

Document of
The World Bank

Report No: ICR00003805

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-46260; TF-99381)

ON A

CREDIT

IN THE AMOUNT OF SDR 66.9 MILLION
(US\$100 MILLION EQUIVALENT)

AND MULTI-DONOR TRUST FUND GRANT

IN THE AMOUNT OF US\$35.21 MILLION

TO

THE REPUBLIC OF UGANDA

FOR A

SECOND NORTHERN UGANDA SOCIAL ACTION FUND PROJECT (NUSAF2)

August 23, 2016

Social Protection and Labor Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective July 2016)

Currency Unit = Uganda Shillings (U Sh)

U Sh 2,155 = US\$1

US\$1.50 = SDR 1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

CDD	Community-driven Development
CDO	Community Development Officer
CIR	Community Infrastructure Rehabilitation
CPC	Community Procurement Committee
CPMC	Community Project Management Committee
DEO	District Environment Officer
DFID	U.K. Department for International Development
EPRA	Extended Participatory Rural Appraisal
ERR	Economic Rate of Return
GoU	Government of Uganda
HISP	Household Income Support Program
IDP	Internally Displaced People
IEC	Information, Education, and Communication
IG	Inspectorate of Government
LIS	Livelihood Investment Support
LRA	Lord's Resistance Army
M&E	Monitoring and Evaluation
MIS	Management Information System
MTR	Midterm Review
MWE	Ministry of Water and Environment
NPV	Net Present Value
NUSAF	Northern Uganda Social Action Fund Project
NUSAF1	First Northern Uganda Social Action Fund Project
NUSAF2	Second Northern Uganda Social Action Fund Project
NUSAF3	Third Northern Uganda Social Action Fund Project
OPD	Out-Patient Department
OPM	Office of the Prime Minister
PDO	Project Development Objective
PEAP	Poverty Eradication Action Plan
PRDP	Peace, Recovery, and Development Plan
SAC	Social Accountability Committee

TAAC	Transparency, Accountability, and Anticorruption
TST	Technical Support Team
TWG	Technical Working Group
UBOS	Uganda Bureau of Statistics

REPUBLIC OF UGANDA
Second Northern Uganda Social Action Fund Project (NUSAF2)
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A. Basic Information			
Country:	Uganda	Project Name:	Second Northern Uganda Social Action Fund Project (NUSAF2)
Project ID:	P111633	L/C/TF Number(s):	IDA-46260,TF-99381
ICR Date:	08/23/2016	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	REPUBLIC OF UGANDA
Original Total Commitment:	XDR 66.90M	Disbursed Amount:	XDR 66.90M
Revised Amount:	XDR 66.90M		
Environmental Category: B			
Implementing Agencies: Office of the Prime Minister; Inspectorate of Government (Republic of Uganda)			
Cofinanciers and Other External Partners: UK Department for International Development (DFID)			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	06/24/2008	Effectiveness:		11/25/2009
Appraisal:	02/23/2009	Restructuring(s):		06/09/2014 08/03/2015
Approval:	05/28/2009	Mid-term Review:	01/30/2012	06/14/2013
		Closing:	08/31/2014	02/29/2016

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Moderately Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Moderately Satisfactory	Overall Borrower Performance:	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	20	20
General industry and trade sector	20	20
Other social services	45	45
Public administration- Other social services	15	15
Theme Code (as % of total Bank financing)		
Improving labor markets	20	20
Other rural development	30	30
Rural services and infrastructure	30	30
Social Safety Nets/Social Assistance & Social Care Services	20	20

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Obiageli Katryn Ezekwesili
Country Director:	Diarietou Gaye	John McIntire
Practice Manager/Manager:	Dena Ringold	Christopher J. Thomas
Project Team Leader:	Endashaw Tadesse Gossa	Suleiman Namara
ICR Team Leader:	Michael Mutemi Munavu	
ICR Primary Author:	Peter Ivanov Pojarski	
	Michael Mutemi Munavu	

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

To improve access of beneficiary households in Northern Uganda to income earning opportunities and better basic socioeconomic services.

Revised Project Development Objectives (as approved by original approving authority)

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Percentage increase in income of targeted beneficiary households (Percentage, Custom)			
Value quantitative or Qualitative)	93,401.00	30		236
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed. The baseline value is the nominal number of Uganda Shillings at the beginning			
Indicator 2 :	Person days provided in labor intensive work (number) (Days, Custom)			
Value quantitative or Qualitative)	0	5,500,000	650,000	1,745,225
Date achieved	05/30/2009	08/31/2014	08/31/2015	07/31/2016
Comments (incl. % achievement)	Indicator target restructured (decreased) on June 9, 2014. Restructured target achieved. Original target partially achieved at 32 percent.			
Indicator 3 :	Gross enrollment in primary education (Percentage, Custom)			
Value quantitative or Qualitative)	59.60	63		127
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed. Measurement based on Uganda National Household Survey 2012/13. Computation of Gross Enrollment Rate (GER) at school level is a challenge because agencies do not have data on population of children aged 6 - 12 years in the catchment area			
Indicator 4 :	Population with access to all season roads (Percentage, Custom)			
Value quantitative or Qualitative)	48.60	63.20		94.30
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments	Target surpassed.			

(incl. % achievement)				
Indicator 5 :	Population with access to improved safe water sources (Percentage, Custom)			
Value quantitative or Qualitative)	49	68		76
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed			
Indicator 6 :	Level of satisfaction among targeted population with quality of basic socioeconomic services (Percentage, Custom)			
Value quantitative or Qualitative)	73	90		85
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target substantially achieved (only 5 percent short of the original target)			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Percentage of PWP subprojects completed according to design and within timeframe (Percentage, Custom)			
Value (quantitative or Qualitative)	0	100		98
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target substantially achieved. 779 out of 791 PWP subprojects were completed according to design.			
Indicator 2 :	Percentage of sub-projects supported by lead local artisans			
Value (quantitative or Qualitative)	0	100		98.50
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Substantially achieved.			
Indicator 3 :	Percentage of subprojects funded that have business plans and are operational			
Value (quantitative or Qualitative)	0	100		100
Date achieved	04/30/2009	08/31/2014		07/31/2016

Comments (incl. % achievement)	Target achieved.		
Indicator 4 :	Number of completed Income Generating Activity subprojects (Number, Custom)		
Value (quantitative or Qualitative)	0	3,000	7,175
Date achieved	04/30/2009	08/31/2014	07/31/2016
Comments (incl. % achievement)	Target surpassed. Includes 340 nonagriculture subprojects.		
Indicator 5 :	Number of youth trained in various livelihood building skills who are utilizing these skills		
Value (quantitative or Qualitative)	0	5,000	3,038
Date achieved	04/30/2009	08/31/2014	07/31/2016
Comments (incl. % achievement)	Target partially achieved at 60percent.		
Indicator 6 :	Number of beneficiary households involved in income-generating Activities (Number, Custom)		
Value (quantitative or Qualitative)	0	108,540	98,677
Date achieved	04/30/2009	08/31/2014	07/31/2016
Comments (incl. % achievement)	Target substantially achieved at more than 90 percent.		
Indicator 7 :	Number of memberships in community savings associations/formal finance institutions		
Value (quantitative or Qualitative)	n.a.	43,416	23,878
Date achieved	04/30/2009	08/31/2014	07/31/2016
Comments (incl. % achievement)	According to the Beneficiary Assessment study, 55 percent of respondents had saved their earnings from their HISP subprojects. Of these, 69 percent of respondents of HISP projects reported saving in village saving schemes.		
Indicator 8 :	Amount of savings per member in total savings scheme (in USD)		
Value (quantitative or Qualitative)	n.a.	14	Not tracked
Date achieved	04/30/2009	08/31/2014	07/31/2016
Comments (incl. % achievement)	No data is available on this indicator.		
Indicator 9 :	Number of kilometers of community roads that are rehabilitated or built		
Value	n.a.	75	795.60

(quantitative or Qualitative)				
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Project Appraisal Document target is 75 kilometers, which the ICR uses as a basis for assessment. The target reported by the implementing agency is 3,532 kilometers			
Indicator 10 :	Number of water points built/ or rehabilitated			
Value (quantitative or Qualitative)	n.a.	150		2,027
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed. This number includes all water-related infrastructure improvements.			
Indicator 11 :	Number of water points for production infrastructure built/or rehabilitated			
Value (quantitative or Qualitative)	n.a.	150		1,366
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed. This number includes all water-related infrastructure improvements.			
Indicator 12 :	Number of sub-projects to have permanent maintenance mechanisms in place			
Value (quantitative or Qualitative)	n.a.	750		2,526
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed			
Indicator 13 :	Number of lead local artisans trained to facilitate the LGAs and communities on sub-project cycle management			
Value (quantitative or Qualitative)	n.a.	1,335		496
Date achieved	04/30/2009	05/28/2010		02/29/2016
Comments (incl. % achievement)	Not achieved			
Indicator 14 :	Number of trained community management committee members in subproject implementation			
Value (quantitative or Qualitative)	0	12,000		147,266
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Target surpassed.			

Indicator 15 :	Number of operations and maintenance committees members trained			
Value (quantitative or Qualitative)	n.a.	750		342
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Not achieved. The target and the number refer to number of committees, not number of members.			
Indicator 16 :	Percentage of appraised Community Action Plans reflected in District Annual Investment Plans			
Value (quantitative or Qualitative)	n.a.	100		Not tracked
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	No data. A different indicator was tracked, 'Percentage of Local Governments that have integrated NUSAF2 into their Development Plans'. That one is achieved at 100%.			
Indicator 17 :	Percentage of sub-counties with operational community level tracking systems (Percentage, Custom)			
Value (quantitative or Qualitative)	0	100		100
Date achieved	04/30/2009	08/31/2014		07/31/2016
Comments (incl. % achievement)	Achieved.			

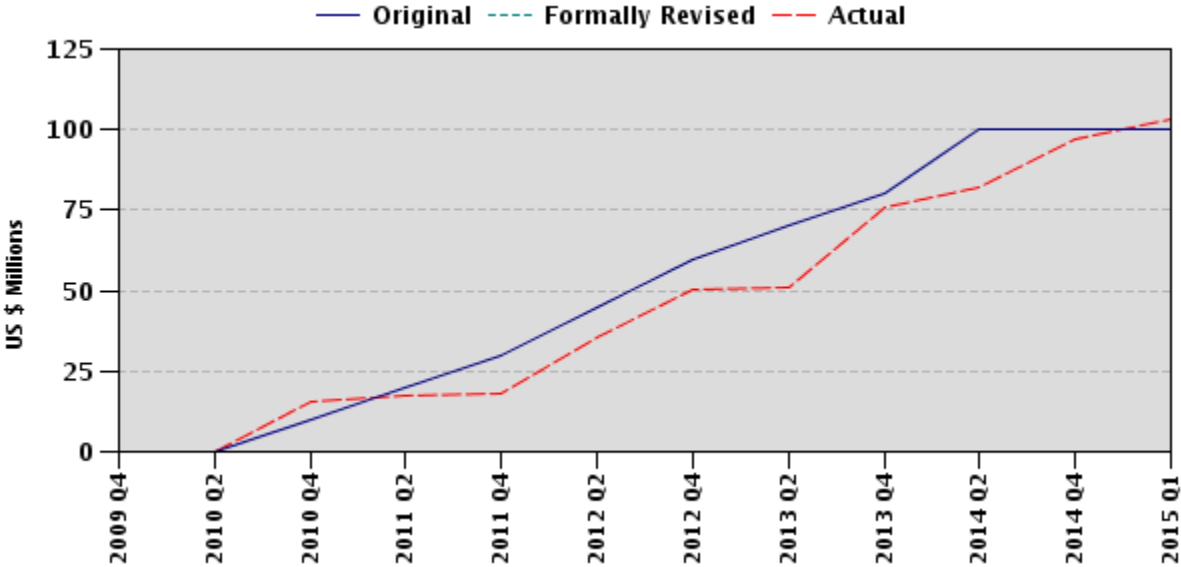
G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	12/28/2009	Satisfactory	Satisfactory	0.00
2	06/25/2010	Satisfactory	Satisfactory	15.30
3	04/10/2011	Moderately Satisfactory	Moderately Satisfactory	18.05
4	12/27/2011	Moderately Satisfactory	Moderately Satisfactory	35.70
5	06/27/2012	Satisfactory	Satisfactory	50.69
6	04/27/2013	Satisfactory	Moderately Satisfactory	60.72
7	11/19/2013	Satisfactory	Moderately Satisfactory	75.78
8	05/03/2014	Satisfactory	Moderately Satisfactory	96.92
9	03/10/2015	Satisfactory	Moderately Satisfactory	103.38
10	09/25/2015	Satisfactory	Moderately Satisfactory	103.38
11	02/29/2016	Moderately Satisfactory	Moderately Satisfactory	103.38

H. Restructuring (if any)

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
06/09/2014	N	S	MS	96.92	One year extension; reallocation; updating the Results Framework
08/03/2015	N	S	MS	103.38	Six month extension

I. Disbursement Profile



Executive Summary

The Second Northern Uganda Social Action Fund Project (NUSAF2) was implemented in a difficult context. The North of Uganda has for a long time experienced fragility, largely resulting from the conflict waged by the Lord's Resistance Army (LRA). An estimated 2 million civilians were affected by the conflict, including through abduction and internal displacement. Nearly 65,000 children were abducted by the LRA, many of them becoming child soldiers in the army. Specifically, the Karamoja subregion has historically been neglected in terms of development. Apart from being affected at certain points by the conflict between the LRA and the Government of Uganda (GoU), groups living in Karamoja have also been involved in cycles of cattle raiding and counter-raiding. As a result of this context, administrative capacity in the North has remained low relative to other regions. This, in turn, has affected implementation capacity at the local level, oversight by the Government, and supervision of the World Bank.

Despite the complex and challenging implementation context, the project has performed well, achieving its intended outcomes at a moderately satisfactory level. The project development objective (PDO) (from the Project Appraisal Document) was "to improve access of beneficiary households in Northern Uganda to income-earning opportunities and better basic socioeconomic services." The PDO has two parts, (a) to improve access of beneficiary households in Northern Uganda to income-earning opportunities and (b) to improve access of beneficiary households in Northern Uganda to better basic socioeconomic services. Part a) was partially achieved and Part b) was fully achieved.

The combined project relevance for objectives, design, and implementation is substantial. The Project's efficiency is rated as substantial. The administrative cost for implementing the NUSAF2 was 16 percent of total project costs, which is within the range of norms for Community-driven Development (CDD) operations elsewhere. The economic efficiency remained substantial as the CDD model of the Northern Uganda Social Action Fund Project (NUSAF) delivered basic infrastructure at a lower cost than other programs. Assessment of investment and savings shows evidence of asset accumulation and profit.

