The Paradox of Pursuing Anti-Poverty Strategies under Structural Adjustment Reforms in Uganda

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This paper critically analyses the impact of economic reforms that have been pursued by the NRM regime since 1987. It argues that though stabilization and adjustment reforms are sometimes necessary and have led to GDP growth in the economy for the last sixteen years, this growth has not translated into improved standards of living for the majority poor. The reforms have also been characterized by increasing income disparities. It also argues that the impressive GDP growth in the economy is attributed more to substantial external assistance than the effectiveness of reforms per se. It is hitherto argued that Uganda's anti-poverty strategies are unlikely to succeed in the long-run because of poor policy choices and prioritization, over-reliance on donor funds, and an unfavorable global trading system. Although this paper looks at Uganda, its findings have policy implications for other developing and poor countries facing similar policy conditions.

Key Words: Africa, Uganda, Structural Adjustment Reforms, Poverty, Anti-Poverty Strategies.

Introduction

By the time Uganda attained independence from Britain on 9th October 1962, it was described as one of those countries that had a buoyant economy, an efficient civil service and a fairly democratic political system (Jamal, 1987; Ellyne, 1995). By 1965 its development indicators were not different from those of South Korea and Malaysia. The economy had a general macroeconomic stability. In 1960, per capita income was approximately US$ 57 (Ellyne, 1995). From 1962 to 1971, Uganda's economy improved steadily with real GDP growing at 5.5% per annum and subsistence production accounting for no more than 30% of total output. Domestic savings also averaged 7.5% and there were no serious problems of either inflation or balance of payments (Elliot, 1971). This prosperity was however short-lived due to political strife and economic mismanagement that engulfed Uganda from 1971 to 1985. By 1986 when the National Resistance Movement (NRM) under Yoweri Museveni captured power, there was virtual collapse of the economy and state structures (Brett, 1993). The infrastructure had reached an advanced state of disrepair and almost all the productive

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sectors of the economy had collapsed. Inflation was 240% per annum, real GDP had declined by 15% of what it had been in 1971, and tax collection was 6% of GDP (MPED, 1986/87; Ellyne[2], 1995; Tumusiime-Mutebire, 1995). This crisis meant that government could no longer afford to raise funds to finance basic services needed by the population. As a result, Ugandans were sinking into poverty faster than ever before. To reverse economic decay and uplift people from biting poverty, the NRM regime with the assistance of the World Bank (WB) and International Monetary Fund (IMF) instituted stabilization and structural adjustment reforms.

The reforms involved streamlining economic planning and tax administration. The role of the state in the economy was reduced while the private sector was enhanced. As elsewhere, the WB/IMF technocrats anticipated that once government pursued market reforms and efficiently managed the economy, this would bring about economic growth. It was hitherto assumed that macroeconomic growth and prudent management of domestic resources would consequently have a 'trickle-down' effect on the population. Put differently, the benefits of economic growth were anticipated to translate into improved standards of living of the ordinary people.

These assumptions notwithstanding, the paper is aware of the policy changes within the World Bank since the 1990s which embraced anti-poverty strategies. It recognizes the dynamic nature of development and role of lending institutions (WB/IMF) which have undergone three reform processes. Whereas the World Bank was preoccupied with growth in Sub-Saharan Africa (SSA) since 1981, the 1990s witnessed a softening of the policy framework to incorporate pro-poor growth and the Highly Indebted Poor Countries (HIPC) debt scheme. The lending institutions have since shifted from coercive politics of conditionality (although it was not abandoned) to the gradual re-engaging the state but within a framework of 'good governance.' The softening is attributed to the World Bank's realization that the proper functioning of the market requires institutionalization. The renewed focus on the state therefore arose for purposes of guaranteeing institutional capacity and to support the efficient operation of the free market. However, the paper does not believe that such changes in the development approaches of the WB/IMF institutions constitute a paradigm shift. Much as some analysts

[2] Ellyne (1995) gives a different figure of inflation in 1986 as 260%. This figure illustrates the same point that Uganda's economy had reached a point of near collapse.

like Krugman (1995) claim that the 'Washington Consensus' has died during the 1990s, others (Loxley, 1995; Moore, 1999; Gore, 2000; Watkins, 2000) have expressed skepticism. While these changes may be different, they are still mutually interdependent and do not constitute a shift but are instead geared towards consolidating neo-liberal fundamentals (Gibbon, 1995).

Though substantial achievements have been made at the macro level in terms of impressive economic growth averaging 6% per annum for over sixteen years, the paradox is that this growth has not translated into improved welfare of the ordinary people. The paradox of mass impoverishment amidst high economic growth has since 1996 precipitated the NRM regime to pursue development policies that are oriented towards the poor. More specifically, government attention has not only focused on poverty analysis but has also taken significant steps to address the poverty challenge (PEAP, 1997; MFPED, 1997-2002). Government strategies include credit and budgetary allocations to social programs. Much as the government policy initiatives can be applauded, it is questionable whether the current poverty reduction approaches will alleviate the current levels of poverty on a sustainable basis. This paper critically looks at the challenges faced by the NRM government in pursuing poverty eradication programs within the World Bank/IMF policy framework.

Poverty in the Ugandan Context

The question of poverty is not new in Uganda, what is probably new is the context in which it is being addressed today. Prior to independence poverty existed as a local issue and did not assume a prominent position in Uganda's development debate. Much as poverty in the past was considered a community problem effectively managed under the traditional extended family and the clan, its magnitude has outgrown the traditional welfare mechanisms to require national if not international attention. The turbulence in the traditional systems is attributed to modernization forces that have weakened the traditional welfare institutions. Besides, money together with commercialization of virtually everything has undermined the traditional virtues of reciprocity and trust. Other influences like foreign religions have equally weakened traditional culture and the authority embedded within it, which previously catered for social security. It is therefore the crisis in the traditional norms and value systems that changed the context of managing poverty in the contemporary period.

Although similarities exist, the experience of poverty varies in its nature, extent and trends between regions, rural and urban areas. Uganda National Household Survey (UNHS) data of 1997, for instance, indicates that in eastern Uganda, which has the greatest proportion of the population, 54% of the people live in absolute poverty, compared to 28% in the central region. According to Okurut, Odwee and Adebua (1999) and the UNHS (2000), the northern region of Uganda was ranked as the poorest in terms of welfare indicators. The western region was also rated as the worst in terms of welfare indicators even though this region has the second highest income levels in the country (Appleton, 1999).

Poverty also differs in definition between urban and rural areas (CDRN, 1996). In Uganda's urban areas, money is for instance the underlying factor that constitutes poverty because virtually everything is monetized. Poverty has therefore been defined as lack of money to cater for family needs. In rural areas however, poverty is perceived in terms of resource deficiency. In this respect, resources refer to physical assets and social networks.

Notwithstanding the variation in definition, the magnitude and intensity of poverty differs between rural and urban areas. The rural areas are much more affected than urban areas. Appleton (2001) basing on data derived from government administered surveys indicates that poverty head-count[3] in urban areas fell from 17% to 10% compared with a fall from 49% to 39% in rural areas in 1997 and 2000 respectively. He further states that poverty has declined by 43% in urban areas in comparison to only by 18% in rural areas of Uganda since 1992. It is clear from the above illustrations that isolation causes vulnerability to poverty. Communities are isolated in terms of distance, markets, poor or lack of schools and health centers and transport, resource allocation, or insecurity. These forms of isolation subsequently exclude rural communities from the development process.

Apart from rural dimension, poverty has equally taken a gender perspective. In Uganda, women are disproportionately affected by poverty than their fellow men (Ahikire, 1998). This is regardless of the fact that women provide 70% of the total agricultural labor and are responsible for producing 80% of Uganda's food. This poverty is attributed to inequalities that are perpetuated by socio-cultural and

[3] The poverty head-count index highlights the number of people or households living below the poverty line.

economic factors. Women lack access to economic opportunities because of limited education, cultural impediments, big workload and low participation in decision-making. In general, women do not own productive assets like land[4]. Besides, women lack legal protection over property rights in the event of their husbands' death. It is therefore true that increases in household income may not necessarily translate into increased benefits to women.

