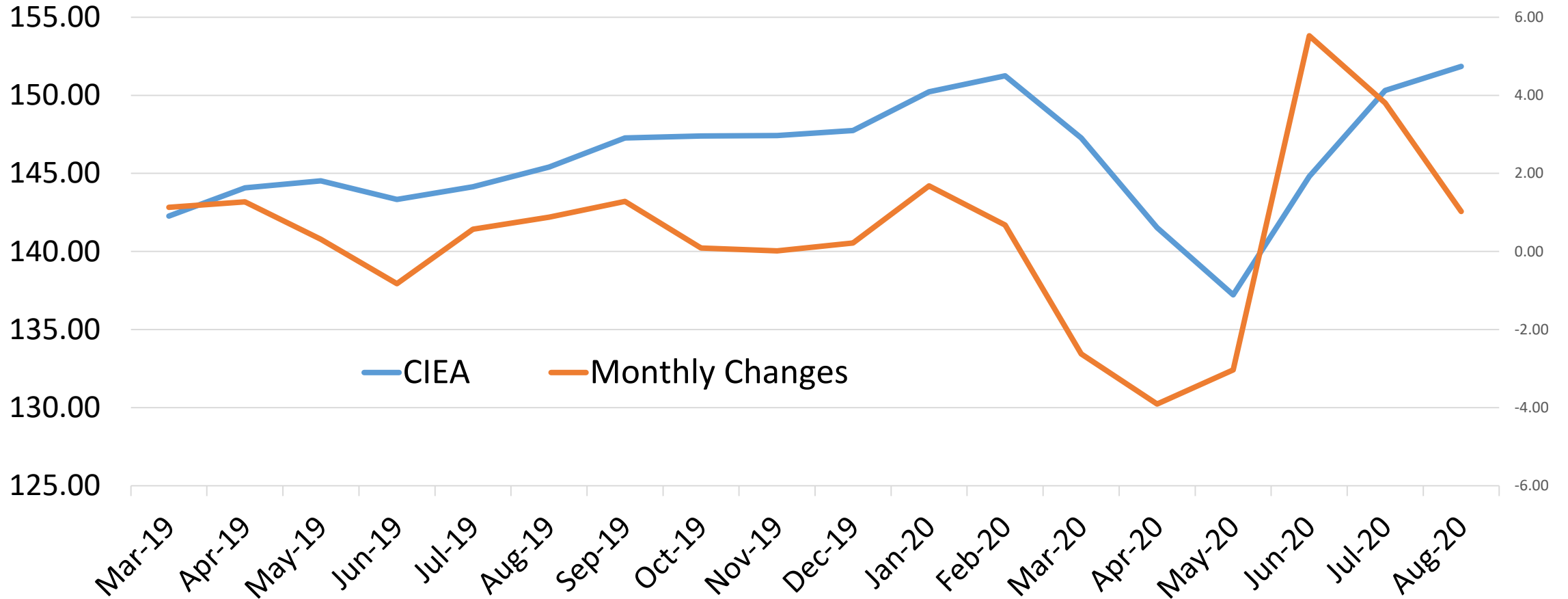
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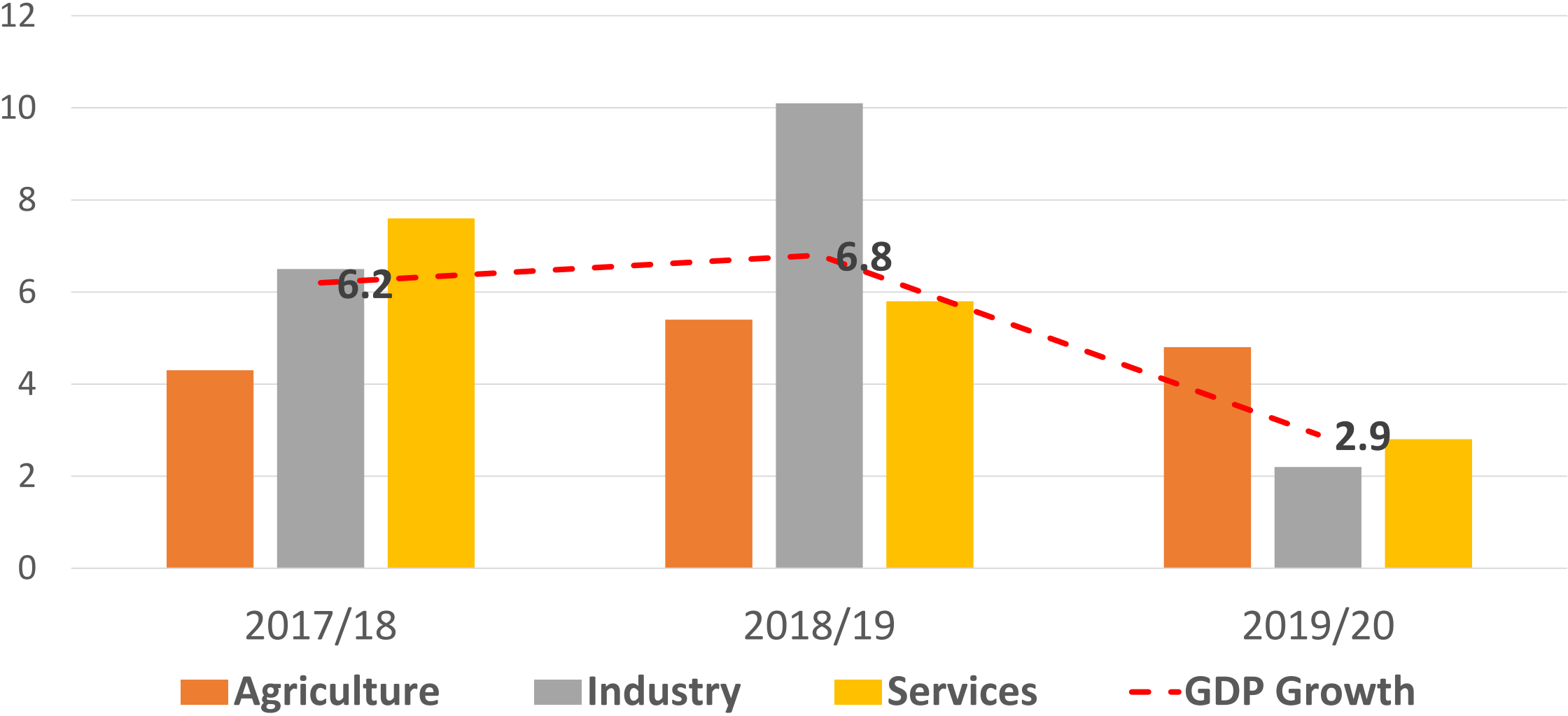
Covid-19 is simply an opportunistic disease

