WHO IS GROWING?

ENDING INEQUALITY IN UGANDA

EVEN IT UP

OXFAM

ENDORSEMENTS

HONOURABLE REBECCA A. KADAGA
Speaker of Parliament of Uganda

I was distressed when one May 2016 morning I received a call from a mother living in one of the city slums. She was distraught because the adjustment government had made to excise duty on piped water made her unable to purchase the five twenty-liter jerricans of water per day for her family's needs. She could now only afford two jerricans, not enough for her house chores. At the stroke of a pen, her life had been drastically altered. I told her I would ensure a review in the following budget cycle.

It is not just taxes that affect lives but also other factors such as access to credit. Despite Parliament's demands (over the last twenty years) that government establish an agricultural bank for farmers, revive cooperative banks and, most importantly, create incentives for financial institutions to spread beyond Kampala, Wakiso and Mukono districts, there has been lethargy in establishment of banking facilities that meet the needs of small farmers and poor households outside these districts. An applicant who does not possess a title deed from Kampala, Mukono or Wakiso is unlikely to get a loan. The urban and rural poor are forced to secure loans at high interest rates from other lending institutions- sometimes with dire consequences. The situation is worse for women for whom the existence of a multiple legal regime has affected capacity to exit poverty and thrive. Women are bound by statutory law, religious obligations, customs and traditions of their communities.
This exclusion is but one of the numerous barriers to progress and emancipation, especially in a highly patriarchal society like Uganda.

Through technology, some agencies have done a good job fighting inequality and exposing high level corruption. Parliament has done its part to make recommendations for action and sanctions. Still, we are yet to see real political will in stopping corruption. Corruption has been institutionalized and no one seems to have the moral authority to clamp it down. Taxpayers' money and morale of Ugandans will continue to dissipate until we solve the problem of corruption which, as Oxfam's report highlights, remains a major driver of inequality.

HIS GRACE STANLEY NTAGALI
Archbishop of the Church of Uganda

Oxfam's report is a revelation to all the people of Uganda to look critically, even beyond this research. Researchers spend a lot of time and money making comparisons with the developed world but ignore the most important aspects that contribute significantly to the reduction of inequality among our people.
The attitude and mind set of all Ugandans, rich and poor, educated and uneducated, men and women, children and youth, must change. Only then will every Ugandan contribute actively and positively, with the spirit of selfless hard work and mutual respect, to development of families and the nation. A better economy and education will contribute to creating more dynamic Ugandan citizens who know that it is their responsibility, and that they have the potential, to make Uganda a better country.

ENDORSEMENTS

IRENE OVONJI-ODIDA
Board Chair, Action Aid International
CEO, FIDA Uganda

Oxfam in Uganda makes a strong case for challenging Uganda's current unfair and unsustainable development trajectory. It speaks to injustice against millions of citizens in an abundantly blessed nation only impoverished by the effects of neo-liberal policies and leadership greed.

It reminds us of the cost of systematic dispensation of privilege to a powerful minority and the dehumanization and impoverishment of the majority and why this cannot and should not last. All people fighting for social justice must mobilize and organize for action and change.

Hope lies in history, in the power of numbers and the right to bend the great arc of history, to echo the words of a great revolutionary, towards justice. This compelling cry for justice must be heard by both the powerful and privileged for whom the system works and the masses who it sweeps away.

VICTOR OCHEN
Africa's youngest Nobel Prize nominee
Founder, African Youth Initiative

Oxfam's rich experience in distilling challenges that threaten society is exhibited in this report. The report presents some remarkable progress towards national development, while highlighting the darkness that hovers over Uganda's transition to a middle income economy. It is unique because, without lamenting or aggrandizing the country's state, it provides a fresh perspective and a springboard for inclusive and tolerant leadership capable of fostering development.

Inequality undermines peace and state legitimacy, and creates fragile confidence and an environment so toxic where the populace fears to discuss their rights.

As a young man who grew up in internally displaced peoples' camps, I know that life defined by war, poverty and inequality can jeopardies the best intentions a country or individual may have. Ignoring inequality is a political mistake we must not repeat.

It is important that we act fast to bridge the gap between war ravaged regions and the rest of the country, and address the effect such disparities have on, especially, the youth.

When we leave entire regions and young people behind, we lose out on valuable and diverse skills that have the potential to lead to sustainable growth. Leadership that sanctions inequality is hard to respect and trust.

Uganda's transition to middle income economy is within reach, but it requires road maps to equality, not road blocks.

WHO IS GROWING?

ENDING INEQUALITY IN UGANDA

A study of the drivers of inequality in Uganda.

A walk home from school in Makerere Kivulu slum which is in the neighborhood of Makerere University.

ACKNOWLEDGEMENTS

The report was written by Professor Augustus Nuwagaba, Managing Consultant at Reev Consult International and peer reviewed by Dr. Fred Muhumuza, a development researcher.

Oxfam colleagues shared ideas, reviewed concepts and early drafts and worked behind the scenes to support this research.

Special mention and thanks go to Peter Kamalingin, Joselyn Bigirwa, Rama Omonya, Patience Akumu, Harriet Mbabazi, Deborah Hardoon, Dorah Ntunga and Bridget Keremente.

Oxfam in Uganda was grateful for the opportunity to consult the following people and utilize their immense support and insightful ideas throughout research planning and implementation: Dr. Fred Muhumuza, Professor Yash Tandon (Founder and Chairperson, Southern and Eastern Africa Trade Information (SEATINI)), Irene Ovonji-Odida (FIDA Uganda), Richard Ssewakiryanga (The Uganda National NGO Forum), Jane Nalunga (Country Director, SEATINI Uganda), James Mwirima (National Coordinator, CEW-IT), Fredrick Mwesigye (Forum for Education NGOs in Uganda) and Professor Julius Kiiza (Makerere University).

Production of the report was managed by Rama Omonya and Patience Akumu. The text was edited by David Wilson. Production, layout and photography was coordinated by Dorah Ntunga.

All photos by Julius Kasujja/Oxfam

Cover:
A picture composition potraying inequality in Uganda
A slum neighborhood and well planned estate

CONTENTS

List of figures and boxes....7
Acronyms and abbreviations....8
Executive summary....16

1 **INTRODUCTION:** Understanding inequality....24
- 1.1 General objective....26
- 1.2 Specific objectives....26
- 1.3 Methodology....26
- 1.4 Background: what is inequality?....26
- 1.5 Time to Even It Up in Uganda....28

2 **THE FACE OF INEQUALITY**: levels and trends....29
- 2.1 Poverty amidst plenty: economic growth, poverty reduction and inequality....30
- 2.2 Land distribution and tenure....35
- 2.3 Disparities in education and opportunity....36
- 2.4 Generational poverty: how horizontal and economic inequalities intersect....38

3 **SPECIFIC DRIVERS OF INEQUALITY**....45
- 3.1 Non-inclusive growth leaves the majority behind....46
- 3.2 Inequalities in employment opportunities....49
- 3.3 Regressive tax policies....53
- 3.4 Public expenditure: where is it focused?....54
- 3.5 Infrastructure projects: value for money?....55
- 3.6 Land: the inequality wedge....57
- 3.7 Financial capital in the hands of a few....59
- 3.8 Governance and inequality....63
- 3.9 Corruption as a driver of inequality....65
- 3.10 Socio-cultural practices keep women poor....66
- 3.11 Conflict and instability leave communities poorer....67

4 **POLICY CHOICES FOR ACHIEVING EQUITABLE GROWTH**....69

5 **EXTREME INEQUALITY IS NOT INEVITABLE: WHAT WE MUST DO TO STOP THE SPIRAL**....76

List of figures and boxes

Figure 1:	Global adult population and share of total wealth by wealth group, 2015
Figure 2:	The world's millionaires by country, 2015
Figure 3:	Trends in the Palma ratio in East Africa, 1985–2011
Figure 4:	Percentage of people living below the poverty line, 1992–2014
Figure 5:	Trends of inequality, measured by the Gini co-efficient, 1992–2015
Figure 6:	Trends in shares of national income, 1996–2012
Figure 7:	The growth Incidence curve, 1999–2011
Figure 8:	Comparative poverty levels (%) by location (rural–urban)
Figure 9:	Geographical mapping of poverty (2005)
Figure 10:	GDP contribution by sector
Figure 11:	Trends in prices of coffee and cotton (USh per kg), 1992–2002
Figure 12:	Trends in prices of vanilla (USh per kg), 1992–2004
Figure 13:	Monthly remuneration in selected public sector organizations
Figure 14:	Assets and market share of commercial banks in Uganda (December 2015)
Figure 15:	Distribution of ministers by gender (%)

Box 1:	Tax exemptions
Box 2:	Land and the legal system
Box 3:	Legal limitations to prosecution

ACRONYMS AND ABBREVIATIONS

ADF	Allied Democratic Forces
AIDS	Acquired immune deficiency syndrome
BoU	Bank of Uganda
CET	Common external tariff
CEW-IT	Citizens Watch – IT Uganda
CHOGM	Commonwealth Heads of Government Meeting
CSO	Civil society organization
DEI	Directorate for Ethics and Integrity
EAC	East African Community
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FGD	focus group discussion
FGM	female genital mutilation
GDP	gross domestic product
GNI	gross national income
HIV	Human immunodeficiency virus
ILO	International Labour Organization
IGG	Inspector General of Government
KCCA	Kampala Capital City Authority
LED	Local Economic Development
LG	Local government
LRA	Lord's Resistance Army
MFI	Micro-finance institution
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MoLHUD	Ministry of Lands, Housing and Urban Development
MoPS	Ministry of Public Service
MP	Member of Parliament

NAADS	National Agricultural Advisory Services
NDP	National Development Plan
NGO	Non-governmental organization
NPA	National Planning Authority
NRM	National Resistance Movement
NSSF	National Social Security Fund
NUSAF	Northern Uganda Social Action Fund
OAG	Office of the Auditor General
ODA	Official development assistance
OPM	Office of the Prime Minister
PAYE	Pay As You Earn
PMA	Plan for Modernization of Agriculture
PPDA	Public Procurement and Disposal of Public Assets Authority
SACCO	Savings and credit cooperative
SAP	Structural Adjustment Programme
SGBV	Sexual and gender-based violence
SGR	Standard Gauge Railway
UBOS	Uganda Bureau of Statistics
UCB	Uganda Commercial Bank
UIA	Uganda Investment Authority
UNHS	Uganda National Household Survey
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
URA	Uganda Revenue Authority
USE	Universal Secondary Education
USh	Ugandan shilling
VAT	Value added tax
VSLA	Village Savings and Loan Association

FOREWORD

"Who's growing?"

That's the central question we asked as we undertook this new piece of research into the drivers of inequality in Uganda.

Indeed, no matter who you are, where you live, or your socio-economic status, you cannot ignore the comments about Uganda's growing economy, growing opportunity, and growing investment. And, of course, all of these are good for Uganda.

But when I look around, I don't just see growth. Whether on the streets of Kampala, during a trip upcountry, or while taking a shortcut in Kamwokya, I see a stark picture not of growth but of inequality.

Is it growth when Selena Atanasio Acerwun, a 62-year-old woman who has sold maize for 29 years still struggles to pay bills each month?

Is it growth when I read about the billions dubiously disappearing from state coffers? Or of a child dying, alone, of hunger? Or of a young husband forced to operate on his pregnant wife because they cannot afford to go to the health centre?

These persistent—and, as our report shows, growing—inequalities threaten real and sustained growth in Uganda.

From the unfair distribution of carework to prevailing social norms, women are often at the bottom of the economic ladder. National investment choices in sectors such as health, agriculture, and education regularly privilege the wealthy.

And a regressive tax system still places most of the tax burden on the already-poor. All of this and more serve as a warning that if we do not immediately address Uganda's inequality crisis, the impressive growth figures will not translate into a better Uganda for all of us.

In Uganda's recent years of steady GDP growth, the percentage of national income held by the country's poorest has shrunk.

At the same time, the percentage held by the richest has swelled and inequalities between and within regions have deepened.

The coldhearted among us might say the poor are lazy, or that the rich have better ideas. But those of us who do not settle for such fabricated answers know better.

Our report shows that it remains the prevailing inequalities—especially across regions and between men and women—that limit access to real opportunities. And political decisions still fail to address and correct these negative trends.

We feed inequality when we dedicate the disproportionate share of the national budget to infrastructure and defense, at the expense of sectors such as health, agriculture and education that would have a more direct and lasting positive impact on the poor.

At Oxfam in Uganda, we are keen to challenge these inequalities because we strongly believe that rising inequality is a threat to Uganda's future.

We all want Uganda to be a better place. A place where every child has every opportunity to succeed and do the things that only they can imagine.

And so, as we hear day after day that Uganda is growing, let us not forget to ask each other "Who's growing?" And, whenever possible, let's together take advantage of every opportunity to check inequalities and decisions that benefit only the privileged few.

It's the only way we can ensure happiness and long term stability of our country.

It's time to even it up.

PETER KAMALINGIN B.L

Country Director
Oxfam in Uganda

FOREWORD

Capitalist crisis is structural

Policy makers in Uganda are in denial about two things. First and foremost is that the current economic system divides people into the rich and the poor and further compounds this division over time because the market rewards the rich and penalizes the poor several times over. Second is a reluctance to challenge system of production and wealth distribution at decision making to understand that this system is inherently and fundamentally flawed.

From the United States to Uganda inequality is pervasive. This is despite continued economic growth as the economic system rewards capital more than hard work, generating income for banks and rather than people. This becomes increasingly severe when people are divided by other non-economic levels too – by ethnicity, gender and village for example.

Captive Uganda

If proof is needed about the above general proposition, it is amply provided in this excellent survey of Uganda by Oxfam. The report finds that despite economic growth averaging 5.9 percent over the past decade and reductions in poverty rates over the past 20 years, there is a mismatch between macro-economic growth and national level statistics and the reality experienced by many people living in Uganda, particularly women, young people and those living in the north[?]. Paradoxically, inequality has increased along with economic growth.

The Report identifies key drivers of inequality in Uganda which includes; Inappropriate economic policies such as over liberalization, inequitable access to productive resources, gender based marginalization, governance regime, un fair tax systems as well as conflict and instability.

That sums it all. However, it is important to place Uganda within the broader global context: in many senses Uganda is still not a fully independent country. Is it possible that for over half a century (since Uganda's independence on 9 October 1962) Uganda is still not fully independent? Yes, it is not only possible but actually manifest in the processes that lie under the surface of the above listed drivers of inequality. The key policies that really impact on our economies the most matter are made not in Kampala or Entebbe; they are made in Washington, Brussels, London, Berlin, Geneva ... and other such centers and boardrooms of global finance capital and decision makers on matters related to trade and investments. It is quite true that countries, like Uganda, are a nations under captivity, in some respects, to decisions made by those more powerful than it. However, it is also true that more deliberate efforts in game changing policies like housing, agriculture, health, education, infrastructure and land tenure systems can be determined in Kampala especially at a time when we boast about domestic revenue financing the bulk of our budget.

Oxfam towards a transformative agenda

In its "Strategic Plan, 2013-2019" Oxfam International defines its vision as "a just world without poverty: a world in which people can influence decisions that affect their lives, enjoy their rights, and assume their responsibilities as full citizens of a world in which all human beings are valued and treated equally".
The Uganda Inequality Report identifies a number of "allies" to carry out its mission, among them the Uganda Land Alliance, Uganda Women's Network (UWONET), and Southern and Eastern African Trade Information and Negotiation Institute (SEATINI). Speaking for SEATINI I can say that Oxfam Uganda can rely on it to provide strong support to resist an imposition of unfair trade and investment deals on Uganda and on Africa.

Whose responsibility?

The responsibility lies largely with Policy makers and implementers especially at Political level on one hand and the citizens on the other. To tackle the extreme inequality and reduce poverty meaningfully, policy makers must stop viewing policy interventions from political lenses. Transformative policies will mean the political leadership is willing to do things differently and inconvenience their political capital (where need be) for the greater good of the nation. The technocrats in charge of the implementation of the sound policies will find little room to mismanage implementation where political leadership is uncompromising on the quality of game changing policies. Equally, the people must ensure they actively participate in shaping these policies, not only through their elected representatives but community level engagement with leaders and specifically holding them to account not only for the utilization of the funds entrusted to them but on the general welfare improvement.

YASH TANDON

Founder Chairman, SEATINI

School children from defferent social classes.

EXECUTIVE SUMMARY

Economic growth has seen the gap between rich and poor countries narrow over the past 30 years but, paradoxically, the gap between the richest and the poorest people within countries has increased. Extreme inequality hampers poverty reduction efforts and overall growth and has long-term social and environmental costs. In Africa, the number of wealthy people has doubled in the past 15 years, and the continent is now home to more than 160,000 individuals with personal fortunes in excess of $1m. At the same time, an estimated 350 million Africans live in extreme poverty.

Since 2002, Uganda's economy has grown by at least 6 percent annually, while GDP per capita has trebled in real terms since 1990. The country aspires to middle-income status, and has made major advances in a number of areas. In 1992, nearly 56 percent of the population lived below the national poverty line, but by 2014 this had fallen to 19.7 percent. However, income inequality has increased significantly since the 1990s. Uganda has seen 'growth with exclusion', where relatively few have benefited from economic gains. The richest 10 percent of the population enjoy 35.7 percent of national income; while the poorest 10 percent claim a meagre 2.5 percent and the poorest 20 percent have only 5.8 percent. Those at the bottom are on a downward poverty spiral while those at the top are on an upward trend.

> "*The promise was that when the glass was full, it would overflow, benefiting the poor. But what happens instead is that when the glass is full, it magically gets bigger – nothing ever comes out for the poor.*"
>
> **Pope Francis.**

Inequality cuts across generations. The children of wealthier people have access to greater opportunities and will themselves be richer. The incidence of poverty remains far higher in rural areas, at 22.8 percent of the population compared with 9.3 percent in urban locations. Geographically, development has been skewed towards the central and western regions and towards urban centres, and poverty levels remain highest in the northern and northeastern parts of the country, which have suffered decades of conflict.

The agricultural sector accounts for 24.6 percent of Uganda's GDP and 80 percent of its export earnings, and is the main source of income for poor and vulnerable people. Some 96 percent of farmers are smallholders with five acres of land or less. However, land is not distributed evenly, and women in particular are denied their land rights. Furthermore, the prevailing trend in agriculture is commercialisation, targeting large-scale farmers of cash crops. Small-scale farmers lack the resources to improve productivity and are most affected by weather shocks and climate change. When the harvest fails, they may have to sell their land in distressed circumstances. Inequalities created by the colonial-era mailo system of land tenure persist, and often tenants have no voice against wealthy landlords.

Gender inequality is the most significant of all identity-based disadvantages, and women are invariably more marginalized than men. Cultural norms, attitudes and practices perpetuate inequality between men and women, which is accepted as a fact, even by many women. Women find themselves at the bottom of the development pyramid. Most are employed in the agricultural sector and other low-paying sectors such as mining and teaching. While they constitute over 70 percent of the agricultural workforce, they own only 7 percent of the land. In waged jobs in the public sector, the average pay for women is 40 percent less than it is for men.

