EVIDENCE ON GRADUATION IN UGANDA'S SOCIAL ASSISTANCE GRANTS FOR EMPOWERMENT (SAGE) SCHEME AND THE FEASIBILITY OF PROMOTING SUSTAINABLE LIVELIHOODS FOR LABOUR CONSTRAINED HOUSEHOLDS THROUGH A LINKAGES APPROACH

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EVIDENCE ON GRADUATION IN UGANDA'S SOCIAL ASSISTANCE GRANTS FOR EMPOWERMENT (SAGE) SCHEME AND THE FEASIBILITY OF PROMOTING SUSTAINABLE LIVELIHOODS FOR LABOUR CONSTRAINED HOUSEHOLDS THROUGH A LINKAGES APPROACH

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Introduction

Although Direct Income Support[1] is increasingly recognized as a critical component of national development strategies and key to achieving inclusive pro poor, equitable development, the legitimacy of providing on-going, regular and reliable income support to poor and vulnerable sections of society remains contested. This contest is manifest in the language employed by proponents and sceptics alike – from the avoidance of terms such as 'welfare' to the growing use of concepts such as 'graduation'. As is commonly the case with the more contentious items of terminology in social policy, there is no consensus on the meaning of 'graduation'. It is most commonly used to describe the withdrawal of income support from an individual or household once they have crossed a predefined income or asset ownership threshold. However, in reality graduation from social protection programmes has proved to be a problematic objective in many respects. Moreover, the authors would argue that the unending quest for effective targeting mechanisms and sustainable graduation thresholds risks seriously diverting attention away from the identification and coordinated delivery of the multi-faceted support that is required if poor households are to acquire the capacity to resist moderate livelihood shocks without falling into poverty or critically depleting household assets (Wheeler and Devereux, 2011 and Sumberg and Lankoande 2011).

It is against this background that this paper presents evidence from the Social Assistance Grants for Empowerment (SAGE) scheme in Uganda. The SAGE pilot aims to develop a cost effective, socially and politically sustainable Direct Income Support programme capable of 'protecting' livelihoods (through provision of regular, reliable income support) while simultaneously pursuing the 'promotion' of more resilient livelihoods through the establishment of linkages between the SAGE programme and a range of complementary services. The paper argues that, far from promoting dependency, emerging evidence from the SAGE pilot suggests that many beneficiary households are vigorously pursuing the attainment of more resilient livelihoods through investment in productive activities and diversification of economic activities. Furthermore, beneficiaries are increasingly taking advantage of opportunities for enhanced livelihoods that are presented through a range of complementary programmes – some of which are being deliberately focused on SAGE beneficiaries.

[1] Also known as 'social assistance', 'cash transfers' or 'social transfers'.

Nonetheless, evidence from the SAGE programme also confirms that poverty, hunger and exclusion from basic services remain the primary concerns of SAGE beneficiaries and that scope for investment and economic risk-taking is somewhat limited. Moreover, research commissioned by ESP also suggests that considerable barriers remain to increasing access to complementary livelihood programmes by poor and vulnerable households. Addressing these barriers will, it is argued, likely be a more effective approach to promoting resilient livelihoods and preventing the intergenerational transmission of poverty than seeking to further restrict eligibility for SAGE payments and/or enforce exit of beneficiaries from the programme who successfully increase household productivity through careful investment of income received from the SAGE programme.

Poverty and vulnerability in Uganda

Over the past two decades, Uganda has made great progress in reducing extreme poverty. Nonetheless, the 2012/2013 Household Survey Report indicated that 22.1% of the population (7.5 million Ugandans) still live under the official poverty line (UBOS 2014).[2] Another, 43% of the population – 13 million people - are barely above the poverty line and are vulnerable to falling into extreme poverty in the event of any shock to their income, ill health, disability, death of family member or climate-related risks.

While the causes of poverty are wide-ranging, those with low labour capacity are particularly vulnerable; including older people, people with disabilities, orphans and other vulnerable children. Although Uganda has a rich tradition of supporting its vulnerable members, the country is modernizing at a fast pace and traditional forms of support are being eroded by rural - urban migration and changing social attitudes. More importantly, the high levels of poverty and vulnerability generally, especially in rural areas, mean that many families are simply unable to provide adequate support. While support from the wider community exists to some extent, this is normally based on reciprocity and therefore tends to exclude the poorest (see MGLSD 2014 for an extensive discussion of traditional social protection in Uganda). At the same time, access to formal social security is extremely limited with only 7% of older people able to access formal social security through the National Social Security Fund (NSSF), Public Sector Pension Fund (PSPF) or private pension schemes.

