Document of

The World Bank

FOR OFFICIAL USE ONLY

Report No: ICR00005689

IMPLEMENTATION COMPLETION AND RESULTS REPORT

(IDA-56450)

ON A

IDA CREDIT

IN THE AMOUNT OF SDR 94.3 MILLION

(US$130 MILLION EQUIVALENT)

TO THE

THE REPUBLIC OF UGANDA

FOR THE

THIRD NORTHERN UGANDA SOCIAL ACTION FUND (NUSAF 3)

December 14, 2021

Social Protection & Jobs Global Practice
Africa East Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Dec 14, 2021})

Currency Unit =	Shillings (UGX)
UGX3,560 =	US$1
US$1.398 =	SDR 1

FISCAL YEAR
July 1 - June 30

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Keith E. Hansen
Regional Director:	Amit Dar
Practice Manager:	Paolo Belli
Task Team Leader(s):	Fatima Naqvi, Kevin Sanya Heraniah
ICR Main Contributor:	Maria Cecilia Zanetta

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CDD	Community-Driven Development
CMG	Community Monitoring Groups
CPF	Country Partnership Framework
CPMC	Community Project Management Committee
DRF	Disaster Risk Financing
ESMP	Environmental and Social Management Plans
FM	Financial Management
GDP	Gross Domestic Product
GLOW	Generating Livelihoods and Opportunities for Women Project
GoU	Government of Uganda
GRM	Grievance Redress Mechanism
ICR	Implementation Completion and Results Report
IDA	International Development Association
IERR	Internal Economic Rate of return
IG	Inspectorate of Government
IHISP	Improved Household Income Support Program
IPC	Integrated Food Security Phase Classification
IRI	Intermediate Results Indicator
ISR	Implementation Status Report
JSDF	Japanese Social Development Fund
LIPW	Labor-intensive Public Works
LIS	Livelihood Investment Support
M&E	Monitoring and Evaluation
MGLSD	Ministry of Gender, Labor and Social Development
MIS	Monitoring Information System
MTR	Mid-Term Review
NGO	Non-government Organization
NDP	National Development Plan
NPV	Net Present Value
NUSAF	Northern Uganda Social Action Fund
OPM	Office of the Prime Minister
OAG	Office of the Auditor General
PDI	Project Development Indicator
PDO	Project Development Objective
PIU	Project Implementation Unit
PPI	Progress-out-of-Poverty Index
PRF	Project Results Framework
STAAC	Strengthening Transparency, Accountability, and Anti-Corruption
SDG	Sustainable Development Goal
SDR	Special Drawing Rights
SFA	Strategic Focus Areas
SHG	Self Help Groups
SLP	Sustainable Livelihoods Pilot
SRB	Single Registry of Beneficiaries
TST	Technical Support Team
VLIC	Village Livelihood Improvement Committee

VRF	Village Revolving Fund
VMPP	Vulnerable and Marginalized Peoples Action Plan

TABLE OF CONTENTS

DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P149965	Third Northern Uganda Social Action Fund (NUSAF 3)
Country	**Financing Instrument**
Uganda	Investment Project Financing
Original EA Category	**Revised EA Category**
Partial Assessment (B)	Partial Assessment (B)

Organizations

Borrower	Implementing Agency
The Republic of Uganda	Office of the Prime Minister

Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is “to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.”

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Financing			
IDA-56450	130,000,000	130,000,000	131,847,179
Total	**130,000,000**	**130,000,000**	**131,847,179**
Non-World Bank Financing			
Borrower/Recipient	0	0	0
Total	**0**	**0**	**0**
Total Project Cost	**130,000,000**	**130,000,000**	**131,847,179**

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
27-May-2015	14-Mar-2016	15-Mar-2019	31-Dec-2020	30-Jun-2021

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
11-Apr-2018	55.87	Change in Results Framework Change in Safeguard Policies Triggered
02-Dec-2020	131.84	Change in Loan Closing Date(s)

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	Substantial

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	31-Aug-2015	Satisfactory	Satisfactory	0

02	08-Apr-2016	Satisfactory	Satisfactory	0
03	15-Dec-2016	Satisfactory	Satisfactory	10.44
04	29-Jun-2017	Satisfactory	Satisfactory	36.44
05	29-Jan-2018	Satisfactory	Satisfactory	54.94
06	05-Oct-2018	Satisfactory	Satisfactory	70.87
07	17-May-2019	Satisfactory	Satisfactory	96.70
08	08-Dec-2019	Satisfactory	Satisfactory	118.46
09	23-Jun-2020	Satisfactory	Satisfactory	122.46
10	20-Jan-2021	Satisfactory	Satisfactory	131.84
11	30-Jun-2021	Satisfactory	Satisfactory	131.85

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Social Protection	**100**
Social Protection	82
Public Administration - Social Protection	18

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Private Sector Development	**100**
Jobs	100
Social Development and Protection	**89**
Social Inclusion	8
Participation and Civic Engagement	8
Social Protection	81
Social Safety Nets	81
Human Development and Gender	**11**
Gender	11

ADM STAFF

Role	At Approval	At ICR
Regional Vice President:	Makhtar Diop	Hafez M. H. Ghanem
Country Director:	Philippe Dongier	Keith E. Hansen
Director:	Arup Banerji	Amit Dar
Practice Manager:	Manuel Salazar Arbelaez	Paolo Belli
Task Team Leader(s):	Endashaw Tadesse Gossa	Fatima Naqvi, Kevin Sanya Heraniah
ICR Contributing Author:		Maria Cecilia Zanetta

I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Country Context

By the time the operation was approved in 2015, Uganda had experienced two and half decades of strong economic growth and a significant, albeit uneven, reduction in poverty. The country's annual economic growth rate averaged 6.5 percent during the 1990s, 7.0 percent during the 2000s, and 5.8 percent during the first half of the 2010s. Concomitantly, Uganda's poverty rate declined from 31 percent in 2005/6 to 19.7 percent in 2012/13. Despite this progress, however, there were still significant differences in poverty levels across regions, with northern regions lagging significantly behind. Poverty was particularly widespread in the Karamoja/North-Eastern region, where it reached 74.2 percent of the population in 2012/13--almost four times the national average. Likewise, stunting and mortality among children under five were much higher than the national average (1.3 and 1.7 times higher, respectively).[1] The persistence of poverty in these regions was largely the legacy of conflict and violence that had ravaged Northern Uganda for over two decades.[2] Moreover, large proportion of the Ugandan population remained highly vulnerable and risked falling back into poverty. In 2012/13, 43 percent of Ugandans (up from 33 percent in 1992) had a level of consumption equivalent to less than twice the poverty line and, thus, remained vulnerable to shocks. While 15 percent of the population moved out of poverty between 2005/6 and 2009/10, another 10.5 percent fell into poverty, thus offsetting two-thirds of the gains in combatting poverty.

Climate change was expected to add severe stress to the country as a whole and the Northern region in particular. According to the United Nations' Joint Action Framework on Climate Change in Uganda, climate change threatened to reverse the country's hard-won development gains and to jeopardize its economic development and poverty eradication goals. In addition, the 2007 International Climate Risk Report labeled Uganda as one of the most unprepared and most vulnerable countries in the world.[3] Vulnerability was closely linked to climatic risks, primarily related to drought. The large majority of Uganda's population was predominantly rural (84 percent of the total population), consisting mainly of smallholder farmers that relied heavily on rain-fed farming and had limited capacity to cope with recurrent climatic shocks. Northern Uganda was particularly exposed, with more than 80 percent of households relying heavily on low-productivity subsistence crops. Floods and landslides in the Elgon sub-region, as well as drought, prolonged dry spells and dust storms in the Karamoja sub-region further exacerbated vulnerability in these areas, rendering them chronically food insecure.

[1] Uganda National Household Survey 2012/13; Uganda Demographic Health Survey 2011; Uganda National Household Survey 2012/13; Uganda Demographic Health Survey 2011.

[2] The armed conflict in northern Uganda, which lasted nearly two decades, caused hundreds of thousands of deaths, the displacement of over 1.4 million people and the destruction of the region's economic base, agriculture. (See, among others, Lomo, Z. and Hovil, L., (2004), *Behind the Violence: The War in Northern Uganda*, Monograph No 99, Institute for Security Studies, Pretoria, South Africa. [https://gsdrc.org/document-library/behind-the-violence-the-war-in-northern-uganda/]

[3] CIGI (2007).

Fast population growth poses additional challenges to poverty alleviation. Uganda had one of the youngest and most rapidly growing populations in the world, resulting in a high youth dependency ratio. Moreover, youth dependency ratio was much higher among the poor--roughly 45 percent higher among households in the bottom 40 percent in the income scale, compared to the top 60 percent. Uganda's population was expected to increase from about 38 million in 2014 to 60–70 million in 2030, posing additional challenges to sustainable poverty reduction.[4]

There was also increasing evidence that high growth alone was unlikely to ensure the poor and vulnerable households' share in the benefits of prosperity. Stagnant inequality and high rates of vulnerability indicated that the ongoing growth-oriented strategy had been unable to bring prosperity to all. Thus, there was growing consensus that specific pro-poor interventions were needed to protect people from falling into poverty while enabling vulnerable people to contribute more to economic growth in both the short and long term.

Sectoral and Institutional Context

To respond to the challenges of Northern Uganda, in 2002 the Government of Uganda (GoU) requested World Bank support to implement the Northern Uganda Social Action Fund Project (NUSAF) as part of its broader Northern Uganda Reconstruction Program. The first phase of NUSAF (NUSAF 1) that closed in 2009, dealt with the issues of insurgency vulnerability through mostly humanitarian type interventions as well as rehabilitation services. The second phase (NUSAF 2) that closed in 2016, focused on recovery rehabilitation, including access to basic social-economic services, institutional building and infrastructure. Investments under NUSAF 1 and 2 (and other projects) have made huge progress in terms of increasing key infrastructure in areas affected by conflict.[5]

Despite the significant progress made under NUSAF 1 and 2, Northern Uganda still lagged behind the rest of the country in terms of poverty. The Second National Development Plan (NDP 2) recognized the need for additional investments in areas with high poverty rates and poor socio-economic indicators such as Northern Uganda. Rather than adopting a piecemeal approach, the NDP 2 recommended that special programs for areas with high poverty rates and poor socioeconomic indicators be supported with special interventions focusing on rebuilding and revitalizing the local economy in an effort to raise incomes. In that way, these new investments would focus on those interventions with the greatest positive impact on household incomes.

At the government's request, NUSAF's third phase (NUSAF 3) was to continue support for enhanced livelihood labor-intensive public works and test their expansion in response to shocks under a new Disaster Risk Financing (DRF) mechanism. It was also intended to consolidate previous achievements in terms of transparency, accountability, and anti-corruption interventions and to expand and deepen the main interventions in a more systemic and effective manner. The operation was fully aligned with the strategic objectives of the Bank's Country Assistance Strategy (CAS) for 2011-2015 for Uganda of promoting inclusive economic growth and strengthening human capital development.

---

[4] World Bank (2015), *Uganda: Systematic Country Diagnostic - Boosting Inclusive Growth and Accelerating Poverty Reduction*, Report No: 97145-UG, December 14, 2015, Washington, DC. [https://consultations.worldbank.org/sites/default/files/materials/consultation/template/materials/wbg_systematic_country_diagnostic_scd1.pdf]

[5] Both NUSAF 1 and 2 included a community infrastructure component supporting the development of a range of infrastructure including housing for teachers and health workers, classrooms, latrines for schools and health centers, and boreholes and other potable water sources.

Theory of Change (Results Chain)

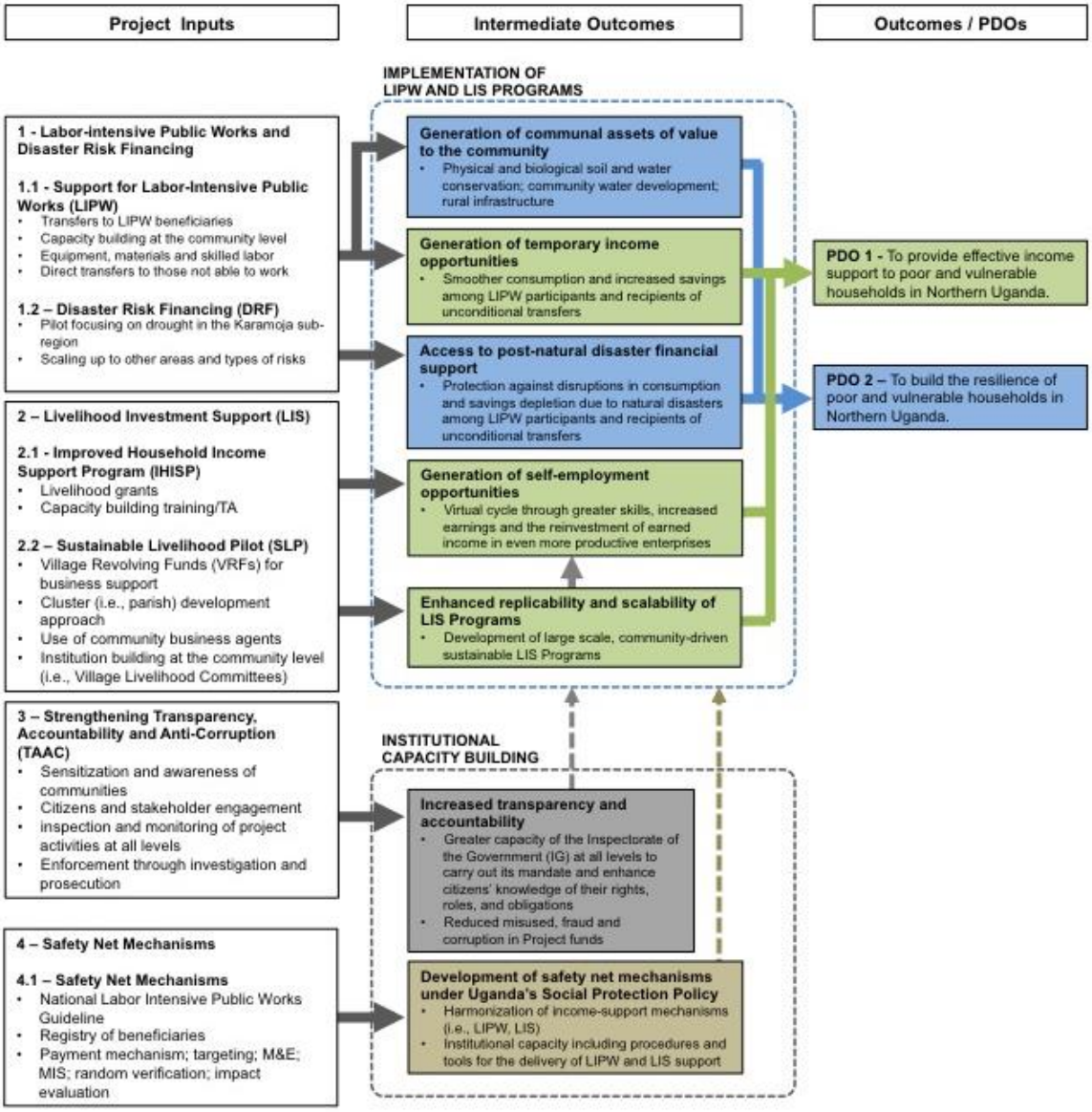
The Project sought to establish a comprehensive safety net for vulnerable households through temporary employment and engagement in productive income-generating activities as tools for boosting income and reducing vulnerability through increased savings, consumption, investment, and expenditure in human capital, such as education and health. The two interventions (temporary employment and income-generating activities) were meant to be synergistic in nature and mutually reinforcing. In addition, the operation provided support for program management and for improving organization and monitoring mechanisms to promote transparency, accountability, coordination within the program and Uganda's social protection mechanisms in general.

