

Interim findings

Social protection in Uganda

The research project 'Building the economic case for investment in social protection in Uganda' compares the cost effectiveness of the Expanding Social Protection (ESP) flagship programme with Social Assistance Grants for Empowerment (SAGE), to generate empirical evidence on how social transfers work to develop human capital, enhance household productive capacities, and generally improve local economic outcomes. Although there is latent political support for social protection in Uganda, many stakeholders view non-contributory social protection as a consumptive expenditure, not a strategic investment in human capital. The findings contribute to evidence-based policy design and implementation and improve our understanding of the inclusive growth effects of social transfers. The interim findings and policy recommendations follow.

Interim findings

- An increase in household incomes was found to improve child health, which has a positive effect on consecutive school enrolment. Higher incomes were also found to increase the likelihood of school continuation. The monetary returns to education outcomes are large: an increase in school attainment of one year raises the earnings of working-age adults by 11%-17%. The results suggest that an increase in household disposable income through SAGE could trigger investments in human capital, leading to long-term benefits for individuals.
- Simulation results indicate that after 10 years the Senior Citizen Grant (SCG) and the Vulnerable Family Grant (VFG) programmes will increase school enrolment rates of school-age children (6 years–24 years) by 0.1%-0.5% on average, and average school attainments by 0.01 years in the whole population, as compared with a scenario without SAGE.
- Programme-related returns to education are low in the beginning, but increase exponentially, reaching indirect program returns of 15 Uganda shillings to 80 Uganda shillings per capita after 10 years. However in the reduced simulation framework, comparing the costs and benefits, both programmes still show negative rates of return after 10 years.
- Experiment and survey results indicate that inequality aversion ranges between 0.17 and 0.5 among a sample of students of the Uganda Christian University. The results are in line with findings of other studies; however, it is the first such experiment conducted in Uganda and the region.
- Using these results to compute social welfare weights, we find that the simulated SAGE benefits and the rate of return increase significantly by up to 10 percentage points. The results clearly illustrate the impact of social preferences on the evaluation of social policies.

Policy messages

- **Consider indirect benefits in social protection decisions:** The results suggest that the indirect income effects of investments in social protection in Uganda are considerable. SAGE programme-induced investments in education and health are expected to yield monetary returns and to trigger positive processes of human capital development.
- **Consider social preferences in the evaluation of social policies:** The growing literature evaluating the outcomes of anti-poverty programmes has paid close attention to identifying reliably the changes in the beneficiaries themselves and in the local economy. Much less attention has been paid to evaluating the outcome changes in welfare terms. Our results show that an additional shilling for a poor household has a higher welfare effect than the same shilling transferred to a richer household. Explicitly regarding these

social preferences suggests that the welfare returns of SAGE are considerably larger than the unweighted monetary returns.

- **Consider the infrastructure that promotes returns on social protection:** The indirect benefits of investment in education and health require an appropriate investment in infrastructure to unfold their potential. Cash transfers will create positive returns and trigger investment in human capital only if beneficiaries have access to quality schools and health facilities. Thus, social protection should not be regarded as a standalone investment, but be embedded in a broader investment framework.

Knowledge products

- Gassmann, F (2015) *The rationale for investing in social protection*, Presentation at the Kick-off Workshop, Kampala, 22 October 2015.
- Gassmann, F (2015) *Building the economics for investments in social protection in Uganda*, Kick-off Workshop and Mission report, Kampala, 19–23 October 2015.
- Project website: <http://www.merit.unu.edu/building-the-economic-case-for-investments-in-social-protection-in-uganda/>
- Kuss, M; Llewellyn, P (2016) *Social cash transfers as economic investments: Contextualising the transmission channels between Uganda's Senior Citizens Grant and economic growth*, UNU Policy brief, 2016(1). <http://includeplatform.net/downloads/policy-brief-social-cash-transfers-economic-investments/>
- Dietrich, S (2016) *Data collection, capacity building, and feedback workshop*, Mission report, Kampala, 13-24 June 2016.
- Gassmann, F; Kuss, MK; Mugumya, F; Matovu, F (2016) *Building the economic case for investing in social protection in Uganda*, Research protocol submitted to the MildMay Uganda Research and Ethics Committee (MUREC). <http://includeplatform.net/downloads/building-economic-case-investments-social-protection-uganda/>
- Kuss, MK; Kadoma, A (2016) *Experiences from piloting qualitative research tools in Kyenjojo district in Uganda* [Blog].
- Llewellyn, P (2016) *Social cash transfers and household market access: Understanding the livelihood impacts of Uganda's Senior Citizens Grant in the context of household market access inequalities*, UNU-Merit/MGSOG, Masters thesis.

Contact

Prof. Dr Franziska Gassmann, project leader, franziska.gassmann@maastrichtuniversity.nl

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