


**ASSESSING THE FACTORS THAT DETERMINE POVERTY LEVELS IN RURAL  
AREAS**

**BY**

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## **DEDICATION**

This academic work is dedicated to my parents, Mr. Biryabalema Andrew for all the time, money and effort he put into my studies. Without your support, this course may never have been a reality for me. So thank you very much.

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May the Almighty Lord bless you abundantly!!

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## **List of Abbreviations**

<b>EU:</b>	European Union
<b>GDP:</b>	Gross Domestic Product
<b>I.F.A.D:</b>	International Fund For Agricultural Development
<b>IFAD:</b>	International Fund for Agricultural Development
<b>ILO:</b>	International Labor Organization
<b>PEAP:</b>	Poverty Eradication Action Plan
<b>SME's:</b>	Small and Medium Enterprises
<b>UBOS:</b>	Uganda Bureau of Standards
<b>UN:</b>	United Nations
<b>USD:</b>	United States Dollars

## **Abstract**

This study assessed the factors that determine poverty levels in rural areas. The specific objectives of the study were; it also examined how limited access to the market determine poverty levels in rural areas, assessed how limited access to affordable power supply contributes to the poverty levels in rural areas and established how the production of poor quality products increases the poverty levels in rural areas of Uganda

The study used a case study research design with quantitative and qualitative research techniques using a total sample size of 44 respondents. Data was collected using self-administered questionnaires and face-to-face interviews.

It was observed that limited access to market limits the exposure to the client population resulting into reduced customer base, limited access to market prevents access to labor resulting into poor production, and limited access to market has led to few job opportunities outside of agriculture. It was discovered that poor quality products result into lack of demand for the products leading to limited market thus low earnings, it was also exposed that poor quality products lead to high competitiveness resulting in price cutting thus less profitability. It was also concluded that, limited access to modern forms of energy has limited to the transformation of agriculture-based economy, has reduced employment opportunities, which in turn has directly increased poverty levels and is an obstacle to delivery of services such as education, health, and other social services. It was further concluded that limited access to power supply has hindered the construction of agro-based industries in rural areas thus limiting income-earning opportunities to farmers, has limited business expansion and the starting of business ventures that would need power for operation.

Finally, it is recommended that the government should properly define poverty in the legislation and thus provide a vision of poverty that can elicit support and action from government, private sector and non-governmental agencies. It is also important to recognize that people living in poverty are the most critical ally of the government in reducing poverty. Working with them in changing their circumstances is another means of building our provincial economy, and acknowledging that they are an asset to the society

## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

The purpose of this research study was to assess the factors contributing to poverty levels in rural areas in Uganda. This chapter is made up of the Background of the study, Statement of the problem, Objectives, Research questions, Scope of the study, Significance of the study, Justification of the study, the Conceptual frame work as well as the definition of key words.

### **1.1 Back Ground to the Study**

Poverty can be looked at in very many ways for example not having food, no shelter, no clothing, being sick and not having access to medical services at times because the area people live in has limited medical services or even scarce health workers like doctors, midwives etc.

Therefore, the standard of living of the people can determine whether they are poor or not. There are different states of poverty for example relative poverty whereby the way of life of some people is much worse than the general standard of living in the region. This varies from region to region depending on the standard of living of most people enjoy. Absolute poverty is another state of poverty, which refers to the deprivation of basic needs, which is common in developing country such as Uganda.

Poverty is the main problem of the world of developing countries. The UN Millennium Project, 2002 reported that One billion people in the world are living on less than one dollar a day. 2.7 billion People in the world are living on less than two dollars a day. Eleven million children die every year. 114 million children do not able to achieve basic education and 584 million women

are illiterate. In every year, six million children die due to malnutrition. Every day 800 million people stay hungry in which 300 are children. 2.6 billion People of the population in the world (40 percent) are depriving from basic sanitation and one billion people are suffering to unsafe drinking water (UN Millennium Project, 2002). Which poses the questions of as noted by Oluwatayo, (2008) on why the poverty and inequality are prevailing? Are poor themselves responsible for their plight? Have they been made poor decision? Are their governments accountable for their predicament? These factors of poverty also harm the development of the country but on the other hand, there are also such aspects that cause poverty, which needs to be discussed in details. Therefore, along with economic perspectives, social and political factors may be and often are equally responsible for poverty. The areas of inequality such as unequal status of women and minority groups of low developed countries represent this aspect of poverty. As a result, rich people continue to prosper while poor people lag behind.

On the 19<sup>th</sup>, March 2013, The New Vision published an article where Doctor Fred Matovu said about 67% of Ugandans are either poor or highly vulnerable to poverty. Doctor Fred Matovu continued to observe that 67% presented both Ugandans who spend below the poverty line of about shs.3, 170 per day and those who are twice below the poverty line of about shs.6, 340 per day (Matovu, 2013). According to the World Bank, even those who are twice below the poverty line are likely to fall back into poverty.

Furthermore, Africa too is being affected by poverty as seen when the UN food and agriculture organization estimated that 239million people in sub-Saharan Africa were hungry/undernourished in 2010. 925million people were hungry worldwide. Africa was the continent with the second largest number of hungry people, as Asia and the pacific and

578million principally due to the much larger population of Asia when compared to sub-Saharan Africa (Appleton, 2010). Sub-Saharan Africa had the largest proportion of its population undernourished, as estimated 30% in 2010, compared to 16% in Asia and the Pacific (FAO 2010). Thus almost one in three people who live in sub-Saharan Africa region were hungry than any other region of the world, with exception of South Asia.

In 2008, 47% of the population of sub-Saharan Africa lived on \$1.25 a day or less (United Nations 2012). In relation, internationally India has been fighting poverty through state initiative ever since independence in 1947 according to the development Bank of India (2002). According to Meenkshi et al. (2002) reports that poverty rates are higher among scheduled among tribes household virtually in all states.

According to the United Nations, about 21,000 people die every day of hunger or hunger-related causes and its children who die most often yet there is plenty of food in the world for everyone. The problem is that hungry people are trapped in severe poverty; they lack money to buy food to nourish them. Being constantly malnourished, they become weaker and often sick. In addition, this makes them increasingly less able to work hence being poorer and hungrier.

Regionally according to the International Fund for Agricultural Development (I.F.A.D), the poorest regions of Uganda are the northern. The northern region is where outbreaks of civil wars have distorted small farmers' lives and agricultural production (Tumwesigye, 2011).

## **1.2 Statement of the Problem**

Kasenya village is situated close to Entebbe in Busiro county of Mpigi district (Lake Victoria East fisheries Region). The village has distinctive factors that indicate the presence of poverty in

their area including limited access to the market, production of poor quality products plus limited access to affordable power supply.

Different factors determine poverty levels in rural areas including ignorance about the benefits of education, the poorly and unmaintained roads that make it difficult for the residents markets, the lack of creativity/skill to improve on their product to make more money from their sales.

According to the statistics made by the Uganda Bureau of Standards (UBOS) is that basing on the 2009/10 data survey, it is estimated that 24.5 % (7.5million persons) of Uganda were poor. The incidence of poverty remained higher in rural areas (27.5%) compared to urban areas (9.1%) (Tumwesigye, 2011)

### **1.3 Broad Objectives**

To assess the factors that determines poverty levels in rural areas.

### **1.4 Specific Objectives**

- i. To examine how limited access to the market determine poverty levels in rural Kasenyi village.
- ii. To assess how limited access to affordable power supply contributes to the poverty levels Kasenyi village.
- iii. To establish how the production of poor quality products increases the poverty levels in Kasenyi village

## **1.5 Research Questions**

- i. How does the production of poor quality products contribute to poverty levels in Kasenyi village of Uganda?
- ii. How does limited access to the market increase on the poverty levels in Kasenyi village in Uganda?
- iii. How does limited access to affordable power supply determine poverty levels in Kasenyi village in Uganda?

## **1.6 Research Hypothesis**

The research Hypothesis shows the relationship between the independent and dependent variables. The hypothesis are evident relations between the variables which are power supply, limited access to the market, production of poor quality products with poverty levels in rural areas of Uganda in topic being researched about.

## **1.7 Scope of Study**

### **1.7.1 Geographical scope**

The study was conducted in kasenyi village located in Entebbe. Kasenyi village is 3 kilometers from Abayita Ababiri in Entebbe. It is a fishing town the shores of Lake Victoria. If travelling by public means from Kampala city, a taxi encounter to Entebbe town will drop you off at Abayita Ababiri. The journey to Kasenyi from Ababiri Ababiri is made by bodaboda (hired motorbike).

### **1.7.2 Subject Scope**

The study aimed at assessing factors that determine poverty in rural areas in Uganda using Kasenyi village as the case study. The study focused on the limited access to the market,

production of poor quality products and limited access to affordable power supply as independent variables and determining poverty levels in rural areas as dependent variables.

### **1.7.3 Time Scope**

The current study was completed in a period of one year and used data collected and analyzed was from the year 2002 to -2013. This period was selected because there has been a rise in the poverty rates in Uganda and Kasenyi Village and therefore this period had enough information relevant to the study.

### **1.8 Significance of the Study**

The research results will be of great importance to the researcher because completing this study will equip researcher with practical skills that can be applied to conduct research in other subjects.

