UNDERSTANDING HOUSEHOLD INCOMES: UGANDA

A HOME FOR HUMAN POTENTIAL

Reall

Reall is an innovator and investor in affordable housing in Africa and Asia. Specifically targeting the urban bottom 40% of the income pyramid (UB40), we develop, refine and share innovative housing models that unlock the political will, capital investment and end-user finance needed to create conditions for low-income households to secure homes.

Effectively measuring household incomes is notoriously challenging. This fact sheet uses household expenditure as a proxy for income, a common approach that is generally seen as more accurate for countries with large informal sectors. However, this approach can result in an underestimate of actual incomes in the case of upper income households.

Using the Uganda National Panel Survey (UNPS) 2019/20, supplemented with data from the Demographic and Health Survey (DHS) 2016, this brief uses public sector data on household consumption to help inform decision making in key locations within urban Uganda (see Methodology for further information).

Rebecca Nabbale,
Bukalango Homeowner
Kampala, Uganda

URBAN NATIONAL AND PROVINCES

The labour market in Uganda experiences high engagement from both men aged 15-54 and women aged 15-49, particularly from lower income households, though men remain more likely to be in work across all wealth quintiles.[1] As a result, the mean household in urban Uganda has 1.9 income earners (further detailed below).

Published UNPS data labels each household in terms of region, sub-region and district. However, sample sizes are relatively small, meaning that a degree of caution is required when using this data.

Using consumption as a proxy for income means that data is particularly sensitive to household sizes, and unsurprisingly across all states, household sizes and number of earners per household increases the further up the consumption scale you go, ranging from an urban national average of 2.5 for the 1st-20th percentiles to 4.9 for the 81st-95th percentiles. Similarly, number of earners per household generally (though not always) increases the further up the consumption pyramid, ranging from 1.3 for the 1st-20th percentiles, to 2.3 for the 81st-95th percentiles. Generally, household sizes are larger in the Northern and Eastern regions, than in Central and Western regions.

As a result, at a national urban level UB40 households earn a maximum of UGX 536,373 (USD 145)[2] per month, rising to UGX 2,330,837 (USD 630) for the 95th percentile. At a regional level, wealth is particularly concentrated in the Central region, which is dominated by Kampala. The UB40 earn a maximum of UGX 669,305 (USD 181) in the Central region, compared with UGX 449,626-476,434 (USD 121-129) in all other regions.