Sixty percent of the population are aged under 18. A third of Ugandan children are affected by stunting. Infections such as HIV, malaria, diarrhoea and pneumonia account for 70 percent of deaths amongst under-fives, while HIV and AIDS are the main cause of death amongst adolescents, killing 300 every day. Thirty percent of households have no access to safe water, with children in rural areas disproportionately affected.

> "
> *Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance.*
> "
>
> **Kofi Annan**

There are stark differences in the quality of primary schools. While most rural schools lack basic infrastructure, a small number of elite schools in urban areas have state-of-the-art facilities. Children in rural areas are sometimes forced to miss classes, especially during the rainy season. Teachers are not motivated and are often absent from work. The poor quality of public schools means that education is no longer seen as a realistic means of escaping poverty, as most parents cannot afford quality education. As children grow into young people, many will struggle to find work – nearly twenty percent of young people aged 18–30 are unemployed.

There are many specific drivers of inequality worth highlighting.

Non-inclusive growth:

Uganda attracts significant amounts of foreign direct investment (FDI) but it still lacks funds to pay for infrastructure and essential services. It suffers massive levels of capital flight, losing an estimated $8.4bn between 1970 and 2010. Economic growth has been driven by sectors such as industry and services, but relatively few people benefit from growth in these sectors, and only a tiny minority have a formal wage-paying job. Agriculture employs over 70 percent of the population, but contributes only about 25 percent of GDP. Liberalization has led to the collapse of cooperatives and exposed farmers to free market systems, leaving many struggling to survive.

Employment opportunities:

Women shoulder the burden of domestic household work and raising children, but their work goes largely unrecognized. Working long hours at home leaves them with little time for income-generating activities. Women do not always make decisions about their own employment: men may encourage them to take low-paying jobs or prevent them from working altogether. Even when women do work outside the home, they earn less than their male counterparts. About 50 per cent of employed women are engaged in the three lowest-paying sectors (agriculture, domestic care work, and mining and quarrying), compared with 33 per cent of men. They are often found in traditionally low-paying jobs such as childcare or nursing. In the public sector, for women and men alike, pay structures are skewed in favour of certain government organizations, where even the lowest cadres earn more than senior civil servants elsewhere. A teacher typically earns about one-fiftieth as much as an MP.

Regressive tax regime:

Uganda's tax system is unfair and exploitative. Local manufacturers are denied tax breaks while foreign investors are treated more favourably to attract foreign capital. Exemptions undermine the mobilization of tax revenues for the delivery of public services. VAT is applied at a blanket rate of 18 percent, hitting the poorest hardest. High levels of domestic borrowing have created a large fiscal deficit, requiring supplementary budgets and the issue of government securities. This has crowded out private sector enterprises and has pushed up interest rates, inflation and the cost of living.

Public expenditure:

Social services and amenities are concentrated in urban areas, along with essential infrastructure such as roads and electricity. There has been significant investment in rural electrification, but for most households connection costs and power bills are prohibitively high. Significant resources have been spent on health facilities, but they are still under-staffed and under-resourced. Nearly half of mothers deliver their babies without the assistance of a skilled attendant, and maternal mortality rates are high. The creation of new layers of local government means that administration costs will absorb 15

> "
> *If you have the majority of your population spending six hours of their day looking for water and carrying it in jerrycans on their heads like donkeys and after they spend three more hours again looking for firewood to cook food , you cannot expect development.*
> "
>
> **Prof. Ephraim Kamuntu**

percent of all government expenditure in 2016/17. Yet many local governments lack the personnel and budgets they need, and there is only one doctor for every 24,725 people.

The education system is still based on an outdated curriculum. The privatization of secondary and tertiary education has been accompanied by high tuition fees, and many parents struggle to pay. Moreover, the benefits of education are limited by the lack of jobs available. At the same time, many students from rich families are admitted to public universities with government sponsorship, even though their families could afford to pay private fees.

Infrastructure:

National and regional-level infrastructure projects will undoubtedly bring benefits in the long term, but in the meantime the costs are borne by poor citizens. The government has had to borrow heavily to finance these projects, leaving future generations to pay. It is likely that spending on social services will be reduced, disproportionately affecting poor people. In addition, large-scale projects often lead to poor households being uprooted and displaced. Some public investments clearly support the interests of the elite, such as the construction of modern hospitals in Kampala, which will cater to the health needs of the rich.

> "
> *Land is the most valuable resource in Uganda today. We must invest in a way that does not deprive that rural woman and that rural man, however ignorant, of land.*
> "
>
> **Hon. Cecilia Ogwal**
> Politician and women's rights activist

Land:

Agriculture contributes about 25 percent of GDP and employs around 70 percent of the workforce. The sector is dominated by smallholder farming, but land ownership is subject to a complex system of tenure, which often favours the interests of wealthy landlords. Land grabbing by large investors often leads to the displacement of large numbers of people. Large-scale land investments are increasing, and land grabbing is now the third most significant cause of landlessness in Uganda. Loopholes in the land laws lead to the marginalization of vulnerable groups such as pastoralists and women. The Land Act of 1998 has twice been amended, but evictions remain widespread.

Concentration of capital:

Uganda has 26 licensed commercial banks, with about 564 branches mainly in urban areas, and just 5.3 million bank accounts for a population of 39 million. The banking sector is controlled by foreign-owned private commercial banks, which see many rural areas as unviable, and so they lack financial services and infrastructure. Interest rates are high – commonly 20–30 percent – and even when banks offer credit; they demand high levels of security. Small-scale organizations such as savings and credit cooperatives and micro-finance institutions have the potential to help people access financing, but they lend only limited amounts and their interest rates too can be high. Only 8.3 percent of the population is banked and only 12 percent have ever secured a formal loan. Many poor people rely on borrowing from money lenders.

Governance:

The government has been reluctant to strengthen key state institutions. Most key decisions are made, or influenced, by the executive, and the judicial system is weak. Although women now have significant representation in both parliament and the cabinet, there has been little progress in breaking down gender discrimination, especially at the grassroots level.

Corruption:

Uganda is one of the most corrupt countries in the world. There have been many cases involving the loss of colossal sums of public money, and it is estimated that the country loses $500m annually in this way. However, there is a lack of political will to pursue those guilty of corruption and an absence of meaningful deterrents, and so abuses continue.

> "
> *A nation will not surve morally or economically when so few have so much, while so many have so little.*
> "
>
> **Sen. Bernie Sanders**

Socio-cultural practices affecting women:

Women carry the burden of anchoring the family, and their role as mothers and care givers is taken for granted. They still experience female genital mutilation, sexual and gender-based violence (SGBV) and the denial of their rights to education and employment. Young girls are forced into early marriages, placing them and their children at risk of dying in childbirth and increasing their chances of living in poverty.

Conflict and instability:

Conflict, violence and insecurity inflict direct losses and hamper development. In conflict-affected areas, poverty and deprivation become the norm and development lags behind other parts of the country. Displacement and resettlement have left many women without access to land, and conflict has led to a breakdown in traditional household roles. The disruption of social services has led to worse social outcomes in literacy rates, malnutrition, maternal mortality and the incidence of SGBV.

Despite this gloomy picture, extreme inequality is not inevitable, and there are ways to stop the spiral of poverty. Until now the focus of policy has been on achieving economic growth, and little has been done to ensure that growth is inclusive. However, there are many policy choices that Uganda can make that might help it to achieve equitable growth and reduce poverty. The following recommendations are aimed at addressing the root causes of inequality and creating a fairer society.

Governance, corruption and impunity

- Challenge the monopoly on critical decision making by the elite. Advocate for more citizen participation at all levels and greater political inclusion.
- Press for the strengthening of accountability by making corruption a high-risk venture.
- Halt the creation of new layers of local government and concentrate on service delivery.

Gender-based exclusion and marginalization

- Advocate for the enactment of legislation providing for property rights for women.
- Campaign against cultural biases that promote disparities in reward sharing between men and women, and advocate for the elimination of harmful practices.
- Encourage the formation of women's associations to agitate for their rights, train women in vocational skills programmes and establish affordable savings and credit schemes.
- Advocate for gender equity in access to social services, employment opportunities and equal pay for work of equal value, as well as participation in decision making.

Inequitable economic policies and programmes

- Advocate for a policy review to ensure strong government involvement in development programmes and private sector projects.
- Promote government protection of vulnerable groups.
- Promote policies and mechanisms for the growth of emerging domestic industries.

The education system

- Overhaul the system by emphasizing the development of practical skills.
- Promote vocational training, especially targeting youth.

> "*Our inequality materializes our upper class, vulgarizes our middle class, brutalizes our lower class.*"
>
> **Matthew Arnold**

- Increase the budget to improve the quality of education in public schools.

The tax regime

- Eliminate unfair taxation by advocating for greater equity in tax regimes.
- Step up efforts to minimize tax exemptions, and clamp down on tax avoidance and evasion.
- Put more focus on the taxation of capital gains and dividends.

The agriculture sector

- Commit resources to help improve livelihoods – at least 10 percent of the national budget.
- Provide more resources for critical inputs to boost productivity.
- Provide more resources for post-harvest activities.

Access to land and capital

- Discourage land grabbing by large investors and other powerful actors.
- Promote land titling (especially of communal land) as a means of protection.
- Promote land tribunals to deal with land disputes.
- Improve access to credit and extend the penetration of financial services in rural areas.

Budget allocations and investment in social services

- Allocate public investment and resources to hospitals, roads, and water and sanitation.
- Take affirmative action in the allocation of public infrastructure investments.
- With regards to regional integration, avoid disadvantaging local initiatives and seek greater transparency and value for money in infrastructure projects.

Conflict and instability

- Promote peace building and conflict resolution.
- Adopt more tolerant approaches to resolving conflict, rather than military solutions.

> "*It is horrible to see that hospitals in the country have no drugs. It is the duty of every government to provide drugs, sugar, salt and other essential requirements.*"
>
> **Yoweri Kaguta Museveni,**
> Uganda Times, July 15, 1980

INTRODUCTION

Kampala City view from Kibuli slum

1 INTRODUCTION: Understanding Inequality

It is a typical sunny afternoon on the streets of Kampala and business is buzzing – small businesses, big businesses, makeshift businesses. The city, the capital of Uganda, covers an area of about 180 square kilometres and is home to over 1.5 million people, who come from all over the country to make a living, get an education and create a better life for themselves.[1] Suddenly a truck stops besides a woman selling fruit on a shop verandah and its occupants jump out and confiscate all her merchandise.

The woman cries, she wails, she begs. But the men in the truck are gone as quickly as they came. Her neighbours in the shops whisper that they have taken Sumaya's property for the second time in less than a month. Sumaya is despondent as she runs after the truck in an attempt to get back her fruit. The truck is from the Kampala City Council Authority (KCCA), which over the past five years has been on a drive to 'clean up the city', requiring Kampala's estimated 8,500 street vendors to relocate.[2] Sumaya is just one of the many Ugandans for whom seemingly progressive government development policies have translated into greater risks and increased poverty.

From urban areas like Kampala to peri-urban areas such as Mbarara and rural areas in places such as Arua and Karamoja, this is a study of the paradoxes of poverty and inequality in Uganda, which persist despite the country's promising development figures. Its gross domestic product (GDP) maintained a real economic growth rate of at least 6 percent between 1990 and 2012,[3] and in the period immediately after independence in the 1960s average annual growth was as high as 7.7 percent.[4] However, income inequality, as measured by the Gini co-efficient, has increased steadily.[5] This study, grounded in existing literature on poverty and informed by focus group discussions (FGDs) and key informant interviews, identifies the key drivers of inequality in Uganda and highlights how individual and group poverty intersect and reinforce one another. Section 1 outlines the objectives of the study, its methodology and the background. Section 2 discusses the manifestations of inequality and how cultural attitudes serve to tighten the spiral of inequality, while Section 3 discusses specific drivers of inequality. Section 4 looks in detail at policy choices and programmes that have the potential to tackle issues of inequality. Section 5 puts forward recommendations on how the problem of inequality can be tackled so that economic growth benefits everyone.

> *Tackling inequality in Uganda entails a comprehensive development framework that puts people's participation in the economic growth process at the centre.*
>
> *People must be viewed as agents of economic growth and transformation and not passive recipients of social services and/or handouts from either development partners or their own government.*
>
> **Lawrence Bategeka**
> Senior Research Fellow at the Economic Policy Research Centre (EPRC)

1.1 General objective

The study builds on existing literature on levels and trends of inequality in Uganda to gather evidence on how inequality manifests itself and how it affects different people across different social, political and economic strata.

1.2 Specific objectives

- To identify the key drivers of inequality in Uganda
- To analyse public policies and practices and how they affect equitable development
- To provide evidence that can inform future interventions in the fight against poverty and inequality.

1.3 Methodology

The study is both quantitative and qualitative, and is informed by both primary and secondary data. The quantitative research was based mostly on secondary sources and involved an analysis of official national statistics in order to make deductions on inequality. This comprised a meta-analysis of documents from, inter alia, the Uganda Bureau of Statistics (UBOS), the National Planning Authority (NPA), the Ministry of Finance, Planning and Economic Development (MoFPED) and the Bank of Uganda (BoU). Qualitative data was collected through one-on-one interviews with key informants. Respondents included representatives of government ministries, departments and agencies, local governments, private sector players, non-governmental organizations (NGOs), civil society organizations (CSOs), Oxfam staff, partners and peers, development partners and other stakeholders. Focus group discussions were another important source of primary qualitative information. FGD participants were selected according to gender, employment status and education and included women and men in both formal and informal employment, youth in school and out of school and people running or working in businesses. The FGDs were conducted so as to understand the challenges, opportunities and concerns of different groups of people and how inequality affects them.

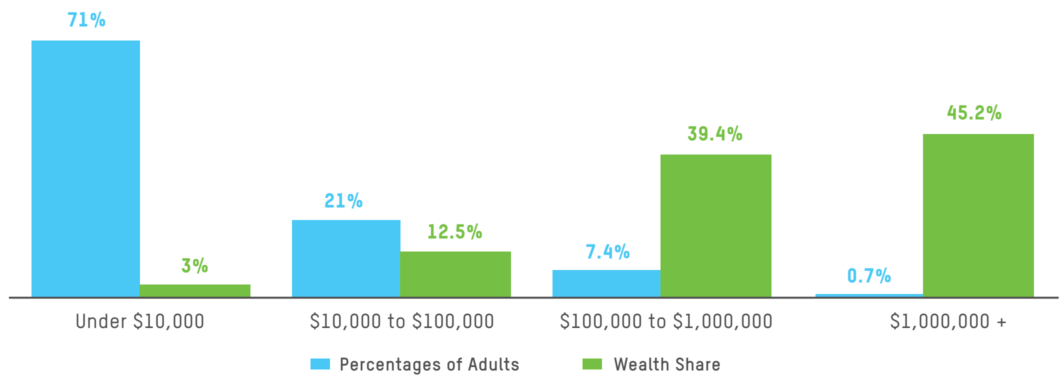
> *People are not hungry because there is no food in the world. There is plenty of it; there is a surplus in fact. But between those who want to eat and the bursting warehouses stands a tall obstacle indeed: politics.*
>
> **Ryszard Kapuściński,**
> The Shadow of the Sun

1.4 Background: what is inequality?

The concept of inequality is broad. Frequently it refers to differences in income, but it also encompasses inequalities deriving from aspects of identity such as gender, ethnicity or caste. It exists as vertical inequality (between different individuals and households) and horizontal inequality (between culturally defined groups). Both vertical and horizontal inequality can be understood through economic, social and political dimensions. Economic inequality refers to inequality in income and wealth, often as a result of the concentration of economic power in the hands of a few. Social inequality refers to differences in social outcomes between groups and the impact of discriminatory attitudes and social beliefs. Broadly, these include health and educational outcomes, nutritional status, housing, access to water, sanitation and energy and social exclusion and marginalization. Political inequality refers to the concentration of political power in the hands of a few, leaving the majority voiceless.

Globally, there is an enormous gulf between the rich and the poor. In 2015, just 62 individuals had the same amount of wealth as 3.6 billion people worldwide – the bottom half of humanity.[6] Inequality is particularly evident between different countries, with a vast gap between economic, social and political outcomes and opportunities in rich countries compared with less developed countries. From cradle to grave, people's life chances are constrained by stark inequalities.

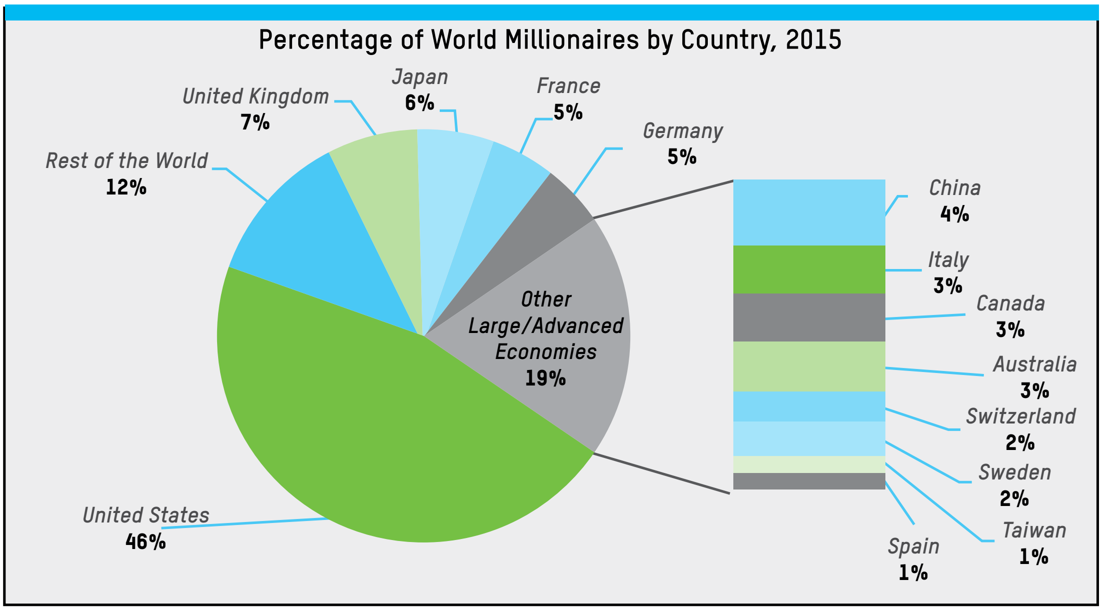
Figure 1: Global adult population and share of total wealth by wealth group, 2015



Source: Credit Suisse Research Institute (2015). Global Wealth Report 2015 [7]

Figure 1 demonstrates how a small percentage of people control most of the world's wealth. These indicators belie the fact that over the past 30 years the economies of lower-income countries have grown faster than those of richer countries, levels of extreme poverty have fallen and progress has been made on many human development indicators. As a result, the gap between rich and poor countries has been narrowing. At the same time, however, the gap between the richest and the poorest people within countries has increased. Oxfam identified these inequalities as a threat to equitable development in its 2014 report Even It Up.[8] This report demonstrates how extreme and growing inequality within countries hampers poverty reduction and overall growth and has long-term social and environmental costs that can hinder global and national efforts to deliver social justice and eradicate poverty.