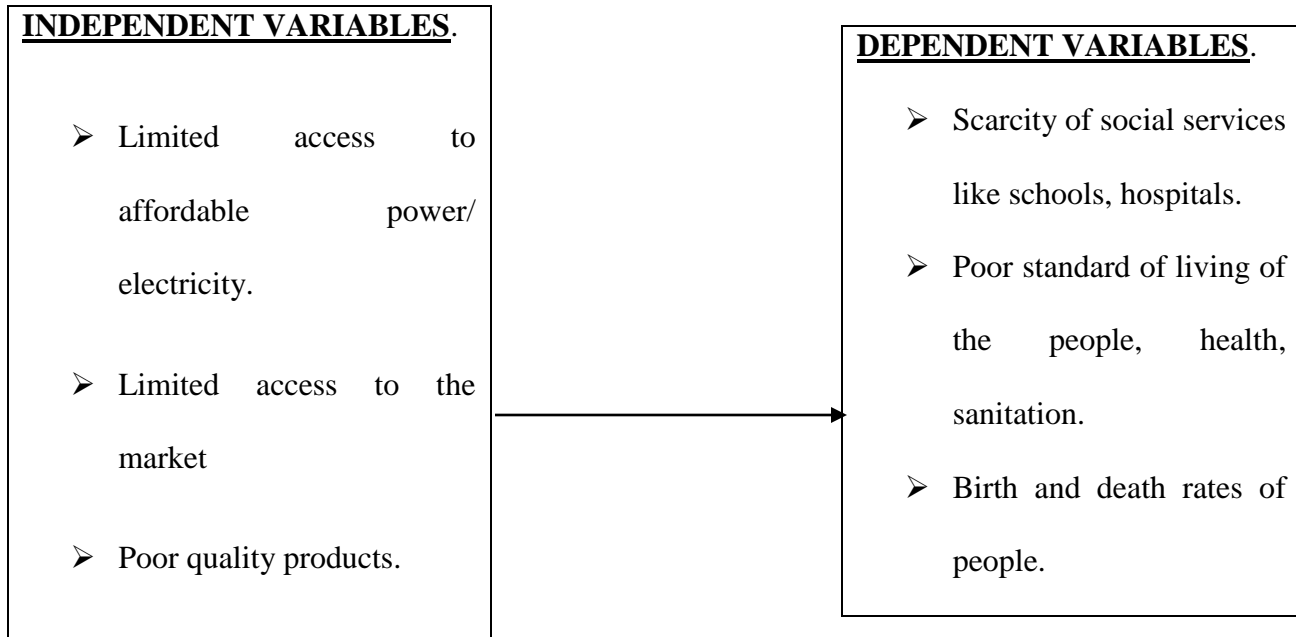
The study results would help the residents of Kasenyi village understand how the poor quality products contribute to the poverty levels in their regions.

The study results would contribute of additions to existing wealth of knowledge on poverty in rural areas and thus stimulate further research in the factors that determines poverty levels in rural areas. The study would also help the researchers and academicians interested in subject.



## 1.9 Conceptual framework

**Figure 1: 1: Conceptual framework showing the factors determine poverty levels in rural areas.**



**SOURCE: Modified by the researcher.**

The conceptual framework illustrates the relationship between the factors that determine the poverty levels. The poverty levels as the dependent variables and the factors that determine as the independent variables. The moderating/ intervening factors influence the effectiveness of factors that determine poverty levels.

From the illustration, factors that determine are seen to indicate poverty levels when the factors that determine poverty levels are detected; poverty levels increase hence the poor standards of people's living.

From the illustration, factors that determine are seen to increase poverty levels. When factors are determined, poverty levels are expected to increase thus the poor standards of living.

Factors that determine comprising of poor quality products, limited access to the market and limited access to affordable power supply impact on the poverty levels such as limited business expansion, limited business growth, low capital levels.

### **1.10 Conclusion**

In conclusion, this studies determinants poverty levels in rural areas. Therefore, this study continues to examine how limited access to the market determine poverty levels in rural areas; To assess how limited access to affordable power supply contributes to the poverty levels in rural areas and to establish how the production of poor quality products increases the poverty levels in rural areas of Uganda.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The purpose of this study was to assess the factors that determine poverty levels in rural areas. is .This chapter includes the review of literature relating to assess the factors that determines poverty levels in rural areas. The review then focused on the major themes of the study; to examine how limited access to the market determine poverty levels in rural areas; to assess how limited access to affordable power supply contributes to the poverty levels in rural areas and to establish how the production of poor quality products increases the poverty levels in rural areas of Uganda.

#### **2.1 Poverty**

Globally, poverty is a multidimensional phenomenon. The World Development Report 2000/2001 summarizes the various dimensions as a lack of opportunity, lack of empowerment and a lack of security. This implies that the window of opportunity remains closed to the poor masses, and this makes them practically inactive in the society. The lack of empowerment limits their choices in almost everything and their lack of security makes them vulnerable to diseases, violence and so on. Similarly, a United Nations statement says: Poverty is a denial of choices and opportunities, a violation of human dignity (Teshome, 2008)..

In some African counties like Nigeria, widespread and severe poverty is a reality. A reality depicts a lack of food, clothes, education and other basic amenities. Severely poor people lack

the most necessities of life to a degree that it can be wondered how they manage to survive. There are several effects and deficiencies associated with poverty in the African developing countries. One of the main effects of poverty is poor health, as is reflected in high infant mortality and low life expectancy (Oluwatayo, 2008). Poor people face several health issues as due to lack of basic health amenities and competent medical practitioners. Most children do not have the opportunity of being immunized and this leads to certain physical defects in some of the children. Their health has become low priority and as they have little or no choices, they live with whatever they are provided with, whether healthy or not (Teshome, 2008).

The world's reduction of extreme poverty from 47% of the entire population in 1990 to 14% of the entire population has shown the possibility of eradicating extreme poverty from the world in the next generation (United Nations, 2015). With a 28% reduction, Sub-Saharan African region showed the least improvement in poverty eradication in the period from 1990 to 2015 compared to the other regions. Uganda has deferred from the general sub-Saharan trend by significantly reducing the proportion of the extremely poor to 25% (United Nations, 2015). This implies that Uganda has put in place strategies and poverty eradication plans such as Poverty Eradication and Action Plan (PEAP) that have enabled it to overcome poverty.

However, in Uganda, Poverty remains a pressing issue. About 67 percent of Ugandans are either poor or highly vulnerable to poverty according to the 2012 expenditure review for Uganda by the Directorate of Social Protection in the gender ministry. Today, an estimated 25% still live in extreme poverty but Uganda is on course to achieve its national target of reducing this number to 10% by 2017 (Mufumbo and Martha, 2009). This implies that regardless of the state of absolute

poverty which deprivation of basic needs Uganda is now on the course of reducing and if possible eliminating the rates of absolute poverty in the country.

## **2.2 The effect of limited access to the market on determining poverty levels in Uganda.**

Limited access to the market means to say the difficulty business people find in reaching /accessing the market. Limited access to markets and services is a constraint that causes poverty. Poor rural people tend to live in remote areas with few roads and means of transport, which limits their economic opportunities. Access to financial services is severely restricted, especially for smallholder farmers (Oluwatayo, 2008). This implies the farmers are not able to sell their produce due to limited markets which in the long run results in the increased rates of poverty.

According to Theresa (2012), agriculture is the most important sector of the economy. However, in poor seasons widespread food shortages are experienced. Many households with large families and small plots suffer chronic food insecurity and malnutrition and contributing to the low yields are poor access to financial services and limited access to markets. Therefore, the low produces and yields results in low-income levels among the households, which is also results in increased poverty rates.

In addition, as pointed out by Oluwatayo, (2008), with proper access to markets, the rural poor people can enhance their food security and increase their incomes only if poverty project designs and activities are built upon their production systems and livelihood strategies, and resources allocated accordingly. To be effective, therefore, investments to reduce poverty must be linked to a proper understanding of poverty processes and how they affect different groups of poor people,

and women as compared with men. In other words, it is worth noting that markets are of fundamental importance in the livelihood strategy of most rural households, rich and poor alike

Markets are places where, individual producers, buy their inputs and sell their products; and where, as individual consumers, spend their income from the sale of crops or from their non-agricultural activities, to buy their food requirements and other consumption goods (Mazoyer, 2011). Because of this, rural poor people in many parts of the world often indicate that difficulties in accessing markets is among the reasons to why people cannot improve their living standards This implies that the government should make efforts to ensure that the local communities can be able to access the markets and be able to sell their produce and improve on their livelihoods

Furthermore, the low population density in rural areas, remote location and high transport costs present real physical difficulties in accessing markets. The rural poor are also often constrained by their lack of understanding of the markets, limited business and negotiating skills, and their lack of an organization that could give them the bargaining power they require to interact on equal terms with other, larger and stronger market intermediaries (Mazoyer, 2011).

Furthermore, Theresa (2012) argued that rural producers from developing countries face significant impediments in accessing rich countries' markets. To help the rural poor access efficient and more equitable markets, International Fund for Agricultural Development (IFAD) supports three types of interventions that is field operations; development and sharing of knowledge; and policy advocacy in that these three areas of intervention and change were crucial to the achievement of the MDGs in rural areas through strengthening the capacity of the rural poor and their organizations; improving equitable access to productive natural resources

and technology; and increasing access to financial services and markets. Primarily, the poor need to be given a chance to build their individual and collective capabilities in order to gain access to economic opportunities and to basic social services and infrastructure. Lack of social organization makes it difficult for the poor to exploit opportunities within their communities and to develop links with. In field operations, most government projects seek to reduce the transaction costs between poor rural producers and private-sector intermediaries (Teshome, 2008). This includes supporting the establishment of commercially oriented producer organizations (groups, associations, cooperatives), helping and training producers to identify new markets, linking farmers with traders and processors, constructing and improving rural roads, building market information systems, etc.

