

Social protection: a guaranteed right in theory, but not in practice



Although social protection is a right guaranteed to all Ugandans on paper, only a limited portion of the population is actually covered by existing social protection schemes. Those who are not covered include the poor, and given that almost four out of every ten Ugandans live below the poverty line, extending this right to all of the country's citizens is a challenge that urgently needs to be met.

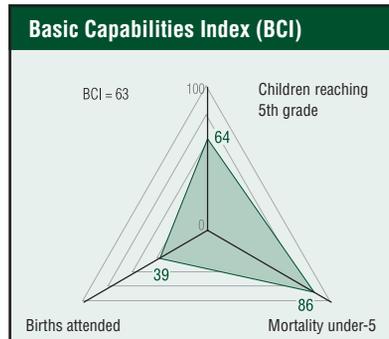
Uganda Social Watch Coalition

The 1995 Ugandan constitution provides for the protection and promotion of fundamental human rights, including the right to social protection. However, guaranteeing this right to the entire population remains a major challenge. Existing social protection policies cover only a part of the population: workers employed in the civil service, and those employed by the limited number of private enterprises that offer social security and pension schemes. The majority of poor people have no social protection coverage whatsoever, and even for those who are covered, problems persist with regard to timely access to and adequacy of services. In order to extend social protection to all Ugandans, it will be necessary to identify the poor (UBOS *et al*, 2003), design a variety of schemes for different categories of the poor, establish an effective strategy for social protection management, and allocate and utilize substantial resources in order to respond to social protection needs adequately and sustainably.

Political, economic and social situation

The elections of February and March 2006 in Uganda marked a return to multiparty politics. Previously, a one-party system had been in effect since 1985. There are now 319 members of parliament, and 69 cabinet ministers, of whom 56 (81%) are men and 13 (19%) are women. The ruling party is the National Resistance Movement Organization, and the opposition parties are the Forum for Democratic Change, the Uganda People's Congress, and the Democratic Party. A few members of parliament are independent candidates. This development is considered useful for enhancing democracy and governance in Uganda.¹

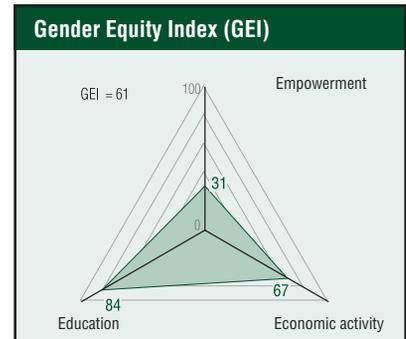
In terms of the economy, performance at the macro level has been good. The country's gross domestic product (GDP) is projected to total around UGX 15 billion (USD 8.2 billion) for the 2005-2006 fiscal year, up from UGX 13 billion (USD 7.1 billion) in 2004-2005, representing a nominal increase of about 11%. Meanwhile, inflation has been stable at around 5% annually for close to five years, reflecting sound economic management.



For Uganda, like most developing countries, cooperation aid is a crucial source of financing for social development, which in turn is essential for enhancing social protection. The gap between the rich and poor countries is widening: today, roughly 80% of global GDP benefits one billion people, while 20% is shared in varying proportions by five billion people (UN, 2005). Nevertheless, the response from the wealthy nations of the Organization for Economic Cooperation and Development (OECD) has been extraordinarily slow. The share of combined gross national income (GNI) provided as aid by the 22 members of the OECD Development Assistance Committee (DAC) decreased from 0.36% in 1987 to 0.22% in 2001, then gradually rose to 0.25% in 2004 (DAC, 2006). This is far below the 0.7% of GDP that the OECD donor countries have pledged to allocate to development assistance. Consequently, the developing countries, including Uganda, continue to receive less aid to improve their capacity for providing social protection to their citizens, among other needs.

Despite the cooperation assistance that it does receive, and the debt cancellation carried out under the Highly Indebted Poor Countries (HIPC) programme, Uganda's external debts appear increasingly unsustainable. The Government's explanation is that the anticipated growth in exports has been slower than projected (Ministry of Finance, Planning and Economic Development, 2006). Table 1 presents key indicators of Uganda's external debt.

Social conditions are significantly influenced by population growth, poverty, armed conflict, corruption and poor delivery of service. Uganda's population is roughly 26.7 million and the population growth rate is 3% annually, while the proportion of the popu-



lation living below the poverty line is around 38% (UBOS, 2003), of which 20% face chronic poverty (CPRC, 2005, p. 9). The ongoing armed conflict sparked by the rebel group known as the Lord's Resistance Army has forced over two million people to flee their homes, and many have been living in internally displaced persons (IDP) camps in northern Uganda for nearly 20 years. In more recent years, western Uganda has been hit by civil strife at the hands of another rebel group, the Allied Democratic Forces, although this conflict appears to have been largely defused. In addition, the ranks of the poor in Uganda are further swelled by refugees from other African nations, whose numbers were estimated at 206,924 in late 2005 (OCHA, 2005, p. 5).

