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**THE REPUBLIC OF UGANDA**

**OFFICE OF THE PRIME MINISTER**

**OVERVIEW OF THE NORTHERN UGANDA SOCIAL ACTION FUND**

**DISTRICT LEADERS RETREAT AT NALI - KYANKWANZI**

**WEDNESDAY 23RD MARCH 2023**

1. **Background**

Northern Uganda suffered from prolonged political insurgencies and cattle rustling from 1986 – 2007. These included and were not limited to the Lord’s Resistance Army (LRA), West Nile Bank Front, and cattle raids from the neighbouring communities, the Uganda People’s Army (UPA), the Holy Spirit Movement of Lakwena among others.

A combination of the above conflicts led to socio- economic losses, population displacement, a breakdown in infrastructure, loss of lives and property in the region. This led to an increase in poverty levels.

Following extensive peace efforts, Government put in place a number of programs, projects and interventions like Peace, Recovery and Development (PRDP), Northern Uganda Social Action Fund (NUSAF), Restocking Programme, NULEP, ALREP – KALIP, DINU and many others to bridge both the social and economic development gap of the region. These interventions have been able to register measurable achievements in supporting production, improving the regional infrastructure gap, community mindset change and private sector led growth.

1. **Poverty status**

The causes of the increasing poverty in Northern Uganda are attributed to over reliance on subsistence farming with high dependency on rain-fed agricultural production, lack of perennial / cash crops, resulting into increased levels of vulnerability among households, dependency syndrome, limited skills, lack of value addition, poor storage facilities and poor harvest handling.

Poverty is further manifested in low productivity, low skilling, land fragmentation, rampant land conflicts, limited employment opportunities, environmental degradation, low access to financial credit, low income generating activities and poor mindset, among others.

Efforts were put in place under PRDP, NUSAF and other interventions to address the effects of the insurgency. Despite the Government interventions to consolidate peace, develop the economy and reduce vulnerability, the levels of poverty in the region is still higher than at the National level.

According to Uganda National Household Survey (UNHS) 2019/2020, poverty levels in Northern Uganda stood at 43.8%. Poverty is higher in Acholi Sub-Region at 67.8% and Karamoja at 64%. Out of the 8 million persons living below poverty line, 5 million are in Northern Uganda as per the UNHS 2019 / 2020 Report.

**POVERTY TRENDS - 2012/13 to 2019/2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub Region** | **Poverty 2012/13** | **Poverty 2016/17** | **Poverty 2019/20** |
| Bukedi | 29.4 | 43.7 | 34.7 |
| Busoga | 22.8 | 37.5 | 29.4 |
| Elgon | 25.8 | 34.9 | 13.2 |
| West Nile | 42.0 | 34.9 | 16.9 |
| Lango  | 43.8 | 17.6 | 23.4 |
| Karamoja | 74.5 | 60.1 | 65.7 |
| Acholi | 45.5 | 33.4 | 67.7 |
| Lango  | 43.8 | 17.6 | 23.4 |
| Teso | 20.8 | 25.1 | 21.9 |
| Bunyoro | 8.5 | 17.3 | 9.8 |

*(Source: UBOS and MFPED, 2016/17, 2019/20)*

**Northern Uganda Social Action Fund (NUSAF)**

Northern Uganda Social Action Fund was a Government of Uganda project financed by the World Bank to mainly provide affirmative action to address high poverty levels and socio-economic disparities in the greater Northern Uganda. NUSAF3 was worth 130m USD and closed on 30th June 2021.

**NUSAF3 achievements;**

Up to 3,031,690 poor and vulnerable people from 606,338 households benefited from the NUSAF3. The Project invested in 5,299 targeted villages within 1,536 Parishes of the 67 participating Districts. Below is a table showing achievements against the planned targets.

**Table 1: Achievements against the Planned Targets**

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicators** |  **Planned** | **Achieved**  | **%** |
| Number of groups (sub projects) funded | 10,870 | 12,693 | 117% |
| Number of community assets built | 3,170 | 3,240 | 102% |
| Number of households supported | 599,600 | 606,338 | 101% |
| Number of (beneficiaries) | 2,995,500 | 3,031,690 | 101% |
| Number of female beneficiaries  | 1,198,200 | 1,772,770 | 148% |
| Households supported in post-disaster | 84,000 | 90,405 | 108% |
| Parishes with Community Monitoring Group  | 85% | 90% |  |
| % of grievances registered and resolved  | 70% | 76% |  |
| National Beneficiary Registry / Project MIS | Established | Functional |  |
| % increase in the value of household assets  | 20% | 35% |  |
| % of beneficiaries satisfied with the project | 80% | 95% |  |

*The extra achievements were on account of foreign exchange gains.*

**NUSAF3 Contributions to Livelihood Improvement**

**Household Income and Assets**

The *NUSAF3 Impact Evaluation Report (May 2021)* indicated a 42.7% increase in average monthly income of the beneficiary households from UGX143,270 at baseline in 2017 to UGX204,386 in May 2021, and increase in the value of household assets from average of UGX397,188 to UGX3,140,801. This included livestock, ox ploughs, poultry, bicycles, radios, mobile phones, beddings, kitchen facilities, solar lighting, and roofing materials.