A successor project - NUSAF3 - has been designed and approved by building on the impacts and lessons learned from NUSAF2.

1. Project Context, Development Objectives, and Design

1.1. Context at Appraisal

1. In 2009, at the time the Second Northern Uganda Social Action Fund Project (NUSAF2) was being conceptualized and designed, Northern Uganda had experienced economic stagnation arising from more than two decades of instability. The insurgency in the region had taken a tremendous toll on the population and the economy of the region. At the end of 2005, for example, an estimated 1.6 million people had been forced to leave their homes in Northern and Eastern Uganda to live in internally displaced people (IDP) camps for fear of being attacked and/or abducted by rebels. In financial terms, the cost of the conflict to the national economy had been estimated at over US\$1.3 billion (for 1986–2002), more than 3 percent of gross domestic product. Moreover, parts of the region had been affected by cattle rustling activities originating in Karamoja subregion, a particularly poor border area in the North, depriving poor families of their few productive assets and further fueling interethnic conflict in the district.

2. As a result, the North was the poorest region in Uganda with some of the lowest human development indicators in the country. The 2005/2006 National Household Survey showed that the North had the largest proportion of people living in poverty, estimated at 61 percent, almost twice the national poverty level of 31 percent. The gap between the Northern and national poverty levels had widened from 17 percentage points in 1992 to 30 percentage points in 2005/2006, with poverty in the North falling less than any other region since the early 1990s.

3. The World Bank’s engagement with the Government of Uganda (GoU) in Northern Uganda dates back to the Northern Uganda Reconstruction Project 1992–1998. While a number of the project interventions were successful, follow-up recommendations stressed the need for more community involvement in design and implementation of activities. The design of the first Northern Uganda Social Action Fund Project (NUSAF1) therefore focused on community demand-driven interventions that combined direct community financing of public assets and support to disadvantaged groups. In addition, the approach built capacity of local authorities, civil society organizations, and the private sector to provide technical support to community initiatives as well as to lead public works subprojects.

4. In early 2002, in response to these challenges and as part of the GoU’s broader Northern Uganda Reconstruction Project, the GoU proposed the US\$100 million NUSAF1. The project, supported by IDA, became effective on February 5, 2003, and closed on March 31, 2009. Its objective was to empower communities in the then 18 districts¹ of Northern Uganda by enhancing their capacity to systematically identify, prioritize, and plan for their needs and, ultimately, to improve economic livelihoods and social cohesion.

5. While the NUSAF1 contributed to addressing the challenges characteristic of Northern Uganda, widespread poverty, vulnerability, and service delivery challenges remained. Consequently, the NUSAF2 was designed with a view to building on the gains made through the NUSAF1 and contributing to resolving some of these challenges. The NUSAF2 (2009–2016) was framed by the need for (a) a simple design, with only three main components; (b) mainstreaming

¹ The number of districts was increased to 31 during project implementation, as part of a government initiative to decentralize public services through reorganizing the districts.

into government systems; (c) scaling-up to 40 districts; and (d) implementation within the framework of the Poverty Eradication Action Plan (PEAP) and the Peace, Recovery, and Development Plan (PRDP). A third follow-on project, the Third Northern Uganda Social Action Fund Project (NUSAF3), was designed in 2015 and became effective in March 2016. The design of the NUSAF3 has largely been informed by lessons learned in the design and implementation of the NUSAF2.

6. A number of lessons were learned from the implementation of the NUSAF1. First, communities in a postconflict environment can identify, plan, manage, and monitor social investments that are well suited to their needs. Experience from project implementation demonstrated that when there is adequate support and guidance, communities (including those affected by conflict) can participate effectively in local development. Based on these lessons, the Ministry of Local Government has mainstreamed Community-driven Development (CDD) operations into decentralized service delivery mechanisms. Districts and subcounties can now disburse funds to communities based on demands that meet sector norms and standards. Second, there were transparency and accountability challenges experienced in the NUSAF1. The design of the NUSAF2 therefore included a more robust Transparency, Accountability, and Anticorruption (TAAC) component, through the use of the Inspectorate of Government (IG) office and bottom-up accountability through the participatory involvement of communities in subproject management, public sharing of expenditures at the local level, and follow-up on misuse of funds.

1.2 Original Project Development Objectives (PDO) and Key Indicators

7. The original project development objective (PDO) was “to improve access of beneficiary households in Northern Uganda to income-earning opportunities and better basic socioeconomic services.” At project design, the PDO indicators were as follows:

- (a) Percentage increase in income of targeted beneficiary households (percentage)
- (b) Person-days provided in labor-intensive work (number)
- (c) Gross enrollment in primary education (percentage)
- (d) Population with access to all-season roads (percentage)
- (e) Population with access to improved safe water sources (percentage)
- (f) Level of satisfaction among targeted population with quality of basic socioeconomic services (percentage)

1.3 Revised PDO (as Approved by Original Approving Authority) and Key Indicators, and Reasons/Justification

8. The Original PDO for the project was not revised during the period of implementation.

1.4 Main Beneficiaries

9. With respect to geographic coverage, the project targeted beneficiaries in the 55 districts in Northern Uganda. The principal target beneficiaries of the project were

- (a) poor households, including, among others, IDP returnees, orphans, widows/widowers, landmine victims, the elderly, child mothers, and female-headed households and
- (b) communities with limited access to socioeconomic services.

1.5 Original Components

10. **Component 1: Livelihood Investment Support Component (US\$60 million—60 percent of total cost).** This component included two subcomponents: (a) a Public Works Program (PWP) and (b) a Household Income Support Program (HISP) targeted at able-bodied poor households and administered at the community level.

- (a) **Public Works Program (US\$20 million—20 percent of total cost).** The PWP aimed to support labor-intensive interventions that provided poor households additional income to help respond to increasing food prices and smooth consumption.
- (b) **Household Income Support Program (US\$40 million—40 percent of total cost).** The HISP was aiming to increase productive assets and in the process improve incomes of targeted poor households in Northern Uganda. In addition, the subcomponent planned to develop skills for the creation of opportunities for self-employment within communities.

11. **Component 2: Community Infrastructure Rehabilitation (CIR) Component (US\$30 million—30 percent of total cost).** The objective of this CIR component was to improve access to basic socioeconomic services through rehabilitation and improvement of existing community infrastructure. With the return of peace in Northern Uganda and communities moving from IDP camps to their respective villages, community infrastructure urgently needed rehabilitation for improved access to socioeconomic services. The funds from this component therefore supported communities to (a) rehabilitate existing community infrastructure, such as schools, water points, access roads, skills training centers, and health centers, among others and (b) undertake complementary investments to maintain and improve existing education infrastructure such as teachers' houses, classrooms, sanitation facilities, basic solar lighting systems, and furniture, among others, based on sector norms and standards determined by the sector ministries.

12. **Component 3: Institutional Development Component (US\$10 million—10 percent of total cost).** This component financed activities at the national, district, subcounty, and community levels aimed at improving efficiency, effectiveness, accountability, and transparency in the use of project resources. It had two subcomponents: (a) project implementation support and (b) a TAAC component.

- (a) **Project Implementation Support (US\$9.0 million—9.0 percent of total cost).** This subcomponent established a project coordination and monitoring structure, Technical Support Team (TST), development communication, community-based monitoring and evaluation (M&E), poverty monitoring and analysis, and community

consultations and training. The TST was located in the Office of the Prime Minister (OPM).

- (b) **Transparency, Accountability, and Anti-Corruption Program (US\$1.0 million—1.0 percent of total cost).** The project would serve as an entry point to the development of systems for communities, local authorities, and others to promote improved governance in basic service delivery. Specific measures included collaborating with anticorruption agencies; instituting Social Accountability Committees (SACs) at the community level; and strengthening information, education, and communication (IEC) messages on the project objectives. In addition, the TAAC program aimed to promote gender mainstreaming in all project activities to promote greater involvement of women in sustainable and accountable development. To ensure independence, this subcomponent was implemented by the Office of the IG, which used both enforcement and preventive measures. Enforcement measures included investigation of complaints against corruption, as well as enforcement of the Leadership Code.² The Office of the IG was one of the first ports of call for the SACs in the communities. Funds for this activity were disbursed directly to the Office of the IG under a separate account. The Office of the IG developed a separate Implementation Manual to guide its operations in the project. A detailed description of the project components is in annex 2.

13. **Theory of change.** The theory of change of each of the PDO objectives was as follows:

- **To improve access of beneficiary households in Northern Uganda to income-earning opportunities.** The PWP and HISP targeted able-bodied poor households and were administered at the community level. The PWP would provide income directly, in exchange for labor on labor-intensive subprojects. By annually targeting poor households during the dry season, the PWPs would address basic needs and enable these households to begin to participate in other productive investment and savings activities. The HISP would provide productive assets to the beneficiaries (like farm animals, implements, and so on) and would thus help households generate their own income over a longer period. Investments would be added to develop skills for the creation of opportunities for self-employment within communities. Building on community groups established under the NUSAF1, the interested poor would be encouraged to strengthen or constitute (where such groups may not exist) themselves into community interest groups to access income-generating opportunities. The HISP would increase the households' disposable income and indirectly also improve their ability to access services. This would also indirectly improve their ability to access services, by providing financial resources for transport and user service fees, for example.

² The Leadership Act (2002) aims to provide for a minimum standard of behavior and conduct for Ugandan leaders. It provides a legal basis to “investigate and report on any allegations of high-handed, outrageous, infamous, or disgraceful conduct or any other behavior among Ugandan leaders”.

- **To improve access of beneficiary households in Northern Uganda to better basic socioeconomic services.** The theory was that by investing in schools, health facilities, roads, and drinking water infrastructure improvements, the project would directly help households gain better access to basic socioeconomic services by making them more available or usable. The PWP would produce and improve community infrastructure and assets (in addition to providing income support).

14. The project would invest directly in rehabilitation of previously unusable or unavailable community infrastructure, such as schools, water points, access roads, skills training centers, and health centers, among others, to improve access to basic socioeconomic services. Furthermore, complementary investments would be made to maintain and improve existing education infrastructure such as teachers' houses, classrooms, sanitation facilities, basic solar lighting systems and furniture, which would attract more service providers and beneficiaries to the services.

15. Finally, investments in institutional development at the national, district, subcounty, and community levels would also improve the access of beneficiaries to basic services by improving the ability of local and central institutions to recognize the needs of their constituencies and to subsequently design and provide such services.

1.6 Revised components

16. The project components were not revised.

1.7 Other significant changes

17. During the Midterm Review (MTR) of June 2013, the GoU, the World Bank, and development partners reviewed progress and recommended a one-year no-cost extension for the project to complete all the activities and close successfully. The actual extension, however, was postponed until a year later. This was partially because of administrative reasons and also because the team was further looking into restructuring options. The project underwent restructuring in May 2014. At that time, the need for other revisions besides extension was also identified. The changes included (a) extension of the project closing date by one year from August 31, 2014, to August 31, 2015; (b) reallocation of the unallocated SDR 6.2 million to category 1 (SDR 5.8 million) goods, consultants' services, training, and operating costs under Part C.1 of the Project (OPM) and category 2 (SDR 400,000) goods, consultants' services, training, and operating costs under Part C.2 of the Project (IG) to cover the management costs for the project until August 31, 2015; and (c) revision of the Results Framework, changing the target of the 'person-days provided in labor-intensive work' from 5.5 million person-days to 650,000 person-days by the end of the new project closing date.

18. In June 2015, the project also underwent a simple restructuring for an extension of the closing date of the project by a further six months, from August 31, 2015, to February 29, 2016. The change was occasioned by the need for the project to complete the implementation of subprojects under implementation and so meet its planned development objectives. At the time of restructuring, the team confirmed that (a) the project objective continued to be achievable and (b) that the performance of the recipient remained satisfactory.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design, and Quality at Entry

19. The project was jointly prepared by teams from the GoU and the World Bank. In addition, the U.K. Department for International Development (DFID) was closely involved in project preparation, given its interest in providing financial and technical support. The NUSAF2 project preparation and design built on the experience and lessons accumulated by the NUSAF1. The NUSAF1 showed that CDD needed to be integrated well into local government structures to avoid duplication with their regular infrastructure work and to ensure ownership and maintenance budget once they are complete. In the NUSAF2, the GoU mainstreamed CDD operations into the decentralized service delivery mechanisms.

20. As a result of the lessons learned from the governance challenges faced during the NUSAF1 implementation, the NUSAF2 included a TAAC component, implemented by the Office of the IG, which provided an institutional mechanism through which communities could demand transparency and accountability from local government and service providers regarding the entire process of the NUSAF2 implementation. This component has been credited with minimizing levels of fraud and corruption in the implementation of the NUSAF2. During the implementation of the project, for example, the IG's office undertook investigations into allegations of fraud and corruption in Amudat District. The NDO in that District was accused of misappropriating U.Shs 47,000,000 allocated for implementing NUSAF2 subprojects. Following investigations by the IG the funds were returned to the OPM, and the said officers arrested.

21. The NUSAF2 design also benefited from international experience. Operations in other countries demonstrated that communities were capable of identifying their own needs and priorities, transforming them into plans and implementing them with some technical guidance. This participatory approach was incorporated in the design of the NUSAF2. For example, the design ensured the full participation of community beneficiaries in making decisions about the choice of projects at the local level and the communities identifying their key priorities. The participation of communities in identifying and implementing activities should increase their relevance to the community and improve likelihood of their use and maintenance. Participation in the NUSAF extended to community management of resources and their involvement in engendering accountability in the project. Relatedly, during the implementation of the NUSAF1, the leadership of local governments came out as one critical factor. A combination of community participation with oversight from trained local government officials increased the quality of project implementation. Consequently, the NUSAF2 aimed, as part of the rollout activities, to orient local government leaders on their roles and responsibilities specific to the project.

22. During the design phase and based on the above lessons, the World Bank team considered and rejected a number of alternative options in project preparation: (a) straight repeater-type project of the NUSAF1 - rejected in favor of increasingly mainstreaming the project into government systems; (b) micro-finance component - rejected because many other initiatives were supporting micro-financing in Uganda; and (c) conditional/unconditional cash transfer components - rejected because it would have gone against the national development strategy of promoting market-based income generation by poor households and would have duplicated the work of other development partners in Northern Uganda.