Poverty is further conceived to have a social dimension. The social dimension of poverty is much more about deficiency of social networks. In rural areas social networks (social capital[5]) are valued much more than the virtual possession of physical assets. Social networks in this respect include, having friends, relatives, a family, and being at peace with neighbors and the community at large. Ugandan society perceives people who lack friends and relatives or those socially disadvantaged to be poor. According to UPPAP[6] Report (2000), a poor person is viewed as having no relatives, no children, no wife or husband; being disabled persons, elderly, orphaned; having diseases; and being unable to access basic necessities. In African traditions, the more a person is socially connected weighs more than owning physical assets. This can be traced in local adages. For example, the *Banyankole* of western Uganda have an adage that "*Ekyokwezirikagye Oshangwa Ozeirwegye*". This literally implies that one who is born in a rich family with wide social networks is better positioned than one without such background. It is traditionally believed that even if one loses his or her material possessions, they can be regained if that person has strong social networks.

According to UPPAP Report (2000: 9), Local people reported more movement into poverty than out of it. Poverty was therefore reported to be increasing. The report further reported a linkage between lack and/or decreasing social capital and increasing poverty levels among the Ugandan people. The absence and/or deterioration of social relationships and networks, particularly the role of extended family that supports the traditional welfare system causes poverty. Relatives enhance a sense of belonging to the community in the form of a clan and

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[4] The UNDP (1998) annual national Human Development Report for Uganda stated that although women carry out 70-80% of agricultural work, only 7% of women own the land they till.

[5] Social capital according to Putnam (1993) refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions.

[6] UPPAP is a process of assessing the nature of poverty in consultation with the poor. It is a qualitative analysis that uses the perceptions and perspectives of the poor to understand the nature of poverty and subsequently formulate an appropriate policy.

provide social and physical security in times of hardships. During times of crisis, friends, relatives, neighbors and even the wider community can act as a shield by giving immediate assistance. The CDRN (1996) and UPPAP (2000) reports underscored the high rating of social capital in comparison to economic power by the poor themselves. People who have money but have no family, relatives or friends are classified as being poor because economic power is considered temporary while social networks are permanent. Social support networks, where they still exist, play an instrumental role in protecting the poor from the vagaries of poverty. Such support is in form of helping out like by contributing food, providing labor, seeds, and productive assets, settling of disputes and other forms of charity.

In the case of Uganda, the instrumental role of social networks in improving the welfare of the poor can be cited using various examples. The existence of social capital in Kabale district has helped patients from remote areas to access health facilities. The formation of the '*Engozi*' group epitomizes the role of community networks in shielding the weak during crisis situations. The '*Engozi*' group is 'a stretcher group'. It refers to a self help group in Kabale district that was formed to transport the sick persons from the remote parts of the district to the health centers on locally made stretchers. Other social networks that have helped the poor to access productive resources include self-help groups like '*Munno mu kabi*' in the central region of Uganda. '*Munno mu kabi*' is translated as 'a friend in trouble'. Such groups are formed to assist colleagues and friends in crisis by pooling together their meager resources and then pass them over to those with problems. From the above illustrations, it is clear that lack of social capital causes poverty.

The UPPAP research findings reported that social capital was deteriorating very fast in urban areas:

> The traditional welfare system was seen as promoting community cooperation and household well being, although it was seen to be declining, especially in urban areas (UPPAP, 2000: 15).

Lack of social cohesion was particularly cited as a dominant factor constraining development at the individual, household and community level. The phenomenon of deteriorating levels of social capital is attributed to the breakdown of positive traditional structures and values that are custodians of culture, norms and social ties. These include elders, clans, and the extended family. The breakdown of traditional structures is attributed to modernization, which promotes individualism, the need to be secretive, and the drive to succeed economically while out-competing everyone else.

Another dimension of poverty is related to season or time of life. It is common within rural areas for people to be temporarily poor as a result of a bad season. Households move up and down the poverty ladder. Therefore, poverty varies at different points in time. For example, rural people do experience poverty during the pre-harvest period whereas they tend to earn more during the post-harvest season. They therefore experience intermittent poverty during certain seasons (Lipton, 1986). This can sometimes be temporary or permanent depending on the coping mechanisms of those particular people.

Measurement of Poverty

The measurement of poverty remains a major challenge to social scientists. Likewise, there is no precise and generally agreed definition or measurement of poverty (Glewwe and Gaag, 1990; Baulch, 1996). To some scholars, poverty is perceived as a lack of means to satisfy basic necessities of life (Lipton and Maxwell, 1992). Other scholars conceptualize poverty to be more than just the lack of income but also the lack of the means to satisfy basic social needs. It also includes a feeling of powerlessness to break out of the cycle of poverty and insecurity of persons and property (Townsend, 1993; Chambers, 1983). UPPAP (2000) show that vulnerability[7] to poverty assumes four major dimensions namely, poor physical well being, a constrained social network, powerlessness and gender inequality.

There are two conventional approaches used to identify the different forms of deprivation. These include the quantitative measures, which use a technocratic 'top-down' approach. These are popular with international organizations and frequently use a predetermined standard criterion upon which poverty is measured. On the other hand, there is the qualitative method, which uses the 'bottom-up' approach to define poverty. This approach has been popularized by Robert Chamber's participatory studies in Africa and Asia. He lists the popular perceptions of poverty to include inadequate food security, having to accept demeaning or low-status work, lacking land, livestock, farm equipment and other assets. It also includes being unable to send children to school, having to put children into employment, being dependent upon common property resources, having bad housing,

[7] 'Vulnerable groups' refer to those groups that are living at the income poverty datum line or below.

having more mouths to feed and fewer hands or less able-bodied household members to work. Lastly, having inadequate social support, being single parents, disabled, or suffering the effects of destructive behaviour such as alcoholism. In this case, the point of view of the poor defines poverty. In other words, it is measured from the perspective of the victim. The two poverty studies conducted in Uganda in 1996 and 1999 by CDRN and UPPAP respectively used a qualitative approach which is the ordinary people's own perception of poverty (CDRN, 1996; UPPAP, 2000).

A popular quantitative measurement of poverty widely used in poor countries is material consumption. This measure defines a person as poor if his/her income or expenditure is below a defined poverty line. In many poor countries where data on people's incomes is not readily available, the poverty line is determined in terms of minimum expenditure necessary to ensure access to food calorie intake as a proxy for income. The World Bank (1990) has been determining the absolute poverty line basing on those persons who spend less than one US dollar a day. The World Bank (1984) also proposed the nutrition-linked measurement of poverty (linking consumption and nutrition status). It is based on an assumption of 2200 calories plus a few non-food expenditure items per person.

Much as the use of income/expenditure measurement is believed to be crucial for intervention in poverty alleviation, it is premised on a mechanical perception that poverty is lack of incomes or insufficient access to resources; or relative deprivation or inability to meet basic needs[8]. The problem with this conceptualization is that it gets an oversimplified picture of poverty and over-relies on just one or a small number of quantitative indicators. The use of the poverty line further becomes questionable when applied to subsistence economies where monetization is limited. It is also criticized for being unable to capture gender dimensions of poverty (Kabeer, 1996) Furthermore, the major criticisms revolve around the criteria used for setting of the food energy requirements, which may vary according to the geographic region and climate. It is therefore not easy to standardize it. There are also disputes about measuring the cost of a 'minimum food calorie intake' and about how to add on the allowance for non-food expenditure (Ravallion,

[8] The World Employment Conference of the International Labor Organization (WECILO) defined basic needs as a family's minimum requirements for private consumption and essential services. These include food, shelter, clothing, household equipment and such services like sanitation, transport, health, education and cultural facilities (Quoted in Ghosh, 1998).

1993). In the same vein, Ghosh (1998) argues that income levels are not useful because the minimum income required to escape deprivation differs from community to community. Therefore, using a minimum cut-off income applicable to poor countries would fail the test if applied to rich countries.

The other quantitative measure of poverty is per-capita income. Per-capita income is calculated by dividing the national income by the total population. Uganda's GDP per-capita is currently estimated at US$ 334 (UN, 2001). Nonetheless, data obtained using the per-capita index can be compromized because it obscures the detailed picture of poverty. The fact that it does not show exactly who the poor are, how many they are, and where they are located makes its reliability questionable.

