OFFICE OF THE PRIME MINISTER

THE THIRD NORTHERN UGANDA SOCIAL ACTION FUND PROJECT (NUSAFL3)

Operations Manual

2016 - 2021
Acknowledgments

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Abbreviations and Acronyms

ACDO  Assistant Community Development Officer
ACTED  Agency for Technical Cooperation and Development
AIDS  Acquired Immunodeficiency Syndrome
AG  Auditor General
BoQs  Bills of Quantities
BoU  Bank of Uganda
CAO  Chief Administrative Officer
CAP  Community Action Plan
CBA  Community Business Agents
CBO  Community Based Organization
CBP  Capacity Building Partners
CBWD  Community Based Watershed Development
CDA  Community Development Assistant
CDD  Community Driven Development
CDO  Community Development Officer
CF  Community Facilitator
CIG  Community Interest Group
CMG  Community Monitoring Group
CPC  Community Procurement Committee
CPMC  Community Project Management Committee
CPS  Country Partnership Strategy
CSO  Civil Society Organization
CWC  Community Watershed Committee
CIR  Community Infrastructure Rehabilitation
CPC  Community Procurement Committee
CPMC  Community Project Management Committee
CRC  Citizen Report Card
CSC  Community Score Card
CSO  Civil Society Organization
DEC  District Executive Committee
DFID  Department for International Development (UK)
DIST  District Implementation Support Team
DRDR  Department of Relief and Disaster Preparedness
DRF  Disaster Risk Financing
DRM  Disaster Risk Management
DTPC  District Technical Planning Committee
EIA  Environmental Impact Assessment
EPRA  Extended Participatory Rural Appraisal
ESIA  Environmental and Social Impact Assessment
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
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<tr>
<td>ESMP</td>
<td>Environmental and Social Management Plans</td>
</tr>
<tr>
<td>ESS</td>
<td>Environmental and Social Safeguards</td>
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<tr>
<td>FA</td>
<td>Financing Agreement</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<td>FEWS Net</td>
<td>Famine Early Warning Systems Network</td>
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<td>GHM</td>
<td>Grievances Handling Mechanism</td>
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<td>GoU</td>
<td>Government of Uganda</td>
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<td>GRS</td>
<td>Grievance Redress Service</td>
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<tr>
<td>FM</td>
<td>Financial Management</td>
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<tr>
<td>FMR</td>
<td>Financial Management Review/Report</td>
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<td>GPN</td>
<td>General Procurement Notice</td>
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<td>HISP</td>
<td>Household Income Support Program</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>IHISP</td>
<td>Improved Household Income Support Program</td>
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<td>IAPSO</td>
<td>Inter-Agency Procurement Service Office</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<tr>
<td>ICB</td>
<td>ICB International Competitive Bidding</td>
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<tr>
<td>IEC</td>
<td>IEC Information Education and Communication</td>
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<td>ID</td>
<td>Institutional Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IDP</td>
<td>Internally Displaced Person</td>
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<td>IFMS</td>
<td>Integrated Financial Management System</td>
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<td>IFR</td>
<td>Interim Financial Report</td>
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<td>IG</td>
<td>Inspectorate of Government</td>
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<td>IGG</td>
<td>Inspector General of Government</td>
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<td>IPF</td>
<td>Indicative Planning Figures</td>
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<td>IPF</td>
<td>Investment Project Financing</td>
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<td>IPMP</td>
<td>Integrated Pest Management Plan</td>
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<td>IRR</td>
<td>Internal Rate of Return</td>
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<td>ISP</td>
<td>Implementation Support Plan</td>
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<td>IGA</td>
<td>Income Generating Activity</td>
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<td>IFR</td>
<td>Interim Financial Report</td>
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<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>LG</td>
<td>Local Government</td>
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<tr>
<td>LGMMSD</td>
<td>Local Government Management &amp; Service Delivery Project</td>
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<tr>
<td>LIS</td>
<td>Livelihood Investment Support</td>
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<tr>
<td>LICF</td>
<td>Livelihood Investment Commitment Form</td>
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<td>LIPW</td>
<td>Labor Intensive Public Works</td>
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<td>LIS</td>
<td>Livelihood Investment Support</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>PS</td>
<td>Permanent Secretary</td>
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<td>PSMWG</td>
<td>Public Sector Management Working Group</td>
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<td>SACS</td>
<td>Social Accountability Committee</td>
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<tr>
<td>SACCOS</td>
<td>Savings and Credit Cooperative Society</td>
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<tr>
<td>SCLCC</td>
<td>Sub County Executive Committee</td>
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<tr>
<td>SEC</td>
<td>Sub-County Executive Committee</td>
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<td>SPRING</td>
<td>Stability, Peace and Reconciliation Project</td>
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<td>SIL</td>
<td>Specific Investment Loan</td>
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<td>SHG</td>
<td>Self Help Group</td>
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<td>SMC</td>
<td>School Management Committee</td>
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<td>SPIF</td>
<td>Subproject Interest Form</td>
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<td>STPC</td>
<td>Sub-County Technical Planning Committee</td>
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<tr>
<td>SWC</td>
<td>Soil and Water Conservation</td>
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<td>TPC</td>
<td>Technical Planning Committee</td>
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<td>TST</td>
<td>Technical Support Team</td>
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<td>TWG</td>
<td>Technical Working Group</td>
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<tr>
<td>TA</td>
<td>Technical Assistance</td>
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<tr>
<td>PTA</td>
<td>Parents and Teachers Association</td>
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<tr>
<td>PWP</td>
<td>Public Works Program</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<td>RDC</td>
<td>Resident District Commissioner</td>
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<td>RPF</td>
<td>Resettlement Policy Framework</td>
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<td>RRI</td>
<td>Rapid Results Initiative</td>
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<td>SAC</td>
<td>Social Accountability Committee</td>
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<td>SACCO</td>
<td>Savings and Credit Cooperatives Organization</td>
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<td>SEC</td>
<td>Sub-County Executive Committee</td>
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<td>Specific Investment Loan</td>
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<td>Sub-project Interest Form</td>
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<td>STPC</td>
<td>Sub-County Technical Planning Committee</td>
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<td>UBOS</td>
<td>Uganda Bureau of Statistics</td>
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<td>UGX</td>
<td>Uganda Shilling</td>
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<td>UJAS</td>
<td>Uganda Joint Assistance Strategy</td>
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<tr>
<td>UNDP</td>
<td>United Nations for Development Programme</td>
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<tr>
<td>UPE</td>
<td>Universal Primary Education</td>
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<tr>
<td>US (P&amp;D)</td>
<td>Under Sectary, Pacification and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations for Development Programme</td>
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<tr>
<td>US$</td>
<td>United States Dollar</td>
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<tr>
<td>VA</td>
<td>Village Artisan</td>
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<tr>
<td>WFP</td>
<td>World Food Programme</td>
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<td>WRSI</td>
<td>Water Requirement Satisfaction Index</td>
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PREFACE

The Third Northern Uganda Social Action Fund (NUSAF3) Project is a successor five-year Project to NUSAF2 that closed on February 29th 2016. The project was approved by the Cabinet on 5th August 2015; approved by the Parliament of Uganda on 4th September 2015; and was declared effective by the World Bank on March 14th 2016. The NUSAF3 project is funded by a 130 million-dollar Specific Investment Loan (SIL) from the World Bank (IDA).

Uganda has experienced two decades of strong economic growth and a significant reduction in poverty. The National Development Plan (NDP) provides an overall framework for development in Uganda. However, despite this progress, a large proportion of the Ugandan population remains highly vulnerable. There are significant differences between poverty levels in different regions, with northern and eastern regions suffering worse poverty levels on a range of measures.

While poverty has declined sharply in the central and western regions (in part because of the growth of urban areas in these regions), much higher rates of poverty continue to characterize the north, mid-north, and east of the country. The persistence of poverty in these areas can be attributed to the legacy of conflict and violence.

The Government of Uganda recognizes the need for additional investments in areas with high poverty rates and poor socio-economic indicators. Both the Second National Development Plan (NDP2) and the Peace, Recovery, and Development Plan (PRDP) highlight this need. The NDP2 recommends that special programs for areas with high poverty rates and poor socioeconomic indicators be supported with special interventions focusing on rebuilding and revitalizing the local economy in an effort to raise incomes. The PRDP was designed as a set of affirmative actions to fill development gaps created by over two decades of insurgencies. The Second Northern Uganda Social Action Fund (NUSAF 2) was designed and implemented within the framework of the PRDP. The Government formulated the Third PRDP (PRDP3) that will continue to focus on building peace and improving the livelihoods of the people in the northern part of the country, with a focus on social protection interventions.

These new investments will need to focus on those interventions that will have the greatest positive impact on household incomes. NUSAF 1 and 2 have both included a community infrastructure component supporting the development of a range of infrastructure including housing for primary school teachers and health workers, primary school classrooms, latrines for schools and health centers, and community boreholes and other potable water sources. Investments by NUSAF (and other projects) have made huge progress in terms of increasing key infrastructure in areas affected by conflict. Meeting the remaining social service infrastructure needs can most effectively be achieved by taking a sectoral approach that can comprehensively assess and address remaining gaps rather than a piecemeal community approach. However, northern sub-regions still lag behind the rest of the country in terms of income, poverty, and interventions targeted directly to poor households will be the best way to address this problem.

NUSAF 1 and 2 have demonstrated the effectiveness of livelihood support in increasing household incomes. To build on the achievements and drawing from lessons learned in the implementation of the NUSAF 1 & 2, the Government of Uganda has designed the Third Northern Uganda Social Action Fund (NUSAF3). The NUSAF3 project will directly support the Government of Uganda in ensuring the inclusion of the poor and vulnerable populations.
of disadvantaged regions in the country’s development process. The project will do this by implementing activities in Component 1 and 2 that will provide income support to and build the resilience of poor and vulnerable households. In addition, the project will help the Government to reach its goal of increasing transparency and accountability in public service delivery in northern Uganda. This will be achieved through Component 3, consistent with the Government’s commitments in Vision 2040, the NDP and the Accountability Sector Strategic Plan (ASSIP).

This Operation Manual outlines the procedures and guidelines for the implementation of NUSAF3 at the community, district and national levels. The manual also forms a basis for the preparation of the various project handbooks, including the:

(i) Financial Management Handbook
(ii) Community Procurement Handbook
(iii) Labor-intensive Public Works Program Handbook
(iv) Disaster Risk Financing Handbook
(v) Improved Household Income Support Program Handbook
(vi) Sustainable Livelihoods Pilot Handbook
(vii) Transparency, Accountability, and Anti-Corruption Handbook
(viii) Environmental Management and Social Safeguards Handbook
(ix) Technical Designs Handbook

In case of inconsistency between this Operation Manual and the hand-books, the principles in the Operation Manual override those in the handbook.
CHAPTER I: PROJECT DESCRIPTION

1.1. Project Development Objective

The Project Development Objective (PDO) of NUSAF3 is “to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.”

Specifically, the Project will:

a) Contribute to building resilience by creating productive community assets such as soil and water conservation activities to increase land productivity and income; valley tanks, hand-dug wells and spring development to increase water supply for human and animal during drought events

b) Support initiatives that increase income-earning opportunities of the target poor households

c) Provide access to a safety net during shocks for the poor and vulnerable people to protect their assets and livelihoods.

The achievement of the PDO will be measured by the following result indicators:

(a) Number of household beneficiaries of the project
(b) Number of female beneficiaries of the project
(c) Number of households benefiting from post-disaster activities
(d) Percentage increase in the value of household assets of beneficiaries of LIPW and LIS
(e) Percentage of project beneficiaries satisfied with project intervention.

Each district will contribute to these results in accordance with the MoU between the District and the Central Government.

1.2. Overview of Project Components

NUSAF3 has four components. The project components and related sub-components are summarized in the table 1.1.

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1. Effective income support is defined as the increase in the value of household assets of beneficiaries of Labour Intensive Public Works (LIPW) and Livelihood Investment Support (LIS). Resilience is defined as the capacity of households and communities to adapt to new strategy in the face of shocks and crises.
Table 1.1 NUSAF3 project components and sub-components

**Component 1. Labor-Intensive Public Works and Disaster Risk Financing (LIPW)**

1.1 Labour Intensive Public Works
1.2 Disaster Risk Financing

**Component 2. Livelihood Investment Support (LIS)**

2.1 Improved Household Income Support Program
2.2 Sustainable Livelihoods Pilot

**Component 3. Strengthening Transparency, Accountability, and Anti-Corruption (STAAC)**

**Component 4. Safety Net Mechanisms and Project Management**

4.1 Safety Net Mechanisms
4.2 Project Management

(a) **Labour Intensive Public Works and Disaster Risk Financing Component (LIPW)**

Labour Intensive Public Works and Disaster Risk Financing (LIPW- DRF): is to provide temporary/seasonal employment opportunities for poor and vulnerable households and is capable of being scaled up in response to disasters in selected areas.

The component has two sub-components, namely:

(i) Labour Intensive Public Works (LIPW)

(ii) Disaster Risk Financing (DRF)

(i) **Labour Intensive Public Works (LIPW) sub-component**

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

(ii) **Disaster Risk Financing (DRF) sub-component**

The DRF sub-component will be activated following disasters to scale up the LIPW activities temporarily and rapidly to provide additional support to core LIPW clients and/or to extend coverage to new beneficiaries. The ability to rapidly scale up LIPW is expected to prevent household consumption from dropping after climatic disasters and to protect their livelihoods and assets, leading to a more rapid post-crisis recovery. While the core LIPW sub-component will be implemented throughout Northern Uganda, the DRF sub-component will be piloted in selected districts to generate adequate evidence on which to base the design of a possible extension of the program to other areas after the Mid-Term review. The sub-component will also support the Government in developing the rules governing any scale-up and estimating the financial costs of different options.
(b) Livelihood Investment Support (LIS)

The objective of the component is to increase incomes and the productive assets of the targeted poor and vulnerable households in Northern Uganda.

The component has two sub-components:

(i) Improved Household Income Support Program (IHISP)

(ii) Sustainable Livelihoods Pilot (SLP)

(i) Improved Household Income Support Program (IHISP) sub-component will increase productive assets and in the process improve livelihoods and incomes of targeted households through comprehensive skills development training, provision of livelihood grants and follow up mentoring support. The sub-component will target the active poor households to develop their livelihood skills to create opportunities for self-employment, especially among the young people (18-30 years) and women. The IHISP will be implemented through Community Interest Groups (CIGs) within the watershed area development context, urban centers and other related communities within the district.

(ii) The Sustainable Livelihoods Pilot sub-component (SLP). The sustainable livelihoods pilot will test an approach to livelihood support that is expected to foster stronger community institutions that can support household livelihood investments beyond the term of a community interest group subproject by focusing on self-help with beneficiaries accessing a village revolving fund rather than receiving grants. The pilot will focus on universal coverage of poor in the target villages while tapping on already existing affinity poor community savings groups and mobilizing and supporting other poor households to form savings groups of their own. Such an approach will not only create stronger community led development, it also has the potential to reach larger numbers of beneficiaries and is more sustainable. The learning from this pilot will help to inform future revisions to livelihood support.

(c) Strengthening Transparency, Accountability and Anti-Corruption (STAAC)

The component will cover activities implemented by the Inspectorate of Government (IG) to improve transparency, accountability, and anti-corruption efforts in Northern Uganda both for NUSAF3 and other services. It will expand and deepen implementation of transparency,
accountability and anti-corruption interventions to improve effectiveness in service delivery in project area. The component will introduce implementation of social accountability tools in a more systematic manner to facilitate citizens’ participation in monitoring and providing feedback on project activities and other service delivery in the project area; strengthen existing systems and tools for grievances management at the community level and strengthen functionality of community level committees to support achievement of the component and project objectives.

(d) Safety Net Mechanisms and Project Management (SNM & PM)

The component has two sub-components:

(i) Safety Network Mechanisms

(ii) Project Management

(i) **The Safety Net Mechanisms sub-component** aims to support the Government to lay the foundation for a sustainable social protection system that is envisioned in the Uganda Social Protection Policy. Thus, the sub-component will support the Ministry of Gender, Labour and Social Development to establish and strengthen systems to promote the harmonization of the direct income support elements of the social protection sector such as a national guideline for the implementation of labour intensive public works and mechanisms which can support the avoidance of the same households accessing benefits from similar types of interventions.

(ii) **The Project Management sub-component** will support and strengthen the planning and coordination of activities of the project, as well as the monitoring of their implementation. Project coordination and the accountability for project resources are both the responsibility of the Permanent Secretary in the Office of the Prime Minister, with the support of the established NUSAF technical support team (TST). To ensure effective project implementation, this sub-component will support the OPM, relevant sector ministries, and local government staff in coordinating and performing routine monitoring of the project activities. This sub-component will support the operational expenditures related to the management and the monitoring and evaluation of the project.

1.3. Target Beneficiaries

The principal target beneficiaries of the project are the poor households, including women, youth, widows/widowers, female-headed households, and Persons with Disability, Persons Living with HIV/AIDS, orphans, disarmed Karamojong youth, and child-headed households. Priority will be given to women and youth with at least 50 percent of beneficiaries expected to be women.

1.4. Project Period and Geographic Coverage

The Project will be implemented over a period of five (5) years (March 2016 – March 2021) in the sub-regions of Acholi, Lango, West Nile, Karamoja, Bunyoro, Elgon, Teso and Bukedi. The geographic scope of this project is determined by the area supported under PRDP3, which
focuses on districts with the highest poverty rates and that were most affected by conflict.

1.5. **Guiding Principles**

The NUSAF3 operations will be premised on the following principles:

a. Focus on the poor and vulnerable households
b. Active and intensive community participation
c. Planning based on the community watershed\(^2\) boundary
d. Transparency and accountability
e. Community contribution to the development effort to promote community ownership
f. Promotion of equity
g. Gender responsiveness
h. Viability of investments
i. Ownership and sustainability of investments
j. No place for child labour

Other principles include the direct flow of funds to the community sub-projects; collaboration with existing Government and donor programmes, sound environmental and social safeguards and the speedy delivery of services.

1.6. **Key Lessons Learned**

- **Lesson 1: Provision of grants as inputs are necessary but not sufficient**
  
  Beneficiaries of NUSAF1 and NUSAF2 projects received grants for investment in IGAs of their choice. The communities were not given any other support thereafter. Consequently, they had challenges in ensuring progress and sustainability. The design of NUSAF3 project took this experience as a lesson and made provision for capacity building of the communities to ensure capability, better results and sustainability using capacity building partners (CBP).

- **Lesson 2: Spreading limited resources thinly over a wide area, is ineffective**
  
  Another experience and lesson was that NUSAF1 and NUSAF2 resources were spread everywhere to finance small isolated project ideas. The wide and thin distribution of resources would not create good impact or effect on sustainable livelihoods of the community. In NUSAF3, focus will be concentrated in specific Watersheds at a time, and significant investment will be directed to achieve a critical mass from within the Watershed that would give substantial outputs of better economic and business value.

- **Lesson 3: Advantage of the Market Forces**
It was also observed that communities that do not engage in market oriented enterprises end up consuming their resources. NUSAF3 will therefore promote business ideas and guide beneficiaries to take advantage of forces of demand and supply that will promote micro-economic engagements.

1.7. NUSAF3 Theory of Change

NUSAF3 Theory of Change explains how poor households can transit to sustainable livelihoods through a pathway of interventions that involves:

- Regular and short term deployment of labour in productive LIPW
- Engagement in selective market driven enterprises
- Positive attitudinal change (Work, Production, Saving)

Conditions Precedent for the Theory of Change include the following:

- Critical mass of households in the community
- Spatial geographical distribution (watershed/catchment area-based)
- Community ownership
- Consistent capacity building / technical support
- Work over a medium term plan (5 years)
- Accumulation of savings for revolving capital
- Convergence with other livelihood interventions in the area

Under the NUSAF3 theory of Change, sustainable livelihoods will be measured by the following key outcomes expected¹.

- Percentage of households with smooth consumption patterns and building resilience to economic shocks like drought.
- Percentage of households investing in productive enterprises or diversifying their investments
- Percentage of households’ beneficiaries of LIPW and LIS with increase in household assets
- Percentage of households able to spend on education and health services with minimal external support

1.8. Funding and Resource allocation criteria

The Project will be financed through IDA Specific Investment Loan (SIL) of US$130 million

¹ See Annex IV and V for Theory of Change Graphic and Key Outcome Indicators
(equivalent to SDX 94.3 million).

The funds will be allocated among the four components as follows:

i. Labour Intensive Public Works and Disaster Risk Financing ($61 million)

ii. Livelihood Investment Support ($43.5 million)

iii. Transparency, Accountability, and Anti-Corruption ($5 million)

iv. Safety Net Mechanisms and Project Management ($20.5 million)

Each District will be provided with operation funds every quarter and the amounts per quarter shall be based on planned activities for the period. This in turn shall be proportional to the number of subprojects to be targeted and funded in the district.

1.9. Environmental and Social Safeguards

Communities are expected to implement subprojects that are affordable and within their capacity to manage and maintain. All subprojects are required to comply with the Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) approved by the Government and IDA for this Project as detailed in this Operation Manual and the respective handbooks. Environmental mitigation measures, resettlement and/relocation issues shall be resolved before any subproject is approved.
CHAPTER II: FLOW OF FUNDS AND DISBURSEMENT ARRANGEMENTS

2.1. Flow of Funds and Disbursement Arrangements

(a) Bank Accounts

The Project shall have two Designated Accounts denominated in United States dollars opened at the Bank of Uganda. The first Designated Account will be in the names of the Office of Prime Minister (OPM). This Account will be used for all disbursements from IDA for subproject funding, and institutional support and operations at OPM and the Local Governments. The second Designated Account will be in the name of the Inspectorate of Government (IG) and it will receive all funds to facilitate the Office of Inspector General of Government (IGG) in implementing its activities under the Transparency, Accountability and Anti-corruption (STAAC) Program in NUSAF3. Implementation of the Treasury Single Account (TSA) will be discussed with the Development Partners in due course.

Figure 2.1 Flow Fund: Funds from the first Designated Account in BOU will be transferred into District Support Account (in shillings), and OPM- NUSAF3 Institutional Support Account (in shillings) in BoU. Funds from the District Support Account will then be further disbursed into the District NUSAF3 Subprojects Account and District NUSAF3 Operations Account upon request from the Districts’ Accounting Officers to OPM. The districts will open their Bank Accounts in viable Commercial Banks (Not SACCOs) of the Project’s choice. OPM-NUSAF3 Institutional Support Account will be used to finance institutional support activities and operations at OPM.

Funds from the district NUSAF3 Subprojects Fund Account will be disbursed directly into the individual community subprojects Accounts or Village Revolving Fund Account in the case of the SLP subcomponent in a commercial bank agreed to by the CAO under local government rules. The CAO should however take into consideration banks which levy fair bank charges so as to minimize the running costs incurred by the beneficiaries.

The disbursement of the IDA credit into the OPM designated account will be done regularly based on unaudited IFRs. The IFRs will include project financial report, progress report and procurement management report.

Where a participating district does not meet the minimum local government performance criteria as approved by the Ministry of Local Government, NUSAF3 funds will not be disbursed to such a Local Government until the challenges identified have been addressed. The OPM will work with the Ministry of Local Government to address such challenges. In addition, if a local government does not meet the CBWD cycle benchmarks detailed in this Operation Manual and fails to fulfill its obligations under the MoU, penalties including possible suspension of disbursement by OPM may be considered for such a district.

Funds from the IG Designated Account will be transferred into the IG Operations Account (denominated in Uganda shillings) opened in Bank of Uganda.

The GoU will communicate to IDA about the opening of these accounts and their signatories
before disbursements are made.

(b) **Fund Access by Communities:**

Funds for cash transfer and payment of wages to communities for work done under the LIPW subprojects or community subproject grants for IHISP or village revolving fund (VRF) for the SLP sub-component, will all be disbursed directly from the District NUSAF3 subprojects funds to the community based bank accounts managed by the respective community Project management committees (CPMCs) or Village Livelihood Investment (VLICs) as the case may be. The funds will be disbursed only when the Chief Administrative Officer is satisfied that the community has been fully prepared to receive funds.

Financing Agreements will be signed between the respective community committees and the district represented by the CAO, before the funds are transferred. CPMC or VLICs will open community accounts as signatories and they will always withdraw funds after all necessary reports and confirmation from relevant authorities. The process will be overseen by the NDO.

All payments from the Community Interest Group Sub Project bank account or Village Revolving Funds (VRF) bank account will be by cheque. The payments will be accompanied by progress of work reports prepared by CFs in conjunction with the Village Artisans and/or LLA in the case of LIPW, or by the CPMC in the case of Community Interest Groups or by VLIC in the case of the Village Revolving Fund. In all cases, the NDO will finally issue a bank confirmation letter as a check and balance and will keep track of expenditures in all the accounts to avoid fraud.

