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UNU-MERIT Working Paper

**The economic impacts of a social pension on recipient households with unequal access
to markets in Uganda**

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Abstract

This paper analyses the differences in the economic impacts of social cash transfers (SCT) on recipients in remote and integrated areas. Using a mixed methods-research design and the case of Uganda's Senior Citizens Grant (SCG), the paper confirms that structural circumstances (such as market access) shape the economic outcomes of cash transfers for recipients. The findings of our case study show that there are vital differences in the dominant function of the SCG between recipient households living in areas with unequal structural circumstances. Recipient households in integrated areas are more likely to exploit the promotive potential of SCTs, while recipient households in remote areas utilise the SCT in a more protective manner. However, the findings also indicate that at times even recipient households in integrated areas are unable to tap into the promotive potential of SCTs given the limitations associated with their age and fragility.

Keywords: Cash transfers, social pension, market access, livelihood outcomes, Uganda

JEL codes: H53, H55, I38

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1 Introduction

The last decade has witnessed the emergence of social protection interventions in many developing countries. These efforts have been accompanied by a fast-growing literature providing rigorous evidence on the positive impacts of these interventions. Overall, this impact literature promotes social protection as an important intervention for poverty reduction and development. Within the social protection agenda, much attention has been given to social cash transfers (SCTs). To date there is wide recognition of SCTs as an effective means of sustaining and enhancing the economic portfolio of recipient households.

SCTs targeted at the elderly population have become popular in developing countries. These mainly universal and non-contributory transfers are provided irrespective of past or current employment status or income. Even though these transfers target the elderly population, which is often constrained in terms of labour market participation or income generating activities, evidence suggests that such elderly grants have a wide range of positive economic impacts for recipient households – including on livelihood activities (RHVP, 2010; Barrientos & Lloyd-Sherlock, 2002; CARE, 2009), labour supply (Barrientos & Lloyd-Sherlock, 2002; Posel, et al. 2006; OPM, 2013), asset accumulation (Kakwani, et al. 2006; Tirivayi, et al. 2013; RHVP, 2010) and access to credit (Devereux, 2002; Pelham, 2007; CARE, 2009) .

Yet, the structural circumstances in which the elderly population lives vary widely across and within countries. Labour markets, infrastructure, or access to credit differ between urban and rural areas and across regions. SCT recipients may live in areas that are well connected to economic centres and areas that are structurally remote. These structural contexts in which interventions are implemented shape the ways recipient households can utilise SCTs, improve their livelihoods and contribute to the economy. Hence, it is likely that structural inequalities between areas produce different SCT outcomes.

The question this paper aims to answer is to what extent structural conditions determine the livelihood outcomes of SCTs for recipients. To shed light on this question this study uses the case of Uganda. Uganda has experienced important changes in its SCT landscape in recent years signalled by the announcement of the national rollout of the Senior Citizens Grant (SCG) in 2015. The SCG is a universal social pension provided to every Ugandan above the age of 65³. Several studies confirm the overall positive economic impacts of the SCG (e.g. OPM, 2015 & 2016; Ibrahim & Namuddu, 2014; Bukuluki & Watson, 2012; 2012; Calder & Nakafeero, 2012),

³ Except for the poorer Karamoja region where the age of entitlement is 60.

despite that it is targeted at older and hence potentially less productive citizens. These findings, however, ignore the unequal structural circumstances that shape the livelihoods and the ability to contribute to micro-level growth of people living in different geographic areas in Uganda. The analysis applies a mixed-method research design, using a combination of both quantitative and qualitative data from the SCG in Uganda. Disaggregating the data by the local structural context, both qualitative and quantitative data are organised around the growth-mediating processes that link SCTs to micro-level growth.

The overall argument advanced in this paper is that structural circumstances shape the economic outcomes of cash transfers for recipient households. This paper contributes to the literature in the following ways: First, it provides evidence of the importance of accounting for local heterogeneities when analysing outcomes of SCT programmes. Second, it provides new qualitative data on the use of the SCG among recipients in Uganda. Third, the findings of our case study show that there are vital differences in the dominant function of the SCG between recipient households living in areas characterised by different structural circumstances. Recipient households in integrated areas are more likely to make use of the promotive potential of SCTs, while recipient households in remote areas often utilise the SCT in a more protective manner. However, the findings also indicate that at times even recipient households in integrated areas are unable to tap into the promotive potential of SCTs given the limitations associated with their age and fragility. To our knowledge this is the first paper that explicitly addresses differences in structural circumstances in the analyses of livelihood outcomes in Uganda and more generally in Sub-Saharan Africa.

The remainder of this paper is structured as follows: Section 2 sets out the analytical framework that links social protection and micro-level growth that will subsequently be utilised to organise the qualitative and quantitative findings. Section 3 introduces the data and methodology. Section 4 presents the findings with respect to the economic impacts of the SCG for recipient households in integrated and remote areas in reference to two main dimensions proposed by the theoretical research framework. The final section draws some policy implications and concludes.

