

# Does Chronic Poverty Matter in Uganda?

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There is a growing realisation in Uganda that inequality has been rising amongst the population, both during and after the periods of poverty reducing growth of the 1990s, and that a significant proportion of the national population has not benefited from opportunities to 'escape' from poverty during this period. Many of these are people in *chronic poverty*.

### Chronic poverty in Uganda: key issues

- We estimate that of 20% of the country's households - more than 7 million Ugandans or 26% of the total population - live in chronic poverty.
- Chronically poor people are sometimes dependents, but often working poor. According to the poor themselves, they include people with a disability, widows, and the elderly with no social support. Other vulnerable groups comprise orphans, street children; those affected by HIV (especially where the breadwinner is ill or has died) and the long-term sick; internally displaced people (especially those in camps); and isolated communities. Reliance on own account agriculture or on casual jobs is a cross-cutting characteristic, as well as the likelihood of chronically poor households being female-headed.
- Being chronically poor stems from a web of inter-related factors, amongst which lack of assets, lack of education, chronic illness, belonging to a large and expanding household and remoteness appear prominently. Exclusion or self-exclusion from decision-making and development also features.
- Poor women are particularly vulnerable to chronic poverty; in addition to gender inequities, additional factors, which then 'double' their plight, include: unemployment for elderly persons, being discriminated and neglected as a widow, being landless and having to care for numerous dependent children, especially orphans.
- Different shocks, including insecurity and HIV, and more long-term processes, such as land fragmentation, trap people *and their descendants* into chronic poverty.
- The web of factors causing chronic poverty makes for a limited range of coping strategies (casual labour, scavenging, begging, selling/borrowing assets, migration)
- Non-agricultural income is an important "interruptor" of chronic poverty, for which education is essential. The poor often mention "hard work" but the chronically poor can rarely accumulate assets through selling their labour.

An important challenge which faces policy makers and implementers in Uganda today (both within government and civil society), is that of reflecting the interests of the very poorest in national priorities. The PEAP has just been revised and many of its provisions provide us with an opportunity to do so, although more can still be done.

## What is chronic poverty?

Chronic poverty is defined as "*that poverty where individuals, households or regions are trapped in severe and multi-dimensional poverty for an extended period of time (several years or a lifetime), and where poverty is linked with intergenerational transmission.*" The chronically poor are thus distinguished from the *usually poor* (those who occasionally move out of poverty), the *churning poor* (those who regularly move into and out of poverty), and the *occasionally poor* (those who are usually non-poor but occasionally fall into poverty). 'Multi-dimensionality' means that the poor experience various forms of disadvantage at the same time:

these combine to keep them in poverty and block off opportunities for escape.

## Chronic poverty in Uganda

In Uganda, *the poorest 20% of the population* can provide a proxy indicator of chronic poverty because, using household surveys, the 1992 and 1999/2000 panel data sets<sup>2</sup> show that almost 20% of the households were poor in both 1992 and 1999/2000<sup>3</sup>. Those in severest poverty find it harder to move out of poverty: the distribution of movement out of poverty for the 1992-96 panel data was thus distinctly in favour of the households closer to the poverty line, with those in severest poverty (i.e. with per capita consumption the furthest below the poverty line) least likely to move out of poverty during the 4 years.<sup>4</sup> Severity of poverty thus strongly overlaps with 'chronicity' in Uganda. The evidence that the majority of the panel households moved into and out of poverty however also suggests that vulnerability (the risk of slipping back into poverty) is generally high for a significant proportion of them.

### Different perceptions of chronic poverty

- Chronic poverty occurs where individuals, households or regions are trapped in severe and multi-dimensional poverty for an extended period of time, and where poverty is

transmitted across generations, so people are born in poverty, live in poverty and pass it on to their children.

- In Uganda, the poorest 20% of the population can provide a proxy indicator for chronic poverty.
- The poor describe chronic poverty as “*When you have nothing and cannot get anything and there is no means to get anything*”, and describe poverty persistence as “*rain that soaks and does not stop.*” (Lwanga-Ntale & McLean, 2003)

*Chronic poverty* traps individuals and households in severe and multi-dimensional poverty for several years and is often transmitted across generations; it is a situation where people are born in poverty, live in poverty and frequently pass that poverty onto their children. It is plausible to estimate that 20% of the nation's households are trapped in such a situation.

People are in chronic poverty for a multitude of reasons that form a web of inter-related factors. This web includes lack of ownership or access to assets (land, cattle) at individual, household and community levels, as this translates into lack of opportunities for employment, production or income generation.