Additionally, developing the Fund's knowledge in the area of market linkages requires improving the process of learning from its own projects (Mazoyer, 2011). It also requires establishing effective monitoring and evaluation systems, working closely with cooperating institutions to improve impact assessment and supervision, and strengthening partnerships with a range of different players (Theresa 2012). This implies that poverty reduction strategies must also be active at national, regional and international levels, promoting a global policy environment that increases market access for the rural poor.

The crucial role of market linkages for rural poverty reduction has only recently received the attention it deserves in the development arena. More needs to be done, especially on the implementation side (Mazoyer, 2011). Some projects such as Uganda's Poverty Eradication Action Plan (PEAP) are committed to the objective of improving the rural poor's access to markets, and in this context, is seeking ways to: effectively increase the market share of the rural

poor and improve the terms in which they participate in markets; achieve greater market access and market development for the rural poor; and also effectively improve at national, regional and international levels the rules of trade in favor of the rural poor.

The United Nations Millennium Declaration considers trade to be an important engine of growth, both as an earner of foreign exchange, and through its multiplier effects as a generator of income and employment. It recognizes that the main beneficiaries of trade liberalization have been the industrialized countries; that developing countries' products continue to face significant impediments in accessing rich countries' markets; and that it is precisely those basic products mainly, but not exclusively, agricultural, in which developing countries are most competitive that carry the highest protection in the most advanced countries. Add credible source

Interacting with agricultural markets is thus an important aspect of the livelihood strategies of many rural households, rich and poor alike. Virtually all households in rural areas are, by preference, both producers and consumers, buyers and sellers; and many sell agricultural produce and buy their food at different times of year. What is the significance of this to topic researched, explain

However, rural households that, for one reason or another, are unable to interact with these markets are prevented from adopting these diverse livelihood strategies; and indeed, in many parts of the world, rural poor people often say that one reason they cannot improve their living standards is that they face difficulties in accessing markets add source. This implies that, improved market access is not an issue of consequence only to better-off producers, and it is not relevant only to cash crop, rather than food crop, production (Teshome, 2008). It is of importance to all rural households, and assisting rural poor people in improving their access to



markets must be a critical element of any strategy to enable them to enhance their food security and increase their incomes.

On the other hand, If it is true that markets, and improved market access, are of critical and immediate importance to rural poor households, it is also evident that they are a prerequisite for enhancing agriculture-based economic growth and increasing rural incomes in the medium term. Rural incomes will not be substantially increased by exclusive emphasis on subsistence food crop production; rather, more market-oriented production systems are needed (Mazoyer, 2011). These require the intensification of agricultural production systems, increased commercialization and specialization in higher-value crops. The agricultural production systems must be built upon the establishment of efficient and well-functioning markets and trade systems. This means that the systems have to make sure that the transaction costs low are kept low, with low risk involved and that all players in the system can easily access information.

Limited access to the market means to say the difficulty business people find in reaching /accessing the market. According to Adriaan and Zomers (2003), new market access opportunities are manifold, and operate at several different levels that is in expanding urban centers, in emerging supermarkets, in commodities for export trade, in niche markets (domestic, regional and international). It can be noted that there is potential for improvements in product quality, so opening the door to earning a higher price per unit of commodity in all of these levels of new market access opportunities. At the export and niche market levels in particular, the opportunities include production and marketing of organic, welfare-enhanced (free-range) and fair products, and products with a low (and measurable) carbon foot print (Adriaan and Zomers 2003). Key to all these improvements is satisfying customer in terms of taste, quality. Therefore,

it implies that the farmers should ensure to utilize the new market opportunities at all levels so that they can be able to sell their produce and in a way overcome poverty.

In many European countries, the average farm size, by area a more than doubled during the period 1970-2002 which signifies growth in the Agricultural sector (Nagagets, 2005). Agriculture accounted for little more 1% of the UK's work force by 2003, the lowest proportion in the EU, and just 0.6% of the GDP (ILO, 2006; Nelson and Haldeman, 2004). Other than in parts of central and eastern Europe where the number of small farms increased following the breakup of the soviet union and the shift from collective to private agriculture-small scale farms largely persist to meet demand for niche products, such as welfare-enhanced and organic, or as "hobby farms" (Nagagets, 2005). This implies that encouraging private agriculture-small scale farms can be one way of fight poverty.

In the latter example, the owners are not economically dependent on their farming enterprises, rather, the farmers form part of a "back-to nature" life style choice. Similar trends have occurred with processing, distribution and retailing. Small-scale enterprises that exploit niche markets survive, but elsewhere the trend is towards scale increases and dominance by decreasing numbers of very large processors and retailers.

The very strong inter-relationships with economic development and education and workforce development are not a surprise. It's obvious that the better paying jobs associated with a vibrant local economy can equal more influence and open the door for more and better education because accessibility to education and training opportunities can empower the farmers to have better agricultural means which can result into to better quality produce (Appleton, 2010). This often a barrier for many in poverty. Therefore, there is need for new public-private partnerships,

which can enhance the provision of more education/training opportunities for the poor in the communities.

In a study by Theresa (2012), a very strong relationships exists between early childhood development and poverty. It can be noted that children who grow in poverty are more likely to be less successful in school, less productive as adults in the labor market. This can be result in the vicious cycle of poverty. Therefore, such poverty cycles must be broken through provision of education and financial supports to children in their earliest years as noted by Anil Kumar et al., (2008). More so, the biggest impact is usually derived through legislative policy changes, community support plus proven programs and services, which can help in poverty eradication

### **2.3 The contribution of poor quality products to the poverty levels in rural areas in Uganda**

In this case, poor quality products are not given different finishing thus a negative response in the market in terms of buying the different products hence poor standards of living. Mazoyer, (2011) argued that poor quality products are linked to the under developed agro-industry, where by agro-industry is the processing, preservation and preparation of agricultural production for intermediate and final consumptions, performs a number of crucial functions that support development and poverty alleviation . According to Appleton, (2010), poor quality and low tonnage of products such as organic produce from Uganda is denting what is potentially a very big market for Ugandans in Europe which in away decreases the gain of the rural producers and farmers. Organic crops for example are produced in an un-environmentally friendly manner, without the application of chemicals to enhance their growth.

In an article in the New Vision January (2014), it was revealed that exporters of fresh produce are losing out on the international market due to poor quality fruits and vegetables and limited knowledge on soils and plants. For Example, the demand for horticultural products is high but the quality of Uganda's produce leaves a lot to be desired. It was also noted that many Ugandan products fail to meet the international market requirements, especially for the EU, UK and North America. Kanyije said the absence of a cold chain system affects the quality of fresh produce in transit. This implies that exporters lack cold chains, which is a burden because they have to incur extra costs of controlling the transportation and storage conditions.

As noted by Nnadi, and Stanley(2010), the modern financial system catered almost exclusively to risk-averse and the rich, rather than entrepreneurs and the poor. This discouraged entrepreneurship among small farmers and laborers, led to exploitation from local moneylenders, and touts which has also been a contributor to the production of low quality products.

In some cases, many business in developing economies focus on looking at net profits while neglecting the quality of goods and services, resources and management which ends up becoming detrimental to their business. Many entrepreneurs who fail to focus on quality find themselves closing shop, which affects their standards of living, and contributing factor to the high poverty levels (Mazoyer, 2011).

According to Meenkshi *et al.* (2002), poor-quality products and services have a negative impact on customers. Such products and services can cause a business to lose customers faster than they can gain new ones. In a customer driven market, meeting customer expectations and needs is vital to maintaining and improving market share. Superior quality products and services bear a positive effect on market share. This is because satisfied customers can continue to patronize the

business products and can even recommend them to other prospective customers thereby improving the status of the business.

Increase in poverty levels has been linked to poor quality products since they can destroy the reputation of the company's products, but in most cases has an even more serious impact on business owners and their standards of living because of low business progress. This implies also that Poor quality products not only have a direct impact on the reputation of the company, as discussed above, but also have a direct impact on the financials of the company as well.

Poor quality products directly affect both the company's top line (revenues) and its bottom line (profits) as agreed by Mazoyer, (2011). Once poor quality products are released to the field, word of that poor quality quickly spreads, and results in reduced sales, from some who will return products, which do not satisfy customer needs, and from others who will never buy the poor quality product in the first place. This reduces ongoing revenues, often significantly, thus affecting both the top and bottom lines.

#### **2.4 The impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda**

The backbone of the rural economy is considered access to affordable power supplies and rural electrification. Anil Kumar et al., (2008) pointed out that energy is supplied in the form of electricity, heat or fuels and the energy supply system has to guarantee sustainable energy supplies, production and distribution of energy. It can be noted that rural electrification of remote areas is normally based on renewable energy and grid connectivity that can be able to satisfy the energy needs of a rural area in a manner, which is appropriate and sustainable. This implies that

there are many needs for rural energy among which includes energy for Irrigation Communication, cooking, Basic lighting, water heating and cottage industry among the many (Adriaan and Zomers 2003). In other words, Most of these needs can be met by rural electrification and can also have an impact as seen from an improved health and education, better farm productivity, improved communication and economic development.

