

## Making Rural Services Work for the Poor: Micro-level Evidence from Rural Uganda

Nana Afranaa Kwamong; John Ilukor; Markus Hanisch; Ephraim Nkonya

Humboldt University Berlin  
Faculty of Agriculture and Horticulture  
Division of Cooperative Sciences

[nafranaa@yahoo.com](mailto:nafranaa@yahoo.com); [john.ilukor@gmail.com](mailto:john.ilukor@gmail.com); [hanischm@rz.hu-berlin.de](mailto:hanischm@rz.hu-berlin.de); [e.nkonya@cgiar.org](mailto:e.nkonya@cgiar.org)

**Abstract:** Access to rural services is a promising strategy for increasing people's productive capacity resulting in the promotion of human development and poverty reduction. However, the Paradox is that in some communities' service provision has worked to get the poor out of poverty where as in other communities services have not. In this paper, we present empirical evidence to explain this paradox based on qualitative case study research of four rural communities in Uganda. Evidence shows that communities with reduced poverty levels had high level of collective action. Communities with high poverty levels preferred mostly access to extension services, microcredit services and increase security to improve livelihoods and reduce poverty. Leadership played a critical role in improving the performance of rural services. In the absence of security all other services are not likely to work for the benefit of the poor. Lastly, the lack of well defined property rights of land tenure system and reduced access to land acted as a disincentive limiting investment opportunities increasing poverty levels even if service performance was high.

[Nana Afranaa Kwamong; John Ilukor; Markus Hanisch; Ephraim Nkonya. Making Rural Services Work for the Poor: Micro-level Evidence from Rural Uganda. World Rural Observations 2012;4(1):3-12]. ISSN: 1944-6543 (Print); ISSN: 1944-6551 (Online). <http://www.sciencepub.net/rural>. 2

**Key words:** Rural Services, Poverty, Uganda

### Introduction

Access to rural services is a promising strategy for increasing people's productive capacity resulting in the promotion of human development and poverty reduction (OECD 2001; World Bank 2003). However services often fail the poor challenged by government misallocation of resources, poor incentive structures in delivering services, poor awareness and participation of service users in demanding for services and services not reaching frontline providers (World Bank 2003; Goetz and Gaventa 2001). Various alternative solutions have been proposed in finding strategies to make rural services work for the poor which have included decentralizing service delivery, community driven development, participatory development, social funds, demand side financing, contracting out, NGO provision (Pritchett and Woolcock 2004; Zhang et al. 2005). The logical argument for not having a "one-size-fit-all solution" has been that institutions do matter! Better to learn from past experiences, adopt best practices and adapt to individual circumstances. The question is: what works where, how and why? Why is it that in some communities' service provision has worked to get the poor out of poverty where as in other communities services have not worked to get the poor of poverty?

This paper contributes empirical knowledge to address these questions through in-depth case studies, examining how service performance has impacted

poverty outcomes in Uganda. Uganda has a wide spread poverty pattern concentrated mostly in the rural areas where over 80 percent of the population live and derive their livelihood mainly from agriculture. Progress has been achieved in reducing poverty in the country from 51 percent in 1992/93 to 31 percent in 2005/06 and further to 24.5 percent in 2010 (UBoS 2011) which shows that the government economic reforms and policies have generated substantial welfare increasing opportunity that enabled a significant fraction of the population to move out of poverty. Poverty though has decreased, has wide regional differences and even within districts and rural communities there are variations with some communities achieving significant reduction in poverty headcounts.

This paper draws partly on a research study on the dynamics of rural services and their influence on poverty and rural development by Nkonya et al. (2009). The objective of their study was to understand the impact of changes of access to rural services on poverty dynamics, production and commercialization of agriculture and health changes. Part of their findings indicated that generally improvement of rural services reduced the propensity to remain in poverty or fall in poverty and increased the probability to remain above the poverty line. However, contradicting findings were observed in some communities where despite the improvement of rural services, poverty had

remained high. Also in some communities poverty levels remained low despite the limited improvement in rural services. Thus it was necessary to provide insight to understand why in some communities' service provision has worked to get the poor out of poverty where as in other communities services have not worked to get the poor out of poverty?

