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Urban Population Growth in Relation to
National Resources in Uganda

by

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The relative haste in which this has been prepared means that no radical approach to the economics of urban population growth, or any substantial body of new data, can be expected from it. The largest part of the information used is readily available in published form in Uganda. The paper has been divided into three sections: first a discussion of urban population growth in Uganda in relation to housing needs; second an assessment of economic resources in Uganda relative to the demands made on them; and third an assessment of existing trends in Uganda in this field. The first of these has already been presented in a more substantial form to a seminar earlier this year organised by the Department of Economics and the Milton Obote Foundation.

A. Urban Population Growth.

Uganda's urbanised population, no matter how defined, is among the lowest in the world relative to total population. Table 1 presents some figures from the African General Census of 1959 showing that, using a very wide definition of 'urban', just under 4 per cent of the African population in that year lived in urban areas. Of particular significance is the fact that approximately one-third of this urban population lived in the 'peri-urban' areas surrounding Kampala and Jinja.

Table 1

| African Urban Population 1959 | | |
|------------------------------------------|---------|-------------------------|
| | Number | % of Total African pop. |
| Towns with African pop. of 500 or more | 138,328 | 2.1 |
| Towns with African pop. of less than 500 | 7,650 | 0.1 |
| Kampala and Jinja peri-urban | 76,559 | 1.2 |
| Trading Centres | 24,867 | 0.4 |
| Total | 247,384 | 3.8 |

Source: Uganda Protectorate: African General Census 1959; Government Printer, Entebbe, 1961, Table IV.3

This level of urbanisation compares with 23 per cent in Ghana, 38 per cent in the U.A.R., 45 per cent in Brazil, 18 per cent in India, and 70 to 80 per cent in Western Europe and North America.

The figures in Table 2 show what the Government planners expect to be the aggregate urban population growth just prior to and over the period of the present fifteen year perspective development plan. The implied growth rate of urban population in this period is between 6 and 7 per cent per annum, compared to around 2.5 per cent for total population. Using some data from two surveys of Kisenyi we get a growth rate of 6 per cent per annum cumulative for 1954/64.¹ If the growth rate of population within existing urban areas is around 6 per cent per annum, and the "urban area" defined as the area covered by urban densities of population, is growing, then total "urban"

*Author's Note: This paper was prepared at some speed, and has not benefitted from any detailed discussion on some of the more controversial topics covered. It is therefore presented largely as a background paper, and should be treated as a first draft.

Table 2

| Urban Population of Uganda, All races (Thousands) | | | | | |
|---------------------------------------------------|-------------------|-------------|-------------|-------|---------------|
| Year | Kampala and Jinja | Other Towns | Total Urban | Total | Urban percent |
| 1959 | 164 | 162 | 326 | 6500 | 5.0 |
| 1966 | 227 | 218 | 445 | 7500 | 5.9 |
| 1971 | 329 | 291 | 620 | 8800 | 7.0 |
| 1981 | 583 | 517 | 1100 | 11400 | 9.6 |

Source: Uganda Government; Development Plan 1966-71; Government Printer, Entebbe, 1966; Table 3

population must be growing at a somewhat faster rate than 6 per cent.

In order to arrive at a rough estimate of the number of households in urban areas we need to divide the data in Table 2, by the mean household size. Recent survey work suggests that for renters in towns the average urban household size in Uganda may be around 4 people. So this figure will be used as the divisor, and the results appear in Table 3. This gives an increase of 26,000 households in Kampala

Table 3

| Number of Urban Households in Uganda (Thousands) | | | | |
|--------------------------------------------------|---------------|----------|-------------|----------|
| Year | Kampala/Jinja | | Total Urban | |
| | Level | Increase | Level | Increase |
| 1959 | 41.0 | | 81.5 | |
| 1966 | 56.3 | 15.3 | 111.3 | 29.8 |
| 1971 | 82.3 | 26.0 | 155.0 | 43.7 |
| 1981 | 145.8 | 63.5 | 275.0 | 120.0 |

For derivation see text

and Jinja over the period of the current 5 year planning period, or put more crudely an average of about 5,200 per annum. For the whole of Uganda the increase 1966-71 is just under 44,000, or about 8,800 more urban households per annum. In demographic terms such estimates are rather unsatisfactory, but do give some approximation of the increase in households in the absence of better data.

