

DETERMINANTS OF POVERTY AMONG HOUSEHOLDS IN UGANDA

By

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DECLARATION

I, Busisa Eunice, hereby declare that this dissertation is my original work and has never been submitted to any University for any award.

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DEDICATION

To my Mum and Dad (Mr. and Mrs. Busisa) and to my sister and brothers; Sheila, Inno, Fred, Ivan and Eric.

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ABSTRACT

This study explores the determinants of poverty among households in Uganda. Poverty is complex and dynamic and it involves social, economic, cultural, political and other forms of deprivation. Such deprivation affects individuals of different age brackets, sex and abilities or disabilities. It also affects entire households, certain social groups and communities that are marginalized and disadvantaged

In order to establish the relationship between socio-economic and demographic characteristics and poverty among households in Uganda, a Possession score on assets was used to estimate of household welfare. In the construction of the possession score index, a score was given to each asset based on counting of the physically present assets backed up by visual inspection. Seven (7) items were included after considering what the people in Uganda wish to possess as soon as their income increases. The households were classified as poor, middle class and rich if they had a total of score between 0-3 (inclusive), 4-5 (inclusive) and 6-7 (inclusive), respectively. This aided to distinguish between households, which were under the condition of high deprivation, at risk of deprivation and those households, which were living in the condition of less deprivation.

Although the study indicated that most of the factors were significant, the female headed households were found to be poorer than males. This study also found out that as age of the household head increases, the likelihood of belonging to middle and rich classes increases.

The urban households had higher odds of belonging to the middle class than rural households. Households with employed heads had higher odds of belonging to middle class than those with unemployed heads. Households with educated women were found to have higher odds of belonging to middle class than those with uneducated women. Households with heads in who

were never married were found to be poorer than the married. However, according to the study, sex, residence and household size do not greatly affect household poverty. Therefore, there is need to design strategies that would help rural and the deprived urban people (areas) overcome poverty by setting up projects which would enable them overcome poverty.

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ACRONYMS AND ABBREVIATIONS

HCI	Headcount Index
HH	Household
HHH	Household Head
HSSP	Health Sector Strategic Plan
MDGs	Millennium Development Goals
MoFPED	Ministry of Finance, Planning and Economic Development.
NAADS	National Agriculture Advisory Services
NGO	Non Governmental Organizations
PEAP	Poverty Eradication Action Plan
UBOS	Uganda Bureau of Statistics
UN	United Nations
UNDP	United Nations Development Programme.
UNHS	Uganda National Household Survey

CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study, statement of the problem, purpose of the study, objectives, hypothesis and conceptual framework. It also outlines the scope and significance of the study. It further defines concepts and terms used in the study.

1.1 Background of the study

In September 2000, the International Community issued a statement pronouncing the eradication of poverty as the number one development goal for the millennium. Specifically, it set out to halve severe poverty by the year 2015. Coinciding with this commitment, the World Bank henceforth, focused the ITS 2001/01 World Development Report on exploring best practices for reaching this goal, repositioning poverty alleviation as the single greatest mission guiding the Bank's policies and programs.

Extreme poverty remains a daily reality for more than a billion people who survive on less than the basic needed for a day to day survival. Hunger and malnutrition are almost equally pervasive: more than 800 million people have too little to meet their daily energy needs. For young children the lack of food can be perilous since it retards their physical and mental development and threatens their very survival. More than a quarter of children under age 5 in developing countries are malnourished, (UN, 2005)

Poverty is multi-dimensional. It is characterized by lack of purchasing power, exposure to risk, malnutrition, high mortality rate, low life expectancy, insufficient access to social and economic services and few opportunities for income generation. Though the incidence of poverty in

Uganda is much higher in the rural areas than in the urban centers, the urban slum dwellers form one of the more deprived groups.

In Uganda, the poverty head count is estimated at 31.1% which registers a decline from 37.1 % (UN, 2007). The report further reveals that poverty in the rural areas has gone down 41.7 in 2002/2003 to 34.2 in 2005/2006 where as the decline in rural poverty is evident, the disproportionate contribution of the rural areas to national poverty is still the same, (UN, 2007). The Urban Though have small numbers of the poor compared to their rural counterparts, statistics hide deep inequalities and gross over concentration of the poverty situation, (UN, 2007)

Aggregate statistics hide deep inequalities and gross over concentrations of situations within urban and rural areas in the country. Most assessments actually underestimate the scale and depth of poverty (World Bank, 2002). One aspect of poverty that emerges strongly from people's description of their experience is the notion of vulnerability (Beard, 1998). Many households while not currently in poverty recognize that they are vulnerable and that events could easily push them into poverty.

1.2 Statement of a problem

The 2007 Millennium development goals progress report indicates that the income poverty headcount for Uganda today is 31.1 % from 37.7% in 2002/2003. Poverty in urban areas increased from 12.2 % in 2002/3 to 13.7% in 2005/06 compared to rural areas which decreased from 41.7% in 2002/03 to 34.2% in 2005/06. The decrease in poverty is attributed to the better performance in the agricultural sector with an increment in the coffee prices and increase in poverty is also as a result of the decrease in agricultural produce (UN, 2007).

Where as it is assumed that poverty has gone down and the situation is getting better, its not the case with the people who merely survive in the slums in urban centers where most of them do not have any stable income and run the risk of being poor (UN, 2007). The poor in the rural areas too are still living in aggravating conditions, and during the period 2002/2003-2005/2006, the contribution of rural areas to national poverty remained unchanged at about 93% (UN, 2007). The fact that most poor households have high dependency rates with about 60% of the household members being children has also kept households in grave poverty situations (ibid).

Despite government efforts to curb poverty under programmes like the poverty Eradication Plan (PEAP), poverty levels in the country are still high, and more people are living in absolute poverty. Poverty in Uganda seems to be tackled at National level, rather than Household level, a reason why a study should be carried out to establish the relation between Household demographic and socio economic conditions and poverty basing on material wellbeing of a household using possession of assets criterion.

1.3 Objectives of study

The major objective of the study was to determine the poverty status of households in Uganda and more specifically the study sought to find out the following;

