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## The rural non-farm economy in Uganda: a review of policy (NRI report no. 2702)

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**NRI Report No. 2702**

**Rural Non-Farm Economy**

# **The Rural Non-Farm Economy in Uganda: A Review of Policy**

by

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**September 2002**

*The views expressed in this document are solely those of the author  
and not necessarily those of DFID or the World Bank*



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## Preface

The importance of the Rural Non-Farm Economy (RNFE) is reflected in the rural development strategies of many organisations. The World Bank's rural development strategy identifies three pillars of rural poverty reduction: agricultural productivity, non-farm rural employment, and sustainable use of natural resources. The Department for International Development's (DFID) strategy for eliminating world poverty is pursued through three main objectives: creating sustainable livelihoods for poor people, promoting human development and conserving the environment. In giving effect to the livelihoods approach for poor rural people, diversity in livelihood and income sources beyond agriculture is recognised. Discussions between Natural Resources Institute (NRI), the World Bank and a range of partner agencies in May 2000, resulted in agreement to conduct research on the RNFE, through DFID's collaborative programme in rural development with the World Bank. This work began at the NRI in June 2000, with developing country case studies in Uganda and India. There is also a concurrent project on the transition economies of Central and Eastern Europe and the ex-Soviet Union, with case studies of Armenia, Georgia and Romania.

This report is focused on current and recent policy that relates (directly or indirectly) to the rural economy and its diversification in Uganda. There is an additional report which is intended to synthesise the fieldwork research in two Districts of Uganda (Rakai and Kumi) conducted from October 2000 to late 2001: Terry Cannon and David Smith, 'Rural Non-Farm Economy Project – Uganda Fieldwork Case Study Synthesis Report', September 2002, Report No. 2701). Copies of that report are available on request from the NRI, and through the website <http://www.nri.org/rnfe/index.html>

Website: [www.nri.org](http://www.nri.org)

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## **Introduction:**

### **The rural non-farm economy in Uganda: an overview**

The primary purpose of this paper is to draw out policy conclusions from a series of studies on the rural non-farm economy in Uganda that took place during 2000-2001. A brief review of Uganda's rural non-farm economy<sup>1</sup> provides a useful introduction to the policy discussion that follows.

The tendency to under-report and under-research the rural non-farm economy has been widely noted by other authors (e.g., Barrett and Reardon, 2001 and Ellis, 1999). The diverse activities that comprise the RNFE are often part-time or secondary sources of income. Individual households, whilst considering themselves first and foremost farming households, may nonetheless engage in multiple RNFE activities. Uganda is no exception. It is a low-income country, which is relatively un-urbanised by African standards, whose economy is overwhelmingly based on agriculture (accounting for 44% of GDP in 1997/98<sup>2</sup>, and employing more than 80% of Ugandans<sup>3</sup>). Nonetheless, Newman and Canagajarah (1999) found that in 1996 32% of rural households were engaged in both agriculture and rural non-farm activities, and Deininger and Okidi (2000) found that one third of rural households starting a non-farm enterprise during the period 1988-1992.

The NRI research, which focused principally on Rakai and Kumi districts, echoes this finding of agriculture supplemented by non-farm incomes – but found more households to be engaged in non-farm activities than reported in previous studies<sup>4</sup>. Whilst 98% of the 82 households interviewed in 2001 were engaged in agricultural production, 55% also undertook non-farm activities<sup>5</sup>. The NRI research also indicates differential levels of activity associated with wealth and gender (see Box 1).

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<sup>1</sup> For the sake of clarity, note that the definition of the RNFE used here excludes income derived from primary agriculture, forestry and fisheries, but includes trade and processing of those primary goods, as well as other less ambiguous categories of non-farm activity (construction, traditional medicine, public sector employment etc.).

<sup>2</sup> Beijuka, 1999.

<sup>3</sup> Okidi, 1999.

<sup>4</sup> Deininger and Okidi (2000) and Newman and Canagarah (1999) both use data from national sample surveys that almost certainly under report non-farm activity because of the way in which the data are collected (questionnaires offer less opportunity to tease out the different types of activities in which a rural household is typically engaged), because of the tendency to overlook activities undertaken in a different season, and because these surveys only probe primary and secondary activities.

<sup>5</sup> Similarly high rates of RNFE participation were revealed in an earlier (2000) NRI survey of 51 households.

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**Box 1 RNFE activity , poverty and gender components**

On the basis of wealth ranking field studies identified three groups – the poorest, 5 to 25% (of populations in survey areas), the poor, 70 to 90%, and the relatively wealthy, 2 to 8%. The poorest undertake a limited range RNFE activities due to constrained household resources and limited access to external inputs and services. The richest also undertake relatively few activities but this is through choice, i.e. they are engaging in the comparatively small range of RNFE activities that yield high returns. The middle group of the poor have the widest diversity of RNFE activity i.e. their livelihood strategy is to diminish risk and maximise income earning options, including those during the agricultural off-season. RNFE income was found to be more important than that from agriculture for all groups and fieldwork areas, except for the poorest in Kumi.

Field surveys also examined the gender components of RNFE activity. These indicated that within growing RNFE activity as a whole, women were diversifying their activities most rapidly. It was also the case that poverty was reducing fastest amongst women with a high level of RNFE activity within their overall livelihood strategies.

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These non-farm activities can be characterised as strongly linked to primary production, generally entailing low start-up costs, and catering to local markets. The most widespread activities are:

- traditional processing of primary products (charcoal, beers, bark cloth etc)
- trade in primary produce
- retail trade in household goods, second-hand clothes, petrol
- crafts such as carpentry, brick-making, construction of water tanks, pottery, basket-making and weaving, crochet, knitting, making brooms, baking, tailoring
- services, including repairs and mechanics, preparation and sale of cooked food, running a bar, health care and midwifery, carrying water
- waged or salaried work, in government or NGO service (in the village or in the district headquarters).

Thus, in Uganda, the RNFE is largely traditional and artisanal – and although an important component of rural livelihoods for many (the NRI data suggest most) rural households – the “sector” is neither “modern” nor presently subject to significant growth and dynamism.

There are also regional dimensions affecting the scope for RNFE activity within Uganda. Partly for reasons of ethnic and social history, wealth and influence has tended to be focussed within central regions of the country. This focus is reinforced by the presence

of a relatively large urban population (in Ugandan terms). Overall density of population is higher in the central and western regions and these areas are also better served by transport infrastructure. Overall the effect of these factors is that northern and eastern regions have a less favourable environment at present within which RNFE activities take place.