Since housing needs are defined in terms of the numbers of households and required housing standards, this calculation now fulfils partially the numerical aspect of a housing need estimate. Since the total urban housing need is made up of four parts

- a) net new households - migration into urban areas from rural areas, plus natural growth
- b) replacement of old and dangerous dwellings - obsolete dwellings.
- c) replacement of dwellings specified as sub-standard-obsoltescent dwellings,

- d) reduction of existing overcrowding - backlog need.

We still need some indication of the magnitude of items b) c) and d). These are extremely difficult to estimate in Uganda, but are clearly relevant to slum-clearance programmes. The higher the "required" standards of accommodation the larger will item c) be, and this will be considered in section C of this paper. Certainly the total urban housing need in Uganda cannot be less than 10,000 dwelling units per annum.

The economist has an especial interest in the structure of demand for housing, rather than in the definition of needs. Housing demand has been distinguished as follows:

"Unlike housing need, the most important elements of an estimate of housing demand are the prices at which housing is or may become available, the ability of families to pay and the proportion of income they are willing to devote to shelter." (emphasis in original)

More generally we can say that housing demand may be defined in terms of the ability and willingness to pay, the preference for different tenure types, the size distribution of households, and the geographical distribution of demand. Here we shall concern ourselves only with the first of these. The structure of demand by ability and willingness to pay depends largely on income level, and household expenditure patterns, and is generally distinguished more by a fairly diversified relationship rather than smooth, easily defined, curves. However to ease the argument we shall assume that on average the renter will be able to spend no more than about 15 per cent of his total income on the basic housing facilities and assume that demand is all for renting. The latter assumption is a close approximation to reality for urban areas in Uganda, but the introduction of an owner-occupier sector does not significantly affect the conclusions. Given the proportion of income that can be devoted to housing expenditure we need only an income distribution to complete this basic housing demand estimate, and the closest that we can get to this appears as Table 4. This shows the distribution of enumerated employees by wage group in 1966 (after the introduction of the latest Minimum Wage).

If we then use the figure of 15 per cent of income as the amount to be spent on rent we can arrive at a realistic rent figure, or an "appropriate level of spending on housing". These expenditure figures can then be converted into construction cost if we use a figure of 1 per cent of construction cost as the monthly rent, or 12 per cent as the annual rent. For the wage group immediately above the Minimum Wage the mean wage is shs. 162/50, the mean implied rent is shs. 24/50 per month, and the construction cost which is appropriate is shs. 2450. The group immediately above this has a mean wage of shs. 187/50, an implied rent of shs. 28/00, giving a construction cost of shs. 2800. The shs. 400-499 group would result in a construction cost of shs. 6750, and in Kampala 86 per cent of the enumerated employees earned a wage less than shs. 500 per month in 1966.

Four particular reservations have to be made before using this construction cost data in housing policy deliberations. The first is that many "single" men who work in Uganda towns share accommodation, so three men at around the minimum wage would contribute shs. 7350 construction

cost using the discussion above. This first point does not affect the calculation of levels of construction cost which are likely to be most in demand, but it does mean that the proportion of demand below about shs. 7000 construction cost would be under 86 per cent in Kampala. The second reservation concerns the fact that a fairly large proportion of the urban labour force still lives outside the area of densest urban habitation, and so does not really put a strain on urban housing and other resources. The third is that this analysis is essentially static in nature, and due allowance has to be made for a changing level and distribution of income, and changing urban household structure. This point makes any projections of housing demand very difficult, but although no discussion is intended in this paper, it is claimed that this does not affect the argument to any great degree. The last reservation is that the income distribution used does

