



THE REPUBLIC OF UGANDA





Ministry of Gender, Labour  
& Social Development

# Overview of Uganda's National Social Protection System

# SOCIALPROTECTIONUG

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# Outline

-  Socio-economic context and justification for expanding social protection coverage
-  Overview of policy and key developments in the evolution of Uganda's social protection system
-  Key challenges affecting delivery and expansion of social protection services
-  Long-term vision and strategy for expanding social protection coverage

# Key messages



1. Income volatility and insecurity are a result of vulnerability to shocks, which affects the vast majority of the population in Uganda.



2. Social protection is a critical tool for supporting families to manage shocks, build resilient livelihoods and increase investment in their future human capital

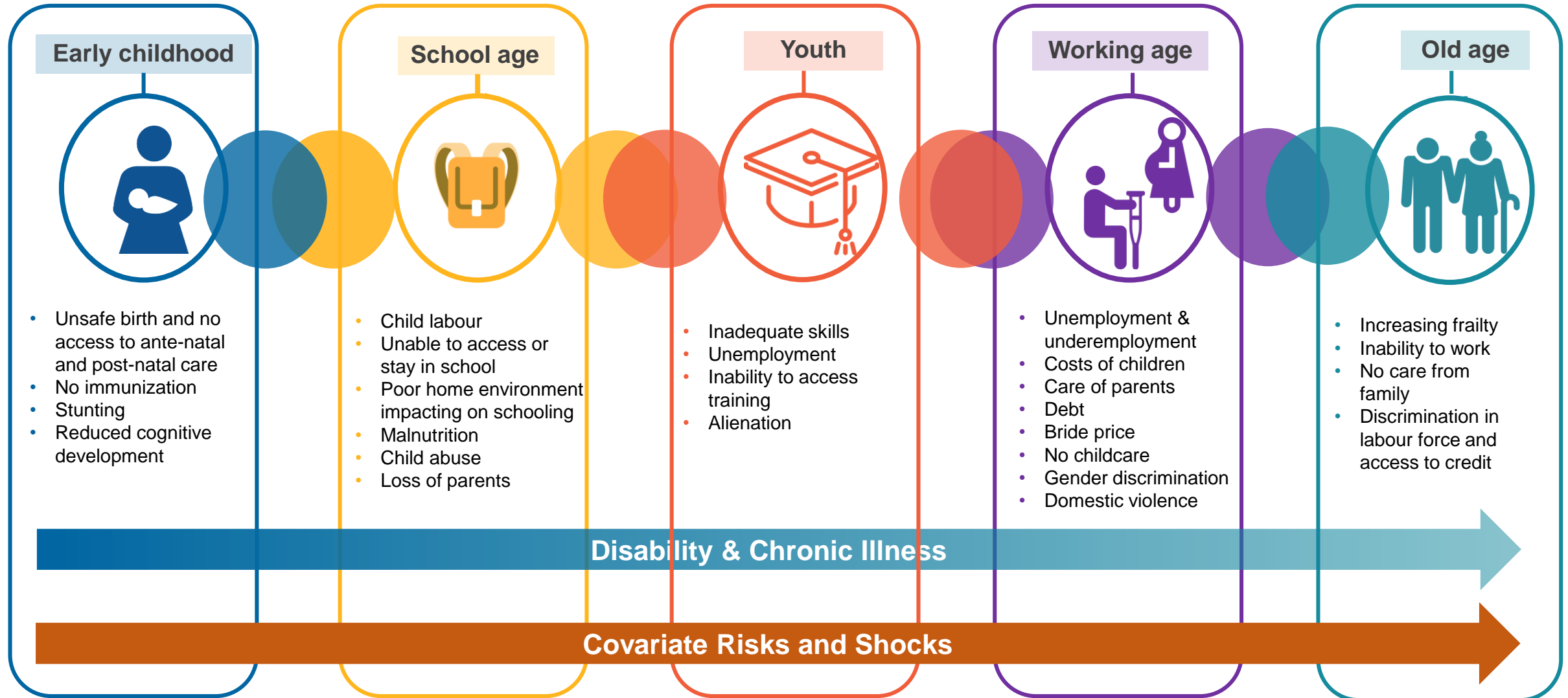


3. Government has laid a firm foundation in social protection policy, programmes and systems to address vulnerability and enhance income security



4. Further investment in social protection is needed to foster a more inclusive and faster socio-economic transformation in line with Vision 2040

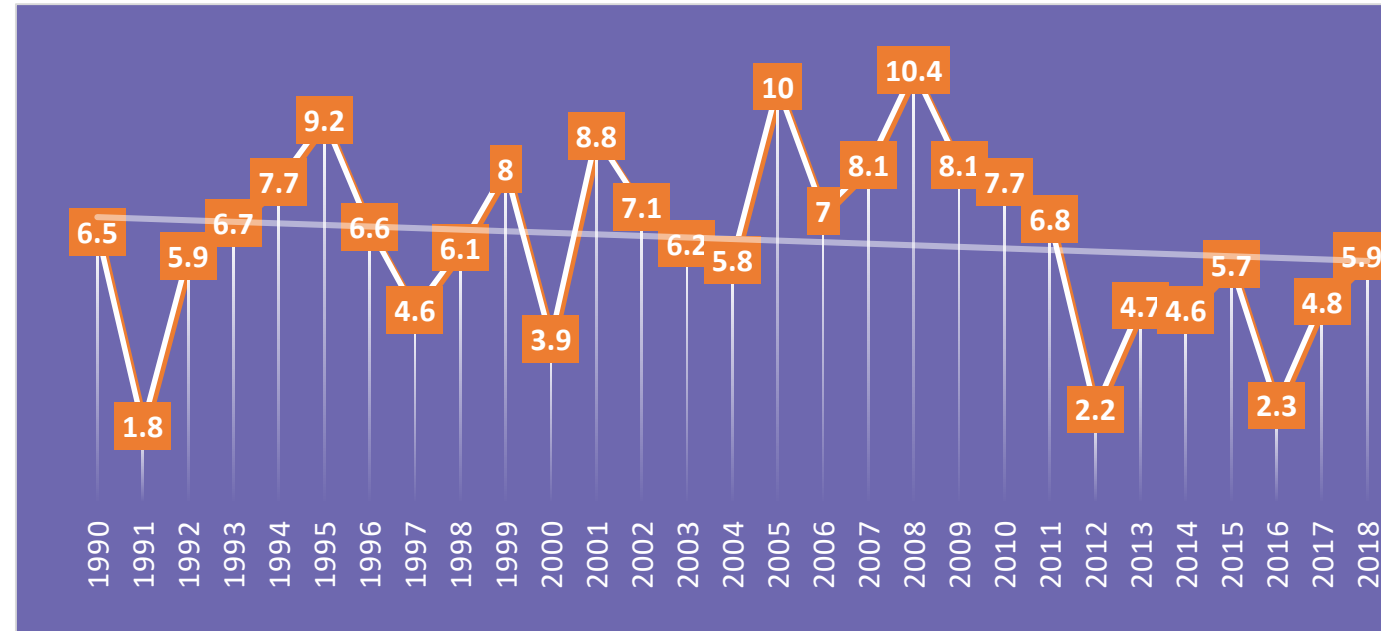
# Lifecycle risks faced by all citizens



# GROWTH TRENDS IN UGANDA

- In the 2000s, Uganda was one of the fastest growing economies with annual growth above the average for sub-Saharan Africa.
- Uganda had a relatively moderate economic growth rate over the last decade while it has faced high level of volatility.
- The volatility of the economic growth was largely due to its **vulnerability to shocks** mainly related to climate change related weather changes (UNCT,2020)

Real GDP growth in Uganda 1990-2018 (Annual percent change)

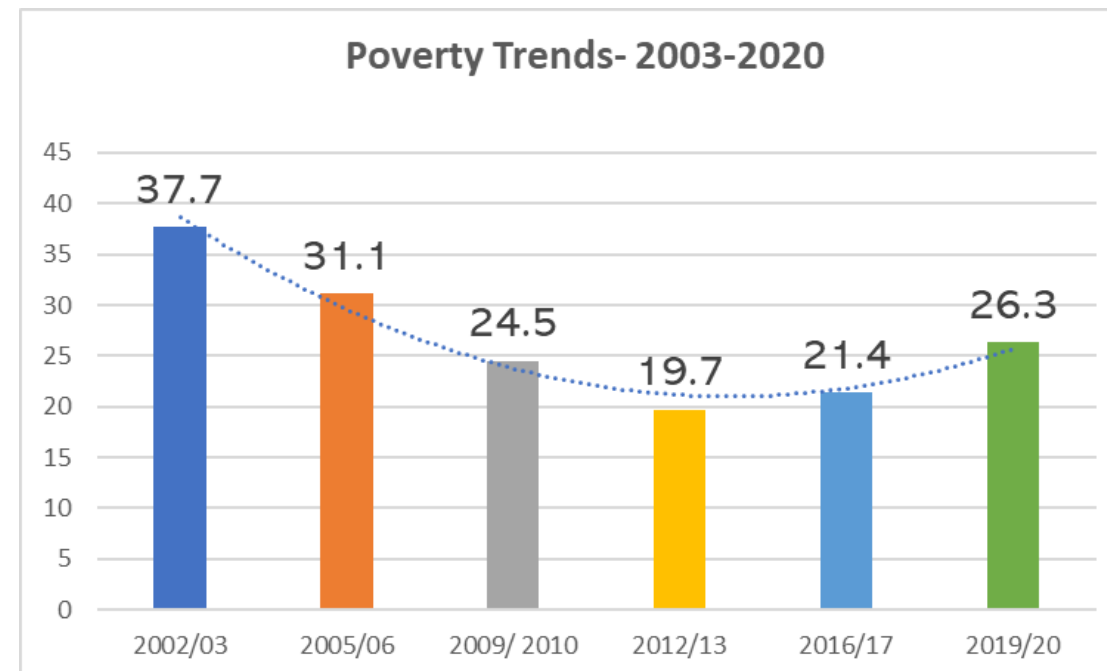


Source: IMF World Economic Outlook (April 2018)