2 Analytical framework

This study utilises Barrientos' (2012) framework linking social transfers and micro-level growth. This framework distinguishes two main steps in the transmission channel from social transfers to micro-level growth, namely growth mediating-processes and productive activities. Growth-mediating processes are understood as intermediate processes that can either constrain or enable

a household's ability to engage in productive activities (e.g. access to credit); while productive activities are understood as activities that affect the income growth of households (e.g. labour supply) (Barrientos, 2012). For recipient households – the focus of this paper – the framework suggests a positive link between social transfers and micro-level growth. It is argued that social transfers enhance growth-mediating processes by lifting restrictions that previously impeded the productive activities of recipient households (Barrientos, 2012: 12). Moreover, social transfers are also seen to directly improve productive activities of recipient households.⁴

This study applies this framework to the case of Uganda's SCG. This SCG is a universal social pension targeted at people aged 65 and above⁵ and implemented by the Ugandan Ministry for Gender, Labour and Social Development. The SCG transfer is currently worth UGX 25,000 per month (ca. USD 8) and is paid every two months through the Post Bank using mobile vans. The SCG's direct objective is to protect and enhance the living conditions of the elderly population. Its overall objective is to reduce chronic poverty and improve the life chances of poor men and women in Uganda. As such it contributes to the broader objectives of Uganda's National Social Protection Policy, which aims to reduce poverty and socio-economic inequalities for inclusive development and will help build a population that is secure and resilient to socio-economic risks and shocks (Kuss & Llewellyn, 2016:3).

In order to establish the link between the SCG and inclusive growth, this study focuses on the following specific processes and outcomes. In terms of growth-mediating processes, the study considers recipients' access to transport, access to communications, and access to credit. In terms of productive activities, the focus is on recipient's engagement in labour, agricultural production, and off-farm trade. Much evidence has been provided on the positive effects of Uganda's SCG on these growth mediating processes and productive outcomes at aggregate level (e.g. OPM, 2015 & 2016; Ibrahim & Namuddu, 2014; Bukuluki & Watson, 2012; Calder & Nakafeero, 2012).

In terms of *growth-mediating processes*, recipients of Uganda's SCG spend their cash on transport services, for example to reach the pay point or health facilities (OPM, 2016). Uganda's cash transfers have also been associated with a significant increase in spending on mobile phone credit (OPM, 2015). Finally, several studies confirmed the positive impacts of the SCG on access to credit (OPM, 2015; Ibrahim & Namuddu, 2014), on the perceived creditworthiness of

⁴ Except for the impact on labour supply which can either be positive or negative (Barrientos, 2012: 12).

⁵ 60 and above in Karamoja due to the extreme poverty and reduced life expectancy in the region.

recipients (OPM, 2015 & 2016; ESPP, 2013; Bukuluki & Watson, 2012) and saving behaviour of recipients (OPM 2016; Ibrahim & Namuddu, 2014; Bukuluki & Watson 2012).

In terms of *productive activities*, the SCG has reduced the burden of labour for recipients (OPM, 2016). Moreover, the SCG had positive impacts on recipient's agricultural activities because it enabled them to hire agricultural workers, rent land and purchase veterinary drugs, seeds, or agro-chemicals (OPM, 2016 & 2015). Finally, the SCG can provide the necessary capital for recipients to engage in petty trade (OPM, 2016).

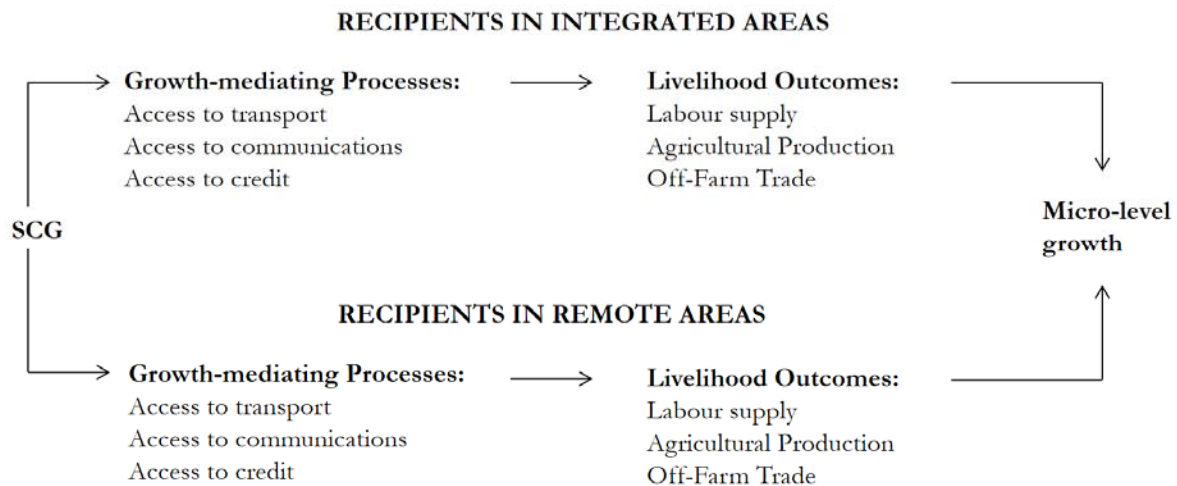
Overall, the SCG contributes to micro-level growth. This aggregate perspective however ignores the different structural circumstances in which the SCG scheme operates. Yet, the structural context is expected to influence the scope and extent of growth-mediating processes (e.g. availability of credit facilities) and productive activities (e.g. availability of markets). People living in remote areas have limited access to infrastructure and services which impedes their ability to engage in growth-mediating processes. This includes, for example, a bad road network and limited transport services, inadequate mobile network coverage and limited credit facilities. In integrated areas people have more opportunities to engage in growth-mediating processes given better road connectivity and transport services, communication infrastructure and credit facilities. In remote areas people are rather constrained in their engagement in productive activities given the limited labour opportunities, overreliance on subsistence-farming and inadequate access to markets. In contrast, people living in integrated areas are able to engage in a variety of different livelihood activities given the available opportunities in terms of wage labour, farming and off-farming activities.