Figure 2: The world's millionaires by country, 2015



Source: Credit Suisse Research Institute (2015). Global Wealth Report 2015

1.5 Time to Even It Up in Uganda

Oxfam's global Even It Up campaign aims to set the terms of the debate and to amplify the voices of people and CSOs in order to influence change and advocate for effective policies and practices that will have a lasting impact. This study of inequality in Uganda nationalizes the global campaign and seeks to explain inequality and its drivers in the Ugandan context.

Its findings will inform future interventions by Oxfam and its partners and will lay a foundation for dialogue on inequality and its impacts in Uganda. This is intended to influence policy makers and other stakeholders to understand and effectively address growing inequality by putting in place policies and structures that encourage inclusive growth and create an environment where ordinary Ugandans can demand interventions that will reduce inequality and injustice.

2

THE FACE OF INEQUALITY: levels and trends

A man transporting kids on a wooden wheel load carier with in Kampala City centre while other people are safely travelling by car.

This section examines the broad manifestations of inequality and looks at its long-term effects on individuals, groups and even generations.

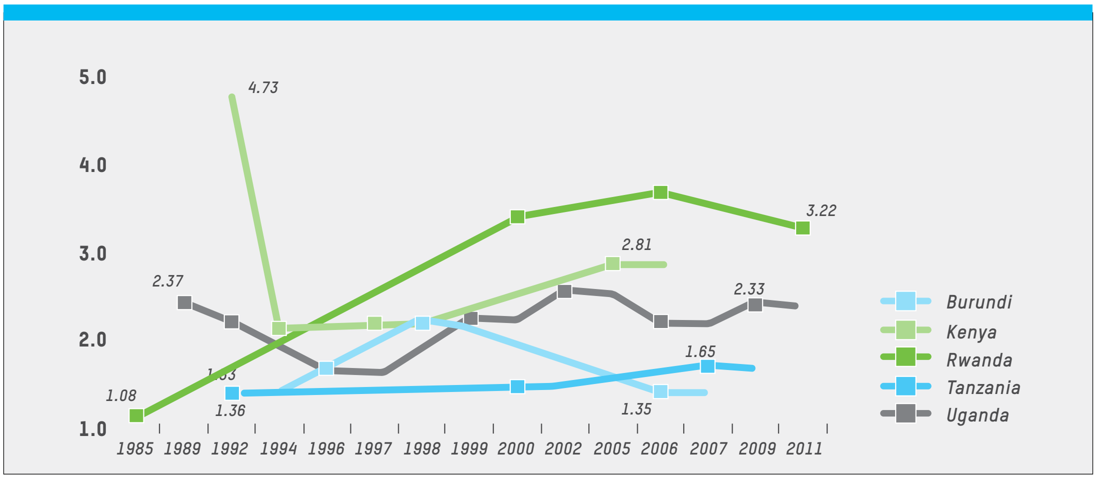
2.1 Poverty amidst plenty: economic growth, poverty reduction and inequality

Although a relatively small proportion of the world's millionaires live in African countries, the number of wealthy individuals on the continent has doubled since the turn of the century. Africa is now home to more than 160,000 high net worth individuals with personal fortunes in excess of $1m, whose combined holdings totalled $660bn at the end of 2014.[9] At the same time, the continent is home to an estimated 350 million people living in extreme poverty.[10] South Africa in particular has one of the highest recorded levels of income inequality, with a Palma ratio – the share of gross national income (GNI) claimed by the richest 10 percent of the population divided by that of the poorest 40 percent – of more than 7.[11] Inequality is higher in South Africa now than it was during the apartheid era.[12] The presence of high income earners living in elite neighbourhoods alongside the millions of people who remain in extreme poverty is now a hallmark of South Africa and many other African countries, including Uganda, particularly in urban areas.

A well-planned residential area in Naalya, Kampala, abuts the Kamwokya slum with a visible open sewer.

With a Palma ratio of 2.1 in 2012, Uganda's inequality levels are high, though significantly lower than in South Africa. Compared with neighbouring countries in East Africa, its income distribution is less equal than in Tanzania and Burundi, but more equal than in Kenya and Rwanda.[13] Inequality levels have increased in Uganda and Tanzania over the past 20 years, while in Kenya they decreased significantly between 1985 and 1994 but since then have stagnated (see Figure 3). For most countries in the region, over the past decade inequality has either been stuck at a constant level or has increased- a clear indication that growth over that period has not been inclusive. Even when inequality decreases, the situation remains volatile and the gap is likely to increase at any time, as indicated by the oscillating line on the graph for Uganda.

Figure 3: Trends in the Palma ratio in East Africa, 1985–2011

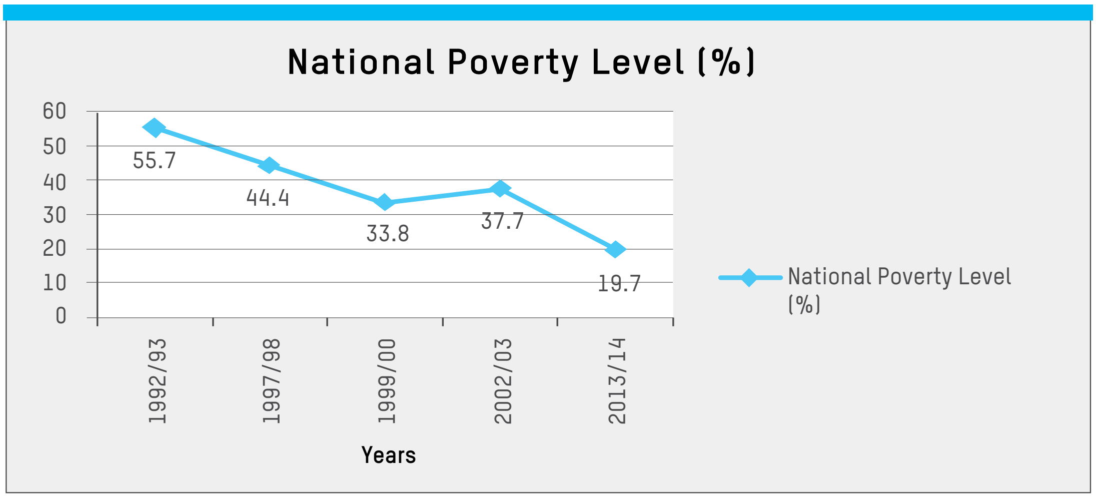


Source: http://www.indexmundi.com/facts/topics/poverty, and PovcalNet: the on-line tool for poverty measurement developed by the Development Research Group of the World Bank (http://iresearch.worldbank.org/PovcalNet/index.htm)

Yet in the 1960s Uganda was one of the most prosperous and promising countries in sub-Saharan Africa, with buoyant performances in its health and education sectors. At the time, its economy compared favourably with those of today's Asian giants such as South Korea, Malaysia and Singapore. However, the turmoil of the post-independence period stalled progress on development,[14] and by the late 1970s the Ugandan economy had ground to a halt. A degree of economic recovery began from the mid-1980s, following the guerrilla war that ushered in the new regime of the National Resistance Movement (NRM). Evidence of this was seen in greater macro-economic stability, public investment in infrastructure (such as roads and electricity supply) and the maintenance of peace and security.

Between 1990 and 2012 the economy experienced sustained growth, at an average of 6 percent per annum.[15] Income per person (GDP per capita) has trebled in real terms from $500 (US$ PPP) in 1990 to $1,777 in 2014.[16] Uganda has aspirations to attain middle-income status by 2020, and it has made major advances in a number of key areas, including economic stability, infrastructure development, life expectancy and reducing poverty levels.[17] In 1992, nearly 56 percent of the population lived below the national poverty line, but by 2014 this proportion had fallen to 19.7 percent (Figure 4).

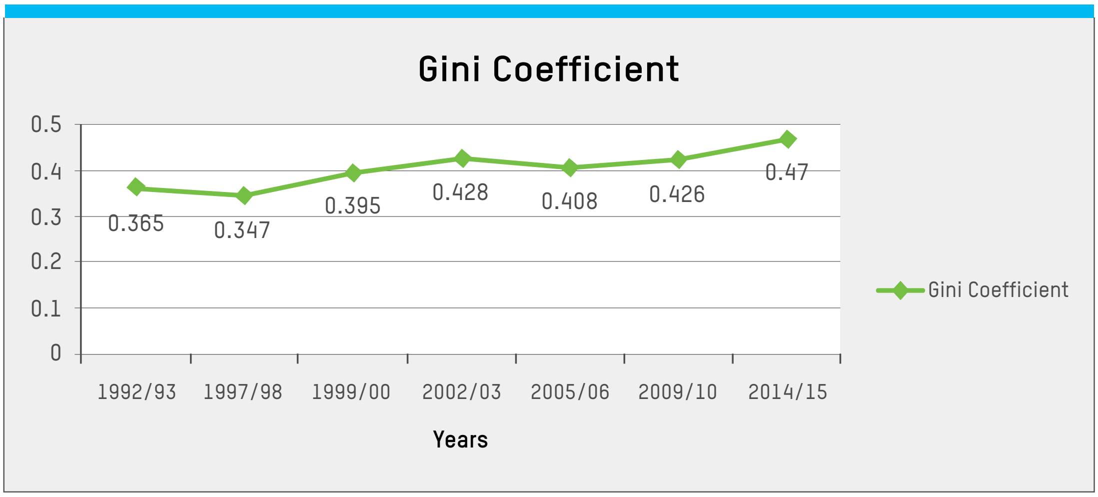
Figure 4: Percentage of people living below the poverty line, 1992–2014



Source: Constructed by the author with data from Ssewanyana and Okidi (2004) and UBOS (2014) [18]

Poverty levels have generally declined over the past two decades, but between 1999/2000 and 2002/03 they rose again. This step backwards was because of factors such as crop loss due to climate change and a general slowdown in economic growth, and it exposed the vulnerability of those who had initially escaped poverty only to slip back into it. Further, even as the economy has grown and poverty levels have fallen, income inequality in Uganda, as measured by the Gini co-efficient, increased from 0.365 in 1992/93 to 0.395 in 1999/2000 and to 0.426 in 2009/10.[19] In 2014, it stood at 0.47.[20]

Figure 5: Trends of inequality, measured by the Gini co-efficient, 1992–2015



Source: Constructed by the author with data from UBOS (2002/03); UBOS (2009/10); UBOS (2014)

This indicates that the rich have grown richer while the poor have become poorer, despite overall economic growth. The richest 10 percent of Uganda's population enjoy over one-third (35.7 percent) of national income, and this proportion has grown by nearly 20 percent over the past two decades. The richest 20 percent claim just over half of all national income, this proportion having increased by almost 14 percent over this period. [21]

The poorest people not only have the smallest proportion of national income, but the portion they have is declining. The poorest 10 percent claim a meagre 2.5 percent of national income – a 21 percent decline over the past 20 years.[22] The poorest 20 percent have only 5.8 percent of national income, and this share has declined by 20.6 percent.[23] The portion of national income held by the poorest 10 percent is declining at almost the same rate as that of the richest 10 percent is growing. For the poorest 20 percent, the proportion is declining more rapidly than that of the richest 20 percent is growing. Those at the bottom are on a downward poverty spiral while those at the top are on an upward trend and, if this continues, inequality can only worsen.

Figure 6: Trends in shares of national income, 1996–2012

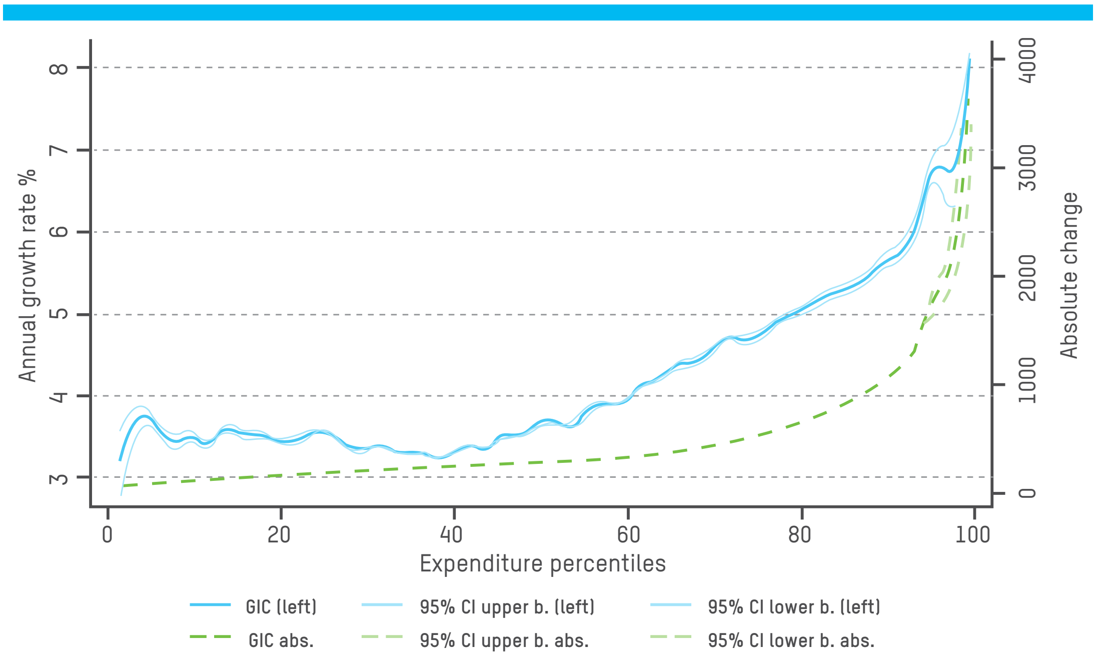
Income group	Income share % (1996)	Income share % (2012)	Change in income share % (1996–2012)
Highest 10%	29.9	35.8	+19
Highest 20%	44.94	51.09	+13.68
Lowest 20%	7.32	5.81	-20.63
Lowest 10%	3.17	2.50	-21.14

Source: Constructed by the author from World Bank Research Group data

Further, while in 1999/2000 the richest 10 percent collectively had 1.35 times the income of the poorest 40 percent, by 2011/12 this had increased to twice as much.[24] The World Bank also found that consumption growth for the bottom 40 percent was slower than for the top 60 percent between 1993 and 2013, with the richest 20 percent seeing the fastest growth rate. [25]

Poverty reduction can happen only if the incomes of the poorest people rise at the same rate or faster than average growth rates.[26] However, between 1999 and 2011 the growth incidence curve for Uganda indicated that the expenditure of those at the top increased at nearly three times the rate of those at the bottom (increased expenditure reflects higher incomes). Expenditure by the top percentile increased by an average of 8 percent annually over this period, while expenditure by the lowest percentile grew at a rate closer to 3 percent. [27]

Figure 7: The growth incidence curve, 1999–2011



Source: World Bank (2015). Profiling Poverty Reduction, A Global Perspective

Since the 1990s, Uganda has witnessed a significant increase in income inequality; its Gini score has increased, paradoxically at a time of sustained economic growth. This implies 'growth with exclusion', where relatively few people are benefiting from economic gains. Very little is known about the actual wealth of Uganda's elites, but in 2014 US business magazine Forbes put one Ugandan in the US dollar billionaire category.[28]

Moreover, the methodology used by analysts such as Forbes is somewhat limited because it depends on a high level of disclosure and fails to capture business investments that thrive on state patronage and corruption. Many businesses operate in secrecy to avoid awkward questions over their true ownership. Others operate outside the legal regime to evade taxes and do not adhere to standard business practices such as formal financial reporting. If data analysis was not limited to personal disclosure but rather considered all sources of wealth, then more Ugandans would likely be among the richest individuals in the world.

2.2 Land distribution and tenure

While most people depend on agriculture, resources such as land are not distributed evenly. Cultural attitudes, complex land tenure systems and laws combine to deny women, in particular, their land rights. While most women have some kind of access to land, they do not own land and thus do not have much say over its use or any income made from it. According to the UN Food and Agriculture Organization (FAO), 73 percent of the agricultural workforce is women.[29] Most farmers (96 percent) are smallholders with five acres of land or less, and only 4 percent are large-scale farmers with more than 5 acres.[30]

However, the prevailing trend in agriculture is commercialization which, in most cases, targets large-scale farmers at the expense of small-scale ones. Large-scale commercial cash crops such as coffee, which are traded internationally, than have been prioritized over staple food crops, which are consumed domestically or traded within the region.[31]

Small-scale farmers often lack the resources to improve productivity and are most affected by weather shocks and climate change.[32] In 2012/13, farming was the main source of income for 55 percent of Ugandans classified as poor and for 56 percent of those categorized as non-poor but vulnerable.[33] Government farming interventions such as the National Agricultural Advisory Services (NAADS) have been criticized for being insufficient to meet the needs of small-scale farmers and

> *The powerful try to frame the discussion in a way that benefits their interests, realizing that, in a democracy, they cannot simply impose their rule on others. In one way or another, they have to "co-opt" the rest of society to advance their agenda.*
>
> **Joseph E. Stiglitz,** The Price ofInequality: How Today's Divided Society Endangers Our Future

fiscally unsustainable. [34]

A participant in an FGD in Pader district, northern Uganda, highlighted rural people's reliance on land, pointing out: 'The harvest from the land is what we use for food, and sometimes we sell [it] to pay school fees.' When the harvest is inadequate, sometimes the land itself has to be sold, often in desperate situations and below the market price.

Under the colonial-era mailo system of land tenure, land was distributed to loyalists and particular families while leaving out most of the population, and the inequalities created during colonial times have persisted to this day.[35] While they are aimed at protecting those who do not own land, dual land systems – where holders of equitable untitled interests have rights to land alongside titled land owners – often see landlords ignoring the rights of those with unregistered interests. In many cases, landlords have sold off land without giving tenants first option as required under the Land Act (Cap 227).

Laws such as the Land Act and the Registration of Titles Act (Cap 230) assume that landlords and tenants can always negotiate terms on a level playing field. The reality, however, is that often tenants have no voice against the wealth and power of landlords, who can make decisions with no regard for their rights.

These tenants are usually the poorest of the poor and, with their land interest dependent on the goodwill of landlords, they are at risk of being left even poorer. Thus, far from being a way of delivering people out of poverty, Uganda's attempts at land redistribution – combined with poor land governance – have further driven a wedge between rich and poor. Land provides the only hope of getting out of poverty for many poor people. If they lose their land rights, they lose their only source of income, are unable to educate their children and their families risk remaining in poverty for generations.

> *By empowering a woman, we empower a child. By educating a girl child, we make it possible for her to grow up to become an empowered woman.*
>
> **Winnie Byanyima**

2.3 Disparities in education and opportunity

Anecdotal evidence from Mbarara district in western Uganda illustrates the growing gap between the haves and the have-nots. Mbarara has the lowest levels of poverty in the country after central region,[36] but the extension of liberalization policies to education has led to a decline in the quality of education offered by government schools. This is because privately owned schools have drained skilled staff from public schools, which cannot afford to match their levels of remuneration and standards of staff welfare.

