



NATIONAL BUDGET FY 2016/17: Youth Budget Prioritization the Way to Go

UPFYA Budget Analysis Paper, No.1/June, 2016

Uganda has one of the youngest populations of any country in the world with 78% of citizens under 30, and 23% of youth are between 18-30 years equivalent to 7.4 million Ugandans (UBOS, 2014). In that regard Government has to prioritise planning for this population segment as part of its overall plan to transform the country into a middle income economy.

1. INTRODUCTION

Every financial year, Uganda implements the budget process starting from budget consultative workshops to monitoring and evaluation as enshrined in the Public Finance Management Act of 2015. Government will implement **UGX. 26.3** trillion Budget for the FY 2016/17 with recurrent budget of **UGX 6,999,172,830,000**, Development budget **UGX 10,916,809,017,000** and projected statutory expenditure of **UGX 8,444,469,528,000**. Uganda has one of the youngest populations of any country in the world with 78% of citizens under 30, and 22.5% of youth are between 18-30 years equivalent to 7.4 million Ugandans (UBOS, 2014). In that regard Government has to prioritise planning for this population segment as part of its overall plan to transform the country into a middle income economy. This budget analysis paper indicates the key budget areas that have been allocated specifically to youth especially in providing opportunities for employment given the threats this challenge poses to national development. The paper provides an analysis of Education, Skilling Uganda, Student Loan Scheme, (UPE), and Universal Secondary Education (USE), Youth livelihood Programme, NAADS and Health sector; their budgetary allocations and recommendations for monitoring and future budgetary allocations.

2. WHY YOUTH BUDGET PRIORITIZATION?

Uganda has one of the highest youth unemployment rates in Sub Saharan Africa (65% of the unemployed are aged 18- 24 and generally, youth make up 80% of the total unemployed in Uganda) (UNFPA, 2015)).

Such a big population provides an opportunity to government once it is well utilised but can also be a burden to the Ugandan economy if left unproductive. Therefore government needs to put in place measures to address the high levels of unemployment and ensure productivity of this youthful population. The Uganda government has made strides in addressing the challenges of youth unemployment through developing policies and programs that run across the country targeting youth both directly and indirectly. In the last five years, government implemented programs like the Youth Livelihood Program, Skilling Uganda, Students Loan Scheme, Youth Venture Capital Funds (YVCF), PRDP, NAADS, NUSAF I and II, UPE, USE, CDD amongst others. Despite these many efforts to uplift youth from unemployment, the country still has the highest levels of unemployment globally given the high population growth rates. Therefore, in order to address youth challenges, they must be given priority in the budgeting process to ensure that their concerns are taken care of in allocation of funds and actual budget implementation. The information here within will inform future budgeting processes and provide guidance on redirection of resource allocation towards youth empowerment and improved livelihoods. The analysis will further be helpful in budget monitoring to ensure that funds allocated to youth programmes are used for what they have been allocated and achieve the intended goal.

This analysis will trigger further discussion and debate about youth budget prioritisation and policy frameworks that serve to improve youth livelihood.

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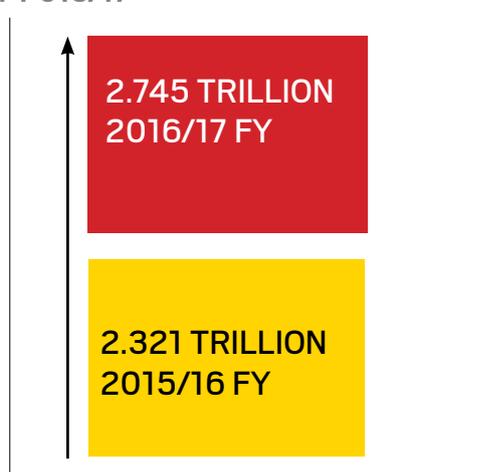
3.THE 2016/17 FY NATIONAL BUDGET: YOUTH PRIORITY ALLOCATIONS

The 2016/17 FY National Budget has a number of allocations specifically meant to benefit the youth in several sectors. Young people will also generally benefit from other budgetary allocations that are meant to support all the national sectors given that they make 78% of the general population. The reflection below indicates how the budget allocations specifically are meant to benefit youth in several sectors.