23. In designing the project, the World Bank team worked with the DFID. Based on the successful collaboration, the DFID agreed to cofinance the NUSAF2 through a trust fund facility in the amount of US\$35.21 million bringing the total project funding to \$135 million. The PDO of the trust fund was fully consistent with the PDO of the IDA operation. The Bank and DFID teams worked closely in the implementation of the Project, participating in joint supervision missions and coordinating conclusions and approaches. Furthermore, DFID's annual progress reviews (APRs) provided an alternative mechanism to review implementation progress. DFID took a keen interest in the TAAC component, which contributed to its successful implementation. The trust fund was approved in October 2011 and closed, following a no-cost extension, in February 2015. The original closing date was August 2014.

24. In preparing for implementation, the NUSAF2 learned from some NUSAF1 experiences. The teams carefully looked at the NUSAF1 staffing skills and the likelihood of this staff to move on to the NUSAF2. This planning was important in providing transition of staff and ensuring good startup capacity for the NUSAF2.

25. At the time of appraisal and preparation, the overall project risk was rated as Moderate. A number of risks were analyzed, at the time, including insecurity in Northern Uganda; uneven performance and capacities of local governments; risk of slow implementation because of the scaling-up; transparency and accountability; risk of political interference; coordination with other development partners; and the need for technical support to communities. For all of these risks, respective mitigation measures were identified during preparation and articulated in the Project Appraisal Document.

2.2 Implementation

26. The Government TST, the World Bank, and the development partners worked closely together to provide close supervision during project implementation. The teams demonstrated responsiveness to emerging issues. For example, further training was provided to a number of local government staff to ensure closer oversight over environmental and social safeguards issues. Similarly, with the low uptake of public works, the project teams undertook a detailed review to identify constraints and develop recommendations for improving the delivery of this component. The strong achievement of the indicators in the project is reflective of the implementation support provided during the life of the project.

27. The following challenges faced by the project during its implementation are worth noting:

- (a) **The slow start of project implementation, particularly in the Karamoja subregion.** The 'mainstreaming' of community demand-driven interventions required further and more intensive understanding, through training, at all levels of government. In addition, the actors at all levels needed to be trained and oriented to their new roles and functions with respect to delivering the CDD model. This slow start ultimately necessitated an 18-month extension of implementation, which in turn increased the administration costs of project implementation. In response to the implementation challenges unique to Karamoja, the team worked to design an "enhanced implementation modality" specifically for this sub region. Amongst others, the alternative modality included engagement of Non-Governmental Organizations

(NGOs) to support communities in sub project selection, implementation and monitoring, and therefore hasten implementation, while providing a quality assurance mechanism³.

- (b) **An increase in the number of districts from the originally planned 40 to 55 contributed to the need for project extension and an increase in administration costs.** The main reason for the closing date extensions was to allow completion of project activities that were originally planned. Another factor was the increase in districts from 40 to 55 in the Northern region as a result of administrative changes made by the Government.⁴ Each additional administrative unit needed the creation of new support structures (opening additional local government accounts and establishing new structures, such as SACs, in the new districts), which in turn contributed to further delays in implementation of the project and incurring additional project management costs. To minimize the impact of the transition, the teams ensured that the old administrative units continued to cover both their new, more limited territory and the territory that would become a new district, until sufficient staff were recruited and their capacity built, through training and mentoring.
- (c) **Some challenges were experienced in implementing the PWP component of the project.** Following slow take up of the PWP component, the teams commissioned an independent review of the design and implementation of the PWP component (2013)⁵ which showed some capacity gaps of the district engineering assistants, lead artisans, and communities in subprojects identification, planning, design, and implementation. This led to the need for adjustments in the PWP implementation, including enhanced training, more IEC activities at the community level, and strengthening of safeguards.

28. As explained in section 1.6, the project underwent two restructurings over the course of implementation, with a cumulative extension of 18 months. The first restructuring modified the target of the outcome indicator on person-days worked in the PWP from 5.5 million down to 650,000. The lower-than-expected performance of the PWP subcomponent and the resulting low temporary employment creation were explained by the demand-driven nature of the project. A community had two options to access resources from Component 1: from the PWP subcomponent or from the HISP subcomponent. Most communities opted for the HISP subprojects because the amount of the transfer and its impact were more attractive than what the PWP activities offered participants. The Livelihood Investment Support (LIS) subprojects provided US\$5,000 to a group of roughly 15 households to start an income-generating activity while a PWP subproject provided 22 days of temporary employment at US\$2 per day to a single participant. To create temporary employment for enough people to make the two options equally attractive, one PWP subproject

³ Although the project piloted the use of NGOs, they were found to be a more costly alternative. The implementers then used Community Facilitators to support project delivery. They also adopted the use of “Ere” or homestead as a planning unit in order to avoid “elite capture”.

⁴ The Government, since the 1990s, has initiated a number of processes of redrawing district boundaries, with the aim of bringing services closer to the local communities. This has resulted in a higher number of districts, each requiring administrative structures to be put in place to function effectively.

⁵ Republic of Uganda. 2013. Northern Uganda Social Action Fund (NUSAF) II Public Work Program component review and recommendations for redesign. Kampala.

would have had to employ an average of 250 beneficiaries. One of the other challenges that contributed to the low uptake of the PWP was the inability of the implementing agencies to diversify the menu of the PWP subprojects from which the community was to select.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

29. **M&E design.** The project Results Framework was designed to capture a number of indicators that, at appraisal, were seen as directly related to the project activities. Overall, these indicators were relevant and created a good logical frame for following the project progress. However, in hindsight, some indicators were not easy to track (for example, amount of savings per member) or had ambitious targets (like the indicator on person-days worked under the PWP). PDIs were set at the outcome level and attribution was difficult given other Government and donor efforts in the same region.

30. For M&E implementation, the project relied on a community-based M&E system. Local government officials and district executives were fully responsible and empowered to monitor progress in implementation and to share reports at existing local forums. This enhanced the sense of local government ownership and collaborative working in the NUSAF2. The project's monitoring indicators were incorporated in a management information system (MIS) as a complement to the national household surveys. The MIS helped generate subproject-specific outputs at the district level and track the number of beneficiaries. The project undertook poverty monitoring and analysis within the national systems, used by the Uganda Bureau of Statistics (UBOS) through its frequent household surveys.

31. **M&E implementation and oversight.** The NUSAF2 had a TST, three members of which were M&E experts. The district local government officials were responsible for the M&E function at the district level. The districts ensured that data were collected from the subproject sites, compiled, and synthesized for preparation of analytical reports to be submitted to the OPM TST on a monthly and quarterly basis. Output tracking templates were designed and used to capture project information at the district level. The M&E team developed output/outcome tracking templates for each component, which helped the project track progress on outputs and outcomes. A citizen report card was used as a social accountability tool for generating citizen feedback on the performance of the project, although some indicators were not tracked through these surveys. The training of the local committees, including the SACs, provided hands-on skills in writing reports, providing feedback to the community, generating a community action plan, and applying monitoring skills to projects other than the NUSAF2 in the community.⁶

2.4 Safeguard and Fiduciary Compliance

32. **Environmental safeguards.** The safeguards implementation over the project duration improved progressively and was rated Moderately Satisfactory at closing. During the early years of the project, the implementation of safeguards requirements faced some challenges attributed to capacity constraints at the OPM TST and local government levels, leading to some issues with the coordination and participation of district environment officers (DEOs), some issues with the quality of documentation, and some procedural issues. Over the course of implementation, the

⁶ Republic of Uganda. 2016. The impact of Social Accountability on Community Project Quality in Uganda: impact evaluation results from NUSAF 2 TAAC Component.

project sought to address these constraints by (a) recruiting a safeguards specialist at the OPM to guide local governments in the implementation of environmental and social activities and (b) conducting a capacity needs assessment; based on the findings of the assessment, safeguard trainings were conducted for all Northern Uganda Social Action Fund Project (NUSAF) desk officers, DEOs, and community development officers (CDOs)⁷ and the same was cascaded to community levels. A total of 149,800 Community Project Management Committee (CPMC) members and 330 district staffs were trained in environment and social safeguards management. The capacity enhancement enabled the staff at districts to screen subprojects and develop Environment and Social Management Plans for all 10,519 projects, including costs for mitigation implementation. Environment compliance certification has also been observed, with total of 10,514 projects being issued with environment restoration certificates.

33. In preparation for the next phase—the NUSAF3—a comprehensive review of the NUSAF2 safeguards processes was undertaken. The provision for an environmental specialist to be responsible for mainstreaming environmental mitigation measures into plans and activities was retained. Screening of subprojects for environmental and social projects became a prerequisite before release of funds, and the project prepared appropriate environmental management tools for mainstreaming environmental management into its operations.

34. From an institutional capacity-building perspective, the NUSAF2 safeguards model adopted a decentralized approach, ensuring that safeguards considerations were reflected at all levels of implementation, from the OPM to the districts and subcounties. At the district level, environmental compliance was overseen by district CDOs, DEOs, and environment focal persons in all subcounties operating in the NUSAF2 districts. With regard to training and capacity enhancements, national-level training was conducted for the CDOs and DEOs as well as district engineers, NUSAF2 desk officers, forest officers, and district veterinary officers. According to an OPM NUSAF2 Safeguards Completion Report (2016), 330 district-level government officers received training in environmental and safeguards compliance. Despite challenges related to scarce resources, district officers cascaded such trainings to the grassroots levels through an Extended Participatory Rural Appraisal (EPRA) facilitator and beneficiaries' training. This capacity-building training enabled districts to pay closer attention to safeguards issues in the NUSAF2 subprojects.⁸ The training provided potentially increases the likelihood of improved environmental and social safeguards management beyond the NUSAF.

35. **Social safeguards.** These safeguards were rated Satisfactory at closing and were handled adequately over the life of the project. The key requirements being implemented in social safeguards included (a) ensuring full participation of community beneficiaries in decision making regarding project choice at the local level by using a community demand-driven model; (b) ensuring the project beneficiaries were inclusive of vulnerable people who were usually marginalized, including women, persons living with disability, and older persons. For example, 60 percent and 50 percent of the HISP and PWP beneficiaries, respectively, are women while youth, older persons, and people living with HIV/AIDS also benefited from the HISP project. There has also been greater participation of women in decision making; about 43 percent of the beneficiary

⁷ Local government officers were not paid by the NUSAF. They are civil servants and were not getting payment from the project. Districts are allocated operation costs that should be used for travel and per diem costs during project supervision and monitoring by district officers.

⁸ Republic of Uganda. 2016. *NUSAF 2 Project Safeguards Completion Report*.

committee members are women against a target of 30 percent, indicating an increasing number of women participating in decision making; and (c) ensuring structures and processes to resolve local conflicts and accountability were in place with guidance from the TAAC subcomponent. Beneficiary communities established SACs to ensure project resources were properly utilized for the intended purposes and reached the intended beneficiaries.

36. Project stakeholder participation was reflected at all levels and at each stage of the NUSAF2 project implementation. Stakeholders at the national level included the OPM's TST, line ministries at a technical working committee level that included the Ministry of Water and Environment; Ministry of Health; Ministry of Agriculture; Ministry of Gender, Labor, and Social Development; Ministry of Education and Sports; and the National Environment Management Authority. At the operational level, CDOs and DEOs as well as parish chiefs and CPMCs were tasked with safeguards management.

37. The documentation of voluntary land acquisition has been acceptable, with a total of 10,514 land consents filed by districts and five Resettlement Action Plans developed and satisfactorily implemented with accompanying documentation.

38. **Procurement.** Procurement under the NUSAF2 was implemented at three (3) levels: the Central Government level - OPM; the local government level - districts; and community level through the CPMCs assisted by the Community Procurement Committees (CPCs). At the Central Government level, all procurements, mainly for consulting services, motor vehicles, and computer hardware and software, were done in accordance with the Public Procurement & Disposal of Public Assets Authority Act, 2003 and the IDA Guidelines for the Procurement of Goods, Works, and Services under IDA Loans 2009. Procurement procedures were generally of good quality, timely, and transparent. The OPM and the TST supported the districts' stakeholders and communities through training on community procurement procedures and records management. At the community level, procurement, largely related to community infrastructure and small livestock, was undertaken by the beneficiary communities. The OPM provided close follow-up and showed commitment and collaboration with districts to ensure all CIR subprojects were successfully completed, including those in Karamoja subregion where delays had been noted during the final World Bank supervision mission.

39. **Financial management.** At the time of project closure, the financial management ISR rating was Satisfactory and the financial management risk rating was Moderate. Some accountabilities amounting to approximately US\$210,000 were still outstanding, but have since been received and cleared.

40. During implementation, the project team worked to develop and implement measures to strengthen financial management practices and to put in place systems to manage risks related particularly to decentralized projects. At the national level, the OPM procured a Sun Accounting system with security features required for import of district data into the Financial Management System (FMS) using MS Excel data sheets. A customized financial tracker was developed using MS Excel to help districts track subprojects and accountability at district level. The subprojects' coding structure was developed to fit into the district FMS. The OPM TST provided requisite training sessions to district staff on the FMS input data and procedures. Due to the various

institutions involved in delivering the project, both at national and local levels, some delays in funds flows from the Bank of Uganda, to the communities, was experienced.

41. With respect to the budgeting procedures, the NUSAF2 budget process was mainstreamed into the GoU budgeting procedures under the OPM. The final project budgets were approved by the ministry and incorporated in the budget framework paper for submission to the parliament. The budget implementation was monitored through quarterly progress reports. For fixed assets, the TST maintained a fixed assets register in soft copy for assets in a reasonable format. The register contained details on the condition and location of the assets. The project, through the TST, prepared quarterly interim financial reports on time. The internal audit function was provided through the OPM and focused on pre-audits of transactions and verification of accountability. Financial monitoring of the project was also supported through an external audit function. At the time of project closure, the final World Bank Financial Management Review recommended a postclosing audit, due by end of August 2016.

42. At the district and subcounty level, additional measures contributed to fiduciary control:

- (a) **The use of local oversight structures.** Subproject approval included review at the subcounty and district as well as a visit by the TST to the subproject area before submission to the OPM. Once projects were approved by the OPM, funds were managed directly by the CPMCs and CPCs, which were in charge of delivering the selected projects. Community SACs were responsible for monitoring project progress and providing oversight within communities. These local structures provided fiduciary oversight at the grassroots level.
- (b) **The use of secure payment modalities.** Funds were disbursed to the subproject beneficiary groups through formal bank accounts. At least three of the local committee members were signatories to these bank accounts.

