



2025/2026 SOCIAL
PROTECTION BUDGET BRIEF

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Social Protection Financing

Analysis and Strategic
Recommendations (FY2025/26)



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SOCIAL PROTECTION FINANCING: ANALYSIS AND STRATEGIC RECOMMENDATIONS (FY2025/26)

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1.	INTRODUCTION.....	4
2.	OVERVIEW OF THE SOCIAL PROTECTION SECTOR.....	5
2.1	Sector Strategic Framework.....	5
2.2	Key Developments in the Social Protection Sector	5
3.	SOCIAL PROTECTION SPENDING TRENDS.....	7
3.1	Nominal and Real Sector Spending Trends	7
3.2.	Spending Against International Targets	7
3.3	Per Capita Social Protection Spending	8
4.	COMPOSITION OF SOCIAL PROTECTION SPENDING	9
4.1	Spending by Institution.....	9
4.2	Spending by Programme.	10
4.3	Spending by Economic Classification	11
5.	APPROVED VS ACTUAL EXPENDITURES (OUTTURNS).....	12
5.1	Expenditure by Institution	12
5.2	By economic classification	13
6.	DECENTRALIZATION AND SOCIAL PROTECTION FUNDING	14
7.	SOCIAL PROTECTION FINANCING	14
7.1	Main Source of Financing.....	14

KEY MESSAGES & RECOMMENDATIONS

1. Trends in Nominal and Real Expenditure

Social protection expenditure has shown a steady upward trajectory, increasing from **UGX 400 billion in FY 2024/25** to a projected **UGX 440 billion in FY 2025/26**. Despite this growth, allocations remain **below 1% of GDP and the national budget**, which is significantly lower than the **Lower Middle-Income (LMI) country average of 1.5% of GDP**.

RECOMMENDATION

To meet the growing financing needs and enhance programme coverage, Uganda should progressively increase its social protection spending to align with the LMI benchmark. This requires a deliberate shift toward **sustainable domestic financing** and **expansion of programme reach**.



Social protection expenditure increased in FY2025/26 by

40b

2. Per Capita Spending and Demographic Pressures

Per capita expenditure on social protection remains critically low, averaging **under USD 6** for the dependent population (children under 15 and adults over 65). This inadequacy is exacerbated by **rapid population growth**, which dilutes the impact of available resources.

RECOMMENDATION

To achieve the human development objectives outlined in **NDP IV**, the government must **substantially increase per capita investment** in social protection, with a focus on **inclusive coverage and adequacy of benefits**.



Per capita expenditure remains low for the dependent population

\$6

3. Programme-Level Allocation Dynamics

The **Equity, Gender and Social Protection Programme** has historically received the largest share of sector funding. However, in FY 2024/25, the **Labour and Employment Programme** temporarily led due to external GROW funding. In FY 2025/26, Equity, Gender and Social Protection is expected to reclaim its lead with **94.6% of the sector allocation**, following a reduction in external support.

RECOMMENDATION

There is a need to **rebalance funding across programmes** by reducing dependency on **short-term donor financing** and reinforcing **predictable domestic budget allocations** to ensure continuity and equity in service delivery.



Equity, Gender and Social Protection Programme accounts for

94.6%
of the budget

4. Budget Execution and Absorption Challenges

Execution rates for approved social protection budgets remain low, particularly under the **Ministry of Gender, Labour and Social Development**, and within development budgets. This has led to **implementation delays and accumulation of arrears**, undermining programme effectiveness.

RECOMMENDATION

Strengthen **budget absorption capacity** through improved planning, timely procurement, and enhanced financial management systems to ensure full utilization of allocated resources within the fiscal year.



Low budget execution for social protection budgets.

5. Centralized Resource Utilization

Currently, all social protection resources are administered at the **central government level**, with minimal decentralization. The projected increase to **UGX 440 billion in FY 2025/26** continues this trend.

RECOMMENDATION

Explore **decentralized implementation models** to improve responsiveness, efficiency, and local ownership of social protection interventions.



All social protection resources administered at the central government level

6. Donor Financing and Off-Budget Support

While on-budget donor financing (World Bank support) is expected to decline from **UGX 205 billion to UGX 138.4 billion**, off-budget support remains substantial, amounting to **UGX 1.967 trillion** in FY 2023/24. This fragmented financing landscape poses coordination challenges.

RECOMMENDATION

Establish robust **sector coordination mechanisms** to harmonize on- and off-budget resources, ensuring **complementarity, transparency, and alignment with national priorities**.



On-budget donor financing is expected to decline by

66.6b



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1. INTRODUCTION

This budget brief examines how the 2025/26 National budget responds to the needs of Social Protection. The budget lines considered for this analysis are drawn from the following institutions: Ministry of Gender, Labour and Social Development (MGLSD) and Equal Opportunities Commission. **This brief excludes the budget lines for child protection under Ministry of Gender, Labour and Social Development (MGLSD).**

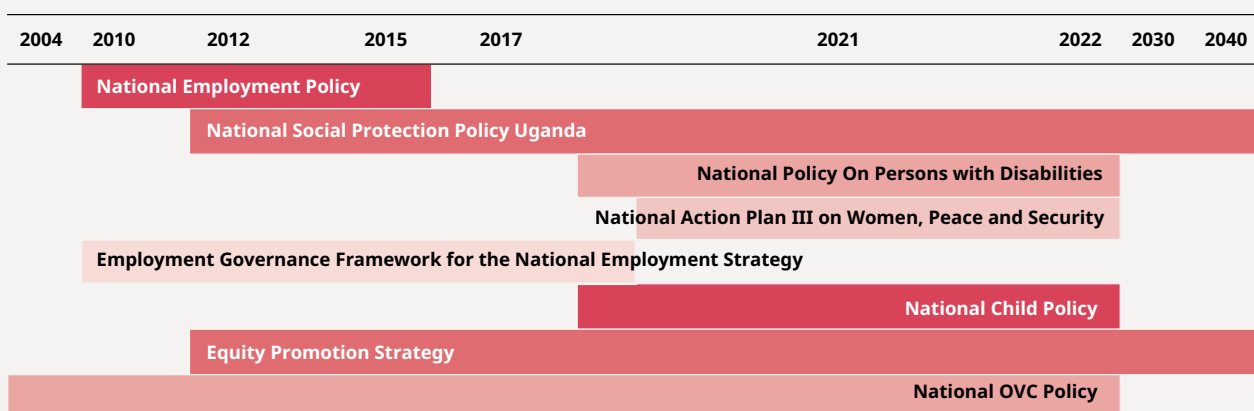
The brief assesses the size and composition of public spending on social protection and highlights spending trends, efficiency, effectiveness, equity and adequacy of immediate past spending on social protection. The analysis is based on a review of key budget documents, including Approved Budgets and Expenditure Reports where available for financial years 2022/23 to 2025/26. All Figures up to 2023/2024 are based on the figures included in the Annual Budget Performance Reports, while 2024/25 and 2025/26 are as per the Approved Budget.