Because of the structural differences between remote and integrated areas it is essential to understand how these differences affect the economic impacts of the SCG and its potential to contribute to micro-level growth. For the purpose of this study Barrientos' framework linking the SCG to micro-level growth has been slightly adapted such that it allows organising and comparing the data from integrated and remote areas (Figure 1). The specific framework distinguishes between the SCG transmission channels for recipients in remote areas and recipients in integrated areas.

The expectation is that there will be noticeable differences in the economic outcomes of the SCG in remote and integrated areas. Recipients in integrated areas are expected to be able to enhance their growth-mediating processes and productive outcomes and thus make important

contributions to micro-level growth. In contrast, recipients in remote areas are expected to be much more limited in using the SCG in a growth-promoting manner.

Figure 1: *The transmission channels between the SCG and micro-level growth in remote and integrated areas*



Source: Own elaboration based on Barrientos (2012).

3 Methodology

This study relies on a case study approach with a focus on Uganda’s SCG scheme. Uganda’s SCG scheme constitutes an interesting case because it is currently rolled out to additional districts following the announcement of its expansion in 2015.⁶ At the end of 2016, Uganda’s SCG was implemented in 35 districts. It provided monthly transfers to 153,703 recipients of which 60 percent women. Each subsequent year the scheme will be expanded to five additional districts until national-coverage is reached (Kuss & Llewelin, 2016).

The analysis of the economic impacts of the SCG and its meaning for people living in different structural contexts uses qualitative and quantitative data. The qualitative data were collected during 16 Focus Group Discussions (FGD) with in total 161 participants, and in 37 semi-structured interviews with key informants from the local administrative level (11), civil society (3), the business sector (11), and the financial sector (12). The quantitative data consists of the base- and endline household survey collected by Oxford Policy Management (OPM) in the context of the SAGE pilot project (World Bank Microdata Library, 2012 & 2014).

⁶ The roll-out plan foresees in covering 40 additional districts by 2020, with the limitation that only the 100 oldest individuals per sub-county will be eligible for the transfer (Guloba et al., 2017).

The data for the qualitative analysis was collected in four SCG parishes, two remote and two integrated locations, between October and December 2016. The research sites were selected after the analysis of the SAGE community baseline survey (World Bank Microdata Library, 2012), which collected data on 399 SAGE villages spread across eight districts in Uganda. The analysis focused on those communities (198) which implemented the SCG.

To define integrated and remote parishes, the availability of the following four primary structural indicators was assessed in a first step: existence of a permanent or periodic market within the parish; existence of bus, taxi or matatu stop in parish; existence of a loading point for inputs or produce; existence of a road that is available throughout the year. Secondly, a set of secondary indicators was considered which included the existence of Savings and Credit Cooperatives (SACCOs); primary school; and health facilities. The average value across villages in a parish was used to identify best and least access parishes (114 parishes with SCG villages).

Table 1. *Distribution of best and least access parishes by sub-county and district*

Parish	Sub-County	District	# of Parishes in Sub-county	Sub-county population*	Estimated Parish population**	Number of current SCG beneficiaries		
						Tot.	M	F
<i>Best access</i>								
Mukunyu	Butiiti	Kyenjojo	7	18,747	2,678	157	50	107
Campswahilijuu	South Division	Moroto	2	8,435	4,218	83	42	41
Kisojo	Kisojo	Kyenjojo	6	22,075	3,679	180	65	115
Rwaitengya	Kisojo	Kyenjojo	6	22,075	3,679	114	45	69
<i>Least access</i>								
Tel-Oro	Abongomola	Apac	6	34,249	5,708	137	60	77
Abwong	Abongomola	Apac	6	34,249	5,708	254	108	146
Akokoro	Akokoro	Apac	8	41,935	5,241	165	64	101
Akurao	Toroma	Katakwi	5	11,825	2,365	170	74	96
Apoi	Akokoro	Apac	8	41,935	5,241	137	63	74
Kungu	Akokoro	Apac	8	41,935	5,241	122	59	63

*Source: own analysis of SAGE community baseline survey. * Provisional Results for the 2014 National Housing Census; **Provisional Results for the 2014 National Housing Census do not present population data by Parish. The estimated parish population is calculated as the sub-county population size divided by the number of Parishes.*

For the final selection further criteria were set. First, if the parish was located in Karamoja, it was excluded from sampling due to its rather different economic and social environment compared to the rest of Uganda and most importantly the different SAGE targeting criteria (enrolment to SCG set at 60 years compared to 65 in other locations). Secondly, if the parish had a tarmac road nearer [or running through it] compared to the other best access parishes, it was preferred. A least access parish was excluded if it possessed characteristics that seemingly offered an economic advantage over the others in the same sub-county or district. Finally, the selection aimed to be regionally balanced. Based on this assessment, Kisojo and Mukunyu parish in

Kyenjojo district were selected as integrated study areas reflecting good structural circumstances and Apoi parish in Apac district and Akurao parish in Katakwi district as remote study areas.