3.1 EDUCATION SECTOR BUDGET ALLOCATION

Government has been implementing the Student Loan Scheme and Skilling Uganda programs to address the resource needs of the young Ugandans. On the overall, the education sector has been allocated **UGX. 2,745,762,918,316** to implement its annual plans making an increase as compared to 2015/16 FY budgetary allocation of **UGX. 2,321,238,233,210**. Given that this sector highly services youth priorities, there will be quite a number of areas where they can specifically benefit. The increment in the funds for this sector is set to cater for the salary pay rise worth UGX 78 billion of non-teaching staff in public universities, operationalization of new Public Universities (Soroti, Lira and Kabale) worth **UGX. 14.0 Billion**, Students' Loan Scheme and recruitment of tutors for more new 20 technical institutes worth **UGX 672 billion** and **UGX 50 billion** for salary of teaching staff at university level among others.

TABLE 1. BUDGET ALLOCATION FOR THE EDUCATION SECTOR FY 2015/16 AND FY 016/17



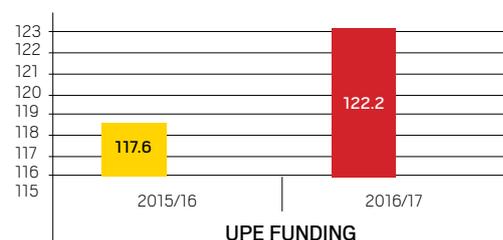
Source: Education Sector Ministerial Policy Statement FY 2016/17

3.1.1 UNIVERSAL PRIMARY EDUCATION (UPE)

In 1997, the government started implementing the UPE policy to address the increasing education demands of Ugandans. Although, there still remains a glaring gap in the quality of education provided, pupil enrolment levels have been encouraging. Enrolment levels increased by 3.7% from 8,459,720 in FY 2013/2014 to 8,772,655 during the FY2014/2015. Increase in enrolment at primary level has resulted into increase in the number of teachers by 3.1% from 185,548 FY 2013/2014 to 191,217 FY 2014/2015. In the next FY 2016/17, the government has allocated more funding for the UPE sector from **UGX117.6billion** to **UGX122.2 billion** to address challenges in the education sector. Despite the increment in UPE funding, the capitation grant remained constant at **UGX 10,000** per annum per pupil. Therefore funding needs to be focused more on areas that improve both pupil and teacher performance.

3.1.2 UNIVERSAL SECONDARY

TABLE 2. UPE BUDGET ALLOCATION FOR FY 2015/16 (BILLIONS) AND FY 2016/17(BILLIONS)



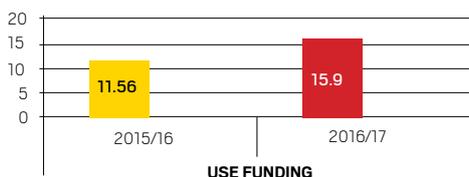
Source: Education Sector Ministerial Policy Statement FY 2016/17

EDUCATION (USE)

Following the introduction of UPE and increased enrollment, government realized the need to provide free secondary education given the high poverty levels. It was on this basis that the government introduced USE program to cater for the needs of the students. During FY 2015/16 the subsector registered increase in enrolment by 2.1% from 1,362,739 students in FY 2013/14 to 1,391,250 students in FY 2014/15 that needs more funding. In the next FY 2016/17, government has increased the funding of USE from **UGX.11.56 billion** to **UGX.15.9 billion** to address the education requirement in secondary education especially in buying more text books, laboratory equipments and others. Like the UPE programme, the challenge still remains with the capitation grant fund that is still constant at **UGX 47, 000** and **UGX.**

85,000 for O' level and A 'level respectively per student per annum. The lack of funds for capitation stills compromises quality of service delivery under the education sector since funds provided can't fully cater for all the student needs.

TABLE 3. BUDGET ALLOCATION FOR USE FOR FY 2015/16 (BILLIONS) AND FY 2016/17 (BILLIONS)



Source: Education Sector Ministerial Policy Statement FY 2016/17

total of 1477 students in the last two academic years 2014/15 and 2015/16 offering Sciences at Degree and Diploma levels.

Under the Higher Education sub-sector, government increased the sector budget from **UGX 31.9 billion** in FY 2015/16 from **UGX 38 billion** in FY 2016/17 to cater for quality education in public institutions. This Financial Year 2016/17 the government has allocated **UGX 6 billion** for the Students Loan Scheme to expand the program to more 1200 students offering Science courses at Degree and Diploma levels. Therefore, the youth are encouraged to apply for these funds so as to advance their education to higher levels.