Table 4 Enumerated Employees by Wage Group, 1966 (percent)

| Wage Groups (shs. per month) | Kampala | Entebbe | Jinja (excluding Njeru) | Total |
|---------------------------------|---------|---------|-------------------------------|---------|
| up to 60 | - | 0.2 | - | 2.6 |
| 60-79 | 0.6 | - | 2.4 | 10.6 |
| 80-99 | 0.6 | 0.2 | 0.6 | 6.9 |
| 100-124 | 0.6 | 0.2 | 0.6 | 8.3 |
| 125-149 | 2.6 | 1.0 | 4.6 | 20.6 |
| 150-174 | 33.4 | 40.0 | 45.6 | 14.8 |
| 175-199 | 10.6 | 7.2 | 9.2 | 6.4 |
| 200-299 | 18.8 | 19.6 | 17.2 | 10.9 |
| 300-299 | 13.2 | 10.8 | 9.2 | 8.7 |
| 400-499 | 5.4 | 4.6 | 3.6 | 4.0 |
| 500-999 | 8.8 | 9.6 | 4.8 | 4.4 |
| 1000-1499 | 2.4 | 3.5 | 1.4 | 1.4 |
| 1500-1999 | 1.0 | 0.8 | 0.4 | 0.4 |
| 2000-2499 | 0.4 | 0.8 | - | - |
| 2500-2999 | - | - | - | - |
| 3000 and over | 0.4 | 1.6 | - | - |
| Total number of employees | 31,496 | 3,931 | 10,961 | 218,051 |

Source: Uganda Government; Enumeration of Employees, June 1966; Statistics Department, Ministry of Planning and Economic Development, Entebbe, 1967. Appendices IX and X - weighted average of public and private sectors.

not include the large number of urban workers who are not enumerated in the surveys run by the Statistics Divisions of the Ministry of Planning and Economic Development. It can be guessed that if anything this might make the mean and median income somewhat lower than it would be in Table 4.

B. Uganda's economic resources

Uganda has an "underdeveloped", or perhaps more accurately, a low-income, economy. Using the 1966 estimates the monetary Gross Domestic Product was £172.8 million (the £ is a convenient shorthand for Uganda shs. 20), and non-monetary GDP of £242.6 at current prices. This gives a per capita income of about shs. 600 per annum, of which about one-third is in the non-

monetary sector. National income estimates have to be used with great caution in most African countries and this is especially true of capital formation estimates. In 1966 Gross Capital Formation (additions to the stock of capital plus depreciation) in the monetary sector was £30.7 million, or 17.8 per cent of monetary GDP. This proportion has been between about 16 and 20 per cent since at least 1960.

In general the aim of the current 5 year Development Plan is to accelerate the rate of growth of per capita income, and in particular it is to double the per capita income between 1966 and 1981. It is only out of increased income that it will be possible to cater for the concomitants of economic development such as better education, health and living conditions, especially in their quantity rather than quality aspects. The productivity of any particular investment project can be summarised in the relationship between the cost of the investment and the flow of goods and services that arise because of that investment. In economic terminology this is called the incremental capital-output ratio (ICOR). It should be clear that an investment project with a high ICOR is contributing little in terms of extra output for a given amount of investment, if compared to a project with a lower ICOR. It follows that in order to maximise the growth rate of output and income that the aggregate ICOR for the economy as a whole (the average of sectoral ICORs weighted by output) should be minimised. Van Arkadie distinguishes three methods of lowering the aggregate ICOR:

- a) the possibility of labour-capital substitution within the industry or project;
- b) the possibility of technical improvement increasing the productivity of all factors;
- c) the possibility of shifting the distribution of investment between industries or projects.

He states that "perhaps the most serious potential method of influencing the capital output ratio is through the choice of projects, rather than through variations in the technique adopted within a project. The most important element of potential flexibility in the plan will involve residential construction spending and the provision of ancillary urban facilities. Provision of urban living facilities is a highly capital intensive activity."

In Table 5 some Indian estimates of sectoral capital-output ratios are shown. It can be seen that housing has the highest capital output ratio of the sectors distinguished.

