ECONOMIC POLICY RESEARCH CENTRE

INCLUDE
KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

Towards Sustainable Development

POLICY BRIEF

Issue No. 86 April 2017

By Madina Guloba, Sarah Ssewanyana and Elizabeth Birabwa

Government's financing of social protection initiatives

Executive Summary

Vulnerabilities within the economy are many, and females are at a higher disadvantage. The need for multi-faced interventions from both state and non-state actors is essential in addressing various vulnerabilities within different social groups. While there are recognised efforts from government to protect its citizens, the limited coordination in financing priorities are not reflecting this. Such that despite expenditure allocations to domestic development in social sectors increasing, the finances allocated to Social Protection by government are still very low for the programmes to achieve social inclusiveness nationally.

1. Introduction

With a population of 1.6 million old persons (about 4.6 percent), 11 percent orphans, 40 percent of the children 5-15 years already part of the working population (implying child labour is high), 7 percent persons had disabilities, 10 percent of the population were widows-where about 82 percent of them were household heads hence decision makers with limited or no education (UBoS, 2013), social protection measures at the national level must be prioritised. Currently, Uganda's expenditure on social protection initiatives is low, at 0.1 percent of Gross Domestic Product (GDP). Analysis intimates that this has to be brought to at least 1 percent of GDP for social inclusiveness programmes to be more fruitful in their implementation and impact. Financial commitment by government to Social protection is an indication that the citizens, who the economy must be accountable too, are of priority especially the vulnerable women, elderly, disabled, children and the youth. National level interventions that are well designed will curb piecemeal interventions that non-state actors advocate prefer and that are often skewed to their own interest even were the need is no longer dire. Social protection programmes in Uganda can fall into four broad categories: (i) social insurance such as National Social Security Fund (NSSF) and Various forms of pension schemes; (ii) social assistance like the Social Assistance Grant for Empowerment (SAGE); (iii) labour-market interventions for instance the public works programmes in the North terms food for work; and (iv) community-based initiatives for instance village groups support to older persons. All these require government commitment through well designed sustainable national programmes that are non-excludable in nature for identified beneficiary groups. This brief draws on findings in the Guloba et al. (2017) synthesis report on "A pathway to social protection development in Uganda: A review of evidence, policies and stakeholders". Specifically, the brief highlights the funding mechanisms to these initiatives by vote function.

2. Data

We utilise data from the Medium Term Expenditure Framework (MTEF) that has been approved for social development and social protection. The data is sourced from the various Backgrounds to the Budget of Ministry of Finance Planning and Economic Development (MoFPED).

3. Findings and discussion

Analysis of the MTEF data to the social development sector reveals that:

a) **Domestic development expenditures receive the highest share of resource allocations in MoGLSD.** This trend is likely to increase over the National Development Plan 2015/16-2019/20 period. The increase is likely driven by the Youth Livelihood Programme and the Uganda Women Entrepreneurship Programmes both with secretariats at the Ministry. More especially, the scaling up of the Social Assistance Grant for Empowerment (SAGE) specifically the Direct Income Support project dubbed the Senior Citizens Grant (SCG) also explains the approved domestic development expenditure increase in 2016/17 to 79.5 percent from 54.6 percent in 2015/16 and the subsequent fiscal year projections (Table 1).

b) **Local Government support to social development activities is dismal effectiveness.** The Local Government Social Development vote function comprises of three budget lines: (i) District Functional Adult Literacy Grant, (ii) District Women, Youth, and Disability Councils Grant, and (iii) Community Based Rehabilitation/Public Libraries. These collectively receive 10 percent of the total budget expenditure to social services which subsequently declines in future budgets (Table1). Given that services are executed through the decentralised structures, financial support should be highest at this level. The effectiveness/ ineffectiveness of social development programmes are a reflection of the funds to these activities. A lot needs to be done to streamline resources for this vote function.

Table 1: Share of Social Development Sector MTEF 2014/15 - 2018/19 budget, %

	MoGLSD	EOC	LG- SD	KCCA- SD Grant	Total (Ushs.Bn)
2014/15 Outurn					
Wage	3.4	2.1	-	-	3.97
Non-wage Recurrent	24.3	1.9	10.0	0.2	26.01
Domestic Development	57.5	0.4	-	-	41.02
Total excl. External Financing	85.3	4.5	10.0	0.2	71.30
2015/16 Approved					
Wage	2.6	2.8	-	-	4.89
Non-wage Recurrent	29.9	1.5	7.9	0.2	35.67
Domestic Development	54.6	0.4	-	-	49.60
Total excl. External Financing	87.2	4.7	7.9	0.2	90.17
2016/17 Approved					
Wage	1.8	1.5	-	-	6.40
Non-wage Recurrent	11.5	1.8	3.7	0.1	32.80
Domestic Development	79.5	0.2	-	-	153.09
Total excl. External Financing	92.7	3.5	3.7	0.1	192.29
2017/18 Projected					
Wage	1.7	1.5	-	-	6.40
Non-wage Recurrent	11.0	1.7	3.6	0.1	32.80
Domestic Development	76.3	0.1	-	-	153.09
Total excl. External Financing	89.0	3.3	3.6	0.1	200.29
2018/19 Projected					
Wage	1.6	1.4	-	-	6.72
Non-wage Recurrent	10.7	3.4	3.4	0.1	36.08
Domestic Development	77.0	0.2	-	-	185.26
Total excl. External Financing	89.3	3.1	3.4	0.1	228.05

Notes: SD-Social Development; EOC-Equal Opportunities Commission LG-Local Government

