



# Process

**December 7, 2022** Launch of the Review by HE. First Lady and Minister of Education and Sports, Minister of Finance, and Ministers from the Human Capital Programme.

**December 2022 - April 2024** 4 meetings of the core team co-chaired by MoFPED and MoES.

**June 18, 2024** Validation of the report.

**November 25, 2024** Revalidation of the report

**April 28, 2025** Presentation of report to MoES leadership

**End of May, 2025** Launch of the report

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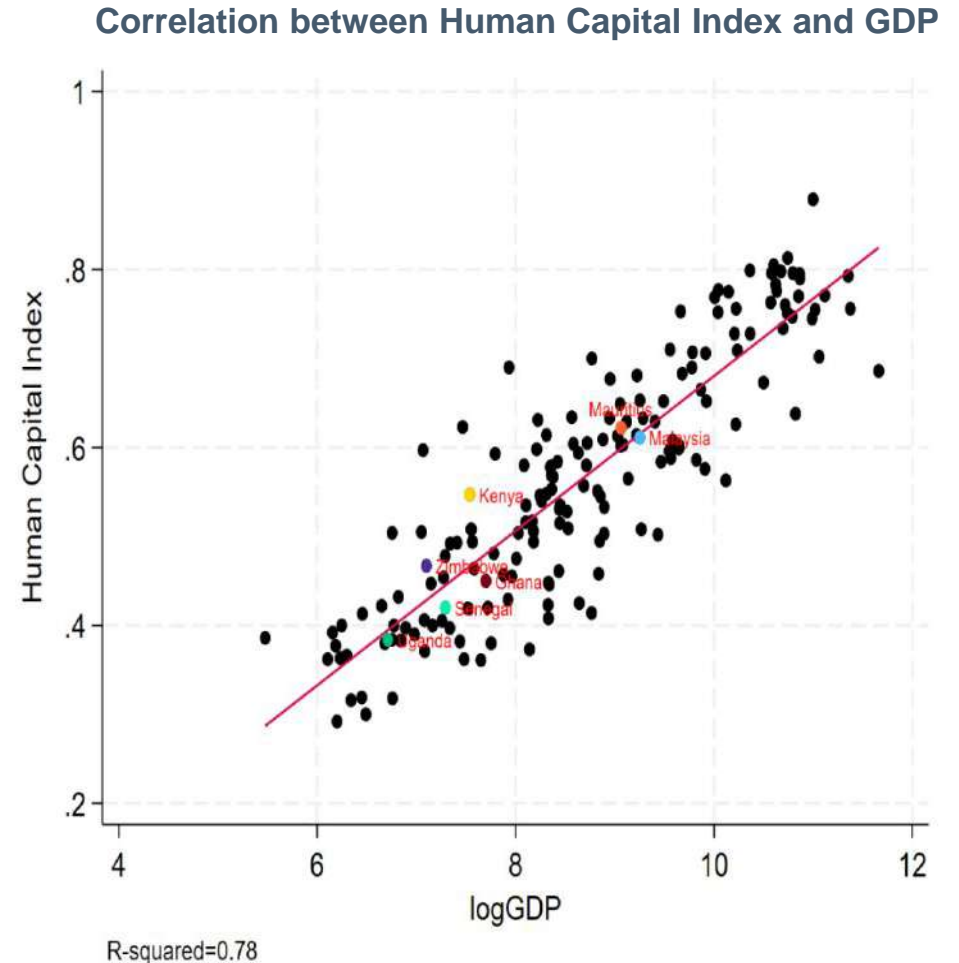
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# **The State of Human Capital in Uganda**

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# What is human capital, and why does it matter for growth?

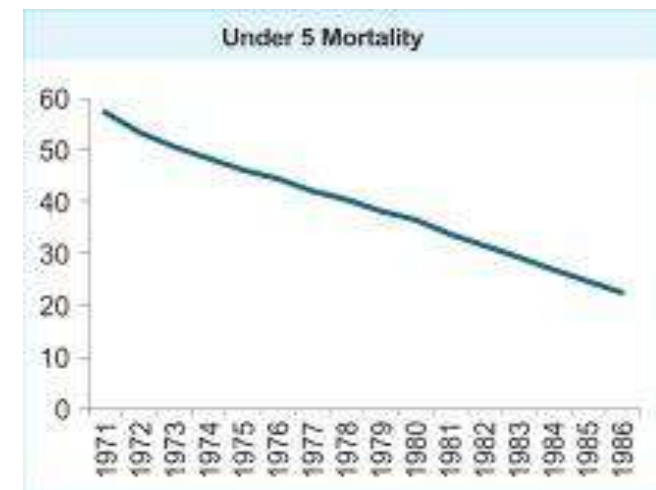
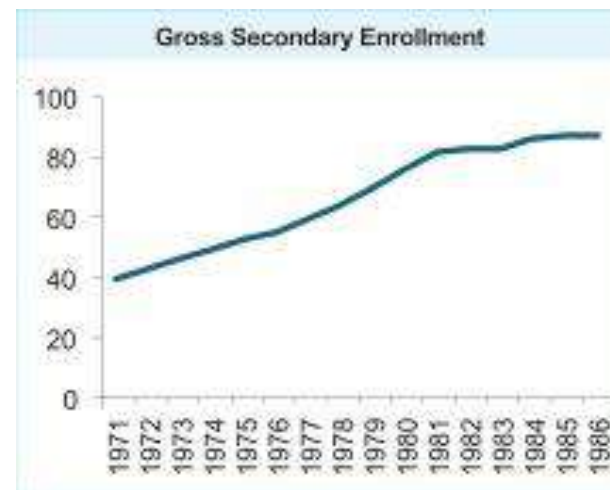
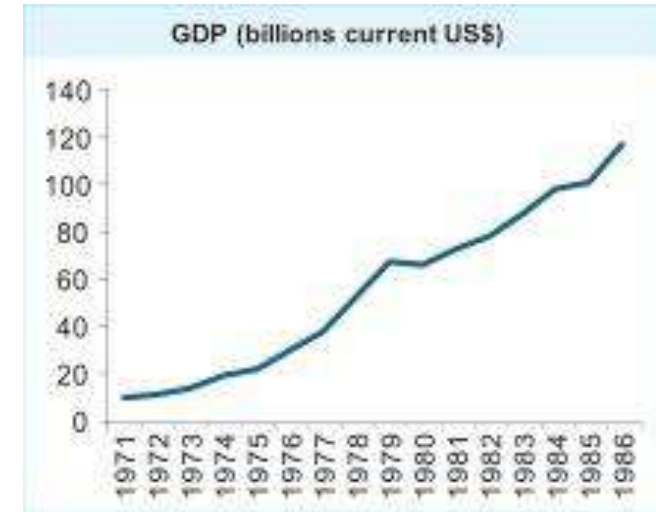
- Human capital - **the knowledge, skills, and health that people accumulate throughout their lives**, enabling them to be productive - accounts for 1/3 of differences in GDP and earnings across countries.
- Uganda's population estimated at 46 million is **projected to more than double by 2060**, at which point 70% are expected to be of working age.
- The young population presents an opportunity to capture a **demographic dividend** – a highly favorable window for economic growth due to a large working-age population relative to dependents.
- There is a great need to invest in the health, education and productivity of this population.