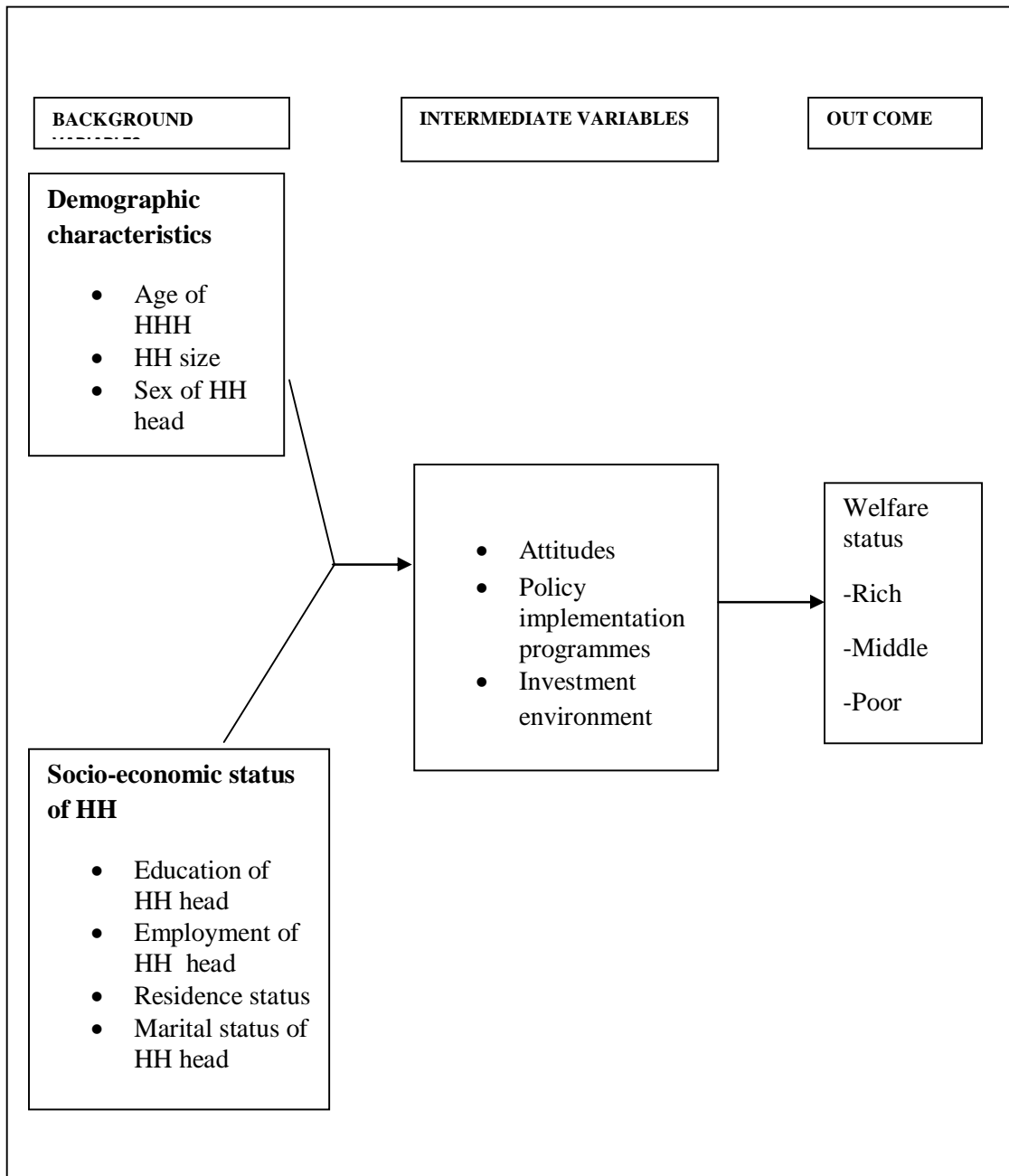
1. To establish the relationship between socio economic and demographic characteristics and poverty among households in Uganda.
2. To determine the relationship between the gender of the household head and poverty status in urban and rural areas.

1.4 Hypothesis

In order to address the stated objectives, the following hypothesis was tested.

1. There is a significant relationship between the education of the Household head and the poverty status of a Household.
2. There is a significance relationship between residence and occupation of the household head with ownership of household assets.
3. Households headed by males are more likely to posses more assets than the female headed households.

Figure 1: Conceptual frame work; Determinants of household poverty



According to Figure 1, the independent variables included the demographic characteristics of households such as age of household head, size and sex of members. While the socio-economic status of households was reflected in education of HH heads, occupation of HH heads, and residence status of households. These determined household assets such as land, house ownership, and domestic materials like chairs, bicycle etc and type of toilet facility used in households through the intermediate variables like attitudes of the people, policy implementation programmes and the investment environment which in the end lead to a household welfare status.

1.6 Justification of the study

It is hoped that the findings of the study will help to contribute policy recommendations to government agencies and programmes like Poverty Eradication Plan (PEAP), Health Sector Strategic Plans (HSSP), National Agriculture Advisory Services (NAADS) and non-government organizations that are involved in poverty eradication programmes like the World Bank under the Millennium Development Goals (MDGS)

This research will also help to generate and build social and economic indicators for monitoring the progress made towards social and economic development goals of the country and interpreting the findings of the data in a simpler way understood by the people.

The study will also contribute to the update literature for academicians especially in the Institute of Statistics specially the Department of Population Studies and other institutions of learning.

Outline of the study

The chapter one of the dissertation starts by introducing the topic, followed by the statement of the problem, objectives and the hypothesis, finally the significance of the study. The second chapter of the presents the literature reviewed from other studies that are related to the topic of study. The third chapter of the dissertation presents the methodology adopted by the study and includes sources of data, the study design and population followed by the study variables, data management and analysis. The following chapters for and five present the finds of the study at a all the three stages, univariate, bivariate and multivariate levels of analysis. Finally chapter six presents the summary, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two presents related literature on the determinants of poverty. It also highlights issues on poverty in the world taking into considerations both micro and macro issues, which include the theoretical understanding of what poverty is and how it measured.

2.2 Poverty Definition

Poverty is the inability to attain a minimum level of standard of living (World Bank, 1990). This definition considers income and expenditure per capita to be adequate yardsticks for measuring welfare. The definition is used to determine who fall below or above the minimum standard of living and classify them as poor or non-poor respectively.

Glewwe and Gaag (1990) define poverty as an interlocking condition of assetlessness, underemployment, low wages and incomes, proneness to disease, illiteracy, gender and economic vulnerability, social disadvantage and political powerlessness.

Poverty is related to the inadequacy or lack of material things. Chambers, (1983) describes a poor household as one with few assets, which owns a small hut. Shelter made of wood, bamboo, mud, grass, reeds, palm fronds or hides. It has little furniture, mats or hides for sleeping, perhaps a bed, cooking pots, and a few tools. They have no toilets, any sanitary facility, has a small piece of land or no land at all, no livestock or only a small stock. The household's stocks and flows of food and cash are low, unreliable, season and inadequate

Poverty involves the lack, deficiency and loss of social, economic, cultural, political and other entitlements, rights and benefits. These are the entitlements that individuals, household and

communities should enjoy in order to exist and survive in wellbeing with social dignity (UNDP, 1998)

Local people perceive poverty as lack of the means to satisfy basic material and social needs as well as a feeling of powerlessness. It is non-uniform, complex, multidimensional, Cyclic and seasonal (MFPED, 1999). The definition demonstrates that poverty is about more than income and expenditure.

Poverty is the lack of the means to satisfy basic material and social needs, as well as a feeling of powerlessness. Poverty is non-uniform, complex, multi-dimensional, cyclic and seasonal (MFPED, 1999); Mabangi, 2000). This definition clearly demonstrates that poverty is about more than income and expenditure figures. The complex nature of poverty means that there can be no single standard solution of poverty reduction.

UNDP (2000) gives a comprehensive summary of the basic definitions of poverty. They are divided into two major categories, income and human poverty. Income poverty is further divided into extreme poverty and overall poverty. It is defined as the lack of income necessary to satisfy basic food needs usually defined on the basis of minimum calorie requirements. Overall poverty is the lack of income necessary to satisfy essential non-food needs such as shelter, clothing, and energy. On the other hand, human poverty is the lack of basic human capabilities, illiteracy, malnutrition abbreviated life span, poor material health, and illness from preventable diseases.

A multi-faceted approach is necessary, combining complementary, sustainable and relevant interventions that are location specific targeted and mindful of seasonal pressures on households. In general, a poor household is one without productive assets, income and basic necessities. The various definitions of poverty have created a situation that raises debate and subsequently a

conclusion that “poverty is subjective” (Mansfield, 1986). Kanbur (1990) states that those who are poor in one dimension turn out to be poor in other dimensions; they do not have a great access to public services such as health, education, as so the non-poor. This in turn affects their income earning capacity.

2.3 Measurement of Poverty

Measurement of poverty is necessary to gauge the magnitude of a country’s or community’s poverty problem, to provide a statistical basis for analyzing the nature and characteristics of poverty, for systematically monitoring trends in the incidence of poverty , and to influence the design of policies to address poverty problems (World Bank, 2004)

There is no single measure of poverty and all choices have their strengths and weaknesses. The combinations of measures yield relatively more reliable results. The measures of poverty underlie a fundamental concept of the poverty lines.

2.3.1 Poverty Lines

Poverty lines are the starting point of every point of analysis. They are usually based on income and consumption data. The proportion of the population below the poverty line provides a quick indication of the scope of the problem. Poverty line is a tool for measuring acceptable level known as the poverty line (World Bank, 1992). It is true that there exists certain level of clear exactly what levels are for any given individual poverty lines. In most communities, what constitutes “poverty” goes beyond the attainment of the absolute minimum needed for survival. Poverty lines exist, but views differ on their locations.

