THE REPUBLIC OF UGANDA

POVERTY TRENDS IN UGANDA

1992 - 1996

DISCUSSION PAPER NO. 2

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FOREWORD

The performance of Uganda's economy over the past decade has been quite remarkable. Prudent macro-economic policies designed to stabilise the economy, to reduce inflation and to remove obstacles to the efficient allocation of resources across all sectors have transformed the economy from one characterised by a labyrinth of controls, damned to economic perdition, into one of Africa's most buoyant economies.

Over this period the Gross Domestic Product, expanded at a rate of over 6.0% per annum. However, Uganda is still one of the poorest countries in the world. The UNDP human development index (1997) ranked Uganda 159th out of 175 countries.

In 1997, Government analysed for the first time trends in poverty in Uganda from 1989 to 1995, using a relative poverty line. In December the same year, at a national workshop on "**Use of Social Data in Poverty Reduction Policy**", it was recommended that Uganda should adopt an **absolute poverty line approach for measuring poverty.** This paper, therefore, measures poverty using absolute poverty lines. It also presents other universally accepted social indicators which are available.

"Poverty trends in Uganda 1992-1996" is the second in a series of discussion papers that will report on key poverty issues to enhance the awareness of poverty dimensions in the country.

It is hoped that the findings in the paper will shed more light on the various issues that have been raised about poverty in the recent past.

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Finance, Planning and Economic Development/
Planning and Investment.

Acronyms and Abbreviations:

AIDs	Acquired Immuno-Deficiency Syndrome.
CDRN	Community Development Resources Network.
COM	Communication.
COOPIBO	Cooperation in Development.
CPI	Consumer Price Index.
DFID	Department for International Development.
FMS	First Monitoring Survey.
GDP	Gross Domestic Product.
Govt.	Government.
HDI	Human development Index.
HIV	Human Immuno-deficiency Virus.
HIS	Integrated Household Survey.
Kg	Kilogramme.
Km	Kilometre.
MFEP	Ministry of Finance and Economic Planning.
MFPED	Ministry of Finance, Planning and Economic Development.
MPED	Ministry of Planning and Economic Development.
MS	Monitoring Surveys.
NGO	Non-governmental Organisation.
PPP$	Purchasing Power Parity in dollars.
SHs	Shillings.

SHs	Shillings.
SHS	Second Monitoring Survey.
SSA	Sub-Saharan Africa.
TMS	Third Monitoring Survey
U	Uganda.
UDHS	Uganda Demographic Health Survey
UNCDF	United Nations Capital Development Fund.
UNDP	United Nations Development Programme.
UWONET	Uganda Women's Network.
WHO	World Health Organisation.

EXECUTIVE SUMMARY

Background

1. Uganda's economic performance over the past decade has been impressive. Economic reforms designed to correct macroeconomic imbalances, to achieve financial stabilisation, and structural adjustment policies designed to eliminate distortions in incentives for resource allocation, and deregulation in order to enhance the role of market forces and impose microeconomic efficiency have transformed Uganda's economy. The Gross Domestic Product in real terms expanded at an annual rate of over 6.0% over the decade. Taking the level of GDP in 1970 as 100, the GDP declined to 94 in 1986 but has since increased to 190 in 1997. On the other hand, the index of GDP per capita declined sharply from 100 in 1970 to 58 in 1986 before increasing steadily to 84 in 1997. So while the size of the economy has nearly doubled in the last decade, because of population growth, GDP per capita is lagging behind. Also macroeconomic stability has been restored, with average end period inflation falling from 108% between 1986/87 and 1991/92 to 6.6% between 1992/93 and 1996/97.

2. This year, Government in collaboration with the University of Oxford, undertook further analysis of trends in poverty using an absolute poverty line which reflects the monetary cost of meeting the basic requirements of life. The data was obtained from annual household budget surveys conducted throughout the country.

The purpose of this paper, therefore, is to complement the earlier analytical work and shed more light on the various issues on poverty that have been raised recently.

SUMMARY OF FINDINGS

3. Overall, absolute poverty declined substantially during the period. In 1996, 46 percent of the population were not meeting their basic requirements compared to 56 percent in 1992. This is a 10 percentage point decline in poverty over 4 years or an 18% decline relative to the poverty level of 1992. Despite the strong

improvements in living standards during the period, the poorest 20 percent became poorer.

4. Poverty fell in both rural and urban areas. However, poverty fell proportionately more in urban than rural areas, although between 1993 - 1995, poverty levels increased in urban areas. The cause of this increased urban poverty is not clear. It could have resulted from an influx of rural migrants into urban areas following the 1992 prolonged drought.

On the other hand, the poorest populations in the rural areas experienced more intense poverty between 1994 - 1996, although there was a decline in the numbers who were poor.

5. All regions had lower poverty in 1996 than in 1992. The Central region saw the sharpest fall in poverty followed by Western. By 1996, therefore, poverty was still more marked in the Northen and Eastern regions where 65.5 percent and 53.3 percent respectively were still unable to meet basic requirements.

6. There was hardly any change in degree of inequality in Uganda as the Gini coefficient improved slightly from 0.380 in 1992 to 0.379 in 1996. In fact, growth accounts for 96 percent or more of the observed changes in poverty.

7. Poverty fell in nearly all sectors except for those in mining, and non-working sectors. Nonetheless, growth and poverty reduction were uneven across economic sectors; with those engaged in cash crop farming, manufacturing and trade faring particularly well. Hotels, construction, transport and communication also performed strongly. However, the food-crop sector which was the largest and poorest sector in 1992 experienced only modest declines in poverty.

8. Other poverty indicators also showed declining poverty trends during the period.

- The share of food in total expenditure consistently declined.

- Real private consumption per capita increased from shs.6.238 in 1992 to shs.7,320 in 1996.

However, there is a concern that the increased consumption was increasingly financed from property incomes with a possibility of unchecked depletion of household assets.

Findings 1-8, have to be noted under a caveat of some un-adjusted for events that must have influenced the household survey results to some extent. The events include:

- The prolonged drought of 1992
- The devastating earthquakes in parts of Western Uganda in 1993
- The sharp increase in world prices for coffee during 1994/95
- Incidences of escalating civil strife in some years during the study period, in the North and parts of South-western Uganda.

9. The UNDP human development index, too, indicates that Uganda continues to register a steady, albeit slow, improvement in human development since 1993. Uganda still compares very poorly to her neighbours in the sub-region because of the very low base of social indicators from which Uganda's recovery has started.

10. Within Uganda, regional human development indices give the same impressions as the absolute poverty line. There were broad based improvements, but sharp disparities still exist.

11. The Uganda human development index, at district level, underscores the problem of low incomes. It is only Kampala district with an income index above the national average.

12. Basing on the Uganda human development index, the poorest districts in each region were identified as:
    - Northen : Kotido and Moroto
    - Eastern: Kumi and Kamuli
    - Western: Bundibugyo and Kisoro

- Central : Kiboga and Rakai.

13. Contrary to the quantitative poverty analysis, qualitative studies have ascertained that poverty is on the increase. These very small and selective studies have noted that:

    - Resource availability to the poor, especially in the rural areas, had deteriorated and the poor felt increasingly more exploited.
    - The poor felt **helpless** in present Uganda
    - The health of women had deteriorated in the past 10-15 years.

    These findings should not be taken as contradictions to the observed trends based on the absolute poverty line and other welfare indicators, since different **dimensions** of poverty are being observed. In fact, it is an illustration that we have not fully comprehended the various dimensions of poverty in this country.

POLICY IMPLICATIONS

14. The extent to which poverty will be reduced, critically impinges on the performance of those sectors where the majority of the poor are economically active. The performance of the Agricultural sector in general, and the food-crop sector in particular is critical.

15. The enabling environment and incentive structure for fostering private investment has to be re-oriented towards employment creation. This will ensure that "booming" sectors employ more persons and therefore reduce poverty further.

16. Policies that foster improved distribution of income need to be enhanced, so that the distributional effects too, significantly contribute to poverty reduction.

17. The continued marked regional disparities in the levels and trends of poverty, call

for targeted interventions to some extent.

18. In the quest for fostering increased household incomes, alternative sources of income that check unsustainable depletion of household assets should be enhanced.

THE WAY FORWARD

In the light of the policy implications and the on-going Government poverty eradication initiatives, this is the way forward.

19. Government has formulated the modernisation of Agriculture Plan with research and extension as one of the priority areas. It is recommended that the research and extension components prioritises the food - crop sector.

20. Government, over the past decade, has provided an enabling environment for private investment. The incentive package should be reviewed, to integrate the level of employment creation, as one of the pre-conditions for level of incentive granted.

21. This financial year, Government established a Poverty Eradication Fund through which, debt relief funds will be channeled to the priority social service areas of, maintenance of rural roads, agriculture extension, water in rural areas, and primary health care. Government has committed itself to allocate these funds, giving priority to conflict affected and poorer areas of this country.

The way forward, therefore, is to ensure that an effective mechanism is in place to foster effective implementation of this commitment.

22. Government, with assistance from DFID, World Bank and UNDP is going to conduct participatory poverty assessments in the country. Some of the areas that should be critically examined, are:

- the dimensions of poverty in Uganda
- causes of the different dimensions of poverty, over-time.
- indicators for monitoring these dimensions.

- the issue of **trends in source of income for the households.**
- the feasible alternatives of raising household incomes; and
- reasons for rural-urban migration

Alongside these assessments, institutional mechanisms of integrating quantitative and qualitative information **MUST** be established. These are vital because the qualitative research explains the quantitative observations, without relying on unrealistic assumptions as is usually the practice.

1.0 INTRODUCTION

1.1. Background.

Uganda's economic achievement over the past decade has been nothing short of phenomenal. Economic reforms designed to correct macroeconomic imbalances to achieve financial stabilisation, and structural adjustment policies designed to eliminate distortions in incentives for resource allocation across all sectors of the economy and deregulation aimed at enhancing the role of market forces and competition to improve microeconomic efficiency have transformed the economy. As a result, macroeconomic stability has been restored and over the last 10 years, the Gross Domestic Product has increased at an annual rate of over 6.0% per annum after adjusting for inflation. Taking the level of GDP in 1970 as 100, the GDP index declined to 94 in 1986 but has since increased to 190 in 1997. On the other hand, the index of GDP per capita declined sharply from 100 in 1970 to 58 in 1986 before increasing steadily to 84 in 1997. So while the size of the economy has nearly doubled in the last decade, because of population growth, GDP per capita is lagging behind. Also macroeconomic stability has been restored and the annual rate of inflation has decreased from three digits ten years ago to an average annual rate of inflation in single digits over the last five years. Average end period inflation declined from 108% between 1986/87 and 1991/92 to 6.6% between 1992/93 and 1996/97.