## Materials and Methods

### Quantitative approach for selection of study district

The design adopted for this study was a linkage of both quantitative and qualitative methodological approaches. Such an approach may provide insights in paradox situation by looking at details and contexts (Miles and Huberman 1994). Analysis of quantitative data on access to rural services and poverty headcounts and severity of poverty was used to conceptualize a 2x2 sampling matrix (Table 1). The matrix was developed by analysis of data on distance to all-weather roads, bank, health centre, secondary schools, primary school, input and output market, number of visits by extension service providers and access to credit (i.e. farmers who borrowed) which were used to determine the performance of a district in providing rural services. The 1990/91 household survey was used as the baseline representing levels of service provision before decentralization and the 1999/00 household survey used to form the panel data, which were used to compute changes in the access to rural services and the changes in the outcome (severity of poverty and poverty headcount). Two statistical methods – Factor analysis and Cluster analysis- were used to structure the data. Factor analysis was used to “combine” the rural services into one common factor (rural service – with varying degree of performance). Cluster analysis then was used to group the districts into four groups according to their improvement of rural services: best services (highest improvement); good services (medium improvement) and poor services and very poor service (lowest improvement) (Figure 1). The impact of changes in rural services on poverty changes was calculated using first difference econometric method (Heckman, 1985). Poverty changes were divided into four categories.

- (1) Chronic poverty: Household was below the poverty line in 1991/92 and remained below the poverty line in 1999/00.
- (2) Escape poverty: Household was under the poverty line in 1991/92 but was above the poverty line in 1999/00
- (3) Fall into poverty: Household was above the poverty line in 1991/00 but fell below the poverty line in 1999/00

- (4) Above the poverty line: Household was and remained above the poverty line in 1999/00.

A multinomial logit model was used to compute the marginal effects of the probability to be in one of these groups. Changes in major rural services were then computed subtracting the values of 1999/00 household survey from the 1991/92 values (see Nkonya et al. 2008 for elaborated details of methodology).

Four districts were then selected that fitted the criteria conceptualized in the 2x2 matrix. The agro-ecological zones of the districts were controlled for as they may have an impact on the poverty dynamics. Three of the selected districts for the case studies – Kumi, Soroti and Lira district – were selected from the low to medium unimodal rainfall zone and Nakasongola district from the bimodal medium rainfall zone. Kumi district represented a case district with high improvement in services and low poverty levels. Soroti district represented a low improvement in services and low poverty levels. Nakasongola district represented a high or medium improvement in services and high poverty levels. Lira district represented low improvement in services and low poverty levels.

**Table 1: 2 x 2 Sampling Matrix**

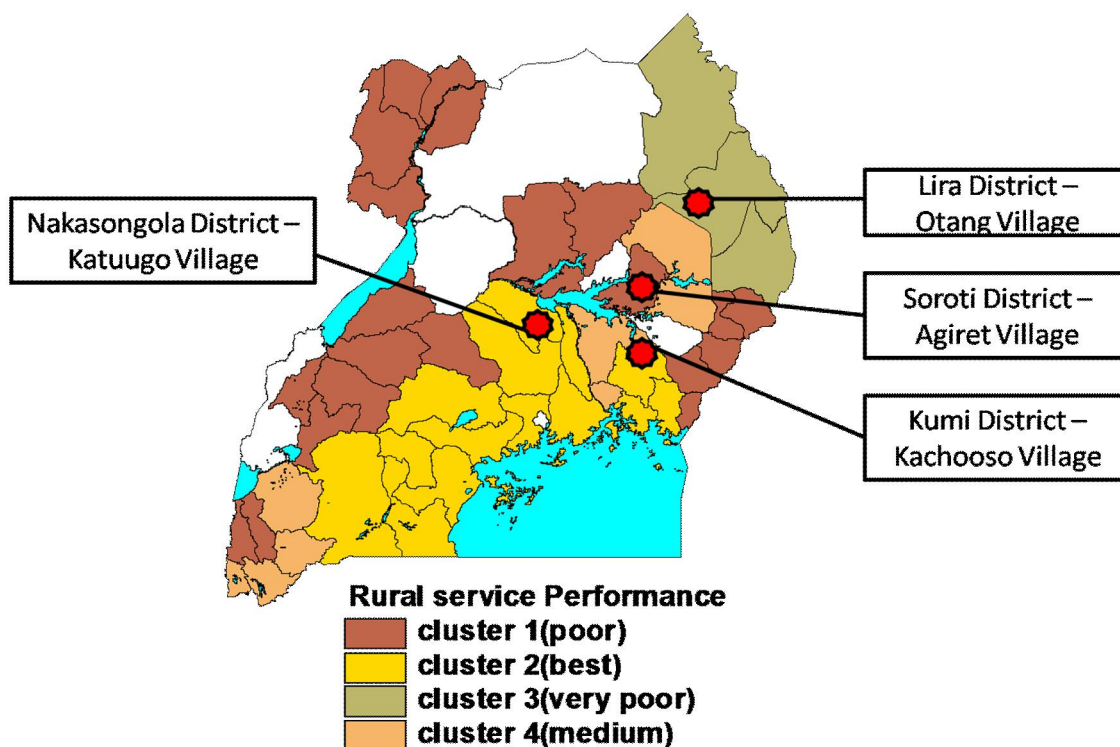
	<b>Low poverty</b>	<b>High poverty</b>
<b>High or medium improvement in services</b>	Kumi district Kachooso village	Nakasongola district Katuugo village
<b>Low improvement in services</b>	Soroti district Agiret village	Lira district Otang Village

