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ABOUT LADDER

LADDER is a research project funded by the Policy Research Programme of the UK Department for International Development (DFID) that seeks to identify alternative routes by which the rural poor can climb out of poverty. LADDER is working with nearly 40 villages and 1,200 households in Uganda, Tanzania, Malawi and Kenya to discover the blocking and enabling agencies in the institutional environment facing rural people that hinder or help their quest for better standards of living for themselves and their families.

This working paper represents work-in-progress and the reader is advised that it has not been subjected to academic quality control, nor edited for errors of fact or interpretation. The paper forms part of a mosaic of research findings that will contribute towards an overall picture of rural livelihoods and micro-macro links to poverty policies in the case-study countries. The findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID.

All available Working Papers and Village Reports can be downloaded from the project website: http://www.uea.ac.uk/dev/odg/ladder/, which also details other information about the project. For any further enquiries, please email j.mims@uea.ac.uk.

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Summary

Uganda has put in place a comprehensive framework for poverty reduction known as the Poverty Eradication Action Plan (PEAP). A sub-component of the PEAP, the Plan for the Modernization of Agriculture (PMA), is designed to address one of its four main objectives: increasing incomes of the poor. This paper utilises research on rural livelihoods in three rural districts to derive policy inferences relevant to this framework. Research findings show that rural poverty is strongly associated with lack of land and livestock, as well as inability to secure non-farm alternatives to diminishing farm opportunities. Meanwhile rural families encounter an institutional context that is basically inimical to the expansion of monetary opportunities in rural areas. This is manifested especially by the system of rural taxation that has emerged with fiscal decentralisation to local governments. A fundamental contradiction between the goals of PEAP/PMA and decentralised rural taxation is revealed.

Introduction

This paper reports the findings of research conducted in Uganda on the institutional context of rural livelihoods, and the factors that enable or disable the pursuit by individuals and families of paths out of rural poverty. The Uganda study is one of a series of country studies arising from the LADDER project, a regional research programme centred on the links between broadscale policy initiatives for poverty reduction at the national level and the micro experiences of such policies at village and community levels.[1] Two preeminent policies that are addressed by the research are Poverty Reduction Strategy Papers (PRSPs) and decentralisation. However, the research also examines natural resource management policies, including co-management of collective resources, that remain popular with those donors and NGOs that continue to support on-the-ground development or environmental projects in rural areas in low income countries.

For some years now, donors disbursing development assistance in low income countries have been "moving upscale" in the types of activity that they support. Essentially this has meant a substantial shift away from projects towards programme funding, typically involving support of the government budget in one sector or another. A related shift has been towards much closer coordination between donors over this type of funding, involving, in addition, a more unified setting of the priorities with which governments are supposed to comply in order to enjoy continued or increased external assistance over time (World Bank, 2001a)

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This trend is not without its paradoxes. After a period of "government avoidance" caused by widespread unease about mismanagement of project and programme funding, the donors are once more dealing almost exclusively with governments.[2] In doing so through the enthusiastic promotion of decentralisation policies, they may be inadvertently multiplying outwards the governance problems that were hitherto mainly confined to centralised state agencies.[3] In the meantime, NGOs that were previously beneficiaries of the disenchantment with governments face reduced funding resulting from the redirection of donor funds, and a perception that their micro level interventions do not fit the scaling up now in vogue. As donors and NGOs withdraw from grassroots activities in favour of higher level policy processes, the potential arises for feedback about the community and household impact of policies to diminish or disappear.

The research underlying this paper was designed to address this potential knowledge gap, by consciously examining the links between micro level outcomes and macro level policy changes. The research process was loosely based on the sustainable livelihoods framework (Carney, 1998; Scoones, 1999; Ellis, 2000) that places emphasis on an "all-round" view of the livelihood circumstances of the poor, including their asset status, the activities in which they engage, the chief sources of vulnerability they confront, and the encouraging or discouraging character of the institutional context within which their livelihood strategies unfold. Special attention was paid in the research to the latter dimension of the livelihoods approach, and to the factors that facilitate or otherwise the pursuit of more diverse livelihoods as a strategy for climbing out of poverty (Ellis,1998).

The paper proceeds, first, by outlining key features of poverty policy in Uganda that the research seeks to inform. Second, a brief description of the research method is provided. Third, the chief features of livelihoods at village and household level emerging from qualitative and quantitative research are summarised. This exercise focuses on the asset status of rural citizens, the income-generating activities in which they engage, and the institutional environment within which livelihood strategies are adopted and adapted. Fourth, findings in these areas are synthesized with a view to informing the larger policy processes that seek, in Uganda, to provide appropriate contexts for rapid progress in rural poverty reduction.

Uganda background

Uganda is generally regarded as quite a success story of donors and the government working together to provide a macro environment conducive to economic growth and poverty reduction. Economic growth as measured by real GDP at factor cost averaged 6 per cent per year throughout the 1990s; implying rising real per capita income at a rate of roughly 3 per cent per year (Uganda, 2000b). At the same time a series of household income and expenditure surveys conducted at intervals through the 1990s showed the proportion of Ugandans living in absolute poverty to have fallen from 56 per cent in 1992 to 44 per cent in 1997 and 35 per cent in 1999 (Appleton, 1999; Appleton, 2001; Reinikka & Collier, 2001).

This rosy overall picture is hedged about with various caveats that have been articulated by researchers and commentators. The significance of revival in just one activity, export coffee production, for both growth and poverty reduction has raised doubts about the depth and robustness of the trends in the macro indicators (Appleton, 1999; Belshaw *et al.*, 1999). The exceptionally low base from which the trends took off, given the devastation of the preceding 15 years of dictatorship and civil war, is often invoked as a reason to be cautious about their long run impetus. As might be expected, there is continuing debate about the importance or

otherwise of donor-led structural adjustment policies in contributing both to Uganda's recovery, and to its favourable distributional consequences as evidenced by the decline in poverty headcount figures (Belshaw *et al.*, 1999; Dijkstra & van Donge, 2001; Reinikka & Collier, 2001). Concerns have also been expressed about trends in agricultural productivity, farm output growth being attributed more to expansion in area cultivated than to rising yields per hectare (Uganda, 2000:p29; World Bank, 2001b).

The significance of peace and political stability for Uganda's recent achievements is widely attested to (e.g. Reinikka & Collier, 2001), with corresponding concerns about what may happen when and if rule by the Movement non-partisan political system is replaced by multi-party democracy.[4] Even the most casual observation of political life in Uganda evokes an image of a hotbed of political manoeuvring often playing to parochial and ethnic interests.[5] There is also concern about the depth of "ownership" of economic reforms and poverty reduction policies amongst politicians and civil servants, although there appears more genuine engagement in these processes of policy change in Uganda than in other countries of the region (for discussion see Dijkstra & van Donge, 2001).

The adoption of a coordinated approach to poverty reduction in Uganda pre-dates the emergence of Poverty Reduction Strategy Papers (PRSPs) as the generalised approach by donors to budgetary coordination and debt relief under the Highly Indebted Poor Countries (HIPC) initiative. Uganda produced a draft Poverty Eradication Action Plan (PEAP) in 1997 and subsequent revisions of this plan were accepted by donors as the Ugandan equivalent of a PRSP in May 2000. For the rural economy, Uganda has gone much further than this, producing a strategy entitled the Plan for the Modernisation of Agriculture (PMA) that articulates in considerable detail a rural poverty reduction strategy that is compatible with the precepts of PEAP (Uganda, 2000a; 2001). Finally, both PEAP and PMA are seen in policy terms as complementary to, and supportive of, the process of decentralisation embodied in the ongoing local government reform programme (World Bank, 2001a; 2001b).

The Uganda PEAP sets out four main goals, namely, fast and sustainable economic growth and structural transformation growth; good governance and security; increasing the ability of the poor to raise their incomes; and increasing the quality of life of the poor (Uganda, 2001: p.4). Amongst these, this paper addresses especially the third goal i.e. improving the institutional environment within which the poor can construct their own routes out of poverty; however, other PEAP goals are also alluded to at appropriate moments.