### Maximum household monthly income by quintile, and sample sizes

Legend:
- 20th Percentile
- 40th Percentile
- 60th Percentile
- 80th Percentile
- 95th Percentile
- Sample Size
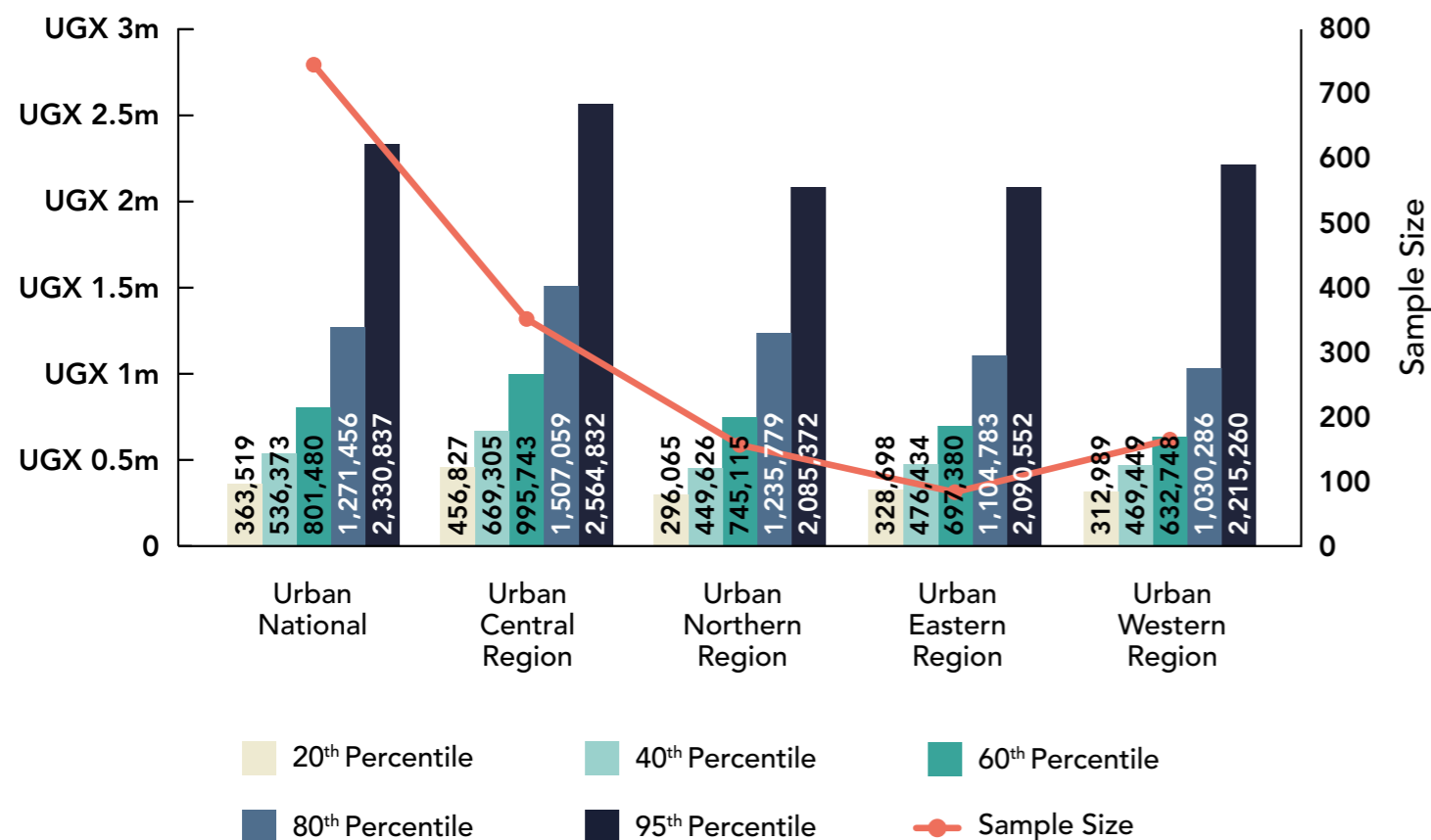
Proportion of national urban women and men currently working, by wealth quintile

Legend: Women, Men
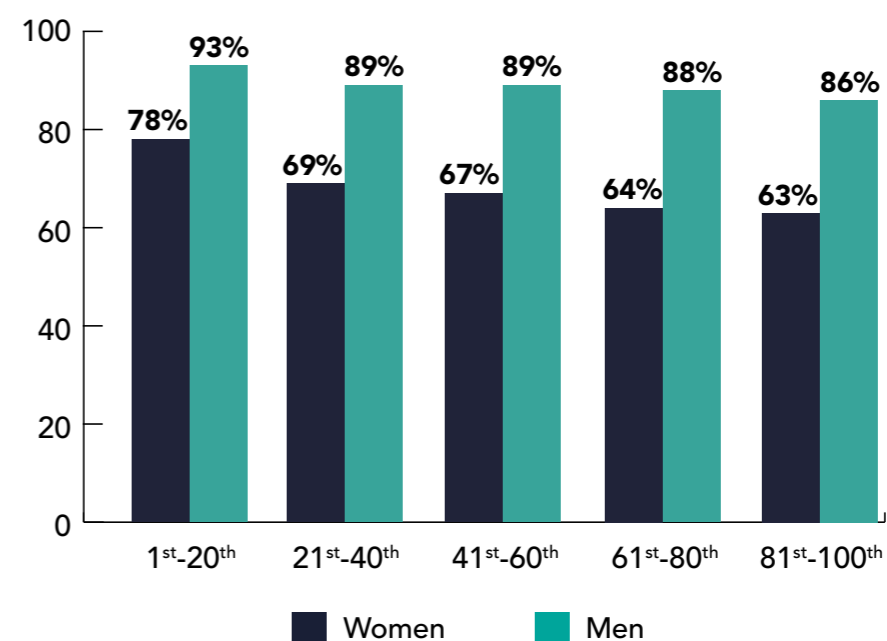
40th percentile household monthly income in USD

