UGANDA FACTSHEET

December 2020

Financing the future: delivering SDG 4 in Uganda

Progress on meeting SDG 4

In 2015, world leaders agreed to 17 Global Goals (officially known as the Sustainable Development Goals or SDGs). As part of that they promised **equitable, inclusive** and **quality** education for all.

The first target was to ensure that all girls and boys complete free, equitable and quality primary and secondary education. **With just a decade to go, how is Uganda doing on this commitment?**

- Uganda has made good strides in access at primary level, with around 4% of children still left out of primary school (around 328,897 children[1]); however, less than half of all children (43%) complete primary school.[2] Uganda has one of the highest school dropout rates worldwide at primary level with 65%.[3]
- Secondary school completion rates are very low, with only 26% completing lower secondary and 17% of upper secondary.[4]

Uganda has an unequal education system

- Completion by wealth also continues to be an issue:
  – Only 18% of poorest children complete primary education versus 71% of the wealthiest;
  – Only 7% of the poorest children complete lower secondary versus 54% of wealthiest;
  – Only 3% of the poorest children complete upper secondary versus 41% of wealthiest;[5]
- There are large rural and urban divides in Uganda, for instance, at lower secondary level, only 38% of rural children versus 64% urban children complete education.[6]
- Those with disabilities are often the most marginalised. About 16% of Ugandan children have a disability, but only 15% of children with disabilities can access education.[7]
- Uganda achieved gender parity on enrolment into primary schools in 2014; enrolment into secondary is also close to parity; however, gaps remain in terms of staying on and completing school, especially at secondary level for girls – where total young people enrolled in school are comprised of 53% boys compared to 47% of girls.[8] Only 16% of the poorest rural girls completed primary education, as opposed to 81% of the richest urban girls, and 22% of the poorest rural boys.[9]
- There is at least a 20-percentage-point gap between rich and poor in the share of children aged 10 to 13 years who are in school and have learned basic mathematics skills.[10] Wealth also influences achieving standard levels of learning for those aged 6-14, with only 15% of those in the low income brackets reaching the standard level in English, in comparison to 23% of the middle income level and 39% of the high income.[11]

This SDG target 4.c commits to substantially increasing the supply of qualified teacher, because "teachers *are a fundamental condition for guaranteeing quality education*".[12] The UN recommends a pupil-teacher ratio of only 40:1 at primary school level, and 30:1 at secondary level.[13]

- In Uganda, there is a severe shortage of teachers[14] with a pupil teacher ratio of 53:1 at primary school.[15]
- This varies greatly by region: in 2019 the government