### Qualitative approach for the selection of study villages

Qualitative approach was used to select four case villages that were representative of each of the selected districts. In selecting the villages, interviews were first conducted with the district officials and experts who had in-depth knowledge of the districts for their opinion on potential sub-counties based on the selection criteria using the 2x2 matrix. In each of the selected districts, interviews were made with the Chief Administrative Officer (CAO), District Chairperson and NGOs working in the district. Based on the different recommendations made by these officials, three of the suggested sub-counties were visited and discussions made with the sub-county Chairman, sub-county Chief and Sub-county

Extension Officer. The criteria for selecting the district and sub-county were explained and the officials asked for their opinion whether their sub-counties fitted the criteria or not. If they agreed that it fitted the model, they were then asked to recommend a village that best described their sub-county. If the sub-county was said not to be representative of the district based on the model, then they were asked to recommend other sub-counties within the district that best fitted the model stating the reasons behind their choice. Based on the gathered information a list of proposed sub-counties and villages were compiled.

This was compared with a list of pre-selected sub-counties and villages from analysis of the household data. One sub-county was then purposively selected for the case study. Discussions were then held with the village chief and his council members followed by a focus group discussion with the village members and qualitative interviews with ten members of the village including the village chief. The villages selected for the study were Kachooso village from Kumi district, Katuugo village from Nakasongola district, Agiret village from Soroti district and Otang village from Lira district (Figure 1).



**Figure 1: Map of district service performance and selected case study sites**  
Source: Nkonya et al. 2009 (modified)

## Results and Discussions

### Rural services accessibility and local preference services

Table 2 shows assessment of village members during focus group discussions on service availability and accessibility. Six types of services were identified, that is, extension, water, microcredit, education, health and security. These services were ranked into three categories. That is high, medium or poor improvement in services. Services produced by various service providers and widely accessible by many of the locals were classified as high improvement in services. Services produced solely by the community or co-produced by the community together with government and or NGO support, which was not sufficiently accessible, was classified as medium improvement in services. Services which were underprovided or not available therefore not accessible were classified as low improvement in services. For instance in the case of Kachooso village from Kumi district, most of

the services were classified as high improvement which is consistent with the selection criteria for selecting this case village. Another example is Otang village from Lira district, selected for its low improvement in services.



**Table 2: Service provision and local preference in the four case villages**

<b>Rural Service</b> <b>Village</b>	<b>Extension</b>	<b>Water</b>	<b>Microcredit</b>	<b>Education</b>	<b>Health</b>	<b>Security</b>
High Improved Services x Low Poverty (Kumi district - Kachoooso Village)	***	**	***	***	***	***
Low Improved Service x Low Poverty (Soroti district - Agiret Village)	**	*	**	*	*	***
High Improved Services x High Poverty (Nakasongola district- Katuugo Village)	***	**	**	***	***	**
Low Improved Service x High Poverty (Lira district - Otang Village)	*	*	*	*	*	*

Source: Field Survey 2008

#### Indicators

- \*\*\*: Service produced by various service providers (largely accessible)
- \*\*: Service produced / co-produced by the community (not sufficiently accessible)
- \*: Service not available in the village/ underprovided (not accessible)

	Service of most importance to the locals
	Service of second importance to the locals

During focus group discussions, respondents were asked to rank two most important service needed by the communities to improve livelihoods and reduce poverty. Services considered as of much importance were agricultural extension, microcredit and health services (Table 2). Communities with high poverty levels preferred mostly access to extension services, microcredit services and increase security. Communities with low poverty levels preferred mostly microcredit and health services. Discussions were focused on relation of services performance, poverty outcomes and also on adopted strategies and mechanisms to improve rural livelihood. These results are discussed in the next section.