Power/electricity is useful in the sense of minimizing poverty in an area since most work or business operate with the aid of power/electricity. Electrification in the developing world attracts much attention from governments, electricity companies, the development community, and other organizations. In the developing world, the absence of electrical utilities greatly affects the lives of residents of many communities implying that without electricity many communities have to struggle so that they can be able to obtain the resources, which are necessary to lift themselves out of a static state. Both private and government sectors in Uganda, are still grappling with getting electrification to the people. The complexity and magnitude of extending electricity services to the rural communities around Uganda is still overwhelming (Mufumbo, 2009). Among the many issues that are a cause to this slow rural electrification in Uganda are energy policies which are improperly visualized, most rural residents have low levels of income, the geographical set-up of the communities concerned, the residents or villages are small and the rural inhabitants are scattered which brings about low electricity load requirements add source

Poverty levels in the East Africa sub-region are very high, particularly in the rural areas. For instance, both Kenya and Uganda virtually the entire (100%) rural population falls, under the USD 2 per capita per poverty threshold. Consequently, the rural population has been used as a proxy for the poor (Teshome, 2008). This implies that 1% of the rural household in Kenya and

Uganda has access to electricity, implying that very few of the poor are electrified. The two case studies demonstrate key shortfalls in the provision of electricity of the poor.

The utilities, ministries of energy and regulatory agencies also do not attempt to track electrification of the poor. The sequence of power sector reform measures appears to have been detrimental to electrification of the poor. In both countries, rural electrification was only addressed at the end of the reform process. According to Vijay (2005), developing countries in the coming years will certainly have to explore and develop all of their conventional resources because they will need more commercial fuels to meet their growing demands from urban and suburban areas and from also their industrial sectors. This implies that reforms also appear to have failed to link rural electrification to the overall strategy of improving the performance of the electricity industry and reducing the poverty rates in the country. This shows that although some of the reforms had some beneficial impacts on the regions electricity industry, the analysis presented demonstrates that they have not led to significant electrification for the poor.

In order to identify the extent of the impact of reforms on the poor, it was necessary to establish a distinction between the poor and the non-poor. Due to the absence of income-differentiated electrification data, one way of the differentiating the poor and the non-poor were to use the lowest tariff band (for instance 0-50 kWh) as proxy for the poor. The assumption is that the customers within the 0-50 kWh tariff band are poor whereas those in other tariff bands above it are non-poor.

Unfortunately, this approach could not be used due to the unavailability of time series data in the required format. In addition, this approach would not have captured the overwhelming majority poor who are not electrified. In Uganda, a similar situation exists and the rural-urban spilt can be

used as proxy for the poor and non-poor. The majority of Ugandans living in rural areas are poor compared to those living in urban areas. This is demonstrated by using the mean per capita expenditure inequalities and the World Bank poverty threshold of USD 1 and 2 per capita per day.

First, data on mean per capita expenditure from the Uganda National household survey 1999/2000 demonstrates those rural households are relatively poor compared to their urban counterparts. Mean per capita expenditure in rural and urban areas by expenditure quintiles.

<b>EXPENDITURE</b>	<b>Rural</b>			<b>Urban</b>		
<b>Quintile</b>	<b>monthly</b>		<b>Daily</b>	<b>Monthly</b>		<b>Daily</b>
	<b>UG(shs)</b>	<b>USD(\$)</b>	<b>USD(\$)</b>	<b>UG(shs)</b>	<b>USD(\$)</b>	<b>USD(\$)</b>
Q1	7,718.8	4.7	0.2	17,524.3	10.7	0.4
Q2	12,717.3	7.7	0.3	30,565.5	18.6	0.6
Q3	17,409.9	10.6	0.4	45,654.5	27.8	0.9
Q4	24,052.4	14.6	0.5	70,290.1	42.7	1.4
Q5	50,92.9	31.0	1.0	170,608.3	103.7	3.5
<b>ALL</b>	<b>24,958.3</b>	<b>15.2</b>	<b>0.5</b>	<b>75763.4</b>	<b>46.1</b>	<b>1.5</b>

Exchange rate (2002); USD=UGX 16644.5

Using 1 month=30 days

Source; UBOS 2001; World Bank, 2003b

The government of Uganda is, however in the process of implementing the energy for rural transformation project whose objective is to increase rural electrification levels to about 10% by the year 2012 (Okumu, 2003). This target is too low given that at the end of the next 10 years, the vast majority of the poor (90%) will still have no access to electricity. Data from other African countries (South African, Zimbabwe and Ghana) shows that for the same period of time (or even shorter), it is possible to achieve much higher increase in electrification levels. For



example, South Africa recorded an 18% point's increment in 7 years; Zimbabwe's rural electrification increased by 19% points in 8 years, and Ghana's rural electrification went up by 30% points in 10 years (NER; Gboney; kayo, 2002: Dude, 2002)

Mufumbo and Martha, (2009) agree that sustainable Development of the country includes economic development, maintaining environmental quality and social equity. This would be ensuring that the development takes place to fulfill the present needs without compromising the needs of the future generations. The importance and relevance of power development for the remote areas are clean and green power is the most essential element. This implies that such type of growth depends upon the particular choice of the appropriate technology for power generation either grid connectivity or renewable energy sources.

As pointed out by Akella, Sharma, and Saini (2007), the direct and indirect benefits of the electricity generation by renewable sources in the rural areas/remote areas include irrigation, domestic, commercial, crop processing, cooling and small-scale industries, which help in eradicating poverty through improvement of the living standard of the people of remote areas.

It is worth noting that the access to power in villages is a main step for improving the socio-economic conditions of rural areas and for the overall countries development. Access to power substantially contributes to the development of rural and remote areas. In remote areas, the electricity is mainly used for powering of light bulbs, fans, television sets, computers and phones, when they are available (Mufumbo and Martha, 2009). This implies that availability of power removes poverty and helps in development by fulfilling the health, education, information, communication and health care is facilitated by the powering of computers and phones, water supply (for drinking and irrigation) needs of the rural population.

## **2.5 Conclusion**

In summary, this chapter presented the review of literature relating to assess the factors that determines poverty levels in rural areas. Literature was reviewed on how limited access to the market determine poverty levels in rural areas; how limited access to affordable power supply contributes to the poverty levels in rural areas and how the production of poor quality products increases the poverty levels in rural areas. The next chapter three provides the research methodology that was used in the study

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the methodology that was used in the study. It covers the research design, study population, sample population, size, sampling procedures, data collection methods and their corresponding data collection instruments, data management and analysis procedures, reliability and validity and the ethical considerations.

#### **3.1 Research Design**

The study used a case study design approach considering both quantitative and qualitative approach using structured questionnaire, interviews, and document analysis. A case study was used because it provides an in-depth study of the problem with limited time scale. The case study approach is also perceived as the most preferable way of obtaining holistic in-depth insights into the topic under investigation. Yin, (1994) argues that case study research strategies are appropriate for the investigation of how and why questions, especially when the concern is to study contemporary issues over which the researcher has no control. A triangulation of quantitative and qualitative research approaches was adopted, because it is important to exploit the synergies offered by different methodologies. Both primary and secondary data was collected through interviews, Questionnaires and document review.

### **3.2 Area of study**

Research area of study encompasses a study of a political or geographical area including its history, geography, language, and general culture. In this case, this Research operated in kasenyi village.

### **3.3 Population of the study**

According to Amin (2005), a population of the research study is the absolute cluster of elements or individuals, which the researcher generalized while carrying on a research study. The study was conducted among kasenyi village. The study sought responses from 50 households in kasenyi village. Respondents were selected to give an account related to the research questions that are listed. These households were selected because they depend on accessibility on power, available markets and quality of their produce to earn a living.

### **3.4 Sample size and Sample Procedure**

#### **3.4.1 Sample size**

Amin (2005) points out that sampling involves selecting research elements or items for a research study from a given research population. The following formulae of Krejcie Morgan (1970) will be used to determine a sample size of 44 from a population of 50 respondents (*See Appendix*)

$$S = \frac{X^2 NP}{D^2 (N-1) + X^2 P (1-P)}$$

$$S = \text{sample size}$$

$$N = \text{the population size}$$

$$P = \text{population proportion, which provides the maximum sample size}$$

D=the degree of accuracy as proportion.

### **3.4.1 Sampling techniques**

In this study, purposive sampling technique was used to select key respondents because it is best suited for selecting information rich cases for in depth study (Barifaijo, Basheka and Oonyu, 2010).

Simple random sampling technique was also used to collect information from the households about poverty levels. This technique has high generalizability of findings; hence, it was suitable for a large study population (Sekaran and Bougie, 2010). The researcher sampled from each proportion of respondents, allocated a number to every member of the accessible population, placed the numbers in a container then pick numbers at random. The subjects corresponding to the numbers picked were included in the sample. Thirty-five households were picked and they all participated in the study by responding to the questionnaires

## **3.5 Data Collection Sources (Primary and Secondary Sources)**

### **3.5.1 Primary Data**

Primary sources of data encompass original materials on which research is based. Primary Data are first hand testimony or direct evidence concerning a topic under consideration. Primary Data present information in its original form neither interpreted nor condensed nor evaluated by other writers (Amin, 2015). Respondents were given questionnaires, interview guides that they filled and at the end, the researcher aggregated the responses as data, which hence provided the results of the study.

### **3.5.2 Secondary Data**

Secondary sources offer interpretation or analysis based on primary sources. Secondary Data may explain primary sources and often uses them to support a specific thesis or argument or to persuade the reader to accept a certain point of view (Amin, 2015). Other publications from secondary sources like dissertations, publications, journals and the internet were accessed to obtain relevant and supporting literature

### **3.6 Data Collection Tools**

The researcher used both primary and secondary data collection methods. Both qualitative and quantitative techniques were used to collect data. Data collection refers to the systematic process of collecting research data on a given phenomenon (Amin, 2005). The researcher used both primary and secondary sources of data collection for the study. The researcher used questionnaires to obtain quantitative data. The researcher also collected data using interviews and secondary data sources done by viewing the records of the businesses, internet books, journals, magazines. This helped the research to access all the relevant information

#### **3.6.1 Questionnaire**

This is a formulated written set of questions that was used to obtain information about the study objectives from the study population (Amin, 2005). The questionnaire was used because respondents could read and write the answers, the respondents possess the information required to answer the questions and are will to answer the questions honestly and it is less expensive for data collection (Amin, 2005). The respondents recorded their answers within closely defined alternatives. In this study, the questionnaires were hand delivered to the respondents. The

quantitative measure was given out by a close- ended questionnaire divided into sections that represent the topic under investigation. A questionnaire tool was used to collect quantitative data, from the respondents.

