



## Mainstreaming the Demographic Dividend Drivers in Sector and LG development plans and budgets: Moving from Policy to Programmatic Approach

**Authors:** Catherine Mbabazi<sup>1</sup>, Judith Mutabazi<sup>2</sup>, John Ssekamatte<sup>2</sup>, Freddie Ssengooba<sup>3</sup>

1. National Population Council
2. National Planning Authority
3. Makerere University School of Public Health

**For more information contact:**

Catherine Mbabazi

**Tel:** +256 701 330 476, **Email:** cngorok@yahoo.co.uk

### Summary

The Vision 2040 pronounced “harnessing the demographic dividend (DD)” as one of the strategies for benefiting from the country’s abundant and young population. The DD is an opportunity for economic growth and development that arises as a result of changes in population age structure. When fertility rates decline significantly, the share of the working-age population increases in relation to the dependant age groups. A larger working-age population if gainfully employed can enable a country to increase GDP and raise incomes, but must be nurtured. With the right policies and investments in health, education and economy the increasing young population is, therefore, considered as

one of the potential drivers to socioeconomic development and transformation of Uganda. The Vision Strategy of “Harnessing the Demographic Dividend is concretized through: Human Capital Development Pillar interventions in the National Development Plan (NDPII).

Although broad DD intervention have been specified and incorporated into NDP II both at objective and strategy levels under the human capital development pillar, translating them into Sector-level interventions and Local Government activities is still a challenge. This brief highlights the decisions needed to guide the mainstreaming of the demographic dividend drivers into sectoral and local government development plans including non-state actors.

### The Problem and Issue being discussed

The country already recognises that population is a key development factor for Uganda to attain a middle income status with per capita income of USD 1,218 by 2020 as envisaged in NDPII. “Under Vision 2040 growth strategy”, Uganda’s population structure comprises of mainly children below 15 years of age, presenting an opportunity that Uganda should aim to capitalise on to increase its competitiveness.

Most of the sectors and local governments responsible for the realization of DD are unaware about their contribution to this goal. Although the concept of DD has been adopted and applied some sectors, there is

still lack of a harmonised approach to DD programming- translating the vision into actionable programmatic interventions. Specifically, every sectoral, local government and non-state actors should consciously take into account operationalizing the demographic dividend in their development plans, strategies and initiatives. The sectors and partners should contribute to (i) a transformed age structure to create a youth bulge through rapid fertility decline (ii) accelerate Morbidity and Mortality Decline especially for children to enhance child survival (iii) Develop a Competitive Human Capital through quality education and keeping girls in school, skilling, innovation and ensuring a healthy and productive workforce (iv) Expand equitable

Opportunities for Growth & Gainful Employment especially Females (Accelerate Meaningful Job Creation and gainful employment) (v) Enhance Institutional Accountability and Service delivery. Experience from studies show that DD, when the above areas are well elaborated, and stakeholders are willing to act on them simultaneously, then as a country, would have laid a foundation and increased the chance to harness the demographic dividend. There is need to develop a joint implementation strategy, assign roles and responsibilities since no single sector can singly deliver any of the above areas alone.

Currently, the supportive factors in the environment, is that the government has already embraced programme

based budgeting which provides a tool to guide operationalisation of the DD drivers across government sectoral and local government development plans. Programme Based Budgeting is a promising tool to help focus on demographic dividend commitment. Therefore, a need to utilize economies of scale for resource maximization while taking advantage of the current Programme-Based Budgeting (PBB) process to enhance DD results programming.