# With accelerated improvements in human capital, achieving tenfold economic growth is possible

- Countries that have achieved rapid economic growth, as imagined in the **ten-fold growth strategy**, did so during their demographic dividend window and with **aggressive investments in human capital**, along with enabling infrastructure and policies.
- South Korea experienced an **eleven-fold increase in GDP in 15 years** while more than doubling gross enrollment in secondary school and more than halving under 5 mortality, on its way to becoming a high-income country

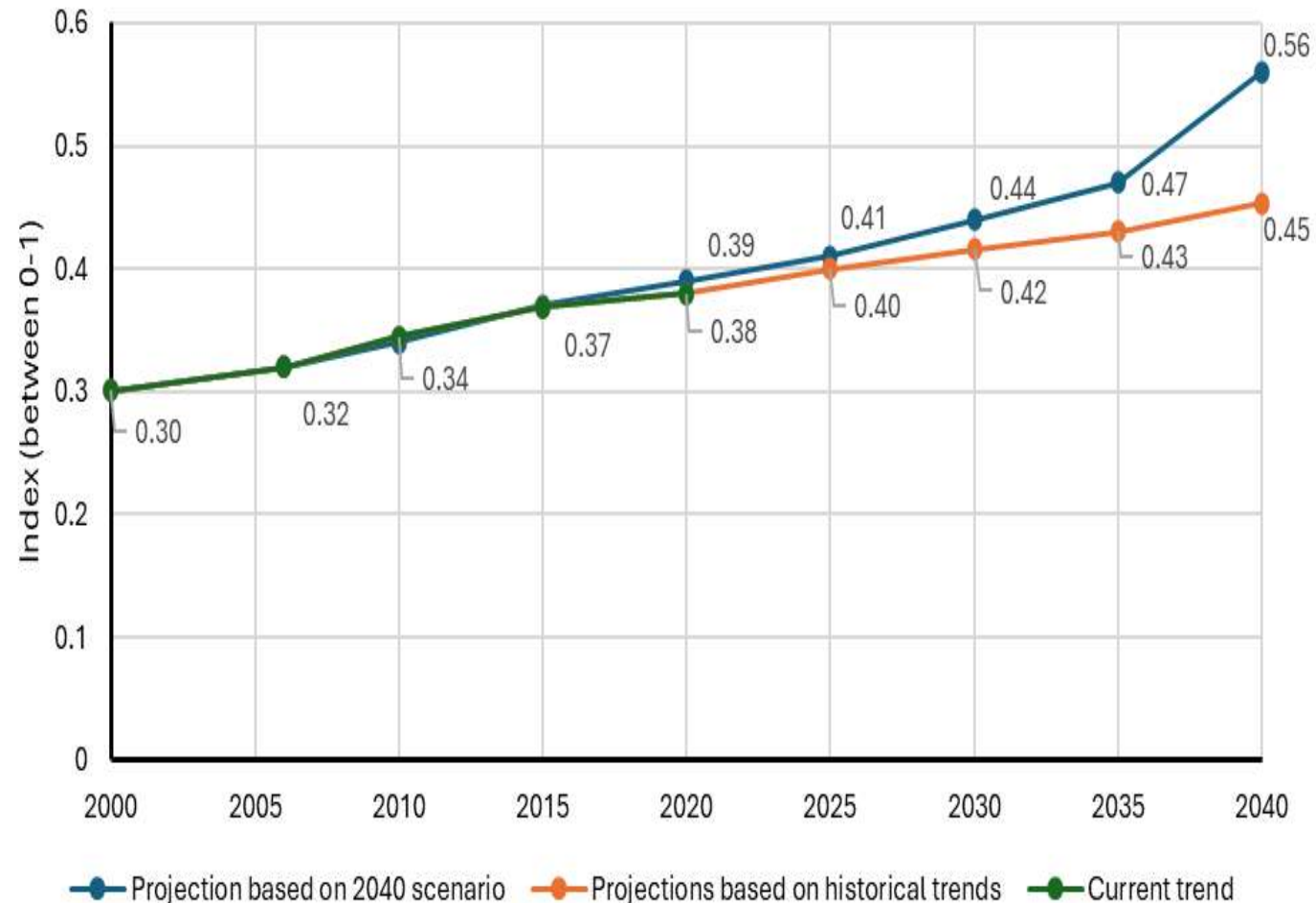
## GDP growth and selected human capital indicators in South Korea, 1971-1986



# What will it take for Uganda to transform its human capital?

- Uganda is currently **underinvesting in human capital**. According to the Human Capital Index (HCI), a child born in Uganda today with current levels of investment in health, education, and other human capital sectors will only be **39% as productive** as he or she could be with full health and education.
- Uganda could **double the productivity of its 2040 workforce** by investing more in key drivers of human capital development.

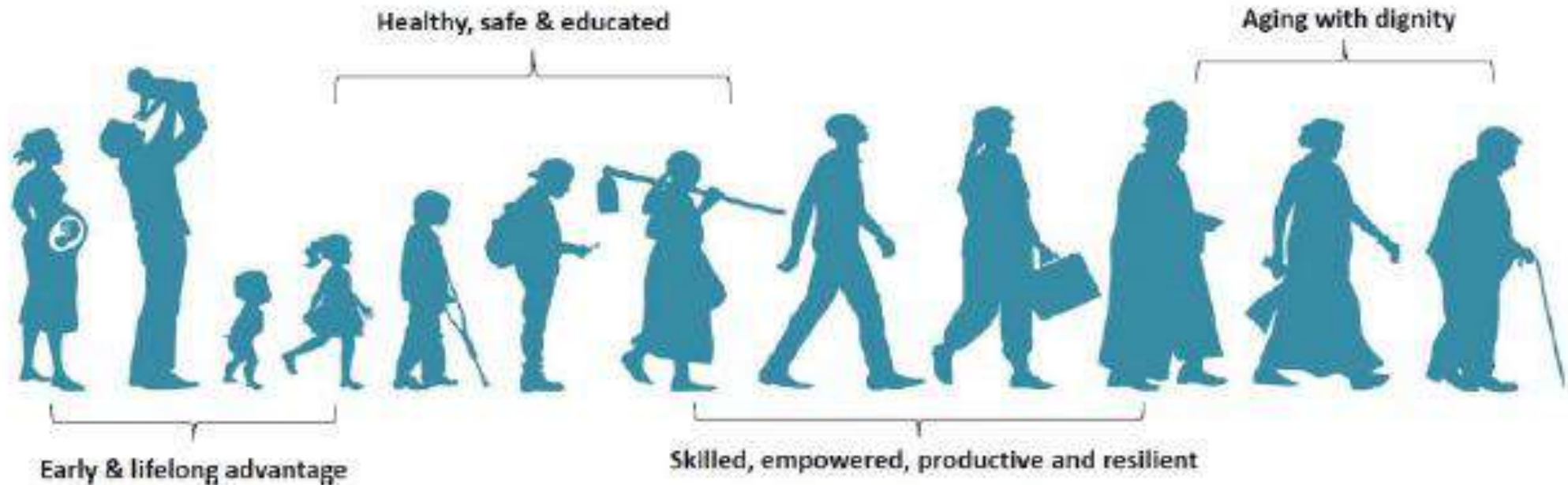
Trends in human capital index in Uganda (2000 – 2040)



# Accelerated accumulation of human capital requires international cross-sectoral and public private sector actions across the life cycle



- Maternal and newborn care
- Expanded immunization
- Early childhood stimulation
- Access to safe water
- Quality education
- Safe learning spaces
- Opportunities for girls
- Relevant skills
- Access to quality jobs
- Access to reproductive, maternal, child health services
- Access to childcare
- Social safety net programs, pensions
- Lifelong learning opportunities
- Adequate healthcare



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# Education

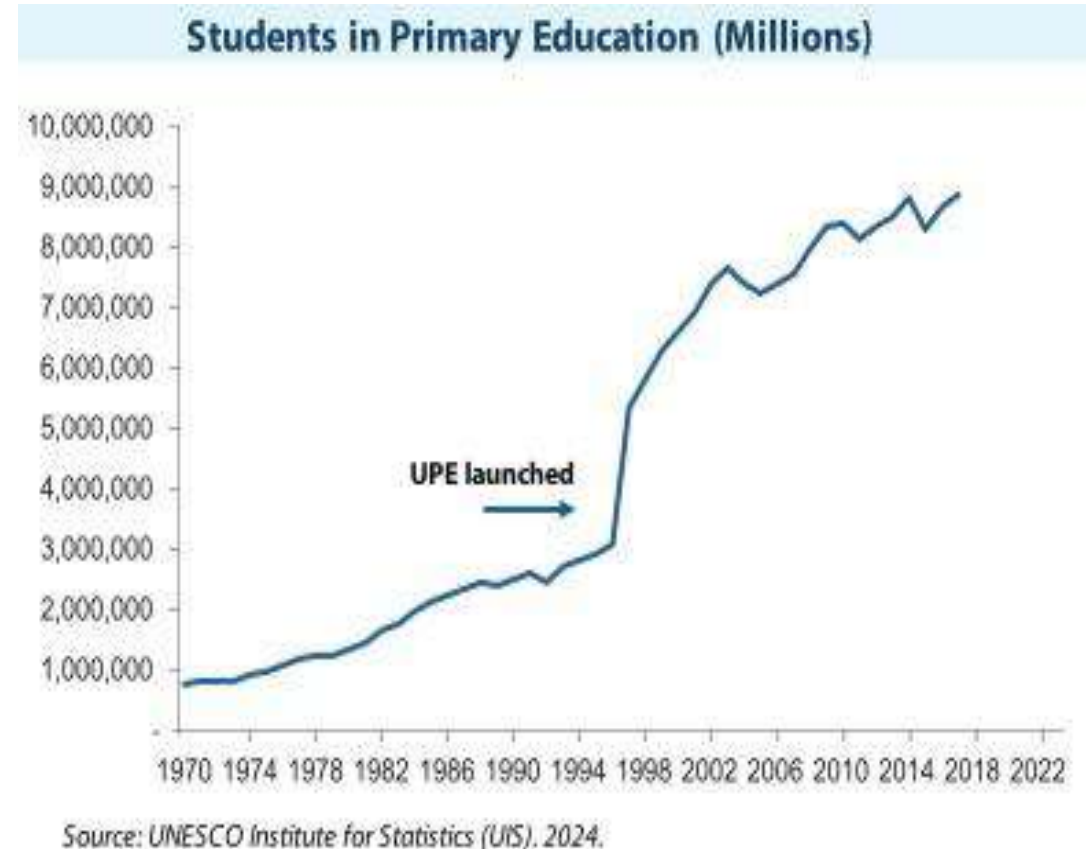
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# Notable progress in education service delivery

