unesco
International Institute
for Capacity Building
in Africa

UNESCO IICBA
*Empowering teachers for all learners to thrive*

Knowledge Brief 2023-22

# Uganda: Gender Inequality and National Wealth

Quentin Wodon

April 2023

**Background:** This brief was prepared for a KIX Africa 19 Hub national policy dialogue in Uganda with a focus on inclusive education. KIX (Knowledge and Innovation Exchange) Africa 19 contributes to education systems strengthening in African anglophone countries by bridging the gap between research and policy making. With support from the Global Partnership for Education and Canada's International Development Research Center, KIX Africa 19 is managed by UNESCO IICBA.

**Key findings:** Using data from the World Bank on the changing wealth of nations, this brief provides estimates of gender inequality in human capital wealth as the largest component of Uganda's national wealth.

- A country's wealth is the assets base that enables it to produce future income (GDP). It mainly consists of produced capital, natural capital, and human capital wealth defined as the present value of the future earnings of the labor force.
- In Uganda as in most other countries, human capital wealth is the largest component of national wealth, accounting for two thirds of national wealth in 2018.
- National wealth increased substantially since 2011, but gains in per capita wealth were smaller due to population growth. Per capita wealth increased from $9,227 in 2011 to $10,407 in 2018. Note that estimates do not yet factor in wealth from oil.
- Gender inequality reduces women's expected earnings and therefore their human capital wealth. In Uganda, women's human capital wealth is at three fourth of the value for men (this estimate may be on the high side given other estimates of gender inequality in earnings in the literature). Said differently, while women account for about half of the adult population, they account for just over two fifth of human capital wealth.
- Gender inequality also contributes to a lack of educational attainment for girls and a high prevalence of child marriage and early childbearing. This leads to high fertility rates and high population growth, reducing per capita national wealth and preventing Uganda from reaping the benefits of the demographic dividend.

A country's wealth mainly consists of three types of capital: (1) Produced capital comes from investments in assets such as factories, equipment, or infrastructure; (2) Natural capital consists of assets such as agricultural land and both renewable and nonrenewable natural resources; (3) Human capital is measured as the present value of the future earnings of the labor force. Also included in national wealth are net foreign assets, a much smaller yet possibly negative component of wealth. By far the largest component of most countries' wealth is human capital or people. In Uganda, human capital wealth accounts for two thirds of national wealth. However, substantial human capital wealth is lost due to gender inequality in earnings, with gender inequality also affecting levels of wealth per capita. This brief provides estimates of gender inequality in human capital wealth in Uganda.

## National wealth has increased over time, including in per capita terms

Estimates of the changing wealth of nations are produced every few years by the World Bank. Apart from produced and natural capital, the last two editions of the report include estimates of human capital wealth defined as the present value of the future earnings of the current labor force (Lange et al., 2018; World Bank, 2021). Table 1 provides estimates of Uganda's wealth from 2011 to 2018 based on the latest data release. National wealth stood at $445 billion in

2018. This represented an increase in real terms of 43.9 percent versus 2011 (average cumulative annual growth rate of 5.3 percent per year). Human capital wealth stood at $325 billion, an increase of 61.2 percent since 2011. It accounted for 73.0 percent of national wealth. Produced capital reached $78 billion in 2018, with a substantial increase over the decade, accounting for just under a fifth of national wealth. Natural capital was at $59 billion in 2018, a level below that observed earlier. Note that oil reserves are not factored in because oil production has not started yet. Given the methodology for the estimations, oil does not yet contribute to national wealth, but it will in the future.

**Table 1: Estimates of Uganda's National Wealth, 2011-2018 (million US$)**

| Millions, constant 2018 US$ | 2011 (1) | 2015 | 2018 (2) | % change [(2)-(1)]/(1) |
|---|---|---|---|---|
| **National wealth** | 308,908 | 390,047 | 444,608 | 43.9% |
| Produced capital | 45,952 | 62,401 | 77,900 | 69.5% |
| Human capital | 201,369 | 276,402 | 324,594 | 61.2% |
| Natural capital | 68,539 | 63,059 | 59,489 | -13.2% |
| Renewable | 68,446 | 62,859 | 59,249 | -13.4% |
| Non-renewables | 93 | 199 | 240 | 158.4% |
| Net foreign assets | -6,952 | -11,815 | -17,375 | 149.9% |
| Population (millions) | 33.5 | 38.2 | 42.7 | 27.6% |
| **Shares of national wealth** | | | | |
| Produced capital | 14.9% | 16.0% | 17.5% | - |
| Human capital | 65.2% | 70.9% | 73.0% | - |
| Natural capital | 22.2% | 16.2% | 13.4% | - |
| Net foreign assets | -2.3% | -3.0% | -3.9% | - |

Source: Based on data for World Bank (2021).
Note: Data are available on Uganda's national wealth before 2011, but some estimates prior to 2011 seem problematic. For that reason, estimates are provided in this brief only from 2011 to 2018.