Equally criticized is the use of basic needs criterion to define poverty, This definition looks at poverty as deprivation in terms of various material requirements like food, health, education, housing, safe drinking water and sanitation. The basic needs perception is attacked for being just an improvement of the income. The criticism is that human needs should not be interpreted as being predominantly physical needs like food, shelter and clothing, rather than social needs. Ghosh (1998) argues that once the concepts are simplified to an insufficiency of income, the easier it is to argue that the national growth of material wealth is all that is required to overcome the phenomenon of poverty. It is therefore widely agreed that the definition of poverty should be widened to go beyond an insufficiency of income to include social needs (Chambers, 1983; Townsend, 1993; World Bank, 1994d; Bakhit, 1996; UNDP, 1998; Ghosh, 1998).

Another measure of poverty is the capability criterion which draws on the work of Amartya Sen (1995). It argues that access to commodities and services determine people's capability to function. These capabilities can relate to simple functions such as being adequately nourished and clothed, and more complex capabilities like being able to participate effectively in the social life of a community. This approach incorporates the problem of social exclusion or marginalization in the idea of poverty. It is therefore much broader than the income and basic needs approach. Nonetheless, in circumstances that pertain in most poor countries where there is lack of an adequate database to allow for accurate measurement of poverty, the basic needs and capability criteria may not be useful.

In addition, the Human Development Index (HDI) is based on the proportion of a population that is deprived in three aspects, namely, longevity, education, and decent standard of living. The HDI stresses the multi-dimensional character of development and deprivation. Arjaan de Haan (1998) however criticizes the HDI for describing mainly the outcomes but focusing less on the actors and processes that cause these. Besides, the HDI focuses on national averages and less on specific groups suffering from deprivation.

The major weakness with quantitative treatment of poverty issues is that it assumes that poverty reduction is a technical and value-free phenomenon measured by progress in consumption levels. This perception neglects social and political factors that constitute poverty. Moreover, quantitative measures do not accommodate the feelings of the poor. Furthermore, the weakness with quantitative measurements is the attempt to translate all the aspects of poverty into figures. Poverty is such a complex phenomenon that not all of its elements can be reduced to numbers. Examples of poverty, which cannot be quantified, include issues like powerlessness, social exclusion, dignity and respect. Besides, many of the poor countries lack adequate data banks to allow for accurate measurement of poverty. The exercises for compiling such data are expensive and require periodic updating. This can prove a burden to countries that are already facing economic difficulties and have to make painful choices on where to spend the meager resources.

Given the fact that poverty is a multidimensional phenomenon, this paper conceptualizes poverty to encompass both material and non-material aspects of deprivation like powerlessness and social exclusion. It agrees with Haverman (1987) and Ghosh (1998) who argue that the fact that poverty is a multifaceted phenomenon necessitates the use of various indicators, which capture wider aspects of deprivation. They attribute the problem to poverty being elastic, multidimensional, non-objective and culturally determined. They further argue that a combination of measurements of poverty be used simultaneously if all aspects of poverty are to be captured.

The Causal Factors of Poverty in Uganda

Poverty is a complex and multi-dimensional phenomenon that can be understood from a multitude of points of view. Conventional debates about the causes of poverty continue to be dominated by the orthodox liberal and structural perspectives (Schneider, 1988; Navak, 1988; Townsend, 1993). The orthodox paradigm perceives the cause of poverty to lie in the defects of mind or body, or misfortune proper to the individual. The idea that the poor are themselves responsible for their plight is a widely believed explanation of poverty not only in the richer Western countries but also in poor countries (Schneider, 1988). Research carried out on poverty in Uganda also established that the poor tended to be blamed for being lazy (CDRN, 1996).

Some of the critics of this model however argue that poverty is not a product of individual weaknesses or failure, but is rather a result of complex social forces that include actions of classes, groups, agencies and institutions that interact within a particular social and economic order (Alcock, 1997). This structural approach draws on dependency theories of development, theories of stratification, neo-colonialism, and state policies. It conceives poverty to lie in social circumstances, which interfere with the relationship between the individual and the economic organization of society. There is a growing recognition that the cause of poverty is much more explained by how people relate to each other in the process of production, exchange and distribution of resources. It is within the same structural context that Gilbert (1930) succinctly observed that whereas the poverty of the earliest beginnings of human society was attributed to technological incompetence to produce adequately the necessities of life, the recent successes in achieving adequate production has not been equalled by success in securing the distribution of goods in proportion to needs, hence the protest against poverty as a class grievance. Poverty is a symptom of the existence of systems of injustice that are entrenched in socio-economic systems. Such systems not only perpetuate poverty but also allow it to persist.

In the case of Uganda, poverty is partly attributed to individual or domestic causes such as laziness, extravagance, lack of co-operation, and cultural practices like polygamy, oppression of women and high bride price[9]. Another domestic cause of poverty that is common among technologically backward countries is the increasing population pressure on the available resources. It is a fact that uncontrolled population growth can compromize the benefits of economic growth and subsequently increase impoverishment. In the case of some East Asian countries, this problem was overcome by technological advancement in agriculture (Green revolution). The issue of population increase in the context of traditional farming practices is to some extent responsible for causing poverty in some parts of Uganda. Given the fact that more than 80% of Uganda's population is engaged in agriculture to earn a living,

[9] An example can be cited of the Jie people of Karamoja in Eastern Uganda. Men pay bride price averaging 200 cows when marrying (UPPAP, 2000).

the inability to access land and/or declining productivity leads to poverty (Deininger and Okidi, 1999). There is no doubt that high fertility rates are increasing pressure on land availability and productivity in Kabale, Rukungiri, Kapchorwa and Mbale districts of Uganda (CDRN, 1996).

While it is true that uncontrolled population growth puts pressure on resources and has subsequently caused poverty in some districts, Uganda's population of 21.6 million (UBOS, 2000) and the average annual GDP growth of 6% (UBOS, 2000) has not yet assumed a threatening level in relation to the available resources. Uganda is a fertile country with most parts either unsettled or sparsely populated. The major problem has been the failure to adopt modern farming practices. The current average household size of 5.21 and 4.9 persons in rural and urban areas respectively (UNHS, 1999) has not yet become a major cause of poverty in Uganda but may pose a future threat if no adequate measures are put in place to mange population growth. The available evidence to this effect can be adduced from the findings of the national study on the causes of poverty that was conducted by the government of Uganda. The Uganda Participatory Poverty Assessment Project (UPPAP) (2000) studied poverty from the perspective of the poor. Its findings on the ten major causes of poverty based on the frequency of reporting by the communities, ranked large families second to the last. Instead, poor health and disease was ranked highest; followed by excessive alcohol consumption; lack of education and skills; lack of access to financial assistance and credit; lack of access to markets; ignorance and lack of information; idleness and laziness; lack of cooperation; large families and; Insurgency (UPPAP, 2000: 21).

Besides, there has been a concerted effort by the successive governments of Uganda to control population growth. This has been done through deliberate policies to control fertility rates using media campaigns, community education programs as well as the giving of free contraceptives in government hospitals and health centers. Indeed, these deliberate government policies have paid off as demonstrated by the results of the Uganda Demographic and Health Survey (UDHS) (2000). It showed improvement in the Contraceptive Prevalence Rate (CPR) which rose from 5% in 1989 to 15% in 1995 and 23% in 2001 while the target is to reach 30% by 2004. Furthermore, the Total Fertility Rate (TFR) also reduced from 7.4 in 1989 to 6.9 in 2001 (WHO, 2002). The annual population growth, although still high, dropped between 1959 and 1991 as illustrated by Table 1 below:

Table 1: Inter Census Annual Population Growth Rates 1948-2000

Period	1948-59	1959-69	1969-80	1980-91
Annual Growth Rates	2.5	3.9	2.7	2.5

Source: Uganda Bureau of Statistics (2000).

The fact that education plays an instrumental role in human transformation, development, and modernization of a country, the NRM government policy of liberalizing education and the introduction of universal primary education (UPE) in 1997 will likely play a role in controlling fertility rates and subsequently reduce poverty. Therefore, a consistent government policy to control population growth must always be a key component of Uganda's anti-poverty strategies.

Though Uganda's poverty has been attributed to individual or domestic weaknesses, it also has historical and international perspectives (Mamdani, 1983; World Bank, 2001). During and since the Colonial period, the pre-capitalist subsistence economy has been increasingly supplanted by the international capitalist economic system and this has exacerbated the existing inequalities and subsequently created structural poverty among the natives. Moreover, the continued imbalances in world trade as well as have undermined the economies of poor countries. The above causes of poverty notwithstanding, the effect of macroeconomic policies pursued under the auspices of the World Bank/IMF since 1987 have also adversely affected the people as illustrated below.