Box 1: Poverty and vulnerability among beneficiaries of the SAGE Senior Citizen Grant (SCG) scheme

- Poverty rate among SCG beneficiaries: approx. 58%
- On average 69% of household income spent on food
- 57% of SCG households experienced moderate hunger
- 46% of older-headed households unable to manage shocks
- Children in SCG households more likely to be malnourished and not attending school.
- 22% of SCG households have savings (Shs 132,000 average)
- 60% older people are unable to get support from neighbours in emergencies.
- Households with older people are 20% less able to invest in productive activities.
- Only 39% of older people sleep under a blanket
- Older people usually denied access to credit
- Income barriers to healthcare
- Discrimination, social exclusion and marginalisation

MGLSD/Oxford Policy Management (2013)

As a result of the inadequacy of existing traditional and formal

[2] The figure is nearer 38% if the internationally accepted benchmark of $1.25 is used.

social protection mechanisms, poverty amongst older people and their families is an increasing problem. Older people and their families are 32% more likely to live in poverty than households without older people and over 70% remain highly vulnerable to falling below the line with even a small shock to income (MGLSD, 2012). The vulnerability of older people and their families is clearly demonstrated by the fact that the households that slipped into poverty between the 2005/6 and 2009/10 national household surveys were also those that registered the greatest increases in old age dependency ratios.

However, old age poverty does not only affect older people themselves. In Uganda approximately 3 million children (and 60% of Uganda's orphans and vulnerable children) reside in households with older people. Because poverty rates in these households are higher, these children suffer disproportionately from malnutrition and stunting – which harms their intellectual development – and are often unable to access sufficient years of education. It is therefore critical that households with both older people and children gain more secure incomes if the intergenerational transmission of poverty is to be tackled. It is for this reason that the Ugandan government has prioritised this group for the provision of Direct Income Support, though that is not to say that older people and their families are the only section of society in need of regular and reliable income support.

Overview of social protection in Uganda

Uganda's legislative and policy framework makes significant provisions relating to social protection. For example, Article XIV of Uganda's Constitution (1995) states that "*All Ugandans enjoy rights and opportunities and access to education, health services… decent shelter, adequate clothing, food security and pension and retirement benefits*" and the National Objectives and Directive Principles of State Policy specifically obligate the state to make "*reasonable provision for the welfare and maintenance of the Aged.*". Uganda's Vision 2040 identifies the need to support vulnerable people by developing and implementing a comprehensive social protection system and the National Development Plan (NDP) articulates the government's plans to "*develop and implement Direct Income Support programmes including cash transfer programmes, to the elderly, persons with disability and the poorest quartile of the population*" (NPA, 2010). Uganda's National Policy for Older Persons, 2009 and National OVC Strategic Plan also both prioritise the establishment of Direct Income Support schemes. Finally, several of the main political parties, including that of the current government, include specific commitments on the establishment of a social pension for older persons.

Despite these commitments, access to formal social protection remains extremely limited. The largest schemes are the National Social Security Fund (a provident fund with only 500,000 members and 250,000 active)[3] and the Public Service Pension Fund (51,000 pensioners). A number of public works programmes exist in northern Uganda that reach around 500,000 people annually but they face a number of challenges from a social protection perspective (see McCord, 2012). Provision of social care services is decentralised to district local governments and embedded in various government initiatives such as the orphans and other vulnerable children (OVC) programme and community based rehabilitation programme for persons with disabilities. However, these initiatives are

[3] National Social Security Fund Presentation to the workers representatives on the retirement benefits liberalisation Bill.

extremely limited in scale, poorly coordinated, and suffer from limited institutionalization and legislative backing.

The Ministry of Gender, Labour Social Development has spent 3 years consulting stakeholders to identify a locally relevant definition. These consultations have informed the development of a draft National Social Protection Policy which describes social protection as public and private interventions to address risks and vulnerabilities that expose individuals to income insecurity and social deprivation, leading to undignified lives (MGLSD 2014). The policy further disaggregates social protection services into two broad pillars: social security and social care services. Social security includes direct income support and social insurance. Direct income support is a non-contributory transfer to extremely vulnerable individuals and households without any form of income security, while social insurance is a contributory system to mitigate livelihood risks and shocks such as retirement, loss of employment, work-related disability and ill-health. Social care services pillar is concerned with support and protection to most vulnerable individuals who are unable to fully care for themselves.

Overview of the Expanding Social Protection programme and SAGE pilot scheme

To realize Uganda's social protection goals, the Ministry of Gender, Labour and Social Development (MGLSD), in partnership with the Department for International Development (DFID), Irish AID and UNICEF, have been implementing the Expanding Social Protection (ESP) programme since July 2010. The purpose of the 5 year ESP program is to embed a national social protection system including social assistance for the poorest and most vulnerable as a core element of Uganda's planning and budgeting processes. The programme adopts a holistic approach to embedding social protection through a) the development of a national social protection policy and costed strategy; b) institutional reform and capacity building within the MGLSD and across government as a whole; and c) engagement with political actors to build understanding and commitment to social protection. Achievement of these three outputs is supported by the Social Assistance Grants for Empowerment (SAGE) pilot scheme which aims to generate evidence on the impact and feasibility of delivering small but regular and reliable direct income support to poor and vulnerable households. Of particular interest to stakeholders is the possibility of establishing strategic linkages between the SAGE programme to address wider forms of vulnerability and promote the emergence of more resilient livelihoods among programme beneficiaries.