Furthermore, the strict supervision in private schools has resulted in higher performance by students, while public schools are poorly supervised, perform poorly and consequently do not attract skilled staff. However, one participant in an FGD, a businessman, believed that his family had benefited because his children can go to the newly created private schools:

His perspective demonstrates how growth benefits a few and how opportunities exist for those who already have wealth, while those who do not have little hope of escaping poverty.

Top: A well planned primary school in Nalya with a visibly large play ground
Below: A crowded primary school with temporal structures and no play area within one of the Kamwokya slums.

There are stark differences in the quality of primary schools in Uganda. While most rural schools lack basic infrastructure, there are a few elite schools in urban areas that have state-of-the-art facilities comparable to those in schools in the developed world. To get to school, children in rural areas depend on inadequate infrastructure that cannot withstand harsh weather and so in the rainy season are sometimes forced to miss classes. Because teachers are not motivated, there is a high rate of teacher absenteeism, estimated at 12 percent per week.[37] This is in contrast with elite primary schools in urban areas, where there is an average of two teachers per class of 40 pupils.

2.4 Generational poverty: how horizontal and economic inequalities intersect

Poverty and growing inequality mean that there is a glass ceiling beyond which poor people cannot rise. This inequality cuts across generations. The children of wealthier people such as the FGD participant in Mbarara, who can afford private education, will have access to greater opportunities and will themselves be richer. The children of those at the bottom, who cannot afford quality education or other such investments, will follow in their parents' footsteps and will be as poor as they are, or even poorer. African spiritualists might describe this as a generational curse, a jwok, that hovers over a person's life and can only be got rid of through exorcism. In this context, the method of exorcism would be advocating for policies that fulfill people's right to equitable development, as enshrined in Uganda's Constitution. [38]

> *Real misfortune is not just a matter of being hungry and thirsty; it is a matter of knowing that there are people who want you to be hungry and thirsty.*
>
> **Ousmane Sembène,** God's Bits of Wood

Many people see poverty and injustice as their destiny in life rather than a status they can challenge. This is one of the most corrosive elements of poverty because it makes it extremely difficult for individuals to realize that they can change their circumstances in order to escape from poverty. People tend to accept their fate, rather than claiming their rights to development and a decent standard of living, as guaranteed under the Constitution and the regional and international human rights instruments to which Uganda is a party.

Horizontal inequality across different groups is perpetuated by cultural beliefs rooted in the family setting, where hierarchies are accepted as predestined and unquestionable. Men are at the top of this hierarchy, while women and children are at the bottom and must bear the burden of inequality without question. On the subject of gender inequality, one female FGD participant in Pader stated: 'God created women to be helpers of their husbands', while another said: 'It is right for women to do that duty.' 'Some women do not allow men to do household chores,' observed a female FGD participant in Arua, in a discussion about ways to reduce inequality between men and women. Their comments highlight the acceptance of inequality as a cultural fact.

Geographically, development has been skewed towards the Central and Western regions of the country and towards urban centres. The Northern region missed out on much of the economic growth of the 1990s and early 2000s due to persistent conflict. The Eastern region has seen the slowest decline in poverty, with harsh and unpredictable climatic conditions and population growth further hampering poverty reduction efforts.

Poverty in Uganda is predominantly a rural phenomenon and is most pronounced among smallholder crop farmers. There is a wide gap between urban and rural areas, even after allowing for higher prices of consumer goods in urban areas. Figure 8 shows spatial disparities in poverty levels over the past 25 years.

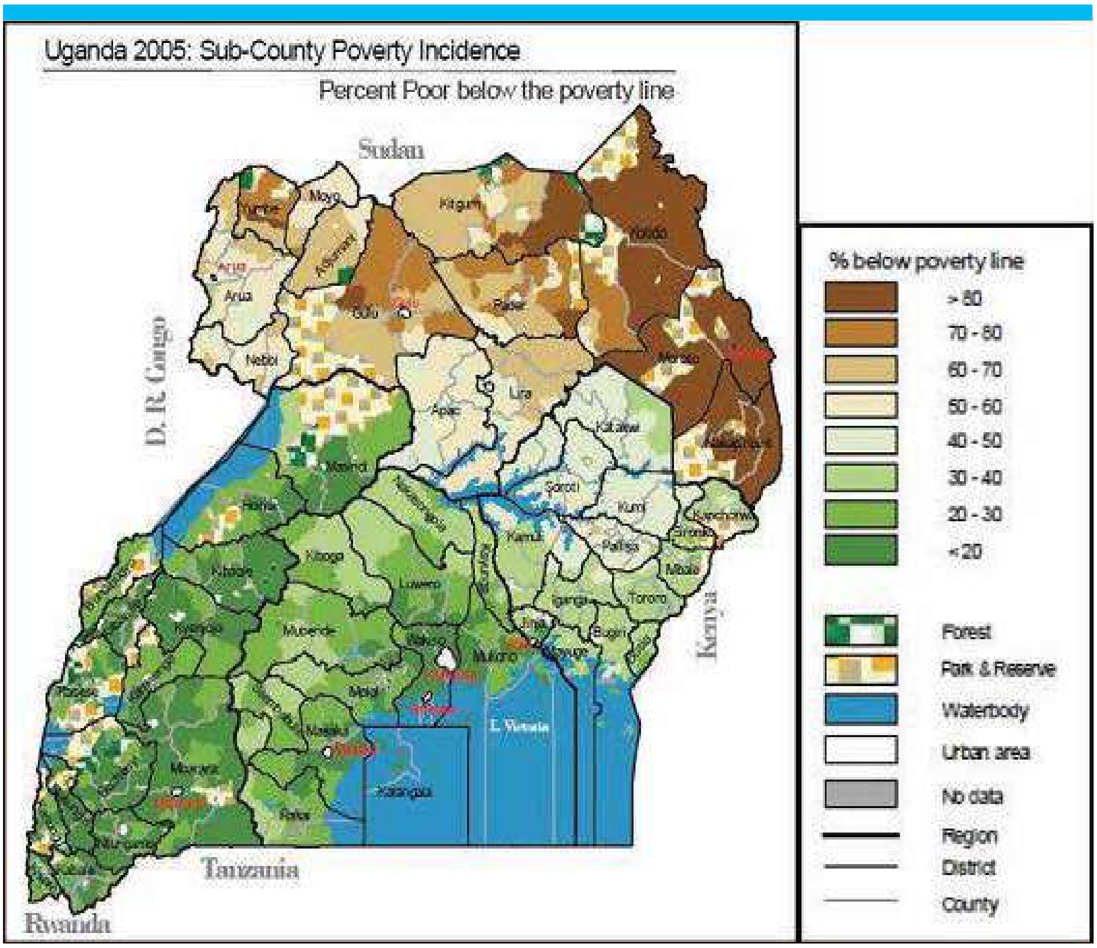
Figure 8: Comparative poverty levels (%) by location (rural–urban)

	1992/93	1997/98	1999/2000	2002/03	2012/13
National	55.7	44.4	33.8	37.7	19.7
Rural/urban					
Rural	59.7	48.7	37.4	41.1	22.8
Urban	27.8	16.7	9.6	12.2	9.3
Region					
Central	45.6	27.9	19.7	22.3	6
Western	53.1	43.8	26.2	31.4	10
Eastern	58.8	54.3	35.0	46.0	37
Northern	72.2	60.9	63.7	63.6	47

Sources: Ssewanyana and Okidi (2004); UBOS (2012); UBOS (2014).
Note: The figures are based on the proportion of the population living on less than $1 per day.

The data reflect a significant decline in poverty levels in both rural and urban areas. However, the incidence of poverty remains far higher in rural areas (22.8 percent of the population) than in urban locations (9.3 percent). Figure 9 shows the spatial distribution of poverty in Uganda.

Figure 9: Geographical mapping of poverty (2005)



Source: NPA (2015), National Development Plan (NDP 2015/16–2021)

Although this map is now some years old, it illustrates significant disparities across regions. Poverty levels are highest in the northern and northeastern parts of the country and are lower in the Central and Western regions. While the main reason for rural–urban disparities is that development and economic opportunities tend to be concentrated in urban areas, regional differences derive largely from a legacy of civil conflict, particularly in northern Uganda, which suffered over 20 years of insurgencies and fighting between 1986 and 2006. Northern Uganda is also the most food-insecure region and the one with the most people dependent on others, with 164 dependants per 100 working population.[39]

Gender inequality is the most significant of all identity-based disadvantages. Women's lives are governed by culture rather than by solid laws, and the result is that women are invariably more marginalized than men in terms of job opportunities, decision-making platforms, political representation, access to productive resources and education and health services. Cultural norms, attitudes and practices are a critical factor in perpetuating gender inequality. Despite major advances over the past 50 years of independence, many archaic traditional beliefs, superstitions and practices persist. Inequality is fuelled by the fact that Uganda has a multitude of ethnicities with a spectrum of beliefs that affect growth and development in particular areas and regions.

The introduction of free Universal Primary Education (UPE) in 1997 improved girls' enrolment in primary schools. By 2006, enrolment rates had reached 90.4 percent for girls, compared with 93 percent for boys.[40] However, analysis of enrolment and completion data from the Ministry of Education and Sports indicates that overall school drop-out rates could be as high as 71 percent, with a very high number of girls dropping out of school compared with boys.[41] In 2006, the primary school completion rate for boys, at 53 percent, was 10 percent higher than that for girls.[42] A gender gap analysis by the World Economic Forum in 2013 indicated that drop-out rates for girls were as high as 85 percent between Primary 1 and the tertiary level, meaning that only 15 percent of girls went on to university or other post-secondary institutions.[43] The key reasons for absenteeism and school drop-out amongst girls include poverty, early pregnancy and early marriage, sexual harassment, female genital mutilation (FGM), lack of sanitation facilities and negative cultural attitudes.

Women find themselves at the bottom of the development pyramid. Most women are employed in the agricultural sector and other low-paying sectors such as mining and teaching. However, growth in the agricultural sector, where women constitute 73 percent of the workforce, has stagnated.[44] Between 2005 and 2009, the sector grew by just 1.3 percent, compared with 8.8 percent growth in the services sector.[45] In 2008/09 it registered growth of 2.9 percent,[46] but by 2012/13 this had fallen back again to 1.4 percent.[47] While women make up most of the agricultural workforce, they own only about 7 percent of the land, and this further limits how much they can benefit from their labour.[48] Elsewhere, in waged jobs in the public sector, the average pay for women is 40 percent less than that for men.[49]

While Uganda's Constitution contains non-discrimination clauses and provides for affirmative action to correct historical and cultural imbalances against women,[50] discrimination based on gender has been institutionalized through regressive laws. The Anti-Pornography Act (passed into law in December 2013) and the HIV and AIDS Prevention and Control Act (2014) are examples of legislation that has reinforced negative stereotypes against women and has even placed their lives at risk. The Anti-Pornography Act entrenched discrimination against women in the public sphere; in its wake, the Minister of Ethics and Integrity encouraged vigilante groups to undress 'indecent' women.[51] The HIV and AIDS Prevention and Control Act was passed without taking into account a cultural context in which women are frequently blamed for the spread of HIV, as they are usually the first to know their status. As well as forcing medical workers to divulge confidential information in certain circumstances, the law also prescribes compulsory testing and disclosure for women during pregnancy.[52]

Other laws compounding inequality that have recently been passed include the Public Order Management Act and the Non-Governmental Organisations Act. These two laws further reduce the space in which those who experience inequality are able to express themselves and challenge the status quo.[53] The Anti-Homosexuality Act was annulled in 2014, but still had far-reaching consequences for sexual minorities who are already disproportionately affected by HIV and AIDS and face risks to their lives and livelihoods as a result of cultural and social attitudes that exclude them. [54]

Conversely, laws aimed at addressing social, cultural and political inequality have been shelved – for instance, the Marriage and Divorce Bill, the Minimum Wage Bill and the Sexual Offences Bill. The abandonment of these laws, which could potentially improve the status and outcomes of women and the poor, indicates an institutional reluctance to challenge cultural and deep-rooted causes of inequality. Although Parliament has passed other laws, such as the Domestic Violence Act, there is a need to further confront the culture of inequality.

This culture does not just affect people in certain geographical areas, women, sexual minorities or the poor; it also spills over to children who, together with women and minority groups, are especially disadvantaged. About 60 percent of Uganda's population is under 18 years old.[55] Children are hit hardest by poverty: poor children are likely to grow into poor adults and in turn have poor children.[56] Childhood experiences often have long-term impacts. Stunting, for instance, affects 33 percent of children in Uganda, and they have to live their whole lives with the effects of this irreversible condition.[57] Like women, children experience domestic violence and are disproportionately affected by HIV. HIV/AIDS is now the leading cause of death amongst adolescents, accounting for 300 deaths a day.[58] Infections such as HIV, malaria, diarrhea and pneumonia account for 70 percent of deaths amongst children under five.[59]

Some 30 percent of households have no access to safe water.[60] Children in rural areas are disproportionately affected, being three times less likely to have access to water than their urban counterparts.[61]

As these children grow into young people, many will struggle to find work. Currently 19.7 percent of young people aged 18–30 are unemployed. Many young people have little interest in farming and in any case have no access to land, which forces them to move to urban areas where they find low-paying jobs such as making chapattis or working as motorcycle taxi drivers.[63]

The argument often advanced by government is that those affected by inequality must simply work harder and 'snap out of it'. President Yoweri Museveni once told university lecturers striking over low pay to go and rear goats.[64] One might expect that at the very least people would be vocal against the injustices of inequality. However, inequality is self-perpetuating and is entrenched by systems deliberately designed to maintain the status quo. One explanation for the acceptance of inequality in Uganda is the 'spiral of silence' theory, which suggests that people are more likely to express a view when they feel that it is acceptable and popular.[65] People generally fear the backlash that comes from expressing unpopular views or views that may challenge long-established structures.

In the Ugandan context, the spiral of silence combines with attitudes of cultural relativism to stifle voices that might speak out against inequality. Poor citizens, many of whom view a decent living as a privilege rather than a right, subtly hope that if they accept the status quo the ruling classes might extend a helping hand and pull them out of poverty. In one sense, their expectations are not completely without foundation, as Uganda is one of the most corrupt countries in the world, ranked at number 139 on Transparency International's Corruption Perceptions Index.[66] Paying bribes to government workers is a daily reality for Ugandans, ranging from bribing police officers to paying officials in order to receive sanitation services. Inequality means that there is no clear path for poor people to escape poverty, apart from speaking the same language as those in power and defending the status quo, regardless of their own personal views, needs and experiences.

Low-quality public education under UPE tightens the spiral of silence and inequality even further. Education is no longer seen as a means of escaping poverty, as most parents cannot afford quality education and know that their children will not be able to compete with the privately educated children of the rich. In February 2016 the Daily Monitor newspaper conducted a survey of the country's 100 top-performing secondary schools over the four years to 2014/15.[67] It found that schools in Central region dominated government-sponsored admissions to the five main public universities (Makerere, Kyambogo, Mbarara, Gulu and Busitema), with just seven schools in this region accounting for 625 out of a total of 2,471 such admissions, or 25.3 percent.

Entrance into these leading secondary schools is competitive, and mostly it is children educated at private, fee-paying primary schools who make it there. Thus students from rich families who can afford private education at primary level are more likely to get government sponsorship at university level than students from poorer families, and consequently to have better employment prospects. This makes government sponsorship itself a driver of inequality. Studies in other countries have found a perfect correlation between inequalities in education and income and suggest a causal linkage. [68]

3
SPECIFIC DRIVERS OF INEQUALITY

A hungry child begs for money at Wilson Road Kampala.

The sections above demonstrate that the benefits derived from economic growth in Uganda over the past three decades have not been distributed equitably. This section examines the drivers of inequality in key sectors, across different regions of the country and in terms of urban and rural settings, households and individuals, considering key factors such as inclusiveness of growth, fiscal policy, access to productive resources, governance, gender discrimination and conflict.

3.1 Non-inclusive growth leaves the majority behind

Economic growth in Uganda has been driven mainly by rapidly expanding sectors such as industry and services, which both had growth rates (as measured by contribution to GDP at constant market prices) of 5.6 percent in 2013/14; by contrast, agriculture grew by just 1.1 percent over the same period.[69] An analysis of information from MoFPED shows that economic growth is driven largely by the communications, banking, transport and (in past years) mining sectors. (Transport costs are estimated to account for 50–75 percent of the price of retail products in Uganda.)[70] However, relatively few Ugandans benefit from growth in these sectors. Formal employment is a privilege reserved for a tiny minority – just 1.6 percent of the working population.[71] Formal employment is found largely in the public sector; the private sector has not grown as much as was anticipated when Uganda implemented its Structural Adjustment Programmes (SAPs) in the 1990s. The private sector has been constrained by impediments such as poor physical infrastructure (for example roads, railways and energy supply) and low aggregate demand due to high levels of poverty.

The World Bank ranked Uganda 150th out of 189 countries in its 2015 Ease of Doing Business Index.[72] In its 2016 Index of Economic Freedom, the Heritage Foundation ranked it as the 102nd freest economy out of 178 countries, putting it in the category of 'mostly unfree'.[73] Despite these off-putting statistics, Uganda still attracts significant amounts of foreign direct investment (FDI). Like other countries in sub-Saharan Africa, it has big financing gaps to bridge if it is to pay for its infrastructure development plans and improve essential services. However, in common with other countries in the region, Uganda suffers massive levels of capital flight, which impedes the government's ability to mobilize the finances needed. A 2012 study by the Political Economy Research Institute (PERI) found that 33 countries in the sub-Saharan region collectively lost about $840bn to capital flight between 1970 and 2010, with Uganda losing around $8.425bn.[74] This

> "*We must work together to ensure the equitable distribution of wealth, opportunity, and power in our society.*"
>
> **Nelson Mandela**
> State of the Nation Address, Parliament, Cape Town, South Africa, February 9, 1996

exceeded the amount of official development assistance ($659bn) and FDI ($306bn) received by these countries in the same period. A 2015 report by the High Level Panel on Illicit Financial Flows from Africa indicates that the continent has lost an estimated $1 trillion over the past 50 years.[75] Capital flight and illicit financial flows may partly explain the paradox of Uganda's relatively high growth rates and the uneven distribution of the benefits.