### **Socio-political context**

The status of the RNFE in Uganda and potential policies associated with its further development have to be placed in the context of the political and socio-economic events of the past 3 to 4 decades. Despite the best efforts of the current government the rural sector remains relatively weak as a result of ongoing impacts of prolonged periods of political turbulence under the former Amin and Obote regimes. More recently there has also been civil disruption, notably in the north and through the incursions of the Karamajong between the 1980s and the mid 1990s which affected large areas of eastern Uganda including one of the survey districts covered by this study (Kumi).

These social and economic upheavals have had a profound effect upon the livelihoods and perceptions of the people of Uganda that have enduring impacts both upon the agricultural and RNFE sectors. Agriculture remains of fundamental importance to the rural economy and in the past provided a safety net for those affected by political instability. As a result rural people are more than usually reluctant to relinquish agricultural assets (notably land) and associated livelihoods, whether or not there are significant alternative opportunities e.g. within the RNFE. In the short to medium term rural livelihoods are therefore likely to remain largely focussed upon agriculture, together with some growth in RNFE, but few individuals are likely to wish to specialise in RNFE activity alone (except perhaps for higher income groups able to engage in the more remunerative activities).

A second factor arising from recent history is the distrust expressed by many rural people for most forms of government, despite the stability and array of development initiatives promulgated by the current administration. Such distrust was found in study surveys to be most strongly held by older people and members of the local business community – the latter being precisely those who are in the forefront of development of many RNFE activities.

Two overriding policy conclusions stem from these factors. First the development of the RNFE will be much influenced by policies directed towards agriculture. This conclusion is hardly surprising given the widely recognised linkages between agriculture and the RNFE (particularly in the early stages of RNFE development), but in Uganda it has particular force because of the very strong dependencies in rural peoples livelihoods that are essentially agriculture based (and a corresponding unwillingness to specialise in RNFE alone). Policies are therefore required which can continue to stimulate the agricultural sector, building upon the current substantial array of initiatives, and which recognise the growing diversity in rural livelihoods.

Second, whilst there have been considerable policy initiatives in governance, including decentralisation, these have tended to focus upon the underlying mechanics of government – financial and accounting systems, planning, budgeting, structures for councils, committees and so on. What is now required is to develop this both through civic education on the rights and duties of citizens, and second through the development of greater transparency and responsibility within decentralised government itself (for both administrators and politicians).

In addition to these two broad policy conclusions, research under this study indicates the need for fine-tuning of a number of existing policies that impinge on the RNFE rather than the development of significant new initiatives that are specifically RNFE focussed. These policy areas include liberalisation, infrastructure development, financial and small business programmes, education including vocational training, and the generation of a more diverse array of local institutions that can assist both agriculture and the RNFE. The emphasis throughout such fine-tuning is upon both the means to directly and indirectly assist the RNFE and the incorporation of a deliberately poverty focussed agenda. The mechanism for achieving better poverty focus is through tackling access issues for specific groups (including women) and incorporating a flexible agenda that takes account of local needs, resources and opportunities. Wherever possible the aim is also to build upstream/downstream linkages, e.g. in agricultural policy, that will have positive effects on the RNFE. This multi-faceted agenda echoes the heterogeneity that characterises the RNFE and the way poor rural households draw on limited but varied resources to sustain and improve their livelihoods.

A further theme that runs throughout these policy initiatives concerns the capacity for implementation. Whilst policies are often based upon sound analysis of what is required, and are subsequently well elaborated, capacity to implement policy is often much weaker. At central government level there are a range of bodies with responsibilities for the rural sector – the Programme for the Modernisation of Agriculture (PMA), and National Agricultural Advisory Service (NAADS), within the Ministry of Agriculture, the Poverty Monitoring and Analysis Unit (PMAU), and the Uganda Participatory Poverty Assessment Process (UPPAP), within the Ministry of Finance, Planning and Economic Development, and so on. Not all of these units are effectively resourced and there is a need to address issues of coordination and capacity. These concerns are particularly important in the context of decentralisation programmes where local authorities have uneven and sometimes relatively weak cadres of professional staff. It is also the case that individual initiatives e.g. in infrastructure, are likely to be much more effective if undertaken as part of a wider package e.g. to include institutional initiatives. There is therefore a need to develop co-ordination mechanisms, both at national and local levels.



## **Policies for the RNFE**

### **I Liberalisation - policies directed towards the private sector**

Liberalisation policies potentially affect RNFE development at a number of different levels. First, appropriate macro-economic policies help provide a framework which is conducive to long-run private sector development. Second, where the government allows the private sector to provide goods and services that it previously provided, this may expand employment opportunities or create shifts in the structure and location of the labour force (e.g., from centrally employed regular workers to locally employed casual workers). Third, liberalisation may highlight areas of market failure – where government services are withdrawn and the private sector is unwilling to fill the gap (in agricultural marketing and input supply in remote areas, for instance).

In Uganda, the economic reform programmes of the 1980s and 1990s have generated an economy in which the private sector has increasingly been allowed to develop in a relatively unregulated environment. The sector has also benefited from a range of privatisation measures affecting e.g., export crops and, more recently, public utilities (power, water etc). Many of these measures have also helped, largely indirectly, to expand RNFE activities in rural areas. For example, freeing up of agricultural (export) markets has at least generated some rural incomes (although these may be skewed in favour of a minority) and hence demand for RNFE products and services. More recently the effect of privatising local public services in health and education has had more direct impacts. In education, for instance, the need for buildings, furnishings, uniforms, and food for schools has stimulated local RNFE activity.

Despite these developments, Uganda's rural private sector is very weak. Part of the reason is that (like agriculture), it started from a relatively small base following the social and political instability under previous governments. Economic liberalisation, moreover, is a necessary but insufficient condition for the promotion of the RNFE. As a strategy for RNFE promotion, it is insufficient because:

- (1) other critical policies also need to be in place – e.g., relating to infrastructure, the legislative framework, financial services, corruption
- (2) capacity to implement policy may lag policy development itself (e.g., relating the reduction of red tape, speeding up issue of export licenses, etc.)
- (3) liberalisation policies tend to operate at the macro-level but in practice there are also micro-level impediments to private sector development; key amongst these, in relation to the RNFE, are the high transaction costs that characterise rural economies and lead to significant areas of market failure (e.g., private providers are unwilling to supply agricultural inputs because of the high costs and uncertainty typical of dispersed, low income rural markets, in which many other complementary markets, e.g., rural finance and crop markets, also fail)

- (4) some liberalisation policies may run counter to poverty alleviation objectives, and therefore (in the context of rural populations that are predominantly low income) to economic development in rural areas (at least in the initial stages); for instance, strict application of economic efficiency theory to the provision of rural infrastructure would saddle those least able to pay with the highest cost services, with important knock-on effects on the wider development of the rural economy.