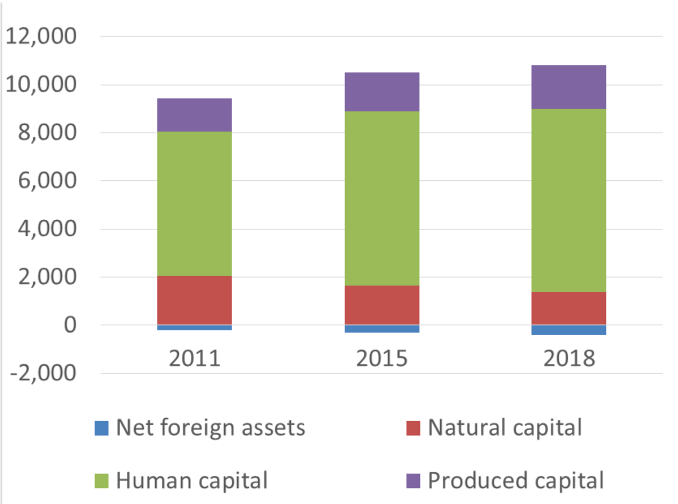
Table 2 provide estimates in per capita terms. As national wealth increased in absolute terms faster than population growth since 2011, per capita wealth increased from $9,227 in 2011 to $10.407 in 2018. This represents a gain of 12.8 percent versus the baseline value in 2011 (Figure 1). Note that the period from 2011 to 2018 was a time of ups and down in terms of changes in GDP per capita, but GDP per capita was slightly lower in 2018 than in 2011 in US dollars according to data from the World Bank's World Development Indicators. The economic impact of the COVID-19 pandemic may have led to additional losses in human capital wealth since 2018, but estimates are not yet available. As will be discussed below, gender inequality contributes to high rates of population growth, which make it harder for Uganda to generate gains in per capita wealth, as well as in GDP per capita.

**Table 2: Estimates of Uganda's Per Capita Wealth, 2011-2018 (US$)**

| Constant 2018 US$ | 2011 (1) | 2015 | 2018 (2) | % change [(2)-(1)]/(1) |
|---|---|---|---|---|
| **Per capita wealth** | 9,227 | 10,204 | 10,407 | 12.8% |
| Produced capital | 1,373 | 1,632 | 1,823 | 32.8% |
| Human capital | 6,015 | 7,231 | 7,598 | 26.3% |
| Natural capital | 2,047 | 1,650 | 1,392 | -32.0% |
| Renewable | 2,045 | 1,644 | 1,387 | -32.2% |
| Non-renewables | 3 | 5 | 6 | 102.5% |
| Net foreign assets | -208 | -309 | -407 | 95.8% |

Source: Based on data for World Bank (2021).

**Figure 1: Per Capita Wealth (US$)**




Source: Based on data for World Bank (2021).

## Gender inequality affects national and per capita wealth negatively

As gender inequality reduces women's expected earnings, it also reduces human capital wealth (see Wodon and de la Brière, 2018, and Wodon et al., 2020 for tentative estimates of the cost of gender inequality globally). Table 3 reproduces data for 2018 from the previous Tables and adds estimates of human capital wealth by gender (the methodology for measuring human capital wealth entails estimating future earnings for men and women).

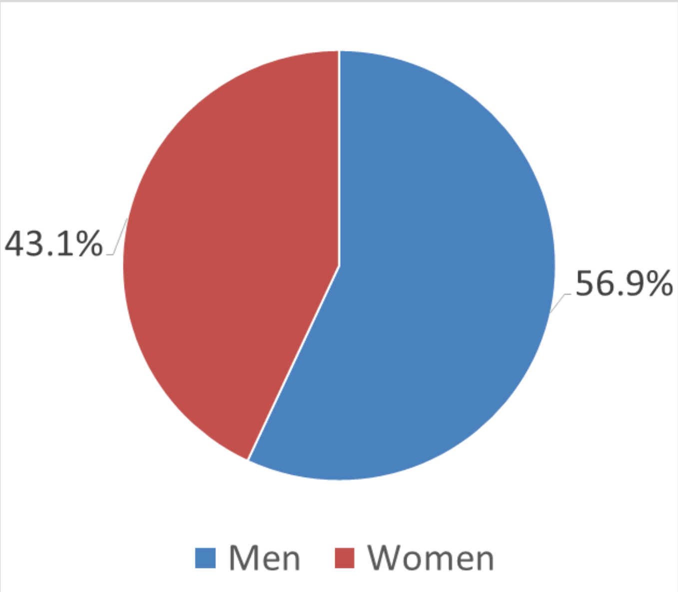
The estimates suggest that human capital wealth for women was at 75.6 percent of the value for men in 2018 (US$140 billion versus US$185 billion for men). In other words, women are expected to earn only three fourths of what men are expected to earn in the rest of their working life. Said differently, while women account for about half of the adult population, they account for only 43.1 percent of human capital wealth (Figure 2). This estimate is likely to be on the high side given other estimates of gender inequality in earnings in the country that suggest larger gaps (see for example World Economic Forum, 2022). Still, even with those estimates of gender inequality in human capital wealth, if women were able to earn as much as men, human capital wealth would increase substantially, which would lead to an increase in national wealth (estimating what the actual gains might be is complex if general equilibrium effects are accounted for).