Inequality can also be seen in the proportion of the population earning a direct income in different sectors of the economy. Figure 10 shows the contribution of different sectors to GDP. The largest is the services sector, which accounts for 44 percent of GDP, but which provides very few jobs and therefore has low overall earning potential for citizens. The most crucial sector for job creation is agriculture; this sector employs three-quarters of the population yet its contribution to GDP is less than a quarter. [76]

Figure 10: GDP contribution by sector

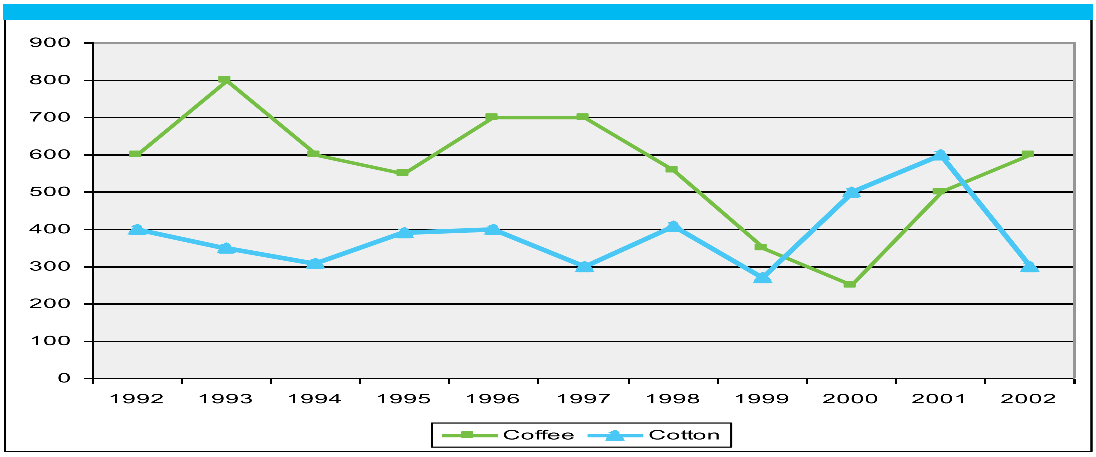
Economic sector	% contribution to GDP
Services	44.3%
Agriculture	24.6%
Construction	13.0%
Utilities	5.2%
Forestry	6.1%
Others	31.4%

Sources: UBOS (2012/13); World Bank (2013)

Non-inclusive growth is partly a result of Uganda's implementation of economic liberalization policies under SAPs in the early 1990s. Such policies assumed that everyone had the ability to compete equitably, to participate in development and benefit from it. In the agricultural sector, in the wake of liberalization farm-gate prices for crops initially increased, to the benefit of farmers who previously were paid according to a fixed price system overseen by commodity marketing boards. The windfall from higher global coffee prices in 1994 was reported as being a key factor in reducing poverty rates, from 56 percent in 1992 to 44 percent in 1997.[77] However, the direct benefits of liberalization to farmers were short-lived, as markets were hijacked by middlemen and large traders who took the bulk of the profits, while farm-gate prices stagnated at low levels.

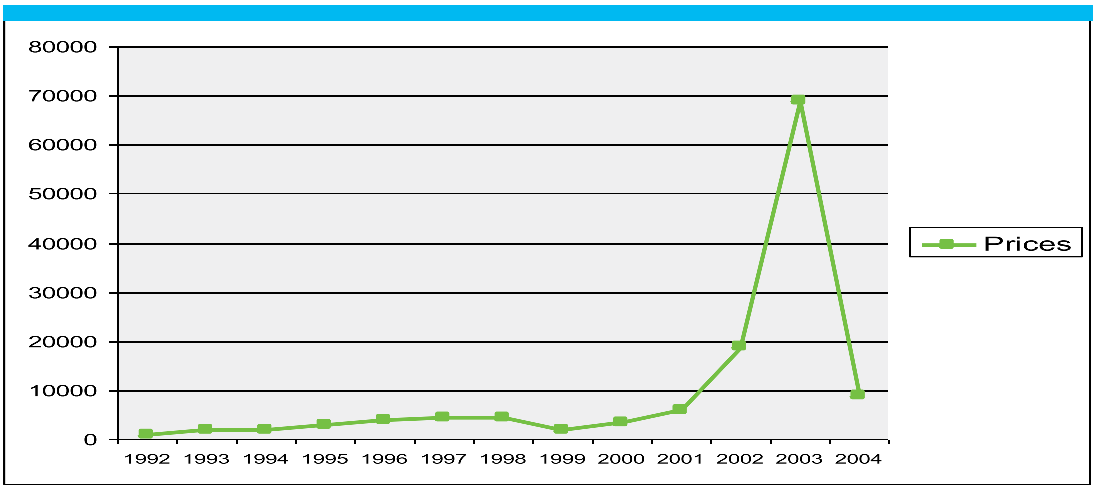
Liberalization gave farmers no protection, as agricultural commodity prices were now subject to free market systems, unlike previously when they were hedged through a system of buffer stocks and stabilization funds under cooperatives and the marketing boards.[78] The full-blown liberalization of commodity markets and the abolition of the marketing boards negatively affected farmers' incomes. When the prices of products such as coffee and cotton plummeted, farmers were plunged into poverty. The period 1990–2004 saw volatility in the production and marketing of major agricultural commodities, including coffee, cotton and vanilla. Coffee and cotton are cash crops that constitute a significant proportion of foreign exchange earnings, while vanilla has unique potential to reduce poverty when prices are favourable. However, over this period there were extreme fluctuations in prices, with calamitous consequences for growers (Figures 11 and 12).

Figure 11: Trends in prices of coffee and cotton (USh per kg), 1992–2002



Source: Ministry of Agriculture, Animal Industry and Fisheries, February 2005

Figure 12: Trends in prices of vanilla (USh per kg), 1992–2004



Sources: Uganda National Vanilla Association; Ministry of Agriculture, Animal Industry and Fisheries, February 2005

This volatility highlighted the need for some form of protection for farmers. While at first glance liberalization appeared to offer a pathway out of poverty, in reality it served only to destroy the few platforms – such as cooperatives – where farmers had a voice to speak up for their interests and to bargain for better prices for their produce. It led to the collapse of the cooperatives, which had provided inputs to farmers, including appropriate seed varieties, fertilizers, technology and equipment (such as animal traction or tractors) and finance. Farmers were left to secure expensive and increasingly inaccessible inputs privately. The introduction of the National Agricultural Advisory Services (NAADS) programme in 2001, as part of the Plan for Modernization of Agriculture (PMA), has done little to help the situation. Instead of providing inputs, NAADS has focused largely on training farmers, which has turned out to be a wrong and inefficient approach that has not significantly improved productivity. The agency has also been plagued by corruption and abuse of project funds, including the prioritization of administrative costs (vehicles, workshops, allowances, etc.), overpriced inputs, low-quality supplies (of goats, heifers, etc.) and outright theft of funds. Today, while there are attempts to revive cooperatives and farmers' groups, most farmers work in isolation and continue to live in poverty.

3.2 Inequalities in employment opportunities

The structural adjustment and liberalization policies implemented in the 1990s were premised on an assumption that the privatization of state enterprises would end the propping up of non-viable state corporations and clear the way for the entry of vibrant private sector enterprises, creating a pool of new jobs. However, growth in the private sector has been slow, and population growth has outstripped the supply of jobs available.

There is a structural segregation of women into low-paying sectors: about 50 per cent of employed women are engaged in the three lowest-paying sectors (agriculture, domestic care work, and mining and quarrying), compared with 33 per cent of men.[79] This imbalance is exacerbated by the fact that, in secondary and tertiary education, girls tend to opt for 'soft' disciplines such as nursing and nursery teaching, while boys opt for 'hard' subjects such as physics, chemistry, architecture, engineering, accounting and economics.[80]

Thus while women constitute a significant portion of the workforce, they have little voice in the workplace. They are often found in low-paying jobs that are traditionally seen as 'feminine', such as childcare or nursing. While women

> *Look at the children of the land leaving in droves, leaving their own land with bleeding wounds on their bodies and shock on their faces and blood in their hearts and hunger in their stomachs and grief in their footsteps. Leaving their mothers and fathers and children behind, leaving their umbilical cords underneath the soil, leaving the bones of their ancestors in the earth, leaving everything that makes them who and what they are, leaving because it is no longer possible to stay.*
>
> **NoViolet Bulawayo**, *We Need New Names*

are likely to be teachers, school heads are likely to be men. The jobs traditionally done by women typically receive low or even no wages. More men than women are engaged in formal employment, and even when they are engaged in household-based employment such as farming, men tend to focus more on market-oriented crop and livestock farming, from which they earn money and decide unilaterally how to use it. Laws such as the Anti-Pornography Act perpetrate stereotypes about women's behaviour and self-expression in the public sphere and have led to women, including professionals such as lawyers and journalists, being subjected to abuse in the workplace.[81]

Women shoulder most of the burden of looking after the household and are engaged predominantly in subsistence farming, domestic chores and raising children, work that goes largely unrecognized and unappreciated. Women's many tasks include cooking, fetching water, collecting firewood, cleaning the house, washing, looking after children, taking care of the sick, and gardening and general maintenance. In 2008, 40 percent of women in Uganda were unpaid family workers, most of them in the agricultural sector.[82] A 2015 Oxfam study in northern Uganda found that women spent on average nearly five hours a day on care work, while men spent about one hour.[83] This is a direct result of cultural attitudes towards women's roles. These findings were corroborated by FGDs with women in Iganga, Pader and Arua districts. One participant in Pader stated:

'Many of us spend a lot of our time doing unrecognized work, mainly for the household. We earn no income from this work. It is a form of injustice, it hurts, but we can do nothing about it.'

Spending a lot of time on care work leaves women with little time to participate in income-generating activities, which worsens inequalities and drives them further into poverty. An FGD participant in Iganga district said:

'It is mistreatment and causes conflicts and fights at home. We do not even have money for clothing.'

There is recognition that the burden on women is unfair, and the few women who work outside the home 'are tired even before they reach work', according to a woman taking part in an FGD in Arua. However, there is also a deeply embedded acceptance that this status quo cannot change. 'Though those duties are tiresome, our men cannot afford to do such duties,' Is how one female FGD participant in Pader put it, while a female farmer in Pader said that women 'have a compassionate heart' and 'unpaid care work is for their benefit'.

Women do not always make decisions about their own employment: these are often left to men, who may encourage them to take low-paying jobs or prevent them from working altogether. A male FGD participant in Mbrarara admitted: 'Some men fear their women growing rich.' As a result, according to a female FGD participant in Arua: 'Women may be stopped from going for professional jobs, such as nursing, and this limits their ability to earn.' She added that men may even keep their wives' education certificates to stop them from seeking work. Even when women do work outside the home, they earn less than their male counterparts. [84]

The situation has been exacerbated by the failure of both government and the private sector to create job opportunities, especially for young people. Globally, youth unemployment rates have stabilized somewhat at 13 percent following a period of rapid increase between 2007 and 2010, though this is still above the pre-financial crisis level of 11.7 percent. [85] There are however no definitive statistics about youth unemployment in Uganda. According to UBOS, youth (defined nationally as those aged 18–30) accounted for 19.7 percent of all unemployed persons in the country in 2012/13.[86] Other sources such as ILO puts it at 5.0%[87] and AfDB[88] estimates that the share of unemployed youth among the total unemployed can be as high as 83% in Uganda. The large informal sector and the fact that the youth are not a homogenous group in Uganda, makes it hard to accurately measure. Yet, observerable statistics from UBOS and UIA indicates that out of approximately 400,000 youth who graduate each year, only 130,000 are absorbed in the labor market translating to 67.5 unemployment rate.

Such high unemployment levels are a recipe for instability and insecurity. Female participants in an FDG in Arua said that, due to unemployment, most young people spent their time drinking Waragi, a locally distilled spirit that costs about USh 300–1,000 ($0.10–30) per half-litre, and betting on football matches. A woman in Pader was of the opinion that 'Waragi is finishing our children'. This has made youth all the poorer because the little money they have is spent on alcohol, and they spend their time in bars instead of furthering their education or questioning policy makers. Agriculture is not very attractive to young people, even though it has the potential to provide much needed employment.[89]

Unemployment is worsened by inequality in remuneration. What a person is paid, either in formal employment or self-employment, should depend on their skills, acquired through education, training and experience. However, Uganda has suffered badly from a lack of linkages between education and training institutions and private sector enterprises.

Wage inequalities in the public sector are evident both vertically (within organizations) and horizontally (between organizations). Pay structures are grossly skewed in favour of certain semi-autonomous government organizations (for example, the KCCA, the Uganda Revenue Authority (URA), the Office of the Auditor General (OAG)) to the detriment of other public sector employees such as teachers and health workers. Even the lowest earners in these organizations, such as drivers and office messengers, earn more than senior civil servants in ministries. Top executives at some of these bodies earn up to USh 30–40m ($8,800–11,800) per month, while the lowest cadres earn about USh 1m ($294). By contrast, top public servants such as permanent secretaries and consultant surgeons earn about USh 3m ($900) a month, while nurses and office attendants in other public bodies earn about USh 300,000 ($90).[90] In addition, irregularities are often alleged in the recruitment and promotion of personnel.[91]

Figure 13: Monthly remuneration in selected public sector organizations

	Amount in USh				
Scale[92]	**Government ministries – public service**	**National Drug Authority (NDA)**	**National Social Security Fund (NSSF)**	**Bank of Uganda (BoU)**	**Office of the Auditor General (OAG)**
U1S	2,404,846	7,180,390			24,300,000
U1SE	1,965,269	5,239,454			16,000,000
U1E	1,357,139	4,403,081			11,869,498
U1	1,327,902		33,083,333	57,159,520	6,333,333
U2	1,199,462	3,131,120	28,266,523	44,492,096	5,910,782
U3	888,426	2,487,475	16,165,599	24,595,557	3,328,777
U4	705,621	1,984,117	14,598,621	19,207,356	2,700,000
U5	449,338	1,465,367	13,429,889	15,591,280	1,954,981
U6	256,705	1,156,070	2,558,189	13,438,479	1,443,127
U7	205,913	944,541	1,908,029	7,940,728	1,187,200
U8	129,217	654,276	1,423,107	2,135,347	956,430

Sources: Ministry of Public Service (2015); NSSF (2014); MoFPED (2015)

Figure 13 shows the wide disparities in remuneration across the public sector. The different rates of pay for public officers at the same levels but in different organizations are largely arbitrary, and are not based on levels of education, skills or experience. Worse still, in some cases salaries are determined by the beneficiaries themselves. Striking teachers and health workers have contrasted their conditions with those of Members of Parliament, who are able to set their own pay and are much more generously remunerated. The monthly total income of an MP in Uganda is around USh 30m ($8,800) while a secondary school teacher earns USh 600,000 ($180), about one-fiftieth as much.

3.3 Regressive tax policies

Taxation raises revenue that is essential for funding basic public services and national development goals and is at the heart of the social contract between citizens and state. The tax system can directly reduce inequality by redistributing income from rich to poor, by taxing the rich more heavily and giving the government revenues to spend on public services. Though indirect taxes are easy to collect, they are regressive in nature, because they make up a larger amount of poor people's spending than the wealthy. By 2013, the direct taxes constituted about 71% of the total tax revenue. To this extent, it can be argued that Uganda's tax system is largely regressive although with some aspects of progressivity such as PAYE.. The tax regime does not clearly stipulate who is a foreign investor, and many foreign investors operate small and medium enterprises that compete with local investors and sometimes push them out. The majority of firms who get the tax exemptions are foreign firms leaving a perception that local firms are either left out or are excluded from vital information about tax exemptions.

At the same time, the public expenditure regime is rife with misappropriation and abuse. Levels of domestic borrowing are high, estimated at USh 10 trillion for FY 2016/17;[93] this is equivalent to nearly half of the national budget. High domestic borrowing has created a large fiscal deficit, requiring supplementary budgets and the issue of government securities in the form of treasury bills and bonds. This course of fiscal policy management has crowded out private sector business enterprises, because commercial banks prefer to lend to government rather than to 'risky' private entrepreneurs. With high interest rates, poor people feel the full force of increases in production costs, which contribute to inflation and a general increase in the cost of living.

BOX 1: TAX EXEMPTIONS

Tax exemptions contained in successive annual Finance Acts continue to expose the lowest earners to high tax rates, further widening the gap between rich and poor. Many government employees earn very little and yet pay high taxes, which has helped to encourage corruption in government institutions. There is no mechanism to increase government salaries in line with inflation; most employees still earn what they did 10 years ago, yet inflation has pushed up the prices of goods significantly.

3.4 Public expenditure: where is it focused?

Patterns of expenditure and public investment in essential services have a huge influence on patterns of inequality. Public investments include energy infrastructure, educational institutions, health infrastructure and utilities such as water supply. In Uganda, most social services and amenities are concentrated in urban areas such as Kampala, Jinja, Mbarara, Gulu and Arua, giving residents in these locations better access to education and health services and to essential infrastructure such as roads and electricity. There has also been significant investment in rural electrification and the construction of health facilities, and the Ugandan government has argued that there is a need to bring services nearer to the people. However, while this is indeed crucial, it is also essential to understand the importance of inclusive growth. A deeper analysis of the rural electrification programme, for instance, reveals that while there have been efforts to extend power supply to rural communities, most households do not have electricity due to the high initial connection costs. Secondly, even those who have managed to install a connection have found it a struggle to pay the charges for electricity consumption, as tariffs are prohibitively high. [94]

Similarly, the government has spent significant resources on health facilities, but most of these facilities are not functioning fully as they are under-staffed and under-stocked. Around 49 percent of mothers still deliver their babies without the assistance of a skilled attendant, and Uganda continues to experience one of the highest maternal mortality rates in the world, estimated at 435 maternal deaths per 100,000 live births each year.[95] There are many reasons that might explain this, but the absence of health workers in public facilities is one major factor that deters patients from using health services.

There is a lack of incentive for people to train as health workers due to poor pay, a lack of accommodation and generally poor working conditions. When service delivery is poor, it is generally poor people who suffer the most, as they cannot afford higher-quality private health services.

In addition, Uganda faces bloated public administration costs due to the creation of too many layers of local government. It is an over-governed country, with public administration, accountability and public sector management absorbing 15 percent of total expenditure under the 2016/17 national budget plan.[96] Yet the country has only one doctor for every 24,725 people, according to UBOS and the Ministry of Public Service (MoPS).[97] And although the central government argues that extra levels of local government bring the delivery of services closer to the people, many local governments are operating with limited capacity in terms of human and financial resources.[98]

The government's liberalization policies have led to more private investment in the health and education sectors; in education, private investment at all levels (private schools, universities and other tertiary institutions) has improved infrastructure and access. However, the education system is still based on an outdated and inappropriate curriculum that is largely academic and fails to develop skills or human capital. As a result, what young people experience is more 'schooling' than 'skilling' and, due to the fees that have come with privatization, even schooling carries a very high opportunity cost.

An FGD participant in Pader stated:

'We have sold whatever assets we had to pay fees for our children. I sold the little land that I had. The problem is that some people are rich and are able to pay for their children (in primary and secondary) so they do not pay at university. The worst thing is that even after our children have completed their studies, they do not get jobs.'

3.5 Infrastructure projects: value for money?

Uganda is currently engaged in the construction of a number of national- and regional-level infrastructure projects under a framework set by the East African Community (EAC). These projects include the Standard Gauge Railway (SGR) line linking Uganda with Kenya at a cost of $3.6bn,[99] the Karuma hydroelectric dam ($1.7bn),[100] an oil refinery ($9bn) and oil pipeline ($4bn)[101] and roads.[102] While such infrastructure will undoubtedly bring long-term benefits, in the short to medium terms the costs are likely to be borne by poor citizens. Issues include mounting public debt and the displacement of poor households.

Such projects are very costly and the government has had to borrow heavily to finance them, adding to its already heavy foreign debt burden, which is currently estimated at $7.4bn.[103] With GDP at $27bn, it becomes apparent that the country is choking on debt,[104] and the implication is that future generations will have to repay it. Secondly, the returns on large-scale infrastructure investments are generally only seen over a long timeframe. This means that in the short and medium terms, the government needs to find ways of stimulating the economy to boost production and economic activity. To deal with the burden of long-term debt repayment, it is likely that spending on social services will be reduced, disproportionately affecting poor people.