The Project Appraisal Document (PAD) did not explicitly describe a Theory of Change (ToC).[6] For this Implementation Completion and Results Report (ICR), the ToC was constructed *ex-post* using information from the PAD, the Project Results Framework (PRF) and its detailed description (see Figure 1).

Figure 1 - Theory of Change for NUSAF 3

[6] As per Operations Policy and Country Services (OPCS) guidelines, including the ToC, became mandatory for PADs as of May 2018, after this operation was prepared.

PDO - The objectives of the Project was to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.



Project Development Objectives (PDOs)

The operation's PDO was to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.

Key Expected Outcomes and Outcome Indicators

Progress toward the achievement of the PDO was to be measured by the following Project Development Indicators (PDIs):

- **PDI 1 -** Number of household beneficiaries of the Project
- **PDI 2 -** Number of female beneficiaries of the Project
- **PDI 3 -** Number of households benefiting from post-disaster activities
- **PDI 4 -** Percentage increase in the value of household assets of beneficiaries of LIPW and LIS
- **PDI 5 -** Percentage of project beneficiaries satisfied with Project intervention

Components

Component 1: Labor-intensive Public Works - LIPWs - and Disaster Risk Financing - DRF *(US$61 million, equivalent to 47 percent of total credit proceeds)* **-** The following two sub-components were included under this component:

Sub-component 1.1: LIPWs *(US$49 million, equivalent to 38 percent of total credit proceeds)* **-** This sub- component aimed to provide beneficiaries from poor and vulnerable households a seasonal transfer in return for their participation in LIPWs to, in turn, enable them to sustain and increase their assets and smooth their consumption during lean seasons. LIPWs included physical assets of value to the local communities, such as rural access roads, tree nurseries, afforestation, the construction of different soil and water conservation measures and flood control structures, hand-dug wells, valley tanks, community pond construction, and the construction or rehabilitation of marketplaces. Specific inputs financed under the sub-component included: (i) wages/transfers; (ii) equipment, materials, semi-skilled labor, and other necessary inputs; (iii) capacity building costs such as the hiring of community facilitators, training and planning workshops; and (iv) unconditional transfers to targeted households that did not have adult able-bodied members to participate in LIPWs.

Sub-component 1.2: DRF *(US$12 million, equivalent to 9.2 percent of total credit proceeds)* **-** The DRF sub-component supported the temporary scaling up of LIPWs activities following climatic disasters to prevent households' consumption from dropping and to protect their livelihoods and assets, leading to a more rapid post-crisis recovery. It provided financial support for scaling up as well as the development of key mechanisms to trigger and operationalize the response. Following a sequenced approach, the DRF sub-component was first to be piloted in selected districts afflicted by severe droughts and, if successful, potentially expanded to other areas and risk events after the Midterm Review.

Component 2: Livelihood Investment Support - LIS *(US$43.5 million, equivalent to 33 percent of total credit proceeds)* **-** The LIS component aimed to extend livelihood support to poor and vulnerable households to, in turn, help them increase their productive assets and incomes. It included the following two subcomponents:

Sub-Component 2.1: Improved Household Income Support Program - IHISP *(US$42.5 million, equivalent to 33 percent of total credit proceeds)* **-** Building upon NUSAF 2, the IHISP aimed to improve the livelihoods and increase the incomes of targeted households in Northern Uganda by providing them with comprehensive skills development training,

livelihood grants, and mentoring support. The IHISP was to be implemented in 55 districts of Northern Uganda, where participating groups (10 to 15 households) could apply for grants up to a maximum cap of US$5,000.

Sub-Component 2.2: Sustainable Livelihoods Pilot - SLP *(US$1 million, equivalent to roughly 1 percent of total credit proceeds)* **-** The SLP aimed to generate lessons and develop evidence to inform a significant redesign of future livelihood support. It included three main shifts in approach: (i) a focus on the creation of community institutions that can support household livelihood investments in the longer term; (ii) a greater focus on self-help and the use of revolving village funds as opposed to grants; and (iii) universal coverage of poor households in target villages. A pilot was to be conducted in 40 villages in eight districts of Northern Uganda. Although villages participating in the pilot were not eligible for the IHISP component, they were still eligible for the LIPW component.

Component 3: Strengthening Transparency, Accountability, and Anti-Corruption - STAAC *(US$5 million equivalent, equivalent to 4 percent of total credit proceeds)* - Building upon the experience under NUSAF 2, this component provided support to the Inspectorate of Government (IG) to further expand its capacity at the local level and continue to enhance participants' knowledge of their rights, roles, and obligations to ultimately reduce misuse of Project resources, fraud and corruption. The STAAC component was to be implemented in a more systematic and effective manner through four main preventative interventions: (i) sensitization and awareness of targeted communities to prevent misuse of project resources; (ii) enhancing the engagement of citizens and stakeholders; (iii) inspection and monitoring of project activities at all levels by the IG and at the community levels by Community Monitoring Groups (CMGs); and (iv) enforcement through investigation and prosecution.

Component 4: Safety Net Mechanisms and Project Management *(US$20.5 million equivalent, equivalent to 16 percent of total credit proceeds)* - This component included the following two sub-components:

Sub-component 4.1 Safety Net Mechanisms *(US$2.5 million, equivalent to 2 percent of total credit proceeds)* **-** This sub-component aimed to develop safety net mechanisms as envisioned in the draft Uganda Social Protection Policy (USPP), with particular emphasis on instruments to improve coordination across the GoU and development partners, such as a Single Registry of Beneficiaries (SRB).

Sub-component 4.2: Project Management *(US$18 million, equivalent to 14 percent of total credit proceeds)* **-** This sub-component supported the operational expenditures related to the management and the monitoring and evaluation of the Project. Support was to be provided to the Office of the Prime Minister (OPM) that was responsible for Project coordination and accountability, the NUSAF Technical Support Team (TST) as well as relevant sector ministries and local government staff for coordination and routine monitoring of Project activities.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION

The operation was restructured twice, in April 2018 and December 2020, respectively, with the following modifications being introduced:

Level 2 (L-2) Restructuring - A L-2 Restructuring was approved on April 11, 2018 that incorporated changes related to new safeguards arrangements requested by the World Bank as follows: (i) triggering of OP 4.10 to assess any specific impacts from the Project that could affect the *Ik*, a minority community found in Kaabong District in Karamojong region; and (ii) the addition of two Intermediate Results Indicators (IRIs) focusing on the coverage of *Ik* beneficiaries. Although the restructuring was initiated in April 2018, it was finalized with the counterpart signing of the revised

financing agreement in November 2020. While the government was in agreement with the need to avoid marginalization of groups, the consultations on the scale and ramifications of this change to enable signing of the revised financing agreement took longer than anticipated. Project implementation, however, was not affected, as the implementation of recommendations regarding vulnerable and marginalized people's plan and corresponding revisions of the PRF were fully implemented right after the restructuring, as evidenced by the data collected in the PRF section.

Level 2 Restructuring - A second L-2 restructuring was approved on December 2, 2020 to extend the original closing date by six months from December 31, 2020 to June 30, 2021. This extension helped offset the implementation delays that resulted from the measures imposed by the GoU in response to the COVID-19 pandemic. As a result of the strict lockdown and COVID-19 Standard Operating Procedures that were in place since March 2020, community engagement and gatherings were interrupted and there was limited travel and presence of staff in office and in the field, which delayed the implementation of LIPWs, DRF and LIS as well as the Project Evaluation, which has since been completed.

In addition, the following decisions were made during the Mid-Term Review that took place in March 2019:

Expansion of SLP activities - The SLP was first piloted in nine districts and given its success and high demand from districts, was expanded to 31 districts after MTR. A sum of US$3.5 million was therefore re-allocated from LIPW (US$2 million) and IHISP (US$ 1.5 million) sub-components to scale up SLP activities in 22 additional districts.[7]

Expansion of DRF activities - The DRF sub-component was first piloted in the seven districts of Karamoja because of the proneness of the region to drought, high poverty levels and vulnerability of its people. The pilot phase focused solely on drought, which could impact as much as 80 percent of the population over large geographical areas. In view of its successful implementation, as part of the MTR, DRF activities were expanded to 11 additional districts neighboring Karamoja in Teso, Elgon and Acholi sub-regions. In addition, risk events were also expanded beyond droughts, such as such as water stress and landslides. Also, under the MTR, total funding for DRF activities was increased to US$14 million by the reallocation of US$2 million from LIPW core activities.

[7] SLP activities also received support from a grant of the Japanese Social Development Fund (JSDF).

II. OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

Rating: High

The operation's PDO continues to be fully consistent with the priorities of the GoU, responding to Uganda's 30-year plan Vision 2040 of a transformed modern and prosperous country and its emphasis on human capital development as one of the key fundamentals that needs to be strengthened to accelerate the country's transformation.[8] It is also consistent with the Uganda's Third National Development Plan (NDP III) for the period 2020/21 to 2024/25, which is grounded in the Vision 2040 of societal transformation and has as its main goal to increase household incomes and improve quality of life of Ugandans.[9] The PDO is particularly relevant in the context of the COVID-19 pandemic and its disproportionate economic impact on poor and vulnerable households.

NUSAF 3' PDO continues to be highly relevant in relation to the Bank's current country priorities as reflected in the Country Partnership Framework FY2016/21 (Report No. 101173-UG).[10] The CPF's main goal is to assist Uganda to address its national priorities with a focus on ending extreme poverty and promoting shared prosperity in a sustainable manner. This operation provided direct support to two of the CPS' three Strategic Focus Areas (SFAs). First, it provided support to *SFA C - Raising Incomes in Rural Areas* by enhancing productivity in rural areas and reducing poverty and vulnerability. Second, it provided support to *SFA A - Strengthening Governance, Accountability and Service Delivery* by supporting the GI in its efforts to strengthen transparency, participation and accountability. PDO's focus on resilience is also in line with the findings of the Bank's *Social Protection and Labor Strategy 2012-2022: Resilience, Equity and Opportunity* that calls for safety net systems that can provide additional support in times of crisis, help to defend the welfare of vulnerable households, and enable them to develop strategies to build their resilience.[11]

The operation's PDO is also fully aligned with the United Nations' Sustainable Development Goals (SDGs), including SDG 1 - End poverty in all its forms everywhere; SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture; SDG 3 - Ensure healthy lives and promote well-being for all at all ages; SDG 10 - Reduce inequality within and among countries; SDG 11 - Make human settlements inclusive, safe, resilient and sustainable; and SDG12 Ensure sustainable consumption and production patterns.

---

[8] National Planning Authority (2013), *Republic of Uganda's Vision 2040*, Kampala. (http://www.npa.go.ug/uganda-vision-2040/)
[9] National Planning Authority (2020), *Republic of Uganda's Third National Development Plan 2020/21 to 2024/25*, June 2020, Kampala. (http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale_Compressed.pdf)
[10] *Uganda - Country Partnership Framework for the Period FY16-21 (English).* Washington, D.C.: World Bank Group. (http://documents.worldbank.org/curated/en/170721468179663842/Uganda-Country-partnership-framework-for-the-period-FY16-21)
[11] World Bank (2012), *Social Protection and Labor Strategy 2012-2022: Resilience, Equity and Opportunity*, Report No. 73235, April 2012, Washington, D.C. (https://documents1.worldbank.org/curated/en/443791468157506768/pdf/732350BR0CODE200doc0version0REVISED.pdf)

B. ACHIEVEMENT OF PDOs (EFFICACY)

- To provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.

Assessment of Achievement of Each Objective/Outcome

The following considerations should be noted regarding the methodological approach adopted for this ICR:

- The original PDO has been "unpacked" into two different PDOs, focusing separately on: providing effective income support (PDO 1); and building resilience (PDO 2).
- PDO 1 - The Project Appraisal Document (PAD) does not include a definition of "effective income support." However, it states that the additional income generated from LIPW and LIS transfers and grants provided under the operation is expected to help households build their assets. Therefore, the assessment of PDO 1 focuses on "PDI 4 - Increase in the value of household assets" as well as other indicators of wealth accumulation such as savings.
- PDO 2 - The PAD defines "resilience" as "the capacity of households and communities to adapt to a new strategy in the face of shocks and crises." NUSAF 3 contributed to it by: (i) creating productive community assets that increase land productivity and income (i.e., soil & water conservation activities) and increase water supply for human and animals during drought events (e.g., valley tanks, dwells, etc.); and (ii) providing access to safety nets during shocks (i.e., DRF). While there was no single PDI under the PRF that captured this PDO, the Project Evaluations provided ample data to assess its achievement.[12]
- It is important to note that, in practice, PDOs 1 and 2 are fully intertwined. On the one hand, increased value of assets contributes to households' resilience by expanding the economic resources at their disposal in times of shock. On the other hand, community assets, such as roads that increase access to markets, contribute to households' productivity and their capacity to generate income and increase the value of their assets.
- Assessing the operation's efficacy in terms of reaching its target population (i.e., poor and vulnerable households) is also deemed a central component of the original PDO; thus, it is explicitly assessed as a self-standing dimension of the PDO. Although no individual rating is given, it is considered an important input into the overall's efficacy rating.
- Unless otherwise noted, the data sources used for this ICR evaluation are as follows: i) outputs are based on the Borrower's ICR Report, including the achievement of PRF indicators as of June 2021; and ii) impacts and results are based on the Borrower's End-line Evaluation Report (April 2021).[13]

PDO 1 - To provide effective income support

Efficacy for PDO 1 is deemed Substantial. The operation provided income support to beneficiaries under different modalities, as follows:

- ***LIPWs*** - The LIPW modality offered men and women in poor and vulnerable households 54 days of work on public works projects. Workers were compensated with wages of UGX5500 per day (US$1.4), which constituted a significant source of additional income given that 55.4 percent of participants survived on or less than US$1.9

[12] As an illustration, PDI 3 - Number of households benefiting from post-disaster activities, is an output indicator.
[13] Makerere University Business School - MUBS (2021), *End-line Evaluation Report for the Third Northern Uganda Social Action Fund - NUSAF3,* Uganda's Office of the Prime Minister, April 2021, Kampala.

per day.[14] Those households with unable-bodied adults benefitted from grants.[15] By providing short-term employment and grants to poor and vulnerable households under LIPWs, the operation succeeded in providing them with effective income support, which, in turn, contributed toward increased household assets and helped, among others, improve food security and smooth consumption during the lean season. A total of 1,915,050 individuals from vulnerable households with able-bodied adults participated and received payment for their work under LIPWs. In addition, 223,565 individuals from vulnerable households with unable-bodied adults benefited from unconditional cash transfers.