3.2 SOCIAL DEVELOPMENT SECTOR

Under this sector, the government has allocated for the next FY 2016/17 a total of **UGX 182,476,186,497** from **UGX 93,369,745,652** FY2015/16 to improve service delivery. The allocated funds under the sector will cater for the votes of the Ministry of Gender, Labour and Social Development (MGLSD), Equal Opportunities Commission (EOC), Local Government Social Grant, and KCCA Social development grant. Specifically for MGLSD vote function, the ministry implements many programs including; the Youth Livelihood Program (YLP) for unemployed youth; the Social Assistant Grant for Empowerment (SAGE) for the older persons and vulnerable households; the Uganda Women Entrepreneurship Fund (UWEP) for women; Fucntional Adult Literacy (FAL) for non-literate adults; Communy Based Rehabilitation (CBR) for persons with disabilities; non-formal training at regional youth skills centre; and the Councils for Youth, Women, Children and Disability among others.

SOCIAL DEVELOPMENT SECTOR

182.4B

Amount allocated this year by Govt.

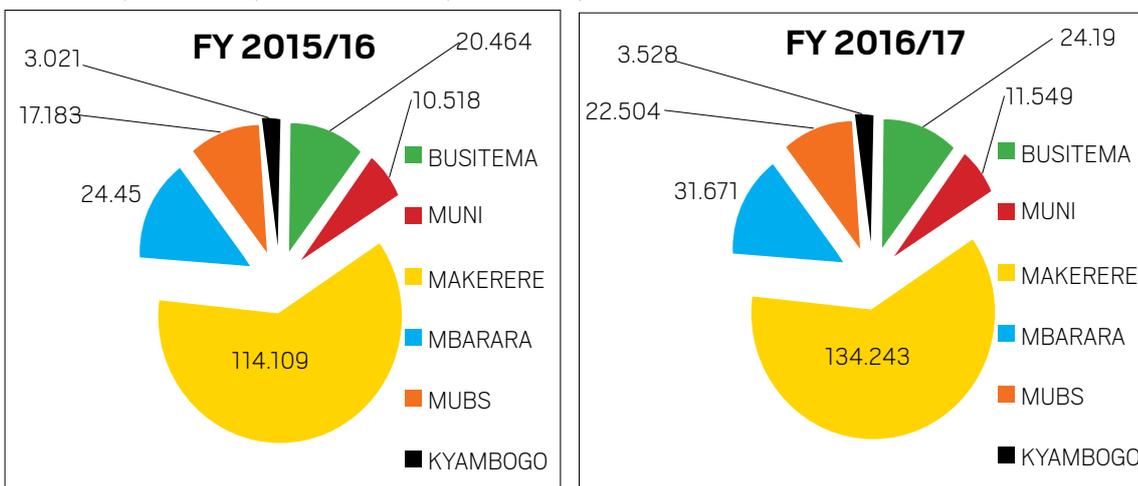
93.3B

Amount allocated last year by Govt.

3.1.3 STUDENTS LOAN SCHEME

Over the years, Government has introduced a number of interventions aimed at increasing access to education namely; UPE, USE, Uganda Post O- Level Education Training (UPOLET). This has led to the increase in the number of students enrolled over the years. There has however been a challenge faced by students in completing the cycle of education as many of them can't afford higher education due to lack of funds. It is upon this background that the government initiated the Higher Education Students Financing Act, 2014 which was assented to by His Excellency the President on 14th February 2014. This provided clear parameterson how students could be supported with a loan scheme to facilitate further studies at higher levels. The program has benefited a

FIGURE 1. COMPARISON OF BUDGET ALLOCATION TO PUBLIC UNIVERSITIES FY 2015/16 (BILLIONS) AND 2016/17 (BILLIONS).



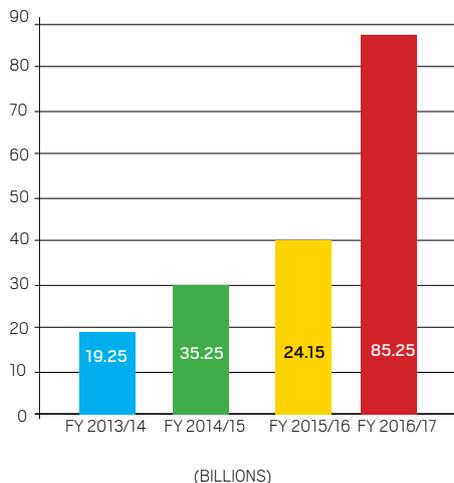
Source: Education Sector Ministerial policy statement FY 2016/17