Lack of education and constraints on other forms of human capital are key barriers to moving out of chronic poverty. Demographic factors such as high dependency rates or increasing household size also appear. Poor people can become chronically poor as a result of shocks, including insecurity and HIV, and more long-term processes, such as land fragmentation, that trap people into such poverty. Insecurity in certain parts of the country (and the inter-generational consequences of this) highlights the spatial dimension of chronic poverty, compounded by poor service delivery and remoteness.

Exclusion and self-exclusion from decision-making and development initiatives also feature prominently. While channels through which the chronically poor and their advocates can participate exist, many chronically poor people remain excluded and, because of local power relationships and processes of subordination, inclusion in itself does not guarantee influence over local decisions. In addition to the consequences of poor governance, chronically poor people exclude themselves because of lack of self-confidence, lack of time, information, skills and education. Alcoholism also appears conspicuously in many areas, as well as other socio-cultural factors, including gender inequalities, and stigmatisation.

Where causes overlap, these deepen the plight of chronically poor people: people with disabilities, for instance, also face various forms of exclusion, isolation and disregard. Poor women are especially vulnerable to chronic poverty and confront unfair treatment at the hands of the law and custom that may, for instance, leave them landless. Other such vulnerable groups include poor orphans, children of second or third wives in poor households, those acutely affected by HIV, and the long-term sick.

Thus, there is a need to focus on chronic poverty as a specific, enduring and deep-seated phenomenon. We need to understand what keeps people in poverty for long periods – not necessarily the poorest (who might experience acute poverty but have the means to bounce out of it). We are much rather concerned with those who are unable to rebound from shocks, live highly vulnerable lives and often transmit their poverty to their children.

## Policy implications

We cannot exclude the chronically poor on the basis that they are too hard to reach. Across the world, research is increasingly suggesting that millions of very poor people will remain in this situation, unless we rethink our poverty reduction agenda and develop policies specifically designed to meet the needs of the chronically poor with substantial, well-coordinated and well-targeted support.

### Chronic poverty: key policy issues

- With around 20% of the population not benefiting from the country's current development path, it is doubtful whether the PEAP long-term poverty reduction goals can be reached, if policy changes and (in some cases) innovations are not introduced.
- Uganda has a positive policy framework, but this is focused on the transitory poor, not on chronically poor people.
- We propose a greater emphasis than has hitherto been the case on redistributive patterns of growth, and enhancing security and protection for chronically poor people from the shocks and vulnerability they are very ill-equipped to confront.
- Four priority areas emerge:
  - a) Bringing peace to the north and, in a first instance, improving services in conflict-affected areas for the very poor.
  - b) Evidence from other low-income countries suggests that social protection measures, while clearly desirable, are also often affordable. Further policy analysis and pilot initiatives are required to determine the most effective entry points and what might be feasible, including targeting at *household* level and location-specific interventions.
  - c) Enhancing access to assets for the chronically poor, consisting of a two-pronged approach: assuring women's land rights, as well as accelerating the implementation of a national school feeding programme and widening access to post-primary education for the very poor.
  - d) Reflecting the centrality of smallholder agriculture in the livelihood of the chronically poor, the pro-poorest focus of current programmes must be enhanced and new initiatives, including free extension services for the very poor, developed.

Uganda has a positive framework for poverty reduction. Macro-economic policy, and the growth it has generated, has benefited chronically poor people, especially during certain periods over the past 15 years, and a number of government initiatives have benefited people in chronic poverty, such as Universal Primary Education. Nevertheless, the emphasis has been on the 'active poor' or the 'working poor' and, despite earlier gains, a significant number of people in Uganda remain poor. Amongst these, many live well below the poverty line for many years: thus, a majority of those that were poor in 1992 had escaped by 1999, but a substantial minority were left behind and many others fell into poverty over this period. People in chronic poverty are too often excluded and/or exclude themselves from such opportunities. A question thus arises as to the effectiveness of current growth

<sup>1</sup> Hulme, D., Moore, K. & Shepherd, A. (2001): *Chronic Poverty: Meanings and Analytical Frameworks*. Institute of Development Policy & Management, Manchester/International Development Department, Birmingham

<sup>2</sup> Panel household data is generated by systematically tracking the same households over time. There are 2 panel data sets available in Uganda; the first comprises four waves (1992/3 to 1995/6) and the second comprises two waves.

objectives and the current 'universalist' approach to poverty reduction, to reach certain sectors of the population, while increasing numbers have been 'left behind'.