There is therefore scope for initiatives to stimulate the RNFE and for careful appraisal of these *vis a vis* poverty alleviation objectives. This may imply some reversion towards public sector provision, but the mechanisms for achieving wider access are more likely to include combinations of institutional providers (from the public, private, NGO and community) coupled with more imaginative means of provision. These issues are dealt with in more depth under section IV Institutions and Institutional Development below.

## **II Infrastructure development - policies impacting on the RNFE**

Infrastructure is also high on the list of necessary but insufficient conditions for development of the RNFE and there are numerous examples of how improvements in roads and electricity can give rise to sustained increase in economic activity in the areas affected. As with the other policies discussed here, though, the more interesting issues for RNFE development are in the detail of infrastructure policy design and implementation. Implicit in these, is the critical link between physical infrastructure and the institutional context within which it is provided. For instance:

- infrastructure planning and the scope for local participation to fine-tune infrastructure development proposals to reflect local knowledge and opportunities (e.g., identification of the best place to site a market area on a new road)
- infrastructure management and the effect that alternative management models can have on the efficiency and effectiveness with which infrastructure is developed, used, maintained, and paid for
- choice of technology (tarred roads versus laterite roads, different types of water supply systems, labour-intensive versus capital-intensive construction), affecting the costs of infrastructure provision and maintenance, employment opportunities and scope for cost-sharing
- sharing of responsibilities and costs for infrastructure provision and maintenance between central and local government, businesses and households, and the equity/efficiency trade-offs thereof
- the use of food-for-work or similar as a means by which infrastructure development may serve short term employment generation goals whilst also promoting longer term development

- the “threshold”, appropriate mix, and co-ordination issues that arise in trying to make the most effective use of limited resources available for infrastructure development.

### Physical infrastructure

The Uganda government has adopted a relatively hands off approach with regard to the private sector, and the environment within which it operates. However there may be value both in reassessing the distribution of provision of infrastructure between different sources (central and local government, private sector, community) and the scale and priorities within infrastructure provision and maintenance. Whilst, for example, government has invested in the trunk and feeder road network, other infrastructure, notably power (electrification) and water supply services remain weak or even non-existent in many rural areas. The latter services have been recently privatised and a review of performance and plans is needed, especially with respect to provision for more remote regions and rural areas generally.

Telecommunications represents a requirement of particular importance in commercial activity where the very limited availability of fixed lines has led to recent expansion in use of relatively expensive, but more reliable cellular phones. At present cellnet phones are a cost borne by the (relatively few) local businessmen who can afford them. However, a more proactive policy is needed to stimulate the private sector and the RNFE component. Funding for, or provision of, telecommunication capacity is therefore likely to be a small but important component in packages of assistance to small business development (see IV Institutions and institutional development below).

### Energy needs

Energy policy and access to power and fuel supplies is a particularly sensitive issue for a number of RNFE activities. Electrification is generally noted as a key requirement in processing and other activities which form part of the RNFE. However, field surveys indicate that wood is currently often of central importance as a fuel source – e.g. in brick making, brewing, charcoal production etc. Given the pressure on fuel wood resources there is a need for policy development on future rural energy sources.

The strategy should also take into account requirements for electricity supply, which will become of increasing importance with the growth and diversification of the RNFE. The private sector, including the RNFE, currently attempts to supplement weak or non-existent energy supplies through e.g. use of (car) batteries, generators etc. Whilst these solutions can function on a piecemeal basis, any concerted expansion of the sector will have to be based upon a more comprehensive supply system that also covers the full range of energy sources that are available. This is an area where there is scope to imaginatively supplement conventional technologies (e.g., mains electricity) with alternative technologies (e.g., managed fuel wood lots, solar power, fuel efficient technologies etc.). For electrification, the privatisation of the UEB represents a positive step, but there is a need to monitor progress with developments in supply since

privatisation alone may not necessarily be sufficient in assuring rural needs, especially in more remote areas.

#### “Soft” infrastructure

There is also a need to review the current degree of involvement of government with respect to “soft” infrastructure, i.e. institutions and regulation impacting upon the RNFE. Study surveys indicated that the most important concerns of local people relate to security in the context of weak local law enforcement and justice systems. Equally there is a growing need for support for contractual law – to safeguard investment and deal with commercial disputes – and facilitating realistic access for rural entrepreneurs to such services. Initiatives are underway to improve the institutional structures in place, including commercial courts, but there is a need for these to be coupled to a wider (and more difficult to implement) programme to improve levels of policing and enforcement.

### **III Agricultural policies and their implications the RNFE**

#### Impact of current sectoral policies

The PMA represents a central policy plank for development of the rural sector. Its main components envisage a relatively low profile for the public sector, decentralised and privatised services for agriculture, and the recognition that rural livelihoods are multi sectoral in nature. These components are likely to assist RNFE development but there is scope to review both the means of implementation and the fine detail of policy itself. With respect to implementation there is a need to ensure that the speed of action and comprehensive coverage of the PMA do not compromise local flexibility and the development of robust approaches required for both agricultural and RNFE development.

Within PMA policies there is also a need to fully address both input and downstream (marketing) components since these both also impact upon the RNFE. These elements are covered by the PMA, but to date for example, rural finance and input supply represent areas where there has been relatively little progress. Equally the programme recognises the value of farmer groups, linking these to demand driven extension within the NAADS component. It is envisaged that the process will be linked to decentralised disbursement of funding and that NAADS can cover activities that extend beyond a purely agricultural focus. Whilst these activities are appropriate, there is a need to ensure that the process is not driven solely by commercial (agricultural) agenda and to recognise the importance of staple crop production activities and the wider interests of the poor. Despite these concerns the NAADS initiative is closely similar to ideas on institutional innovation suggested later in this paper as a means of promoting RNFE activity. There is therefore scope to link proposals on RNFE promotion with NAADS activity.

#### Commercial (export) activity

Export cash crops provide the opportunity to earn incomes from external markets and there is considerable evidence of multiplier effects that such incomes can generate. Consistent with the relatively low use of inputs in African agriculture, the evidence suggests that in sub-Saharan Africa the strongest linkages are consumption-related and downstream – both therefore contributing to RNFE development. Although value addition is presently rather limited in rural Uganda, there is nonetheless primary processing of coffee and cotton. The export crop sector has been the focus of much attention under liberalisation programmes and others focussed upon the agricultural sector, but significant problems remain. These relate both to input supply (linked to credit issues) and demand i.e. weakness in international commodity markets especially for coffee and cotton. Focus upon the commercial components of current agricultural activity therefore represents only a partial solution both for agriculture and the wider rural economy including the RNFE.