The Macro-economic Perspective of Poverty

Poverty issues again assumed a prominent position in government policy initiatives in 1996 because of the failed expectations that macroeconomic reforms would lead to economic growth and subsequently have a positive effect on the poor. Much as the rigorous implementation[10] of structural adjustment reforms has significantly led to Uganda's GDP growth averaging 6% per annum for the last sixteen years, there is no agreement on the effects of the reforms on the welfare of the majority rural people. The issue of whether the implementation of

[10] The Uganda government initiated the economic recovery program in 1987 and has since then undertaken adjustment reforms embracing liberalized systems for markets, trade, investment, foreign exchange and tax regimes. The prime objective of these reforms was to create efficiency by reducing the direct role of government in production and commercial activities while promoting the private sector as the main engine of growth.

macroeconomic reforms has had a positive effect on poverty levels therefore remains a contested terrain. There currently prevail two contentious views about the impact of adjustment reforms on the welfare of the majority of the people in Uganda. The official government perspective is that macroeconomic reforms have reduced poverty over the years. However, the contending view disputes the government statistics and argues that poverty has been actually increasing. The two views are hereunder discussed.

The available government statistics show that poverty has indeed come down as a result of maintaining macroeconomic stability and pursuing pro-poor growth. Estimates from the national household surveys conducted by Uganda Bureau of Statistics since 1992 indicate that poverty reduced from 56% in 1992 to 44% in 1997 and to 35% in 2000 (IHS, 1992; UNHS, 1997 and 2000). Much as official statistics claim that there has been a reduction in poverty head-count, they however acknowledge that there is still a problem in distribution of welfare. In other words, they agree that there has been a disproportionately small impact of growth on the majority of the population. This is because growth has mainly occurred in sectors that do not employ the bulk of the population as conceded by the Minister of Finance, Planning and Economic Development in a press release:

> One of the budget falls in poverty since 1995/96 was among the households where the head works in the government sector. In 1995/96, 33% of the people in such households were defined as poor, but by 1999/2000, this had fallen to 8%. Households engaged in trade, hotels, transport and telecommunications, mining and public utilities have all seen substantial reductions in poverty (*The New Vision*, January 11, 2001).

Growing income disparities between the different sections of the Ugandan people have also been confirmed by other studies. Appleton (1998) for example observes that the small reduction in poverty levels in Uganda is almost exclusively explained by growth and not by changes in the distribution of welfare. It is estimated that nine million Ugandans still live below the absolute poverty line irrespective of the fact that poverty has, in absolute terms, decreased by 21% since 1992 (Appleton, 1999). Appleton (2001) further notes that whereas mean real consumption per capita grew by 22% in Uganda, the increase was larger (42%) in urban areas than rural areas (15%). Poverty in Uganda is predominantly a rural phenomenon as indicated by Appleton's findings (1999). It should however be noted that even within the rural areas themselves there are sharp disparities between cash crop growers and food producers, between men and women[11] as well as between regions[12]. He further confirms that the consumption gains went largely to the top docile (the richest 10% of the population) which saw its real per capita consumption levels increase by 20%. In stark contrast, the consumption levels of the poorest 10% grew by just 8% during the same period. The Poverty Trends Analysis (1992-1996) also shows that the poorest 20% of the population were becoming poorer while the rich were getting richer.

Notwithstanding the above cited disparities, it has officially been acknowledged that poverty has increased in the northern region from 60% in 1997/98 to 65% in 1999/2000 (UNHS, 2000). Two-thirds of the northern population cannot meet their basic consumption needs (UNHS, 2000; MFPED, 2001/02; *The New Vision*, January 11, 2001; *The Monitor*, September 12, 2001).

While figures by Appleton (2001) and the Poverty Status Report (2001) indicate growth in consumption gains, such a picture should be treated with caution and need not create an impression that the economy is on a sustainable poverty-eradication path. The possible explanation for this growth is the increase in direct transfer payments, which may not guarantee sustainable poverty reduction. These current transfer payments include in-flows of donor funds and the HIPC debt scheme. Similarly, direct funding of district activities by the central government as a result of resource in-flows from the HIPC debt initiative. For example, additional funds have accrued from the HIPC initiative, which reduced government's debt repayments to foreign debtors by approximately US$ 40 million annually for 30 years. In addition, the 1999 enhanced HIPC initiative gave a further debt relief of US$ 50 million for 20 years with effect from May 2000. These two debt relief initiatives have led to increased resource in-flows at both the national and local levels. According to the Secretary of the Poverty Action Fund (PAF[13]), government spent Ushs 141 billion on sectors that

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[11] Women fare poorly because they are engaged in food production and also due to socio-cultural impediments that constrain their access to productive resources and the decision making process.

[12] In respect to regions, Appleton (1999) indicates that, whereas absolute poverty only declined by 8% and 13% in the east and northern regions respectively since 1992, it decreased by 39% in the central region. Also see Poverty Trends in Uganda (1998).

[13] The PAF is a special bank account that has been created to handle funds that have accrued from the HIPC debt initiative with a goal of channeling them to priority action areas that have been identified to directly benefit the poor. These include primary healthcare, rural

directly benefit the poor of which Shs 111 billion was directly channeled to the districts (Local Governments) in the financial year 1997/98. However, by 2000/01 the budgeted expenditures for PAF programs had tripled to Ushs 462 billion of which Shs 340 billion went to districts. The HIPC debt relief savings, donor budget support, and the increased consumption of credit may create temporary relief and false indicators that the benefits of growth are 'trickling-down.' Hence, poverty is still a formidable challenge that requires concerted government action to alleviate it on a sustainable basis.

Notwithstanding official statistics that claim a growing reduction in poverty head-count, independent studies conducted indicate that macro-economic improvements have not only evaded the poor but may have even exacerbated their condition (Kayiso, 1995; CDRN, 1996; Smith, 1997; Goetz and Jenkins, 1998; UPPAP, 2000). These findings contradict government claims that poverty has reduced. For example the Community Development Resource Network (CDRN) used a participatory approach to conduct research in seven districts (Apac, Kampala, Kapchorwa, Kibaale, Kisoro, Kumi and Nebbi) on behalf of Novib, Oxfam and Action Aid in March 1996. The research findings indicate that poverty was increasing due to policies that are part of the structural adjustment reforms vigorously pursued by the Uganda government since 1987:

> Here again field consultations point us in a different direction: not only is poverty perceived by local residents to be widespread among many communities in Uganda, in both rural and urban areas, but it also emerges from the accounts of those communities that were studied that this situation is perceived to be getting worse, especially in the last 10 to 15 years (CDRN, 1996: 3).

Similarly, a survey carried out by Bank of Uganda between 1994 and 1997 found out that poverty was increasing (Smith, 1997). The survey considered a number of dimensions of people's living conditions, especially with regard to housing conditions, sanitation, education, health care, income and expenditure, and access to transport and communication. The report revealed that not only the poverty situation in Uganda had increased in the areas surveyed but that it was also severe.

Moreover, the UNDP Human Development Index (HDI) (2000)

roads, primary education, rural water and sanitation, and the transformation of agriculture.

ranked Uganda as the 158th out of 174 poor countries. Besides, the government of Uganda conducted a participatory research in 29 districts of Uganda between 1998 and 1999. The UPPAP research findings had a similarity with those of CDRN. They indicated that poverty was increasing in the countryside.

The research findings of this study also agrees with the view that poverty was increasing in the rural areas. Much as the representativeness of the sample (two districts) in which this research was carried out may be questioned, 78 out of 120 respondents interviewed indicated that poverty was increasing despite their hardworking. The heads of households interviewed indicated that their sources of incomes had deteriorated compared to the past years and that the markets as well as the prices for agricultural produce were dwindling. They also complained of hardships faced in raising funds to meet pressing household expenses like tuition, health fees, and payment of taxes, especially graduated tax. Even community leaders generally complained that poverty was on the increase in the rural areas. They however attributed it to poor infrastructure and lack of markets. The increase of mutual aid agencies (self-help support groups) in rural areas was largely attributed to the increase in poverty and the lack of alternative sources of raising funds.

