



better life chances for all

EXPANDING  
**SOCIAL  
PROTECTION**

**Social Protection and Uganda:  
*Role in Development Efforts  
and  
Current Initiatives  
(2012 version)***



**Social Protection is globally recognised as a critical component of national development strategies** and key to achieving inclusive, pro-poor, equitable development. Social protection directly reduces poverty, supports excluded citizens to access services, provides a foundation on which to build productive livelihoods and enables citizens to live a life of security and dignity. **It enables all Ugandans to contribute to, and benefit from, our social and economic transformation.**

**Direct Income Support** is at the core of most national social protection systems. Direct Income Support (also known as social transfers or cash transfers) consists of regular, small transfers of money to vulnerable or excluded citizens. Examples include senior citizens grants, disability grants, or child grants.

Social Protection is a Government priority and is grounded within the national legal and policy framework:

- i. The NRM manifesto includes a commitment to Support the elderly. On page no. 41 it states, “The NRM Government will roll out the cash transfer program for older persons.”
- ii. Uganda’s 2010-2015 National Development Plan outlines objectives for expanding social protection to reduce vulnerability and enhance productivity of the country’s human resource. Specifically, the NDP outlines activities to “develop and implement Direct Income Support programmes including cash transfer programmes, to the elderly, persons with disability and the poorest quartile of the population” (p283).
- iii. Uganda’s National Policy for Older Persons, 2009 includes “Priority interventions” to “establish an older persons grants scheme”. The National OVC Strategic Plan, 2010 identifies the need for “grants to vulnerable households”.
- iv. Chapter 4 of Uganda’s Constitutions stipulates the rights and freedoms every Ugandan should enjoy, including the right to basics of life and a life of dignity. Article XIV Uganda’s Constitution (1995): states: *All Ugandans enjoy rights and opportunities and access to education, health services... decent shelter, adequate*

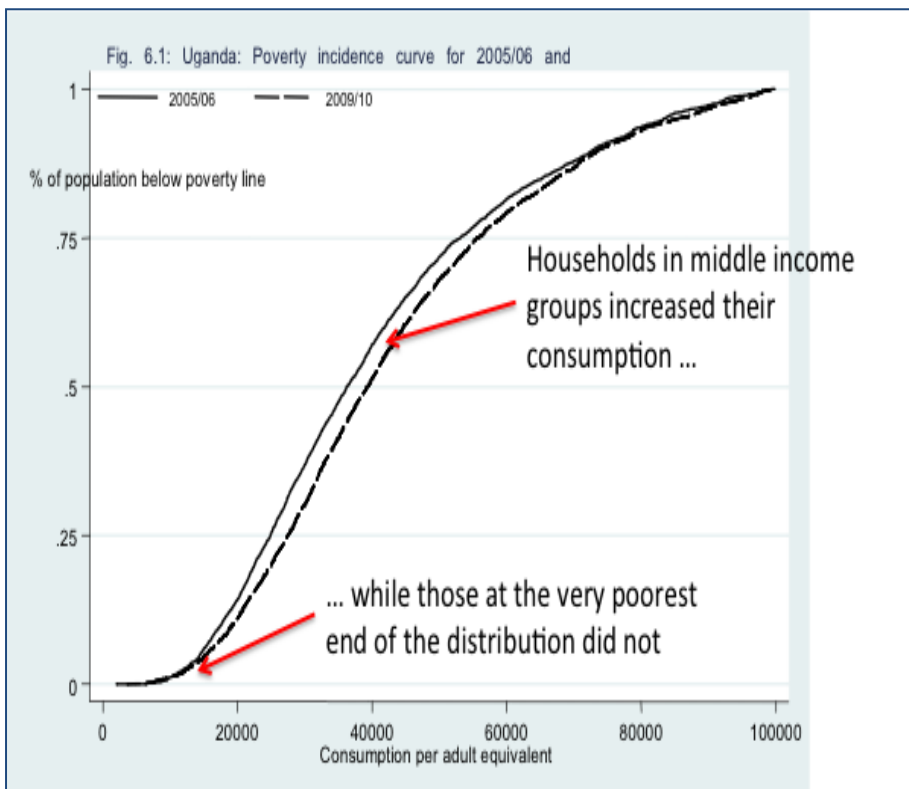


clothing, food security and pension and retirement benefits. The National Objectives and Directive Principles of State Policy state that “the State shall make reasonable provision for the welfare and maintenance of the Aged.”

