Evidence on Graduation from Uganda’s Social Assistance Grants for Empowerment (SAGE) Scheme and the Feasibility of Promoting Sustainable Livelihoods for Labour Constrained Households through a Linkages Approach

Jane Namuddu, Stephen Barrett, Augustine Wandera and Beatrice Okillan & Stephen Kasaija

Expanding Social Protection Programme
Ministry of Gender Labour and Social Development, Uganda

Social Protection and Graduation Conference, Kigali, 7th April 2014
Outline of Presentation

1. Poverty & vulnerability in Uganda
2. State of social protection in Uganda
3. Overview of Social Assistance Grants for Empowerment scheme
4. Research methodology
5. Findings on the promotion of sustainable livelihoods
6. Opportunities and barriers to promoting resilience through linkages
7. Summary and conclusions
Understanding poverty & vulnerability in Uganda

• Despite significant progress since 1986, 22.1% of the population still live under the official poverty line and 11.6% are in chronic poverty.
• Despite falling poverty rate, the absolute number of poor people is not decreasing – 7.5m since 2005/06.
• Poverty is everywhere but is exceptionally high (and even increasing) in certain parts of northern Uganda.
• 43% (13m) are barely above the poverty line and vulnerable to falling into extreme poverty in the event of a shock.
• Almost as many people are falling into poverty as are escaping poverty, resulting in persistently high numbers of poor people – i.e. for most, escape from poverty is temporary.
• Exceptionally low poverty line – ‘poor’ and ‘non poor’ need to be treated with caution.
Understanding poverty & vulnerability in Uganda

Understanding the scale of vulnerability in Uganda:
Raising the poverty line by only 10% (only Shs. 125) would increase the national poverty rate by approximately 5 percentage points, to 27%. This translates into an increase in the number of poor people from 7.5 to 9.2 million.
Understanding poverty & vulnerability in Uganda

Key drivers of poverty and vulnerability:
1. Life-cycle shocks and individual capabilities
2. External shocks
3. Social exclusion

Certain social groups particularly vulnerable to falling into poverty and chronic poverty, e.g.

- Larger households with high dependency ratios
- Over 70% of older people and their families are poor or vulnerable to poverty (implications for 3m children)
- Households headed by PwDs.
- Children living with fathers only
Social Protection in Uganda

• Despite Constitutional and policy provisions, access to formal social protection is extremely limited:
  ✓ NSSF: 400,000 members
  ✓ PSPF: 51,000 members
  ✓ Public works: 500,000 bnfs/year
  ✓ SAGE: 105,000 beneficiaries.
  ✓ Social care virtually non-existent.

• Cabinet therefore approved implementation of the Expanding Social Protection (ESP) programme – to be implemented with funding from the GoU, DFID and Irish Aid in July 2010.
Expanding Social Protection (ESP) and SAGE

• ESP aimed at embedding a national SP system including social assistance for the poorest and most vulnerable.
  ✓ Institutional development
  ✓ Policy development
  ✓ Programming and evidence
  ✓ Political engagement and awareness-raising

• SAGE aimed at generating evidence on the impact and feasibility of delivering small, regular and reliable DIS to poor and vulnerable households.
The SAGE Pilot Scheme

- Senior Citizen Grant
- Vulnerable Family Grant
- 105,836 beneficiaries
- Shs. 50,000 every 2 months
- MTN MobileMoney
- No means-testing or withdrawal of benefits
- Rationale for targeting design:
  ✓ Old age vulnerability
  ✓ Cost effectiveness;
  ✓ Likely ineffectiveness of targeting;
  ✓ Social cohesion;
  ✓ Political viability
Researching impact on livelihoods and linkages through meta-analysis

ESP studies and data reviewed:
1. Independent impact evaluation baseline and qualitative impact survey report (OPML, 2013; 2014)
2. Paypoint Client Exit Surveys (ESP. 2012; 2013)
3. Value-for-money analysis (White, 2014)
4. Gender analysis (Calder & Nakafeero, 2012)
5. SAGE Linkages Study (Onapa et al, 2014)
6. Flow on effects study (Ibrahim & Namuddu, 2014)
7. Beneficiary Perception Study (Bukuluki & Watson, 2013)
8. Evaluation of the efficiency, effectiveness and appropriateness of SAGE targeting (Bukuluki and Watson, 2014)

All available at www.socialprotection.go.ug
Use of SAGE Transfer Income

Beneficiary Use of Transfer (%)

- **Food**: 68% (Plan to Spend), 78% (Spent)
- **Education**: 40% (Plan to Spend), 48% (Spent)
- **Medical**: 42% (Plan to Spend), 52% (Spent)
- **Investment**: 32% (Plan to Spend), 32% (Spent)
- **Shelter**: 14% (Plan to Spend), 0% (Spent)
- **Savings**: 13% (Plan to Spend), 16% (Spent)
- **Hire Labour**: 22% (Plan to Spend), 27% (Spent)
- **Alcohol**: 5% (Plan to Spend), 6% (Spent)
- **Social Obligations**: 3% (Plan to Spend), 5% (Spent)
- **Paying Debts**: 14% (Plan to Spend), 15% (Spent)
- **Other**: 4% (Plan to Spend), 5% (Spent)
Key findings – access to financial services