- ***IHISP*** - Under this modality, the operation provided skills training, livelihood grants and mentoring support to vulnerable households. IHISP facilitated the creation of groups of 10 to 15 households that could apply for grants of up to USD $5,000 to support existing and new market-driven enterprises. IHISP targeted poor but less-vulnerable households than LIPW. A total of 9,449 IHISP sub-projects were funded in agriculture, aquaculture, livestock, tree nurseries trade, horticulture and value addition.
- ***SLP*** - The SLP pilot (also referred to as "Village Revolving Funds" (VRFs) once the pilot was expanded under the MTR) sought to support household livelihood investments tapping on already existing community savings groups and mobilizing and supporting other poor households to form savings groups of their own. The SLP focused on groups and communities rather than individual households (i.e., cluster development approach) and was implemented in villages with no IHISP interventions. Other innovations included the utilization of community business agents that provided ongoing mentoring and TA, as well as the development of community-based institutions (i.e., village livelihood committees). A total of 1,466 Self Help Groups (SHGs) with 33,432 households in 410 villages were supported with VRFs to grow their capital and invest in profitable business enterprises.

Two factors, in addition to the already strong social control mechanisms already rooted in the beneficiary rural communities, were particularly important in ensuring that the income support derived from the various interventions did not vanish in useless consumption (such as alcohol) and, instead, was indeed "effective" in contributing toward increasing households' assets, investments and their overall resilience. First, *mindset training* was given top priority as a tool to help break the cycle of poverty by fostering positive attitudes towards work, savings and production as well as empowerment and self-reliance among participants. Second, *mandatory savings requirements* were introduced as a way to generate financial sources that could be used to ameliorate vulnerability or reinvestment in productive activities. A minimum 30 percent saving requirement on income was required under LIPWs while a 30 percent saving requirement on profits was required under IHISP and SLP activities. These savings were significant by the end of the project. The end line evaluation showed that these savings enabled beneficiaries to obtain additional credit for productive activities (such as expansion of enterprise or purchase of an asset) or consumption smoothing of household expenditure (school fees, burials etc). In addition, the SLP targeted existing saving groups that had been saving for at least one year with at least 90 percent poor and 50 percent female membership in an effort to maximize the likelihood of success of the savings mechanism and entrepreneurship among women.

The operation had a significant impact in providing effective income support as reflected in the significant increase and accumulation in savings and other household assets. The specific achievements under PDO 1 can be summarized as follows:

[14] Makerere University Business School - MUBS (2017), *Baseline Report for the Third Northern Uganda Social Action Fund - NUSAF3,* Uganda's Office of the Prime Minister, August 2017, Kampala.

[15] These included disabled or elderly persons, people who are chronically ill, such as those with HIV and AIDS, pregnant (up to the six month of pregnancy) or lactating mothers (in the first ten months after giving birth), orphaned children up to 16 years of age and female-headed households with no other available adult labor.

PDO 1 - To provide effective income support to poor and vulnerable households in Northern Uganda *Level of Achievement:* Substantial
Outputs
▪ PDO 1 - A total of 3,031,690 individuals from vulnerable households benefitted from the Project (101% level of achievement with respect to Project-end target). Female beneficiaries represented 58% of all beneficiaries. ▪ LIPWs - A total of 1,915,050 individuals from vulnerable households with able-bodied adults participated and received payment for their work under LIPWs. In addition, 223,565 individuals from vulnerable households with unable-bodied adults benefited from unconditional cash transfers. ▪ LIS - A total of 133,029 vulnerable households benefited from LIS activities (133% level of achievement with respect to Project-end target). Of these, a total of 99,597 vulnerable households participated under the IHISP modality, while 33,432 vulnerable households participated in SLP activities, with 63% and 71% female participation, respectively. ▪ Participants received the mindset training to foster self-reliance and empowerment, as well as technical training (business skills, know-how on individual sub-projects, community leadership, etc.) as well as ongoing mentorship.
Intermediate Results
Income support ▪ LIPW sub-projects created 25,564,410 person-days of employment during the operation's lifetime (95% achievement with respect to the Project-end target). ▪ A total of 9,449 income-generating LIS sub-projects were completed during the operation's lifetime (123% achievement with respect to the Project-end target). *Savings* ▪ The totality (100%) of Self-Help Groups (SHGs) that were constituted under NUSAF 3 have accessed funds from the Village Livelihood Committees (VLCs) in pilot villages for their livelihood business plans (143% level of achievement with respect to Project-end target).
Outcomes
Savings ▪ The percentage of household with savings increased from 54.6% to 70% during the operation's lifetime. ▪ Overall, the share of households in lowest saving group (less than UGX 50,000) decreased from 46% to 22% while the shares in the highest saving group (above UGX 200,000) increased from 13% to 30% during the operation's lifetime. *Household assets* ▪ PDI 4 - The value of household assets of beneficiaries of LIPW and LIS increased by 30% between 2015 and June 2021 (compared to the 20% Project-end target). ▪ Ownership of household assets increased significantly during the operation's lifetime, including livestock (45.6 % increase); equipment such as ox ploughs (16% increase). ▪ The percentage of households owning six or less selected assets decreased from 53% to 22% during the operations lifetime. Concomitantly, the percentage of those owning seven to 10 selected assets increased from 46% to 71%, while that of those more than 10 increased from 2% to 9%.

Source: MUBS (2021), *End-line Evaluation Report*; Office of the Prime Minister (2021), *NUSAF 3 Borrower ICR*.

PDO 2 - To build the resilience of poor and vulnerable households in Northern Uganda

Efficacy for PDO 2 is deemed Substantial. In addition to income support, the operation contributed to other aspects underlying household resilience, including community assets under the LIPW modality (both core and DRF). LIPW community assets contributed to enhanced resilience by, among other: providing greater access to markets and services; ensuring water supply during droughts; promoting soil and water conservation to protect and increase land productivity; and providing infrastructure for small-scale irrigation to harvest 2-3 times per year. Skills development

was also provided to lessen households' dependence on subsistence agriculture. A total of 3,460 LIPW sub-projects were financed under NUSAF 3, including roads, tree planting, soil and water conservation and basic infrastructure to support trade, such as markets. In addition, through the innovative DRF mechanism, the operation provided households experiencing a shock (such as lack of rainfall impacting their crops) with a temporary source of income through LIPWs to protect and smoothen their consumption and prevent the depletion of their assets.

The operation's impact in terms of building the resilience of poor and vulnerable households is reflected across several dimensions, including the increase in average monthly income, consumption and income diversification as well as two composite indicators, the Household Resilience Capacity and the Progress-out-of-Poverty Index (PPI)[16] Specific achievements under PDO 2 can be summarized as follows:

PDO 2 - To build the resilience of poor and vulnerable households in Northern Uganda *Level of Achievement:* Substantial
Outputs
▪ A total of 3,460 community assets were built under the LIPW modality throughout the operation's lifetime (109% achievement with respect to the end-Project target). ▪ PDI 3 - A total of 90,405 vulnerable households benefited from post-disaster DRF interventions (108% level of achievement with respect to Project-end target). ▪ Under the LIPW and IHISP interventions, participants received training in areas such as construction techniques, cage fishing, cattle fattening, contour ploughing, tree planting, soil management, small-scale irrigation to produce crops 2-3 times a year, new crop production (e.g., coffee, matoke, tea) and use of new tools among others.
Intermediate Results
▪ Community assets built under LIPWs have contributed to building resilience of communities by creating assets of value these communities such as soil/water conservation, small-scale irrigation facilities, valley tanks, small water dams that ensure the continuous supply water to humans and animals during droughts. ▪ Community assets helped increase access to markets and services, as shown by a decrease in the average distance in kilometers to markets for general goods (14% decrease) and livestock (11% decrease) during the operation's lifetime. This, in turn, has a positive effect on household productivity; thus, in their overall resilience.
Outcomes
Income ▪ The average household monthly income increased by 223% over the operation's lifetime. *Income diversification* ▪ Livelihoods have diversified, lessening the dependency from subsistence agriculture. This is reflected in the percentage of households engaged in business enterprises increased 29% during the operation's lifetime.[17] *Consumption* ▪ The percentage of households having one meal a day decreased from 23% to 10% during the operations lifetime. Concomitantly, the percentage of those having two meals a day increased from 53% to 61%, while that of those having 3 meals increased from 8% to 23%. *Other measures of resilience* ▪ The Household Resilience Capacity--a composite indicator designed to capture changes in overall household resilience--increased from 41.5% to 78% during the operation's lifetime.

[16] Also known as Poverty Probability Index, the Progress-out-of-Poverty Index (PPI) is a composite indicator that was proposed by Grameen Foundation (2015) to assess poverty levels by looking at selected household factors such as household size, access to education, literacy levels, as well as ownership of common household assets like mobile phones, radio, pair of shoes, and nature of the dwelling. (https://www.povertyindex.org/)

[17] The End-line Evaluation Report provides some accounts of beneficiaries successfully transitioning from subsistence farming to commercial activities, such as commercialization of excess crops, tending other people's gardens, restaurant operation (pp. 28. 45).

▪ The PPI decreased from 62% at the baseline to 40% at Project end, indicating a decline (35%) in the proportion of households that are likely to be poor. ▪ Results from a study in multidimensional poverty indicated that the percentage of deprived households fell from 82% to 56% between 2019 and 2021, while adult deprivation dropped from 53% to 29% and child deprivation dropped from 70% to 41% among NUSAF3 beneficiary households. When looking at the overall deprivation index in which scores range from 0 to 35 deprivations, the average number of deprivations experienced decreased for NUSAF 3 respondents from 15 to 9. All these changes are statistically significant (*Multidimensional Child Poverty and Deprivation in Uganda Report,* Cardiff University & UNICEF Uganda).

Source: MUBS (2021), *End-line Evaluation Report*; Office of the Prime Minister (2021), *NUSAF 3 Borrower ICR*.

Targeting of poor and vulnerable households in Northern Uganda

The operation adopted a three-layer targeting mechanism to ensure that it reached poor and vulnerable households--the first two layers relied on geographic targeting while the third one relied on community-based targeting. First, the operation as a whole focused on Northern Uganda, which, as mentioned earlier, lags significantly behind the rest of the country in terms of poverty and other socio-economic indicators. Second, geographic targeting was used to identify the poorest sub-counties. Third, community-based targeting was used to select the poorest and most vulnerable households within those communities' households. Under this mechanism, the community collectively selected those households that were deemed most vulnerable according to clear criteria related to poverty and vulnerability.[18] The utilization of this innovative and transparent mechanism for the selection of beneficiaries reportedly helped empower beneficiaries and officials from local levels of governments, thus contributing to the Project's strong inception at the community level.

The evidence indicating the operation's success in targeting mechanisms utilized under the Project in reaching poor and vulnerable households can be summarized as follows:

Targeting - Poor and vulnerable households in Northern Uganda *Level of Achievement:* Substantial
Reported levels of satisfaction
▪ Almost 100% of the NUSAF 3 desk officers and community facilitators praised the community-based targeting mechanism used to select individuals deemed needy to participate in the Project during community meetings. ▪ PDI 5 - 95% of Project beneficiaries expressed their satisfaction with the Project (119% level of achievement with respect to the original Project-end target). The high level of satisfaction reported by Project beneficiaries can be expected to reflect satisfaction with the various dimensions of Project implementation, including selection of beneficiaries.
Other specially targeted groups
▪ PDI 2 - At 58%, overall female participation was higher than the original 40% target. ▪ The participation of the *Ik* people was also significantly higher than anticipated. The number of *Ik* households with both able- and unable- bodied adults participating in the operation was twice as much the original Project-end target.

[18] In each village, the community would determine the wealth ranking criteria to be used based on the prevailing local circumstances, such as their mode of transport, number of acres of land per household, number of heads of cattle, goats, and/or sheep per household, quality of shelter, household items owned, e.g. radio, bicycle, etc. The wealth ranking criteria would, in turn, be used as an input in a wealth ranking exercise using Participatory Identification of Poor cards to categorize households into poorest of the poor, poor, and non-poor during a village meeting. A list and number of households for each category would be then verified and confirmed by the local community leaders and displayed publicly for at least two days to ensure transparency and the adequate handling of potential community grievances.

Socio-economic characteristics of NUSAF 3 beneficiaries at the Project's Inception[19]
▪ Results from the Project Evaluation's baseline measurement indicate that NUSAF 3 beneficiaries tended to be poorer than the average for the region. Specifically, the PPI measurement indicated that 55.4% of participants were likely to be poor, surviving on or less than US$1.9 per day, compared to a PPI of 44% reported for Northern Uganda in the 2014 Uganda National Household Survey. ▪ Other indicators consistently pointed to the widespread poverty and vulnerability among beneficiaries at the operation's inception, including: a generalized lack of household assets; very low average monthly income (roughly US$26); high reliance on subsistence agriculture; roughly one out of ten households managed to have more than one meal a day, with very low protein intake; 50% of beneficiaries had US$14 or less in savings; and low educational attainment, with the majority of beneficiaries (almost 70%) having either never gone to school or not completed primary education.

Source: MUBS (2017), Baseline Report.

Justification of Overall Efficacy Rating

Rating: Substantial

The operation's overall efficacy is deemed Substantial based on the substantial level of achievement of both PDOs 1 and 2, as well as its efficacy in terms of reaching poor and vulnerable households as intended.

C. EFFICIENCY

Assessment of Efficiency and Rating

The operation's overall efficiency is deemed Substantial. The operation's economic efficiency is deemed Substantial. Results from the economic analysis indicate that the operation was economically efficient, rendering an estimated IERR of 25.1 percent (higher than the 21.4 percent projected at Appraisal). The robust economic benefits that can be expected from NUSAF 3 are in addition to the operation's substantial benefits from a social protection perspective, including poverty alleviation and promoting more equitable economic growth. The use of funds was also efficient, with actual implementation and results closely mirroring those anticipated at preparation, except for a six-month extension to the closing date as a result of the COVID-19 pandemic. Close oversight on the part of the IG enhanced overall implementation transparency and helped minimized opportunities for fraud and corruption.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

Rating: Satisfactory

The operation's overall performance is deemed Satisfactory based on its High relevance, Substantial efficacy and Substantial efficiency.

[19] Makerere University Business School - MUBS (2017), *Baseline Report for the Third Northern Uganda Social Action Fund - NUSAF3,* Uganda's Office of the Prime Minister, August 2017, Kampala.