Some of the possible explanations as to why the various researches conducted on poverty in Uganda tend to contradict each other may be due to the different definition, methodologies and analyses used to derive such sets of data. If, for example, poverty is perceived in income-expenditure terms, there is a high possibility that that the non-material aspects of poverty will be skipped which will lead to an incomplete picture of poverty. Like earlier argued, there is need to compliment the quantitative approaches with qualitative methods while conducting studies on poverty. For instance, the major weakness with the Poverty Eradication Action Plan (PEAP) policy framework was designed on the basis of data generated by quantitative household surveys conducted from 1992 to 1996. This data did not incorporate the perceptions of poverty by the poor themselves, which was a serious omission (Goetz and Jenkins, 1998:13). The eventual realization that the implementation of PEAP was being constrained by the failure to include perspectives of the poor, forced the government to conduct UPPAP, which is a qualitative study, in 1998 and 1999. The study involved consultation with the poor to ensure that their voices influence the national policy.

As far as the approaches used are concerned, official government statistics have frequently adopted a quantitative approach while those of CDRN and UPPAP used a qualitative method. Moreover, government statistics tend to be based on small samples carried out either in urban or peri-urban areas. A case in point is the IHS of 1992, which interviewed around 1000 households (Appleton, 1996). The common practice with government officials conducting such studies is that they tend to work around urban or peri-urban areas where conditions are conducive. They also tend to take fewer days than those indicated on their claim forms so as to maximize their savings. This is why such statistics tend to be unreliable. While writing on Uganda, Brett (1994: 66) also cautioned against accepting official statistics by their face value:

> Economists evaluating structural adjustment programs tend to compare performance....... using publicly reported data. They then compare the results to confirm or disconfirm the outcomes predicted by their models. ....this under-estimates the problems involved in managing change, since those concerned systematically conceal information from the state....... Official statistics and actual outcomes are very imperfect indicators of the impact of policy.....

The paradox of apparently mass poverty amidst high economic growth rates can be partly explained by distortions caused by macroeconomic policy reforms. More specifically, the presumption that the liberalization of tradeables such as coffee would increase the incomes of rural farmers and subsequently reduce their poverty, seem not to be applicable in the Ugandan context. This presumption can be disqualified on two accounts. First, is the assumption that trade liberalization stimulates those sectors of the economy in which Uganda has a comparative advantage like agriculture. Although it is possible that farm gate prices may improve the incomes of farmers and create employment opportunities in the initial period and therefore motivate farmers to produce more, these gains are short-lived because of the unpredictable global trading system. The amount of tradeables produced like coffee is regulated by the quota system allocated to each producing country. Moreover, the fluctuation in the world prices of such tradeables negatively impacts on the price. For example, whereas 2,792,753 (60kg) bags fetched US$ 432,651,033 in 1994/95, the total value declined in 1996/97 when 4,148,803 (60kg) bags fetched US$ 366,126,641 despite the increase in tonnage (Bank of Uganda Annual Report, 1997/98). Besides, the findings by Arinda and Namanya (1998) in their study of the impact of liberalizing coffee prices on the farmers indicate that although coffee farmers fared well generally, some were not benefiting as anticipated. The key to lack of success seemed to reside in the remoteness but perhaps more significant was the exploitation by both middlemen and moneylenders. It is therefore vividly clear that the liberalization of tradeables may not directly translate to increased benefits to farmers because of both domestic bottlenecks as well as international factors like quota systems, fluctuation of producer prices, and market protectionism by Western countries.

Second, the Ugandan economy is still predominantly a subsistence economy which has a weak integration into the modern economy. In this particular respect, a subsistence economy refers to a situation where the agricultural production of the majority of the population is not driven by the profit motivation but by domestic consumption. Although these people may from time to time interact with the market by selling their surplus produce to meet essential requirements, they have not transformed into commercial farmers and most of their market transactions are not accounted for in government economic statistics. In fact, the recent government policy goal, the Plan for Modernization of Agriculture (PMA)[14], acknowledges that Uganda's agriculture is of a subsistence nature and plans to transform it into commercial agriculture. The participation of farmers in the market as well as general commercialization of Uganda's agricultural produce remains low. According to Deininger and Okidi (1999) about 25% of crop producers are pure subsistence producers while about 70% were only marginal market participants who sell less than 20% of their output. They further indicate that the increase of agricultural cash crop producers grew by only 4% (from 26% to 30%) between 1992 and 1996. This evidence is supported by the findings of the 1992/93 Household Budget Survey which indicate that food crops account for about 90% of total income earned from agriculture including home consumption, whereas traditional cash crops account for about 6%. Moreover, the recent poverty trends (UNHS, 2000) have confirmed that most of the poor live in the rural areas and most of these (84%) primarily depend on agriculture for their livelihood. Therefore, trade liberalization of tradeables may not improve the living standards of the poor.

Ssemogerere et al (1994) had also previously established that the elimination of government marketing boards in Arua resulted in

[14] PMA is a holistic, strategic framework for eradicating poverty through multi-sectoral interventions that are aimed at combating constraints that directly impinge on the agricultural sector, which affects the livelihood of many Ugandans.

monopoly buyers for cotton and tobacco and consequently led to limited price incentives for farmers. This evidence is corroborated by the findings of the IHS (1992), which indicate that the poor are much less involved in the market than the less poor and therefore have benefited less from market liberalization. Contrary to the neo-liberal assumptions that the rural poor will take advantage of liberalized commodity prices, the remote rural poor have not benefited in the case of Uganda. The macro-economic assumptions grossly underestimate the influence of economic infrastructure as well as other constraints already mentioned. These inherent constraints imply that the liberalization of the prices of tradeables may not automatically translate to direct benefits for all the rural poor. While trade liberalization is assumed to motivate rural farmers to produce more, their participation in the market may be complicated by other factors that generally constrain agricultural production. These include low level of technology, market and credit imperfections, insecure property rights, low level of human capital, limited opportunities for diversification out of agriculture (Reardon, 1996) as well as poor physical infrastructure. Moreover, the increase of agricultural production *per se* may not translate into increased incomes for the farmers. This is partly because their products may not be competitive in the world market because they do not have value added. They are simply unprocessed raw materials, which fetch low prices. Therefore, trade liberalization alone may not be beneficial to farmers unless it is pursued simultaneously with agro-processing to add value to these products.

The impact of adjustment is also gender specific. Women are less likely to benefit from market incentives because their labor goes to the production of food crops. Even in circumstances where Ugandan women are involved in the production of food crops that have a market value like maize, they are less likely to benefit from liberalization of commodity prices because they have little control over the benefits so derived (Ahikire, 1998). This is because most women in Uganda do not have land ownership rights (Goetz and Jenkins, 1998: 10) because of cultural and legal impediments. They are therefore some times marginalized in the sale of items or commodities that arise out of their labor and in the decision making process of the household.

Besides, the requirement of adjustment policies to reduce government expenditure and control inflation to single digit figures negatively impacts on the poor people. The squeeze in government expenditure leads to declining incomes and rising expenditure of the poor because they are required to subsidize social services that were previously accessed free of charge. The poor were accustomed to the situation where education and health as well as hybreed seeds, acaracides, pesticides and farm implements were either provided free of charge or highly subsidized prior to the implementation of adjustment reforms. However, the reforms have now required them to sell some of their assets in order to meet immediate requirements like healthcare in form of cost sharing[15] and payment of school fees. The burden of cost sharing on the poor cannot be disputed. Though the rural poor contribute substantially to health-care, emerging evidence shows that user fees have not improved health services. Notwithstanding the delivery of poor services, cost sharing has led to the decline in the demand of outpatients and reproductive health services while increasing attendance of traditional birth attendants and traditional healers (Ssemogerere et al, 1994). In this example it seems clear that adjustment policies have exacerbated misery of the Ugandan poor, contrary to the expectations of the World Bank technocrats.

Moreover, the emphasis by adjustment reforms on stringent fiscal and monetary policies affects the availability of credit to the poor. This is because these policies lead to high interest rates by lending banks. The demand for fiscal and monetary discipline as well as rationalization of financial institutions impedes the access of the poor to credit facilities in Uganda. The interest rates charged on loans by Uganda's commercial banks have ranged from 20 to 40%. These high rates are supplemented by other stringent requirements like collateral, which the majority of the poor lack. The closure of non-viable branches of Uganda Commercial Bank (UCB)[16] in the countryside because of restructuring also reduced access of the rural poor to banking facilities.