The SAGE scheme is currently implemented in 15 Districts of Uganda[4] and comprises a Senior Citizen Grant (SCG) – or Social Pension - for older people aged 65 years and above (60 years in the disadvantaged Karamoja region) and a vulnerability-targeted Vulnerable Family Grant (VFG). Although 105,836 direct beneficiaries have been enrolled to-date over 80% of programme beneficiaries are enrolled in the SCG component.[5] Beneficiaries of both components receive Uganda shillings 50,000 (USD 20) every two months and over USD14.9 million had been disbursed through the MTN Mobile Money service by end March 2014.

[4] The SAGE pilot originally included 14 districts; Kaberamaido, Kyenjojo, Kiboga, Moroto, Katakwi, Nakapiripirit, Apac, Napak, Amudat, Kole, Kyegegwa, Kyankwanzi, Zombo. However, in August 2013 the MGLSD received a directive from H.E the President to expand the SAGE pilot to a new district – Yumbe – using GoU funds.

[5] The Vulnerable Family Grant component of the SAGE pilot was scaled back in 2013 as a result of strong negative responses to the targeting mechanism from beneficiary communities and local leaders as well as the higher than expected implementation costs associated with data collection for targeting.

It is of course noteworthy, in a paper focused on the subject of 'graduation', that the SAGE programme neither selects beneficiaries based on their income/assets nor withdraws support if they attain a certain income/asset threshold. The Senior Citizen Grant is universal in nature and the Vulnerable Family Grant selects households based purely on the age, sex, disability and orphanhood status of its members. The rationale for this approach is as follows:

1. **Cost effectiveness and value-for-money:** 71% of older people and their families in Uganda are either extremely poor or vulnerable to extreme poverty and only a tiny proportion could be considered wealthy (MGLSD, 2012) – many of whom could simply be excluded through exclusion of those with government-funded pensions. In this context the investment required to conduct accurate poverty targeting was not judged to be good value-for-money. Instead, the SAGE programme has focused on developing simple, cost effective administrative systems that are sustainable at national scale. Thus a value-for-money analysis commissioned by ESP concluded that "*When fully rolled out, ESP has the potential to achieve a level of cost-efficiency surpassed by few if any similar programmes in Africa and among the highest globally."* (White, 2013).
2. **Likely targeting ineffectiveness:** the evidence on the effectiveness of poverty targeting is clearly mixed globally. However given governance challenges and institutional capacity constraints present within Ugandan district local governments, poverty targeting should be expected to be particularly problematic. Indeed, experience implementing the Vulnerable Family Grant has confirmed that nationally there is no system to capture household making it hard for district local governments to collect household level data accurately. Governance challenges at the lower local government levels were also judged to make community-based targeting an unsustainable and inappropriate instrument. Indeed, research commissioned by ESP suggests that the majority of nominally pro-poor programmes which employ nominally participatory targeting methodologies do not actually reach the poor at all (Onapa et al, 2014)
3. **Social cohesion and social capital:** given the critical role that community support plays in the protection of the poor and vulnerable, as well as the presence of underlying civil and social conflict in many parts of Uganda[6], the SAGE programme has deliberately sought to develop targeting mechanisms which are less susceptible to being affected by underlying social conflicts or likely to exacerbate pre-existing conflicts. Experience from the pilot has borne out the benefits of this approach as the Senior Citizen Grant has become universally popular and accepted while the Vulnerable Family Grant, which employs a relatively complex and opaque vulnerability targeting system, has received widespread criticism from communities and political leaders alike and has been subject to extensive local level political manipulation – particularly in areas where social and political conflicts predate the SAGE programme. So great has the negative response been to targeting within the VFG that the MGLSD and its stakeholders have been forced to limit its

[6] There are a diverse range of underlying civil and social conflicts in Uganda. These range from conflicts over access to resources in the Karamoja region to conflicts between different ethnic groups, migrants and 'indigenous' populations. At community level conflict relating to access to land is particularly widespread.

implementation to only 20% of the SAGE programme area. In contrast, not only has the SCG been associated with greater self-esteem among its beneficiaries but, being a universal scheme, is also perceived as a more genuine, fair and transparent expression of government's constitutional obligations towards the poor and vulnerable (see Bukuluki and Watson, 2012, 2014).

4. **Political viability:** finally, the MGLSD and its stakeholders recognise that attracting the public investment required for national scale-up of a social protection programme in Uganda necessitates extensive political will. Analysis of Uganda's political economy suggests that such political will and investment is unlikely to arise in support of a programme which focuses exclusively on the poor – particularly if in doing so the programme fuels social and political conflicts or becomes captured by local elites as in the case of other poverty reduction efforts.