3.2.1 YOUTH LIVELIHOOD PROGRAM(YLP)

The Ministry has pursued aggressive programmes to expand opportunities for self-employment and to raise income levels among the youth. One of such programmes is the Youth Livelihood Programme (YLP) which was launched in January, 2014. Government committed to support the Programme with a budgetary allocation of UGX 53 billion every financial year as highlighted in the YLP Program Document of December, 2013. By June 15th, 2016, a cumulative total of 8,145 projects worth **UGX 57.8 billion** had been financed to benefit 104,778 youth of whom 57,452 (55%) are male and 47,326 (45%) are female. A total of 7,684 of the projects are under the Youth Livelihood Project Support component, while 461 projects fall under the Skills Development Component.

Although government has tried to increase the budgetary allocation to the Programme every financial year, it still hasn't attained the commitment of UGX 53 billion every year in the past three financial years. In the next financial year 2016/17, Government has allocated **UGX.85.25 billion** to the Programme and this is expected to finance additional projects that will facilitate the youth to engage in more productive activities. The success of the Programme largely depends on the commitment of the youth to utilise this money constructively and effectively monitor the implementation

TABLE 4: THE BUDGET ALLOCATION FOR YOUTH LIVELIHOOD PROGRAM 2014/15-16(BILLIONS) AND 2016/17(BILLIONS).



Source: Social Development Ministerial Policy Statment for FY 2016/17

process.

3.2.2 PROMOTION OF GREEN JOBS AND FAIR LABOUR MARKET IN UGANDA (PROGREL)

The Government of Uganda through the Ministry of Gender, Labour & Social Development designed and started a Programme on Promotion of Green Jobs & Fair Labour Market in Uganda, FY 2015/16-20/21 that is aimed at fighting unemployment, decent work deficits, and workplace unsustainable environment practices in the country. The goal of the programme is to promote jobs and fair labour market in Uganda that reduce occupational accidents and diseases and industrial pollution at workplace sector (Jualalis), promote external (abroad) employment through provision of capital to potential migrant workers as well as enhancement of placement and monitoring systems as highlighted in the Public Investments Plan for FY 2015/16.

A total cost for this program has been planned at **UGX 863.00 Billion** for ten years; with **UGX86.30 billion UGX** to be allocated annually. However a total of 0.200 Billion UGX was provided for in the 2016/17 FY leaving a funding gap of **UGX 62.800 billions**. Given the fact that young people are the most affected by unemployment in Uganda, this program will contribute tremendously in reducing the problem and improve their livelihood. Therefore, there is need to provide the additional **Shs62.8Bn** in line with recommendations of the Technical Implementation Committee to this program.

4. HEALTH SECTOR

Government has taken strategic measures to improve people's lives through facilitating the health care services provision as highlighted in the Second National Health Policy 2010 and the Health Sector Strategic Plan III of 2010/11-2014/15 that offers implementation framework to the sector.

Given that youth comprise majority of the population, they have the highest level of health needs especially in Sexual Reproductive Health. According to the UBOS (2014) report, young people aged between 16 and 24 years account for the 45% of the new HIV infections annually in Uganda with majority being young women in rural areas. It's upon this basis that, government needs to come up with serious intervention measures and invest in the lives of the young people so as to make them productive for meaningful contribution to the national development.

In the FY 2016/17, government has increased the health sector budget from **UGX 1,301,014,139,207** to **UGX**

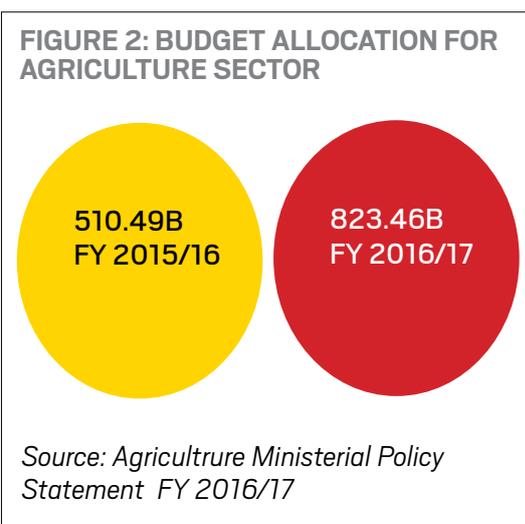
The Vision 2040 identifies establishment of national service especially for the youth so as to facilitate development of a common identity and enhancement of civic responsibility.