The PMA sets out its mission as "eradicating poverty by transforming subsistence agriculture to commercial agriculture" (Uganda, 2000: p.31). This seems like quite a conventional, technology-led, approach to poverty reduction in agriculture, but is in fact more subtle than this, involving a low profile for the public sector, decentralised and privatised agricultural services, and recognition of the multi-sectoral character of rural livelihoods. In effect, the concept is to encourage a rise in the cash component of household incomes from multiple sources so that, as incomes rise, rural families become less tied to the security of subsistence food production, and thence more oriented to the production of diverse outputs for the market.

Research approach and methods

Research on rural livelihoods must make hard choices, since the encompassing character of the livelihoods concept means that almost any aspect of the way people go about gaining a

living is potentially legitimate to investigate. In the event, it was decided to adopt a division of labour between qualitative, mainly group, investigatory methods and quantitative household surveys such that the qualitative component addressed the policy and institutional context of livelihoods and changing livelihood circumstances at community level, while the quantitative component addressed assets, activities, incomes, and vulnerability factors at household level. Both qualitative and quantitative components also allowed for gender dimensions of rural livelihoods to be explored.

The research did not attempt to replicate the national representativeness of the large-scale household surveys that are the basis of poverty comparisons in Uganda. These typically involve administering sample surveys to 5,000-10,000 households. Instead, selection of districts and villages was made on the basis of the twin criteria of, first, representativeness of rural livelihood patterns in Uganda in a broad sense, and, second, ability to capture the effect of livelihood "gradients" of various kinds. The key livelihood gradients that determined village selection were intensive vs extensive farming, small vs large farm size, variations in rainfall and other agro-ecological conditions, variations in extent of livestock keeping, proximity to or remoteness from public infrastructure and services, and variations in access to non-farm activities. In addition, one of the districts studied in Uganda was chosen in order to capture fisheries-based livelihoods, given the prevalence of lakeshore villages in many parts of the country and the significance of Nile perch in export income[6].

A list of sample villages and their main attributes is provided in Table 1, and their geography can be ascertained from the Uganda map given in Figure 1. Three villages were chosen from each of the three districts of Mbale, Kamuli and Mubende. Within each village, a PRA wealth-ranking exercise was conducted, resulting eventually in the identification of three wealth groups that acted as the sampling frame for a stratified random sample.[7] With a list of households in each wealth group, 10 households were randomly chosen from each of the well-off and middle categories, and 15 households from the poor category, resulting in a sample size of 35 households for each village. Hence, 105 households were sampled in each district, and 315 households sampled across the three districts.

The purpose of the wealth ranking, aside from the perceptions about poverty and wealth gained from the exercise itself, was to ensure that the sample of 35 households drawn per village represented the full range of livelihood circumstances to be found in villages, rather than being accidentally clustered around the mode of the range. The decision to sample more households from the poor wealth category had the effect of biasing the overall village sample towards the lower end of the wealth range. This was consistent with the aim of finding out especially about the livelihood circumstances of the poorer members of village society in Uganda.

The procedure described was not designed to make inferences about the larger populations from which the samples were drawn, whether at village, district or country levels. The purposive fieldwork selection procedure from districts, to villages, and to households set out to identify and describe a range of livelihood patterns that were likely to contain within them the experiences of a substantial proportion of rural individuals and households in Uganda. However, no claims are made about the statistical representativeness of sample findings with respect to populations in the districts that were studied nor for Uganda as a whole.

Returning to Table 1, some brief observations about the districts and villages selected for research are pertinent for interpreting later findings. Mbale, Kamuli and Mubende districts

Table 1: Main Livelihood Features of Sample Villages

Village	Pop	HHs	Crops	Livestock and Fish	Non-Farm Activities
MBALE					
Bukhasusa	750	156	Banana, maize, beans, sweet potatoes, coffee	Dairy cattle, pigs, goats, chickens	Sale of labour, banana vending, bicycle transport (produce)
Buwopuwa	1080	204	Maize, beans, bananas, cotton, sweet potatoes and millet	Pigs, goats, chickens	Sale of labour, brick making, bicycle transport, brewing, produce vending
Bunabuso	800	166	Coffee, bananas, maize, beans, horticulture, sweet potatoes	Dairy cows, pigs, goats, chickens	Sale of labour, shops, brick making, bicycle transport, brewing,
KAMULI					
Iyingo	1350	174	Maize, sweet potatoes, cassava, finger millet and cotton	Cattle (meat), goats, chickens and ducks Nile Perch, *mukene*, Tilapia	Sale of labour, fish trading, transport (bicycles and boats) shop keeping, petty trading
Kiribairya	520	74	Maize, sweet potatoes, cassava and finger millet	Cattle (meat), goats, chickens and ducks Nile Perch, *mukene*, Tilapia, Lung fish	Sale of labour, fish trading, transport (bicycles and boats), petty trading, brick making, firewood, brewing
Kinamwanga	715	102	Maize, cassava, sweet potatoes and finger millet	Cattle (meat), goats, chickens and ducks Nile Perch, Tilapia	Sale of labour, fish trading, transport (bicycles and boats), petty trading ,brick making, firewood
MUBENDE					
Kabbo			Bananas, maize, beans, Irish potatoes, ground-nuts and cassava	Cattle (milk and meat), chickens and goats	Farm labour, produce trading, shop keeping, brewing, selling clothes, petty trade, hunting
Kansambya	1800	230	Maize, beans, sweet potatoes, Irish potatoes, cassava, bananas, coffee	Cattle (milk and meat), chickens and goats	Farm labour, produce trading, shop keeping, brewing, brick making, transport activities, hunting
Kalangaalo	1600	237	Maize, sweet potatoes, beans, Irish potatoes, bananas, coffee	Cattle (milk and meat), chickens and goats	Farm labour, govt. workers, produce trading, shop keeping, brewing, brick making, transport, builders

Source: qualitative research conducted in 9 Uganda villages in Jan-April 2001

Figure 1: Map of Uganda Showing Sample Districts

describe an arc across south-central Uganda from east to west. Mbale district lies on the lower to mid-slopes of Mt Elgon (4,321m) and is densely populated with farm sub-division at inheritance an important factor determining the ability of successive generations to gain a living from farming. Case-study villages in Mbale were selected in order to capture the gradient from higher altitude land-scarce intensive coffee-banana systems to lower altitude cotton-maize systems at the base of the mountain. Bukhasusa and Buwopuwa villages represent opposing ends of this gradient, while Bunabuso village occupies an intermediate position, especially by being less land constrained than Bukhasusa.

Kamuli district is quite distinct from both Mbale and Mubende, being in a localised rain shadow and having few examples of the coffee-banana system that characterises much of the southern half of Uganda. Instead, the district has maize, millet and root crop based farming systems, and extensive livestock grazing in some areas. However, the intention in Kamuli district was to examine livelihoods in communities that rely on fishing in Lake Kyoga or pursue combined fishing and farming livelihoods. One reason for this was to probe the widely-held view that artisanal fishermen are amongst the "poorest of the poor" in rural sub-Saharan Africa (Pollnac, 1991). Another reason was the considerable fluctuations that have occurred in the population of Nile perch in Lake Kyoga, permitting the investigation of the adaptation strategies of fishing families in the face of resource instability. Hence, Kinamwanga, Kiribairya, and Iyingo are all lakeshore villages, representing varying degrees with which fishing is combined with farming as a livelihood strategy, and also representing varying remoteness from the district capital at Kamuli town.