In 1997, for the first time Government analysed trends in poverty in Uganda from 1989 to 1995, using a relative poverty line. The relative poverty line which was based on mean monthly per capita expenditure, classified the poor and hardcore poor as those persons who had mean monthly expenditures below 2/3 and 1/3 of the national mean monthly per capita expenditure respectively. Using this relative poverty line, the household surveys data indicated an overall decline in poverty during the period. The percentage of the poor population declined from 41.3% in 1989 to 38.9% in 1995.

At a national workshop on **"Use of Social Data in Poverty Reduction Policy"** held in December, 1997, it was recommended that Uganda adopts the **absolute poverty line approach** as its method for measuring poverty.

This year, Government in collaboration with the Centre for the Study of African Economies at the University of Oxford, analysed poverty trends in Uganda(1992 - 1996) using an absolute poverty line reflecting the monetary cost of meeting certain basic requirements of life.

The purpose of this paper, therefore, is to report on what has been happening to poverty levels during the reference period 1992 -1996.

1.2 Measuring Poverty

For policy purposes, for the period 1997 -2007, Government in 1997 adopted a focused definition of poverty emphasizing basic needs and provision of services. Poverty was defined as lack of access to basic necessities of life, (food, shelter, clothing) and other needs like education and health.

In Uganda, as elsewhere the measurement of poverty remains a major problem for social scientists. Currently, there are various indicators being used by several institutions to gauge the extent of poverty. These are based on the concept that poverty implies deprivation, relatively or absolutely.
In this paper, poverty was measured conventionally using the absolute poverty line approach, based on consumption expenditure (as a proxy for income) as has been used in the annual household surveys conducted since 1992. Measuring the standard of living over time, using household expenditure as the welfare measure calls for a number of statistical adjustments to ensure comparability . The adjustments fall into three categories: adjustments for sampling, for questionnaire design and for prices (details of the various adjustments that were made are attached as Annex I). Despite these adjustments, there were some events that could have influenced the survey results, but were unaccounted for. These include:

- the prolonged drought of 1992
- the sharp increase in world prices for coffee during 1994/95
- the drastic earthquakes in some parts of Western Uganda in 1993; and
- incidences of escalating civil strife during some years of the study period in the Northern region, and parts of South-western Uganda.

In this report the conventional measure will be complemented by other human welfare indicators where these are available.

1.2.1 <u>Defining an absolute poverty line for Uganda</u>.

The absolute poverty line reflects the monetary cost of meeting certain basic requirements of life. The approach focuses on defining food-related needs and only indirectly estimates non-food requirements. In Uganda, measurements of food-related needs explicitly focus only on calories. However, the cost of obtaining calorie requirements was based on the typical diet of the poor in Uganda. Presumably this diet reflects, at least in part, non-calorie food needs and preferences for variety.

We have adopted the recommendation of the World Health Organisation of 3000 calories a day for men aged 18-30 engaged in moderate work **as Uganda's requirement of calories per adult[1] equivalent**. This calorie requirement corresponds to an average requirement of 2283 calories per capita in the country.

The cost of obtaining the 3000 calories for the poorest 50% of the population was determined. This was the food poverty line that classifies the poorest of the poor: those who cannot even meet their food requirements later on other basic needs. This is also called the hard core poor.

[1] Same level of calorie requirement was taken for men and women because of the long hours of work for women.

The cost of non-food requirements was also estimated for those not in hard core poverty. In particular, the non-food expenditure taken was that of those persons whose total expenditure is just equal to the food poverty line derived above. The rationale for this is that, since at this level of welfare, the poor have sacrificed some of their need for calories, the non-food expenditures they have chosen to give priority to, should also be regarded as meeting essential needs.

The total cost of obtaining both the 3,000 calorie requirement and the non-food essential requirements by the poor, constituted the total absolute poverty line (see detailed methodology of calculating the absolute poverty line in Annex II).

2.0 Trends in Poverty and Income Distribution:

2.1 <u>Absolute Poverty</u>

Trends in prevalence of poverty were analysed using a national absolute poverty line and a food poverty line. The national (total) absolute poverty line, reflected the monthly monetary cost per person of obtaining both food and non-food basic requirements, while the food poverty line was the monthly monetary cost of obtaining the recommended 3000 calories per person per day. The total poverty line classifies those who are poor while the food line indicates the poorest of the poor (hard-core poor).

Using the 1993/94 household survey data, the national (total) poverty line and food poverty line were calculated as U.shs.16,400 and Ushs.11,500 respectively. The average monthly household consumption and total expenses were calculated as Ushs.55,200 and Ushs.78,700 respectively.

2.1.1 <u>Trends at National Level:</u>

Basing on the total poverty line, poverty consistently declined at the national level. In 1992, 55.6 percent of the population were poor as compared to 50.3 percent in 1993/94; 49.2 percent in 1994/95; and 45.6 percent in 1995/96. This represents a decline in poverty of 10 percentage points in four years or an 18% decline in 1996 relative to the poverty level of 1992.

This consistent decline in poverty was also observed for rural Uganda. In 1992, 59.4 percent of the rural population were poor as compared to 54.8 percent in 1993/94; 53.3 percent in 1994/95; and 49.7 percent in 1995/96. However, urban poverty declined between 1992 and 1994, then rose in 1995. Although there was some decline in urban poverty between 1996 and 1995, the percentage of the poor population in 1996 was still higher than it was in 1994 (Table 1 and Figure 1)

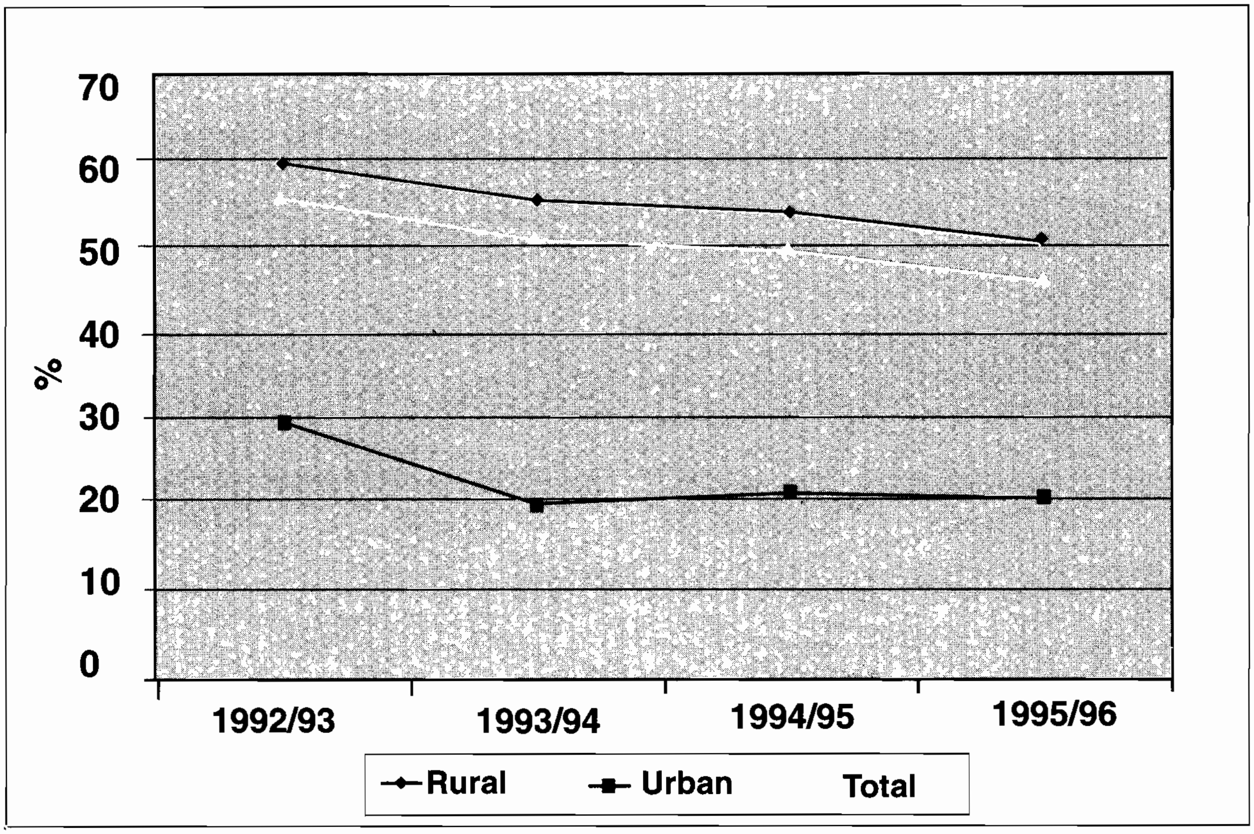
The poverty trends observed at the national level, were noted for rural and urban locations for the depth of poverty (P_1) (Table A2). The P_1 index is proportional to cost (per adult equivalent) of eliminating poverty through perfectly targeted transfers. Overall, this estimated minimum cost of eliminating poverty through transfers declined. For instance, the total annual cost of eliminating poverty through perfect transfers was estimated to be Ushs.711,592 million in 1992 as compared to Ushs.581,907 million in 1996.

Table 1: Percentages of the poor and hard core poor by rural - urban distribution, 1992-1996.

Area	Poor				Hard-Core **Poor**			
	1992/93	1993/94	1994/95	1995/96	1992/93	1993/94	1994/95	1995/96
Rural	59.4	54.8	53.3	49.7	38.6	32.9	30.4	29.2
Urban	29.4	19.6	21.0	20.0	12.5	7.0	9.3	7.9
National	55.6	50.3	49.2	45.6	35.3	29.6	27.8	26.2

Source: Draft report of changes in poverty, 1992 -1996. By S. Appleton. University of Oxford and Statistics Department (MFPED).