#### Why service improvement had resulted in reducing poverty?

For the case example from Kachoooso village in Kumi district representing a community with high or medium improvement in services and a corresponding low level of poverty, it was evident that the major reasons why there was low levels of poverty was because of (1) the high accessibility to rural services, (2) close proximity of the village to the district centre,

(3) good local leadership, (4) well established local institutions within the community, and (5) large external support from government and NGOs which had helped to improve the livelihood conditions of the inhabitants.

Kachoooso village had access to a wide range of services including, microcredit services, health services, agricultural extension services, water, primary and secondary education (Table 2). Access to microcredit to invest in agriculture and agribusiness activities was ranked as the most important service needed by the community to improve livelihood conditions. Recurring unfavorable weather conditions, decreasing yields and the challenge of feeding large family sizes had promoted the need for most families to engage in other income generating activities, reducing their dependence on rain-fed subsistence agriculture. This increasing need for capital to invest in other micro-business enterprises had necessitated the need to increase their access to microcredit. Microcredit was mostly accessed informally through locally established self-help microcredit groups and Savings and credit organizations within the sub-county. Health services were accessed from the

district hospital and from the community health centre in the sub-county. Even though the locals had access to health services, the service received was reported to be of poor quality, complaining of long waiting hours because of the few working staff, and unavailability of drugs for treatment. Improving accessibility to health services was therefore of much importance to the locals, ranked as of second importance. Other services such as agricultural extension services were largely available to the locals through the government sponsored National Agricultural Advisory Services Program (NAADS). Free primary education was provided under the government sponsored Universal Primary Education (UPE) and Universal Secondary Education. Access to complementarities of services has been found to have a positive impact on per-capita expenditure and poverty (Escobal, Peru and Torero 2005). However, access to a large number of services may not always imply a reduction in poverty outcomes when other critical conditions are not fulfilled.

This study observed that in the case village studied, in addition to having a wide access to rural services, the village was located close to the district centre linked by a good feeder road and good community access roads. This provided an advantage of linking farmers to markets within the district and beyond. This result is consistent with study findings of Nkonya et al. (2005) who find that access to roads contributes to higher per capita household income. Aside the close proximity to roads, the leadership of the village was described as being efficient and effective in mobilization of the locals for community activities and enforcement of rules and norms in the village. Rules and institutions established by the locals and their leaders were considered by the locals as in their own best interest and were motivated to enforce these rules. The village had rules for example; compulsory attendance of family heads to village meetings, construction of sanitary facilities in each household etc. Such rules were set to address the major challenges causing poverty in the village. Their conformance to these rules according to the locals had increased sanitation in village, reduced the number of child mothers, promoted participation in village meetings, reduced theft cases and insecurity, maintained order and discipline in the village.

### **Why poverty reduced despite low improvement in services?**

The second case study, Agiret village was selected based on the criteria that the levels of poverty had reduced despite the low improvement and accessibility to rural services. The reason for the resulting outcome of decreasing levels of poverty was mainly because of the high level of collective action and participation of

the members of the village in self help groups and cooperatives. With financial assistance from these self help groups, some of the locals were engaged in alternative sources of income such as petty trading, selling of smoked fish, brewing, selling of local beer and charcoal burning. Some of the men in the groups operated as marketing agents who bought harvested produce from the farmers in the village and other neighboring villages, stored and transported to nearby markets on market days or sold later for higher prices for higher prices. The operations of these local trading agents had provided a ready market for farmers within the village and beyond.

Besides the microcredit group, there were also NAADS supported groups which received extension services from local government extension officers. Members of these groups shared the obtained knowledge with their neighbors. Extension services received were said to be mostly on disease control and pest management and on how to apply agro-chemicals and medicines to farm animals. Visits by the extension agents was however said not to be regular. Other self help groups prominent in the village were funeral groups and HIV/AIDS victim support groups. Most families in the village were members of the funeral groups. The funeral groups provided support for bereaved families in organizing funerals of registered family members. The HIV/AIDS groups supported persons infected with HIV/AIDS, widows and orphans. This group received external financial, nutritional supplement and medical support from NGOs. Social capital may create the capacity for collective action which in theory may compensate for missing markets (Di Gregorio et al. 2008), in this case collectively substituting for missing services which the government had failed to provide.