2. OVERVIEW OF THE SOCIAL PROTECTION SECTOR

2.1 Sector Strategic Framework

Social protection is a national priority for the Government of Uganda. The promulgation of the National Social Protection Policy in 2015 provided a framework for sector co-ordination as well as profile social protection as a critical pillar in the nation's development agenda. The policy defines social protection in Uganda as a system that is comprised of two pillars: social security and social care and support services. Social security is defined as protective and preventive interventions to mitigate factors that lead to income shocks and affect consumption. On the other hand, Social Care and Support Services are a range of services that provide care, support, protection and empowerment to vulnerable individuals who are unable to care for themselves entirely. The country's National Development Plan IV also acknowledges the importance of Social Protection and sets clear targets on expansion coverage and necessary reforms.

Table 1: Social Protection Policy and Strategic Frameworks

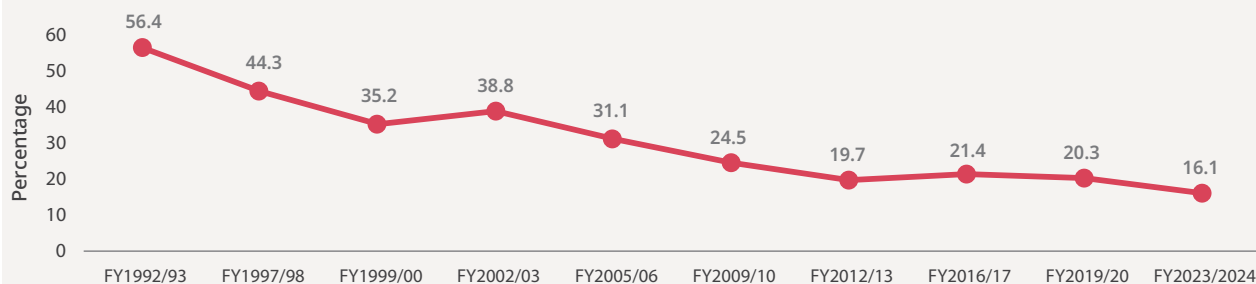


Source: Various MGLSD Documents

2.2 Key Developments in the Social Protection Sector

In the past decade, Uganda recorded a significant reduction in income poverty headcount and the number of poor persons. The income poverty headcount significantly decreased by 4.2 percentage points from 20.3% in 2019/20 to 16.1% in 2023/24. In absolute terms, people who lived below the lower national poverty line (USD 1 per person per day) significantly dropped from 8.3 million to 7 million, implying that 1.3 million people were out of poverty¹ (See Figure 1 below). Poverty remains largely rural, with the eastern and northern regions having a higher concentration of poor people than their share of the total population.

Figure 1: Trends in Poverty Incidence (%)



Source: Uganda Bureau of Statistics, 2023/24

¹ Uganda National Household Survey, 2023/2024, <https://www.ubos.org/wp-content/uploads/publications/Uganda-National-Household-Survey-Report-20232024.pdf>, Page 68

According to the Uganda National Household Survey, 2023/24, national food poverty stood at 6.8% (3 million people), down from 8.5% (3.5 million people) in 2019/20, decreasing by 1.7 percentage points. This translated into a significant reduction of 0.5 million people who lived below the food poverty line in 2023/24. **These findings imply that three in seven poor Ugandans are food poor.** This is a high number given Uganda’s competitive advantage in food production. The high food price inflation partly explains this situation.

Child poverty still remains a challenge in Uganda. Monetary child poverty in Uganda has been on a steady decline, with the overall rate falling from 23.2% in 2016/17 to 18.5% in 2023/24. When comparing rural and urban areas, monetary child poverty remains significantly higher in rural regions at 21.4%, while urban poverty was much lower at 12.9%. Karamoja remains the most disadvantaged Subregion, with monetary child poverty rates not only persistently high but also increasing; from 57.4% in 2016/17 to 77.7% in 2023/24.

Social protection coverage remains a huge concern in Uganda. In 2022, **only 3.1% of the Ugandan population is covered by at least one social protection benefit**, which is way below the 10.5% average for low-income countries in Africa. Similarly, 18.3% of the people above retirement age receive a pension, and only 0.9% of the vulnerable persons are covered by social assistance. In addition, 5% of the population are covered by social insurance schemes, with less than 1% receiving direct income support². On the other hand, only 11% of the workforce are covered by formal pension arrangements. This weak coverage, coupled with poor targeting & limited sector co-ordination, makes Uganda one of the countries with the least progress in the development of its social protection system.

It is estimated that, in Uganda, 3.4% of Ugandans (2years and above) have a disability. 3.3% and 2.1% of children 2-4 years and 5-17 years live with disabilities³ (see table 2). With no target social protection intervention yet, children with disability are more vulnerable to shocks.

Table 2: Children with Disabilities by age (%)

	Children	
	2-4 years (%)	5-17 years (%)
Persons with disabilities	3.3	2.1

Source: Uganda Census report, 2024

KEY IMPLICATIONS

- The Social Protection Sector in Uganda, though having a number of policies, still faces many challenges, especially on coverage, extension, financing and adequacy.
- There is still high numbers of persons living in poverty, though a reduction was observed, and this requires more concerted efforts on social protection, to ensure inclusion of all vulnerable community members.
- With 3.4% of Ugandans living with disabilities, including 3.3% of young children and 2.1% of adolescents, there is an urgent need for targeted social protection interventions. Without such support, individuals and households with disabilities face heightened vulnerability to economic shocks, increasing their risk of poverty.