In addition, large-scale infrastructure projects often lead to a large number of poor households being uprooted and displaced; this has already happened in Hoima in Western region to make way for the oil refinery project. While in most cases some form of compensation is paid, it is usually late and inadequate, and people who are displaced often struggle to adapt to new locations and end up being poorer.

The government's investments in large-scale infrastructure must be set against a backdrop of weak institutional structures – such as the Uganda National Roads Authority (UNRA) – and limited resources for the delivery of social services.[105] A recent government policy has targeted modernization of the capital city, Kampala. This is seemingly a progressive policy and one that is overdue, but it has hit some sections of society hard, particularly poor street vendors who have been displaced without any alternative means of livelihood.

In the policy domain, there are stark examples of public investments that clearly support the interests of the elite. A case in point is the withdrawal of support for local-level health facilities, the Health Centres II (HC II), which were envisaged as hubs for the provision of outpatient services at the community level. Even as HC IIs up-country have been phased out, the government, in partnership with China, has invested in an ultra-modern hospital in Lubowa, a suburb of Kampala. This will offer specialized services and will treat predominantly rich patients who would otherwise travel abroad for treatment. Also recently the President led a ground-breaking ceremony for the construction of the Aga Khan University Hospital, a teaching facility that will focus on the treatment of diabetes, cancer, cardiovascular diseases and hypertension, targeting the same category of mostly well-off patients.

3.6 Land: the inequality wedge

In an agricultural country like Uganda, land is a critical productive resource. As in many other sub-Saharan African countries, land ownership is dominated by smallholder farming. Uganda has a complex system of land tenure, with four different types of tenure system with overlaps in tenure rights: customary tenure, freehold, leasehold and mailo tenures. Land distribution under these tenure system perpetuates cultural and historical inequalities, favouring certain ethnicities and individuals and reinforcing the exclusion of women from land ownership.[106]

Agriculture contributed 24.6 percent to national GDP in 2013/14 (at current prices), and it is regarded as a pillar of the economy;[107] its contribution to export earnings in 2012/13 was 40 percent.[108] Land remains the only productive resource that is largely controlled by citizens, but land its distribution is being further affected by the phenomenon of land grabbing, which is being seen in many countries in Africa and in other parts of the world. This term is often used for illegitimate large-scale land acquisitions by foreign investors, but such deals are hard to separate from the large number of land deals on different scales that involve local and national authorities and other actors.[109]

The acquisition of land by large investors or powerful individuals distorts land distribution and perpetuates inequalities, as it often leads to the displacement of large numbers of people.[110] With the government pursuing the commercialization of agriculture, large-scale land investments are increasing, as is the incidence of land grabbing and land speculation.[111] Land grabbing has been identified as the third most significant cause of landlessness in Uganda.[112] Much of this speculation is based on assumptions that the majority of land in the north and east of the country is unutilized or under-utilized. However, studies have shown that such assumptions to be mistaken and that in fact all usable land is very likely to be already occupied or used by local communities in a variety of ways that are important to livelihoods, food security and/or cultural identity.[113]

Uganda has relatively progressive land legislation and policies, which empower citizens to own land and control its use. However, there are also serious loopholes in laws and institutional systems that encourage manipulation and perpetuate inequality, leading to the marginalization of vulnerable groups such as women and pastoralists. For example, the District Land Tribunals provided for in the Land Act of 1998 have never really functioned, leaving dispute resolution either to informal local council courts or to the judicial system, with its complex rules. The local council courts are themselves not well constituted: local council leaders have not been elected in 10 years, even though Article 61 (2) of the constitution requires that local elections should be held every five years alongside presidential elections.

BOX 2: LAND AND THE LEGAL SYSTEM

Land disputes are dealt with as civil cases and, under Uganda's Constitution; there is no obligation for the state to provide legal representation in civil cases for vulnerable members of society or those living in poverty. This means that there is a big gap between the capacities of rich and poor people to afford legal representation.

Quite often, bibanja holders (squatters without titles but with a legally recognized interest under the dual ownership mailo land system) do not understand the legal process and are reluctant to engage with it. Cases are often tried in their absence and judgments entered against them, leaving them facing eviction, homelessness and the loss of land that is often their only source of income.

The mailo[114] land system, which grants multiple rights over the same piece of land, has been highlighted as a factor leading to large numbers of evictions and to landlessness. The Land Act has twice been amended, largely with the aim of resolving land rights disputes between landlords and tenants, but evictions remain widespread.

The particular challenges that women face in accessing land were highlighted in the FGDs:

'We depend on farming to earn a living, but we do not own land. Land ownership is in the hands of men and therefore they control the harvest.' (FGD with women in Pader district)

'We do not own land, unless when you buy your own. Women don't inherit land. Parents don't give land to women because

the culture does not promote it.' (FGD with women in Arua district)

'When a girl reaches 14, she is encouraged to get married because this can bring riches at home. So, most of our girls leave school between 13 and 18 years of age.' (FGD with women in Pader district)

'It is not that girls are told to leave school and home to get married early, they do it themselves. Only that we parents do not bother ourselves, because in any case the end would be marriage.' (FGD with women in Iganga district)

Productive resources, particularly land, have a major bearing on income, and being unable to access such resources is a key driver of inequality in a predominantly agricultural country like Uganda. A growing population is certainly one major factor affecting land distribution, but economic factors leading to large-scale displacements or evictions have much worse disruptive effects, leading to widespread inequalities in land distribution, with women and youth the worst affected.

3.7 Financial capital in the hands of a few

Access to capital in Uganda is mainly by way of credit from financial institutions. There are two main barriers here: a very low level of penetration by financial institutions, with very few financial products available, and the lack of collateral owned by individuals. Uganda has 26 licensed commercial banks, with about 564 branches between them (Figure 14). However, there are just over 5.3 million bank accounts amongst a population of around 39 million.[115] Since the privatization of the government-owned Uganda Commercial Bank (UCB) in 2001, the banking sector has been controlled by foreign-owned private commercial banks, whose primary motivation is the maximization of profit. Figure 14 shows the distribution of commercial banks by assets and market share.

Figure 14: Assets and market share of commercial banks in Uganda (December 2015)

Rank	*Bank*	*Assets ($ millions)*	*Market share*	*Number of branches*
1	*Stanbic Bank*	*1,260*	*19.0%*	*91*
2	*Stanchart Uganda*	*936*	*14.0%*	*12*
3	*Crane Bank*	*612*	*9.1%*	*43*
4	*Centenary Bank*	*587*	*8.8%*	*62*
5	*DFCU Bank*	*513*	*7.7%*	*45*
6	*Barclays Bank*	*504*	*7.5%*	*43*
7	*Bank of Baroda*	*409*	*6.1%*	*15*
8	*Citibank Uganda*	*300*	*4.9%*	*01*
9	*Diamond Trust Bank*	*252*	*3.8%*	*32*
10	*Housing Finance Bank*	*220*	*3.5%*	*17*
11	*Bank of Africa*	*179*	*2.7%*	*37*
12	*Orient Bank*	*173*	*2.6%*	*20*
13	*Kenya Commercial*	*131*	*2.1%*	*14*

Rank	Bank	Assets ($ millions)	Market share	Number of branches
	Bank			
14	Equity Bank	123	2%	39
15	Imperial Bank Uganda	87	1.4%	05
16	Tropical Bank	84	1.4%	11
17	United Bank for Africa	60	1.0%	09
18	Ecobank	60	1.0%	11
19	Finance Trust Bank	44	0.7%	33
20	Guaranty Trust Bank	40	0.7%	07
21	Cairo International Bank	30	0.5%	05
22	NC Bank Uganda	25	0.5%	01
23	Bank of India (Uganda)	25	0.5%	01
24	Commercial Bank of Africa	19	0.3%	01
25	ABC Capital Bank	12.5	0.2%	02
Total	**25**	**6,695**	**100.0**	**564**

Source: Omics international (2014).
http://research.omicsgroup.org/index.php/Banking_in_Uganda

The three biggest commercial banks, which have a combined market share of 42.1 percent, are foreign-owned. Their asset base allows them to dominate the country's financial system. However, these banks are focused largely on commerce and offer hardly any agriculture-based financial products, and this has contributed to excluding much of the rural population from banking. Many rural areas are considered unviable by the private banks and so they lack banking services. Financial services infrastructure is poor across the country but especially in rural areas, and most people still depend on the informal banking sector. Bank branches are concentrated in urban centres, and there is a lack of financial products that ordinary people can afford. Interest rates are high: it is quite common for commercial banks to charge 20–30 percent on loans. Even when banks are willing to offer credit, they demand as security land titles, assets such as buildings, vehicles and equipment or personal valuables that are often of a much higher value than the credit requested. As a result, poor people have remained financially excluded.

Other institutions have the potential to help people to access financing – for example, savings and credit cooperatives (SACCOs), village savings and loan associations (VSLAs) and micro-finance institutions (MFIs). However, these organizations lend only limited amounts, and MFIs charge interest rates that are even higher than those of formal commercial banks, citing the high costs of serving scattered clients.

A financial access survey (FinScope III) conducted in 2013 showed that only 8.3 percent of the Ugandan population was banked and that only 12 percent had ever secured a loan from a formal financial institution.[116] The reasons given for not seeking financial services from commercial banks included the amount of collateral required (14 percent of respondents), the lack of collateral available to poor people (13 percent) and a general fear of being in debt (31 percent); also cited were the avoidance of bureaucracy and the complicated procedures involved in securing formal loans from banks. A significant proportion of poor people borrow from money lenders because they are not familiar with banks or they do not have any other option. Money lenders have relatively easy-to-understand procedures but they charge exorbitant interest rates, which can result in further impoverishment of those who use their services. This means that only the relatively rich are in a position to access credit.

The problems of accessing capital were underlined by FGDs in Mbarara district and with female market traders in Kampala:

'The major barriers and challenges that have prevented economic success for us include high interest rates on loans; inflation, especially in the cost of fuel; poor technology, especially for milking cows; and limited capital.' (FGD in Mbarara district)

'We need assistance to help us expand our businesses through microfinance (SACCOs), but at reduced interest as the current rates are very high.' (FGD with female traders in Kalerwe market, Kampala)

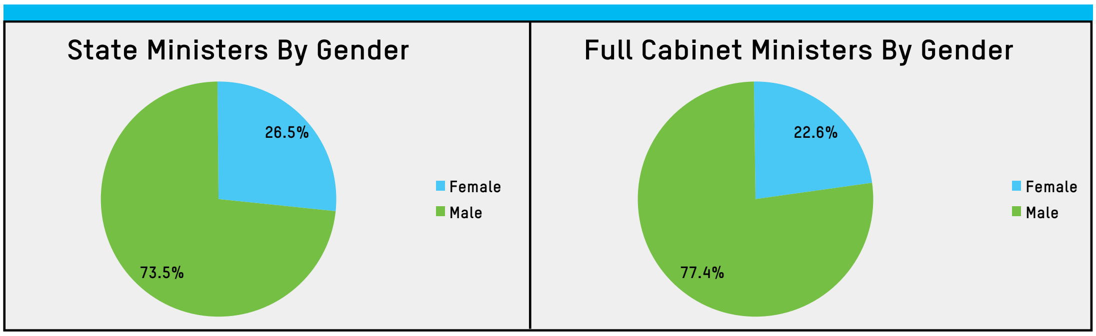
3.8 Governance and inequality

The governance regime has a key bearing on poverty and inequality. It includes the framework for decision making, the system of public resource allocation, implementation modalities for projects and programmes, monitoring of government investments and the laws and regulations that guide the behaviour of duty bearers.

Apart from the army, police and a few semi-autonomous agencies (such as the UNRA, the URA and the KCCA), the government has appeared reluctant to strengthen critical state institutions like the judiciary, the Inspector General of Government (IGG) or Parliament itself. Most key decisions are made, or are influenced, by the executive. Whenever a parliamentary vote is mandatory, the executive 'whips' the ruling NRM party caucus to support the desired government position. In the judicial system, there is increased evidence of weak and delayed dispensation of justice for poor people. A recent spate of land grabbing, reallocation of assets and dispossession has resulted in an increased number of cases in civil courts, but most people say they have not received justice. [117]

Women have always been marginalized from decision-making platforms such as Parliament, the Cabinet and local councils. However, since the 1980s the Ugandan government has adopted policies aimed at enhancing women's political representation and has promoted affirmative action, including provision for more women in Parliament and in local governments. Indeed, women now have significant representation in both Parliament and the Cabinet. In the 9th Parliament, 135 of the 386 MPs were women (35 percent), while 251 (65 percent) were men. Women held seven of the 31 full Cabinet positions (22.6 percent), while men occupied 24 (77.4 percent). At the level of state minister, women held 13 of the 49 positions (26.5 percent) and men 36 (73.5 percent) (see Figure 15). [118]

Figure 15: Distribution of ministers by gender (%)



Source: Constructed by the author with data from the Parliament of Uganda (http://www.parliament.go.ug)

Nevertheless, it is more crucial that improved representation yields tangible results in terms of decision making and policy changes that positively affect women at all levels of society. While it is a positive development that affirmative action has increased the number of women in decision-making organs of government, there has been little progress in breaking down entrenched gender discrimination, especially for the majority poor. In 2003, an attempt was made to introduce the Domestic Relations Bill, which sought to protect women's rights to property ownership, but the bill has been shelved now for well over a decade. Issues such as Uganda's very high maternal mortality rates remain largely unaddressed, even though the Ministry of Health (MoH) budget is always debated in Parliament, where women are relatively well represented.

At the grassroots level, the impact of increased representation in decision making has barely been felt at all, and women remain marginalized and discriminated against. These were the observations of women taking part in an FGD in Arua:

'Yes, we now have women in Parliament, but what has this helped us?'

'These women just represent their own interests. For us, we still experience domestic violence... Women are battered and those women MPs are doing nothing.'

'I am in a marriage which does not make any sense to me, but there is nowhere I can run to because my brothers would not allow me to share any property.'

'I was chased out of our marital home by my husband, but where can I run to?'

Government policies and greater representation for women have failed to translate into improvements in the lives of ordinary women. People on the lower rungs of society have no access to bodies such as the Equal Opportunities Commission, the Uganda Human Rights Commission or courts of law, where they could have their grievances heard. The reality for women such as the FGD participants in Arua is alienation from systems that might address inequality and a sense of resignation to daily injustices.

3.9 Corruption as a driver of inequality

The Government of Uganda has admitted that corruption is perhaps the biggest problem facing the country. President Museveni has said on several occasions that he cannot effectively tackle corruption because it is now so deeply entrenched and extends to institutions like the police and courts.[119] There have been many reported cases involving the loss of colossal sums of public money through the embezzlement and diversion of funds. Examples include a 2013 project to install underground fibre-optic Internet cables (involving USh 107.3bn), construction of the Mukono–Katosi road in 2014 (USh 165bn), a corruption and embezzlement scandal involving the Office of the Prime Minister (OPM) in 2012 (USh 50.2bn), funds embezzled from the Global Fund and Gavi in 2003 and 2006 (USh 600bn) and corruption linked to the Commonwealth Heads of Government Meeting (CHOGM) in 2007 (USh 247bn).

It is estimated that Uganda loses about $250m (USh 866bn) each year due to corruption.[120] This is equivalent to 50 state-of-the-art district hospitals and 500 Health Centre IVs. In terms of education spending, the money lost every year could finance 100 secondary schools or five universities.[121]

However, the government appears to be complacent on this issue and there is a blatant lack of political will when it comes to pursuing those guilty of corruption. Many cases have been exposed, but relatively few prosecutions have been brought and few guilty parties sentenced. Even then, the targets for prosecution are often 'small fish', while those in authority – the real overseers and drivers of corruption – swim freely.[122] This lack of meaningful deterrent encourages corruption, because the perpetrators know that they are unlikely to be punished even if they are caught.

Many of those in charge of public resources have dipped their fingers into the public purse with impunity, and corruption has become a lucrative business. Other examples include massive fraud in the UNRA, a 2011 scandal involving the procurement of bicycles by the Ministry of Local Government (MoLG) and large-scale pension fraud at the Ministry of Public Service (MoPS).

BOX 3: LEGAL LIMITATIONS TO PROSECUTION

Uganda has no proper data management mechanisms to track those who have been convicted in corruption cases and to help enforce sentences. People convicted of corruption often have influence across different bodies and authorities. This influence makes it possible for a person who has already been convicted in one case to be sentenced as a first-time offender in another, for instance. They may receive a lighter sentence and may not be deterred from continuing to engage in corruption.

These were the opinions of community members taking part in an FGD in Iganga district:

'How do you expect people to access services when most of the public resources are embezzled by a few people who are supposed to provide these services…?'

'What perplexes us is that nothing is done to these thieves. Really, what is the government doing? What does it gain by handling such thieves with kid gloves?'

The government's apparent inaction in rooting out corruption is further evidenced by the fact that recent reports by the Auditor General have not been discussed in Parliament, as required by law. Yet these reports offer an opportunity to follow up on cases of large-scale corruption and abuse of public resources. Without proper scrutiny of such evidence and without concrete action to tackle the endemic misappropriation of public resources, corruption will continue to worsen poverty and inequality.

3.10 Socio-cultural practices keep women poor

Women are disproportionately affected by each of the drivers of inequality discussed above, but in addition they face drivers of inequality that are unique to their situation. In a context of country-wide poverty, women suffer the most as their altruistic role as mothers and care givers is taken for granted.[123] They carry the burden of anchoring the family, regardless of their economic status.

Women still experience female genital mutilation (FGM), sexual and gender-based violence (SGBV), early marriage and the denial of their rights to education and participation in employment. Women in an FGD in Arua made the following observations:

'We suffer from cultural rigidities where women are seen as inferior.'

'Some men are drunkards, and women have no say.'

'There is too much workload at home and some men do not even want their wives to leave home at all.'

Women are subjected to cultures of control that stand in the way of their personal development. Young girls are forced into early marriages, placing them and their children at risk of dying while giving birth. These girls are also likely to have more children who they cannot afford to raise, exacerbating Uganda's overpopulation problem. The country's fertility rate is the second highest in the world, at 5.8 children per woman.[124] Thus socio-cultural practices compound the spiral of poverty for both individual women and the nation as a whole.