In Transparency International's Corruption Perceptions Index for 2005, Uganda scored just 2.5 on a scale ranging from 10 (highly clean) to 0 (highly corrupt).² Corruption has led to a substantial loss of resources through practices like influence peddling, diversion, and favouritism in the awarding of contracts. Perpetrators of corruption include the political and administrative leadership, private sector, police and judiciary (Centre for Basic Research, 2005). The resulting losses contribute to the non-existent or inadequate delivery of services necessary for social protection. The government has begun efforts to combat corruption through the Inspector General's office.

The effect of poverty on the population is significant. A study by the Uganda Bureau of Statistics (UBOS) showed that the proportion of people living

² Transparency International (2005). Available at: <www1.transparency.org/cpi/2005/cpi2005.sources.en.html>.

¹ *The New Vision*, 2 June 2006.

below the poverty line grew from 34% in 2000 to 38% in 2003. There has also been a marked increase in inequality. The Gini coefficient, which measures inequality, rose from 0.35 in 1997 to 0.43 in 2003. The reasons identified by UBOS included a slowdown in agricultural growth, declines in agricultural commodities prices, insecurity, and HIV/AIDS. Nevertheless, it is clear that more effective governance is needed to improve the delivery of services, reduce corruption, and adopt more effective mechanisms for the distribution of benefits arising from Uganda's good macro economic performance to ensure the social protection of the entire population, including the poor.

Current social protection policy framework and financing arrangements

According to the International Labour Organization, social security is the protection which society provides for its members through a series of public measures to offset the absence or substantial reduction of income. This definition encompasses benefits provided under three different forms of social security, namely social insurance, social assistance and social allowance.

In Uganda, social insurance is managed under the state social security fund. A new Social Health Insurance Scheme has been approved by cabinet, and is scheduled to enter into effect in July 2007.³ In the meantime, a Social Development Sector Strategic Plan drafted by the Ministry of Gender, Labour and Social Development was approved by Cabinet in October 2004, and joined the Poverty Eradication Action Plan that has been underway since the 2004-2005 fiscal year and will run until 2007-2008. Both plans are aimed at raising production competitiveness and incomes, and promoting security, conflict resolution, disaster management, good governance, and human development (MFPED, 2004). Significant resources allocation and effective management of these resources for social development and poverty reduction would contribute to enhancing social protection.

The primary social protection scheme in force, the social security fund, is backed by the National Social Security Fund (NSSF) Act. Its mandate is to provide social security to employees by protecting them against "uncertainties of social and economic life" (NSSF, 2003, p. 3). The NSSF is a contributory scheme and benefits are paid when a contributor reaches the age of 55, or upon invalidity or death. The poor and the unemployed are fully excluded from this scheme.

The pension scheme is another social protection arrangement, which serves those employed in the army, police, prisons, civil service, and public education system. It is financed by the Government, and also excludes the poor. Basically, the only universal social protection which poor Ugandans could also benefit from is social assistance, which is currently non-existent. Social assistance would help those who do not contribute to, and therefore do

TABLE 1

Key indicators of Uganda's external debt					
YEARS	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Debt stock / GDP	63.2%	64.8%	68.5%	63.2%	56.2%
Debt service / Export of goods & services	24.3%	19.1%	22.4%	18.3%	17.9%
Debt service / Domestic revenue	26.8%	18.7%	22.6%	20.8%	17.5%
Debt service after HIPC / Export of goods & services	13.3%	7.6%	10.3%	9.9%	9.0%
Debt service after HIPC / Domestic revenue	14.7%	7.4%	10.4%	11.2%	8.8%
Memorandum items: (in USD millions)					
Total Debt Service	164.7	133.6	172.0	179.7	192.1
Total Debt Service Excluding IMF	95.9	91.7	127.2	103.7	137.3
Total Debt Service after HIPC	90.3	53.2	78.8	97.0	96.6
Debt stock	3,574.8	3,785.8	4,284.2	4,510.0	4,874.9
Export of Goods & Services	677.3	699.0	766.3	979.7	1,071.0
HIPC Relief	74.4	80.4	93.2	82.7	95.5

Source: Uganda Ministry of Finance, Planning & Economic Development, May 2005.

not benefit from, the existing schemes, including the large proportion of Ugandans who live below the poverty line, as seen above.

Another category of the poor in urgent need of social protection are the socially excluded living in the communities and in IDP and refugee camps. These sectors of the population receive practically no social protection. Programmes to help families meet obligations such as raising children or assistance during unemployment are not available.

The quest for universal social protection

In the quest to promote social protection, Uganda has made some advances, although it still lags behind in other areas. With regard to health care, reports from the Ugandan Ministry of Health, UNICEF, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and World Health Organization (WHO) concur that the HIV/AIDS infection rate has dropped to 4.1% from 6.1%. Immunization coverage has also improved significantly for Ugandan children; in 2004, 87% had been vaccinated against DPT by the age of one, 86% against polio, and 91% against measles (UNICEF, 2006). At the same time, however, access to sanitation and improved water sources remains poor, at 41% and 56%, respectively (UNICEF & WHO, 2005).