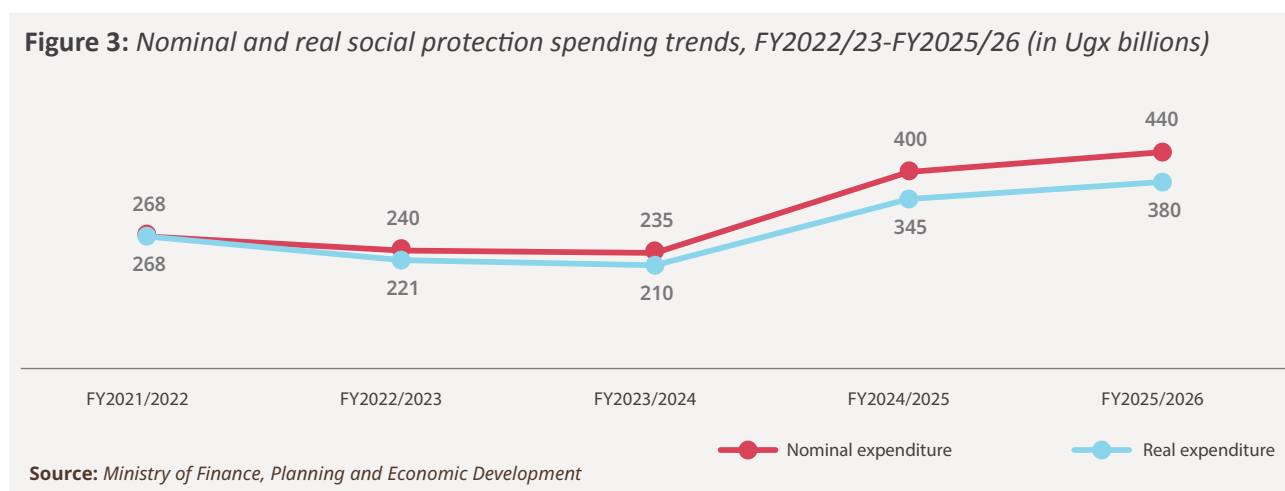
² ILO Statistics (<https://ilostat.ilo.org/data/country-profiles/>)

³ UBOS National Population and Housing Census 2024, <https://www.ubos.org/wp-content/uploads/2024/12/National-Population-and-Housing-Census-2024-Final-Report-Volume-1-Main.pdf> , (Page 192)

3. SOCIAL PROTECTION SPENDING TRENDS

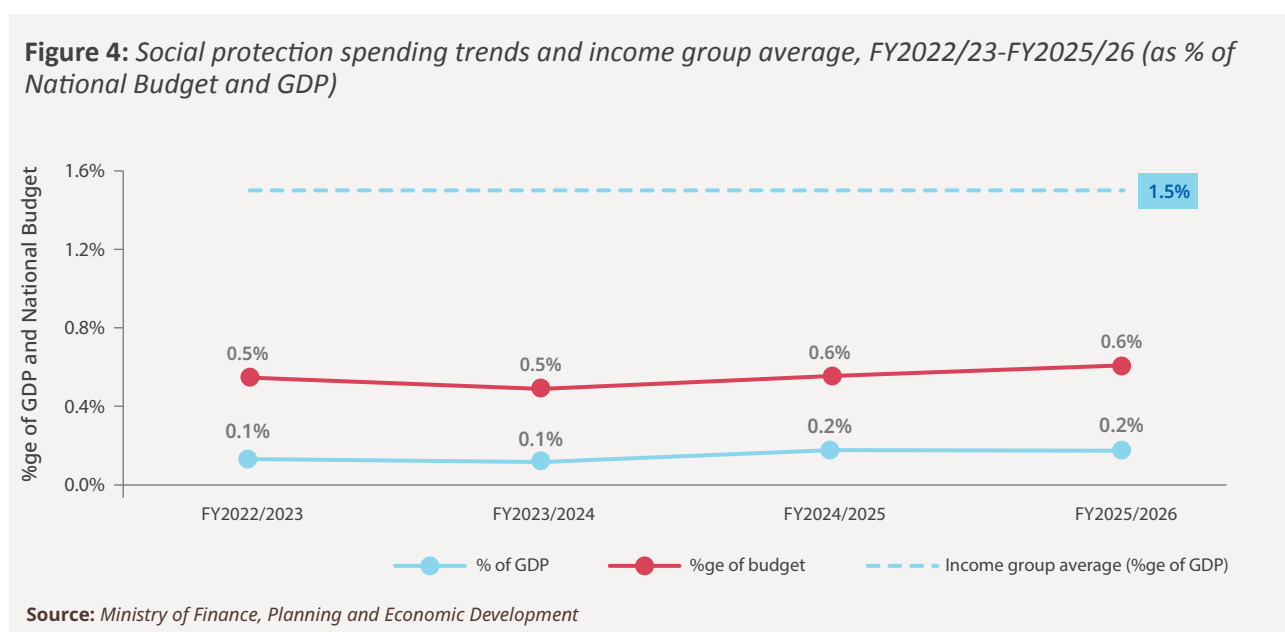
3.1 Nominal and Real Sector Spending Trends

Nominal and real spending on social protection has been fluctuating over the review period. In nominal terms, spending declined from UGX268billion in 2021/2022 to UGX240billion in 2022/2023, and further to UGX235billion in 2023/2024. However, it nearly doubled to UGX 400billion in 2024/2025 and is projected to further rise by UGX40billion to UGX440billion in 2025/2026. Real Budgets also followed the same trend, reaching a peak of UGX345billion in 2024/2025, with a further rise to UGX380billion in 2025/26 (see Figure 3).



3.2. Spending Against International Targets

Social Protection spending in Uganda is lower than international targets as a percentage of GDP and the national budget, mainly due to slow growth in the social protection sector. Figure 4 below summarises the situation for the past 4 years. As a proportion of GDP, Uganda spends way less than the Lower Middle Income Group average of 1.5% of annual GDP⁴. In 2024/25, it is estimated at just 0.2% of GDP, and with no projected increase in 2025/26. This level of spending puts Uganda as one of the lowest spenders, with limited coverage of social protection across the life cycle.