1. At baseline, beneficiary households held minimal savings and were discriminated against in credit markets.

2. Enrolment in SAGE enabled increased access to financial services
   ✓ Savings and Credit Cooperatives (SACCOs);
   ✓ member-managed savings and credit groups;
   ✓ Mobile Money ‘e-wallet’

3. Access to financial services further enhanced through proactive coordination with CARE’s Village Savings and Loans Associations (VSLA) programme:
   ✓ 14,361 SAGE beneficiaries participating in VSLAs
   ✓ cumulative savings of UGX 808m (USD 323,000)
   ✓ cumulative loans of UGX 206m (USD 83,000).
Key findings – increased household productivity and profitability

• Exit point surveys consistently suggest that 20-30% of beneficiaries are regularly investing in agricultural production:
  ✓ Livestock
  ✓ Agricultural inputs
  ✓ Hire of ox-ploughs
  ✓ Hire of day-labourers

• Qualitative research confirms that beneficiaries are more able to wait until crops reach full maturity before selling and are in a better negotiating position with buyers, resulting in increased profitability.
Key findings – increased resilience through livelihood diversification

• Poverty data suggests that sole reliance on agriculture is associated with increased vulnerability.

• Impact evaluation suggests that the ‘moderately poor’ and ‘non-poor’ are particularly likely to invest in set-up of non-agricultural businesses such as road-side stalls, kiosks and hairdressing.

• Regular cash income among SAGE beneficiaries has increased demand for goods and services which has led to increased investment in shops, restaurants, bicycle repair workshops, bicycle taxis etc among NON beneficiary households.

• Increased resilience through livelihood diversification therefore apparent in communities as a whole.
Key findings – increased resilience through social inclusion and empowerment

SAGE Impact Evaluation (qualitative component) findings:

• “many elderly beneficiaries have experienced enhanced voice and respect in community meetings over the past eighteen months.”

• “in SCG areas SAGE is generally seen to contribute to improved cohesion between households. This has been enabled by the contribution of the cash transfer to enhancing elderly beneficiaries’ appearance and self-esteem, alongside their decreased dependency and their new ability to support their households and friends.”

• “some female beneficiaries have experienced increased influence in household decision making due to their new status as ‘breadwinners’.”
Route to resilience: from income security to resilient livelihoods

- Livelihood diversification
- Increased household productivity
- Increased access to savings and credit
- Increased social inclusion and empowerment
- Improved income security through regular and reliable income support
Opportunities and barriers to enhancing livelihoods through linkages

- VSLA experience suggests potential benefits of establishing linkages between SAGE and livelihoods initiatives.

- Feasibility of establishing linkages with NAADS and CDD explored by Onapa et al (2014). Findings:
  - Some beneficiary uptake, but very low.
  - Eligibility criteria exclude poor and vulnerable.
  - Repayment requirements and risk of failure.
  - Targeting mechanisms poorly understood by beneficiaries and subject to elite capture.
  - Poor planning and coordination of programmes.
Strategies for addressing barriers

• Creating awareness on programme implementation modalities among SAGE beneficiaries.
• Encouraging beneficiaries to form and register groups to benefit from livelihoods programmes.
• Strengthening local government planning and coordination mechanisms.
• Reforming livelihoods programmes to increase accessibility to the poor and ensure effective and accountable targeting.
Summary & Conclusions

• Despite its relative simplicity, a universal Senior Citizen Grant (social pension) is effective at reaching the poor and vulnerable and benefits key vulnerable groups such as children.

• Prior to enrolment in SAGE, the majority of beneficiaries were unable to meet their basic calorific requirements or access basic social services. In this context ‘subsidising consumption’ must be seen as part of a longer-term, intergenerational graduation strategy.

• While the scope for productive investment and livelihood diversification is likely to remain limited in the medium-term, a significant minority of beneficiaries appear to be pursuing more resilient livelihoods through investment in agriculture and livelihood diversification.

• Impacts on social cohesion, social inclusion and empowerment equally important for graduation.
Summary & Conclusions

• SAGE’s collaboration with the CARE VSLA programme suggests that forging linkages with other government livelihoods programmes could enhance developmental impact.

• However, there are a number of key barriers to creating these linkages. In the Ugandan context, addressing these barriers is likely to be the most appropriate and sustainable strategy for promoting graduation.

• Delivery of on-going, regular and reliable income support at critical points in the life-cycle is the foundation for an effective poverty reduction and graduation strategy.

• Nationwide roll-out of simple, cost-effective, scaleable, transparent, socially non-divisive, life-cycle focused programmes (such as the SCG) and reform of existing public works programmes must be the priority for Uganda’s emerging social protection system.
Mwebale!