Poverty line is defined individually by the society concerned according to its income distribution. The poverty line is a measure that separates the poor from the non-poor, those whose incomes

(consumptions) fall below the line are poor and those above are non-poor. According to the current practice, poverty line is estimated using purchasing power parity (PPP) exchange rates which seek to make comparable the purchasing power of one dollar in different countries at different times. The US\$1-a-Day international poverty line is the focal concern of international Development Goal and Millennium development Goal of reducing the incidence of extreme poverty.

Poverty line can be set in relative or absolute terms. Relative poverty refers to the position of an individual or household compared with the average income in the country, such as poverty line set at 40th percentile of distribution. Relative poverty varies with the level of the average income.

Absolute poverty refers to the position of an individual or household in relation to a poverty line whose real value is fixed over time. An absolute poverty line is based on the cost of a minimum consumption basket, based on food necessary for a recommended calorie intake. The poverty line is then augmented by an allowance for non-food needs, consistent with the consumption of the poor (World Bank, 2002 and Appleton, 1999)

2.3.2 Headcount Index (HCI)

HCI measures the proportion of the population that is counted as poor; it specifies the poverty line such that the individual below it are considered as poor, often denoted by P_0 .

Formally,
$$p_0 = \frac{1}{N} \sum_{i=1}^N I(y_i \leq z) = \frac{N_p}{N}$$

Where N is the population and $I(.)$ is an indicator function of 1 if the bracketed expression is true and 0 if otherwise. Therefore if the expenditure y_i were less than the poverty line (z), then $I(i)$ equal to 1 and the household would be counted poor. N_p is the total number of the poor. The

great virtue of the headcount index is that it is simple to construct, easy to understand. However, for some purposes including analysis of the impact on the poor of specific policies, HCI has serious drawbacks. To see why, suppose that the poor suddenly become very much poorer. What will happen to measured poverty? It will indicate nothing. The HCI is very insensitive to differences in depth of poverty. In other words, it does not take the intensity of poverty into account (World Bank Institution, 2003).

2.3.4 Expenditure Gap Ratio (EGR)

The EGR is an improvement on the HCI in that, it takes into account the degree of poverty and the extent to which the expenditure of poor lies below the poverty line. This can be expressed as:

$$EGR = \frac{1}{S} \{(S - e_p)\}$$

Where S = Expenditure level at the poverty line

e_p = Mean expenditure of the poor.

Expenditure Gap ratio does not take into accounts the actual number of the poor investigation. For instance, if the number of the poor doubled, it would not reflect in the index, thus making it difficult to draw the overall conclusion about the depth of poverty. Therefore, the index is not an adequate measure of poverty (Opio, 1998)

2.3.5 Poverty Gap Index

A better measure is poverty gap based on aggregate poverty deficit of the poor relative to the poverty line. This gives a good indication of the depth of poverty, in that it depends on the distance of the poor below the poverty line. This moderately popular measure of poverty adds up

the extent to which individuals fall below the poverty line, and expresses it as a percentage poverty line.

More specifically, defines poverty gap (G_n) as poverty (z) less actual income (y_i) for poor individuals; the gap is considered to be zero for everyone else. Using the index function, we have

$G_n = (z - y_i)I(y_i \leq z)$, hence; poverty gap index

$$(p_1) p_1 = \frac{1}{N} = \sum_{i=1}^N \frac{G_n}{z}$$

This measure is the mean proportionate poverty gap in the population (where the poor have zero poverty gaps) .The poverty gap measure has the virtue that it does not imply that there is a discontinuity (“jump”) at the poverty line. Yet the serious shortcoming of this measure is that it may not convincingly capture differences in the severity of poverty amidst the poor, (World Bank, 2003)

2.3.6 Possession Score Index

Sender and Smith (1990), analyzed the relationship, class and gender in rural Tanzania, and used a method of wealth accumulation and particularly possession score to assess the welfare levels. Possession score is a simple measure of poverty basing on material wellbeing of households using possession of assets criterion. It focuses on durable assets and others that are considered vital in the household wellbeing. A score is given to each asset in calculating the index. The maximum score specified and the deprivation level obtained to distinguish the poor from non-poor. Their aim was to examine the poor in order to discover the circumstances, which distinguishes the poor households supplying agricultural wage labor from the poor households, who were not doing so. To make a distinction between the poor from the rich households, Sender

and Smith, (1990) adopted a 14 point scores which include possession of metal roof, non-mud walls, watch, light, radio, bicycle, coat, sweater, two or more pairs of shoes, two or more mattresses, three or more beds, three or more chairs, four or more rooms and four or more stools. Household that score 0-9 (inclusive) was considered poor while those scoring 10 and above were considered non-poor. They ended with 85 percent of the households being poor.

The key advantages of the possession score method over the other techniques are that data requirements are low yet it has high degree of accuracy and the type of questions that underlay the calculation of possession score are the answers could be and often immediately corroborated by visual inspection.

In addition, if household welfare viewed in term of assets acquired by the households, and that they reflected household utility then assets acquired by households, and they reflect household utility the assets possession score criterion becomes a fair measure of poverty. However this approach is not free from limitations in that only a score is given to a specific asset under consideration in the calculation of the index regardless of the size and quality of asset possessed by the household.

Acknowledging the fact that there is no sufficient measure of poverty, this study used the possession score method as a proxy for welfare, basing on its strength, to measure the extent of poverty by setting a benchmark in investigating determinants of poverty in Uganda.

2.4 Demographic Factors

In Africa, according to a 2004 report, the past two decades have witnessed one of the fastest growing urban populations at an annual rate of 5percent over the past two decades. On average, on third of Africa's population is now urbanized (UN, 2004). Sub-Sahara Africa boosts of a

4.53% urban growth rate. These rates of Urbanization however have come with a host of multidimensional population problems these include poverty, increased pressure on the few social amenities, accidents, and sanitation and pollution problems among others (UN, 2004).

The population of Uganda in general has been growing steadily over the last 10 years, it estimated to be 28.3 million people of which 31.1% of these are living under the poverty line with 34.2% in the rural areas and 13.7% in the urban areas, (state of Uganda Population Report, 2007). According to the population census of 2002; it revealed that Uganda has an annual growth rate of 3.2% where a woman aged between 15-49 if she lived through her reproductive age is expected to give birth to an average of 7 children. This rate of Growth has had negative impact on the capacity to plan and deliver services in the country.

Studies in Uganda have also revealed that the high dependency ratio is responsible for the low savings and poor accumulation of wealth (Lwasa, 2004). Analyses of household surveys from many African, and other developing, countries have shown that larger families are generally poorer. This is evident in Uganda, Angemi (2003) findings show that the increase in large families is on the rise. Many of these consist of many dependent children of which looking after them is costly and this consequently leads to low savings in such homes hence an increase in urban poverty. For instance, a reduction in fertility of one child would reduce the likelihood of a household to fall below the poverty line by 3-4%. In addition, it would lower the dependency burden that would have the effect of reducing household poverty by another 1%. To some extent, such quantitative findings are also supported by Uganda's Participatory Poverty Assessment report 2002 found that a large share of respondents saw large families as one of the most important causes of urban poverty (MoFPED, 2003).

People in the low income quintiles in countries stand for the populations of the communities. They are more often sick than the better off, their general levels of health and well-being are lower. They are more to communicable diseases, and have less resistance to it, they are more likely to live and work in hazardous environments, they have less food and less access to clean water, their housing offers less protection from the wealthier and is more likely to be overcrowded and all these keep them in absolute poverty as their problems are way too many (World Bank, 2000).

Evidence from cities as diverse as Guayaquil, Harara and Guadalajara indicates that increasing urban populations usually coincide with declining incomes and high unemployment, households have modified their consumption and dietary patterns and adjusted household expenditures, in many instances in the direction of cheaper and less nutritious substitutes (Latapi and Rocha 1995).

Ahmed (2004) in a study on the social-demographic correlates of poverty in Bangladesh found out that female headed household was poorer than the males. The poverty among female headed households was attributed to cultural factors such as gender inequalities which do not allow women to have access to quality education, lack of credit from banks that would enable women engage in income generating activities.

The study also revealed that because gender inequalities women don't have access to better occupation and at the end of it all they resort to poor paying jobs. This is also useful for poverty among females in Bangladesh.