Table 5 Capital-output ratios for certain sectors in India

| | |
|------------------------------|---------|
| Letting of houses | 11.0 :1 |
| Transport and Communications | 8.2 :1 |
| Industry | 3.1 :1 |
| Mining | 1.6 :1 |
| Agriculture | 1.1 :1 |
| Trade | 1.3 :1 |
| Handicrafts | 0.8 :1 |

Source: J. Tinbergen; Development Planning; Weidenfeld and Nicolson, London, 1967, p. 105.

Tinbergen has additional data for the United States, which shows the same relationship between the sectors, but the housing ratio is there 7.1 : 1. The difference may be purely due to methods of measurement. Kuznets has some figures which give even higher capital-output ratios for housing - the lowest being Australia's at 13.7 : 1.⁹ There is little doubt that housing in particular and urban services in general have high capital-output ratios, and as such economic planners have an inbuilt bias against committing a large proportion of available investment to them. It is indeed common to exclude dwellings from capital formation estimates.

This argument does not say that investment in "urban living facilities" should be avoided altogether, since they are a quite clearly essential part of national development. However they are grouped together with such sectors as roads, communications, power installations etc as Social Overhead Capital, and contrasted with Directly Productive Investment.* The two groups are clearly complementary, and the higher the portion of DPl being carried out the lower the aggregate ICOR. It is in this sense that Van Arkadie outlines the choice facing economic planners.

In the area of housing investment the current Uganda Development Plan is not very clear, and this also applies to investment in urban services. The summary of "Central Government Development Expenditure" (not all capital formation) gives a total, excluding defence, of £106,312,000 over the period 1966-1971. Of this Commodity Production and Tourism receives £29 million; Basic Economic Infrastructure £26 million; Social Services £36 million; Administration and Miscellaneous £49 million; Kingdom and Local Governments £1.5 million; and Police, Prisons and Immigration £9.2 million.¹⁰ In this scheme housing has been allocated £620,000, but this does not include individual Ministries' housing projects associated with other activities. The target figure¹¹ of Gross Capital Formation for 1966-1971 is £230 million.¹¹ Elsewhere the Plan states that "considerable assistance will be given to people building houses, and there will be an ambitious programme to provide electricity and water to rural and low-income urban areas. Over £5 million will have been spent on rural and urban water supplies, and clean water will have been made available to several hundred thousand more people."¹² In the Plan the core of the discussion of housing investment appears in paragraphs 14.12 to 14.15, and concludes that "it is clear that very large sums will have to be spent (on urban housing) which will make a call on the physical and financial resources within the Plan targets, probably of the order of £25 million."¹³ In the section on water supplies the Plan states that/United Nations Development Programme team will work on a scheme for water and sewage development in Kampala/Mengo and Jinja, and an application for a loan to the International Development Association would follow, and in addition about £1.25 million would be spent by other local authorities on urban piped water.¹⁴ Of course, the current Kampala/Mengo water and sewage expansion schemes eventually were financed by contractor finance.

* For an excellent discussion of the balance and role of each of SOC and DPl in economic development see A.O. Hirschman; The Strategy of Economic Development; Yale University Press, New Haven, 1958.

In the light of this background it is possible to look in more detail at the capital investment programmes of Uganda's urban authorities, and here only Kampala and Jinja will be taken. In 1967 the Jinja Municipal Council prepared a capital development plan for the 1966-1971 planning period - it is not clear how this is integrated into the national planning process. Kampala City Council has no comparable document, but the 1968 Estimates contain some useful information. Both are summarised in Table 6, and it can be seen