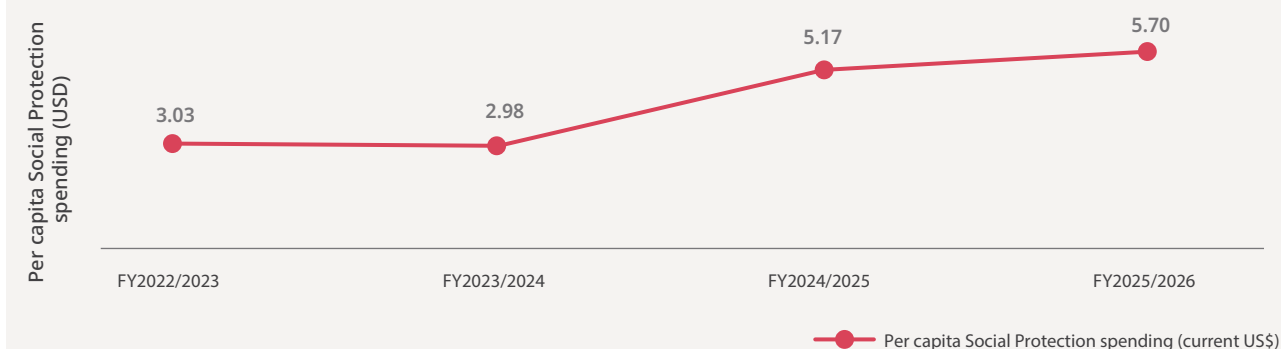
⁴ World Bank cross-country Comparisons, 2015 comparison <http://documents.worldbank.org/curated/en/415491467994645020/pdf/97882-PUB-REVISED-Box393232B-PUBLIC-DOCDATE-6-29-2015-DOI-10-1596978-1-4648-0543-1-EPI-1464805431.pdf> , Page 23

As shown in the Figure 4 above, Uganda has been spending less than 1% of both GDP and the National Budget. Between 2022/23 and 2023/24, spending stagnated at 0.5% of the National Budget, mainly due to nearly the same proportionate increase in the social protection budget to the national budget. Though this recovered slightly to 0.6% in the 2024/25 and 2025/26 Budget estimates, it remains far below the level required to meet growing needs (see Figure 4).

3.3 Per Capita Social Protection Spending

Per Capita spending on social protection has remained very low over the review period, never exceeding \$6 per person per annum. Between 2022/23 and 2023/24, social protection spending per capita remained below \$4. However, this trend improved in 2024/25, with an expenditure of \$5.2, which is now projected at \$5.7 in 2025/26 (see Figure 5).

Figure 5: Per capita Social Protection spending trends and minimum requirements, FY2022/23-FY2025/26 (in current US\$)



Source: Ministry of Finance, Planning and Economic Development

KEY IMPLICATIONS

- The increase in both nominal and real expenditures on social protection for the years under review is a positive development that could position the country to reach more vulnerable communities in future, if sustained.
- Against the dependents, for ages of less than 15 years and older than 65 years, Uganda has not been able to spend more than 6% over the period under review, which results in many exclusion errors under the current government led programmes.
- Uganda's social protection spending is projected to remain at 0.2% of GDP in 2025/26, significantly below the Lower Middle Income Group average of 1.5%, resulting in limited coverage across the life cycle thus the need to reconsider ensuring annual spending goes beyond 1% current spending level.



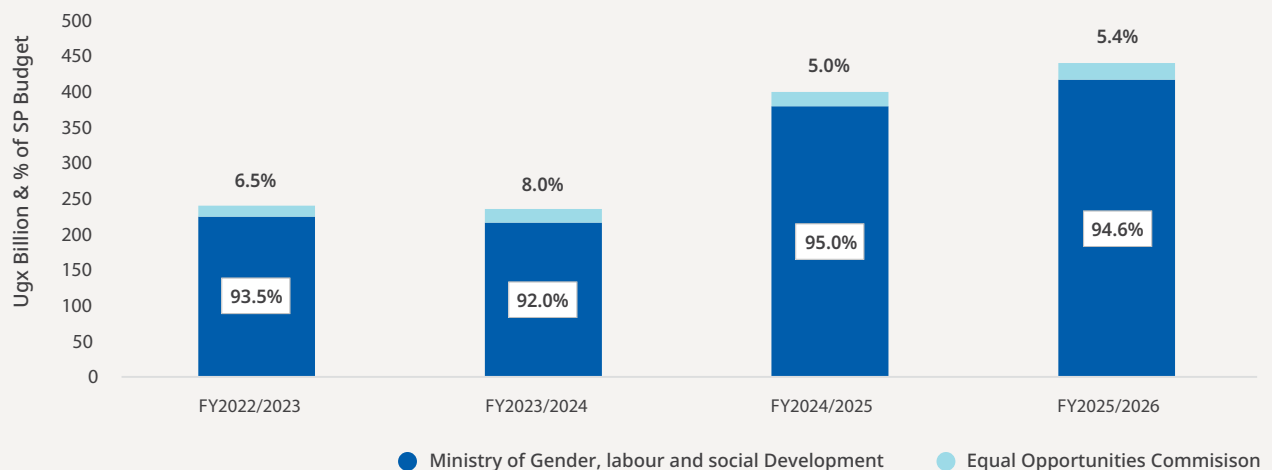
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4. COMPOSITION OF SOCIAL PROTECTION SPENDING

4.1 Spending by Institution

Two institutions, the Ministry of Gender, Labour and Social Development (MGLSD) and Equal Opportunities Commission, account for the spending on social protection in Uganda. Figure 6 below provides a summary of the social protection budget.