 **Household Food Security and Consumption**

The project evaluation report further indicates 41% of the investments were used to boost production in agriculture, improve food security in the beneficiary households and generate subsistence surplus to earn income. Consequently, the number of beneficiaries eating three meals per day increased from 7.6% to 23% and those consuming one meal a day fell from 32.5% to 10.3%.

 **Household Savings**

NUSAF3 provided USD 4.5 million as Village Revolving Fund (VRF) to 1,466 saving groups in 31 Districts and enabled the member’s access cheap investment capital to boost their business. In addition, the 12,693 beneficiary groups were supported to promote mandatory savings from the UGX 346,682,382,006 that was disbursed to them and realized up to UGX 60.4 billion (17%) accumulated in savings and interest earned over the five years. This demonstrates potential of the communities to locally generate significant investment capital from savings

 **Women and Youth Empowerment**

The Project prioritized women and youth and supported up to 1,772,770 females and 933,783 youth making 58% and 33% of the 2,995,500 planned beneficiaries respectively. This Affirmative Action boosted the confidence and self-esteem of many women allowing them hold leadership positions and participate in decision making in their communities and households.

**SUMMARY OF NUSAF3 FUNDING BY REGION**

|  |  |  |
| --- | --- | --- |
| **SUB-REGION** | **GROUPS SUPPORTED** | **FUNDED UGX** |
| ACHOLI | 2,239 | 54,422,876,057 |
| BUKEDI | 983 | 25,342,685,590 |
| BUNYORO | 750 | 20,403,635,574 |
| ELGON | 1,171 | 29,653,513,736 |
| KARAMOJA | 2,753 | 92,556,622,240 |
| LANGO | 1,643 | 43,083,926,456 |
| TESO | 1,355 | 35,736,984,727 |
| WEST NILE | 1,799 | 45,482,137,626 |
| **TOTAL** | **12,693** | **346,682,382,006** |

Following this achievement, Cabinet in January 2022 authorized Office of the Prime Minister and the Ministry of Finance to design the NUSAF4 in order to consolidate the achievements of NUSAF3 and expand the focus and beneficiaries. A multi stakeholder design team was established.

NUSAF4 is estimated to cost 250m USD over a five year period.

**The Project Objective** is to support sustainable livelihoods and shock responsive interventions to build household resilience. The project will target the 39% poor population in subsistence economy to move into the money economy and will support 4,064 parishes complementing the Parish Development Model, 667,000 households, 3.1 million beneficiaries and create 21,000 self-employment enterprises for the youth beneficiaries.

The project design is ongoing and full scale implementation is scheduled for July 2023.

The project objective will be pursued through implementing the following **three key components**:

1. Sustainable Livelihoods Support
2. Strengthening Safety Net for Enhanced Resilience and Human Development
3. Transformational Delivery Systems.

**NUSAF4 PROPOSED COMPONENTS**

1. **Sustainable Livelihoods Support Component**
* This component is structured around 3 interventions, tailored around the needs and challenges of 2 different target groups of beneficiaries living in (i) Rural and peri-urban Areas and (ii) Urban Areas.
* The project will recognize in its implementation geographical differences and sub-regional priorities, to plan for contextualized interventions addressing the unique challenges to the selected areas.
* In particular, prior to the roll out of interventions, especially under the rural livelihood’s interventions, the project will review Government plans to identify priority commodities as well as undertake a market assessment to identify viable markets for rural beneficiaries’ livelihoods.
* In rural and peri-urban areas, where most of the economic activities will likely be in the agricultural sector, the project will aim at linking groups of smallholders to existing private sector off takers, finance capacity building, focused on improving agronomic practices and adoption of improved inputs, among others, provide mentoring support and investment capital.

It will also support groups of farmers to form cooperatives and enter into agreements. The project will seek to engage private sector off-takers and processors, as well as provide access to markets.

It is expected that approximately 135,000 smallholders will directly benefit from this support. The project will encourage women farmers to participate in these schemes.

In Urban areas, the intervention will focus on promoting the capacity, finance and access to markets of vulnerable entrepreneurs, especially informal youth-led businesses and female-owned businesses, both existing and at start-up stages.

 The interventions will primarily target youth aged between 18-35 (at least 60% of program participants) and will ensure that at least 50% of beneficiaries are women.

Beneficiaries will apply for small investment capital under a competitive process, through the presentation of a simplified business plan. A total of 4,200 entrepreneurs are expected to benefit from this competitive business capital from the 21,000 benefiting from capacity building efforts. Within these, the project will focus on ensuring that at least 50% of women entrepreneurs benefit from this stage.