3.11 Conflict and instability leave communities poorer

Conflict, violence and insecurity inflict direct losses and hamper development. They lead to the breakdown of social infrastructure and prevent government and the private sector from investing in basic social services. In conflict-affected areas, poverty and deprivation become the norm and development lags behind other parts of the country. For example, 30 years after the Bush War ended, the Luwero region has yet to fully recover and poverty levels are disproportionately high. In northern Uganda, which for 30 years has suffered conflict and its consequences, poverty differentials are stark compared with the rest of the country.[125] This is despite many projects initiated by government and development partners to spur development, such as the Northern Uganda Social Action Fund (NUSAF). There are, however, some positive signs of rehabilitation, such as child education programmes run by CSOs, counselling centres and government initiatives to restore infrastructure such as roads, water sources, schools and health centres. [126]

Gender inequalities are also more pronounced in post-conflict areas in the north than in other parts of the country. In situations of conflict, women and children are often more severely affected than men. Displacement and resettlement have left many women without access to land, and conflict has led to a breakdown in traditional household roles, forcing women to become the primary breadwinners, even though they may lack the necessary skills.[127] Many people, especially women and children, in areas that have experienced conflict are still severely traumatized by their experiences, and disruption of social services has led to worse social outcomes (below the national average) in areas such as literacy rates, malnutrition, maternal mortality, fertility and the incidence of SGBV.[128]

Young people in Kotido, Karamoja region said in an FGD that insecurity caused by cattle rustling was one of the biggest impediments to development:

'We have lagged behind because of insufficient rain and low education levels, but insecurity due to cattle rustling by gun-wielding warriors has cut us off from the rest of the country and we have remained poor.'

Women in Pader recounted their experiences of conflict thus:

'During the war, our houses were destroyed by the rebels, and even our gardens.'

'We ran for our lives, without anything.'

'We were stuck in camps for the period the war was on. There was no business going on, our land became idle and our roads became impassable. We are now trying to rebuild, but there are many challenges because we do not have money.'

'Look at these clothes. Come into the house and see how there is nothing. We are beginning life afresh and the journey is long.'

4 POLICY CHOICES FOR ACHIEVING EQUITABLE GROWTH

Lunch time at the old taxi park.

A well established restaurant.

A look at the policy landscape in Uganda suggests that until now the focus has been one-dimensional and aimed at achieving economic growth, but that little has been done to ensure that growth is inclusive. Even when policies to alleviate extreme inequalities have been put in place, their implementation has fallen short. This section analyses policy choices that may potentially assist Uganda to achieve equitable growth and reduce poverty.

	Policies, programmes and structures	Progressive elements	Key equity challenges and gaps for inclusive growth
1	Current dominance of free market ideology *(liberalization, de-subsidization, private sector-led growth)*	• More market efficiency due to fewer distortions caused by government intervention. • More foreign investment attracted due to prospects of high profits and ease of repatriation (hence more industries, local production, job creation).	○ Further exclusion of poor people (e.g. women and marginalized rural communities) due to low farm-gate prices for produce; more expensive agricultural inputs; poor pay for local labour. ○ Less access to social services, especially for vulnerable groups (e.g. women, elderly, disabled, marginalized rural communities, children, urban poor and unemployed youth) due to privatization of service delivery (health, education, water).
2	Policies on education	• Free education for all under universal primary and secondary education promotes access for poor families.	○ The education system still focuses on academic subjects instead of developing skills, which limits employment prospects. Budgets are inadequate to meet sector requirements and the quality of public education is poor.
3	Financial sector and capital market policies on regulation and access	• Mobile money technologies have provided some penetration into rural areas.	○ Liberalization means that private banks are free to set interest rates, which are prohibitively high, especially for women, poor workers in the informal sector, smallholder farmers and

		• SACCOs have improved access to finance, in terms of physical access and affordability through relatively lower interest rates.	unemployed youth.
4	Accountability and anti-corruption policies	• Establishment of accountability sector with supportive framework including MoFPED, IGG, MoLG, the Public Procurement and Disposal of Public Assets Authority (PPDA), URA, UBOS, Directorate for Ethics and Integrity (DEI), police, Anti-Corruption Court, etc. • Enabling legal and regulatory framework i.e. Budget Act, 2001; National Audit Act, 2008; Leadership Code Act, 2002; PPDA Act, 2003; Access to Information Act, 2005; Anti-Money Laundering Act, 2014; Anti-Corruption Act, 2009; the Whistleblowers Protection Act; and new Public Finance Management Act 2015 all contain anti-corruption provisions.	○ Weak penalties that are no deterrent for those engaged in corruption e.g. short jail terms; no mandatory refund of money lost to corruption, which means that perpetrators can still enjoy illegal proceeds when they have served their sentences. ○ Apparent lack of political will to fight corruption. This is reflected in weak laws and reluctance to bring culprits to account. ○ While there is a provision for leaders in key public offices to declare their wealth to the IGG biannually, efforts to make these declarations public for easier validation and civic monitoring have been resisted.
5	Governance and decision-making policies	• Provisions are in place for regular elections every five years, which offers hope for regular renewal of leadership.	○ The executive has too much power e.g. appointments to many key public jobs, including the Electoral Commission, which conducts presidential and other

		• Provision for three arms of government (executive, Parliament and judiciary) with separate roles and operational framework which aims at avoiding over-concentration (and often abuse) of power. • There is provision for political representation of marginalized groups e.g. district women MPs, regional youth MPs; workers' MPs and MPs for people with disabilities, which helps to get the voices of marginalized groups heard.	national elections. This is exacerbated by the political monopoly held by a single political group (the NRM) for most of the last 30 years and a skewed political playing field, with bribery and commercialization of politics. Poor people such as rural women and marginalized communities have become increasingly excluded from standing for political office due to the expense involved. ○ The executive's influence over Parliament and the judiciary is evident e.g. in the passing of controversial legislation through bloc voting (e.g. removal of presidential term limits and the Public Order Management Act); shifting of the agriculture-focused NAADs programme to the Army; the purchase of expensive jet fighters without Parliamentary approval; etc. This shrinks the decision-making space and increases political inequalities.
7	Trade, business and investment promotion policies	• Promotion of business through incentives including tax exemptions, business incubation parks, land offers and one-stop services centres attracts foreign investment, creates jobs and encourages local production of goods.	○ Unfair competition, especially from investors who enjoy tax exemptions. ○ Massive repatriation of profits (foreign exchange) by foreign-owned firms affects exchange rates and local business growth; this leads to more costly imports, job and wage freezes, etc., which mostly affect the poor.

8	Taxation regimes	• Direct tax rates are progressive, with higher-income earners charged at higher rates (e.g. 10–30 percent), hence there is some level of redistribution and equalization. • Some essential goods and services (e.g. medical services, drugs, agricultural produce, education, etc.) are tax-exempt, which gives relief to the poor. • Tax administration improvements, including the re-engineering of business processes and automation, have contributed to absolute increases in revenue mobilization from a few billion shillings in 1992 to trillions currently. In FY 2015/16, tax revenue was projected to be USh 11.3 trillion.	○ Indirect tax and excise rates are not only very high (e.g. VAT at 18 percent and some tariffs as high as 100 percent) but typically they are applied across the board, regardless of the income status of consumers. ○ Tax policy is still heavily influenced by politicians and powerful technocrats in favour of the rich (e.g. landlords have for long hidden behind limited companies and claimed substantial expenses, hence paying little tax), and large-scale farmers (e.g. livestock owners, banana growers, coffee producers) are excluded from the tax net. This has robbed poor communities of funding for social services. ○ Multinational companies have taken advantage of tax planning schemes (e.g. transfer pricing) and inadequacies in tax administration (e.g. audit skill gaps) to avoid paying taxes even as the economy grows, and with it overall revenue collections. This has seen the ratio of tax revenue to GDP stagnate at about 13 percent compared with an average of 18 percent across sub-Saharan Africa. ○ There should also be greater emphasis on capital gains tax and dividends, which are an increasing source of income for corporations.

9	Regional integration and international protocols *(especially COMESA and the East African Community)*[129]	• These have opened up opportunities e.g. bigger regional markets. • Promotion of informal and small-scale cross-border trade and earnings of poor traders who dominate this trade e.g. women and youth. • Protection of local industries, hence creating employment and also linkage benefits.	○ Zero or favourable internal tariffs may benefit more developed countries in the region (e.g. Kenya) to the detriment of other members. ○ Prohibitive common external tariffs (CETs) mean very expensive imports (sometimes of essential goods that are unavailable locally) from non-bloc members, which negatively affects poor people. ○ Free movement of labour and capital may lead to more competition in labour and capital markets, which again favours more developed members such as Kenya. Such competition may further widen wage disparities. ○ Uganda has not met its promises in regard to international protocols such as the Abuja and Maputo Declarations. There is continued high spending on public administration, currently 15 percent of the national budget.[130]
10	Gender equity policies and initiatives *(e.g. women's manifesto issues – women's health; land and property rights; women and education; economic empowerment; and women, politics and decision making)*	• Promote more involvement by women in decision making. • Promote more equitable access to opportunities and resources, regardless of gender.	○ Gender marginalization cuts across all other challenges and gaps, and is at the root of inequalities in Uganda. Cultural norms, practices and attitudes still strongly undermine women's emancipation. ○ There are still serious gaps in addressing women's campaign issues such as maternal and adolescent health; land/property access and ownership rights; girls' education and retention in schools; economic empowerment through jobs and good wages; and participation in decision making at the political, community and household levels.

Sources: Compiled by the author with data from NPA (2010), NDP I; NPA (2015), NDP II; field interviews and FGDs

5

EXTREME INEQUALITY IS NOT INEVITABLE: what we must do to stop the spiral

The over crowded Kivulu slum at the bottom of Makerere Hill, facing Makere University hill.

The drivers of inequality are multi-dimensional and intertwined. Some are vertical, others are horizontal, and they rotate variously around policy and political issues or cultural and attitudinal challenges. Tackling the question of inequality therefore requires a multi-pronged approach. This section highlights the major issues and makes multi-pronged recommendations to address them.

Governance, corruption and impunity (recommendations aimed at Parliament, government, and development partners)

- Advocate for the freeing up of political space and challenge the monopoly on critical decision making by and in favour of the elite. Advocate for more citizen representation and participation in decision making at all levels; advocate for electoral reforms for more political inclusion and a more level playing field and less political interference in service delivery.
- Press for the strengthening of accountability by making corruption a high-risk venture. Those guilty of corrupt practices should be punished heavily, making corruption less attractive to others.
- Halt the creation of new layers of local government and concentrate on quality service delivery.

Gender-based exclusion and marginalization (recommendations aimed at government, civil society, anti-corruption agencies, the judiciary, local and international NGOs)

- Advocate for the enactment of legislation providing for property rights for women.
- Conduct sensitization campaigns against cultural biases, practices and attitudes that promote disparities in reward sharing between men and women, and advocate for the elimination of harmful practices such as SGBV, early marriage and the denial of women's rights to education and participation in employment.
- Encourage the formation of women's associations to agitate for their rights at the grassroots level; train women in vocational skills programmes and establish savings and credit schemes for women so as to economically empower them.
- Advocate for gender equity in access to social services, especially education and health, and for employment opportunities and equal pay for work of equal value, as well as participation in decision making.

Inequitable economic policies and programmes (recommendations aimed at government, civil society, development partners)

- Advocate for a policy review to ensure strong government involvement in development programmes and private sector projects, especially in strategic sectors such as agriculture, to protect the interests of local communities.
- Promote government protection of vulnerable groups by mainstreaming the concept of safety nets in policies and budgets in social sectors such as health.

The education system (recommendations aimed at government (Ministry of Education and MoFPED)

- Overhaul the outdated education system by emphasizing the development of practical skills, to increase young people's employability and capacity for self-employment.
- Promote vocational training, especially targeting youth; establish more vocational institutions and provide more funding.
- Increase the education budget to improve the quality of education in public schools by providing better infrastructure and facilities, educational materials, school meals and better pay for teachers.

The tax regime (recommendations aimed at government (MoFPED, URA)

- Eliminate unfair taxation by advocating for greater equity in regimes targeting individuals, companies and investors, including redistribution through progressive taxation.
- Step up efforts to minimize tax exemptions, and clamp down on tax avoidance and evasion.
- Put more focus on the taxation of capital gains and dividends rather than indirect taxes that disproportionately affect the poor.

The agriculture sector (recommendations aimed at government (Ministry of Agriculture, MoFPED)

- Commit more resources to the agriculture sector, to increase the likelihood of resources trickling down to a broader cross-section of the population and improving livelihoods. At least 10 percent of the national budget should be allocated to the sector, as per the 2003 Maputo Declaration.
- Provide more resources for critical inputs to boost

productivity, such as research, irrigation, fertilizers, improved seeds and extension services.
- Provide more resources for post-harvest activities such as storage and marketing frameworks (e.g. warehouse systems), infrastructure (e.g. grain silos, refrigerated equipment for perishables), price stabilization mechanisms and value addition (agro-processing).

Access to land and capital (recommendations aimed at government (Ministry of Lands, Housing and Urban Development)

- Discourage land grabbing, which in particular has targeted prime public land in city areas and in the Central region, oil-producing areas in the Western region, parts of the Northern region and in Karamoja.
- Promote land titling (especially of communal land) as a means of protection against land grabbers.
- Promote the operationalization of land tribunals to deal with land disputes, especially at the grassroots level.
- Improve access to credit and extend the penetration of financial services in rural areas by supporting community-based MFIs and SACCOs.

Budget allocations and investment in social services (recommendations aimed at government (MoFPED)

- Allocate more public investment and resources to social service sectors such as hospitals at lower levels, community roads, water and sanitation, etc. Instead of focusing on projects that serve the interests of the elite, more funds should be channelled towards the needs of poor and vulnerable groups.
- Take affirmative action (in terms of regional distribution, rural–urban settings) in the allocation of public infrastructure investments such as roads, railways and power projects.
- With regards to regional integration and common infrastructure, advocate for informed tariff and non-tariff negotiations to avoid disadvantaging local initiatives and impacting vulnerable groups; and seek greater transparency and value for money in implementing costly regional infrastructure projects.

Conflict and instability (recommendations aimed at government, development partners)

- Promote peace building and conflict resolution initiatives

within the country and in the wider Great Lakes region.
- Adopt more tolerant approaches to resolving dissent or conflict, rather than pursuing military solutions.

Addressing these constraints and the drivers of inequality will necessitate a holistic approach. This will require concerted efforts from all stakeholders including policy makers, advocacy groups and development partners and, most importantly of all, Ugandan citizens who have a duty to uphold human rights, including the right to equality, and to speak up against injustice.

Children crossing a sewarage water stream in Makerere Kivulu.

[1]Uganda Bureau of Statistics (UBOS) (2014). The National Population and Housing Census 2014 – Main Report. Uganda Bureau of Statistics, Kampala, Uganda. *http://www.ubos.org/onlinefiles/uploads/ubos/NPHC/2014 National Census Main Report.pdf*

[2]G.M.S. Lambright (2014). Opposition Politics and Urban Service Delivery in Uganda. Development Policy Review, 32 (S1): s39-s60.

[3]Ministry of Planning, Finance and Economic Development (MoFPED) (2015). National Budget Framework Paper FY 2015/16. *http://www.cabri-sbo.org/uploads/files/Documents/uganda_2015_formulation_external_pre-budget_statement_ministry_of_finance_comesa_eac_igad_english_2.pdf*

[4]S. Ssewanyana, J.M. Matovu, E. Twimukye (2011). Building on Growth in Uganda, in P. Chuhan-Pole and M. Angwafo (eds) Yes Africa Can: Stories from a Dynamic Continent. World Bank. *http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Uganda-growth.pdf*

[5]UBOS (2014). Uganda National Household Survey 2012/2013. Kampala, Uganda. *http://www.ubos.org/onlinefiles/uploads/ubos/UNHS_12_13/2012_13 UNHS Final Report.pdf*

[6]Oxfam (2016). An Economy for the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped. *https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf*

[7]Credit Suisse Research Institute (2015). Global Wealth Report 2015. *https://publications.credit-suisse.com/tasks/render/file/?fileID=F2425415-DCA7-80B8-EAD989AF9341D47E*

[8]Oxfam (2014). Even it Up: Time to End Extreme Inequality. *https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/cr-even-it-up-extreme-inequality-291014-en.pdf*

[9]According to New World Wealth, a South African market research company, as quoted in The Guardian (2015). Africa Wealth Report 2015: Rich Get Richer Even as Poverty and Inequality Deepen. *https://www.theguardian.com/global-development/datablog/2015/jul/31/africa-wealth-report-2015-rich-get-richer-poverty-grows-and-inequality-deepens-new-world-wealth*

[10]2015 estimate by the World Bank. M. Cruz, J. Foster, B. Quillin and O. Schellekens (2015). Ending Extreme Poverty and Sharing Prosperity: Progress and Policies. World Bank Group. *http://pubdocs.worldbank.org/en/109701443800596288/PRN03-Oct2015-TwinGoals.pdf*

[11]For more on the Palma ratio, see A. Cobham (2013). Palma vs Gini: Measuring Post-2015 Inequality. Center for Global Development. *http://www.cgdev.org/blog/palma-vs-gini-measuring-post-2015-inequality;* and D. Green (2013).

On equality, let's do the Palma (because the Gini is so last century). Oxfam blog. *https://oxfamblogs.org/fp2p/on-inequality-lets-do-the-palma-because-the-gini-is-so-last-century/*

[12]Gini data from World Bank database *(http://data.worldbank.org/indicator/SI.POV.GINI)* as referenced by Oxfam (2014). Even it Up, op. cit.

[13]Credit Suisse Research Institute (2015). Global Wealth Report 2015, op. cit.

[14]Upheavals included the Buganda Kingdom crisis of 1966; the military overthrow of President Milton Obote by General Idi Amin in 1971; the expulsion of Ugandan Asians, who dominated the economy, by President Amin in 1972; the military misrule and economic mismanagement of the Amin regime between 1971 and 1979; the civil war of 1978/79 that saw Ugandan and Tanzanian forces depose Amin; the Bush War of 1981–86, when the National Resistance Army (NRA) led by Yoweri Museveni overthrew the second Obote government; and various post-1986 anti-Museveni insurgencies, including those by the Lord's Resistance Army (LRA) led by Joseph Kony in Northern Uganda and the Allied Democratic Forces (ADF) in the west.

[15]Credit Suisse Research Institute (2015). Global Wealth Report 2015, op. cit.

[16]According to the Word Bank. *http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=UG*

[17]UBOS (2014). Uganda National Household Survey 2012/2013, op. cit.

[18]S.N. Ssewanyana and A.J. Okidi (2004). Understanding the Determinants of Income Inequality. Centre for the Study of African Economics Series, WPS/2004-29, Uganda.

[19]Information from UBOS (2014). Uganda National Household Survey 2002/03. *https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwid_euAvunPAhWInBoKHQWuDu0QFggmMAE&url=http%3A%2F%2Fwww.ubos.org%2Funda%2Findex.php%2Fcatalog%2F1%2Fdownload%2F128&usg=AFQjCNGlKqqrPu85qUjeZlu64bdJw46qKw&sig2=HnbT2FicdqEle0a4cGe1UA;* and UBOS (2014). Uganda National Household Survey 2012/2013, op. cit.

[20]Ibid. The Gini index is measured on a scale where 0 = perfect equality and 100 = perfect inequality. See, for example, World Bank, GINI index. *http://data.worldbank.org/indicator/SI.POV.GINI?end=2013&start=2011*

[21]UBOS data from Uganda National Household Surveys for 2002/03, 2009/10 and 2012/13.

[22]Ibid.

[23]Ibid.