The requirement by adjustment policies to restructure and rationalise the civil service, which led to retrenchment, also harmed the well being of the poor. Contrary to the view that retrenchment may not

[15] Since 1990, the government has introduced a number of cost-sharing schemes to raise funds that would be used at the local health unit to motivate staff and meet some operational costs. The outcry against cost sharing however came up during the presidential election campaigns as a highly contentious issue. The sensitivity of the matter forced the NRM government to scrap cost sharing against the poor. It has now been made optional for those who do not want to line up with the ordinary people for medical services to opt for the paying private wards where there is no congestion and services are faster (*The New Vision*, February 17, 2001).

[16] UCB is a government owned bank that was created after independence to protect the interests of the Ugandan people. It is the only bank with an extensive branch network in both urban and rural areas in Uganda. The restructuring process of UCB in 1997/98 however led to the closure of UCB non-viable rural branches.

impact negatively on the rural poor, the reality is that it cut off remittances of those who had had such a privilege. The linkages between the rural and urban areas cannot be underrated given the fact that urban dwellers maintain close ties with their rural counterparts. The institution of the extended family is very instrumental in Uganda's case. Many rural people receive transfer payments from their children and relatives employed in urban areas. The urban employees also maintain second homes in rural areas where they often provide employment to the rural poor. Retrenchment therefore affected the well being of those rural families that previously benefited from transfer remittances.

The NRM Government's Anti-Poverty Strategies

The NRM government's anti-poverty policy action took cognisance of the fact that high economic growth was not translating into high living standards for the poor as anticipated. The recognition of increasing poverty levels therefore precipitated government to take the necessary steps to reverse it. More particularly, government attention has been focused on understanding the nature, magnitude, causes and location of the poor with the view of designing appropriate policies and/or re-focusing the existing ones to cater for the plight of the vulnerable. Some of these policies include pursuing prudent macroeconomic policies and the formulation of a national policy framework, PEAP. In addition to these, the NRM government has redirected budgetary resources towards programs with the highest potential for poverty reduction as well as creating a Poverty Action Fund (PAF) in 1998 (PEAP, 1997; MFPED, 1999/2000). The government has also resolved to transform the agricultural sector as a means of reducing poverty. This decision is in advanced stages and is guided by PMA. The overall objective of the government's anti-poverty strategy has been driven by the desire to raise family incomes.

It should however be noted that prior to the formulation of PEAP, government had previously been engaged in countrywide activities aimed at alleviating poverty. These include the giving of credit as exemplified by the Rural Farmers Scheme (RFS)[17], *Entandikwa,* and Poverty Alleviation Project (PAP)[18] to the poor. In addition, other

[17] RFS was a rural credit scheme launched by government in 1987 through the Uganda Commercial Bank (UCB) to assist rural farmers. It involved a revolving fund of 6 billion shillings (US$ 6 million) meant to transform farmers from subsistence to commercial producers.

[18] PAP is a micro-finance program formed in 1994 by government to support the economically active poor engaged in small-scale enterprises. It was funded by a loan of US$ 13.5 million from the African Development Bank and US$ 1.5 million by government of Uganda.

programs geared towards relieving the poor of their poverty include Program for the Alleviation of Poverty and the Social Costs of Adjustment (PAPSCA), Northern Uganda Reconstruction Program (NURP), the Cotton Sub-Sector Development Project (CSDP). All these poverty alleviation schemes have been targeted. A discussion of these targeted programs is detailed below.

Government attempted to directly alleviate poverty through PAPSCA project, which was launched in 1989 to mitigate the social costs of adjustment by targeting social amenities at vulnerable sections of the population whose welfare had deteriorated as a result of the implementation of adjustment reforms. Assistance was given to communities to construct schools, health centres, rural roads as well as the provision of clean drinking water. It also helped orphans by paying their school fees while widows were given credit to engage in productive economic ventures (PAPSCA Report, 1990). The PAPSCA anti-poverty strategy however failed to improve the plight of the poor because it was crowded with many projects that were spread far too thinly to have a broad impact on poverty. Besides, it was plagued by implementation and funding problems, while acting in isolation from other government structures (PAPSCA Report, 1993). In addition to these shortcomings, PAPSCA was not implemented on the basis of informed policy. There was no single study of poverty that had been conducted to establish the plight and needs as well as the location of the poor prior to launching of PAPSCA. It was therefore an impromptu reaction to poverty whose impact on the poor was minimal and short-lived since it could not be sustainable.

PAPSCA was succeeded by *Entandikwa*, a state-managed national credit scheme, initiated in 1994/95 financial year with an initial capital of Ushs 6 billion (US$ 6 million at the then exchange rate of Ushs 1000 per one US dollar). It was aimed at benefiting the poor who can not access bank credit from formal financial institutions due to lack of collateral (Policy Statement on *Entandikwa*, 1995). It is meant to assist the poor to engage in productive economic ventures so as to raise their family incomes. The government has since disbursed a total of Ushs 9.9 billion (US$ 9.92 million) to 39,000 clients (*The New Vision*, February 22, 1999). The performance of *Entandikwa* credit scheme has been futile due to political interference, high deliquency rates and poor supervision. In addition, the available funds have not been able to match the immense needs and those who have succeeded in getting loans received little money that could not make a viable investment. Moreover, the disbursement of funds has been characterized by delays due to budgetary constraints.

Other government targeted programs like NURP, CSDP and cattle restocking scheme in the northern and eastern parts of Uganda have equally performed poorly. NURP that was established to reconstruct the northern and eastern regions ravaged by insurgency has been crippled by delays in the disbursement of funds by both the donor community and the Ugandan government. The CSDP was targeted at boosting cotton growing. This project was put directly under Uganda's Central Bank and provided improved cottonseeds, subsidized loans, extension services, farm implements and accessories to farmers. This project has been limping due to unfavourable world commodity prices for cotton, which have de-motivated farmers. Similarly, the cattle restocking exercises in the northern and eastern regions of Uganda are still ongoing though not faring well. These have been aimed at restocking cattle in these areas that were ravaged by insurgency. Nonetheless, the restocking exercise has been slow because of insufficient funds and the continued insecurity in these areas.

It is not until 1996 that the NRM government undertook a comprehensive poverty eradication strategy as its major focus of its overall sustained growth and development strategy. The policy strategy is guided by the Poverty Eradication Action Plan (PEAP), which is a detailed policy framework to guide government efforts to eradicate poverty within the next two decades (1997-2017) (PEAP, 1997). PEAP underscores government commitment to prioritize poverty eradication as its major objective since 1996. Government anticipates reducing the proportion of the population living in absolute poverty from 44% (1997) to below 10% by the year 2017. PEAP, which is a detailed program for achieving this goal, adopts a multi-sectoral approach. It identifies five priority action areas with the view that increasing their funding would directly meet the needs of the poor. These include primary health care, rural roads, primary education, rural water and sanitation, and the transformation of agriculture. Other government initiatives to eradicate poverty include the enactment of the land law[19] to ensure that peasants and women are given land rights; the implementation of Universal Primary Education (UPE)[20], and the formulation of Vision 2025[21] (a

[19] The Land Act was enacted in July 1998. It includes significant provisions that give security of tenure to the poor in order to lead to increased agricultural production. The new law however denies land ownership rights to women.

[20] UPE is a government education policy launched in 1997 to enable four children in every

strategic plan for the next 25 years, which earmarks strategic areas of development that should be prioritized).

There is no doubt that these anti-poverty policies show the NRM government's commitment to fight poverty. There is also a possibility that these anti-poverty strategies may reduce poverty in the short-run. The main concern however is the long-term impact of such policies. The anti-poverty policy framework as guided by PEAP is not only ambitious but unrealistic given the resource base constraints of the country. It is reminiscent of the five-year development plans of the 1960s, which looked like wish lists drawn to attract donor funds. PEAP's multi-sectoral approach to fund the social service sector, agriculture and extension of credit to the poor though important for poverty reduction, may not be sustainable for a poor and donor-dependent country like Uganda. For example, the contribution of domestic tax revenue to total government expenditure in the financial year 2000/01 was 53% (MFPED, 2001/02; *The New Vision*, September 15, 2001). This contribution has continued to fall to such an extent that donor funding is currently at 52% of total government expenditure (MFPED, 2001/02). Uganda's domestic revenue to GDP ratio has remained between 11-12% (Poverty Status Report, 2001), which means that its budget is dependent on donor funds. It is therefore suicidal for a poor country that largely survives on borrowing and charity to operate a welfare system that have been restructured and even abandoned by the wealthier countries of the West. It would be more realistic for such a country to efficiently use the available scarce resources to build enduring capacity after which consumption can come later.