Disbursement of subproject funds to the districts will be made from OPM Subprojects Local Currency Account upon request by the Accounting Officers to OPM through submission of subprojects approved at the district by the DTPC and endorsed by the DEC. Subsequent disbursements to the districts will be based on submission of progress reports to OPM and minimum accountability of up to 80% for previous releases as well as fulfillment of fiduciary requirements (Detailed in Financial Management Hand-Book). The disbursement of funds to districts for approved subprojects shall be made in full and *not in tranches* as so as to expedite effective and timely implementation of planned activities.

(c) **District and Sub-county/Municipal Division Operation Fund**

Each district will be provided with operation funds every quarter and the amounts will be based on planned activities for the period. This in turn shall be proportional to the subprojects to be targeted and funded in the Watersheds within the district.

On transfer of the operation funds, the district will utilize the funds in line with the budget framework agreed upon with OPM based on the planned activities and proportionate to the number of subprojects targeted and subsequently funded. All the stakeholders at district, sub county and parish levels who are involved in the project activities must be supported according to the work plan and budget.

To ensure effective implementation of Project activities in the Watersheds, the District Local Government will involve the Sub counties and Municipalities divisions in the supervision and
monitoring of the Project activities within the Watershed and Municipalities.

The District will disburse the funds for specific line item in the operation funds budget to the sub-county and/or Municipality Division to facilitate them in the specific expenditure. This money shall similarly be tagged to the number of sub-projects targeted and generated in the Watershed covered by the sub-county or Municipality Division.

The disbursement of funds to the Districts, Sub-counties /Municipality Divisions will be triggered by approved quarterly work plans and accountability for at least 80% of the previous disbursement.

(d) Operation of OPM-NUSAF3 Institutional Support Account

Funds for OPM institutional support will flow from OPM NUSAF3 designated Account to the NUSAF3 Institutional Support Account in BoU. The account will support Project activities at OPM including capacity building of project implementers at OPM, provision of training by Technical Support Team (TST) to communities, information dissemination to Local Governments and other stakeholders to form sustainable partnerships, and supporting effective community based M&E, meeting staff costs for the Technical Support Team (TST) and provision of goods and services.

(e) Operation Funds for IGG

The IGG will access funds for its operations under STAAC through its separate Designated Account, to implement the approved activities under NUSAF3. The Secretary to IG will be responsible for ensuring satisfactory and timely accountability for all the funds that will be disbursed.
Figure 2.2: Flow of Funds

IDA FUNDING

OPM-NUSAF3 DESIGNATED ACCOUNT IN BoU (US$)

IG-NUSAF3 DESIGNATED ACCOUNT IN BoU (US$)

DISTRICT SUPPORT ACCOUNT (UGX)

OPM-NUSAF3 INSTITUTIONAL SUPPORT (UGX)

DISTRICT NUSAF3 SUB-PROJECT ACCOUNT (UGX)

DISTRICT NUSAF3 OPERATIONS ACCOUNT (UGX)

Community Interest Group subproject Accounts

Village Revolving Fund Accounts
CHAPTER III: PROJECT COMPONENTS

3.1 Labour Intensive Public Works & Disaster Risk Financing Component

The component has two sub-components, namely:

i. Labour Intensive Public Works (LIPW)

ii. Disaster Risk Financing (DRF)

Labour Intensive Public Works Sub-Component

The objective of the Labour Intensive Public Works sub-component is to provide beneficiaries from poor and vulnerable households with a seasonal transfer in return for their participation in LIPW and will enable them to sustain and increase their assets and smooth their consumption during the lean period of the year. The sub-component will also result in creation of physical assets of value to the local communities.

3.1.1 Community Based Watershed Development—Steps

Under NUSAF3, the design and implementation of LIPW sub-component will be based on Watershed Development Approach\(^2\) and the planning will be participatory and based on multi-year watershed planning principles.

The multi-year watershed plan will provide a road map for systematic and sustainable integrated development in a watershed. Each year the annual LIPW plan will be drawn from the multi-year watershed plan, which will continue to consolidate and build on the preceding year’s development efforts. Consequently, the basic geographic focus of the planning will be the watershed boundary and not necessarily, the geographic community or administrative boundary. LIPW subprojects planned in the Multi-Year Watershed Plan will be scaled up rapidly by DRF resources in the event of a shock.

The Watershed planning cycle will be based on the following nine key steps for communities to generate subprojects for funding.

**Step 1- Geographic Targeting**

The NUSAF3 Project is implemented in all the districts under the PRDP. The districts will select communities for interventions based on poverty and vulnerability status of the areas. The district technical staff will guide the geographical targeting process to identify and demarcate “watershed/catchment” upon which the NUSAF3 planning model hinges. A typical Watershed boundary may fall within a sub-county or even across boundaries to adjacent sub-counties. The watershed identification is facilitated by the DIST/SIST, parish chiefs and community facilitators with the participation of the beneficiary community.

The selection of watersheds will be based on five critical requirements that include;

\(^2\) Cluster of LIPW sub projects selected by the community based on watershed development approach
• Levels of environmental degradation
• Spatial distribution of population (critical mass)
• Absence of other players in the watershed management
• Feasibility of success
• Potential for productivity (regeneration and improved agricultural production)
• Micro catchment areas for potential investments

**Step 2- Mobilization and sensitization**

At the selected Watersheds, the Sub-County Technical Support Team (SIST), Parish Chief and Community Facilitators will call general community meetings and sensitize the community on NUSAF3, LIPW rules for participation and community targeting. In addition, the community will be sensitized on the need for improved sanitation and hygiene, child rights, health and nutrition, civic engagements, gender and gender based violence issues, equity, social inclusion and environment protection. Engagement of all communities and sensitizing them on the above issues will improve community empowerment and thus will facilitate synergy and collaboration with various stakeholders in watersheds with a view to achieving a sustainable Socio Economic Development through sustainable livelihoods and resilience building.

**Step 3- Household Targeting**

At the selected Watershed community, household targeting will be done commonly for both LIPW and LIS components. The community will categorize households into ‘most poor’ ‘poor’ and ‘non-poor’ and use the ranking to select the most needy persons to benefit from the project intervention. The identified persons will represent their households and become LIPW participants or recipients of household grants for IHISP sub-components. The selected members are eligible to become the Community Watershed Committee (CWC) members.

The community selected poor and vulnerable households within the Watershed that benefit from the LIPW component will include the following:

- **Able Bodied HHs:** Households with able bodied poor and vulnerable adult men and women who will work in LIPW projects and in turn earn a daily transfer

- **Non-able bodied HHs (10%):** House Hold without able bodied adults Men and Women who will earn a transfer without participating in Labour intensive activities and they will include;

I. People who are too young to qualify for Public Works, i.e. 17 years of age and under or child headed households.

II. People who are too old to qualify for Public Works.
III. Physically disabled people with limited bodily functionality.

IV. Mentally disabled people; and women from the sixth month of pregnancy; lactating mothers in the first ten months after birth; and people who are sick. For Karamoja region, in addition to the above criterion, each watershed should be able to make at least 70% of poor and vulnerable HHs participate in LIPW activities.

Community Watershed Committee (CWC) will be elected from participating HHs and they will be representatives of communities to lead the process of CBWD planning process and implementation of LIPW activities. At least 50 percent of CWC members must be women.

**Step 4- Conduct Resources Assessment**

Using the watershed-based approach, the CWC, with support from the SIST, parish chief and Community Facilitators, will conduct resource assessment through a participatory socioeconomic survey and a biophysical survey.

(i) The socio-economic survey will employ a number of techniques including trend analysis, village mapping, transect walk, institutional analysis, vision of change exercise, conduct problem identification and ranking, collect additional information as necessary using questionnaires. Existing reports on general socioeconomic conditions of the community/parish/sub-county will be collected and reviewed. The socio economic survey can also serve as a baseline for Monitoring and Evaluation.

(ii) The biophysical survey involves resources assessment in the watershed including mapping boundaries and sub-watershed land use, soil depth, degradation level (past erosion), slope, water resources, drainage line, etc.

(iii) Draw base map, gap analysis, identify and prioritize interventions that can bring changes.

(iv) Identification and prioritization of interventions that can bring change: After socioeconomic and biophysical survey, the CWC, the District Implementation Support Team (DIST) and Sub county Technical Support Team (SIST) will have gathered considerable amount of information from the community, key informants, focal groups, field surveys and mapping work-to enable CWCs to be more aware of the constraints faced by the community and the potentials and opportunities for development.

At this stage the CWC and the facilitators have to relate the various socio-economic issues with bio-physical elements within and outside the community watershed to select the different sub projects that fall within the Five Key NUSAF3 LIPW intervention areas that include; i) Bio Physical Soil and Water Conservation, ii) Agro-forestry Technologies and Practices, iii) Agribusiness Technologies, iv) Access and Markets and v) Institutional greening- to bring change or improve their livelihood. Subprojects selected should be technically correct and should be guided by the NUSAF3 technical designs that were adopted from the National LIPW technical design developed by MoGLSD and should as well be correctly sequenced based on developed National LIPW Guideline. Poor quality work does not generate any change and often worsens the situation, generates mistrust and is a waste of resources.
**Step 5 - Identify and Prioritize Intervention:**

CWC carry out problem analysis, identify and prioritize interventions. During this process the CWC has to be supported and guided by the DIST and the SIST.

**Step 6 - Approval of Development Plan/Interventions at the Community Level:**

The plan prepared by the CWC will be presented to the community general assembly/meeting for discussion amendment and concurrence.

**Step 7 Multi-year CBWD Plan Prepared**

Based on the agreed interventions the CWC prepare the development map, required inputs and action plan. The development plan indicates what, where, when and how it would be implemented. Where necessary, the plan should incorporate aspects of the sub-county development plan (or district development plan) that fall in the watershed.

**Step 8 – Enhanced Appraisal by DIST and SIST**

The DIST and SIST will provide technical guidance to the beneficiary communities starting from the sub-project generation stage. In this regard, the EPRA process will be systematically followed. More specifically, the sector experts will carry out the project appraisal with the involvement and constructive participation of community members.

The enhanced appraisal arrangement by the DIST is to provide support to the CIGs at the right time, ensure deeper learning in the process and general capacity building to the community. It also promotes ownership of decisions by the community members. Necessary actions and/or corrective measures in the subproject generation process will be determined and dealt with promptly thus saving time before submission of the subproject to STPC for their action.

**Step 9 - Implementation of the CBWD Annual Plan**

(i) Community implements the prioritized/selected and approved LIPW SPs in CBWD plan.

(ii) Implementation period will be based on the analysis of the season’s calendar. Beneficiaries will work during lean period when there are no major farming/livelihood operations. Wet season activities will take into consideration the magnitude of garden work so as not to cause disruption to farm production.

(iii) The planned LIPW implementation period in a jyear will be 60 days over a period of four months (15 days per month).

The detailed implementation procedure/steps is presented in Figure 3.1 in chapter three.

**Step 9 - M&E**

Carry out participatory monitoring and evaluation. This includes LIPW review twice a year.
(review of planning process and review of implementation process), regular, reporting and documentation of lessons learned.

3.1.2 Implementation Essentials of CBWD

(a) Effective Community Participation

Communities will be actively involved in the decision making process at all stages of the CBWD cycle. Similarly, community members will democratically elect a Community Watershed Committee (CWC) themselves. The committee will be made up of nine (9) members residing in the sub-project site only. It is a condition that at least 50% of the committee members are women in order to represent their interests. The CWC will be responsible for all decision-making on all sub-project matters, and to seek and provide feedback to the sub-project beneficiaries.

(b) Beneficiary Targeting

The poor and most vulnerable households shall be selected through community-based targeting. Beneficiaries will further be classified as households with or without able-bodied adult men and women. The beneficiary selection will primarily be based on wealth ranking where one beneficiary will be selected per household.

The beneficiaries will be selected and targeted to undertake specified tasks during appropriate months of the year to enable households to begin participating in other productive investments. Households with no able-bodied members capable of working (such as those headed by elderly or disabled people or by a pregnant and lactating mother) will still be eligible for this component but will receive an unconditional transfer (in other words, they will receive the transfer without contributing their labor to the LIPW). While the number of such households is expected to be small (at most 10% of participants in LIPW), they are usually among the most destitute in their communities because of the lack of able-bodied members. Therefore, including this provision will enhance the poverty targeting of the component. The number of household members eligible to participate in the LIPW (and the number of person days for which they can participate) will depend on a number of factors including: (i) the budget envelope for the target area as specified in the annual LIPW plan, and (ii) the size of the beneficiary households and the number of adult able-bodied members.

Larger households (those with more members) will be eligible to participate in more person days of work than smaller households, which in turn will make them eligible to earn more income. The detailed proportion of LIPW participants per family will be in the component handbook.

(c.) LIPW Planning

The LIPW planning process will continue to involve participatory community planning but will be enhanced by a new watershed development planning process. Eligible works must be labour-intensive (see below for further details) and demand-driven, must meet the needs of the
community, and must be technically, socially, and economically viable. They must not have any significant negative social or environmental impact, like requiring land compensation, or have any negative impact on physical or cultural resources. Also, they must facilitate the participation of women. Each CWC will prepare a multi-year watershed plan for their watershed area based on the principles of watershed planning (hill-top to valley). Each year the annual LIPW plan will be drawn from the multi-year watershed plan, which will continue to consolidate and build on the preceding year’s development efforts. The multi-year watershed plan will be based on systematic and sustainable natural resources management and development.

In order to facilitate this approach, parishes will be divided into recognizable watersheds, and community mobilization, targeting, and planning will then take place within these watersheds. One watershed will often be comprised of several villages, and it will be the watershed boundary rather than the village boundary that will determine the planning unit. In addition to the activities that will comprise the annual LIPW plans, the multi-year watershed plan will include LIPW activities that may be suitable for scale up with the support of DRF resources in the event of a shock. These activities should not require complex procurement and should be easy to implement under crisis conditions.

Eligible works must be labour-intensive (see Table 3.1 below for a list of potential LIPW subprojects) and demand driven, must meet the needs of the community, and must be technically, socially, and economically viable. They must not have any significant negative social or environmental impact, like requiring land compensation, or have any negative impact on physical or cultural resources. Also, they must facilitate the participation of women. An annual LIPW plan may be comprised of several LIPW sub-projects depending on the size of the resource envelope (which in turn will be informed by population numbers and levels of poverty). Once approved, the annual LIPW plan should be integrated into the sub-county and district development plans. As necessary, the sub-project can be drawn from the District and Sub-County Investment Plan, which was formulated in a participatory process at the community level. Annex Table 3.1 below provides an indicative list of possible public works.
### Table 3.1 Shows the List of Potential LIPW Sub-projects

<table>
<thead>
<tr>
<th>Areas of Work</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical Soil and Water Conservation</strong></td>
<td>• Hillside terrace construction</td>
</tr>
<tr>
<td></td>
<td>• Check dam construction</td>
</tr>
<tr>
<td></td>
<td>• Cut-off drain construction</td>
</tr>
<tr>
<td></td>
<td>• Flood control dike/ditch construction/Check Dams/Trenches/pits</td>
</tr>
<tr>
<td></td>
<td>• Spring development/protection</td>
</tr>
<tr>
<td></td>
<td>• Community pond construction/rehabilitation/Disilting</td>
</tr>
<tr>
<td></td>
<td>• Construction of valley tanks</td>
</tr>
<tr>
<td></td>
<td>• Construction of hand-dug wells</td>
</tr>
<tr>
<td></td>
<td>• Rock Bunds, Gabion Construction and Sand Bags</td>
</tr>
<tr>
<td></td>
<td>• Sand Dams Water Drums line along rivers, etc</td>
</tr>
<tr>
<td></td>
<td>• Swamp reclamation, trenches, water drums and ditches</td>
</tr>
<tr>
<td><strong>Agro-forestry Technologies and Practices</strong></td>
<td>• Nursery establishment and management</td>
</tr>
<tr>
<td></td>
<td>• Seedling planting/woodlots/Plantations</td>
</tr>
<tr>
<td></td>
<td>• Vegetative/life fencing</td>
</tr>
<tr>
<td></td>
<td>• Contour bunds/Hedgerows</td>
</tr>
<tr>
<td></td>
<td>• Village Ornamentals</td>
</tr>
<tr>
<td></td>
<td>• Boundary planting (gardens and homestead)</td>
</tr>
<tr>
<td></td>
<td>• Buffer zones for agro-forestry</td>
</tr>
<tr>
<td></td>
<td>• Silviculture, Coffee Banana System, Taungya System, Agro-silvi pastoral system, etc</td>
</tr>
<tr>
<td><strong>Agribusiness Technologies</strong></td>
<td>• Communal block gardens</td>
</tr>
<tr>
<td></td>
<td>• Irrigation</td>
</tr>
<tr>
<td></td>
<td>• Swamp pasture growing</td>
</tr>
<tr>
<td></td>
<td>• Aquaculture</td>
</tr>
<tr>
<td></td>
<td>• Medicinal/spices plantation (Hibiscus, Moringa, cloves, Aloe Vera etc)</td>
</tr>
<tr>
<td></td>
<td>• Dev’t of communal Grazing grounds for hay harvesting</td>
</tr>
<tr>
<td></td>
<td>• Food security block gardens</td>
</tr>
<tr>
<td></td>
<td>• Fruit growing etc</td>
</tr>
<tr>
<td><strong>Access and Markets</strong></td>
<td>• Rural access roads</td>
</tr>
<tr>
<td></td>
<td>• culverts installations</td>
</tr>
<tr>
<td></td>
<td>• Market shades constructions</td>
</tr>
<tr>
<td></td>
<td>• Pavements and drainage channels in Urban and rural centers</td>
</tr>
<tr>
<td></td>
<td>• Car parks in Urban</td>
</tr>
<tr>
<td></td>
<td>• Washing bays etc</td>
</tr>
</tbody>
</table>
**Institutional Greening**

| • Institutional Plantations/Wind breakers/shed trees  
| • Gazzetment of traditional meeting places and child play centers with shed trees and ornamentals |

**Note:** The actual activities will be decided on and prioritized by communities through a participatory and transparent process considering suitability to the agro-ecological zones.

Under NUSAF3, the identification, planning, and implementation of LIPWs will be done in accordance with a clearly defined timeframe. Responsibility for appraisal and approval will be fully devolved to the districts (regardless of the size of their budget envelopes under the annual LIPW plan). OPM/TST is responsible for supporting this process and will sample annual LIPW plans for reviews. The full cycle of LIPW planning, appraisal and approval, disbursement, and implementation should be completed within 12 months.

This will make it possible to offer LIPW employment at predictable times and will allow implementers to ensure that LIPWs coincide with the agricultural lean season. The annual LIPW plans will include information on how sub-projects will be managed and maintained upon completion. Communities' commitment to the ongoing management and maintenance of sub-projects will be a key precondition for the approval of the annual LIPW plan. Once sub-projects have been completed, beneficiary communities will take the responsibility for ensuring the sustainability of the assets created by the LIPWs.

***(d) Implementation Arrangements***

A phased approach will be applied in the implementation and management of LIPW activities by communities with the CWCs undertaking oversight roles in the CBWD at the community level. CPMC and CPC committees of respective LIPW sub-projects will be democratically elected from the participating HHs so as to manage the sub-projects.

All LIPW sub-projects will have a Village Artisan (VA) identified by the beneficiary committees to support their individual sub-project implementation. The VAs must be local residents with good mobilisation, communication and record keeping skills. They will be tasked with maintaining accurate records of daily attendance of the LIPW/DRF participants. They will also support documentation of the payment schedules and management of LIPW/DRF working documents, tools and equipment. The VAs will be paid UGX 7,500 per day of work as part of the subproject costs.

The VAs will work with the communities in managing the execution of the works to ensure adherence to sector standards and info-techs as specified in the national LIPW guideline. Technical support will be provided by the DIST and SISTs.

For effective management LIPW activities, participants will be organized into teams/work groups of **20-25 workers per team.** This will allow easy follow up of participants, but also
organizing them into manageable saving groups so that they can utilize part of their saving for investment and income generation

(e) Labor Intensity

Under NUSAF3, at least 70 percent of the budget allocated to the component will be spent on wages (transfers) for participants. The remaining budget will be spent on: (i) equipment, materials, and semi-skilled labor and other inputs necessary to implement the selected LIPW to the required quality needed at the community level, and (ii) capacity-building costs such as the hiring of community facilitators, training and planning workshops, and any sub-county and parish supervision costs. The district, sub-county and TST supervision costs will be covered by Component 4. Table 3.2 below highlights how the project costs will be divided between transfers, capital costs, and administrative costs. However, these proportions may be varied in subprojects of a exceptional nature on a case by case basis.

Table 3.2: Example of Budget Breakdown for LIPW Sub-component per Beneficiary Household

<table>
<thead>
<tr>
<th>Budget line</th>
<th>What can be paid for</th>
<th>Amount (UGX)</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>Wages to participants (and unconditional transfers to HHs with no able-bodied labor)</td>
<td>240,000</td>
<td>$83</td>
</tr>
<tr>
<td>Capital</td>
<td>Equipment, materials, and semi-skilled labor and other inputs needed at the community level</td>
<td>60,000</td>
<td>$21</td>
</tr>
<tr>
<td>Admin</td>
<td>Hiring of community facilitators, and training and planning workshops,</td>
<td>40,000</td>
<td>$14</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>340,000</td>
<td>$118</td>
</tr>
</tbody>
</table>

(f) Benefit Levels and Wage Rates

The NUSAF3 Project, will provide households a wage rate of UGX 5,500 per day with households working for an average of 54 days a year and therefore earning a total transfer of UGX 297,000 annually. It is envisaged that 70% of earnings will be used for smoothing household consumption and 30% saved in a pool for the participants to accumulate revolving capital. This will allow reinvestment for sustainability and growth of household income.

(g) Payment Modality

Each CPMC will open bank accounts in a nearby banking institutions for which funds will be transferred by the district. Payments will be made by the CPMC under the supervision of the Community Facilitators working in conjunction with the Village Artisan who ensures that household members have indeed participated and have done work to a satisfactory standard in each phase. Payments for LIPW activities will be made preferably every 2 weeks, with the CPMCs withdrawing the money for the payroll from the community bank account.
Households will be required to save at least 30% of their total transfer and the community will promote a watershed savings arrangement managed by watershed savings committee created for each watershed. Each of the saving committees will elect a chairperson and treasurer. The watershed committee will conduct meetings to review financial situation of the group. The frequency with which payments are made will also be reviewed during the life of the project to determine what is preferred by beneficiaries and what CWCs and district officers consider practical. However, when substantial resources are accumulated, CIGs are required to open an account in commercial banks or a licensed SACCO.

The VAs maintain work attendance register which will be turned into payment schedules after every two weeks. This should be verified by the community facilitator, parish chief and the CMG to ensure good accountability.

(h) Direct Transfer

Direct transfer is intended for poor and vulnerable households without labour to participate in public works and yet they do not have sufficient and reliable support in the village. Payments to these category of poor and vulnerable households are in recognition of the fact that even though these individuals are unable to perform public works they are entitled to support from the LIPW. Such individuals include:

(i) People who are too young to qualify for public works, that is, 15 years of age orphans and child headed households.

(ii) People who are too old (over 60 years) to qualify for public works.

(iv) People with extreme physically disability who cannot do any physical duties for their livelihood.

(v) Mentally disabled people.

(vi) Women with pregnancy over sixth months.

(vii) Lactating mothers in the first ten (10) month

(viii) People who are chronically sick and unable to offer labour.

(i) Annual LIPW Reviews

LIPW reviews will be conducted by the community with the support from TST annually. The reviews will cover LIPW planning and implementation. The reviews will assess the extent to which: (i) Annual LIPW plans follow the community-based participatory watershed development approach; (ii) the sub-projects are screened for ESMF; (iii) the assets created meet satisfactory standards; and (iv) the sub-projects have operation and maintenance plans in place. Following the reviews, a workshop will be organized by TST in which the findings of the review are shared and discussed with district technical staff in order to correct any problems in the implementation of the LIPWs. Setting high standards for the LIPWs is essential to ensure that the assets created are sustainable and contribute to the area’s long-term development.
(j) Monitoring and Evaluation

All the activities planned under the LIPW component will be monitored through the M&E system established by NUSAF 3 project. An impact evaluation will also be conducted to document the impact of the component on the social-economic status of participating households as well as the differences in impact on men and women (See details under M&E in Chapter VIII).

Figure 3.1: Typical CBWD Plan cycle

- **Geographic targeting:** District level program planning resource identification/mobilization, sub-county, parish selection and community selection

- **M&E:** Carry out participatory M&E, annual reviews, reporting, documentation and plan review.

- **Mobilization and sensitization:** Mobilization and sensitization on NUSAF3, rules for participation, establish community targeting criterion and the need for saving

- **Implementation:** Supply the community with hand tools, community implement the selected interventions, form saving groups and promote saving.