2.5 Postcompletion Operation/Next Phase

43. As the NUSAF2 was coming to a close, the Government and the World Bank began to design a third phase of the project (the NUSAF3). The PDO of the NUSAF3 is “to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.” The NUSAF3 has four components. The first component contains two subcomponents—labor-intensive public works and disaster risk financing—that will provide temporary/seasonal employment opportunities for poor and vulnerable households and will be capable of being scaled up in response to disasters in selected pilot areas. The second component, LIS, provides livelihood support to poor and vulnerable households to enable them to increase their productive assets and incomes. The third component—strengthened TAAC—will cover activities implemented by the IG to improve TAAC efforts in Northern Uganda both for the NUSAF3 and other services. The fourth component—safety net mechanisms and project management—will provide institutional support to implement the new project and help develop the social protection operational tools that are envisioned in the Uganda Social Protection Policy.

44. The design and implementation of the public works component of the NUSAF3 differs from the public works component of the NUSAF2, taking into account lessons learned. Key

enhancements include (a) effective targeting of households according to clear agreed criteria related to poverty and vulnerability implemented using a participatory and transparent community-targeting approach; (b) improved participatory labor-intensive public works planning based on multiyear watershed planning principles and conducted according to a clearly defined time frame that will enable the timely implementation of subprojects; (c) more labor-intensive subprojects, with at least an average of 70 percent labor for the whole public works allocation; (d) increased flexibility in making payments; and (e) the project will also test the ability of the labor intensive public works program to scale-up in response to shocks.

45. In addition NUSAF 3 will consolidate the achievements of TAAC interventions (initiated under the NUSAF2) and seek to expand and deepen the interventions in a more systemic and effective manner.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design, and Implementation

46. **Relevance of objectives.** The relevance of the PDO was substantial both at the time of appraisal and at the time of implementation completion. At appraisal, the PDO responded to both government goals and the World Bank strategy. The project was aligned with the World Bank's Uganda Joint Assistance Strategy 2005–2009,⁹ implemented with 11 other development partners, and the PEAP 2004–2009 and Northern Uganda PRDP 2007. As a result of more than two decades of conflict and marginalization, the Northern region was the poorest region in Uganda. The Uganda Joint Assistance Strategy 2005–2009 supported the PEAP's overarching strategic results, including promoting the resolution of the conflict in the North and fostering social and economic development of the region. The PRDP for Northern Uganda was designed to provide an overarching framework for postconflict reconstruction in the wake of significant security improvements in the region since mid-2006. The GoU's approach was to address the prevailing regional disparities in poverty and access to basic social services, particularly access roads and education, health, and water supply services.

47. **Relevance of design.** The relevance of the project design is **Moderately Satisfactory**.

48. On the positive side, the design of the NUSAF2 has taken into account lessons learned from the implementation of the NUSAF1, and the project implementation mechanisms were better incorporated into regular government administration to avoid parallel structures, which might have undermined government capacity and might have left a capacity gap at project closing. The design also incorporated an innovative governance component called the TAAC subcomponent, which empowered communities to ensure transparency and accountability in the implementation of the project and was a preventive mechanism against fraudulent and corrupt practices. The overall design of the TAAC subcomponent was based on adopting a 'bottom-up' approach, which promotes participation of ordinary citizens in monitoring and reporting issues that affect their own communities. Under the TAAC subcomponent, a key design approach was community empowerment through social accountability and community monitoring, training, and awareness creation using localized materials. Community monitoring groups training provides a basic

⁹ Approved by the Board on January 17, 2016.

understanding of key concepts in social accountability and community monitoring. It also highlights the cost of corruption on communities while making a clear linkage between corruptions at any level to the individual households of community members. Revamped NUSAF2 SAC structures were trained and inspired to monitor community projects. A 2016 Impact Evaluation showed that social accountability and community monitoring groups improved project quality outputs by a significant magnitude. Further, the study shows that, for livestock projects, the social accountability and community monitoring groups reduced by 25 percent (from 18.6 percent to 14 percent) the livestock that could not be found in the communities at the time of the follow-up subproject assessment.¹⁰

49. At the same time, the Results Framework included some project development indicators for which the project was not the sole contributor. Other stakeholders, including the Government and other development partners, were undertaking activities that also improved access to services and so improved indicators such as gross enrollment rate or access to improved water sources. This made it more difficult for the final evaluation to discern between attribution and contribution of project activities to outcomes, although the intermediate indicators clearly show the significant contribution of the project. In addition to that, some indicators were difficult to track, and one outcome indicator's target was overambitious, leading to the need to restructure it at a later stage in the project life.

50. **Relevance of implementation.** The relevance of the implementation was Substantial. The World Bank's implementation assistance remained responsive to the needs, and the operation was important to achieving country, World Bank, and global development objectives. As a result of the community participatory approach and the use of locally owned community structures, the project ensured the choice of subprojects and activities in the project were substantially reflective of the desires of the local communities. There were no significant changes to the objective-setting circumstances during implementation, and no major changes were required to the project implementation modality to retain relevance of the objectives and design. The World Bank team was proactive, continuously reviewed the overall environment in which the project functioned, and was responsive to the everyday implementation challenges.

51. Overall, relevance is rated **Substantial**.

3.2 Achievement of Project Development Objectives

52. The PDO can be viewed as having two complementary but separate parts, where the achievement of one would not necessarily influence the achievement of the other. These parts are

- (a) to improve access of beneficiary households in Northern Uganda to income-earning opportunities and
- (b) to improve access of beneficiary households in Northern Uganda to better basic socioeconomic services.

¹⁰ Republic of Uganda. 2016. The impact of Social Accountability on Community Project Quality in Uganda: impact evaluation results from NUSAF2 TAAC Component.

53. Overall, the project has shown substantial efficacy in reaching its objectives, by surpassing three of its six outcome targets, substantially achieving two others, and partially achieving the sixth one. The analysis of the achievement of the two separate parts of the PDO also shows substantial achievement. Outcome indicators 1 and 2 refer to part (i) of the PDO, and indicators 3 to 6 refer to part (ii). Part (ii) is fully achieved, with two indicators surpassed and two substantially achieved. Part (i) is also nearly achieved, with one of the indicators surpassed and the other one partially achieved. In fact, the indicator that more directly demonstrates the income-earning opportunities is the one that is surpassed (and by no less than 236 percent) The surpassed indicator is the one that measures directly the increase of the income of the beneficiaries, while the one that is partially achieved is a proxy—it measures the person-days worked in the PWP.

54. Table 1 shows the details of the achievements. The outcome indicator 2: 'person-days provided' target was revised down during the 2014 restructuring. The revised target value is substantially surpassed. However, at the time of the restructuring, the project had disbursed most of its funds: 97 percent of the US\$100 million IDA credit had been disbursed at the time, and more than 80 percent of the supplemental DFID grant had also been disbursed. Given the high disbursement at the time the indicator target was revised, no split evaluation was conducted, but rather, the assessment is against the original indicators and targets. This ICR attempted to isolate a quantitative effect by contribution (where relevant). That analysis confirms that the project substantially achieved its outcomes. Table 1, in its last column, also reflects the contribution to related results—for example, how many children gained access to school because of the project's improved school infrastructure.

Table 1. Achievement of PDO-level Indicators and Contribution to Outcomes

S. No.	PDO-level Results Indicator	Baseline (2008)	Target	Achievement (Assumed Attribution)	Contribution
1.	Percentage increase in income of targeted households	U Sh 93,401	30% (U Sh 121,42 - up by 28,020)	236% (U Sh 286,183) Target surpassed	The incomes of HIS beneficiary households increased to U Sh 286,183 from the baseline U Sh 93,401. Given the inflation rates, the equivalent of the 2008 income of U Sh 93,401 was U Sh 155,254.9, representing an increase of 84% attributable to the project.
2.	Person-days provided in labor-intensive work (number)	0	650,000 [revised target] 5,500,000 [original target]	1,745,225 Revised target surpassed by 268% Original target achieved at 31.7%	Provided incomes through temporary employment to 71,800 poor households

S. No.	PDO-level Results Indicator	Baseline (2008)	Target	Achievement (Assumed Attribution)	Contribution
3.	Gross enrollment in primary education (%)	59.6	63	127 Target surpassed	Built 795 new classrooms and 1,846 new teachers' housing units against the target of 351 and 1,435, respectively. The classrooms equipped with desks provided access to 44,500 children to primary education, which in turn contributed to the increased gross enrollment rate of primary school children in the project area.
4.	Population with access to all-season roads (%)	48.9	63.2	94.3 Target substantially achieved	Built 796 km of community roads, improving access for an estimated 912,000 people in the project areas
5.	Population with access to improved safe water sources (%)	49	68	76 Target surpassed	Completed 689 water supply schemes (against the target of 150). Based on project M&E data, 73,300 households, or approximately 366,500 people, have access to new safe water sources from the water supply schemes constructed by the NUSAF2.
6.	Level of satisfaction among targeted population with quality of basic socioeconomic services (%)	73	90	85 Target achieved	Empowered communities and local governments to play the leading role in identification and prioritization of their needs and implementation of project activities. According to citizen report card findings (2013) and beneficiary assessment findings (2015), the level of satisfaction among the targeted population with quality of basic socioeconomic services has been 85% (against the end target of 90%).

55. A summary of the project outputs by component may be found in annex 2.

56. Given the minor shortcomings in the achievement of objectives, efficacy is rated as Substantial.

3.3 Efficiency

57. An economic and financial analysis was conducted after the project closure (annex 3). This ex post analysis found that the project was economically and financially viable.

58. The aggregate estimated economic rate of return (ERR) for the subprojects is 29 percent, with an estimated net present value (NPV) of US\$19.24 million, indicating that the NUSAF was economically viable. The analysis, however, is based on subprojects that directly affect household and community incomes. The benefits from social infrastructure improvement and other social economic enablers were not estimated because of data and valuation challenges. The NPV and ERR vary across subprojects with animal traction having the highest return at 48 percent and an estimated NPV of US\$1.6 million. The NPV and ERR of projects vary with the variance attributed to seasonality of subprojects.

59. The administrative cost of implementing the NUSAF2 was 16 percent of total project costs¹¹, which is within the range of norms for CDD operations elsewhere.¹² The economic efficiency remained substantial as the NUSAF's CDD model delivered basic infrastructure at a lower cost than other programs, financed by both the Government and development partner. Assessment of investment and savings shows evidence of asset accumulation and profit. The HISP and PWP beneficiaries accumulated assets such as livestock. The cost of constructing the NUSAF2 infrastructure projects was comparatively cheaper than similar projects built in the same geographical regions, through sector ministries. For example, the NUSAF2 classroom block without an office on average cost US\$24,367 compared to US\$26,497 in other comparable projects such as the School Facility Grant (under the Ministry of Education).

60. It should be noted that the project underwent two restructuring processes, which overall resulted in an 18-month extension of the duration of the project.

61. Given the high NPV and ERR and the shortcoming on efficiency related to the projects duration, efficiency is rated as Substantial.

3.4 Justification of Overall Outcome Rating

Rating: Moderately Satisfactory

62. The project has shown substantial efficacy in reaching its objectives.

63. The combined project relevance for objectives, design, and implementation is substantial. Efficiency is substantial.

64. Overall, the project is rated **Moderately Satisfactory** for achieving its outcomes.

3.5 Overarching Themes, Other Outcomes, and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

65. The HISP subcomponent achieved its objective of increasing productive assets and in the process improved incomes of targeted poor households in Northern Uganda. The program increased accumulation of productive assets for both men and women. A larger proportion of beneficiaries (54.9 percent) were women (Beneficiary Assessment Report 2015). All HISP subprojects financed asset accumulation. The report showed that 65.1 percent of the subprojects were fully productive and 47.2 percent were productive and profitable. The beneficiary assessment further showed that 40.3 percent of the earnings from productive assets were used to meet the cost of educating their children while 30.7 percent were spent on household basic items.

66. The PWP subcomponent enabled beneficiaries to access incomes and in the process increased community socioeconomic assets. The subcomponent provided employment for both men and women. A good proportion (53 percent) of the PWP beneficiaries were women (Annual Tracking Study 2013). The study also shows that 57.5 percent of the beneficiaries reported an

¹¹ It should be recalled that the administrative costs increased following the increase in number of districts.

¹² For example, Araral and Holmemo (2007) noted administrative costs of 19 percent in the World Bank-supported Kalahi-Comprehensive and Integrated Delivery of Social Services Project in the Philippines.

increase in income. Money earned from the PWP subprojects was mainly used to purchase food for households (63 percent), purchase household consumable items (30 percent), pay school fees (40 percent), and pay for health services (25 percent). A relatively and understandably small proportion of beneficiaries (18 percent) saved part of their earnings. Savings made from the PWP work were mainly used to enhance agriculture production/productivity (36 percent) and/or used as start-up capital or business expansion fund (33 percent). Some beneficiaries reported having used the earnings to buy land (7 percent); contribute to building (7 percent); and buy bicycles (12 percent), farm implements (13 percent), telephones (12 percent), and goats/sheep (23 percent), among other things.

67. The HISP has assisted in bringing people together, especially those from the same geographical areas. Through the weekly group savings meetings, group members discuss the performance of their enterprises and benefits accruing to their households. The CIR program has contributed to retaining teachers and health workers in rural areas. Construction of teachers' houses in schools has increased teachers' availability at schools while construction of health workers' houses at health centers has enabled health workers to be resident at health facilities, who are then able to provide services both day and night (Beneficiary Assessment Study 2015).

(b) Institutional Change/Strengthening

68. The institutional development intervention implemented under the NUSAF2 promoted coordination, accountability, and good governance. Local governments took the lead in providing support to the communities to identify subprojects using participatory tools and approaches. They also provided basic capacity building to develop skills required for implementation and management of subprojects, including basic book keeping, accountability, and planning. This was done using norms, standards, and sector-specific guidelines provided by sector line ministries at the national level.

69. The IG led the implementation of the TAAC subcomponent, which ensured good governance and accountability for the NUSAF2 funds. This was institutionalized at the community level using the social accountability subcommittee structure of the CPMC. This subcomponent included comprehensive training on social accountability and community monitoring of the NUSAF2 subprojects, as well as follow-up visits by a 'community trainer' to provide ongoing training and support for the communities to monitor implementation of the NUSAF2 subprojects. With regard to institutional sustainability, the IG has established and staffed a project monitoring directorate to institutionalize the oversight of transparency and accountability in all government projects. As reported in the media, the operations of the IG with respect to taking action on those implicated in fraud and corruption resulted in the arrest of a NDO and Parish Chief from Amudat District¹³. These arrests, and their reporting in the public media, could have acted as deterrents to continued fraud and corruption in the NUSAF2.