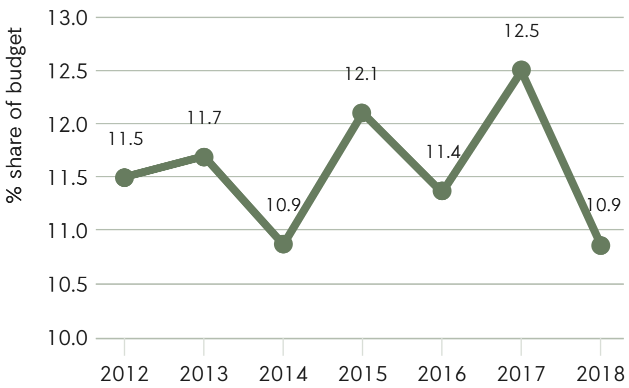
1. This is based on UNESCO Institute of Statistics (UiS) data latest available year (2013). Accessed August 2020. http://data.uis.unesco.org/#
2. 43% complete. This is based on UNESCO Institute of Statistics (UiS) data. Accessed July 2020. http://data.uis.unesco.org/#
3. Rosanne Elisabeth Tromp & Simone Datzberger (2019) Global Education Policies versus local realities. Insights from Uganda and Mexico, Compare: A Journal of Comparative and International Education, DOI: 10.1080/03057925.2019.1616163
4. 26% complete lower secondary. This is based on UNESCO Institute of Statistics (UiS) data. Accessed July 2020. http://data.uis.unesco.org/#
5. This is based on UNESCO Institute of Statistics (UiS) data. Accessed July 2020. http://data.uis.unesco.org/#
6. Ibid
7. This is around 5% through an "inclusive school" and 10% through special schools https://www.worldbank.org/en/news/factsheet/2020/02/07/special-needs-education-in-uganda-sustainable-development-goal-sdg-4-concerns-quality-and-inclusive-education
8. This is total secondary level. This is based on UNESCO Institute of Statistics (UiS) data (2014, latest year). Accessed July 2020. http://data.uis.unesco.org/#
9. UNESCO WIDE database https://www.education-inequalities.org/countries/uganda/indicators/comp_prim_v2/sexes#?dimension=sex&group=|Male|Female&dimension2=community&group2=|Rural|Urban&dimension3=wealth_quintile&age_group=comp_prim_1524&year=2011
10. UNESCO and Global Education Monitoring Report (2018). Handbook on Measuring Equity in Education
11. Uwezo (2019) Are our Children Learning? Uwezo Uganda Eighth Learning Assessment Report. Kampala: Twaweza East Africa. The figures for numeracy are: 32%, 41% and 53% for low, middle and high respectively
12. https://sdg4education2030.org/the-goal
13. UNESCO and Global Education Monitoring Report (2015) Reaching education targets in low and lower middle income countries: Costs and finance gaps to 2030 for pre-primary, primary, lower- and upper secondary schooling.
14. https://www.monitor.co.ug/OpEd/Editorial/Find-long-term-solution-teacher-shortage-dilemma/689360-4986416-1lndxe/index.html and https://unesdoc.unesco.org/ark:/48223/pf0000259917
15. Headcount basis, This is based on UNESCO Institute of Statistics (UiS) data (2014, latest year). Accessed July 2020. http://data.uis.unesco.org/#

reported that Agago district has the highest pupil teacher ratio at primary level at 78:1 and Kyankwanzi has the lowest at 34:1. Eighteen districts have pupil teacher ratios that are above 50 (the government's own goal).[16]
- Pupil-classroom ratio is very high especially in deprived districts (for instance, in Maracha this is 171 pupils per classrooms and in Kaabong 140 per classroom).[17]

Financing SDG 4 requires at least 20% of the budget.

To finance SDG 4 the UN recommends that at least 15-20% of budget go to education, or 4-6% of GDP. Uganda is far from this (see **Figure 1 and 2 for historical data over time[18]),in 2019-20 this stood at just 10.9% of budget share (and 2.4% of GDP.[19]) and in 2020-21 this stood at 10.9%.[20]** Uganda sits well below many of its regional neighbours and very low against the sub-Saharan Africa average (which is 5% of GDP[21] and 17% in budget share[22]).

Figure 1: Uganda share of the budget on education, 2012-2018



Source: UNESCO Institute of Statistics data

Spending must allow for both SDG 4 quality and equity targets to be met.

At first glance, Uganda has a relatively progressive share of spending by level of education compared to many sub-Saharan African countries, with 56% spent on primary, 25% on secondary and only 16% on tertiary.[23] However,

- The richest benefit most from education spending, partly as the per capita grant is five times larger at secondary than primary school, and the poorest household enrolment and completion is heavily weighted towards the primary level.[24]
- Low shares of public budget to education overall also thwarts the power of public spending on education to tackle inequality: the Commitment to Equity Institute analysis of public spending in Uganda show, overall, it helps decrease income inequality by putting "virtual money" into the pockets of the poorest, but this is less than in other countries, due to the low allocations overall.[25]
- These overall low shares also lead to very low spending per pupil - Uganda has one of the lowest per pupil spending levels in the world at primary level.[26]
- A lack of government funding to education in Uganda pushes this onto the shoulders of households, who are major funders of education in Uganda. They fund half of all education spending in Uganda.[27] This helps to top up very low spending per pupil by the government (i.e. at primary level this is just US$38 per child per year[28]). Pre-primary education is almost entirely funded by households, which, as the UN have pointed out; *"may have an impact on equity if poorer households are unable to pay".[29]*

Reaching SDG4 will require governments to grow their budgets overall.

