

## Investing in Social Protection in Uganda: The case for the Disability Grant

### Disability



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## INTRODUCTION

*This Policy Brief is part of a series and is based on the Social Protection: Investment Case developed by the Government of Uganda (2016). The business case was developed over one and a half years and rests of the best available data available at the time of drafting. Recently released GDP figures may significantly reduce the projected cost of scaling up some of the interventions proposed in the Investment Case.*

### 1. 12.5% of the population has at least one disability

In Uganda, according to the 2014 National Housing and Population Census<sup>1</sup>, 12.5% of the population have at least one disability, and this is expected to increase in the future due to ageing and chronic illness. Disability is therefore a significant source of vulnerability. For the population of Children with Disabilities (CWD), data remains scarce. An analysis on the situation of the rights of children with disabilities in Uganda<sup>2</sup> estimates that 13% or approximately 2.5 million children live with some form of disability. The report points to significant gaps in the disaggregation of data by gender and types of disabilities and the overall inexistence of accurate national data.

Disability negatively affects the productive capacity of an individual. It is at the basis of social stigma and exclusion mechanisms. CWD suffer unparalleled deprivation of access to social services. For instance, there is extremely low enrolment and completion of primary and secondary school by CWD: only about 9% of CWD of school going age attend primary school, compared with a national average of 92%, and only 6% of them continue with secondary education compared to a national average of 25%. Only 10%-20% of CWD benefit from rehabilitation services; one third of CWD are unable to use health services as their carers do not see the value of taking them to healthcare or rehabilitation centres.<sup>3</sup> Adults with disability are excluded from or discriminated at the workplace, social service centres, and in society.

Disability is also a potential source of additional costs for transport and medical care, and thus an economic burden for the most disadvantaged households. The poverty incidence of households with at least one severely or partially disabled member is very high at 29.7% - ten percentage points higher than the national average. 92.3% of people with severe disability are either poor or extremely vulnerable to poverty compared to the national average of 67.5%<sup>4</sup>. Therefore, as recommended by the World Disability Report<sup>5</sup> and the Social Protection: Investment Case,

1. Uganda Bureau of Statistics (2016). National population and housing census 2014. Kampala, Uganda

2. Riche, N., Anyimuzala, J., & UNICEF Uganda. (2014). Research study on children with disabilities living in Uganda: Situational analysis on the rights of children with disabilities in Uganda.

3. Ibid.

4. Ministry of Finance Planning and Economic Development & United Nations Development Programme. (2014). Poverty status report 2014: Structural change and poverty reduction in Uganda.

5. World Health Organisation. (2011). World Report on Disability. Geneva, Switzerland

a grant targeted to individuals with disability can provide the much needed support, by allowing households to address the extra costs, alleviating poverty and the risks related to their disability.

## 2. There is a National Policy on Disability

Uganda adopted a National Policy on Disability in 2006 which calls for the provision of support and legal protection for Persons with Disabilities (PWD). It mandates local authorities to organise supportive resources and implement activities beneficial to PWD<sup>6</sup>. However, there has been a lack of comprehensive disability-orientated programmes established, and a large implementation gap remains. The government provides a few programmes, but these are grossly limited in terms of reach and social protection qualities.

Community-Based Rehabilitation (CBR) activities provide PWD with increased access and mobility. They provide PWDs with income-generating opportunities and improved rights and community empowerment. This includes capacity building for PWD and workers in disability-related environments, home-based care, and support to tuition fees for PWDs, improved health facilities and access to microcredit. Whilst CBR has helped to improve the livelihoods and opportunities of many PWDs, the programme's social protection aspects are limited and under resourced.

There is a Special Grant for People with Disabilities (SGPWD), which is managed by the Ministry of Gender Labour and Social Development (MGLSD) aims to provide a social safety net for PWDs and boost their income-generating opportunities and employment generation. The grants are provided to groups of PWDs meeting certain criteria and having submitted a proposal. SGPWDs have helped to create income-generating activities for PWDs and support some small Disabled People's Organisations (DPOs) to increase their activities. Their primary limitation however, among many others, is the group-based criteria through which only a few can benefit, and the less common disabilities are often neglected. The programme therefore perpetuates tendencies of isolation of the most marginalised PWDs. These challenges could be addressed through the establishment of a disability grant.