The study further established the relationship between marital status and household poverty. It was found out that the women who have divorced and widowed are more likely to be poor than

married women because when the husband's die the relatives of the husbands usually claim the assets from the widows hence leaving women with no assets which would help them generate more income

The study also revealed the significant relationship between ages of household poverty. It was revealed that households of young ages in Bangladesh are poorer than older households because they lack assets, income, and poor consumption and at times they depend on their parents for school fees

Gender and household poverty

FAO (1998) inactively conducted in Vietnam on gender differences in the economy established the association between residence and household poverty in Bangladesh. The study further revealed that the female headed households resident in rural areas were found to be poorer than those in urban areas. This is because for those living in rural areas in Bangladesh are illiterate, lack education and assets. Lack of education means that women cannot be able to have access to better employment, shelter and other basic needs like medical care.

Age and household poverty

A study conducted by Willets (2007) on while older people grow richer and young people grow poorer in USA, found out as significant relationship between age and the household wealth. It found out that the older people in USA are richer because of accumulated investment which generates them wealth while the young people have problems of accumulated rent. This accounts for the differences in the wealth status in USA. This study therefore intends to establish the determinants of household poverty in Uganda in order to determine the differences in wealth status among the rich and poor households.

2.5 Determinants of Poverty

Poverty is complex and dynamic and it involves social, economic, cultural, political and other forms of deprivation. Such deprivation affects individuals of different age brackets, sex and abilities or disabilities. It also affects entire households, certain social groups and communities that are marginalized and disadvantaged (Glewwe, 1990; Belshaw, 1997; UNDP, 2003). Poverty may arise not so much from an overall scarcity of resources or development opportunities, but from inequalities in resource ownership and political power.

Social-cultural factors also play a big role as far poverty is concerned. While many social-cultural beliefs and customs and practices are regarded by many to be essential to the traditional ways of life, they have proved regressive in many aspects especially with regard to human development. Some traditional social cultural practices undermine responsible consumption, national unity, technological development, and modernization of production systems, prevention of health hazards and illness, and eradication of ignorance and backwardness (Chambers, 1983).

Newman (1987) found that 6.0 per cent of the male labour force and 6.6 percent of the female labor force in Cote d'Ivoire were not working because of poor health. A higher number of days lost to illness reduce output, thereby reducing a household's welfare. Providing medical facilities has a substantial positive impact on consumption levels. (Glewwe, 1990) argues that to the extent that these facilities reduce days lost to illness, they have potential to "pay for themselves." Improving the access of the poor to health services is important both for increasing the poor's income- to the extent that illness reduces people's capacity to work- and for raising living standards even if income remains at poverty levels (World Bank, 1993)

The welfare effects of government policies that are implemented at the community level play a crucial role in determining households' (Glewwe, 1990). Many households are affected by government policies such as availability of medical facilities and agricultural extension services.

Higher levels of education for both men and women are strongly associated with higher levels of welfare (Grootaert, 1994). It is argued that a better-educated farmer may not have a higher marginal production of labor, *ceteris paribus*, but may benefit from his education by obtaining assets that he alone can use effectively. Thus, lower education levels cause poverty. Glewwe observes that the impact of education on household welfare is quite strong in urban areas, but rather weak in rural areas.

Land availability vis-a-vis population pressure is also one of the determinants of rural poverty (Grootaert, 1996). The evidence of the adverse impact of such population pressure is not hard to find in parts of western Uganda. In Kegezi area, for example, aggregate population increased by some 32 percent between 1980 and 1999 alone, bringing about significant fragmentation in land use. In Rubanda County (Kabale district), and Kisoro district, the evidence is that per capita acreage diminished from 3.88 and 3.84 acres to 1.11 and 0.92 acre(s) respectively between 1931 and 1991.

Institutional factors represent one of the most binding constraints that hamper the rural poor from breaking out of the vicious cycle of poverty. Rural producers and their communities continue to lack adequate social and economic infrastructure, and critical production inputs such as improved seeds, tools, storage facilities, efficient market arrangement and adequate basic social services. As a consequence of these deprivations, it is hardly surprising that productivity remains

low and thus many rural producers have failed to significantly improve upon their incomes and livelihood (UNDP, 1998).

In addition, there are structural organizational systems, which remain heavily influenced by foreign models, and they turn out to favor the minority few especially in urban areas. These have weakened governance system as the powers of traditional rules were eroded, amid the debunking of knowledge systems and local technology regimes. The result of this unsuitable situation is that some of the initiatives for sustained social-economic development continue to elude most rural communities. These include effective democratic participation and accountability (UNDP, 2002).

Practices regarded as taboo by some indigenous cultures, for example, still prevent nutritious and balanced feeding for women, children and other sections of the population. Clan conflicts are also common and cattle raids and armed conflicts are also fuelled by cultural prejudices. Women are especially marginalized, disadvantaged, exploited and oppressed due to cultural prejudices favoring men. Most crucially, some of these regressive practices have reduced or totally undermined personal initiatives and productivity of millions of people, especially in the agricultural and pastoral rural areas of the country, and thus curtailed prospects of improving their livelihoods (UNDP, 1998).

Large families with many children, wives or other dependants such as orphans, was cited as a cause of poverty in 42 per cent of all communities during the household survey in the pilot districts. Many dependants stretch meager household resources to the effect that basic needs cannot be met. The causes, or exacerbates absolute poverty (MoFPED, 2002).

The effects of natural disaster that have intermittently hit the Uganda society have contributed to people's impoverishment. Earthquakes hitting different parts of the country (most devastating ones have been in the Western Rift Valley belt.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

In this chapter, the methodology that the study utilized is presented and it also shows how the data was evaluated. It includes; sources of data, study design and population, the study variables, data management and analysis.

3.2 Sources of Data

In order to establish the determinants of Households poverty, the study used secondary data from the National Household Survey which was conducted by the Uganda Bureau of Statistics (UBOS, 2006). The Bureau has been carrying out integrated household surveys, popularly known as Uganda National Household Surveys (UNHS) every other year since the late 1980s. Through the UNHS, Uganda has very rich household time series data covering over 13 years. The Data has been the main source of statistical information for monitoring poverty levels, trends and related welfare issues. The UNHS 2005/06 was undertaken from 2005 to April 2006 and covered about 7,426 households scientifically selected country wide.

The interviews were face to face, where respondents were asked questions and answers were written, this was done in order to iron out the limitations just in case there are some illiterate respondents who did not know how to read and write and also to keep a common approach to responding to the questions. The survey was chosen because it's more recent and therefore, reflects the true aspect on ground. It is also very comprehensive as it covers all the aspects that matter to the researcher.

3.2 Variables of study

The dependent variable is poverty status where a household is poor or not. The main variables to be used in the study are Household assets and financial assets. These will be broken down into smaller specific variables that can easily be measured and understood and they include ownership of land, house, motor bike, bicycle, radio, mattresses, blankets and savings. These were supplemented by other independent variables which included; Education, Residence, Employment of the Household head, and demographic factors included age of the Household head, Household size, Sex of household head.

3.3 Method of Data Analysis

The research analyses the UNHS data using the SPSS and STATA statistical Packages and analysis will be carried out in 3 stages.

3.3.1. Univariate analysis

This is done to study the distribution of background characteristics such as demographic and socio economic Household conditions. Frequency distributions and percentages will be used in establishing the proportion of respondents in each category.

3.3.2 Measuring poverty using the Possession score index

In order to address specific objective one, a Possession score on assets, was deemed essential in the estimation of household welfare. A household with many assets of different kinds is considered to have high levels of welfare. In the construction of the possession score index, a score is given to each asset based on counting of the physically present assets backed up by visual inspection. Seven (7) items were included after considering what the people in Uganda wish to possess as soon as their income increase. The total numbers of scores for a given

household were obtained by summing up the number of scores based on the specified items that the particular household has. The households were classified as poor, middle class and rich if they had a total of score between 0-3 (inclusive), 4-5 (inclusive) and 6-7 (inclusive), respectively. This aided to distinguish between households, which are under the condition of high deprivation, at risk of deprivation and those households, which were living in the condition of less deprivation.

