# OFFICE OF THE PRIME MINISTER The Third Northern Uganda Social Action Fund (NUSAF3)

Paving the Way to a Middle Income Economy for Northern Uganda



**HE Gen. Y. K. Museveni** President of the Republic of Uganda



Rt. Hon. Dr. Ruhakana Rugunda Prime Minister



Hon. Byabagambi John Minister for Karamoja Affairs.

Hon. Kiiza Ernest

Minister of State for Bunyoro Affairs



Hon. Kwiyuucwiny Grace Minister of State for Northern Uganda



Hon. Agnes Akiror Egunyu Minister of State for Teso Affairs



Guwatudde Kintu, Christine Permanent Secretary



Hon. Moses Kizige Minister of State for Karamoja Affairs



Dr. Robert Limlim Director NUSAF3

# Background:

The Social Protection interventions for Northern Uganda were established under the Peace, Recovery and Development Plan (PRDP) for Northern Uganda and are implemented under the Office of the Prime Minister. NUSAF1 (2003 to 2009) was one of these interventions and begun with the challenges of insurgency, vulnerability and humanitarian action.

NUSAF2 under PRDP2 and funded by a loan from the World Bank and a grant from DFID in the UK, continued with the affirmative action of NUSAF1 with more focus on recovery, rehabilitation, rebuilding of infrastructure and household income support. NUSAF3 is likewise funded by a 130-million-dollar loan from the World Bank.



NUSAF3 has begun the training and mobilizing of the District and Sub-County Implementation teams in the 56 Districts of Northern Uganda. These implementation teams are also in turn starting the activities of mobilization and sensitization of the communities towards generation of community investment groups.



Attendees at NUSAF3 Training Workshop for District Officers in Mbale in May 2016

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The predecessor, NUSAF2, reported outstanding success by 100 percent absorption of all the designated Project funds and implementing 10,519 Projects that was over and above the 10,042 planned Projects. At total of 98,677 households (HH) accessed viable assets or income generating activities. This translates to approximately 493,385 beneficiaries. The increase in the household incomes of these beneficiaries increased from an average of UGX. 93,401 per year (in 2008) to UGX. 286,183 in 2015, representing an increase in 206%, in that period. Furthermore, NUSAF2 beneficiaries in a beneficiary assessment survey reported a 90% rate of satisfaction.

NUSAF2 closed with the unsurpassed achievements of 100 percent accountability for the Project funds by NUSAF2 beneficiaries, no misprocurement, and minimal incidences of corruption, largely due to the involvement of the Office of the Inspector General (IG).

## The NUSAF3 Development Objective

NUSAF3 will build on the successes of the previous Projects and increase the impact of the Social Protection measures. NUSAF3, unlike the previous Projects, will focus exclusively on productive growth of beneficiary households through income generating activities. The Project Development Objective of NUSAF3 is to provide effective income support to and to build the resilience of poor and vulnerable households in Northern Uganda.

NUSAF3 is designed to assist the targeted poor communities of Northern Uganda to transit to sustainable livelihoods and on the path towards the Government's goal of a middle-class economy by 2020. The NUSAF3 design for Northern Uganda, will do this through a pathway of interventions that involve; **a**) regular and short term deployment of labour in productive labour Intensive public works, **b**) engagement in selective market driven enterprises, and **c**) through positive attitudinal change to work, production and savings.



## **Current Situation in Northern Uganda**

A major goal of social action progammes in Northern Uganda, is to bridge the household (HH) income gap between the North and the rest of the country. The current average national poverty rate was 19.7 percent in 2012/2013 (UBOS). In comparison, the poverty rates in the North and North-Eastern of the country are much higher than those of the Central, South and Western regions or the national average as illustrated below:

Poverty rates in the Northern and Eastern sub regions; Karamoja is at 74.2% in 2012/13 from 75.8% in 2009/10

- West Nile is at 42.3% in 2012/13 from 39.7% in 2009/10
- Mid North is at 35.4% in 2012/13 from 40.4% in 2009/10
- **Eastern 24.7% in 2012/13 from 26.5% in 2009/10**

Furthermore, 80% of Uganda depends on subsistence agriculture and of these, 68% of households in Uganda are not participating in the **cash economy**. Additionally, there are 400,000 graduates from tertiary institutions annually and only 80,000 of these are recruited in formal employment with the Government and the private sector annually. As a result, unemployment and underemployment of land, labour and resources is high.