Figure 6: Social Protection spending by institution, FY2022/23-FY2025/26 (in Ugx billions and as % of Social Protection budget)



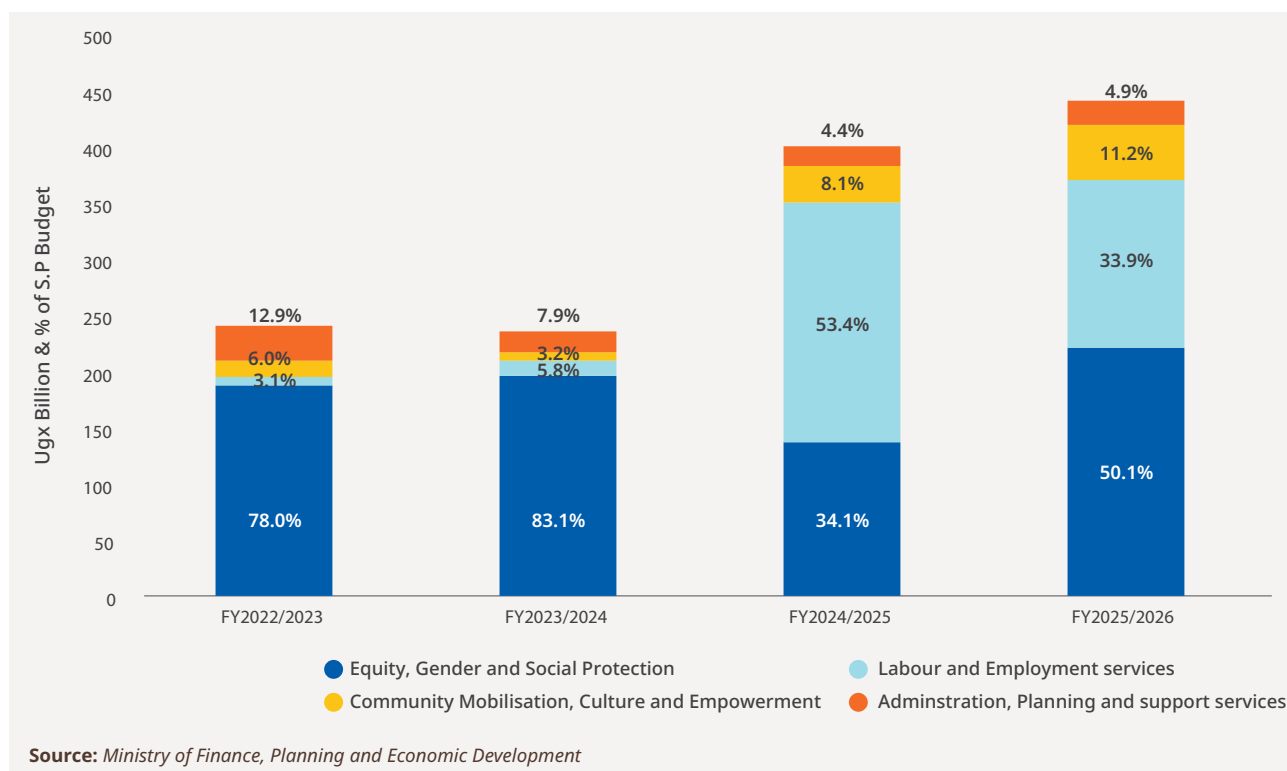
Source: Ministry of Finance, Planning and Economic Development

Figure 6 above shows that the Ministry of Gender, Labour, and Social Development spends the bulk of the resources for social protection, accounting for 94.6% of the sector’s allocation in 2025/26, mainly on account of the significant spending on the Social Assistance Grants for Empowerment (SAGE) project for the elderly and the externally financed project “Enhancing Growth and Productivity for Women Enterprises Project”. Since 2022/23, the Equal opportunities commission has been receiving the least budget for social protection, with only 5.4% of the social protection budget projected to be allocated in 2025/26.

4.2 Spending by Programme.

The Equity, Gender and Social Protection Programme has consistently received the highest share of social protection funding. While its allocation was projected to drop to 34.1% (UGX 136.34billion) in 2024/25 from 83.1% in 2023/2024, it is now projected to rise to 50.1% (UGX 220.48billion) in 2025/26 (see Figure 7). This substantial increase is primarily driven by the additional funds to the Livelihood support to Youth key service area, for the payment of UWEP/YLP beneficiaries (UGX23.599billion), a doubling of the Disability Grant from UGX8.1billion to UGX16billion, and a +UGX21billion rise in the SAGE grant⁵.

Figure 7: Social Protection spending by program, FY2022/23-FY2025/26 (in Ugx billions and as % of Social Protection budget)



The Labour and Employment Programme is projected to rank second in 2025/26, after leading in 2024/2025. Its budget is projected to decline to 33.9%, down from 53.4% in 2024/25, though still above the 5.8% spent in 2023/24. This significant decline is largely driven by a -UGX67billion decline in the externally funded World Bank -Enhancing Growth and Productivity Opportunities for Women Enterprises’ project from UGX 205.3 billion in 2024/25 to UGX 138.4 billion⁶ in 2025/26.

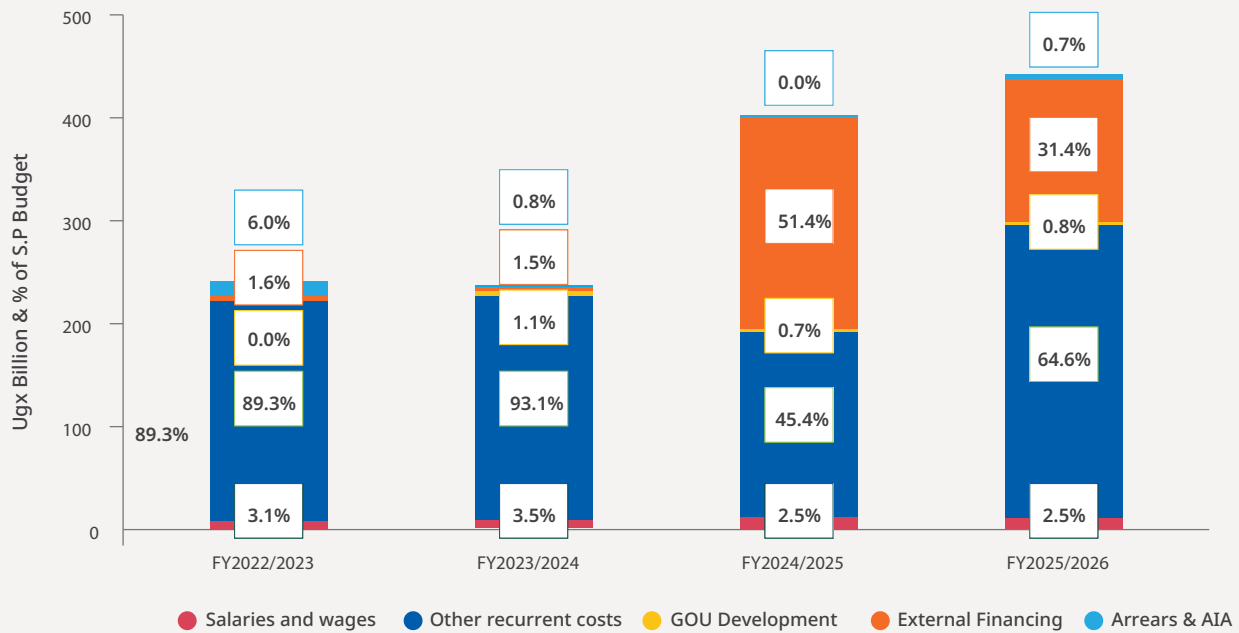
5 Approved Budget 2025/26, <https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/Approved%20Budget%20Estimates%20for%20Central%20Governments%20Vol.%201%20FY%202025-26.pdf>, Page 795-798