Also, in March 2016, the Government launched the **National Social Protection Policy (NSPP)** which recognises the need to guarantee social protection to the PWD as one of the vulnerable and marginalised category of people affected by poverty. More on this Policy is included in Text Box 1.

## 3. What would the proposed disability grant look like?

### Who is eligible?

The individuals eligible for the disability grant are those with a type of physical or mental limitation, which interferes with both working activities and daily tasks. The following three scenarios are considered:

- (i). A universal programme in which the grant is addressed to all PWD in the population;
- (ii). A programme in which only poor PWD are eligible; and,

### Text Box 1: Social Protection in Uganda

The National Social Protection Policy defines social protection as “public and private interventions to address risks and vulnerabilities that expose individuals to income insecurity and social deprivation, leading to undignified lives”. In the Ugandan context, it is comprised of two pillars: social security and social care and support services. Social security refers to protective and preventive interventions to mitigate factors that lead to income shocks and affect consumption whereas Social Care and Support Services are a range of services that provide care, support, protection and empowerment to vulnerable individuals who are unable to fully care for themselves.

The Policy provides a framework for putting in place the comprehensive social protection system that caters for diverse categories of the population. This is mainly because vulnerabilities faced by certain categories of the population such as older persons, children, youth, women and persons with disabilities do not only directly impact on their livelihoods but also slows national development.

Therefore, designing and implementing specific social protection instruments that address the particular risks and vulnerabilities faced by certain categories of population mentioned above brings them to the vanguard of development and enhance their contribution to the development process.

- (iii). A programme targeting disabled individuals labelled as vulnerable.

The number of eligible individuals differs across the three scenarios and is summarized in the tables below.

**Table 1: Disability Grant – low benefit level**

	Whole Population	Vulnerable Population	Poor Population
Beneficiaries	1,699,379	1,221,594	492,200
Reduction in the Poverty Gap	14%	8%	7%
Reduction in the Poverty Headcount	10%	5%	4%
Efficiency	25%	26%	47%

**Table 2: Disability Grant – high benefit level**

	Whole Population	Vulnerable Population	Poor Population
Beneficiaries	1,699,379	1,221,594	492,200
Reduction in the Poverty Gap	19%	11%	10%
Reduction in the Poverty Headcount	15%	7%	6%
Efficiency	23%	24%	44%

Source: Social Protection: Investment Case, (GoU, 2016)

6. Ministry of Gender Labour and Social Development. (2006). National Policy on Disability in Uganda.

7. Poverty headcount is the proportion of a population whose living standards exist below a given threshold referred to as the 'poverty line'. The headcount measures the proportion of the population that is poor. The poverty gap measures the extent to which individuals fall below the poverty line. It can also be understood as the difference between the poor's income or expenditure and the poverty line. This measurement is used to reflect the intensity of poverty.

## What are the expected outcomes?

The impact of the grant is quantified through an estimation of the reduction in poverty gap and poverty headcount<sup>7</sup>. It should be noted that only directly measurable returns (an increase in adult-equivalent household expenditure) are considered, although the programme is likely to generate a wide range of other outcomes such as general health status improvement, social inclusion and an increase in productivity.

As can be seen in Tables 1 and 2, the universal programme leads to the highest reduction in the poverty headcount for the two benefit levels considered. Overall, the higher the benefit amount disbursed, the higher the impact.

Targeted programmes tend to lead to lower effects as there is a greater risk of high exclusion and inclusion errors programme. However, they tend to fare better in terms of efficiency.