The assets selected were guided by the previous studies on household welfare like that of Sender and Smith (1990), and Kaija (1995). Adjustments were made in the selection of the items to be included in the possession score category and the minimum items for the household to score a point. Five major indicators of household welfare were recognized. These were: (i) permanent houses i.e., roofs made of iron sheets? Tiles, bricks and cemented floor); (ii) well built pit latrines; (iii) possession of household assets; (iv) land ;(v) financial asset; means of transport and means of communication. Although studies show that land is used as a determinant of poverty, this particular study uses land as one of the assets.

Table 3.1: Construction of possession score

Indicators	Items
i) Possession of a permanent house	One or more permanent houses
ii) Possession of a well built pit latrine	One or more pit latrines
iii) Land	Two or more acres of land
iv) Possession of household assets	One or more motor means of transport (bicycle, motor bike or cars or boats)
	One or more means of communication (radios, TV or mobile phone)
	Household furnishings (beddings, clothes, chairs, tables etc)
v) Possession of financial assets	One or more savings facilities

3.3.3 Bivariate Analysis

In the bivatriate analysis, cross tabulations were run to establish the relationship between the dependent and independent variables. The dependent variable is poverty while the independent variables are; level of education of the household head, the residence of the household (rural or urban), size of the household, material status of the household, employment of the household head, sex and age of the household head. In this analysis, the dependent variable (poverty) was examined under poor, middle class and rich class. The significance of the relationship between being poor, middle class and rich class against the explanatory variables is established by computing the Chi-square statistics. The formula used is;

$$\chi^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Where

O_{ij} is the observed frequency

E_{ij} is the expected frequency of the independent variables

r Refers to independent variables such as age, sex, employment, education, residence, material status and household size.

C is the dependent variable poverty.

3.3.4 Multivariate level

At Multivariate level of analysis, a Multinomial Logit Model was used since the dependent variable has more than two categories. The dependent variable, household's poverty status, was categorized as 1-poor, 2-middle class, and 3-rich class; the three categories are mutually exclusive and well elaborated above in univariate analysis. The purpose of building a multinomial logit model was to associate the dependent variable, with the explanatory variables discussed in the conceptual framework. A linear relationship was assumed between the dependent (outcome) variable and the explanatory (predictor) variables.

$$\text{Log} \left(\frac{P_j}{P_o} \right) = a + b_{j1} x_1 + b_{j2} x_2 + \dots + b_{jk} x_k + e_c$$

P_j is the probability of coming across a respondent who belongs to any group

P_o Is the compassion group

x_2 = Explanatory a factors associated with household poverty

b_{j2} = is the coefficient to be estimated with model

a = is the constant estimated in the model

e_c =is the error term associated with the model

STATA version 9 is the statistical software package that was used to carry out all the analysis in this study. The level of significance used in all the statistical tests run is the conventional 5%

CHAPTER FOUR

SOCIAL ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

4.1 Introduction

In this chapter, results of the study are aimed at establishing the determinants of poverty among households. The socioeconomic and demographic characteristics are discussed and the findings from various respondents presented in terms of frequency counts, which are in turn changed into percentages for easy comparisons, interpretation and drawing of logical conclusions. Further still, the relationship between the socioeconomic, demographic factors and poverty statuses among households are presented.

4.2 Socio-economic characteristics of the households

Out of the 7,426 respondent interviewed, majority reside in rural areas 77.1% which confirms the fact that majority of Uganda's population resides in rural areas. Residence of the respondents is expected to be one of the factors influencing the possession score of the household assets since the household in urban areas are likely to have more access to these assets.(See table 4.1)

Majority of the respondents (heads) aged 15 and above in relation to the highest level of education attained shows that 49.1% have attended primary level, followed by 38.4% who had never been to school, while 18% have attended secondary school and only 1.7% attended tertiary institution and above. The large attendance of primary school can be attributed to the introduction of Universal Primary Education (UPE)

The nature of occupation of the household head was to have an impact on the number of assets a household has. Majority of the household heads are employed temporarily or casually 50.3%, households under such heads are likely to have few assets since casual employees do not have

job security and usually low pay.37.7% of the household heads are unemployed and only 12% have permanent employment.

Table 4.1: Percentage distribution of socio economic characteristics of the respondents

Background Characteristics	Frequency	Percent
Age groups		
11-20	100	1.4
21-30	1,555	21.3
31-40	2,111	29.0
41-50	1,456	20.0
51-60	922	12.7
61-70	613	8.4
71+	525	7.2
Total	7,282	100
Sex		
Male	5,405	72.8
Female	2,021	27.2
Total	7,426	100
Place of Residence		
Rural	5,723	77.1
Urban	1,698	22.9
Total	7,421	100
Highest level of Education		
None	2,850	38.4
Primary	3,109	41.9
Secondary	1,339	18.0
Tertiary+	128	1.7
Total	7,426	100
Household size		
1-5	4,306	58.0
6-10	2,781	37.5
11-15	293	4.0
16-20	41	0.5
Total	7,421	100
Marital status		
Never married	433	5.8
Divorced/Separated	619	8.4
Widow	950	12.8
Married	5,423	73.0
Total	7,425	100
Employment of Household Head		
Temporary /casual	3,734	50.3
Permanent	885	12.0
Others	2,806	37.7
Total	7,425	100

Marital status of the household head is another factor considered, majority of the household heads are married 73%, followed by 12% who are widowed, 8.4% divorced/separated and 5.8% never married.

4.3 Demographic characteristics

Among the other factors are ages of the household heads whereby majority of the household heads are between the ages of 31-40 which is 29% and the least number of household heads are below 20 years of age 1.4%. Other factors considered included the sex of the household heads, majority of the household heads turned out to be male 72.8% and 27.2% were female. But the female headed households have increased and this could be attributed to the advocacy for gender equality and empowerment.

The household size is also another influential factor when it comes to a household possessing assets; a large proportion of the households had less than 6 members 58%, followed by households with 6-10 members 37.5%, then the households with 11-15 members 4% and only 0.5% had at least 15 members.

4.4 Households possession scores

This sub section presents households which were evaluated according to the assets they possessed to establish their wellbeing, see table 4.2 below

Table 4.2: Percentage distribution of Household assets

Household size	Poor	Middle class	Rich class	Total
1-5	55.29	27.17	17.53	100
6-10	52.75	24.02	23.23	100
11-15	54.27	24.91	20.82	100
16-20	58.54	21.95	19.51	100
Total	54.32	25.87	19.81	100

Table 4.2 above clearly indicates that household wellbeing was determined by their sizes, majority of the households had at least 10 members and were found to have high poverty levels and since Uganda has one of the highest fertility at 7.2%, this big number of household members is mainly attributed to teenage pregnancies whereby 25% of the females get pregnant before the age of 20 and continue giving birth which makes it hard for families to break out of the poverty cycle (Population Policy, 2008). Households with more than 10 members were not very many but still the poor dominated the rest of the classes.

Generally, the poor who were the majority according to the study had scored less than 4 assets out of the seven household assets selected 54.2%, the middle class households had 4 and above assets required to qualify them non poor though they did not make 6, 25.87% and the rich class according to the study had 6 assets and above and they were the minority 19.81%.

4.5 Bivariate analysis

This section presents the analysis where the dependent variable was across tabulated against the explanatory factors. The household poverty status which is the dependent variable was given three categories; poor, middle class and rich class. The Pearson Chi-square test statistics was run at a 95% level of confidence to test the hypothesis stated in Chapter 1.

4.5.1 Socio-economic factors and possession of household items

This sub-section presents the relationship between demographic socio-economic characteristics and the household welfare. The socio-economic characteristics considered as outlined in the conceptual framework were residence, education level of the household head, employment status of the household head and marital status. Each of the explanatory variables was cross tabulated

with the dependent variable to assess their impact on the assets owned by each household. The results of the assessment above are seen in table 4.3 below.