# GROWTH TRENDS IN UGANDA...

**Despite high levels of growth in the 2000s, poverty has risen unexpectedly recently**

- 21% below poverty line, but further 44% non-poor but vulnerable (**UBOS 2017**)
- 55% of households (22.7m) were highly vulnerable to poverty in 2020 (**UNDP 2019**)
- An estimated 3.1 million people fell below poverty line in 2020 due to COVID-19 (**IGC 2020**)



***“Growth is increasingly less inclusive as its impact on poverty reduction appears to have declined”-***

World Bank- Uganda Economic Update, 2020



# A large proportion of the population are vulnerable

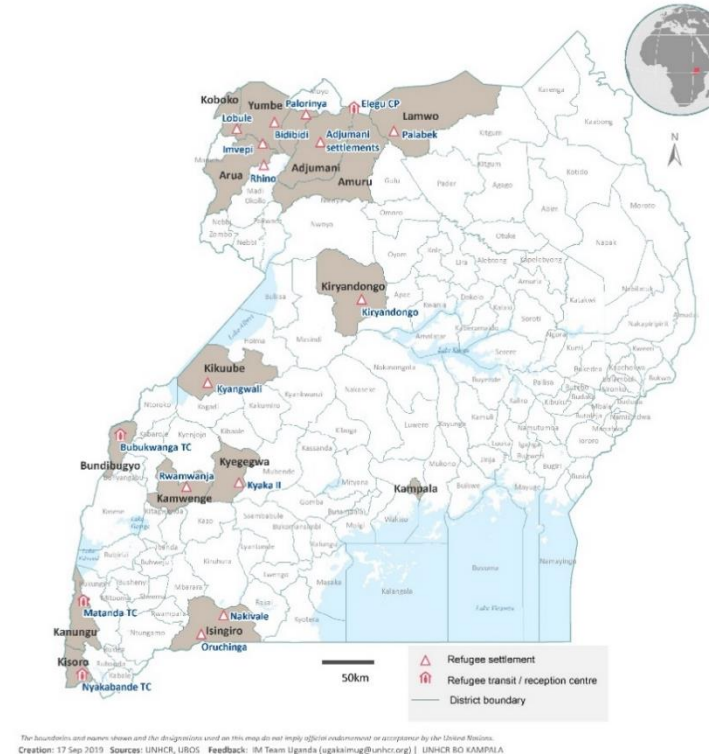
Vulnerability is driven **by shocks**, high levels of informality and limited SP coverage

- 85% of farming households are smallholder farmers: agricultural sector continues to be highly exposed to covariate risks
- Vulnerability is highly concentrated in rural areas of the Northern (20.4%) and Eastern (25.3%) regions largely due to environmental factors and environmental shocks.



# A large proportion of the population are vulnerable

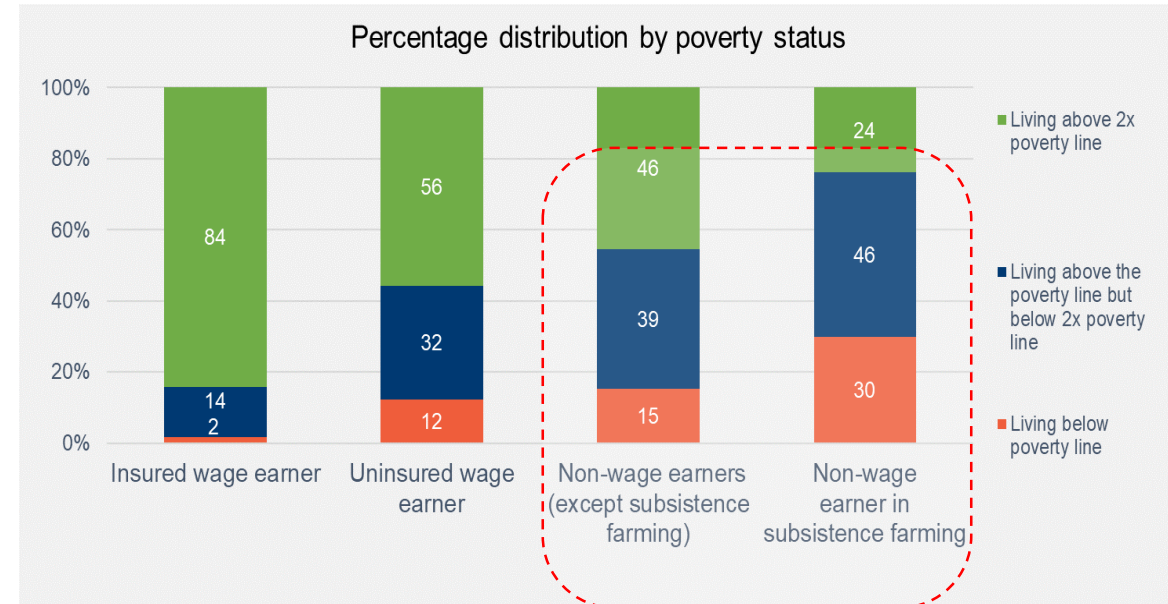
- Vulnerability is driven **by shocks**, high levels of informality and limited SP coverage
- **Uganda is host to 1.4m refugees**
  - Refugee settlements are often in semi-arid and agriculturally marginal areas.
  - Refugees increase pressure on natural, social and economic resources meaning the impact of climate change is likely to be exacerbated.
- **$\frac{3}{4}$**  of refugees are unemployed
- **60%** of refugees in West Nile are living in poverty (UNICEF,2019)



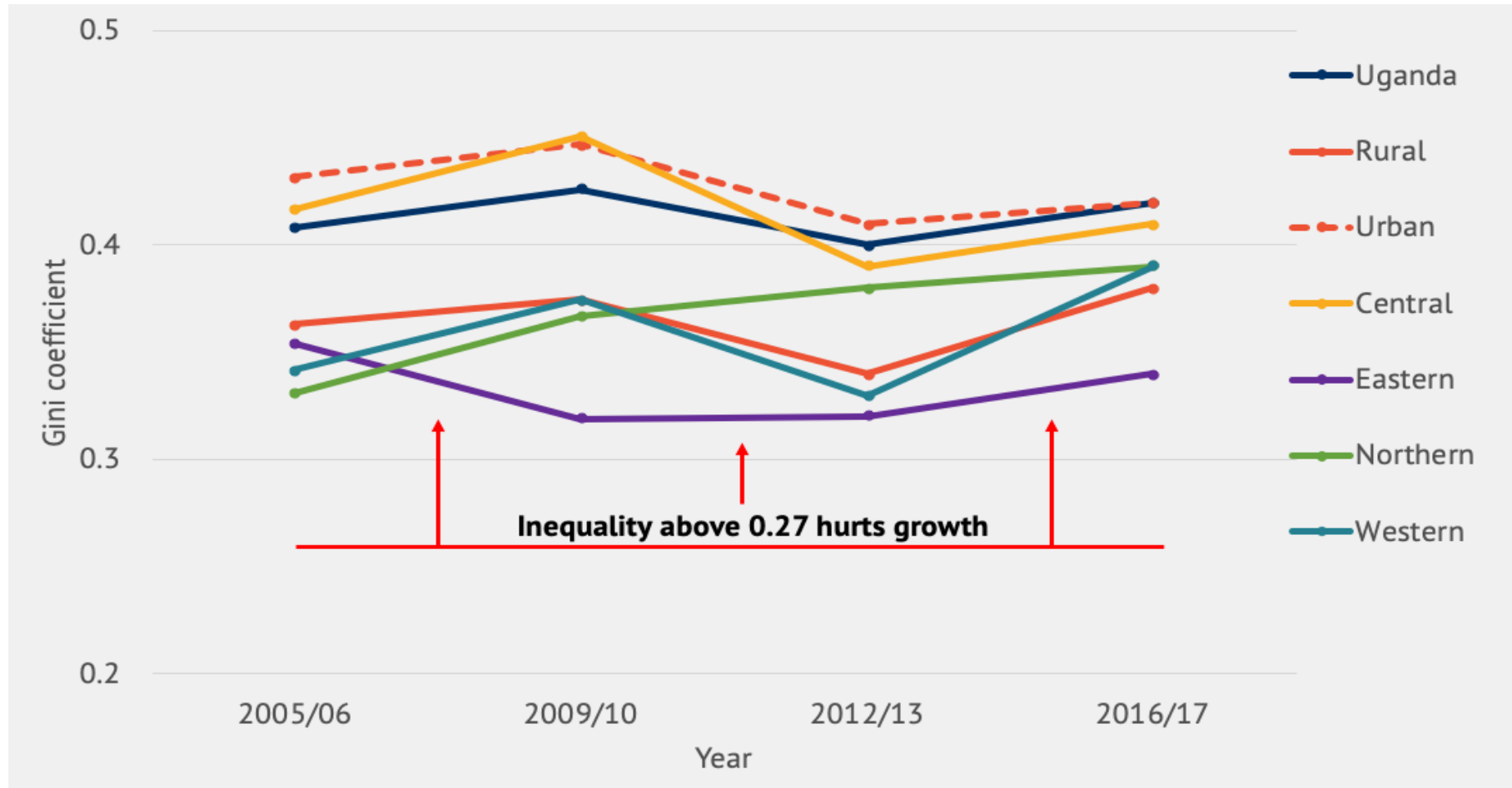


# A large proportion of the population are vulnerable

- Vulnerability is driven by **shocks, high levels of informality and limited SP coverage**
  - 98.4 % of highly vulnerable HH engaged in informal employment (**UNDP 2020**)
  - Yet, less than 5% of the population have access to SP (**SPSR 2019**)



# Inequality remains high across the country



Source: UBOS 2017.