Uganda requires new public funds to meet the sustained costs required to meet SDG 4, over the long term. Yet, in a time of increasing fiscal pressures on the budget this will become ever more difficult.

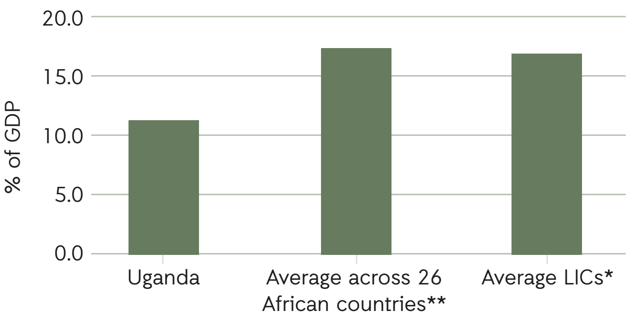
This means raising new revenues become increasingly important. According to the UN a minimum of at least 20% tax-to-GDP ratio is needed to deliver on the Sustainable Developments Goals.[30] In sub-Saharan Africa, and across low- income countries, Uganda's tax-to-GDP ratio is below average, at 12.7% (see **Figure 3** below).

Uganda needs to find news way to urgently increase their public spending capacity: this is increasingly important given that debt servicing is sucking away precious revenues, with this standing at 13% in 2020.[31]

16. Government of Uganda, ministry of education and sports (2019). Independent verification of teacher presence in public primary schools under the Uganda teacher and school effectiveness project (UTSEP)
17. https://www.newvision.co.ug/news/1456886/ugandas-classroom-crisis-district-faring
18. UNESCO Institute of Statistics (UiS) data (2014, latest year). Accessed July 2020. http://data.uis.unesco.org/#
19. Based on Government Spending Watch (GSW) figures, governmentspendingwatch.org --
20. Ministry of Finance, Planning and Economic Development. National Budget Framework Paper FY 2020/21 – FY2024/25. https://budget.go.ug/sites/default/files/National%20Budget%20docs/National%20Budget%20Framework%20Paper%20FY%202020-21_0.pdf
21. https://www.brookings.edu/blog/africa-in-focus/2020/02/13/figures-of-the-week-public-spending-on-education-in-africa/
22. https://mastercardfdn.org/wp-content/uploads/2019/03/SEA-Finance-Equity_REAL_Final-Version_Feb-2019.pdf
23. This is based on UNESCO Institute of Statistics (UiS) data (2014, latest year). Accessed July 2020. http://data.uis.unesco.org/#
24. The Impact of Taxes, Transfers, and Subsidies on Inequality and Poverty in Uganda Jon Jellema, Nora Lustig, Astrid Haas, and Sebastian Wolf Commitment to Equity Institute and the International Growth Centre
25. The Impact of Taxes, Transfers, and Subsidies on Inequality and Poverty in Uganda Jon Jellema, Nora Lustig, Astrid Haas, and Sebastian Wolf Commitment to Equity Institute and the International Growth Centre
26. UiS data 2013. From the whole dataset of 2013 (98 countries) Uganda had the 4th lowest spending per pupil of 20 sub-Saharan African countries (behind Malawi Burundi Democratic Republic of the Congo), and, indeed, the world.
27. Taken from UiS National Education Accounts: http://uis.unesco.org/en/news/national-education-accounts
28. This is based on UNESCO Institute of Statistics (UiS) data latest available year (2014). Accessed August 2020. http://data.uis.unesco.org/#
29. UNESCO and Global Education Monitoring Report (2018). Handbook on Measuring Equity in Education
30. UNDP. What Will It Take To Achieve the Millennium Development Goals? An International Assessment. June 2010
31. ActionAid (2020). *Who Cares? Paying for care work through transforming the financing of gender responsive public services.* The data used in this report was based on debt (external and domestic) taken from the Jubilee Debt Coalition database, which is based on IMF Article VI Country Report data.

