

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA23352

<b>Project Name</b>	Third Northern Uganda Social Action Fund (NUSAF 3) (P149965)
<b>Region</b>	AFRICA
<b>Country</b>	Uganda
<b>Sector(s)</b>	Other social services (100%)
<b>Theme(s)</b>	Social Safety Nets/Social Assistance & Social Care Services (100%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P149965
<b>Borrower(s)</b>	Republic of Uganda
<b>Implementing Agency</b>	Office of the Prime Minister
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	13-Apr-2015
<b>Date PID Approved/Disclosed</b>	13-Apr-2015
<b>Estimated Date of Appraisal Completion</b>	15-Apr-2015
<b>Estimated Date of Board Approval</b>	27-May-2015
<b>Appraisal Review Decision (from Decision Note)</b>	

**I. Project Context**

**Country Context**

Uganda has experienced two decades of strong economic growth and a significant reduction in poverty. Economic growth rates in Uganda averaged 6.3 percent per year during the 1990s, 7.0 percent during the 2000s, and 5.8 percent over the past five years. Uganda's poverty rate declined from 31 percent in 2005/6 to 19.7 percent in 2012/13. Despite this progress, a large proportion of the Ugandan population remains highly vulnerable. Forty-three percent of Ugandans (up from 33 percent in 1992) have a level of consumption that is equivalent to less than twice the poverty line and so remain vulnerable to shocks and risk falling into poverty. This vulnerability to poverty is illustrated by the fact that 70 percent of those who rose out of poverty between 2005/6 and 2009/10 were replaced by others who became poor (15 percent of the population moved out of poverty, but 10.5 percent fell into poverty). There are significant differences between poverty levels in different regions, with northern regions suffering worse poverty levels on a range of measures. While poverty has declined sharply in the central and western regions (in part because of the growth of urban areas in these regions), much higher rates of poverty continue to characterize the north, mid-north, and east of the country. The persistence of poverty in these areas can be attributed to the legacy of conflict and violence.

Vulnerable households in Uganda face considerable climatic risks, primarily related to drought. Uganda's population is predominantly rural (84 percent of the total population) and relies heavily on rain fed farming. The rural population consists – for the most part – of smallholder farmers who are subject to several production constraints and have limited capacity to cope with recurrent climatic shocks. This makes them very vulnerable to food shortages and malnutrition and makes exposed regions in Uganda chronically food insecure. The risks range from an influx of refugees from the neighboring Democratic Republic of Congo in the West Nile sub-region, thus putting pressure on limited natural resources, to floods and landslides in the Elgon sub-region, and to drought, prolonged dry spells, and dust storms in the Karamoja sub-region. Northern Uganda is particularly exposed, with more than 80 percent of households relying heavily on low-productivity subsistence crops, which is exacerbated by other stresses such as land degradation and insecurity. These effects are expected to increase as climate change creates further challenges and imposes severe losses and hardships on the poorest communities. According to the United Nations Joint Action Framework on Climate Change in Uganda, climate change threatens to reverse the country's hard-won development gains and to jeopardize its economic development and poverty eradication goals. In addition, a recent International Climate Risk Report labeled Uganda as one of the most unprepared and most vulnerable countries in the world. High growth alone is unlikely to be enough to ensure that poor and vulnerable households share in the benefits of prosperity. Stagnant inequality and high rates of vulnerability together indicate that the growth-oriented strategy adopted by the government has been unable to bring prosperity to all. Specific pro-poor interventions are 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**

The Government of Uganda recognizes the need for additional investments in areas with high poverty rates and poor socioeconomic indicators. Both the draft of the Second National Development Plan (NDP2) and the Peace, Recovery, and Development Plan (PRDP) highlight this need. The draft NDP2 recommends 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. The PRDP was designed as a set of affirmative actions to fill development gaps created by over two decades of insurgencies. The Second Northern Uganda Social Action Fund (NUSAF 2) was designed and is being implemented within the framework of the PRDP. The government is currently formulating a third PRDP (PRDP3) that will continue to focus on building peace and improving the livelihoods of the people in the northern part of the country, with a focus on social protection interventions.

The government sees social protection as an important part of its strategy to fight poverty and promote inclusive economic growth. The National Development Plan (NDP) 2010-2015 articulated a route to prosperity through economic growth and job creation. However, it also emphasized the need to ensure that wealth creation is accompanied by sustained reductions in poverty and improvements in the welfare of people living below the poverty line. Given this focus on economic growth with equity, the NDP highlighted the need for social protection for people who are unable to benefit directly from economic growth and job creation because of a lack of capacity and basic resources. Consistent with this, the government and development partners have been supporting a number of social protection interventions with an increasing focus on cash transfers.