- **Identify beneficiaries and elect CWC:** Call community general assembly, identify beneficiaries and elect CWC

- **Multi-year CBWD plan prepared:** Based on the approved interventions the CWC prepare development map, require inputs and action plan

- **Conduct surveys and resources assessment:** CWC supported by sub-county technical staff, conducts socio economic surveys and resource assessment

- **Approving the selected interventions:** The CWC presents the selected intervention at the community general assembly, interventions discussed and approved.
3.1.3 Community Based Watershed Development Principles

I. **Key Principles**

For successful and result oriented implementation watershed based development approach has to be guided by the following key principles.

A. It has to be participatory, include the communities and all stakeholders

B. Should be gender sensitive. Male and female should have equal opportunity to take part in the planning and implementation processes.

C. Building upon local experience and strength.

D. Has to be realistic that can be achieved over a planned period of time. Plan should not be over stretched that cannot be achieved with the available budget/resource within the project/plan period.

E. It should be composed of different interventions to reinforce each other. A single intervention cannot bring the desired result unless otherwise integrated with other intervention to complement each other.

F. It has to be productive. Clear outcomes are required.

G. Has to be manageable within the skill and labor available within the community. The plan should be manageable and one that the community can plan, implement, maintain and operate with some assistance from relevant government institutions.

H. Watershed logic must be respected (follow Ridge to valley). Work must start from top of the ridge/watershed and proceed to the valley/lower part of the watershed. Violation of this principle will not bring the desired result and may even result in serious environmental degradation.

I. Effective planning needs a suitable watershed size. Suggested size is 200-500 ha. In drier or pastoral areas, the watershed size may be larger but should not exceed the size of the community.

J. Suggested community/participants number per watershed is 100-300 persons. If too large it will be difficult to organize the community, undertake surveying, planning, implementing, and monitoring tasks at one go.

K. Decision-making unit for any watershed is the community.

L. LIPW Works will contribute towards addressing the root causes of poverty if the planning process is done based on community participation and implementation is well done.
II. Field Level Operations

To implement effective watershed based productive LIPW there should be appropriate match between watershed size and number of participants/ workers. Implementation arrangement has to take into consideration the agro-climatic conditions and settlement pattern of the community.

A. Highland Area

In highland areas population density is high and land terrain is rugged. In this area the proposed average watershed area is 200 hectares. Maximum up to 300 participants can be deployed to implement the selected interventions. More than 300 participants cannot be effectively managed at a work place. For effective management the participants must be organized into work groups of 20-25 workers per group.

B. Lowland Area

In lowland areas population density is low and the land terrain is flat. In those areas the proposed average watershed area is 500 hectares. In case the topography is very flat we can flexibly handle the watershed size as big as the size of the community itself. It should be noted that due to the nature of the topography in lowlands it may not be possible to identify adequate number of LIPW interventions in smaller area that can absorb large number of workforce. Thus, it may be necessary to flexibly increase the watershed size to accommodate a bigger area and more LIPW interventions.

According to the current arrangement based on the yearly budget release in the first year, four watersheds will be initiated in all districts. The second year work will continue in the first year selected watersheds plus additional watersheds as will be recommended. Third year implementation will continue in all the watersheds but the number of watersheds and participants will not increase in the fourth and fifth year due to the decrease of the budget. Thus, it is essential that the DIST and SIST staff are aware of this arrangement and make the necessary arrangement.

As can be noted from the budget distribution for NUSAF3 districts, during second year some districts participants per watershed is greater than 300. Since deploying more than 300 LIPW participants is not recommended, it is very important to increase the number of watersheds per district to absorb the available budget while maintaining reasonable number of participants per watershed.

C. Procedure to Determine the Number of LIPW Beneficiaries

Before the targeting process starts, DIST and SIST should determine the number of beneficiaries based on the available budget

The NUSAF3 Project interventions will provide households a daily wage rate of UGX 5,500

- Selected household representative will be allowed to work for 18 days per month for four months a year. This will give total working days of 54 days a year.
• Thus, the average transfer of per participants per year is (54 working days’ multiplied by (UGX 5,500) per day equals UGX297,000 per year.

• Using the above principle, the target number of participants will equal the available budget in UGX divided by UGX 297,000.

The balance of funds realized during implementation due to various reasons including less number of actual participants, fewer days worked, fewer highly vulnerable people for direct cash transfer, should all be reported to TST who will guide the district on how communities will reprogram the resources to achieve further results in the watershed development plan.

**Labour Intensive Public Works Implementation Cycle**

**Figure 3.2: LIPW Implementation Cycle**
3.1.4 Disaster Risk Financing (DRF) Sub-Component

The objective of this sub-component is to develop a mechanism for scaling up assistance to poor and vulnerable households to create resilience to disasters and shocks.

The DRF sub-component will be used to strengthen Uganda’s current disaster risk management strategy and response mechanisms. In the event of a disaster, funds will be mobilized from this sub-component to increase the days of employment available to poor and vulnerable households in the affected region through scaling up the labor-intensive public works (LIPWs) sub-component. It will also provide transfers to the poor and vulnerable households with no able-bodied member who can participate on the LIPW. This additional assistance during times of disaster will enable poor and vulnerable households to smooth their consumption over time and reduce their vulnerability. It will also enable households to protect their assets and livelihoods, thus leading to a more rapid post-event recovery and food security.

(a) DRF Sub-Component Financing Structure

The DRF sub-component will finance: (i) the financial costs of scaling up LIPW and transfers to the poor and vulnerable households with no able-bodied member who can participate on the LIPW in response to disaster, and; (ii) the costs of developing the required institutional structure, systems and developing the capacity of Government. Once a response is triggered, funds will be channeled through the existing LIPW financial and operational framework.

(b) Budget Allocation

The resources allocated to the DRF sub-component will be in the amount of US$12 million. US$10 million will be used to fund the scale-up of LIPW, and US$2 million will be used to build the system and to fund the development of capacity in Government. Activities undertaken through the DRF sub-component will build a sustainable system in Government to support scalability in the long term.

iii. Disaster risk financing resources: The US$10 million will be released in phases through the means of the LIPW sub-component and subject to the DRF trigger, to households in the disaster-affected area when a scale up is triggered.

iv. Capacity development resources: The US$2 million will be used by the OPM to develop the required systems, institutional structures and develop the capacity to enable the DRF sub-component to function. These resources will develop a system in Government to monitor for disaster events in Northern Uganda, and trigger a scalability response when disasters strike. The key activities these resources will fund include: (i) organizational capacity development in Government; (ii) the development of a collaboration mechanism between government and other key stakeholders (for example Makerere University, ACTED, WFP, etc); and (iii) training, for NECOC and Directorate of Relief, Disaster Preparedness, Management officials and district level staff on a key range of topics related to the risk financing including data analysis, index definition, and designing the rules governing the scaling-up process. These capacity-building efforts will link closely with the NUSAF III LIPW team, and be embedded into their development plans at the national, district and community level.
(c) The Scalability System in Government

To develop a system to scale the LIPW, the Government will develop two key functions. First, the OPM will store and analyze data to understand when a disaster has occurred in Northern Uganda (and thus when a scale up is needed). This is described in section 5 below. Second, the OPM will initiate an institutional process that will lead to triggering a scale up of the LIPW in the affected area. This is described in section 4 below.

(d) Institutional and Coordination Agreements

The institutional structure will place the Permanent Secretary (PS) of the OPM as the key approving authority for triggering the DRF sub-component of the NUSAF3 project, and will look to build on the existing disaster risk management (DRM) institutional structure in GoU. Therefore, the DRF institutional structure will be incorporated into the organizational structure of the Department of Relief, Disaster Preparedness and Management (DRDPM), which is part of the OPM.

The Commissioner of DRDPM has been identified as the key focal point, and the DRDPM as the key focal agency in Government to lead and develop the DRF sub-component, in addition to playing a leading role in the coordination of the DRF sub-component with key inter-governmental, humanitarian, donor, development, private sector, and local government partners. The DRDPM will in addition form a DRF team within government to ensure the systems and processes are put in place to enable the DRF sub-component to function.

The DRF sub-component will strengthen the existing team within DRDPM based on the findings of a DRF systems assessment to be carried out. This systems assessment is a critical step in the design of the DRF mechanism, as it will capture where all the key institutions are in terms of capacity, systems, infrastructure and process. Building on these findings, it will then provide a business plan for investments that are required in resources for the DRF mechanism to be operational. Given that scalability is a new innovative concept in Uganda, the sum of the needs for capacity development is likely to exceed the resources for such activities allocated under the NUSAF3 project. Thus there is need to collaborate with development partners, UN agencies and international NGOs to leverage their capacity, expertise and fund-raising ability to ensure the capacity development agenda is realized in DRDPM, and that a robust, sustainable system for DRM is developed in the Government of Uganda.

Based on the National Disaster Preparedness and Management institutional structure, the proposed parties to be involved in implementing the DRF component are:

i. The national Emergency Coordination and Operations Center (NECOC), shall act as the hub for information for the DRF component. It shall work with key Governmental and development partners to collect and analyze data on an agreed frequency (which will be defined by the DRF sub-committee annually) which will be used to make a decision to trigger a scale-up. NECOC shall collate the different data sources and develop a succinct report describing the situation in the targeted area and present this to the DRF sub-committee. In addition, NECOC shall be responsible to maintain historical datasets of the key data sources and other data sources which could be useful to understand the impact of disasters.
ii. **The DRF Sub-Committee (a subset of the Inter-Agency Technical Committee):**

A subset of the Inter Agency Technical Committee shall form a DRF sub-committee, composed of key ministries and partners relevant to the DRF sub-component. The role of the DRF sub-committee will be: (i) to validate the report provided to it by NECOC, using the expertise and experience of the members of the sub-committee to crosscheck the information provided; (ii) upon validation of the report, the DRF sub-committee will present the report to the Director NUSAF and the Permanent Secretary of the OPM to make the decision to release resources from the DRF component, and; (iii) in parallel, the DRF sub-committee shall be responsible for enacting a communication strategy to inform key donor and partner organizations in the region of the impending scale up, and to coordinate with them on how they can support the Government-led response to disasters.

iii. **Approval to draw-down funds:** With the NUSAF3 technical team as the implementing agency, PS OPM shall receive the report provided by the Commissioner of DRDPM and the Director of NUSAF3 and provide approval on whether to draw down resources from the DRF sub-component of NUSAF3.

iv. Upon making this decision, the Ministry of Finance, Planning and Economic Development (MFPED), specifically the Accountant General will support the Withdrawal Application to request the World Bank to disburse the DRF resources under the NUSAF3 project. The OPM, through the NUSAF3 team, will lead the implementation, ensuring that the project can absorb and disburse the additional resources made available when a DRF event is triggered.

v. Based on the decision taken by the PS OPM to trigger resources from the DRF sub-component, the Accountant General will sign the withdrawal application to the World Bank to disburse the defined resources.

vi. The Committee will be composed of focal point technical officers from OPM, the Ministry of Health, Ministry of Agriculture, Animal Industry and Fisheries, WFP, FAO, ACTED, FEWSNET and Makerere University.

*The institutional structure is illustrated in Figure I in the Annex.*

In order to ensure that the above described process will happen in a rapid manner, time frames for each step in the process will be detailed in the DRF Handbook. Each step in the above process is important; however, given that they are multiple it is important to ensure that delays are avoided in triggering a response. Thus, in the DRF Handbook, clear guidelines on time frames for each step to be conducted will be developed.

The OPM may establish cooperative/working arrangements with key partners through the establishment of DRF sub-committees or through Memorandums of Understanding (MoUs) with key partners in this structure. Such partners may include other ministries, development agencies and organizations, as well as those involved in data collection. OPM
may sign MoUs with key ministries local and international agencies or organisations in order for this institutional structure to function. Clear guidelines on the content of these MoUs or/and the functions of the sub-committees will be in the DRF Handbook.

(e) The Triggering Mechanism for scale up

The DRF sub-component will be effective after the DRF handbook is prepared and approved.

In order to understand when a disaster is unfolding in an affected area, the OPM will collect data upon which it will base its decision to trigger a scale-up response. Two types of data shall be collected:

(i) ‘No regrets’ data: this will be based on remote sensing / satellite data. The primary objective of analyzing remote sensing data is to use a number of vegetative and weather indicators to gain an understanding of the conditions on the ground throughout Uganda. When the remote sensing data falls below an agreed level, the process for scaling up the LIPW will begin. As remote sensing information can be collected on frequent basis (as frequently as every 10 days) the objective of this data source is to be an early ‘no regrets’ data source that triggers a response early.

(ii) ‘Back up’ data: There will be occasions when a disaster has impacted a local community which is not captured by the satellite data. Therefore, additional ground data will also be collected to act as a backup. The main objective of the ground collected data is to capture disasters that the satellite does not capture, as well as contextualize disaster events. Ground indicators to be used will be those which the technical working group select as most appropriate to capture the impact of disasters on households.

Guidelines on the scalability strategy will include: (i) the types of data under the two categories above that shall be collected on a regular basis; (ii) the levels at which a scalability response will be triggered; and (iii) the amount of funds that will be released in the target location if an event is triggered (Refer the DRF Handbook for details).

In the event of a scale up, “off-the-shelf” sub-projects will be planned/started in the targeted area, which will enable the LIPWs to be scaled up to provide additional assistance to communities. These sub-projects may be part of the long term community watershed management approach, which is developed at the community level over the five-year term of the under the LIPW sub-component. In the event of funding being released, the Community Watershed Committee (CWC) would implement as many sub-projects as could be financed by the additional funding. However, if the CWC decides to extend the coverage to new households, the already existing targeting mechanisms used in Labour Intensive Public Works will identify those households that should benefit.

The LIPW will be the distribution mechanism for the DRF sub-component resources. Thus the payment modality, planning processes, targeting mechanisms, and monitoring and evaluation will be conducted by the LIPW team. The DRF team within the DRDPD will work closely with the M&E team for the LIPW to ensure appropriate mechanisms are put in place to capture the experience of the DRF sub-component resources.
The DRF sub-component is designed as a temporary mechanism to respond to disaster events, thus when the disaster has passed, there will be a built-in mechanism to enable the LIPW to scale down. The DRF component is designed to respond to disasters, which by their nature are temporary. Thus, once a scale-up begins, a monitoring process shall in addition begin to understand the extent of the disaster, and thus provide Government with the information on when to scale down the intervention.

The data sets that shall be used to trigger a response shall be selected by the inter-agency sub-committee, and shall be reviewed on an annual basis. Given the disaster risk financing is a new product in Uganda, a feedback mechanism will be incorporated into the structure to enable government to review the data sources selected on annual basis, and change them if necessary. The review shall be conducted by the inter-agency sub-committee on DRF, and shall happen in January each year. The technical working group shall present to the sub-committee the past years’ experience, the data sets and triggers set for that year shall be reviewed, and the triggers for the following year shall be confirmed.

(f) **Resilience building interventions:** The Office of the PM will work with capacity building partners to implement strategic interventions to maximise impact and effectiveness, these will include interventions such as nursery bed development, supply of quality seeds, irrigation infrastructure and watersupply.

(g) **Roll out strategy**

The OPM will follow a sequenced approach to rolling out the scalability mechanism to address the key institutional and operational bottlenecks and capacity challenges that might arise during the initial phase of the project. Given the novelty of the mechanism and its complexity, it is in particular essential at the initial stage to operationalize the scalability within one region (initial focus on Karamoja sub region) to allow the OPM to identify key institutional and operational bottlenecks to address as it looks to rolling out to additional sub-regions and/or perils.

(h) **Target Groups**

Clear guidelines on the rules for the households that will be targeted under a scale-up event will be detailed in the DRF Handbook. These rules will be agreed by Government at the start of the year, and reviewed annually by the DRF sub-committee.

(i) **Capacity Development**

Extensive capacity development activities will be undertaken to ensure the sustainability of the scalability system, including:

(i) **Organizational Capacity & Collaboration Mechanism:** The DRF team in OPM will facilitate coordination and cooperation mechanism among the institutions

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3 Such bottlenecks could include functions such as collecting ground data on a regular basis, registering new beneficiary households or managing the operational activities of the LIPW program on the onset of a shock, timely roll out of shelved LIPW activities with enough man/hours to effectively absorb the scale up, and timely disbursement of payouts, especially if the payment is manual.
that will be part of the implementation of the DRF sub-component, including but not limited to, government institutions, NGOs and development agencies. The project will develop work plans, operating norms and procedures for data collection, data processing, and data transmission.

(ii) **Information and Communication Technology:** Granted access to reliable and timely data for risk analysis and enabling scalability will require the project to invest in adequate information and communications equipment. The investments made through this subcomponent will strengthen key government institutions involved in data collection, including the NECOC.

(iii) **Training:** The OPM will provide specialized technical training pertaining to the disaster risk financing component including primary data analysis, index definition, designing the rules of scaling up the LIPW and more general risk financing knowledge.

(j) **Management Information Systems (MIS)**

The DRF team will work closely with the NUSAF3 team in the design and implementation of component 4 of the NUSAF3 project, the Social Protection System and Program Management. They will ensure that the appropriate information is captured, stored and available for analysis within the MIS system of Government to enable enhancements to the DRF sub-component.

(k) **Monitoring and Evaluation**

Annex I shows the Organizational Structure for the Disaster Risk Financing (DRF) subcomponent.
3.2. Livelihoods Investment Support (LIS) Component

The objective of the Livelihood Investment Support (LIS) component is to increase incomes and the productive assets of targeted poor and vulnerable households in Northern Uganda. This will be achieved through income support (grants and revolving funds) for investment in selected market orientated enterprises. The Livelihood Investment Support Component has two sub-components, namely:

(i) Improved Household Income Support Program (IHISP)

(ii) Sustainable Livelihoods Pilot (SLP)

(a) Targeting under Livelihood Investment Support Component

The component will target the active poor households to develop their livelihood skills to create opportunities for self-employment, especially among the young people (18-30 years) and women in the districts of Northern Uganda.

Common targeting will be done for both LIS and LIPW in all the villages in the watersheds and urban communities. This will follow a process including the geographic identification of the poorest sub-counties and community-based targeting to select the poorest and most vulnerable communities.

Once target watersheds/villages have been identified, a joint team, comprised of parish chiefs, Local Council 1 members (LC 1) and community facilitators, CDOs and S/C FPs, will conduct the Extended Participatory Rural Appraisal (EPRA) process in which communities will be guided to undertake participatory wealth ranking to identify beneficiary households. All households in the “poor” category will be subjected to additional criteria to assess their ability to engage in business enterprises and shall have between 10 - 15 members. However, an average of 10 - 13 members is recommended for effective planning. Unlike NUSAF2, the critical mass condition under IHISP implies more than 15 households may be supported from the same village. However, all CIGs should have a minimum of at least 50% female representatives. It should also be noted that the household is the targeted unit and the member is a representative of the household, receiving the benefit on behalf of the household.

Beneficiaries will be categorized into female-headed households, youth, ex-combatants, households caring for the elderly, orphans, people living with HIV/AIDS and people with disabilities, but having the ability and willingness to undertake and manage livelihood activities demonstrated by signing CIG commitment form to comply with key co-responsibilities.

Targeting should be done in a participatory and transparent manner including displaying of lists of targeted households in public places for at least 2 days and approval by communities and local leaders.

(b) Guiding Principles of the Livelihood Component

The principles underlying the implementation of the component include:
Focus on the poor and vulnerable households
(ii) Active and intensive community participation
(iii) Transparency and accountability
(iv) Gender responsiveness
(v) Equity sensitivity
(vi) Viability of investments
(vii) Ownership and sustainability of investments
(viii) Community contribution to the development effort
(ix) Sound environmental and social safeguards
(x) No place for child labour
(xi) Direct flow of funds to the community sub-projects
(xii) Collaboration with existing Government and donor programmes
(xiii) Continuous capacity building
(xiv) Accumulation of savings for revolving capital
(xv) Longer term engagement with communities (5 years).

3.2.1 Improved Household Income Support Program (IHISP) Sub-Component

The objective of the Improved Household Income Support Program (IHISP) is to improve livelihoods and incomes of targeted households in Northern Uganda through comprehensive skills development training, provision of livelihood grants and follow-up mentoring support.

The sub-component will target the active poor households to develop their livelihood skills to use grants and assets in a more effective manner and to create opportunities for self-employment by engaging in businesses to earn more money, save and revitalize the economy at the village level, especially among the young people (18-30 years) and women in the 56 districts of Northern Uganda.

IHISP will build on the experience and achievements of NUSAF2. IHISP promotes engagement of critical mass of households within the watershed/village so as to benefit from economies of scale (bulk purchases, production, marketing and capacity building).

The IHISP has an IPF allocation of USD 42.5 million with a fund ceiling of USD 5,000 per CIG to be approved at the district level. However, technically business enterprise, e.g. value addition that require funding beyond the ceiling can be justified by OPM-TST and concurrence of the World Bank. The IHISP will directly support 100,100 households and about 500,500 indirect beneficiaries.

Implementation Arrangements

(i) Beneficiary Selection and Formation of CIGs

The beneficiaries will be selected through a common process in each village in the watershed as stated above. Households from the poor category will be subjected to an additional criterion
in order to identify those most suited to undertake business oriented enterprises and strategic intervention (see IHISP handbook). The IHISP grants will be provided to Community Interest Groups (CIGs) comprising 10 -15 members of which at least 50 percent should be female.

(ii) Beneficiary Registration

Upon completion of beneficiary targeting through wealth ranking approach, the selected beneficiaries shall be registered. A team of enumerators shall collect bio-data on each household representative and baseline data to inform on the status of the household at the start of the livelihood intervention. The data generated will help in future analysis of the results of the project.

(iii) Technical Support to CIGs

At the sub-county level, the CIGs will be supported by the Sub-County Implementation Support Team- SIST (Parish Chiefs, extension workers, environment focal persons, and community facilitators) under the guidance of Community Development Officers (CDOs)/ Sub-County Focal Persons (S/C FPs). The SIST will be responsible for all the targeted households in the sub-county and will coordinate the mobilization, formation and development of CIGs from among the households in the areas under their jurisdiction for the entire period of the Project.

The Improved Household Income Support sub-component will put emphasis on equipping communities with skills in business planning and investment management to improve the performance and sustainability of the various subprojects. The Community facilitator will support CIGs to identify an appropriate livelihood activity based on their capacity, availability of local demand, and availability of inputs, environmental and social suitability of the activity.

The TST recommends that to realize the NUSAF3 Theory of Change a significant number of CIGs undertaking common enterprises are required in a watershed so as to benefit from bulk production and marketing.

This identification of livelihood activity will be carried out through a four-step training process including,

Step 1 - Group Dynamics, Life Skills, Five Core Principles (regular meetings, regular savings, regular inter-loaning, timely repayment and proper record keeping), Visioning & Goal Setting, and Sustainability of Projects, Group Bylaws, Leadership, Roles & Responsibilities;

Step 2 - Enterprise Selection Training

Step 3 - Development of Sub Project Budget

Step 4 - CIG Livelihood Business Proposal Compilation

Support for income generation will also include direct linkages between producers and commodity processors, wholesalers/retailers through sales contracts (in case of non-agricultural subprojects)/or contract farming/ out-grower schemes (in case of agricultural sub-projects).
The CIGs will also be supported to form their individual saving groups in order to accumulate revolving capital to enhance investment and growth. The CIGs will be supported to register at sub-county and district level and will be required to form bye-laws and follow the five core principles (weekly meetings, weekly savings, inter-loaning, timely repayments, good record keeping) to ensure cohesiveness of groups and sustainability of the subprojects/subproject benefits.

These efforts will be coordinated by sub-county implementation support teams under the guidance of NDOs, who will have overall responsibility for capacity building. Actual implementation of these business training efforts will be outsourced to competent capacity building and skilling partners.

(iv) Strategic Capacity Building Partners

Characteristics of the NUSAF3 Project Beneficiary Communities

NUSAF3 Project beneficiaries are the poor and vulnerable persons with characteristic limitations to evolve out of poverty. Majority are subsistence peasant farmers operating under rudimentary systems of production. They rely on some few and same sources of livelihoods with no much initiatives to diversify their income earning opportunities. The majority live in vast rural settlements that make provision of socio-economic services more expensive to spread to satisfaction. Accessibility to external markets for their produce is generally challenging as they also lack working capital and are not all that credit worthy to borrow substantially from financial institutions. Their savings habit is not progressive because of the irregularity and meager collections that are usually not re-invested. They also require more knowledge and skills to adopt contemporary technology for substantial production. All these characteristics of the NUSAF3 Project beneficiary communities pose a big challenge to the success of the NUSAF3 project.

Strategic Investments.

Government has implemented various pro-poor policies and development programmes over the past decades but poverty still prevails. The NUSAF3 Project initiated strategic investments in the attempt to remedy specific hindrances to production and other root causes of poverty. The strategy involves the following undertakings:

- Adequate supply of quality seeds to farmers for timely planting.
- Promotion of aquaculture to diversify livelihoods in areas with water potentials.
- Establishment of micro-irrigation facilities to water gardens during dry spells.
- Support household in opening and planting increased acreage of farmland land to produce critical mass of surplus above subsistence level.
- Entrepreneurial initiatives and sustainable business growth.
- Extension services and hands-on production skills training.
✓ Scientific post-harvest handling, value addition and exposure to external marketing.