### **3.6.2 Interview Guide**

In this method, the researcher interviewed the respondents face to face to obtain in-depth information on the topic under investigation. The interviews were structured and were thus comprised of a set of issues on which the researcher wishes to draw data and the same questions were posed to the respondents using a guide to conduct the interview. The study used a structured interview guide on the targeted respondents. The study used a structured interview guide on the targeted respondents. The interview guide was used to collect qualitative data to supplement the information that was obtained from the questionnaire.

## **3.7 Quality Control Methods**

### **3.7.1 Validity**

Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair et al., 2003). In other words, Validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda and Mugenda, 1999). The questionnaire will be subjected to expert face validity and theoretical content validity tests. A content validity index (CVI) is an indication of the degree to which the instrument corresponds to the concept it is designed to measure. Amin's (2005) recommended minimum CVI of 0.7 that was employed.

### **3.7.2 Reliability**

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). When the items on an instrument are not scored right versus wrong, Cronbach's alpha is often used to measure the internal consistency which is often the case with attitude instruments that use likert scale (Barifaijo, Basheka & Oonyu, 2010).

### **3.8 Procedure of Data collection**

An introduction letter from UMU was given to the respondents introducing the researcher to the respondents. The sampled respondents, who are physically located, was identified and the questionnaires and interviews administered to them, while appointments were fixed for meeting the key respondents for face-to-face interviews.

### **3.9 Data Management and Analysis**

The researcher compiled all the data collected and first arrange the data in topical and chronological order so that it was presented in a descriptive manner. She also classified the data into categories, themes and theory to enable her use quantitative method in analyzing data collected. Qualitative data that which was collected from interviews and documents analysis was processed in the following stages namely; screening, coding and tabulation. These helped whereby similar views and responses were screened and identified then coded according to the codes in the questionnaires in order to derive tables. On the other hand, quantitative data was processed by obtaining the filled-in questionnaires and entering them in Excel Analysis was run using the Microsoft excel program to generate frequency tables. Data was presented in table forms, graphs, and pie-charts showing percentages and frequencies.



### **3.10 Measurements of variables (Quantitative studies)**

The variables were measured by operationally defining concepts. For instance, the questionnaire was designed to ask responses on the topic. These were channelled into observable and measureable elements to enable the development of an index of the concept. A five - (5) strongly agree, (4) agree, (3) not sure (2) disagree, (1) strongly disagree were used to measure both the independent and dependent variables. The characteristics of the respondents were measured at nominal and ordinal.

### **3.11 Ethical Considerations**

An introduction letter from the faculty was issued to the respondent introducing the researcher to the respondents. The sampled respondents were identified and the questionnaires administered to them, while appointments were fixed for meeting the key respondents for face-to-face interviews.

A letter of consent and/or a form was also designed by the researcher to be signed by those respondents willing to participate in providing responses to the questionnaires. These also allowed respondents who are not willing to continue to withdraw at their will, all answers obtained were treated with utmost confidentiality by the researcher, and all answered questionnaires were in a safe place by the researcher until that time when their use is not required anymore.

Before the researcher carried out the research, the researcher had to clearly explain the purpose of the study to the respondents. The researcher provided assurance to the respondents that the study was beneficial to for its intended purposes.

### **3.12 Limitations of the Study**

The researcher experienced a problem of limited finances with respect to this study. Costs regarding this limitation included transport, printing and photocopying of relevant materials. However, the researcher tried to source some money from relatives, friends and used it sparingly to overcome the cost constraint.

The researcher was unable to probe deeper into the subject matter because some respondents withhold some information because it may be regarded as confidential. However, the researcher assured the respondents that any information given was treated with maximum confidentiality.

The researcher also faced a time constraint in data collection, analyzing of data and in final presentation of the report. However, the researcher overcame this problem by ensuring that the time element is put into consideration and that all appointments agreed upon with respondents are fully met.

### **3.13 Conclusion**

The chapter is the backbone of the research. To sum it up, various and useful techniques or various forms were used to make sure that information is collected, analyzed, processed and interpreted to yield meaningful information on the topic under investigation.

## CHAPTER FOUR

### PRESENTATION, DESCRIPTION AND INTERPRETATION OF THE FINDINGS

#### 4.0 Introduction

This chapter presents the findings of this study. It highlights the characteristics of the respondents and presents the findings that were generated from interactions and the findings on the assessing the factors contributing to poverty levels in rural area. The study was based on the objectives and the following results were established;

#### 4.1 Response rate

The study administered the following instruments for the collection of the data: interviews and questionnaires.

**Table 4.1: Showing the Response Rate of the Respondents**

<b>Instruments</b>	<b>Targeted No</b>	<b>No of respondents</b>	<b>Percentage (%)</b>
Questionnaires returned	35	35	79.5
Interviews	9	9	20.5
<b>Total</b>	<b>44</b>	<b>44</b>	<b>100.0</b>

*Source: Primary data*

The data in Table 4.1 demonstrated the distribution of the respondents according to the instruments used by the researcher that, out of 44 respondents invited to participate in this study 35 (79.5%) of the targeted respondents participated by answering the questionnaires whereas all

the 9 participants (20.5%) participated by giving responses during the interview. The outcome from the table shows that the level of participation was effective as shown by the number of the respondents in relation to the research instrument employed as shown.

#### 4.2 General Participants information

The study involved 44 respondents. They included the members of different household hierarchies that depend on accessibility on power, available markets and quality of their produce to earn a living.

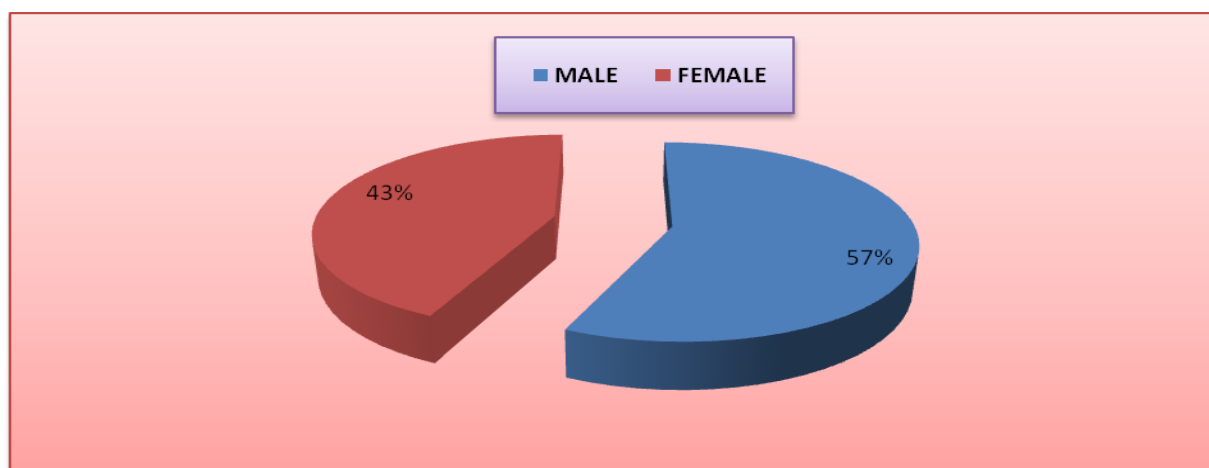
**Table 4. 2: Showing the Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
male	25	57%
Female	19	43%
<b>Total</b>	<b>44</b>	<b>100%</b>

**Source: Primary Data**

The gender of the respondents is further shown in the figure 4.1 below.

**Figure 4: 1: Showing the Gender of the Respondents**



**Source: primary data**

As observed from the figure 4.1 above, both males and females participated in the study since the study was not limited to a particular sex. The findings indicate that 44 respondents, 25(56.8%) of the respondents were male compared to the 19 (43.8%) who were female. These findings were deliberately controlled since all the units in the population had the same probability of being selected for the sample. There were so many male than female willing to participate in relation to topic researched because of the seriousness of the poverty issue, interest to share their opinions and address problem etc.

**Table 4.3: Showing the Age Group of the Respondents**

<b>Age group (Years)</b>	<b>Frequency (F)</b>	<b>Percentage (%)</b>
Below 25	14	31.8
(25-35)	21	47.7
(36 -45)	6	13.6
Above 45	3	6.8
<b>Total</b>	<b>44</b>	<b>100.0</b>

*Source: primary source*

Results from table 4.3 show that the out of 44 respondents studied, 21 participants (47.7%) in the age group of 25 - 35 years, 14 respondents (31.8%) were below 25 years, (13.6%) were in the age group of 36- 45 years and the minority (6.8%) above 45 years. This signified that the people between ages 25-35 actively responded and seem to be more affected by poverty based on results. This showed that most respondents are distributed in different age groups and they all raised different views that were relevant to the study under investigation. This implied that the largest portions of the respondents were still youths who were more affected by the poverty rates. This also assisted the researcher to acquire relevant data to be used in the final report.