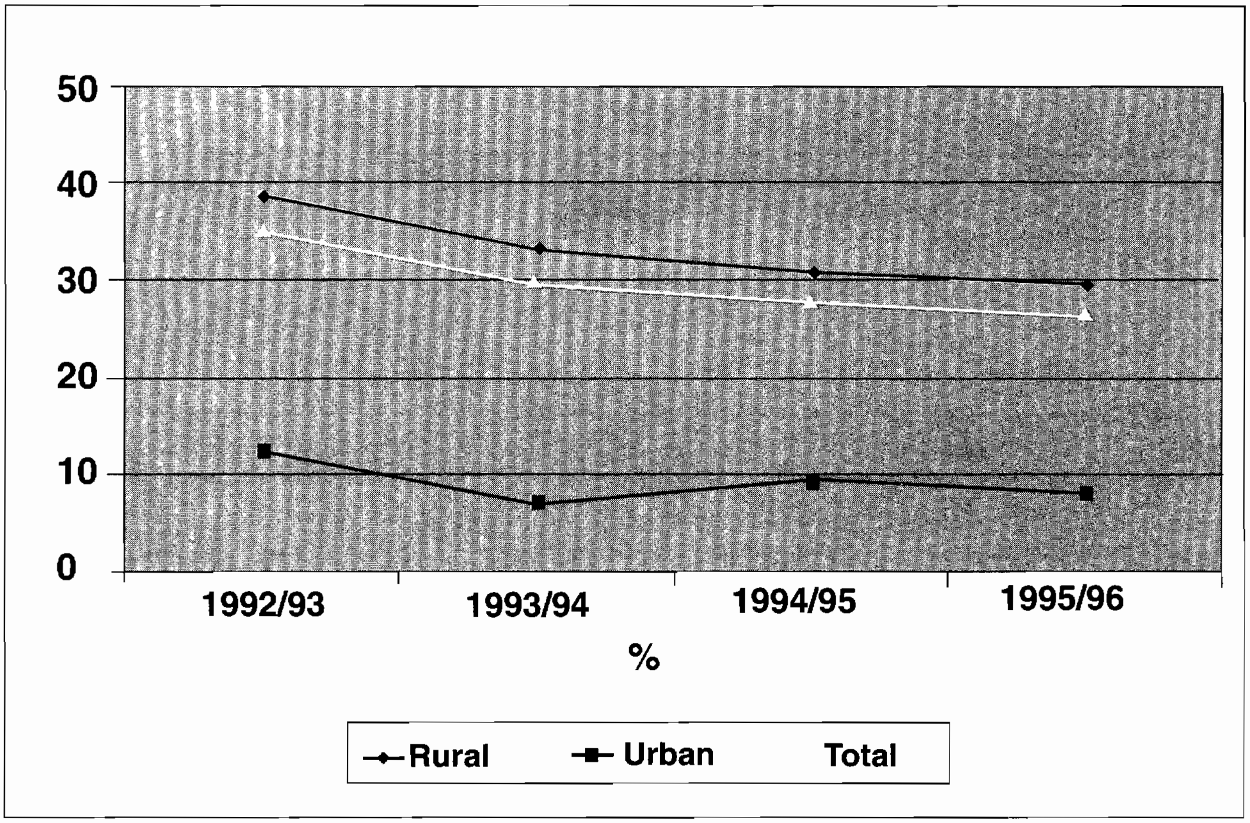
Figure 1: Percentage of the Poor by Rural/Urban Location, Uganda, 1992 - 1996



Trends in hard core poverty also consistently declined at the national level and for the rural populations. Whereas in 1992, 35 percent of the population could not meet their food requirements, this proportion was 30 percent in 1993/94; 28 percent in 1994/95; and was down to 26 percent in 1995/96 (Table 1 and Figure 2). For the rural population, hardcore poverty consistently declined from 39 percent in 1992 to 29 percent in 1996.

The reasons for the observed national trends in both the rural and urban areas cannot be easily ascertained. It is not known, for instance, why poverty levels in urban areas for 1994-1996 were higher than for 1993. Some possible explanations though may be the increased influx of rural migrants into urban areas following the prolonged drought as well as earthquakes, and episodes of civil strife.

Figure 2: Percentage of the Hard Core Poor by Rural/Urban Location, 1992-96



However, for the rural hard-core poor the depth of poverty increased between 1994 and 1996. This possibly explains the increase in severity of poverty (P_2) for the rural population, as a whole, for the same period.
(Table A2).

Trends in urban hard-core poverty, were the same as those observed for urban poverty.

2.1.2 **Trends at Regional Level:**

All regions exhibited lower poverty levels in 1996 compared to 1992, although there was some variation in trends in absolute poverty during the period in the four regions (Figures 3 and 4). In the central region, overall, the percentage of the population that were either poor or living in hard core poverty, consistently declined. The percentage that was poor declined from 45% in 1992 to 28 percent in 1996. On the other hand, hard core poverty decreased from 25 percent in 1992 to 11 percent in 1996. This too, was the observed trend for the central rural population either living in poverty or hard-core poverty. However, in the central-urban, the poor had a deterioration between 1994 and 1996 which saw some increase in the numbers living in poverty. For the poorest of the poor in central-urban this deterioration started much earlier in 1993 (Tables A3-A6).

In the Eastern region, the trends overall, and for both the rural and urban populations were the same. Initially (1992-1994) there was a decline in both levels of poverty, a situation that deteriorated during the following year, 1994/95. However, after 1994/95 there was some reduction in poverty although for the hard-core poor the numbers were still higher than had been achieved in 1993/94. For instance, overall, the proportion of the population that was poor was 60 percent in 1992 compared to 56 percent in 1993/94; 64 percent in 1994/95; and 53 percent in 1995/96. For hard core poverty, it was 39 percent of the population in 1992, as opposed to 34 percent in 1993/94; 41 percent in 1994/95; and 35 percent in 1995/96 (Tables A3-A6).

In Western- Uganda, there was an initial increase in poverty that consistently declined thereafter. Overall, this was the trend for both poverty levels. In 1992, 53 percent of the population could not meet their basic needs requirements, while 34 percent were unable even to meet their basic food requirements. By 1993/94, the proportions had increased to 54 percent and 34 percent respectively. However, thereafter there was a consistent decline in both levels of poverty (Tables A3-A6). In Western- urban, the trends in poverty were varied from the above for both levels of poverty. Unlike their rural counterparts, poverty first declined between 1992 and 1993/94. However, between 1993/94 and 1994/95 the numbers living in both levels of poverty increased. Between 1994/95 and 1995/96 an improvement was registered.

Figure 3: Percentage of the Poor by Region, Uganda, 1992 - 1996

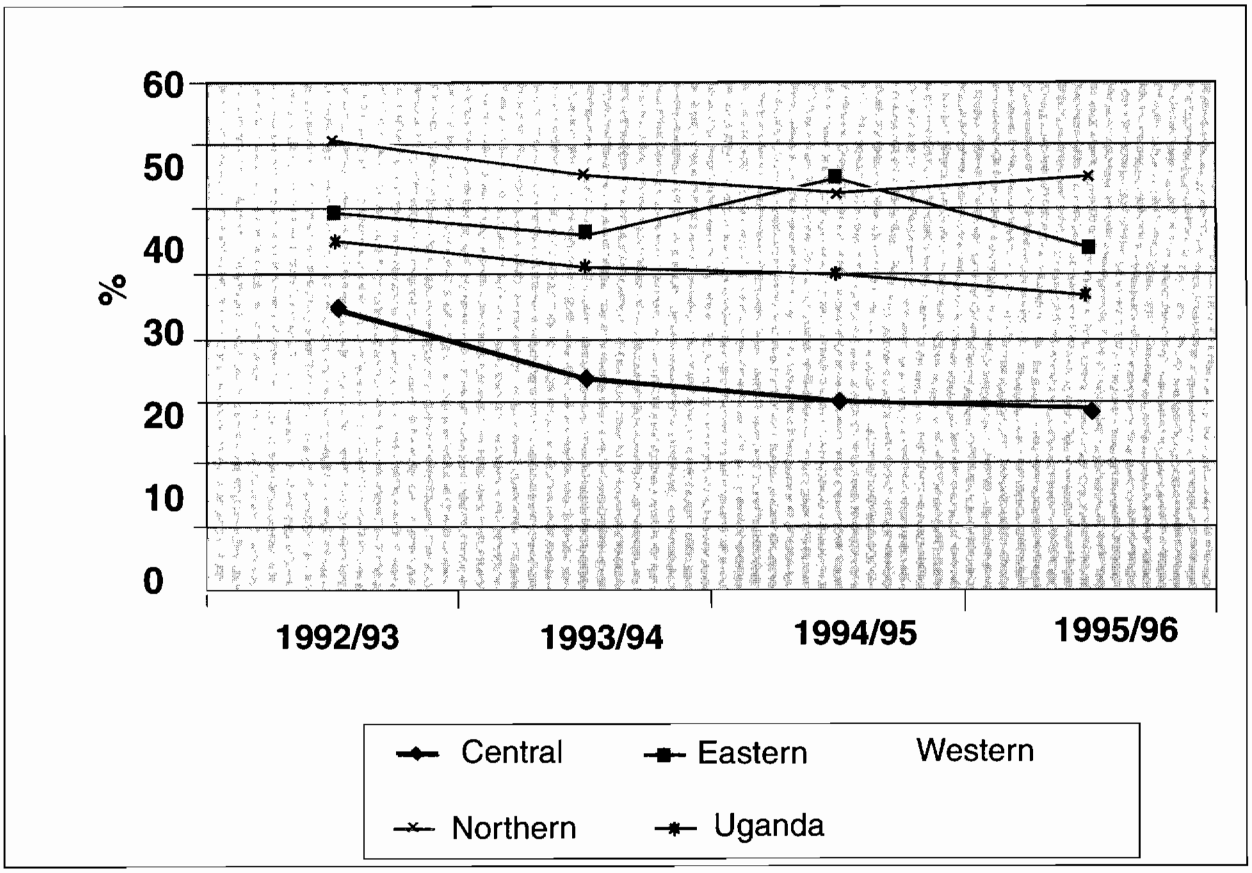
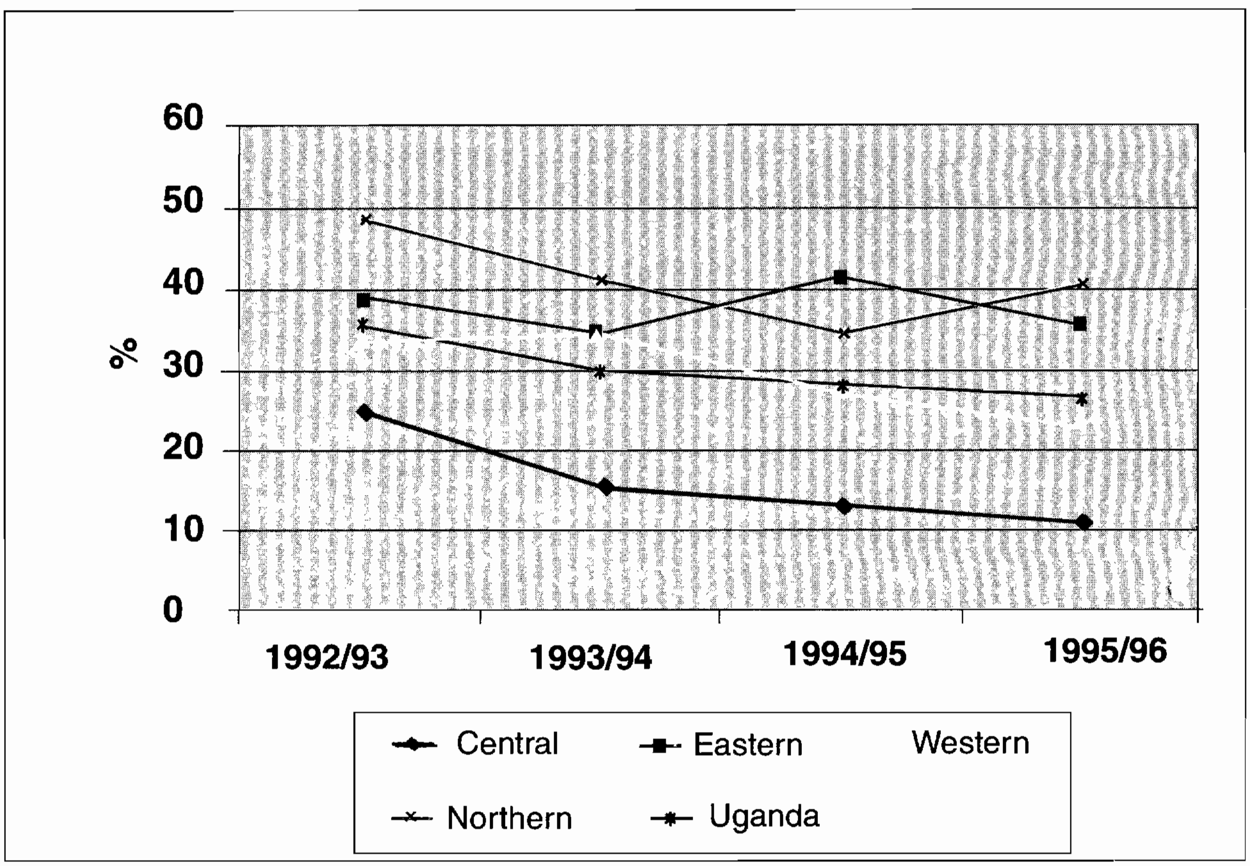