To the people of Agiret village, the major cause of poverty in their village was due to the lack of access to microcredit to engage in micro business activities. Also, subsistence farming, large family sizes, diseases and unfavorable weather condition were mentioned as causes of poverty in the village. Services of most importance to the members of village were to have access to health services and microcredit services (Table 2). Having access to improved health was crucial as disease such as HIV/AIDS and meningitis was on the rapid increase and claiming many lives within the village. The district hospital and community health centers were far from the village and the sick had to travel long distance to access the service. Access to microcredit was of second importance since most of the members of the village were into agribusiness and micro-business trading activities. The participants during the focus group discussions explained that agricultural output was on a gradual decline due to unfavorable weather conditions

of long periods of drought and floods during rainy seasons and farming on small land sizes to feed large family sizes. As they were already organized in groups increasing their capital base to be able to meet the request for credit from members was important for the group members. Leadership in Agiret village was described as not united, unwilling to work together to get projects to the village and not participating in meetings at the sub-county which was said to be the explaining reason why the village had poor services.

### **Why improved services had failed to reduce poverty?**

Improvement in service provision plays a significant role in reducing the propensity to fall into poverty. This was however not the case observed in the case study of Katuugo village in Nakasongola district. Despite the improved provision of rural services in the district, the village had not achieved much reduction in poverty levels. It was identified that the explaining fact for this outcome was due to the lack of well defined property rights of the land tenure system in the district and limited access was a disincentive for many locals to invest in land related investments such as building permanent structures and planting crops like coffee and citrus.

In this case village, farming was the major economic activity. Poverty in the village was attributed to the lack of capital, producing on subsistence basis, and lack of access or ownership of land, lack of means of transport for farm produce to markets and lack of money to pay for health care services. The village had access to many of the basic services such as education, agricultural extension services, water, markets, microcredit, community access roads and health service. Most of the village members had user rights to the land on which they lived and farmed but not registered land title to the land. This has a history dating back to the colonial era which has created overlapping land rights. Overlapping land rights are known to create grounds for conflict and disincentive for land related investment (see e.g., Deininger and Ali 2007; Hunt 2004; Pender et al. 2004; Kyomugisha 2008). During the British colonial era, the British under the 1900 Buganda Agreement awarded large tracks of Mailo lands (land title owners renting to tenants who paid rents, tenants given hereditary security of rents up to 3 acres) to the Buganda King and his notables and the rest as crown lands which the government could give out as freehold (indefinite land title) or leasehold (land possession for a specified period). Customary lands already existed before the act in 1900 which now subjected the peasants already posing the land as tenants vulnerable to being evicted by the new landlords. Land reform Act 1975 increased the

complexity of land rights abolishing mailo lands, customary lands and freehold, allowing only leasehold tenure system. Land Act 1998 was introduced to increase land security, formal recognition of customary land ownership and women's ownership to land. Tenants did not feel protected by this Act. The Act was amended, if a land owner wanted to sell his land, he or she had to inform the tenants if they were willing to buy the land. In most cases the tenants who are peasant farmers do not have the capital to purchase the land. Farmers occupying such lands are not motivated to make investment on their land such as putting up permanent housing structures or growing perennial cash crops due to frequent eviction cases within the village.

Despite the unresolved issue of land ownership, from focus group discussions access to agricultural extension services was ranked as the most important service needed in the community to improve knowledge on agricultural production, increase productivity and to have access to improved seeds for cultivation (Table 2). As highlighted by a participant of the focus group discussion *"if we are able to produce more, we will have money for other business activities and be able to provide some of our needs"*. Having access to microcredit was of second importance to engage in micro-agribusiness activities. Local leadership of the village was described as 'weak' not serving the interest of the locals and not efficient in resolving land conflicts cases in the village.