# WHAT DOES THIS MEAN FOR UGANDA?

- Income inequality is often a reflection of the deeper horizontal **inequalities in access to resources and services**, leading to inequality of opportunities.
- Yet, these differences are due to factors **completely outside of an individual's control**, such as region of birth, or the occupation or educational attainment of a parent.

# WHAT DOES THIS MEAN FOR UGANDA?

- Many households are **unable to make sufficient investment** in the proper nutrition, healthcare and education of their children with severe and **irreversible damage to the long-term development and productivity as adults.**
  - **29 percent** of Uganda's children are stunted
  - **20 percent** of children between 6 and 12 years were not attending school because their parents could not afford to or were needed to contribute to family labour.
  - At **28 percent**, the net secondary enrolment rate confirms that majority of children who complete primary school are unable to join secondary school.





Without a healthy, educated, dynamic and mobile workforce and citizenry, infrastructure and other supply-side investments are likely to generate limited returns.

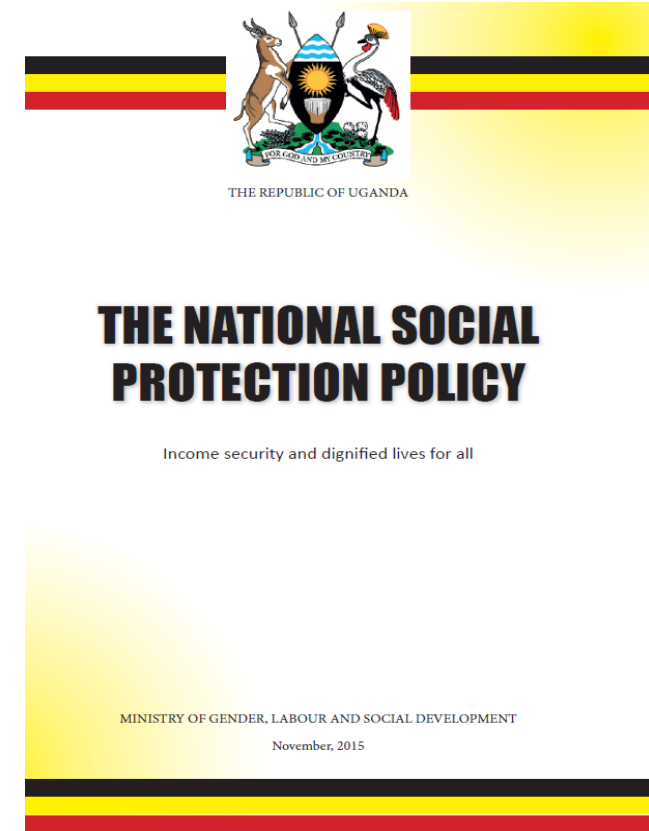
# Social protection supports 4 key dimensions of human capital development

1. Promoting **healthier citizenry** by improving food security, nutrition and access to health care;
2. Building a more **educated and adaptable workforce** by raising school participation, reducing child labour, and boosting performance;
3. Contributing to a more **dynamic economy** by enabling people to work more and in better jobs, to open businesses, to increase consumption, to be more resilient in the face of shocks and to have better access financial services; and
4. Contributing to a more **stable, cohesive and dignified society** by improving people's dignity and wellbeing and fulfilling their fundamental right to social protection.



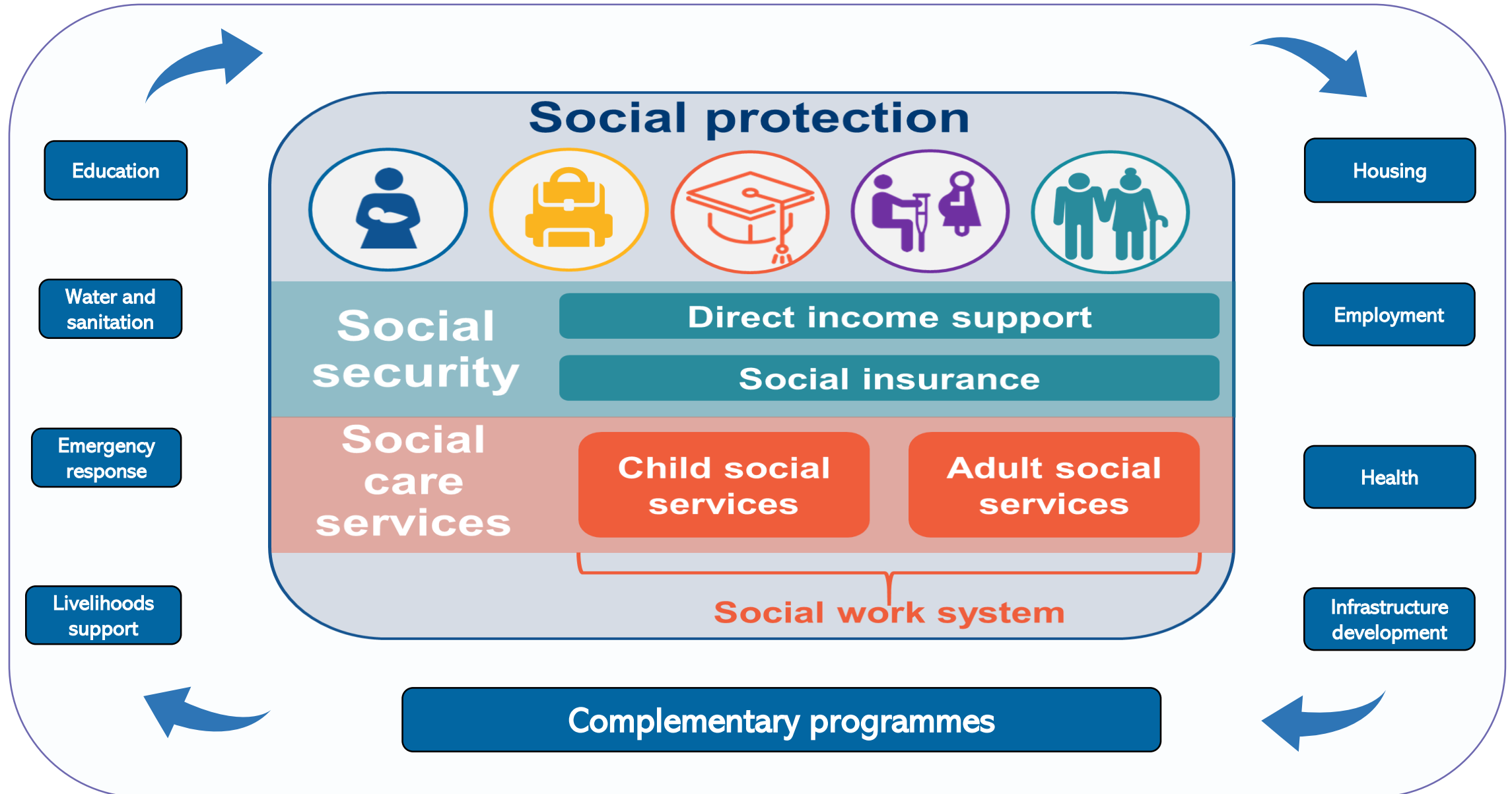
# POLICY VISION AND OBJECTIVES

- 
- **Vision:** A society where all individuals are **secure and resilient to socio-economic risks and shocks.**
  - **Objectives:**
    - To increase access to social security;
    - To enhance care, protection and support for vulnerable people; and
    - To strengthen the institutional framework for social protection service delivery.



The National Social Protection Policy 2015- outlines the vision for a national social protection system to address **vulnerability, poverty, reduce inequality and promote inclusive economic growth**

# Definition of Social protection in Uganda



# SP interventions in the NDP-3



## HUMAN CAPITAL DEVELOPMENT PROGRAMME

### Objective 5: Reduce vulnerability and gender inequality along the lifecycle

1. Expand scope and coverage of care, support and social protection services of the most vulnerable groups and disaster-prone communities
2. Establish early warning systems for disaster preparedness including risk reduction and management of national and global health risks.
3. Expand livelihood support, labour-intensive public works, and labour market programmes to promote green and resilient growth
4. Expand and reform contributory social security schemes to the informal sector to cover more risks and provide a wider range of benefits

**Social protection is a critical pre-requisite for achieving national development**

# NDPIII Key Strategic Results:

## Social protection coverage targets 2020/21- 2024/25

Share of population (percentage) accessing :	2017/18	2020/21	2021/22	2022/23	2023/24	2024/25
1. Social insurance	5	7.5	10	12.5	15	20
2. Health insurance	2	7.5	10	15	20	25
3. Direct income support	0.5	0.7	2.5	3	6.5	8
4. Eligible population with access to social care	N.A	5	7.5	10	12.5	15