Table 4.3: Relationship between socio economic factors and household possession score

Variable	Poor	Middle	Rich
Residence			
Rural	55.37	24.34	20.29
Urban	50.77	31.04	18.2
$\chi^2 = 30.6955$ df=2 p=0.000			
Education			
None	57.05	23.58	19.37
Primary	53.06	26.15	20.49
Secondary	51.46	29.2	19.34
Tertiary	47.24	35.43	17.32
$\chi^2 = 25.2905$ df=6 p=0.000			
Employment			
Permanent	12.62	14.73	6.33
Temporary/casual	55.06	22.79	22.15
None	52.35	28.05	19.6
$\chi^2 = 84.6702$ df=4 p=0.000			
Marital status			
Married	52.1	27.61	20.29
Divorced/separated	61.71	20.84	17.45
Widowed	56.32	19.68	24
Never married	67.21	24.94	7.85
$\chi^2 = 95.1405$ df=8 p= 0.000			

Residence and possession of household items revealed that; households in the rural areas are more likely to be poor than those in the urban areas, the poverty margin between the rural poor and urban poor is not very big, if 50% of the urban population is poor, it implies that most urban poor are swallowed up by the few rich people and urbanization and their poverty could be as a result of migration from the rural areas and end up un employment since most of them are illiterate. The middle class are more likely to be located in the urban areas than in the rural areas since those in the households in urban areas have more access to assets, where as the rich class

are more likely to be based in the rural areas than in the urban areas mainly because the assets there are cheaper than in the urban areas. The analysis of variance indicates that there is an association between the items possessed by a household and the place of residence given that $p=0.000$.

The educational levels of the household heads also mattered since heads with secondary education and 57.05%, 53.32% and 51.46% respectively were more likely to be poorer than their counter parts with tertiary education 47.24%. Majority of the middle class household heads 35.43% were more likely to have attained tertiary education compared to the other education levels and the majority of the households in high class were more likely to have attained at last primary education 20.49%. With the $p=0.000$, it confirms that there is a significant relationship between the education level of the household head and well being of a household.

The employment status of the household heads was also significant, majority of the household heads 14.73% permanently employed were likely to belong to the middles class mainly because they earn a salary and can afford to own some assets though their saving may not be high. Many of the temporary/casual employed heads 55.06% were found to be poorer than their counterparts in permanent employment since temporary/casual workers may not necessarily hold jobs for a long period, or even earn a wage which is not enough for them to look after their homes and save too. This has not kept them very different from their counterparts of the none category of employment except that those in the no particular type of employment have no income to acquire the minimum score of the assets required. The above indicates that there is an association between education and the employment of the household head given $p=0.000$.

Table 4.3 shows the distribution of the marital status of the household heads, from the different categories of the marital status, all of the households belonged more to the poor category regardless of their marital status, 52.1% of the married are poor, 61.71% are divorced/separated, 56.32% widowed and 67.2% never married. Those who were never married were more likely to be poor than the others, whereas the married were more likely to belong to the middle class and the widowed were likely to fall in the rich class. With the $p=0.000$, there is confirmation that there is a significant association between the marital status of the household head and the welfare of a household.

4.5.2 Possession score and demographic factors

In order to determine the association between the demographic factors and possession score of the selected households for the study, each of the explanatory variables was cross tabulated with the dependent variable to assess their impact on the wellbeing of the households, the demographic factors considered included household size, age, and sex of the household head. The results are shown in table 4.4.

Table 4.4: Association between demographic factors and household possession score

Variables	Poor	Middle	Rich
Household size			
1-5	55.29	27.17	17.53
6-10	52.75	24.02	23.23
11-15	54.27	24.91	20.82
16-20	58.54	21.95	19.51
$\chi^2 = 36.8204$ df=6 p=0.000			
Age			
21-30	61.84	26.96	11.2
31-40	51.87	28.33	19.8
41-50	51.85	26.3	21.84
51-60	50.98	26.46	22.56
61-70	53.83	20.88	25.29
71-80	52.53	18.13	29.33
81+	44.67	17.33	38
$\chi^2 = 196.3759$ df=14 p=0.000			
Sex			
Male	52.91	27.44	19.65
Female	58.14	21.67	20.19
$\chi^2 = 26.5603$ df = 2 p=0.000			

The poor are more than the other regardless of their age. Majority of the households in the poor class were more likely to have heads in between the ages of 21-30 that is 61.8% and they belong more to this class since they are still young and more are unemployed so they can't afford the required number of assets. The middle class was likely to be dominated by household with heads aged 31-40, 28.33% and this is mainly because they are still in their prime ages and are employed. The rich class was more likely to be dominated by heads between ages of 71+, 29.33%. This is because they are aged and were able to save money because they have lived longer than most of the other heads and accumulated the assets depending on the investment environment. The value of p=0.000 indicates that there is a significant association between the age of the household head and the household welfare.

From the association between the welfare status and sex of households, it was revealed that households that were headed by females were more likely to be poor than those headed by their male counter parts, 58.14 % and 52.91 respectively; then followed by the middle class with 27.44% male headed households more likely to belong to this class than households headed by their female 21.67%, this is mainly because most women are un employed or are under temporary or casual employment. Interestingly, according to the table above female headed households in were more likely to belong to the rich class than those of the males, 20.19% and 19.65 %. When women are empowered, there are high chances for their standard of living to improve. Therefore this indicates that there is a significant association between the sex of the household head and the welfare of the household given $p=0.000$.

The household size was also another significant factor; all of the households had their majority among the poor with households of 16-20 members more likely to belong to this class, 58.4%. This is mainly because the fertility rates are high and the large numbers cannot easily permit the poor households to break out of the poverty cycle due to the dependency challenge. The middle class comes second with households between 1-5 members 27.17% more likely to dominated this class than the others, this could be mainly attributed to young families with fewer members and therefore some savings available to invest in the acquisition of assets. The rich class comes last with households between 6-10 members 23.23% more likely to belong to this class than other households. The study established that household size has a significant relationship with their household welfare ($p=0.000$).

CHAPTER FIVE

DETERMINANTS OF POVERTY AMONG HOUSEHOLDS

5.1 Introduction

This chapter presents findings, analyses and answers the hypothesis. The findings are presented following the hypotheses that guided the study. The discussion of the findings (Determinants of poverty among households) relates to the available literature and highlights the implications. It also refers to the multinomial logistic regression analysis with explanations to the outcome.

5.2 Determinants of Poverty

To determine the factors that explain and account for the poverty among households in Uganda, a multinomial logistic regression analysis was run on all variables that showed a significant effect in household possession score in chapter four.

Table 5.1: Multinomial Logistic Regression Results; Socio economic and Demographic Determinants of Poverty

Variable	Index	Odds ratio	Z	P>z
Middle class				
Sex	Male**			
	Female	0.784	-2.960	0.003
Age	11-20**			
	21-30	3.013	3.310	0.001
	31-40	4.182	4.260	<0.00
	41-50	4.452	4.400	<0.00
	51-60	4.810	4.580	<0.00
	61-70	3.812	3.820	<0.00
	71-80	3.394	3.360	0.001
	81+	3.966	3.370	0.001
Marital status	Married**			
	Divorced/Separated	0.643	-3.700	<0.00
	Widowed	0.737	-2.580	0.010
	Never married	0.781	-1.900	0.057
Residence	Rural**			
	Urban	1.363	4.590	<0.00
HH size				
	1-5**			