1,854,280,086,720 to improve health care service delivery in the sector. Among others, this budget will cater for provision of maternal care and child health, family planning services, reproductive health, HIV/AIDS, purchasing more drugs and rehabilitation of health facilities.

5.AGRICULTURE (NAADS/ OPERATION FOR WEALTH CREATION)

It's worth noting that the agriculture sector contributes to about 69.4% of employment of people in Uganda particularly in the rural areas (Uganda Employment Policy, 2011) and absorbs about 40% of the annual growth in the labour force (UNHS, 2009/10). As a backbone of Uganda's economy, the sector also contributes tremendously to the country's GDP growth rates. In the next financial year 2016/17, government has increased the budget by 67% from the current **UGX 510,490,542,683** FY 2015/16 to **UGX 823,466,943,970** FY 2016/17 to revitalize the sector.

The Agricultural sectoral budget allocation



provides a total of **318.61 Billion UGX** for the NAADS/Operation for Wealth Creation (OWC) sub-sector to offer extension services through accessing farm inputs, seeds and credit facilities. Youth who comprise the highest level of the population will be able to benefit from the services provided in the agricultural sector and improve their livelihoods. However, the challenge remains that NAADS does not have a youth specific component to address youth specific demands in the sector as many youth are vulnerable and face stiff competition to access the services.

6. UNFUNDED YOUTH PRIORITIES IN THE 2016/17 NATIONAL BUDGET

While government is obliged to provide funds for all the budgeted items presented in the ministerial policy statements, there is always a funding gap for certain services. These are termed as unfunded priorities that ministries have to source for funding either through donor support or private sector. The service areas indicated below are planned for under the national planning but will require external budgetary support.

6.1 SKILLING UGANDA

Government came up with Skilling Uganda programme as paradigm shift of BTVET program towards skills development in selected technical and vocational institutions across the country. The government through Skilling Uganda Authority aims to engage in empowering Ugandans with skills that would allow them to participate in and contribute to the process of inclusive growth and development.

However, the Skilling Uganda program that is set to start in the next FY 2016/17 lacks the allocated **UGX.10.00bn** to support the programme for skilling unemployed under graduates. The program which targets 50,000 graduates for a period of 5 years through its strategic plan 2012/13-2020 is meant to start with 10,000 graduates through offering skills development. This program is to cater for apprenticeship and industrial attachment needs of the young people by contributing towards gainful employment. Besides, this being an unfunded priority in the 2016/17 national budget, the country has the biggest unemployment level in Sub-Saharan Africa with public and private institutions releasing over 400,000 graduates every year and only 90,000 transiting into gainful employment due to skills mismatch. Even if these funds are sourced outside the government priority financing, the number of youths who are being supported is still too minimal compared to the number of graduates produced out annually.

6.2 NATIONAL YOUTH SERVICE SCHEME

The Vision 2040 identifies establishment of national service especially for the youth so as to facilitate development of a common identity and enhancement of civic responsibility. Transformation of the Ugandan society from peasant to middle income country requires that the most important resource

are equipped and developed to play a meaningful role in the reconstruction and development of the country. One of the key deliverables of the National Development Plan (NDP) II was to develop and operationalize a framework for National Service training for the youth. A concept of the NYS has also been developed to address capacity challenges of youth by creating opportunities for skills development, access to employment and income generation while contributing to community and national development.

It is against this background that, Parliament last year passed a motion calling government to develop a policy to operationalize the program. The NRM government unanimously supported the implementation of the program in its party manifesto. Therefore, Ministry of Gender Labour and Social Development went ahead to develop a concept note with financial commitment of 5.00 billion to kick start the program in the financial year 2016/17. Ironically, this money was not allocated in the budget for the 2016/17 Financial Year budget. Therefore, in order to equip youth with employability skills for gainful employment, it's important that government considers allocation of supplementary budget to kick start the programme.

6.3 PRESIDENTIAL INVESTMENT ROUND TABLE (PIRT) PROGRAM

The Presidential Investment Round Table (PIRT) proposed initiatives for prioritization of performing arts and creative economy. It's against this that the Ministry of Gender Labour and Social Development developed the Action Plan for the Creative economy to operationalize

the presidential initiative program. The National Development Plan II and the National Youth Manifesto 2016/2021 recognise efforts to investing in the young people's talents to reduce youth unemployment and promote the cultural heritage. As a result, the Ministry had planned to invest **UGX 55.00 Billion** in the first year of implementation 2016/17. However, this money was not catered for in the budget of FY 2016/17 to roll out the program. This means that Uganda will continue to lose revenue in form foreign exchange from foreign investors in the sector and also widen the youth unemployment rate in the country. Therefore, it's so important that the government looks at this as a profitable venture to tap into the talents and skills of young people who are so energetic and productive in boosting the country's economic status. The **55.0 Billion** needs to be provided in the next FY 2017/18 to start up the program to address youth unemployment and promote their talent.