**Improved access to primary education.** An early adopter of free primary education with the Universal Primary Education (UPE) in 1997, primary enrollment tripled within two decades.

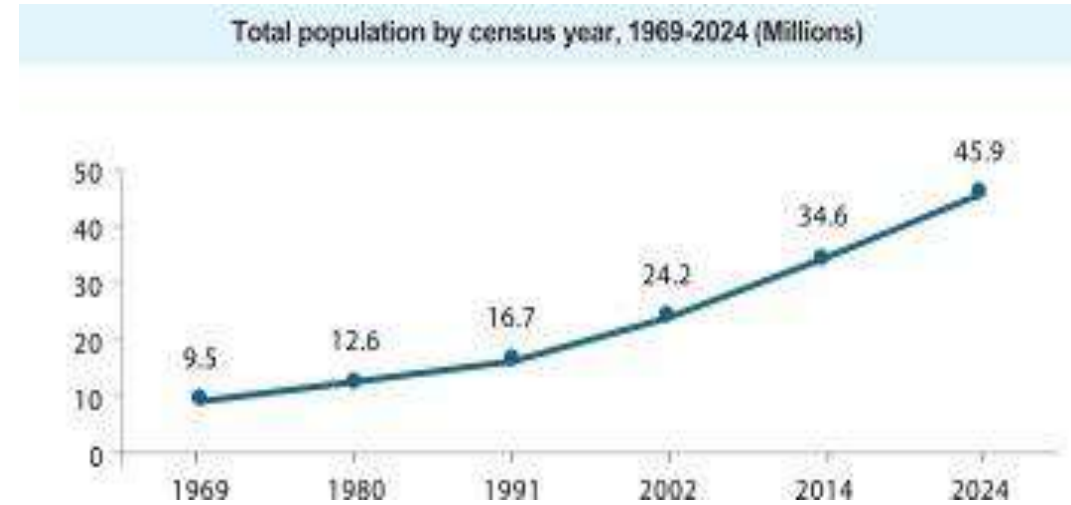
**Pioneering inclusive policies.** UPE and Uganda Secondary Education (USE); instruction in local languages; free education for refugees; initiatives for children with disabilities and adolescent mothers; the Early Childhood Care and Education (ECCE) Policy.

**Making strides towards a private-sector-led skills system.** Key initiatives include the creation of skills councils; strengthening of Technical and Vocational Education and Training (TVET) institutions; promotion of employer-led short-term training to address skills imbalances.



# Key education challenges

- **Rapid population growth putting pressure on the system.** With population growth of around 3% per annum, the education system is struggling to keep up.
- **High rates of repetition and high rates of dropout.** In 2019/20, about 18 percent of P1 students were repeaters. Only 60 percent of children who start primary education in Uganda remain in school at the end of P7.
- **Low learning levels.** Learning-adjusted years of schooling is 4.3 years. 65 percent of students in P6 below min. proficiency in English literacy, and 48 percent in numeracy.
- **Significant equity gaps.** Education outcomes vary between higher- and lower-income households, rural and urban areas, refugee-hosting areas and the rest of the country.



Source: Uganda Bureau of Statistics. 2024.

## Key figures

1. Approx. 3% annual average population growth
2. 6.8 average years of schooling
3. 4.3 average years of learning adjusted schooling
4. 53:1 average pupil-to-teacher ratio

# Bottlenecks and enablers

## Bottlenecks

### **Education spending remains too low.**

- Public education spending represented just 2.7 of Uganda's GDP in 2021, well below the average of East African peer countries at 4.2 percent and international benchmarks of at least 4 percent.\*
- Low public expenditure shifts the burden to households. For every UGX 1,000 the government invests in education, households add UGX 1,450.

### **Public spending on education is inefficient.**

- Sources of inefficiencies include teacher absenteeism, lack of pre-primary education creating low readiness and repetition, diversion of funds, “ghost” schools and teachers, inefficient teacher allocation.

## Enablers

### **The Education Management Information System (EMIS) is being upgraded.**

- It will enable data-driven decision-making and effective service delivery.
- A strong EMIS can boost student achievement and address issue of “ghost” schools and teachers.

### **A Human Capital Program secretariat has been established.**

- Established under the third National Development Plan, it will facilitate cross-sector collaboration between sectors like health and education.

### **A national ECCE policy has been adopted.**

- The policy aims to scale up affordable ECCE across the country.

# Two scenarios: Required education investments until 2040

Combined Public and Secondary:	Current Situation (2020 or Most Recent)	“Business as Usual” in 2040 – keeping pace with population growth, but access rates and quality are not changed	“Expansion with Quality” in 2040 – based on population growth and requirements to fulfill the national Education Sector Strategic Plan (ESSP) and Sustainable Development Goals (SDGs)
<b>Budget (USD)</b>	479 million	964 million	2,104 million
<b>Teachers</b>	208,900	275,200	569,000
<b>Classrooms</b>	133,300	175,100	292,800
<b>Textbooks</b>	29.2 million	39.2 million	109.8 million

## Takeaways

### To expand with quality by 2040 requires:

- Education budget to grow by 440%
- 360,000 new teachers
- More than doubling existing number of classrooms
- A near fourfold increase in textbooks

# Recommendations

## 5 Key Recommendations



Gradually increase education spending to reflect an “expansion with quality” scenario, prioritizing basic education and skills over further increases in tertiary education.



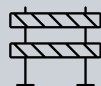
Introduce one year of quality pre-primary education through the government system, in line with the new ECCE policy.



Focus on teachers as a key driver of improved learning outcomes by enhancing both compensation and accountability and providing practical, hands-on training.



Leverage technology to improve learning and reduce inefficiencies in the system.



Reduce barriers to participation in education, including out-of-pocket costs for UPE and USE.

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# Health & nutrition

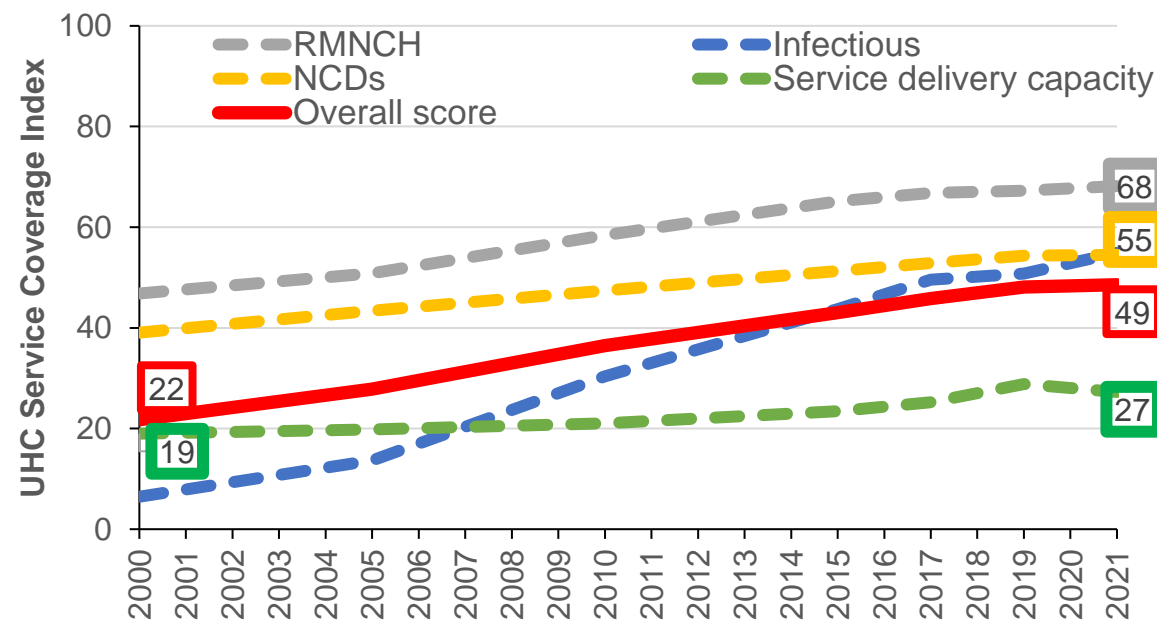
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# Uganda has made notable progress improving health outcomes, but under-investment and low service delivery capacity is limiting system performance