✓ Peoples’ positive change of attitude towards work, production and savings.

The NUSAF3 Project upholds a principle of community participation and the activities are largely carried out by design at the Watershed and sub project levels. The strategic investments enlisted above are integral part and parcel of the project but keenly nurtured as a pilot by the Technical Support Team to inform subsequent programming. The specialized nature of the strategic investments necessitate additional expertise to effectively implement.

**Identification:** The Capacity Building Partners (CBPs) are reputable establishments from the private and public sectors with the capacity, expertise and experience in the specialized areas in reference. They are identified by the TST through a survey for the comparative advantage in the respective fields and are exceptionally engaged by a MoU with OPM at the centre. The CBPs are not contractors/vendors in the sense common to business but are partners with the expertise to augment capacity of the stakeholders and to make own complementary contributions to promote achievement of the project objectives. The selected CBP are those already experienced in the operations in the area, with compatibility, common interests, and willing to co-invest and/or contribute financial or technical resources, equipment and time.

**Working with districts:** At the district level, the CBPs undertake specified tasks on behalf of the TST and work with the DIST headed by the CAO. The DIST are expected to establish work plan, BoQs and budgets for the specified activities within the set targets and resource allocation for the respective district. The CAO is required to involve the WMC and CPMCs in all strategic investments as per the principles of transparency, participation and accountability. The WMC and CPMCs can be witnesses to the agreed work plan, BoQs and budgets where necessary.

**Working with communities:** At community level, the CBPs shall develop Business Investment Agreement with the beneficiary communities for complementary inputs and services that promote sustainability and growth beyond the life of the project such as marketing of the produce, supply of inputs on credit, reinvestment of savings, etc. These helpful and beneficial arrangements does not directly concern the OPM / NUSAF3 but the NDO shall stand as witness to such agreement between the CBP and communities where necessary.

**Financial Implications of Working with the CBPs:** The TST shall provide to districts and communities the rationale and guidance for all the strategic investments initiated in order to drive the achievement of the project development objective accordingly. The TST shall develop a joint work plan for undertaking by the CBP. The financial implication for the joint activities shall include complementary contributions by the CBP in form of equipment, logistics, communication, technical expertise, input of time, etc. The budget for the key strategic investments shall be prepared by the TST and the funding shall be authorized by the Director NUSAF3 and approved for disbursement by the Permanent Secretary. Supplies of inputs ordered for directly by the sub project groups such as seeds, fertilizers, packaging materials, etc shall be paid for by the groups themselves.

A wide range expertise will be sought from capacity building and skilling partners to provide
agreed upon services where necessary in the NUSAF3 Project. The intended areas of support include the following:

- Financial literacy
- Business planning and management
- Mentorship
- Post-harvest handling
- Marketing & Sales
- Cooperatives, group cohesion and attitude change
- Value addition and processing
- Economic diversification
- Management of savings
- Enterprise specific implementation (nursery bed, agro-forestry, business, agriculture, vocational skills etc)
- Applied research
- Aquaculture development
- Apiary development
- Access to high value/quality certified inputs

In summary, Strategic Capacity building Partners will be identified and managed at the national level through a memorandum of understanding and/or guidance notes. They will have a stake in the community enterprises in the form of organizational and business interests. This will drive the incentives for mutual success of implementation, sustainability after the Project ends and will foster community-public-private partnerships. The TST in consultation with the districts will agree on a work plan and budget with the strategic capacity building and skilling partners. These activities, services, goods or expertise will be financed from the capacity building budget of the project. The capacity building partners may enter into separate contracts and agreements with communities for implementation of specific enterprises and business partnership.
(v) **IHISP Project Cycle Approach for Systematic Implementation**

The NUSAF3 implementation process comprises of logical sequential steps starting with general watershed mobilisation, sensitisation, profiling, situational analysis and common targeting after which distinct sub component specific activities would take place as summarised below:

**Step 1**  Orientation & capacity building

**Step 2**  Geographical targeting to identify target watersheds & villages

**Step 3**  Community mobilization and sensitization in target villages, profiling, situational analysis

**Step 4**  Targeting beneficiaries & formation of CIGs in all watershed villages

**Step 5**  Orientation on and identification of livelihood activities and preparation of livelihood business plan and application by CIGs.

**Step 6**  Appraisal and recommendation of livelihood sub-project proposals at sub-county level

**Step 7**  Approval of livelihood business plan subprojects at the District level

**Step 8**  Provision of livelihood grants and training CPMCs and CPCs in procurement and financial management

**Step 9**  Procurement of assets, training in chosen livelihoods and implementation of livelihood business plan by CIGs. However, capacity building partners may be responsible for purchase/procurement of inputs for some strategic investments identified by the Project.

**Step 10**  Supervision, monitoring and continuous implementation support and follow-up mentoring

**Step 11**  Commissioning and process review
(vi) Indicative Investment Menu

An indicative menu of investments has been developed (see table i below). The viability of all the indicative livelihood activities will be assessed to exclude those categories of livelihoods which have limited market demand and/or have higher risks.

Every watershed is expected to have a viable investment whether it be a cash crop or livestock to attain comparative advantage.

**Table 3.3 below shows an indicative Investment menu for IHISP sub-component**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Sector</th>
<th>Livelihood Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture: Crop</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Traditional cash crops</td>
<td>Coffee, Cotton and tea inter-cropped or with additional short term cash crop</td>
</tr>
<tr>
<td>B</td>
<td>Existing non-traditional cash crops</td>
<td>Oil seeds - Simsim, Soya, Ground nuts, Sunflower White Sorghum, Cassava, Sugar cane, Horticulture (passion fruits, onions, tomatoes, egg plants, green pepper, water melon, Irish potatoes etc.), Legumes (green grams, cow peas), pumpkins etc.</td>
</tr>
<tr>
<td>C</td>
<td>New emerging cash crops</td>
<td>Chia, Essential Oils, Honey, Aloe Vera, Spices, ginger, garlic, Chia oil, Red pepper</td>
</tr>
<tr>
<td>2</td>
<td>Agriculture: Livestock</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Farming input</td>
<td>Ox- Traction with specific crop investment</td>
</tr>
<tr>
<td></td>
<td>Livestock Investment Unit</td>
<td>Animal/birds fattening and selling (cattle, Goats, Sheep, turkey)</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dairy Production (improved breeds)</td>
</tr>
<tr>
<td>C</td>
<td>Aquaculture</td>
<td>Cage and Pond Fish Faming</td>
</tr>
<tr>
<td>3</td>
<td>Agro-Forestry &amp; Energy Saving</td>
<td>Commercial Community Nurseries, biogas production, energy savings stoves production</td>
</tr>
<tr>
<td>4</td>
<td>Business services</td>
<td>Events Management (chairs, tents, public address system)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Produce buying and selling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coffee Shops</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stationary establishments</td>
</tr>
<tr>
<td>5</td>
<td>Complementary/Secondary investments/Diversifiable enterprises</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Value Addition &amp; Marketing:</td>
<td>Grinding Mill (Maize, Rice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rice Huller</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simsim Milling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cassava Processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Groundnuts Milling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fruit/vegetables Processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Juice and wine processing</td>
</tr>
<tr>
<td>B</td>
<td>Vocational Skills:</td>
<td>Bakery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hairdressing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tailoring &amp; Garment Cutting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metal Fabrication</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Catering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carpentry &amp; Joinery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Crafts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leather Tanning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Motorcycle repairs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Catering and Hire Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Artifacts and Molding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brick laying and concrete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phone repairs and charging</td>
</tr>
</tbody>
</table>
6  **Non fundable menu**

<table>
<thead>
<tr>
<th>Non fundable menu</th>
<th>Consumptive enterprises i.e. do not lead to other productive enterprises: e.g. air time, boda boda, Retail shop</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-constructive enterprises e.g. Sports betting.</td>
</tr>
<tr>
<td></td>
<td>Destructive enterprises: Bars and alcohol related enterprises, charcoal burning, brick making etc.</td>
</tr>
</tbody>
</table>

The indicative menu of investments provided above should be customized by implementing districts based on the following criteria:

- *Market availability*
- *Inputs required,*
- *Major costs*
- *Key outputs,*
- *Risks involved,*
- *Capacity to achieve critical mass production*
- *Ease of management,*
- *Skills available in the community in relation to the enterprise,*
- *Availability of market,*
- *Capacity for sustainability*
- *Period before generating income and regularity of cash flow*
- *Environmental and social suitability*
- *Opportunities for complimentary enterprises especially for value addition.*

The DIST & SIST will provide technical support to CIGs in preparing business proposals in their selected livelihood activities. The CIGs will submit their business proposals to the sub-county for desk and field appraisal before submitting them to the district for approval.

**(vi) Grant Size**

Under the IHISP sub-component, the Project will finance subprojects approved by the DTPC and endorsed by the DEC up to US$. 5,000. Therefore, CIGs may apply for grants up to a maximum cap of US$5,000. However, technically complex enterprises, for example, value addition requiring funding beyond the ceiling can be justified by OPM-TST and concurrence of the World Bank.

**(viii) Group Vs. Individual Business Activity**
• IHISP will support group based activity instead of individual households based business activity.

• USD 5000 can support a small business activity, but if it is divided among individual members, it may not be sufficient to support any viable business activity.

• The CIGs need to work together to start a business activity so as to earn more money, save and reinvest it. This is not possible at the individual level. All procured items belong to the CIG and are managed at CIG level and proceeds distributed equally among all members.

(ix) Implementation and Management of livelihood Subprojects

Improved Household Income Support subprojects will be implemented by the CIGs themselves through their democratically elected committees, including CPMCs and CPCs. CPMCs, consisting of five members elected by the community will drive the overall implementation of their subproject. At least 30 percent of membership of the CPMC should be women. The CPMC will open sub-project accounts that will be managed by the Executive Committee (EC). The CPMCs will also support CPCs in procurement process, but CPCs, consisting of five members, two of whom should be women, will be responsible for the procurement of all goods and services required for the implementation of the sub-projects. However, the CPMC will be responsible for decision-making on the contract award and the contract will be signed by the CPMC Chairperson, Treasurer and Secretary.

Composition of CPMC, CPCs and CMGs

Experience and lessons from NUSAF2 showed a sub-project management committee of 14 persons including the Social Accountable Committee members (SACS) was too large, with smaller CIG’s having to co-opt committee members from the community. Furthermore, most members of these large committees were left redundant and yet high costs were incurred in building their capacities. It was recommended therefore that smaller and effective management committees be formed with the following composition as below.

• The Community Project Management Committee (CPMC) will have five members composed of the chairperson, secretary, treasurer and two committee members.

• The Community Procurement Committee (CPC) will have five members composed of two committee members of CPMC plus two additional members; Chairperson, Vice Chairperson, and Secretary.

• The Community Monitoring Group (CMGs) selection will be guided and overseen by the IG.

• At least 30% female representation in all the three committees as well as among the executive committee.

Sector experts will guide and support communities throughout the procurement process bearing in mind sector norms, standards and project guidelines. Sector specialists will be facilitated during the sub-project generation and implementation process for at least the first 2-3 months. Once the business plan is approved and assets are procured, the CIGs will receive training in their chosen livelihood activity.

After acquisition of the productive assets, a CIG may decide to distribute the assets to its
individual members for ease of management at household level where applicable or maintain
group ownership and management. This decision will be based on viability and sustainability
considerations, guided by the relevant sector specialists. In either scenario, the principles of
equity in sharing of the benefits and sustainability of subproject activities will be observed.

Where the beneficiaries decide to distribute the assets to the individual households, they will
be owned and managed at group level as CIG assets. The CIGs are expected to continue
undertaking certain common activities such as meetings, trainings, marketing, savings and
monitoring and evaluation as a group for the good of all the members. To ensure sustainability,
the CIG beneficiaries are not allowed to sell their productive assets (sub-project inputs) but will
sell the products of their business enterprises.

(ix) Coordination and Collaboration

The project will collaborate with other development partners to ensure complementarities and
linkages to provide comprehensive support to the target households. In order to strengthen
collaborations, the NDOs will coordinate quarterly coordination meetings in the first year of
implementation and bi-annually in the subsequent years with relevant government departments
and other development partners (CSOs and private sector) to promote cross-learning and
convergence.

In addition, there will be experience-sharing meetings among NDOs and CDOs held quarterly
at district level under the leadership of NDOs, and will include field visits to best-performing
sub-projects within the district for learning purposes. This will be followed by bi-annual
meetings of NDOs at regional level, coordinated by select NDOs, and will include field visits
within the host district for learning and exposure purposes.

At the end of each year, there will be an annual knowledge sharing meeting of all NDOs at the
national level coordinated by TST to share best practices, provide feedback on implementation,
share innovations, discuss challenges and share key learning. Based on this learning, necessary
modification will be made in the subsequent implementation phases. This is expected to bring
continuous improvements in the implementation of the IHISP.

(x) Monitoring of IHISP Sub-projects

Monitoring of IHISP will be done at four levels – a) National level coordinated by the TST;
b) District level by the NDO; c) Sub-county by the CDO; and d) Community level by the
Community Facilitator and SACM.

The Community Project Management Committee (CPMC) would undertake monthly
monitoring of all members and report to the CDOs through EPRA facilitators. The IGG will
build the capacity of SACM, and will have an oversight role. Monthly and quarterly review
meetings will be held to review progress of sub-project implementation at sub-county and
district level, respectively. The IG team will participate in the quarterly review meetings at the
district level. Simple monitoring tools will be used for reporting the progress. A web-based
MIS will be used to capture implementation data and make it available to various stakeholders.
(xi) IHISP Costing and Beneficiary Targets

<table>
<thead>
<tr>
<th>Cost Centers and Targets</th>
<th>Unit</th>
<th>Outputs</th>
<th>Costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHISP Sub-component allocation</td>
<td></td>
<td></td>
<td>42,500,000</td>
</tr>
<tr>
<td>IHISP Sub-projects</td>
<td>$5,000</td>
<td>7700 sub-projects</td>
<td>38,500,000</td>
</tr>
<tr>
<td>Household representatives reached per group</td>
<td></td>
<td>13 people</td>
<td></td>
</tr>
<tr>
<td>Household representatives reached by end of project</td>
<td></td>
<td>100,100 people</td>
<td></td>
</tr>
<tr>
<td>Potential indirect beneficiaries reached by end of project (assuming average household size of 5)</td>
<td></td>
<td>500,500 people</td>
<td></td>
</tr>
<tr>
<td>Capacity building training including financial literacy, marketing, business plan development etc., and business follow up services.</td>
<td></td>
<td></td>
<td>$4,000,000</td>
</tr>
</tbody>
</table>

3.2.2 Sustainable Livelihoods Pilot (SLP) Sub-Component

The objective of Sustainable Livelihoods Pilot is:

- To enable the poor and vulnerable to access gainful employment, resulting in improvement in their livelihoods on a sustainable basis through building strong village level community institutions of the poor.

- To generate lessons and evidence to inform changes in the approach of the livelihood support in future.

*Lessons learned from existing livelihood models and need for Sustainable Livelihoods Pilot*

Most of the livelihood programs are largely dependent on grants, and because grants are always inadequate, they can only support a limited number of poor households. Very many poor people are left without support. Grants are normally a one-off support and are, in most cases, not sustainable. Livelihood activities which start on the basis of grants do not always survive for long because they normally lack strong community owned institutions with capacity to support implementation of their investment activities. There is also a tendency for many beneficiaries of grants to think that grants are free money and therefore do not put in much effort to use them productively and profitably.

Groups supported under grants often lack bonding and disintegrate easily after a short time. Consequently, grant-based livelihood activities are often not sustainable. There are many saving groups out there which need support. One of the challenges facing the saving groups is the limited capital from which members can borrow and pay back. Moreover, members of groups borrow and pay back at an interest rate of 10% per month. This is a very high cost of borrowing but most members are able to pay back, indicating that it is not the cost of money that is limiting, but availability of money, and if there were sufficient funds available for lending to members, most likely the cost of money would go down.
The SLP includes three main shifts in approach

(i) A focus on the creation of community institutions that can support household livelihood investments in the longer term

(ii) A greater focus on self-help and the use of revolving village funds as opposed to grants

(iii) Promotion of existing and new market oriented business enterprises among SHG member

(iv) Greater coverage of poor households in target villages

(a) Key Design Elements and Approach

The pilot design follows a seven step approach i) Identify the poor; ii) Organize the poor into their institutions [Self-help House Groups (SHGs) and Village Livelihood Investment Committees (VLICs)]; iii) Regular training and capacity-building of poor/institutions of poor; iv) Promoting pathways to money (savings, village revolving funds, Sacco/ bank linkages); v) Promoting pathways to livelihoods; vi) Convergence with Government’s anti-poverty programs; and vii) Strengthening safety nets (linkage to LIPW and others programs).

The implementation of the pilot will follow a community-driven development (CDD) approach and will focus on inclusion of the poorest and meaningful role to the poorest in all the processes; transparency and accountability of all processes and institutions; ownership and key role of the poor and their institutions in all stages – planning, implementation and monitoring; and community self-reliance and self-dependence.

(b) NUSAF3 Five Core Principles

The NUSAF3 Self Help Groups will also be required to practice and adhere to the five core principles of NUSAF3, building on their initiatives to ensure the sustainability of the groups and their investments. These are as follows.

1. Weekly meetings
2. Weekly savings
3. Inter-lending
4. Timely Repayments
5. Record Keeping (maintaining up-to-date books of accounts)

Those groups that follow the five core principles for at least three (3) months will graduate to become NUSAF Self-help Groups (NUSAF SHGs) and will go on to form a Village Livelihood Improvement Committee (VLIC).

(c) Guiding Principles

The SLP will be guided by the following principles:
(i) The poor have a strong desire to come out of poverty, and they have innate capabilities to do so.

(ii) Social mobilization and building strong community institutions of the poor at village level is critical for unleashing the innate capabilities of the poor.

(iii) Dedicated support is required to induce the social mobilization, community institution building and empowerment process; facilitating knowledge dissemination, skills building, access to credit, access to marketing and access to other livelihoods services underpin this upward mobility.

Focus of the Pilot

The Sustainable Livelihoods Pilot will therefore focus on following:

i) Creating and building capacity of community institutions that can, themselves, support their household livelihood investments in the longer term

ii) Focus on self-help groups such as saving groups who are already doing something on their own but will also support targeted households to form their own savings group to enable them to access program support

iii) Provide continuous hand-holding support to communities throughout the project period

iv) Village Revolving Funds as opposed to grants will be used so that a bigger number of poor can be supported

v) The pilot will also aim at covering a critical number of poor households in target villages

(c) Pilot Districts and Villages

The pilot will be implemented in 5 districts of Northern Uganda i.e. Lira, Kotido, Kapchorwa, Butaleja and Masindi, targeting a cluster of 8 villages (total of 40 villages) in each district in a few adjacent parishes and sub-counties. The pilot will be implemented alongside the JSDF which will have 4 clusters of 8 villages (totaling 128 villages) each in the districts of Nebbi, Gulu, Kitgum and Soroti. The villages targeted by SLP and the Japanese Social Development Fund (JSDF) shall be outside the watershed and will not be eligible for the IHISP sub-component. Initially, the pilot will target 100 households per village (average of 4 groups with 25 members each per village). This translates to 16,800 direct beneficiaries. Subsequently, additional eligible groups will be assessed and graduated to SHGs and incorporated into the village institutions for SLP.

(d) SLP Funding

The pilot will be funded from two sources totaling USD 3.867 million with NUSAF3 funding USD 1 million and the Japanese Social Development Grants funding USD 2.867 million. The funding will be consolidated and implemented through the NUSAF3 implementation arrangements. Each targeted village will be eligible for a Village Revolving fund of $10,000.

The VRF will be loaned out to SHG members at agreed interest rates for investment in their existing and new individual and or group market driven enterprises.
(d) Implementation Arrangements

(i) Pilot Implementation Process

The overall duration of the pilot is four years. An assessment of the pilot will be conducted after two and half years from the start of the implementation to find out whether the approach for livelihood support followed in the pilot is working. Based on the assessment results, the pilot approach may be replicated in the non-pilot districts under IHISP component. The pilot will be implemented in phases as outlined in figure A below:

Figure A: Project Cycle for the SLP at the Village Level4

(ii) Implementation Support Team

A designated anchor person (SLP Officer) within TST will be responsible to provide coordination support to NDOs of the pilot districts. The pilot will be coordinated at the district level by the NDO and CDO of the participating sub-county. Two full time Community Business Agents (CBAs) will be engaged to provide support to VLICs and SHGs in the implementation of the pilot. Additionally, a competent local capacity building partner will be centrally identified by OPM. These partners will be engaged by means of a Memorandum of Understanding (MOU) to induce the social mobilization, community institution-building and empowerment process, as well as facilitating knowledge-dissemination, skills-building and capacity-development to support implementation of the pilot.

(iii) Promotion of existing and new saving groups into NUSAF SHGs and formation and capacity building of VLICs and SHGs

At the start of the implementation, the community within the target village will be mobilized and sensitized about the pilot. This will be geared towards generation of community support and acceptance. The savings groups that are in existence for more than one year will be identified and assessed based on a due diligence checklist. The project will conduct a participatory

4. SLP will identify both new and existing savings group in the target villages and not just the existing.
identification of the poor in order to form self-help groups of the poor households in the pilot villages. The poor who are not members of any existing savings groups will be identified on a voluntary basis and organized into new savings groups of 10-20 members with at least 50% being women. However, in the event that some existing groups are willing to absorb them, then they will be registered as members of those groups. Otherwise the composition and size of existing savings groups will remain the same. Initially, the project will target and work with existing savings group while building capacities of new savings group to join in once they attain the minimum requirements.

The capacity of both existing and newly-generated groups will be reviewed by the pilot partner with the help of the CDO and the Community Business Agents focusing on pilot project overview, group dynamics and five core pilot project principles. Training kits will be used and community volunteers will be identified. Grading will be based on 5 core principles to graduate savings groups to NUSAF3 Self-Help Groups (SHGs). The SHGs will be formed from the existing saving groups that have fulfilled the 5 NUSAF group core principles and will be responsible for developing household and livelihood plans that will lead to improved economic and social status of a household.

The VLICs will be constituted from members seconded by SHGs and will have executive comprising Chairperson, Secretary/Record Keeper and Treasurer. Each SHG in the village will nominate two members, one male and one female to represent it on Village Livelihood Investment Committee (VLIC).

The nomination and selection of the two members to represent SHG will be done by the members of the SHG themselves in a participatory manner. A rigorous capacity-building process will be provided to the VLICs and SHGs to enhance their abilities to manage the loan portfolios disbursed to them. The CBA with support from the NDO and the CDO, will be required to hold monthly meetings with the VLICs and SHGs to review and verify status of implementation and where applicable make adjustments as per the new leanings.

(iv) Livelihoods Planning and Preparation of Business Plans by SHG

The SHGs will undergo a training programme, not exceeding one month, focusing on the household and Livelihood Business Plan development process. The training will put emphasis on equipping communities with skills in business planning and investment management to improve the performance and sustainability of the various IGA subprojects. The Community Business Agents in collaboration with DIST/SIST will support SHG members to build on their existing business enterprises as well as identify appropriate new ones based on their capacity, experience, availability of local demand, and availability of inputs, environmental and social suitability of the activity.

This identification of livelihood activity will be carried out through a four-step process, including step 1 - Group Dynamics, Life Skills, Visioning & Goal Setting, and Sustainability of projects, Group bylaws, Leadership, Roles & Responsibilities; step 2 - Enterprise Selection Training; step 3 - Development of Sub Project Budget; and step 4 – SHG Livelihood Business Proposal Compilation.
Standard training modules will be used to conduct this training and sector specialist from the district will provide guidance on the appropriate choice of the livelihood enterprises for the SHGs in the course of the training. The training will emphasize as much as possible the participation of all the SHG members to ensure sustainability of the process. The SHGs will be required to come up with a livelihood and household business plan by the end of the training. These efforts will be coordinated by CDO and CBA who will have overall responsibility for capacity-building, while actual implementation of these business training efforts will be outsourced to competent non-profit and private sector agencies.

(v) Disbursement of Village Revolving Funds to SHGs

There will be nine participating districts for the SLP. The VLIC (Village Livelihood Improvement Committee) will be tasked with overseeing the SHG’s at the village level. The VLIC will be supported by a reputable and regulated financial institution to build capacity and to manage the revolving funds.

At SHG level, the group shall maintain one account for receiving grants which SHG’s will use to lend to members and for recovery of loans.

Eligible SHGs will submit their livelihood business proposals to the VLIC for appraisal and approval.