### **Why poor improvement in services resulted in high poverty levels?**

The case village selected to understand why low improvement in services resulted in high poverty levels was Otang village located in Lira district. The main reason for resulting outcome of high poverty levels was because of the long period of insecurity and remoteness of the village. The village was one of the worse affected by the insurgencies in the region from the Lord Resistance Army (LRA) war. The Lord Resistance Army is a militant group which was formed in 1987 led by Joseph Kony. It has been described as an insane occultic group with no political agenda. The rebel group has been engaged in a long running armed rebellion against the Ugandan government. It has been accused of causing widespread human violation. Many of the inhabitants of the case study village had been killed or displaced to security camps in the districts where they had lived for many

Beside the war, there was also the menace of cattle rustling that had prevailed in the Karamoja sub region of Northern Uganda increasing insecurity in the region. Cattle's rustling is a way of life where the

cattle are at the centre of the value system. Cattle rustling have been part of the Karamojong tradition where they engage in frequent inter-tribal clashes over natural resources like water and land, characterized by raids. Due to the nature of their livelihood, delivery of basic services has proved to be difficult and expensive (Okidi and Mugambe 2002). As part of the tradition, it is honorable and a pride of manhood for a man to go to other neighboring villages and raid cattle. Cattle are used for payment of bride price, meat, milk and hide. Neighboring districts have mostly been affected due to their disadvantaged location.

Otang village borders Abim district, where their neighbors practice the tradition of rustling cattle. The inhabitants of the village lived in fear of their neighbors. The civil conflict by the LRA may be over but they lived in danger of being attacked by their neighbors. Since their neighbors were more interested in cattle, the locals had chosen not to rear cattle, an important asset which could have been used as ox plough for ploughing large sizes of farm land for agricultural production. The inhabitants farmed on small areas of land close to their homestead for security reasons. One local explained: *"People are scared to go to their farms, if you go to your farm you are chased away by the Karamojongs"*. Most of the inhabitants owned large sizes of land but had not cultivated these lands due to the security threats. Even though increasing cultivated areas and on-farm activities enhance welfare in post conflict areas (Bozzoli and Brück 2009), this opportunity could not be exploited in the case of Otang village. The lack of security had affected their agricultural productivity and they could not as a result produce enough to feed themselves. They had the challenge of resettling and also dealing with the insecurity issue in their village.

The village had limited access to social services, most of the basic services unavailable (Table 2), and accessed from other villages within the district which were distant from the village. Health services for instance as described by one elderly man during the focus group discussion *"there are no clinics nearby and you have to travel about 12 miles to the subcounty for medical health care. Imagine a woman in labour, being carried on a bicycle this entire journey to the clinic at the subcounty"*. Aside the distance to the health centre, there were no drugs and the health centers were not adequately equipped. Agricultural extension service was unavailable. According to the village locals there had never been an extension officer visiting their village since they returned from the camps to resettle. Government supported programs such as the National Agricultural Advisory Services (NAADS) and Northern Uganda Social Action (NUSAF) for reducing poverty in northern Uganda had not reached the village which the locals explained

as being due to the remoteness of the village and poor road network. New roads were being constructed to link the village and provide access roads for border security guards to be stationed to prevent cattle raiding.

Faced with the challenge of surviving under threat of attack and poor availability and accessibility to services, the village locals had to find strategies to survive in one way or the other. The village was endowed with large areas of uncultivated land with trees which the locals harvested and burnt as charcoal for sale to the other neighboring villages. Burning of charcoal was a tedious process, some of the village men teamed up to produce the charcoal together, sell and share the capital. Some of the local men burned bricks together which were sold to the new arrivals and neighboring villages in the parish for income. Others worked as laborers on other neighboring village's farms for a fee. These strategies had been adopted to compliment their small scale agricultural production.

Increasing security was considered as the most important service needed in the village (Table 2) and the region if services were to be improved and poverty reduced. The locals of the village believed that if there was peace and security they could work to feed themselves as they owned large sizes of arable land. Also, they could rear cattle and use as ox ploughs for ploughing large farm lands. The service of second importance was to have access to microcredit. With access to microcredit the locals could engage in other income generating activities not relying solely on subsistence farming.

## Conclusions

This paper had the objective of examining how service performance has impacted poverty outcomes in four rural communities in Uganda. The paper provides insight to understanding why in some communities' service provision has worked to get the poor out of poverty where as in other communities services have not worked to get the poor of poverty?