The qualitative data was collected using Focus Group Discussions (FGDs) separately with recipients and non-recipients, and semi-structured interviews with local key informants. Each FGD consisted of 9-11 participants. SCG recipients were sampled randomly based on the SCG registry. The sampling interval was determined by dividing the number of listed recipients with 10 (the number of FGD participants). Selected recipients that could not be located (for example due to death or travel) were replaced with the immediate next on the list. For non-recipients, adults who lived in the third-next house of the selected recipient were sampled. It should be noted that this group of non-recipients does not constitute a counterfactual as in the language of impact evaluation and as established below, but a group with different characteristics compared to SCG recipients (e.g. able to work, young). Key informants were selected purposively based on their involvement in the administration of the SCG, local civil society organisations, local businesses or financial facilities.⁷

Table 2. *Overview FGDs*

Category	Sex	Kisojo <i>integrated</i>	Mukunyu <i>integrated</i>	Akurao <i>remote</i>	Apoi <i>remote</i>	Total
Recipients	Men	10	10	10	10	40
	Women	11	10	10	10	41
Non-recipients	Men	10	11	9	10	40
	Women	11	10	9	10	40

Source: Authors' elaboration

The analysis of the qualitative data used a thematic analysis approach. First, the audio records were transcribed. Secondly, the transcripts were divided into two groups – those from Mukunyu and Katakwi and those from Kisojo and Apoi – which were read and manually coded separately by two researchers. The codes, in line with the indicators defined in the research framework, largely emerged from the data in an inductive manner. For example, the codes related to transport included boda-boda, transport fee and driver; the codes related to communications included mobile phone, mobile phone credit and mobile phone charging services; the codes related to credit included village saving groups, borrowing from others, and purchasing on credit; the codes related to wage labour included agricultural labour, labour opportunities, paid for help; the codes related to agricultural production included agricultural produce, agricultural inputs and

⁷ Given the sampling strategy for non-recipients participating in FGDs, there was potential overlap with key informants. See Gassmann et al (2016) for more information on the data collection methodology and instruments.

farming; and the codes related to off farm trade included among others markets, weekly markets, and trading centres. Thirdly, the codes were validated by a comparison of the codes used by each researcher and clarification of their meaning, after which the codes were organised in a hierarchical manner and clustered around the analytical themes; sub-codes were identified and grouped together or renamed. Finally, we brought the data back in and disaggregated them by remote and integrated areas for the analysis.

The quantitative analysis uses data collected by OPM between September and November 2012 and 2014. The household survey was conducted with recipient and non-recipients in 399 SAGE villages in eight SAGE districts⁸ (OPM, 2016 & 2014).⁹ The data provides information on 1,840 households (10,026 individuals) and 1,125 people aged 65 and above.¹⁰ For the identification of recipients living in integrated and remote areas a market access index was used based on a set of indicators similar to those used to select parishes for the qualitative data collection. It included the following indicators: existence of a permanent or period market in the household's parish; existence of a permanent or periodic market within 60 minutes' travel via the most commonly used transport within that parish (i.e. walking, bus, boda-boda etc.); a formal bank branch in the household's parish; a savings institution in the household's parish; a road that is available all year round in the household's parish; a truck within the household's parish that takes goods to the market; a bus or taxi stop in the household's parish; and the cost of a journey to the sub-country on the most commonly used form of transport in the parish. The values under each of the variables were indexed, added together and, finally, averaged to provide a market index value. The market index value was then attributed to each of the households within the dataset based on the parish that they lived in, assigning them to the 'remote' household group or the 'integrated' group.

The methodology for the analysis of the quantitative data combines propensity score matching (PSM) with difference-in-difference (DiD) analysis. In a first step, the baseline data was used to establish a control group using propensity score matching. The propensity scores for each household using a probit regression were used in order to match recipient with non-recipient households (see Annex 1 for the regression results). Nearest neighbour matching was used to

⁸ Apac, Kaberamaido, Katakwi, Kiboga, Kyenjojo, Moroto, Nakapiripirit and Nebbi.

⁹ Note that OPM did not conduct a household survey in control districts; but merely a community survey. Hence, the OPM data does not provide a true counterfactual to evaluate the impact of the SCG. Therefore this study relies on an impure counterfactual by using the data from non-recipients in SCG districts.

¹⁰ Or 60 and over if they live in the Karamoja Region of Uganda. Note that many age values were missing so these figures should be interpreted as the minimum number of elderly.

allow comparability with OPM's findings (OPM 2015 and 2016). Secondly, the difference between baseline and endline was estimated for the outcome variables for treatment and control group.

4 Findings

This section sets out the detailed quantitative and qualitative findings in respect to the differences in the economic impacts of the SCG's on recipients in remote and integrated areas. Guided by the overall research framework, the first section looks at processes that mediate productive activities and thus micro-level growth. This includes the SCG's effects on recipient's access to and challenges with transport, communication and credit. The second part focuses on recipient's productive activities including their involvement in wage labour, agricultural production, and non-farm trade and its associated challenges. Organising both quantitative and qualitative findings around the research framework helps to triangulate and integrate the data in order to deepen the understanding of the transmission channels from the SCG to micro-level growth.