6 Approved Budget 2025/26, <https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/Approved%20Budget%20Estimates%20for%20Central%20Governments%20Vol.%201%20FY%202025-26.pdf>, Page 814

4.3 Spending by Economic Classification

Due to the nature of social protection, the bulk of the expenditure is through non-wage recurrent, which accounts for the cash transfers through the Youth Livelihood Programme (YLP) and the SAGE programme. The non-wage budget is projected to increase from 45.4% (UGX 181.6billion) in 2024/2025 to 64.6% (UGX 284.3billion) in 2025/2026. Figure 8 below provides a summary of the spending by economic classification.

Figure 8: Social Protection spending by economic classification, FY2022/23-FY2025/26 (in Ugx billions and as % of sector budget)



Source: Ministry of Finance, Planning and Economic Development

However, in 2025/26, there's projected decline in external financing from 51.4% in 2024/25 to 31.4% due to the reduction in funding for the GROW Programme, funded by the World Bank. **Annual arrears have persisted due to disbursement patterns**, projected to rise to 0.7% of the total Social Protection budget in 2025/26 compared to the 2024/2025, mainly within the Finance and Administration departments of the Ministry of Gender and Equal opportunities votes in 2025/26.

KEY IMPLICATIONS

- Funding for social protection through the Ministry of Gender, Labour and Social Development and the Equal Opportunities Commission results in a limited range of programs, restricting their ability to reach a broader spectrum of vulnerable populations and leaving many in need without adequate support.
- The Labour and Employment Programme, which led funding in 2024/25, is projected to fall under the Equity, gender and social protection in 2025/2026 due to a decline in the World Bank Externally Financing GROW project.



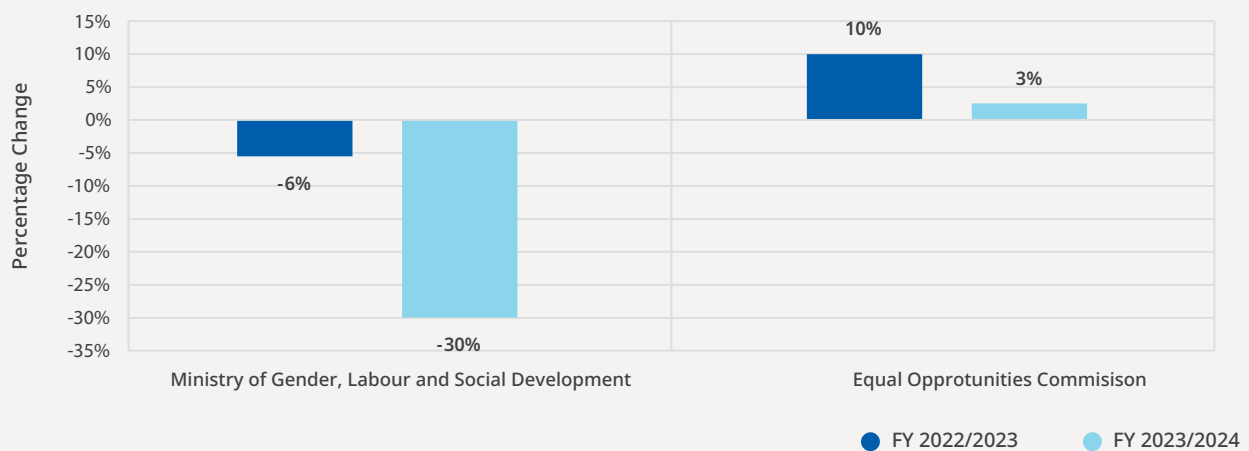
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5. APPROVED VS ACTUAL EXPENDITURES (OUTTURNS)

5.1 Expenditure by Institution

Spending against the approved budget for the Ministry of Gender, Labour and Social Development has been low for the years under review. Since 2022/23, the Ministry of Gender, Labour and Social Development has underspent against its approved budget, with the most significant shortfall in 2023/24 at -30% (see figure 9). This shortfall was due to delayed disbursement of externally funded GROW project funds⁷.

Figure 9: Approved vs Outturn rates in select institutions, FY2022/23-FY2023/24 (deviation from amount approved as %)