**Complementarity to PDM:**

Component one will complement PDM in production, storage and marketing (pillar 1) through intensive training of beneficiaries in improved agronomic practices and linking them to the private sector to support value chain development, (agro-processing business) and off-takers in agriculture;

* Enhancing financial inclusion (pillar 3) through training beneficiaries in financial literacy and education, access to livelihood and skills development, supporting savings, credit and transfers to poor and vulnerable households, improving their access to financial services and linking them to financial institutions for sustainable services provision;
* Enhancing mind-set change (pillar 5) of beneficiaries, especially the youth
1. **Strengthening Safety Net for Enhanced Resilience and Human Development Component**
* This component will support implementation of climate-smart Labor-Intensive Public Works (LIPW) – in line with experience with NUSAF 3 - targeted to able-bodied persons in poor and vulnerable households to address consumption constraints and build resilience.
* The LIPW will provide able bodied beneficiaries from poor and vulnerable households a daily seasonal wage during the lean season in return for their participation in climate smart LIPWs. The LIPW wage will allow participants from poor and vulnerable households to smooth their consumption and acquire assets. As evidenced in NUSAF 3, the income support provided under LIPWs to poor and vulnerable households is an important safety-net mechanism to boost income and reduce vulnerability through increased savings, consumption, investment, and expenditure in human capital, such as education and health.
* Also, the intervention will provide direct income support for households with extreme vulnerabilities and the inability to provide labor i.e., households with disabled or elderly persons, people who are chronically ill, (such as those with HIV and AIDS), orphaned children up to 16 years of age and female-headed households with no other available adult labor.

The LIPW intervention will also consider the special needs of women. At least 40 percent of LIPW participants will be women.

* A Public Works Beneficiary Registry and Verification Mechanism will be one module of the MIS as used in NUSAF 3, to ensure that payments are made to eligible beneficiaries. Spot checks by the district supervision teams and technical support teams, third party verification, and community score cards will also be used to monitor the integrity of the implementation process, especially the accuracy and timeliness of payments to beneficiaries.
* This intervention will finance: (i) the wage for the beneficiaries participating in the public works activities; (ii) the equipment, materials, and semi-skilled labor and other inputs necessary to implement the selected LIPW up to the required quality; and (iii) capacity building support such as the hiring of community facilitators, training and planning workshops. The intervention will also finance unconditional transfers to those targeted poor and vulnerable households that have no adult able-bodied members to participate in LIPW.
* An approximate number of 1.4 million beneficiaries is expected to receive support from this intervention.
* In addition, this component will introduce human development linked interventions through support to labor constrained households with caring responsibilities such as pregnant and lactating mothers and under 2 years (U2) across the 1000 days window with “cash plus interventions” to enhance health, nutrition, and child cognitive development outcomes,
* The cash plus interventions will include accompanying measures related to nutrition-awareness sessions for mothers, linking safety net beneficiaries to recommended ante and post-natal care services, encouraging growth monitoring and promotion, and facilitating registration of births and other vital life events in the civil registration system.
* The objective of this intervention will be to provide income support for increasing expenditure on basic food; promoting dietary diversity; improving maternal knowledge, awareness and attitude on nutrition; and promoting health-seeking behaviour among the poor families. The LIPW intervention will expand in districts not only prone to droughts but also floods/landslides.
* This component will **complement PDM pillar 2**; to consolidate and increase stock and quality of economic infrastructure through community assets created through LIPW and DRF, such as community access roads, community storage facilities, live fencing, water sources for production and home use, agro-forestry, etc and also enhancing mind-set change (pilar 5) of beneficiaries, especially engagement with women and girls with nutrition sensitive sessions
1. **Transformational Delivery Systems Component**
* This component willstrengthen Social Protection Systems by setting up a social registry with a national outreach. The national social registry is key for identification of households based on objectively verified characteristics of poverty and vulnerability.
* The main objective of setting up a National social registry is to improve targeting of poor and vulnerable households to benefit from social and economic inclusion programs. The aim is to target those most in need to benefit from all social sector programs in the country not only those engaged in farming (which is the focus of Parish MIS under pillar 6). The current single registry covers selected areas that are part of the previous programs such as NUSAF and ongoing projects such as DRDIP.
* The national social registry will be established by harmonizing the existing beneficiary program databases and identification systems that are already in place, integrating it with other systems such as civil registry system. This will include linking to the national single registry developed under NUSAF 3 for value addition. The dynamic social registry will:
1. Improve targeting of households to benefit from social protection and other relevant program through establishing systems and procedures for collection of quality assured socio-economic data that is objective and transparent;
2. Enhance efficiency of pro-poor public and private expenditures by ensuring no duplication of beneficiaries/benefits going to ghost beneficiaries etc;
3. Support informed policy choices and decisions to systematically address poverty and vulnerability challenges, including support in targeting health, nutrition and education interventions for poor households,
4. Enable transformation of social protection programs to be shock responsive, based on households needs and to guide scale-ups in the events of shocks and natural disasters.
* This component will **complement PDM- Financial inclusion (pillar3**) through supporting and scaling up digital payment system to have the poor and vulnerable households in the subsistence economy to be able to participate in the financial sector.
* It will also **complement Parish-based Management Information System (pillar 6)** through supporting the set up of a National social registry of all the poor and vulnerable households through establishing systems for collection of quality assured socio-economic data that is objective and transparent at Parish level.

**Questions**

1. **What proposed interventions will deliver transformation to rural communities in Northern Uganda under NUSAF4?**
2. **How can NUSAF4 be more effective?**