The World Bank notes that external debt stocks have grown exponentially in recent years in Uganda - at 437%.[32] This needs urgent action to ensure that this does not further erode the very low public spending and revenue available in Uganda – which has been shown to already be one of the lowest tax and public social spending capacities in the world.[33]

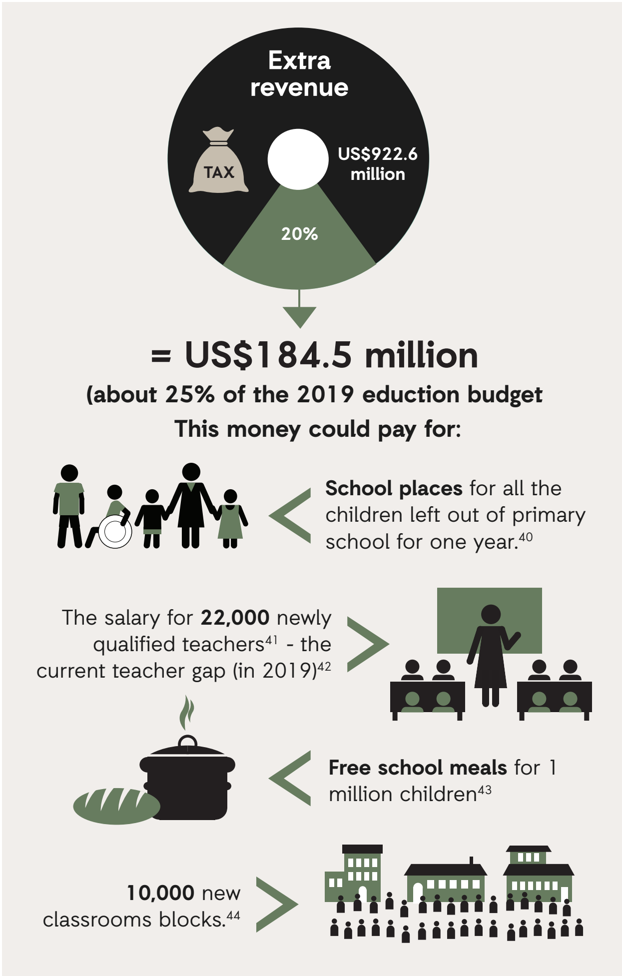
Figure 2: Tax-GDP ratios in 2018



* ICTD/UNU-WIDER Government Revenue Dataset
** based on OCED Africa revenue statistics.

Uganda should focus on increasing revenue by 5%. International studies suggest that for many countries a goal of increasing their tax-to-GDP ratios by 5% in the medium term (3-5 years) is ambitious, but reasonable.[34] **ActionAid has estimated that if Uganda did this it could lead to new revenues of US$3.1 bn by 2023,[35]** of which, if the government allocated just 20% of new tax revenues, as per international benchmarks, this could increase the education budget by US$1.5bn – **nearly 80% of the 2019 education budget.[36]** However, this must be done progressively, with attention to this falling on the richest especially as Uganda already tends to rely heavily on indirect taxes which makes their system less progressive than many.[37] Yet, in spite of this, over the period 2007-2018, not only has Uganda done too little to improve their tax-to GDP ratio, but there has been a large domination of indirect taxes versus direct taxes in the total revenues raised (see figure 4). While that has improved slightly over the period, this is very marginal – in other words, Uganda raises too little tax and they do this unfairly.