Percentage improvements in health outcomes across the life cycle over a 3-decade period

Indicator	1989/90	2023/24	Change (%)
<b>Trends in life expectancy (years)</b>	<b>46.3</b>	<b>68.5</b>	<b>48</b>
Adult HIV prevalence rate (%)	22	5.1	-77
<b>Total fertility rate (per woman)</b>	<b>7</b>	<b>4.5</b>	<b>-36</b>
Maternal mortality ratio (per 100,000 live births)	550	189	-66
<b>Under-five mortality (per 1,000 live birth)</b>	<b>180</b>	<b>52</b>	<b>-71</b>
Neonatal mortality (per 1,000 live births)	39	22	-44
<b>Under five stunting (%)</b>	<b>45</b>	<b>24.4</b>	<b>-46</b>
Teenage pregnancy (%)	37	24	-35

Uganda's universal health coverage service index has improved significantly except in the service delivery capacity component

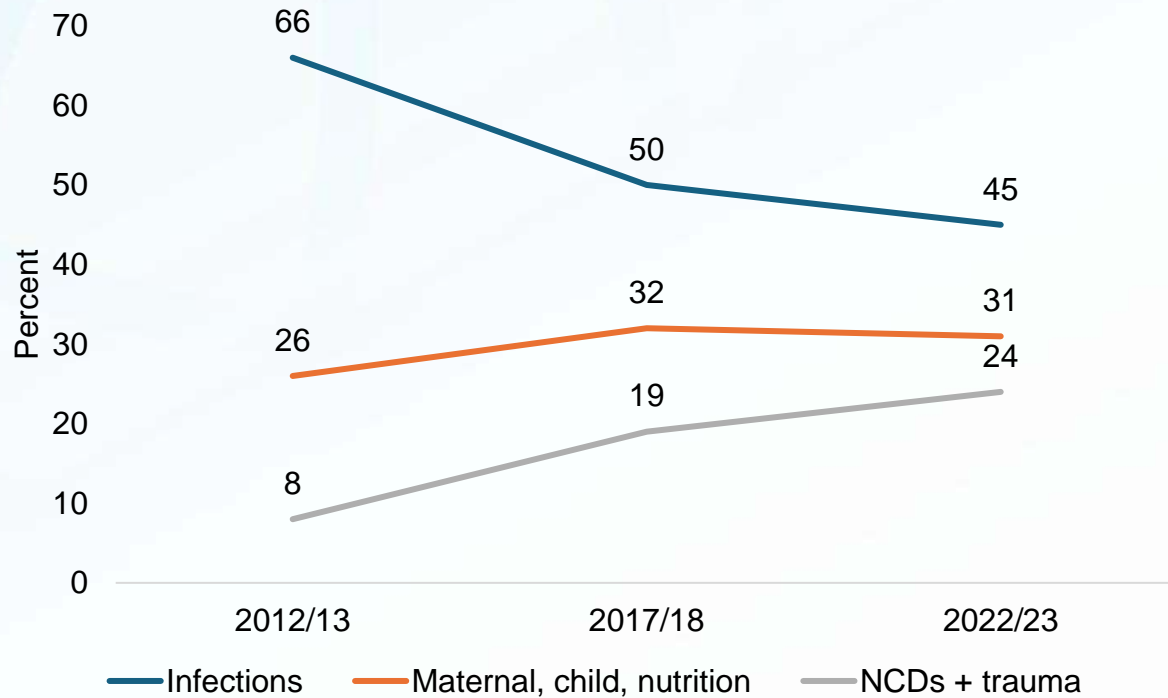


## Key health system challenges

- 59% of facilities ready to provide services
- < 40% of the required staff
- Less than 60% of essential medicines budget is covered despite nominal budget increases

# Changing disease patterns, demographic challenges, and inequalities are creating new pressures on the public health system in Uganda

Trends in the proportion of top 10 causes of death in health facilities (2012 – 2023)



## Rapid population growth to reach 70m by 2040

- Growing adult and elderly population driving transition to NCDs
- Need to prepare young people for healthier adulthood

## Increasing threats of public health emergencies (14, outbreaks in 2020-21)

- COVID-19, Ebola, Malaria, Measles, Anthrax, Cholera.....

## Major inequalities in health and nutrition outcomes

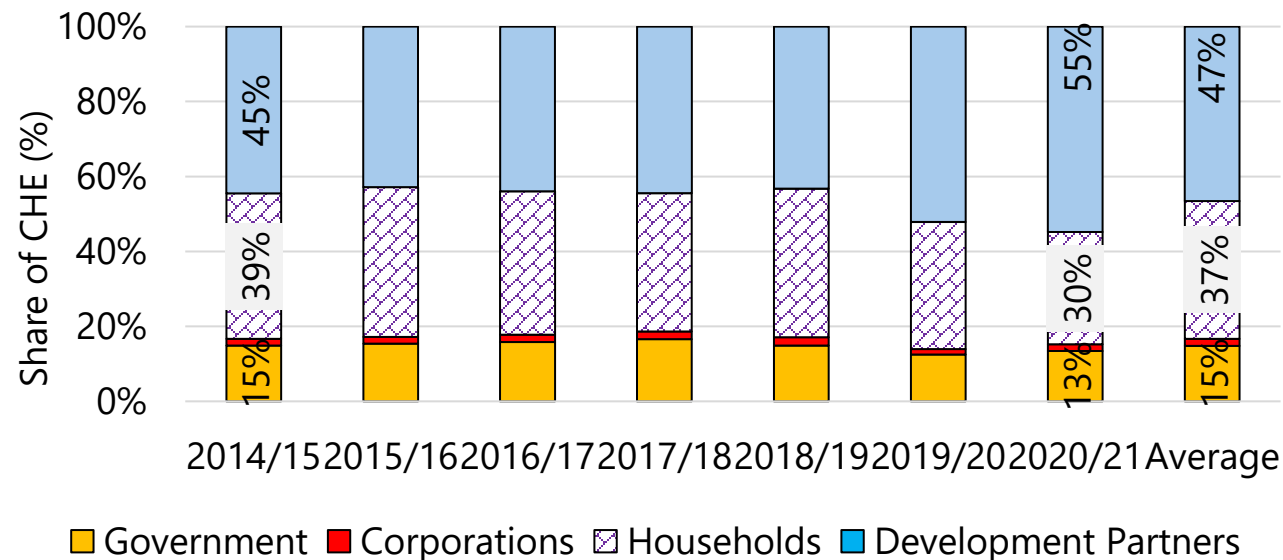
- U5 mortality (30.6 per 1,000, Teso vs 79.5 per 1,000 births, West Nile)
- Stunting (refuge settlements, 26.9% vs host communities, 30%)

# The level of funding is insufficient to address the growing population and disease burden, but Uganda's health services are relatively efficient