Figure 4: Percentage of the Hard Core Poor by Region, Uganda, 1992-1996



In Northern - Uganda, where poverty is still most marked, poverty consistently declined from 1992 until 1994/95 when the situation was reversed. Except for the hard-core poor in urban-North this was the same trend. For instance, 71 percent of the population were unable to meet their basic needs requirements in 1992. However, this proportion declined to 66 percent during 1993/94; declined further to 63 percent in 1994/95; then increased to 65 percent in 1995/96. For the hard-core poor urban dwellers in the North, there was a deterioration between 1993/94 and 1994/95 before an improvement was noted (Tables A3-A6).

2.1.3 Trends at Sectoral level

A disaggregation by economic sector, shows the potential link between macroeconomic events and household welfare.

In 1992, most Ugandans (around 70%) lived in households where the main activity of the household head was crop farming[2]. Around one third of those individuals lived in households growing some non-food cash crop. This reflects the fact that coffee growing was widespread, despite the fact that in 1992/93 it accounted for only around 3-4% of total crop agricultural revenue in the country (World Bank, 1996). There is some evidence of movement into cash crops during the period of the surveys: the size of the sector increased from covering 24% of people in the IHS to covering 27% in the TMS. However, there is no evidence of a movement out of agriculture: indeed, the sector grew in terms of population share during the surveys. (Table A.7).

[2] Henceforth, for ease of expression, we will refer to people as being in a sector if the main activity of the head of the household is in that sector. This should not be taken to imply that all the people said to be in the sector actually work in the sector (only their household heads must work in the sector).

Trade and government services were the most populous sectors covering 6% of Ugandans. Trade did not change in size during the surveys, although households in the government sector decreased from 7% in the IHS to 6% in the TMS. The "not working" sector was the next largest sector, growing from 4% to 5%. Manufacturing remained fairly constant at around three and a half percent of the population. Other sectors covered 2% or less of the population, with some sign of growth in the size of the service sector.

The food crop sector was the poorest of the major sectors in 1992/93 and experienced only relatively modest declines in poverty. Cash crop farming was the second poorest sector in the IHS, but experienced dramatic declines in poverty between the IHS and TMS (Table 2). The size of the declines can be gauged by comparing the proportionate falls in the poverty indicators for the cash crop sector with those for country as a whole. Between the IHS and TMS, the headcount (persons living in poverty) fell by 32 percent for the cash crop sector but for the country as a whole it fell by 18 percent only. The policy of coffee liberalisation was one of the most effective poverty reducing action which was also costless to the Government budget. In 1986 the farm gate price for coffee was the equivalent of US$0.10 per kg of coffee; by 1998 the coffee farmer was receiving the equivalent of $0.60 per kg at prevailing exchange rates. Because of the predominance of coffee in the Central Region, the region saw the sharpest fall in poverty, from 45% to 28%.

Table 2: Percentages of the Poor by Sector of Household Head for 1992 and 1996

Sector	Mean CPAE		Po*	
	1992	1996	1992	1996
National	7091	8313	55.6	45.6
Food crop	5711	6184	64.1	58.3
Cash crop	6087	8069	59.6	40.5
Non-crop agric.	6947	8773	51.7	41.0
Mining	8471	6044	43.4	74.2
Manufacturing	8271	11167	46.3	27.9
Public utilities	9203	15007	43.3	10.9
Construction	11311	10083	38.3	34.6
Trade	12384	14377	26.4	16.7
Hotels	9911	12036	26.6	17.0
Transport/Com.	10309	15337	31.9	14.3
Misc. services	13534	11747	27.7	26.9
Govt. Services	11161	12755	33.5	26.2
Not working	6835	7975	59.8	62.1

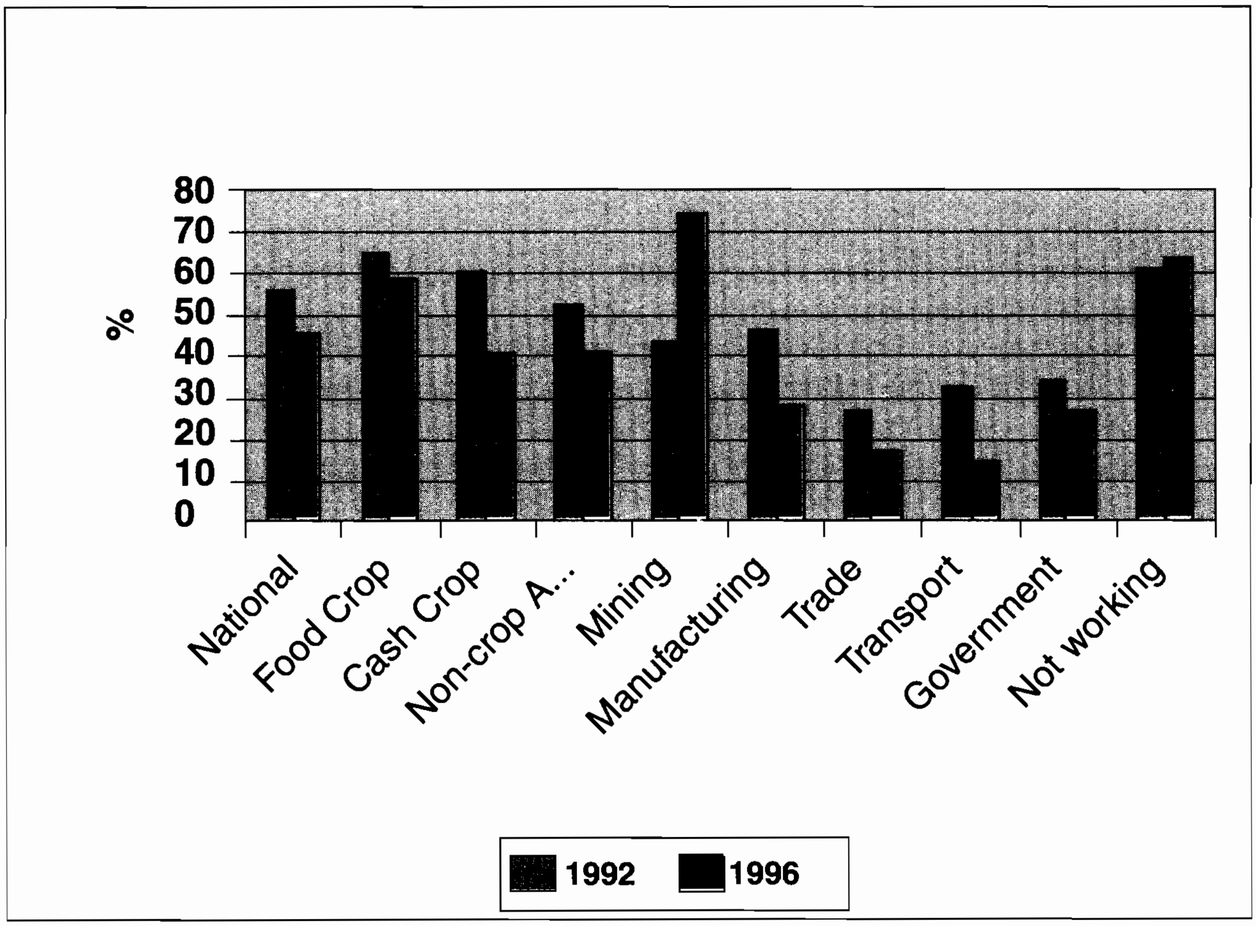
Source: Draft Report of Changes in poverty in Uganda, 1992-1996 by S. Appleton, University of Oxford, and Statistics Department.