## **Lessons from Previous Projects**

A major learned under previous Projects is that inputs like grants, assets and labour are necessary but not sufficient for sustainable livelihoods. NUSAF3 will, therefore, focus on providing training and capacity building, development of business plans, knowledge and skill development, profits and savings, and improvement in food security. Another major lessoned learned was that spreading limited resources everywhere to finance small isolated investment groups did not create good impact and effect on sustainable livelihoods. The NUSAF3 design will focus on implementation in water-catchment zones as selected by the Districts, and within selected sub counties, in order to reach a critical mass of interventions and households within communities. A third lesson learned was that taking advantage of the market forces of demand and supply will spark micro-economic engagements. NUSAF3 will, therefore, focus on market driven enterprises that result in income generation for the communities.

## The NUSAF3 Approach

The NUSAF3 Project design is based on the *Watershedapproach* to direct the Project investments to priority areas and focused on environmental regeneration and enhancement of household income. NUSAF3 is partnering with the Ministry of Water and Environment (MoWE) in implementing this ground breaking approach. The MoWE will provide guidance and technical support to NUSAF3.

The design also prioritizes community ownership, capacity building and technical support, the accumulation of savings for revolving capital and convergence with other livelihood interventions.

#### Map of Major Watershed Zones in Uganda



NUSAF3 to implement Project interventions within subwatershed zones (water catchment areas).



Examples of Watershed intervention approaches: Water Harvesting and Control of Soil Erosion on Hillsides

# **NUSAF3** Design Components

NUSAF3 has four main components: a) Labour-Intensive Public Works and Disaster Risk Financing b) Livelihood Investment Support (comprised of; Improved House Hold Income Support Progamme and the Sustainable Livelihoods Pilot) c) Transparency, Accountability and Anticorruption (TAAC) and d) Safety Net Mechanisms and Project Management.

The Labour Intensive Public Works and Disaster Risk Financing (LIPW-DRF) will provide temporary employment opportunities for poor and vulnerable households and is capable of being scaled up in response to disasters in selected areas. This sub-component will provide beneficiaries with seasonal transfers in return for their participation in LIPW that will enable them to sustain and increase their assets and smooth their consumption during lean seasons.

This will also result in the creation of physical assets of value to the local communities.

The Livelihood Investment Support (LIS) component is aimed at increasing incomes and the productive assets of the targeted poor and vulnerable households in Northern Uganda. This component has two subcomponents. The Improved Household Income Support Program (IHISP) and will increase productive assets and in the process improve the livelihoods and incomes through comprehensive skills development training, provision of grants and follow up mentoring support.

The Sustainable Livelihoods Pilot Sub-component will test an approach to livelihood support that is expected to foster stronger community institution by focusing on self-help with beneficiaries accessing a village revolving fund rather than receiving grants. This revolving fund will be managed by the village community itself and not the local Government. The pilot will focus on universal coverage of poor in the target villages while also tapping into the already existing poor community savings groups and supporting other poor households to form savings groups of their own.

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# NUSAF3 Packages of Development Options under LIPW

NUSAF3 packages of development options for the selected communities within the selected watercatchment areas will include; physical soil and water conversation, agri-business, agro forestry, markets and access to markets, and institutional green action. The above include productive activities such as road construction, terraces, afforestation, water ponds, valley tanks, water trenches, food security crops, horticulture, energy saving technologies and others.





Examples of Gulley rehabilitation and Homestead Development



Example of Community Water Supply

The third major component of NUSAF3 is the STAAC component (Strengthening Transparency, Accountability and Anti-Corruption). This component will cover activities implemented by the Inspectorate of Government (IG) to improve transparency, accountability and anti-corruption efforts in Northerm Uganda both for NUSAF3 and other Progammes. It will expand and deepen implementation of transparency, accountability and anticorruption interventions to improve effectiveness in service delivery in the project area.

The fourth major component is Safety Net Mechanisms and Project Management. The Safety-Net mechanisms aims at supporting Government efforts in laying the foundation for a sustainable social protection system that is envisioned in the draft Uganda Social Protection Policy. This component will support the Ministry of Gender, Labour and Social Development to establish and strengthen the Social Protection sector.

The Project Management Sub-Component will support and strengthen the planning and coordination of activities of the Project as well as the monitoring their implementation. Project coordination and the accountability for Project resources are both the responsibility of the Permanent Secretary in the Office of the Prime Minister (OPM) with the support of the established NUSAF3 technical support team (TST). To ensure effective Project implementation, this subcomponent will support the OPM, relevant sector Ministries and Local Government Staff in coordination and performing routine monitoring of the Project activities.