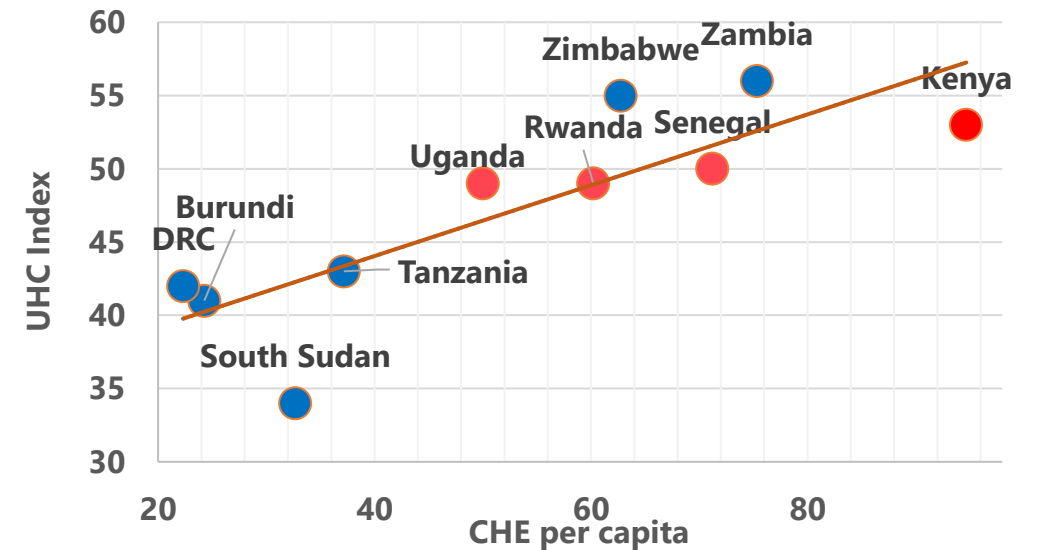
## Key health financing metrics (FY2021/22)

Parameter	Estimate
Govt health expenditure per capita	US\$15-22 vs US\$40-60 required for health benefits package (scenario 2)
%Households - Catastrophic Spending	About 5M people
%Households - pushed into poverty	About 1M people

## Sources of total current health spending, FY14/15 – FY20/21



## Spending vs Universal Health Coverage Index



# Other key drivers of health services performance

## Workforce

- 25.9 health workers per 10,000 population is vs 44.5 required to achieve quality health for all.
- Competence and productivity gaps and mismatch between production and demand for health cadres

## Health infrastructure

- Access to health facility within 5km radius increased from 83% in 2012/2013 to 91% in 2020.
- Upgraded infrastructure across 600 facilities in 5 years; however, general service readiness index of health facilities is 59%.

## Digital health and nutrition information systems

- Uganda's level of digital maturity in 2023 averaged 2-3 out of 5. Sub optimal cell phone (68%) and internet (40%) coverage.

## Access to essential medicines, supplies, and blood products

- Low access to essential medicine as about half budget requirement is met. Medicine accounts for 48% of out-of-pocket spending.

## Governance of health and nutrition services at various levels

- In 2022, 51% local governments met minimum service delivery standards. Performance influenced by leadership and governance quality.

## Recommendations – health and nutrition

1. Strengthen primary health care and rationalize investments in referral/specialized care
2. Reinforce health and nutrition financing
3. Revitalize health workforce development, recruitment, and management
4. Increase access to and local production of efficacious and affordable essential medicine and health technologies
5. Reinforce digital health and health and nutrition measurement
6. Strengthen health and nutrition leadership, governance, and management
7. Strengthen multisectoral and the private sector action for health and nutrition
8. Integrate shock and resilience into health planning and social protection systems

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# **Water and Environment**

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# HCR CONTEXT

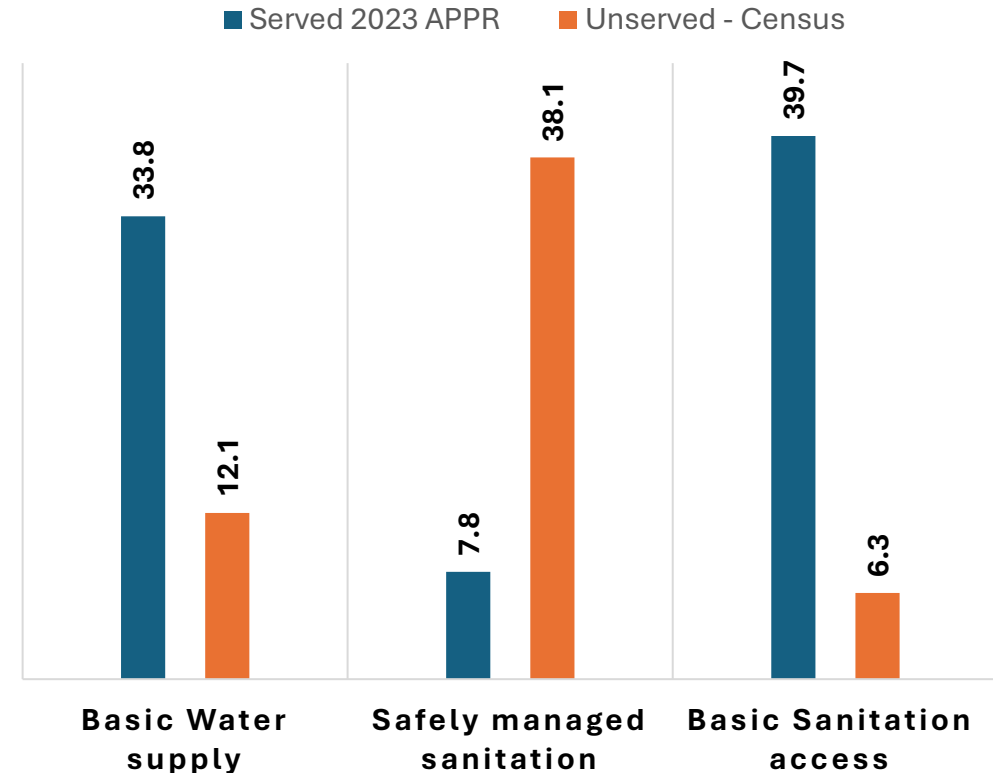
**WASH access and good environmental conditions are core contributors to HCD** (health, wellbeing, effective learning and dignity aspects)

- ✓ Enabler for effective and quality service delivery in health and education
- ✓ Human capital index sub-indicators link to WASH (child and adult survival, stunting rates)
- ✓ Water contributes to the four food and nutrition security network pillars (availability, access, utilization and stability)
- ✓ Disease burden – 60% related to WASH, with measures for outbreaks largely linked to WASH improvements (e.g., Covid 19, Ebola)

## WASH services statistics snapshot (2023)

- ✓ 38M people lack access to safely managed sanitation and 12M lack access to basic water supply
- ✓ Institutions WASH coverage is low: 56.8% of health care facilities, and 32.5% of schools.