# Opportunities to reduce vulnerability based on existing SP programming and plans

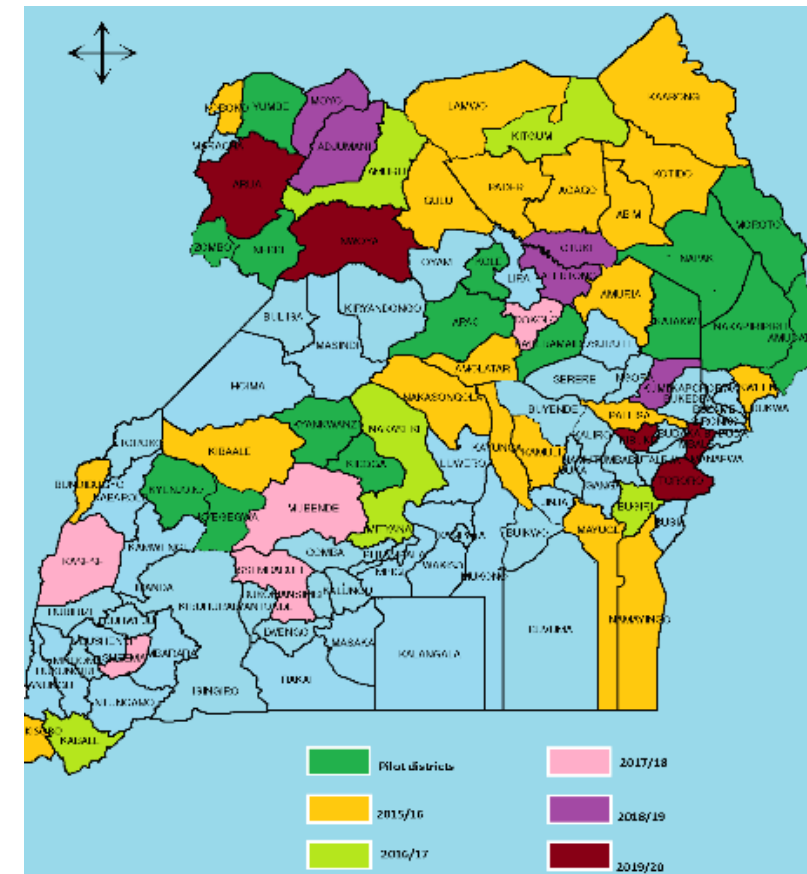
- Government has laid a good foundation for national SP capacity and systems development
  - SAGE- Senior Citizens Grant
  - NUSAF3 & DRDIP including DRF in 55 districts
  - KCCA-Girls Empowering Girls Urban CT
  - Special Grant for PWD
  - **Urban Cash for Work (under design)**
  - **Child Sensitive SP in West Nile**
  - **West Nile Emergency CT**
- Development Partner support including on **Shock-responsive Social Protection (SRSP)** :
  - *WB, FCDO (formerly DFID), Irish Aid, WFP, Sida, FAO, EUD , ILO*

as part of COVID19  
recovery

# Opportunities to reduce vulnerability based on existing SP programming and plans

## Strong capacity and delivery systems established to deliver direct income support

- From 14 districts in 2011, the SCG has been gradually rolled out to over 300,000 older persons in all districts
- Targeting approach revised to 80+ in order to afford national rollout
- Systems enabled delivery in difficult COVID-19 context



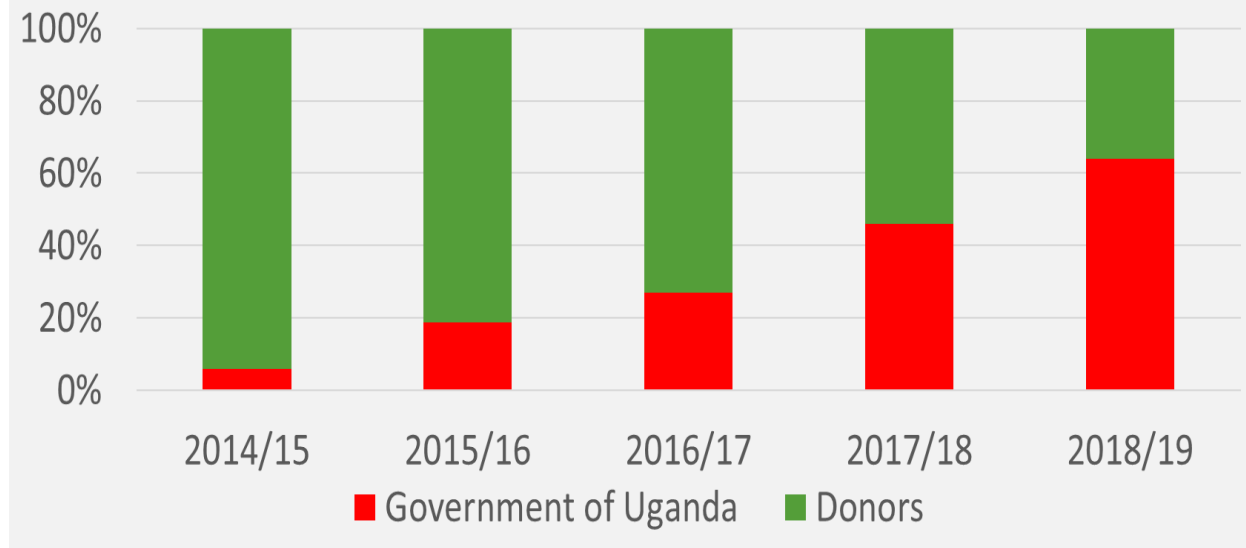


# Overview of Uganda's progress towards an inclusive national social protection system

## Growing commitment to financing SP

- UGX 149 bn provide by GoU for ESPII between 2015-2020
- GoU allocation increased from UGX 9 Bn in 2014/15 to UGX 62.88 Bn in 2019/20
- **Allocation for 2020/21 : UGX 107 Bn**
- Special Grant for PWD- 5 billion

Proportion of Senior Citizens' Grant funding by source



# Opportunities to reduce vulnerability based on existing SP programming and plans



## ■ Improved capacity (people, systems and technology) to deliver countrywide

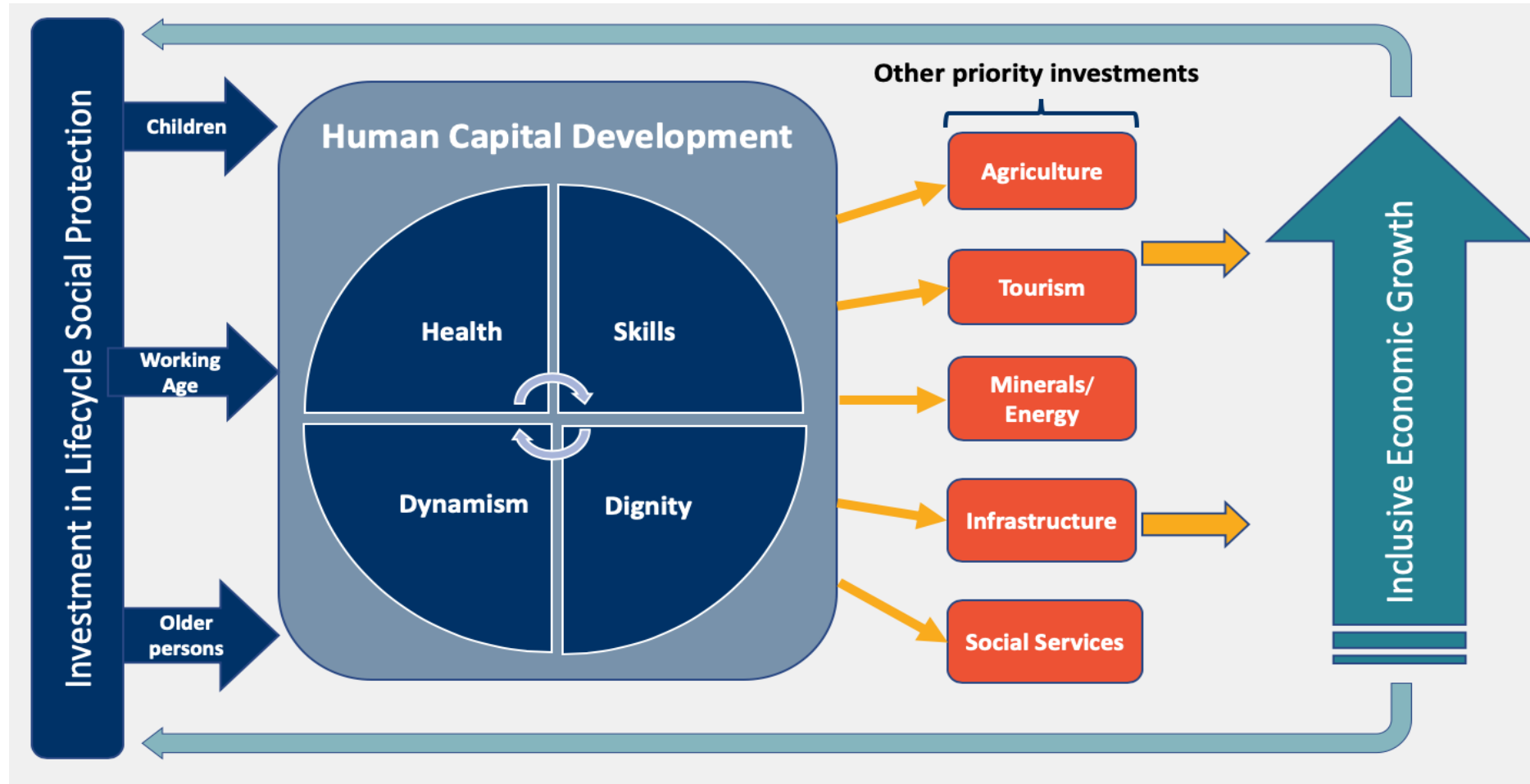
- NUSAF3 systems in 55 local governments
- **10 Regional Technical support units** + 100 PMU & LG staff
- **MIS** based on the NIRA database
- National SP Single Registry
- WFP social registry
- **Payment Delivery** contracts with Post Bank + Centenary Bank
- WFP emergency programming experience