4.1 Growth mediating processes

In terms of growth mediating processes our findings indicate that recipients in both remote and integrated areas were better able to access transport services. This was found to be of particular importance for recipients in remote areas since it influences their involvement in livelihood activities that depend on accessing the next market. Recipients in integrated areas are advantaged in terms of transportation to the next market since transport services are cheaper and alternative means of transport available because of shorter distances. Access to communication was also found to be important for recipients' businesses but only improved for recipients in integrated areas given the lack of network coverage in remote areas. Finally, in terms of access to credit, our findings suggest that despite the availability of advanced credit facilities in integrated areas, most recipients were unable to access them because of their age, fragility, or limited bi-monthly income base. Interestingly, most recipients in integrated areas used their improved access to credit as a way to make livelihood promoting investments, while most recipients in remote areas used it as a means of coping. These findings are set out in more detail below.

4.1.1 Access to transport:

Although ownership of transportation did not change as a result of the SCG (see *Table 3*), recipients in both remote and integrated areas indicated to be better able to access and afford

local transport. The importance of improved access to transport was particularly emphasised by recipients in remote areas. They perceived themselves to be increasingly able to engage in trading activities because of their increased ability to hire a boda-boda, the local motorbike taxis, to take their produce to the market place for sale, sometimes over quite considerable distances. As a result, recipients commonly spoke of their ability to avoid being taken advantage of as illustrated by the following quote of a recipient in the remote study area: *‘When I am going to Ayago market I hire a boda-boda because I can’t walk that distance. If you try to send somebody to buy you things you get cheated, or even buy poor quality yet expensive stuff; that is why I prefer to get a boda then I go get the things that I need by myself’* (recipient in remote area).

One of the challenges reported by recipients in remote areas is the limited availability of these services, particularly in the rainy season when the roads are less accessible and at night when many boda-boda drivers refuse to travel between villages. Another reported problem is the relatively high transport cost for the long distances in remote areas. Recipients reported spending approximately UGX 10,000 for a 10km journey, which represents a considerable proportion of the SCG which is only UGX 25,000 per recipient per month.

These challenges discussed by recipients in remote areas were not expressed by recipients in integrated areas. Instead recipients in integrated areas reported that the distances they needed transportation for were relatively short and so the price for hiring the boda boda service was cheaper than in remote areas where the distances recipients need transportation for are relatively large. Moreover, given the shorter distances in integrated areas, recipients are also able to make use of alternative means of transportations like bicycles or walking.

Table 3: Transport

	Remote	Integrated
Proportion of households owning a motorcycle	-0.022	0.002
Proportion of households owning a bicycle	0.014	0.015

*Source: Own calculations based on SAGE base- and endline survey (World Bank Microdata Library, 2012, 2014). Note: Average treatment effects in remote and integrated areas using PSM-DiD. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.*

4.1.2 Access to Communications

The qualitative findings indicate a substantial difference between the SCG’s impact on the use of communication services by recipients in integrated and those in remote areas. In integrated areas respondents perceived an overall increase in the use of mobile phones among recipients. Recipients in integrated areas were reported to have invested their SCG in airtime, phone charging, and even mobile phones. Specifically, those who were engaged in productive activities

in integrated areas were seen to be likely to own a mobile phone. This suggests that mobile phones play a valued role in economic activities in integrated areas. However, the quantitative data reveals that mobile phone ownership within the household was not affected by the SCG (see *Table 4*).

In contrast, recipients in remote areas were found to be far less likely to invest their SCG in the use of mobile phone services than recipients in integrated areas. This finding is not surprising given the limited mobile phone network in the remote study sites. Respondents, however, emphasised that the ability to use mobile phones in remote areas would be important for the delivery of the SCG in these areas because it would facilitate the communications around the pay day.

Table 4: Communication

	Remote	Integrated
Proportion of households owning a mobile phone	-0.026	-0.057

*Source: Own calculations based on SAGE base- and endline survey (World Bank Microdata Library, 2012, 2014). Note: Average treatment effects in remote and integrated areas using PSM-DiD. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.*

4.1.3 Access to Credit

Despite the different structural circumstances and the different opportunities to access credit facilities in integrated and remote areas, the qualitative findings indicate that there are no significant differences between the impact of the SCG on the access to credit of recipients living in different structural settings. Savings and Credit Cooperative Organisations (SACCOs) that were only available in integrated areas and that provide better credit opportunities (e.g. better interest rates) were used by very few recipients. The reason for this was that most recipients in integrated areas were unable to meet the relatively difficult membership conditions - which included i) the ability to service a loan monthly, ii) the ability to pay an initial 38,000 UGX to open their SACCO account and iii) the initial ownership of fixed assets that can act as collateral should the SACCO participant default on their payments.

In terms of mobile money services that were mainly available in integrated areas, the qualitative findings also suggest that these services were very rarely used among the more integrated recipients. It was reported that the use of mobile money services was particularly challenging for old people. Instead most recipients in integrated areas were found to access similar saving and credit opportunities than recipients in remote areas. Overall, the SCG has improved the access of integrated and remote recipients to several credit sources including village saving groups, fellow recipients, as well as shop owners and service providers.

Village saving groups are the most common credit source for recipients in integrated and remote areas. Recipients were increasingly participating in these schemes in both integrated and remote areas. Moreover, the amount of money saved had increased as illustrated by the following quote: ‘*Even the amount of money they save has increased. Before they would save even 500 UGX but now they save up to 20,000 UGX when they are paid, this is a change as a result of sage*’ (key informant, remote study area). The number of village savings schemes has increased across both remote and integrated areas. Unlike SACCOs, the conditions to participate in village saving groups was seen to be more suitable for recipients since it was negotiated and agreed upon among the members of the groups themselves. For example, many village savings groups in which recipients participated only required a monetary contribution at each SCG pay day – and not on a monthly basis – making it easier for recipients to service their loans.

