BMAU BRIEFING PAPER (12/13)

THE REPUBLIC OF UGANDA

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The social development sector budget: Trends in levels of financing, composition and use

Overview

Social protection is concerned with public and private interventions to address vulnerabilities associated with being or becoming poor (NDP 2010). The social protection sub-sector in Uganda is comprised of social security (direct income support, social insurance and social care services) and significantly contributes toaddressing economic and social vulnerabilities.

The constitution advocates for protection and promotion of fundamental rights of the poor and other vulnerable groups as well as institutions of traditional or cultural leaders. The main goal of the social protection sector is to reduce chronic poverty and improving life chances for poor men, women and children in Uganda.

The overall objective of the policy brief is to analyze the funding of the social protection sector. The paper also provides policy recommendations.

Key Issues

- The social development sector in Uganda is the least funded with a budget allocation of less than one percent, in spite of the fundamental role that the MGLSD plays in creating demand for social services and laying a foundation for other sectors to improve their outcomes
- The MGLSD budget has heavily relied onexternal financing.
- The release performance to key programmes/projects focusing on disadvantaged children and youths deteriorated over the past two years.

Introduction

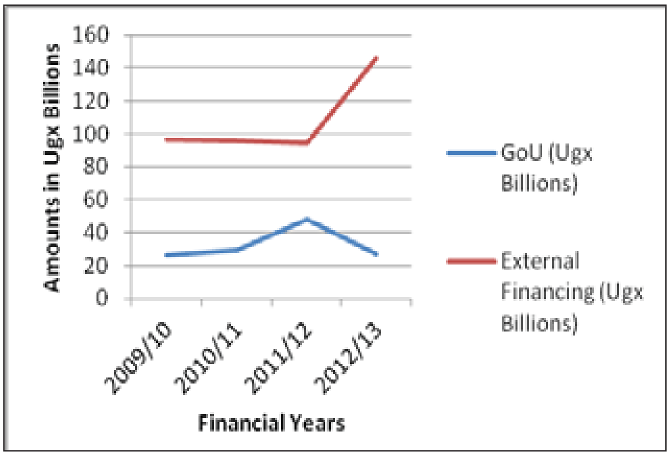
Implementation of the social protection programmes is led by the Ministry of Gender Labour and Social Development (MGLSD). The MGLSD coordinates five major programmes, that is promotion of children and youth, community based rehabilitation, elimination of child labour, functional adult and literacy programme and employment services.

On 16 June 2010, Cabinet approved the Expanding Social Protection Programme including one of its core components, Social Assistance Grants for Empowerment (SAGE) on a pilot basis for three years. The programme is funded by donors with a budget of £41 million.

Social Development Sector Budget trends

Figure 1 below shows that the budget allocation to MGLSD has been relatively stable over the years with the exception of FY 2011/12 when it was highest as a result of the KCCA Social Development Grant of UShs 16.67 billions. The Sector has been allocated UShs 26.7 billion for the FY 2013/14.

Figure 1: Social development sector financing trends.



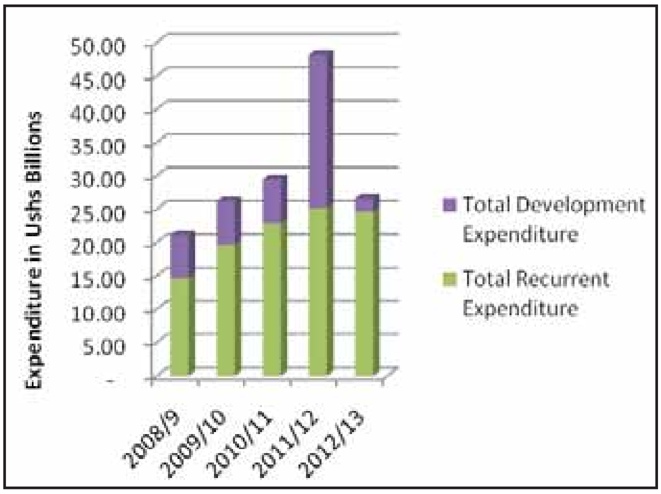
Source: MOFPED

It was also noted that the sector is mainly funded by development partners.