- v. Income security is a basic human right to which all citizens are entitled. The Universal Declaration of Human Rights 1948 guarantees the right to social security and an adequate standard of living.
- vi. Uganda has signed up to regional commitments on Social protection namely (i) Livingstone Call to Action (2006) calling on countries in Africa to put in place costed plans for the implementation of Direct Income Support programmes and (ii) the African Union Social Policy Framework (2008) which calls on member governments to recognize that social protection is a state obligation, with provisions in national legislations.

**The provision of Direct Income Support through SAGE is a key opportunity for achieving NDP objectives and commitments in the NRM Manifesto and represents a new and innovative strategy through which the Government of Uganda can directly reach its most vulnerable citizens. Without Direct Income Support, there will remain a section of Uganda’s population who are disconnected from Uganda’s growth.**

**Why does Uganda need Social Protection?**



- Uganda’s economy has been growing **but many people still live in poverty or risk falling into poverty**. According to the Uganda National Household Survey, between 2005/6 and 2009/10, **the poorest saw no change** in their consumption.

- **Inequality** in Uganda is increasing; In 2009/10, about 45% of the income was controlled

by the richest 20% of the population compared to 9.4% of the income held by the poorest 20%.

- Although the poverty headcount in Uganda reduced to 24.5% in 2009/10, nearly **40% of households are vulnerable to poverty**, living just above the poverty line.
- **16 per cent** of Ugandan children below 5 years are **underweight** while **38 per cent are stunted**.
- **9 per cent** of people eat only **one meal a day**<sup>1</sup>.
- **Despite massive investment in health and education, the poorest and vulnerable are failing to access basic services. Less than 7 out of 10 children from the poorest households are enrolled in primary school** compared to more than 9 in 10 children from the wealthiest households. Children from the poorest households are four times more likely to be delayed by 5 years in school than children from the wealthiest.

**The effects of hunger and malnutrition on children are severe and irreversible**

It has long been known that good nutrition is essential to children's physical and cognitive development, but recent evidence sheds new light on the optimal timing of interventions to improve child nutrition and the long-term effects of such interventions. Recent studies have shown that undernutrition has a whole range of effects that impede not only children's nutrition and development in the short term, but also their cognitive abilities and productivity in adulthood, with measurable economic impacts. They have also shown that the window of opportunity for addressing child nutritional needs in ways that produce healthy, productive adults lasts from conception through age two. After that, the effects of undernutrition are largely irreversible. By addressing the large and severe problem of early childhood undernutrition in many poor countries, policymakers could maximize the effectiveness of investments designed to achieve overall development goals.

*Source: International Food Policy Research Institute, 2008*

- The number of households citing **financial constraints as being the main reason for children dropping out of school** more than doubled between 2005/6 and 2009/2010.
- **31% of people cited financial constraints** as being the main reason why they did not access **medical services** and yet **sickness / calamity is cited as the major reason for dropping out of school** for children from the poorest households.

Therefore, the **poorest and most vulnerable are failing to benefit from, or contribute to Uganda's growth and development.**

<sup>1</sup> 2006 Uganda Demographic and Health Survey and 2009/10 Uganda National household survey

## Why a Senior Citizens Grant?

**A simple, cost-effective way to start:** The development of a comprehensive social protection system is a necessary but complex process that is likely to evolve over the coming years. Because a Senior Citizens Grant is socially non-divisive, simple to implement and cost-effective, it makes a good starting point for building such a system. It can also be efficiently scaled-up nation-wide. Global experience shows that such Senior Citizens Grants are often the starting point for national social protection systems.



- Living a long life is a great achievement and the **older people of Uganda have made immense contributions to building and developing the country since independence.** This includes participating in

liberation struggles, working through their lives to support the economy, and caring for children and grandchildren, especially orphans.