Note*: Percentage of those who are poor (Po).
CPAE – Consumption Per Adult Equivalent.

As can be seen from Figure 5 poverty fell in nearly all sectors except mining. In addition, there was an increase in the numbers of the hard-core poor in miscellaneous service sector (and a fall in mean consumption per adult equivalent). However, perhaps the most notable exception to the generally favourable trends was in the non-working sector, where poverty worsened despite rising mean consumption per adult equivalent. The headcount rose only slightly, but the depth and severity of poverty had more serious deterioration for the non-working.

The cash crop sector was not the only sector to experience reductions in poverty much above the national trend. Manufacturing and trade, although starting from much lower initial levels of poverty, saw greater proportionate reductions. Hotels, construction, transport and communications also performed strongly. The government sector lagged somewhat behind the country as a whole in terms of growth in mean per capita consumption, although poverty rates fell comparably.

Figure 5: Percentage of the Poor by Sector of Household Head, Uganda, 1992 - 1996



2.2 Other Poverty Indicators

2.2.1 Private Consumption

Another indicator of declining poverty was the rising level of private consumption. Real private consumption per capita increased from Ushs.6,238 in 1992 to Ushs.7,320 in 1996, although there was a decline in 1994 (Table 3)

Table 3 : Per capita Private Consumption

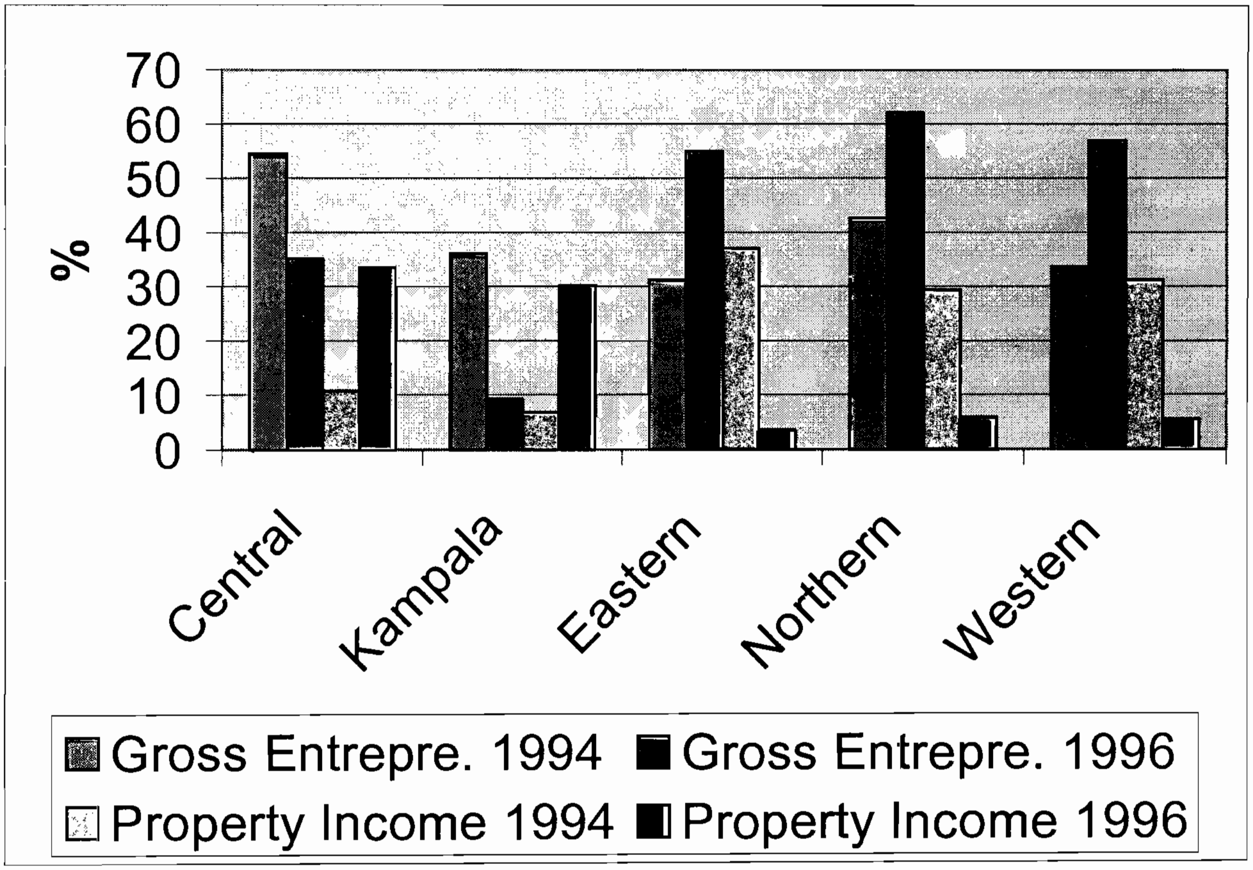
Fiscal Year	Nominal (Ushs./Month)	Real (1989 Prices)	Growth %
1991/92	12156	6238	1.3
1992/93	16407	6478	3.86
1993/94	17273	6401	-1.19
1994/95	20124	7029	9.81
1995/96	22526	7320	4.14

Source: Statistics Department, MFPED.

Preliminary analysis[3] was done to ascertain the source of income (classifications of income are attached as Annex IV) for this increase in private consumption. Except for Kampala, gross entrepreneurial income has been an important source of household income in all the regions. In fact it was the leading source in the regions during the period, except for the Eastern Region during 1995/96 when property income excelled as a source of income. A worrying trend, though, was the sharp decline in gross entrepreneurial income and the inherent rise in property income (Figure 6). This may be a sign of depletion of household assets a phenomenon that improves current consumption expenditure but may exacerbate future levels of poverty. There is also a possibility that some income of gross entreprenuerial nature may have been reported as property income during the 1995/96 Survey.

[3]The analysis was done for 1994-96.

Figure 6: Sources of Household Income by Region, Uganda, 1994 - 1996



2.2.1 Food Shares in Total Consumption

World wide, as incomes rise and societies become more affluent, the percentage share of food in total expenditure declines. In Uganda, there was a consistent decline in the share of food in total expenditure over the study period, another indicator of declining poverty (Table 4).

Table 4: Shares of Total Consumption (Percentages)

	1992/93	1993/94	1994/95	1995/96
Food	58.6	56.6	54.7	52.7
Beverages and Tobacco	3.1	4.1	4.5	3.7
Restaurants	1.4	2.5	2.2	2.0
Clothing and Footwear	4.5	4.4	4.0	5.1
Other Goods	7.0	5.0	5.7	6.6
Rent, Fuel and Power	12.7	14.6	15.0	14.6
Transport and Communication	0.7	2.7	3.0	3.6
Health	4.2	3.4	4.2	3.3
Education	5.3	5.5	5.1	6.2
Other services	2.4	1.2	1.7	3.3
Total Consumption	100.0	100.0	100.0	100.0

Source: Statistics Department, MFPED.

2.3 Trends in Income Distribution

2.3.1 Consumption by Deciles

All deciles had higher mean consumption per adult equivalent in 1996 than in 1992 (Table 5).

Table 5: Mean Consumption per adult equivalent by decile (1989 shs. per month)

Decile	1992/93	1993/94	1994/95	1995/96
1	1422	1735	1748	1645
2	2151	2532	2545	2539
3	2704	3035	3132	3219
4	3263	3578	3671	3750
5	3847	4131	4160	4417
6	4475	4840	4858	5115
7	5255	5608	5645	6091
8	6339	6828	6828	7402
9	8152	8722	8980	9696
10	16736	17283	19365	19614
Total	5438	5833	6096	6353

Source: Draft Report of Changes in Poverty in Uganda, 1992-96 by S. Appleton.

Despite the strong improvements in living standards between 1992 and 1996, there are some disquieting results from trends between 1993/94 and 1996. The very poorest (lowest 20%) become poorer during that period (1993/94 - 1996). Mean consumption per adult equivalent of the poorest 10 percent fell by 5% between 1993/94 and 1996. In the rural areas, the poorest 20 percent experienced falls in mean consumption per adult equivalent between 1993/94 and 1996. In urban areas, except for the most affluent, all deciles experienced falls in mean consumption per adult equivalent (Table A.8).

2.3.2 Distribution of Income

Trends in income distribution were assessed using the Gini coefficient[4]. Inequality nationally, and in rural areas remained virtually unchanged between 1992 and 1996, although there were some reduction in between the years (Table 6).

Table 6: Distribution of Income (Gini Coefficients), 1992-96

	1992/93	1993/94	1994/95	1995/96
Uganda	0.380	0.358	0.375	0.379
Rural	0.334	0.305	0.329	0.338
Urban	0.435	0.385	0.414	0.400

Source: Draft Report of Changes in poverty in Uganda, 1992-1996 by S. Appleton, University of Oxford, and Statistics Department.

In the urban areas, however, there was evidence of an improvement in the progressivity of the distribution.

4: For the Gini coefficient, the bigger the coefficient, the higher the degree of inequality. The coefficient has a range from 0 (for perfect equality) to 1 (for highest inequality).

3.0 WELFARE INDICATORS:-

The poverty analysis in Chapter 2 was confined to non-contextual indicators of poverty, in general, and to those pertaining to expenditure in particular. Annex V details out both contextual and non-contextual indicators of poverty.

In this section, efforts were made to complement the conventional poverty analysis with other readily available welfare indicators.

3.1 Human Development Index

As measured by the UNDP Human Development Index, Uganda has continued to register a steady, albeit slow, improvement in human development since 1993. The index remained broadly unchanged between 1993 and 1994 (at about 0.327), but increased to 0.38 in 1995. This modest improvement is underpinned by upward movements in all the components of human development (life expectancy; adult literacy; and GDP per capita), although the biggest gain was in terms of the income index.

Despite these modest improvements compared to declining trends among the neighbours, Uganda still compares very poorly to her neighbours in the sub-region (Table 7).

Table 7: Human Development Indices: Uganda and the neighbours 1992 - 1994.