It was evident that the major reason why improvement in services corresponded with a low level of poverty in village 1 was because of the high accessibility to rural services, close proximity of the village to the district centre, good local leadership, well established local institutions within the community, and large external support from government and NGOs. The reasons for the resulting outcome of decreasing levels of poverty despite low improvement in services in village 2 was mainly because of the high level of collective action - participation of the members of the village in self help groups and cooperatives. The explaining factor why

improved services had failed to reduce poverty in village 3 was due to the lack of well defined property rights of the land tenure system in the district and reduced access to land acted which acted as a disincentive limiting land related investment opportunities. In village 4, the reasons why poor improvement in services had resulted in high poverty level were because of the long period of insecurity and remoteness of the village.

In understanding what works where and why, four propositions are made based on the findings from the case study:

**1. *Access to complementarities of services may improve rural livelihood***

Communities with low poverty levels preferred mostly microcredit and health services. While communities with high poverty preferred mostly access to extension services, microcredit and increase level of security. Access to complementarities of services has been found to have a positive impact on per-capital expenditure and poverty (Escobal, Peru and Torero, 2005). Increased access to a combination of services such as extension services, microcredit, and health services with increase level of security may result in improving livelihood and thereby reduce poverty.

**2. *High levels of public service provision may partly be compensated by high levels of collective action, self-help and participation.***

Evidence shows that participation in cooperatives and self help groups increased individual's access to credit, marketing services and reduced risk. This is consistent with literature that has shown that where the state and the private sector are unable to provide services and market failures exist, groups of individuals may cooperate to achieve a common interest in privately providing the missing service (Montgomery and Bean 1999). The problem of free riding however persist which according to Ostrom (1990, 2000), investing resources in monitoring and sanctioning actions of individuals to some extent reduces the probability of free riding.

**3. *Security and property rights are indispensable in efforts to improve service provision***

Communities with security treats had little or no services, small population sizes and little governmental and external support. Services are not likely to work for the poor in such areas as the needed services may not be available and or accessible due to

security threat. Vaux and Visman (2005) emphasize that early government prioritization and commitment to policy reforms and allocation of resources for service delivery is essential for the development of post conflict areas.

The lack of well-defined property rights of the land tenure system and reduced access to land may act as a disincentive limiting land related investment opportunities (De Soto 2000; Hunt 2004). De Soto (2000) proposes formally documenting property rights to facilitate transactions. That is including the informal property rights especially of the poor in the formal legal system. There is however the need to minimize unintended impacts during the process of design and implementation of such reforms as there may be competing claims from long standing history of settlements, and inefficiencies resulting from under-resourced administrative and legal systems (Hunt 2004).

**Authors:**

**Nana Afranaa Kwapong (Corresponding Author)**

Humboldt University Berlin  
Faculty of Agriculture and Horticulture  
Division of Cooperative Sciences  
Luisenstrasse 53  
D-10099 Berlin, Germany  
Phone: +493020936500  
Fax: +493020936501  
Email: [nafranaa@yahoo.com](mailto:nafranaa@yahoo.com)

**John Ilukor**

University of Hohenheim  
Institute of Agricultural Economics and Social Sciences in the Tropics and Subtropics  
Division of Social and Institutional Change in Agricultural Development  
Wollgrasweg 43  
70599 Stuttgart, Germany  
Phone: +4971145923631  
Fax: +4971145923812  
Email: [john.ilukor@gmail.com](mailto:john.ilukor@gmail.com)

**Prof. Dr. Markus Hanisch**

Humboldt University Berlin  
Faculty of Agriculture and Horticulture  
Department of Agricultural Economics  
Luisenstrasse 53  
D-10099 Berlin, Germany  
Phone: +493020936500  
Fax: +493020936501  
Email: [hanischm@rz.hu-berlin.de](mailto:hanischm@rz.hu-berlin.de)

**Dr. Ephraim Nkonya**

International Food Policy Research Institute (IFPRI)  
 Senior Research Staff  
 Environment and Production Technology Division  
 2033 K St., NW  
 Washington, DC 20006-1002, USA  
 Tel: +1 202 862 5600  
 Email: [e.nkonya@cgiar.org](mailto:e.nkonya@cgiar.org)

**Acknowledgements**

The research was conducted within the multi-country research project "Making Rural Services Work for the Poor: the Role of Rural Institutions and their Governance for Agriculture-Led Development". The project was carried out by IFPRI, Humboldt University and Makerere University. The authors are grateful to Todd Benson, Prof. Bernard Bashaasha and Dr. Margaret Mangheni for their remarks and facilitation during the research project.

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11/2/2011