- Older people continue to **guide and inculcate Ugandan cultural values in their children and grandchildren, as well as preserving Uganda's rich and diverse cultures.**
- Grandmothers, in particular, play an important role in **caring for their grandchildren** which enables working age parents to produce food for their families or enter the labour market. Indeed, many older people themselves continue to be active contributors to the household.
- However, the poverty rate for households with an older person is almost 29 per cent – higher than the national average. **As people age, they gradually become less able to provide for themselves and become increasingly dependent on others.** Indeed 64.5% of our senior citizens have some form of **disability**. Moreover, 93% of older people in Uganda have **no access to formal income security** such as savings or a pension.
- Although Uganda has a rich tradition of care and respect for the elderly, it is becoming increasingly evident that **traditional systems of support for older people are breaking**

**down.** Poverty is a major reason, with families struggling to care for both their own children as well as their elderly parents, with younger people often migrating to look for work, leaving their parents behind.

- **The SCG is designed to reduce old age poverty** by providing a minimum level of income security to all older persons. **However, SCG is not only about older persons.** Other members of society benefit in the following ways:
  - i. Senior citizens are present in around 15 per cent of Ugandan households. Evidence shows that senior citizens invest their pensions in their families, including, in particular, their grandchildren.
  - ii. SCGs have been shown to increase access to health and education services amongst not only older persons but also their families
  - iii. SCGs have also been shown to have a significant impact on child nutrition and development as older persons tend to invest a portion of their entitlements in meeting their grandchildren's needs.
  - iv. Where older persons are able to continue working, SCGs are also intended to support them by providing the necessary investments to start small businesses or enable them to employ people to work on their land.
  - v. The money transferred through senior citizens grants is invested back into the local community, thus boosting local business and supporting local economic growth.
  
- **The NRM Government acknowledges the contribution that Senior Citizens have made towards building this country.** Through the Senior Citizens Grant, Government aims to restore the dignity of senior citizens, empower them to participate in social and community life and enable them to continue supporting their families, through in particular the provision of Senior Citizens Grants.

### **What can Senior Citizen Grants do for older persons and their families?**

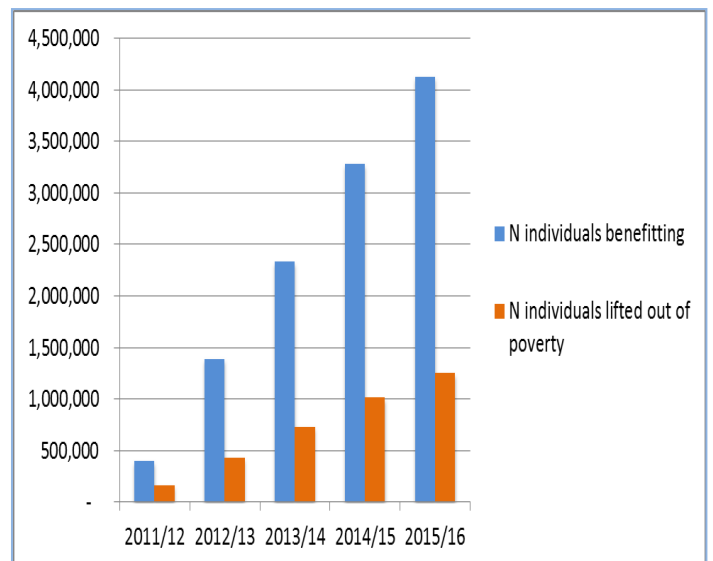
- ✓ Reduce old age poverty and destitution
- ✓ Restore older persons' dignity and independence
- ✓ Reintegrates older people into informal care support networks
- ✓ Support active older persons to be more productive
- ✓ Improve nutrition among children
- ✓ Increase access to health and education services

## What can Social Protection do for Uganda?

### A national, Government-led Social Protection System:

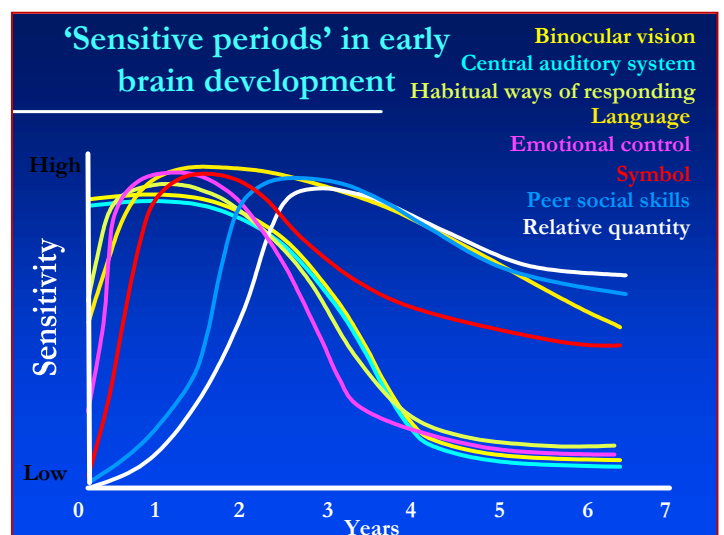
- **Can help Uganda achieve its aspiration of becoming a middle income country:** a social protection system is both a catalyst, and an indicator of achieving middle income status. Such a system would demonstrate that people are at the centre of Uganda’s development and would support Uganda to take its rightful place as a progressive, middle income country.

