
POVERTY

TRENDS OF POVERTY IN UGANDA

HIGHLIGHTING EFFECTS, STATISTICAL FACTS AND RESOLUTIONS

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1 What is poverty?

Poverty is the lack or insufficiency of money to meet basic needs, including food, clothing and shelter. Poverty can be measured in monetary terms based on the monthly (or annual) expenditure of a given individual. That expenditure is then compared to a threshold called the poverty line. However, poverty is much more than the mere lack of money. It is also about deprivation in other important areas of wellbeing such as education, health, water, and housing

2 How has Uganda performed in terms of reducing poverty over the last decade?

According to the 2016 Poverty Assessment, Uganda has reduced monetary poverty at a very rapid rate. The proportion of the Ugandan population living below the national poverty line declined from 31.1 percent in 2006 to 19.7 percent in 2013. Similarly, the country was one of the fastest in Sub-Saharan Africa to reduce the share of its population living on 1.90 dollars PPP per day or less, from 53.2 percent in 2006 to 34.6 percent in 2013. Nonetheless, the country is lagging behind in several important non-monetary areas, notably improved sanitation, access to electricity, education (completion and progression), and child malnutrition.

3 What contributed to Ugandas poverty reduction?

Poverty reduction among households in agriculture accounts for 79 percent of national poverty reduction from 2006 to 2013. The increase in income derived from agriculture was mainly due to favorable prices and weather. Favorable prices reflect improvements in market efficiency as a result of sound policies (investments in infrastructure, economic liberalization, and better trade services) but also positive changes in supply and demand conditions outside of Uganda.

In addition, peace in northern Uganda also contributed to poverty reduction by allowing farmers to take advantage of stable and favorable prices to double their crop income. Urbanization, which accounted for one tenth of poverty reduction from 2006 to 2013, was also a contributing factor given the strong welfare gains from rural to urban migration. Census data shows that Ugandas urban population increased by 3.5 percentage points from 2006 to 2013. This increase accounted for 10 percent of poverty reduction in that period. Although progress on education has been slow, it has been associated with income growth, higher resilience to shocks and diversification from agriculture, and higher migration from rural to urban areas.

4 Has progress been even amongst the different regions?

Progress in reducing poverty has been much slower in Northern and Eastern Uganda, and thus, the concentration of poverty is higher in these two regions. The proportion of the total number of poor people who live in the Northern and Eastern regions increased between 2006 and 2013, from 68 percent to 84 percent, according to the report. Also, households in Ugandas Northern, Eastern, and Western regions have much lower levels of human capital, fewer assets, and more limited access to services and infrastructure than households in the Central region. For example, electricity is almost nonexistent in the Northern, Eastern and Western regions, where the proportion of households with access stands at 3.7 percent, 5.8 percent, and 8.6 percent, respectively. This is far lower than 32.3 percent recorded for the Central region. Finally, about 29 percent of households in Northern Uganda do not use any type of toilet facility. This is far higher than corresponding figures for Eastern, Western and Central regions at 8 percent, 2 percent, and 5 percent respectively.

5 Is poverty reduction sustainable?

Households in Uganda remain vulnerable. In fact between 2005 and 2009, for every three Ugandans who were lifted out of poverty, two fell back. Because of the limited availability of safety net programs (total spending on social security was 1 percent of GDP in 2013, compared to an average of 2.8 percent for Sub-Saharan Africa), households cope with these shocks in suboptimal ways. Only 5 percent of households received support from the government, instead 35 percent relied on savings and 25 percent on family. While total fertility rates have been falling in Uganda (from 6.6 in 2005 and 5.9 in 2013), they remain high compared to Sub-Saharan Africa (5 in 2013). Further reductions can have positive effects on household living standards in both the short and longer run.

6 How can Uganda make more progress in reducing poverty?

The performance over the last decade was largely driven by good fortune. Moreover, many households remain vulnerable. In order to achieve its development goal as set in the Vision 2040, Uganda must take priority actions to fight poverty in a sustainable manner.

- Despite a remarkable reduction in monetary poverty, the country still faces widespread deprivation in several non-monetary dimensions of poverty, mainly improved sanitation, access to electricity, education (completion and progression), and child malnutrition. This warrants a continued focus on improving the access and quality of these basic services.
- The high incidence and increased concentration of poverty in the north and east suggests a need to re-evaluate regional development policies.
- Achievements in poverty reduction remain fragile, as illustrated by the vulnerability of households to adverse shocks, and the negative long term effects of some coping mechanisms available to them. This calls for a careful reflection on affordable and appropriate safety net programs for Uganda.
- The critical role that the agricultural sector has played and most likely, will continue to play in poverty reduction deserves a reexamination of agricultural policies with a focus on extension services, input availability and quality, and access to credit.

7 References

<http://www.worldbank.org/en/country/uganda/brief/uganda-poverty-assessment-2016-fact-shee>