## ■ Funding from GoU and partners



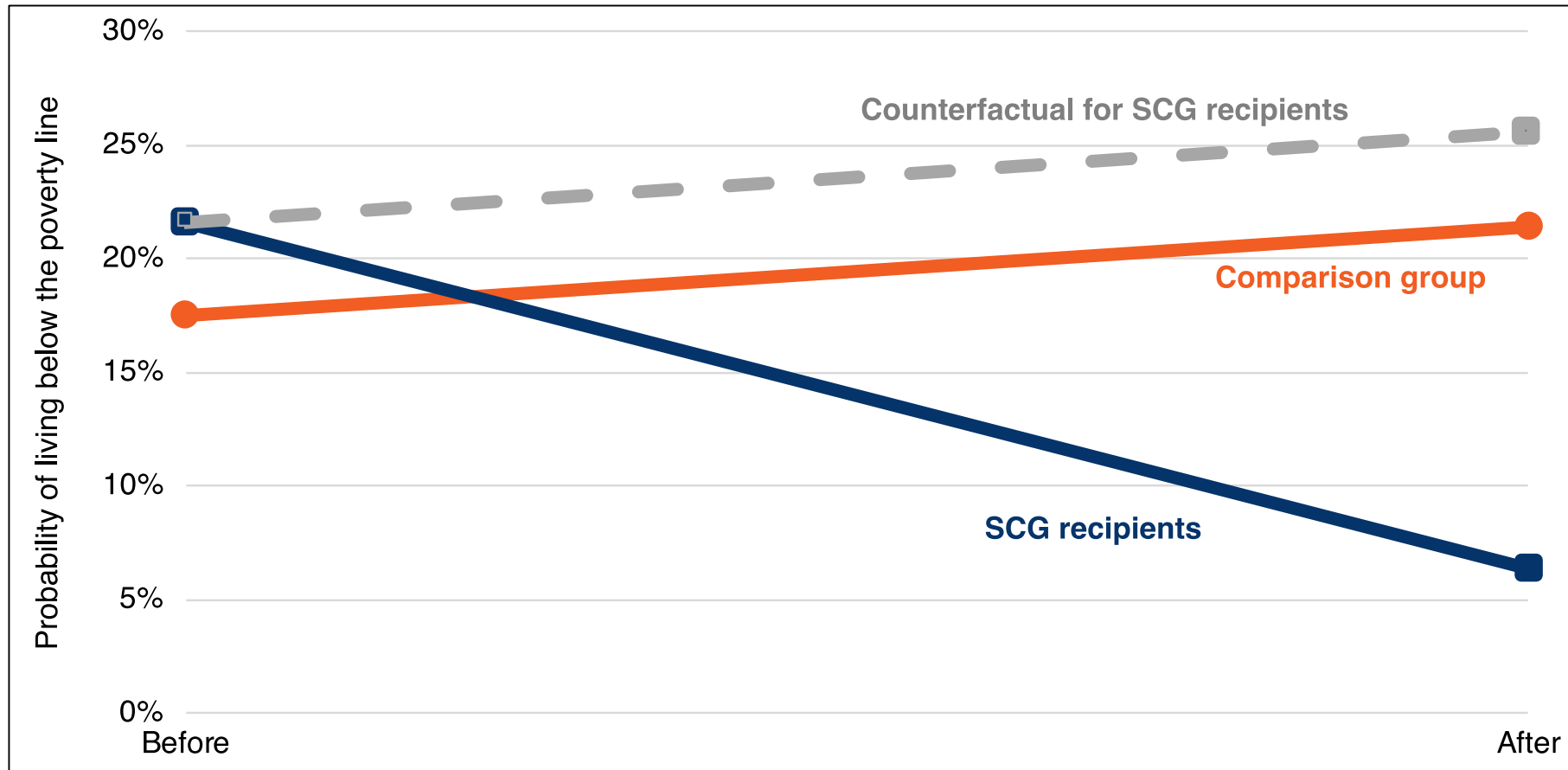
# Impacts of Social protection in Uganda

# SP promotes Human capital - unlocks other investments to promote growth



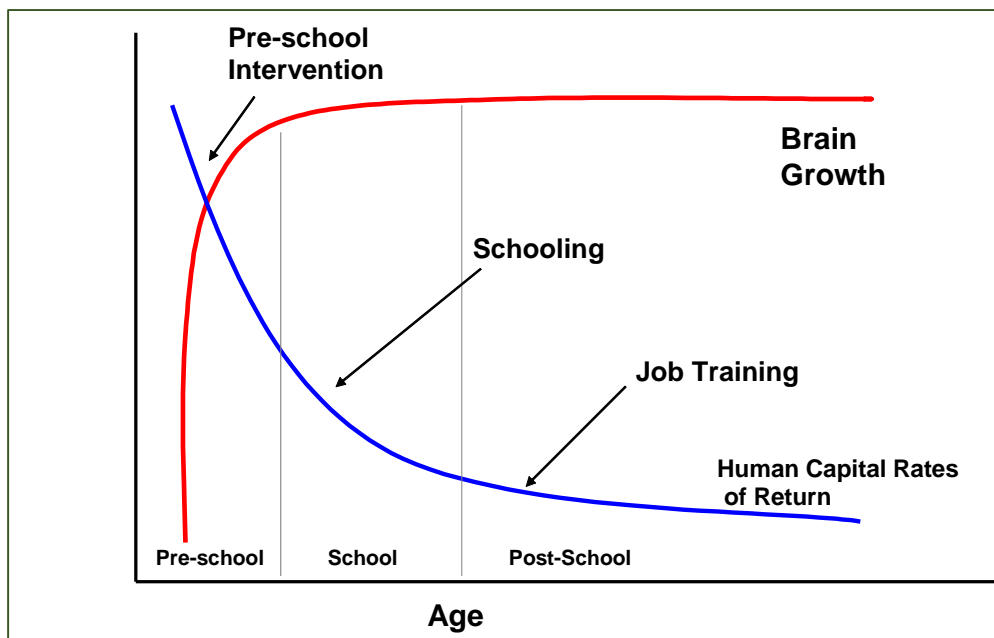
# The SCG is performing well in reducing poverty

## Reduction in poverty among SCG households



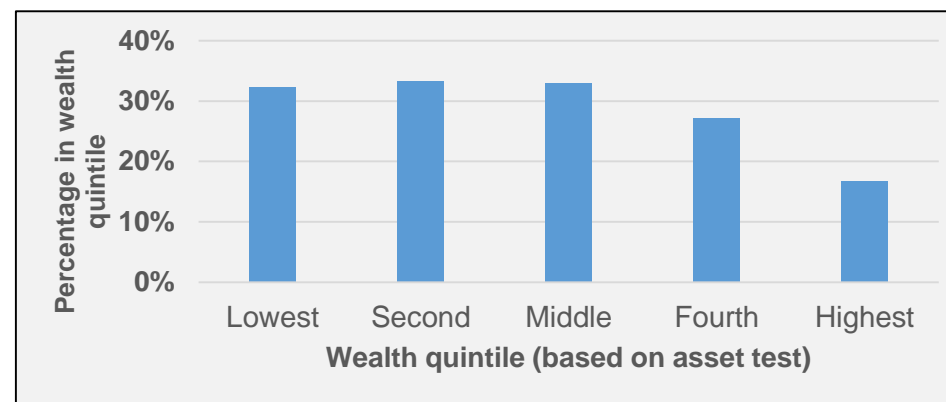
Source: Gelders and Bailey-Athias (2019), based on analysis of UNHS 2016.

# Better health and nutrition

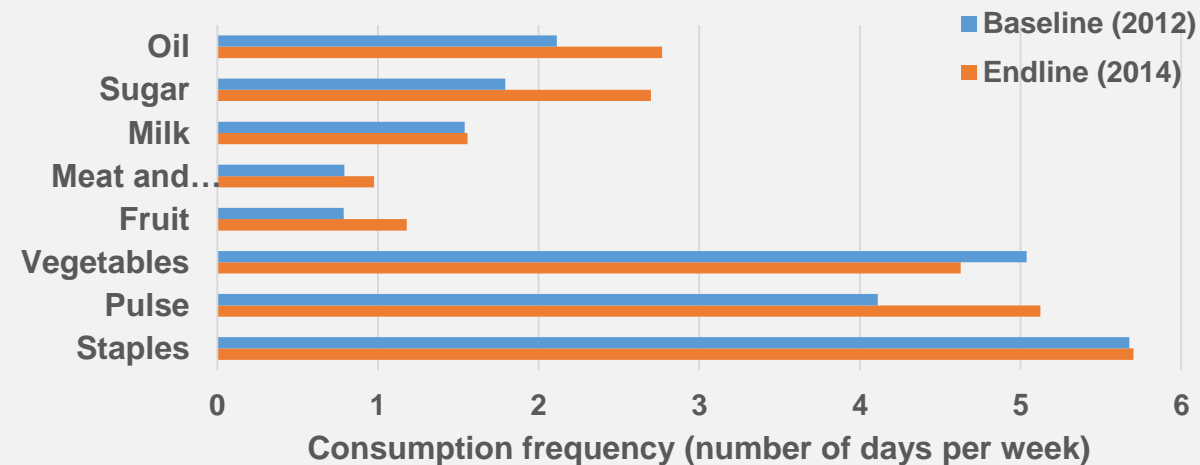


Children who experience stunting are likely to earn 26 per cent less as adults than if they had reached their full development potential

## Stunting rates among 0-4 year olds in Uganda



## Dietary diversity of SCG households before and after the SCG





# Social protection builds the future labour force: Education

The net attendance ratio at secondary school is only 20%

## Evidence from the SCG in Uganda

- Older people spend much of their pension on education of their grandchildren
- Proportion of children aged 6-12 years currently attending primary school increased from 68 per cent to 71 per cent
- There has been a 35% fall in number of school days missed as a result of the SCG
- SCG reduced child labour among girls aged 5-17 (fall from 26% to 19%)