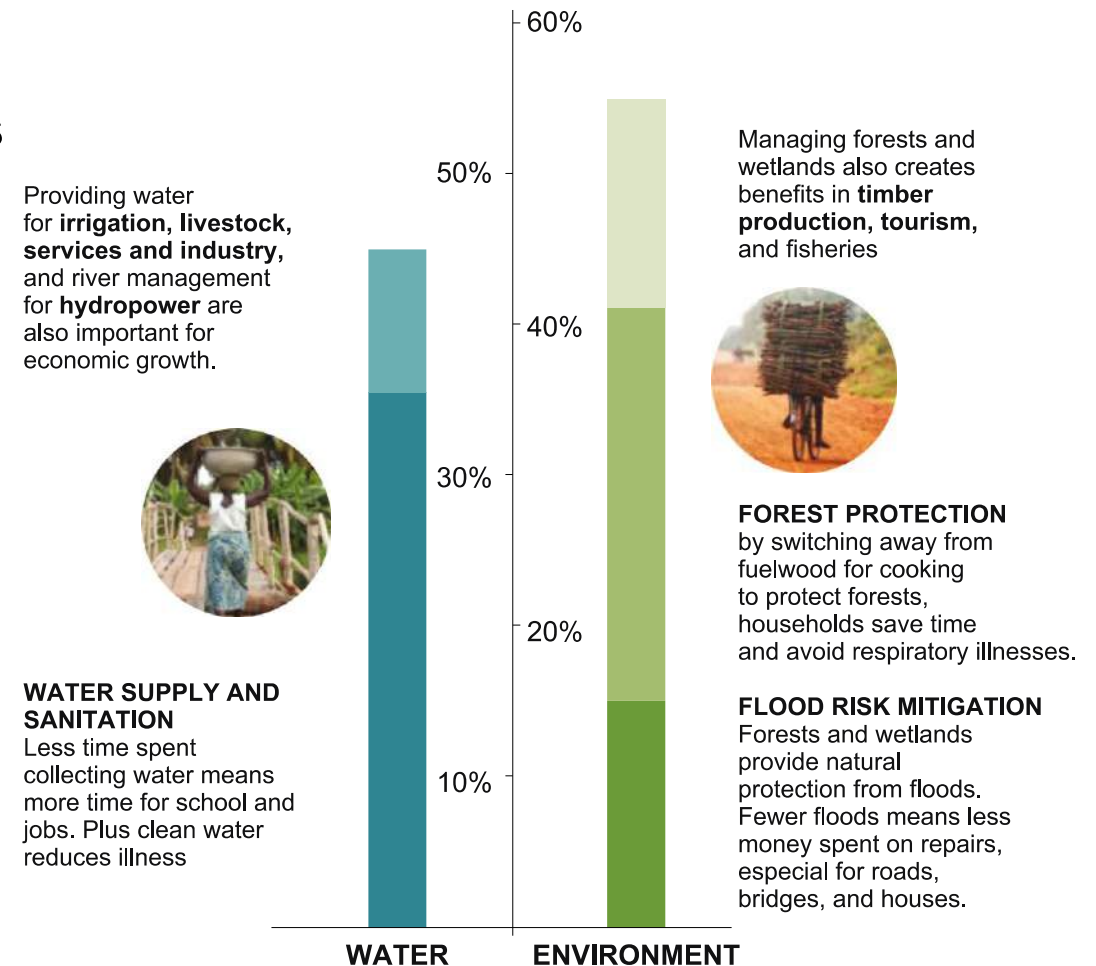
WASH Access - Population (Million)



# Progress in water and environment

- **Financing sustained at 3%** (UGX1.05 trillion in FY2022/23)
- **Existing institutions, policy and planning frameworks**
  - Updated Uganda Nationally determined contribution (NDC) – Strategy and country commitment to CC adaptation, mitigation and resilience
  - Water and environment SSIP (2018 – 2030)
  - Comprehensive refugee response plan for water (being updated 2024)
- **Monitoring systems** – Water and Environment Management System, 53% districts with early warning systems (EWS) for environmental pollution and climatic shocks
- Ongoing catchment-based water resources management reforms
- **GDP gains** from MWE Investments in figure

Distribution of GDP gains from MWE investments by channel



# WASH: bottlenecks and enablers

## Bottlenecks

- **Limited sector Financing** - 13% of annual SSIP estimate
- **Widening service gaps** - urbanization and population growth rates (3%)
- **Institutional disconnect** on mandate for water and sanitation service delivery to Education and Health Care Facilities (MoU)
- **Sustainability** of WASH in institutions and to refugee communities e.g., budget for water bills
- **High non-revenue water** in existing water supply systems

## Enablers

- **W&E Prioritized in NDP IV** and WASH is PDM aligned - pillars (2, 4 &5);
- **Vibrant CSO network** – UWASNET
- **Focus on WASH** in primary health care and WASH prioritization in education investments
- **Comprehensive refugee response plan** for water under revision

# Environment: bottlenecks and enablers

## Bottlenecks

- **Damage of climate change** in the agriculture, water, infrastructure and energy sectors = 2- 5% GDP between 2010 and 2050 (MWE study)
- **Increasing vulnerability to climate shocks** – flooding and drought
- **Negative consequences of extreme weather events** e.g. disease, conflict, agricultural production and productivity crop yield etc.
- **Extreme heat affects learning:** some regions with extreme hot days also have high learning poverty

## Enablers

- **Global and national focus on climate change**, mitigation and adaptation
- **Ongoing Country Climate and development report (CCDR)** preparation under the WB

# Recommendations

- **Enhanced catchment-based WRM** for improved coordination, planning, regulation, and monitoring of water resources.
- **Coordinated planning, use and sharing of data in different MIS:** Disaster risk planning and geo-enabled management information systems across sectors with built in early warning systems
- **More efforts in NCD implementation:** Management of extreme events and pollution ( EWS and Air quality monitoring)
- **Enhanced knowledge management and policy actions:** indoor air quality management, emerging pollutants, innovative WASH service delivery
- **Incentivized environment and natural resources management**
- **Water sector Public institutional and expenditure review:** financing gaps and cost- efficiency opportunities, reforms and incentives for service delivery improvements; **5- year Country WASH investment program**
- **Increased and innovative investments in WASH service delivery:** innovative financing (payment for ecosystem services, climate financing, private capital ), O&M incl. Health and Education and business approach to service delivery (PPP for AT, capex and operations)
- **Strengthen the capacity mainly for operation and management**
- **Functional institutional coordination** arrangements under the NDPIV program arrangements

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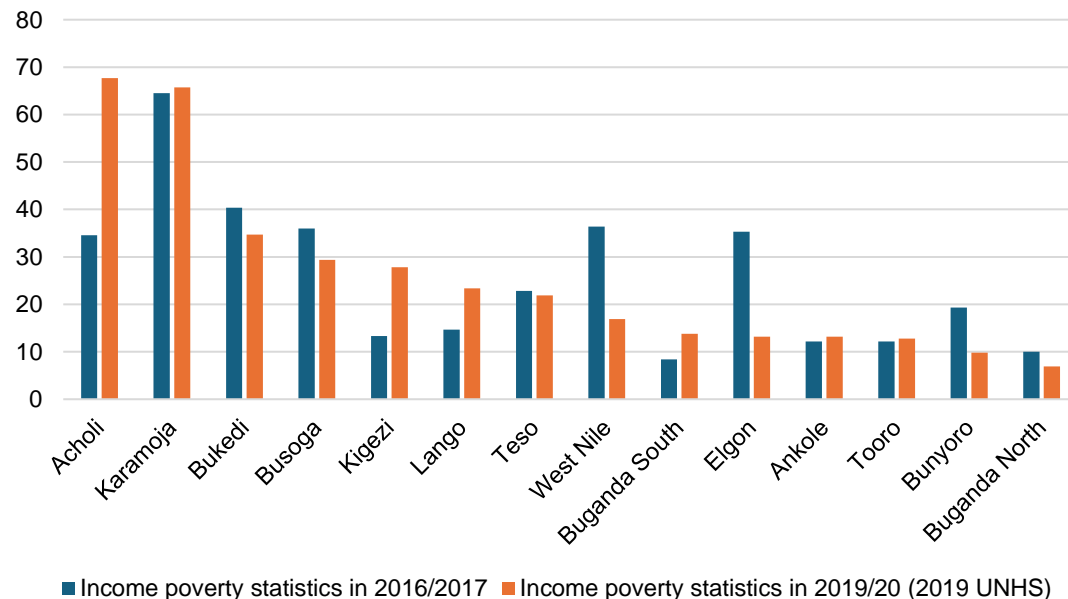
# **Social protection**

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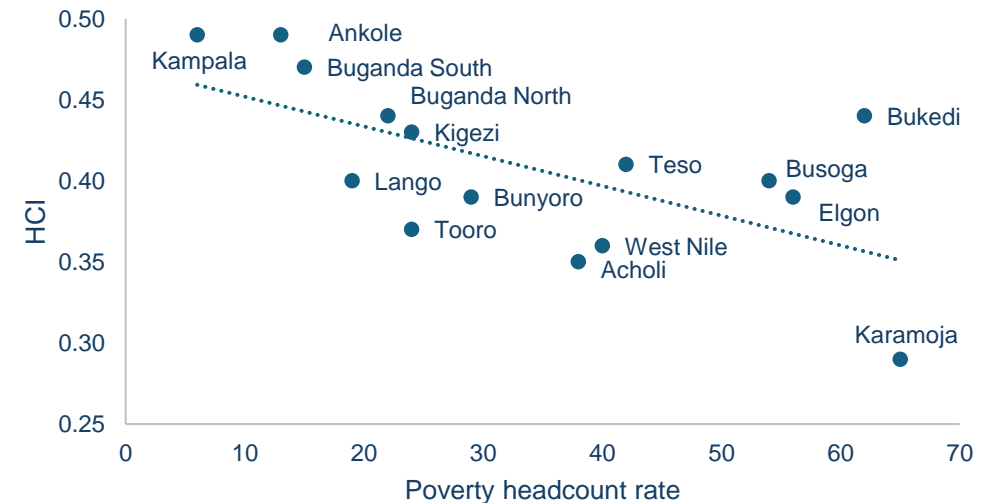
# Poverty and Vulnerability Context

- **Persistent Poverty:** Poverty rate remains high (20.3% national poverty, 30% using revised national poverty line), slight decrease from 2012/2013 rate
- **Spatial Dimensions:** Significant urban-rural disparities; Northern regions like Acholi and Karamoja exceed 65% poverty.
- **High Vulnerability to Shocks:** Climate change, COVID-19, and economic shocks hit rural poor hardest. 60% of households experienced shocks post-2020, often resorting to harmful coping (e.g. reducing food, pulling children out of school).