Region	Urban National	Urban Central Region	Urban Northern Region	Urban Eastern Region	Urban Western Region
40th Percentile (USD) ($1 = UGX 3,699.63 on 29/02/20)	USD 145	USD 181	USD 121	USD 129	USD 127

Mean household size and No. of income earners by income quintile

Legend:
- 20th Percentile
- 40th Percentile
- 60th Percentile
- 80th Percentile
- 95th Percentile
- Mean household size
- No. of income earners

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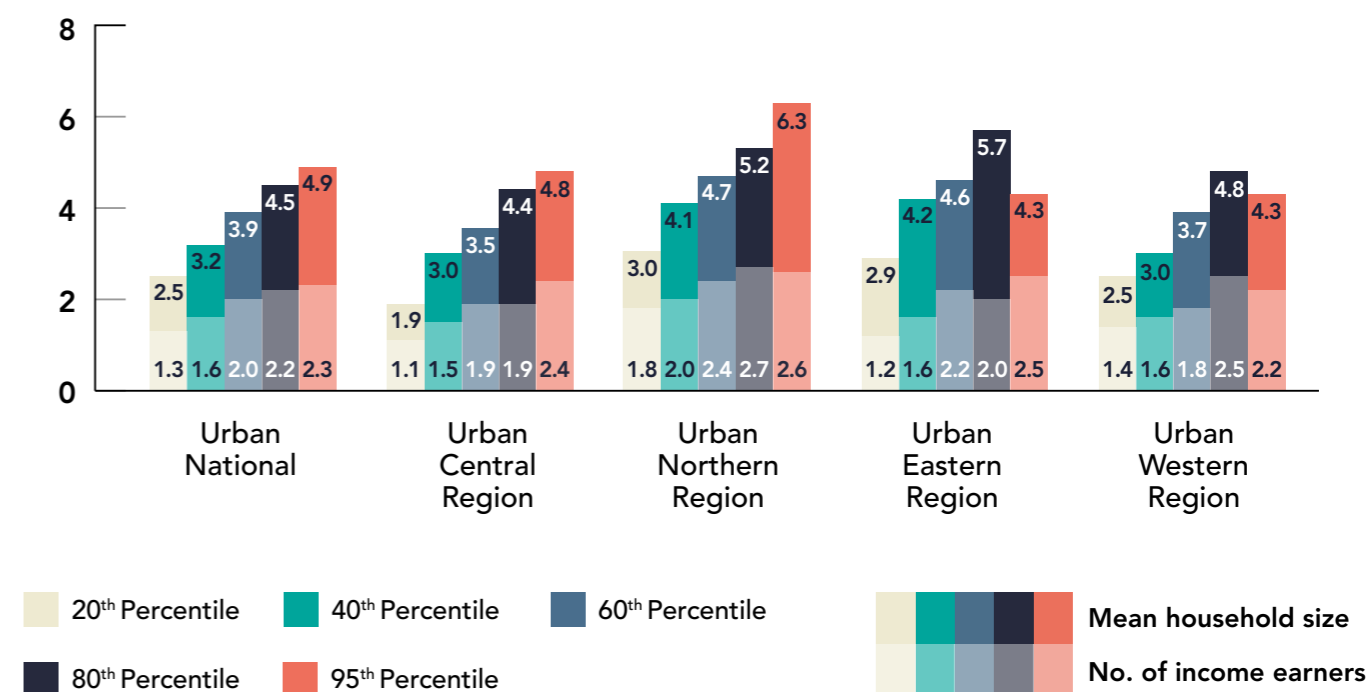
1 Data is split into 'quintiles' or fifths of total population, with the 1st-20th Percentiles referring to the bottom quintile or the poorest households. Within the DHS, households are grouped into 'wealth quintiles' based on assets rather than income. This is discussed further in the methodology section of this brief.
2 Exchange rate is USD 1 = UGX 3,699.63 and based on 29/02/2020, the final day of data collection.