Mubende district lies about 160 kilometres to the west of Kampala and its rural areas are characterised by proximity to a fast main road to the capital (the Kampala-Fort Portal road), as well as the presence of a medium sized commercial centre (the town of Mityana). The more remote parts of Mubende district have been relatively land abundant in recent history due to depopulations that occurred during the long years of civil war. Villages in Mubende were selected in order to capture variation in a number of livelihood factors, including land availability and relative proximity to infrastructure and markets. In these regards, Kansambya village represents relative land abundance and remoteness; Kabbo village represents a middle position; and Kalangaalo village has good access to Mityana town. All selected villages possess typical coffee-banana production systems alongside other location-specific crop and livestock activities.

Qualitative work in 9 villages focused on differences in wealth and economic status (the wealth ranking); village services, associations and groups; helpful and unhelpful institutions; the range and nature of local taxation by both central and local government revenue collection agencies; broad changes in village livelihoods experienced over the decade to 2001; and key emerging problems identified by community members. Standard PRA methods were used including focus group discussions, ranking, institutional mapping, calendars and timelines. Amongst the topics covered, taxation emerged unexpectedly as a really serious policy issue preoccupying Ugandan rural citizens. The taxation factor raises critical questions about the practical implications of fiscal decentralisation to local authorities, and about the enabling context for gains in rural poverty reduction in the future. For this reason, rural taxation is singled out for special attention later in this paper when considering the links between research findings and poverty reduction policies.

Table 2: Characteristics of Wealth Groups in Uganda Sample Villages

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
House Construction	brick or concrete walls corrugated iron or thatched roof	brick or concrete walls corrugated iron or thatched roof	brick or concrete walls corrugated iron or thatched roof	mud walls thatched roof	mud walls thatched roof	mud walls thatched roof (house often in poor condition)
Land Ownership	5-10 acres or more	up to 5 acres	up to 3 acres	1-2 acres do not own land (Kamuli)	up to 1 acre or do not own land (esp. Kamuli)	less than 0.5 acre or do not own land
(Kamuli only) Land Rent	rent 2-3 acres	rent 2-3 acres	rent 1-2 acres	rent some land	do not rent	do not rent
Livestock Ownership	4-10 cattle or more 5 or more goats	2-4 cattle up to 5 goats	1-2 cattle up to 3 goats	do not own cattle up to 3 goats	do not own cattle up to 2 goats	do not own cattle or goats
Labour Market	may employ 5 or more seasonally	may employ 3-5 seasonally	may employ 1-2 seasonally	sell labour, farm work, non-farm jobs, boat crew (Kamuli)	sell labour, farm work, firewood, petty jobs around village	sell labour, but physical weakness can limit jobs-elderly, widows
Education Costs	pay school fees children go to secondary	pay school fees a few may afford secondary	pay school fees primary only	pay school fees primary only	cannot pay school fees	cannot pay school fees
Bicycles	own 1 or more own motorcycle	own 1or more	own 1 or more used as *boda boda*	own 1 or more used as *boda boda*	no bicycles	no bicycles
Other Assets	may own shops, lodgings, bars, cafés, mills	may have govt employment e.g teachers	may do trading, incl. fish trading (Kamuli)	may do trading e.g. *waragi* beer brewing	some trade in beer or bananas beer brewing	beer brewing; few other activities
(Kamuli only) Boats & Nets	2-3 boats 7-8 nets or more	1-2 boats 7-8 nets	1 boat or co-owns up to 6 nets	rent boat(s) own 1 net	no boats or nets	no boats or nets

Source: wealth ranking conducted in 9 Uganda villages in Jan-April 2001

The asset status of rural livelihoods in Uganda

It is a well known axiom of poverty policy that ownership or access to assets that can be put to productive use is the cornerstone of the capability of the poor themselves to construct routes out of poverty (Moser, 1998). In this respect, a spread of complementary assets provides more scope for moving forward than possession of a single asset or an overall dearth of assets (IFAD, 2001). Low asset holdings increase the vulnerability of families to the adverse effects of shocks and crises. Conversely, high asset holdings reduce vulnerability, and permit paths of accumulation that strengthen livelihoods over time. The findings presented here explore these features in the Uganda case.

Table 2 above summarises the main findings of the wealth ranking exercises conducted in the nine case-study villages. A substantial amount of overlap in the definition of wealth categories across villages allow criteria to be combined in this way, and ranges attached to the level of some assets indicate variations encountered between villages[8]. In general, the well-off in Ugandan village society (Groups 1 and 2) are distinguished by having land holdings above 2 ha., 4 or more cattle, 5 or more goats, employing non-family labour seasonally, sending their children to primary and secondary schools, owning bicycles and possibly a motorbike, often owning non-farm service sector businesses, and sometimes having salaried jobs such as school teachers. The middle wealth categories (Groups 3 and 4) have correspondingly less of all these assets, and can be found to shade into selling rather than buying seasonal labour. For this category, non-farm activities would tend to be in small-scale trading or bicycle taxis. The poor (Groups 5 and 6) possess little or no land, no cattle and few small stock, sell labour to others, are unable to pay school fees, do not possess bicycles, and have few non-farm self-employment options with beer brewing being cited most often.

These distinctions of asset status between different categories of rural Ugandans are explored further here utilising results from the sample survey undertaken in 3 districts in Jan-April 2001. As implied by the wealth ranking exercise, asset holding is very unevenly distributed across households. This feature is described here in two main ways: first by reference to interval or count distributions of assets, and second by reference to asset holding across income quartiles.

Table 3: Household Distribution by Area Owned

Area Owned	District			
	Mbale %	Kamuli %	Mubende %	Total %
Less than 0.5 ha.	37.1	67.6	21.9	42.2
0.5 - 1 ha.	24.8	11.4	14.3	16.8
1-2 ha.	15.2	11.4	26.7	17.8
2-3 ha.	6.7	2.9	14.3	7.9
3-4 ha.	4.8	1.0	9.5	5.1
More than 4 ha.	11.4	5.7	13.3	10.2
Total	*100.0*	*100.0*	*100.0*	*100.0*

Source: Sample survey conducted in 9 villages Jan-April 2001

For the sample as a whole, 42 per cent of land holdings were under 0.5 ha and nearly 60 per cent were under 1 ha in size (Table 3). A similar pattern incidentally applied to land farmed.[9] Variations in these proportions across districts and villages reflect the relative severity of land shortage, and fragmentation of holdings at inheritance. In Bukhasusa village in Mbale, for example, 75 per cent of holdings were under 0.5 ha reflecting the acute land shortage that is prevalent in many Mbale hillside communities. In the Kamuli fishing villages 67 per cent of holdings were under 0.5 ha due to severely constrained land availability within village boundaries, and reflecting a migratory history that means many fishing families do not have claims over customary land inland from the lakeshore.

Table 4: Ownership Distribution by Households of Selected Livestock, by District

Ownership Range	Districts			
	Mbale	Kamuli	Mubende	Total
Cattle				
0	62.9	76.2	74.3	71.1
1	12.4	7.6	5.7	8.6
2	13.3	2.9	3.8	6.7
3	5.7	2.9	4.8	4.4
4	1.9	1.0	0.0	1.0
5	1.9	1.0	3.8	2.2
10	1.9	2.9	4.8	3.2
More than 10	0.0	5.7	2.9	2.9
Total	*100.0*	*100.0*	*100.0*	*100.0*
Goats				
0	56.2	52.4	58.1	55.6
1	13.3	4.8	5.7	7.9
2	18.1	5.7	13.3	12.4
3	2.9	14.3	8.6	8.6
4	4.8	6.7	2.9	4.8
5	1.9	4.8	3.8	3.5
6-10	1.9	7.6	5.7	5.1
More than 10	1.0	3.8	1.9	2.2
Total	*100.0*	*100.0*	*100.0*	*100.0*
Chickens				
5 or less	57.1	77.1	74.3	69.5
6-10	17.1	12.4	14.3	14.6
11-15	15.2	4.8	5.7	8.6
16-20	5.7	1.9	3.8	3.8
21-25	1.0	1.9	1.0	1.3
More than 25	3.8	1.9	1.0	2.2
Total	*100.0*	*100.0*	*100.0*	*100.0*

Source: Sample survey conducted in 9 villages Jan-April 2001

Livestock ownership in the sample was likewise found to be highly unequal (Table 4). The proportion of sample households owning no cattle was found to be 71 per cent overall, varying between 63 per cent in Mbale, 74 per cent in Mubende and 76 per cent in Kamuli. For goats the equivalent lack of ownership figures were 56 per cent for all districts, and 58 per cent, 56 per cent and 52 per cent for Mubende, Mbale and Kamuli districts respectively. Ownership of chickens was found, however, to be more widespread in sample communities with 70 per cent of households, on average, possessing some number of chickens. However, chickens, like other stock are unevenly distributed across village households with poor households having none, or few birds.