Chronically poor people are especially vulnerable to shocks. Policy has had *relatively* little to say about vulnerability, whether this is to health shocks, mitigating the consequences of HIV/AIDS, domestic conflict and divorce, wider insecurity problems, and internal displacement. The time has come to consider rebalancing the effort on modernisation, entrepreneurship and human development with a greater emphasis on security and protection.

We further suggest that we should guard from tackling chronic poverty as part of a "mopping-up exercise", allowing a "residualist" view of poverty to predominate. Clarity is therefore required as to whether protection is linked to issues of vulnerability or to inequality, and as to whether Uganda should operate according to a politics of inclusion or one of social justice. The latter would locate social protection within a politics of distributive justice, as a form of protection from unregulated market forces and away from any politics of patronage, while also steering away from a "handout" mentality: social protection promotes livelihood by enabling people to move forward and take risks.

### Policy implications: social protection

Addressing chronic poverty comprehensively is constrained by our still limited understanding of its drivers, maintainers and interrupters, which points towards a need for further research: *"people's responses to adversity and opportunity are complex and varied, and range from optimistic and risk-taking entrepreneurialism to passive fatalism and self-destructive alcohol addiction. Faced with this diversity, identifying entry points and deciding how to sequence interventions is a (completely new) challenge"*<sup>9</sup> (Box 24). Nevertheless, our analysis of the maintainers and drivers of people into chronic poverty, and the way they interact with each other, have several emerging implications for policy and point towards policy initiatives that can be undertaken either in the short term, or to pave the way for the next revision of the PEAP. One of these is targeting and protecting the very poor household: as we have seen, chronic poverty affects a substantial proportion of the national population and reflects deep-seated disadvantages: with no surplus to save, low levels of human, social or political capital and few productive assets, the chronically poor's ability to identify and capitalise on escape routes from poverty are profoundly limited.<sup>10</sup> Work in Kisoro thus shows that the few positive shocks (for instance the new road) may not have much impact at the individual level, because the majority of people are below the 'impact line' and are too weak to be adventurous to benefit from untargeted interventions<sup>11</sup>.

#### Dealing with compounding factors

Given the multiplicity of factors causing chronic poverty, policy responses may require:

- Finding the critical entry point/factor to address (such as education).
- Understanding which are the key combinations of factors to address in any particular situation, and which ones can practically be addressed, and establishing the required

<sup>9</sup> Lawson, 2003

<sup>10</sup> Of the panel households whose 1992 consumption expenditures were within five percentage points below the poverty line, 68% had moved out of poverty by 1996, in contrast with 31% for those households whose 1992 consumption expenditures were at least 50% below the poverty line (Okidi and Kempaka, 2002).

<sup>11</sup> Babirye, 1999; Mijumbi & Okidi, 2001, cited in Bird and Shinyekwa, 2003

coalitions to do so, according to local contexts.

- Developing innovative social protection mechanisms, such as giving key people (e.g. older women who have lost the breadwinners in their families, but care for vulnerable children) a cash allowance which is flexible and which *they* can decide how best to use

#### Chronic poverty: a fundamental policy choice

- In a country where poverty is largely a transient phenomenon, with the poor at any particular time having a high probability of improving their position, then policies should primarily focus on social safety nets that help people manage their present deprivation, rapidly return to a non-poor status and reduce vulnerability (short term unemployment allowances, micro-credit, new skills acquisition programmes).
- By contrast, in a country where a significant proportion of the poor are chronically poor, then policies to redistribute assets, direct investment towards basic physical infrastructure, reduce social exclusion and provide long term social security will be necessary if poverty is to be significantly reduced. These imply quite different national development strategies, roles for the state, and forms and level of international support in two different cases... (Hulme & Shepherd, 2003)

The government has started the debate about social protection in the new PEAP, and established a Social Protection Sector Working Group to take the agenda further. The challenge will be to create a consensus about what *should* and what *can* be done in Uganda (Box 25). Suggestions, for example, have been made regarding coordination of specific social protection actions by civil society organisations and creation of an environment for such organisations to function more efficiently and effectively.

Both the poor and some district officials also suggest that specially targeted poverty reduction programmes should be implemented and monitored to the benefit of the chronically poor (particularly for orphans, people with disabilities, and the elderly). District officials also propose that poverty reduction programmes adopt a holistic, rather than sectoral, approach, with specially targeted programmes for people in chronic poverty and general poverty reduction programmes monitored to ensure that chronically poor people actually benefit. This includes the provision of grants in cash or kind and credit on favourable terms. The elderly in urban areas, particularly females, express the need for credit to facilitate their small income generating projects.