Trends in composition of MGLSD expenditures

Analysis of the MGLSD recurrent and development expenditure shows that the recurrent expenditure over the years has been much higher than the development expenditure with the exception of FY 2011/12 (see Figure 2).

Figure 2: MGLSD Expenditure trends



Source: MOFPED

Sector Allocation compared to National Budget.

The social development sector budget allocation has been stable since FY 2009/10 save for the increment during FY 11/12. However, this reduced in FY 2012/13 and is projected to remain that way in FY 2013/14 (See Table 1). The social development sector is the least funded and is not among the priority sectors.

Table 1: Sector budget Allocation (in Ushs Billions)

Financial Year	09/10	10/11	11/12	12/13	13/14
Total GoU Budget	7,045	7,377	9,630	10,903	13,169
Social Sector	32.4	32	50.4	26.65	26.66
% of Social Sector	0.46	0.43	0.52	0.24	0.20

Source: Background to the budget, MOFPED

Social Sector budget as a proportion of GDP at Market Prices (2000-2012)

The World Bank's Africa Social Protection Strategy 2012-2022 suggests that social protection programs in low income countries can achieve national coverage at the cost of 1 to 2 per cent of GDP. The analysis in Table 2 below shows that the social sector allocation in Uganda is less than 1%.

Table 2: Social Sector Allocation as % of GDP

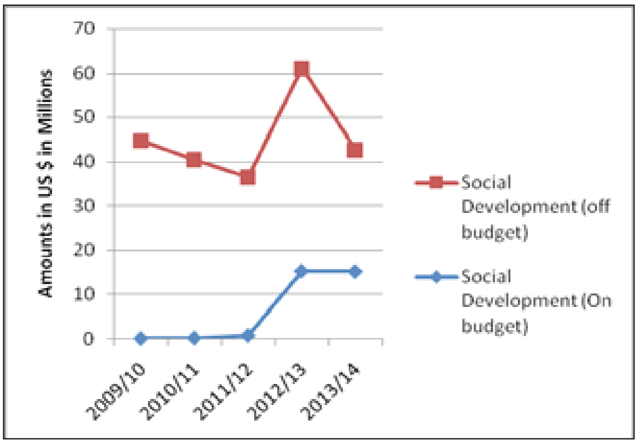
Financial Year	09/10	10/11	11/12	12/13
GoU GDP (U shs –bn)	34,908	39,051	49,087	54,688
Social Sector Budget (U shs –bn)	32.4	32	50.4	26.65
Social Sector Budget as a % of GDP	0.09	0.08	0.10	0.05

Source: MOFPED

Types of external financing to the sector

The external financing MTEF off budget has consistently been more than on budget financing (See Figure 3).

Figure 3: External financing trends



Source: MOFPED

Equity concerns

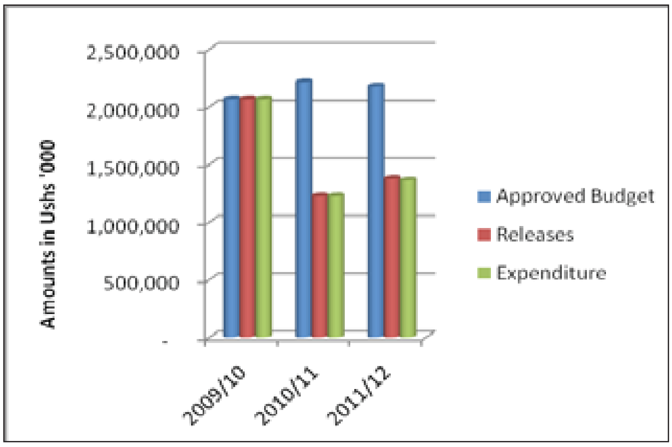
This was assessed basing on three major projects focusing on children and youths.

Figures 4, 5 and 6 below show that with the exception of FY 2009/10, the release performance of the selected projects has deteriorated in the subsequent years with the release performance in FY 2011/12 below 60% in the selected areas.

