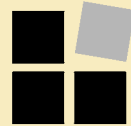




Development  
Research and  
Training



**Chronic Poverty**  
Research Centre  
in Uganda

# 'A Social Protection agenda for Uganda's Poorest of the Poor'

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## INTRODUCTION

### Why this briefing paper?

This briefing paper is intended to inform policy makers and implementers (both within government and civil society), about the urgent need to adopt Social Protection policy measures which address Chronic Poverty - measures which reflect the interests of the very poorest in our country in national priorities. Uganda's Poverty Eradication Action Plan (PEAP) has just been revised, and many of its provisions provide a good opportunity to deepen policy engagement in favour of this category of the population.

### What is Chronic Poverty? How big is the problem in Uganda?

*Chronic poverty* is that poverty which traps individuals and households in severe and multi-dimensional deprivation 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. This kind of poverty is characterized by its perpetual nature and persistence, the feeling of bare survival with no sign of escape, and an inability to resist shocks that lead to further impoverishment. Recently concluded research (see Chronic Poverty Report, 2005) suggests that 20% of Uganda's households - more than 7 million people or 26% of the total population - live in chronic poverty. 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. Consequently, the chronically poor's ability to identify and capitalise on escape routes from poverty are profoundly limited.<sup>1</sup>

Chronically poor people are sometimes dependents, but often working poor. According to the poor themselves, they include (but are not limited to) people with a disabilities, widows, the elderly with no social support, orphaned and neglected children, street children; those affected by HIV (especially where the breadwinner is ill or has died) and the long-term sick. They also include internally displaced people (especially those in camps); and isolated communities or those who rely on own account agriculture or on casual jobs. Female-headed households are more likely to be chronically poor.

While addressing chronic poverty comprehensively is constrained by the



Children - our future hope. Policies and programmes must ensure their full inclusion

still limited understanding of its drivers, maintainers and interrupters, which points towards a need for further research, analysis reveals some options for policy, and points towards initiatives that can be undertaken either in the short term, or to pave the way for the next revision of the PEAP. One of the options is targeting and protecting the very poor household.

### Why are so many people in chronic poverty?

People are in chronic poverty for many reasons. These include:

- lack of ownership or access to assets (such as land or cattle) at individual, household or community levels;
- lack of opportunities for employment, production or income generation;
- lack of education, and constraints on other forms of human capital;
- demographic factors such as high dependency rates or increasing household size;
- chronic illness, aggravated by the HIV/AIDS scourge;
- insecurity at both household and community levels;
- poor service delivery and remoteness;
- exclusion and self-exclusion from decision-making and development initiatives are also key factors in chronic poverty; and,
- long-term processes of impoverishment, such as land fragmentation.

The situation has been aggravated by rising inequality amongst the population, which means that a significant proportion of the national population has not benefited from opportunities to escape from poverty - many of these are people in *chronic poverty*.

While channels through which poor people, generally, 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, poor governance accentuates self-exclusion due to lack of self-confidence, lack of time, information, skills and education. Among the most prominent consequences, alcoholism also appears conspicuously in many areas, as well as other socio-cultural factors, including gender inequalities, and stigmatisation.

### What does current policy say about the problem?

Uganda has a positive framework for poverty reduction. Macro-economic policy, and the growth it has generated, has benefited some poor people, 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. A question thus arises as to the effectiveness of current growth objectives and the current “universalist” approach to poverty reduction, to reach certain sectors of the population, while increasing numbers have been “left behind”. Yet, it is recognized, chronically poor people are especially vulnerable to shocks.

The new PEAP identifies Social Protection as a cross-cutting issue to help address risk and vulnerability and to protect the vulnerable or prevent currently poor from sinking into deeper poverty. Similarly, the Human Development pillar largely identifies interventions in Health, Education, water and sanitation and social development which support the social protection objectives of reducing risk and vulnerability. Additional efforts include developing a PEAP policy matrix and monitoring indicators for operationalising the implementation of the PEAP-prioritised policies, working on the pension sub-sector reform, approval of the social development sector plan (SDIP), the introduction of gender and equity budgeting, and launch of the Orphans and Vulnerable Children Policy and Programme. Other specific efforts are also being aimed at enhancement of financial savings and assets, insurance, education bursary schemes, improving weather shocks preparedness, implementing the Northern Uganda Social Action Fund (NUSAF), having in place a Health Insurance Policy, exploring establishment of a School feeding scheme, and adoption of the Equal Opportunity Policy to address discrimination.

Specifically within the Ministry of Gender, Labour and Social Development (MGLSD) actions which are envisaged to promote the Social Protection agenda include revitalising the community development function, expanding Functional Adult Literacy, finalising the policy initiative on children in extreme circumstances, reviewing labour legislation, and deepening gender mainstreaming.

### What role could Social Protection play?

Policy has had *relatively* little to say about risk and vulnerability. Nevertheless debate about social protection has been started in the new PEAP, and a Social Protection Task Force has been working to take the

agenda further. The challenge will be to create a consensus about what *should* and what *can* be done in Uganda. 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.

The time has come to consider rebalancing the effort on modernisation, entrepreneurship and human development with a greater emphasis on security and protection. Chronic poverty should also not be tackled as part of a “mopping up exercise” allowing a “residualist” view of poverty to predominate. Clarity will be 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. If an emphasis on redistributive growth is required to alleviate chronic poverty, so are very long-term, coordinated efforts and commitments.