70. The mechanism used in the NUSAF2 has found applicability in the NUSAF3 and in the wider region. A recent study notes that, in the NUSAF3, community monitoring groups have replaced the SACs and have been given an expanded mandate. At the same time, training of these

¹³ Reported in Uganda Radio Network, May 1, 2015 [<http://ugandaradionetwork.com/dedi3883.your-server.de/story/two-arrested-for-embezzling-nusaf-funds>] Accessed August 22,2016

communities has built upon the curriculum developed by IG. In addition, the experience of the TAAC component has already been emulated in social protection programs in Liberia and Sierra Leone.¹⁴

(c) Other Unintended Outcomes and Impacts (Positive or Negative)

71. A number of unintended outcomes and impacts were documented:

- **Banking services and financial inclusion.** Evidence shows that social protection payment mechanisms can enhance financial inclusion by linking program beneficiaries to mainstream financial service providers and by increasing the development of financial infrastructure in previously underserved areas. Increasing the incomes of local households through regular social protection transfers can encourage the development of financial infrastructure.¹⁵ The project created demand for banking services across all the districts, particularly important in the Karamoja subregion, where financial infrastructure was not well developed or widely used. The project required the various community groups to open and manage bank accounts to receive funds from the project. In discussion with beneficiaries, nearly four months after project closure, they still use these financial services to save money and to contribute to group savings.
- **Broader service delivery accountability.** As a result of the social accountability mechanism in the NUSAF2, awareness about the project, rights, and responsibilities was enhanced. While this was intended to be project-specific accountability and governance mechanisms for the NUSAF2, the communities, beneficiaries, nonbeneficiaries, and implementers began using similar structures and principles to lodge complaints about broader government and nongovernmental organization service delivery projects. The TAAC has therefore encouraged local communities to hold service delivery providers, including local government, to higher standards of accountability. Following this unintended outcome, the NUSAF3 has enhanced the design of the TAAC to reflect a broader service delivery mandate rather than a project-specific grievance redress and accountability mechanism.
- **Leveraging of additional resources and innovation at the local community level.** Besides a major leveraging of the DFID funds, the project leveraged other funds as well. Anecdotal evidence exists of the NUSAF2 leveraging additional resources at individual/community level. For areas in which the communities selected heifers, for example, other stakeholders such as Heifer International, provided add-on services such as technical advice and guidance on how to maximize the productivity of the animals provided through the NUSAF2. In some districts, such as Budade, for example, a large number of NUSAF2 beneficiaries were supported to establish biogas systems. This was provided by the nongovernmental organization, Heifer

¹⁴ Republic of Uganda. 2016. The impact of Social Accountability on Community Project Quality in Uganda: impact evaluation results from NUSAF2 TAAC Component.

¹⁵ Republic of Uganda. 2014. *The Uganda Social Protection Sector Review*.

International. NUSAF2 also leveraged an additional £11 million from DFID for implementation of PWP and HISP activities through WFP in Karamoja subregion. WFP's support enabled the NUSAF2 to increase beneficiary coverage to 198,000 individuals between 2013 and early 2016.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

72. Beneficiary assessments of the project show that more than one-third of the respondents under the HISP reported that they benefited from local cattle enterprises (34.2 percent), followed by dairy farming (14.9 percent), improved goats (13.2 percent), labor-saving technologies 9.7 percent), poultry and egg production (7.6 percent), and piggery (7.1 percent). The project largely adhered to its targeting criteria and ensured inclusion of vulnerable groups such as women and people with disabilities. Almost one-quarter of the respondents (23.7 percent) revealed that they earned between U Sh 100,000 and U Sh 200,000 per year, while 18.9 percent indicated that they earned over U Sh 500,000 from their subprojects per year. The majority of the HISP beneficiaries (85 percent) were satisfied with the benefits accruing from their subprojects. Key informants from the district and subcounty local governments confirmed that most of the project procedures were followed. More details are provided in annex 5.

4. Assessment of Risk to Development Outcome

Rating: Moderate

73. The project achieved good progress toward the development outcomes. It strengthened national and local institutions and built needed capacity. A follow-up operation has already been approved. It was designed to build on the impacts realized under the NUSAF2.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

74. The project was prepared with frequent and systematic consultation with the Government's project preparation team. Experience from previous operations (the NUSAF1) and international experience were extensively used. The project design had clear relevance to the intended objectives and largely led to their achievement. The readiness for implementation was also good. As noted in preceding sections, however, the design of the Results Framework in some cases made it a challenge to establish or confirm attribution of the indicated results to project activities. Some indicators were not easy to track, and one outcome indicator's target was set overly ambitiously.

(b) Quality of Supervision

Rating: Satisfactory

75. The World Bank supervision was intensive and proactive, providing needed support to the client in a timely manner. The task team changed leadership once during the life of the project. The objectives of the implementation support missions were in most cases shared in good time to enable the OPM/NUSAF2 to make adequate preparations. Team composition was relevant to guide

the various section heads of the NUSAF2 TST. The World Bank guided the TST in all aspects of project implementation, with emphasis on documenting evidence. Reflective of the project team's responsiveness to issues identified during implementation, the MTR and the restructuring that followed addressed some issues with the Results Framework. Furthermore, on recognizing that the communities were prone to take up the HISP rather than the PWP component, the World Bank team commissioned an expert review of the implementation of the PWP component with a view to identifying challenges in design and implementation and generating recommendations for improving delivery in the NUSAF2 and to provide broader lesson-learning opportunities.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Satisfactory

76. The World Bank's overall performance rating is Moderately Satisfactory. Quality at entry included intensive and collaborative preparation and use of lessons learned from previous operations, as well as international experiences. Supervision was proactive and provided realistic feedback to management, as well as stable guidance to counterparts. Minor shortcomings were seen at design, mainly related to the lack of ability to monitor some indicators. Furthermore, some of the targets for some indicators, as discussed earlier, were set at a higher target than was realistic to achieve.

5.2 Borrower Performance

(a) Government Performance

Rating: Satisfactory

77. The OPM provided strategic leadership for the project and also managed coordination in line with its mandate to coordinate and monitor the implementation of Special Government Policies and Programs for Northern Uganda. The OPM was very supportive throughout the project preparation and implementation. From the outset, the Government established a TST to support the OPM to perform day-to-day management of the project. The Government was able to mobilize additional resources from other donors into the NUSAF2. Specifically, the DFID provided a trust fund of £24 million (approximately US\$35.21 million) to support infrastructure in health and education.

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory

78. The TST has performed well and met all the management requirements regarding the covenants agreed between the Government and the World Bank. The TST has been able to coordinate the programming of subprojects from local governments and, aside from the initial delays noted above, disburse funding within reasonable time frame. The TST has helped strengthen the capabilities of the local governments in meeting social and environmental safeguards as well as tracking progress of subproject implementation under the M&E function. The TST has exhibited high levels of competence and performance standards as demonstrated by the ability to prepare a successor operation to the NUSAF2.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

79. The overall rating for the borrower's performance is based on the leadership provided by the OPM as well as the establishment of a well-functioning TST. Together with the intersector technical working group (TWG) established to provide guidance to the TST, the Government exhibited responsiveness to changes in the operating environment experienced during the implementation of the project.

6. Lessons Learned

80. **Project design.** A certain minimum level of capacity with regard to human resources, equipment, and infrastructure is required at the local government level to support implementation. The NUSAF2 design ensured that government machinery was engaged in the project at all levels, from national to local government levels. CDD needed to be integrated well into local government structures to avoid duplication with their regular infrastructure work and to ensure ownership and maintenance budget once the projects are complete. In the NUSAF2, the GoU mainstreamed CDD operations into the decentralized service delivery mechanisms. This enabled the project to cut the costs of programming and has enhanced sustainability and participation of stakeholders at the various levels of government.

81. Low level of benefit for the PWP affected delivery of the initial intention of the project to reduce vulnerability and provide alternative employment to vulnerable people with labor. In future, it is imperative that the interventions be designed in such a way as to be attractive to the beneficiaries, responsive to the economic environment prevailing at the time and be competitive with other opportunities.

82. **Strengthening institutional capacity.** To assist communities to realize their development needs, efforts such as training and technical backstopping of communities need to be sustained. Under the NUSAF2 implementation arrangement, local governments were to designate officers at the district level to assist the chief administrative officers to coordinate project activities. Where the designated officers were not given additional responsibilities, this arrangement has contributed to the successful implementation of subprojects and early completions.

83. Anticorruption measures in the project can become models for broader social accountability. To ensure good governance and accountability for funds under the NUSAF2, measures were taken to institutionalize the TAAC program at the community level. Establishing systems for immediate reporting of grievances and institutionalizing an SAC of the CPMC were vital in minimizing misuse of subproject resources and also sparked the demand for accountability in other social programs, a lesson that has been incorporated in the NUSAF3. Taking action such as investigation and arrests, and publicizing such actions, could deter further fraud and corruption in other social development projects.

84. **Project implementation at the local level.** 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 and improve the likelihood of relevance and maintenance of the subprojects.

85. The close working relationship between the local government and the NUSAF2 TST and between the communities and the local governments improved the quality of infrastructure outputs at the local level. Capacity enhancement and consolidation of capacities over time has shown positive outcomes. The participation of community facilitators proved vital in facilitating subproject generation. The mainstreaming of the project within local government, through engagement with district officers and the identification of NUSAF2 desk officers, strengthened the delivery of the project at the local level and provided space for communities and local authorities to work jointly in the delivery of the project at the community level.

86. In addition to the close collaboration with Government, the NUSAF2 was implemented in partnership with DFID and WFP. WFP signed a memorandum of understanding (MOU) with the NUSAF2 implementing agency. The MOU aimed to enhance coordination with respect to project planning, reporting and learning, as well as a more coherent engagement with local government. The working relationship and collaboration between the World Bank and development partners could be enhanced through the use of existing coordination mechanisms, including the Northern Uganda Development Partner Group, or the Karamoja Development Partner Working Group, for example. Despite the fact that DFID is not a cofinancier in the NUSAF3 project, these existing coordination mechanisms should be used to engender continued partnership in the broader development partnerships in Northern Uganda.

87. Where community groups are linked to savings and investment opportunities, they can develop into sustainable savings groups, further enhancing their access to financial services at the local level. Some community groups of the HISP and PWP beneficiaries are developing into village savings and loan associations and cooperatives. The benefits accruing to the individual members are motivating more people to join. In addition, assets created by the PWP, 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 has not been taken over by the local governments, communities need to be supported to advocate for the creation of by-laws that can be enforced to ensure maintenance of these assets.

88. **Delivery of social protection programs in contexts of postconflict and fragility.** The design and implementation of social protection interventions should take into account the unique challenges posed by fragility, conflict, and marginalization. Specific attention should be given to the perception of marginalization and specific vulnerabilities of various groups in the fragile context. The success of development interventions is shaped by perceptions of justice. Therefore, using partnerships in delivering early results with civil society, communities, faith-based organizations, or the private sector, as the NUSAF2 has, offers some benefits, including expanding the range of capacity available to states, and it creates a sense of broader stakeholder and citizen engagement in crisis prevention and recovery.¹⁶ Moreover, the use of local-level groups and institutions in difficult implementation contexts can enhance delivery while building a stronger sense of ownership in the project and strengthening social inclusion. Local groups have attributes of low cost, sustainability, and large coverage; in Uganda, they also provide other important benefits, such as participation, trust, and inclusiveness, and thus an area of complementarity with

¹⁶ World Bank. 2014. Peace and Security in Northern Uganda and Karamoja: understanding constraints, factors of resilience, and vulnerabilities.

other objectives, for example social cohesion and peace-building. Working through community groups can enhance their capacity to be more demanding about access to different services, giving them greater confidence and voice with which to articulate their expectations.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

89. Comments raised by the Government were incorporated in the final report. In addition, the Government's contribution is included in Annex 7.

(c) Cofinanciers

90. In commenting on the ICR, DFID acknowledged the overall positive outcomes of the report. DFID further requested incorporation of further information on the TAAC component, as well as elaboration on lessons learnt from the component. These have been incorporated in the report. The role of partnerships, specifically with respect to WFP's role in the PWP and the HISP components, has also been referenced in the report. Furthermore, recommendations for strengthening collaboration in the development of Northern Uganda have been included in the report. DFID requested further analysis of attribution of NUSAF2 with respect to some indicators. As acknowledged in the report, such analysis is constrained by the lack of a robust impact evaluation, and the shortcomings of some RF indicators. Evidence on the benefits of the CIR component, as well as the inclusiveness of beneficiary selection, are based on the beneficiary assessments and citizen score cards undertaken during the course of the project implementation.

(d) Other partners and stakeholders

91. WFP indicated that through their support, and with financial contributions from DFID, coverage of the NUSAF2 was increased in the Karamoja subregion. This is now referenced in the report.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in US\$ Million equivalent)

Components	Appraisal Estimate (US\$, millions)	Actual/Latest Estimate (US\$, millions)	Percentage of Appraisal
Community Infrastructure Rehabilitation	30	29.04	97
Livelihood Investment Support: Household Income Support Program	40	35.20	88
Livelihood Investment Support: Public Works Program	20	17.60	88
Institutional Development	10	8.80	88
Total Baseline Cost	100	90.64	91
Physical Contingencies	0	2.06	—
Price Contingencies	0	10.30	—
Total Project Costs	100	103.00	103
Project Preparation Fund	0	0.00	0
Front-end fee IBRD	0	0.00	0
Total Financing Required	100	103.00	103

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (US\$, millions)	Actual/Latest Estimate (US\$, millions)	Percentage of Appraisal
Borrower		0.00	0.00	0
IDA		100.00	103.00	103
DFID		35.17	35.17	100

Annex 2. Outputs by Component

Component 1: Livelihood Investment Support Component (US\$60 million)

1. The LIS component includes two subcomponents; these are the HISP and the PWP, both of which are detailed as follows:

Subcomponent 1.1: Household Income Support Program (US\$40 million)

2. The objective of the HISP subcomponent was to increase productive assets and improve incomes of the targeted poor households in Northern Uganda. This allocation for HISP subcomponent targeted to fund 7,236 subprojects over the five-year period. Table 2.1 shows that a total of 7,192 subprojects were approved and financed at a cost of U Sh 78,396,239,167, translating into 99.4 percent achievement. Out of the 7,192 subprojects approved and funded, 7,179 subprojects were implemented, of which all are completed, accounting for a 100 percent completion rate. The project monitoring data shows the total number of direct beneficiaries under the HISP is 98,677. The 2015 Beneficiary Assessment Report shows that 54.9 percent of the HISP beneficiaries were female. The report further analyzed the beneficiaries by their vulnerability category and revealed that the elderly (23.5 percent) were the most dominant category of beneficiaries reached, followed by the youth (20.8 percent), and the widowed (14.8 percent). Female-headed households (7.9 percent) and persons with disabilities (7.4 percent) were in the fourth and fifth places, respectively. Other categories of beneficiaries served by the project included people living with HIV/AIDS (4.4 percent), orphans (3.8 percent), and IDP returnees (3.0 percent).