Further, recipients reported that fellow recipients were now seen as a source of support in both integrated and remote areas. Both remote and integrated recipients said to be lending to other recipients indicating trust in their ability to pay back their loan. However, the quantitative data referring to credit (see *Table 5*) did not show any significant impact from the SCG for either remote or integrated households.

Table 5: Credit

	Remote	Integrated
Proportion of households reporting purchasing on credit in last three months	-0.05	0.013
Mean total value of credit in last three months, for those who purchased on credit (2012 prices, UGX)	-2121	4293
Mean total value of outstanding credit debt, for those with outstanding credit debt (2012 prices, UGX)	955	6993

*Source: Own calculations based on SAGE base- and endline survey (World Bank Microdata Library, 2012, 2014). Note: Average treatment effects in remote and integrated areas using PSM-DiD. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.*

Finally, in terms of *shop owners and service providers*, it was found that in both areas the SCG was perceived to have allowed recipients to purchase on credit. Specifically, it was reported that recipients in remote areas have accessed services like clinic treatment or have employed agricultural labour on credit. Recipients in integrated areas reported it being easier for them to purchase basic goods on credit.

Despite the similar access to credit for recipients in integrated and those in remote areas, the qualitative findings indicate an important difference regarding the main purpose of accessing credit and particular borrowing money. For most remote recipients, access to credit was seen as

an important component in coping and stabilising consumption. In contrast, for most integrated recipients access to credit was seen as a means of promoting their livelihood by making investments into their livelihoods.

4.2 Livelihood outcomes

In terms of livelihood outcomes our findings suggest that recipients in both remote and integrated areas have reduced their engagement in wage labour activities. However, recipient households in remote areas tend to be more reliant on wage labour as a key source of income than recipient households in integrated areas. Agricultural production has also increased for recipients in both remote and integrated areas. However, in comparison to recipients in integrated areas, recipients in remote areas felt somewhat disadvantaged in terms of their ability to hire labour, their ability to access agricultural inputs, as well as their ability to access markets to sell agricultural produce. Finally, recipients in remote areas were also disadvantaged in terms of their engagement in off-farm trade as a livelihood activity, both in terms of their ability to sell and buy in markets as well as trading centres. Interestingly, integrated recipients have benefitted to a great extent from nearby markets and trading centres in that they have been able to purchase from the market and then sell to the trading centre to make a profit. These findings are set out in more details below.

4.2.1 Wage labour

The qualitative and quantitative findings suggest that overall recipients in both integrated and remote areas have reduced their participation in wage labour activities as a result of receiving the SCG. This is illustrated by the following quote of a recipient: *‘These old people who used to do casual labour were so many but now their numbers have reduced drastically’* (recipient in remote study area). For integrated areas, the quantitative findings found that the elderly recipients had decreased their workload by almost 10 hours a week.

Despite the overall reduction in the participation of recipients in wage labour activities in both integrated and remote areas, the quantitative findings revealed important differences in the participation in wage labour when considering the entire household. For remote areas, the data suggest that the SCG resulted in significant changes in intra-household labour allocation (see *Table 6*). It revealed that adults living with recipients had increased their engagement in productive activities to account for the decreased participation of the individual recipient. Specifically, it was found that while there was a reduction of almost a month per year allocated to

labour activities among recipients, adults living with recipients increased their labour activities by almost two months.

The quantitative findings could not detect significant intra-household changes in wage labour participation for recipient households in integrated areas. This may suggest that households in integrated areas are less dependent on wage labour activities for their livelihoods than households in remote areas. This reliance on wage labour in remote areas is illustrated by the following quote of a key informant from a remote study area, emphasising the engagement of recipients in wage labour as a coping mechanism: *I wish this money was flowing normally ... then they [the recipients] can stop casual labour. But when this money delays, life becomes so hard for them because they have to look for any source of getting money*' (key informant, remote study area). As suggested in the subsequent section, recipients in integrated areas are more likely to engage in alternative coping mechanisms (e.g. engagement in petty trade).

Table 6: Labour participation rates and time use in productive activities

	Remote	Integrated
Mean number of hours spent working per week by elderly (65+)	-1.499	-9.641*
<i>Mean number of hours spent working per week by adults (16-64)</i>	<i>1.900</i>	<i>0.527</i>
<i>Mean number of hours spent working per week by children (5-15)</i>	<i>-1.285</i>	<i>0.741</i>
Proportion of elderly (65+) engaged in an economically productive activity	-0.020	-0.038
<i>Proportion of adults (16-64) engaged in an economically productive activity</i>	<i>0.059</i>	<i>0.031</i>
<i>Proportion of children (5-15) engaged in an economically productive activity</i>	<i>-0.005</i>	<i>0.081</i>
Mean number of months spent working in main occupation in last year by elderly (65+)	-1.716*	-1.069
<i>Mean number of months spent working in main occupation in last year by adults (16-64)</i>	<i>0.860**</i>	<i>-0.037</i>
<i>Mean number of months spent working in main occupation in last year by children (5-15)</i>	<i>0.323</i>	<i>0.051</i>
Proportion of elderly (65+) engaged in subsidiary occupations in addition to their main occupation	-0.118	0.139
<i>Proportion of adults (16-64) engaged in subsidiary occupations in addition to their main occupation</i>	<i>0.034</i>	<i>0.105</i>
<i>Proportion of children (5-15) engaged in subsidiary occupations in addition to their main occupation</i>	<i>-0.001</i>	<i>0.090</i>

*Source: Own calculations based on SAGE base- and endline survey (World Bank Microdata Library, 2012, 2014). Note: Average treatment effects in remote and integrated areas using PSM-DiD. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.*

4.2.2 Agricultural production

The qualitative findings indicate an overall improvement in the agricultural production of recipients in both integrated and remote areas as a result of the SCG, but the findings also reveal important differences with regard to the challenges that old people from integrated and remote areas face in in this context. The similarities in outcomes and differences in the process of

achieving them were particularly pronounced with regard to the ability to hire labour, the ability to access agricultural inputs, and the ability to access markets to sell agricultural produce.