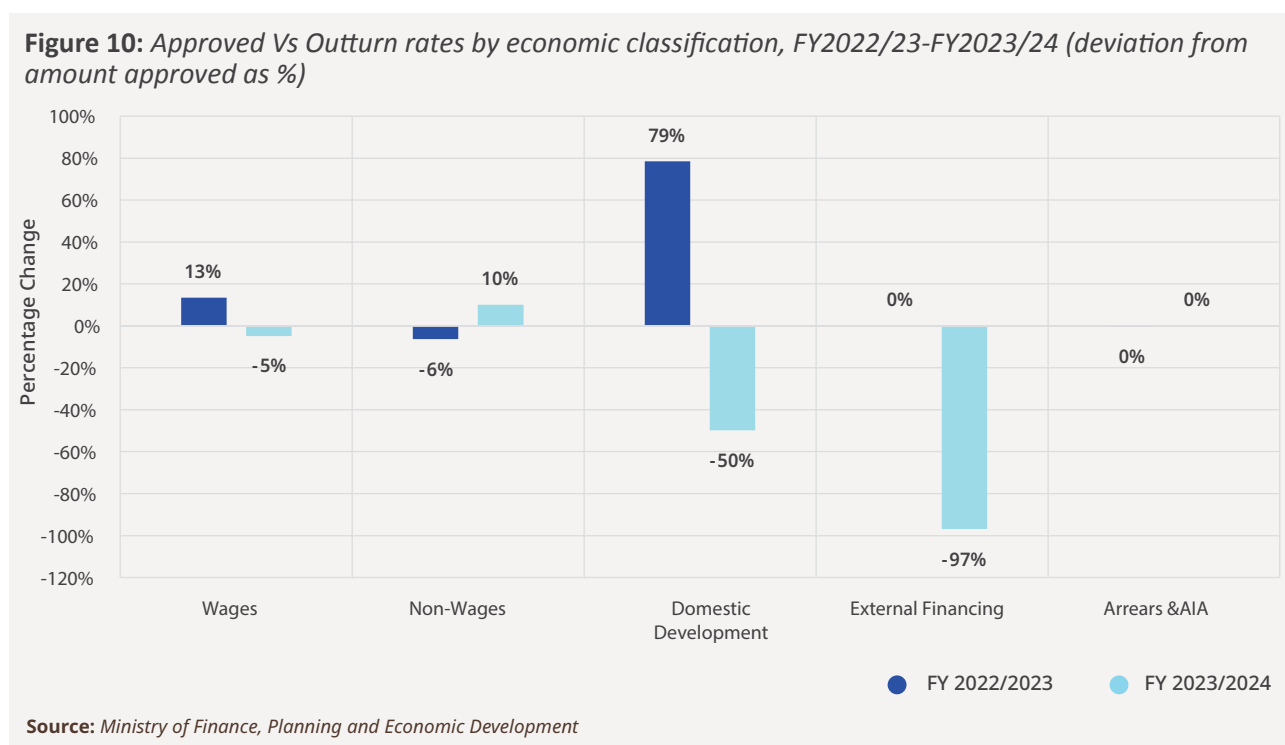
Source: Ministry of Finance, Planning and Economic Development

⁷ The annual budget Performance report, 2023/2024, file:///C:/Users/pnalwadda/OneDrive%20-%20UNICEF/Desktop/UNICEF%20WORK/Annual%20Budget%20Performance%20Reports/National%20Annual%20Budget%20Performance%20Reports/Annual%20Budget%20Performance%20Report%20FY%202023-24.pdf, Pages 2851

On the other hand, the Equal Opportunities Commission overspent its approved budget for the years under review. The spending levels were 10% and 3% over the approved budgets in 2022/23 and 2023/24. This was primarily due to supplementary funding of the UGX600million for the compliance and enforcement department⁸.

5.2 By economic classification

External financing and domestic development (except for 2022/23) have been the most significant contributors to poor budget spending against the approved budget over the years. Both consistently showed significant underspending in 2023/2024 (see Figure 10). Domestic development underspent by -50% due to delays in the verification of pension and procurement processes⁹, while external financing saw a -97% shortfall mainly linked to the delayed disbursement of funds under the externally funded GROW project.



In FY 2023/24, Non-wage spending exceeded the approved budget. This was primarily due to supplementary budget provisions for the Community Mobilisation, Culture and Empowerment and Gender and Social Protection vote functions within the Ministry of Gender, Labour and Social Development¹⁰.

KEY IMPLICATONS

- Weak budget spending against the approved continues to be a challenge, impacting programme delivery, leading to arrears accumulation for some programmes and limiting programme expansion.
- The very low absorption of the externally financed GROW project is concerning as this could lead to unnecessary cost accumulation without corresponding service delivery.

8 The annual budget Performance report, 2023/2024, file:///C:/Users/pnalwadda/OneDrive%20-%20UNICEF/Desktop/UNICEF%20WORK/Annual%20Budget%20Performance%20Reports/National%20Annual%20Budget%20Performance%20Reports/Annual%20Budget%20Performance%20Report%20FY%202023-24.pdf , Page 5062.

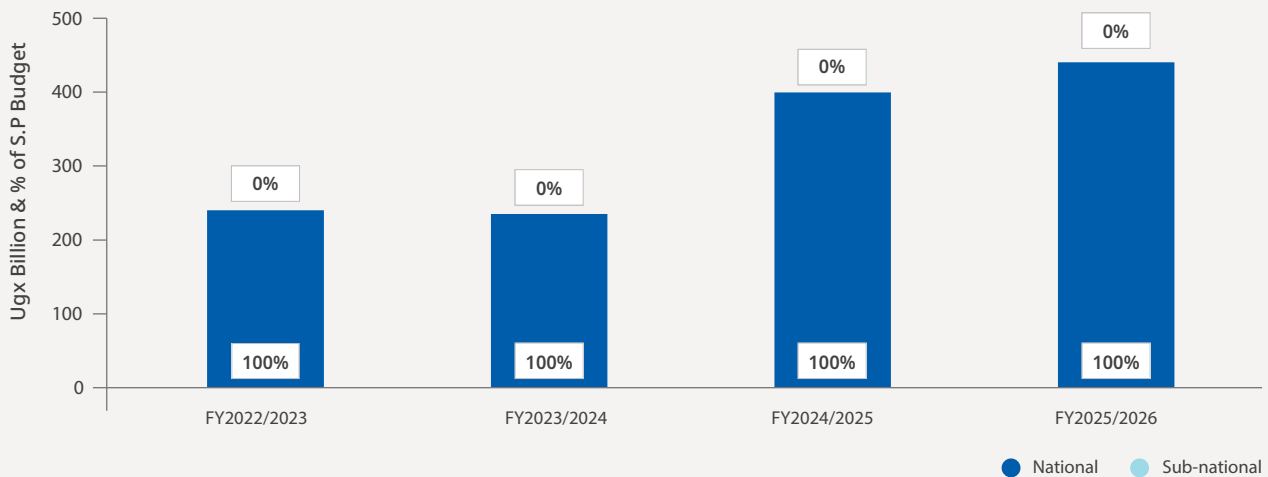
9 The Annual Budget Performance Reports 2023/24, ibid, Page 2819

10 The Annual Budget Performance Reports 2023/24, ibid, Page 2820-2821

6. DECENTRALIZATION AND SOCIAL PROTECTION FUNDING

Social protection spending in Uganda is managed exclusively through the central government. As shown in Figure 11, Social protection spending declined from UGX 240 billion in 2022/23 to UGX 235.3 billion in 2023/24. However, it increased to UGX 400 billion in 2024/25 and is projected to rise further to UGX 440.3 billion in 2025/26.