### Staple (food) crops

In contrast there has been less attention and policy activity focussed upon staples. Policy interventions in this area may be particularly significant for the RNFE both in terms of demand and supply components. Much RNFE demand is driven via incomes generated from agriculture. In this respect cash/export crops clearly play a significant role. However sale of surplus food crops is also important, especially where these are not tied to seasonal harvest and hence seasonal incomes e.g. those for matoke and cassava. For many farmers in the cassava belt around Kumi and Soroti, cassava is both the most important food crop and the most important source of income.

Crops that do not follow a marked seasonal pattern can help address the fairly chronic shortfalls in rural demand for RNFE products and services that arise from seasonality in crop incomes. Staple crops also represent important components of informal cross border trade which generates substantial incomes, (even if based upon barter), albeit on an uneven basis, since they are partly linked to the effects of political instability and/or to climatically induced food shortages in neighbouring countries (USAID, 1997, Coote et al., 2000<sup>6</sup>). Equally if not more important, the supply of food staples is closely linked to some of the more prevalent RNFE activities, notably brewing, snack and restaurant food production. Supplies for these activities are uneven and sometimes deficient, representing significant problems to those engaged within the RNFE.

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<sup>6</sup> “The broad pattern of Uganda’s informal trade is exports of agricultural commodities to all neighbouring countries, coupled with Ugandan manufactured goods to Sudan, Congo and Rwanda. Imports include food items and manufactures – the latter exclusively from Kenya. Estimates of the scale of informal export trade from Uganda vary – but major commodities are maize, beans and dried/salted fish. Additional items include sorghum, cassava, matoke, milk and eggs. During the 1990s it is estimated that around 50% (by volume) of total regional exports of maize and beans have been through informal channels. Major flows of maize are reported into Congo (60%) and Kenya (35%), and similarly for beans but the relative importance is reversed (Kenya 65% and Congo 25%). Fish is a long-standing export to Congo, usually in dried/salted form, and may be the most important export to Congo in value terms. There are also major informal shipments of fish from Lake Victoria to Kenya.” (Coote et al., 2000).

Policy needs therefore relate to a more robust and realistic approach to input supply (to include a systematic analysis of obstacles to private provision and practical measures to address those constraints), together with effective credit programmes that incorporate a variety of institutional players (see VI Finance and Access below). Most important of all, is the development of a carefully designed programme to encourage farmer and producer organisations that can operate at lower cost and provide more flexible services compared to e.g. the private sector (see IV Institutions and institutional development below).

#### **IV Institutions and institutional development**

##### **Institutions at community level**

Whilst the government of Uganda has taken major initiatives in terms of institutional development at local level, e.g. through the decentralisation programme and currently via activities under NAADS, there is scope for further policy initiatives that take a more imaginative stance with respect to the development institutions, especially at community level. The central need is to draw in differing categories of institution and institutional expertise – traditional bodies, CBOs, producer organisations, public bodies (both central and local government) and the private sector. The importance of coalitions of such bodies as a mechanism for promoting technical and commercial development is increasingly recognised (Biggs and Smith 1998).

The significance of local institutions as part of the RNFE in fieldwork areas is linked closely to both economic and social aspects - these are illustrated in Box 2.

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#### **Box 2 Economic and social components in local institution building**

Field surveys indicate that membership of social groups conferred benefits in the form of both social and cultural gains. However an interesting division between traditional and non-traditional group-based livelihood activities provides insights into the way in which social capital has been used to the economic benefit of the members and related households. Natural resource-based group income-generating activities, such as the gathering and sale of wetland and forest products, have in many cases been practised for many years, relying on the passing down of skills from one generation to the next. Entry into these “traditional” groups is based largely on location, with members coming from households located around the natural resource. These are often cohesive groups with low-entry barriers, which can include a wide range of people. However this is offset by the hard physical demands of much of the work, the lack of sufficient remuneration to attract more dynamic members of communities who might enhance its profitability, and by limited access to other sources of capital.

In contrast, the rise in non-traditional group-based enterprises have been characterised by experience, education and linkages outside of the local community context. These group

enterprises revolve primarily around the construction industry (brick-making and carpentry) and the service sector (bars, restaurants, etc.), benefiting from government, donor and NGO infrastructure investment in the districts. Membership is drawn from both from the circle of family and friends who have, or may not have a similar economic status, and from the body of male youth within the community. This 'bridging' of social capital is potentially most valuable within the rural context, with the youth (albeit gender selective) gaining diverse skills, experience and economic gain through contact with these entrepreneurs.

Successful and motivated individuals who had worked in government, schools or in private enterprise were identified as the key individuals in group formation and subsequent operation. Groups constituted on the basis of social ties (family and friends) and on youth (attracting the younger and physical able men) to participate in these diverse activities. These groups have less historical social capital (in the sense of not having built up a tradition of norms, reciprocity and trust), but they tend to be more commercially orientated and formally constituted, with rules and regulations, having the necessary contacts, education and experience to access NGO funds, and achieving comparatively high returns which foster a sense of unity of purpose and thus collective desire to remain within the group.

Those who gain least from existing groups are usually the poor and women. The poor are often excluded by virtue of limited resources e.g. inability to pay membership fees, or through social exclusion, health or old age. They tend to be those who have the lowest livelihood status with the communities – often falling into the 'very poor' category. Despite the growing flexibility that is breaking down traditional gender roles it also remains the case that women tend to be excluded from non-traditional groups

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In promoting institutional development, government will need to be sensitive to local perceptions e.g. that central government is often relatively unpopular since it is seen as rather remote from local peoples needs, lacking in understanding of local issues, and also associated with unwelcome demands for tax. This unpopularity arises despite the substantial initiatives to decentralise authority.

Since many of the former co-operative societies became vehicles for mismanagement and misappropriation of farmer revenues and dues, it is important that new producer organisations are recognised as something quite distinct from the earlier societies. Working, at least in part, through intermediary bodies may be an important component of a strategy to develop much needed local institutional capacity. The participatory philosophy underpinning NAADS activity could be a major plank of such an approach.

