

Uganda's urban poor on the rise

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Uganda's overall poverty level has dropped by five per cent but rising income inequalities in urban centres has raised new concerns.

The World Bank says this is likely to mitigate the gains made in alleviating poverty. The institution blames the surge on increased rural-urban migration and narrow access to economic opportunities.

It is now calling for new interventions to combat income inequalities in urban centres which stand at an estimated ratio of 0.45 to 0.37 in the rural areas.

"Our interventions will be focused on imparting vital skills needed to support the mobility of labour, improving means of connectivity between high and low economic growth areas and widening access to high quality social services like medical care, water and electricity," said Rachael Sebudde, senior economist at the World Bank in Kampala.

"This will help attract more investment in underdeveloped areas while minimising poverty levels."

Latest figures released by the Uganda Bureau of Statistics indicate that the overall number of poor people fell to 7.1 million (22 per cent) this year, compared with 8.4 million people (27 per cent) in 2005/06.

Urban poverty levels fell from 34 per cent to 25.9 per cent during the same period but were undermined by higher growth in income inequalities.

The declining poverty levels saw prevalence in rural areas drop to 8.9 per cent this year compared with 13.7 per cent in 2005/06, on account of improved incomes in the agricultural sector and returning peace in the volatile North.

Over the years, Northern Uganda has recorded the highest poverty prevalence rates on account of the prolonged war which disrupted economic and social activities.

It led to the dislocation of about 1.4 million people at the peak of the war in the early 2000s, who then moved into camps for the internally displaced.

But when government troops through the "Operation Iron Fist" intervened in 2005, the Lord's Resistance Army rebels who had taken control of the region withdrew and peace was restored in the region prompting economic activities to pick up.

In addition, recent surges in demand for food in Southern Sudan and Kenya has boosted local farmers' incomes within Uganda's dominant rural agricultural sector.

Uneven economic growth between Uganda's urban areas on the other hand is partly attributed to trade related constraints and limited social infrastructure. Border towns like Malaba and Busia for example, enjoy significant linkages from growing cross border trade patterns that benefit the wider population unlike some inland urban centres that are deprived of such opportunities.

Lack of sufficient social infrastructure in some urban centres in terms of hospitals, schools, water and electricity supply facilities are also to blame for the high urban poverty levels.

The World Bank notes that poor access to these facilities inhibits investments, generates unemployment particularly among the youth and affects income levels. Through provision of vital skills to people in underprivileged areas, the World Bank hopes to curb urban unemployment that has largely been fuelled by an influx of rural youth with little or no productive skills for both service and industrial sectors.

Improved mobility reflected in upgraded transport networks and faster travel times between high and low growth areas are also expected to spur massive migration of labour to booming areas, leading to reduced unemployment and higher incomes.

However, Kundhavi Kadiresan, World Bank country manager for Uganda says the actual measure of poverty levels is unknown due to insufficient technical benchmarks.

"There are still more people out there that are not comfortable with living on more than \$1 a day and this has created misgivings about the actual reduction in Uganda's poverty levels."

Poverty levels are measured on the basis of the number of people living on less than \$1 a day.

Though government is equally keen on bridging economic gaps within the country, long turnaround times faced in implementation of necessary interventions remain a big worry.

"We are providing people with relevant skills that are needed in effective migration into urban areas without falling into the unemployment trap.

"Promotion of small scale enterprises is one of the tools we have selected for reducing urban poverty alongside drastic improvements in physical infrastructure like roads, water and electricity supply," said Fred Muhumuza, economic advisor to Uganda's Minister of Finance, Planning and Economic Development.

"But the time frames for our interventions are fairly long with the earliest taking two to three years to yield results."