One way to raise new funds progressively is from corporate tax exemptions. In 2018, the World Bank estimated *that Uganda loses around 3% of GDP to both tax corporate tax incentives, and in exemptions.[38] Action Aid has calculated this would be US$922.6 million.[39]* **What could this have paid for if 20% of these revenues were allocated to education (as per international recommendations)?**



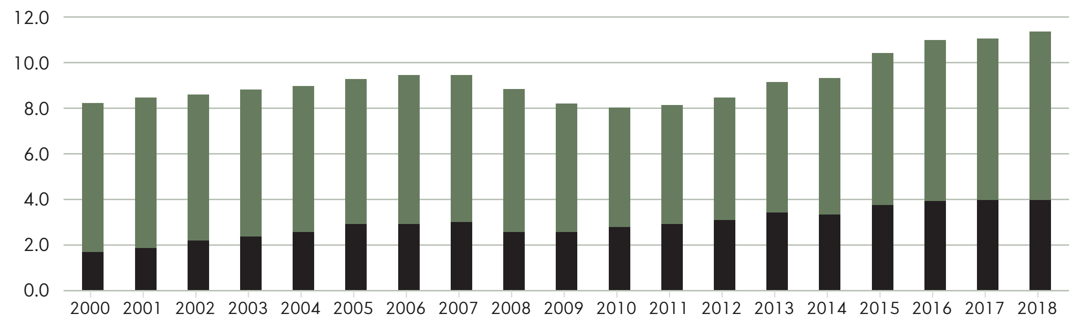
32. World Bank Group. International Debt Statistics 2020, 2020. Page vii.
33. See CEQ study above "the international CEQ database shows that Uganda revenue collections and total primary spending (as a share of GDP) are the lowest of 28 low- to middle-income countries from Latin America and the Caribbean, Central, East, and Southeast Asia, the Middle East, and Africa".
34. It is important to note this calculation does not look at the mechanisms for achieving the 5% increase (i.e. which tax reforms are pursued). For ActionAid any future revenue generation should be done with a focus on progressive and gender-responsive tax reforms, so that any new taxes do not hurt the poorest and most vulnerable, but rather fall to those most able to pay. Our analysis above shows that there are ways to achieve this 5% increase progressively.
35. ActionAid (2020). *Who Cares? Paying for care work through transforming the financing of gender responsive public services.* See footnote 363. The calculation was carried out by ActionAid for this report, using data from IMF, World Bank and the ICTD/UNU-WIDER Government Revenue Dataset.
36. Total education budget in in 2019 was US$741,286,712. This data was taken from the Government Spending Watch Database https://www.governmentspendingwatch.org/spending-data
37. The Impact of Taxes, Transfers, and Subsidies on Inequality and Poverty in Uganda Jon Jellema, Nora Lustig, Astrid Haas, and Sebastian Wolf Commitment to Equity Institute and the International Growth Centre
38. Based on figures in *World Bank, 2018. Uganda economic update, 11th edition:* financing growth and development - options for rising more domestic revenues. There are various estimates in here for different revenues forgone. Overall, the analysis shows losses of "around 4-5%" for all exemptions. For CIT incentives this accounted for 1-2%, which includes exempt corporate incomes, investors located in industrial zones; VAT is estimated to be around 2-2.5% (of total losses on VAT of around 4-5%), this includes a series of exemptions for corporates to encourage them to invest. It was impossible to further pull apart these figures to only extract corporate incentives; as such we have taken a more conservative estimate using the following assumptions: 1. roughly half of the 4 to 5 percent of GDP tax losses were attributable to VAT exemptions (i.e. can assume exemptions were around 2% of lower end). Taken the lower end of the estimate of 1-2% lost to corporate income taxes in (incentives and "generous depreciation rules"). Together this makes a lower end estimate of 3% of GDP in lost revenues.
39. Based on 2018 GDP from World Bank Development Indicators, (total GDP in 2018 US$30,756,466,000, of which 20% is US$922,693,980
40. UiS data shows out-of-school children is 328,897 (2018 data), per pupil spending is US$38.13 (2014, latest year available).
41. We used the official salary scales for all school teachers and converted to 2018 https://publicservice.go.ug/download/salary-structure-fy-2018-2019-schedule-1-12/ figures US$ 2018 figures (using WDI) to US$3054 annually (starting salary for a teacher)
42. There is no overall official figure on teacher gaps. But one estimate suggested that in 2019 the government has recruited 22,000 new recruits to fill "immediate" shortages https://allafrica.com/stories/201902270314.html
43. Gelli and Daryanani (2013). Are School Feeding Programs in Low-Income Settings Sustainable? We took the figures from this 2013 study (which was a 2008 figure) and allowed for inflation to get an estimate of school meals in 2017 (tax incentive losses estimate) to US$35 per pupil annually.
44. Based on an estimate that classrooms cost $20,000 for a classrooms block to meet government standards: https://www.3ieimpact.org/sites/default/files/2019-04/GFR-UPW.01.IE-MA-Evaluation-Uganda-School-Facilities.pdf