Furthermore, policy-makers should not only consider the poverty gap reduction as the only outcome of interest of the disability grant. It is important to also consider other dimensions such as the benefits accruing from increased productivity as well as the social inclusion of PWD. When such positive outcomes are considered, a universal programme turns out to be the most desirable, despite the lower effectiveness levels. In any case, universal programmes are preferred in contexts where targeting mechanisms are particularly difficult to implement or expensive.

## 4. What is the expected cost and long term sustainability?

The larger the number of eligible individuals and the higher the grant amount, the higher the cost of the programme. Cost feasibility, effectiveness and cost benefit are measures that assess the long-run

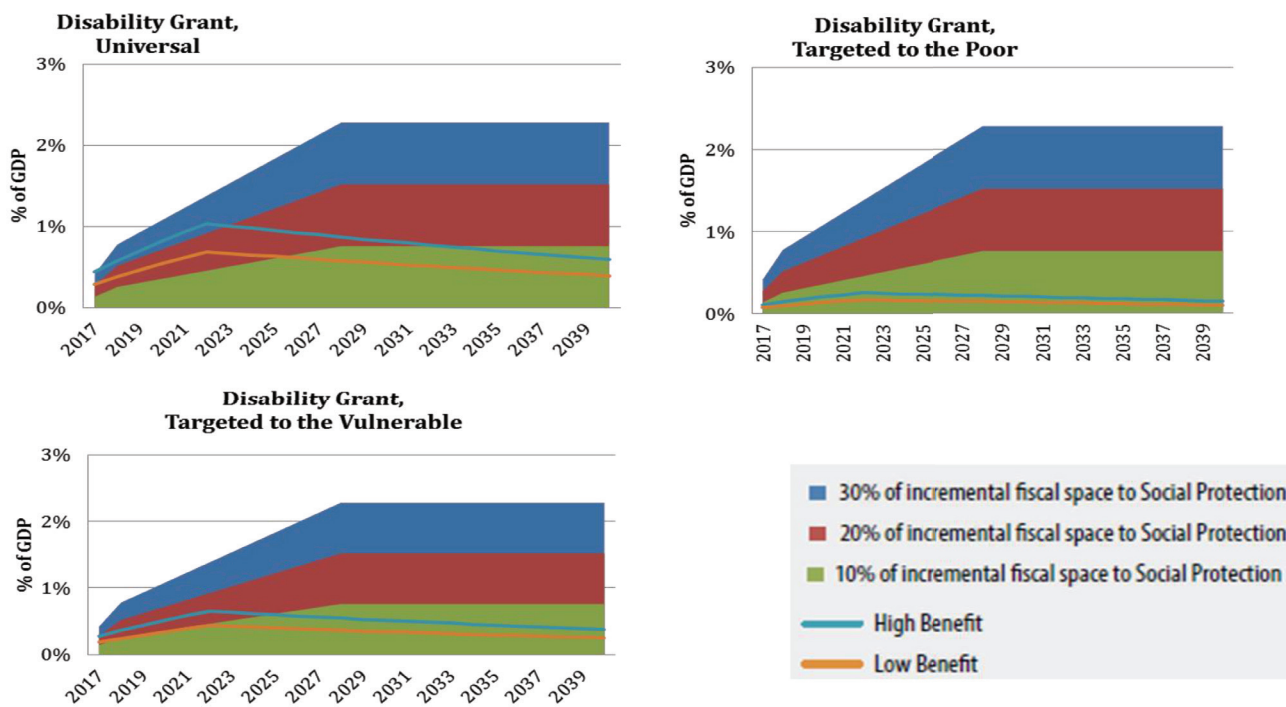
economic sustainability of the programmes. Considering a gradual rollout of the proposed disability grant, costs will rise gradually from 2017 and reach a maximum in 2022 when perfect take up is expected to be reached. Costs would then start to decrease. This is illustrated in Figure 1 which provides the cost projections of the various scenarios vis-à-vis the resources available from the creation of new fiscal space.