E. OTHER OUTCOMES AND IMPACTS

Gender

The operation actively promoted female participation, with women representing roughly 58 percent of all beneficiaries, exceeding the original 40 percent target. Overall, the operation increased women's access to temporary employment and income-generating opportunities; thus, leading to an increase in women's assets. Those who were unable to work in LIPWs, including pregnant and lactating women and female-headed households with no other available source of adult labor were eligible for cash grants. In addition, the SLP illustrates how the emphasis on female participation has effectively resulted in positive impacts on women's wellbeing. As reported in the SLP Evaluation Report, women constituted 75 percent of members of SHGs, with equal representation in management and procurement committees; thus, being active participants in the decision-making process. Having women participating side-by-side men as well as the life-skills training provided to SHGs, which included modules on gender/women's empowerment and conflict resolution, may have helped reduce household conflicts. Gender-based violence was reported to have reduced in most communities. The evaluation report noted that quarrels over money reduced from 33.0 percent at baseline to 26.5 percent at midline, whereas quarrels over other household resources reduced from 17.5 percent at baseline to 2.1 percent at midline. However, it is important to note that, despite these positive trends, enhancing the economic standing of women within the household can still be a source of conflict within the household.[20] A key outcome of the positive impacts of participation of women under NUSAF 3 has been the IBRD-financed Generating Livelihoods and Opportunities for Women (GLOW – P176747) Project, currently under preparation. This project builds on the positive experience of women' SHGs and their positive impact on the creation of income-generating opportunities and assets. This new operation is focused on provision of training (both soft-skills and technical enterprise development skills), facilitating women's access to finance and investment in social and economic infrastructure that provides an enabling environment for women's economic participation.

Institutional Strengthening

Development of community institutions - Community-based approach adopted under the operation helped communities mobilize and actively participate in collective decision making regarding the selection of beneficiaries, the prioritization of community needs and the selection and implementation of LIPW sub-projects. In addition, the operation supported the formation and strengthening of institutions self-managed by the beneficiaries themselves, including self-help groups (SHGs) and village livelihood committees (VLCs). These institutions as well as the associated social capital have resulted in an extensive network of community institutions that can be leveraged in future intervention. In fact, the Final Impact Evaluation reports that non-government organizations (NGOs) are actively targeting community groups established under NUSAF 3 as part of their own delivery structures.

Capacity building at the local level - Local governments, districts in particular, played a central role in the development of community institutions and Project implementation as a whole. Specifically, the districts took the lead in coordinating Project implementation, articulating the actions of the national level with those of lower levels of government and external partners.[21] As an illustration, districts were responsible for ensuring the accuracy and

[20] Katongole, C. (2020), "The role of disaster risk financing in building resilience of poor communities in the Karamoja region of Uganda: Evidence from an experimental study," *International Journal of Disaster Risk Reduction,* vol. 45 (2020) 101458.

[21] The Project implementation mechanisms included: a Technical Support Team at the national level, District Implementation Support Team at the district level, Sub-County Implementation Support Teams at the Sub-County level, and Community Business Agents (CBAs) at the cluster/village level. In addition, Capacity Building Partners provided training and technical support to SHGs

quality of the Management Information System (MIS) data produced by actors at lower levels of government. Districts were also responsible for the implementation of the watershed model. While significant capacity building efforts were needed to mainstream Project implementation within the district government administration, it contributed toward their institutional strengthening the local government capacity as well as forging close working relationships with communities under their jurisdictions, providing a solid foundation for other interventions. The capacity built in NUSAF 3 districts is reflected in their higher performance relative to its peers under the Local Government Performance Assessments performed by the Ministry of Finance, Planning and Economic Development, in areas such as implementation of environmental safeguards.[22]

Other contributions - The operation had a number of significant contributions in terms of institutional strengthening, including: (i) the development of national guidelines for the implementation of LIPWs; (ii) the successful proof of concept of the DRF and, in a joint effort with Uganda's Department of Disaster Preparedness and Response, the development of monitoring and triggering rules and procedures for is replication and scale-up, including the utilization of a second source of data to more accurately forecast the risk of food insecurity (i.e., satellite data is complemented with the Food Security Index[23]); (iii) the successful proof of concept of the SLP model and its potential for replicability and scalability; (iv) the strengthening of the IG under the STAAC component, helping it establish a territorial presence as well as develop community-based mechanisms to ensure governance and transparency that could be harnessed in other interventions; and (v) the development of the national social protection SRB. In particular, the development of the SRB has established the foundation for broader policy dialogue on shock-responsive social protection systems strengthening at the national level. The World Bank is currently working closely with the Uganda's Ministry of Gender, Labor and Social Development (MGLSD) on updating the Social Protection Strategy and providing technical assistance for expansion of the national SRB and scaling up of digital payments.

and VLICs, including mindset training, business planning and implementation of business plans preparation.

[22] [https://budget.go.ug/LGPAs]

[23] The Integrated Food Security Phase Classification (IPC) is a multi-partner initiative aimed at providing decision-makers with a rigorous, evidence- and consensus-based analysis of food insecurity and acute malnutrition situations, to inform emergency responses as well as medium- and long-term policy and programming. [http://www.ipcinfo.org]

Poverty Reduction and Shared Prosperity

The operation had a significant impact on poverty reduction as denoted by the improvement in the PPI indicators, which points to reduction in those living on less than US$1.9 a day by roughly a third during the operation's lifetime. The operation's design was a key factor contributing to this success, as it effectively reflected the wide disparities existing within its target population--poor and vulnerable households by adopting a multi-pronged approach. Specifically, the LIPW component was geared toward the poorest of the poor, focusing primarily on rural, unskilled and impoverished people. Within the LIPWs, the DRF mechanism focused primarily on those affected by climatic events, such as droughts, mobilizing rapid financial support to ameliorate the negative impacts and enhance their capacity to respond to the external shock. Within LIPWs, there was also the distinction between households with able-bodies adults who could engage in temporary employment, and the unable-bodied ones, making them eligible for non-conditional cash transfers. Alternatively, the IHISP intervention was geared toward those households with the potential to be economically active through the commercial enterprises. The SLP went a step further in targeting the active poor by focusing on already existing groups with a demonstrated ability to work together in a productive enterprise. In addition, the SLP fostered financial inclusion by supporting communities to open commercial bank accounts and to receive their sub-project funds through the banks. Groups that saved their earnings opened up bank accounts and regularly operated these accounts on their own. The SHGs created under the SLP not only provide a solid foundation for sustainability but can also serve as entry point for other actors, including private banks and micro-financing institutions. As a whole, access to credit through VRF with ongoing support and mentorship offers great potential in livelihood support interventions. This array of interventions under the NUSAF 3 umbrella allowed tailoring interventions to the specific needs of individual sub-groups.

Other Unintended Outcomes and Impacts

COVID 19 response - Budgetary allocations for safeguard implementation at the sub-project level provided the flexibility needed to provide a rapid field response to the COVID-19 pandemic, with such funds swiftly mobilized to finance public health communications, the set-up of hand-washing stations and the purchase of soap and hand sanitizers.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

This operation built upon the achievements, capacity harnessed and lessons learned from the two preceding operations, NUSAF 1 (2003-2009) and NUSAF 2 (2009-2016). While its predecessors addressed the immediate needs in the aftermath of the armed conflict (i.e., humanitarian aid and access to basic social services under NUSAF 1; and infrastructure reconstruction and institutional building under NUSAF 2), NUSAF 3 focused on fostering the wellbeing and resilience of poor and vulnerable households through income support and the development of their productive capacity. Some of the most notable strengths of NUSAF 3's design can be summarized as follows:

- *Multi-dimensional and dynamic conceptualization of social protection* - The Project adopted a multi-dimensional approach, addressing structural factors contributing to poverty and vulnerability (e.g., lack of income, capital, skills and adequate infrastructure as well as the risk from natural disasters) to build resilience, promote equity and expand opportunities.

- *Government-led preparation* - Under the leadership of its Executive Director, the government team took the lead in the preparation process, with steady support from the Bank team. The preparation process also benefited from the active participation of multiple actors across different sectors (e.g., ministries of finance, gender, labor and social development, water, environment, agriculture) as well as representation from districts, resulting on strong ownership both at the national and local levels.
- *Community-Driven Development (CDD)* - The CDD approach adopted under the operation empowered communities, which were responsible for identifying and prioritizing their needs, developing action plans and selecting individual LIPW sub-projects to address them as well as selecting beneficiaries according to the Project's eligibility criteria. In the case of IHISP and SLP, individuals working in groups were also empowered, as they were responsible for identifying their economic activities and selecting their peers. This demand-driven approach was critical in fostering ownership at the community and beneficiary levels.
- *Expanding existing institutional capacity* - NUSAF 3 took full advantage of the capacity built under its predecessors and further developed it. The most notable areas include: (i) governance, with IG placing more emphasis on preventive actions to deter fraud and corruption; (ii) safeguards, by then with enough installed capacity to develop in-house the operation's safeguard aspects; and (iii) monitoring and evaluation, with the development of a state-of-the-art management information system (MIS).
- *Introduction of significant innovations* - The government team was open to innovations and calculated risk taking, which resulted in the incorporation of three significant innovations aimed at enhancing replicability, scalability and sustainability of the interventions supported under the operation. These innovations were: (i) the watershed planning, with the LIPW and IHISP components being implemented at the watershed level to encourage systematic and sustainable natural resource management and development; (ii) DRF, which, in turn, included two significant innovations: the upfront allocation of financial resources to allow for rapid disbursement and the incorporation of a second source of data in addition to satellite data to trigger DRF response based on the annual assessment of food security performed by other development partners; and (iii) the Revolving Village Fund and mandatory SHGs within the SLP, a financial mechanism with the potential for replicability and sustainability beyond the operation's lifetime.

B. KEY FACTORS DURING IMPLEMENTATION

Outside the control of the Government

- *Climatic and environmental events* - As mentioned earlier, Northern Uganda is highly susceptible to climate and natural disasters, which bring widespread famine and devastation to the region. Several such disasters occurred during the operation's lifetime, from floods and landslides in the Elgon sub-region, to drought and dust storms in the Karamoja sub-region. The 2016 drought caused by *El Niño* effect was particularly devastating, impacting 1.3 million people and decreased 1.5 percent of Uganda's growth forecast from 5 percent to 3.5 percent. The DRF mechanism was activated four times during the operation's lifetime to ameliorate the negative impact of the droughts in the Karamoja sub-region.
- *COVID-19 pandemic* - Since the COVID-19 pandemic reached Uganda in March 2020, there were an estimated 75,537 confirmed cases and 781 deaths.[24] The economic shock from the pandemic have resulted in widespread firm closures, permanent layoffs in industry and services, a rapid slowdown of economic activity, particularly in the urban informal sector and a movement of labor back to farming. Despite some delays caused primarily by lockdown measures adopted by the GoU in an attempt to contain the pandemic, sub-projects supported under the operation continued with their implementation, providing critical safety nets at a time when household incomes were falling rapidly, and vulnerable households were falling into poverty.

[24] Reported by the World Health organization as of June 25, 2021. [https://COVID-19.who.int/region/afro/country/ug]

Inside the control of the Government

- *Strong ownership* - The operation benefited from a very strong ownership on the part of the GoU, both at the national, regional and district levels. At the national level, it received support from the OPM as well as other line ministers that collaborated in the operation. At the local level, implementation success was largely determined by performance at the district level and, while satisfactory as a whole, considerable differences were observed across the board.
- *Strong Project management* - As consistently reported during ICR interviews, NUSAF 3 was a Borrower-driven operation, with a technically strong and proactive TST. The TST also played a highly proactive role in Project management and supervision, as reflected in robust M&E tools and in-depth progress reports. The TST's leadership, technical soundness, and ability to coordinate the actions of other government agencies at the national and local level were key ingredients in the operation's success.
- *Cross-sector coordination* - The coordination across sectors that began at preparation continued throughout the operation's lifetime at both the national and local levels. At the local level, sector committees that were responsible for overseeing the implementation of LIPW sub-projects and ensuring the upholding of sector standards.
- *Delays in the signing of the 2018 restructuring* - As mentioned earlier, there were significant delays in the signing of the 2018 restructuring were due to lengthy government approval processes. With support from the Country Management Unit, the Bank Task Team did continuous follow-up with the OPM and the Ministry of Finance to address their concerns and queries regarding the Operational Policy 4.10 until the revised financing agreement was finally signed in November 2020.

Inside the control of the Implementing Agencies

- *Empowerment of different stakeholders* - To be successful, the operation had to effectively coordinate and align the actions of a myriad of stakeholders--from line ministers at the national level to local governments, community facilitators, community business agents, capacity building partners, communities and beneficiaries. Its ultimate success was the result of clear leadership and support from the top down, together with stakeholder empowerment and ownership from the bottom up.
- *Strong emphasis on communications and other "intangible" assets* - To achieve the coordination of the large stakeholders of communities across 67 districts (50 percent of the 135 districts and 11 cities nationally), all intervening actors had to undergo a demanding process of change and intense organizational learning. The TST team took on this challenge, developing and implementing a robust communication campaign and capacity building program to provide all institutional actors with a common understanding of the operation and foster their commitment. The development of beneficiaries' technical, business and attitudinal skills (i.e., mindset training) as well as mentorship and ongoing support was also given top priority. This intangible infrastructure was critical in the operation's successful implementation.
- *Development of critical management tools* - The development of clear rules and operational procedures as well as supporting management tools provided a robust foundation to support an efficient and transparent implementation. In particular, the newly developed MIS that provided information at the sub-project level was able to provide institutional actors with real-time information at various levels of disaggregation

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

Although with some minor shortcomings, the M&E system was adequate. PDO 1 (to provide effective income) was supported with an operational definition and a corresponding PDI. PDO 2 (to build the resilience) was also supported by an operational definition but no PDIs were associated with it. The PRF, which included mainly output indicators, allowed monitoring the operation's implementation progress and, to a lesser degree, PDO achievement. To complement the PRF, a set of Project Evaluations was envisioned to provide evidence to assess the impact of the various interventions under NUSAF 3 and the operation as a whole.

At the design stage, the determination was made that a MIS would be needed. Terms of Reference for the MIS were developed accordingly, and an indicator was included in the PRF. Project Evaluations to assess the impact of the LIPW, and LIS components were also planned at the design stage, as well as an assessment of the welfare impact of the DRF sub-component. The detailed methodology for the panel-data evaluation was defined at the start of implementation. In this regard, while the inclusion of control groups was discussed, the GoU decided against it for equity considerations.

M&E Implementation

The Project relied on a community-based M&E system. Reporting templates were prepared by TST with the support of the Bank team at the start of the implementation and training was provided to districts and community facilitators in the preparation of weekly, monthly and quarterly progress reports. Until the MIS was established and functional, the NUSAF utilized a Kobo Collect tool for data collection and reporting. M&E function was highly improved once the MIS was operational. Continuous training and quality assurance mechanisms helped ensure the quality and consistency of the data across districts and sub-projects.

Makerere University was engaged to conduct the operation's Project Evaluations, which involved baseline, midpoint, and Project-end surveys. A stratified three-stage cluster sampling design was used in the study to capture a universe composed of eight sub-regions, 56 districts and 392 watersheds. A total of 3,689 beneficiaries were randomly selected for the baseline, with the same cohort of households (i.e., panel data) also being interviewed at midpoint and Project end. Qualitative and quantitative data was collected through household surveys. In addition, a detailed qualitative data was also collected at five levels: technical support team; districts; sub-counties; community project management structures and beneficiaries.

M&E Utilization

The M&E system was a key tool in supporting implementation. Based on the M&E progress reports, the TST were able to identify implementation gaps and prepared quarterly technical support plans to provide need-based support to implementing districts. The MIS data on beneficiaries was also utilized to feed the Single Beneficiary Registry.

