



# Uganda

A growing number of developing countries are investing in social safety nets to improve the lives and livelihoods of billions of poor and vulnerable people, yet around 55 percent of the world's poor or 773 million people with acute needs still lack safety net coverage. This is especially true in lower-income countries and in urban areas and countries must take action to close this coverage gap.

According to World Bank report, *The State of Social Safety Nets*, more than 1.9 billion people in 136 low- and middle-income countries are now on beneficiary rolls of social safety net programs. In Africa alone, the number of countries setting up social safety net programs has doubled over the past three years and rigorous evaluations prove that these programs work. But three quarters of the poorest people in low- and lower-middle income countries, and more than one-third of the poorest people in middle-income countries, lack safety net coverage and remain at risk.



Uganda's predominantly rural population mostly consists of smallholder farmers who are subject to several production constraints and have limited capacity to cope with recurrent shocks. Vulnerable households (HHs) in Uganda face considerable climatic risks, primarily related to drought.



The Northern Uganda Social Action Fund Project (NUSAF) III builds on the publication *Reducing Poverty and Investing in People* produced by the World Bank Group's Social Protection & Labor Global Practice (SP&L). It illustrates that safety nets can provide additional support in times of crisis to those who are temporarily thrown into poverty and can help them develop strategies to build their resilience and thus avoid drawing down on their assets during times of hardship.

# Project



- The \$130m IDA lending operation, The Northern Uganda Social Action Fund (NUSAF) III, led by Social Protection & Labor GP, aims to empower communities in Northern Uganda by enhancing their capacity to systematically identify, prioritize, and plan for their needs to manage shocks and implement sustainable development initiatives that improve socio-economic services and opportunities.



- This project has a \$12m Disaster Risk Finance component, which looks to provide additional support to vulnerable HHs immediately following a disaster or shock through an automatic expansion (or 'scaling up') of the Labor Intensive Public Works (LIPW) activities under NUSAF III.



- The component's main objective is to develop and test a system that can be used as an instrument to respond rapidly to shocks through scaling up the existing intervention.



- This additional support in times of crisis is intended to safeguard development gains which would otherwise be lost due to drought events.



- The DRF component has been initially piloted in Karamoja, a region particularly exposed to droughts, with more than 80% of households heavily relying on low-productivity subsistence agriculture and living below the poverty line.



- The Finance and Markets GP, in partnership with SP&L GP, led the work under the DRF component of the project. The WBG team with the Government of Uganda: (i) stream-lined data collection & analysis to support officials further understand drought conditions in the Karamoja region and develop an appropriate index to monitor drought; (ii) established clear triggering rules for disbursement of funds through the DRF mechanism; and (iii) set aside \$10m of the resources to act as a reserve fund, which can be drawn down to finance the expansion of LIPW.

# Results



- The El Niño event in 2016 caused a fail in the rains in Karamoja region which led to widespread drought which was captured by the data system developed by the government, and triggered a scaling up of the LIPW



- \$4m was drawn from the \$10m reserve fund to finance this scaling up. It is expected that about 35,000 households / 175,000 people (i.e. 20% of the households) in Karamoja will receive disaster assistance from the scale up. This is in addition to the core beneficiaries of about 5,000 households / 25,000 people already receiving assistance.



- The DRF component of the NUSAF 3 project is estimated to finance the cost of scaling up LIPW to 84,000 additional households over the life of the project