**Table 4.4: Showing the Marital status of the Respondents**

<b>Status</b>	<b>Frequency (F)</b>	<b>Percentage (%)</b>
Single	15	34.1
Married	21	47.7
Divorced	5	11.4
Windowed	3	6.8
<b>Total</b>	<b>44</b>	<b>100.0</b>

*Source: primary source*

Findings in table 4.4 indicate that out of the 44 respondents, 21 participants (47.7%) of the respondents were married, 15(34.1%) of the respondents were single while three (6.8%) and 5 (11.4%) were windowed and divorced respectively. These results therefore imply that majority of the people living in poverty-faced areas are married and therefore have responsibilities towards family and provision of basic needs followed by single and divorced. This could be because the married couples have more responsibilities and mouths to feed imply that they are more struggling with the poverty rates. The results were found beneficial to discovering a wider perspective of the factors, which contribute to poverty in rural areas in Uganda

**Table 4.5: Showing Monthly Income of the Respondents**

<b>Income (Ugandan shillings)</b>	<b>Frequency (F)</b>	<b>Percentage (%)</b>
Below 100000	12	27
100000-3000000	15	34
300001-500000	10	23
above 500000	7	16
<b>Total</b>	<b>44</b>	<b>100.0</b>

*Source Primary Source*

Results from the table 4.5 indicate that out of the 44 respondents 15 (34%) were earning between 100,000- 300,000 Ugandan shillings, 12(27%) of the respondents were earning below 100,000 Ugandan shillings, while 10(23%) and 7(16%) earned between 300,001-500,000 and above 500,000 Ugandan shillings. according to the findings majority of the respondents was earning insufficient money hence could not afford most of the responsibilities including raising rental fees, school fee and food. The results were found relevant to the study in the view of providing appropriate and adequate information reading the factors contributing to poverty levels in Uganda. There were few respondents earning above 500,000 that showed a low-income rate of the households signifying the high poverty rates. Mazoyer, (2011) also noted that households normally spend their income from the sale of crops or from their non-agricultural activities, to buy their food requirements and other consumption goods. Because of this, rural poor people in many parts of the world often indicate that one reason they cannot improve their living standards

#### **4.3 The effect of limited access to the market on determining poverty levels in Uganda**

The first objective of the study was to establish the effect of limited access to the market on determining poverty levels in Uganda. The findings were presented, analyzed and interpreted using a number of indicators as shown below. The table comprises of questions posed to respondents about data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), neutral (NS), disagree (D) and strongly disagree (SD). F stands for frequency.

**Table 4. 6: Showing the effect of limited access to the market on determining poverty levels**

<b>Effect of limited access to the market</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>

	F	%	F	%	F	%	F	%	F	%
Limited access to market limits the exposure to the client population resulting into reduced customer base	19	54.3%	12	34.3%	2	5.7%	1	2.9%	1	2.9%
Limited access to market prevents access to labor resulting into poor production	14	40.0%	18	51.4%	0	0.0%	1	2.9%	2	5.7%
Limited access to market has led to few job opportunities outside of agriculture	23	65.7%	10	28.6%	2	5.7%	0	0.0%	0	0.0%
Rural workers continue to work for extremely low wages due to limited access to market	17	48.6%	13	37.1%	1	2.9%	2	5.7%	2	5.7%
Limited access to market has led seasonal fluctuations and thus little income security	26	74.3%	9	25.7%	0	0.0%	0	0.0%	0	0.0%
Limited access to market is also associated with lack of access to capital markets and financial institutions, which limits development among rural people.	14	40.0%	18	51.4%	0	0.0%	2	5.7%	1	2.9%

**Source:** *Primary source*



Findings from table 4.6 above indicate majority 19 (54.3%) strongly agreed, 12 (32.5%) agreed, that limited access to market limits the exposure to the client population resulting into reduced customer base. 2(5.7%) of the respondents were neutral, one (2.9%) disagreed and one (2.9%) strongly disagreed to the same. This implied that rural areas are faced with limited access to markets and services that become constraints that cause poverty. It is in agreement with Oluwatayo, (2008) who cited that poor rural people tend to live in remote areas with few roads and means of transport, which limits their economic opportunities. One notable respondent attested that:

*“Because people are unable to access market, business do not yield enough profits and customers sometimes are fewer than the sellers”*

Values on the table indicate that majority (40.0%) and (51.0%) strongly agreed and agreed that limited access to market prevents access to labor resulting into poor production, (0.0%) were neutral, 1(2.9%) disagreed and (5.7%) strongly disagreed. This implied that an increase in the interest rate may lead borrowers to choose investments with higher returns when successful but with lower probabilities of success hence, arise in deposit rates could induce banks to adopt more risky investment strategies. This is also in line with Stiglitz and Weiss, (2009) who constituted that a rise in bank lending rates can have similar incentive effects on the bank's borrowers' macroeconomic instability can also worsen adverse incentives, if it were to affect the variance of the profits of the bank's borrowers, especially when there is co-variance between borrowers' profits.

Results from the table indicate that, 23 (65.7%) strongly agreed, 10 (28.6%) agreed, 2 (5.7.0%) were neutral, 0 (0.0%) disagreed and 0(0.0%) strongly disagreed that limited access to market

has led to few job opportunities outside of agriculture. This implied that, majority households in rural areas are faced with chronic poverty because they have limited opportunities, regarding jobs. They tend to only specialize in agriculture that also has limited market. One of the interviewed respondents attested that:

*“We are only having agriculture to do, because we don’t have job opportunities besides participating in agriculture production”*

On whether Rural workers continue to work for extremely low wages due to limited access to market, majority of the respondents 17 (48.6%) strongly agreed, 13 (37.1%) agreed, 1 (2.9%) were neutral, 2 (5.7%) disagreed and 1 (5.7%) strongly disagreed. This implied that the few people that are employed in production in rural areas are faced with low wages because of limited market for the products. This is in conformity with by Oluwatayo, (2008), who cited that, with proper access to markets, the rural poor people could enhance their incomes only if poverty project designs and activities are built upon their production systems and livelihood strategies, and resources allocated accordingly

Results from the table show that, the majority, 26 (74.3%) strongly agreed, nine (25.7%) agreed, that limited access to market has led seasonal fluctuations and thus little income security whereas 0 (0.0%) were neutral, 0 (0.0%) disagreed and 0 (0.0%) strongly disagreed. These implied that poor rural people tend to live in remote areas with few roads and means of transport, which limits their economic opportunities

Results also indicate that majority of the respondents (51.4%) strongly agreed that limited access to market is also associated with lack of access to capital markets and financial institutions which limits development among rural people. These were followed by (40.0%) who agreed, (0.0%) were not sure while (5.7%) and (2.9%) disagreed and strongly disagreed respectively. This implied that the rural poor are also often constrained by their lack of understanding of the markets, limited business and negotiating skills, and their lack of an organization that could give them the bargaining power they require to interact on equal terms with other, larger and stronger market intermediaries

#### **4.4 The contribution of poor quality products to the poverty levels in rural areas in Uganda**

The second objective of the study was to establish the contribution of poor quality products to the poverty levels in rural areas in Uganda. The table below comprises of questions posed to respondents about data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), neutral (NS), disagree (D) and strongly disagree (SD). F stands for frequency. The findings were presented, analyzed and interpreted using a number of indicators as shown below

**Table 4.7: Showing the the contribution of poor quality products to the poverty levels in rural areas in Uganda**

<b>Contribution of poor quality products</b>	<b>SA</b>		<b>A</b>		<b>N</b>		<b>D</b>		<b>SD</b>	
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)
Poor quality products results into										

lack of demand leading to limited market thus low earnings	13	37.1%	20	57.1%	1	2.9%	0	0.0%	1	2.9%
Poor quality products lead to high competitiveness resulting in price cutting thus less profitability	15	42.9%	16	45.7%	1	2.9%	2	5.7%	1	2.9%
Poor quality products increases vulnerability which is associated with many losses in business	23	65.7%	12	34.3%	0	0.0%	0	0.0%	0	0.0%
Poor quality products is associated with poor health that limits people's productivity	16	45.7%	13	37.1%	3	8.6%	2	5.7%	1	2.9%
Poor quality products are non-tradable and this results into stock damages leading to losses.	17	48.6%	17	48.6%	1	2.9%	0	0.0%	0	0.0%
Poor quality products only favor substance farming not commercial farming	25	71.4%	8	22.9%	0	0.0%	1	2.9%	1	2.9%

**Source: Primary source**

Results from table above indicate that 57.1%strongly that poor quality products results into lack of demand leading to limited market thus low earnings. Agreed, 37.1% agreed, 2.9% were

neutral, 0.0% disagreed, 2.9% strongly disagreed that poor quality products results into lack of demand leading to limited market thus low earnings. This is in other words signified that most of these needs can be met by rural electrification and can also have an impact as seen from an improved health and education, better farm productivity, improved communication and economic development.

Finding in the table show that, 65.7 % of the respondents strongly agreed, whereas 34.3% agreed that poor quality products lead to high competitiveness resulting in price cutting thus less profitability; there were no respondents who disagreed. This was in line with Vision January (2014) which revealed that exporters of fresh produce are losing out on the international market due to poor quality fruits and vegetables and limited knowledge on soils and plants. One of the interviewed respondents mentioned that;

*“Most of the products sold in rural areas are produced in industries that use electricity, these therefore out compete products produced manually in rural areas in terms of value and price eventually leading to increased levels of poverty in Uganda “*

It was worth noting that poor quality products increases vulnerability which is associated with many losses in business. This justifies the reason to why majority of the respondents (45.7%) strongly agreed, (37.1%) whereas a few of the respondents, (8.6) being neutral (5.7%) disagreeing and (2.9) strongly disagreeing in the table above. The implication of this is that, many business that sell poor quality products face a number liabilities in terms of customer turn up, and hence increase the rate of poverty due to reduced income and business profitability.