The analysis and costing done in the Social Protection Investment Case confirms that the programme is feasible. Notably, not all the newly generated or incremental fiscal space that will be generated will be used to finance the disability grant, or social protection more generally. Allocating only 10% of the extra revenues to a disability grant targeting the poor would be enough for the programme to be affordable, regardless of the benefit level chosen (low or high). However, if targeting the vulnerable PWD, higher shares of resources should be devoted to the programme, at least in the short run.

In the long run, costs of financing the programme are expected to go down. Only in one specific scenario, would the disability grant be affordable only by allocating 30% of newly generated financial resources, i.e. if the grant was implemented nationwide with a high benefit level. However, once the grant reaches full scale and its costs decrease, the allocation of fewer resources would guarantee its affordability.

In particular, the long-run costs are lower than 1% of Gross Domestic Product in any of the scenarios considered. Even disbursing a high benefit level and implementing a universal programme, lead to a long run cost of only 0.6% of GDP, without taking into account additional unmeasurable benefits such as productivity increase. Affordability of universal disability grants has also been demonstrated in countries like South Africa<sup>9</sup>.

Figure 1: Disability Grant - Long-Run Costs and Fiscal Space



8. Cost feasibility analysis answers the questions about the affordability of a single option. Cost effectiveness analysis seeks to determine which option among the many considered yields the highest level of effectiveness for a given cost. Cost benefit analysis compares the value benefits against costs.

9. ILO. (2016). Universal Disability Grant: South Africa.

#### 4. There are potential sources of fiscal space for the disability grant

There are several strategies through which the Government can generate resources to finance social protection programmes such as the disability grant. Sustainable financing strategies are closely tied to the longevity of social protection programmes. Specific sources of potential sources of fiscal space include, but are not limited to:

- i). Reallocating public expenditures: this requires the restructuring of existing budget allocations and replacing high-cost and low-impact investments with ones that have large economic and social outcomes, eliminating spending inefficiencies, and tackling corruption.
- ii). Increasing tax revenue: one way of doing this can be by implementing effective measures for strengthening the efficiency of tax collection methods and overall compliance.
- iii). Using fiscal and central bank foreign exchange reserves: this might include exploiting fiscal savings and other state revenues, or excess foreign exchange reserves in the central bank and allocate them to development programmes such as social protection.
- iv). Increased aid and transfers: engaging donor governments to support social protection is another option. However, to guarantee long-run sustainability of social protection financing, government might consider not relying too extensively on donor support because it is by nature unstable.
- v). Borrowing or restructuring the existing debt. This would involve the careful assessment of domestic and foreign debt options that are low cost, carefully considering debt sustainability, which for Uganda is currently not a threat.
- vi). Adopting a more accommodating macroeconomic framework. This would entail allowing for higher budget deficits and slightly higher inflation levels, without jeopardising macroeconomic stability.

#### 6. Key recommendations

Persons with disabilities, which represents 12.5% of the population, are particularly vulnerable. Universal social protection for PWD in the form of a disability grant goes beyond compensation for extra daily living costs. It provides an income for those unable to engage in paid work and compensation for the loss of income for those who have a partial loss of earnings due to their disability. It can have significant benefits such as a reduction in the poverty head count and the poverty gap, as well as enhance the social inclusion of PWD. Therefore, the Government of Uganda should consider designing and implementing a universal disability grant.

- **A universal disability grant is affordable and sustainable.** In terms of cost, while the short-term costs of delivering the universal disability grant seem high when considering the high benefit option, it is affordable in the short, medium to long-run for both low and medium benefit scenarios as has been demonstrated.
- **There is a need for increased data on disability.** This calls for undertaking research to gain a better understanding of the actual situation of disability in Uganda to design an informed and effective programme.
- **A complementary approach is required whereby basic social services are also enhanced.** It will also be important for the government to improve complementary services such as access to health care, community-based rehabilitation, access to assistive devices, and access to quality education for PWD on an equal basis with others.

#### FOR ADDITIONAL INFORMATION:

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Get a full version of the Social Protection Investment Case: <https://www.unicef.org/uganda/UgandaSPBCReport2016-FINAL-LORES.pdf>

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