Firstly, in both areas, it was emphasised that the increase in production mainly related to the improved ability of recipients to hire labour. It was argued that recipients in integrated and remote areas could previously not afford to hire agricultural labour which constituted severe limitations for recipients to engage in agricultural production given their age and associated fragility. This is illustrated by the following quote of a FGD participant: *'The activity that started was farming. For example, before the elderly had no gardens. But now when get the money, they hire somebody to dig in their gardens'* (non-recipient, integrated study area).

Despite the improved ability to hire labour for both recipients in integrated and remote areas, the qualitative findings indicate that recipients in remote areas were more concerned about the increase in price to hire agricultural labour than recipients in integrated areas. Recipients in remote areas reported that the increase in demand for agricultural labour had resulted in an increase in price for hired labour. This was confirmed by all respondents from remote areas. Yet, in integrated areas, many respondents contested an increase in the price of agricultural labour that they have witnessed no change in the price of hired labour.

Secondly, it was reported that improvements in agricultural production in remote and integrated areas also depend on the level of recipients' investments into agricultural inputs. The qualitative data indicate that the SCG has increased access to such inputs everywhere. For example, respondents reported that recipients in both remote and integrated areas have started to use pesticides to protect their produce. Previously, pesticides were considered unaffordable for the elderly but the SCG is seen to have made it affordable. Moreover, in both areas recipients have purchased seeds such as ground nuts and beans. In integrated areas, some recipients even invested in pumped water systems to water their crops.

However, in remote areas agricultural input sellers are rare and thus access to these inputs was reported to be more difficult for recipients in remote areas. In remote areas recipients have to travel to larger markets which are of considerable distance to their homes in order to access agricultural inputs. This constitutes a key challenge particularly for the SCG target group as they often lack the energy or the ability to afford transport to carry their inputs home from the vendors located in integrated areas (see section 4.1.1).

Thirdly, qualitative findings indicate a shift away from subsistence farming to surplus farming in both remote and integrated areas. The increased production by remote and integrated recipients

has reportedly led to increased selling of own produce in markets and trading centres. However, the qualitative findings from remote areas suggest that engagement in surplus farming by SCG recipients has been enabled by the engagement of other household members, particularly with respect to taking the surplus produce to the markets. Single SCG recipients were less likely to engage in selling their agricultural production, which limits elderly entrepreneurship in remote areas.

Fourthly, based on the qualitative data the possession of livestock has increased for recipients in both integrated and remote areas. Yet, according to the quantitative analysis, this is only confirmed for recipients in remote areas (see *Table 7*). The quantitative data suggest that the SCG has increased the proportion of remote households that own livestock with 11.7 percent. This is further confirmed by the increase of the average total value of livestock purchased of 8067 UGX per remote household. No significant change could be measured for integrated areas.

Table 7: Livestock ownership and sales

	Remote	Integrated
Proportion of households owning livestock	0.117**	0.070
Proportion of households purchasing livestock in last 12 months	0.060	0.118
Mean total value of livestock purchased (2012 prices, UGX)	8067***	3610
Proportion of households selling livestock in last 12 months	0.002	0.042
Mean total value of livestock sold (2012 prices, UGX)	1259	-314

*Source: Own calculations based on SAGE base- and endline survey (World Bank Microdata Library, 2012, 2014). Note: Average treatment effects in remote and integrated areas using PSM-DiD. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.*

4.2.3 Off farm trade

The qualitative findings confirm that recipients in integrated areas are better able to engage in off farm trade as a key livelihood activity than recipients in remote areas. This is not surprising since nearby markets with a variety of goods as well as trading centres facilitate the engagement of integrated recipients in off farm trading activities.

In terms of recipient's engagement in off farm trade at *market places*, the qualitative findings suggest that selling in the market is concentrated among integrated recipients who are in a better position to access them. Specifically, it was reported that integrated recipients engage with petty trade in the market place, selling things like ground nuts, bananas, salt and mandazi (pancakes). In contrast, for recipients in remote areas selling in the markets is perceived to be largely limited to livestock, although the quantitative data did not show a significant impact of the SCG on the selling of livestock for neither remote nor integrated recipient households (see *Table 7*).

Despite the better access to markets, recipients in integrated areas emphasised a variety of challenges in engaging in off farm trade at the market place. This includes the payment of a fee in order to sell in the market as well as problems that were associated with their age. Some respondents emphasised that those recipients who engage in petty trade in the market were perceived to be disproportionately often the victims of theft. Moreover, it was reported that recipients' lack of energy also constitutes a considerable challenge for their engagement in off farm trading activities at the market place. Thus, even in integrated areas, selling in the market was often found to be a task for a fellow household member.