Results in the table indicate that majority of the respondents (48.6%) strongly agreed, (48.6%) agreed, that poor quality products is associated with poor health that limits people's productivity. whereas, only (2.9%) were not sure whether Poor quality products is associated with poor health that limits people's productivity. This was found relevant because most of the poverty affected rural areas are characterized by sickness of people caused by production of poor quality products. This is in conformity with Meenkshiet *al.* (2002), who indicated that, In a customer driven market, meeting customer expectations and needs is vital to maintaining and improving market share and hence improving the general productivity.

From the table, majority of the respondents (68.6%) strongly agreed that poor quality products are non-tradable and this results into stock damages leading to losses. Further still, the findings show that most of the respondents (28.6%) also agreed to the same, whereas only (2.9) disagreed to the statement that poor quality products are non-tradable and this results into stock damages leading to losses. This implied that many entrepreneurs who fail to focus on quality find themselves closing shop, which affects their standards of living, and contributing factor to the high poverty levels

Finally from the table, results indicate that majority of the respondents (71.4%) strongly agreed that poor quality products only favor substance farming not commercial farming, (22.9%) agreed to the same while 2.9% and 2.9% each disagreed and disagreed respectively to the statement that poor quality products only favor substance farming not commercial farming. This implied that increase in poverty levels has been linked to poor quality products since they can destroy the reputation of the agricultural products, but in most cases has an even more serious impact on business owners and their standards of living because of low business progress.

#### 4.5 The impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda.

The third objective of the study was to establish the impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda. The table below comprises of questions posed to respondents about data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), neutral (NS), disagree (D) and strongly disagree (SD). F stands for frequency. The findings were presented, analyzed and interpreted using a number of indicators as shown below

**Table 4.8: The impact of limited access to affordable power/electricity supply in determining poverty levels**

The impact of limited access to affordable power/electricity supply	SA		A		N		D		SD	
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)
Limited access to modern forms of energy has limited to the transformation of agriculture-based economy	22	62.9%	8	22.9%	2	5.7%	2	5.7%	1	2.9%
Limited access to power supply has reduced employment opportunities which in turn has directly increased poverty levels	17	48.6%	18	51.4%	0	0.0%	0	0.0%	0	0.0%

Limited access to power supply is an obstacle to delivery of services such as education, health, and other social services.	14	40.0%	16	45.7%	3	8.6%	1	2.9%	1	2.9%
Limited access to power supply has hindered the construction of agro based industries in rural areas thus limiting income earning opportunities to farmers.	13	37.1%	21	60.0%	0	0.0%	1	2.9%	0	0.0%
Limited access to power supply has limited business expansion and the starting of business ventures that would need power for operation.	25	71.4%	8	22.9%	0	0.0%	1	2.9%	1	2.9%
Scarcity of cleaner of power has kept girls' and young women's time in only local survival activities (gathering firewood, fetching water, etc.)	15	42.9%	16	45.7%	1	2.9%	2	5.7%	1	2.9%
Poor-quality lighting has	14	40.0%	18	51.4%	0	0.0%	1	2.9%	2	5.7%



limited home study and organization of evening classes for girls and women who are often housebound due to traditional family responsibilities thus limiting their opportunities for better jobs.										
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***Primary source***

Results from table above indicate that 22 (62.9%) strongly agreed, 8 (22.9%) agreed, 2 (5.7%) were neutral, 2 (2.7%) disagreed, 1 (2.9%) strongly disagreed that limited access to modern forms of energy has limited to the transformation of agriculture-based economy. This implied that, the rural areas do not have access to new form of energy for example natural gas energy. This has played a major disadvantage to the application of agricultural mechanisms that enhance productivity. This is in line Mufumbo and Martha, (2009) who argued that sustainable development of the country includes that the importance and relevance of power development for the remote areas are clean and green power is the most essential element.

From the table, 17 (48.6%) of the respondents strongly agreed, 18 (51.4%) agreed that Limited access to power supply has reduced employment opportunities which in turn has directly increased poverty levels, whereas no respondents were neutral, disagreed and strongly disagreed respectively. This implied that because of limited or no supply of electricity, there have been less

job creations in the county that has eventually reduced the employment opportunities making it inevitable for poverty to rise in Uganda. One of the interviewed respondents attested that:

*“Power supply inadequacy is uncontrollable and has clearly affected the level of employment which has led to poverty in the country”*

Results indicate that the majority of the respondents (45.7%) agreed, (40.0%) strongly agreed, 3 (8.6%) were neutral, (2.9) disagreed, (2.9) strongly disagreed Limited access to power supply is an obstacle to delivery of services such as education, health, and other social services. This is in agreement with Drury (2009) who opined that; weak power supply system could be seen as a pressure device that hinders the delivery of services such as education, health and other social requirements. A notable respondent attested that:

*“Electricity is limited and expensive to buy, therefore, some service centers for example schools prefer to stay without power. This retards service delivery in the community and poverty in general”*

The study revealed that 37.1% strongly agreed, 60.0% agreed that limited access to power supply has hindered the construction of agro based industries in rural areas thus limiting income earning opportunities to farmers.0.0% were neutral, 2.9% disagreed and 0.0% strongly disagreed to the statement that limited access to power supply has hindered the construction of agro based industries in rural areas thus limiting income earning opportunities to farmers. This was found relevant because agro based industries require efficient and adequate supply of electricity and investment would require a secure power supply. Agro based industries are essential in creating

employment opportunities, ensuring food security among others which improve the standards of living of households in rural areas.

Results also indicated that 71.4% of the respondents and 22.9% strongly agreed and agreed respectively that limited access to power supply has limited business expansion and the starting of business ventures that would need power for operation. 0.0% was neutral, 2.9% disagreed, and 2.9% strongly disagreed. This implied that with the limitation in power supply business expansion is reduced in rural areas eventually increasing the levels of poverty. One of the interviewed respondents stated that:

*“Our businesses have failed to expand because power is always on and off. When there is no power we hardly get any customers yet rent and business license do not adjust”*

The results also revealed that 45.7% agreed while 42.9% strongly agreed that Scarcity of cleaner power has kept girls' and young women's time in only local survival activities (gathering firewood, fetching water, etc.). 2.9% were neutral while 5.7% and 2.9% of the respondents disagreed and strongly disagreed respectively indicating that they were not satisfied by the statement that Scarcity of cleaner power has kept girls' and young women's time in only local survival activities (gathering firewood, fetching water, etc.). This was in line with Adriaan and Zomers, (2003) who constituted that most of these needs can be met by rural electrification and can have an impact as seen from an improved health and education, better farm productivity, improved communication and economic development.

Further results from the table indicate that, 51.4% agreed that, Poor-quality lighting has limited home study and organization of evening classes for girls and women who are often housebound

due to traditional family responsibilities thus limiting their opportunities for better jobs. In addition, more to that 40.0% of respondents agreed to the same. Only 2.9% and 5.7% respondents disagreed and strongly disagreed respectively. This implied that girls and women in schools and public work places are usually prohibited from moving and studying in the night, which deterred their opportunities. This is in line with World Bank (2004) which revealed that electricity in a rural household was found to reduce the amount of drudgery and increased the time available to family and leisure activities.

#### **4.6 Conclusion**

In summary, this chapter presented the study results in relation to topic researched. The next chapter (five) presents the summary of the findings. Chapter 5 also advances conclusions, recommendations, and areas for further study.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter generates the summary of the findings and conclusions drawn from the study based on the findings presented in data analysis and the study objectives. The chapter also advances the recommendations, as well as identifying the areas for further studies.

#### **5.1 Summary of the findings**

##### **5.1.1 The effect of limited access to the market on determining poverty levels in Uganda**

The findings revealed that limited access to market determines poverty levels in Uganda. It was indicated by the majority that limited access to market limits the exposure to the client population resulting into reduced customer base, which implied that rural areas are faced with limited access to markets and services that become constraints that cause poverty. The study findings indicated that limited access to market prevents access to labor resulting into poor production.

The study findings revealed that majority of the respondents indicated that, limited access to market has led to few job opportunities outside of agriculture which implied that majority households in rural areas are faced with chronic poverty because they have limited opportunities, regarding jobs access to market which meant that few people that are employed in production in rural areas are faced with low wages as a result of limited market for the products. This confirmed the findings of Oluwatayo, (2008) which indicated poor rural people tend to live in

remote areas with few roads and means of transport, which limits their economic opportunities and that access to financial services, is severely restricted, especially an for smallholder farmer which increases poverty levels.

It was revealed that limited access to market has led seasonal fluctuations and thus little income security poor rural people tend to live in remote areas with few roads and means of transport, which limits their economic opportunities. This meant access to market is also associated with lack of access to capital markets and financial institutions which limits development among rural people implying that the rural poor are also often constrained by their lack of understanding of the markets, limited business and negotiating skills, and their lack of an organization that could give them the bargaining power they require to interact on equal terms with other, larger and stronger market intermediaries.

### **5.1.2 The contribution of poor quality products to the poverty levels in rural areas in Uganda**

The study revealed that majority of the respondents agreed and strongly agreed that poor quality products contribute to the poverty levels in rural areas in Uganda. It was revealed by the findings that poor quality products results into lack of demand leading to limited market thus low earnings which signified that most of these needs can be met by rural electrification and can also have an impact as seen from an improved health and education, better farm productivity, improved communication and economic development.