Figure 11: National and sub-national spending trends on the health sector FY2022/23-FY2025/26 (in Ugx billions and as % of total)



Source: Ministry of Finance, Planning and Economic Development

KEY IMPLICATIONS

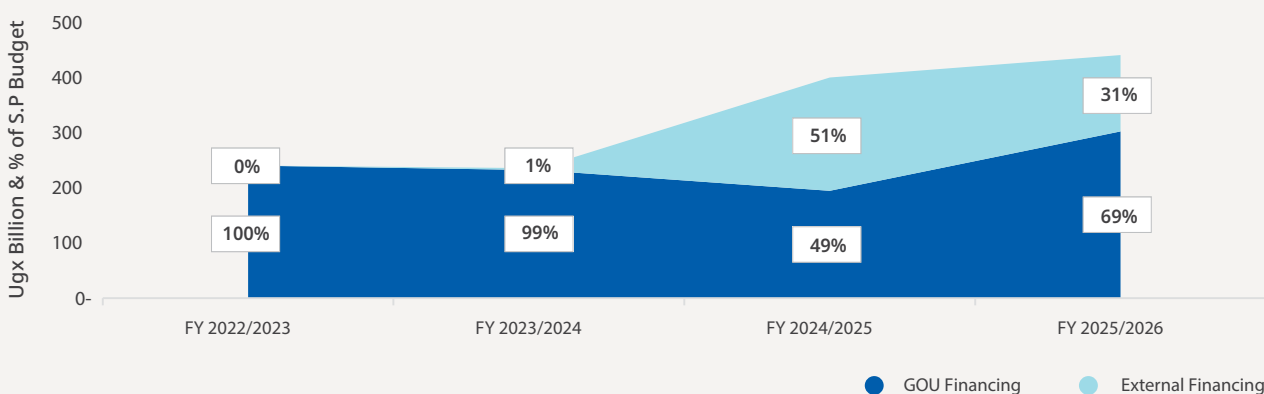
- The observed trend where all resources for social protection are spent at the central government level, results in local governments continuing to play a peripheral role in delivering social protection programmes.

7. SOCIAL PROTECTION FINANCING

7.1 Main Source of Financing

On-budget financing for social protection in Uganda is primarily sourced from the Government of Uganda resources. The Government of Uganda budget declined from 99% of total sector financing in 2023/24, to 49% in 2024/25, but is expected to recover slightly to 69% in 2025/26. External financing rose sharply from 1% in 2023/24 to 51% in 2024/25, and is projected to drop to 31% in 2025/26. This shift is largely due to a decline in funding from the World Bank's funded GROW Programme, a social protection initiative focused on supporting women enterprises across Uganda.

Figure 12: Main sources of financing Social Protection, FY2022/23-FY2025/2026 (in Ugx billions and as % of Social Protection total)

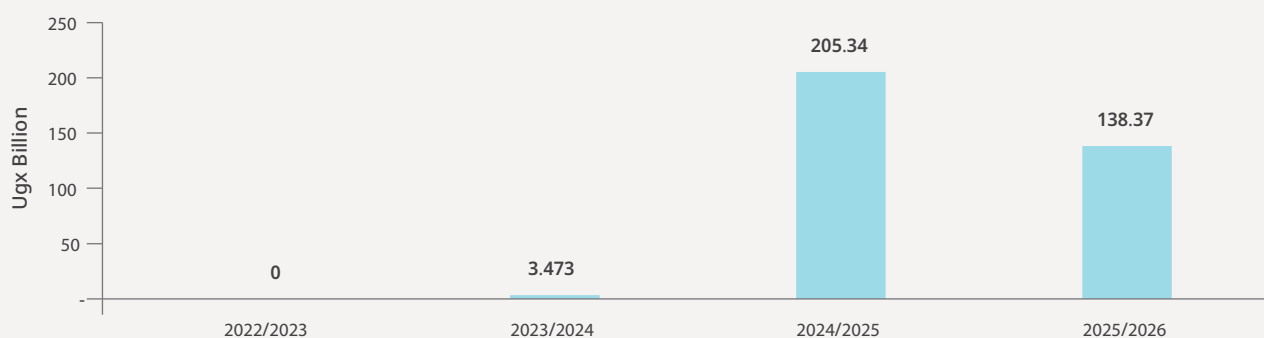


Source: Ministry of Finance, Planning and Economic Development

The low external financing situation shown in Figure 12 results from the channelling of social protection resources off-budget by most development partners, amounting to UGX 1,967 Trillion¹¹. This situation requires extensive sector co-ordination to ensure the complementarity of efforts for effective delivery.

On-budget donor financing for social protection is projected to decline in 2025/2026. Funding from the World Bank is expected to decline from UGX 205.3 billion in 2024/25 to UGX 138.4 billion in 2025/26 (see figure 13).

Figure 13: On Budget World Bank Funding, FY2022/23-FY2025/26 (in Ugx Billion)



Source: Ministry of Finance, Planning and Economic Development

KEY IMPLICATIONS

- Uganda's social protection financing is shifting back toward government contribution, recovering to 69% in 2025/26, while external financing is projected to decline to 31%. This reduced reliance on external funds is a positive step for long-term sustainability.
- The World Bank remains the sole external financier of on-budget social protection in Uganda, playing a critical role in supporting key social protection initiatives.

11 Annual Budget Performance Report, 2023/2024, file:///C:/Users/pnalwadda/OneDrive%20-%20UNICEF/Desktop/UNICEF%20WORK/Annual%20Budget%20Performance%20Reports/National%20Annual%20Budget%20Performance%20Reports/Annual%20Budget%20Performance%20Report%20FY%202023-24.pdf, Page 2929



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