The VLIC will be guided by the CBA and CDO during this process, the SHGs whose livelihood business plans are approved by VLIC will receive funds in their livelihood subproject accounts to implement their planned livelihood activities.

(vi) Capacity building and training of Community Institutions

The orientation and capacity building of NDOs of pilot districts will be conducted by the TST. Project manuals and hand books will be provided to the DIST and SIST for ease of reference. At the district level, the DIST will build the capacity of the CFs, SIST and parish chiefs. The DIST will ensure that the above mentioned undertake orientation of pilot design, identification of existing saving groups, core principles to be followed by savings groups to qualify and graduate to NUSAF3 SHG, and finally formation of VLICs.

The capacity-building partners will train SHGs, VLICs in identification, generation and management of livelihoods activities. Standard training modules will be used to conduct this training and sector specialists from the district will provide guidance on the appropriate choice of the livelihood enterprises for the SHGs in the course of the training.

The training will emphasize as much as possible the participation of all the SHG members to ensure sustainability of the process. The SHGs will be required to come up with a livelihood and household business plan by the end of the training. In addition to this, capacity building programs will be organized to promote and nurture leadership among SHGs and VLICs.

(vii) Providing Implementation Support to SHGs

The CDO and Community Business Agents (CBAs) in coordination with VLIC will provide implementation support to SHGs to ensure sustainability of their livelihoods activities. The
NDO will review the performance of each SHG on a monthly basis. Based on this review, monthly implementation support plans will be developed, and the CBAs and CDO will coordinate with relevant sector experts to provide necessary support to SHGs.

The CDO and CBA through VLIC Executive Committee will ensure that SHGs follow five core pilot principles, implement their livelihoods activities as per business plan, use loans as per the financing agreement, and repay their loans to VLIC in a timely manner.

**(viii) Formation and Strengthening of Livelihood Groups/ Clusters**

The pilot will also facilitate development of livelihood groups and their federations. The livelihood groups and their federations will derive membership from NUSAF SHGs. The livelihood groups will be provided support through customized training for village and sub-county level management of enterprises, productivity enhancement, quality enhancement and value addition skills. Linkage of these groups to commercial sector will also be facilitated. Given the delicate social condition and the poor economic status of even the ‘non-poor’, an effort should be made to make these federations inclusive of the non-poor as well to encourage social cohesion and reap benefits of economies of scale or critical mass.

**(ix) Convergence with Anti-Poverty Programs and Strengthening Safety Nets**

The pilot will build community institutions like VLICs to inform and empower SHG members to access benefits of Government’s anti-poverty programs. This convergence of anti-poverty programs will maximize the impact of the Government programs and reduce vulnerability and risk among target households. The cash flow generated through programs such as LIPW will smooth consumption during the lean season and also trigger savings and investment by the poor. Therefore, institutions of the poor will create a platform for convergence of anti-poverty programs to improve the overall condition of the poor.

**(x) Monitoring and Review**

Monitoring of the SLP will be carried out by various stakeholders at different levels. The monitoring and review of the pilot will involve community-monitoring, weekly field visits by NDOs, monthly review meetings, and web-enabled MIS system. At community level, the VLIC will review the performance of SHGs on a fortnightly basis. Based on this review, the VLICs will prepare an SHG monthly performance report.

A monthly meeting to review the progress of SHGs and VLICs in pilot villages will be held at sub-county level. The meeting will be coordinated by the CDO, and will be chaired by the NDO. The VLICs will present the monthly SHG performance status in this meeting. This review meeting will be attended by VLIC members, CMGs, District Commercial Officer, CDOs, SIST and CBAs. In addition to monthly review meetings, the NDOs shall conduct field visits to pilot villages once every week to review the ground level progress. The pilot will be integrated into the NUSAF3 MIS monitoring systems.

The CBA will be responsible for entering and updating the pilot data on a weekly basis. The verification of MIS data will be the responsibility of the NDO. The NDO shall ensure data in the MIS and the data presented in the review meeting should completely match. The MIS reports will be available in the public domain, and anyone interested can download these.
reports on-line.

3.3. Strengthening Transparency, Accountability and Anti-Corruption (STAAC) Component

The NUSAF3 Transparency, Accountability and Anti-Corruption (STAAC) component is premised on the notion that the efficiency of public expenditure depends highly on the governance environment and practices. Any effort to improve resource allocation, therefore, must be accompanied by an enabling governance framework that facilitates accrued efficiency, and inhibits corrupt practices. This sets in motion a positive feedback loop of increased credibility, consolidation and appreciation for state authority. The STAAC support program is aligned with GoU anti-corruption frameworks and institutions. As NUSAF3 consolidates the achievements made under NUSAF1 and 2, the STAAC component under NUSAF3 will specifically expand and deepen the interventions of NUSAF2 in a more systemic and effective manner.

(a) Objective

The primary objective of Transparency, Accountability and Anti-Corruption component is “to
contribute to the Government’s commitment to increasing transparency and accountability in public service and by so doing improve service delivery”. Under NUSAF3, this component will sustain the achievements made under NUSAF2 and expand and deepen implementation of transparency, accountability and anti-corruption interventions to improve effectiveness in service delivery.

(b) Key Interventions

Implementation of the STAAC will continue to be done through four main interventions but in a more systematic and effective manner. The interventions include: (i) preventive measures through sensitization and awareness; (ii) citizens and stakeholder engagement; (iii) inspection and monitoring of project activities at all levels; and (iv) enforcement through investigation and prosecution.

Key priorities for the new phase are described in the paragraphs below.

(c) Upgraded Community Committees

A key reform for the STAAC implementation arrangement will be the upgrading of the community level committees. The Community Monitoring Groups (CMGs) committees will replace the Social Accountability Committees (SACs) and be given an expanded mandate. The CMGs, which will operate at the parish level, will be appropriately constituted to ensure representation of various interest groups. Their mandate will include general oversight, monitoring of activities on the ground, handling of grievances at first instance, ensuring observance of transparency by implementers, and contributing to awareness and sensitization efforts. Their capacity will be enhanced through systematic training and capacity development. Detailed terms of reference for the CMGs will be elaborated through a consultative process and be validated before project effectiveness.

(d) Introduction of social accountability tools

An important design element of the STAAC will be the introduction of social accountability tools as a critical aspect for strengthening citizen engagement through demand-side governance. Selected and feasible social accountability tools will be introduced to facilitate information gathering on beneficiary perceptions and track useful information from citizens’ perspectives to inform project decision-making. The tools will provide citizens as users of services with the means to participate in the identification, assessment and monitoring planning, delivery and quality of the services. In so doing, the citizens will be able to engage service providers in constructive dialogue directly through public meetings or through delegated representatives in interface meetings to jointly determine actions that could lead to desired improvements in service delivery.

This component is building on international experience of using social accountability tools. Tools used in this program include: citizens report cards, community score cards, participatory planning and budgeting, gender responsive budgeting and participatory expenditure tracking surveys. The project will adopt application of at least two social accountability tools. The tools will be selected based on a practical exposure of the implementers led by the IG to at least one country environment where such tools have been or are being applied.
(e) Strengthening Systems and Tools for Grievances Handling Mechanism (GHM)

The grievances handling mechanism (GHM) which was introduced at the IG under NUSAF2 has mainly worked through a toll-free SMS initiative. Cases handled are recorded but the challenge is the timely management of the cases. The GHM will be enhanced by strengthening the tools and systems for grievance redress. A system to enable registration and management of the grievances at different levels expeditiously will be developed by IG.

(f) Monitoring and Results Assessment

Efforts were made to implement monitoring of activities under NUSAF2 through regular field visits and case-based fieldwork by the IG. However, there were challenges with regards to how regularly data was collected and how information was aggregated and reported upon with the result that much of the positive feedback on the role of STAAC is anecdotal and not systematic. Monitoring in the NUSAF3 will be enhanced by the use of simplified information and data collection tool linked to systems for aggregating the information to allow periodic updates of progress against key performance indicators.

(g) Coordination and Collaboration

STAAC will be implemented in partnership with local governments and relevant civil society organizations. Collaboration with local governments will be improved at the regions, districts, sub-counties and parishes through regular coordination and interface meetings as well as existing reporting mechanisms. At the local government level, the IG regional offices will closely facilitate the implementation and monitoring of the STAAC component. Focal persons will be recruited and deployed within each regional office and assigned to lead the STAAC work in collaboration with the IG head office in Kampala.

The CMGs will be the first recipients of any complaints and appeals about the project and will help to resolve as many issues as possible at community level. CMGs will refer complaints that they cannot resolve to the regional offices and or the IG head office. The regional team will assess appropriate ways to solve any problems hindering the implementation of the NUSAF3 activities. The regional focal persons will also follow up on the work of the CMGs at the parish level.

Selected CSOs/consultants with relevant experience will be engaged at different stages of STAAC implementation to enhance the capacity of the IG to effectively deliver the program. The IG will do a thorough assessment of the capacity and expectations of identified CSOs/consultants prior to their engagement. CSO /consultants will be contracted using the standard NUSAF3 procurement guidelines.

3.4. Safety Net Mechanisms and Project Management Component

The component has two sub-components:
(i) Safety Net Mechanisms sub-component

(ii) Project Management sub-component

The Safety Net Mechanisms sub-component aims to support the Government to lay the foundation for a sustainable social protection system that is envisioned in the draft Uganda Social Protection Policy. Thus, the sub-component will support the Ministry of Gender, Labour and Social Development to establish and strengthen systems to promote the harmonization of the direct income support elements of the social protection sector such as a national guideline for the implementation of labour intensive public works and mechanisms that can support the avoidance of the same households accessing benefits from similar types of interventions.

The Project Management sub-component will support and strengthen the planning and coordination of activities of the project, as well as the monitoring of their implementation. Project coordination and the accountability for project resources are both the responsibility of the Permanent Secretary in the Office of the Prime Minister with the support of the established NUSAF3 technical support team (TST). To ensure effective project implementation, this sub-component will support the OPM, relevant sector ministries, and local government staff in coordinating and performing routine monitoring of the project activities.

3.4.1 Safety Net Mechanisms Sub-Component

The aim of this subcomponent is to support the Government to lay the foundation for the social protection system that is envisioned in the draft Uganda Social Protection Policy. The component will thus support the MGLSD to establish and strengthen systems to promote the harmonization of the direct income support elements of the social protection sector, such as a national guideline for the implementation of labour intensive public works and mechanisms which can support the avoidance of duplication.

This sub-component will finance the following activities:

a. The National Labour Intensive Public Works Guideline

The National Labour Intensive Public Works Guideline is currently being developed under the leadership of MGLSD with World Bank and WFP support. Once released, it will become the guiding document for the LIPW component for NUSAF3. NUSAF3 will continue to collaborate with other institutions involved in LIPW and will support the formation of the LIPW Technical Working Group. This working group will meet regularly to assess progress in the roll-out and operationalization of the National Labor Intensive Public Works Guideline, any challenges faced in implementation and how such challenges can be resolved.

b. Payment Mechanism

This sub-component will pilot an alternative to the Manual Beneficiary Attendance and Verification Systems that are most commonly used in Uganda. While easy to establish, Manual Beneficiary Attendance Systems are more at risk from errors and fraud because of the lack of effective controls and manual procedures that are prone to human error. Ideally, a revised System would make use of mainstream payment infrastructure. When such systems are available they offer value-for-money (being lower cost than bespoke systems), have mainstreams
safeguards built-in (such as know your customer requirements and two-factor authentication) and promote financial inclusion objectives.

There is a need for unique registration of each beneficiary allowing for unquestionable identification/confirmation of individuals, and at the same time allowing for real-time documentation, data consolidation, and analysis as well as records of attendance and eventual payment of wages per beneficiary as commensurate to the work done.

The biometric based attendance and verification system creates a direct linkage between the beneficiaries at subproject generation phase, the beneficiary details as per the daily electronic register of attendance during implementation and the eventual beneficiary payment details. This system also gives a platform to track details for the compulsory 30% saving on LIPW wages received per beneficiary.

The attendance and verification system will be implemented and work in such a way that every NUSAF3 community implementing a LIPW subproject has a biometric based GPRS enabled system including hardware such as biometrics readers, Point of Sale (POS) Devices, tablets/Laptops or equivalent which are installed with software to capture data about beneficiaries such as name of the beneficiary, gender, age/date of birth, number of family members, biometrics (Photo & figure prints) etc into the system.

The system will have a dynamic attendance system to capture daily attendance of the beneficiaries during the LIPW subproject implementation. The system will generate a unique Identifier for each direct beneficiary. The data from the daily attendance captured in the system will be used at payment of wages stage to support checking and verification of beneficiary attendance using biometrics to confirm that the person receiving the wage is the same beneficiary who was registered and who actually worked, thus mitigating diversion of benefits. The system will be a module within the NUSAF3 management Information System (MIS) to share implementation and accountability data on LIPW subproject in real-time.

Targeting

NUSAF 3 will work with the MGLSD, as the lead agency for social protection, to identify good practices in targeting and to agree how direct income support interventions provided by various agencies to differing targets should operate alongside each other in a coherent manner.

In the development of its own programme MIS, NUSAF3 will ensure the existence of a module listing beneficiary households to facilitate cross-checking with other programmes and allow the prevention of the same households receiving similar benefits from more than one programme. This would lay a foundation to develop future single register that would be coordinated by MGLSD.

c. Establishment of Project Systems

Concurrently, this component will support the establishment of the systems and procedures that are required to deliver the labour intensive public works and the livelihood investment support activities. Amongst the key systems that will be supported are the overall program monitoring and evaluation system (M&E) and the management information systems (MIS) that will be developed to support overall program management and decision-making.

Management information systems will be developed to support program management with
decentralized read and write access. This will allow district implementers to enter information into the system and to generate reports to inform their own decision-making.

The MIS will facilitate key program processes, information exchange and data analysis with regards to a number of key project processes including: a module listing all beneficiary households (and the component from which they are benefiting); the location and state of completion of all subprojects, the status of appraisal and approval processes, information regarding disbursement, and community accounting for financing received. In sub counties with basic infrastructure (electricity and internet access) and where Community Development Officers are already in possession of a computer, the possibility of devolving read-and-write access to this level will also be explored.

3.4.2 Program Management Sub-Component

Key activities financed under this subcomponent include:

(a) The establishment of the Technical Support Team (largely based in Kampala but with an additional small team based in Moroto) supporting operations in Karamoja. This subcomponent will finance establishment of this team and the capacity required to carry out their assigned respective roles and responsibilities under the proposed project.

(b) Implementation of capacity-building efforts to support implementation capacity at district and sub-county level. Key capacity building requirements of implementing structures will be financed by this sub-component.

(c) The implementation of monitoring and evaluation activities at all levels.

(d) Design of a communications strategy and plan/campaign in order to inform stakeholders at all levels about all aspects of the project implementation.

(e) This component will also finance other operational costs incurred at national, district and sub-county levels for the administration of the project. This budget will be used for planning, implementation, technical oversight and monitoring of the LIPW and LIS components. Specifically, it can be used to finance contract staff, technical assistance, training, and per diem and other travel costs.

The Project management structure will include the following divisions as given below. More details of the Project institutional arrangements are given in chapter seven (VII).

I. Overall Project Coordination and Management.

a. Overall project coordination and accountability of project resources is the responsibility of the Permanent Secretary, OPM. The Chief Administrative Officer is responsible for project coordination and Monitoring at the district level. To ensure effective project implementation, the sub-component will support the OPM, relevant sector ministries and local government staff in coordination and routine monitoring of the project activities.
II. Technical Support Team.

The sub-component will support the staffing of the TST within the OPM to strengthen and complement capacities of the OPM, line ministries and local authorities, in meeting project-related operational requirements; such as community level planning and subproject implementation processes, procurement, financial management, and monitoring and evaluation. The TST will be headed by the Project Director, supported by a team of Programme Specialists.

III. The capacity building and training

b. Capacity building and training under the Project will be the responsibility of the Project Director at the national level, the Chief Administrative Officers at the district level and the Sub-County Chiefs at the sub-county level.

c. The Project will undertake workshops and seminars to build a formidable knowledge and skills base to kick start and sustain Project implementation by the various stakeholders. The workshops and seminars will help to clarify Project philosophy, principles and procedures. The skills enhancement Programme for the implementers at the community level will include basic inclusive planning, book-keeping, record keeping, business planning and skilling, accountability, management and administration of participatory development at all levels, as well as basic skills in assessing local environmental and social effects of subprojects.

IV. Communication Initiatives

a. The main objective of development communication in NUSAF3 is to ensure effective flow of information among the key stakeholders in the Project. The Project Director, supported by the Communications Specialist will ensure effective development communication at all levels of Project implementation. Similarly, the Chief Administrative Officers supported by the NUSAF3 Desk Officers, the District Information Officers, the District and sub-county Implementation Teams, and the Sub-County Chiefs, supported by the Community Development Officers will be responsible for development communication at the district and sub-county levels, respectively.

b. The provision of prompt and accurate IEC messages will enable the various stakeholders play their roles and responsibilities effectively and promote transparency and accountability in Project implementation.

c. The IEC will focus mainly on articulating project objectives, procedures, principles, access criteria, updates on project implementation and the roles and responsibilities of the various stakeholders, among others.

d. NUSAF3 will employ a variety of communication channels including electronic media, print media and traditional media to disseminate information to the stakeholders and the general public. Media appropriate to Northern Uganda will be identified. In specific
situations, where tradition and culture have strong influence on the flow of information, indigenous systems of information dissemination will be used.

e. The Development Communications unit will ensure that there is continuous feedback from its stakeholders to enable it improve its services, while at the same time responding to community and stakeholders’ concerns, within the confines of the Project operations and the overall PRDP framework.

f. Development Communications will also ensure the productive sharing of information, lessons learned and best practices among the Project beneficiaries and implementers through exchange visits, site visits, forums, sharing of stories and other channels.

g. The IEC activities will foster partnership and formation of sustainable alliances between sector ministries, local government, NGOs and communities in the project areas, by clearly articulating roles and responsibilities of the different actors concerned.

V. Effective Monitoring and Evaluation (M&E)

a. The Project Director supported by the M&E Specialist will be responsible for ensuring effective monitoring and evaluation under NUSAF3. The District Planner and the Sub-County Community Development Officer will coordinate M&E activities at the district and sub-county levels, respectively.

b. The Project will establish a participatory results-based M&E system that will track Project processes and assess Project results. The Project M&E system will be aligned to the PRDP M&E system, and will take cognizance of the National Monitoring and Evaluation Policy. It will operate within the existing National M&E framework as specified in the National Development Plan.

The overall objective of the M&E function is to provide timely and quality information to Project Management and other stakeholders on the progress of, and the challenges and lessons learned during implementation of Project activities.

Specifically, the M&E function will provide information for informed decision making in: Planning and implementing Project activities, optimum allocation and use of financial and other resources, selection of appropriate implementation methods and Advocacy for favourable policies that impact on the Project.

The Project will employ the following M&E methods and tools:

(i) Results framework;

(ii) Comprehensive M&E plan;

(iii) Internal and external periodic assessments and evaluations; and

(iv) Participatory community monitoring and accountability approaches.
The M&E system will be supported by an appropriate Management Information System (MIS) that will be designed to ensure effective tracking of progress in implementation at district and community levels. The District Planning Unit will coordinate the M&E function at the District level.

**M&E is also covered in detail in Chapter 8.**

**VI. Management Information Systems (MIS)**

An appropriate Management Information System (MIS) will be established to ensure timely availability of information for decision making and reporting at the various levels of Project implementation. The Management information system will capture data on key project processes both at TST and from the districts, support consolidation and analysis of this data as well as generate a wide range of timely and accurate reports. **MIS is covered in detail in section 8.9 under M&E in chapter 8.**

**VII. Documentation and Record Keeping**

The Project Technical Support Team (TST) will ensure that at all levels (National, District and Sub-county) a record filing system, as well as a records policy and guidance is in place for the preservation and maintenance of all Project records and documents for the duration of the Project period and beyond. These will be in line with the established Government norms and standards.

The other Project Management areas include Finance Management (covered in chapter five), Procurement (covered in chapter six), Office Administration, Environmental and Social Safeguards (covered in chapter four), and Program Operations.
CHAPTER IV: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

4.1. Introduction

The implementation of NUSAF3 will take cognizance of the existing National and World Bank policies on environmental management and social safeguards. This is to ensure that all the subprojects to be implemented are environmentally and socially sound and sustainable, and that decision-making is improved through appropriate analysis of actions and of their likely environmental and social impacts.

NUSAF3 has developed environmental and social safeguards instruments, namely (i) Environmental and Social Management Framework (EMSF), and (ii) Resettlement Policy Framework (RPF) that will guide the safeguards implementation in the project. In addition, safeguards issues shall be implemented through the government structure right from community, sub county, district and central government levels and all sub projects shall be subjected to an environment and social screening to ascertain the likely negative environment and social impacts. The mitigation measures identified will then be part and parcel of the subproject implementation, and shall be done concurrently with the rest of the subproject activities and not after subproject completion.

4.2. Environmental and Social Management Framework Step-by-Step Process

The NUSAF3 ESMF provides a step-by-step process of identifying likely environmental and social impacts, developing environment and social management plans, identifying appropriate mitigation measures as well as methods of monitoring and reporting of mitigation implementation with a view to achieve a sustainable socio economic development.

During environmental and social screening, due attention will be paid to the potential (adverse) environmental risks and impacts, including impacts on the natural environment (air, water and land); human health and safety; and physical cultural resources.

The District Environment Officers and Sub-county CDOs will ensure the effective implementation of the EMSF in all sub-projects funded under NUSAF3.

4.3. The Screening Process

The screening process will involve the following steps:

Step 1: Screening of Sub-Project Activities and Sites

This with guidance of the District Environment Officers and line ministries where necessary, the Environment and Social Safeguards Checklists (as contained in the NUSAF3 LIPW and IHISP Handbooks) derived from policy and sector guidelines, environmental and social indicators will be used. This step will indicate whether or not a subproject has significant adverse environmental/social impacts.
Step 2: Assigning the Appropriate Environmental Categories

The environmental and social screening form, when completed, will provide information on the assignment of the appropriate environmental category to particular subprojects to be implemented under the project. The District Environmental Officers/Community Development Officers will be responsible for assigning the appropriate environmental/social category.

Step 3: Development of an Environmental and Social Mitigation Plans (ESMPs)

At this stage, CPMCs in the case of IHISP or CWCs in the case of LIPW, with guidance of an Environment Focal Person/Parish Chief will use information from the screening form to develop respective ESMPs containing the following:

a) The relevant project activities
b) The potential negative environmental and social impacts
c) The proposed mitigation measures
d) The persons responsible for implementation of the mitigation measures
e) The persons responsible for monitoring the implementation of the mitigation measures
f) The frequency of the afore-mentioned measures
g) The capacity building needs

The ESMP guides the supervision, monitoring and evaluation of the implementation of mitigation measures.

Step 4: Review and Approval of the Screening Activities

4.4. Review Process

The Sub County Technical Planning committee (STP), District Technical Planning Committees (DTPC) and District Executive Committee (DEC) with the Secretary for Production and Natural Resources charged with environment issues as a member, will review the results and recommendations presented in the environmental and social screening forms and the proposed mitigation measures presented in the environmental and social checklists as a basis for making recommendations for subproject approval. During the review and approvals, all ESMPs will be approved by the DTPC. Thereafter, Districts will disclose both on their notice boards, and in addition, a copy will be disclosed at the national and world bank info-shops before any sub projects are implemented.

4.5. Recommendation for Approval

Based on the results of the above review process, and consultations with the relevant stakeholders, the DTPC through submissions from the Environment Officer will proceed to
approve or reject a subproject.

In case of subprojects that require EIAs, the DTPC through the Environment Officer will forward those sub projects to NEMA for further reviews and approval.

All ESMPs will have a percentage of between 2-5% from the total project investment cost earmarked for safeguards mitigation costs. All ESMPs when completed will be required to be disclosed both at the district and sub-county Levels (DEC and DTPC approvals will as well include the ESMP approvals). The approved ESMPs will be sent to OPM for in country disclosure and as well the same will be sent to be disclosed in the World Bank Info-Shops.

*Tree planting as mitigation measure will be required to be budgeted for and implemented in all approved projects as a project innovation and contribution to climate change mitigation*

4.6. Implementation Arrangements

The implementation of ESMF will rely on the existing central and Local Government structures particularly, the OPM NUSAF3 implementing agency, through the TST that includes among others personnel, the Environmental and Social Safeguards Specialist; at district level, the respective District Environment Officers and Community Development Officers who will also be supported by sector-specific specialists from the relevant technical staff at the sub-county level (e.g., Agricultural Extension Officer, Forest Officer, Assistant Community Development Officers and Parish Chiefs). For the projects that might require a partial Environmental Assessment (EA), the National Environmental Management Authority (NEMA) will undertake the review and clearance function. While the World Bank will supervise ESMF implementation through the periodic project-monitoring reports prescribed by the ESMF and this Operation Manual. The Bank will also undertake random desk and field review of sub-projects.