Table 6
Summary of Capital Proposals of Kampala City Council and Jinja Municipal Council (£m)

| <u>Jinja</u> | | | |
|--------------------------|----------------------------------|-------------------------|-----------------|
| Activity | Total Capital Investment 1966/71 | Source of Funds | Amount |
| Roadworks etc | 1,344,110 | Jinja Municipal Council | 648,713 |
| Public Health | 644,065 | Central Government | 1487,554 |
| Water Supply | 321,850 | Central Government/ | |
| Housing | 662,100 | UN Special Fund | 786,560 |
| Education | 73,300 | Local Authorities | |
| Civic Amenities | 60,000 | Loans | |
| Street Lighting | 31,400 | Fund | 278,870 |
| Revenue Earning Projects | 39,200 | EAR and H | 38,775 |
| Total | 2,176,025 | Total | 3240,472 |
| <u>Kampala</u> | | | |
| Activity | Total Capital Investment 1968 | and "future years" | |
| Lands (initial services) | 98,000 | - | |
| Housing | 203,775 | 390,000 | |
| Public Health | 335,200 | 532,500 | |
| Works | 1,409,700 | 2,441,000 | |
| | 2,046,675 | 3,063,500 | |

Sources: Jinja Municipal Council; Development Plan 1966-1971; mimeo
Kampala City Council; Estimates 1968; mimeo.

Note: Water supplies in Kampala come under a separate authority.

that between these two urban authorities alone there is over £7 million proposed investment. In fact the 1967 Kampala City Council Capital expenditure estimates came to a total of £3,431,118 alone (see Table 7). If we take the Development Plan figure of £24 million private investment in urban housing, add the £7 million proposed investment, and add a further £4 million for the water supplies in Kampala/Mengo and towns other than Jinja we get a total investment in urban facilities of about £35 million, or around 15 per cent of the target Gross Capital Formation over the five years of the Plan. Given that the capital-output ratio in this sector is likely

Table 7

Structure of Kampala City Council's Capital
Investment Programme for 1967 (£m)

| Activity | Amount of Investment |
|---------------------------------------------------------------------|-------------------------|
| Lands (initial services) | 84,367 |
| Housing estates | 454,050 |
| Public Health Services | 299,201 |
| Roadworks | 699,200 |
| Street lighting | 5,000 |
| Traffic control (meters) | 41,500 |
| Car parks, bus stations (i.e. African trade development schemes) | 186,500 |
| City Hall | 350,000 |
| Sewage expansions (not the contractor financed scheme) | 1,000,000 |
| Surface water drainage | 4,000 |
| Refuse disposal extensions | 40,800 |
| Education | <u>266,500</u> |
| | <u>3,431,118</u> |

Source: J. Graham; Kampala City Council; unpublished
M.A. thesis University of East Africa.

to be around 10 : 1, this may look a little on the high
side.

C. Existing Trends in Uganda

If we look through the papers of the municipal authorities in Uganda perhaps the most notable impression is that despite the rather large, and technically well-prepared capital expenditure programmes, there is a considerable gap between planning and fulfillment. This judgement is not based on detailed investigation, but it would appear that the major problems are in the field of economic appraisal and integration into national planning, and in the availability of capital investment resources. For example, in Jinja, of the £415,230 estimated capital provision for 1964, the actual provision was £12,000, spent on initial services and miscellaneous properties. The estimated provision for 1968 not only excludes items scheduled for that year, but has pruned the 1967 backlog, so that the capital estimate is £244,650, which is below the plan provision. In Kampala in 1967 the £3 million capital estimate appeared to be matched by a capital fund of only £200,000, and in 1968 the £2 million capital estimate to be matched by available finance of £502,093. In fact the Kampala City Council rates had to be raised to 3.5 per cent of site value plus 0.875 per cent of improvement value in 1967 from the proposed 2.5 per cent and 0.625 per cent. This was in order to pay for the sorely needed sewage and water extension, which had to be financed by arrangements with private contractors in the absence of other funds. This suggests that rather than investment in urban facilities being a very considerable item in total capital formation the danger is rather of too little to accommodate the degree of industrialisation envisaged in the Plan, and this may well be allocated somewhat haphazardly between different projects as and when finance becomes available project by project.