## Global evidence

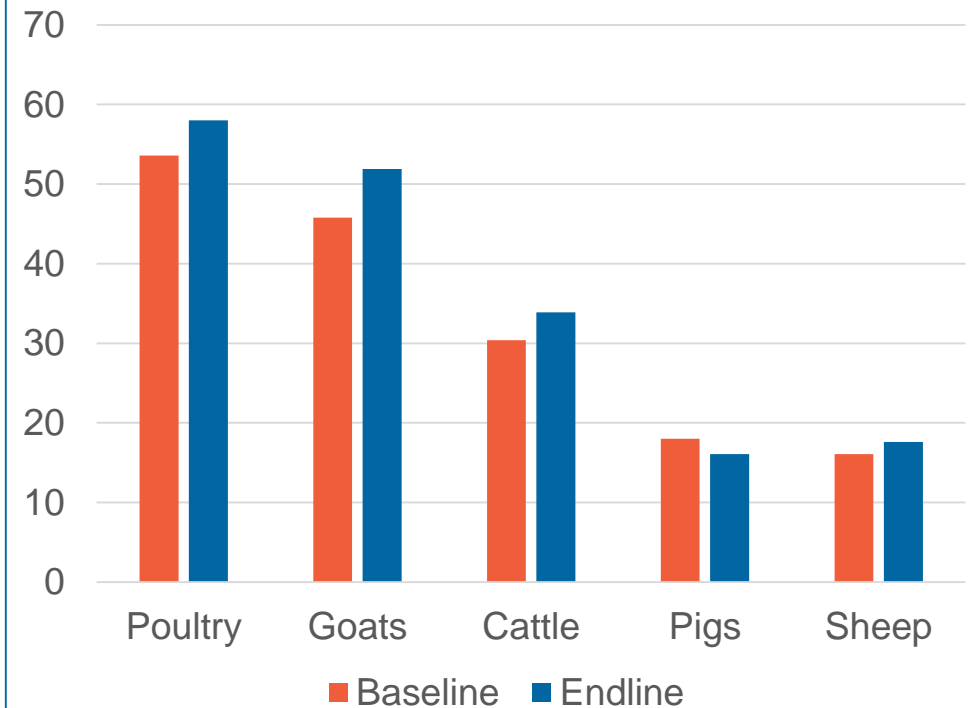
- **Kenya:** enrolment for secondary school rose by 8 percentage points as a result of the CT-OVC cash transfer,
- **Pakistan** (Stipend): enrolment of girls in school increased by 32%.
- **Bolivia** (universal pension): The Renta Dignidad increased educational investments by 60%, and school enrolment rates were 8 percentage points higher in households with a pensioner

# Social protection helps investment in farm and non-farm businesses

## SCG has resulted in:

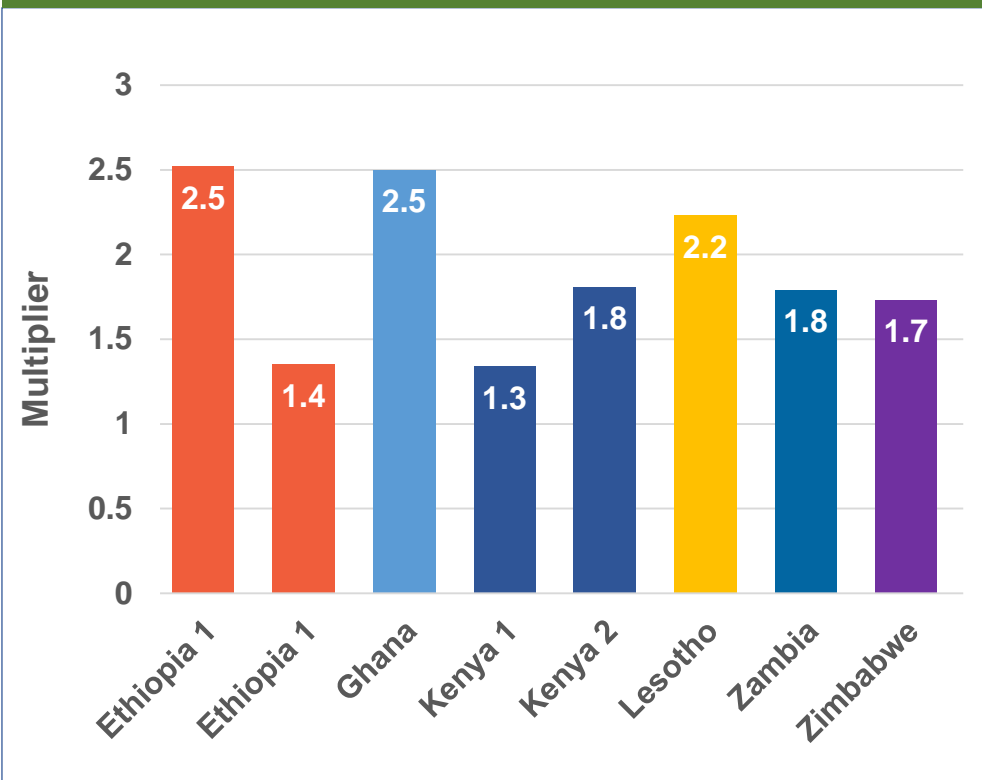
- 42% rise in households purchasing agricultural productive assets
- Proportion buying livestock in previous year increased from 26% to 46%
- And an increase of 42% in value of purchases

## Increase in livestock due to SCG



# Social security stimulates the local economy

## Estimated multipliers across Africa

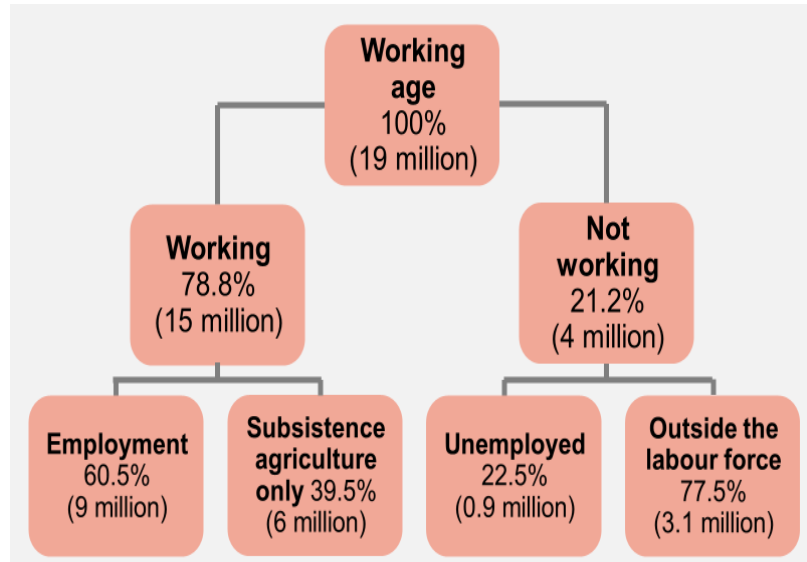


## Senior Citizens' Grant

- Old age pensioners hire labour to work in their fields
- Local traders gain more business: "There is more cash now. Whatever we stock we are sure when the elderly get these transfers, we will sell, thus more profits."
- SCG contributed to a 6 percentage point increase in employment and an 80% increase in median wages.