Source: Background to the Budget, MoFPED, 2016

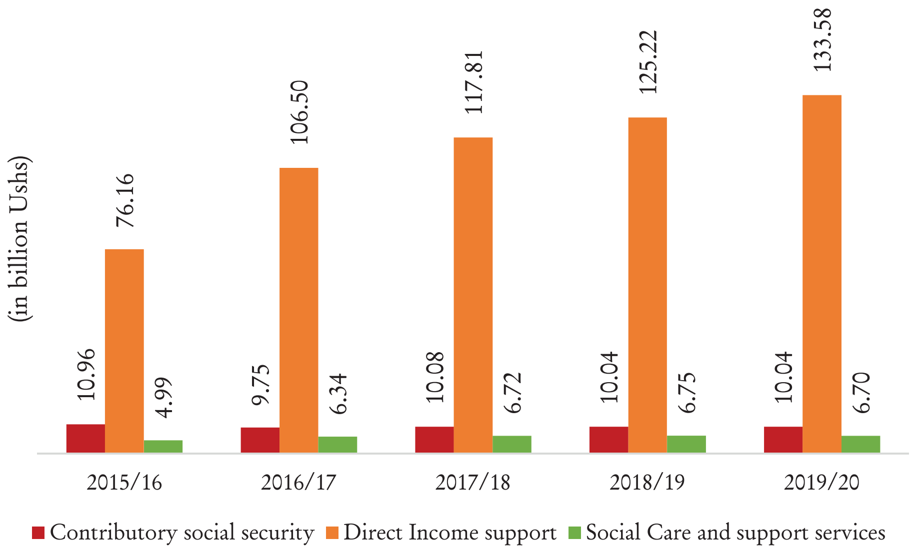
c) **Social assistance through the Direct Income Support to elderly persons above 60 years takes the highest share of social protection budget**. Under the MTEF, for the next five years, expenditure is geared mainly towards the SAGE. This is a major focus for government under the Expanding Social Protection (ESP) Programme Phase II. Figure 1 shows that government commitment to social protection is skewed towards the Direct Income Support (DIS) activities in particular the Senior Citizens Grant (SCG). Elderly persons are being provided Ush 25,000 on a monthly basis, however, only the 100 identified older persons at sub-county level are eligible for receiving this grant. The increase in the share of DIS reflects the level of scale up by government at district level. However, the financing in MTEF that is monitored through the Public Finance Management Act (2015) and expected to be incorporated in Sector Wide Approaches (SWAPs) including donor funding is still dismal.

of the programmes have to be reviewed in a more pragmatic way beyond the political environment that surrounds such aspects of programme implementation, especially targeting beneficiaries of these grants at the decentralised systems. The local government social development funds are so small for effectiveness of the programmes being run at this level of government.

Way forward

- Increase funding to Local Government Social development activities. Strengthening of LG structures to undertake this mandate in social support at grassroots will require expanding their expenditure support to these categories. However, creating awareness especially among the stakeholders in the informal sector, specifically to ensure that social protection/development programmes are inclusive to include workers in the informal sector and rural areas.

Figure 1: Budgeted cost of implementation SP by major sub-category (in billion Ushs.)



Source: National Social Protection Policy, MoGLSD 2015

Conclusion

Government commitment to social development is reflected in the increasing, albeit narrowly, of the expenditure to domestic development activities undertaken by the MoGLSD. The scaling up of DIS's Senior Citizens Grant is in the right direction; however, with the stagnating expenditure support to social development activities, the impact and sustainability

- Institutional coordination and collaboration. Expand the mandate of SAGE Secretariat and LG structures. Currently, the social protection authority in place that is recognised the Expanding Social Protection Programme (ESPP) under MoGLSD and the Uganda Beneficiary and Regulatory Authority (UBRA). These two institutions need to coordinate their activities, hence the former should be given more mandate to coordinate all social protection related programmes and funds at national level beyond SAGE.

References

Guloba, M. Ssewanyana, S. and E. Birabwa. (2017). A pathway to social protection development in Uganda: A review of evidence, policies and stakeholders. EPRC Research Series No. 133

Recent Policy Briefs

"Absorption and Implementation Constraint to Uganda's National Development Plan (NDP)"
No. 82 April 2017
Corti Paul Lakuma and Musa Mayanja Lwanga

"Challenges of Mobilising Resources to Finance Uganda's National Development Plan (NDP)"
No. 81 April 2017
Corti Paul Lakuma and Musa Mayanja Lwanga

"Has Foreign Aid Improved Health Outcomes in Uganda? Evidence from Panel Microdata"
No. 80 March 2017
Tonny Odokonyero and Robert Marty

About the Author

Madina Guloba is a Research Fellow at the Economic Policy Research Centre, Kampala, Uganda.

Sarah Ssewanyana is the Executive Director of the Economic Policy Research Centre, Kampala, Uganda.

Elizabeth Birabwa is Programme Manager at the Economic Policy Research Centre, Kampala, Uganda.

The Economic Policy Research Centre (EPRC) is an autonomous not-for-profit organization established in 1993 with a mission to foster sustainable growth and development in Uganda through advancement of research –based knowledge and policy analysis.

Address:
Economic Policy Research Centre
51, Pool Road, Makerere University Campus,
P. O. Box 7841 Kampala, Uganda
Tel: +256414541023/4 Fax: +256414541022
Email: eprc@eprcug.org, Website: www. eprc.or.ug

Learn more at:

www.eprcug.org TWITTER:@EPRC_official www.facebook.com/EPRCUganda eprcug.org/blog