The need for local institutions includes a range of differing components i.e.:

For groups engaged in production and service activity:

Aside from specific groups – e.g. ex trainees, disadvantaged women, and local businessmen, covered below, there is a need for a more effective institutional presence for assisting production and marketing within the RNFE – e.g. to provide access to resources (especially credit – see finance below) and markets. A number of groups were noted during surveys where producers have formed together, frequently around an individual (often a returned migrant) who had particular skills and/or access to other resources. There is scope to promote such groups more extensively – these would have functions that are closely similar to what is required for agricultural development i.e. institutions which reduce the transaction costs of assembly and access to inputs (extension, input supply, lending and recovery of loans), and the organisation of marketing (assembly, quality control etc). Such groups provide benefits in two ways - costs are reduced by the ability of such groups to apply local knowledge (e.g. monitoring loan operations) and second by transferring activities from higher cost external source to lower cost rural labour.

In attempting to generate such groups the past poor experience with cooperatives and hence doubts over value and viability of trade and market organisations need to be taken into account in policy formulation. These kinds of initiative are also clearly linked to NAADS activity described under Agricultural Policies. A critical need is to maximise involvement of the poor within such bodies.

For ex-trainees - as link with vocational education

A sub category within groups engaging in production and services should be those that are more specifically directed towards members of the community who have benefited from vocational education. Groups could enable graduates of vocational training to utilise skills and facilitate links to other services, notably credit. Establishing such groups and linking them with other support is likely to require a combination of inputs from the public, private and NGO sectors.

For women, to provide access to resources, activities and markets

Project surveys identified typically NGO-supported assistance to certain small-scale industries (baking bread, construction of water storage tanks, brick-making and agro-processing, etc.). A number of NGOs associated with these activities are fostering rural group development as a vehicle through which to sell equipment, provide training, improve information flows to private purchasers, and link up to existing government extension programmes. This type of activity has followed from the observation by NGO staff that although the majority of influential individuals are men, affluent women differ from affluent men by accommodating the poor as group members.

A policy to stimulate such activity appears appropriate coupled again with measures to link such programmes to others e.g. civil organisations at community



level. In promoting groups there is a need to be aware of issues e.g. that gender and age relations within these structures may be complex, and that developing women-only groups, may lead to infiltration by men seeking men potential financial gain.

There is evidence from surveys that confidence in pursuing livelihood options amongst women is progressively strengthened by prior experience. For example women with experience of a number of income earning opportunities have more confidence in pursuing new ventures. There is therefore value in engaging such individuals as effectively as possible in group formation in association with the kind of NGO activity described above.

For local business people

The rural and small-town private sector is generally ill served by institutions – although this is often through choice. (See socio-political context above – i.e. the lack of confidence amongst business people in government’s capacity to deliver). Whilst local businessmen are not amongst the poor, there is a need to include them in policy initiatives since their business activity can have both direct and indirect positive impacts on poor peoples livelihoods, notably via the RNFE. Initiatives are justified which engage the private sector in order to jointly identify types of organisation that can best serve to promote commercial activity.

In the latter context there is substantial scope for technical, business and marketing advice supplied through a variety of mechanisms e.g. not for profit organisations (companies by limited guarantee), rural business centres, business orientated NGOs etc. which can offer independent advice and also act as conduits for training. A key issue is the capacity of such bodies not only to provide independent advice, but also to do this on a cost-effective basis. A further requirement for such bodies is their capacity to interface with a variety of local institutions notably those engaged in governance, the provision of local services and the rule of law. These kinds of institutional initiative will be considerably more effective if they can be integrated with those noted earlier - that seek to improve infrastructure and the business-enabling environment.

## **V Education and health**

Universal Primary Education (UPE) and demand for RNFE outputs

Existing government policies on education, notably the UPE (universal primary education) policy have had a very substantial impact in rural areas, including the RNFE. Direct impacts on the RNFE have arisen via the need for provision of buildings and furnishing, uniform provision, stationery supply, and provision of snack foods. Some of these activities may be relatively skewed towards short-term rapid expansion reflecting the priorities under UPE, e.g. for school building, that will fall back on completion,

compared to others where demand is likely to be sustained (e.g. requirements for school uniforms, food etc)

#### UPE and development of basic skills

The implementation of UPE is likely to improve productivity and innovation, which are likely to impact on the RNFE. However, field surveys (Box 3) indicate that formal education as such may not always be significant since many RNFE activities have relatively low entry needs, although some of the latter may be assisted through vocational training. In some cases, however, notably for employment in the formal sector, there is a strong linkage between educational attainment and employment.

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### **Box 3 Education and its impact on the RNFE**

The role of education in providing access to non-farm employment in Rakai and Kumi Districts varies depending on the type of activity. Good secondary level education was found to be a prerequisite for employment in the formal salaried sector (for example, government or NGO positions), which then facilitates entry into other areas of the economy. However, beyond this, the pattern was less clear, with examples of successful shopkeepers and traders with no formal education at all, and well educated people struggling or failing in RNFE employment or enterprise. Further, the most prevalent non-farm activities, such as small-scale manufacturing and petty trading, have low entry barriers, and do not necessarily require educational achievement.

The formal education system was seen as having a 'traditional' and narrow focus on academic disciplines, which was felt by several key informants to produce children with deficient social, technical and life skills. Historically, technical education has been considered inferior to academic studies, and as an option for the less academically minded. The technical and vocational training system is not widespread, with less than 8,000 pupils enrolled during 1998. Whilst vocational training course elements have been introduced into the curricula of several more progressive primary schools, and a number of NGOs are active in the provision of certain forms of technical training, technical training schools in survey areas were found to be under supported by government programmes, despite increasing demand for enrolment.

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#### Vocational training

Whilst there has been very substantial investment and progress in primary education, secondary and vocational components have yet to receive similar priority. For the limited numbers receiving vocational training at present there are also few entry mechanisms for students into businesses upon graduation. Further investment in vocational training (at both primary and secondary levels) and the development of more effective linkages with

enterprise therefore both appear to be valid policy objectives. A flexible and imaginative approach is required that include targeted training and the use of mobile units, together with practical components such as visits to local businesses, markets, townships, town authorities and so on. These could be integrated with activities of NGOs who also running vocational training programmes for targeted demographic groups (notably the young and orphans). They also could be linked to the wider development of community level institutions indicated above (under Institutions and institutional development)

There are also strong arguments for focussing a component of vocational training specifically upon women. Although young males are currently the most dynamic in terms of “modern” or new RNFE activities, women are most in need of vocational training given their often disadvantaged position in society, the confines imposed by traditional roles, and their central role in the household - taking care of children and other dependents. In this context training will need to be part of a wider package that again provides links to community level institutions, to input resources and to markets. There is also a need for specifically designed credit programmes as part of the whole “package”.