Overview of ESP research and evidence strategy

In order to inform policymaking, institutional development and political engagement, the ESP programme has developed a comprehensive Evidence and Learning Strategy. The key components of this strategy include a robust internal monitoring and evaluation system for the SAGE pilot (this includes evidence gathering tools such as Paypoint Exit Surveys and structured annual internal reviews) as well as an independent impact evaluation and a range of internally and independently commissioned studies. The key special studies referred to in this paper include: the SAGE Impact Evaluation Baseline Report (ESP/OPM, 2013) and subsequent Qualitative Follow-up Survey Report (ESP/OPM, 2014) an exploration of opportunities for linking SAGE beneficiaries to other programs (Onapa et al, 2014); Gender analysis of SAGE (Calder and Nakafeero , 2012); a beneficiary perceptions study (Watson and Bukuluki , 2012); Flow on effects of Cash transfers (Ibrahim and Namuddu, 2014), a value-for-money assessment (White, 2014), and an evaluation of the efficiency, effectiveness and appropriateness of SAGE targeting (Bukuluki and Watson, 2014).

Meta-analysis has been used to combine the results from several of these monitoring tools and studies to present evidence on the emergence of more resilient livelihoods amongst SAGE beneficiaries and the feasibility of promoting this further through establishing linkages with other government and non-governmental programmes. It is important to note that each of the above mentioned studies had specific objectives but for purposes of this paper, our focus was on the findings and their relationship to promoting sustainable livelihoods for beneficiaries.

Findings on the promotion of sustainable livelihoods amongst SAGE beneficiaries

The SAGE programme has only been making payments since September 2011 and, due to its gradual roll-out, many beneficiary households have been receiving funds for a relatively short period of time. Furthermore, a quantitative impact evaluation has yet to be completed. Nonetheless, two general trends are already apparent:

1. The majority of SAGE beneficiaries spend the majority of SAGE payment income on food and accessing essential services. Indeed the Paypoint Exit Surveys consistently report that between 50% and 70% of beneficiaries spend their SAGE payment income on food, paying for health services and meeting costs of educating school children (Okillan and Wandera 2012, Wandera 2013). This is perhaps unsurprising

given the high levels of poverty and malnutrition noted among SAGE beneficiaries in the SAGE Impact Evaluation Baseline Report (ESP/OPM, 2013). However, this clearly limits the scope for investment in higher-risk, higher return economic activities and suggests that graduation, however defined, is a somewhat longer-term objective that will only be achieved through significant multi-faceted support – including long-term social assistance.

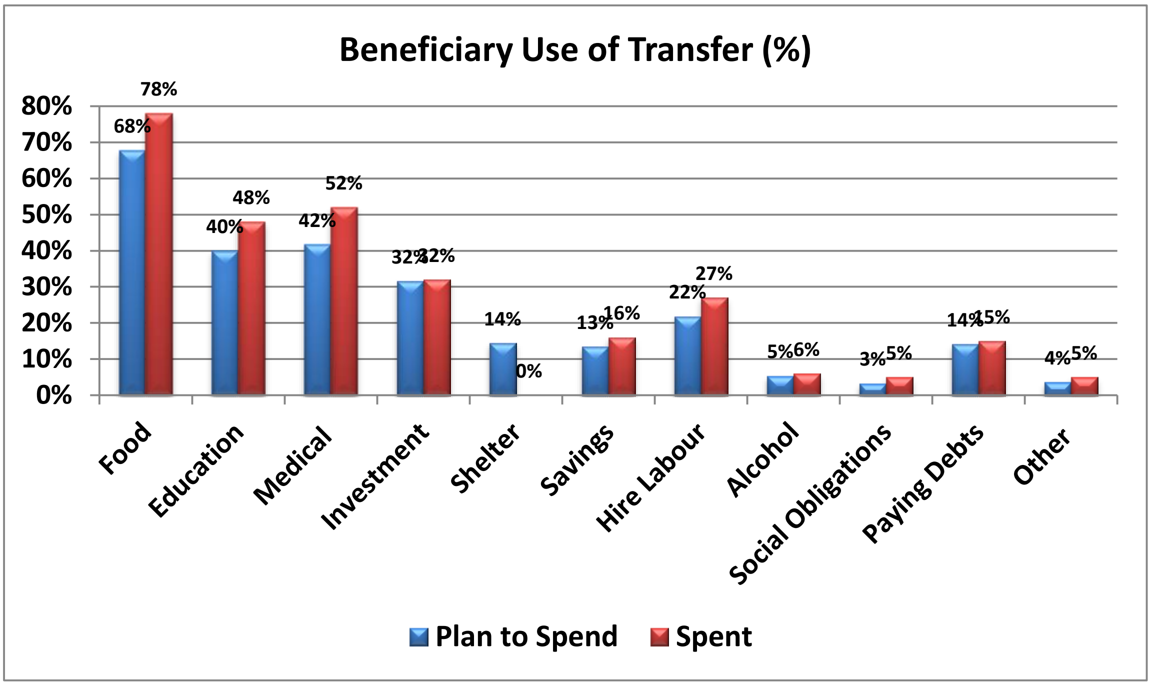
2. Despite the predominance of expenditure on food and accessing basic services, strong evidence is also emerging that the provision of regular and reliable income support to older people and their families is facilitating a gradual shift towards more resilient livelihoods for some SAGE beneficiaries through increased access to financial services, increased investment in livestock, increased agricultural productivity and diversification of livelihoods. However, it is too early to know whether these changes will be sustained over time, especially in the case of households that exit SAGE due to the death of the eligible older person.