Given the extent, intractability and complexity of chronic poverty, social consensus needs to be built across government, the private sector and civil society. While there are still some gaps in our understanding of chronic poverty, there are some indications for policy that emerge, namely:

- it is important that all policy decisions ensure that substantial adverse effects do not hurt the poorest;
- a number of specific policy areas should involve focusing on the poorest households;
- enhancing opportunities, developing skills, facilitating empowerment and addressing insecurity are all key factors in moving people out of chronic poverty; etc.

Social protection measures are both desirable and in many cases affordable. Enhancing access to assets for the chronically poor includes initiatives with regard to primary and post-primary education and women’s land rights. Reflecting the centrality of smallholder agriculture in the livelihood of the chronically poor, the pro-poorest focus of current programmes also needs enhancement and new initiatives developed. 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. Thus Uganda’s policy framework needs to go beyond focusing on the transitory poor, to including chronically poor people, and in so doing greater emphasis will need to be placed on promoting redistributive patterns of growth, and enhancing security and protection for chronically poor people.

### Why should Uganda have a Social Protection focus?

First, it is morally wrong for such a large number of severely and severally poor people to live in destitution. The Uganda Chronic Poverty Report estimates that 20 percent of the country’s households or 26 percent of its population (more than 7 million Ugandans) live in chronic poverty, a very large number indeed. It is necessary to prevent, mitigate, and enhance their ability to cope with and recover from the major hazards that they face, and to enable the less-active poor to live a dignified life with an adequate standard of living so that poverty is not passed from one generation to another.

<sup>1</sup> Bird & Shinyekwa, 2003

## What can Social Protection do? What do we gain from it? Is it not just welfare?

- **Growth:** social insurance and social assistance can have a positive impact on growth & stimulates demand for local goods.
- **Investment in assets:** Social Protection facilitates investment in human and physical assets that can increase returns to economic activity and reduce the risk of future poverty (i.e. contributes to two of the objectives of pro-poor growth).
- **Protects assets:** SP protects productive assets so that people can maintain or recover their productivity following shocks
- **Attitudes:** SP can transform the risk-taking behaviour of the poor, giving them greater confidence to invest in higher-return activities.
- **Targeting:** can target particular categories of people, e.g. women thereby addressing gender inequalities and supporting greater engagement of women in economic activities.
- **Labour markets:** SP can help the labour market to work more efficiently; e.g. cash transfers help the poor cover the cost of seeking and regularly attending work.
- **Inclusive:** SP can include the non-active as well as the economically active poor
- **Behaviour:** Reduces behavioural responses to vulnerability (e.g. postponing health care or switching to poor quality foods) & reduces incentives for unproductive unsocial behaviour.
- By providing strong safety nets and fostering social cohesion, it facilitates positive social & economic change and reduces the likelihood of conflict

Secondly, a large proportion of chronically poor people retards economic growth and leads to poor development outcomes. The “stagnation” for such a large proportion of the population “pulls back” the progress of others and often leads to negative development outcomes. Social Protection interventions contribute to chronically poor people’s ability to emerge from poverty, deprivation and insecurity, and to contribute to growth.

Thirdly, the ability to use “escape routes” for the Chronically Poor is severely limited as there are very few or no options.

## Can Uganda afford?

Evidence from other low-income countries suggests that social protection measures are both desirable and affordable. Successful implementation of SP interventions has been observed in Zambia (the Kalomo Scheme), South Africa, Mexico, Nicaragua, Chile, etc. Further policy analysis and pilot initiatives will however be required to determine the most effective entry points and what might be feasible, including targeting at *household* level and location-specific interventions. 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.

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. Similarly, general poverty reduction programmes need to be monitored to ensure that chronically poor people actually benefit. This includes the provision of grants in cash or kind and credit on favourable terms.

To help both prevent and interrupt chronic poverty, a range of measures are necessary. Given the importance of household structure and intra-household relations for driving and maintaining people in chronic poverty, the view that chronic poverty is exclusively a private domain, not suited to state intervention, ought to be revisited. A lot can be learned from the experience of HIV/AIDS interventions in this respect.

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>2</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>3</sup> show that cash transfers can constitute a central intervention to address many dimensions of poverty 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.

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>4</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.

<sup>2</sup> Hickey, 2003

<sup>3</sup> Harper, 2005

<sup>4</sup> Bird & Shinyekwa, 2003

## What challenges does Uganda still face on the way to adopting Social Protection?

A number of challenges still remain, including:

- Locating Social Protection in the current economic development paradigm - which emphasises markets, and in the broader poverty eradication strategy;
- Lack of a harmonized approach to conceptualization and delivery of SP;
- Clarifying the focus of Social Protection
- Choosing appropriate Social Protection instruments (or combinations of these) and agreeing the most effective institutional mechanisms
- Targeting
- Possible resistance by key policy makers to adoption of more new approaches to SP such as cash transfers!

## Key messages for policy makers

- Prioritise SP as a tool for addressing risk & vulnerability while at the same time dealing with poverty
- Promote articulation of a harmonised and coordinated strategy & policy framework for SP delivery.
- Increase awareness among the public on the importance of having specific measures to address risk and vulnerability.
- Pilot alternative SP interventions.
- Clearly define SP objective
- Raise the profile of SP in the Social Development Sector Working Group & SP committee established to include a cross-section of sector ministries, CSOs and research/academia
- Review existing policy and institutional frameworks & check for consistency with SP objectives
- Raise profile of SP at central and local government levels
- Pilot a range of SP interventions

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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## 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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