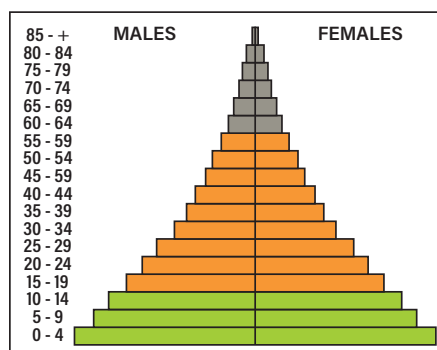
Secondly, while advocacy and awareness for DD among political, Religious, Cultural and technical decision and policy makers was being made at various levels, there was no programmatic framework to guide embedding DD in technical and programme operational levels. To-date, there is no harmonised joint implementation mechanism and monitoring framework to guide DD mainstreaming and assessment to trace status of agreed targets and link them to budgeting framework. The DD theory of change is being sought about to guide DD programmatic approach through multi-sectoral planning. The theory of change provides for elaborated purposeful actions that are linked, at the same time points at indicators to guide sectoral actions and measuring progress. It will require development clear of milestones and facilitate adherence to DD mainstreaming.

Thirdly, although the certificate of compliance is required for budgeting considerations and resource allocation across all sectors, the 2016 did not take into account the DD indicators and enforcement is weak. DD interventions and indicators were largely missing, where they appear, are among the unfunded priorities. The Certificate of Compliance is a tool for ensuring that sectors comply and have support to achieve what they have been assigned to do. Both the programme based budgeting and certificate of compliance are necessary to be applied across sector to ensure that there is follow and enforcement to ensure that resources are allocated and implementation monitored for agreed interventions.

## Background Information

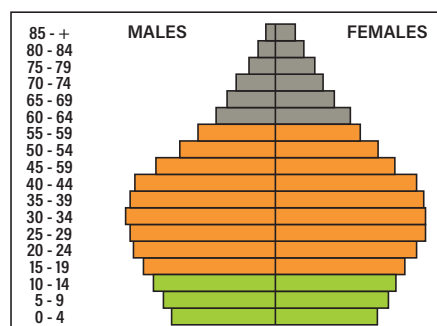
Evidence from countries that have harnessed the demographic dividend show the key interventions were mainly enhancement of Human Capital Development and accelerating the Demographic Transition through rapid fertility reduction. The specific areas of focus were (i) reducing fertility; (ii) skilling the youth (iii) fostering a healthy and productive workforce (iv) providing gainful employment (v) investing in supporting economic drivers of economic growth. A third of the economic growth in “East Asia Tiger” nations: Republic of South Korea, Taiwan & Singapore was due to taking advantage of the demographic window of opportunity and making the right investments.

Uganda aspires therefore, to change its population pyramid from the current broad based bottom to the youth bulge, which is in line with high productivity and lower dependency. Rapid fertility decline is vital to harnessing the demographic dividend. That is moving from the population structure in **figure A** to **figure B**.



**Figure A:**

Currently, persons under age 15 account for nearly half (47%) of the total population. As mortality declines but with a slow fertility decline, the dependent population begins to grow quickly.



**Figure B:**

If fertility declines, the base narrows and a “youth bulge” is created as indicated in the population pyramid presented in **B**. As reflected in **figure B** when majority population enters employment, produces more earnings and subsequently savings are realised as there are fewer children to take care of both at individual and country level.

Savings and returns on investments play a critical role because the savings are re-invested in the economy, drive economic development and rise income per capita. It is important to note that, *the demographic dividend is not automatic*; Uganda must cultivate it by implementing policies that will not only accelerate rapid decline in fertility, but ensure that the resulting surplus labour force is well educated, skilled, healthy, and economically engaged. This is how the country will realise the goal of middle income status.

At Institutional level, defining institutional mechanisms and actors that will drive mainstreaming is critical. Coordinating the DD programmes, the governance systems and tools are necessary to ensure programme coherence anchored on theory of change. In addition, financial tools that guide prioritisation of the DD interventions including tools for compliance across sectors and over time are very critical. Linked to this is how these intra collaborations and interlinkages are governed by champions including political support to enhance multi-sectoral planning. Where DD has been harnessed, mobilizing multi sectoral action across sectors was very key and like any other multi-sectoral actions, monitoring, policy guidelines, frameworks and budget mainstreaming were vital for realization of DD. These and strong human capital base (human resources), growth in employment, increase in savings and investment growth and are not mutually exclusive. (Bloom & Williamson (1997); Mason (2002) and Gribble & Bremner (2012). Institutions should be responsible for coordinated planning,

implementation and monitoring.