NUSAF3 Training Workshop for District Implementation Teams in Arua

## Achieving the Goal of Moving Communities out of Poverty and towards a Middle Income Status (MIS)

Currently, the Uganda per capita income stands at \$788. To reach Middle Income Status, Ugandans must earn at least \$1033 per capita per year. Taking into account Uganda's population growth rate of 3% and the national annual economic growth rate of 5.8%, to achieve MIS by 2020, households in Northern Uganda must earn an average of at **least 20 million shillings per capita** per year and the economy will need to grow at a 9% growth rate.

NUSAF3 will focus investments in watershed areas with a target of 500 households (hh) per watershed. NUSAF3 in the first year will target four watersheds per district for a total of 224 watersheds representing 112,000 households. These 112,000 households are 13% of the 867,216 poor households in the PRDP area.

# In the first year, NUSAF3 will have available 17.2 billion



shillings for Investment Group (or Community Interest Groups) funding. An average of 307,142,000/= will be available per district. Overall 9.11 billion will be available for LIPW activities and 8.08 billion for LIS

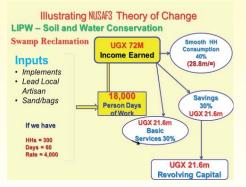
| Areas of Work                             | Activities*   |
|---|---|
| Physical Soil and Water<br>Conservation   | <ul> <li>Hillside terrace construction</li> <li>Check dam construction</li> <li>Cut-off drain construction</li> <li>Flood control dike/ditch construction</li> </ul>                |
| Biological Soil and Water<br>Conservation | <ul> <li>Nursery establishment and management</li> <li>Seedling raising/production</li> <li>Pitting</li> <li>Seedling planting</li> <li>Vegetative/life fencing</li> </ul>          |
| Community Water<br>Development            | <ul> <li>Spring development/protection</li> <li>Community pond construction/rehabilitation</li> <li>Construction of valley tanks</li> <li>Construction of hand-dug wells</li> </ul> |
| Rural Infrastructure                      | <ul> <li>Construction of community access roads</li> <li>Market sheds and pavements</li> <li>Sanitation facilities</li> </ul>   |

Note: The actual activities will be decided on and prioritized by communities through a participatory and transparent process.

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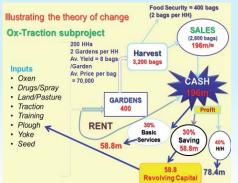
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activities. Under LIPW it is projected that this will further breakdown to 6.38 billion shillings in earnings (70%) and 2.73 billion (30%) will be utilized in non-labour expenses. Of the amount earned 70% or 4.46 billion will go towards household consumption will 30% (1.91 billion) will be saved. These all represents a massive injection of incomes to the beneficiary households.



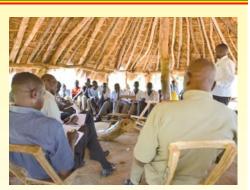
To further illustrate the NUSAF3 theory of change an example is taken from a sub-project where oxen are provided to a community for ox-traction or faring purposes. The inputs would include; oxen, drugs/ spray, land, pasture, ploughs, yoke, training and seed. Assuming 200 households (HH) within a village benefit and each household plants 2 gardens of ground-nuts. The average yield per garden is 8 bags and the average price per bag is 70,000/=.

For the 22 households this will present a harvest of 3,200 bags from the 400 gardens. This food produced will also help provide food security for the households. Assuming 2,800 bags are sold, this will result in 196 million shillings in earnings. The NUSAF3 guidance to community's asserts that 30% of these earnings can be used for socio-economic basic services (58.8 million), 30% is to be saved (58.8 million) which will lead to a pool of revolving capital for expanded economic activities. The other 40% can be used for household consumption.



**NUSAF3 guiding principles include;** focus on the poorest and most vulnerable households, active and intensive community participation, planning based on the community watershed boundary, transparency and accountability, utilization of existing institutions, community contribution to the development effort to promote community ownership and the promotion of equity.

The Project will be implemented over a period of five (5) years in the 56 Districts of the **Acholi, Lango, West Nile, Karamoja, Bunyoro, Elgon, Teso** and **Bukedi Sub-Regions**. The geographic scope of the Project is determined by the area supported under PRDP3 which focuses on Districts with the highest poverty rates and that were most affected by conflict.



NUSAF3 Officers carrying out field test of Project tools in Lira



NUSAF3 Officers carrying out field test of Project tools in Karamoja



Participants who attended NUSAF3 Training Workshop for District Officers in Lira

Communications Unit, NUSAF3 Technical Support Team. Office of the Prime Minister, Ruth Towers, P. O. Box 341, Kampala, Tel: 0312 263 356 website: www.opm.go.ug