**Table 3: Estimates of Gender Inequality in Human Capital Wealth, 2018**

| | Total wealth (US$ millions) | Wealth per capita (US$) |
|---|---|---|
| **Total wealth** | 444,608 | 10,407 |
| Produced capital | 77,900 | 1,823 |
| Human capital | 324,594 | 7,598 |
| Men (1) | 184,831 | 4,326 |
| Women (2) | 139,763 | 3,271 |
| Difference (1)-(2) | 45,068 | 1,055 |
| Women's share (2)/[(1))+(2)] | 43.1% | 43.1% |
| Natural capital | 59,489 | 1,392 |
| Net foreign assets | -17,375 | -407 |

Source: Based on data for World Bank (2021).
Note: Estimates of gender shares in human capital wealth rely on household survey data. As surveys tend to be conducted only every few years, gender shares may not change for several years.

**Figure 2: Share of Human Capital Wealth**




Source: Based on data for World Bank (2021).

Another aspect of gender inequality that affects Uganda's development is the fact that lack of educational attainment for girls and a high prevalence of child marriage and early childbearing contribute to high fertility rates, which in turn contribute to high annual rates of population growth. Estimates in a separate brief in this series suggest that universal secondary education for girls, which could virtually eliminate child marriages, could lead to a substantial reduction in fertility rates. Over time, this would reduce the annual rate of population growth, which stood at 3.2 percent in 2021 according to data from the World Development Indicators. Through lower fertility rates and a lower rate of population growth, reducing gender inequality would contribute to higher levels of wealth per capita over time. In addition, as discussed in other briefs in this series, lower fertility rates and other benefits from higher educational attainment for girls would also facilitate the emergence in Uganda of a demographic dividend that could further raise standards of living.

## Takeaways

According to World Bank data, human capital wealth, defined as the present value of the future earnings of today's labor force, accounts for two thirds of Uganda's national wealth. From 2011 to 2018, while national wealth increased in absolute terms, as did per capita wealth despite high levels of population growth. Unfortunately, gender inequality reduces women's expected earnings and therefore their human capital wealth. Women's human capital wealth stood at only three fourth of the corresponding value for men, with this estimate likely to be on the high side given other estimates in the literature. If gender inequality in earnings were reduced, human capital wealth could increase substantially. In addition, gender inequality contributes to a lack of educational attainment for girls and a high prevalence of child marriage and early childbearing. This in turn leads to high fertility rates and high rates of population growth, which in turn limit gains in per capita national wealth and may prevent Uganda from reaping the full benefits of the demographic dividend.

This brief does not focus on strategies to expand employment and earnings opportunities for women in Uganda, but other briefs in the series will explore options including by (following the literature on this topic) (1) reducing the time spent by women in unpaid work and redistributing care responsibilities to increase the time they may be able to allocate in the labor market; (2) giving women more access to and control of productive assets, including land and credit; and (3) addressing market and institutional failures, including reforming laws and regulatory frameworks that constrain women's economic activities.

## References


Lange, G. M., Q. Wodon, and K. Carey. 2018. *The Changing Wealth of Nations 2018: Sustainability into the 21st Century*. Washington, DC: The World Bank.

Wodon, Q., and B. de la Brière. 2018. Unrealized Potential: The High Cost of Gender Inequality in Earnings. *The Cost of Gender Inequality Notes Series*. Washington, DC: The World Bank.

Wodon, Q., A. Onagoruwa, C. Malé, C. Montenegro, H. Nguyen, and B. de la Brière. 2020. How Large is the Gender Dividend? Measuring Selected Impacts and Costs of Gender Inequality. Washington, DC: The World Bank.

World Bank. 2021. *The Changing Wealth of Nations 2021: Managing Assets for the Future*. Washington, DC: The World Bank.

World Economic Forum. 2022. *Global Gender Gap Report 2022*. Geneva: World Economic Forum.