## Health

The availability and accessibility of health provision is clearly a major factor affecting livelihoods, especially in the context of the devastating impact of AIDS, which has arisen at least in part as a consequence of political upheavals in the past. Whilst there has been substantial progress in a number of areas, including an effective programme that is helping to curb AIDS, accessibility in particular remains an issue especially in rural areas. Access relates both to the physical infrastructure of health provision and also to issues of cost of provision. Field surveys indicate problems in both respects (Box 4) that may be of critical importance to people’s well-being. There may therefore be a need to review policies e.g. for charging for medical supplies, and to assess whether more can be done for vulnerable groups – especially for women – given their central importance in the wider well being of households.

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### **Box 4 The relevance of health to the RNFE**

Household level analysis identified the following linkages between health status and access to non-farm employment:

HIV/AIDS affected households have had to reallocate labour to care for the sick, with non-farm activities being sacrificed before agriculture, which forms the mainstay of survival. The burden of childcare has also be exacerbated by the large number of orphans and high incidence of widowhood, tending to restrict livelihood options to farm-based activities. Businessmen, as a demographic group most closely associated with the RNFE, were initially particularly affected by the

spread of HIV/AIDS, wiping out some who had capital for private investment and thus might have been able to provide services, markets and employment.

Infirmity and disability remain a major constraint to a considerable number of the productively-aged population. Ability to pay for health services remains beyond the means of many, with those who have a few assets forced to capitalise them in order to pay for these services, thus diminishing their livelihood opportunities.

The poor tend to be dependent upon farm and non-farm activities that are physically the most demanding (labouring, brick-making, etc.) and therefore most vulnerable to health-related fluctuation.

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## **VI Finance and access**

### Legal and Regulatory Frameworks

Field surveys and other sources indicate the limited effectiveness of institutions and legal frameworks for micro-finance, contributing to high levels of defaulting, and limited co-ordination and symmetry between different schemes. (Box 5 ) An appropriate legal and regulatory framework is necessary to support, facilitate and protect micro-finance institutions. These issues have been recognised by government and are currently being addressed, but there is a need to ensure that initiatives are effective in reaching rural areas.

### Protocols and Effective Targeting

Credit and savings programmes in Uganda have been held back by weaknesses in design and implementation. The need for awareness raising and training of clients in loan management as an integral feature of savings and credit programmes has now been recognised as vital, and is being addressed by the majority of institutions. However, in many cases repayment schedules have been found to be unsynchronised with the nature of loans, being either too short in comparison with the production cycle, or too long and so easily defaulted in uncertain environments. There is therefore a need for further initiatives directed towards credit institutions, in order to provide greater understanding of the needs and conditions for credit, followed by the design of appropriate user-specific protocols. These initiatives could usefully be linked to institutional innovations described above (under Institutions).

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**Box 5 Access to credit and the status of micro-finance provision**

Access to formal credit provision has been found to be weak amongst many of the rural poor, despite the number of institutions engaged in this activity (see below). Lack of knowledge about credit providers, ascribed (and in some cases, actually) tight repayment periods, high initial capital requirements, and the lack of loans for agricultural purposes (which make-up the greatest demand amongst the rural poor) represent barriers to access.

Funds are provided by two main sources: institutional and individuals. Institutions include commercial banks, NGOs/ CBOs, co-operative societies, denominational credit, government programmes, particularly *Entandikwa* and the Poverty Alleviation Programme (PAP) and micro-projects. Individual sources constitute as much as 47 per cent of all lenders (with institutional sources constituting 53 per cent of all loan provision), and include moneylenders, relatives and friends and localised revolving credit systems.

Whilst these institutions would appear to be an important provider of finance for the rural smallholder sector, they face substantial pressure from their donors to achieve financial sustainability. Thus, they tend to operate predominantly in the densely populated urban areas. Whilst the micro-finance schemes of financial institutions such as the Uganda Women's Finance and Credit Trust (UWFCT) and the Centenary Rural Development Bank (CERUDEB) provide a good opportunity to link 'progressive' individuals and groups from savings and credit associations to the formal banking sector, these linkages by and large have yet to be implemented. Both government-run schemes (*Entandikwa* and PAP) were initiated to reach out to areas government credit guarantee and private banks were unwilling to cover, but the former has suffered from a politicized image, and the latter is currently re-inventing itself due to its previous alignment with 'poverty alleviation' rather than micro-finance – implying 'hand out' rather than service provision.

In contrast to formal bodies, informal suppliers of credit may be much more relevant to the RNFE. Individual, or informal credit providers are diverse, ranging from individual moneylenders, to friends and family, sometimes based on clan or kinship groups, or revolving around particular activities such as funeral groups where members save regularly and credit a fund to meet emergencies such as death. The benefits of informal credit include the ability to deliver the service close to poor people's homes, flexibility in terms of capacity and needs, less bureaucracy and not necessarily dependent on formal collateral (e.g. character rather than asset-based). However, informal sources are restricted by liquidity, or the ability to disperse larger, longer-term loans required in times of general need, such as after a poor harvest.

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## Incentives and Structures for Saving

Uganda has one of the lowest domestic savings ratios in Africa. This lack of a culture of saving in banks is undoubtedly related to the very low rates of interest paid on deposits, which are typically less than the rate of inflation. They are also much less than the rate of increase in value of well-managed livestock, most rural people's preferred investment option. The costs, inconveniences and risks associated with travelling to urban centres to make deposits and withdrawals are a further deterrent. It is suggested that existing Rotational Savings and Credit Associations (ROSCAs) currently self-funded and locally organised may be supported as vehicles for credit, and if appropriate, develop into village banks.

## VII Governance

### Responsibilities and flexibility through local governance

The need to develop greater awareness of civic rights and responsibilities has already been referred to above, (see Introduction), covering both rights - such as access to (central and local government) services - and duties as citizens in the form of payment of taxes in return for such services. Similarly there are both obligations and freedoms placed upon local officials and local politicians to respond to the differing agenda of constituents. Such awareness needs to be stimulated through programmes of education for the public and through training for government staff. Public education will need to be handled with sensitivity and there is scope for involving a range of institutions, notably NGOs, to provide both credibility and access to communities, plus the capacity for generating dialogue as part of the education process.

### Priorities of the electorate

The key priorities of most communities and electorates at present are focussed upon health and education. Priorities identified in field studies which are more specifically focussed upon the RNFE and its enabling environment are shown in Box ... . Given recent socio-political history these priorities are eminently understandable and desirable, but are partly also produced by the perception that governments are only able to respond (and even then imperfectly) in these areas, rather than in a wider economic sense. This is particularly the case in Uganda because of the experiences under previous governments. These perceptions may change in time, especially if prompted by education of the type described above, on what government can offer. Perceptions could also change as a result of government developing links with a much wider range of rural institutions (in addition to the private sector) in order to develop and prioritise service provision.