Findings of the study revealed that poor quality products lead to high competitiveness resulting in price cutting thus less profitability. Exporters of fresh produce are missing the international market due to poor quality fruits and vegetables and limited knowledge on soils and plants. It

was revealed poor quality products increases vulnerability which is associated with many losses in business implying that many business that sell poor quality products face a number liabilities in terms of customer turn up, and hence increase the rate of poverty due to reduced income and business profitability. This was also in conformity with Appleton, (2010), who found out that, poor quality and low tonnage of products such as organic produce from Uganda is denting what is potentially a very big market for Ugandans in Europe which in away decreases the gain of the rural producers and farmers and organic crops for example are produced in an un-environmentally friendly manner, without the application of chemicals to enhance their growth.

Findings of the study showed that, a poor quality product is associated with poor health that limits people's productivity, production of poor quality products. It was indicated poor quality products are non-tradable and this results into stock damages leading to losses. Many entrepreneurs who fail to focus on quality find themselves closing shop that affects their standards of living and contributing factor to the high poverty levels. It was agreed by major of respondents that poor quality products only favor substance farming not commercial farming.

### **5.1.3 The impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda.**

The study revealed that, majority of the respondents agreed that limited access to affordable power/electricity supply in determining poverty levels in Uganda. It was indicated limited access to modern forms of energy has limited to the transformation of agriculture-based economy. It was limited access to power supply has reduced employment opportunities which in turn has directly increased poverty levels, whereas no respondents were neutral, disagreed and strongly disagreed respectively.

The findings of the study indicated that limited access to power supply is an obstacle to delivery of services such as education, health, and other social services. It was exposed by majority of the respondents who agreed that limited access to power supply has hindered the construction of agro-based industries in rural areas thus limiting income-earning opportunities to farmers. Agro based industries are essential in creating employment opportunities, ensuring food security among others which improve the standards of living of households in rural areas.

Findings of the study that limited access to power supply has limited business expansion and the starting of business ventures that would need power for operation. It was indicated that poor-quality lighting has limited home study and organization of evening classes for girls and women who are often housebound due to traditional family responsibilities thus limiting their opportunities for better jobs which meant that electricity in a rural household was found to reduce the amount of drudgery and increased the time available to family and leisure activities. This was in agreement with Mufumbo and Martha, (2009) who indicated that access to power in villages is a main step for improving the socio-economic conditions of rural areas and for the overall countries development. Access to power substantially contributes to the development of rural and remote areas. In remote areas, the electricity is mainly used for powering of light bulbs, fans, television sets, computers and phones, when they are available.

## **5.2 Conclusions**

Based on the findings of the study

From the study, it was also concluded limited access to market limits the exposure to the client population resulting into reduced customer base, limited access to market prevents access to



labor resulting into poor production, and limited access to market has led to few job opportunities outside of agriculture. The study concluded that rural workers continue to work for extremely low wages due to limited access to market, limited access to market has led seasonal fluctuations and thus little income security, and limited access to market is associated with lack of access to capital markets and financial institutions, which limits development among rural people.

In conclusion it was discovered that poor quality products result into lack of demand for the products leading to limited market thus low earnings, it was also exposed that poor quality products lead to high competitiveness resulting in price cutting thus less profitability. The study concluded that poor quality products increase vulnerability that is associated with many losses in business, are associated with poor health that limits people's productivity and poor quality product are non-tradable and this result into stock damages leading to losses.

It was also concluded that, limited access to modern forms of energy has limited to the transformation of agriculture-based economy, has reduced employment opportunities, which in turn has directly increased poverty levels and is an obstacle to delivery of services such as education, health, and other social services. It was further concluded that limited access to power supply has hindered the construction of agro based industries in rural areas thus limiting income earning opportunities to farmers, has limited business expansion and the starting of business ventures that would need power for operation and lastly poor-quality lighting has limited home study and organization of evening classes for girls and women who are often housebound due to traditional family responsibilities thus limiting their opportunities for better jobs. This was depicted from Mufumbo and Martha, (2009) who argued that the importance and relevance of

power development for the remote areas are clean and green power is the most essential element and therefore lack or inadequate access to power increases poverty levels in rural areas. It can conclude therefore that type of eradication of poverty depends upon the particular choice of the appropriate technology for power generation either grid connectivity or renewable energy sources.

### **5.3 Recommendations**

The government should properly define poverty in the legislation and thus provide a vision of poverty that can elicit support and action from government, private sector and non-governmental agencies

It is also important to recognize that people living in poverty are the most critical ally of the government in reducing poverty. Working with them in changing their circumstances is another means of building our provincial economy, and acknowledging that they are an asset to the society

There is also need to outline key policy and operational changes the government will make to current programming (income assistance, housing, employment and training) which will immediately help people living with low incomes and in the long term, will assist in reducing poverty

Creating employment is also vital to reducing poverty, but continual insecure, low paying employment can trap people in poverty rather than end it. Training can help people to become more employable, fills labor market needs, and can build the economy of the state.

#### **5.4 Areas for further study**

Due to the limitation of time, the same study could be conducted a few years from now in order to establish if there are any changes in factors contributing to poverty levels in rural area within this environment.

The researcher suggested that more study be carried on the effectiveness of poverty eradication strategies and also the role of Microfinance on poverty reduction

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## Appendix 1: Questionnaire for Respondents

### Introduction

I am NANTUME EMILY a student of Uganda Martyrs University and currently collecting data for compilation for the final report and am here to conduct a research. The information is purely for academic purposes, all the answers will be handled with utmost confidentiality, and you do not need to indicate your identity anywhere on the questionnaire. I therefore humbly request that you complete this questionnaire correctly in the spaces provided or options given

### SECTION A: Demographic Characteristics

Tick / fill in the most appropriate answer.

1. Gender:

a) Female       b) Male

2. Age

a) Below 25 years       b) 25 – 35 years       c) 36 – 45 years   
d) 3Above 35 years

3. Marital status

a) Single       b) Married       c) Divorced       e) Widowed

4. Monthly Income Earning?

a) Below 100000      b) 100000-3000000      c) 300001-500000      d) above 500000

Please indicate the extent to which you agree or disagree with the following statements' by ticking the appropriate space provided. The following abbreviations are used.

Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
5	4	3	2	1

**SECTION B: The effect of limited access to the market on determining poverty levels in Uganda**

5. To what extent do you agree with the following statements as the effect of limited access to the market on determining poverty levels in Uganda?

<b>Effect of limited access to the market on determining poverty levels</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
a.	Limited access to market limits the exposure to the client population resulting into reduced customer base					
b.	Limited access to market prevents access to labor resulting into poor production.					
c.	Limited access to market has led to few job opportunities outside of agriculture.					
d.	Rural workers continue to work for extremely low wages due to limited access to market					
e.	Limited access to market has led seasonal fluctuations and thus little income security					
f.	Limited access to market is also associated with lack of access to capital markets and financial institutions, which limits development among rural people.					

State any other ways that limited access leads to poverty in rural areas.

.....

.....

.....



**SECTION C: The contribution of poor quality products to the poverty levels in rural areas in Uganda**

6. To what extent do you agree with the following statements as the contribution of poor quality products to the poverty levels in rural areas in Uganda?

<b>Poor quality products to the poverty levels</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
a.	Poor quality products results into lack of demand leading to limited market thus low earnings.					
b.	Poor quality products lead to high competitiveness resulting in price cutting thus less profitability.					
c.	Poor quality products increases vulnerability which is associated with many losses in business					
d.	Poor quality products is associated with poor health that limits people's productivity					
e.	Poor quality products are non-tradable and this results into stock damages leading to losses.					
f.	Poor quality products only favor substance farming not commercial farming					

Identify any other way through which poor quality products leads to high poverty levels

.....

.....

.....

**SECTION D: The impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda.**

7. To what extent do you agree with the following statements as the impact of limited access to affordable power/electricity supply in determining poverty levels in Uganda?

<b>Limited access to affordable power/electricity supply and poverty levels</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
a.	Limited access to modern forms of energy has limited to the transformation of agriculture-based economy					
b.	Limited access to power supply has reduced employment opportunities which in turn has directly increased poverty levels					
c.	Limited access to power supply is an obstacle to delivery of services such as education, health, and other social services.					
d.	Limited access to power supply has hindered the construction of agro based industries in rural areas thus limiting income earning opportunities to farmers.					
e.	Limited access to power supply has limited business expansion and the starting of business ventures that would need power for operation.					
f.	Scarcity of cleaner of power has kept girls' and young women's time in only local survival activities (gathering firewood, fetching water, etc.)					
g.	Poor-quality lighting has limited home study and organization of evening classes for girls and women who are often housebound due to traditional family responsibilities thus limiting their opportunities for better jobs.					

State any other effect of limited access to power on poverty levels

.....

*Thanks for your time and information*

## **Appendix II: Interview Guide**

I am- NANTUME EMILY a student of Uganda Martyrs University and currently collecting data for compilation for my dissertation as a partial requirement for the award of Bachelor's Degree. I am here to conduct an interview. The research I am conducting relates "factors that determines poverty levels in rural areas" using **Kasenyi Village** as a case study. You have been selected to share with us your experience and make this study successful. Information given will be treated with utmost confidentiality.

1. In your own opinion, has poverty increased in this village?
2. From your own thinking, how has limited access to market influence poverty level in Kasenyi area?
3. In your view, how has limited access to power influenced poverty levels in this community area?
4. To what extent has poor quality products increased poverty among the people staying in kasenyi area?
5. What are the factors that have led to increase in poverty among the people in Kasenyi area today?
6. What recommendations can you give with regards to the rate of poverty levels in the rural areas? ?

**THANKS FOR YOUR TIME**

### Appendix: III Sample Size Determination

Note: “N” is population size and “S” is sample size.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	275	159	750	256	2600	335	100000	384

Source: Krejcie, R. V., & Morgan, D.W. (1970).