	1992	1993	1994
Uganda	0.329	0.326	0.328
Kenya	0.481	0.473	0.463
Tanzania	0.364	0.364	0.357
Sudan	0.379	0.359	0.333
Democratic Republic of Congo	0.384	0.371	0.381
SSA	0.389	0.379	0.380

Source: Human Development Reports, 1995,1996 and 1997.

The major explanation as to why Uganda continues to lag behind her neighbours in terms of human development, is because of the very low social indicators arising from the economic collapse of the two decades before the advert of the Government of the National Resistence Movement in 1986. Within the sub-region, Uganda has the highest infant mortality rate and the lowest life expectancy. Another social indicator where Uganda continues to compare poorly is in high fertility rates. Uganda's fertility rate of 6.9 recorded in UDHS of 1995 was one of the highest in the world.

Within Uganda, Regional human development indices give the same impressions as the poverty lines. There have been broad-based improvements, but sharp disparities still abound. The central region continued to maintain the lead in human development in 1995, with a score of 0.442, while the northern region trailed at the bottom, with a human development index of 0.301 (Table 8).

Table 8: Uganda: Regional human development indices for 1992 and 1995.

	National	Central	Western	Eastern	Northern
Year					
1992	0.329	0.403	0.324	0.322	0.273
1995	0.38	0.442	0.357	0.327	0.301

Source: Uganda Human Development Reports, 1996 and 1997.

In both years, it was only the Central region that had a human development index greater than the national average. One striking feature in all regions of Uganda, is that the income index is the lowest of all components of human development index, indicating the extent to which income poverty remains a serious impendiment to achieving higher levels of human development.

The development of human resources at the district[5] level, is where the real challenge lies. Table A.9 in the Annex, gives human development indices for the 39 districts which existed at the end of December 1996.

The disaggregation of the HDI on district basis further underscores the problem of low incomes: the adjusted GDP per capita index is below 0.2 for 33 out of the 39 districts! Kampala's income index of 0.59 is the only one above the national average; a further attestation that in Uganda income poverty is mainly a rural phenomenon.

5: It was not possible to establish trends at district level, because the first HDI for districts was published in 1997.

The districts of Moroto and Kotido in the northern region had the lowest level of human development in 1995. The human development indices for these two districts, respectively, were 0.182 and 0.180 both of which fell below 50% of the national average! The poor literacy rates, high mortality rates coupled with low productivity explain the comparatively poor human development outturn.

In the northern region, the districts of Kitgum, Arua and Moyo registered human development indices below the average of the region. One of the explanations is the low level of life expectancy in those districts partly attributable to insecurity.

The HDIs for the districts in western region indicate more-or-less similar levels of human development, with the districts of Bundibugyo and Kisoro at the bottom of the regional ranking. Bundibugyo has the highest infant mortality rate and the second worst literacy rate in the region.

In Eastern Uganda, the districts of Kumi and Kamuli registered the lowest human development indices. Life expectancy for Kumi is one of the lowest in the Eastern region. Infant mortality rates in the two districts are above both the national and district average. Furthermore, although the enrolment rate is higher than some districts within the region, the low rate of literacy for Kumi signifies a high drop-out rate in the early stages of the education ladder.

In Central region, the districts of Luwero, Mubende, Rakai and Kiboga fall below the national average. It is not surprising that the districts of Kiboga and Rakai have the lowest human development indices of this region. Rakai is among the districts most affected by the adverse impact of AIDs/HIV and the attendant problem of orphaned children. The low life expectancy and literacy rates in these two districts suggests the inadequacy of education and health services.

3.2 Other Social Indicators

Other human welfare indicators also give a relatively bad picture. For instance, the Uganda Demographic and Health Survey, 1995, established that:

- Infant mortality rate was 97 deaths per 1,000 births
- 38.3 percent and 5.3 percent of children under 4 years were stunted and wasted respectively.
- Only 33.8 percent of births were attended by trained personnel
- Adult literacy rate was 65 percent and 45 percent for men and women respectively.
- 36 percent of the population did not have access to safe faecal disposal.
- Only 38 percent of the population were within 1.5 Km radius of a safe water source.

3.3 Qualitative Indicators:

A number of NGO[6]s have conducted research on poverty trends in selected districts.

In general, the studies noted that advances in technology, service delivery or income did not match the increasing population in Uganda (Action aid, 1994). The economy of Uganda was growing but the population of the country was increasing and resource availability to the poor was deteriorating, especially in rural areas where land availability and productivity has decreased,and the poor felt increasingly more exploited (CDRN, 1996; Action Aid Uganda, 1994). In addition, rural people commented that in years gone-by, everyone was effected by poverty but they helped each other, life was simpler (Kabuchu, 1994), and there was enough food to survive. Whereas nowadays, poverty equates with helplessness as a few people amass more and more wealth, leaving the poor to fend for themselves (CDRN, 1996). Further, CDRN (1996) found in field studies that the social differentiation between rural and urban areas was deepening.

Specifically, oral history analysis and reflection revealed that the health of women had deteriorated in the past 10-15 years (CDRN, 1996), and that returns to the poor peasant farmer on cash crops, e.g. coffee and cotton-had declined while market prices had risen (UWONET, 1995). Some women reported that female economic independence had grown, improving their coping abilities and their capabilities, especially in terms of work outside the home (Kabuchu, 1994), and that in rural areas of central Uganda, changes in attitude towards the payment in bride price had occurred (Redd Barna, 1994).

[6]NGOs studies were done by Action AID (1994); CDRN (1996); COOPIBO (1996); and UNCDF and others (1997).

4.0: Summary of Findings:

1. Overall, absolute poverty declined substantially during the period. In 1996, 46 percent of the population were poor compared to 56 percent in 1992. This 18 percent fall in the headcount was accompanied by a 17 percent rise in mean consumption per adult equivalent. Poverty at the national level fell between each household survey on all measures. However, the improvements between 1993 - 1995 were only modest. Most of the gains came between 1992 - 1993 and 1995 - 1996.

Despite the strong improvements in living standards between 1992 and 1996, there are some disquieting trends between 1993 and 1996. The poorest 20 percent of the population became poorer because these households were headed by someone out of work.

2. Poverty fell in both rural and urban areas. The mean rise in consumption per adult equivalent was higher in rural areas (17%) than urban areas (12%). However, poverty fell proportionately more in urban than rural areas. The headcount fell by almost a third in urban areas (32%); the proportionate fall in rural areas was only half of this (16%).

However, between 1993 - 1995, poverty levels increased in the urban areas. On the other hand, the poorest populations in the rural areas experienced more intense poverty between 1994 - 1996, although there was a decline in the numbers who were poor.

3. All regions had lower poverty in 1996 than in 1992. A key division appears to be between the Central and Western regions compared to the Northern and Eastern. Mean consumption per adult equivalent rose by 23 percent in Central region and 22 percent in Western, compared to 12.4 percent in Eastern and 8.7 percent in Northern. This movements in average living standards were reflected in the related changes in poverty. Central region saw the sharpest fall in poverty followed by Western. By 1996, therefore, poverty was still more marked in the Northern (65%) and Eastern (53%) regions.

4. On the basis of Gini coefficients nationally there was hardly any change in degree of inequality within Uganda and therefore most of the poverty reduction can be attributed to growth of the Gross Domestic Product. In fact economic growth accounts for 96 percent or more of the change in poverty.

5. Poverty fell in nearly all sectors except for those in mining, and non-working sectors. Nonetheless, growth and poverty reduction were uneven across economic sectors, with those engaged in cash crop farming, manufacturing and trade faring particularly well. Hotels, construction, transport and communications also performed strongly. The food crop sector which was also the poorest sector in 1992 experienced only modest declines in poverty. The fact that the "booming" sectors of manufacturing, trade, hotels and construction employ a very small proportion of the population, is one reason why overall, the level of poverty reduction was small compared to the sectoral trends.

6. Other indicators of declining poverty include shares of food in total expenditure and levels of private consumption. The share of food in total consumption expenditure, consistently declined from 58.6 percent in 1992 to 52.7 percent in 1996. Real private consumption per capita increased from Ushs.6,238 in 1992 to Ushs.7,320 in 1996, although there was some decline in 1994. However, there is a concern that the source of income to finance this increased consumption may increasingly be the property income. There is a possibility, therefore of unchecked depletion of household assets that could be detrimental to future income and consumption levels which could worsen poverty!

7. The UNDP human development index indicates that Uganda continues to register a steady, albeit slow, improvement in human development since 1993. However, Uganda still compares very poorly to her neighbours in the sub-region.

8. Within Uganda, regional human development indices give the same impressions as the poverty lines. There were broad-based improvements, but sharp disparities still exist. The Uganda human development index, at district level, underscores the problem of low incomes. Only Kampala district has an income index that is above the national average.

9. Using the Uganda Human Development index, the poorest districts in each region were:

- Northern : Kotido and Moroto
- Eastern : Kumi and Kamuli
- Western : Bundibugyo and Kisoro
- Central : Kiboga and Rakai

10. Contrary to the quantitative poverty analysis, qualitative studies by NGOs have suggested that poverty is perceived to be is on the increase. These very small and selective studies have noted that:

- Resource availability to the poor, especially in the rural areas, has deteriorated and the poor felt increasingly more exploited.
- The poor felt <u>helpless</u> in present Uganda
- The health of women had deteriorated in the past 10-15 years.

The findings of these qualitative studies should not be taken as contradictions to the observations based on the quantitative analysis. This is because, the two approaches are analysing different dimensions of poverty, which dimensions may not necessarily move in the same direction at a given point in time. In fact, this is an illustration that we have not fully comprehended the different dimensions of poverty in Uganda.

5.0: Policy Implications

The findings have a number of policy implications.

1. The fact that economic growth has been key to poverty reduction implies that the magnitude of poverty reduction critically impinges on the performance of those sectors where the majority of the poor are economically active.

In Uganda, the majority of the poor are engaged in the agricultural sector in general, and the food crop sub-sector in particular. The level of investments in the agricultural sector have to be boosted and refocused on raising productivity of the food crops. The Agriculture Modernisation Plan, therefore, has to give priority to research and extension services for the food crop sub-sector.

2. It was also noted that for the un-employed, there was a deterioration in the living standards. On the contrary, the "booming" sectors of manufacturing, trade, hotels and construction were employing a handful of people. Government needs to further improve the enabling environment and the incentive structure to encourage expansion of the booming sectors while creating employment opportunities.