TST will have to undertake refresher capacity-building training of all the relevant LG staff (Planners, Community Development Officers, and Environmental Officers) in all the NUSAF3 Districts LGs. In addition, districts will be supported to transmit the environment and social issues including safeguards knowledge and skills to lower level LGs especially the sub-county corresponding staff. The CAO will ensure that the positions of the Community Development Officers (CDOs) and Community Development Assistants (CDAs) are filled as well as those of parish chiefs to ensure that the needed critical mass of community resource facilitators is in place to support community dialogue, mobilization, and implementation and follow up. A pool of community resource persons at village level will as well be trained and supported to have close interaction with communities and established groups of the poorest of the poor.

4.7. Environmental and Social Safeguards (ESS) Monitoring

The purpose of the ESS-Monitoring includes to:

(a) Ensure that proper appraisals on the effects of sub-projects takes place and that proper measures are put in place to mitigate the effects
(b) Set out the basis for compliance and enforcement of terms and conditions for approval
(c) Design compliance strategies
(d) Assess compliance with and management of the environment and social safeguards.

(e) Ensure that all stakeholders participate in the sub-project processes

Safeguards monitoring system with clear monitoring indicators and tools will be developed prior to the start of NUSAF3. This will be used by respective District Environment Officers and DCDOs at the district level, CDO/ACDOs at sub-county level and Parish Chiefs at parish levels, to carry out the monitoring of subprojects during implementation, as well as during subproject operation and maintenance.

Since monitoring, evaluation and reporting on safeguards issues will form part of the overall sub-project implementation processes, therefore the benefiting communities will submit reports through parish chiefs on monthly basis to sub-county level. The sub-county will then submit the same to the District Local Governments for consolidation in their quarterly reports submitted to OPM.

On satisfactory implementation of mitigations implementation and adequate reporting, the Environment Officer shall then certify each subproject by issuing a certificate of environment restoration.

Information on compliance to environmental and social safeguards will also be generated from quarterly reports, annual reports and field assessment reports by safeguards unit, evaluation reports, feedback meetings and Implementation Support Missions by the Bank.

4.8. Stakeholders Involved in ESS

The following institutions will be involved in screening and implementation of mitigation measures, monitoring and evaluation of ESS:

(a) District Executive Committee (DEC)

(b) District Technical Planning Committee (DTPC) working through the District Technical Working Group and Sub-County Technical Planning Committee (STPC)

(c) Parish Development Committee (PDC) - need to make this functional

(d) Community Watershed Committee (CWC) and Community Project Management Committee under IHISP

(e) Line Ministries and Government Agencies

(f) National Environment Management Authority (NEMA)

4.9. Resettlement Policy Framework CBWD & IHISP Cycle

The Resettlement Policy Framework (RPF) will address the potential social impact resulting from possible land acquisition for the community subprojects. The RPF will guide preparation of Resettlement Action Plans (RAPs) for subprojects that trigger the policy, such as, subprojects involving land acquisition, displacements of people or reduction of their access to resources.

(a) The Objective of the Resettlement Policy Framework
The objectives of the RPF for NUSAF3 include the following:

(i) Avoiding or minimizing involuntary resettlement where feasible, exploring all viable alternative subproject designs

(ii) Assisting displaced persons in improving their former living standards, income earning capacity, and production levels, or at least in restoring them

(iii) Encouraging community participation in planning and implementing resettlement

(iv) Providing assistance to the affected people regardless of the legality of land tenure.

(v) The RPF provides safeguards against severe adverse impacts of proposed project activities and proposes mitigation against potential impoverishment risks by:

• Avoiding displacement of people in the first place.
• Minimizing the number of displaced persons.
• Adequately compensating the displaced persons for realistic losses incurred.
• Adequately addressing adverse impacts of the intended interventions.

(vi) This framework therefore provides guidelines for addressing concerns of affected persons in situations where:

• Land is contributed voluntarily for sub project activities in return for compensation.
• Land is contributed voluntarily for sub project activities without seeking compensation.
• In cases where land is likely to be acquired involuntarily for subproject activities.

The District Community Development Officers and Sub-County Community Development Officers will ensure the effective implementation of the RPF in all subprojects funded under NUSAF3.

(b) Involuntary Resettlement

Involuntary acquisition of land and assets including resettlement of people (unless absolutely necessary) will be avoided. In particular, acquisition of sites of spiritual or cultural/historical significance will not be tolerated.

Where involuntary land acquisition is unavoidable, it will be minimized to the greatest extent possible. The displaced persons will participate throughout the various stages of planning and implementation of the land acquisition, compensation and resettlement plans and processes.

(c) The Screening Process

The screening of subproject activities will be based on the findings of field investigations, and will emphasise the following principles:

(i) Avoiding or minimising involuntary land acquisition and resettlement, where feasible and exploring all viable alternatives before resorting to involuntary resettlement

(ii) Where involuntary resettlement and land acquisition is unavoidable, assistance and
sufficient resources should be provided to the displaced persons with the view to maintaining and/or improving their standards of living, earning capacities and production levels

(iii) Encouraging community participation in planning and implementing land acquisition, compensation and/or resettlement, and provision of assistance to the affected people regardless of the legality of their land rights or their title to land.

The screening process is a very important component of several activities that contribute to the preparation of the Resettlement Action Plans (RAPs). It comprises the following steps:

Step 1: The subproject investment activities to be undertaken and the locations of the investments will undergo preliminary evaluation on the basis of the objectives of the subproject.

Step 2: The LGs will approach the communities impacted with the view to arriving at a consensus on possible sites for the type of facility to be adopted.

Step 3: The Local Communities Authorities (Local Councils, Parish Development Committees, Sub-county and District Councils) will undertake their inter-communal consultations in order to arrive at a possible siting of the facility.

Step 4: The screening process in conformity with the provisions of the RPF screening process will determine:

(i) Whether or not any resettlement will be required at the chosen site and if so, whether or not alternative sites are available

(ii) Whether or not any loss of land, assets or access to economic resources will occur, or

(iii) Whether or not any of the World Bank Operational policies will be triggered.

Step 5: On the basis of the analysis of the matrix emanating from the screening processes, a final selection of the optimum site presenting the least negative environmental and social impacts including resettlement/loss of assets can be made.

Step 6: Where resettlement or loss of assets cannot be avoided, the provisions of the World Bank’s OP 4.12 will be applied and a RAP is prepared for the sub project in question. From this point, the provisions of this RPF will be used up to payment of the compensation package including resettlement support where appropriate.

The costs associated with this resettlement or relocation will be included in the Resettlement Action Plans (RAPs) for all the investments. The Government of Uganda through the Office of the Prime Minister shall provide for the compensation after the LGs have identified the land and a comprehensive evaluation report made by the Government Valuer.

Note: The consideration of persons genuinely displaced by the sub-projects and in need of compensation shall not include persons who shall be displaced from areas where they previously encroached the natural ecosystems (wetlands, forests, hilly areas, water supply points – etc) meant to be conserved.
(d) Resettlement Action Plans (RAPs)

NUSAF3 and LGs will make sure that a comprehensive Resettlement Action Plan is prepared for each activity (of LIPW and IHISP) that triggers resettlement. The process of preparing the resettlement action plans will involve the following:

(i) A census to identify the affected persons and their assets. The census will generate information about the displaced persons, their entitlements regarding compensation, resettlement and rehabilitation assistance as required

(ii) Consultations with the affected people about acceptable alternatives, disturbances, especially those affecting income-earning activities. Impact on assets should be properly recorded with the view to making compensation or replacement in case of resettlement

(iii) Based on the census and inventory of losses, and in consultation with the displaced persons, a time-phased action plan with a budget for provision of compensation, resettlement, and other assistance as required, will be prepared

(iv) Making arrangements for implementation and monitoring of the RAP.

(e) Monitoring Arrangements

The monitoring plan will include indicators to be monitored, guidelines, responsible persons or institutions, the resources required to carry out the monitoring activities and timeliness (quarterly) when the monitoring exercises will be conducted. The arrangements for quarterly monitoring of the resettlement and compensation activities would fit the overall monitoring programme of the entire NUSAF3.

Key players in the monitoring of the RAP include: OPM, LGs, and Sub County area land committees/Parish Development Committee. These key players shall institute an administrative reporting system that shall:

(i) Alert OPM on the necessity for land acquisition in the program activities design and technical specifications

(ii) Provides timely information about the assets valuation and negotiation process

(iii) Provide reports on any grievances that require resolution

(iv) Provide documents on timely completion of NUSAF3 Project resettlement obligations

(v) Update the database with respect to changes that may occur on the ground as resettlement and compensations activities are being implemented

(vi) Undertake annual evaluations to assess the impacts of the compensation and resettlement activities
CHAPTER V: FINANCIAL MANAGEMENT

The NUSAF3 financial management will be in accordance with the Government of Uganda Financial and Accounting Regulations and World Bank Financial Regulations. Financial management and accountability under the Project will be tracked at national, district and sub-county, right down to the community level. A Financial Management Handbook will be developed to guide Project implementation.

The Permanent Secretary, Office of the Prime Minister (PS/OPM) will be the Accounting Officer for the fund at the national level, while the Chief Administrative Officers will bear the responsibility, as Accounting Officers, for the funds disbursed to their respective Districts. Actual project activities will be planned and implemented at the community level under the guidance and supervision of local government entities at the district, sub-county, parish, and village levels. At the district level, the Chief Administrative Officers (CAOs) will be in charge as the Accounting Officers and overall coordinators of the project.

5.1. Planning and Budgeting

The Office of the Prime Minister (OPM) has the responsibility to ensure that the plans and budgets for Project activities are realistic and based on valid assumptions. The District Technical Planning Committee (DTPC) shall coordinate and integrate all the sector plans of lower governments for presentation to the District Executive Committee (DEC), which is the executive and ultimate planning and approving authority in the district. The budgets and work plans will lay down physical and financial targets that will form a basis for monitoring Project activities.

At community level, subproject plans will be generated by the communities with the help of a Community Development Officer (CDO). Where capacity for generation of such plans in the community is weak, the task will be undertaken by designated CSO/CBOs.

The OPM will ensure that all the budgets and work plans conform to the project policies, guidelines and legal agreements. OPM will communicate the planning and budget policy, inclusive of the allocation formula, for the project resources to the participating districts, enforce timely delivery of budget proposals, review submitted budgets for adequacy and consolidate all district budgets into a master for inclusion into the national budget. It is such approved budget that will be subject for financing from IDA.

5.2. Organization and Staffing

The Project will use existing accounting staff at OPM headed by the Principal Accountant and supported by NUSAF3 Technical Support Team. Similarly, in the participating Local Governments, the Project will use the existing accounting staff headed by the Chief Finance Officer. Where there are staffing gaps, efforts shall be made by Government to hire accounting
staff within 15 months from project effectiveness.

5.3. **Accounting Policies, Procedures and Systems**

A computerized accounting system (SUN System) has been established at national level and it is functioning well and all districts have installed a simple Excel-based Project Tracker to capture and track transactions at national and district levels, respectively. However, this system will evolve to a new MIS web-based system. At the start a paper-based system will be used to track the inflows and outflows at community and other implementing agency levels. A web-based system will later be installed at the national and district levels. The aim of such financial management systems is to: (a) allow for timely recording of project transactions; (b) safeguard project assets; and (c) allow for timely reporting of project transactions.

The project’s accounting policies will specify the accounting treatment for the project’s financial transactions and will constitute basic principles designed to ensure that the accounting records at district, community and OPM level are complete, relevant and reliable, and that accounting practices are followed consistently. It is expected that the Local Government financial management manuals will be supplemented with the project manuals.

The accounts of the Project will be prepared on a cash basis in accordance with International Financial Reporting Standards. A dedicated unit within OPM will have an accounting system for consolidating all financial reports of the Project that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds.

Controls over the preparation and approval of transactions will be put in place at both community and district levels to ensure that all transactions are correctly made, recorded and reported upon. Within the district chart of accounts, there will be need to integrate project costs related to specific work activities and outputs of the project. The systems of internal control at district level will ensure that every transaction that is entered into the accounting system is recorded and unauthorized transactions are prevented.

At the community level, financial management and administration needs will be identified and members of the community shall be trained in the maintenance of accurate accounts for the funds utilized. This will be done partly during the identification periods. The training materials for the community level shall contain information on simple accounting.

5.4. **Funds Flow and Disbursement Arrangements**

The project shall have one Designated Account denominated in United States Dollars opened in the name of OPM at Bank of Uganda. All disbursements from IDA will be deposited into this account. Funds from the Designated Account will be transferred into the OPM Subprojects Local Currency Account (in shillings) before they are disbursed further into the
district subproject account upon instructions from the accounting officer, where funds will be disbursed into the district operations account and the district subproject account. OPM will also have an operations local currency account to cater for the day-to-day activities of project management. Funds for implementation of the transparency component of the project will also be transferred into a Designated Account at Bank of Uganda and then to a local account opened at the same bank both in the names of IG.

Government is implementing the Treasury Single Account (TSA) modality and when all arrangements are in place and agreed, donor-funded projects will be added to the same system.

The disbursement of the IDA credit into the OPM designated account will be done quarterly based on unaudited IFRs. These IFRs will include project financial report, progress report and procurement management report.

Community subproject funds will be disbursed directly into a community subproject account. The Districts will receive operational funds for supervising sub-counties and communities separately. Thus community subproject funds will be disbursed from OPM Local Currency Account through the Government Grants Account to the District Project Accounts from where it will be transferred directly to the respective subproject bank accounts in a commercial bank agreed to with the CAO under local government rules. The initial disbursements will be made upon receipt by OPM of a request for funds from the districts based on the approval list of subprojects indicating the mode of execution. This will be a consolidated list of approved subprojects from communities.

Where a participating district does not meet the minimum local government performance criteria, NUSAF3 funds will not be disbursed to such a local government until the challenges identified have been addressed. The OPM will work with the Ministry of Local Government to address such challenges. In addition, if a local government does not meet the sub-project cycle benchmarks detailed in this Operations Manual, penalties including possible suspension of disbursement by OPM will apply.

Replenishment of Funds

The disbursement of the IDA credit will be done at least once a quarter, based on the Interim Un-Audited Financial Reports (IFRs). The IFRs will include:

(a) Project financial reports
(b) Progress report
(c) Procurement plan.

An initial six-month forecast of project expenditures will be made by the OPM using current data collected from sub-projects submitted, projected operational expenditures and other expenditures. Following this agreement, an advance relating to aggregate disbursement requests
not exceeding the forecast amount will be payable by the Bank upon demand.

After the first and each subsequent quarter, the OPM will submit to IDA the separate IFRs and relevant supporting documentation relating to each disbursement. IDA will review the documentation relating to each disbursement to confirm eligibility of expenditures during the period covered by the respective IFRs.

The disbursement to the Office of the IGG will be through the Statement of Expenditure (SOE) method due to component funding requirements. An initial forecast of project expenditures will be made by the Office of the IG using reliable data upon which an initial deposit will be made to the Designated Account. Subsequent replenishments will be made upon furnishing the Bank with appropriate supporting documents.

The continued use of the report-based disbursement for the OPM Designated Account will depend on having satisfactory/low risk financial management system assessed during each Bank supervision mission, ensuring that IFRs are received within 45 days after the end of the three-month period and audited financial statements are submitted to the Bank within six months after the end of the fiscal year.

If ineligible expenditures are found to have been made from any of the two Designated Accounts and/or operating bank accounts, the GoU will be obliged to refund the same. If any of the Designated Accounts remains inactive for more than six months, the GoU may be requested to refund to IDA amounts advanced to the Designated Account. IDA will have the right, as reflected in the credit agreement, to suspend disbursements of the funds if reporting requirements are not complied with.

The Office of the Prime Minister (OPM) as assisted by the TST, will have the responsibility of ultimately ensuring that the plans and budgets of project activities are realistic and based on valid assumptions. The District Technical Planning Committee DPTC shall coordinate and integrate all the sectoral plans of lower governments for presentation to the District Executive Committee (DEC), which is the executive and ultimate planning and approving authority in the district. The DPTC is chaired by the CAO and is made up of Heads of Departments of the district administration and other technical people co-opted by the CAO. The budgets and work plans will lay down physical and financial targets and will be used to monitor actual subsequent performance of the subprojects.

At community level, subproject plans or annual LIPW plans will be generated by the communities with the help of a Community Development Officer (CDO) and Parish Chief. Where capacity for generation of such plans is weak, the task will be undertaken by designated facilitator. Proposals for funding the subprojects/annual LIPW plans will be forwarded to the DPTC for appraisal aided by officials from sub-county to which the households belong for endorsement. Once approved, the proposals will be forwarded to OPM for funding. In the circumstances, the fiduciary team within OPM will ensure conformity with all budgets/
work plans with the project policies, guidelines and legal agreements. OPM will communicate planning and budget policy inclusive of the allocation formula for the project resources to the participating districts, enforce timely delivery of budget proposals, review submitted budgets for adequacy and consolidate all district budgets into a master for inclusion into the national budget. It is such approved budget that will be subject for financing from IDA.

5.5. Financial Reporting

The Projects accounting system will be used to generate quarterly un-audited Interim Financial Reports (IFR) in form and content satisfactory to the Bank, which will be submitted to the Bank within 45 days after the end of the quarter to which they relate. The quarterly IFR’s will be used as a basis for the disbursement.

The IFR will consist of a statement of sources and uses of funds (by main expenditure classifications), opening and closing balances of the funds from the Bank; and actual and budgeted expenditures by component and/or activity within component and explanations of any variances, for the quarter and cumulatively for the Project. It will also contain forecasts for the next 6 months. The format of these reports was agreed on between the Bank and OPM.

At lower levels of implementation at community and district level, reporting formats have been designed so as to give adequate information to higher levels for monitoring and consolidation. Frequency of such reports was outlined in the projects financial management manual.

5.6. Internal Controls

The internal controls system described in the Financial Management Manual will provide guidance to the Project financial and district staff and also help in monitoring the system of internal controls. The District internal auditors will provide an independent assessment of the adequacy of, compliance with, established controls, policies and procedures. A system shall be established for following up on all weaknesses reported by external and internal auditors.

Internal audit services at local government level and communities will be executed as provided for in the Local Government Financial and Accounting Regulations. The Project will rely on the District Internal Auditor to ensure prudence in the utilization of Project funds disbursed for activities implemented in the district. A Local Government Internal Audit Handbook will be provided to guide Local Government Internal Auditors in executing the audit function. OPM will work with the Local Governments to supplement internal audit requirements where necessary.

5.7. External Audit

The Auditor General (AG) of the Republic of Uganda is primarily responsible for the auditing of all government projects. The AG may subcontract the audit to a competent private firm.


The ToRs for the audit will cover both the annual audit of the project financial statements
including their consistency with the quarterly IFRs, and a review of internal controls and compliance with the Project Agreement.

The Auditor will be required to issue a management letter providing an assessment of the financial management system, including the adequacy of internal controls. The audit report and the management letter must be submitted to the Bank within six months after the end of each fiscal year. The cost of audit is provided for in the project budget and will be paid out of project funds as authorized expenditure.

5.8. Supervision Plan

Financial management supervision will be undertaken twice a year by members of the IDA Financial Management team. The supervision will review the Project’s financial management systems and capacity, in accordance with the FM Handbook, including but not limited to the operation of Designated Account, evaluating the quality of the budgets, financial reports, assessing the relevance of the FM Handbook, statement of expenditures, internal controls, reporting and follow up of audit and mission findings. Special review of soft expenditures to check whether or not they are eligible expenditure will also be undertaken. The intensity of supervision will be reassessed after the first year of implementation of the Project.
CHAPTER VI: PROCUREMENT

6.1. Introduction

Procurement under NUSAF3 will be implemented at 3 levels, namely (i) at the Central Government level – OPM; (ii) at the Local Government level – Districts; and (iii) at Community level. At national level, all procurements will be cleared by a Contract Committee constituted in accordance with the Public Procurement & Disposal of Public Assets Authority (PPDA) Act, 2003. The Procurement Officer will work closely with the Principal Procurement Officer in the Procurement and Disposal Unit of the OPM. Where Prior Review will be required, clearance will be sought from the World Bank based on the Procurement Plan.

At the district level, procurement will be conducted in accordance with the PPDA Local Government Amendment Act, 2006 and the attendant regulations without contradicting the IDA Guidelines. The Local Government Contracts Committee will provide the overall supervision / approval of the procurement process based on approved Procurement plan of the specific local government. At the community level, the Community Procurement Management Committee (CPMC) in the case of Community Interest Group subprojects assisted by the CPC shall be responsible for all community-based procurements.

6.2. Contract Management

Contract managers will be appointed from user departments or CWC/ CPMC in the case of IHISP-based procurements for every procurement.

6.3. Complaints Review

This will be done in accordance with the section 89 and 90 of the PPDA Act 2003 and associated regulations, except that no fees will be charged. Prospective bidders shall be advised on how to address procurement complaints at each level through simple circulars posted at relevant procurement noticeboards at each level. Suggestion boxes will be used where available.

6.4. Procurement Audit

Procurement audits will be conducted during the annual audit of project accounts by the Auditor General. The Bank will also carry out audits for post-procurement audits during the supervision missions or by specially commissioned procurement audits. The Directorate of Procurement Audit and Investigations will be approached to help conduct procurement audit at the OPM and district levels.

6.5. Prior Review Procedures

Appropriate clearances will be sought from the World Bank following the approved procurement plan.
6.6. Procedures for Workshops, Training and Travel

Procurement for workshops, training and travel under the Project shall be done competitively. Service providers will be invited to submit quotations on the basis of written solicitation requests indicating the details of the services required. The quotations will be evaluated and the contracts awarded to the lowest evaluated service providers.

In organizing workshops, the workshop requirements including, stationery and facilitators (if required) will be procured competitively. At national level, at least three service providers will be invited to submit quotations for provision of venue. Where there is a possibility of several workshops taking place using the same institution, a framework contract shall be issued. The same procedure will be followed for district- and sub- county-based workshops.

6.7. Role of User Departments

User departments will participate in the preparation of the procurement plan, prepare terms of reference and technical specifications, initiate procurements requisitions, nominate contract managers, and participate in the evaluation of bids/ proposals.

6.8. General – Applicable Guidelines

Procurement under the Project will be carried out in accordance with the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits”, dated May 2004 and revised October 2006, May 2010 and July 2014; and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 revised October 2006, May 2010 and July 2014 and the provisions stipulated in the Legal Agreement. Based on these Guidelines, a Procurement Handbook out lining simple procurement procedures for application at the community level in accordance with Section 3.15 - Community Participation in Procurement has been developed.

6.9. Applicable Procurement Procedures

(a) Advertising at National Level

A General Procurement Notice (GPN) shall be published in the UN Development Business and in the major national newspapers as provided under the World Bank Guidelines. The GPN would be updated on a yearly basis and will show all outstanding International Competitive Bidding (ICB) for goods, works contracts and International Consulting Services. Specific Procurement Notices for goods to be procured under ICB and Expressions of Interest for consultant services estimated to cost the equivalent of US$200,000 and above will also be published in the UN Development Business.

(b) Publication of Opportunities at Community Level
Before community subprojects in the case of IHISP or LIPW in the case of CBWD have been approved, the district authorities will place a general advertisement (equivalent to the GPN in ICB) on the local radios and newspapers or the actual locality where potential suppliers are likely to visit to notify potential bidders of the available business opportunities. Such places are the district, sub-county, parish and village notice boards. Such local advertising will help improve transparency and increase competition.

Potential candidates will be encouraged to express their interest either directly to the communities or NGO/CBO or to the district Project authorities, which will keep a list of potential bidders (contractors and suppliers) who have the experience and track record to participate in actual bidding. The list of contractors and suppliers will be used by the community to identify qualified bidders.

(c) Use of National Procurement System

Under NUSAF3, procurement under ICB shall, in addition to the World Bank guidelines, comply with the national system, except where the two conflict then the World Bank guidelines will take precedence. The contracts committees shall perform their oversight functions at each of the key procurement stages, and contracts above UGX 200 million shall be subjected to the Solicitor General’s clearance.

All contracts following National Competitive Bidding (NCB) will follow the National Public Procurement law (the PPDA Act of 2003 and attendant regulations). These procedures have been reviewed by the Bank and found to be acceptable, except for the following provisions which will not be applicable under this project:

(i) Negotiations with the best-evaluated bidder. This practice is not appropriate, except for consulting services contracts and goods and works under exceptional circumstances.¹

(ii) The merit point system for bid evaluation. This shall not be applied for goods and works contracts procured on basis of competition (ICB, NCB or restricted tender).

(iii) Direct contracting as the default procurement method for contracts estimated to cost the equivalent of US$1,388 or less (defined in the PPDA Act as micro-procurement).

(iv) Application of domestic preference under NCB. Domestic preference shall only be applied under ICB.

(v) Charging of fees for dealing with bidder complaints at procuring entity level. The procuring entities shall not be allowed to charge fees for dealing with complaints.