The relationship of asset holding to relative failure or success in generating a viable living, was examined by comparing assets across per capita income terciles and quartiles. For land holdings compared across quartiles (Table 5), the highest quartile owned, across all districts, 3.6 times the amount of land of the lowest income quartile. Likewise livestock ownership of the highest income quartile, as measured in cattle equivalent units (CEUs), was 4 times that of the lowest income quartile for all districts. District level data essentially confirms that ratios of this order are prevalent across all locations.

Table 5: Land and Livestock Assets by Income Quartile

Sample	Income Quartiles				
	I	II	III	IV	Total
Land Owned					
Mbale	0.41	1.06	1.52	3.10	1.58
Kamuli	0.27	0.90	0.70	0.78	0.67
Mubende	1.20	1.35	2.67	3.13	2.09
All Districts	0.59	1.17	1.82	2.12	1.42
Livestock CEUs					
Mbale	0.53	1.28	1.05	2.36	1.61
Kamuli	1.11	0.75	1.28	3.36	1.63
Mubende	0.52	0.81	3.35	3.94	2.17
All Districts	0.80	0.87	1.93	3.21	1.70

Source: Sample survey conducted in 9 villages Jan-April 2001

In addition to land and livestock, the key assets of rural families in Uganda are their own labour (active adults in the household), their educational attainment (measured here by years education accomplished), and ownership of productive implements and tools (measured as the aggregate value owned). Figure 2 represents the comparative level of holdings of five assets, or asset categories, for the whole sample divided between per capita income terciles, in the form of a radial graph. The interesting features revealed by this graph are, first, that the top and middle income thirds of households do not differ hugely in their average possession of the five key assets; and second, that the lowest third of households are shown to be deficit particularly with respect to land, livestock and “tools of the trade” and much less so with respect to human capital i.e. number of working adults and their average level of education.

Figure 2: Selected Asset Levels by Income Tercile, Whole Sample

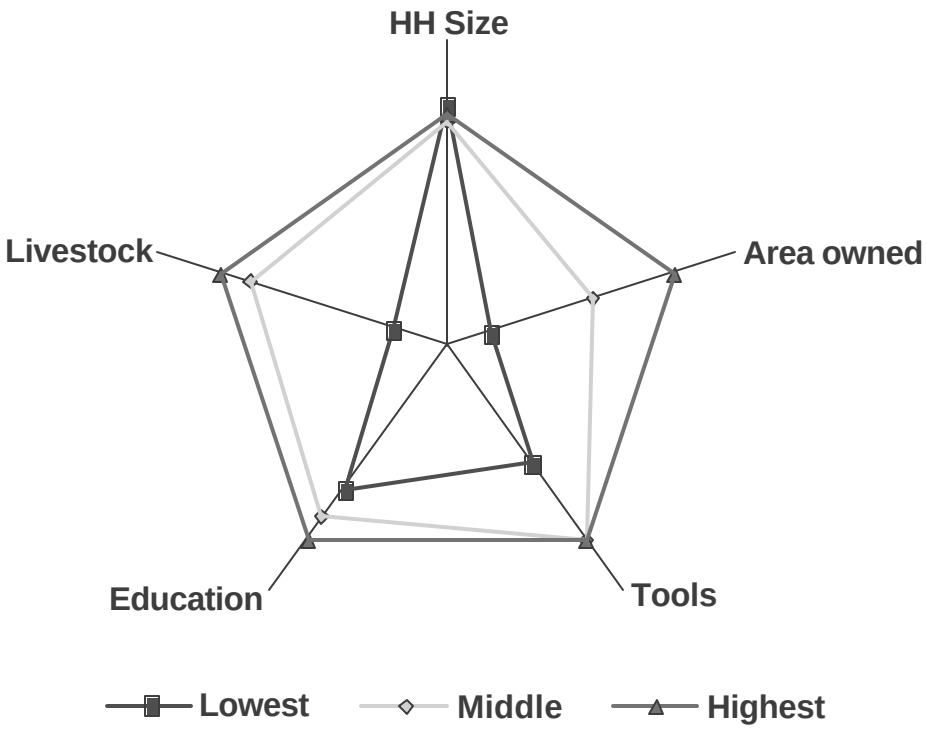
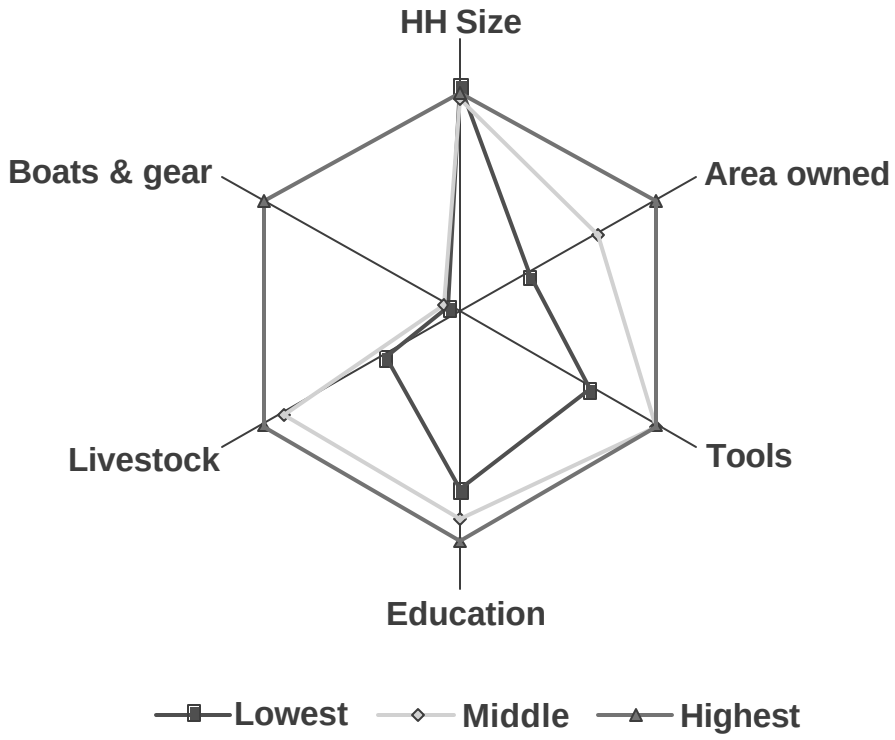


Figure3: Assets Including Boats and Gear, by Income Tercile



This basic pattern is repeated across sample districts and villages; however, in the Kamuli fishing villages, ownership of fishing boats and gears is an additional powerful factor helping to explain relative livelihood success. This is illustrated in Figure 3 which adds boat and gear ownership to the asset polygon. Here, the high income tercile is characterised by an average level of boat and gear ownership that is 4-5 times greater than the middle income tercile. The latter group, in turn, base their livelihoods more on livestock and land ownership; while the poorest tercile are in this instance characterised by negligible ownership of fishing assets, in addition to low ownership of livestock and land.

These findings are further substantiated by examining correlations between ownership levels of the various assets and per capita household income, for the sample as a whole, and for its component sub-samples (Table 6). The analysis finds significant positive correlations between per capita household income and area owned, livestock holding, and ownership of productive tools. Contrary to widespread findings elsewhere, the education level of household members does not exhibit a significant systematic relationship to income in this sample. In Kamuli fishing villages, ownership of boats and fishing gear is the key determinant of relative income levels.