[24]C. Hoy, S. Klasen, R. Darmawan et al. (2016). Middle-Income Transitions and Inequality: Is there a link? London: Overseas Development Institute (ODI). *https://www.odi.org/sites/odi.org.uk/files/resource-documents/10383.pdf*

[25]World Bank (2015). Uganda: Systematic Country Diagnostic: Boosting Inclusive Growth and Accelerating Poverty Reduction. *http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/12/16/090224b083c5dcc6/1_0/Rendered/PDF/Uganda000Boost0c0country0diagnostic.pdf*

[26]C. Hoy and E. Samman (2015). What if growth had been as good for the poor as everyone else? London: ODI. *https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9655.pdf*

[27]Ibid.

[28]This was Sudhir Ruparelia of the Ruparelia Group conglomerate, with estimated wealth of $1.1bn. Forbes (2014) The African Billionaires 2014. *http://*

www.forbes.com/sites/mfonobongnsehe/2014/03/04/the-african-billionaires-2014/6/ - 5b666eae75fd

[29]FAO (2015). Country Fact Sheet on Food and Agriculture Policy Trends. *http://www.fao.org/3/a-i4915e.pdf*

[30]World Bank (2011). Agriculture for Inclusive Growth in Uganda. *http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1316457581843/CaseStudy_Uganda_01.pdf*

[31]Ibid.

[32]H. Dose (2007). Securing Household Income among Small-scale Farmers in Kakamega District: Possibilities and Limitations of Diversification. German Institute of Global and Area Studies (GIGA) WP 41/2007. *https://www.giga-hamburg.de/en/system/files/publications/wp41_dose.pdf*

[33]Ministry of Finance, Planning and Economic Development (MoFPED) (2014). Poverty Status Report 2014: Structural Change and Poverty Reduction in Uganda. *http://www.finance.go.ug/index.php?option=com_docman&task=doc_details&gid=423&Itemid=7*

[34]I. Kasirye (2011). Addressing Gender Gaps in the Ugandan Labour Market. EPRC Policy Brief, Issue no. 12.

[35]World Bank (2011). Agriculture for Inclusive Growth in Uganda, op. cit.

[36]National Planning Authority (NPA) (2010). National Development Plan (2010/11–2014/15). *http://npa.ug/wp-content/themes/npatheme/documents/NDP2.pdf*

[37]UBOS (2013). Uganda National Panel Survey 2011/2012. *http://www.ubos.org/onlinefiles/uploads/ubos/UNPS/wave3/UNPS Report wave3.pdf*

[38]Constitution of the Republic of Uganda, 1995. Objectives IX, X and XI. *http://www.statehouse.go.ug/sites/default/files/attachments/Constitution_1995.pdf*

[39]UBOS (2013). Uganda National Panel Survey 2011/2012, op. cit.

[40]Ministry of Education and Sports (2014). The Education and Sports Sector Annual Performance Report (FY2013/14). *http://www.education.go.ug/files/downloads/ESSAPR 2013_14 (1).pdf*

[41]Ibid.

[42]C.M. Mpyangu, E.A. Ochen, E.O. Onyango and Y.A.M. Lubaale (2014). Out of School Children Study in Uganda. *http://www.unicef.org/uganda/OUT_OF_SCHOOL_CHILDREN_STUDY_REPORT__FINAL_REPORT_2014.pdf*

[43]World Economic Forum (WEF) (2013). The Global Gender Gap Report 2013. *http://www3.weforum.org/docs/WEF_GenderGap_Report_2013.pdf*

[44]S. Ssewanyana, J.M. Matovu, E. Twimukye (2011). Building on Growth in Uganda, op. cit.

[45]Ibid.

[46]Ibid.

[47]UBOS (2013). National Household and Income Expenditure Survey. *http://www.ubos.org/onlinefiles/uploads/ubos/UNHS_12_13/2012_13 UNHS Final Report.pdf*

[48]L. Bategeka (2013). Tackling Inequality in Uganda. The Broker. *http://www.thebrokeronline.eu/Blogs/Inequality-debate/Tackling-Inequality-in-Uganda*

[49]UBOS (2013). National Household Survey op. cit.

[50]Constitution of the Republic of Uganda, 1995. Articles 21 and 33.

[51]Amnesty International (2014). Rule by Law: Discriminative Legislation and Legitimized Abuses in Uganda. *http://www.amnestyusa.org/research/reports/rule-by-law-discriminatory-legislation-and-legitimized-abuses-in-uganda*

[52]Human Rights Watch (2014). Uganda: Deeply Flawed HIV Bill Approved. *https://www.hrw.org/news/2014/05/13/uganda-deeply-flawed-hiv-bill-approved*

[53]Amnesty International (2014). Rule by Law, op. cit.

[54]Amnesty International (2014). Uganda Anti-Homosexual Act Prompts Arrests, Attacks, Evictions, Flight. *https://www.amnesty.org/en/latest/news/2014/05/uganda-anti-homosexuality-act-prompts-arrests-attacks-evictions-flight/*

[55]Ministry of Gender, Labour and Social Development/UNICEF Uganda (2015). 2015 Situation Analysis of Children in Uganda. *http://www.unicef.org/uganda/UNICEF_SitAn_7_2015_(Full_report).pdf*

[56]Ibid.

[57]Ibid.

[58]Ibid.

[59]Ibid.
[60]Ibid.

[61]Ibid.

[62]UBOS (2015). 2015 Statistical Abstract. *http://www.ubos.org/onlinefiles/uploads/ubos/statistical_abstracts/Statistical Abstract 2015.pdf*

[63]ActionAid (2012). Lost Opportunity? Gaps in Youth Policy and Programming in Uganda. *http://www.actionaid.org/sites/files/actionaid/youthrepot-final_0.pdf*

[64]The Observer (2013). Uganda: Museveni Tells Lecturers – Sorry, Roads Come First. *http://allafrica.com/stories/201308230929.html*

[65]The spiral of silence theory was advanced by Elisabeth Noelle-Neuman in the 1970s. E. Noelle-Neumann (1974). The Spiral of Silence: A Theory of Public Opinion. Journal of Communication, 24: 43–51. doi: 10.1111/j.1460-2466.1974.tb00367.x

[66]Transparency International (2015). Corruption Perceptions Index 2015. *https://www.iaca.int/images/news/2016/Corruption_Perceptions_Index_2015_report.pdf*

[67]Daily Monitor (2016). Top 100 A-Level Schools over the Last Four Years. 1 February 2016. *http://www.monitor.co.ug/News/Education/Top-100-A-Level-schools-over-the-last-four-years/688336-3056764-ke901az/index.html*

[68]C. Berry and L.G. Edward (2005). The Divergence of Human Capital Levels across Cities. Regional Science 84, 3 (2005): 407-444.

[69]UBOS (2014). 2014 Statistical Abstract. *http://www.ubos.org/onlinefiles/uploads/ubos/statistical_abstracts/Statistical_Abstract_2014.pdf*

[70]Danish Trade Union Council for International Development Cooperation (2015). Uganda Labour Market Profile 2015. *http://www.ulandssekretariatet.dk/sites/default/files/uploads/public/PDF/LMP/LMP2015/lmp_uganda_2015_final_version.pdf*

[71]Society for International Development (2013). State of East Africa Report 2013 – Key Insights. SID Forum. *http://www.sidint.net/content/state-east-africa-report-series*

[72]World Bank (2014). Doing Business 2015: Going Beyond Efficiency. *http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB15-Full-Report.pdf*

[73]The Heritage Foundation (2016). 2016 Index of Economic Freedom. *http://www.heritage.org/index/about*

[74]J.K. Boyce and L. Ndikumana (2012). Capital Flight from Sub-Saharan African Countries: Updated Estimates, 1970–2010. Political Economy Research Institute, University of Massachusetts. *http://www.peri.umass.edu/fileadmin/pdf/ADP/SSAfrica_capitalflight_Oct23_2012.pdf*

[75]United Nations Economic Commission for Africa (2015). Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa. *http://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf*

[76]World Bank (2013). Uganda Economic Update. Kampala. *http://www.worldbank.org/content/dam/Worldbank/document/Africa/Uganda/Report/uganda-economic-update-august-2013-summary.pdf*

[77]M. Henstridge and L. Kasekende (2001). Exchange Reforms, Stabilization, and Fiscal Management. In P. Collier and R. Reinikka (eds) Uganda's Recovery – The Role of Farms, Firms, and Government. Kampala, Uganda: Fountain Publishers.

[78]Under this system, commodity prices were controlled by keeping back a buffer stock from good harvests and releasing it as required to avoid fluctuating prices during periods of shortage.

[79]Ministry of Gender, Labour and Social Development/UNICEF Uganda (2015). 2015 Situation Analysis of Children in Uganda, op. cit.

[80]Ministry of Gender, Labour and Social Development/UNICEF Uganda (2015). 2015 Situation Analysis of Children in Uganda, op. cit.

[81]Amnesty International (2014). Rule by Law, op. cit.

[82]I. Kasirye (2011). Addressing Gender Gaps in the Ugandan Labour Market, op. cit.

[83]Oxfam (2015).Women's Economic Empowerment and Care: Evidence for Influencing. Baseline Research Report. *http://policy-practice.oxfam.org.uk/publications/womens-economic-empowerment-and-care-evidence-for-influencing-578732*

[84]I. Kasirye (2011). Addressing Gender Gaps in the Ugandan Labour Market, op. cit.

[85]International Labour Organization (2015). Global Employment Trends for Youth 2015: Scaling up investments in decent jobs for youth. *http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_412015.pdf*

[86]UBOS (2014). Uganda National Household Survey 2012/2013, op. cit.

[87]ILO Labour market transitions of young women and men in Uganda, 2014

[88]AfDB, Africa Economic Brief, Volume 4, 2013

[89]The government has introduced interventions such as the Youth Venture Capital Fund and Youth Livelihood Programme, but the impact of these has not yet been satisfactorily evaluated, and there are question marks over their implementation.

[90]Ministry of Public Service (2013). Policy Paper for Transformation of Uganda Public Service. Unpublished

[91]Ibid.

[92]Or equivalent scale in state agencies that do not formally use civil service scales.

[93]MoFPED (2015). Debt Sustainability Analysis Report. *https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiF-ojBwunPAhVFfxoKHSwVDwoQFggcMAA&url=http%3A%2F%2Fwww.finance.go.ug%2Findex.php%3Foption=com_docman%26task=doc_download%26gid=481%26Itemid=118&usg=AFQjCNGxr*

[94]Africa Development Bank (ADB) (2015). Uganda Rural Electricity Access Project. *http://www.afdb.org/fileadmin/uploads/afdb/Documents/Boards-Documents/Uganda-_AR-_Uganda_Rural_Electricity_Access_Project_-_09_2015.pdf*

[95]Data derived from the National Social Service Delivery Survey (2016). This survey is conducted annually by the Ministry of Public Service and UBOS.

[96]PWC (2016). Setting Tomorrow's Priorities: A look at Uganda's 2016/2017 National Budget. *https://www.pwc.com/ug/en/assets/pdf/budget-bulletin-2016-2017.pdf*

[97]National Social Service Delivery Survey (2016), op. cit.

[98]B. Onzima (2013). Public Accountability: Explaining Variations Across Local Governments in Uganda. Thesis submitted to the Department of Administration and Organization Theory, University of Bergen. *http://bora.uib.no/bitstream/handle/1956/6896/109006750.pdf?sequence=1*

[99]State Council Information Office of the People's Republic of China (2016). China a Trusted Infrastructure Development Partner with Kenya. *http://www.scio.gov.cn/32618/Document/1486184/1486184.htm*

[100]Uganda Electricity Generation Company (2016). Karuma Hydro Power Project (600 MW). *http://uegcl.com/Projects/karuma-hydro-power-project-600mw/*

[101]The East African (2016). Uganda Begins Fresh Negotiations for Oil Refinery. *http://www.theeastafrican.co.ke/business/Uganda-begins-fresh-negotiations-for-oil-refinery/2560-3277146-gg3gxu/index.html*

[102]Tralac (2016). Uganda Budget Speech 2016/17: "Enhanced Productivity for Job Creation". *https://www.tralac.org/news/article/9860-uganda-budget-speech-2016-17-enhanced-productivity-for-job-creation.html*

[103]MoFPED (2015). Debt Sustainability Analysis Report, op. cit.

[104]The current foreign debt to GDP ratio is 7.4/27 = 27.4 percent. This excludes recent loans for construction of the SGR, the Karuma dam and the oil refinery and pipeline.

[105]For example, teachers and health workers have staged a series of strikes calling for better pay, but the government has stated that it will prioritize investment in infrastructure rather than increase salaries.

[106]J. Bosworth (2003). Integrating Land Issues into the Broader Development Agenda: Uganda. In Land Reform, Land Settlements and Cooperatives, Special Edition, 2003/3. FAO/World Bank. *http://www.fao.org/docrep/006/y5026e/y5026e0f.htm*

[107]UBOS (2014). GDP Estimates Rebased to 2009/10. *http://www.ubos.org/onlinefiles/uploads/ubos/GDP/Rebased GDP Estimates 2009-2010.pdf*

[108]Ibid.

[109]L. Anseeuw, L. Alden Wily, L. Cotula and M. Taylor (2012). Land Rights and the Rush for Land: Findings of the Global Commercial Pressures on Land Research Project. Rome, Italy: International Land Coalition (ILC). *http://www.landcoalition.org/sites/default/files/documents/resources/ILC GSR report_ENG.pdf*

[110]National Association of Professional Environmentalists (NAPE)/Friends of the Earth Uganda (2012). A Study on Land Grabbing Cases in Uganda. *http://reliefweb.int/sites/reliefweb.int/files/resources/Full_Report_3823.pdf*

[111]R.H. Espeland (2006). The "Lost Counties": Politics of land rights and belonging in Uganda. Bergen, Norway: University of Bergen and Chr. Michelsen Institute. *https://www.mpl.ird.fr/colloque_foncier/Communications/PDF/Espeland.pdf*

[112]Ibid.

[113]M. Taylor and T. Bending (2009). Increasing Commercial Pressure on Land:

Building a Coordinated Response. Discussion paper, International Land Coalition (ILC Secretariat), Rome. *http://www.landcoalition.org/sites/default/files/documents/resources/09_07_cpl_discussionpaper.pdf*

[114]Mailo was one of the land tenure systems introduced under the 1900 Buganda Agreement. Land was allocated to Buganda chiefs, measured in miles (mailo in the local language). Land is held in perpetuity under this system.

[115]Bank of Uganda (2014). Status of Financial Inclusion in Uganda. *https://www.bou.or.ug/bou/bou-downloads/Financial_Inclusion/Report-on-the-State-of-Financial-Inclusion-First-Edition-March-2014.pdf*

[116]Economic Policy Research Centre (EPRC) (2013). Uganda 2013 FinScope III Survey Report Findings: Unlocking Barriers to Financial Inclusion. *https://www.bou.or.ug/opencms/bou/bou-downloads/Financial_Inclusion/Finscope-Report-2013.pdf*

[117]S.B. Mabikke (2011). Escalating Land Grabbing In Post-Conflict Regions of Northern Uganda: A Need for Strengthening Good Land Governance in Acholi Region. *http://www.iss.nl/fileadmin/ASSETS/iss/Documents/Conference_papers/LDPI/6_Samuel_B_Mabikke___FINAL_2_.pdf*

[118]The General Election for the 10th Parliament took place in February 2016; however, gender distribution for both MPs and the new Cabinet does is broadly similar.

119Africa News (2016). Museveni vows to end corruption in Uganda. *http://www.africanews.com/2016/05/13/museveni-promises-to-end-corruption-in-uganda/*

120UBOS (2014). Uganda National Governance Baseline Survey (UNGBS) 2014 Report. *http://www.ug.undp.org/content/dam/uganda/docs/Uganda National Governance Baseline Survey 2014.pdf?download*

[121]The calculation of these costs is based on the Public Investment Plan (PIP) by the Ministry of Finance, Planning and Economic Development (2014). *http://budget.go.ug/budget/sites/default/files/National Budget docs/Public Investment Plan FY 2013_14.pdf*

[122]Human Rights Watch (2013). "Letting the Big Fish Swim": Failures to Prosecute High-Level Corruption in Uganda. *https://www.hrw.org/report/2013/10/21/letting-big-fish-swim/failures-prosecute-high-level-corruption-uganda*

[123]A, Ellis, C. Manuel and M.C. Blackden (2005). Gender and Economic Growth in Uganda: Unleashing the Potential of Women., World Bank: Directions in Development. *http://siteresources.worldbank.org/INTAFRREGTOPGENDER/Resources/gender_econ_growth_ug.pdf*

[124]World Bank. Fertility rate, total (births per woman). *http://data.worldbank.org/indicator/SP.DYN.TFRT.IN?*

[125]UBOS (2013), op. cit. Uganda National Household Survey 2012/2013 op.cit

[126]World Bank (2016). Third Northern Uganda Social Action Fund (NUSAF 3). *http://www.worldbank.org/projects/P149965?lang=en*

[127]I. Kasirye (2011). Addressing Gender Gaps in the Ugandan Labour Market,

op. cit.

[128]African Development Bank (2008). The Consequences of Conflict. Chapter 2 in African Development Report 2008/2009. *http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African Development Report 2008.2009_03_Chapter II.pdf*

[129]Healthcare: Under the Abuja Declaration of 2001, African governments pledged to spend at least 15 percent of their budgets on healthcare; Uganda is currently spending less than 10 percent. Agriculture: In the Maputo Declaration (2003), African finance ministers pledged to spend at least 10 percent of their national budgets on agriculture by 2008. Uganda's budget for FY 2016/17 provides just 4 percent for the sector (MoFPED, 2016). Education: The Global Partnership for Education committed governments to spend 20 percent of their budgets on education by 2010; Uganda currently spends 10.3 percent (MoFPED, 2016). Social protection: In the Windhoek Declaration (2008), ministers pledged to spend at least 4.5 percent of GDP on this sector; Uganda spends less than 0.5 percent (MoFPED, 2016).

[130]B. Onzima (2013). Public Accountability: Explaining Variations Across Local Governments in Uganda, op. cit.

The report was written by Prof. Agustus Nuwagaba of Reev Consult International with a peer review from Dr. Fred Muhumuza. Oxfam acknowledges the assistance of Oxfam staff and partners in its production. The report is part of a series of papers written to inform public debate on issues like inequality and influence policy on development.

The information in this publication is correct at the time of release.

Oxfam is an international confederation of 17 organizations networked together in more than 90 countries as part of a global movement for change to build a future free from the injustice of poverty. In Uganda, Oxfam started work in the 1960's and since then it has continued to implement both development and humanitarian programmes to support practical and innovative ways for people to lift them selves out of poverty.

Please write to Oxfam for further information.
Email: **kampalaoffice@oxfamnovib.nl**

You can find a copy of this report and other related publications here: **uganda.oxfam.org/**

Published by Oxfam - Uganda
Plot No.3459, Tank Hill Muyenga.
P.O.Box 6228, Kampala, Uganda
Tel: +256 414 390 500
Fax: +256 414 510 242
E-mail: kampalaoffice@oxfamnovib.nl
Facebook: http://www.facebook.com/oxfaminuganda
Twitter: @oxfaminuganda
https://uganda.oxfam.org/