- **Can help reduce poverty:** Analyses carried out by the Expanding Social Protection Programme show that national implementation of the Senior Citizens Grant would have significant impacts on poverty: **30% of beneficiary households would be lifted above the poverty line** and the poverty gap - a measure of the depth of poverty - among households with over-65s would reduce by 79%, a significant achievement which would benefit around 15% of households nationally.



- **Contributes to the core of development - human development:** In supporting improved nutritional status as well as access to health and education services for today’s children, social protection can stop the transmission of poverty from parents to children and build the human capital necessary for Uganda’s long term productivity.

***Nutrition:*** In South Africa children living with a pensioner in receipt of the national pension have measurably improved nutrition and are 3-4 centimetres taller than

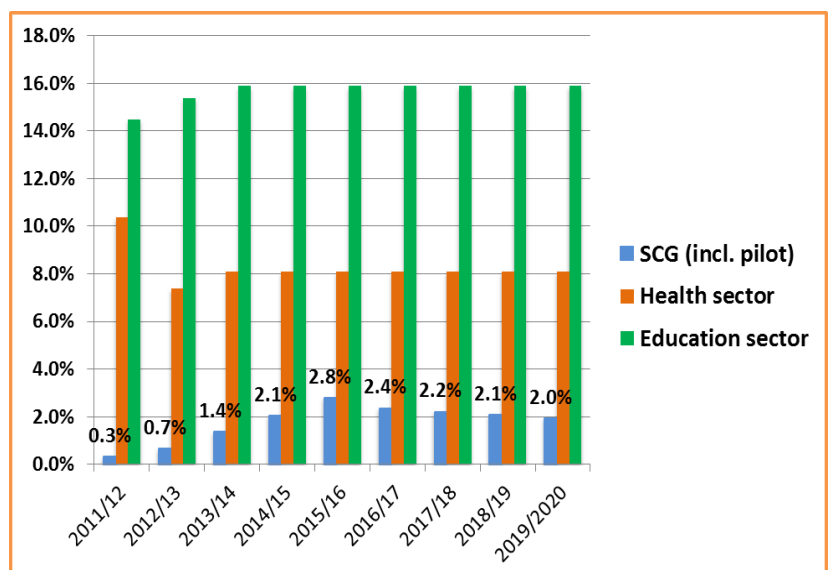


children not living with a pensioner.

**Education:** In Brazil, participants in the Bolsa Familia programme are 63% less likely to drop out of school compared to children in non-participant households.

**Health:** In Malawi, illness was reduced by 23% among children participating in the Mchinji social transfer programme, compared to 12% of children from non-beneficiary households. In Ethiopia, 50% of PSNP beneficiaries used health facilities more in the year the programme was introduced than in the previous year.

- **Helps to strengthen household productivity and capacity for income generation:** Small but reliable flows of income help poor households to accumulate productive assets; avoid distress sales; obtain credit on better terms; and diversify into higher risk, higher return activities. SCG payments have already, after only seven payment cycles enabled beneficiary families to save and make small investments to start productive livelihoods. *Studies on the Dowa Direct Income Support scheme in Malawi have found that every US\$1 transferred, results in an increase in income in the local economy of at least US\$2.*
- **Directly tackles inequality and demonstrates the GoU's commitment to all Ugandan citizens:** Social protection enables all citizens to have a stake in Uganda's development thus, potentially **contributing to social cohesion and stability.** *In Brazil a combination of Direct Income Support programmes accounted for 28% of the fall in the Gini index (a summary measure of inequality) between '95 and '04.*
- **Is cost effective and affordable by a growing economy:** Uganda's economy continues to grow at an impressive pace. Over 70% of the national budget is now financed from domestic revenue. A national Senior Citizens Grant for those aged 65 and above would cost about 2.8% of the government budget (0.48% of GDP) at full scale. **This would reduce to 2.0% by 2019/20.** This compares well to 8% of the budget spent on the health sector and 16% on education. These costs are projected to reduce significantly over time.