The following section provides a summary of the evidence gathered to-date on the extent of improvements in SAGE beneficiaries' livelihoods.

1. **Increased access to financial services**

Access to savings and affordable credit is widely acknowledged to be critical for effective risk management and increased economic productivity. Yet the SAGE impact evaluation baseline clearly demonstrated that, prior to implementation of SAGE, older people were systematically discriminated against in credit markets and had 20% lower capacity to save than non-beneficiary households (OPM, 2013). These findings were corroborated by the qualitative study on 'Flow on effects' of cash transfers where it was confirmed that older people tend to be viewed as high risk borrowers by community members and local businesses alike due to their meagre and unreliable incomes (Ibrahim and Namuddu 2014).

However, only one year into implementation, evidence is not only emerging of increased access to financial services among SAGE beneficiaries but also that that joining savings groups which offer affordable loans is one of the key factors that contributes to significant improvements in welfare (OPM 2014; Bukuluki and Watson, 2012).



Source: SAGE pay point Exit survey report 2012

Data from the SAGE paypoint exit surveys conducted to-date also suggest that approximately 16% of SAGE beneficiaries are saving a portion of their SAGE income on a regular basis. Common savings instruments include: Savings and Credit Cooperatives (SACCOs); member-managed savings and credit groups; and saving money in the Mobile Money 'e-wallet' (Okillan and Wandera, Dec 2012 & Wandera, 2013). Similarly, evidence from the flow on effects study also reveals that enrolment in SAGE has improved the perceived credit worthiness of older people and their families resulting in increased access to financial support from a range of sources (Ibrahim and Namuddu 2014).

The establishment of informal, voluntary savings and credit groups among SAGE beneficiaries has been observed across the entire programme area. According to SAGE beneficiaries interviewed in the flow on impacts study, group members decide on the portion of their SAGE payment that they are willing to contribute to the group each month and members either agree amicably or vote to decide the order in which members receive a lump sum. Each month thereafter one or two members receive a lump sum which enables them make larger investments or meet higher-level expenses such as school fees, home improvements and investment in business (Ibrahim and Namuddu 2014). The findings of the SAGE impact evaluation further reveal that borrowing was a coping strategy adopted across locations and across respondent types with both beneficiaries and non-beneficiaries acknowledging borrowing from neighbours, friends, peers, saving groups. Some beneficiaries proudly observed that they joined saving groups so that they can borrow money in case of any problem (OPM 2014). Savings group loans were reported to be as low as 5% depending on the group thus increasing access, borrowers and opportunities for investment.

Furthermore, evidence is also emerging that access to savings and credit among SAGE beneficiaries is being further enhanced through deliberate coordination of the SAGE programme with Care International's Village Savings and Loans (VSLA) programme. First developed in Niger in 1991, the VSLA approach is a micro-finance model under which savings and credit groups are formed at community level to provide access to affordable loans and short-term assistance in emergencies.

As a deliberate effort to enhance the impact of SAGE on beneficiary communities, CARE International in Uganda implemented a project for 18 months (July 2012-December 2013) with funding support from UK-AID across all 14 original SAGE pilot districts. Over the project period, a total of 3,404 VSLA groups were established providing financial services to 95,999 women, men and children. Of the total membership, 63% was classified as critically poor and 15% were SAGE beneficiaries. Internal monitoring data from CARE indicates that a total of 14,361 SAGE beneficiaries are participating in VSLAs with cumulative savings of UGX 808,420,450 (USD 323,368) and cumulative loans of UGX 206,575,448 (USD 82,630). This stands in relative contrast to previous experiences in VSLA programming where participation of labour constrained individuals and households – particularly older people – has been far lower (Ibrahim and Namuddu 2014). This appears to add weight to the argument that, in the case of poor individuals and households, particularly those experiencing some form of labour constraint, the issue is less of 'graduation' from social protection to other forms of economic and social support and more of the complementary nature of social protection and innovative interventions in the field of financial services.

Key informant interview with Enoch Twesige Mukama, SACCO manager in Kibiga sub county, Kiboga district
Kibiga SACCO started in 2004, and since the beginning of SAGE, we witnessed an increase in clients. We currently have elderly clients (SAGE beneficiaries) who hold accounts with us. When they receive their money on pay day they bring some of it and save it with us - we lend this money for a profit and SACCO members can also borrow from us.

Before SAGE, we only had 390 clients' accounts. Clients' accounts were also less active with fewer people borrowing. During that time and we had 3 staff members. After SAGE, the number of clients' accounts increased to 510 and the increase is mainly attributed to SAGE as more elderly people joined the SACCO. Although we still maintained the 3 staff members, the number of people borrowing has increased and peoples' saving has also increased.