Although the inclusion of control groups in the methodological design would have been preferred, the Project Evaluations complemented the PRF, allowing for the in-depth measuring of the operation's impact at the household level. In addition, the data generated by the household surveys were utilized in academic research and resulted in several publications.

Justification of Overall Rating of Quality of M&E
Rating: Substantial

As a whole, the operation's M&E system effectively supported implementation and PDO assessment.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

Environmental safeguards - Project components 1 and 2 were originally assigned EA category "B," given that limited and localized negative environmental and social impacts were expected, which could also be easily mitigated. The safeguards triggered included: Environmental Assessment (OP/BP 4.01), Pest Management (OP 4.09), and Physical Cultural Resources (OP/BP 4.11). Project implementation was implemented in adherence to Environmental and Social Safeguards requirements across all districts using an integrated watershed management implementation model. All sub-projects were screened for Environment and Social risks and impacts; site specific Environmental and Social Management Plans (ESMPs) were developed, disclosed and progressively being implemented except two sub-projects that underwent a full Environment and Social Impact Assessment. Communities integrated their projects with soil and water conservation practices composed of stone pitching, construction of terraces and planting of trees and nippier grass, integration of trees within the block farms and along riverbanks and school and institutional greening in selected watersheds. Energy efficient technologies, such as biogas in dairy projects, use of energy efficient cooking stoves as well as water harvesting technologies were also adopted in many sub-projects. It should be noted, however, that communities tended to focus more heavily on road rehabilitation and construction and assign lower priority to activities related natural resources rehabilitation and development.

Social Safeguards – The Operational Policy 4.10 on Indigenous People or Marginalized/Vulnerable groups as referred to in the 1995 Constitution of Uganda was not deemed applicable at preparation, given that NUSAF 3 was designed as a CDD operation and, as such, encompassed extensive participatory approaches and broad consultative mechanisms. However, the implementation support mission that took place in May 2016 recommended assessing any specific impacts that may affect the Ik people, a minority community found in Kaabong District in Karamojong region. This recommendation triggered OP 4.10 Indigenous People or Marginalized/Vulnerable groups, requiring the Level 2 restructuring was initiated in April 2018 and approved in November 2020. Although there were delays in the formal approval of the restructuring due to a lengthy in-country review processing by the Government of the corresponding amendment of the Credit Agreement, these delays did not affect compliance. The client took immediate steps to comply with the safeguard requirements, beginning with the preparation of a Vulnerable and Marginalized Peoples Action Plan (VMPP) in a participatory and consultative manner. The VMPP was cleared by the Bank on August 8, 2017, disclosed in the country and on the World Bank's website on November 9, 2017 and implemented as planned thereafter. The inclusion of a safeguards module in both the MIS and Grievance Redress System allowed for the effective M&E of safeguards implementation and reporting.

Financial Administration (FM) - The operation's financial management arrangements were rated Satisfactory

for the most part of the implementation period. The OPM and IG maintained appropriate financial management arrangements, including staffing in compliance with agreed implementation plans. Interim unaudited financial reports and external audit reports were in most cases submitted timely in a manner acceptable to the Bank, though with occasional delays, especially with the Office of Auditor General (All audit reports had clean opinions).

The use of the MIS by NUSAF 3 to report financial progress was one of the greatest improvements for sub-projects timely accountabilities and within two months of project closure, OPM had reported full accountability for advances to community projects. This system assisted both at OPM, LG and at Community level in tracking, recording, and reporting different aspects of Project implementation.

Internal Audit at OPM carried out annual project reviews, although sometimes there were delays in sharing such reports due to internal clearance processes. These reports highlighted areas that required attention, in addition to other key issues identified by IG as part of their regular mandate under the STAAC component. At the time of closing, the Project was fully disbursed at US$133.8 million in comparison to the signed amount of US$130 million due to gains against the credit currency (SDR) during the implementation period. The loan designated account for the OPM was closed and fully documented. As the grace period comes to an end, IG is expected to fully document their designated account balance of US$117,380 by October 2021.

Procurement - Procurement under NUSAF3 was implemented by the OPM at three levels: central, local (i.e., district) and community levels. At the central and local levels, procurement processes largely involved goods and services, which were conducted in accordance with the Bank's Procurement Guidelines. There were no cases of mis procurement. The OAG, the Public Procurement and Disposal of Public Assets Authority and the Bank conducted annual and bi-annual procurement audits as well as reviews of the Project's procurement function, which were largely deemed Satisfactory. Two complaints relating to motor vehicle procurements required administrative reviews and were resolved successfully with no retender. At the community level, sub-project procurement was adequately handled by the Community Project Management Committees (CPMCs) with support from the Community Procurement Committees (CPCs) in accordance with the Community Procurement and Stores Handbook.

Recurrent challenges at community level were continually addressed by the OPM throughout the operation's lifetime, including low literacy levels of committee members that increased susceptibility to manipulation in decision making; inadequate record keeping of procurement processes; political interference due to the direct linkage of the implementing communities with the political leadership of the areas. Community involvement in procurement processes resulted in several benefits, including high ownership and commitment among stakeholders, more timely completion of procurement cycle activities, elimination of middlemen with more involvement of local suppliers due, in part, to the adoption of simplified procurement processes and documents. IG involvement prevented fraud and other related bad practices in procurement. The lessons learned regarding benefits and challenges of community procurement are good reference points for the design of similar projects.

C. BANK PERFORMANCE

Quality at Entry

Rating: Highly Satisfactory

The Bank Team actively supported the GoU during Project preparation, providing top-notch expertise from other areas within the Bank. The operation's design built on the lessons learned from its predecessors, consolidating on previous gains. It also incorporated significant innovations into the operation's design, including DRF and SLP, which have since been replicated in other countries. The adoption of pilots accompanied with the systematic measurement of results was critical in ensuring the efficacy of the newly incorporated interventions and identifying needed adjustments before their scale-up. In addition, substantial efforts were made to ensure a robust M&E function, including the development of a MIS and a series of impact evaluations. The preparation process of NUSAF 3 illustrates clearly that the Bank's competitive advantage goes well beyond its capacity to provide sizeable financial support, to include its ability to work collaboratively with Borrowers, contributing sound technical support and cutting-edge expertise from a wide range of substantive areas to foster country-relevant innovations and systematic learning.

Quality of Supervision

Rating: Satisfactory

Supervision was intensive and proactive, helping in the early identification of potential bottlenecks and providing support to the client in a timely manner. Implementation progress was well documented in detailed Aide Memoirs and Implementation Supervision Reports (ISRs). The MTR was conducted as scheduled and provided a comprehensive assessment of the Project’s achievements toward the PDO and the effectiveness of its implementation arrangements. It also provided the platform for important strategic decisions, most notably the expansion of the DRF and SPL interventions. The task team changed leadership twice during the operation's lifetime. Local presence of a member of the Bank team facilitated interactions and contributed to first-hand, intimate knowledge of Project implementation. The Bank team had ongoing communication with the TST to discuss technical issues. In addition, the Bank team carried out several technical missions to assess progress in the field. These technical missions proved very useful in understanding the implementation challenges, discuss potential solutions and agree on the course of action to address them. With the government team always in the driver’s seat, Bank team provided guidance in all aspects of project implementation, with emphasis on documenting evidence. The good and harmonious working relationship between the Bank and government teams played an important role in the success of the Project. The task team proactively supported the NUSAF TST in the implementation of the OP 4.10. Together with the CMU, the Bank task team also did continuous follow-up with the Ministry of Finance to finalize the restructuring as soon as possible.

Justification of Overall Rating of Bank Performance

Rating: Satisfactory

Overall, Bank performance is rated Satisfactory to reflect a highly satisfactory preparation and satisfactory supervision.

D. RISK TO DEVELOPMENT OUTCOME

Rating: Moderate

The overall risk to the operation's outcomes is deemed Moderate to reflect various levels of risk across the different interventions. The factors that either contribute toward or hinder their sustainability can be summarized as follows:

Outcomes at high risk

- *Income support* – While discussions within the GoU are ongoing on a follow-on operation to NUSAF 3, in particular with regards to the coverage area, there has been a gap between the completion of NUSAF 3 and the beginning of a potential next operation. As a result, income support through temporary employment and grants for poor and vulnerable households will not be available, at least in the immediate future. This is particularly worrisome, given the added adverse economic impact of the COVID-19 pandemic. While it can be expected that at least a portion of the beneficiaries that were pulled out of extreme poverty with NUSAF 3 support have built enough resilience in terms of assets and skills accumulation to keep them out of poverty, many of the households lack the assets, savings and or consistent income that are needed to build and maintain the necessary resilience to tackle the adverse economic impact of COVID-19.
- *IHISP* – Similar to Income Support, the continuation of IHIPS interventions is envisioned under an anticipated follow-on operation for NUSAF 3 and the GLOW Project, currently under preparation. However, until these operations are effective, the sustainability of the economic activities that were financed under IHISP component is expected to be uneven, depending on the soundness of the sub-project design (such as demand, access to markets, profit margins, etc.) and the stage of implementation. In addition, the lack of ongoing technical support and mentorship, as well as the lack of enforcement of group functioning practices will most likely have a negative effect on sustainability. Once again, the negative impact on households is further exacerbated by the COVID-19 pandemic.
- *LIPW community assets* - Although communities were expected to assume responsibility for the maintenance of the LIPW community assets, in practice this has not occurred in all the project areas. Successful experiences from the region indicate that having the community be directly responsible for maintaining community assets is both a feasible and effective approach, as illustrated by examples in Rwanda and Kenya. A recommendation arising from this operation is to formally include the corresponding budgetary funds in the district's development plan for larger investments or, alternatively, the adoption and enforcing of ordinances making communities responsible for maintenance through in-kind or labor contributions. In addition, raising awareness at the community level is crucial to ensure regular maintenance, as it heightens the understanding of the importance of these assets, such as well or an irrigation system, for the community's wellbeing.

Outcomes at lesser risk

- *DRF* - The success of the DRF approach toward early shock response has been widely recognized and is already being incorporated into other projects and interventions. The financial mechanisms, risk monitoring systems and operational rules and procedures developed under NUSAF 3 provide a sound foundation for their replicability and scalability, such as in the Development Response to Displacement Impacts Project, a Bank-financed Project being implemented by OPM in refugee hosting districts.[25]. In addition, the WB is working with OPM and MGLSD to develop a national level DRM framework that allows for replication of the disaster-risk financing activities under NUSAF 3 in other areas of the country.
- *SLP* - As in the case of IHISP sub-projects, the sustainability of individual SLP sub-projects will suffer from the lack of ongoing technical and mentorship support. However, the SLP model is likely to continue and be expanded beyond the operation's lifetime, as sustainability, replicability and scalability are embedded in its design. In addition to OPM, the President of Uganda's team of Economic Advisors has recognized this potential and is planning on strengthening and replicating it in 7,200 parishes across the country. In addition, some development partners have expressed interest to partner with the GoU to scale up the model

[25] [https://www.worldbank.org/en/news/loans-credits/2019/04/17/uganda-development-response-to-displacement-impacts-project]

nationally.

- It is important to note that the SLP and watershed approach under NUSAF3 have inspired renewed interest in the Parish Development Model to boast service delivery, which had been dormant despite having been formally in place for some time. Finally, lessons from the VRF model were adopted in Uganda's Development Response to Displacement Impacts Project (DRDIP) to inform SLP implementation in host communities and refugee settlements, as well as the design of the GLOW Project.
- *Social capital* - The sustainability of community-based institutions developed under the operation as well as the social bonds that were forged in communities, both internal and external ones (e.g., with suppliers, government officials and commercial institutions) are more likely to be maintained if used as platforms for further interventions by the GoU such as the Parish Development Model as well as NGOs and other development partners.
- *Institutional and technical capacity at the district level* - The decision to mainstream the implementation of NUSAF 3 at the district level resulted substantial capacity strengthening that will remain after the operation's closing, particularly in terms of M&E, implementation of environmental safeguards and watershed planning.

V. LESSONS AND RECOMMENDATIONS

Several lessons can be derived from the implementation of NUSAF 3 that can be of use for the design and delivery of future social protection interventions in Uganda and beyond. The main lessons learned can be summarized as follows:

Lessons of General Application

The use of the LIPW is a useful approach to address vulnerability and poverty among the poorest of the poor. These tend to have no skills or lack minimum requirements to qualify for most government interventions. The LIPW also encouraged hard work, learning new skills, the formation of groups and learning how to save. Finally, community assets helped restore the environment and improved community livelihoods.

A DRF strategy needs to be developed in advance to ensure rapid flow of funds for a scale-up, once triggered by a shock to effectively protect household welfare following a crisis event, the expansion of safety nets needs to be implemented quickly. With a DRF strategy in place, including readily available financing and agile disbursement mechanisms to reach the intended recipients, it increases the ability to rapidly scale up LIPW, then in turn helps prevent household consumption from decreasing after climatic disasters, and helps protect household livelihoods and assets, leading to rapid post-crisis recovery. The use of independent data sources such as satellite-based observations of ground vegetation and IPC food security index allowed for rapid transparent targeting and helped avoid politicization and costly delays in response. In addition, the implementation of the DRF has resulted in systems strengthening and capacity development of district level institutions to respond quickly to crisis.

The VRF approach has proven to be an effective way to provide livelihood support to communities while ensuring sustainability. Specifically, it provided access to finance to the community beyond the lifetime of the project. In addition, by providing an active role for the community, it helps build strong and reliable community institutions and community ownership.

Project-Level Lessons

Watershed-based planning can help strengthen community engagement for a broader view of local development and create more awareness of natural resource protection. Watershed planning introduced communities to planning based on self-identified goals, priorities, and action plans. Moreover, it helped optimize the use of the Project resources within a geographic area, creating positive synergies and taking into consideration environmental impacts. It has also helped disseminate useful technical skills on watershed-based planning and implementation among communities and government staff working at different levels that can be replicated in other areas. The downside of this approach though is that communities tended to exhibit a bias toward road rehabilitation and construction at the expense of activities related to natural resources rehabilitation and development. It might be useful to consider a hybrid approach, in which top-priority types of sub-projects get more favorable conditions or other incentives.

Operation and maintenance are key for the sustainability of the LIPW community assets. Despite the strong ownership observed on the part of communities, many NUSAF3 communal assets still require a robust operation and maintenance arrangements in place. Even though the arrangements for community-based maintenance were envisioned in the PAD, more intense follow-up was needed during sub-project preparation and implementation. Likewise, additional efforts could be made to link and include these communal assets in the District Development Plans to ensure future resourcing in the operation and maintenance. Future programming needs to better understand constraints of poor communities in leadership, financial management, workload, and other complexities they may face to ensure maintenance of community assets.

Community involvement in procurement processes at the sub-project level resulted in several benefits. These included high ownership and commitment among stakeholders, more timely completion of procurement cycle activities, and the elimination of middlemen and greater reliance on local suppliers. IG involvement was critical in preventing fraud and other undesirable practices in procurement, as well as ongoing support on the part of the OPM.