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## **Box 6 Perceptions of governance and the RNFE**

Field surveys identified a number of areas of widespread concern with respect to governance:

**Security:** Concern over security arises at several levels and is especially apparent amongst those who own significant assets as part of their RNFE activity. Concerns arise with respect to security itself, perceived weaknesses in policing, and access to justice and the judicial system.

**Service provision:** There are widely held views that government is a poor provider of services and/or that service provision through privatised, or part privatised systems fail to meet local needs. The perception that government is unable to solve local needs (e.g. with respect to water supply, electrification etc) is held particularly strongly by members of the business community.

**Regulation:** Regulation, and especially taxation is widely unpopular, particularly where it is associated with central government. These views arise in part because of the lack of evidence that revenues collected are re-invested in the community or local services.

**Institutions:** Views on differing categories of institutions operating at community level vary considerably. In general traditional and community bodies, and NGOs are regarded positively. Feelings towards decentralised agencies and local government are much more mixed. Central government, where it impinges upon the local community, is the least popular.

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### **Problems with taxation**

The UPPAP first report records extensive dissatisfaction over tax, which is echoed in the response to surveys under the field studies conducted for this report. UPPAP reporting at least means that government already has a mechanism for tracking views and discontent over tax, both in respect of specific taxes and on wider taxation issues e.g. over seasonal ability to pay etc. Central government taxes both in the form of fees and income tax are the most widely resented by respondents in field surveys, and also in other recent studies (Ellis and Bahiigwa 2001). Amongst local taxes the graduated tax is particular bone of contention, (whilst providing the bulk of revenue). Other local taxes e.g. fees applied to marketing can be an issue for the poor in rural towns and in those rural areas which are more accessible, but in remote rural regions (e.g. some of the survey districts) taxes are not applied. Lack of implementation of tax collection may be partly due to the relatively high cost of collection versus low revenue obtained. Tax as such may not therefore act as

a deterrent to the start up of some RNFE activity. Policy action overall needs to review the current regimes and collection mechanisms for tax, especially the implications for the poor. This is linked at local level to the need to ensure that revenues are clearly re-invested in the locality. Tax collection as a whole would benefit from greater awareness amongst the population of benefits and services paid from taxes, which in turn implies the need for a conscious policy initiative to raise the level of transparency over tax collection and its disbursement to pay for services.

### Decentralisation

Decentralisation is a relatively new policy and it is therefore too early to conclusively assess its effectiveness. However, field surveys indicate that decentralisation has led to the initiation of local development planning processes, these have yet to generate policies that reflect either local priorities or specific resource endowments. Limitations in effectiveness of decentralisation to date have also been noted in other recent sources (James, Francis, and Pereza 2001). In reality the most likely role for decentralised authority is to provide the means for more effective fine-tuning of policy to local circumstances rather than the generation of radically different alternatives for development of either agriculture or the RNFE. There are also dangers from the possible development of local elites who may “capture” local administrations. (see Committees and local patronage below). The latter may be offset by development of stronger and more wide-ranging community level organisations of the type indicated above. Capacity and partnership building between rural and urban (small town) areas in rural zones and increased financial resources are required to stimulate local economic growth. Within this process it is important that priorities reflect existing resource and livelihood patterns, rather than being bound by administrative divisions.

### Capacity within decentralised bodies

To date there has not been much use made of potential freedoms generated by decentralisation, to establish, e.g. local priorities, and to take the initiative on the part of politicians. Equally local technical staff tend to have only limited understanding of their duties at present. Both groups are also constrained by limited resources. However, improved resourcing is likely to be only part of the required policy for improving performance in decentralised bodies. There is also a need for greater access to information, and transparency in service provision coupled with raising of skills and levels of probity and effectiveness. Local government staff would benefit from a package that raised skills, and reviewed service conditions and procedures to encourage more proactive approaches. Current initiatives under the Local Government Development Programme are beginning to address these issues but there is a need to ensure that flexibility is retained and that local priorities and needs are given sufficient priority.

### Committees and local patronage

Within the decentralised administrations a number of committees act as a focus of power and potential or actual patronage. The District Service Committee effectively controls



staffing, whilst the District Tender Board is responsible for contract allocation. The latter body in particular is important (e.g. in the context of privatisation of services) as a focal point for entrepreneurs who often attempt to develop effective monopolies on tendering processes. Again measures to improve transparency are required, and the strengthening of local and community institutions may also be an important counter balance to the power of individual businessmen.

#### Town councils

Small towns represent a focus of demand and activity within the RNFE. Their place within decentralised administration need to be better defined in order to maximise the potential they have for promoting growth in the sector. One option could be to give rural town councils more autonomy, but this would need to be recognised within decentralisation policies, and there may also be dangers of conflict and revenue disputes between municipal authorities (or towns that want to become municipalities) and district level authorities. In any event there is a need to harness the dynamism that is evident in town councils (compared to those at District and lower levels), as a positive force for promotion of the RNFE. Equally an assessment of their responsibilities, operations and staffing could be used in initiatives designed to improve the performance of decentralised bodies.

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## **Annex 1 Background and methodologies used in fieldwork**

The Rural Non-Farm Economy Project is being conducted for DFID in its partnership with the Rural Development Department of the World Bank. It analyses:

- the factors that operate at the household level to enable or prevent people (especially the poor) from engaging in beneficial non-farm activities. This **Access component** examines factors which affect people's capacity to engage more fully in diverse livelihood strategies, and how to reduce the barriers to their participation; and
- the institutional factors and governance framework within which the rural economy operates. This **Governance component** is focused on the array of institutions and actors operating in the rural economy (including local government, the private sector, civil society organisations etc.) which are providers of services, or part of the governance framework, or economic players in the local economy.

The work in Uganda (there are also other case studies covering two States of India) has been active since 2000, and involved fieldwork in Rakai and Kumi Districts during 2001. A number of reports have been published as a result, and these are listed at the end of this annex.

### **Methodology**

The project uses a complementary mix of existing and new quantitative and qualitative data. Analysis of existing survey data was central to identifying questions to pursue through initial qualitative fieldwork. These results then informed the development of a quantitative survey, the analysis of which provides the basis for this report.