People who borrow money from us usually invest it in buying livestock, specifically goats and cows; and farming, specifically growing beans, tomatoes and maize. Some do borrow money to pay for school fees, and others to buy food. We have witnessed changes in the SACCO, as we could not previously lend to those who did not save with us, but now they do save and can borrow money. More men borrow from the SACCO than women.

Source: Uganda's senior Citizens Grant: Flow on effects of Cash transfers in Kiboga and Kyenjojo report

2. Strengthened rural livelihoods through investment in livestock

Domestic livestock play a special role in African rural livelihoods as a source of nutritious food, income, manure, capital growth as well as an accessible savings mechanism. Small livestock such as poultry, goats and pigs can also be reared by physically frail and the poor, not lest due to the ease and speed with which they can be converted into cash to meet urgent needs. Their importance to women is attributed to their easy management and decision making over their disposal which is not subject to gender-based constraints as apply to larger livestock (Sumberg and Lankoande, 2011).

Findings from an ODI study to understand the beneficiary and community perceptions of the Senior Citizen Grant revealed that the cash transfers contribute a major source of funds for investment in productive activities such as rearing of livestock (Bukuluki and Watson

2012). Similarly, evidence from SAGE exit point surveys confirms that around a third of SAGE beneficiaries spend a portion of their previous month's payment on investments. The most commonly reported types of investments are purchase of livestock such as goats, pigs and chickens (Okillan and Wandera 2012). Findings from a study to understand the flow on effects of cash transfers also revealed that at least 90% of sampled beneficiaries in one randomly selected sub county have at least a goat, chicken or pig in their home purchased using SAGE funds (Ibrahim and Namuddu 2014).

3. Increased agricultural productivity and profitability

Internal monitoring data as well as commissioned studies consistently find that many SAGE beneficiaries are saving over a number of months for the purpose of investment in household agricultural activities with a view to increasing production and therefore household food security and income. Research evidence indicates that some beneficiaries used the cash to acquire productive assets such as seeds, farm inputs and to hire ox-ploughs or casual labourers to clear farmland for small-scale farming to enable them increase the size of land for cultivation and increase produce (Watson and Bukuluki 2012).

The regular SAGE client exit surveys consistently find that at least 30% of sampled SAGE beneficiaries are making such investments (see Okillan and Wandera 2012). Beneficiaries who own or have access to land but are too weak to engage effectively in agricultural labour consistently report using SAGE payments to hire casual labourers to open up land for agricultural production (see Ibrahim and Namuddu 2014).

Finally, recent research also appears to suggest that access to a stable and reliable income in form of SAGE payments is allowing beneficiaries to maximise the returns from selling agricultural produce and avoid exploitation by third party buyers. Focus group discussions with SAGE beneficiaries have revealed that, prior to SAGE, many poorer households, would prematurely sell cash crops such as coffee and beans in order to raise money for food and emergencies. Not only are the products less valuable due to their immaturity but this desperate need for cash income reportedly lowers the negotiating power of poor households in their dealings with buyers. However, once enrolled in SAGE, beneficiaries have reported being more able to wait until their crops reach full maturity and therefore increasing their incomes as a result (Ibrahim and Namuddu 2014).

Case Study 1: Combined impact of income support and access to credit on the the livelihood of an older man in Kyenjojo District, Uganda

73 year old Mzee Siriri is a sugar cane grower from Batalika Parish, Bufunjo sub county Kyenjojo district who also brews local gene (waragi) out of his own sugar canes. He has this to say about the impact of SAGE on his life:

"I started receiving SAGE transfers in August 2011. I saved all the money from my first seven months and, at the end of the 7 months, I had generated UGX 161,000 (USD 64.4). I used all the money to plant one acre of sugar canes in March 2012. This was in addition to the one acre I already had. A year later in 2013, my sugar canes have fully grown and are ready for harvesting. I belong to a VSLA group and borrowed some money to hire labour and a distilling machine that got me started to distil local gin from my sugar cane.

I now own a machine used to squeeze sugar cane juice. I sometimes hire it out for 50,000/= a day. I now hired it out to my friend and by the time I wanted to start squeezing my sugar cane, he had not completed his so I had *to go and hire another one instead of interrupting him. Every day the men make 30 (20 litre) jerry cans. They do this for 7 days or less depending on the strengths of the people squeezing. The squeezed juice is then poured in a pit that holds 4000litres (layered by tarpaulin) where it is mixed with sorghum and covered for another 3-4 days for fermentation. When fully fermented, the distilling process starts and that's when the actual gin is made. From the 200 jerry cans of fermented sugar cane juice, I can get 40-50 jerry cans of local gin –which I can sell for UGX 8000 (USD 3.2) each*."