Table 6: Asset Correlations with Per Capita Household Income, by District a/

Asset Category	Mbale	Kamuli	Mubende	Total
Land Owned	0.517**	0.100	0.321**	0.244**
Livestock CEUs	0.383**	0.111	0.284**	0.248**
Tools Index	0.355**	0.097	0.155	0.122*
Education Level	0.132	0.001	0.186	0.093
Boats and Gears	- -	0.498**	- -	- -

a/ Spearman's Rank Correlation Coefficients. ** indicates correlation is significant at the 0.01 level (2-tailed); * indicates correlation is significant at the 0.05 level (2-tailed)

Source: Sample survey conducted in 9 villages Jan-April 2001

Taking the qualitative and quantitative evidence together, the interlocking nature of relative livelihood success in Ugandan village society is emphasized. Viable livelihoods do not result from ownership of just one or two assets in abundance, but from the cumulative impact of an array of asset holdings. These allow a broader range of activities to be pursued, as well as providing scope for substitutions between asset categories e.g. selling some cattle in order to buy a shop, or using non-farm income to hire seasonal farm labour. The lakeshore villages in Kamuli yield some further insights. Here, ownership of boats and nets is a critical wealth indicator, and renting land from inshore village households in order to compensate for low village land availability is commonplace. Again, success in one activity enables success in another, since fishing income can be used to pay for renting land, as well as purchasing livestock as a store of wealth. The same livestock can later be sold to purchase a boat or fish nets. The picture that emerges supports the idea, becoming prevalent in the poverty literature, that facilitating the poor to increase assets across a broad range by a small amount is more useful than raising the level of one asset by a big amount (IFAD, 2001).

Activities and incomes in rural Uganda

This section summarises findings concerning livelihood activity patterns and income levels as discovered in the case-study districts and villages. Again this is done drawing on qualitative, village level, data as well as quantitative household level data. Some main qualitative features are already synthesised in Tables 1 and 2 above. These tables provide the broad picture of farm and non-farm activities in the different locations, as well as some insights into how access to these activities varies across different wealth groups. The picture is refined by reference to findings from the sample survey.

Starting with farming and livestock activities, Table 7 shows agricultural land use by sample households across the three districts, and for the sample as a whole. In Mbale and Mubende districts, bananas and banana mixtures predominate. This is typical for the east, central and western regions of Uganda, where cooking bananas (*matooke*) are the staple food, and other crops are grown either because land is unsuitable for bananas or in order to provide variation in food consumption and crops for sale. Maize and mixed maize plots dominate in Kamuli lakeshore farm systems, and are the second most important category of field use in the other districts. Beans, millet, cassava, sweet potatoes and groundnuts are cultivated in all districts as secondary food crops in mixed or pure stands.

Table 7: Land Use by Sample Households, by District

Land Use	Mbale		Kamuli		Mubende		Total	
	ha	%	ha	%	ha	%	ha	%
Bananas	68	16.6	0	0.0	57	10.9	125	10.7
Banana/coffee	35	8.6	0	0.0	32	6.1	67	5.7
Banana/other	28	6.9	0	0.0	15	2.9	43	3.7
Maize/maize mixtures	85	20.8	83	35.1	108	20.7	275	23.7
Millet	28	6.9	15	6.3	1	0.3	44	3.8
Grain/root mixtures	30	7.3	8	3.3	4	2.6	51	4.4
Roots	36	8.7	74	31.3	73	14.0	182	15.6
Pulses	12	2.9	6	2.5	25	4.8	43	3.7
Livestock uses	39	9.4	9	3.9	30	5.7	77	6.6
Other	49	12.0	41	17.5	166	31.9	256	22.0
	409	*100.0*	235	*100.0*	519	*100.0*	1,163	*100.0*

Source: Sample survey conducted in 9 villages Jan-April 2001

A stated objective of the Plan for Modernization of Agriculture (PMA) is to encourage rural Ugandans to participate more in markets, thus broadening the monetisation of the rural economy and the greater specialisation, exchange and use of purchased inputs that this would stimulate. Table 8 provides sample data on the output share of principal crops consumed by the household rather than sold in the market. The continued reliance within livelihood strategies on subsistence consumption for household food security is revealed. On average nearly 75 per cent of cooking bananas, 60 per cent of maize, and between 70 and 95 per cent of other food crops are retained for home consumption, implying consequently low output

proportions reaching the market. As is discussed in due course one reason for this may be a local taxation regime that is essentially discouraging to engagement in market transactions in food crops and livestock.

Table 8: Output Share Selected Crops and Livestock Products Consumed by Households, by District (%)

	Mbale	Kamuli	Mubende	Total
Crops				
Bananas	74.2	0.0	71.9	73.2
Maize	63.9	62.5	50.5	57.9
Millet	88.8	65.4	75.2	82.4
Beans	67.1	75.0	63.8	65.7
Groundnuts	87.5	44.8	51.9	68.1
Cassava	88.1	72.7	92.6	87.4
Sweet Potatoes	94.0	95.3	96.5	95.5
Irish Potatoes	66.5	0.0	58.8	59.1
Livestock				
Milk	79.7	36.4	36.6	50.6
Chickens	72.5	56.1	55.3	62.9
Goats	29.8	22.2	28.1	27.2

Source: Sample survey conducted in 9 villages Jan-April 2001

The role of subsistence in rural livelihoods in Uganda can be further defined by looking at the overall share of own consumption by value in household income across different income levels. The relevant data is shown in Table 9. Kamuli fishing villages are something of a special case because fish output is substantially more monetised than food crop outputs, and a lot more income is earned from trading and transport activities in fishing villages. The more typical case in rural Uganda is therefore represented by Mbale and Mubende districts where the share of own consumption falls across income quartiles from around 45 per cent for the bottom quartile to 25 per cent for the top quartile. This is to be expected and relates to asset factors discussed earlier. Rising incomes are associated with higher access to remunerative wage or salary employment, and greater ability to engage in non-farm self-employment activities like trading or brick making.

It is important for poverty policies to reach a reasonably accurate understanding of the role that non-farm activities and income sources play in rising incomes in rural areas. This could help to determine, for example, the balance of public resource utilisation between promoting increases in agricultural productivity on the one hand, and providing support and services to non-farm rural activities on the other. Overall, in the sample districts and villages, income derived from crop and livestock production corresponded to 33 per cent of total incomes; however, this figure is artificially lowered by the importance of fish income in Kamuli fishing villages. When fishing households are excluded from the sample, crop and livestock production corresponds to 49 per cent of total income and non-farm income sources to 51 per cent. Across districts, the share of agriculture (excl. fish) is highest in Mubende district at 66

per cent, falling to 47 per cent in Mbale district and to 17 per cent for non-fishing households in Kamuli district.[10]

Table 9: Share of Subsistence Consumption in Total Income by Income Quartiles, by District (%)

Districts	Income Quartiles				
	I	II	III	IV	Total
Mbale	45.9	38.5	38.5	23.7	28.7
Kamuli	13.8	22.6	14.9	22.4	21.1
Mubende	42.5	38.9	34.4	25.3	31.3
All Districts	33.1	35.3	29.3	23.2	25.8