To help both prevent and interrupt chronic poverty, a range of measures may thus be necessary. First, given the importance of household structure and intra-household relations for driving and maintaining people in chronic poverty, we would need to depart from a view that this is exclusively a private domain, not suited to state intervention. We could learn from the

<sup>12</sup> MFPEP, 2000

<sup>13</sup> Mijumbi & Okidi, 2001, cited in Bird and Shinyekwa, 2003

<sup>14</sup> Okidi & Kempaka, 2002

<sup>15</sup> Bird & Shinyekwa, 2003

<sup>16</sup> Bird & Shinyekwa, 2003

<sup>17</sup> Ssewaya, 2003

<sup>18</sup> Hickey, 2003

experience of HIV/AIDS interventions in this respect and research and pilot the development of socially acceptable mechanisms to deal with other 'private' issues, such as alcoholism.

Secondly, 'self-targeting' social protection programmes may involve special employment schemes, public works and food for work schemes, which have proved capable in some places of reaching the poorest and excluding the non-poor, and there is potential for such programmes in the fields of infrastructure (e.g. construction of schools, health centres and roads).<sup>12</sup>

Third, social protection measures may entail cash transfers for specific households, such as those that include people with severe disabilities and for those in a situation where critical support is needed to prevent family breakdown (such as where dependency ratios as a result of HIV/AIDS have become unbearable for the extended family), so that informal social protection systems - children supporting parents, older people adopting orphans - are reinforced. With regard to children in very difficult circumstances, studies elsewhere<sup>13</sup> show that cash transfers can constitute a central intervention to address many dimensions of poverty (Box 26) and there is increasing evidence that, from a cost perspective, this is a viable option for low income countries, while keeping in mind that cash transfers require well developed disbursement modalities and monitoring systems to ensure transparency and equity.

#### Addressing childhood poverty is essential

Work across several countries has shown that tackling childhood poverty and the mechanisms that lead to a transmission of poverty over a lifetime and between generations are central to tackling chronic poverty. Childhood poverty transfers itself across generations most evidently when poor nutrition, poor healthcare and education, and inadequate protection are present. Several studies indicate that four corresponding areas of intervention - nutrition, comprehensive health care, education and social protection (especially through cash transfers) - are core to addressing child poverty and poverty transfers. In addition, rooting out child poverty requires "mainstreaming" child poverty issues away from a sole concern over visible groups that are at risk (such as street children), or particular sector (such as health or education) to a broader engagement taking into account the interrelated aspects of children's lives. It also requires growth patterns that foster equity, with due attention given to social development issues to ensure that synergies between economic growth, income poverty reduction and child well-being are realised.

Other initiatives might include specific measures for large households: this may take the form of facilitating better access to education and health, and enhancing their ability to limit the number of dependents, if that is their choice. Legal innovation to strengthen the rights of divorced women, widows and wives in polygamous marriages is also needed, to ensure that women and their children are protected.<sup>14</sup> Other key vulnerabilities could be identified and basic protection mechanisms against them developed.

Where location-specific factors drive and maintain people in the chronic poverty, spatially targeted interventions are required. This concerns Northern and North-Eastern Uganda, where equalisation grants for local governments and programmes such as NUSAF are crucial, but could be further disaggregated to ensure targeting of the very poorest in those regions. Developing political inclusion mechanisms and fostering national identity may also need attention to address the causes of conflict.

This policy brief is based on research studies done by the Chronic Poverty Research Centre in Uganda and the Ministry of Finance, Planning and Economic Development, Uganda Participatory Poverty programme (UPPAP).

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<sup>13</sup> Harper, 2005

<sup>14</sup> Bird & Shinyekwa, 2003

## The Chronic Poverty Research Centre in Uganda.

The Chronic Poverty Research Centre in Uganda is part of a global network which brings together academic institutes, research organisations, consultants and NGOs (from Bangladesh, India, South Africa, Sri Lanka, Uganda and the UK) into a virtual centre, coordinated by the Institute of Development Policy and Management at the University of Manchester in England. CPRC work is also beginning to take root in Ghana, Kenya and a few other African countries.

CPRC aims to draw attention to chronically poor people - those people in the South who are least likely to have benefited or have suffered most from contemporary development efforts; and for whom emergence from poverty is most difficult.

In Uganda, CPRC's work is coordinated by Development Research and Training, a Ugandan development organisation, and guided by a committee drawing members from the Economic Policy Research Centre (EPRC), Government (Ministry of Finance, Planning and Economic Development), NGOs, Makerere University and other institutions.

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