



## Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

# COUNTRY BRIEF

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## Uganda Country Assessment for Youth Development Accounts

By Fred Ssewamala

*CSD is part of a global consortium supported by the MasterCard Foundation that is exploring the potential for piloting a Youth Savings initiative in multiple developing countries. In addition to CSD, the consortium includes Save the Children, the Consultative Group to Assist the Poor (CGAP), and the New America Foundation. The consortium's goals for the 2009-2010 year include identifying six developing countries in which to implement these pilots, along with local financial and research institutions that could assist in implementing and evaluating the pilots.*

*This brief is one of a series that CSD has prepared on candidate countries in Asia, Africa, and Latin America. This brief, like the others, assesses the candidate country on four criteria: institutional capacity, national political interest, research capacity, and broader macroeconomic environment.*

### Summary

Uganda stands out as a candidate site to include in the worldwide demonstration of Youth Development Accounts (YDAs) in three ways: (1) strong international organizations and national government interest in poverty reduction efforts; (2) reliable and well-regulated banking infrastructure in place delivering microfinance programs; (3) excellent research capability and strong partnerships with local government.

### Basic Population and Economic Indicators

- » Population: 30.92 million (World Bank, 2007)
- » Percent of population under age 15: 49 (Population Reference Bureau, 2008)
- » Youth ages 10-24 (percent of total population, 2006): 34 (Population Reference Bureau, 2008)
- » Percent of population below national poverty line (2003): 38 (total), 12 (urban), 42 (rural) (UN Statistics Division, n.d.)
- » Median age: 15 (CIA, 2009)
- » Income level: Low income (World Bank, n.d.)
- » GDP per Capita (PPP US\$ in 2005): 1,454 (UNDP, 2007)
- » International organizations and national government interests



The World Bank announced on May 6, 2008 that it will reward Uganda's successful efforts at reducing poverty by allotting a new US\$200 billion funding line to support government poverty reduction programs (World Bank, 2008). Specifically, the International Development Association (IDA) approved a credit of US\$200 million to finance the Seventh Poverty Reduction Support Operation (PRSC7) over financial years 2007-08 and 2008-09, which will support Uganda's third Poverty Eradication Action Plan (PEAP), covering the period 2005 to 2008. The World Bank states that: "PRSC7 was developed jointly with the Government of Uganda in close cooperation with other development partners, including the African Development Bank . . . [and will support] reforms to enhance productivity and competitiveness (investment climate and rural development); effective delivery of social services (health, education, water sector programs, and decentralization); public sector management (budget execution, public financial management, procurement, and anti-corruption); and gender, infant, and maternal mortality, and population growth."

Officials from the Ministry of Education have expressed sincere interest in using asset-based development approaches (including microfinance), particularly those tied to education and keeping children in school. Research findings from the team are likely to be used by the Ugandan government to inform far-reaching social policy, including a national budget line specifically promoting Youth Development Accounts (YDAs) if results warrant it.<sup>1</sup> The Ugandan Government has also embarked on a project known as "Prosperity for All" ("Bonna Baggagawale"), which is based on a sophisticated and progressive understanding of the role of financial institutions (including microfinance) and human social development in achieving sustainable poverty alleviation.<sup>2</sup>

## Institutional capacity

A significant number of institutional mechanisms are in place in Uganda, facilitating extant microfinance programs, such as the African Development Bank, Centenary Rural Development Bank, DFCU, Stanbic Bank, and Post Bank. The climate for effective microfinance intervention is better than in many other countries in Africa, and is more likely to improve over the next several years.

## Excellent research capability and strong partnerships

The author, an associate professor at Columbia University, has received two federal grants from the US National Institutes of Health to design and investigate CDA programs in Uganda and has good working relationships with several Ugandan government officials. The SUUBI-Research Program, funded by a consortium of institutions including the National Institutes of Health, has been on the ground testing the potential for CDAs in a Ugandan context since 2004 with very promising results (Curley, Ssewamala, & Han, forthcoming; Ssewamala, 2005; Ssewamala, et al., 2008; Ssewamala, et al., forthcoming; Ssewamala, Han, & Neilands, 2009; Ssewamala & Ismayilova, forthcoming; Ssewamala & Ismayilova, 2008).

The AssetsAfrica program led by Dr. Gina Chowa at the Center for Social Development is currently testing asset-building innovations among impoverished households and communities in Uganda. Important lessons and connections have been gleaned over the course of these two research projects that could be crucial in facilitating further microfinance work in the country.

## Endnotes

1. This fact was one factor resulting in the award of a significant R34-level grant from the US government's National Institute of Health, the second grant awarded by the NIH to Fred Ssewamala for this work. Additionally, the Freedman Family Foundation and the Provost's Office at Columbia University have supported Dr. Ssewamala's investigation of education-promoting, rural microfinance work in Uganda.
2. Please see the government's website at <http://www.nrm.ug/prosperity.php> for further details.

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