Subcomponent 1.2: Public Works Program (US\$20 million)

3. The objective of the PWP was to enable the beneficiaries to access temporary employment and in the process increase community socioeconomic assets. The PWP was to support labor-intensive interventions that provide poor households additional income to help respond to increasing food prices and smooth consumption. Overall, the PWP subprojects are providing beneficiaries with income and improved accessibility to market centers, schools, health centers, and other neighboring subcounties and districts.

4. The NUSAF2 design allocated US\$20 million toward the PWP, which translated to a target of 891 subprojects. There was a low response to the generation of the PWP subprojects from the onset of the project until the MTR, by which, a total 384 subprojects were recommended by the District Executive Committees to the OPM for funding and only 228 (25.6 percent of the target) had been approved by the OPM for funding, 10 subprojects were complete, and 84 were under implementation.

Table 2.1. Number of HISP Productive Assets Procured per Subregion

S. No.	Subregion	Beneficiaries	Heifers	Breeding Bulls	Improved Heifers	Oxen	Ox Plough	Goats	Sheep	Pigs	Poultry	Hives
1	Acholi	17,826	9,034	402	0	5,932	2,540	9,911	0	596	8,175	785
2	Lango	15,016	1,693	102	0	13,661	5,354	7,569	180	871	2,821	270
3	West Nile	18,604	6,108	385	132	1,281	635	29,263	3,443	4,116	14,761	2,493
4	Bunyoro	4,937	981	66	81	495	220	6,803	90	2,069	11,743	442
5	Teso	9,748	4,241	161	97	1,499	422	3,684	735	1,423	4,177	65
6	Elgon	12,940	2,986	435	6,630	196	63	3,453	0	2,961	17,507	411
7	Bukedi	13,281	6,548	447	70	571	199	13,162	63	936	16,823	75
8	Karamoja	6,325	1,838	51	0	2,573	1,244	9,674	90	0	210	0
Total		98,677	33,429	2,049	7,010	26,208	10,677	83,519	4,601	12,972	76,217	4,541

5. Given the importance of the PWP in the context of social safety nets under the overall social protection strategy and after realizing a low uptake of the PWP, the OPM/NUSAF undertook a study financed by the DFID to look into the causes and ways to (a) improve the situation after the MTR and (b) learn lessons for future project interventions. The study concluded that low uptake of the PWP resulted from various factors such as (a) poor internalization by the NUSAF2/TST and district staff that the PWP is limited mainly to roads; (b) presence of other PWP initiatives in the NUSAF2 areas supported by other development partners and nongovernmental organizations; (c) inadequate information on the PWP given to communities by the EPRA facilitators who were not knowledgeable themselves; (d) bias against the PWP by the EPRA facilitators because of fear of nonavailability of technical support; and (e) limitations of subproject budget ceilings.

6. The OPM/NUSAF acted on the study report and recommendations of the MTR mission and by the end of the project, a total of 794 PWP subprojects were approved and funded by the OPM/NUSAF, leaving only a shortfall of 10.9 percent to attain a target of 891 PWP subprojects. This has generated 1,387,433 person-days against the targeted 5,500,000 person-days and a total income earned of U Sh 5,444,210,110 by 55,485 beneficiaries, of which 28,911 (52.1 percent) are female.

Component 2: Community Infrastructure Rehabilitation (IDA - US\$30 million and DFID - US\$30.45 million)

7. The implementation of the CIR component progressed well, and there has been a high demand for this component at the community level. As of the end of the project, 2,533 CIR subprojects had been financed. This represents 132.3 percent of the five-year target of 1,915 subprojects. This high rate of demand for the component is a measure of its success.

Table 2.2. Subprojects under the CIR Component by Sector

Sector	Approved Subprojects	Number of Subprojects Financed	Disbursements (U Sh)	% Disbursement
Education	1,358	1,358	116,855,619,022	63.6
Health	500	500	46,562,225,463	25.4
Water	675	675	20,173,164,390	11.0
Subtotal CIR	2,533	2,533	183,591,008,875	100.0

Education Subprojects

8. Education subprojects constituted 63.6 percent of the overall disbursements to CIR subprojects and 53.6 percent of the overall number of subprojects. Teacher absenteeism, one of the binding constraints to education quality, was estimated at 21 percent (Uganda National Panel Survey 2009/10), which was still high by international standards but a decline from 27 percent reported in 2007. Education sector policy discourse to address this challenge focused on teacher motivation with provision of teacher housing as one of the mitigation strategies. It is impressive to note that school community generated subprojects were in line with this position. Provision of teacher housing was more prioritized in comparison to classrooms and other education inputs, constituting 68 percent of all education subprojects and 70.1 percent of overall funding to

education. Table 2.3 gives the total number of projects approved and funded under education by type.

Table 2.3. Education Subprojects under the CIR Component

Subprojects	Approved Subprojects	Number of Subprojects Financed	Disbursements (U Sh)	% Disbursement
Teachers' houses	923	923	81,924,194,034	70.1
Classrooms	353	353	28,648,502,721	24.5
Very Important Person latrines	39	39	818,587,560	0.7
Furniture provision	10	10	242,545,842	0.2
Solar power	5	5	64,978,074	0.1
Perimeter fence	19	19	2,147,844,045	1.8
Dormitories	9	9	3,008,966,746	2.6
Subtotal education	1,358	1,358	116,855,619,022	100.0

Water Subprojects

9. Water subprojects comprised 11.0 percent of the overall funding to the CIR subprojects. The NUSAF2 added a total of 641 deep boreholes, 10 gravity flow schemes, 24 protected springs, and 14 valley tanks to the water sector. The project worked with the Ministry of Water and Environment (MWE) to jointly identify the sites for the 14 valley tanks in the Karamoja subregion, with a capacity of 10,000 m³ each. The good coordination between the project implementers and the sector is also evidenced by inclusion of the NUSAF2 outputs in the Annual Sector Performance Reports and the use of sector guidelines in the districts.

Table 2.4. Water Subprojects under the CIR Component

Subprojects	Approved Subprojects	Number of Subprojects Financed	Disbursements (U Sh)	% Disbursement
Deep boreholes	627	627	13,109,602,465	65.0
Gravity flow schemes	10	10	584,479,882	2.9
Spring protection	24	24	116,392,838	0.6
Valley tanks	14	14	6,362,689,205	31.5
Additional deep boreholes for communities that received valley tanks at no extra cost	14	14	As part of the cost of the valley tanks	—
Sub-total water	689	689	20,173,164,390	100.0

10. The MWE appreciated the status of mainstreaming the NUSAF2 activities into the regular activities in the sector. Under the sector guidelines for FY13/14, the MWE set a threshold for the operational funds for the District Water Offices. These funds were to cover all water programs in the districts, including the NUSAF water-related activities.

Health Subprojects

11. Health subprojects absorbed 25.4 percent of the overall funding to the CIR component. Leading among the investments in the health sector are staff houses, constituting 87.9 percent of the overall funding to the sector and Out-Patient Departments (OPDs), which formed 9.7 percent of the funding to the sector. The NUSAF2 improved staff accommodation by adding 443 twin staff houses in existing health facilities in the project area. In addition, 34 OPDs were built in existing health units in the project districts.

12. Through DFID's contribution to the project, NUSAF2, 1,846 teachers' housing units (in primary schools) and 886 health staff housing units (in health centers) were constructed. Anecdotal evidence indicates that the houses were built to a high standard and are popular with the staff that benefit from them, as well as with local communities, who see the houses as a positive measure of support to health workers and teachers. Each housing unit is equipped with solar lighting, external latrines, water harvesting tanks and separate kitchen units. Discussions with some beneficiaries indicate that the houses are fully occupied, although in future, there would be need to systematically track the usage and occupancy of these types of projects.

Component 3: Institutional Development Component (US\$10 million—10 percent of Total Cost)

13. This component financed activities at the national, district, subcounty, and community levels aimed at improving efficiency, effectiveness, accountability, and transparency in the use of project resources. It had two subcomponents: (a) project implementation support and (b) TAAC component.

Project Implementation Support (PIS) (US\$9.0 million—9.0 percent of Total Cost)

14. The component supported the establishment of a TST at the national level headed by the project director to support the OPM to oversee the overall project coordination and accountability of project resources. The TST worked under the overall guidance of the OPM permanent secretary. The project director was supported by contracted technical staff responsible for operations, financial management, development communication, M&E, MIS, livelihoods, infrastructure development, public works, and environment and social safeguards. A TWG, comprising representatives of key sector ministries, provided operational and technical oversight of all project activities.

15. The component also facilitated project reviews through joint government-donor missions that were undertaken biannually to review progress of project implementation. This forum was an important platform for generating feedback on the performance of the project. The MTR of the project was undertaken in 2013, during which key stakeholders deliberated on project performance and noted that the project was on course toward achievement of the development objective. The MTR mission, however, recommended a one-year no-cost extension for the project to successfully complete all the activities and properly close the project.

16. Studies were implemented to generate evidence on effectiveness of project interventions in the beneficiary communities. Major studies included Beneficiary Assessment of the NUSAF2 (2013 and 2015); Annual Tracking Study for the PWP (2013 and 2015); Public Works Review

(2013); Community Score Card (2013); Procurement Audit; Environmental and Social Management Framework; and financial audits. The findings of these studies provided a basis for common judgements on the performance of the project.

Transparency, Accountability, and Anti-Corruption Program (US\$1.0 Million—1.0 percent of Total Cost)

17. With the support of the project, the Office of the IG established a TAAC system that resulted in the investigation of a number of cases of alleged abuse or mismanagement of the NUSAF2 resources.

18. The subcomponent was very active in the subregion of Karamoja. Overall, the project extended resources to equip districts with vehicles, photocopiers, and printers. In addition, capacity-building trainings were provided to communities, subcounties, and district stakeholders, including implementing agencies that assisted in the region to implement the projects. Trainings were provided in the areas of EPRA processes, financial management, group dynamics, safeguards management, and social accountability.

Table 2.5. Summary of Capacity-building Training Initiatives in Karamoja Subregion

S. No.	Training by Type	Frequency of Trainings	Number of Participants
1.	TOT training	1	70
2.	EPRA Training	2	192
3.	CPMCs (group dynamics, social accountability, financial management) training	1	6,325
4.	Safeguards (Environment and Social Including HIV Aid, Health and Safety)Training	1	35
5.	Procurement management Training	1	35
Total		6	6,657

19. Table 2.6 shows the equipment allocated to the districts:

Table 2.6. Summary of Equipment to the Districts of Karamoja Subregion

S. No.	Equipment Type	Number per District	Total for Seven Districts
1.	Vehicles	1	5
2.	Photocopiers	1	7
3.	Printers	1	7
4.	Desktops	1	7
5.	Laptops	1	7
6.	Office Chairs	3	21
7.	Tables	1	7
8.	Cabins	2	14
Total		11	75

Annex 3. Economic and Financial Analysis

1. The economic analysis of the NUSAF2 was conducted at the time of project closing to simulate project viability by valuing benefits based on the actual outputs attained for the different subprojects against the costs based on the actual project disbursements. Direct benefit analysis was carried out based on economic or shadow prices in the local project areas for the services provided by different outputs of the subprojects, primarily focusing on the HISP. The project output assumptions and assumptions that informed shadow pricing are indicated in this annex.

2. The HISP subprojects evaluated include cattle rearing, animal traction, goat rearing, sheep rearing, piggery, poultry, apiary, grinding mill, 'Simsim' processing, rice huller, bakery, and fruit processing. The outputs¹⁷ achieved for the different HISP subprojects in the eight regions are shown in Table 3.1.

3. The main project benefits will be derived from (a) diversified and increased incomes from a broad range of livelihood sources; (b) improved market integration; (c) sustainable businesses owned by the rural poor; and (d) increased opportunities for self-employment and skills transfer. Most of these direct benefits are generated from the HISP component. However, other benefits related to social processes, community reconciliation, institutional capacity building, and human capital development are expected in the long term and are not easily quantifiable. These have not been included in the economic and financial analysis.

4. The ex post economic and financial analysis of the HISP component serves as an indication of the economic viability of the project. The economic analysis was carried out on all subprojects for which cost and output information was available. The HISP projects in this category constitute 24 percent of the overall disbursements made under the NUSAF. Based on these calculations, the aggregated economic return for the project, including mostly the subprojects under the HISP component, was estimated at 29 percent and the discounted NPV was US\$19.25 million, as seen in Table 3.2.

¹⁷ The inputs relate to the number of heifers, number of poultry birds, and number of beehives, among others.

Table 3.1. HISP Outputs for the NUSAF2 Subprojects by Geographical Area

	Acholi	Lango	West Nile	Teso	Bunyoro	Bukedi	Elgon	Karamoja	Total Number
Heifers	9,034	1,693	6,108	4,241	981	6,548	2,986	1,838	33,429
Bulls	402	102	385	161	66	447	435	51	2,049
Improved Heifers	—	—	132	97	81	70	6,630	—	7,010
Oxen	5,932	13,661	1,281	1,368	495	571	196	2,573	26,077
Ox Ploughs	2,964	6,779	640	683	247	278	97	1,244	12,932
Goats	9,911	7,569	29,263	3,684	6,803	13,162	3,453	9,674	83,519
Sheep	—	180	3,443	735	90	63	—	90	4,601
Pigs	596	871	4,116	1,423	2,069	936	2,961	—	12,972
Poultry	8,175	2,821	14,761	4,177	11,743	16,823	17,507	210	76,217
Beehives	785	270	2,493	65	442	75	411	—	4,541
Grinding Mills	—	8	60	2	4	17	8	1	100
‘Simsim’ Processing	—	2	3	—	—	—	—	—	5
Rice Huller	—	—	2	1	—	3	—	—	6
Bakery	—	—	3	3	—	2	—	1	9
Juice Processing	—	—	—	1	—	—	—	—	1
Total Number	37,799	33,956	62,690	16,641	23,021	38,995	34,684	15,682	263,468

Table 3.2. Summary of Economic Returns

S. No.	Subcomponent	Actual Disbursements (US\$, millions)	NPV (US\$, millions)	ERR (%)
(1)	HISP	23.47	19.25	29

Note: The disbursements for CIR and PWP were US\$54.96 million and US\$5.96 million, respectively.

5. As a general principle, a positive NPV implies that the benefits accruing from a project outweigh the costs of the project. In the same vein, an economic rate of return above 12 percent is reasonable for World Bank-supported projects. Therefore, the ex post results of the NUSAF2 indicate that the project was viable.