## 1. What does this policy brief contribute?

The brief contributes strategic solutions that are envisaged to enhance coordinated DD multi-sectoral planning, implementation, monitoring and evaluation. The brief is based on a study that analyses pathways for harnessing the demographic dividend as embedded in selected national and district development plans. Four major elements were found to be critical for policy and decision makers to guide mainstreaming of the demographic dividend drivers in sectoral and local government development plans. These include:

1. The study noted that, although DD is appreciated and mentioned in Vision 2040 and NDP II, it has not been operationalised in the selected sectoral and local government development plans. The sectors continue to conduct business as usual irrespective of DD “not sensitive to increasing population of young people and taking account their developmental needs” – youth sensitive budgeting. Consultations with some of the planning officers revealed knowledge gap on DD- and the lack of collective understanding of what they need to do individually and collectively, which limited the translation of DD from vision into programming. Therefore, a theory of change was found to be necessary.
2. Through a consultative process with stakeholders, the DD theory of change was developed providing overall results or programme logic. The indicators that underlie monitoring and evaluation are being defined. The institutions to undertake DD interventions are being defined individually and together form integrated results implementation framework. The various actors are being identified, roles and interrelationships specified.
3. Governance for enhancing institutional delivery is critical for awareness creation and accountability. A Stakeholder accountability framework to ensure that sectors account to each other at

every level is being defined. Areas of interdependence, investment priorities across sectors and development partners, monitoring and evaluation and how indicators will be tracked over time including rewards and sanctions for non-compliance is being defined. This is to ensure that DD is integrated in programme based budgeting—linking programme areas, resources and budget compliance.

4. Coordination and governance- for the above to happen, we need a wide governance framework that cuts across sectors including Cabinet, OPM, NPA, NPC, UBOS, Academia and all MDAs but also involvement of development partners for optimising investments for DD outcomes. These institutions are all important in realisation of the DD.

## 2. Recommended Policy actions

The overarching planning framework has provided legal and institutional framework for mainstreaming DD in the medium and long-term objectives. The course of action required implies moving DD from policy to programmatic approach through facilitating the sectors, Local Governments, MDAs and non-state actors to:-

- i. Adopt and apply the theory of change and accompanying indicators to guide sectoral interventions. Include agreed DD indicators in the NDP II compliance tools and other national assessment guidelines for DD compliance in NDP II and subsequent plans.
- ii. Get all stakeholders committing to mainstream DD result areas. The Ministry of Finance Planning and Economic development together with NPA issues supplementary planning circular asking sectors, local governments and non-state actors to consciously mainstream demographic dividend drivers adopted in the theory of change and DD multi-sectoral results framework.
- iii. Coordination, ensure that agencies assigned leadership roles, take up those responsibilities to ensure compliance, financing, monitoring

and reporting. Specifically generate a coordinated implementation strategy based on the principles of Programme Based Budgeting (PBS) and facilitate the implementation of the 5 results areas through budget allocation and release on agreed priority areas including reviews and systematic comprehensive evaluations of the plans to determine the extent of mainstreaming (Baseline & projections & targeting up to 2040)

## Conclusions

The brief provides strategic solutions for laying a foundation for realisation of the demographic dividend. Every stakeholder is called upon to galvanise effort and rally towards implementation of the specified results areas. Sectoral, local government and non-state actors should take into account operationalizing the demographic dividend in their development plans, strategies and initiatives.

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## SPEED Brief

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### For details about SPEED

Makerere University School of Public Health, College of Health Sciences  
Level 3, School of Public Health Building, Mulago Hospital Complex

**Office:** Room 323, MakSPH Building **Website:** [speed.musph.ac.ug](http://speed.musph.ac.ug) **Email:** [speed4uhc@musph.ac.ug](mailto:speed4uhc@musph.ac.ug)

Tel: +256 772-509316

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