Progressive and regressive taxes in Uganda

Over the period 2007-2018, while Uganda has done too little to improve their tax-to GDP ratio. However, they have worked to reduce the overreliance on indirect taxes, versus direct taxes during the same period (marginally), suggesting the tax system has become slightly more progressive.*

Figure 3: Direct to indirect taxes in total taxes over time

Indirect taxes
Direct taxes



Note. Direct to indirect taxes can be a useful proxy for how regressive or progressive a tax system is: an overreliance on indirect taxes tends to highlight a more regressive tax regime (i.e. an overreliance on VAT, which often hits the poorest hardest), while a greater reliance on direct taxes tends to be more progressive (as this includes tax on corporate taxes or on income taxes for those in the more formalised sectors).

Source: ICTD/UNU-WIDER Government Revenue Dataset

A Call to Action

ActionAid calls on the government of Uganda to take the following measures needed to fully finance quality, inclusive public education and achieve SDG 4:

1. Increasing the **SHARE** of the budget allocated to education, by continuing to exceed the UNESCO's benchmarks of 20% of national budget and/or 6% of GDP.

2. Increasing the **SIZE** of the overall budget, maximizing the availability of resources for investment in public education by:

- Mitigating the effect of macro-economic policies that limit the amounts available for public spending (e.g. by reducing debt and borrowing, seeking reductions on debt servicing and limiting austerity policies). Improve scrutiny, to allow for a better understanding of borrowings and loans, to ensure a better understanding of the appropriateness of these.
- Setting targets to increase the tax-to-GDP ratio, including setting-out an urgent timetable to reach a tax-to-GDP ratio of at least 20%. The IMF has noted that countries should aim to meet an ambitious (but realistic target) to increase the tax-to-GDP ratio by 5% in the medium term (3-5 years). To do so, governments should focus on:
  – Ending harmful incentives;
  – Reviewing tax and royalty agreements in the natural resource / extractive sector, in particular;
  – Closing loopholes which enable tax avoidance and evasion in the private sector;
  – Promoting and enforcing fair corporate tax;
  – Promoting and enforcing progressive taxes on personal income and wealth.

3. Increasing the **SENSITIVITY** of national education budgets by:

- Focusing on equity in public expenditure to redress inequality and tackle discrimination (e.g. stipends for children with disabilities; increased investments in incentives for teacher postings in poor rural areas).
- Developing nation-wide equity funding formulae which explicitly addresses disadvantage and inequality.

4. Enhancing the **SCRUTINY** of national education budgets by:

- Actively encouraging scrutiny of education budgets and expenditure to promote transparency and accountability and improve efficiency through timely disbursement of funds and that funds are spent effectively (especially in disadvantaged areas) e.g. by enabling or formalizing community and civil society oversight.

Contact Us

Address: Plot 2514/2517 Kansanga Ggaba Road, P.O Box 676, Kampala
Tel: +256 (039) 222 0002
https://uganda.actionaid.org/publications/2020/contact-us **Email:** info.uganda@actionaid.org

@actionaiduganda