Source: Sample survey conducted in 9 villages Jan-April 2001

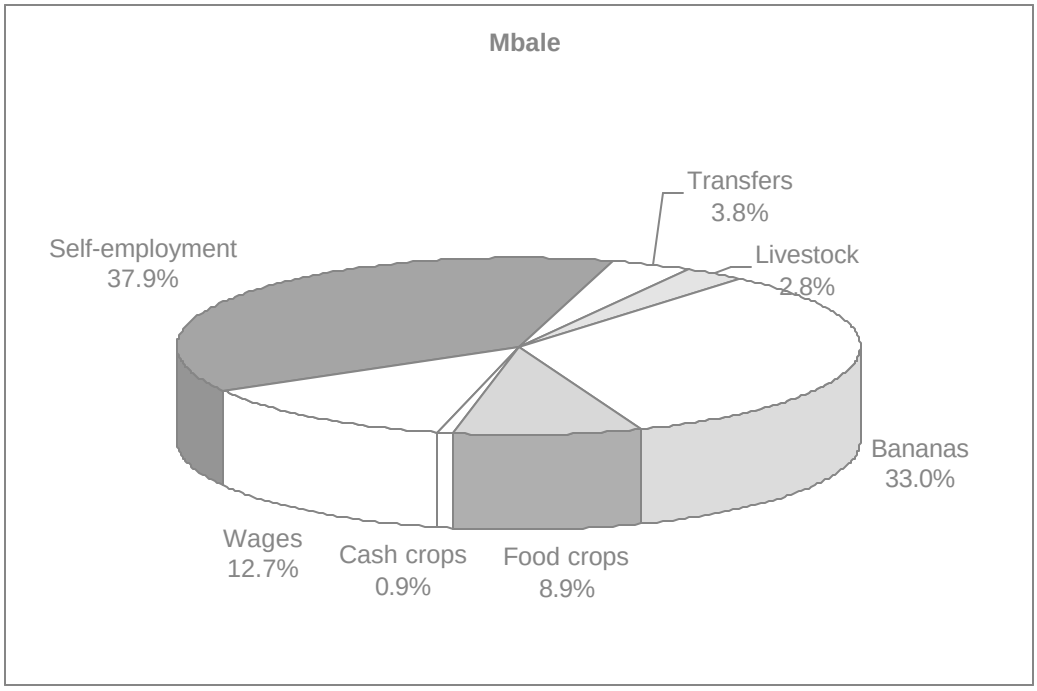
The pattern of activities that comprise the sample total income portfolios in Mbale and Mubende districts is shown graphically in Figure 4. These districts display patterns that are probably fairly typical for east and central Uganda. It is notable that transfer incomes principally comprising remittances play a relatively small part in rural livelihoods, contributing only 2-4 per cent of total incomes. Wage income corresponds to around 13 per cent of total incomes, and is generated mainly from seasonal wage work on other farms that is an especially important income source for poorer members of village society, Self-employment activities, comprising a range of enterprises from trading and retailing to brick making, beer brewing and handicrafts, vary in share from 38 per cent in Mbale to 20 per cent in Mubende.

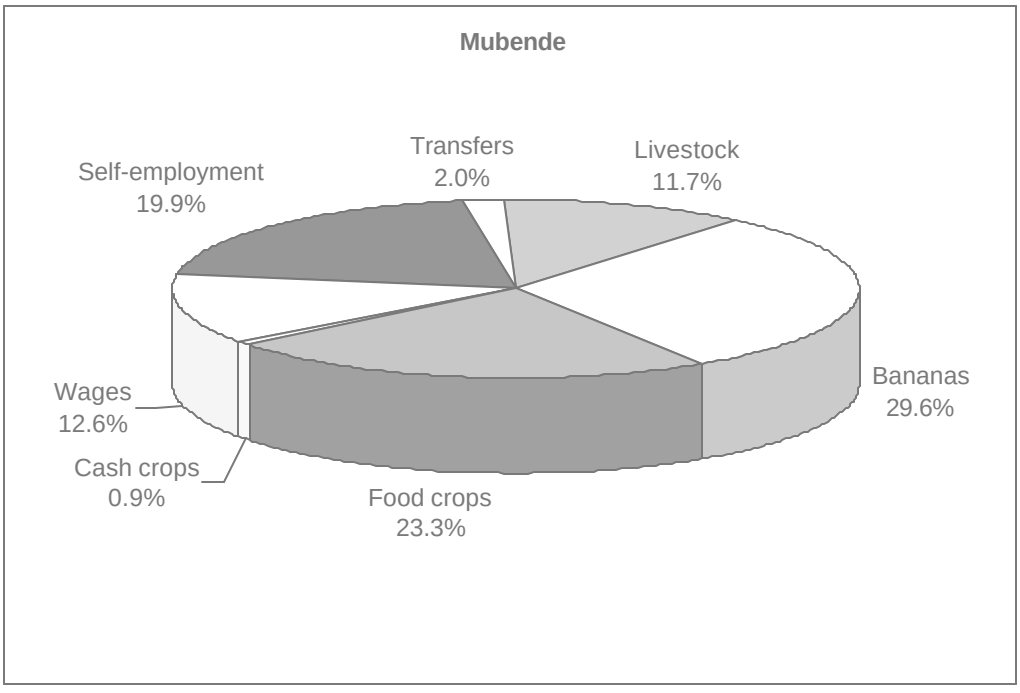
Table 10: Income Portfolios by Income Quartiles, Two Districts

Sample	Income Quartiles				
	I	II	III	IV	District
Mbale					
Crops	59.9	56.9	56.5	36.5	42.8
Livestock	5.9	9.9	5.4	1.1	2.8
Wages	16.9	10.7	25.1	9.5	12.7
Self-employment	5.3	9.9	11.6	50.0	37.9
Transfers	14.1	12.6	1.4	2.8	3.8
Total	100.0	100.0	100.0	100.0	100.0
Mubende					
Crops	55.7	64.5	64.4	43.8	53.8
Livestock	4.8	4.7	10.6	15.6	11.7
Wages	26.6	15.9	8.0	12.3	12.6
Self-employment	9.2	11.8	13.4	27.9	19.9
Transfers	3.7	2.9	3.8	0.5	2.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Sample survey conducted in 9 villages Jan-April 2001

Figure 4: Sample Total Income Portfolios, Mbale and Mubende Districts





Examination of how these patterns change across income ranges is quite revealing (Table 10 above). In Mbale, wage income is much less important for the upper income quartile of households than it is for the other quartiles; self-employment income, on the other hand, generates half the income of well-off households but only five per cent of the income of the poorest households. Remittances and other transfers are important for the livelihoods of the poor in Mbale, but hardly feature for the relatively well-off. Similar, although more muted, findings apply in Mubende district, where an additional feature of note is the rising share of livestock income across the income quartiles. In general, income from non-farm self-employment is strongly associated with higher income levels across the case-study villages and districts.[11]

Institutions and the local tax regime in rural Uganda

In all villages, discussion groups were asked to distinguish helpful from unhelpful institutions, and to attach rankings to these lists to indicate relative level of these attributes. It was explained that the type of helpfulness, or lack of it, on which opinion was sought was to do with enabling or hindering people from gaining a better living, not with other social or cultural objectives. The results of this exercise are tabulated in Table 11. Some policy relevant patterns are revealed:

(a) "Traditional" institutions are generally held in high esteem in rural Uganda, as manifested by the rankings for the village elders, clan chiefs, and the *gabunga* who is a long established coordinator of fish landing sites in Kamuli District.
(b) Community groups are popular institutions in Ugandan villages, many of them based on regular saving or "membership fees" by participants, and rotating access to the fund thus created.
(c) A variety of different NGOs are universally designated as helpful institutions, and the qualitative research in general pointed to the beneficial impacts that NGO activities had in the case-study communities.
(d) Important decentralised institutions, the LC1 chairman and committee, received mixed responses, being ranked highly in two districts, but rated as unhelpful in one district as well as in several individual villages.
(e) A number of government agencies including agricultural research officers, extension agents, and fisheries department officers are identified as unhelpful institutions, exhibiting varying degrees of disapproval within this classification.
(f) Perhaps not surprisingly, various tax collecting institutions are consistently placed as the least helpful of all institutions; however, aside from the commonplace interpretation of this as an antipathy towards taxation, there are serious policy issues raised by local taxation in rural Uganda, that become apparent shortly.