(vi) Section 42 of the Local Government Public Procurement Regulations on Community Procurement, which requires procurement to be done by the lowest administrative local government unit. This provision shall not apply. Procurement under NUSAF3 shall
be conducted fully by the community and clearances shall be done by the Community Procurement Committees (CPCs) as detailed in the Community Procurement Handbook.

(d) Local Government Bidding Procedures

Procurement at the Local Government level will be conducted in accordance with the PPDA Local Government Amendment Act 2006 and the attendant regulations provided they are consistent with IDA rules. Selection of consultants services will be done in accordance with the Bank’s Guidelines for Selection and Employment of Consultants by the World Bank Borrowers (May 2004, revised in January 2011 and July 2014), and using the appropriate Standard Forms of Contract. The Local Government Contracts Committee will provide oversight to the procurement process.

(e) Solicitation Documents to be used

(i) Goods and Works: The Bank’s standard bidding documents will be used for procurement under International Competitive Bidding (ICB), and for procurement under National Competitive Bidding (NCB) with appropriate modifications agreeable to the Bank. Alternatively, the standard tender documents for procurements of supplies, works and non-consultancy services prepared and issued by the Public Procurement and Disposal of Assets Authority (PPDA) may be used for NCB. Where the PPDA documents are used, ONLY the “Technical Compliance” Selection methodology as defined in the Act shall be adopted. The rest of the methodologies shall not be used, even for NCB, for the procurement of goods, works and non-consulting services. Non-submission with the bid of the following requirements or their equivalent shall not be a basis for disqualification of bids at the preliminary stage: (i) Tax clearance certificates; (ii) VAT registration certificates; (iii) Certificates of incorporation/registration; and (iv) Trading licenses. These may however be used inter alia as post qualification criteria, which can be requested from the bidders at the later stages.

(ii) Consulting Services: The Bank’s Standard Request for Proposal document will be used in the selection of consulting firms. Short lists of consultants for consulting services contracts estimated to cost less than $200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. The PPDA Standard Bidding Document for the Procurement of Consultancy Services shall not be used.

(iii) Framework Contracts - Framework contracts should be used for frequently used items e.g. stationery, vehicle maintenance, equipment maintenance, etc. following the appropriate procurement methods.

(iv) Community Procurement - Simplified bidding documents and procurement planning forms and other documents shall be developed for use by the community under NUSAF3.
(f) Bidding Procedures at Community Level

Once the subproject has been approved, the community shall adopt any of the following bidding options:

(i) **Local Bidding**: A specific procurement notice is placed at the local notice boards at village or sub-county or district level for at least 15 days; bidders are allowed to prepare and submit bids; the date, time and place for public bid opening and the deadline for submissions are indicated; and bids are examined and those that do not meet the minimum specifications in respect of quality of works/goods (track record), experience, equipment, services offered and the delivery dates are eliminated. The next step will be to select the bidder who meets the minimum requirements and offers the lowest price using a simple evaluation form for NUSAF3 bids. The award and amount of the contract is then announced to all bidders and the contract is signed within 5 working days of the announcement.

(ii) **Local Shopping**: An invitation to bid is sent to a minimum of three bidders that the procurement committee has identified themselves. Simplified quotation forms that include description of the goods or materials, detailed specifications, and payment terms shall be used. The lowest-evaluated bidder is awarded the contract on the basis of the set criteria. Simple or locally available goods and services such as bicycles, timber, nails, paint, roofing sheets and office equipment like filing cabinets, pens, notebooks, receipt books and cement shall be procured through local shopping.

(iii) **Direct Contracting/Single Sourcing**: Under this method, the CPMC or CWC identifies and selects a supplier or consultant familiar to the community, negotiates a price with him/her and awards the contract based on the agreed/lowest evaluated price to ensure value for money. This shall occur in cases where a competitive method is not practicable to the community and there is only one known source; the cost of the community of another procedure would be disproportionately high relative to the value of the procurement itself; when there is an emergency; and of down- stream assignment on a previously awarded contract on the basis of the two methods above.

6.10. Scope of Procurement under the Project

(a) Procurement at Central Government level

The PDU/OPM will be responsible for procurement of goods, non-consulting and consulting services that will be used at the OPM and/or distributed to the district offices. Procurement Officers with ToR and qualifications acceptable to the Bank will be appointed at OPM to support the PDU.

(i) **Non-consulting Services**: Non-consulting services under this project will include security
services, airing of IEC messages, rent for office space, cleaning services, and internet services. The procurement of non-consulting services shall be as per provisions specified for the procurement of goods and equipment below.

(ii) **Goods and Equipment**: Goods and equipment to be procured would include vehicles, office equipment, computers and software for OPM and NUSAF district offices under the CAO. Goods estimated to cost US$1,000,000 equivalent or more per contract will be procured under ICB procurement method. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank Prior Review. All other contracts shall be subject to Post Review by the Association. Contracts estimated to cost less than US$1,000,000, but more than US$ 100,000 equivalent, may be procured using National Competitive Bidding (NCB) procedures. Goods and equipment estimated to cost less than US$ 100,000 equivalents per contract may be procured by shopping procedures in accordance with the guidelines. Shopping shall follow the procedures as defined in the PPDA Act and attendant regulations, with the exception of the rotation of pre-qualified bidders and negotiation of contracts.

(iii) **Consultancy Services**: The project will finance consultancy services for the Local Government capacity assessment review, IT for M&E, MIS and IEC, financial and procurement audits, and preparation of community procurement guidelines, Monitoring and Evaluation System, Capacity Building required by the various stakeholders, M&E studies/surveys, and any others that may be identified during the project implementation and agreed with IDA. Selection of consultants shall strictly follow the World Bank Guidelines. For avoidance of doubt, the PPDA Act and attendant procedures including bidding documents, evaluation forms, etc, shall not apply for selection of consultants for this Project.

(iv) **Training**: The Project will formulate an annual training plan and budget which will be submitted to the Bank for its prior review and approval. The annual training plan will, interalia, identify: (i) the training envisaged; (ii) the justification for the training, how it will lead to effective performance and implementation of the project and/or transport sector; (iii) the personnel to be trained; (iv) the selection methods of institutions or individuals conducting such training; (v) the institutions which will conduct training, if already selected; (vi) the duration of proposed training; and (vii) the estimated cost of the training. Upon completion of training, the trainee shall be required to prepare and submit a report on the training received.

(v) **Operating Costs**: The Project will finance costs at the national, district and sub-county level that directly relate to project implementation. The Project’s operating costs include expenditures for maintenance of equipment, facilities and vehicles used for project implementation, consisting of costs of fuel, routine repair and maintenance of equipment, vehicles, communication costs, use of internet costs, stationery and other office
supplies, utilities used for project implementation, consumables, travel per diems, accommodation expenses, workshop venues and materials, and costs of translation, printing, photocopying and advertising. The operating costs will be procured using the Government's procurement, financial and other administrative procedures, acceptable to the Bank. Salary top-ups, meeting allowances, sitting allowances and honoraria to civil/public servants and contracted consultants shall not be financed by the project.

(b) Procurement at Local Government level

The procurement will be done at the district level. The sub-county level as a user department may procure within the thresholds specified in the Local Government Amendment Act, CAP 243 and its Regulations.

Procurement at the local government level will include stationery, fuel, vehicle maintenance and related operational expenses. Selection of consultants may also arise if the need is established during project implementation.

(c) Community Procurement

At community level, the procurement function will be undertaken by the beneficiary communities who will participate in procurement by: (i) Identifying subproject requirements and procure the same from the local sources within the community, (ii) Engaging CSOs/NGOs to procure sub-project requirements that they implement and manage on behalf of the communities, where the communities have limited capacity (iii) Employing labour-intensive technology in sub-project implementation. For effective community participation, the communities shall constitute the following committees for each sub-project:

The CPMC is responsible for defining what needs to be procured for implementation of the LIPW sub-project and start the procurement process by forwarding request to the Community Procurement Committee (CPC). The Community Project Management Committee (CPMC) consists of 7 members, with at least 30% membership being women, elected by the community during the Participatory Rural Appraisal process to manage the implementation of their sub-projects. In both cases, the CPC shall follow the tender procedures for community procurement when procuring goods and hiring labor. The CPMC, will be responsible for decision-making on the contract award. The contract will be signed by the CPMC Chairperson, Treasurer and Secretary.

The CPMC and CPC shall seek technical guidance from the relevant sector specialists at the district level before award of contracts for specialized goods and services. Such subprojects include valley tanks, small-scale irrigation schemes or any subproject where communities might lack the skills and knowledge required for successful implementation. The District Procurement and Disposal Unit may upon request by the community avail current lists of prequalified service providers to the communities to select from. However, in the event that
there are few prequalified service providers, the community will be allowed to source suppliers prequalified by the neighboring districts.

**Community Procurement Committee (CPC)** – The CPC shall be independent and comprised of five (5) members democratically elected by the community during the PRA process. These members will be drawn from the rest of the beneficiaries. At least 50% of the membership of the CPC should be women in the case of LIPW, but 30% in the case of IHISP sub-projects. The members of the procurement committee shall be named in the subproject financing agreement signed by the Chairperson, Secretary and Treasurer of the CPMC on behalf of the community. The CPC is responsible for the procurement process of all goods and services required in the implementation of the sub-project.

After approval of the sub-project but before disbursement of funds, the CDO or any person (s) appointed by the CAO will provide the necessary training to the CPMC as the case may be and CPC members. The CPMC and CPC training will focus on the practical aspects using simplified procurement, disbursement and financial management as well as record keeping, and accountability reporting forms and/or tools to enable them undertake subproject implementation in a manner acceptable to the Government and the World Bank. Group management training will target subprojects that are implemented in group context. For example, tree nursery preparation, afforestation and reforestation etc. The districts may engage a consultant with ToR and qualifications acceptable to IDA, to provide the training in cases where the districts have limited capacity.

Watershed and/or Community subprojects implemented by more than one implementing agency (i.e. the CPMC and CSO) shall form a procurement committee composed of both CPMC and CSO representatives (at least 60% of the members drawn from the CPMC), and the members of which must be named in the Sub-Project Financing Agreement.

**6.11. Procurement Plan**

At Central Government, the procurement plan will be prepared by the Office of the Prime Minister annually. The procurement plans will be updated as need arises and approved accordingly to reflect the actual project implementation needs and improvements in institutional capacity. The plans will outline the type of items, estimated value, procurement method, key procurement processing dates and bank-related review procedures as detailed in the Procurement Handbook.

At Local Government level, the PDU will prepare a procurement plan provided the planned procurement is in line with the Local Government plans. The procurement plan will be cleared by the Local Government Contracts Committee.

At the Community level, procurement planning is a participatory exercise that is coordinated by the CPC with the involvement of the CPMC, sector specialists and the beneficiaries. The procurement plan will be prepared in a simple format indicated in the Community Procurement Handbook. The procurement plans shall be submitted as part of the documentation for the sub-project proposal. They will be updated by the CPC upon approval of the subproject, prior to the disbursement of funds.
6.12. Record Keeping

At OPM and at local government level, the head of the Procurement Disposal Unit (PDU) will be responsible for record keeping and shall open a file for each contract that they enter into. The file should contain all documents on the procurement process in accordance with the requirements and as described in the PPDA Act. At community level, the Community Procurement Committee (CPC) shall be responsible for record keeping as specified in this Operations Manual. Procurement records for each procurement/contract entered into will be filed for review. The file will contain the following records:

(a) Procurement plan
(b) A request for procurement
(c) Submission for approval of Procurement method
(d) Copies of quotation forms sent to suppliers
(e) Letter of invitation to bid/ Tender avert
(f) Form of issue of bidding documents/ Invitation to bid
(g) Copies of quotation forms duly filled by the supplier
(h) Records of receipt and opening of bids
(i) Records and minutes of bid evaluation
(j) Copy of the quotation analysis form
(k) Submission for approval of Evaluation report and recommendation
(l) Copy of the purchase order issued or copy of the contract properly signed by Chairperson, Treasurer and Secretary of the CPMC on the one hand, and the contractor on the other hand and witnessed accordingly
(m) Record of delivery notes
(n) Beneficiary consent form/ Core inputs Distribution list of beneficiaries
(o) Copy of invoice or demand note by the supplier
(p) Copy of payments details
(q) A receipt from the supplier acknowledging receipt of payment for goods supplied or contract performed

6.13. Monitoring

Monitoring and evaluation of procurement performance will be carried out through annual ex-post procurement audits by (i) Procurement Consultants with Terms of Reference (ToR) and Qualifications acceptable to IDA, (ii) Bank supervision and Post-review missions. At national level – (i) and (ii) will apply while at local government level, only (i) will apply.

The procurement audits at national and local government level will:
(a) Verify whether or not the procurement and contracting procedures and processes followed were in accordance with the Financing Agreement

(b) Verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample

(c) Review and comment on contract administration and management issues as dealt with by participating agencies

(d) Review capacity of participating agencies in handling procurement efficiently

(e) Identify improvements in the procurement process in light of any identified deficiencies.

At community level, monitoring and evaluation of procurement performance will be carried out through (a) regular ad-hoc reviews by the sub-county CDO and (b) annual procurement audits by Procurement Consultants with ToR and Qualifications acceptable to IDA. Such audits will:

(a) Verify compliance to the procurement and contracting procedures and processes specified in the Simplified Procurement Handbook

(b) Verify technical compliance, physical completion for works or the physical existence of goods.


Communities will receive routine supervision and hands-on support on community procurement through Community procurement reviews of procurement files and verification of physical existence of such projects by TST/ OPM and District Procurement Units. This will help in ensuring completeness of such files by closure of gaps whenever found.
CHAPTER VII: INSTITUTIONAL ARRANGEMENTS

7.1. Introduction

The implementation of NUSAF3 will be mainstreamed into the existing structures at the national and local government levels. This institutional arrangement will essentially enforce effective participation and coordination of the various stakeholders at the various levels of Project implementation. NUSAF3 will be implemented by the Office of the Prime Minister (OPM). The OPM will be the overall implementing agency of the project and will specifically be responsible for Components 1, 2, and 4 and will work with a wide range of institutions and agencies at the central, district, and sub-county levels to deliver the project. The OPM will be supported by a Technical Support Team (TST) headed by a Director and staffed by relevant technical experts to strengthen and complement capacities of line ministries and local authorities, in meeting project-related operational requirements such as, community level planning and subproject implementation. The IG will be responsible for implementing the STAAC component (Component 3) under NUSAF3 in line with the Government’s commitment of increasing transparency and accountability in public service delivery as enshrined in Vision 2040, the NDP, and the Accountability Sector Strategic Investment Plan (ASSIP).

The Permanent Secretary of the Office of the Prime Minister (PS/OPM) will have overall responsibility for project coordination, accounting for project resources, and ensuring the successful implementation of the project at national level. Actual project activities will be planned and implemented at the community level under the guidance and supervision of local government entities at the district, sub-county, parish, and village levels. The overall coordination and supervision of the project at the district level shall be handled by the Chief Administrative Officers (CAO) who will also be in charge as the accounting officer. The Senior Assistant Secretary (SAS) and Parish Chief shall be responsible for overseeing the implementation at sub-county and parish level respectively.

7.2. Institutional Linkage, Management and Implementation

NUSAF3 will work with national level sector departments and ministries with respect to policy direction and enforcement of norms and standards. Sub-projects conformity to these sector guidelines during implementation will be ensured by the district sector specialists. Sector ministries will provide guidelines to ensure that the sub-projects contribute to the attainment of the PDO, sector objectives and the National Development goals.

Existing government programs, such as the Local Government Management and Service Delivery Project (LGMSD), Operation Wealth Creation, Plan for the Modernization of Agriculture (PMA), Prosperity for all (PFA), among others, will complement the programs under NUSAF3.

Based on the strong participatory mechanism planned in NUSAF3, the implementation of the Project strategically placed under OPM will ensure a strong coordination mechanism with the various institutions of Government. The smooth implementation of the Project will be achieved through adherence to the CBWD and IHISP cycles and guidelines, therein specified. Besides,
the NUSAF3 CBWD and IHISP cycles allow for active participation of various stakeholders at all levels of Project implementation.

7.3. Coordination Mechanisms

Since NUSAF3 has been designed as a multi-sector operation, the coordination will take place at national, district and community levels as outlined below:

7.3.1 National Level

At the national level, the project will be coordinated through the various units outlined below.

(a) PRDP Monitoring Committee (PMC)

The PMC set up in the broader PRDP framework to provide overall PRDP monitoring, resource mobilization, budget harmonization and policy advice will provide overall policy guidance to the NUSAF3 project. The PMC chaired by the Rt. Honorable Prime Minister draws membership from ministers of key sector ministries, heads of mission, development partners and the private sector. The PS-OPM will be responsible for all submissions of NUSAF3 issues to the PMC meetings where policy issues and results/outcomes of the project will be discussed and subsequently reported to Cabinet.

(b) Public Sector Management Working Group (PSMWG)

The Public Sector Management Working Group (PSMWG) chaired by the OPM Permanent Secretary is made up of Permanent Secretaries of various line ministries and representatives of the donor community. The PSMG will report to the Minister for Northern Uganda Rehabilitation, who reports to the Prime Minister, PMC, Cabinet and Parliament on the project progress. The roles and responsibilities of the PSMWG among others include formulation and coordination of sector strategies, receiving reports from Technical Working Groups, harmonization of sector policies and programs and developing and monitoring sector performance indicators.

(c) The NUSAF3-Technical Working Committee

The NUSAF3 Technical Working Committee (NUSAF3-TWC) will include representatives of the key sector ministries and the Ministry of Local Government, participating in the implementation of NUSAF3. The NUSAF3 TWC will be chaired by the Director-NUSAF3. The sub-committee will meet on bi-annual basis and will report to the PS/OPM. The specific responsibility of the committee will be to provide technical and operational guidance to the NUSAF3 Technical Support Team and to ensure that the Project complies and conforms to sector norms and standards, and related Government policies.

(d) Technical Support Team (TST)

The TST will support the OPM Permanent Secretary in the day-to-day running of the Project operations, governed by the provisions of this Operation Manual and other appropriate legal instruments agreed to between the GoU and the funding agency. The TST will be headed by the Director-NUSAF assisted by a number of relevant technical experts in the fields
of: Finance, Project Management, Procurement, Livelihoods, Engineering, Natural Resource Management, Social Protection, Monitoring & Evaluation, Information Technology and Management Information System. The TST will provide technical support to OPM staff and local governments in all areas of project implementation, management of project funds in line with stipulated guidelines and regulations.

The TST will specifically provide technical support in the following areas:

(i) Preparation of the Project Operation Manual, handbooks, and simplified guidelines for implementers

(ii) Consolidation of annual plans and budgets submitted by the districts

(iii) Avail designs and specifications for all LIPW CBWD to be undertaken at the districts (SWC, valley tanks, roads, tree Nurseries, ponds, etc.)

(iv) Reviewing (selectively) LIPW and IHISP subprojects funding requests/proposals submitted by the districts for compliance

(v) Monitoring and evaluation of project activities

(vi) Preparing quarterly/periodic Project progress reports for submission to PS/OPM and PRDP-TWG

(vii) Supporting the PDU/OPM in procurement of goods and services

(viii) Preparing ToRs for consultancies on various assignments for ‘no objection’

(ix) Ensuring that the safeguards framework is used throughout the project and alert the funding agency of any potential safeguards violations

(x) Preparing Interim Financial Reports for Fund replenishments

(xi) Providing implementation support to the districts and communities especially in the development and review of delivery benchmarks and facilitate the decentralized management of NUSAF3 activities

(xii) Sharing and documentation of achievements, best practices, lessons and challenges to inform all key stakeholders, the public as well as local government and national planning processes.

(e) Inspectorate of Government (IG)

The IG will be responsible for implementing the STAAC component in a bid to promote and increase transparency, accountability, and anti-corruption under NUSAF3 implementation. A detailed STAAC Handbook will be prepared to guide the implementation of the STAAC Program. The STAAC component shall be implemented in a more systematic and effective manner through four main preventative interventions, which include:

(i) Sensitization and awareness of targeted communities to prevent misuse of project resources
(ii) Enhancing the engagement of citizens and stakeholders;

(iii) Inspection and monitoring of project activities at all levels by the IG and at the community levels by the CMGs, and

(iv) Enforcement through investigation and prosecution. The Secretary to the Inspectorate of Government shall be the Accounting Officer.

(f) LIPW Technical Working Group

A Working Group is established to roll-out the new National Labour Intensive Public Work Guidelines. The LIPW Technical Working Group is co-chaired by OPM and the MGLSD and is composed of all stakeholders (Government and Development Partner including WFP, international and local NGOs involved in LIPW implementation). It will meet regularly to assess developments in rolling out the National Labor Intensive Public Work Guidelines, share progress in implementing LIPWs, discuss and resolve challenges and agree a common way forward.

(g) National Emergency Coordination and Operations Centre (NECOC)/National Council

NECOC shall be involved in the Disaster Risk Financing (DRF) sub-component. The Committee will be chaired by the Permanent Secretary OPM and composed of focal point technical officers from the MoH, MAAIF, WFP, FAO, URCS, ACTED, FEWSNET and Makerere University and other relevant stakeholders. NECOC will be responsible for:

(i) Maintain a historical dataset of the selected primary and secondary triggers and their locations and years where and when the scalability is triggered to guide response mechanisms.

(ii) Data collection and analysis for the triggering of DRF funds to the districts.

(iii) Verifying whether the conditions for the activation of the risk financing instrument have been met.

7.3.2 District Local Government

The relationship between the Local Government and Central Government under NUSAF3 will be governed by a Memorandum of Understanding (MoU) outlining the responsibilities of the respective parties. The MoU will be signed between OPM (represented by the PS/OPM) on the one hand, and the District Local Government (represented by the CAO) on the other hand.

The specific functions at the District Local Government level shall include to:

(i) Participate in mobilization and sensitization of stakeholders

(ii) Undertake justification of sub-project proposals submitted by the sub-county

(iii) Approve subprojects submitted by the sub-county
(iv) Incorporate project activities into the district plans and budgetary framework
(v) Forward to OPM a list of approved proposals, duly signed by the CAO, for funding.
(vi) Disburse subproject funds to beneficiary communities
(vii) Ensure and provide technical supervision, monitoring and evaluation, and timely reporting on project activities
(viii) Alert district/OPM of any potential safeguards violations
(ix) Submit accountability for all project resources disbursed to the district.

(a) District Council (DC)

Under NUSAF3 Project, the District Council will participate in the following:

(i) Mobilization and sensitization of stakeholders to embrace and participate in the project
(ii) At standing committee level, review NUSAF3 sub-projects investments planned by respective departments integrated in the general district development plans and subsequently approve these development plans
(iii) Receive progress reports from the DEC on the implementation of the approved NUSAF3 sub-projects funded in the district.

(b) District Executive Committee (DEC)

In the implementation of NUSAF3, DECs will perform the following functions on behalf of the District Councils:

(i) Monitor Project fund utilisation in the district.
(ii) Ensure that the operations of NUSAF3 within the district are carried out in accordance with this Operation Manual and MoU entered into between the District and OPM.
(iii) Review, approve and endorse the recommended sub-projects and budgets of district submissions to OPM.
(iv) Review and endorse funding for all district/municipal council sub-project proposals recommended by the district technical planning committee chaired by the CAO.
(v) Take decision on any issues relating to the implementation and flow of funds within the district.
(vi) Brief District Council (DC) ON NUSAF3 during Council meetings.

(c) District Technical Planning Committee (DTPC)

Under NUSAF3, the DTPC will be responsible for justification and approval of subprojects, and provision of implementation support to the sub- counties and communities. The specific
functions of the DTPC include the following:

(i) Advocate for NUSAF3 and raise awareness among all stakeholders.

(ii) Integrate community activities under NUSAF3 into the district plans.

(iii) Undertake justification and approval of sub-project proposals and submit them for endorsement by the district executive committee and notation by the district local councils.

(iv) Plan mitigation measures, where applicable, to counteract cumulative negative environmental effects.

(v) Supervise and monitor sub and multi-community project implementation.

(vi) Participate in the evaluation of impacts of sub-projects.

(vii) Provide linkages with other departments in the district.

(viii) Target sub-project intervention in support of the poor/vulnerable groups and areas affected by conflict.

(d) Chief Administrative Officer (CAO)

The CAO will be the Accounting Officer and the overall coordinator of Project implementation at the district level. The CAO will designate one competent officer from among the senior staff in the district as NUSAF3 District Officer (NDO) and other supplementary staff – accountant, secretary and driver to effectively support him/her in the day-to-day running of the Project activities. The CAO shall also designate District Technical Working Group composed of staff who shall support the NDO in the overall implementation of the project at the district. The CAO shall perform the following activities under NUSAF3:

(i) Promote NUSAF3 activities amongst all stakeholders throughout the district.

(ii) Represent NUSAF3 in all its dealings with third parties in the district.