A second interesting development in Uganda is that of the projected pilot project at Ntinda just outside the existing densely populated part of Kampala. The original estimates called for a total investment of about £4.8 million for 5,200 households, of which £140,000 was for land, £1 million for infrastructure, £3 million for the houses themselves, and the remainder for schools, shops and public buildings.¹⁵ This has subsequently been reduced to a project for 2,900 households costing about £3.5 million. Using the first scheme the average capital expenditure would be about £920 per household, or shs. 18,400, and using the second the expenditure would be £1200 or shs. 24,00. If these standards were to be used for all urban areas it would involve a capital investment of between £9 million and £12 million per annum to cover the 10,000 annual housing need (see above), or between £45 and £60 million over a five year planning period. This does not include urban infrastructure investment related to the creation of employment opportunities in towns.

A third question is the extent to which urban housing projects involve renewal of slums (obsolescent dwellings in the sense used above). The renewal of sub-standard dwellings involves the problem that the new dwellings do not add to the existing housing stock, and so do not contribute towards the provision of accommodation for a rapidly growing urban population. The proposal by the 1964 Scaff mission that a considerable proportion of Kisenyi be redeveloped was subsequently postponed by the Regional Planning Mission that followed on these very grounds. The renewal project would have replaced 486 residential structures occupied by 1569 households, with 1076 dwellings costing £1.3 million, with an additional £300,000 compensation.¹⁶ Any public body considering urban renewal projects would be well advised to read Marris' account of the central Lagos renewal scheme, where not only were required redevelopment costs too high for private investors, but a complete system of trading was broken up in the process.¹⁷ Elsewhere it has been suggested that slums should be carefully defined as follows as an aid to the analysis of redevelopment and housing improvement priorities:

- a) the type of construction material;
- b) the type of, or lack of, sanitation and waste disposal facilities;
- c) overcrowding inside dwellings
- d) crowded development of a particular area, with dwellings in close proximity to each other.¹⁸

A fourth area for consideration is that of the definition of "low-cost" or "low-income" housing. We have seen above that in 1966 about 85 per cent of enumerated employees in Kampala received a monthly wage of under shs. 500, 62.8 per cent between shs. 150 and 300. Kampala City Council, in cooperation with Uganda Clays Ltd, have adopted a scheme on the 2-storey blocks of flats, each block with 4 flats, at a total scheme value of £55,000.¹⁹ This gives 52 dwelling units at a capital cost of about £1050 each, or shs. 21,000. A further scheme is of "middle-income flats" at the junction of Acacia Avenue and Kira Road, of two blocks of 12 flats each, at a scheme value of £39,000. This gives 24 flats at a unit cost of about £1600 or shs. 32,000. The appropriate rent for the Nakawa scheme would be in the region of shs. 210 per month, and for the Kira Road scheme shs. 320 per month (see above). This suggests that the "low income" flats at Nakawa Housing Estate which involves 13 double-

Nakawa are reasonable for a household income of shs. 1600 per month if 15 per cent of salary is spent on rent, and the "middle income" flats for about shs. 2150 per month. It should be borne in mind that the rental figures do not include electricity, gas, water, furniture and other essential housing expenditures. At the minimum the Nakawa flats might be appropriate for a household income of shs. 840 per month, and the Kira Road for shs. 1280 if 25 per cent of income is devoted to housing. In the Ugandan context an objective observer is likely to regard anything over a household income of shs. 1000 per month as upper-middle, and anything over about shs. 500 per month as middle income groups. In Kampala 4.2 per cent of enumerated employees had an income of more than shs. 1000 per month, and 13.0 per cent over shs. 500 per month (see Table 4). It is more likely that "lower-income" groups would encompass monthly wage income of between shs. 150 and 300, in which case a monthly rental of shs. 50-75 is the maximum that could be considered reasonable. If the household income were to be shs. 300, at the top of the lower income groups, then a rental of shs. 75 per month would imply a construction cost of shs. 7500.