In addition to the increase in household incomes and assets, inclusion and empowerment of women under NUSAF 3 resulted in increased participation in project management leadership, lower incidence of gender-based violence, increased access to better health services. Women participation in construction activities may have also contributed to changing gender stereotypes. Targeting existing groups that were part of the SLP activities and that comprise of at least 90 percent poor and 50 percent female membership helped maximize success of savings mechanisms and increased women's participation in businesses.

The STAAC component demonstrated its effectiveness in engaging citizens as active participants in demanding for accountability and quality services in addition to controlling corruption. Community monitoring contributed greatly to the quality and efficiency of Project outcomes. The experience under NUSAF 3 will help inform the IG as it scales up community-based social accountability to the rest of the country.

The strengthening of social protection systems at the national level is critical to ensure a timely response to shocks due to external events, such as climate or the COVID-19 pandemic. The Bank is currently working closely with the MGLSD on updating the Social Protection Strategy and providing technical assistance for expansion of the national SRB and scaling up of digital payments.

ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Number of household beneficiaries of the project (Number, Custom)

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of household beneficiaries of the project	Number	0.00 15-Dec-2015	2995500.00 31-Dec-2020		3,031,690.00 30-Jun-2021
Number of female beneficiaries	Number	0.00 15-Dec-2015	1198200.00 31-Dec-2020		1,772,770.00 30-Jun-2021

Comments (achievements against targets):
Achieved - 101% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Households	Number	0.00	84000.00		90,405.00

benefiting from post-disaster activities		15-Dec-2015	31-Dec-2020		30-Jun-2021

Comments (achievements against targets):
Achieved - 108% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of project beneficiaries satisfied with project interventions	Percentage	0.00 15-Dec-2015	80.00 31-Dec-2020	31-Dec-2020	95.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 150% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage increase in the value of household assets of beneficiaries of LIPW and LIS	Text	baseline will be collected in year 3 following household survey 15-Dec-2015	20 31-Dec-2020		30.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 150% level of achievement.

A.2 Intermediate Results Indicators

Component: Labor Intensive Public Works and Disaster Risk Financing

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of person days of employment created	Number	0.00 15-Dec-2015	26946000.00 31-Dec-2020		25,564,410.00 30-Jun-2021

Comments (achievements against targets):
Largely achieved - 95% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of community assets built by LIPW	Number	0.00 15-Dec-2015	3170.00 31-Dec-2020		3,459.00 04-Jun-2021

Comments (achievements against targets):

Achieved - 109% level of achievement

Component: Livelihood Investment Support

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of household beneficiaries of Livelihood Income Support	Number	0.00 15-Dec-2015	100100.00 31-Dec-2020		133,029.00 30-Jun-2021
Number of female beneficiaries of Livelihood Income Support	Number	0.00 15-Dec-2015	50000.00 31-Dec-2020		86,273.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 133% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Income Generating sub-projects completed	Number	0.00 15-Dec-2015	7700.00 30-Dec-2020		9,449.00 30-Jun-2021

Comments (achievements against targets):

Exceeded - 123% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of NUSAF3 SHGs who have accessed funds from VLIC in pilot villages for their livelihood business plans	Percentage	0.00 15-Dec-2015	70.00 31-Dec-2020		100.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 143% level of achievment

Component: Strengthening Transparency, Accountability and Anti-Corruption

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of participating parishes in which social accountability is implemented using a community score card (CSC)	Percentage	0.00 15-Dec-2015	85.00 31-Dec-2020	30-Sep-2021	90.30 04-Jun-2021

Comments (achievements against targets):

Achieved - 106% level of achievment

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of participating parishes with functional community monitoring groups	Percentage	0.00 15-Dec-2015	70.00 31-Dec-2020		60.30 30-Jun-2021

Comments (achievements against targets):
Not achieved - 86% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of grievances registered about NUSAF3 that are resolved in a timely manner	Percentage	0.00 15-Dec-2015	70.00 31-Dec-2020		75.60 30-Jun-2021

Comments (achievements against targets):
Achieved - 108% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Of total grievances registered and resolved, percentage representing non-NUSAF3 activities	Percentage	0.00 15-Dec-2015	20.00 31-Dec-2020		21.50 30-Jun-2021

Comments (achievements against targets):
Achieved - 108% level of achievement

Component: Social Protection System and Project Management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
A national Guideline for LIPW design, targeting, implementation and M&E developed	Text	None 15-Dec-2015	In use 31-Dec-2020	Yes 30-Jun-2021	National Guideline for Labor Intensive Public work has been finalized and published 04-Jun-2021

Comments (achievements against targets):
Largely achieved - The guidelines were published in January 2018. They have been used by NUSAF. The GOU is now working, with support from partners, to ensure the guidelines are used across all government public works interventions. This will involve significant communication, outreach, and training, with support from World Food Program for example.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Vulnerable and marginalized HHs (Ik) with able bodied persons participating in projects	Number (Thousand)	0.00 15-Dec-2015	1121.00 31-Dec-2020		2,423.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 216% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of subprojects undertaken by marginalized and vulnerable people (Ik)	Number	0.00 15-Dec-2015	153.00 31-Dec-2020		62.00 30-Jun-2021

Comments (achievements against targets):
Not Achieved - 41% level of achievement

The number of sub projects undertaken were lower than envisioned given that they were able to reach twice the number of households targeted.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Vulnerable and marginalized HHs (Ik) without Able bodied persons participating in projects	Number	0.00 15-Dec-2015	112.00 31-Dec-2020		194.00 30-Jun-2021

Comments (achievements against targets):
Exceeded - 173% level of achievement

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Systems in place to collect and analyze data for triggers of DRF	Text	None 15-Dec-2015	System Operational 31-Dec-2020		Yes 30-Jun-2021

Comments (achievements against targets):
Achieved - System is Operational.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
An MIS for LIPW and LIS developed and functional	Text	None 15-Dec-2015	Yes 31-Dec-2020		Yes 30-Jun-2021

Comments (achievements against targets):
Achieved - MIS Reports routinely generated.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Beneficiaries of Safety Nets programs (number)	Number	0.00 15-Dec-2015	2495000.00 31-Dec-2020		2,365,075.00 30-Jun-2021
Beneficiaries of Safety Nets programs - Female (number)	Number	0.00 15-Dec-2015	998000.00 31-Dec-2020		1,341,755.00 30-Jun-2021
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)	Number	0.00 15-Dec-2015	207500.00 31-Dec-2020		223,565.00 30-Jun-2021
Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public	Number	0.00 15-Dec-2015	2245500.00 31-Dec-2020		1,915,050.00 30-Jun-2021

works (number)					
Female beneficiaries participating in LIPW sub-projects	Number	0.00 15-Dec-2015	898200.00 31-Dec-2020		1,062,160.00 30-Jun-2021

Comments (achievements against targets):
Largely achieved - 95% level of achievement

B. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1: To provide effective income support to poor and vulnerable households in Northern Uganda	
Outcome Indicators	*Savings* ▪ The percentage of household with savings increased from 54.6% to 70% during the operation's lifetime. ▪ Overall, the share of households in lowest saving group (less than UGX 50,000) decreased from 46% to 22% while the shares in the highest saving group (above UGX 200,000) increased from 13% to 30% during the operation's lifetime. *Household assets* ▪ PDI 4 - The value of household assets of beneficiaries of LIPW and LIS increased by 30% between 2015 and June 2021 (compared to the 20% Project-end target). ▪ Ownership of household assets increased significantly during the operation's lifetime, including livestock (45.6 % increase); equipment such as ox ploughs (16% increase). The percentage of households owning six or less selected assets decreased from 53% to 22% during the operations lifetime. Concomitantly, the percentage of those owning seven to 10 selected assets increased from 46% to 71%, while that of those more than 10 increased from 2% to 9%.
Intermediate Results Indicators	*Income support* • LIPW sub-projects created 25,564,410 person-days of employment throughout the operation's lifetime (95% achievement with respect to the Project-end target).

	• A total of 9,449 income-generating LIS sub-projects were completed throughout the operation's lifetime (123% achievement with respect to the Project-end target). *Savings* The totality (100%) of Self-Help Groups (SHGs) that were constituted under NUSAF 3 have accessed funds from the Village Livelihood Improvement Committees (VLICs) in pilot villages for their livelihood business plans (143% level of achievement with respect to Project-end target).
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	• PDI 1 - A total of 3,031,690 vulnerable individuals benefited from the Project (101% level of achievement with respect to Project-end target). • PDI 2 - A total of 1,772,770 vulnerable women benefited from the Project, representing 58% of all beneficiaries (148% level of achievement). *Component 1 - LIPWs* ▪ LIPWs - A total of 1,915,050 vulnerable individual with able-bodied adults participated and received payment for their work under LIPWs. In addition, 223,565 vulnerable individuals from households with unable-bodied adults benefited from unconditional cash transfers. *Component 2 - LIS* ▪ LIS - A total of 133,029 vulnerable households participated in LIS activities (133% level of achievement with respect to Project-end target). Of these, a total of 99,597 households participated under the IHISP modality (75% of all LIS), while 33,432 households participated in SLP activities (25% of all LIS).

	Participants received the so-called mindset training to foster self-reliance and empowerment, as well as technical training (business skills, know-how on individual sub-projects, community leadership, etc.) as well as ongoing mentorship.
Objective/Outcome 2: To build the resilience of poor and vulnerable households in Northern Uganda	
Outcome Indicators	*Income* • The average household monthly income increased by 223% over the operation's lifetime. *Income diversification* • Livelihoods have diversified, lessening the dependency from subsistence agriculture. This is reflected in the percentage of households engaged in business enterprises increased 29% during the operation's lifetime. *Consumption* • The percentage of households having one meal a day decreased from 23% to 10% during the operations lifetime. Concomitantly, the percentage of those eating having meals a day increased from 53% to 61%, while that of those having 3 meals increased from 8% to 23%. *Other measures of resilience* • The Household Resilience Capacity--a composite indicator designed to capture changes in overall household resilience--increased from 41.5% to 78% during the operation's lifetime. The PPI decreased from 62% at the baseline to 40% at Project end, indicating a decline (35%) in the proportion of households that are likely to be poor.
Intermediate Results Indicators	• Community assets built under LIPWs have contributed to building resilience of communities by creating assets of value these

	communities such as soil/water conservation, valley tanks, small water dams that ensure the continuous supply water to humans and animals during droughts. Community assets helped increase access to markets and services, as shown by a decrease in the average distance in kilometers to markets for general goods (14% decrease) and livestock (11% decrease) during the operation's lifetime. This, in turn, has a positive effect on household productivity; thus, in their overall resilience.
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	*Component 1* • A total of 3,460 community assets were built under the LIPW modality throughout the operation's lifetime (109% achievement with respect to the end-Project target). • PDO 3 - A total of 90,405 households benefited from post-disaster DRF support (108% level of achievement). *Component 2* Under the LIS component, the operation provided training to its participants in a number of areas such as cage fishing, cattle fattening, contour ploughing, tree planting, soil management, new crop production (e.g., coffee, matoke, tea), business management, community leadership, and use of new tools among others.

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Endashaw Tadesse Gossa	Task Team Leader(s)
Grace Nakuya Musoke Munanura	Procurement Specialist(s)
Paul Kato Kamuchwezi	Financial Management Specialist
Agnes Kaye	Team Member
Laura B. Rawlings	Team Member
Constance Nekessa-Ouma	Social Specialist
Herbert Oule	Social Specialist
Herbert Oule	Environmental Specialist
Barry Patrick Maher	Team Member
Khurshid Banu Noorwalla	Team Member
Franklin Mutahakana	Team Member
Michael Mutemi Munavu	Team Member
Annette Nabisere Byansansa	Team Member
Yonatan Yehdego Araya	Team Member
Muderis Abdulahi Mohammed	Peer Reviewer
Antonia T. Koleva	Team Member
Sarah Elizabeth Coll-Black	Team Member
Christiaan Johannes Nieuwoudt	Team Member

Christine Makori	Counsel
Hardwick Tchale	Team Member
Alex Kamurase	Team Member
Begashaw Wukaw Woldu	Team Member
William David Wiseman	Peer Reviewer
Lire Ersado	Peer Reviewer
Supervision/ICR	
Fatima Naqvi, Kevin Sanya Heraniah	Task Team Leader(s)
Annet Tamale Katuramu, Grace Nakuya Musoke Munanura, Ocheng Kenneth Kaunda Odek	Procurement Specialist(s)
Paul Kato Kamuchwezi	Financial Management Specialist
Maliam Acio Aalangdong	Social Specialist
Richard Andrew Poulter	Team Member
Barry Patrick Maher	Team Member
Khurshid Banu Noorwalla	Team Member
Franklin Mutahakana	Team Member
Christine Kasedde	Environmental Specialist
Matthew Liam Hobson	Team Member
Naomi Obbo	Environmental Specialist
Christiaan Johannes Nieuwoudt	Team Member
Christine Makori	Counsel
Hardwick Tchale	Team Member
Begashaw Wukaw Woldu	Team Member
Francis M. Muraya	Team Member
William David Wiseman	Peer Reviewer
Donald Paul Mneney	Team Member
Lire Ersado	Peer Reviewer
Rahmoune Essalhi	Team Member

Mohammad Ilyas Butt	Procurement Team
Foluso Okunmadewa	Team Member
Antonia T. Koleva	Team Member

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY14	2.200	16,031.68
FY15	55.549	345,381.07
Total	**57.75**	**361,412.75**
Supervision/ICR		
FY16	18.267	143,654.27
FY17	25.340	146,972.02
FY18	20.513	165,048.38
FY19	26.193	154,437.48
FY20	38.461	197,715.77
Total	**128.77**	**807,827.92**

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (US$M)
1 Labor Intensive Public Works and Disaster Risk Financing	61.00	59.00	97
2 Livelihood Investment Support	43.50	45.50	105
3 Strengthening Transparency, Accountability and Anti-Corruption	5.00	5.00	100
4 Safety Net Mechanisms and Project Management	20.50	20.50	100
Total	**130.00**	**130.00**	**100.00**

ANNEX 4. EFFICIENCY ANALYSIS

The operation's economic efficiency is deemed Substantial. Results from the economic analysis indicate that the operation was economically efficient, rendering an estimated IERR of 25.1 percent. The robust economic benefits that can be expected from NUSAF 3 are in addition to the operation's substantial benefits from a social protection perspective, including poverty alleviation and promoting more equitable economic growth. The use of funds was also efficient, with actual implementation and results closely mirroring those anticipated at preparation, except for a six-month extension to the closing date as a result of the COVID-19 pandemic.

Economic Impact

Ex-ante economic analysis - The *ex-ante* economic analysis performed at Appraisal (2015) indicated that the operation was economically efficient, with a Net Present Value (NPV) of US$41.6 million and an estimated Internal Economic Rate of (IERR) of 21.4 percent. The analysis took into consideration the economic benefits derived from productive investments under the LIPW and LIS components. The analysis was based on sub-project data focusing on food and cash crop production, value-addition/agribusiness, and non-agricultural/vocational enterprises. It was representative of the types of investments as well as geographical coverage (covered all regions in the north).