**Income Poverty Statistics: 2016/17 – 2019/20**



**Correlation between Poverty Rate in 2016/17 and Human Capital Index (HCI) circa 2016/17 by Subregions**



# SP Policies and Strategy largely defined; some programs tested at scale

## POLICY

**The National Social Protection Strategy (NSPS) for 2023 – 2028 was just completed.**

- Aims to address economic risks as well as social dimensions of well-being
- Underpinned by the notion of vulnerabilities across the lifecycle from which priority actions will be drawn.
- Aims to strengthen harmonization and coordination.

## PROGRAMS

- **Senior Citizens Grant:** grant to all older persons aged 80 years and above, providing regular and predictable monthly cash transfers to older persons. ~300,000 active beneficiaries
- **NUSAF IV:** Approved with implementation to start this year
- **NUSAF1-3** (2002 – 2021): 2m beneficiaries with positive impacts on savings, asset ownership.
- **DRDIP** (2017 – 2024): Almost 3m beneficiaries next phase under preparation.
- **Significant investments by other Donor/Development Partners** (e.g. Child-sensitive social protection, investments by FCDO and Irish Aid on the SCG)

# Lagging SP expenditure and Coverage

- 
- **Rising poverty: slow post-COVID recovery of household income and productivity**
  - **Shocks: impacts of climate change, forced displacement, health shocks, etc**
  - ***Low coverage: Only 3% of the population covered***
  - **Absence of life-cycle approach to SP: no nation-wide safety nets**
  - ***Low expenditure: 0.6 percent of total Government spending in FY23/24***
  - ***Inadequate systems: Lack of a national-level shock-responsive delivery systems***
  - ***Lack of Disaster Risk Financing framework that builds on the country's risk profile***

# Recommendations



Increase financing for Social Protection



Build shock-responsive social protection systems

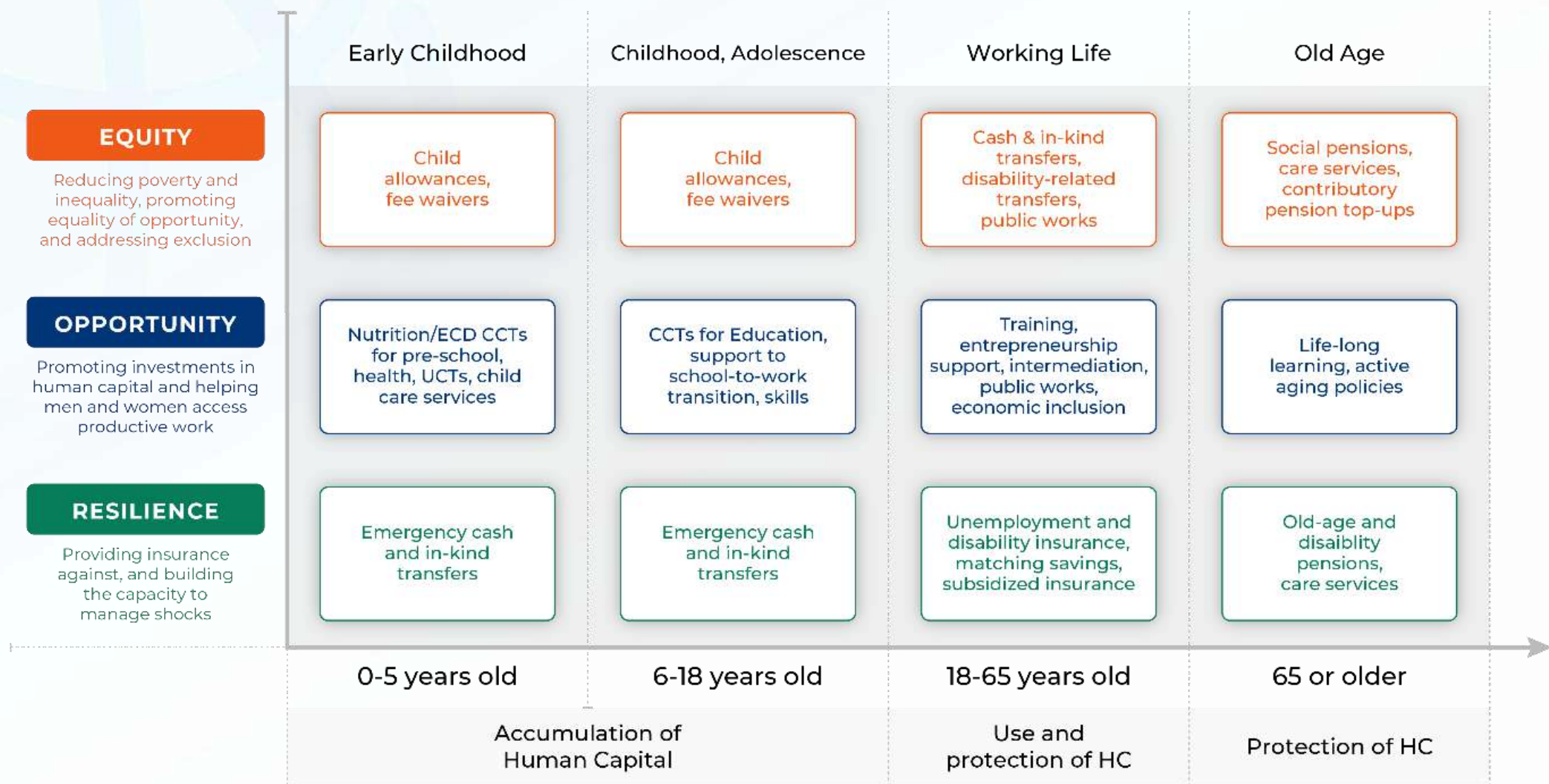


Apply a life cycle approach



Invest in economic inclusion and livelihoods programs

# Life Cycle Approach to Social Protection



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# Jobs

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# Economic growth and labor market challenges

**Less than 50%** of Uganda's human capital is effectively used in the labor market. Only **10M of 20.5M workers** earn pay; many remain in low-productivity, subsistence jobs.

**Agriculture's** value-added dropped to **23%** in 2018, yet most jobs (64%) remain in this sector as of 2019

**33%** of households are in the subsistence economy, of which 75 percent rely on subsistence agriculture

The Ugandan labor market will need to accommodate **14 million additional workers by 2040** to avoid underutilization of its human capital

The prevalence of youth among NEET was **41% (51% in UNPHC 2024)**

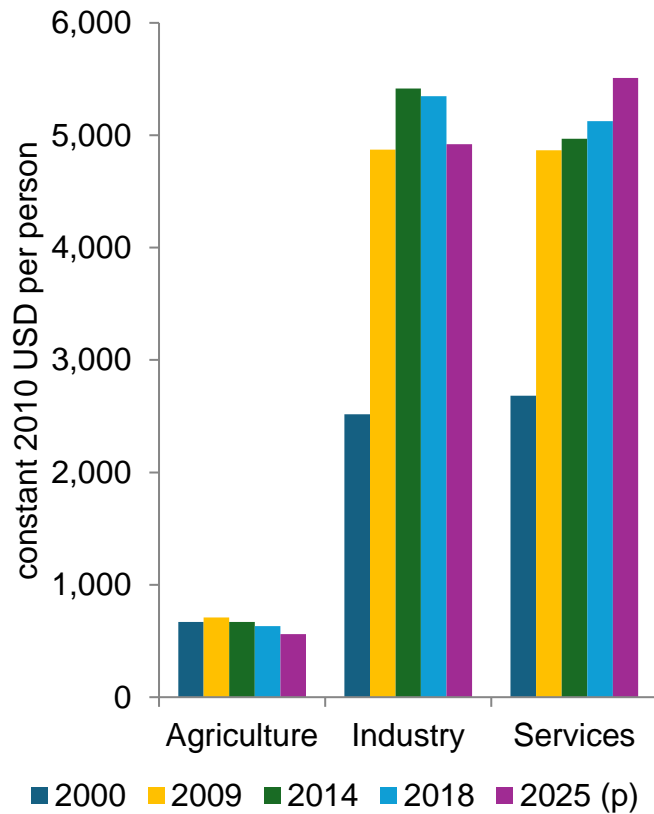
Women face limited access to productive jobs; 67% are unpaid workers vs. 50% of men.