CITIES

This brief uses districts to represent cities, with Kampala district covering the same boundaries as Kampala city. The absence of any large cities other than Kampala, along with the relatively small sample sizes used for this survey, mean that it is not possible to create robust enough data for any other cities. Additionally, the only other district with useful urban sample is Wakiso, which borders Kampala.[3]

Covering the wealthiest region of the country, incomes for these locations are relatively high. At the 40th percentile, Kampala residents earn a maximum of UGX 825,253 (USD 223) compared with UGX 723,171 (USD 195) in urban Wakiso District. However, this difference increases substantially for the 80th percentile, where earnings are 65% higher in Kampala, and then reduces again at the 95th percentile. A large part of this difference is likely due to the number of earners per household, which for the 61st-80th percentiles is 2.2 in Kampala and 1.5 in urban Wakiso District, and then 2.8 and 2.5 respectively for the 81st-95th percentiles.

▌Maximum household monthly income by quintile, and sample sizes

Legend:
- 20th Percentile
- 40th Percentile
- 60th Percentile
- 80th Percentile
- 95th Percentile
- Sample Size
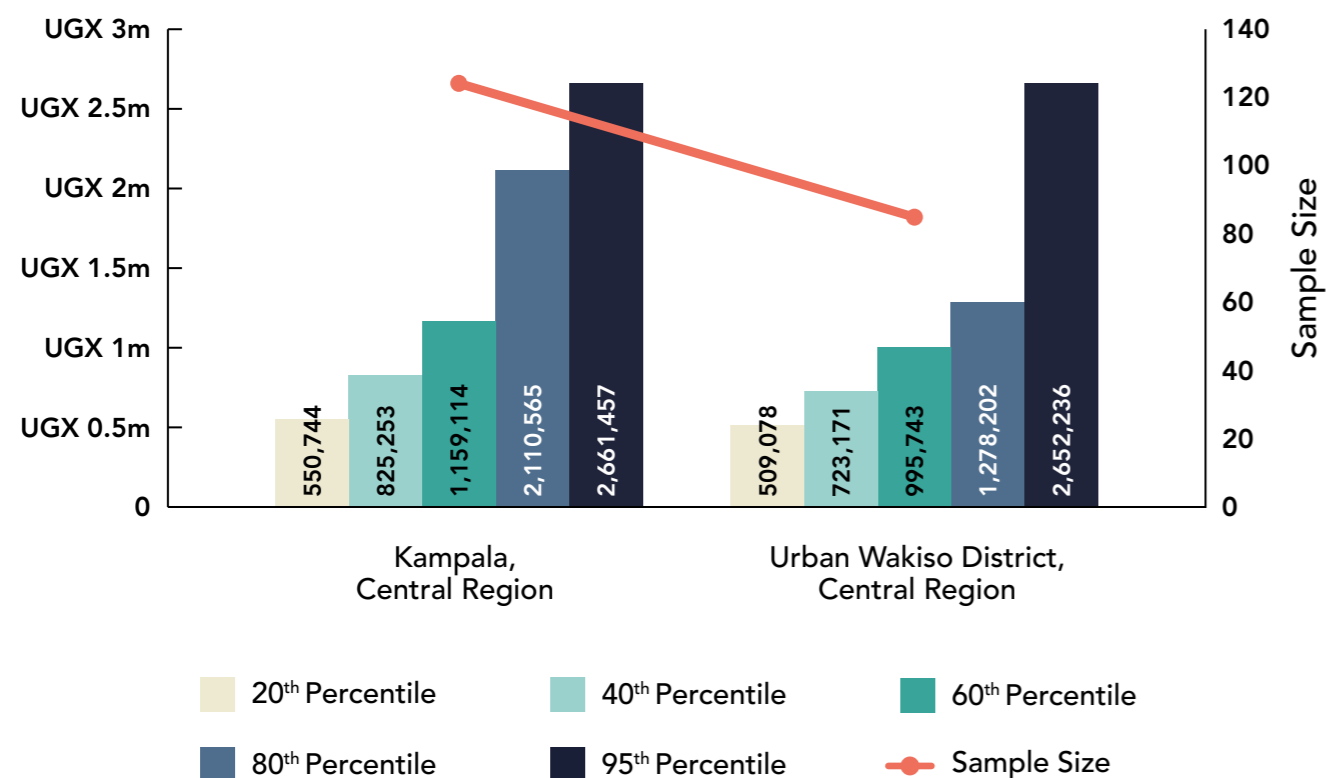
▌40th percentile household monthly income in USD