Ex-post economic analysis - The *ex-post* economic analysis conducted as part of this ICR builds and expands upon the one conducted at Appraisal. Specifically, it takes into consideration the economic benefits from three areas of intervention: i) economic returns from productive investments from LIPW core sub-projects (Sub-component 1.1); ii) economic returns from productive investments from DRF sub-projects, as well as actual gains realized in food aid, and long-term economic impacts from timely household income support experiencing stress due to droughts (Sub-component 1.2); and iii) economic returns from productive activities from SIL sub-projects (Component 2). Overall, the estimated IERR for the NUSAF 3 operation as a whole is 25.1 percent based on sub-projects representing over 58 percent of the total loan proceeds. With an IERR of 37.7%, the DRF intervention appears to be the most efficient from an economic perspective, as it brings together several streams of benefits arising not only from the economic impact of productive community assets but also from short-term benefits in food-aid savings and long-term benefits in growth in GDP *per capita.* The specific economic benefits arising from the various interventions can be summarized as follows:

- *LIPWs:* Sub-projects within the LIPW portfolio can be distinguished into two groups: i) those that have quantifiable economic benefits; and ii) those sub-projects for which economic benefits can be expected but are difficult to quantify). This economic analysis focuses on the first group, utilizing the actual relative share of each economic activity in the LIPW portfolio (as opposed to the projected one) and the corresponding IERRs estimated at Appraisal (see Table 4.1).

Table 4.1 Average Internal Economic Rate of Return by Type of LIPW and SIL Investments

Type of Investment	Average IERR (%)	Economic activities
Agriculture	19.4	Crop production, including maize, sorghum, beans, cassava, Irish potatoes, field peas, plantain/banana, sim-sim, among others
Cash crops	28.0	Cash-crop production, including coffee, groundnuts, sunflower and trees, among others.
Other agricultural	24.0	Other agricultural enterprises included the production of poultry (meat

enterprises		and eggs), small ruminants, aquaculture, unprocessed honey, piggery and dairy.
Non-agricultural enterprises	14.0%	Non-agricultural and vocational enterprises included beauty salons, metal fabrication and welding, carpentry and joinery, tailoring, motor vehicle mechanics, milling, arts and crafts, among others.

The economic analysis renders an overall IERR of 27 percent for productive investments among LIPW (Core and DRF) sub-projects, which constitute 34.3 percent of the LIPW portfolio (see Table 4.2). Although difficult to quantify, LIPW sub-projects focusing on other community assets (65.7 percent of the overall LIPW portfolio) can also be expected to generate positive economic benefits. Community access roads, which accounted for 44 percent of the LIPW portfolio, offer a clear example of investments that yield economic benefits that, although difficult to quantify, are of great importance to the wellbeing and economic productivity of households.[26] These roads have increased access to markets and services, resulting in time savings for the population as a whole (not just households that benefited from NUSAF 3). In addition, increased access to markets and services are expected to have significant socio-economic impacts in terms of poverty alleviation, enhanced equity and economic growth. Likewise, community assets focusing on soil and water conservation measures, flood control structures and rainwater harvesting, among others, have multiple benefits, including conservation of natural resources, avoided land degradation, continuous access to water during droughts for human and animal consumption. Although difficult to quantify, they are expected to have a significant impact on improving the welfare benefits to households by directly and indirectly boosting income and earnings opportunities.

Table 4.2 Estimated IERR by Type of LIPW Sub-project

	Relative LIPW Portfolio Share (%)		IERR (%)	
Type of LIPW Investment	Total LIPW Portfolio	LIPWs with quantifiable economic benefits	By economic activity	Weighted IERR
LIPW investments with quantifiable economic benefits				
Agriculture (e.g., block farms)	3.6%	10.4%	19.4%	2.0%
Cash crops (e.g., coffee, groundnuts, sunflower and trees)	29.7%	86.4%	28.0%	24.2%
Agribusiness enterprises (i.e., fisheries)	1.1%	3.2%	24.0%	0.8%
Sub-total	**34.3%**	**100.0%**		**27.0%**
LIPW investments with non-quantifiable economic benefits				
Roads (e.g., community access roads)	44.0%			
Trade infrastructure (e.g., stores, markets, etc.)	1.7%			
Water (e.g., dam desilting, water points)	10.1%			
Environment (e.g., soil and water conservation)	9.9%			
Sub-total	**65.7%**			

[26] Traditional economic analysis does not apply to this type of rural roads because of low traffic volumes and low monetary opportunity cost of time. However, households place an important value to improved roads, as shown by results from Ethiopia that indicate a willingness to pay of US$28.4 per year by an average rural household for reducing the transport costs by 50%, and adjusting for land holding size (Stifel, Minten and Koro, 2012).

- *DRF:* The DRF mechanism adopted under this operation, which scaled up the implementation of LIPWs in areas under stress due to droughts or other climatic events, generated several streams of benefits. In addition to the economic benefits discussed above under productive LIPW investments, the successful implementation of the DRF mechanism resulted in other tangible short- and long-term economic gains. In term of short-term economic gains, an evaluation study conducted in October 2018 reported the implementation of DRF allowed the GoU to save US$2.77 million on emergency food aid during FY16-17 alone--equivalent to total savings of roughly US$11 million in food aid over the four years when the DRF mechanisms was triggered (see Table 4.3).[27] In addition, the systematic analysis of case studies from Uganda and other countries have also identified significant long-term economic impacts, as the timeliness of the relief response to droughts and other disasters might help households avoid selling household productive assets to pay for food. Specifically, it is estimated that the cost of not getting a response in place in time to meet the consumption needs of those suffering from drought is 3.9 percent lower per capita income (GDP) in the long run. Conversely, the gain from an emergency response that is one month quicker is 0.8 percent of per capita income in the long run.[28] These long-term economic benefits, in turn, amount to roughly US$30million when considering the actual number of beneficiaries under the DRF sub-component, an average annual GPD per capita of US$140 for the Karamoja sub-region,[29] a two-month quicker relief response and a ten-year time horizon for the long-term benefits (see Table 4.3).

Table 4.3 Additional Economic Benefits from DRF Sub-Projects

Parameters	
Average GDP per capita in Karamoja sub-region (US$)	140
DRF Beneficiary Population (Number of individual beneficiaries)	452,025
Long-term gain in GDP per capita for quicker response (% per each month quicker)	0.8%
Avoided long-term reduction in GDP per capita (% annual)	3.9%
Reduced time lag for disaster response (months)	2
Time horizon for long-term impact (years)	10
Short-term DRF-specific additional economic benefits	
- PV Savings in food aid (US$ million)	11.1
Long-term DRF-specific additional economic benefits (US$ million)	
- PV Avoided losses in GDP per capita (3.9% per year)	21.0
- Gain in GDP per capita for more timely response (0.8% per each month quicker)	8.6
- Total long-term DRF-specific economic impact	29.6
Total DRF-specific additional economic benefits	
- PV Benefits (US$ million)	40.7
- PV Costs (US$ million)	-14.0
- NPV DRF-specific benefits (US$ million)	26.7
- IERR DRF-specific benefits	28.2%

Therefore, the overall IERR corresponding to DRF sup-projects encompasses: i) the IERR from productive LIPW

[27] Total savings of UGX9.6 billion out of an overall emergency fund of UGX19 billion in FY16/17. See World Bank (2020), *Uganda Economic Update - Strengthening Social Protection to Reduce Vulnerability and Promote Inclusive Growth,* 14th Edition, February 2020, Washington, D.C.

[28] Ruth Hill, Emmanuel Skoufias and Barry Maher (2019), *The Chronology of a Disaster: A review and assessment of the value of acting early on household welfare*, The World Bank Group, Washington, DC.

[29] Based on the following GDP per capita for districts in the Karamoya sub-region: Kaabong: US$75; Abim: US$107; Kotido: US$300; Moroto: US$177; Amudat: US$117; Napak: US$68; and Nakapiripirit: US$137. See Rafa M., Moyer J. D.,, Wang X., and Sutton P. (2017), *Estimating District GDP in Uganda*, November 2017, USAID, Frederick S. Pardee Center for International Futures, Josef Korbel School of International Studies, University of Denver.

sub-projects (27 percent IERR) that applies to only 34.3 percent of the DRF portfolio; and ii) the IERR reflecting DRF-specific economic benefits (28.2 percent IERR) that applies to the entire DRF portfolio. When taking both types of benefits into consideration, the weighted IERR for the overall DRF portfolio amounts to 37.4 percent (see Table 4.4).

Table 4.4 IERR for DRF Sub-projects by Type of Economic Benefit

Type of Economic Benefits	Relative Share (US$ million)	Relative Share (%)	IERR (%) Productive DRF sub-projects	IERR (%) DRF-specific	IERR (%) Total	IERR (%) Weighted
DRF investments with quantifiable benefits	4.8	34.3	27.0%	28.2%	55.2%	18.8%
DRF investments with non-quantifiable benefits	9.2	65.7	n.a.	28.2%	28.2%	18.6%
Overall DRF Portfolio	**14.0**	**100.0**				**37.4%**

- *LIS:* This economic analysis for the LIS (IHISP and SLP) portfolio of sub-projects is based on the IERRs estimated at Appraisal for the various economic activities and the actual relative share of each economic activity as opposed to the projected one. The economic analysis renders an overall IERR of 20.6 percent for the SIL portfolio as a whole (see Table 4.5).

Table 4.5 Estimated IERR by Type of SIL Sub-Project

Type of LIPW Investment	Relative LIS Portfolio Share (%)	IERR by economic activity (%)	Weighted IERR (%)
Agriculture (e.g., crops)	71.0%	19.4%	13.8%
Cash crops (e.g., coffee, groundnuts, sunflower, trees)	1.8%	28.0%	0.5%
Agribusiness enterprises (i.e., fisheries, apiculture, dairy farming, livestock farming and trade, poultry)	24.7%	24.0%	5.9%
Small/Medium Enterprises	2.4%	14.0%	0.3%
Sub-total	**100.0%**		**20.6%**

It is also important to mention the particular importance of SLP sub-projects in terms of injecting working capital within participating communities. VRFs served as village banks, providing capital in the targeted villages to support quickly maturing businesses to access low-cost loans with minimal requirements, resulting in an increase in the uptake of loans from 65 to 90 percent among SLP beneficiaries during the operation's lifetime.[30]

Table 4.6 summarizes the quantifiable and non-quantifiable economic benefits under the various components and sub-components under NUAF 3. As a whole, the economic analysis indicates that the operation was highly efficient, rendering an estimated IERR of 25.1 percent, which arises from sub-projects with quantifiable economic benefits accounting for 58 percent of total loan proceeds. These economic benefits are in addition to the operation's substantial benefits from a social protection perspective, including poverty alleviation and promoting more equitable economic growth. Although difficult to quantify, additional benefits can be expected as a result of enhanced transparency, institutional strengthening and capacity building under Components 3 and 4.

[30] Office of the Prime Minister (2021), *NUSAF 3 Completion Implementation Report,* Final Report, 31 August 2021, Kampala.

Table 4.6 Overview of Quantifiable and Non-Quantifiable Economic Benefits under NUAF 3

Investment Types	Loan Proceeds (US$ million)	Relative Share (%)	IERR By Intervention (%)	IERR Weighted (IERR)
Quantifiable economic benefits by component and sub-component (58% of total disbursements)				
Sub-component 1.1 - Core LIPW	15.4	20.6%	27.0%	5.6%
Sub-Component 1.2 - DRF	14.0	18.7%	37.4%	7.0%
Component 2. SIL (IHISP and SLP)	45.5	60.7%	20.6%	12.5%
Sub-total	**74.9**	**100.0%**	**28.9%**	**25.1%**
Non-quantifiable economic benefits by component and sub-component (42% of total disbursements)				
Sub-Component 1 - Core LIPW	29.2	Although difficult to quantify, community assets such as rural access roads, market, water and soil conservation are expected to have significant socio-economic impacts, including poverty, equity and economic growth.		
Component 3 - STAAC	5.0	Benefits from enhanced transparency and reduced corruption, resulting in improved implementation efficiency.		
Component 4 - Safety Net Mechanisms and Project Management	20.5	Efficiency gains can be expected from the future implementation of an internally consistent social protection framework.		
Sub-total	**54.7**			
Total Loan Proceeds	**129.6**			

Note: Based on disbursements as of August 30, 2021.

Implementation efficiency

Implementation efficiency: The operation exhibited substantial implementation efficiency. Actual implementation and results were largely in line with those anticipated at Appraisal. The 2018 restructuring focused solely on safeguards and did not introduce any significant modifications. The need to extend the operation's closing date toward the end of its lifetime was the result of the COVID-19 pandemic, an external factor beyond the orbit of the Project. In addition, despite the operation's implementation complexity, there were no significant implementation delays, no FM or procurement issues and no cost overruns. All the project funds were fully disbursed and accounted for at the time of Project completion. Close oversight on the part of the IG enhanced overall implementation transparency and helped minimized opportunities for fraud and corruption.

ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

THIRD NORTHERN UGANDA SOCIAL ACTION FUND (NUSAF 3)
EXCERPTS FROM THE BORROWER'S PROJECT IMPLEMENTATION COMPLETION REPORT (ICR)
Office of the Prime Minister, The Republic of Uganda
August 30, 2021

EXECUTIVE SUMMARY

Government of Uganda (GoU) presents the Third Northern Uganda Social Action Fund (NUSAF3) Project Implementation Completion Report (ICR) highlighting herein the Project Development Objectives (PDO), the context of Project implementation, institutional and legal frameworks, Project components, key Project milestones including timeline, funding, coverage, and details the Project achievements in line with the results framework. More so, it specifies implementation challenges, assesses the World Bank and the borrower performance, and notes key policy, design, institutional and operational lessons.

The Third Northern Uganda Social Action Fund (NUSAF3) Project was funded by a **USD 130 million** IDA credit from the World Bank and supplemented by some **USD 2.857 million** grant from the Japanese Social Development Fund (JSDF). The Project became effective on 14th March 2016 and was implemented over a five-year duration that ended on 30th June 2020 following a six months no-cost extension due to the slowdown effect of COVID 19 pandemic that emerged at the time.

The NUSAF3 Project was meant to consolidate the achievements of the predecessor NUSAF2 project that had closed on 29th February 2016 when poverty situation in the country had improved but yet deserved more attention and support in the Greater North areas where the brunt of the over two-decade insurgency daunted and perpetuated the persistent high poverty rates and poor socioeconomic indicators in comparison to the rest of the country. In this regard, Government of Uganda had justified affirmative action permitting additional investments through special programs focused on rebuilding and revitalizing the local economy in an effort to increase household incomes and reduce disparities between the Greater North and the rest of the country as were particularly stipulated in the Second National Development Plan (NDP2) and the Peace, Recovery, and Development Plan (PRDP2). The timing of the NUSAF3 Project start therefore provided a seamless transition from its predecessor NUSAF 1 and 2 operations thus consolidating the achievements, enabling institutional continuity, and enriching from the lessons learned. The Project also contributed to the popularization and operationalization of the Uganda Social Protection Policy (2015).