The likelihood of implementing PEAP is also doubted because of its multi-sectoral nature and the belief that the mere increase of public spending to sectors that are accessible to the poor directly leads to poverty eradication. Even though poverty is to some extent attributed to a reduction in the provision of social services by governments, the mere increase of funding certain social services may not translate into improved welfare of the poor. This is because such public funds may be diverted and/or embezzled by public servants and politicians. This has been common with the Uganda government, which has been ranked the

family to have free primary education.

[21] Vision 2025 is a UNDP-funded planning process that involved a lot of consultations with all the stakeholders in Uganda to elicit views on national priorities for poverty reduction, human development, governance, environment, gender equity, and economic development more generally.

third corrupt country in the World by the newly issued report[22] on worldwide corruption levels. Some of the existing literature is equally sceptical about the appropriateness of using budgetary allocations as a policy weapon to address the plight of the poor (Ablo and Reinikka, 1999).

Much as poverty is multifaceted and hence requiring a multisectoral approach, there is need for a cautious strategy given the limited resources available. The limited resources in form of donor funds and domestic resources need to be carefully allocated. This raises policy questions of how to spend these limited resources. Should they be used to fund free medical care and education or be used to create the infrastructure for health and education? The question of prudent planning, prioritization and sustainability becomes very important.

This paper is aware of the policy changes within the World Bank since the 1990s, which embraced anti-poverty strategies like Universal Primary Education (UPE) as earlier indicated. The importance of these reforms notwithstanding, the rural poor still confront hardships in these sectors. It is a fact that UPE has relieved the Ugandan poor from paying primary school fees and increased the numbers of school-going children from 2.4 million in 1996 to 6.5 million in 2000 (Bitamazire, 1999). There is however growing concern about the future of this program as well the quality of the products. The sustainability of UPE in the event of donor pull out is one of the major concerns since it is donor dependent. According to the MFPED (2000/01), UPE has greatly benefited from savings arising from HIPC debt initiative and other bilateral support channeled through PAF. About 90% of Uganda's educational sector is funded by donors and 65% of these funds go to the primary sub-sector (*The New Vision*, October 24, 2001). The NRM government has failed to build capacity for the last sixteen years because 52% of national government expenditure is contributed by donors (MFPED, 2001/02).

Besides, much as communities appreciated the UPE policy since it benefited children from poor households, concern has been raised about the declining quality of UPE. It has for instance been indicated that 30% of primary schools do not offer full curriculum of seven years (UNDP, 2000). Furthermore, the fact that the UPE classes are congested, have inadequate instructional materials, and there is automatic promotion to the next class has raised worries. Government statistics indicate that the

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[22] The newly issued report on worldwide corruption levels by Transparency International has ranked Uganda as the second (*The Monitor*, October 02, 2001, 'Uganda Second Most Corrupt-Report'.

national pupil to teacher ratio is 59 pupils per teacher while the classroom to teacher ratio is 99 pupils per class (*The New Vision*, October 24, 2001). Similarly, a report by the United Nations Educational, Scientific and Cultural Organization's (UNESCO) Institute of Statistics (2001) quoted by the Ugandan press indicated that each Ugandan teacher teaches an average of 60 pupils in a class. This compares badly with The SSA average of 40 pupils per teacher. The report also states that teachers are poorly trained (*The Monitor*, April 12, 2002).

In addition, more concerns have been raised about the declining morale of teachers, delayed arrival of salaries, and poor supervision of teachers. This explains the increase in private schools especially in urban areas to cater for the children of the middle class. It is quite possible that the next generation of UPE will constitute mediocres who may never reach the university level hence worsening the already existing inequalities. Much as UPE has helped parents, their real burden lie in post-primary education where fees have been escalating. Therefore, the introduction of cost-sharing at post-primary and tertiary levels has increased the burden of parents since the paying of fees at the highest levels of education undermines the whole efficacy of cost free UPE.

Much as the NRM's anti-poverty strategies in areas like UPE and health are commendable, there is cause for concern on how policy choices were made. In order for these policies to have a long-term impact and be sustainable especially in case donors pull out, much emphasis could have been put on laying a firm foundation for health and education. This could, for example, have been done by building more schools and health centres, concentrating on preventative rather than curative health as well as improving the quality of teachers and medical workers through intensive training. Community awareness campaigns could also be promoted through the training of many community workers. Furthermore, the initiating of educational media programs on issues like ensuring hygienic conditions and the importance of giving education to children builds more capacity for poverty eradication and are more sustainable than the current populist practices of free primary education and health.

Similarly, PEAP puts emphasis on the strategic role of agricultural development in poverty eradication. The modernization of agriculture sector is intended to reduce poverty in rural areas because this sector engages more than 80% of the Uganda labour force, the majority of who are poor. It is also anticipated to improve the welfare of the poor because more than 85% of Uganda's population live in rural areas where agriculture is the major source of livelihood (Poverty Status Report, 2001). The modernization of agriculture is enshrined in the PMA. The major vision of the PMA is to eradicate poverty by transforming subsistence agriculture to commercial agriculture. This transformation is expected to improve the welfare of the poor subsistence farmers by orienting their production towards the market. It is further anticipated that the growth of the agriculture sector will stimulate structural change in the entire economy because of its strategic importance (PMA, 2000). Among the issues earmarked is the increase of acreage for cash crops like coffee. According to the president's address to the seventh parliament, Museveni revealed government policy of ensuring that every Ugandan adult has at least an acre of any one cash crop as a means to fight poverty (*The New Vision*, July 3, 2001).

Although the formulation of PMA is a positive step of government's anti-poverty crusade, the plan makes a false assumption that the rural people are poor because of primitive production techniques and inability to produce for the market, which is not the case. The major cause of poverty among the rural poor is the high cost of inputs, poor storage, inadequate or lack of infrastructure, and the lack of markets for their agricultural products. Recent studies in Uganda have, for instance, revealed that farmers (74%) are dissatisfied with the existing market outlets for produce. The poor marketing facilities coupled with heavy post harvest losses were pointed out to be responsible for keeping the rural communities in the bondage of poverty (NSDS, 2000). Similarly, in the recent speech by president Museveni, he acknowledged that peasants were producing a surplus and their problem was lack of markets (*The New Vision*, November 20, 2000).

Given the deteriorating terms of trade[23], what could have been the viable anti-poverty strategy in the agricultural sector is to put emphasis on food security as well as diversification to promote the production of non-traditional and high value agricultural exports. The major problem of the rural poor is not that they are not willing to adopt new technologies and farming methods so as to increase their incomes but the lack of access to and information about markets. The government policy would be more appropriate if it is oriented towards the provision of storage

[23] The impact of the deteriorating terms of trade on Uganda's exchange rate between June 1999 and April 2000 led to depreciation of 5.4%. Likewise, the terms of trade for agricultural commodity exports reduced export receipts from US$ 726.4 million in 1998/99 to US$ 638 million in 1999/2000 (MFPED, 2000/2001).

and processing facilities in rural areas, in the form of export processing zones. In addition, the government needs to create new markets, disseminate market information, protect the local markets, and either invest in or give incentives to the private sector. This is likely to encourage more investments in the local production of agricultural inputs and agro-industries so as to add value and subsequently make its products competitive in global markets. Besides, PMA is a grandiose scheme whose co-ordination and subsequent implementation is likely to be difficult if not impossible given the low technical capacity of the Uganda public service which is undergoing restructuring. While this plan may be aimed at attracting donor funds, it is a difficult undertaking in terms of practical implementation.