	6-10	0.769	-4.010	<0.00
	11-15	0.730	-2.050	0.040
	16-20	0.633	-1.150	0.252
Employment status	Permanent**			
	Temporary/casual	0.743	-3.400	0.001
	None	1.005	0.050	0.956
Education status	None**			
	Primary	1.244	3.200	0.001
	Secondary	1.495	4.710	<0.00
	Tertiary	1.834	2.880	0.004
Rich class				
Sex	Male**			
	Female	0.974	-0.300	0.767
Age	11—20**			
	21-30	1.575	1.100	0.270
	31-40	3.126	2.770	0.006
	41-50	3.639	3.110	0.002
	51-60	4.232	3.450	0.001
	61-70	4.705	3.670	<0.00
	71-80	5.707	4.070	<0.00
	81+	9.123	4.900	<0.00
Marital status	Married**			
	Divorced/separated	0.645	-3.380	0.001
	Widowed	0.845	-1.410	0.157
	Never married	0.465	-3.870	<0.00
Residence HH size	Rural**			
	Urban	1.064	0.790	0.429
	1--5**			
	6-10	1.123895	1.66	0.096
	11-15	0.821605	-1.20	0.23
	16-20	0.7260827	-0.77	0.441
Employment status	Permanent**			
	Temporary/casual	2.234053	6.60	<0.00
	None	2.144087	6.08	<0.00
Education status	None**			
	Primary	1.437701	4.87	<0.00
	Secondary	1.42769	3.70	<0.00
	Tertiary	1.465129	1.45	0.147

Poor is the baseline category or comparison group

**** shows the reference variable**

5.2 Middle class

5.2.1 Sex

From the results of the analysis, it was found that the sex of the household head has a significant effect on household poverty ($P=0.05$). The female headed households had 0.78 lower odds of belonging to the middle class than poor class compared to their male counter parts. It shows that female headed households had higher odds of belonging to poor class than the males and also lower odds of belonging to the rich class than the male headed households. This is a contrast to the findings of a study conducted by Ahmed (2004) on the Socio-demographic correlates of poverty in Bangladesh which indicated that females were poor than males although the relationship between Sex and Poverty was Significant ($P=0.05$)

In Uganda there are string cultural norms that influence power, relatives, decision making and ownership of resources which leads to disparities in income, education and occupation. However many organizations have spearheaded efforts to address the social status of women and as such they offer women educational scholarships which have enabled the women to acquire education and get jobs where they earn reasonably good salaries. Attainment of higher levels of education by women in the urban areas at the Secondary and at the Tertiary level; will provide large welfare gains for the households of which they are part. In contrast, urban men need to attain an education of at least Tertiary level to be assured of deriving welfare benefits for their household from their education. This accounts for their belonging to middleclass. This is in agreement with, Malawi National Economic Council on the Determinants of Poverty in Malawi, 2001.

5.2.2 Age group

The study also revealed that age has a significant effect on household poverty ($P=0.05$). The households with respondents in the age group of 51-60 had higher odds (4.81) of belonging to

middle and rich classes than respondents in the age group of 11-20. As age increases, the odds of belonging to the middle class increase meaning the older one is, the more likely they belong to the middle class compared to those in the age group 11-20. The study also revealed that there is a significance effect of age on household poverty ($P=0.05$). Households with members in the age group of 51-60 had a higher relative risk (4.81) of belonging to middle class than the young respondents in the age group of 11-20. This finding is similar to what is expected (young people are expected to be poorer than old people of 51 years and above since most of them are of school going age and are mostly dependants. The finding of Ahmed (2004), on a study on the Socio-demographic rural poverty in Bangladesh which revealed that poverty was prevalent among young adult in Bangladesh.

In Ugandan a high proportion of the population is a young population who are of school going making many of them to depend on their parents for school fees and basic needs like medical care and housing. The young people are also income poor, assets poor, consumption poor and partially wellbeing poor and this situation is partly explained by the high levels of unemployment which makes the young people fails to get jobs where they can earn income and be able to acquire assets.

The study also found out a significant effect of age on household poverty among the rich households ($P=0.05$). The households with older respondents in the age category of 81+ had higher odds of belonging to the rich class than the respondents in the age going of 11-20. The study revealed that the respondents in the age category of 81 years and above had higher odds of belonging to the rich class than the poor.

It was also discovered that households with respondents in the age category of 81 years and above had a high likelihood of belonging to the rich class than the poor. This perhaps could be attributed to the savings and investments that are made by individuals as they keep aging so the older people may have an edge over young people who are mainly dependants. This finding is supported by a study by Willets (2007) on while older people grow richer and young people grow poorer. The study established that there is a significant relationship between age and wealth of individuals in the USA. It was revealed that young people who are just beginning have a problem of accumulated rent while older people enjoy the benefits of the savings. This accounts for the difference in class.

5.2.3 Marital status

The results of the multinomial logistic regression established a significant effect of material status on household's poverty. The Households headed by the never married category had 22.1 % less odds of belonging to the middle class than to the poor class as compared with married. The widowed headed households had 27.3 % less odds of belonging to the middle class than the poor class compared to the married and the divorced / separated categories had 36.7 % less odds of belonging to the rich class as compared to the married. This means that households headed by the married were more likely to belong to the middle and rich classes than the other marital status categories. Further still, the observed a significant relationship between marital status and household poverty ($P=0.05$). The results of multivariate analysis revealed a high likelihood (0.74) of widowed women belonging to middle class than the married women.

This is contrary to what is expected (poverty to be rampant among single women than married women. This was also the finding of a study conducted by Ahmed (2004) on the socio-

Demographic correlates of rural poverty in Bangladesh which revealed that poverty was prevalent among single women either who have divorced/widowed in Bangladesh.

The households headed by Divorced, widowed and separated women can be able to acquire good jobs (employment) with good pay and fringe benefits. This probably explains why they belong to the middle class than married women in Uganda.

The results of the multinomial logistic regression established a significant effect of material status on household's poverty. The never married categories had 54.5 % less odds of belonging to the rich class as compared to the married and the divorced / separated categories had 36.5 % less odds of belonging to the rich class as compared to the married. This could be attributed to the fact the never married category has a majority of young people who are in school and have no income to acquire assets and on the other hand if they were married, even with little income, they can put it together and acquire assets. Also the fact that the divorced/separated are less likely to belong to the rich class than the married could be that unlike in the western world where people separate/divorce and share property with their former partners, in Uganda its otherwise so one has to start afresh which becomes hard to acquire certain assets easily like land, a permanent house.

5.2.4 Residence and household size

The study also observed that residence has a significant effect on household poverty ($p=0.05$). The respondents in urban areas had 1.36 more odds of belonging to middle class than those living in rural areas. This indicates that the respondents in urban areas had higher odds of belonging to the middle class compared to those in rural areas.

The study further revealed a significant effect of household size on household poverty ($P=0.05$). The households with 6-10 people had 24.1% less odds of belonging to the middle class compared to those with 1- 5 people. And households with 11-15 people had 27.0% less odds of belonging to the middle class compared to those with 1- 5 people. This means the higher the number of household members, the less the odds that a household will belong to the middle class. The Households in urban areas had higher odds (1.36) of belonging to middle class than those in rural areas. This is similar to what is expected (people in urban areas to be better off than those in rural areas. This was the finding of the FAO (1998) in a base line survey conducted in Vietnam on the Gender differences in economy which established the association between residence and household poverty in Bangladesh where female headed households in rural areas were found to be poorer than those in the urban.

However, in urban areas in Uganda's, there are employment opportunities, improved infrastructure and access to information which enables individuals to acquire education which later enables them to acquire good employment which can enable them purchase assets like land, Buildings and setting up business. This perhaps would account for the reasoning why those in urban areas belongs to the middle class than those in the rural areas

5.2.5 Employment

The study also revealed that occupation has a significant effect on household poverty ($P=0.05$). It was observed that households with heads who were working on temporary / casual had 26.7 % less odds of belonging to the middle class compared to those on Permanent basis. This means that people on permanent basis at their work places belong to the middle class compared to those on Temporary/ casual basis.

The results also indicate that the Household heads who were working as casuals had higher odds of belonging to middle class (0.74). This finding is in contrast to what is expected (that employment, this was the finding of Ahmed (2004) in a study on the Socio-Demographic correlates of rural poverty in Bangladesh which revealed the association between occupation and household poverty. However, those employed in lower positions were more likely to be poorer than those in better positions.

In Uganda, those who work as casual laborers tend to be less educated thus are paid less money. However depending on the organization where one works in some organization and projects, some casual laborers tend to be paid higher than those employed on permanent basis in other organization .