6.5 HEALTH CENTRES

Although government has planned for **UGX 225 billion** for the Health sector to upgrade 235 Health centre II and III's across the country to offer Sexual Reproductive Health services (SRH) to the people including the youth, the budget for the health sector doesn't have the funds allocated for this vote in the next financial year 2016/17. This means that access for youth sexual reproductive services will still be a challenge for many young people in rural areas and yet it's a major issue leading to early teenage pregnancies, early marriages and school drop outs.

7. RECOMMENDATIONS

- According to the Youth Livelihood Program Document 2013, the Government had committed **UGX 53 billion** to run the program every financial year. But in the last three Financial years, YLP has been funded **78.65UGX Billion** leaving a funding gap of **UGX 80.35 billion**. Therefore the government needs to fulfill its commitment of allocating the **UGX 53 billion** every financial year to the program so as to fund the remaining 80% of the youth who applied for the funds. In addition, Government should provide **UGX 5 billion** in the FY 2016/17 for the implementation of the National Youth Service Scheme.
- In order to boost capital development in education sector, the funding for education sector under capitation grant is still minimal in both primary and secondary schools. In that regard, government needs to increase funding for capitation grant for both primary and secondary education under UPE and USE programs.
- Ministry of Health needs to plan for and allocate funds for the National Health Insurance scheme to help a multitude of Ugandans especially youths who can't access expensive health services given the emerging and complicated diseases. In the next FY the government also needs to allocate the planned funds for the public health centres to provide reproductive health services to the young people.
- The number of students in need of accessing higher education is so high. In order to enable the youth access higher education, the government should also allocate more funding to the Students Financing Board to fund the Student's Loan Scheme to benefit more students including arts and certificate courses in higher institutions of learning.

- To address the skills gap, the government in the next coming financial years need to allocate more funding to the skilling Uganda program to equip youth with relevant skills to match the job market demands.
- Under NAADS, PRDP/NUSAF, the government needs to re-design these programs and allocate 40% of the projects to youth specific businesses in order to create more jobs to the youth given the highest youth unemployment level in Uganda.
- For the young people to benefit from the National Budget, the government needs to allocate tax incentives to youth led businesses to boost the youth business start-ups.
- Government generally needs to improve the cost of doing business in Uganda that includes high energy costs, fuel and other utility accessories to enable young people engage in productive business ventures.

8. CONCLUSION

Although there has been budgetary increase across the board in all key social sector ministries in the budget for the FY 2016/17, there is a general concern that, government has not yet demonstrated commitment to addressing specific youth demands in the different sectors. Save for Youth Livelihood Programme, most of the other critical youth priorities that need to be addressed remain as unfunded priorities in ministries where youth are meant to benefit like the National Youth Service, the Skilling Uganda, Promotion of Green Jobs and Fair Labour Market, Youth Venture Capital Fund and many others as highlighted above. Therefore, as the budget implementation process starts in July 2016, it's imperative for all the stakeholders to embrace the budget, participate closely in its implementation process and promote transparency and accountability to the allocated funds so as to realise the vision of transforming this country into a middle income status by 2020. Youth need to be empowered and provided with information about the budget funding and involved in every stage of budget processes to improve on their inclusiveness both at national, regional and local levels.

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ABOUT UGANDA PARLIAMENTARY FORUM ON YOUTH AFFAIRS (UPFYA)

Who we are

Uganda Parliamentary Forum on Youth Affairs (UPFYA) is an advocacy platform in Parliament formed in 2008 by a section of youthful members of the eighth Parliament with a shared purpose of using collective energies to effectively and meaningfully represent youth issues through legislation, budget appropriations and oversight.

UPFYA membership provides a collective force in influencing mainstreaming of youth issues. UPFYA's rationale rested on the fact that there are only five representatives for young people in Parliament. It was observed that there are influencing parliamentary business to address youth interests would be an insurmountable task for

only five youth representatives. Thus a collective voice that embraces all the youthful voices in the legislature was considered necessary. UPFYA draws its rationale in the demographic characteristics that place youth at 80% of the population and yet there are no sustained efforts to invest in these groups in order to reap from them.

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