**Services sector** shows more dynamism and job growth, expected to surpass industry productivity by 2025

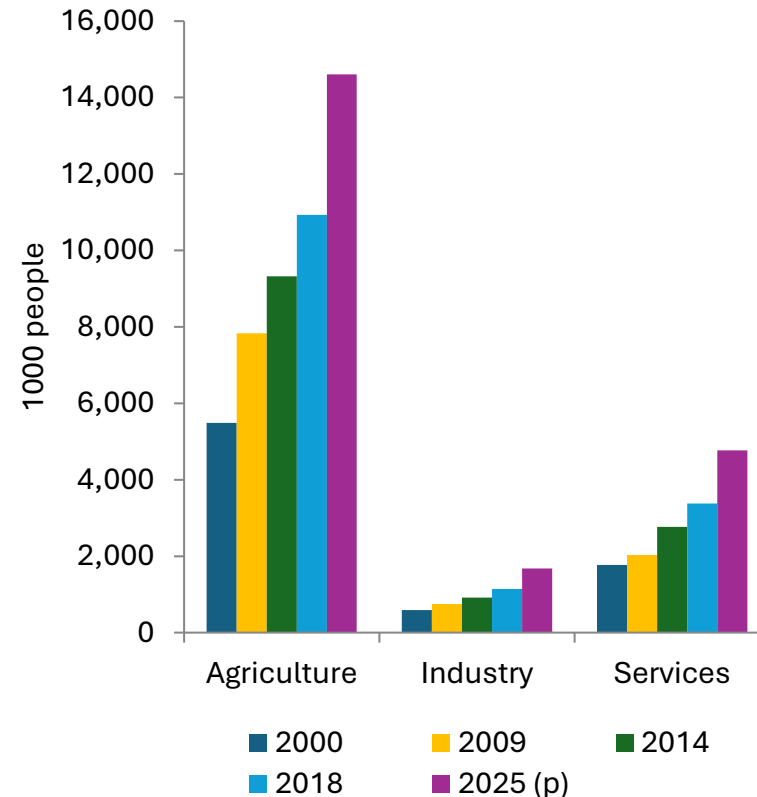
Despite reforms (e.g. Skilling Uganda), a **skills mismatch and low education levels** limit access to productive jobs.

# Economic growth and labor market challenges: productivity has decreased in agriculture and stagnated in other sectors

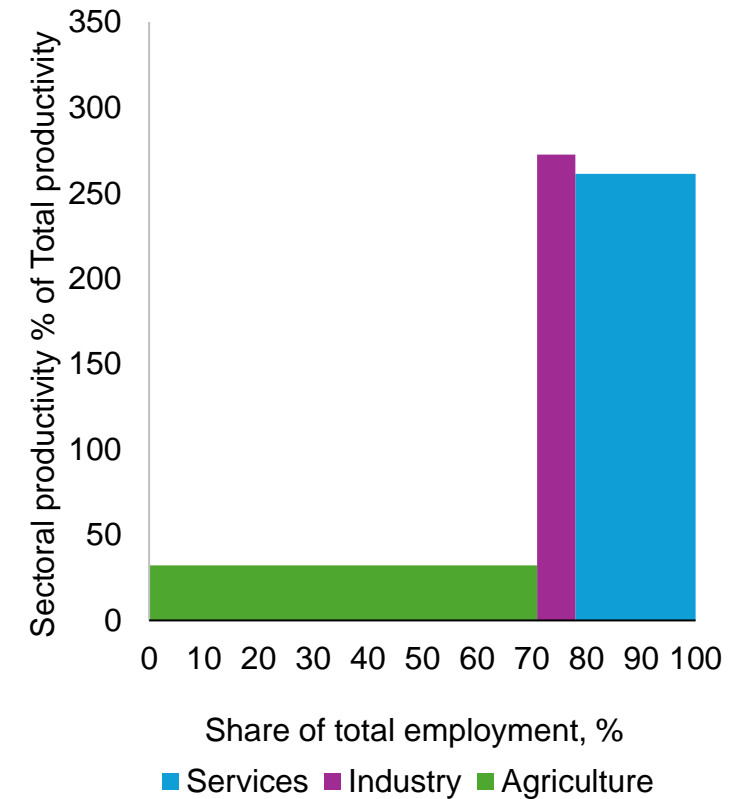
## Value-added per worker by sector



## Employment by sector



## Sectoral productivity, 2018



# Recommendations

## Provide tailored solutions for youth

Expand apprenticeships and socioemotional skills training

Align technical and higher education with labor market needs

Support youth-led businesses via networks, finance and markets

Strengthen employment services through public-private partnerships

## Invest in Uganda's Labor Force Skills Development

Equip the labor force with advanced skills for the evolving economy, highlighting the greater returns of higher education

Promote climate-smart, productive agriculture

Develop digital, green, and creative economy skills

Use secondary towns to connect rural-urban markets and jobs

Promote on-the-job training and private sector involvement

# Recommendations

## Address Skills Mismatches and Labor Market Intermediation

Strengthen Intermediation and employment services (e.g. through public/private partnerships)

Invest in a robust labor market information system: core elements include data collection, repository, analytical tools, and institutional arrangements

## Invest in Agriculture as an Engine of Growth and Innovation

Focus on increasing productivity, climate resilience and smart agriculture to attract youth to the sector

Financing through carbon credits could make agriculture appealing for youth

Use secondary towns to connect rural-urban markets and jobs to benefit the rural poor

### ***Labor demand***

- Policies in the short term should prioritize supporting skills development among firm owners.
- In the long term, improving the business environment and enhancing access to services, especially electricity and finance, will support private sector growth

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**Game changers/  
Overarching recommendations**

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# Four game changers for Uganda's human capital development (1)

## Recommendations (overview)



Prioritize at scale investments in accelerator interventions



Gradually increase expenditures on human capital to ensure equitable access to quality services



Increase the Efficiency of the Human Capital Program through data, incentives, community mobilization, and enforcement of regulations and standards



Improve the enabling environment for cross-sectoral and intergovernmental collaboration

# Four game changers for Uganda's human capital development (2)

## 1. **Prioritize investments in priority accelerator interventions at scale**

- Systematically identify, prioritize and invest at scale on high impact/accelerator interventions
- Strengthen translation of research into policies and programs to support continuous performance improvement
- Regularly review the performance of accelerator interventions and adapt

## 2. **Gradually increase expenditures on human capital to ensure equitable access to quality services**

- Safeguard human capital expenditure from budget cuts and prioritize basic social services and social protection investments
- Pilot and scale up innovative financing mechanisms e.g., human capital-sensitive taxation, public-private partnerships (PPPs), and climate financing
- Invest in a functional national shock-responsive social protection system and in labor market programs

# Four game changers for Uganda's human capital development (3)

## 3. Increase the Efficiency of the Human Capital Program through data, incentives, community mobilization, and enforcement of regulations and standards

- Implement and strengthen integrated digital data systems across the whole human capital program.
- Offer performance incentives to local governments and service providers.
- Mobilize citizens and communities in ensuring the quality of services.
- Enforce existing regulations, rules, and standards.

## 4. Improve the enabling environment for cross-sectoral and intergovernmental collaboration.

- Strengthen human capital coordination structures at both national and subnational levels e.g, the national secretariat
- Develop cross-sectoral projects under NDP IV, prioritizing areas requiring significant multisectoral action
- Strengthen cross-sectoral investment in WASH by reactivating, restructuring, and implementing the MoU on sanitation between MDAs.
- Ensure adequate and equitable fiscal transfers to local governments.
- Mobilize communities in human capital development by leveraging the PDM structures and ICT.
- Strengthen human capital governance at the sub-county and district/city levels



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