- Other low income countries such as Lesotho and Nepal have delivered domestically financed programmes. Ultimately, affordability is a political question. Given increasing inequality, the persistence of a section of Ugandan society which is disconnected from Uganda’s development process and the well-known impact of today’s poverty on tomorrow’s generations we might equally ask: can Uganda afford not to invest in social protection?
- **Represents a new and innovative strategy:** The Government of Uganda can directly reach its most vulnerable citizens; a cost-effective, scalable, and effective tool for Government to better serve its citizens and empower them to contribute to Uganda’s development.

**Direct Income Support** is an effective way for governments to **directly reach their most vulnerable citizens, delivering tangible benefits directly to people and demonstrating government’s commitment to ensuring that no citizens are left behind Uganda moves forward to middle income status.**





**Apac, Kaberamaido, Kiboga, Kyenjojo, Moroto, Nakapiripirit, Nebbi, Katakwi, Amudat, Kyegegwa, Kyankwanzi, Zombo, Napak, Kole.**

Following the successful set up of delivery systems and processes in Kaberamaido, Kiboga, and Kyenjojo districts, the programme was officially launched by H.E. Vice President Edward Kiwanuka Ssekandi on behalf of H.E. the President of Uganda on 1 October 2011. On March 8 2012, H.E. President Yoweri Museveni launched the programme in Nebbi district.



To date, a total of 4,900 beneficiaries are receiving monthly grants. By the end of June 2012 approximately 30,000 beneficiaries will be receiving grants in all the 14 districts and reaching full coverage of the 95,000 households by June 2013.

## ESP: Frequently Asked Questions

### 1. How were pilot districts selected?

Since SAGE aims to be a national programme, **selection of pilot districts** was dependent on having **a representative selection** of districts across all sub-regions in the country. Pilot districts were selected using **a scoring system** to rank all districts per sub-region.

**Districts were ranked** according to their share of specific demographic groups as well as on health and education criteria namely;

- share of children in the entire population;
- share of elderly persons in the entire population;
- share of orphans and vulnerable children in the child population;
- share of risky births;
- proportion of households living more than 5 km from health facilities;
- share of children (6-12 years) not attending school.

### 2. Payment of Grants:

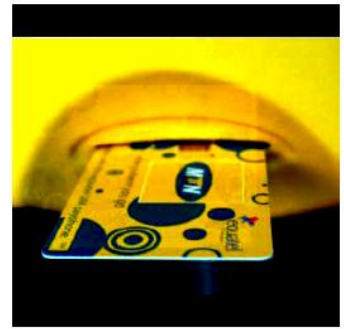
Beneficiaries receive UGX 23,000 per month adjusted for inflation annually. The amount is based on:

- *Affordability at national scale*
- *Sufficiency to achieve desired impacts*
- *Social acceptability*
- *Regional compatibility*

Payments are delivered through private sector service provider- **MTN** Mobile Money selected through a competitive procurement process. Each beneficiary has been given a SIM card to be used in the MTN EasyTalk phones. Thus, payment does not require access to a mobile phone.



ET payphone



inserting card

### **How will the programme be rolled out?**

By June 2013, over 95,000 households will have received UGX 73 billion in grants-potentially reaching up to 600,000 vulnerable people.

By end of **February 2012**, payments had been made in Kyenjojo, Kiboga and Kaberamaido and offices had been established in Apac, Katakwi, Nebbi, Moroto, Nakapiripirit. By **April 2012**, SAGE will be rolled out to Kyankwanzi, Kyegegwa, Zombo, Napak, Kole and Amudat and to the remaining districts in **June 2012**.

By end of April 2012, a total of 15,100 beneficiaries will be receiving monthly grants increasing to approximately 30,000 beneficiaries in June 2012 in all the 14 districts. The programme aims to attain full coverage of the 95,000 households by June 2013.