The sector is currently characterized by a large number of small programs being implemented in isolation from each other, which has led to fragmentation, gaps in coverage, and duplication. In 2013, total spending, from all sources, on direct income support amounted to US\$88 million. While this amount is low compared with levels of safety net spending in other African countries, it represents a significant investment in the sector. However, the effectiveness of this spending is undermined by the fact that investments are disbursed among a large number of small programs, many of which are implemented by NGOs. The two largest programs, Social Assistance Grant for Empowerment (financed by the UK's Department for International Development) and the WFP-supported portion of NUSAF 2, cover about 1 percent and 0.9 of the population respectively. One of the main objectives of the new draft Social Protection Policy (USPP) is to strengthen the coordination of social protection services.

While public works programs currently cover an estimated 40 percent of all direct income support beneficiaries, the implementation approach in most programs undermines their role as an effective safety net. The duration of employment provided by public works sub-projects tends to be short; employment can be created at any time of the year with no reference to seasonal variations in consumption; and the opportunity to participate in public works is often provided to each beneficiary household only once. Additionally, the lack of technical capacity among implementing agencies at the local level undermines the quality of the infrastructure that is created. Strengthening public works so that they can serve as an effective safety net and expanding their coverage will be a key opportunity to develop the sector.

The World Bank is well positioned to support the Government of Uganda in establishing the preliminary building blocks for a national safety net system. The World Bank's support for public works through its support for NUSAF 1 and 2 and its role in further reshaping public works as a targeted safety net for the poor will culminate in the development of national guidelines for labor-intensive public works by the Ministry of Gender, Labor and Social Development (MGLSD). In addition, the Bank can draw on its vast operational experience and evidence-based knowledge to help the government to find local solutions based on regional and international experiences on social protection in general and safety nets in particular. This vast experience will be critical to helping the Government of Uganda to build a strong and effective safety net system.

## **II. Proposed Development Objectives**

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

## **III. Project Description**

### **Component Name**

#### 1.1 Labor Intensive Public Works

### **Comments (optional)**

This sub-component will provide beneficiaries from poor and vulnerable households with a seasonal transfer in return for their participation in LIPW that will enable them to sustain and increase their assets and smooth their consumption during lean seasons. This sub-component will also result in the creation of physical assets of value to the local communities.

### **Component Name**

#### 1.2 Disaster Risk Financing

### **Comments (optional)**

This sub-component aims to develop a mechanism for scaling up assistance to poor and vulnerable households immediately following disaster events and a system to cover the costs of this expansion.

**Component Name**

2.1 Improved Household Income Support Program

**Comments (optional)**

This sub-component aims 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.

**Component Name**

2.2 Sustainable Livelihoods Pilot

**Comments (optional)**

This sub-component aims to generate lessons and develop evidence to inform more significant changes to livelihood support in the future.

**Component Name**

3. Transparency, Accountability and Anti Corruption

**Comments (optional)**

The TAAC component will be tailored in such a way as to contribute to the government's commitment to increasing transparency and accountability in public service delivery as enshrined in Vision 2040, the NDP, and the Accountability Sector Strategic Investment Plan (ASSIP). The strengthened TAAC will enhance the effectiveness of transparency, accountability, and anti-corruption processes in project areas.

**Component Name**

4.1 Safety Net Mechanisms

**Comments (optional)**

This sub-component aims to lay the foundation for a social safety net system as envisioned in the draft Uganda Social Protection Policy (USPP).

**Component Name**

4.2 Project Management

**Comments (optional)**

This sub-component will support the operational expenditures related to the management and the monitoring and evaluation of the project. Its support will strengthen the planning and coordination of activities supported by the project, as well as the monitoring of their implementation.

**IV. Financing (in USD Million)**

Total Project Cost:	130.00	Total Bank Financing:	130.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			130.00
Total			130.00

**V. Implementation**

The implementation of NUSAF 3 will be mainstreamed into the existing structures at the national and local government levels. NUSAF 3 will be implemented by the Office of the Prime Minister (OPM) and the Inspector of Government (IG). The OPM will be the overall implementing agency of the project and will specifically be responsible for Components 1, 2, and 4. It will work with a wide range of institutions at the central, district, and sub-county levels to deliver the project. The OPM will continue to be supported by a technical support team (TST) headed by a Director and staffed by relevant technical experts. The Office of the Inspector of Government will be responsible for implementing the TAAC component (Component 3).

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>x</b>	
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09	<b>x</b>	
Physical Cultural Resources OP/BP 4.11	<b>x</b>	
Indigenous Peoples OP/BP 4.10		<b>x</b>
Involuntary Resettlement OP/BP 4.12	<b>x</b>	
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

**Comments (optional)**

## VII. Contact point

### **World Bank**

Contact: Endashaw Tadesse Gossa  
 Title: Sr Social Protection Specialis  
 Tel: 5393+2403 /  
 Email: etadesse@worldbank.org

### **Borrower/Client/Recipient**

Name: Republic of Uganda  
 Contact: Hon. Maria Kiwanuka  
 Title: Minister of Finance, Planning and Economic Development  
 Tel: 256-414-707100  
 Email:

### **Implementing Agencies**

Name: Office of the Prime Minister  
 Contact: PS  
 Title: PS  
 Tel: (256-41) 434-2231/259-498  
 Email: ps@opm.go.ug

**VIII. For more information contact:**

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>