3. There were hardly any distributional effects on the reduced poverty. Inequality was almost unchanged over the period. It is imperative that issues of distribution also play a significant role in poverty reduction. Fiscal policy, for instance, needs to be continuously reviewed with a view to fostering more redistribution of wealth.

4. In the same breath, there were marked regional disparities in the levels and trends of poverty. The Northern and Eastern regions will need targeted programmes to reduce these inequalities, especially before equalisation grants can be used to channel resources to more disadvantaged districts.

5. There was an increase in private consumption that appears to have been increasingly financed by decummulation of assets. In fostering higher household incomes, strategies have to be developed to ensure that this does not lead to a depletion of household assets. Households, therefore, have to be encouraged to have alternative sources of income, especially incomes from economic enterprises.

6.0: The Way Forward

In light of the findings and policy implications, and the on-going Government poverty eradication initiatives, a number of recommendations can be made. The fact that absolute poverty is on the decline is no consolation to the Government since poverty is still widespread particularly in the North and East and the welfare indicators are still very low nationwide. Therefore:

1. Government has formulated the Modernization of Agriculture Plan. One of the priority areas in this plan, is agricultural research and extension. It is recommended, therefore, that during the implementation of the research and extension component, priority is given to the food-crop subsector. It is also extremely urgent to take steps to insulate agricultural production from drought by; introducing cost effective means of rain water harvesting and small holder irrigation.

2. Government, over the past decade, has provided an enabling environment for private investment. Indeed private investment as a share of GDP in constant prices rose from 8.5% in 1992/93 to 10.5% in 1996/97. The incentive package has included macroeconomic stability with very low inflation; deregulation of markets including a freely floating exchange rate of the shilling; at first tax holidays, then in 1997, accelerated capital depreciation allowances; liberalisation of the capital account, to mention but a few. However, more retorms are required to reduce the anti export bias of the import tariff regime in order to encourage investments based on the exploitation of Uganda's agricultural resources and comparative advantage which in turn, should increase the incomes of the majority of the people and thereby provide effective demand for the products of domestic industries.

3. Government must ensure effective implementation of the Poverty Eradication Action Plan. This financial year, Government established a Poverty Eradication Fund through which the savings from the HIPC Debt Relief Initiative will be channeled to the priority

poverty reduction programmes in the areas of primary education, maintenance of rural roads, agriculture extension, water in rural areas, and primary health care. In the 1998 Budget Speech, Government committed itself to allocate these funds, giving priority to conflict affected and poorer areas of this country.

The way forward, therefore, is to ensure that an effective mechanism is in place to foster effective implementation of this commitment.

4. Government, with assistance from DFID, World Bank and UNDP has planned participatory poverty assessments in the country starting this year. Some of the areas that should be critically examined, are:

- the dimensions of poverty in Uganda;
- causes of the different dimensions of poverty, overtime;
- indicators for monitoring these dimensions;
- the issue of **trends in source of income for the households;**
- the feasible alternatives of raising household income; and
- causes for rural-urban migration.

In conjunction with the poverty assessments, institutional mechanisms for integrating quantitative and qualitative data **MUST** be established. This is necessary because the qualitative information, then, will answer the many questions that have been raised by the quantitative analyses.

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ANNEX I

Calculation of the welfare Measure:

1. Although private consumption, the welfare measure, could be directly taken from responses in the household surveys, in practice, a number of adjustments are necessary to ensure comparability across surveys. The adjustments fall into three categories: adjustments for sampling, for questionnaire design and for prices.

Adjustments for Sampling:

2. Consumption is being compared for the four consequtive surveys namely:
IHS 1992/93; FMS 1993/94; SMS 1994/95; and TMS 1995/96

All four surveys used the same sampling frame, drawn from the 1991 census, and were designed to be nationally representative. However, security problems led SMS and TMS to exclude Kitgum district. To adjust for this, Kitgum was omitted from all subsequent calculations.

Seasonal variations in consumption were another reason for adjusting the data. The IHS was intended to cover 12 months and therefore must have captured seasonal effects. However, the Monitoring Surveys were shorter. To see if seasonal effects were important, data was pooled from the IHS and the Monitoring Surveys was modelled as a function of dummy variables for region, survey and month of survey. The coefficients indicated high consumption in April to July (harvest months) and in December (festivities). The coefficients were used to adjust the reported consumption data to estimate households' average annual consumption.

The final adjustment for sampling, was to construct population multipliers. The statistics department changed the system in the TMS and then revised the multipliers for the SMS to be in line with the new system. However, the multipliers for the FMS and IHS were not revised. The FMS multipliers were roughly revised to be similar to those of the SMS. The IHs weights were not revised since there were no old enumeration areas and households at that time to be differentially weighted.

Adjustments for Questionnaire design

3. The four surveys had similar sections on consumption in their questionnaires. In the Monitoring Surveys, the consumption sections were almost identical. The differences were between the IHS and Monitoring Surveys. The IHS had more item codes, and used multiple recall periods for expenditure in most cases. In the Monitoring Surveys, expenditures were reported using only one recall period. Where there were alternative recall periods for particular items in the IHS, it was aimed to be consistent with conventions used in the Monitoring Surveys.

There was a major discrepancy in the shares of expenditures on transport and communications - between the IHS and Monitoring Surveys. The disparity was because of the IHS omission for fares on public transport. To adjust for this, we imputed a value for such an item using the regional shares in the FMS. Omission from the IHS of health expenditures for Arua district was dealt with in a similar manner.

Adjustments for Price:

4. Three separate adjustments were made to get the consumption estimates into constant prices.

- Home consumption of food was revalued to be at market prices.
- To control for inflation, the composite national CPI was used as the price deflator and expenditures converted into 1989 prices.
- There are regional variations in prices. Unit values for purchases of major food items were used to construct regional food price indices for each survey. Medium unit values were used so as to make the results insensitive to outliers. The weights for the index were based on the national expenditure shares of the major food items and associated minor items.

ANNEX II

Calculation of the Absolute Poverty Line

1. The line was estimated using the First Monitoring Survey (FMS) data since it is fully national and more comparable than the Integrated Household Survey (IHS) with the other Monitoring Surveys (in terms of questionnaire design).

2. The WHO recommended 3,000 calories a day for men aged 18-30 engaged in moderate work was taken as Uganda's required calories intake per adult equivalent. Although a woman aged 18-30 would be 0.7 of the weight of man using caloric equivalence scales, the same calorie requirement was assumed for women since the latter work much longer hours than men.

3. To calculate the food poverty line, the FMS data was used to estimate the mean quantities of 28 major food items consumed by the poor (Table A.1). These mean quantities constitute a reference food basket: the typical food basket of the poor. The purpose is to identify a food basket yielding. 300 calories where items are consumed in the same proportion as in the reference food basket. Quantities were estimated as values divided by prices per kilogram. Prices per kilogram were estimated as the survey medium unit values of purchases made. When calculating quantities, values were adjusted for regional price differences and home consumption revalued into market prices.

4. Calories generated by the reference food basket were then estimated. The calorific values of East African foods as reported by West (1987) were used (also in table A.) For some foods, part of the weight of the food is not of nutritional value being either inedible or lost in preparation. Estimates of the percentage of the food retained for consumption are given in Table A. Multiplying the mean quantities of foods consumed by their calorific value and retention rates, it was found that the poorest 50% in Uganda consumed around 1373 calories per day per person. Therefore, the typical diet of poor Ugandans had to be scaled upwards by a factor of 2.19 in order to generate 3,000 calories per person per day.

5. The scaled up food basket was costed to give the food poverty line, Z_f.

6. Non-food requirements were identified as the non-food expenditures of those whose total expenditure is just equal to the food poverty line Z_f. The level of non-food expenditure was estimated using a regression of food share S_i of household on the log ratio of consumption per adult equivalent, Y_i to the food poverty line Z_f, locational dummy variables, D_{ij} and other variables, w_i, such as demographic composition.

   $S_i = a+b \ln(y_i/Z_f) + g\ln (y_i/Z_f)^2 + S_j f_j D_{ij} + dw_i + v_i$

   Where V_i is an error term.

7. The model estimates a mean food share f_s, in percentage form, for those whose real consumption per adult equivalent is just equal to the poverty line.

8. The total poverty line Z is then derived as;

   $Z = Z_f \ (2-f_s)$ where Z_f is the food poverty line.

ANNEX III: SUPPORTING TABLES

Table A1: Reference food basket for the poor.

Food Item	1.Quantity (kg per month)	2.Price (Ush/kg)	3.Calories/ kg.	4.Retention	5.Calories per day	6. Cost per month (Ush 1993 prices)
Matooke	28.54	67	770	0.50	366	1903
Sweet Potatoes	34.12	63	1020	0.70	812	2133
Cassava	9.02	200	2557	0.89	684	1804
Irish Potatoes	0.36	250	750	0.85	8	89
Rice	0.06	700	3600	1.00	7	42
Maize (grain)	0.30	400	3470	0.90	32	121
Maize (Flour)	1.	350	3540	1.00	181	538
Bread	0.02	1300	2490	1.00	1	20
Millet	2.25	300	3231	0.65	158	676
Sorghum	1.57	200	3450	0.90	163	314
Beef	0.31	1100	2340	0.80	19	339
Other meat	0.05	1000	2340	0.75	3	52
Chicken	0.09	1167	1460	0.61	3	111
Fresh Fish	0.62	467	1030	0.60	13	290
Smoked Fish	0.39	583	3005	0.70	28	229
Eggs	0.00	2000	1490	0.88	0	8
Milk	0.55	400	640	1.00	12	219
Cooking oil/ghee	0.06	1400	8570	1.00	18	89
Passion fruits	0.10	382	920	0.75	2	37
Sweet Bananas	2.34	50	1160	0.56	51	117
Onions	0.18	323	480	0.80	2	57
Tomatoes	0.70	192	200	0.95	4	134
Cabbages	0.33	125	230	0.78	2	41
Beans (fresh)	0.73	400	1040	0.75	19	292
Beans (dry)	2.86	350	3300	0.75	236	1002
Groundnuts	0.59	600	2350	0.93	43	355
Sim-sim	0.45	222	5930	1.00	89	100
Sugar	0.35	1000	3750	1.00	44	352
Total					3000	11463

Source: Draft Report of changes in Poverty in Uganda, 1998
By S. Appleton.

Table A2 : Trends in depth (P_1) and Severity (P_2) of Poverty by rural-urban distribution, 1992 -1996.