The elderly in Uganda have no social protection. They wholly depend on the extended family system, which, as Schwarz (2003) observes, "is not a perfect safety net, especially when the children are also poor." In addition, the elderly are increasingly burdened because they are becoming caregivers to orphans who have lost their parents to HIV/AIDS and other diseases.

Gender equity in terms of economic activity and earned income appears promising, as the earned income ratio (women/men) is at 0.67 (1991-2003). In the political sphere, women's empowerment is taking shape, now that women are challenging men in direct elections to parliament and currently hold seats in both sides of the house.

Uganda has also made some progress in education. There are plans to implement a Universal

Secondary Education programme, to follow up the successful Universal Primary Education initiative. Primary school enrolment was 98.4% in 2004 (UNESCO, 2006). Advances have also been made in closing the literacy gender gap: the gender ratio (women/men) was 0.76 in 1990 and 0.86 in 2004. However, gender equity in the school system is still an unmet goal, particularly at the higher educational levels. In 2004, the net enrolment gender ratio gap was 1.02 at the primary level, but 0.87 at the secondary level. Gender disparity was even more marked at the tertiary level, with a gross enrolment ratio gap of 0.62, although this reflected significant improvement over 1991, when it was 0.38. Rural schools still offer poor quality education, which entrenches the widening of the social, economic and political gaps.

As regards to food security and nutrition, there has been slight improvement, save for the internally displaced population. The proportion of the population suffering from undernourishment fell from 24% in 1990-1992 to 19% in 2000-2002. Nevertheless, the prevalence of underweight children under five years of age remained constant at 23% between 1990 and 2004 (FAO, 2005).

Proposals for improvement of social protection

The existing Uganda Decentralization Policy (GRU, 1997) is well placed to play a critical role with regard to budgeting and managing resources for social protection of the poor. The budgeting framework empowers districts to consult with the private sector and civil society from all levels – including the grassroots, where the poor form the majority – to make proposals for the national budget. However, coordination with the frameworks and social protection resources in other ministries is weak, hence the poor are not well defined, targeted and catered for.

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3 The New Vision, 8 June 2006, p. 4.

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This highlights the need for improved data management for all categories of the poor, which would facilitate extension and monitoring of assistance based on needs. Adequate allocation of resources should begin with their inclusion into local and district budgets, and a strategy should be established for effective management of all these resources. As is frequently the case in developing countries, the various existing policies and resource allocations are often improperly managed, especially for the poorest of the poor. In addition, in order to ensure adequate legal protection, existing laws need to be amended and strengthened.

Finally, there is an urgent need for further work by all stakeholders at all levels on the issue of social protection. For its part, civil society in particular should be more vigilant in engaging the various stakeholders about these issues. It should also study the experiences of other countries and the prospects for their adaptability to Uganda. ■

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- ## UNITED STATES OF AMERICA
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- ### The growing federal deficit
- According to the Center on Budget and Policy Priorities, the federal government ran a deficit of USD 318 billion in 2005. From 2002 to 2011, the government is projected to amass a deficit of USD 3.4 trillion. Much of the projected deficit can be attributed to tax cuts, increases in defense spending, particularly for the illegitimate war on Iraq, and spending on "homeland security" to fight the "war on terror." The long-term outlook for deficit reduction is bleak. Making the Bush tax cuts permanent would add another USD 9.6 trillion (in 2005 dollars) to the deficit over the next 20 years, including the added interest payments on the national debt, which would be substantial. In an attempt to reduce the deficit, Congress has begun to cut USD 39 billion from the budget over the next five years – including cuts in Medicaid, various children's programs, and student loans. The cuts are expected to weaken health care for many low-income families, cutting billions of dollars for low-income programs from the federal budget and placing increased responsibility on state budgets. Many states will not be able to make up the costs and further reductions in these programs are the likely result (CBPP, 2006).
- ### The end of the American Dream
- The Government shows little commitment to any kind of government-funded safety nets. However, there was a time when significant investments were made in programs to help make the American Dream possible. For example, public education, primary through tertiary, was of good quality and inexpensive. Progressive taxation ensured that the extremely wealthy would provide their fair share to support the public good, in line with most European governments in the 1970s and 1980s. With high levels of employment, health care that depended on employer-paid insurance schemes covered much of the population. Today, these cornerstones of social policy have been reduced to rubble. Many working Americans do not have access to health insurance (and consequently to health care), because the gap between stagnant wages and sky rocketing insurance rates prohibit the purchase of health insurance. Public schools have been allowed to deteriorate, and fee-based schools are being funded in their place with public tax dollars. Congress has approved a federal budget that allows power politics to define its foreign assistance while at the same time cutting crucial social programs at home. These overall trends reflect an indifference to emerging crises, and bode ill for domestic efforts to eradicate poverty and reduce social exclusion. ■
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