Several things can be inferred from these findings. Long-standing village institutions that provide checks and balances within the society at little or no cost to the individuals that utilise their services are widely favoured. So also are newer community-based organisations that provide a social mechanism for members to undertake savings for stated purposes, and NGOs that make visible differences to people's lives (building schools, digging boreholes, providing piped water, etc.). Government agencies, whatever their purpose, did not feature in the facilitating institutions list in any sample villages, and this sounds a cautionary note regarding the current and future credibility of those public agencies and services that are in transition between central and local authority responsibility.

Table 11: Ranking of Institutions in Uganda Sample Villages

Ranking	*Category of Institution*	Comments
1	"Traditional" Institutions	*gabunga* (Kamuli); *bataka* – elders; clans & clan heads (Mbale). These institutions are highly regarded because the services they provide in terms of managing collective decisions and resolving disputes do not involve charges on the individual or household. The *gabunga* in Kamuli have a special role as mediators of the interests of fishermen, and resolving fishing disputes.
2	Community Based Organisations (CBOs)	This category encompasses a wide variety of different community groups: • burial groups (present in most villages) • women's groups (in 4 villages) • drinking groups (widely popular) Many of these groups take the form of rotating savings & credit associations (ROSCAs) whereby members pay in an agreed regular contribution & take it in turns to use the collected fund of the group.
3	NGOs	A variety of international and local NGOs feature in the list of helpful institutions across the case-study villages. These include • Red Cross, linked to Naimatsu Bududa Development Association (Bunabuso village) • ActionAid • Rural Water and Sanitation (RUWASA) active in the provision of boreholes in Mbale
4	Village Council (LC1)	The village council is the first level of decentralised local government in Uganda. Views on this institution are mixed across districts. While the LC1 was regarded highly in Kamuli & Mubende villages, in Mbale it was regarded as an unhelpful institution, and given low rankings accordingly. Unlike the traditional institutions, LC1s typically charge a fee when they are used to resolve problems
5	Government Agencies	These generally receive poor ratings and are typically listed as "unhelpful" institutions. Some examples: • National Agricultural Research Organisation (NARO) – reputed never to provide any useful service in villages • Agricultural extension officers - similar • Fisheries Resources Research Institute (FIRRI) – similar reputation in Kamuli • Uganda Wildlife Authority – excluded villagers in Mbale from utilising land within the Mt Elgon national park

6	Parish Chief (Graduated Tax Collector)	Responsible for collecting the much disliked graduated income tax, and reported to take punitive actions against non-payers, irrespective of seasonal ability to pay and relative poverty.
7	Tax Collector (Private Tenderer)	District level local authorities (LC5) raise revenue by utilising private tax collectors who must tender for the work. Taxes are on trade and business. The system is patently open to abuse both at the tender stage, and in the amount levied by the collector on individual transactions.
8	Fisheries Department (Kamuli lakeshore villages only)	Licenses boats and exacts taxes on fish landings, collected by a village-based functionary called the fish guard. Fish guards are widely regarded as having a sinecure, whereby they have tax levying powers, but fail to discharge any responsibilities or provide services to fishermen.

Source: PRA institutional research conducted in 9 Uganda villages in Jan-April 2001

Note: ranking represents the average position of the stated category of institutions, given the rankings of individual institutions across the 9 villages

Rural Ugandans pay a bewildering array of taxes.[12] Just a preliminary sense of the fiscal regime they confront is provided in Table 12, which provides data gleaned from focus group discussions and key informants during fieldwork conducted in the 9 villages in Jan-April 2001. This list is by no means comprehensive of all the taxes that were mentioned by villagers; nor does it capture the full range of variation in tax rates that may be confronted, and the confusion and powerlessness experienced by many rural citizens over the arbitrary and capricious working of the tax system in practice.[13]

Essentially all monetary transactions in rural Uganda are subject to taxation. All non-farm businesses require a license; all trading of crops and livestock attracts taxes and fees, some of which are multiple and cumulative in their incidence on a single transaction. For example, a goat taken to market will typically require or incur a letter of authorisation for movement (issued by the LC1 chair and costing from 200 UShs up to 500 UShs); a movement permit (issued by the sub-county veterinary officer, costing 1,000 UShs); tax collection by the parish tenderer (varying from 200-500 UShs); this may or may not include an additional levy paid to the administrator of the market place in which the transaction takes place (a further possible 200-500 UShs).

Taxes are collected by private individuals who have successfully tendered to the district council for the right to collect taxes in a particular parish or market place during a specified period. In theory, the tender should be awarded to the individual offering the largest tax take payable to the council. Once the tender has been awarded the individual is issued a receipt book and a list of permissible tax rates, and is free to collect as much tax revenue as possible with the sole obligation of paying the agreed tender to the council at the end of the period. The system abounds with the potential for malfeasance. Collusion between members of the tender board and private collectors can result in low tax targets, and division of surpluses

Table 12: Business, Trade and Commodity Taxes Levied by Local Authorities

Category of Tax	Amount to Pay	Comment or Description
Business Licenses		o annual license fees paid to the sub-county chief or the parish tenderer
• shop	10,000-15,000/-	
• restaurant	8,000-13,000/-	- annual license fees are often supplemented by varying charges on throughput e.g. 200/- per customer, per guest, per day etc.
• bar	5,000-11,000/-	
• butchery	11,000-21,000/-	
• lodging	20,000/-	
• fishing boat	10,000/-	
▪ fisheries dept levy	4,500/-	- for application and painting license no. on boats (to fisheries dept)
• fish smoking unit	5,000-20,000/-	- varies according to size of unit
• fish mongering	12,000/-	
• brewing Waragi	6,000-15,000/-	- plus 200/- per jerrican
Crop Taxes		o collected by tenderer
• maize per 100 kg bag	500-1,000/-	- varying rules on sales, purchase & market place taxes
• millet per 100 kg bag	1,500-2,000/-	
• tomatoes per box	500/-	
• trading in markets	200-500/-	- market fees per day (small amounts)
• trading not in markets	100-200/-	- roadside petty trading per day
Livestock Taxes		o collected by tenderer unless otherwise specified
• market taxes per cow	2,000-3,000/-	- varying split, seller and buyer
• slaughter tax per cow	1,000-2,000/-	- levied on person slaughtering
• movement letter	1,000-2,000/-	- levied by LC1 chair
• movement permit	3,000/-	- levied by the veterinary officer
• market taxes per goat	200-500/-	- varying split, seller and buyer
• slaughter tax per goat	500/-	- levied on person slaughtering
• movement letter	200-500/-	- levied by LC1 chair
• movement permit	1,000/-	- levied by the veterinary officer
Fish Taxes		o collected by tenderer unless otherwise specified
Formal		
• fishermen per day	100-500/-	- daily fishing tax, unrelated to catch
• sales tax per bag	500-2,000/-	- tax on dried *mukene*
• market tax per bag	500-1,000/-	- tax on dried *mukene*
• fish guard monthly	4,000/-	- paid by fish traders to fish guard for quality inspection
Informal		
• *gabunga* levy per day	200-500/-	- traditional payment to *gabunga*
• fish guard daily	500/-	- unofficial payment to fish guard

Source: Focus groups and key informants in 9 Uganda villages, Jan-April 2001

collected between the parties involved. Tenderers may or may not issue receipts to payees of taxes, or may levy a multiple of the coupon level of tax while only issuing a receipt for the authorised amount.

The figures cited in Table 12 illustrate the complexity of the taxation regime that ordinary rural citizens confront. The ranges given for many of the individual taxes represent differences in official tax rates within and between districts, as well as confusion on the part of tax payers due to differences between coupon rates of tax and actual taxes paid. Many activities and transactions are subject to multiple tax payments; for example, businesses must often comply with daily fees as well as annual licenses; sellers and traders may pay multiple instances of the same sales tax if they move commodities across the domains of several different parish or market tenderers.