# Outstanding challenges

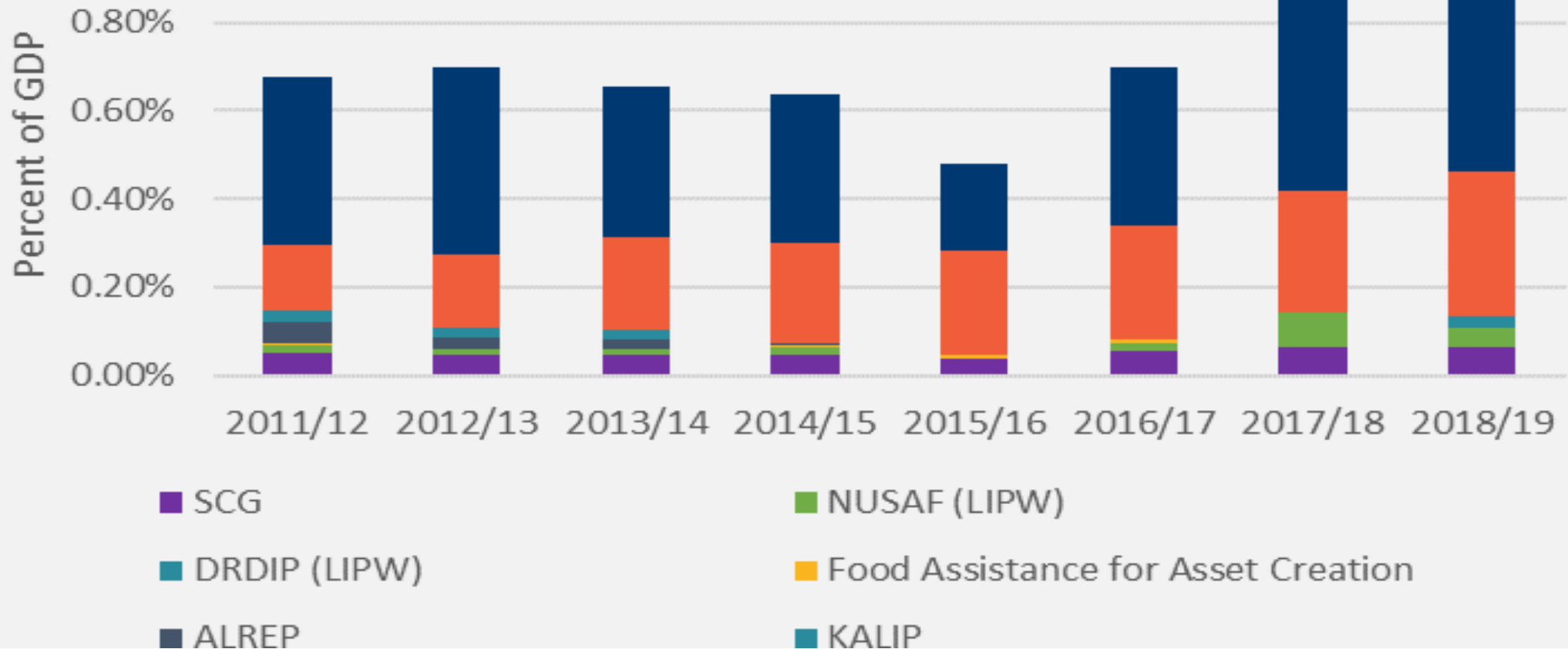
# Social Security coverage is low



Element of social protection	Number involved	Coverage %
Direct income support	329,000 in 2018/19	1% of Ugandan population direct recipients
		4% of population in supported households
Contributory schemes	Approximately 2.4m of a working age population of 19m	Coverage around 12% of working population
		5% of the working age population contribute to mandatory or licenses schemes
Social care and support	coverage data to be determined	
Health insurance	138,000 members of active community-based health insurance schemes	5% of the Ugandan population 15 years and over according to 2016/17 NHS
	700,000 people have private health insurance	1.5% of the total population according to Ministry of Health

Fiscal space is limited, social security spending is low

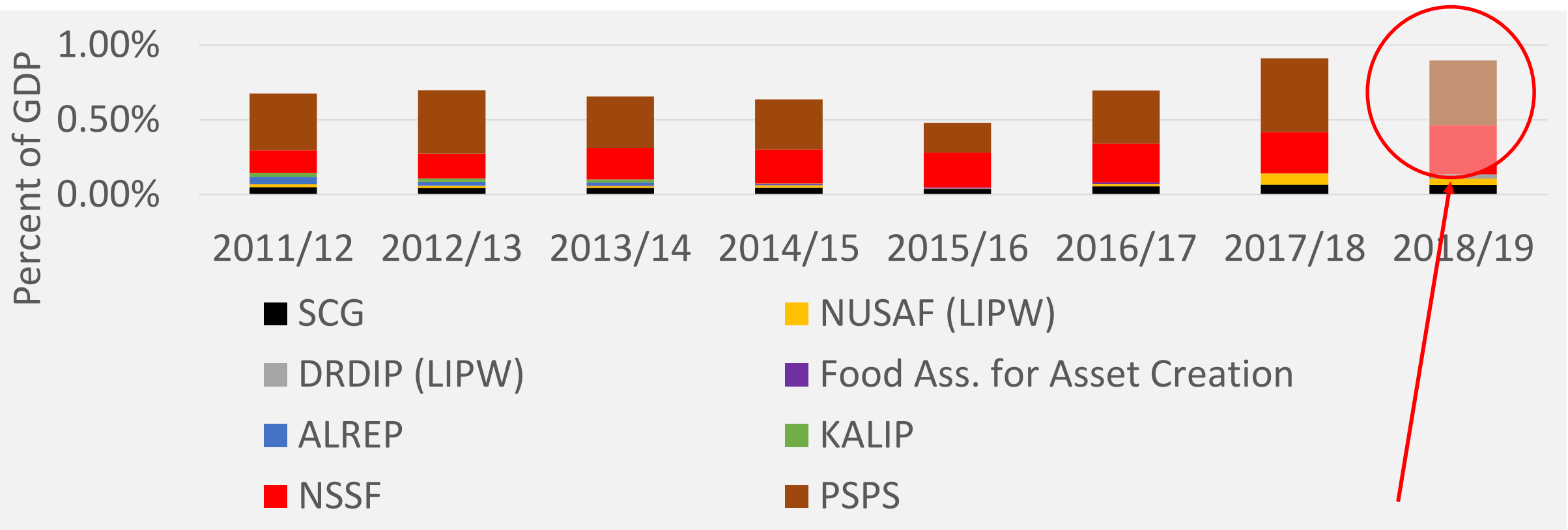
## Spending on direct income support in Uganda (percent GDP)





# Spending on social protection still low

## Spending on social protection in Uganda (percent GDP)

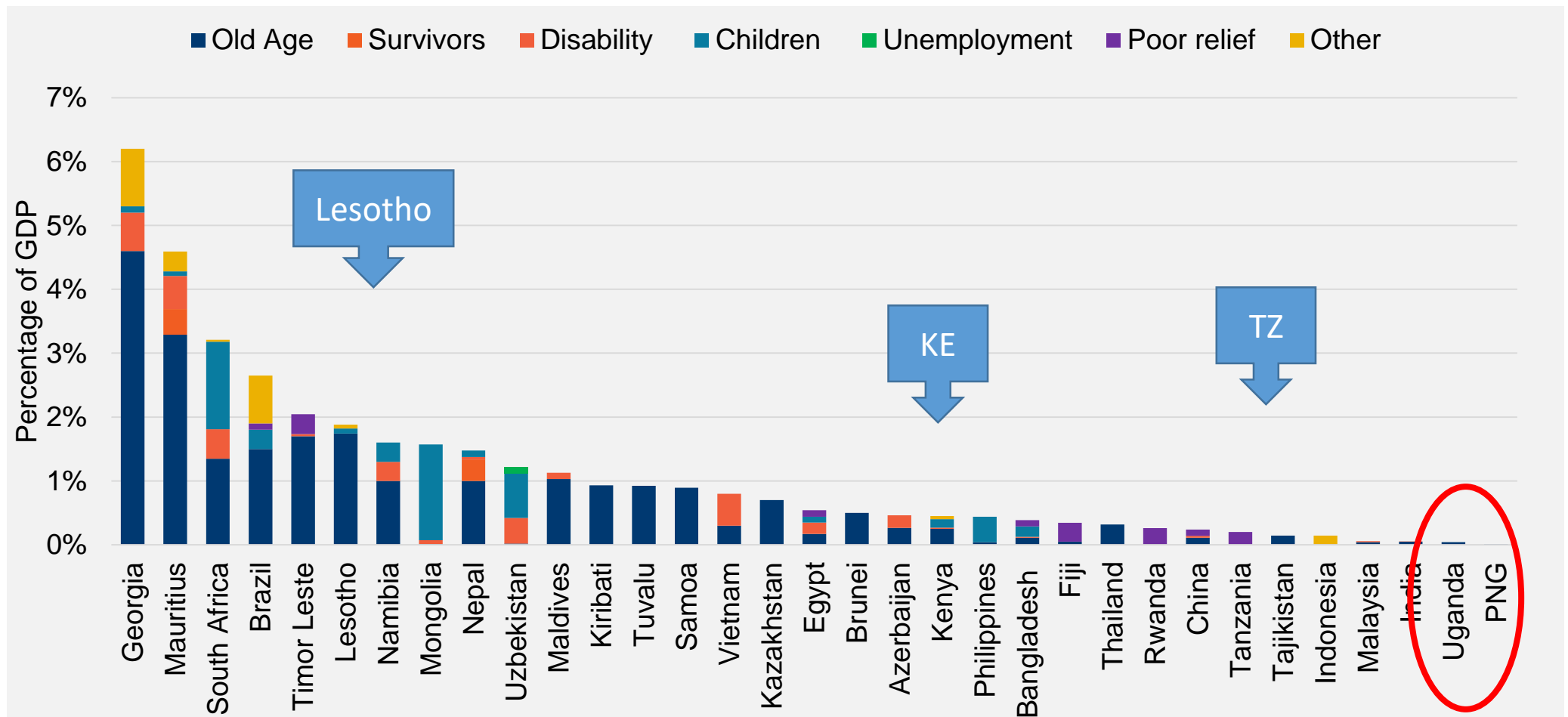


Sources: ESP PMU, NSSF staff, MoPS and MFPED and programme documentation.