- Covid-19 takes advantage of people and systems with underlying weaknesses and conditions.
- Its impacts can trigger lifecycle impacts on families and communities
- Best way to manage life cycle shocks and reduce vulnerability is to tackle poverty and inequality right at source.
- Enhance human capital and foster inclusive development
- Build resilient social protection systems as a strategy for sustained growth and national security.
- Social-economic insecurity for any group is national insecurity for all.
- Covid-19 anywhere is Covid-19 everywhere.
- Leave no one behind

Monthly Indicators: Composite Index of Economic Activity (CIEA) - BoU



Annual Indicators of Economic Performance (%)



Observations on deviations

- Economy slowed down to 2.9% from the planned 6+% with further uncertainties expected in FY2020/21.
- Some estimates indicate that poverty may increase by 3 million.
- Millions experienced a reduction in income due to job and livelihood losses, reduced flow of remittances, loss of market.
- Government expenditure unable to respond adequately and consistently
- Revenues declined, expenditures increased hence driving debt higher
- Covid-19 relief like food was directed at the 1.5 million people in GKMA with little investments in rural areas.
- In addition, the formal response was focused on the formal sector, and did not adequately reach the poorest and most vulnerable citizens.

The generational threats

- A few of those aged 70+ years depend on the investments made in their children through education and subsequent opportunities
- Many in the current generation have invested less in children and opportunities have not been adequate for all.
- A population that is unhealthy and uneducated cannot be creative and dynamic enough to tap the investments in infrastructure.
- Efforts to provide Covid-19 relief food exposed us to realities of how we have low coverage and low investment in social protection systems.
- About 50% of residents in the Greater Kampala Metropolitan Area live in slums or similar conditions, undermining health protection measures such as physical distancing and stay-at-home orders

The shortages and losses in socio economics

- Disruption of service delivery in health affected the poorest Ugandans who rely on the government's free healthcare programmes
- They have experienced reduced access to primary health care, and associated increase in number of preventable deaths due to preventable disease like malaria.
- Access to family planning and other healthcare programmes has also been compromised.
- Health workers and family members who give homecare continue to be exposed with dire socio-economic conditions.

The responses

- The response strategy should ensure adequate attention and protection for the poorest and most vulnerable
- Government needs to pay close attention its rising fiscal deficit and the increase in public debt towards unsustainable levels.
- Build partnerships with NGOs, private sector, and Development partners to compliment government efforts to fight Covid-19 and other diseases, and mitigate the likely socio-economic impacts.
- Leverage the planned long-term investments like the railway, vocational training, Agri-LED, and education to resolve underlying conditions.
- Funding to pro-poor sectors, such as health and social protection, needs to be increased but with better targeting.
- Budget increases should be broadly strategic to cover many sectors and accompanied by institutional and policy reforms for better results.

Disconnect between Budgets (Trillions) and Growth (%)