Synthesis and policy inferences

The emerging picture is that poorer groups in rural Uganda depend principally on food crop agriculture, seasonal wage income, and remittances for their livelihoods; while the better-off combine food crop agriculture with rising livestock holdings and widespread engagement in non-farm self-employment activities. The interlocking nature of the process of becoming better off in rural Uganda needs to be recognised. It is insufficient to conclude from the foregoing that raising farm output would help the poor the most; it has to be borne in mind that the poor also have the least access to land, and thus efforts directed at raising food crop yields will benefit the already well-off even more than it does the poor (c/f Adams & He, 1995). It is clear that becoming less reliant on agriculture is part of the process of becoming better off, and this result has been affirmed in many other case-studies (Reardon *et al*., 2001; Barrett, *et al.*, 2001).

The institutional environment facing rural citizens in Uganda is hardly promising for rapid poverty reduction. While substantial improvements are occurring in large scale, centrally-funded, services such as education and road provision (Reinikka & Collier, 2000), the delivery of local support services such as agricultural extension remains wholly wanting, and the capability of local authorities to provide such services effectively and even-handedly is unproven. In general, in villages, public agencies and officers are held in rather low esteem and are not seen as having positive influences on gaining a living. Then there is the taxation system just described which appears from the taxpayers perspective to penalise engagement in monetised economic activity, whether in crop sales, trade or non-farm business.

The policy inferences to be drawn from these findings require a changed perception both of the nature of the problems confronting poor rural families in a country like Uganda, and of the entry points by which these problems can be addressed and diminished in their effects. While there has been a move away from top-down prescriptive support to sectors or sub-sectors (e.g. “we ought to support micro-credit for brick making”), there is now far too great a reliance on an idealised concept of participatory processes in communities to enforce good governance on the part of local councils, and effective service delivery by public agents at local levels. Far from bringing the “voices of the poor” to decision-making at local levels, the signs are that decentralised local government merely recreates at district and lower levels the rent-seeking environment that understandably characterises inadequately remunerated and under-funded public service jobs wherever they are located.

In these circumstances decentralised authority becomes part of the problem of rural poverty, not part of the solution. It would be difficult to find a better illustration of this cause and effect than the local taxation system as it has arisen and is being implemented in rural Uganda. It is evident that local communities have no power of veto over these taxes. The taxes were devised elsewhere, the method of their collection was pre-ordained in rules established at the centre, not by local councils themselves. The ability to rebuke or dismiss the LC1 chair, the only elected representative over which villagers do have such veto, is unlikely to have any effect on taxation procedures or process at district level because the district council is composed of indirect representatives elected by lower down electoral bodies, not directly by the citizens themselves.

Taxation is singled out here as a critical policy issue not just because it illustrates potential flaws in local governance under decentralisation. It also embodies the more substantial and pervasive issue for rural poverty reduction of whether or not an enabling environment for people to devise their own means to climb out of poverty is being put in place in Uganda.

The argument here is not about the legitimacy of local taxation to fund local services, which is taken as read, but on the appropriate means of raising such revenue consistent with poverty reduction goals. The local tax regime now in place in Uganda is disabling in character, and likely to be more so in the future as it becomes more entrenched, and opportunities to exploit it for personal gain by insiders become better established over time. In most countries with long established local authority taxation systems, the basis of local revenue generation is property (land and buildings). This is so for good reasons. The basis of the tax is easy to identify (land area, number and size of houses owned by people), the tax is generally considered fair by the tax-paying populace (the more property you possess the more you pay) and is progressive in character (the rich pay more local tax than the poor), the tax does not effect relative prices or the incentive to invest in businesses (indeed, in many countries local authorities provide tax breaks and incentives for start-up businesses within their boundaries).

The Uganda local tax regime does not conform to these principles. Varying taxes on every conceivable type of commodity transaction bear little relation to market prices and distort price signals to both producers and consumers. Business licenses (and related taxes) seem designed to act as a disincentive to start-up business, and, indeed, were attributed directly in one of our case-study areas as the cause of collapse of a particular type of business.[14] To these considerations, applying to official tax rates, must be added the increased risk pervading all transactions and investments due to the predations of the private tax tenderers with their inbuilt motivation to falsify accounts to local authorities and generate as much revenue for themselves as possible. In effect, local authority taxation in rural Uganda declares open season on all forms of monetised economic activity.

There is an evident disjuncture between the declared goals of PEAP and PMA as summarised earlier in this paper and the emerging local tax regime. While both programmes have poverty reduction as an overriding goal, the PMA in particular is pre-occupied with bringing rural Ugandans into the monetary economy. There remains a tendency in these strategic documents to think about poverty reduction as things which governments do, rather than things government should not do, or environments for personal initiative that governments should create. In rural areas of Uganda, the PEAP and the PMA are unlikely to live up to their expectations if they follow this orthodox route, albeit dressed up in 21st century rhetoric. The difficulties confronted by the poor in rural Uganda are only partly to do with the much-vaunted “lack of extension agents” or “local government mobilising resources to provide

better public services to villages". More seriously they are associated with an institutional and fiscal environment that is discouraging and inimicable to trade, investment, risk-taking and enterprise. Without a policy rethink in this area, progress in poverty reduction in rural areas of Uganda beyond that already afforded by the rapid pace of economic recovery seems likely to be uneven and slow.

NOTES

[1] LADDER stands for Livelihoods and Diversification Directions Explored by Research, an acronym devised to evoke the notion of "climbing out of poverty". This research project is funded by the Policy Research Programme of the UK Department for International Development (DFID); however, the findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID.

[2] The peak period of diverting donor funds away from governments was from the mid-1980s to the mid-1990s, corresponding to the ascendancy of market liberalisation as a development principle. From the mid-1990s, the role of the state was rehabilitated, albeit with strong overtones of public enabling environments for private sector development (e.g. World Bank, 1997; Stiglitz, 1998).

[3] For an interesting take on how the international financial institutions may be losing their own plot see Bryceson & Bank (2001).

[4] Since January 1986, Uganda has been ruled by the National Resistance Movement (NRM) government, led by Yoweri Museveni, which gained power after a prolonged civil war. The Movement government is non-partisan and all-embracing, hence the name "movement". Presidential elections that have been held since 1996, including the most recent one in March 2001, are for alternative candidates within the Movement, not for alternative parties. In 2000, a national referendum was held to determine whether to move to a multi-party electoral system, but this was rejected by the majority of voters.

[5] Uganda enjoys a relatively free press and media, and the tenor of local politics can be gathered in abundant detail daily in all the newspapers.

[6] Fish and fish product exports are the third largest export revenue source after coffee and gold and gold compounds (Uganda, 2001b: p.A41).

[7] The PRA wealth ranking typically resulted in the identification of 5 or 6 wealth groups by villagers themselves, and these were subsequently re-ordered into 3 groups for the purposes of household selection.

[8] All villages divided households into either 5 or 6 wealth groups, with 6 being more common than 5, hence the number of groups in Table 2.

[9] Land farmed differs from land owned according to extent of idle land and land renting patterns. In this sample, idle land is only a notable feature in Mubende district where on average 72 per cent of land owned was utilised for farming. Land rental is significant in the fishing villages of Kamuli district where mean land farmed was 11 per cent above land

owned for the district as a whole, and more than double land owned in the village of Kiribairya.

[10] The Kamuli fishing villages were found to differ not only with respect to the obvious feature of their engagement in fishing, but also due to the greater role of transport and trading compared to the other sample villages.

[11] And this also applies with force to Kamuli fishing villages when fishing is treated as a "non-farm" self-employment activity.

[12] The discussion here focuses on business, trade and commodity taxes; there is also a graduated income tax that raises additional tax policy considerations about appropriateness and collection methods.

[13] Complaints about the capricious and unfair working of the tax system were widely recorded in the first round Uganda Participatory Poverty Assessment Project (UPPAP) exercise (Muhumuza & Ehrhart, 2000).

[14] The complete collapse of fish selling enterprises in Butiru sub-country of Mbale district was attributed in group discussions in two villages to the punitive level of business taxation imposed on this activity.

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