6. **Methodology.** For the NUSAF2 subprojects whose outputs have directly attributable income streams to the households and the community, a cost-benefit analysis was possible. This involved identification of different revenue streams associated with the achieved outputs of the subprojects.

7. This analysis used the cost-benefit analysis to estimate the financial and economic return for HISP subprojects while the economic evaluation of the CIR subprojects used the cost-effectiveness analysis.

8. **Cost-benefit analysis.** The ERR analysis was undertaken for household and community enterprises comprising mainly crop and noncrop agricultural value chain income-generating activities. The HISP subprojects evaluated include cattle rearing, animal traction, goat rearing, sheep rearing, piggery, poultry, apiary, grinding mill, ‘Simsim’ processing, rice huller, bakery, and fruit processing.

9. For these subprojects, economic/shadow prices associated with the output activities were calculated and a conventional cost-benefit analysis was undertaken. Actual costs and outputs of the subprojects were extracted from the project report and economic/shadow prices imputed. The most important evaluation aspect underlying the economic analysis is project sustainability. A sustainable view of project outputs implied that benefits associated with outputs continue to accrue over a project analysis period ranging from one to ten years, depending on the subproject and the assumed ease of project management to enable sustainability.

10. The aggregate estimated economic rate for the subprojects is 29 percent, with an estimated NPV of US\$19.25 million. The NPV and ERR vary across subprojects, with animal traction having the highest return at 48 percent and estimated NPV of US\$1.6 million. The NPV and ERR of subprojects vary with the variance attributed to seasonality of subprojects. For instance, a rice huller processing enterprise is more likely to remain underutilized against a sunk cost into purchase of equipment for some months in a year, thus reducing the associated return over a given period while a poultry or piggery project may generate sustained revenue streams across the entire year. In addition, a project like animal traction may not only be utilized for most of the year but also for agricultural projects across the different seasons and different crops; hence, a high utilization rate. Therefore, seasonality of projects/crops affects the returns for subprojects associated with high sunk/capital costs.

11. Generally, the benefits associated with the projects may exceed the estimated cost and therefore result in higher returns. This is because, other than the directly attributable incomes/revenues, the subproject estimates likely understate the overall return because most of the social benefits and long-term impacts such as skills transfer, employment, access to schools, more years of learning, increased school enrolment levels, improved health care-seeking behavior, proliferation of savings and credit, and higher purchasing power of households have not been accounted for in the analysis because of estimation and valuation challenges.

Table 3.3. NPV and Internal Rate of Return for Subprojects

Project	NPV (US\$)	ERR (%)
Cattle Rearing	1,690,519	13
Animal Traction	7,888,029	48
Goat Rearing	5,467,055	28
Sheep Rearing	281,900	28
Piggery	1,807,533	36
Poultry	1,617,407	44
Apiary	259,257	32
Grinding Mill	175,212	22
‘Simsim’ Processing	7,795	21
Rice Huller	29,551	30
Bakery	6,205	10
Fruit Processing	18,637	98
OVERALL	19,249,098	29

Assumptions

- A 10-year time horizon is considered for realization of project benefits. For some projects, the benefits may be exhausted before the 10-year period considering the fact that projects of a capital nature, especially agricultural value addition equipment in rice hulling, simsim processing, and milling, may involve high replacement capital expenditure, which may not be reasonably attributed to the project sustainability. However, restocking of a poultry cohort is a reasonable project sustainability assumption over the 10-year horizon.
- Enterprise incomes are estimated net of variable costs.
- The economic benefits of oxen and ox ploughs are analyzed on the basis of machine-work days based on a daily income that is net of running costs.
- A discount rate of 5 percent was used. When a discount rate of 12 percent is used as was done at project appraisal, the NPV reduces to US\$10.51 million and ERR is maintained at 29 percent.
- The project costs and benefits were assembled and analyzed in Uganda shillings and the results converted at an exchange rate of U Sh 3,340 per US\$.

12. **Cost-benefit analysis conclusion.** On the basis of the project resultant NPV of US\$19.25 million and ERR of 29 percent, the data and analysis adequately and reasonably indicate that the NUSAF was viable. The analysis, however, is based on subprojects that directly affect household

and community incomes. The benefits from social infrastructure improvement and other social economic enablers were not estimated because of data and valuation challenges.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team Members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Richard Alayas Alia	Consultant	AFMUG	
Gladys Akurut Alupo	Program Assistant	AFMUG	
Paul Baringanire	Senior Energy Specialist	GEE05	
Mary C.K. Bitekerezo	Senior Social Development Spec	GSU07	
Howard Bariira Centenary	Senior Procurement Specialist	OPSPF	
Cornelis Arend Kingma	Senior Social Development Spec	AFTCS - HIS	
Nginya Mungai Lenneye	Country Manager	AFMZW	
Barbara Kasura Magezi Ndamira	Senior Public Sector Specialist	GGO19	
Ida Manjolo	Senior Social Protection Specialist	GSPDR	
Mbuba Mbungu	Consultant	GEDDR	
Norbert O. Mugwagwa	Consultant	GSP07	
Innocent Mulindwa	Senior Education Specialist	GED01	
Suleiman Namara	Senior Social Protection Economist	GSP07	
Harriet Nannyonjo	Senior Education Specialist	GED04	
Harriet Nattabi	Water & Sanitation Specialist	GWASA	
Labite Victorio Ocaya	Senior Highway Engineer	AFTU1 - HIS	
Wilson Onyang Odwongo	Consultant	GFADR	
Martin Onyach-Olaa	Senior Urban Spec.	GSU13	
Patrick Piker Umah Tete	Senior Financial Management Specialist	GGO25	
Reinhard Woytek	Senior Operations Officer	AFTDE - HIS	
Supervision/ICR			
Gladys Akurut Alupo	Program Assistant	AFMUG	
Paul Baringanire	Senior Energy Specialist	GEE05	
Philip Beauregard	Senior HR Specialist, Corporate	HRDCO	
Mary C.K. Bitekerezo	Senior Social Development Spec	GSU07	
Martin Fodor	Senior Environmental Specialist	GEN01	
Lori A. Geurts	Operations Analyst	GHN06	
Paul Kato Kamuchwezi	Financial Management Specialist	GGO31	
Cornelis Arend Kingma	Senior Social Development Specialist	AFTCS - HIS	
Nginya Mungai Lenneye	Country Manager	AFMZW	
Barbara Kasura Magezi Ndamira	Senior Public Sector Specialist	GGO19	
Ida Manjolo	Senior Social Protection Specialist	GSPDR	
Donald Herrings Mphande	Lead Financial Management Specialist	GGO31	
Norbert O. Mugwagwa	Consultant	GSP07	
Innocent Mulindwa	Senior Education Specialist	GED01	
Grace Nakuya Musoke Munanura	Senior Procurement Specialist	GGO01	
Edith Ruguru Mwenda	Senior Counsel	LEGAM	
Harriet Nattabi	Water & Sanitation Specialist	GWASA	
Labite Victorio Ocaya	Senior Highway Engineer	AFTU1 - HIS	
Wilson Onyang Odwongo	Consultant	GFADR	
Peter Okwero	Senior Health Specialist	GHN01	
Martin Onyach-Olaa	Senior Urban Specialist	GSU13	
Krishna Pidatala	Senior Operations Officer	GTI11	
Luis M. Schwarz	Senior Finance Officer	WFALA	
Steven Kenneth Mbabazi Shalita	Manager	AFREC	
Vildan Verbeek-Demiraydin	Consultant	GENDR	

Hege Hope Wade	Senior Country Officer	LCC3C	
Michael Mutemi Munavu	Social Protection Specialist	GSP01	
Peter Ivanov Pojarski	Consultant	GSP01	

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of Staff Weeks	US\$, thousands (Including Travel and Consultant Costs)
Lending	—	—
FY08	—	30.84
Supervision/ICR	13.25	177.66
Total:	13.25	208.50

Annex 5. Beneficiary Survey Results¹⁸

1. Beneficiary assessments of the project show that more than one-third of the respondents under the HISP reported that they benefited from local cattle enterprises (34.2 percent), followed by dairy farming (14.9 percent), improved goats (13.2 percent), labor-saving technologies (9.7 percent), poultry and egg production (7.6 percent), and piggery (7.1 percent). The project largely adhered to its targeting criteria and ensured inclusion of vulnerable groups such as women and people with disabilities. The dominant beneficiary categories under which respondents were selected included elderly persons (23.5 percent), widows/widowers (14.8 percent), and unemployed youth (14.6 percent). Others were female-headed households, persons with disabilities, and unskilled youth. Some stakeholders were, however, concerned that the project only included the 'active poor', leaving other vulnerable people excluded from project support. Although this was in line with the project guidelines, a more inclusive approach or a social protection component to reach the vulnerable, the very poor, and indigents would have been preferred. In a few districts, examples were also cited where the project excluded women, the youth, and other eligible categories of people.

2. With respect to outputs and intermediate outcomes, almost one-quarter of the respondents (23.7 percent) revealed that they earned between U Sh 100,000 and U Sh 200,000 per year, while 18.9 percent indicated that they earned over U Sh 500,000 from their subprojects per year. Those who earned the lowest amount, of less than U Sh 50,000, were 17.5 percent. There were significant differences between earnings from the subprojects by males and females, with almost twice as many males (25.1 percent) reporting earning over U Sh 500,000 as females (13.6 percent) ($p = 0.000$). Of the respondents, 40 percent revealed that they used the earnings from their subprojects to pay school fees, 30.7 percent for purchasing household basic items, 10.9 percent for emergency needs, and 10.5 percent for establishment of new investments. More than half of the respondents had savings from the earnings from their subprojects, while 44.6 percent had not made any savings.

3. Of those with savings, 69 percent said they had saved with village savings loan associations, 17.5 percent with savings and credit cooperatives, and 13.4 percent with commercial banks. More than a quarter (26.4 percent) of the respondents had saved for more than one year, 13.4 percent for one year, and 3.7 percent for nine months. More than half (59.6 percent) of those who were saving reported that they saved weekly, 21.6 percent saved monthly, while 2.9 percent saved biannually. Almost one-fifth (19.2 percent) of those who were saving with financial institutions said they had borrowed some money. Of those who had borrowed money from financial institutions, 20.6 percent said they had borrowed between U Sh 200,000 and U Sh 500,000 and 22.8 percent over U Sh 500,000. Almost one-fifth (19.9 percent) had borrowed between U Sh 50,000 and U Sh 200,000. Only 4.4 percent of the beneficiary respondents who borrowed money used it for development of the subproject, while 38.2 percent used the money to pay school fees and 25.7 percent used it for business needs.

4. A majority of the HISP beneficiaries (85 percent) were satisfied with the benefits accruing from their subprojects. Close to three-quarters (74.4 percent) reported that they benefited from the subprojects as individuals while 25.6 percent said they had not benefited. Among those who were

¹⁸ Most of this summary is based on Republic of Uganda. 2016. Beneficiary Assessment for NUSAF2 Project, Second Northern Uganda Social Action Fund (NUSAF2) Project.

satisfied with the project benefits, 71.5 percent were satisfied with making friends, 69.7 percent were satisfied with acquiring new skills, and 57.8 percent were satisfied with their children attending school. Key informants from local governments reported that in many cases, the project support helped address needs that their local governments had previously failed to address.

5. The SACs in many districts were found to have been instrumental in promoting transparency and have been active in resolving grievances. Up to 59.6 percent of the HISP beneficiaries rated SACs as having been very useful in subproject implementation. Most respondents view the SAC and the overall TAAC component as a useful mechanism. More than two-thirds (67.2 percent) of HISP beneficiaries thought the TAAC mechanisms had increased accountability in the project, while 43.5 percent thought that these mechanisms had empowered beneficiaries to a great extent and 36.3 percent to a moderate extent. Up to 58.6 percent recommended that the TAAC mechanisms should be adopted in other government programs. Under the HISP, the most reported grievance handling mechanisms were CPMCs (39.0 percent), SACs (24.1 percent), and subcounty local governments (17.2 percent).

6. Key challenges in implementation reported by key informants from the local governments included inadequate funds for monitoring, delays in disbursement of the second instalments, inadequate staffing to undertake monitoring and supervision of projects, and the remaining unmet demands and needs in the community for more support. The major undesirable effects of the subprojects on the environment were reported to be clearance of vegetation (60 percent) and increased generation of wastes (14.8 percent). In an endeavor to minimize damage to the environment, the majority of the beneficiaries (58.7 percent) said they planted grass, shrubs, and trees while 56.8 percent said they screened their subprojects for any likely effects. Some key informants also pointed out areas where the project should have done more. In the agricultural sector for instance, these areas include provision of tractors, supporting irrigation systems, training of farmers in postharvest handling techniques, and other measures to modernize agriculture.

7. With respect to the CIR component, surveys show that almost one-half (49.5 percent) of the CIR respondents interviewed were beneficiaries or representatives of beneficiaries of staff houses (both school and health facility), followed by those under the classroom construction (19.1 percent). Respondents under the deep borehole subprojects were 8.7 percent. Other beneficiaries included those for latrines, maternity wards, furniture, and others, which were scantily represented in the sample.

8. Among the CIR beneficiaries, the majority knew about the objectives of the NUSAF2, with more than one-half (55.7 percent) mentioning that the project provided support to improve public infrastructure and sought to increase access and utilization of basic services in underserved communities. Of the beneficiaries, 41 percent revealed that the NUSAF2 objective was to support initiatives that increase income-earning opportunities of the target poor households. The majority (71.4 percent) mentioned that the project targeted social service provision to the poor communities. Up to 90 percent of the respondents could mention at least one of the principles of the NUSAF2. Information about the NUSAF2 was obtained mainly from district and subcounty staff (57.8 percent), and 52.2 percent obtained information from the media while 40.4 percent obtained information from community meetings.

9. The majority of the CIR respondents (96.9 percent) reported that they participated in the NUSAF2 project activities of one sort or the other. More than half (57.6 percent) of the respondents participated in the election of the CPMC, CPC, and other persons; 32.3 percent participated in the implementation of subprojects; and about 27.1 percent participated in the mobilization of community contributions. Most CIR participants in the study reported that the NUSAF2 implementation structure was good and effective because it followed a bottom-up approach, was mainstreamed into government structures, and ensured accountability. The involvement of different district sectors in the planning and implementation of the project varied across districts, with some districts indicating high levels of involvement of all relevant district departments, while in others this was not the case.

10. Procurements for the CIR subprojects were conducted through competitive bidding as reported by 74.2 percent of the respondents. Selective bidding was mentioned by 17.6 percent of the respondents. The majority (70.8 percent) of the CIR respondents reported that they received support from subject matter specialists. Equally, 91.5 percent reported that they received training on elementary financial management.