The World Bank and Government of Uganda demonstrated exemplary level of collaboration all through the NUSAF3 project cycle with complementarity, efficiency and effectiveness as mutual gains from the respective undertakings. At the NUSAF3 project design stage, the World Bank enriched the process with new programming concepts and ideas agreed upon by Government including the Disaster Risk Financing, the Revolving Fund Approach, and the Watershed Development Approach that eventually became outstanding aspects of the Project. The World Bank maintained strong presence of highly qualified technical team for the duration of the Project implementation and where necessary, co-opted a number

of consultants to support specific aspects of the activities. They provided clear guidelines and implications for any Bank Policy changes in addition to tools of management including the introduction of STEP for procurement management. The Bank team always provided decisions, approvals, feedback, and guidance in a timely manner with minimum delays. More so, the Bank provided avenues for regular training of Project staff in thematic and relevant areas of implementation both within and internationally hence improving the performance of the staff. In lieu of COVID 19 Pandemic, the Bank was supportive in helping the Project adopt implementation in the context of the Pandemic and ensured the closure took place as per revised date by ensuring all obstacles were addressed. Overall, the performance of the World Bank team is rated **'Highly Satisfactory'** and considering the successful implementation of innovative ideas, effective operational systems, provision of technical support and guidance, that enabled NUSAF3 Project to stand out as a flagship operation for both sides.

Government of Uganda carried out impact evaluation of the NUSAF3 Project using independent consultants from Makerere University Business School (MUBS) plus additional findings from specific studies undertaken by the M&E team generated sufficient evidence and lessons from the project that are summarized in this report.

INTRODUCTION

Poverty status and trend

At the time of NUSAF3 Project design, Northern Uganda had the largest proportion of people living in poverty, estimated at average of 61 percent, almost thrice the national average poverty level of 19.7 percent (UBOS-NHS; 2012/2013). However, Uganda had achieved significant milestones in her fight against poverty in three decades, with poverty rates declining from 56.0% in 1993 to 19.7% in 2013. There are disparities in the trend of poverty in different parts of the country with well sustained decline in the central and western regions (in part because of the growth of urban areas in these regions) but the north, mid-north, and east of the country remain the poorest regions with some of the lowest human development indicators in the country largely attributed to the legacy of prolonged conflicts, violence as well as natural disasters and climate change effects.

The NUSAF3 Project

NUSAF3 Project implementation consolidated the achievements of the predecessor NUSAF1 and 2 and contributed to the operationalization of the Uganda Social Protection Policy (2015) under Pillar 1 of Social Security by providing direct income support to poor and vulnerable households and individuals. It also contributed to the delivery of Government's commitment to the Vision 2040, the Accountability Sector Strategic Plan (ASSIP) and enabled Inspectorate of Government (IG) to strengthen transparency, accountability, and anti-corruption (STAAC) in Government aided projects.

The NUSAF3 project was aligned to the World Bank's global strategy of reducing absolute poverty and promoting shared prosperity as well as the Country Partnership Strategy (CPS) for Uganda to promote inclusive economic growth and strengthen human capital development.

The Project coverage and timeline

The NUSAF3 Project implementation commenced in March 2016 in 55 districts in the Greater North covering eight sub regions of Acholi, Lango, West Nile, Bunyoro, Bukedi, Elgon, Teso and Karamoja. However, Government created new administrative units in the period from 2016 to 2021 with additional twelve districts and five Cities in the Project area thus making a total of 67 districts (50% of the 135 districts and 11 cities nationally). Considering the wide expanse of the Project area, actual implementation of the project activities was based on geographical targeting using the Watershed Areas Development approach. A total of 509 Watersheds were priorities and covered 1,536 parishes and 5,299 villages spread out in the 67 districts.

The Project Financing Agreement provided the loan effectiveness date on 14th March 2016 and the Project closing date was scheduled for 31st December 2020. However, a six months no-cost extension was granted to 30th June 2021. A Mid-Term Review (MTR) of the Project was done in March 2019.

NUSAF 3 Project Development Objective (PDO)

The NUSAF3 PDO was "to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda" and measured by the number of beneficiary households, the proportion of the beneficiary household representatives who are female, the number of households benefiting from post-disaster activities, percentage increase in the value of household assets of the beneficiaries and the percentage of project beneficiaries satisfied with project intervention.

Project Components:

The NUSAF3 Project was delivered through four components, namely:

1. Labor Intensive Public Works (LIPW) and Disaster Risk Financing (DRF).
2. The Livelihood Investment Support (LIS) component. This includes Improved Household Income Support Program (IHISP) and Sustainable Livelihood Pilot (SLP) later renamed Village Revolving Fund (VRF).
3. Strengthening Transparency, Accountability and Anti-corruption (STAAC).
4. Project Management and Safety Nets Program (PMSNP).

Project Beneficiaries

The Project targeted the poor and vulnerable households using Expanded Participatory Rural Appraisal (EPRA) wealth ranking methodologies. Under the LIPW component, able bodied persons were engaged in temporary employment and earned wages; the unable bodied persons received direct cash transfer, while targeted disaster-prone communities benefited from upscale of the LIPW activities under the DRF intervention. The LIS component supported active poor households who benefited from grants provided under the IHISP subcomponent to support their investments in market driven enterprises; and existing savings/business groups benefited by assured access to capital reserves provided under the VRF approach for inter loaning to promote business ventures. Overall, priority was given to women, youth,

widows/widowers, female-headed households, and Persons with Disability (PWD), Persons Living with HIV/AIDS, orphans, disarmed Karamojong youth, and child-headed households.

Project Monitoring and Evaluation

NUSAF3 Project established a robust Management Information System (MIS) to aid workflow, data compilation, analysis, and reporting. The M&E unit also devised performance monitoring tools that supported tracking of beneficiary data and provided capacity to generate reports on the Project outputs and outcomes. In the same vein, the M&E Unit coordinated technical studies including Citizen Report Cards and the Project evaluation process at baseline, midterm review and end line through collaboration with experts from Makerere University Business School. The Project provided skills training to Community Facilitators, Data Entrant, District Planners and NUSAF3 Desk Officers and enhanced their capacity and efficiency in monitoring and reporting on outputs and outcomes. The Project can now present GIS coordinates for all the sub projects implemented and generate maps showing their distribution, report on outputs from each investment, track progress of the outcomes and demonstrate the impact throughout the project lifetime. The pool of human resource that were groomed by the Project in the M&E undertaking can extend the same knowledge and skills to support and benefit other projects and Government interventions.

ACHIEVEMENT OF THE PDO INDICATORS

The Project evaluation of NUSAF 3 Project was carried out by independent consultants from MUBS that reported sufficient evidence to confirm achievement of the PDO as per the indicators in the table below:

Summarized indicators for the PDO achievements

Indicators	Planned	Achieved	% Achieved
Number of household beneficiaries	2,995,500	3,031,690	101%
Number of female beneficiaries	1,198,200	1,772,770	148%
Number of Households benefiting from post-disaster activities	84,000	90,405	108%
Percentage increase in the value of household assets of beneficiaries	20%	35%	175%
Percentage of project beneficiaries satisfied with project interventions	80%	95%	119%

The Project evaluation reported satisfactory achievement of all the planned outputs and outcomes, including a positive impact on Household income, resilience and vulnerability to shocks and household welfare and progress out of poverty.

In addition, a study on multidimensional poverty conducted by Cardiff University and UNICEF Uganda

conducted between November 2019 and March 2021 established that NUSAF3 beneficiary households experienced reduction in multidimensional poverty. The percentage of deprived households fell from 82% to 56% while adult deprivation dropped from 53% to 29% and child deprivation dropped from 70% to 41% for the NUSAF3 beneficiary households that participated in the study. When looking at the overall deprivation index in which scores range from 0 to 35 deprivations, the average number of deprivations experienced decreased for NUSAF 3 respondents from 15 to 9. All these changes are statistically significant.

ASSESSMENT OF PERFORMANCE BY THE BORROWER

Quality of Bank performance at Entry

In all the cases, the projects identification, preparation, and appraisal procedures were duly followed based on systematic consultation with the Government's Project Preparation Team. The Bank had the opportunity to meet with the OPM/TST to discuss the Institutional arrangements for NUSAF 3 as depicted in the PAD and detailed in the Operational Manual. During these meetings, the Bank recommended among other things that the role of consolidating individual project results and targets into the single PRDP results framework and monitoring it for progress reporting to OPM be retained by the TST supported by the Technical Working Group (TWC). Sector strategies and provision of sector technical guidance functions were left as the responsibility of individual sectors at national level who then issue guidelines to their local level technical experts.

Quality of Bank Supervision

The Bank changed leadership once during the life of the project. Implementation Support Mission (ISM) objectives were in most cases shared in good time to enable the OPM/NUSAF 3 to make adequate preparations. Team composition was generally acceptable and relevant to guide the various sections heads of the NUSAF 3 TST. The Bank guided the TST in all aspects of project implementation with emphasis in documenting evidence. The Joint GoU and World Bank Missions provided opportunity for joint performance reviews, in-depth financial reviews, procurement support, supporting partnerships and collaborations, continuous engagements, closure, and transition.

Performance of Government / Office of the Prime Minister

The placement of the NUSAF 3 under the political leadership and administrative support of the Office of the Prime Minister was strategic in terms of coordination since OPM is mandated to coordinate and monitor the implementation of Special Government Policies and Programs for Northern Uganda. From the onset the Government established a Technical Support Team (TST) to support OPM to perform day- to-day management of the fund. The OPM mainstream staff supported the TST in terms of Finance and Administration, Monitoring and Evaluation.

Performance of the NUSAF 3 Technical Support Team

The Technical Support Team has performed very well and met all the management requirements

regarding the covenants agreed to between the Government of Uganda and the World Bank. The TST has been able to ensure 100% withdraw of funds, coordinate the planning of sub-projects from local governments and disburse funding within reasonable timescale. The TST has had tremendous impact on strengthening the capabilities of the local governments in meeting social and environmental safeguards, using the Management Information System (MIS) as well as tracking progress of subproject implementation, output documentation and project evaluation under the M&E function. The TST exhibited high levels of competence and performance standards demonstrated by technical/strategic leadership, linkage with sectors, development of materials, capacity building, coordination, reporting, monitoring and evaluation.

LESSONS LEARNED

Policy Level

- The NUSAF 3 project was designed to contribute to the PRDP strategic objectives 3 of Development of the economy with a focus on economic revitalization and livelihood improvement by supporting interventions that focus on revitalizing the local economy, on boosting household incomes, on environmental protection (particularly with regard to droughts and floods), and on social protection interventions targeted to vulnerable populations. The successful achievement of policy objectives was dependent on consistent commitment from the respective stakeholders in terms of meeting their share of obligations. The PRDP policy monitoring committee through their biannual meetings demonstrated commitment to the achievement of policy objectives by providing guidance to the project implementation team.

Design Issues

- The NUSAF 3 project was designed to use the existing government structures and systems. This design required that certain minimum level of capacity in terms of human resources, equipment and infrastructure existed at local government level to support implementation. This design ensured that government structures were engaged at all levels. This enabled the project to cut costs of programming and has enhanced sustainability and participation of stakeholders at all level. Design effectiveness hinged on community demand and PRA techniques, proper targeting mechanism, prioritization, technical inputs at various levels harmonized local demand and priorities. It has also enabled limiting the use of resources on non-impacting interventions.
- NUSAF3 project design was anchored on a number of innovations that allowed for learning, knowledge transfer and delivery of tangible results to the project beneficiaries. DRF was a novel approach compared to the traditional approach of providing food relief. Government saved expenditure on relief food aid while at the same time community assets were created, livelihoods improved, savings went up and peoples' mindsets towards productive work were impacted. The VRF was a capital reserve to support quick maturing businesses to grow over time, served as a village bank in the targeted villages with minimal conditions for access and turned around savings, investment, and business growth where it was implemented. The Disaster Risk Financing (DRF) and the Village

revolving Fund (VRF) were piloted and proved effective in management of disasters like drought while the VRF demonstrated the use of the revolving fund to foster business growth and financial inclusion at village level hence overcoming the grant syndrome in Northern Uganda. These two innovations should be scaled up to foster community transformation in future programs.

- The use of the labor-intensive public works is a useful approach to addressing vulnerability and poverty among the poorest of the poor people of Uganda. This approach should be continued because it targets the most vulnerable people who have no skills or minimum requirements (including the right attitude) to qualify for or even sustain a number of Government interventions. LIPW engages them productively, they earn income, build community assets that benefit whole communities, changes their attitude towards work and teaches them a skill. The approach is community-driven and thus instills a sense of ownership of the interventions. With the incomes earned, the vulnerable people are able to smoothen consumption, make savings and investments, buy assets and are able to join the cash economy.

Institutional

- In order to transform communities to realize their development needs, efforts such as training and technical backstopping of communities need to be sustained. Under the NUSAF3 implementation arrangement, local governments were to designate officers at district level to assist the Chief Administrative Officers to coordinate project activities. Where the designated officers were not given additional responsibility to man other offices, it has contributed to the successful implementation of sub- projects and early completions. In addition, in order to ensure good governance and accountability for funds under NUSAF3, measures were taken to institutionalize the STAAC component at community level through formation and training of Community Monitoring Groups (CMGs), and use of Community Score Cards (CSC) for immediate reporting of grievances minimizing misuse of subproject resources.

Operational

- The use of participatory approaches to identify beneficiaries and community priorities empowered the local people to articulate and share their own opinions, needs, problems and abilities. This enabled people to influence the decision-making processes of formulating and implementing subprojects to satisfy their needs. This also increased people's readiness to mobilize themselves for collective action to achieve successful implementation of subprojects.
- Backstopping of the local government by the NUSAF 3 TST and the communities by the local governments improved quality of outputs at the local level. Capacity enhancement and consolidation of capacities over time has shown positive outcomes. The participation of community facilitators and the private sector proved vital in facilitating subproject generation and implementation.
- Assets created by LIPW especially community access roads have improved access of community members to markets and better social services. However, maintenance of these assets has proved challenging in many communities. Where the maintenance of these community assets have not been

taken over by local governments, communities need to be supported to come up with bye-laws which can be enforced at community level to ensure maintenance of these assts.

CONCLUSION

Uganda has witnessed remarkable improvements in living standards in the last 20 years. However, because of conflict and displacement, regions in northern Uganda have lagged behind much of the rest of the country. The Third Northern Uganda Social Action Fund (NUSAF3) aimed to reduce people's vulnerability to, and the experience of, extreme poverty. NUSAF3 provided support and employment opportunities for poor and vulnerable households, as well as increasing transparency, accountability, and anti-corruption efforts.

The Third Northern Uganda Social Action Fund (NUSAF 3) demonstrated the Government of Uganda's commitment to improving the livelihoods of the poorest households in Northern Uganda. These impacts of this initiative were assessed throughout the project period and the results demonstrate that NUSAF3 achieved its intended development objective and had far reaching impact on the targeted households as highlighted in the final evaluation report presented by independent evaluators from Makerere University Business School. The evaluation recommended a successor operation to sustain the gains of NUSAF3 and propel Northern Uganda out of poverty and balance with the rest of the country.