(a) Project 342: Promotion of Youth and Children

This project aims at improving the social welfare and livelihoods for disadvantaged children and youths. To that effect, it is to strengthen capacity of the MGLSD, local governments and other stakeholders to effectively implement interventions for children and youths; train youths in vocational entrepreneurial and life skills; renovate, equip and maintain institutions for protection and empowerment of children and youth; and provide seed capital and toolkit for self employment to disadvantaged youths.

Figure 4: Project 342's Budget Performances



Source: MOFPED

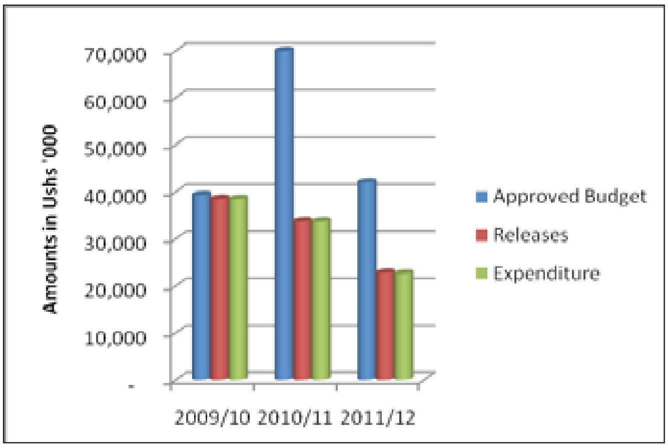
Poor release to this project is detrimental to supporting disadvantaged children and youths.

(b) Project 338: Elimination of Child Labour

The project is aims at progressively contributing to the elimination of child labour in Uganda focusing on the prevention, withdrawal, rehabilitation and provision of alternatives for working children. To achieve that the following outputs are expected:

- National policy on elimination of child labour and national plan of action implemented.
- Legal framework for child labour reviewed and national legislation harmonized
- Capacity of MOGLSD and social partners to investigate and monitor situations of child labour increased.
- Guidelines for the identification of hazardous child labour developed, and
- Regulations on employment of children developed.

Figure 5: Project 338's Budget Performances



Source: MOFPED

Poor releases meant low level of achievement for the project.

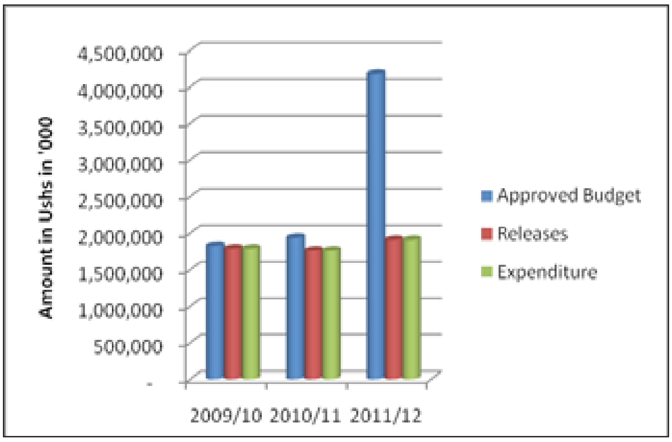
(c) Programme 05: Youth and Children Affairs

This programme is to spear head policy development and programmes that ensure care, protection and empowerment of children and youth to participate in the development process for improved livelihood.

Key expected outputs include:

1. Laws and policies on youth and children formulated, reviewed and disseminated and
2. Capacity of the local government and other stakeholders in providing youth and children services built.

Figure 6: Programme 5's Budget Performances



Source: MOFPED

The deteriorating funding to these projects will negatively affect the welfare of the Youth and Children.

Conclusion

The social protection sector in Uganda is the least funded and has heavily relied on external financing. The allocation to the sector in FY 2012/13 (Ushs 27 billion) is only 0.1% of GDP and this is far below the recommended 1%-2% of GDP by the World Bank's Africa Social Protection Strategy 2012-2022.

Recommendations

1. The government should scale up its funding to the Social Protection Sector to at least 1%-2% of its GDP.
2. Government should protect the social development sector so that budgeted funds do not suffer cuts in cases of shortfalls.
3. Government should promote Public-Private Partnerships in the development and implementation of Social Programmes in the event the government cannot fund the sector.

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