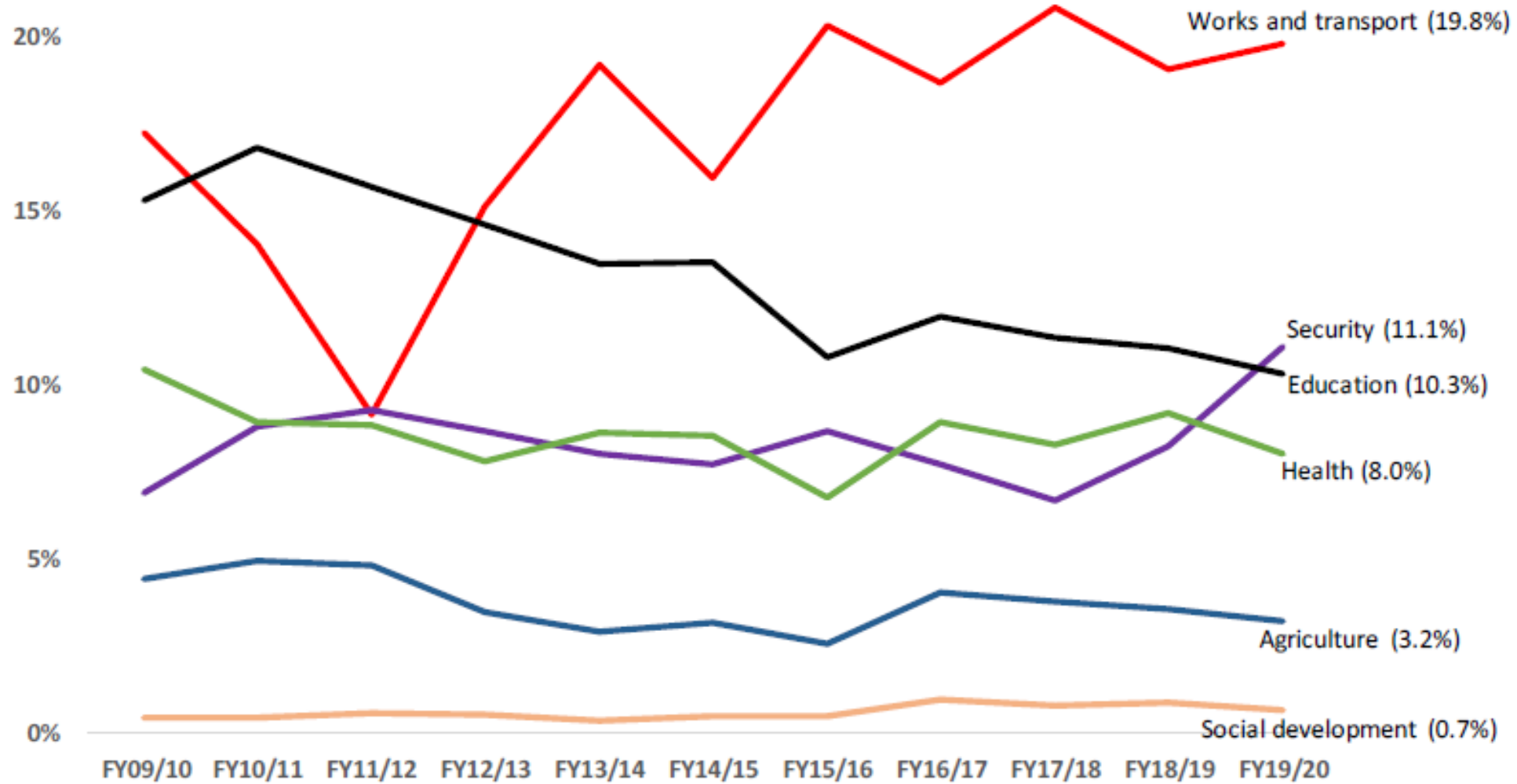
Most spending on NSSF and PSPS

Government spending on direct income support is low compared to other countries

## Tax-financed direct income support spending in low and middle-income countries



# Social Sector spending remains low...



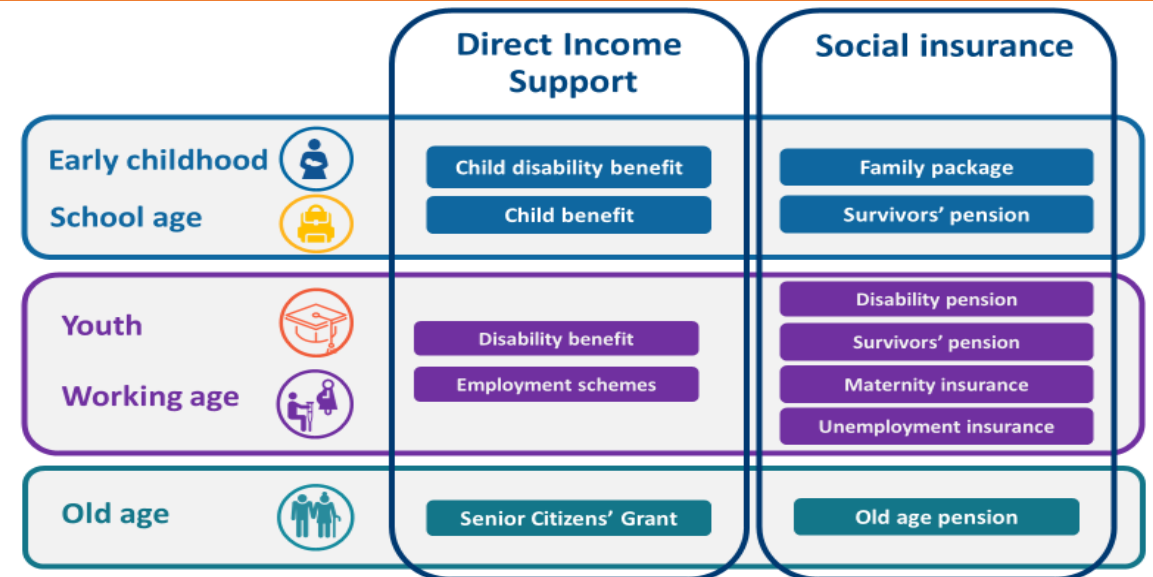
Source: MoFPED and World Bank calculations

Consolidating  
progress....

# Opportunities to reduce vulnerability based on existing SP programming and plans

- We are taking a long-term view to building a comprehensive and inclusive system to address lifecycle risks
- An existing system is a **prerequisite** for scaling up response to shocks

## Multi-tiered social security for different stages of the lifecycle



Source: MGLSD, (forthcoming). *Building and Protecting Human Infrastructure: A Vision for Social Security in Uganda*. Kampala

# Programmes and services for social care

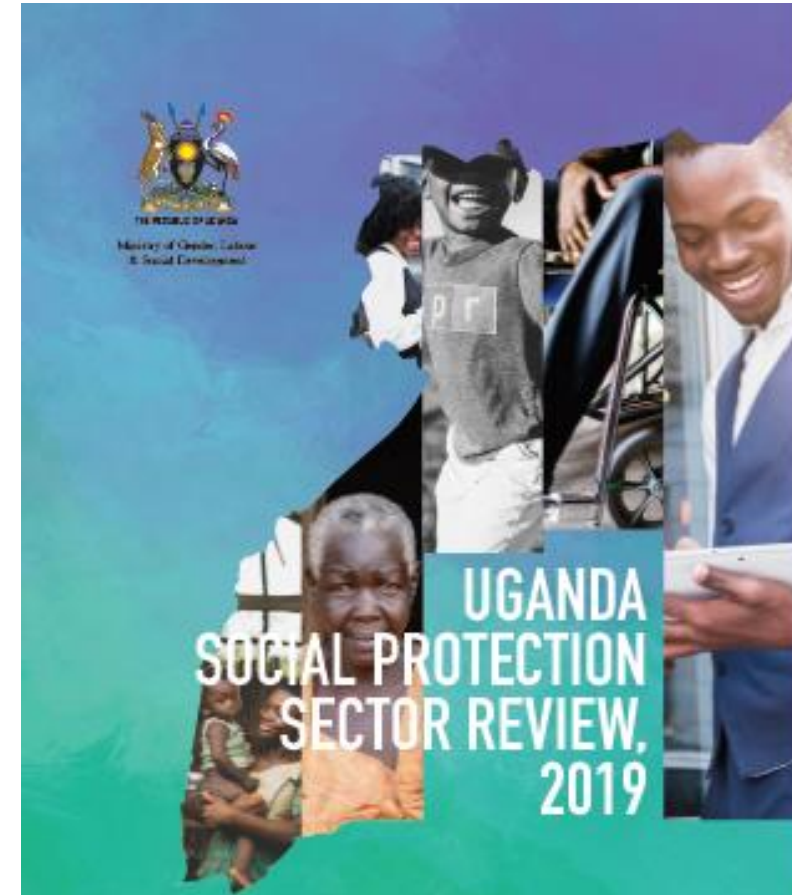




# Opportunities to reduce vulnerability based on existing SP programming and plans

2019 Review recommends action on **shock-response** :

- Develop a shock-responsive social protection **strategy** nested **within wider social protection system** development
- Specific programming options include:
  - Make existing lifecycle programmes shock-responsive
  - Expand Labour Intensive Public Works



# Shock-responsive social protection means:

- **Adapting the regular social protection system to swiftly delivery assistance in response to a covariate shock and prevent a humanitarian crisis from developing**
- **Ministry will lead extensive** dialogue to plan and finance the foundational capacities required to implement the long-term social protection strategy including the shock responsive elements and Disaster Risk Management
  - dialogue with OPM & DPs
  - Establish TWG on SRPS to enhance collaboration and coordination with DRM systems
  - Conduct analysis, capacity assessments and build capacity and plans for SRSP
  - Support efforts to establish DRF mechanisms

# Opportunities to reduce vulnerability based on existing SP programming and plans

**Disaster Risk Financing (DRF)** in NUSAF3 has an allocation of ***USD 12 million***. Triggered by satellite data on agricultural production in northern Uganda.

**Displacement Crisis Response Mechanism (DCRM)** in (Development Responses to Displacement Impacts Project) DRDIP has an allocation of ***USD 4.5 million***. Funding is triggered using indicators of public service provision in refugee-hosting areas.



# Growing foundation of a national social protection system

**2014**

**INITIAL SP  
PROGRAMMES**

**2019**

**SP SINGLE  
REGISTRY**

**GoU  
FUNDING**

**INITIAL SP  
PROGRAMMES +  
MORE**

**SP POLICY**

- KCCA-Girls Empowering Girls Urban CT
- Special Grant for PWD
- Urban Cash for Work
- Child Sensitive SP in West Nile
- West Nile Emergency CT

**LONG-TERM  
STRATEGY**



# Conclusion



1. The call for social protection is not only based on human rights or moral grounds, but on the belief and evidence that it is an important instrument for sustainable economic growth, poverty and vulnerability reduction and social inclusion



2. SP represents an investment in the country's human infrastructure i.e. human capital which is no less important than investment in physical infrastructure



3. Uganda is on the right path of, and has made significant progress in developing her SP system. There's need for continuous building on the ngains to foster a more inclusive and faster socio-economic transformation in line with Vision 2040



4. Stronger coordination and alignment towards Government's systems agenda will accelerate progress towards long-term vision for an inclusive social protection systems.

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