Although too frail to actively participate in this business, Mzee Siriri employs labour to cut and squeeze the sugar canes. Thress men do the squeezing per day paid UGX 1000 (USD 0.4) per jerry can made and 3 people to distil and these do it for 3 days with each of them paid UGX 5000 (USD 2) per day. He hires drums for distilling at UGX5000 (USD 2) per day. He employs his son and daughter in- law to supervise the workers as they also do light work and get familiar with the business. Although they have no fixed amount of money paid to them, he gives them something for motivation. On completion of the distilling process, the gin is kept in a cool place until it is ready for sale when he calls the trader to take them. The major challenge faced as reported by Mzeei is the exploitation of the producers caused by the district that created monopoly of the business with only one alcohol trader permitted to buy alcohol from the producers.

Source: Uganda's Senior Citizens Grant: Flow on effects of Cash transfers in Kiboga and Kyenjojo

Livelihood diversification

In addition to the strengthening of agricultural livelihoods described above, some evidence is also emerging of livelihood diversification and investment in non-agricultural enterprises by SAGE beneficiaries. Results from the SAGE evaluation indicate that small businesses are an important economic activity for the fairly poor and better off. It further reveals that several respondents went into trading because it was perceived to be less vulnerable to seasonal fluctuations than farming and so able to provide stable income throughout the year (OPM 2014). Examples reported through SAGE's internal monitoring system include setting-up of small trading kiosks, road side stalls, hair-dressing etc. However, this impact is not limited to only SAGE beneficiaries. The regular SAGE paydays have provided a unique opportunity for the establishment of new businesses or the expansion of existing businesses such as shops, small restaurants, bicycle repair workshops, and bicycle or motorcycle taxis (see Watson and Bukuluki 2012; Ibrahim and Namuddu 2014). In addition to business enterprises, more people are also involved in casual labour. Findings from the SAGE evaluation indicate that while data at baseline indicated that casual labour was only pursued by energetic youth who had not yet accumulated any capital, data at midline suggests that casual labour is an economic activity for a wider set of social groups (OPM 2014). This could be a result of the SAGE grants as evident in the exit point surveys consistently finding that between 20 and 30% of beneficiaries use SAGE payments to hire labour, mainly for agricultural production. As a result, the SAGE programme appears to be improving livelihoods across a much wider section of the community than the 15% of households that contain older people and therefore directly benefit from the programme. This has stimulated local markets, promoting trade and production, and thus leading to wider community-level economic benefits through increased inflow of money in the community.

Assessing the feasibility of promoting resilient livelihoods through a linkages approach

It is clear from the preceding discussion that many older people and their families are willing and able to build upon the support that they receive from SAGE to pursue more resilient livelihoods through investment in productive activities and livelihood diversification. The success of SAGE's collaboration with the CARE VSLA programme in increasing access to savings and credit also confirms the potential impact that could be realised through the proactive establishment of linkages between the SAGE programme and other government and non-governmental programmes and services. The ESP programme therefore commissioned a preliminary analysis of the feasibility of linking or coordinating with a number of other key government programmes in the areas of health, education, housing and livelihoods. The study found that, although a large number of initiatives exist which theoretically respond to the needs of SAGE beneficiaries, in practice only a tiny proportion of SAGE beneficiaries are able to access these opportunities and significant barriers are in place which will need to be overcome if a linkages strategy is to be effective in Uganda. These barriers are as follows:

1. **Livelihood programmes employ eligibility criteria which exclude the poor and vulnerable.** Key livelihood programmes such as the National Agricultural Advisory Services (NAADS) scheme and the Community Driven Development (CDD) programme are unrealistically demanding in two respects. In the first instance programmes such as NAADS require beneficiaries to pay subscription fees to Village Farmers Forums (VFFs). The CDD programme is even more demanding and requires that applicant households already comply with a set of conditions including: all children under school going age living in the applying household must be attending school; all children living in the applying household must be immunised; the applying household must have a latrine and drying rack; and the applicant must have planted at least one tree. Such conditions automatically exclude many SAGE beneficiary households. This is perhaps best seen as a rather perverse rationing mechanism in a context where coverage of programmes such as NAADS and CDD rarely exceeds 5-10% of households in any one location.

2. **Repayment requirements and the risk of failure.** Government-funded livelihood programmes such as NAADS often require participants to commit to repayment of inputs received – usually in-kind in the form of seeds or off-spring of livestock. The threat of official or community sanction in case of non-repayment is therefore a significant disincentive for poor households to participate in such programmes. This disincentive is likely to be particularly powerful given the risk of failure due to climatic shocks, pests and disease and in the case of households with limited labour capacity. On the other hand, the significant risk of 'default' by the poor appears to lead local level NAADS implementers, for example, to focus almost entirely on farmers with a pre-existing track record of commercial farming, with access to larger plots of land and labour. Poor farmers with small land holdings and limited labour are generally considered too risky to be invested in.