Region	Kampala, Central Region	Urban Wakiso District, Central Region
40th Percentile (USD) ($1 = UGX 3,699.63 on 29/02/20)	USD 223	USD 195

▌Mean household size and No. of income earners by income quintile

Legend:
- 20th Percentile
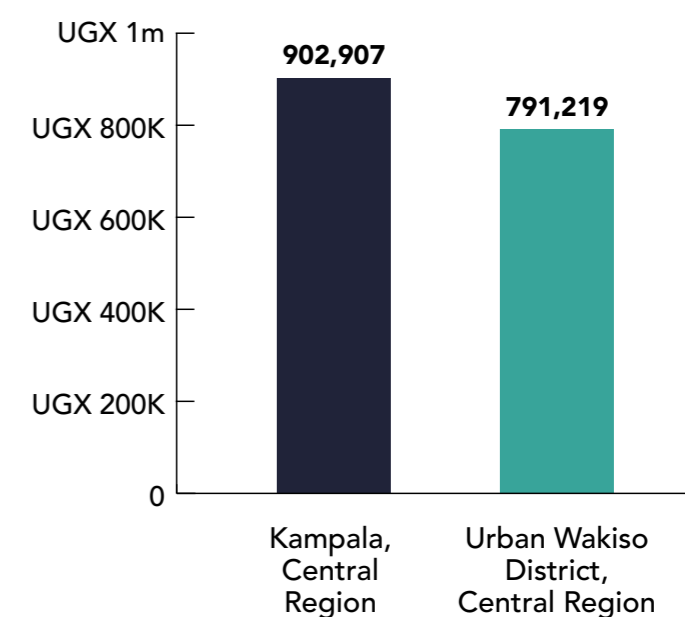- 40th Percentile
- 60th Percentile
- 80th Percentile
- 95th Percentile
- Mean household size
- No. of income earners
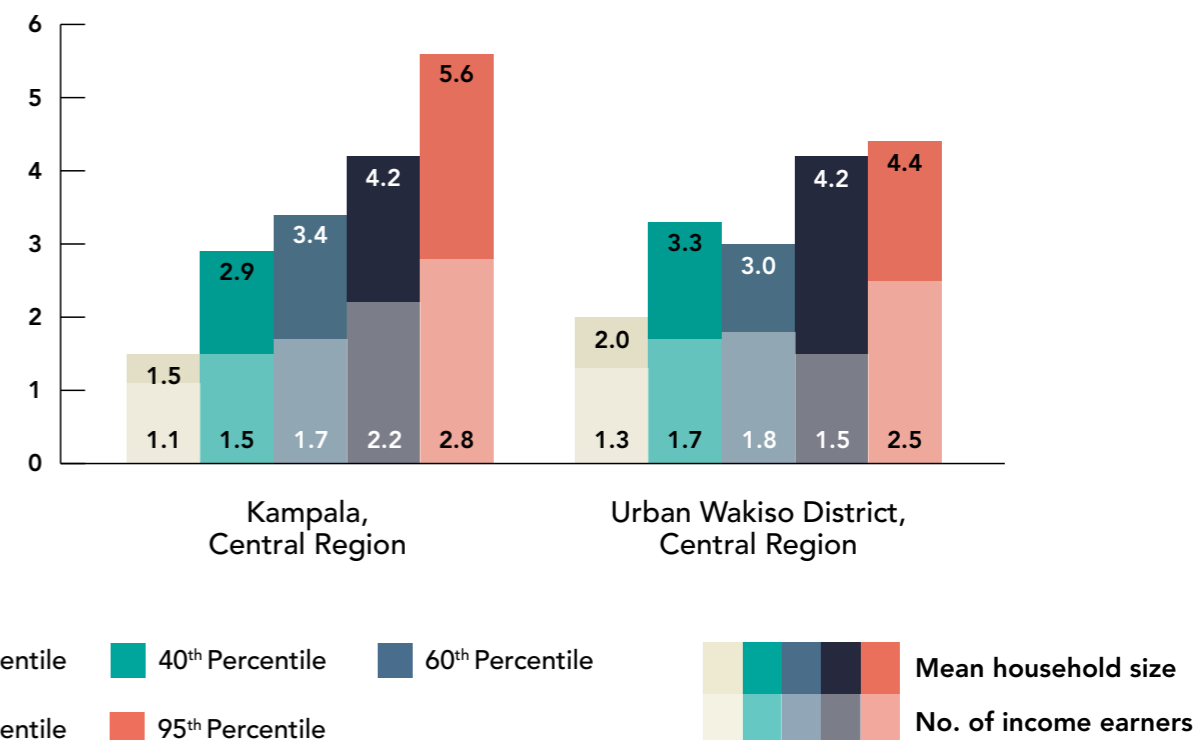
ADJUSTING FOR 2022