11. Key informants from the district and subcounty local governments confirmed that most of the project procedures were followed. Adherence to financial guidelines was reported by majority of the respondents. Adherence to procedures was enabled by the trainings and the project manuals provided to the actors. The guidelines provided by the project were also described as being elaborate, clear, and easy to understand and follow. The majority (93.2 percent) of the respondents reported field visits were undertaken to subprojects by different officials of the NUSAF2 staff or district/subcounty official. The frequency of visiting the subprojects was reported by a big number of respondents (82.2 percent) to have been high. Under the CIR, the reported grievance handling mechanisms were CPMCs (77.5 percent) and SACs (70.3 percent), followed by the subcounty (41.7 percent). The majority (71.2 percent) of the CIR beneficiaries rated the SACs as being very useful in the subproject implementation processes.

12. With respect to levels of satisfaction with different project outcomes, most respondents rated their levels of satisfaction at a neutral or moderate level for most of the outcomes they were prompted about, such as cleanliness of health centers, government workers staying nearer their work stations, and proper disposal of wastes. Overall, 90 percent of the CIR beneficiaries reported that they were satisfied with the NUSAF2 subprojects. The challenges reported in project implementation included late disbursement of funds and inadequate funds for monitoring activities by the local government staff.

13. With regard to outputs and intermediate outcomes, the assessments show that school staff houses were reported to have lessened the tendency for late-coming among teachers, while construction of health workers' houses enabled some health workers to be resident at the health facilities to provide health services both during day and night. Staff houses at health centers were also thought to have improved welfare for health workers and hence their likelihood to be stable on their jobs, partly lessening the long-standing problem of health worker turnover and absenteeism. Others pointed to the social benefits resulting from the subprojects in the form of stronger social capital between group members.

14. A good number (61.1 percent) of the respondents cited vegetation clearance as the main undesirable effect resulting from the project, followed by disposal of school/health facility construction debris (37.8 percent). Almost half (45.5 percent) of the respondents reported that grasses and trees had been planted to restore the green cover, while 35 percent reported the use of rainwater harvesting to minimize runoff.

15. Recent assessments of the accountability component¹⁹ in the projects argue that the NUSAF2 generally incorporated lessons learned from the NUSAF1, particularly those related to mismanagement of resources and misappropriation of funds. This formed the basis for a focus on social accountability in the NUSAF2 and, in turn, ultimately strengthened the development outcomes of the project. This suggests that social accountability focus has, for example, seen communities develop conflict-mitigation and conflict-resolution capacities applied even to issues outside the project and enhanced participation of women in decision-making and accountability structures, contributing toward their overall empowerment.

16. Reviews suggest good practice in areas of initial community engagement processes, where local and district government representatives spent time meeting the community as a whole to tell them about the project.

17. The project, moreover, used EPRAAs to work with communities in identifying potential subprojects and beneficiaries. This participatory methodology helped beneficiaries' selection to be transparent and legitimate. It also reinforced the aims and objectives of the project within the communities and among local government officials. For example, focus group participants in Kumi district explained that, while they already had good relationships with their local councilors, they had limited contact with any district officials before the NUSAF began.

18. While a number of strong design and implementation processes were evident in the delivery of the TAAC component, some challenges were identified. Not all informational needs were addressed through the initial community meetings. Some focus group participants remained unsure about the choice of particular projects and beneficiaries over others and were uncertain of the overall volume of resources available to finance projects. There was also a common misconception that, once you benefited from the NUSAF, you were not eligible to benefit from other development projects. This suggests that community expectations could have been better managed in this respect. Additionally, there were some further disparities between community expectations and project realities. Some of those interviewed in Gulu town, for instance, explained that they were expecting to be paid for overseeing the construction of a community health center and were frustrated when they found out that this was not the case.

19. Overall, the report concludes that community-led projects can improve economic, governance, and social outcomes. The project pointed to the success of CDD, both in terms of economic dividends and social empowerment and accountability gains. The report found that (a) giving communities ownership over and responsibility for resources along with sufficient training can promote effective locally embedded decision making and monitoring of projects; (b) the 'right' kind of capacity support to those involved in accountability mechanisms can have transformative

¹⁹ The section on accountability is drawn from a recent independent publication: International Alert. 2016. Making Social Accountability Work, Promoting Peaceful Development in Uganda.

impacts; and (c) providing early capacity support in the form of comprehensive training on governance and transparency for those involved in SACs in the NUSAF had a positive impact on the project.

Annex 6. Stakeholder Workshop Report and Results

Not Applicable.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

This annex presents a synopsis of the borrower's ICR. The synopsis was compiled by the World Bank team. The full Government ICR is available upon request. Any use of the acronym 'ICR' in this annex refers to the borrower's ICR, unless otherwise stated.

1. **Background and rationale.** The borrower's ICR provides a detailed background and rationale for the project context, development objectives, and design. The ICR identifies the key challenges in Northern Uganda, including the instability caused by years of insurgency that led to the marginalization of the North of Uganda and to the region being the poorest in the country. The rationale for the NUSAF2 included the need to reduce the development gap between the North and the South and to support the transition from humanitarian assistance to the Government-led effort of sustained development assistance.

2. **Factors affecting development outcomes.** The borrower's ICR identifies both internal and external factors that affected project outcomes. External factors highlighted include political and economic considerations such as inflation and exchange rate volatility. For example, during the course of implementing the project, Uganda experienced high levels of inflation. As of 2010 when communities started generating subprojects for funding, the average headline inflation was recorded at 4.0 percent, reaching a record high of 18.7 percent in 2011 and closing with an average of 14.0 percent in 2012. This affected a number of outputs in the project, calling for increasing cost variations to complete especially infrastructure projects that were generated in 2010. High inflation rates also undermined the real purchasing power of money. Factors internal to the project included the following:

- (a) **Inadequate capacity.** At the district level, the level of sector support to communities varied from district to district. The new districts faced a problem of low staffing in the key departments. On average, the staffing level in the local governments was 55 percent by the MTR, which was held in June 2013.
- (b) **Funds flow delays.** The ICR suggests that because of the various institutions involved, delays were experienced in the flow of funds from the Bank of Uganda and, ultimately, to the beneficiary communities.

3. **M&E.** According to the borrower's ICR, the project M&E system provided information that enabled decision making in planning and implementation of project activities; optimum allocation and use of financial and other resources; selection of appropriate implementation methods; and advocacy for favorable policies that affect the project. The system has been effective in generating credible evidence through technical studies, including beneficiary assessments; annual tracking studies; public works review; and citizen report cards. The MIS helped generate subproject-specific outputs at the district level and track the number of beneficiaries. The project made progress in enhancing the skills of M&E officers in tracking and reporting of outcomes, which will go a long way in influencing the continuous culture of results management.

4. **Safeguards compliance.** The project triggered four Safeguards Operational Policies: OP/BP 4.01 - Environmental Assessment, OP/BP 4.09 - Pest Management, OP/BP 4.12 - Involuntary Resettlement, and OP/BP 4.36 - Forests. Safeguards implementation in the NUSAF2

steadily progressed over the project period from Highly Unsatisfactory to Satisfactory. The project prepared an Environmental and Social Management Framework and a Resettlement Policy Framework to identify and mitigate any potential social and environmental impacts arising from the project activities. Safeguards implementation followed a decentralized model where the higher local governments (districts) together with the lower local governments (subcounties) were fully charged with the Environment and Social Safeguards Management. During the early years of the project, the implementation on safeguards was rated Unsatisfactory, which was attributed to poor documentation on screening processes and follow-up on mitigation implementation by local governments. To address the challenges and achieve safeguards objectives, the project had to recruit safeguards specialists to guide local governments in the implementation of environmental and social activities and with emphasis on involving the local government staff from 55 districts (including CDOs, NUSAF2 desk officers, and DEOs) to understand the project safeguards requirements and strengthen their participation for effective implementation.

5. **Financial management and procurement.** According to the borrower's ICR, in terms of disbursement, the project fell short of achieving the target of planned cumulative withdrawal of US\$60 million in year 3 of implementation (2012). This was because the GoU and the World Bank temporarily agreed to stop disbursement of funds to subprojects so as to concentrate on the completion of funded subprojects and accountability of disbursed funds. In terms of procurement, at the Central Government level, all procurements were done in accordance with the Public Procurement and Disposal of Public Assets Authority Act, 2003 and the IDA Guidelines for the Procurement of Goods, Works, and Services under IDA Loans, 2009. Procurement procedures were generally of good quality, timely, and transparent. The OPM and the TST supported the district stakeholders and communities through training on community procurement procedures and records management.

6. **Assessment of outcomes.** According to the borrower's ICR, there was sufficient evidence to confirm that the NUSAF2 achieved its development objective to improve access of beneficiary households in Northern Uganda to income-earning opportunities and better basic socioeconomic services. Specifically, the project (a) supported initiatives that increased income-earning opportunities of the target poor households and (b) provided support to improve public infrastructure and increased access and utilization of basic services in underserved communities. With regard to relevance of objectives, the project was highly relevant in providing education and health infrastructure through construction of teachers' houses, construction of health staff houses, construction of OPDs, construction and furnishing of classrooms for a minimum of 42,930 pupils, construction of dormitories to provide accommodation to a minimum of 612 pupils, construction of pit latrines, and construction of perimeter fences. The overall performance of the NUSAF2 shows that the project achieved its PDO. The NUSAF2 remained relevant throughout its implementation. The HISP and PWP were the main vehicles of increasing incomes of the poor, delivering safety nets, and improving education outcomes at the community level. The majority of subprojects portfolio is operational and delivering benefits to the population. The economic efficiency remained substantial as the NUSAF's CDD model delivered basic infrastructure at a lower cost than other programs. Assessment of investments and savings shows evidence of asset accumulation and profit. The HISP and PWP beneficiaries accumulated assets such as livestock.

7. **Assessment of risk to the development outcome.** The risks to development outcome cumulatively did not have any serious implication to the project at the close of the operation. This

is because adequate mitigation measures were put in place at the operation's design stage and interventions were implemented during the life of the project.

8. **Assessment of World Bank performance.** In all the cases, the project's identification, preparation, and appraisal procedures were duly followed based on systematic consultation with the Government's Project Preparation Team. The World Bank had the opportunity to meet with the OPM TST to discuss the institutional arrangements for the NUSAF2, as depicted in the Project Appraisal Document and detailed in the Operational Manual. During this meeting, the World 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 the OPM be retained by the Project Monitoring Committee supported by the Public Sector Management Working Group and the PRDP TWG. The World Bank also recommended that sector strategies and provision of sector technical guidance functions be left as the responsibility of individual sectors at the national level, which then issue guidelines to their local-level technical experts. During the life of the project, the World Bank changed leadership once during the life of the project. Implementation Support Mission objectives were in most cases shared in good time to enable the OPM/NUSAF2 to make adequate preparations. Team composition was generally acceptable and relevant to guide the various section heads of the NUSAF2 TST. The World Bank guided the TST in all aspects of project implementation, with emphasis on documenting evidence.

9. **Assessment of borrower performance.** The placement of the NUSAF2 under the OPM was strategic in terms of coordination because the 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 TST to support the OPM to perform day-to-day management of the fund. The Government was able to mobilize additional resources from other donors into the NUSAF2. Specifically, the DFID injected £24 million into the project to support infrastructure in health and education. The TST performed very well and met all the management requirements regarding the covenants agreed to between the Government and the World Bank. The TST has exhibited high levels of competence and performance standards as demonstrated by the ability to prepare a successor operation to the NUSAF2.

10. **Lessons learned from the project.** The design of the NUSAF2 required that certain minimum level of capacity of human resources, equipment, and infrastructure exist at the local government level to support implementation. The design ensured that government machinery was engaged at all levels. This enabled the project to cut the costs of programming and enhanced the sustainability and participation of stakeholders at all levels. Low wages for the PWP affected delivery of the initial intention of the project, to reduce vulnerability and provide alternative employment to vulnerable people with labor. In future, it is imperative that the benefits derived are attractive to the beneficiaries. Institutionally, to ensure good governance and accountability for funds under the NUSAF2, measures were taken to institutionalize the TAAC program at the community level. Establishing systems for immediate reporting of grievances and institutionalizing an SAC of the CPMC were vital in minimizing misuse of subproject resources.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

Cofinanciers

1. DFID's strategy in Northern Uganda was broadly to respond to the postconflict development needs of Northern districts. The primary guiding policies for the intervention of the DFID in Northern Uganda are the PEAP and the PRDP. The NUSAF2 complemented well the overall government strategies for the development of Northern Uganda and fit within the priorities of the DFID support to the GoU. With respect to the relationship with the World Bank, the DFID20 indicated that the relationship was strong from design to implementation and completion despite the transition of task teams and focal persons from the two institutions. The respondent indicated that changes in staff and management, particularly on DFID's side, had in some cases strained the relationship. DFID felt that expectations of outcomes could have been better communicated because of the long duration of the infrastructure projects, which DFID was supporting under the CIR component, and the lack of early, tangible results.

2. The components supported by the DFID focused on the construction of teachers' and health workers' housing and the TAAC. Specifically with respect to this component, the DFID was especially impressed with the Short Message Services (SMSs) and telephone access to beneficiaries to lodge complaints and appeals related to corruption and misadministration of the project benefits. The DFID also highlighted the importance of the use of the Office of the IG in prevention and deterrence of cases of abuse of the project benefits. The Office of the IG played a particularly strong role at the regional and district level in providing a community-level mechanism through which this service could better reach project beneficiaries and the wider community. The DFID noted that "...when allegations of corruption in the OPM arose in the public domain in 2012, the Project was insulated from being associated with this challenge because of the recognition of the existence of a strong TAAC component in the form of the IG and the related community strategies."

3. The DFID also welcomed the use of the CDD approach, which contributes, in their view, to build social cohesion among communities at the local level. "The approach enabled different members of the community to coalesce around a shared vision for the project, which contributed to shared priorities and ultimately social capital and cohesion." While this was not explicitly identified as an objective of the project, it was an impressive outcome of the approach.

Other partners and stakeholders

4. Comments received from WFP have been incorporated in the report.

²⁰ The ICR team held discussions with the DFID postconflict recovery advisor for Northern Uganda, who had since left the country office. The discussion was held by telephone in June 2016.

Annex 9. List of Supporting Documents

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- . 2016. *Project Appraisal Document: Second Northern Uganda Social Action Fund Project (NUSAF2) (P111633)*. Report No: 46756-UG.
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- . All aide memoires and ISRs for the Second Northern Uganda Social Action Fund Project (NUSAF2) (P111633).

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