### **3. Shouldn't government focus on wealth creation rather than giving people money?**

Experience from around the world has clearly demonstrated that social protection is a key component of a national wealth creation strategy. Social protection ensures that vulnerable households are able to access government services and development programmes. It also provides a foundation on which to build productive livelihoods. It stops vulnerable households from falling into poverty when they experience certain economic shocks. In short, vulnerable households need a minimum level of economic security before they can begin to prosper.

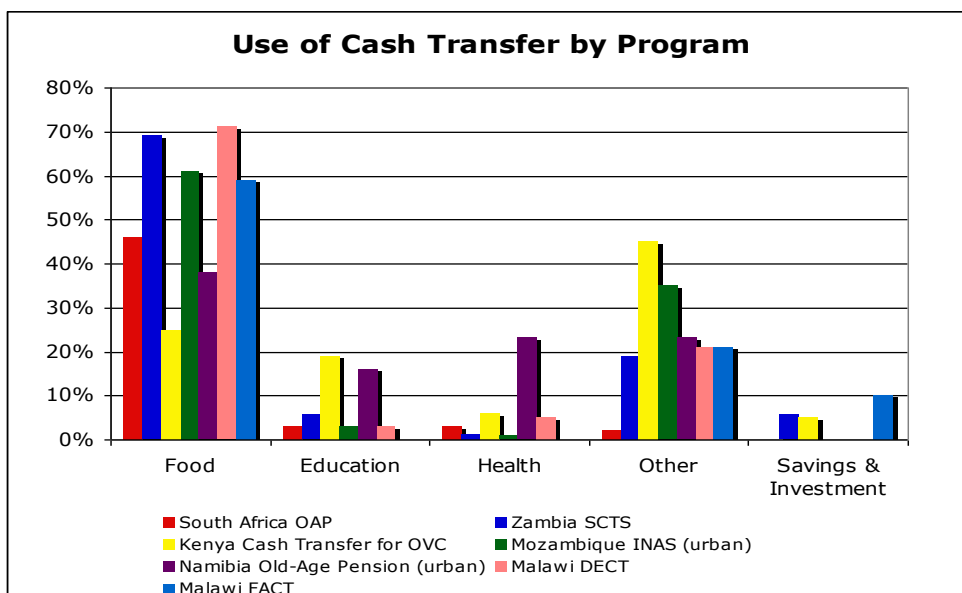
### **4. How will government ensure the sustainability of this programme?**



Government carefully considered sustainability before the programme was approved by Cabinet. Uganda's consistent economic growth presents an opportunity for increased government financing of social protection. Government is committed to this programme. In this context, a strong, basic social protection system is entirely affordable and could feasibly be established over the medium term.

Government intends to gradually take over financing of this programme starting in this financial year but does recognize the role that development partners will play over the medium term.

## 5. Won't beneficiaries waste the money on things like alcohol?



There is overwhelming evidence from similar social protection programmes across the world, including in Africa, that beneficiaries use Direct Income Support for purchasing food, accessing health and education services and other basic necessities

and investing in small business enterprises. Monitoring and evaluation of SAGE will gather information on how beneficiaries use their cash grants. It is well known that such social problems are often, in part, caused by economic pressures. Provision of a basic minimum income can support not only economic, but also social transformation.

## 6. Will Direct Income Support promote laziness and dependency?

The programme has been designed to target individuals and households who are already less able to make a living through work. These include children, older people and people with disabilities. Evidence from other countries shows that poor households benefitting from social protection actually *increase* their productivity; In South Africa and Mexico households benefitting from social protection more likely to find employment than households which are not. Evidence from other Social Protection schemes in Africa has demonstrated that household also tend to invest in starting small businesses.

## 7. How can we be sure that SAGE funds will not be misappropriated?

The Senior Citizen's Grant (SCG) and Vulnerable Family Grant (VFG) approaches have been chosen as they are more resistant to fraud than other forms of targeting. Both mechanisms will be implemented in a transparent fashion with clear eligibility criteria. A private sector company has been contracted to deliver payments directly to beneficiaries and cutting edge technology will be employed to ensure accountability. A Grievance System is included in the design and delivery of the programme so that beneficiaries have a clear process to follow to raise their complaints. This grievance mechanism will be highly publicized to ensure that all beneficiaries are aware.