If a construction cost of about shs. 20,000 is the minimum considered reasonable by the Kampala City Council, then in order to encompass a rental charge of shs. 75 per month a subsidy of about shs. 125 per unit is necessary. This, on the new Nakawa Development, would involve an annual subsidy outlay of shs. 75,000 (£3750) on these 52 units alone. This means that at present development costs the introduction of a housing subsidy would involve extremely heavy recurrent expenditure commitments, and this at a time when there is a shortage of capital resources for the necessary capital investment in urban facilities. In Kampala and Jinja together there are about 3000 dwelling units on municipal housing estates which have been subsidised for a considerable number of years.²⁰ Recently the Ministry of Regional Administrations became concerned at the recurrent expenditure implications of the subsidies to these estates and issued instructions that they be discontinued.²¹ This would appear to rule out for the moment a large extension of publicly subsidised housing in the municipalities. The 1968 estimates for Kampala City Council include an item of £30,981 deficit on the Housing Estates account, although it is not clear whether, like Mbale Municipal Council, Kampala has redefined the services charged to the various accounts - if there has been no redefinition then the real deficit is much smaller than it appears because of double-counting of rateable income in the rents and services such as street cleaning and grass cutting. In addition in Kampala, staff housing estimates for 1968 indicate a deficit of £28,815, and in Jinja a deficit of £8720 (the housing estates in Jinja in 1968 should earn a current surplus of £1004). These latter two deficits represent a subsidy to Council employees, particularly in the higher income groups. In general the role of subsidies in filling the gap between the current construction costs and the incomes of the bulk of the urban population would appear to be very limited. This is so because of the very large numbers, with a rapid growth rate, who would appear to require subsidies in the light of current public development building costs, and secondly because of the desperate need to build up capital resources for investment in urban facilities to service the growing population and provide the infrastructure for an expansion of employment opportunities.

D. Conclusions.

We have seen that the urban population of Uganda is growing at the very rapid rate of 6-7 per cent per annum, and that the bulk of employees are in the lower income groups (below shs. 500 per month). The problem of providing acceptable urban facilities can be separated into that of keeping up with population growth, and that of improving the standards of accommodation of the already existing urban population. This has to be related to a considerable scarcity of capital investment resources, particularly for schemes with high capital-output ratios which economic planners attempt to minimise.

Five problems in the Uganda context were isolated, those of

- a) the problem of unfulfilled capital expenditure programmes leading to questions on investment priorities in the light of available finance;
- b) the question of the capital structure of future urban housing investment schemes, particularly in the light of the growth rates of population;
- c) the role of urban renewal schemes in housing improvement plans, and in the overall question of the provision of acceptable housing to as large a proportion of the urban population as possible;
- d) the definitions of "low-cost" or "low-income" housing in the light of existing and future foreseeable levels of income in urban areas;
- e) the role of subsidised housing in a rapidly growing urban population, where recurrent expenditure would normally be minimised to provide surplus funds available for investment.

To a large extent the analysis of this paper must appear somewhat negative, but this is not at all the intention in its preparation. In economic terms the costs of urban investment and recurrent expenditure are much more easily quantifiable than the benefits from urban investment or even from subsidies. It is, for example, conceivable that subsidies could create economic and social benefits greater than the recurrent expenditure commitments involved. Certainly in terms of improved housing and sanitary conditions the benefits to health, productivity and standards of living must be substantial if not easily quantifiable. To this writer's knowledge no study exists of the cost-benefit relationship of housing investment projects. In economic terms we must be clear, particularly when the urban population is growing so fast, that the benefits of the allocation of economic resources to urban areas, if necessary in the long-run rather than the short-run, exceed the costs by a substantial margin. If the reverse is true it is possible that the urban areas' relationship to the rest of the economy would be "parasitic" rather than "generative"²²

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Errata

- P.3 line 5 "but are clearly"
line 3 from bottom for "mean" read "men"
- P.4 line 14 "discussion"
- P.4 line 3 from bottom - line omitted,
"and non-monetary GDP £69.8 million,
giving a total GDP of £242.6 million at
current prices."
- P.6 para 2 line 8 for "portion" read "proportion"
- P.8 second para-line 10-for 1964 read 1967
- P.8 - correction-sentence starting 9 lines from
bottom read - "This was in order to pay for the
sorely needed sewage extension, which had to be
financed by arrangements with private
constructors in the absence of other funds".
- P.9 line 12 "£1200 or Shs. 24,000".
- P.10 para 2 line 18 "extension"
- P.11 d) "the definition"

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