### **Site Selection**

The research was carried out in two districts in Uganda, Rakai in the Central region and Kumi in the Eastern region, selected to represent differing conditions which potentially influence the extent and nature of livelihood diversification.<sup>7</sup> The identification of a higher prevalence of non-farm start-up enterprises in Central and West Uganda in comparison with the Eastern and Northern regions (Deininger and Okidi, 2000) was also used as a broad foundation on which the importance of varying determinants could be tested. Table 1 illustrates these varying factors:

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<sup>7</sup> Rakai District borders Mbarara District to the west, Sembabule District to the north, Masaka District, of which it was once a part, to the northeast, and Kalangala District in Lake Victoria to the east. To the south it borders Tanzania. Rakai Town, the district capital is approximately 190 km south-west of Kampala. Kumi District borders the districts of Soroti to the west and north, Katakwi to the north, Moroto to the north-east and Pallisa to the south. The district headquarters is in Kumi Town Council, approximately 305 kms north-east of Kampala.

<b>Factors</b>	<b>Rakai District</b>	<b>Kumi District</b>
NF start-up enterprises	High prevalence	Low prevalence
Population Density	99 persons/ km <sup>2</sup>	96 persons/ km <sup>2</sup>
Agro-ecology	Three agro-ecological zones; wetlands (south & east), productive and extensively cultivated hills supporting coffee and bananas (centre), drier and more hilly savannahs (west and north).	Flat topography and sandy loam soils. Agriculture system traditionally characterised by crop (roots, tubers, cereals and legumes) and cattle. Once a cotton producing area.
Ethnic composition	Predominantly Baganda, but also Banyankole Bahima (pastoralists), Banyurwanda, Barundi and Bakiga	Predominantly Iteso (98%), but also Bagisu, Banyole, Langi and Acholi Labwor
Recent history	Spread of HIV/AIDS during 1980s disproportionately affecting more successful traders and shopkeepers, and increasing dependency ratios	Insurgency and cattle raiding between 1985-94 slaughter or theft of virtually all livestock, death of many productively aged people and destruction of infrastructure.
Infrastructure and service provision	Large recipient of financial supported through donors; reconstruction of physical infrastructure- roads, schools, health posts. High level of NGO/ CBO activity	Similar, although more recent (and less sizeable) investment than in Rakai. Reconstruction of roads, health posts and schools. NGO presence, providing credit, educational and health support.

Within each of the two selected districts, a variety of qualitative research techniques was employed to investigate physical, social and financial service provision at the district level, followed by a detailed study of the nature of, and constraints to, livelihood diversification in two rural communities in each district. Table 2 outlines the methods used. The decision to employ a particular method reflected both the outputs required and inputs (staffing, time and finance) available. The aim was to acquire knowledge by combining different types of data using triangulation and cross-correlation of methods in a complementary manner with community and other stakeholder participation.

<b>Level</b>	<b>Issue</b>	<b>Methodology employed</b>
District	Gaining in-depth knowledge of district-level service endowment; specific issues, structures and organisations	Background material review Semi-structured interviews with Local Government, Donor, NGO, CBO and Private Sector representatives Key informant discussions

	Gauging perceptions of attitudes, meanings and values	Observations and participatory observations, informal “question and answer” with key informants
Community	Assessment of community physical/ natural assets	Participatory resource mapping
	Exploration of local resources and development conditions as well as location and selection of sample for household questionnaire (gauge of physical, natural and capital assets)	Transect walks
	History of activities and problems	Timeline
	Livelihood (or income-generating) activities in the community, by gender	Participatory identification and ranking (by gender) of key income-generating activities
	Entry barriers and access constraints to income generation and diversification by gender	Participatory problem identification and ranking by gender
	Wealth/ well-being differences – understanding of different livelihood activities according to wealth/ well-being strata	Wealth/ well-being ranking
	Gauging perceptions of attitudes, meanings and values	Observations and participatory observations, informal “question and answer” with community informants
Group	Understanding of different business activities undertaken by group enterprises	Focus group discussions Key-informant interviews
Household and intra-household	Household variations in activities and problems cross-correlated with wealth, gender, age, education and social circumstance variations	Household survey questionnaire
	Understanding of different business activities undertaken by individuals	Semi-structured interviews
	Following-up and illustrating specific issues	Case studies – semi structured interviews

Income generating activities are multifaceted and affected by a wide variety of tangible, material and less tangible or visible factors. Methods employed for this survey were informed by these complexities and data was collected beyond that for income generating activities (IGAs) per se. Consequently the data incorporates a broad set of conditions,

assets analysis related to the way people structure IGAs as well as the reasons why others cannot access income-generating opportunities.<sup>8</sup>

People's perceptions of their problems, and their perception of what they believe that they should let the interviewer know, can have a serious impact on the data collected.<sup>9</sup> Data extracted by PRA methods is also influenced by people's view of their status and their aspirations. These perceptions are dynamic and change according to local and national context and even seasons. For example the initial survey was conducted in Rakai district during 'the hungry season' which might have contributed to a more bleak view than if their had just been a good season. Several key informants said that people could not conduct IGAs as the 'are starving'.

This study used methods devised by Meadows (1998) that merged quantitative and qualitative techniques,<sup>10</sup> so that a mix of contextual and non-contextual data was attained. To ensure the quality of the data, methodological triangulation was applied throughout the research process.<sup>11</sup> This was particularly important to verify statements made by participants in focus group discussions or key informant interviews. Triangulation was used to ensure that such statements, whilst useful to illustrate particular points and issues, were not taken as facts unless corroborated by cross correlation with other data.

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<sup>8</sup> Data was collected on both farm related and non-farm IGAs in order to investigate the link between these, sometimes complementary, sometimes contradictory livelihood activities.

<sup>9</sup> Known as the interviewer effect – respondents and participants give answers according to their perceptions of the interviewer.

<sup>10</sup> It is widely accepted that the separation of quantitative and qualitative data creates problems. For instance it has been shown that quantitative methods, such as time studies and household surveys, used appropriately can give rise to qualitative data (Meadows 1998, Hentschel 1998 and Booth et al 1998).

<sup>11</sup> Triangulation being the process of 'using multiple perceptions to clarify meaning, verifying the repeatability of an observation.... acknowledging that no observations or interpretations are perfectly repeatable, triangulation serves also to clarify meaning by identifying different ways the phenomenon is being seen (Stake in Denzin & Lincoln (eds) 1994:241).

**Publications arising from the research:**

A Gordon, K F Meadows, D Smith, and K Zwick (April 2001) Access to Rural Non-Farm Livelihoods: Results of Preliminary Field Research in Rakai and Kumi Districts, Uganda. NRI Report 2603

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K. Zwick, Access to Rural Non-Farm Livelihoods: Report on Household Interviews in Rakai and Kumi Districts, Uganda. NRI Report 2661



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