Income data presented here represents 2020, and needs adjusting to accurately reflect 2022. Taking the same approach across all income groups is problematic as inflation impacts households differently depending on their wealth and consumption patterns, particularly as a result of the COVID pandemic. However, the Consumer Prices Index is likely the simplest way to model this. Uganda has seen CPI increase by 3.79% in 2020, and though 2021 data was not available at the point this brief was produced, a median of 2000-2020 data would give a figure of 5.41%, resulting in an overall increase of 9.41%.[4] The table to the right shows the impact of this on the 40th percentile for selected cities, inflating 2020 data to represent 2022.

▌Maximum household monthly income for the 40th percentile (2022 projected)

3 124 surveys were completed in Kampala, compared with 85 in urban Wakiso District. Urban Mbarara District was the next largest, with 34 completed surveys.

4 https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG

METHODOLOGY

The Uganda National Panel Survey (UNPS) and Demographic and Health Survey (DHS) are produced by the Uganda Bureau of Statistics (UBS), with DHS following an international standard and approach led by USAID.

DHS are standardised and nationally representative household surveys that provide data for a wide range of monitoring and impact evaluation indicators in the areas of population, health, and nutrition. Anonymised raw data is freely available for download and analysis, and using the DHS Wealth Index, users can isolate urban households by wealth quintile, providing rich data on the Bottom 40% of the income pyramid. In Uganda, samples of 19,588 households, 18,506 females (aged 15-49) and 5,336 males (aged 15-54) were used. Data can be downloaded from the DHS website[5] and is coded in household, female and male files. This brief used the female and male files to produce data on proportion of men and women currently working, filtering on wealth[6] and currently working.[7]

UNPS is also a nationally representative household survey focused on presenting income and consumption expenditure data, with the current round covering 3,123 households. The full published report and tables provide a broad overview of the landscape, with the raw data freely available from the same page for more detailed analysis.[8] Data is split into separate data files for different sections of the survey, meaning that a certain amount of engineering is required to create a single dataset for analysis.

Key sections of the UNPS survey used for this work are 'pov2019_20', which provides data on household sizes and monthly expenditure; 'gsec1', which provides district names; and 'gsec8', which provides occupations of household members.

Reall's analysis of this data and wider work on incomes and affordability is continuing to be built on, and is subject to change. Please check Reall's website for the latest version of these briefs and aligned work.

5 https://www.dhsprogram.com/data/dataset/Uganda_Standard-DHS_2016.cfm?flag=1
6 'Household wealth index in quintiles for urban/rural' – V190a and MV190a
7 'Currently working' – V714 and MV714
8 https://microdata.worldbank.org/index.php/catalog/3902/study-description

Bukalango Community,
Smart Havens Africa, Reall Partner
Kampala, Uganda

FURTHER INFORMATION

This brief forms part of a collection of fact sheets looking at household income and wider data on the urban bottom 40% of the income pyramid, which can be found at **reall.net.** The data builds on the Market Shaping Indicators programme, an initiative created by Reall and the **Centre for Affordable Housing Finance in Africa (CAHF)**, collating housing market data for individual countries and making it available to all. Reall and CAHF partnered with **71point4** to compile data for African countries, which can be further explored at **reall.net/msi.**

Select cities are published in this brief based on Reall's current focus and activities. However, this work can be undertaken for other cities too. To discuss this data further, please contact the Global Policy and Influence team at **info@reall.net.**

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reall.net | info@reall.net | @reall_int

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