3. **Livelihoods programme targeting mechanisms are poorly understood and often perceived by SAGE beneficiaries to be politicised or captured by local elites.** All SAGE beneficiaries interviewed by Onapa *et al* (2013) demonstrated very little understanding of the targeting mechanisms and eligibility criteria associated with key government livelihood programmes. In many cases, SAGE beneficiaries reported that they believed beneficiary selection was conducted by local elected officials. The preference for programmes to be implemented through groups also disadvantages

SAGE beneficiaries – many of whom have low levels of confidence and are not accustomed to active participation in public meetings and groups.

4. **Poor planning and coordination of service delivery within local governments.** According to the Local Government Act (1997), the role of supervision, monitoring and coordination of development programmes implemented at local level (both state and non-state managed) is the mandate of District Local Governments. These functions are expected to be executed through District Councils, District Technical Planning Committees and Sub-County Technical Planning Committees. However, in practice, research conducted by ESP suggests that these fora tend to focus on progress reporting rather than joint planning and coordination and service delivery is highly 'projectised' and subject to departmental silos. Coordination is further complicated by a lack of essential data (see Onapa *et al* 2013).

Nonetheless, the fact that some SAGE beneficiaries do in fact benefit from programmes such as NAADS, CDD and others suggests there is some scope for addressing these challenges through the following strategies:

1. Increase SAGE beneficiary awareness on the implementation modalities associated with a wide range of government and non-governmental programmes. SAGE pay points provide a unique opportunity in this respect and considerable scope exists for their use in beneficiary sensitisation on issues ranging from health and hygiene to the eligibility criteria and application procedures for livelihood programmes.
2. Active promotion of the formation and official registration of groups of beneficiaries capable of applying for support from key livelihoods programmes.
3. Strengthening of formal planning and coordination mechanisms at local government level – perhaps through more thorough assessment of this as part of the performance management of District Local Governments by the Ministry of Local Government. The introduction of quarterly Sector Coordination Meetings at District level could also be an important step forward.
4. Reform of key government programmes to ensure more effective and accountable targeting and the expansion of activities and interventions which are relevant to the needs of the poor and vulnerable. This could, for example, include increased focus on food security farmers within NAADS and the development of mechanisms that reduce the disincentives to participate such as more less demanding repayment terms (perhaps for a limited period of time) or affordable insurance in case of crop failure.

Conclusion

This paper has presented evidence from the Social Assistance Grants for Empowerment (SAGE) scheme in Uganda and efforts of the MGLSD and its stakeholders to pursue a two-pronged strategy of 'protecting' livelihoods (through provision of regular, reliable income support to eligible households) while simultaneously pursuing the 'promotion' of more resilient livelihoods through the establishment of linkages between the SAGE programme and a range of complementary services. Although the programme is at an early stage of implementation and more research is needed, a compelling body of evidence appears to be emerging from the programme's monitoring and evidence systems that, far from becoming increasingly dependent on SAGE payments, many beneficiary households are vigorously pursuing the attainment of more resilient livelihoods through saving, investment in productive activities and diversification of economic activities. While this paper does not seek to define graduation per se, such changes perhaps describe the routes through which more resilient livelihoods might be achieved. Furthermore, beneficiaries are taking advantage of opportunities for enhanced livelihoods that are presented through a range of complementary programmes such as the Village Savings and Loans Associations (VSLAs) promoted by CARE International. A small number of beneficiaries are also accessing livelihood opportunities offered by government programmes such as NAADS and the CDD programme. As the ESP programme moves into its second phase, it will be particularly important to gain a more detailed understanding of why some SAGE beneficiaries are able to rapidly leverage SAGE to increase livelihood resilience while it appears to take much longer for others. It is worth noting, at this point, that anecdotal reports from programme staff already suggest that beneficiaries who, for a range of reasons, have received large lump sum arrears payments appear to be particularly likely to make productive investments; this of course brings the adequacy of the current transfer level into question.

However, the fact remains that poverty, hunger, malnutrition and exclusion from education and health services remain the primary concern of the vast majority of SAGE beneficiaries. The capacity of the majority of SAGE beneficiaries to invest in productive activities and adopt higher-risk-higher return livelihood strategies is therefore fundamentally constrained. Furthermore, research commissioned by the ESP programme also confirms that considerable barriers remain to increasing uptake of livelihood opportunities by poor and vulnerable households. These include: inadequate coverage and livelihoods programming; exclusionary eligibility criteria; demanding repayment requirements; opaque and unaccountable targeting processes; and poor service planning and coordination by local governments. Addressing these barriers will, it is argued, likely be a more effective approach to promoting resilient livelihoods and preventing the intergenerational transmission of poverty than seeking to further restrict eligibility for SAGE payments and/or enforce exit of beneficiaries from the programme who successfully increase household productivity through careful investment of income received from the SAGE programme. Given the fiscal, social, political, institutional and governance context in Uganda, a simple, scalable, cost-effective, socially non-divisive, transparent and popular programmes (such as a universal Senior Citizen Grant currently being piloted) appears to offer the best starting point for the gradual development of a social protection system which can be linked to, or coordinated with, a range of (reformed) livelihood promotion programmes over time with a view to promoting resilient and sustainable livelihoods and reduced intergenerational transmission of poverty.

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