The study also revealed that occupation has a significant effect on household poverty ($P=0.05$). It was observed that respondents who were working on temporary / casual had 2.2 more odds of belonging to the rich class compared to those on Permanent basis. Respondents who were not working had 2.1 more odds of belonging to the rich class compared to those on Permanent basis. There is much difference on the richness of an individual's occupation status for the rich class

In Uganda today civil servants earn very little money compared to the casual or temporary employees (support staff) in the Non-governmental organizations, 'support staff' as referred to in reputable NGOs are capable of earning a salary three (3) times more than of a graduate who is permanent staff as a civil servant, serving the country whole heartedly. This automatically allows the casual employee to acquire assets more easily than the permanent staff who will struggle to acquire the same, thus the justification of the finding.

5.2.6 Education

The study found out a significant effect of education on household poverty ($P=0.05$). The household with heads that stopped in tertiary education had 1.8 more odds of belonging to the middle class compared to those that never went to school; the household with heads that stopped in secondary education had 1.5 more odds of belong to the middle class compared to those that never went to school; The household with heads that stopped in Primary education had 1.2 more odds of belonging to the middle class compared to those that never went to school. This means that the higher one goes in the academic ladder, the more the odds that they will belong to the middle class.

The study also found out a significant effect of education on household poverty ($P=0.05$). The household with heads that stopped in secondary education had 1.4 more odds of belonging to the rich class compared to those that never went to school; the household with heads that stopped in Primary education had 1.4 higher odds of belonging to the rich class compared to those that never went to school. This means there is not much effect or difference on the rich people's education status.

This probably is attributed to the fact that when the household head is highly educated (tertiary), they can be able to acquire jobs where they can earn reasonably good incomes. This finding is supported by a study conducted by (2001) in Canada which reached a significant relationship between education, occupation and changes in earnings.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This study has tried to address the determinants of poverty across selected households in Uganda. This chapter presents a summary of the findings, in-depth discussions and conclusions that project managers and individuals can get valuable information from, and further recommendations of the study are found here too.

6.2 Summary

The study revealed that; residence, education, employment, marital status, household size, age and sex of the household head had an association with the household possession score. Tabulated or graphical information on the characteristics of the poor is immensely helpful in painting a profile of poverty. However, it is not always enough when one wants to tease out the relative contributions of different influences on poverty. For example, data from the Vietnam Living Standards Survey of 1998 showed per capita expenditure to be significantly higher in female-headed households than in households headed by a man. However, after controlling for other influences – where the household lived, the size of the household, and so on – the effect proved to be statistically insignificant.

The Male Headed households were richer than the female headed households. Women are especially marginalized, disadvantaged, exploited and oppressed due to cultural prejudices favoring men. Most crucially, some of these regressive practices have reduced or totally undermined personal initiatives and productivity of millions of people, especially in the

agricultural and pastoral rural areas of the country, and thus curtailed prospects of improving their livelihoods (UNDP, 1998).

There were more respondents in the age group 51-60 in the middle class compared to those in 11-20. As household heads grew older, they become richer, this finding is supported by a study by Willets (2007) on why older people grow richer and young people grow poorer. The study established that there is a significant relationship between age and wealth of individuals in the USA. It was revealed that young people who are just beginning have a problem of accumulated rent while older people enjoy the benefits of the savings. This accounts for the difference in class.

The married household heads were richer than those that had never got married. This is attributed to the fact that if both spouses are employed and work together to invest their income in various projects, they will accumulate capital and time will be able to acquire their desired assets thus making them richer than the singles who will struggle to pull resources to acquire assets on their own.

The household heads who were employed on permanent basis were richer than those employed on casual or not employed. In a typical African working Environment, the casual/temporary employees usually do part time jobs and mostly in lower positions. This implies that their job security is not guaranteed so they can be hired and fired at any time unlike their counterparts in permanent employment who are sure of a monthly income where they can accumulate some savings with time. This finding is supported by that of Ahmed Mahbub (2004) in a study on the Socio-Demographic correlates of rural poverty in Bangladesh which revealed the association

between occupation and household poverty. However, those employed in lower positions were more likely to be poorer than those in better positions.

The household heads that stopped in tertiary education level were richer than those that never went to school, stopped in primary and secondary levels. Higher levels of education for both men and women are strongly associated with higher levels of welfare (Grootaert, 1994). He argued that a better-educated farmer may not have a higher marginal production of labor, *ceteris paribus*, but he may benefit from his education by obtaining assets that he alone can use effectively. Thus, lower education levels cause poverty. Glewwe observes that the impact of education on household welfare is quite strong in urban areas, but rather weak in rural areas.

Household heads in urban areas where richer than those in rural areas. In Urban areas in Uganda, there are employment opportunities, improved infrastructure and access to information which enables individuals to acquire education which later enables them to acquire good employment which can enable them purchase assets like land, Buildings and setting up business.

Also the same applies for female headed households in urban areas as compared to the female headed households in rural areas. This was the finding of the FAO (1998) in a base line survey conducted in Vietnam on the Gender differences in economy which established the association between residence and household poverty in Bangladesh where female headed households in rural areas were found to be poorer than those in the urban.

This perhaps would account for the reasoning why those in urban areas are richer than those in the rural areas.

6.3 Conclusions

The main objective of this study was to establish determinants of poverty among households in Uganda. The study focused on household's country wide and it utilized a data set from the National Household Survey (UNHS 2005/06), which was conducted by the Uganda Bureau of Statistics. Cross tabulations were run to establish the relationship between the dependent and independent variables at bivariate level. And a multinomial logit model was used to establish the determinants of poverty among the different Households.

Household possession score was found to be associated with place of residence, Household head sex, occupation, marital status, Education and the age of the household head. Households in urban areas were found to be richer than those in rural areas. The Male headed households also turned out to be richer than the females; there were more respondents in the age group 51-60 in the middle class compared to those in 11-20. As household heads grew older, they become richer. The married household heads were richer than those that had never got married. The household heads who were employed on permanent basis were richer than those employed on casual or not employed. The household heads that stopped in tertiary education level were richer than those that never went to school, stopped in primary and secondary levels.

6.4: Recommendations

Poverty needs to be addressed at individual level through capacity building as it is at household levels and national levels, too statistics show that poverty has gone down and the situation is getting better, it's not the case with the people who merely survive in the slums in urban centers where most of them do not have any stable income, the poor in the rural areas too are still living

in aggravating conditions, individuals need to be empowered with sustainable and predicable supports which enable self determination, independence and self – sufficiency.

With the Introduction of Universal Primary and Secondary Education, there is need for government to re-emphasize the importance of education since it is now given at almost no cost. In some schools like in Northern Uganda, pupils went to school to have a meal and once there was no meal, they never went back. Sensitization workshops need to be put in place especially for the parents in the rural areas about the importance and benefits of education in order to encourage their children to attend school.

Integral to being an ‘inclusive’ and ‘integrated’ approach to alleviating, reducing and preventing poverty in Uganda, is the clear and demonstrated recognition that our country is diverse in terms of rural/urban geography and individual needs and differing realities. Therefore, recommendations and an implementation plan must consider the need for legislation to enable overarching policies/programs that are able to respond to particular issues and needs facing individuals, families and communities. For an inclusive “people first” integrated approach to be effective, it must be a ‘dynamic’ process in order to become a truly comprehensive strategy.

Monitoring and evaluation programmes need to be put in place to strongly follow up the projects that have been put in place to eradicate poverty. For example UPE and USE, NAADS programmes, etc where the progress of the project is monitored, it is essential that flexibility and quick response to changing demands and circumstances be built into the design, development, implementation and evaluation (ongoing monitoring and assessment). This will enable the projects in turn to achieve the intended goals and objectives.

In conclusion, Government must commit to work cooperatively with many partners and to take action in achieving results. Labour and business organizations, community-based women's, social justice and advocacy groups, academics, and individuals living in poverty working collaboratively with governments at all levels is essential to developing and implementing actions that will alleviate, reduce, and in the longer-term prevent poverty and its consequences. Ongoing meaningful dialogue, monitoring and assessment, among all collaborative partners, is necessary to ensure that public policies and the resulting programs and services are working to alleviate, reduce and prevent poverty in the Country.

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