Area	Poor								Hard-Core Poor							
	1992/93		1993/94		1994/95		1995/96		1992/93		1993/94		1994/95		1995/96	
	P1	P2	P1	P2	P1	P2	P1	P2	P1	P2	P1	P2	P1	P2	P1	P2
Rural	22.0	10.81	18.1	8.04	17.2	7.59	16.6	7.73	12.2	5.37	8.9	3.45	8.3	3.27	8.6	3.65
Urban	8.7	3.67	5.2	1.92	6.5	2.72	5.5	2.21	3.1	1.22	1.4	0.43	2.3	0.83	1.8	0.68
National	20.3	9.92	16.4	7.25	15.8	6.98	15.1	6.98	11.1	4.85	7.9	3.06	7.6	2.97	7.6	3.23

Source: Draft Report of changes in poverty in Uganda, 1992-1996 by A. Appleton. University of Oxford and Statistics Department (MFPED).

Table A3: Absolute Poverty by region and location 1992/93.

Region	Rural		Urban		Total	
	Poor	Hard-Core Poor	Poor	Hard-Core Poor	Poor	Hard-Core Poor
Central	52.9	30.9	21.2	7.3	44.7	24.8
Eastern	61.2	40.8	42.6	20.6	59.5	38.9
Western	53.6	34.8	34.4	13.3	52.5	33.6
Northern	72.7	50.3	49.7	29.3	71.4	49.0
Uganda	59.4	38.6	29.4	12.5	55.6	35.3

Source: Draft Report of Changes in Poverty in Uganda, 1992-1996 by S. Appleton

*

Table A4: Absolute poverty by region and location 1993/94

Region	Rural		Urban		Total	
	Poor	Hard-Core Poor	Poor	Hard-Core Poor	Poor	Hard-Core Poor
Central	40.6	19.9	13.1	2.4	33.4	15.3
Eastern	57.9	35.8	28.0	10.7	55.6	33.9
Western	56.1	35.2	22.5	10.5	54.3	33.9
Northern	68.7	43.2	40.5	23.3	66.1	41.4
Uganda	54.8	32.9	19.6	7.0	50.3	29.6

Source: Draft Report of Changes in Poverty in Uganda, 1992 - 1996 by S. Appleton.

Table A5: Absolute poverty by region and location 1994/95

Region	Rural		Urban		Total	
	Poor	Hard-Core Poor	Poor	Hard-Core Poor	Poor	Hard-Core Poor
Central	35.7	15.5	11.9	5.3	29.7	12.9
Eastern	66.2	43.4	39.7	13.6	64.2	41.1
Western	49.6	28.3	25.2	12.2	48.1	27.3
Northern	64.3	35.0	41.7	24.0	62.6	34.2
Uganda	53.3	30.4	21.0	9.3	49.2	27.8

Source: Draft Report of Changes in Poverty in Uganda, 1992 - 1996
by S. Appleton.

Table A6: Absolute poverty by region and location 1995/96

Region	Rural		Urban		Total	
	Poor	Hard-Core Poor	Poor	Hard-Core Poor	Poor	Hard-Core Poor
Central	34.4	13.7	13.6	4.0	28.0	10.7
Eastern	55.0	37.1	30.3	11.7	53.3	35.3
Western	44.1	23.9	13.9	6.9	42.3	22.9
Northern	67.9	42.6	42.8	22.2	65.1	40.4
Uganda	49.7	29.2	20.0	7.9	45.6	26.2

Source: Draft Report of Changes in Poverty in Uganda, 1992-1996
By S. Appleton.

Table A7: Percentage of the Population by Sector for 1992 and 1996

Sector	Population Share % 1992	1996
Food Crop	47.2	44.1
Cash Crop	23.5	27.1
Non-crop agriculture	2.6	2.0
Mining	0.1	0.2
Manufacturing	3.6	3.4
Public Utilities	0.1	0.1
Construction	1.3	1.0
Trade	6.7	6.7
Hotels	0.5	0.9
Transport/Communication	1.5	1.9
Misc. Services	1.7	2.1
Government Services	6.8	5.6
Not Working	4.3	4.8
National	100	100

Source: Draft Report on "Changes in Poverty in Uganda, 1992 - 1996"
By S. Appleton.

Table A.8: Mean Consumption per adult equivalent by decile and location (1989 Ushs. Per month).

Decile	1992/93		1993/94		1994/95		1995/96	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1	1381	2305	1683	2968	1703	2602	1578	2783
2	2072	3551	2433	4233	2450	3943	2419	4069
3	2573	4410	2872	5481	2990	5103	3045	5428
4	3095	5509	3382	6688	3525	6084	3592	6583
5	3606	6447	3894	8236	3988	7314	4112	8044
6	4216	7894	4520	9568	4520	9093	4739	9437
7	4929	9467	5113	11850	5232	11649	5504	10993
8	5744	11809	6115	13761	6209	14507	6646	13900
9	7223	15564	7515	17765	7802	19094	8355	17969
10	12325	37413	12084	36339	14312	38038	14482	39849
Total	4718	10470	4966	11709	5276	11793	5449	11924

Source: Draft Report of Changes in Poverty in Uganda, 1992-96 by S. Appleton.

Table A.9: District human development profile in Uganda – 1995

District/Region	Income index (PPP$)	Education index	Life Expectancy Index	HDI Estimate in 1995
Central region				**0.442**
Kampala	0.585	0.742	0.555	0.627
Mpigi	0.284	0.678	0.484	0.482
Kalangala	0.335	0.602	0.458	0.465
Mukono	0.219	0.586	0.448	0.418
Masaka	0.200	0.573	0.445	0.406
Mubende	0.177	0.550	0.414	0.380
Luwero	0.189	0.576	0.386	0.384
Rakai	0.176	0.512	0.403	0.364
Kiboga	0.189	0.530	0.353	0.358
Western Region				**0.357**
Hoima	0.161	0.550	0.545	0.419
Rukungiri	0.167	0.547	0.476	0.396
Kasese	0.175	0.488	0.527	0.397
Kabale	0.158	0.496	0.513	0.369
Bushenyi	0.177	0.520	0.485	0.394
Ntungamo	0.172	0.520	0.485	0.392
Kibale	0.099	0.481	0.480	0.353
Masindi	0.132	0.499	0.461	0.364
Mbarara	0.188	0.501	0.410	0.366
Kabarole	0.159	0.468	0.436	0.354
Kisoro	0.124	0.321	0.534	0.326
Bundibugyo	0.187	0.408	0.374	0.323
Eastern region				**0.327**
Jinja	0.272	0.625	0.488	0.462
Kapchorwa	0.208	0.565	0.502	0.425
Mbale	0.181	0.555	0.440	0.392
Tororo	0.174	0.505	0.392	0.357
Pallisa	0.191	0.451	0.425	0.355
Iganga	0.199	0.447	0.418	0.354
Soroti	0.151	0.493	0.371	0.338
Kamuli	0.170	0.400	0.435	0.335
Kumi	0.142	0.434	0.366	0.314
Northen				**0.301**
Apac	0.152	0.521	0.469	0.381
Lira	0.162	0.499	0.409	0.357
Nebbi	0.098	0.439	0.376	0.304
Arua	0.152	0.447	0.360	0.320
Gulu	0.160	0.480	0.304	0.315
Moyo	0.124	0.452	0.305	0.294
Kitgum	0.088	0.407	0.311	0.269
Moroto	0.138	0.099	0.309	0.182
Kotido	0.101	0.113	0.327	0.180

Source: Uganda Human Development Report, 1997.

ANNEX IV: Operational definitions of household Income:

(i) **<u>Salaries and wages received by household members:</u>** wages and salaries cover all payments which employees receive in respect of their work, whether in cash or kind and before deductions to social security, withholding taxes and the like. Contributions made by employers on account of their employees to social security schemes or to private pension funds, should be included in wages and salaries, if needed data could be procured. These are to be indicated, that is, spouse, daughters/sons or other household members who may be receiving income.

(ii) <u>Gross enterprenual income</u>: The gross enterprenual income of households consists of its operation surplus before deduction for depreciation of the unincorporated enterprises comprising household enterprises and small scale establishments not yet corporated and (b) withdrawals of income from quasi-corporate enterprise by owners. The enterprenuarial income will be collected separately for crop-farming, other agricultural, household and non-household non-agricultural enterprises. Household or cottage enterprises are those which are carried out in the household without an identifiable shop or establishment.

(iii) <u>Property income:</u> This income consists of imputed rents of owner-occupied dwellings and the actual payments received by the household from others of the use of buildings, land, financial assets and intangible assets such as copyright and patents. Imputed rents of owner occupied dwellings should be calculated as the gross imputed rental value of the dwelling less the sum of expenditure on current maintenance and upkeep and mortgage interest paid. Receipts of rents on land and buildings should be net of taxes, current maintenance expenditure and mortgage interest. Income received as royalties as form copyrights and patents. Interest comprises actual receipts of interest on financial claim such as savings, deposits, bonds and loans etc. dividends received are on shares of corporated enterprises.

(iv) <u>Current transfers and other benefits:</u> This group consists of contracted transfers like pensions and life insurance annuity benefits and other social security benefits which are from public authorities to individual households.

ANNEX V **Contextual and Non-contextual Indicators of Poverty.**

Contextual (the quality and role of these will vary between livelihood systems and cultures)	*Non-contextual (measurable across livelihood systems and cultures)*
Capital Economic capital which cannot be priced (eg common property resources, collective labour).	Economic assets which can be priced (eg. Land, livestock, tools, inputs, electricity, shelter for informal sector work, labour-formal human capital).
Environmental (including terrain, soil quality and climate in rural areas).	***Reproductive assets*** (water, fuel, domestic technology – eg grinding mills, stoves).
Status in community and accompanying Rights (eg rights of access to productive resources such as land, access to reproductive resources such as housing, fuel and water). Gender is a key variable here. *Social capital* –reciprocity and sharing to support risks and uncertainty; social integration in household and community. *Political capital* or power relating to dependency/autonomy in household, market, community, and the State.	***Capabilities*** Income Time use Access to credit Access to health services Access to output and input markets (roads) Access to clean water and sanitation Access to agricultural extension and veterinary services. *Expenditure* Food consumption Other consumption Use of health services Use of education services Use of roads Use of water/sanitation *Functionings* Mortality Morbidity Nutrition Literacy *Wellbeing* Subjective feeling (Content contextual).