More significant, however, is the fact that the 'top-down' approach used to design and implement anti-poverty strategies appear to have shortcomings. The NRM's anti-poverty strategies need to have put into consideration the variation in the causes of poverty in different areas. For example, causes of poverty, which are specific to the northern and eastern regions were identified by UPPAP (2000) as insurgency-related. Other areas like Kisoro were reported to be poor because of isolation. Such places would benefit more through the creation of physical infrastructure and accessibility to markets. Therefore, for anti-poverty strategies to be effective, they do not only need to be area-specific but also have to be designed and implemented in collaboration with grassroots institutions. While there has been decentralization[24] of powers and responsibilities to local governments in Uganda (The Uganda Constitution, 1995; The Local Governments Act, 1997), the on-going anti-poverty approach is largely center-driven (top-down) where the priorities of the centre are forced on local governments. The priority areas identified by the central government in its anti-poverty crusade are the ones funded through conditional grants to local governments. For instance, the overall share of conditional grants in total transfers to districts has barely declined from 90% in 1994/95 to about 80% in 1999/2000 (Poverty Status Report, 2001). The priorities for expenditure on poverty eradication at the centre do not always match those at the

[24] Decentralization in Uganda involved the transfer of powers, responsibilities and functions to lower levels of government. It was launched in 1989 and its objective was to make government responsive to the priorities of the local communities, which involves poverty eradication. Local authorities however appear not to be responsive to the needs of the poor. Local patronage networks as well as the tendency for local leaders to be self-serving are undermining the interests of the poor.

district level. There is therefore urgent need for flexibility over the use of conditional grants so that local governments can effectively respond to local priority needs for poverty eradication.

Nonetheless, the central government may retain the right to oversee such funds so that they are used for the right activities as well as to ensure accountability of such funds. This is because the systems of accountability at the lower levels of government are still weak. The decentralization experience in Uganda has shown that it may also accelerate corruption if no effective control systems are in place. It is therefore important that decentralization of anti-poverty funds be accompanied by the strengthening of 'bottom-up' accountability measures and transparency institutions as a means to allow efficient government institutions at the lower levels of government. These include transparency of decision-making, accountability, the rule of law and enhanced participation of people in local politics. In other words, there is need for a 'bottom-up' approach that enhances a development partnership between local governments and the centre instead of the existing patronizing relationship.

Another central component of Uganda's poverty eradication strategy is the extension of credit to the poor households. Credit is targeted at the poor so that they can engage in income-generating activities and subsequently raise their incomes. Indeed substantial resources have been channeled through credit. The *Entandikwa* and PAP credit schemes have so far disbursed credit worth about US$ 25 million since 1996. This figure excludes other non-governmental credit programs, which are actively engaged with the poor. The problem with credit however is that it tends not to benefit the poor but the rich. Moreover, there is a tendency to attribute poverty to lack of money when poverty is more than the mere lack of money. Though government reports create an impression that credit has substantially uplifted the poor from poverty (PEAP, 1997), this claim is highly contested. There is no concrete evidence to suggest that credit has been instrumental in eradicating poverty[25]. The practice of borrowing credit for consumption by the poor gives wrong indicators that poverty is reducing. A good example is the eastern region where poverty levels fell from 35% in 1997

[25] Field research conducted by the author found no positive relationship between increased credit disbursement and poverty reduction in Uganda (See William Muhumuza's Ph.D Thesis (2002) titled: *Credit and Poverty Alleviation in the Context of Structural Adjustment Reforms in Uganda*, Department of Political Studies, University of the Witwatersrand, Republic of South Africa).

to 25% in 2000 according to the UNHS (2000). However, the UNHS (2000) noted that the practice of borrowing credit for consumption purposes was on the increase in the east. It is succinctly clear that such gains in household welfare can not translate to sustainable poverty eradication.

Conclusion

The phenomenon of mass poverty in Uganda continues to pose a challenge to the economic policies pursued by the NRM government. It is against this background that the NRM government has pursued the various anti-poverty policy initiatives but within a macro-economic framework of the World Bank/IMF. These government initiatives notwithstanding, there is growing evidence that these anti-poverty strategies being pursued may not be viable in the long-run. The paradox is that high income growth has not benefited the majority people but has instead increased income disparities between the rural and urban areas and at the regional level. The other outstanding challenge is the sustainability of these poverty eradication programs that require substantial resources, which are not easily available. The continued pegging of such programs on donor funding is risky in the long run. It is therefore important that the policy-makers be cautious on how they choose between the various policy choices. It is pertinent that the various policy choices be weighed against the local resource capacity since failure to sustain them may have ugly political implications for the current or future governments.

Furthermore, the poverty reduction programs currently being pursued by the government may not succeed because their design has been compromised by the World Bank's neo-classical assumptions, which seem to take lightly the significant role of external factors in enhancing impoverishment within poor nations. In the opinion of this author, in the case of Uganda the state needs to influence the course of economic and social development rather than leave this responsibility to the market mechanism. The consequence of abdicating this major responsibility to the market has been the kind of growth that has not been translated into improved welfare for many Ugandans. The NRM regime has of recent conceded policy weaknesses and the necessity to selectively intervene to support key sectors of the economy. While addressing the National Executive Committee (NEC) of the NRM in December 2001, President Museveni reported that government has developed a strategy to undertake strategic interventions in areas of the economy so as to achieve its objective of eradicating mass poverty by 2017 (*The Sunday Vision*, December 23, 2001).

Another major weakness is that the current macro-economic policies being pursued by government are largely sustained by donor funds. This promotes dependency at the cost of building a self-reliant economy. Moreover, the fact that there have been no tangible achievements in the attempt to transform trade imbalances between the rich and poor nations dilutes the effectiveness of policy reforms being undertaken by the NRM regime. This position is beginning to be recognized by the World Bank technocrats as evidenced by remarks made by James D. Wolfensohn (President of the World Bank). In the preface to the World Development Report 2000/01, he observed that:

> And while domestic action is critical, we have also learned that global developments exert a potent influence on processes of change at national and local levels and that global action is central to poverty reduction (World Bank, 2001).

The recent trend in the World Bank/IMF circles to pursue a combination of macroeconomic and sector policies aimed at achieving broad-based growth so as to reduce poverty is well focused. Coupled with this policy reform, is the HIPC debt relief initiative and other international initiatives to open up markets of industrialized nations for the products of developing countries. These are manifested in USA's Africa Growth and Opportunity Act (AGOA) as well as those of the European Union, Japan and the recently held World Trade Organization (WTO) in Dohar, Qatar. These initiatives, if successfully implemented, are likely to create more long lasting and positive economic conditions in the economies of poor countries than aid. This is because the continued pegging of anti-poverty strategies on external resources is tantamount to courting disaster. As of now, the NRM government's poverty eradication strategies, though impressive, are like the proverbial house built on sand. The poor prioritization coupled with dependency on donor-resources paints a bleak future for such pro-poor programs.

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Why do Black American Males Earn Less than Black American Women? An Examination of Four Hypotheses

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Four hypotheses to explain why black men in the United States and Britain earn less than black women are examined. These are (1) Sowell's thesis black males have lower average intelligence than black females; this hypothesis is rejected; (2) black males have lower educational attainment than black females; new American evidence on the educational attainment of 8th grade students in reading, mathematics and science is presented that disconfirms this hypothesis; (3) black males have lower work motivation than black females; evidence on the amount of homework disconfirms this hypothesis; (4) employers are reluctant to employ black males; it is proposed that this is the most plausible explanation for the low earnings of black males compared with black females.

Key Words: Earnings, Academic Performance, Work Motivation, African Americans, Gender Differences

In both the United States and Britain blacks have lower earnings than whites, but the difference is greater for males than for females. The black-white earnings differences for men and women in the United States for the period 1949-1985 obtained from census returns have been calculated by Farley and Allen (1989) and are given in Table 1. The figures are for per capita incomes and show the incomes of black men and women as percentages of those of whites. It can be seen that throughout the period the earnings differential was substantially greater for men than for women. It can be seen also that both black men and women improved their earnings relative to whites from 1949 to 1969, but from 1969 to 1985 black men achieved only a very small improvement in their earnings while black women lost ground. A similar difference in the earnings of black men and women relative to whites has been found in Britain. In a study of a nationally representative sample of 2,867 whites and 1,205 blacks carried out in the mid-1990s it was found that among employees black men earned 91 per cent of white men, while black women earned 109 per cent of white women (Madood & Berthoud, 1997).