In terms of *trading centres*, the qualitative data reveal that recipients in both remote and integrated areas were better able to engage in off farm trade at trading centres than at market places. For remote recipients, trading centres were better accessible than markets because they were closer to their communities. For example, it was reported that recipients in remote areas engaged in petty trade at trading centres selling goods such as sweets, boiled eggs, tobacco, soap, clothes, vegetables, livestock and cassava chips. However, some remote recipients still considered trading centres to be too far away.

Interestingly, recipients in integrated areas seemed to have made use of their easier access to both markets by buying goods, in particular higher value goods such as mats and baskets, at a low price in the market and then selling those same goods at the trading centre for a profit. The opportunity of using the price wedge by buying goods at the market and selling them at trading centres was considered to be an important advantage for recipients in integrated areas in terms of their off farm trading activities.

5 Conclusion

Taking the case of Uganda's social pension scheme, this paper confirms that the dominant function of SCTs depends on the structural settings in which recipients pursue their livelihoods. Structurally integrated areas offer more opportunities to tap into the promotive potential of SCTs, even when the intervention is targeted at older and thus less productive people.

In integrated areas, recipients were much better able to access growth-mediating processes. For example, they could choose from a variety of different means of transport that allowed them to access markets and trading centres at a relatively low cost because of the shorter distances. Because of the availability of mobile phone networks, recipients were also in a position to use communication services such as mobile phones that facilitated their engagement in business ventures. Recipients in integrated areas also have more options to diversify their economic

livelihood portfolios compared to recipients in remote areas. Even though they relied less on agricultural wage labour, they were advantaged in improving the agricultural production because of their ability to hire labour, their ability to access agricultural inputs, and their ability to access markets to sell agricultural produce. Finally, recipients from integrated areas were also in a privileged position to engage in off farm trading activities because of their proximity to markets and trading centres. They could purchase goods from the market and then sell them at trading centres for a profit.

In contrast, in remote areas, recipients face substantial challenges to utilise the SCG in a livelihood-promoting manner. Recipients in remote areas were disadvantaged in terms of their ability to engage in growth-mediating processes. Transport services - despite increased access as a result of the SCG - were more expensive for recipients in remote than in integrated areas given the much longer distances transport was needed for. Communication services, in particular mobile phone services, were almost absent given the lack of network coverage in remote areas. In terms of livelihood outcomes, recipients in remote areas were found to be more dependent on wage labour activities than recipients in integrated areas. Moreover, they were disadvantaged in terms of their ability to improve their agricultural production given the challenges with respect to hire labour, to access agricultural inputs, and to access markets to sell agricultural produce. Finally, recipients in remote areas were also disadvantaged in terms of their engagement in off farm trade as livelihood activities, both with respect to their ability to sell in markets and trading centres.

The analysis of Uganda's SCG scheme, which targets older and thus less productive people, confirms that the age of the recipients limits their potential to contribute to micro-level growth. Even in integrated areas some recipients were unable to access infrastructure and services to promote their livelihoods because of the limitations associated with their age. The physical condition of recipients reduced the entrepreneurial activities in remote areas where the engagement in livelihood promotion required an additional physical effort. Recipients were often dependent on fellow household members to engage in livelihood promoting activities. Hence, recipients in remote areas were more likely to use the SCG in a livelihood-protective manner.

In conclusion, SCTs have the potential to substantially contribute to micro-level growth, even more so when targeted at groups with productive capacity. In case of recipients that are less productive, SCTs fulfil different dominant functions depending on the structural context. As a result, structural inequalities may even widen between remote and integrated areas. The introduction of complementary SCT interventions targeted at groups with higher productive

capacity would benefit the development in all areas. It would improve the structures and services in remote communities, support the promotive function of SCTs that are targeted at less productive groups and, hence, lead to higher pro-poor micro-level growth.

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Annex

Annex 1: Probit regression model

Dependent variable: SCG eligible HH (1/0)	Coefficient	Robust Std. Err.
HH with literate member	0.043	0.086
HH gender ratio	-0.003	0.002
HH with orphan	0.029	0.083
HH with disabled person	0.339***	0.074
HH size	-0.098***	0.023
Number of children under five	0.004	0.050
HH head with no education	0.152*	0.085
Female HH head	0.087	0.088
Hut	0.006	0.129
Thatched roof	-0.372***	0.134
Improved sanitation	0.082	0.082
Improved water source	0.091	0.080
HH is poor	-0.023	0.179
Poverty gap	-2.336	1.650
Squared poverty gap	2.878	2.036
HH is extreme poor	0.354*	0.208
Consumption per adult equivalent	0.000	0.000
Food expenditure per adult equivalent	0.000**	0.000
Health expenditure per capita	0.000	0.000
Expenditure on alcohol and tobacco	0.000*	0.000
HH received private cash transfer	-0.024	0.087
HH received private in-kind transfer	0.007	0.075
HH gave private cash transfer	0.363***	0.114
HH gave private in-kind transfer	0.053	0.081
Acres of land owned	0.002	0.002
HH purchased livestock	-0.133*	0.079
HH purchased asset	-0.287***	0.087
Value of assets purchased	0.000	0.000
Constant	-0.005	0.332
# of observations	1677	
Wald chi2(28)	148.37	
Prob > chi2	0.000	
Pseudo R2	0.075	

Source: Own calculations based on SAGE baseline survey (World Bank Microdata Library, 2012). Robust standard errors. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. HH=household.

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