(iii) Alert OPM of any potential safeguards violations.

(iv) Submit reviewed reports to the DEC for adoption and subsequently submit the same to OPM.

(v) Ensure that the Finance Department prepares quarterly and annual financial reports for timely submission to the DEC, district council and OPM.

(vi) Ensure that the Audit Department conducts timely audits of projects funded to ensure value for money and delivery of planned outputs to the targeted persons.

(vii) Review delivery benchmarks as specified in the sub-project cycle and inform OPM on readiness of the local authorities to take over management of Project funds for
communities.

(e) **NUSAF3 Desk Officer (NDO)**

The officer designated together with the sector specialists/DIST will directly perform the following functions on behalf of the CAO:

(i) Provide technical advice to the district council, DEC, DTPC, communities and other stakeholders on the implementation of the project in the district.

(ii) Receive project proposals and co-ordinate justification and review of sub-project proposals by the sector specialists (DTWG).

(iii) Prepare and submit to the District Technical Planning Committee the project annual district work plan and budget and project proposals received from the communities for approval.

(iv) Coordinate training needs and capacity-building activities of the project at district and community levels.

(v) Facilitate the disbursement of funds to sub-project accounts by ensuring that the justification for expenditures are prepared and submitted with complete documentation in time.

(vi) Support communities recruit and administer short term contracts for consultant service following the procurement guidelines.

(vii) Check documents submitted for payment for their validity, accuracy and completeness and detect and correct errors and irregularities.

(viii) Make arrangements for implementation, support supervision, monitoring and evaluation of sub-projects.

(ix) Prepare and submit to the DTPC quarterly and annual physical implementation and project performance reports.

(x) Provide support to communities in preparation of sub-project accountabilities.

(xi) Coordinate the commissioning of sub-projects with the participation of RDC, CAO, L.C.5 sector specialists and user departments.

(xii) Operate and maintain the established MIS for data and information sharing with stakeholders at the district and national level

(f) **Chief Finance Officer (CFO)**

The Chief Finance Officer at the district will undertake accounting duties prescribed within GoU laws, policies and procedures and this NUSAF3 Operation Manual and Financial Management Handbook. He/she will perform the following functions:

(i) Prepare payment vouchers to facilitate prompt payment and fulfill contractual obligations,
e.g. maintain purchase order, fuel coupons and do the banking.

(ii) Maintain petty cash books on a daily basis; update the cash book after payment vouchers have been checked by the District Internal Auditor.

(iii) Ensure that all justification reports tally with relevant installments before payments.

(iv) Produce periodic financial reports on administrative expenses for the district to ensure cost control.

(v) Prepare cheques as authorized to facilitate prompt payment and fulfill procurements requirements.

(vi) Ensure that all documents relating to financial transactions are properly filed in order to facilitate their retrieval and to safeguard district and NUSAF3 interests.

(vii) Assist in the preparation of financial records for external audit.

(viii) Prepare bank reconciliation and maintain accurate and reliable accounting records.

(ix) Participate in the management of computerized financial systems, preparation of annual budgets and accounts, designing and implementation of internal financial controls.

(x) Participate in audit of community sub-projects.

(g) District Implementation Support Team (DIST)

The CAO shall constitute a team of technical staff at the district to take overall technical coordination and support the NDO in the implementation of NUSAF3 activities. The DIshrtake the following roles:

(i) Facilitate the Participatory Rural Appraisal (PRA) processes to allow for participation of communities in identification and planning for their CBWD/IHISP livelihood activities

(ii) Facilitate the CBWD planning process (sensitization, socioeconomic survey, biological survey, resources mapping, and problem identification and prioritization and action plan preparation). Ensures the completeness of CBWD/IHISP livelihood business proposals received from the sub-counties prior to presentation to the DTPC for approval

(iii) Physical/technical audit of sub-projects for compliance with required standards.

(iv) Provide technical support to sub-counties during targeting and sub-project generation in support of the poor and vulnerable communities

(v) Provide linkages with other departments in the district.

(vi) Participate in the evaluation of impacts of sub-projects

(vii) Plan mitigation measures, where applicable, to counteract cumulative negative environmental effects.
(viii) Supervise and monitor sub and multi-community project implementation.
(ix) Conduct the training of beneficiary communities on the implementation of their sub-projects.

7.3.3 Sub-county Local Government

(a) Sub-county Council

The standing committees of the sub-county council will be involved in the integration of NUSAF3 project activities into the sector plans and ultimately, the sub-county plans. The Sub-County Council will approve the annual sector plans and budgets. The Sub-County Executive Committee (SEC) will notify the Sub-County Council on progress in implementation of the approved NUSAF3 projects during the sub-county council sittings.

(b) Sub-county Executive Committee (SEC)

In the implementation of NUSAF3, SECs will perform the following functions on behalf of the Sub County Councils:

(i) Promote NUSAF3 programme in the sub county
(ii) Participate in mobilization and sensitization of sub-county level stakeholders in NUSAF3 implementation
(iii) Approve annual work programmes and budget proposals of the sub-county for submission to the district
(iv) Endorse sub-project proposals approved/recommended by the STPC for approval by the DTPC
(v) Monitor implementation of NUSAF3 project activities
(vi) Approve sub-county annual reports on project activities before submission to the CAO.

(c) Sub-County Technical Planning Committee (STPC)

The STPC, which is chaired by the Sub-County Chief will, in liaison with the DTPC, execute the following functions:

(i) Receive subproject interest forms (SPIFs) from the communities
(ii) Ensure that community interest groups are formed in a participatory manner
(iii) Coordinate and facilitate the Extended Participatory Appraisal Processes at community level (EPRA)
(iv) Appraise community sub-projects and action plans to ensure technical compliance with sector norms, standards, guidelines and procedures
(v) Ensure adherence to environmental and social safeguards guidelines
(vi) Receive community NUSAF3 project proposals and action plans, approve them and thereafter table them to the Sub-County Executive Council for review and endorsement

(vii) Ensure monthly feedback to community groups through meetings and written communication

(viii) Transmit activities that do not meet the sub-project component criteria to relevant sector organizations/departments/ institutions and CSOs

(ix) Provide subprojects implementation support to communities

(x) Ensure communities provide timely and satisfactory accountabilities for project resources received.

(d) Sub-county Community Development Officer (CDO)

The Community Development Officers (CDOs) assisted by the Assistant Community Development Officers (ACDOs) will be responsible for coordinating Project activities at the sub- county and community levels. The specific roles and responsibilities of the CDO include:

(i) Receipt and registration of community interest forms (SPIFs) (ii) Coordinate and supervise Extended Participatory Rural Appraisal (EPRA) processes at community level

(iii) Working with a team of sector specialists (DTWG) to provide technical support to the communities

(iv) Receipt and registration of community subproject proposals/applications

(v) Preparing annual sub-county work plans and budgets for review by the STPC and approval by the Sub County Executive Council

(vi) Coordinating the appraisal of subprojects

(vii) Submission of community subproject proposals and applications to the Sub-County Chief for appraisal by sector specialists

(viii) Participating in supervision, and monitoring and evaluation of Project activities

(ix) Ensure proper maintenance of Project records at sub-county level

(x) Ensuring that communities provide monthly progress and financial reports on subprojects implementation

(xi) Preparation of monthly and quarterly Project implementation progress reports for the sub county to be submitted to CAO

(xii) Ensuring that all CWCs, CPMCs and VLICs conduct community meetings to present progress reports and accountabilities to the entire community on monthly basis

(xiii) Promote transparency and accountability in the use of project resources.

(e) Parish Chief

The Parish Chief assisted by the Community Facilitators, PDCs, extension staff, Village L.C 1s, Parish L.C 2s and Councilors shall be responsible for promoting and coordinating sub-project activities at the parish and village levels. The specific roles and responsibilities of the
Parish chief shall include the following:

(i) Participating in the mobilization and sensitization of communities for the project activities
(ii) Coordinate and support in the effective targeting of beneficiaries at community level
(iii) Collecting data on the communities (baseline data and other relevant data)
(iv) Ensuring that all CWCs, CPMCs and VLICs conduct community meetings to present progress reports and accountabilities to the entire community on monthly basis
(v) Ensure proper maintenance of project records at community/ sub-project level
(vi) Preparation of monthly and quarterly Project implementation progress reports for projects implemented at the parish level for submission to the sub-county
(vii) Integrating developments planned under the NUSAF3 into the Parish Action Plan.

7.3.4 Community Level

This is the level at which all interventions will be initiated and implemented. The key actors at this level include: the Community Facilitators (CFs), Communit Business Agents (CBAs), Watershed Committees, Village Committees and leaders, Community Monitoring Groups (CMG), traditional leaders, church leaders, parish chairpersons/councilors, PDCs and NGO/CBOs. Development communication campaigns will be an essential instrument to provide the information that nurtures and promotes the participation of the key actors at this level.

(a) Community

The relationship between the Community and the District Local Government will be based on a financing agreement, signed between the two parties. The financing agreement will outline the specific roles and responsibilities of the Districts and the Communities in subproject implementation. It will be signed by the Chief Administrative Officer, on behalf of the District Local Government on one hand, and the sub-project/CIG executive on behalf of the Community. The communities will perform the following functions:

(i) Define, and identify persons in need (project beneficiaries)
(ii) Undertake community needs assessment
(iii) Agree on priorities and write subproject proposals
(iv) Recommend to sub-county councils and integrate CBWD activities into parish Community Action Plan
(v) Elect the Project Management Structures (CWC, CPC, CMGs, CPMC, VLIC) and other community leaders as they deem necessary to assist in community mobilisation and organization
(vi) Mobilise community contributions
(vii) Undertake community-based micro-procurement, contracting, accountability, monitoring and reporting
(viii) Participate in the implementation of CBWD in the case of LIPW and Community
Livelihood subprojects in the case of IHISP, and

(ix) Operate and maintain community assets and savings generated from the Project.

**Key Actors at the Community Level**

- Community Watershed Committees (CWCs)
- Watershed Sub-procurement committee
- Community Members/Beneficiaries
- Community Project Management Committees (CPMCs)
- Community Procurement Committees (CPC)
- Watershed CIG Committee (WCC)
- Community Monitoring Groups (CMGs)
- CSOs, NGOs and Private Sector Actors.

NOTE: Service under CWC, CPMC, CPC & CMG is on voluntary a basis

**(b) Community Watershed Committee (CWC)**

Each watershed shall have a Community Watershed Committee (CWC) comprising of nine (9) members, democratically elected by the community during the EPRA process. The CWC membership will have at least 50% women at both the executive and committee levels. The executive committee of the CWC will be comprised of the Chairperson, Treasurer and Secretary.

The main function of the CWC is to provide oversight of the implementation of the Watershed Development Plan and the different component activities within the watershed in accordance with the Project guidelines.

In existing institutions, the “**User Committees**” such as the School Management Committees (SMCs), Parents Teachers Associations (PTAs) in schools, Health Unit Management Committees (HUMC) in Health Centers, and Water Source Committees in water facilities will constitute themselves into CPMCs for purposes of implementation of subprojects - (such as Projects that focus on Institutional Greening”) - that will be implemented in the institutions under the LIPW.

**Role of the Community Watershed Committee**

The CWC shall undertake the following roles and responsibilities:

i. Support the CFs in the PRA process in undertaking community profiling & situational analysis, community needs identification & prioritization and documentation.

ii. Prepare and manage Watershed multiyear plan with support from DIST, SIST and CFs.

iii. Provide oversight over all sub-projects in the watershed.

iv. Monitor implementation of all sub-projects.

v. Oversee maintenance of project assets after completion
vi. Participate in sub-county review meetings.

vii. Attend subprojects launching & commissioning ceremonies

viii. Ensure environmental protection & conservation

ix. Support labour management in the course of LIPW works

The Watershed Sub-Procurement Committee

The Watershed Sub-Procurement Committee shall undertake the following roles and responsibilities:

i. Provide oversight over all sub-projects in the watershed in relation to procurement matters.

ii. Support sub-projects in preparation of procurement plans.

iii. Monitor implementation of procurement plans of all sub-projects.

iv. Attend subprojects launching & commissioning ceremonies

The Role of the Watershed Community/Villages

i. Participate in community sensitization meetings Undertake community profiling and situational analysis

ii. Community needs identification, prioritization and sub-project identification

iii. Targeting of beneficiaries

iv. Demand for technical support from sector experts where necessary especially during EPRA process

v. Attend subprojects launching & commissioning ceremonies

vi. Monitor sub-projects operations

The Role of CIG members

i. Election of community subproject leaders

ii. Participate in selection of common market oriented business enterprise.

iii. Making community co-responsibilities (IHISP)

iv. Participate in subproject implementation

v. Adhere to NUSAF3 5 core principles

vi. Maintenance of project assets after completion

vii. Participate in all community meetings (including monthly meetings to be organized
by the CPMC)

viii. Demand for technical support from sector experts where necessary
ix. Demand for accountability for all Project resources from the CPMC
x. Attend subproject launching & commissioning ceremonies
xi. Ensure environmental protection & conservation
xii. Provide security for all items acquired through Project funds
xiii. Provide household bio-data
xiv. Attend all capacity building sessions
xv. Uphold all NUSAF3 guiding principles and other guidelines
xvi. Monitoring & Evaluation

(c) Community Project Management Committee (CPMC)

Each NUSAF3 subproject shall have a Community Project Management Committee (CPMC) comprising of five (5) members, democratically elected by the community during the EPRA. The CPMC membership will have at least 30% women at both the executive and committee levels. The executive committee of the CPMC will be comprised of the Chairperson, Treasurer and Secretary.

The main function of the CPMC is to ensure effective implementation of the subproject funded in accordance with the Project guidelines, and the financing agreement. The specific roles and responsibilities of the CPMC are listed below.

Role of Community Project Management Committee (CPMC)

i. Mobilize communities for effective participation
ii. Sign Subproject Financing Agreement with the District
iii. Steer the process of implementation
iv. Provide day-to-day oversight to implementation
v. Supervision & monitoring of implementation
vi. Preparation & submission of progress & finance reports (accountability for Project resources)
vii. Records management
viii. Award procurement contracts with the approval of the community with the recommendation of the CPC
ix. Sign procurement contracts on behalf the community
x. Prepare & submit monthly progress & financial reports (accountabilities)
xi. Convene monthly community meetings to provide feedback

xii. Steer implementation of NUSAF3 5 core principles

xiii. Initiate review of subproject implementation work plans and procurement plans for approval by the community

xiv. Hold CPMC meetings at least twice a month

xv. Liaise with the CDO/NDO & CF to ensure adequate technical support is provided by the sector experts in the course of design & implementation

xvi. Pay suppliers/contractors in accordance with the technical certification of the relevant sector experts

xvii. Ensure equitable distribution/sharing of project benefits among the target beneficiaries

xviii. Represent the community in dealings with third parties in subproject related matter

xix. Approve procurement plans

(d) Community Procurement Committee (CPC)

The CPC is comprised of five (5) members elected by the community during the EPRA process. These members will be drawn independent of the CWC. At least 30% of the membership of the CPC at both the executive and committee level should be women. The CPC is responsible for overseeing the procurement of all goods and services required in the implementation of the subproject in collaboration with the CPMC.

The role and functions of the CPC include the following;

i. Prepare procurement plan

ii. Advertise for bids or quotations for works or services

iii. Receive bids or quotations

iv. Publicly open bids/quotations

v. Evaluate bids/quotations

vi. Select and recommend the best evaluated bidders for award by the CPMC.

vii. Maintain all procurement records

viii. Undertake market survey for community procurement under direct/single sourcing and local shopping and recommend best evaluated for award by CPMC

ix. Accompany CPMC to procure items from approved market/dealers

x. Receive all procured items delivered

xi. Monitor administration & management of contracts by the CPMC
xii. Participate in meetings and trainings

(e) Role of Community Monitoring Groups (CMGs)

i. Monitor implementation to ensure satisfactory social accountability

ii. Receive grievances from the beneficiary community (e.g. gender exclusion, nepotism, collusion & corruption)

iii. Ensure that where grievances arise, they are addressed at the lowest possible level (subsidiary)

iv. Report/feedback on activities to appropriate stakeholders (sub-project members, LG officials, OPM, IGG)

v. Sensitize communities on social accountability i.e. citizen responsibility to enhance transparency and accountability.

(f) Role of Watershed CIG Committee

The watershed CIG Committee is a federation of watershed CIGs that shall undertake the following roles and responsibilities:

i. Provide oversight over all watershed IHISP CIGs

ii. Continued planning for chosen common enterprise

iii. Promote bulk production and marketing of produce

iv. Secure product-market linkages

v. Coordinate with technical staff, NGOs/CSOs and private companies for technical support

vi. Promote savings for re-investment and diversification of enterprises.

vii. Coordinate continued annual implementation of chosen common enterprise

viii. Promoting positive attitudinal change among CIG members towards work, production and savings.

ix. Keeping record of CIGs outputs and achieved outcomes

x. Building capacity of CIG members and providing mentorship through community resource persons.

xi. Creating synergy between NUSAF3 CIG beneficiaries with other livelihood programmes

(g) Role of CSOs, NGOs and CBOs

i. Community Mobilization & Sensitization
ii. Participate in training of communities

iii. Supporting communities with limited capacities in subproject implementation

iv. Provide technical support to sub-projects

v. Provide inputs and product market linkages to CIGs

vi. Promote synergy and collaboration among implementers

vii. Monitoring & Evaluation

(h) Role of the Private Sector

i. Participate in training of communities

ii. Supply of goods/materials

iii. Provide contract/inputs/consultancy services

iv. Provide product market linkages to CIGs

v. Monitoring & Evaluation

(i) Community Facilitator (CFs) and Community Business Agents (CBAs)

Community facilitation will be the responsibility of the Parish Chief and/or Community Facilitator at the parish level. In cases where the Parish Chief may require additional technical support, he/she will work with the communities and supported by the CDO/ACDO and other sub-county or district technical staff will identify a competent CF through a transparent vetting exercise to provide hands-on support to the communities. The roles and responsibilities of the Community Facilitator will include:

Minimum Qualifications for the Selection of the Community Facilitators

Any community that may require the services of CFs shall be supported to identify a competent CF based on the following minimum criteria:

(i) Minimum qualification of O-level.

(ii) Good communication skills

(iii) Good inter-personal skills

(iv) Sound moral integrity

(v) Availability and commitment to support the entire project phase

(vi) Experience in community facilitation or PRA processes and knowledge of the local language of the community will be an added advantage.

CBAs/NDOs Competencies /Skills

- Should have a good command / knowledge of the local language.
• Good writing skills in English and Local languages.
• Possessing basic computer skills (MS word) is an added advantage
• Should be efficient in dealing with accounts, budgets, financial matters and should be a business minded person
• Should have experience in community level work
• Should have good communication skills
• Should be willing to work extensively in the target clusters/villages
• He/she should be trainable
• Have capacity and skills to organize training programmes and impart training to the rural communities.

Availability
• Commitment to work throughout the 2.5 years of the pilot life span for CBAs and the entire Project period for NDOs.
• They should be resident full time in the target community (CBAs and CDOs)

Roles of Community Facilitators
NUSAF3 has engaged several Community Facilitators (CFs) per district to support watershed communities. Their roles are defined by the different stages of Project Implementation; before sub-project generation, during generation and post implementation.

Before Project Generation
i. Participate in capacity building sessions on NUSAF3, specialized trainings and enterprise selection.
ii. Community mobilization in target villages with support from LCIs, Parish Chiefs and Local Leaders.
iii. Mobilize communities for NUSAF3 orientation meetings.
iv. Attend orientation and capacity building sessions with the DIST.

During Implementation
i. Support communities in maintenance of records.
ii. Support communities in preparation of progress and financial reports for submission to S/C FP.
iii. Mentoring of community resource persons.
iv. Provide continuous mentoring, capacity building and hand holding support to sub-projects
v. Supervision & monitoring of implementation
vi. Participate in CPMC meetings.
vii. Support CIGs in sub project implementation.
viii. Reporting on the project progress at sub project implementation level.
ix. Support CIGs in record keeping, conflict resolution and 5 core principles
x. Link communities to SIST, DIST and other partners
xi. Participate in sub-projects’ review and commissioning

Post Implementation
i. Provide continuous capacity building support to Sub-projects
ii. Support CIGs in maintaining NUSAF3 5 core principles
iii. Link sub-projects to DIST & SIST for technical support.
iv. Support CIGs to promote federations/cooperatives for bulk production and marketing

CBAs (Community Business Agents)
Scope of work for CBAs

- **Community driven development**: The CBAs are expected to follow participatory process to build on existing community groups/businesses and provide necessary support to strengthen them including following the five core principles
- **Enterprise selection support**: Identification of existing & potential business enterprises and data collection for the same. Also, the CBAs will explore and identify new business opportunities suited to the target area with support of technical officers and capacity building partner.
- **Business planning/training**: He/she along with DIST, SIST and Capacity Building Partner will be responsible for providing necessary business-related trainings to groups as well as individual entrepreneurs
- **Business plan development**: He/she will be support communities in planning for profitability of their enterprises and preparation of viable business plans.
- **Market linkages**: The CBAs will also facilitate market linkages for the enterprises to make it sustainable and profitable.
• **Training identification and follow up:** The CBAs are expected to identify training and follow up supports needs of community businesses, and liaison with the DIST/SIST to ensure necessary capacity building and follow up support is provided.

• **Monitoring and reporting:** The CBAs are expected to monitor the pilot activities on a regular basis and share monthly monitoring reports with NDOs/DIST.

**Roles of Community Business Agents (CBAs)**

i. Support Savings groups in adherence to the 5 core principles

ii. Participate in the assessment and grading of Savings groups for graduation to SHGs

iii. Support SHGs in formation of VLICs and filling of positions within the committees

iv. Conduct hand holding thematic trainings of VLICs and SHGs with support from Pilot Partner, SIST and DIST

v. Support and guide VLICs in preparation of VRF application and submission to Sub-county

vi. Mobilize the poor not engaged in savings groups into their own savings groups and build their capacities.

vii. Work hand in hand with VLICs, SIST, DIST to appraise and grade savings groups based on 5 core pilot principles and graduate compliant groups into NUSAF3 SHGs

viii. Support SHGs and VLICs in record keeping.

ix. Update VLICs reports into the MIS

x. Support SHGs in the development of business plans

xi. Monitor implementation of business plans

xii. Provide guidance and support during VLIC meetings

**Eligibility Criteria for CBAs**

i. Should have had education up to at least O level or an equivalent

ii. Should be between 21 – 40 years’ old

iii. Prior experience of running small businesses is an added advantage

**CBAs Characteristics**

i. At least one of the 2 CBAs per cluster should be female

ii. They should have demonstrated competence and ability to guide communities.
iii. Have good track record and acceptance in the community

iv. Should have good interpersonal skills and ability to respect and work well with the community

Remuneration of Community Facilitators/CBAs

The CFs and CBAs will initially be engaged by the CAO for 6 months probationary period and upon satisfactory performance, will be issued annual contracts thereafter. Appraisals will be undertaken by order of the CAO and poor performance will be basis for termination. CFs and CBAs shall be paid consolidated monthly allowances based on output (tasks achieved) and this will include mandatory payments such as NSSF and Government taxes.

Capacity-building and Supervision of Community Facilitators and LLAs

The Project will sensitize the Community Facilitators and the Community Business Agents (CBAs) on NUSAF3 objectives, procedures, principles and implementation arrangements. Training will also be provided in areas including PRA processes, record keeping, report writing and the use of the relevant Project forms, among others. The CFs will be under the supervision of the NDO and will liaise with and copy their reports to the CDO/ACDO at the sub-county level.

The LLAs and VAs shall be accorded an orientation and technical skills training by the district technical staff to acquaint him/her with modalities and tools to be used in project implementation. The VAs work under the supervision of the LLAs and all will be overseen by the CWC. The CFs will have a support role of all activities within the Watershed and will support the LLAs and VAs.
CHAPTER VIII: MONITORING AND EVALUATION

8.1. Introduction

To maximize the likelihood of success, the NUSAF3 project will establish a results-based monitoring and evaluation (M&E) system to provide crucial data and information about project performance. The M&E system will seek to provide data and information of appropriate quality and quantity to NUSAF3 project management. Management and other stakeholders will use the information provided through the M&E system to determine whether the strategy guiding NUSAF3 intervention is appropriate, correct, and adequate to the changes being sought through the intervention. The M&E data will also provide feedback to management and stakeholders on whether NUSAF3 interventions are creating the desired changes on the targeted households. The M&E system of NUSAF3 project will be aligned to the PRDP3 M&E system, and will take cognizance of the National Monitoring and Evaluation Policy. It will operate within the existing National M&E framework as specified in the Second National Development Plan (NDP2).

The Third Northern Uganda Social Action Fund project will use a non-randomized control trial technique to monitor and evaluate project results. A full randomized Control Trial (RCT) technique is not possible to implement in the context due to political, ethical and social considerations, as well as the fact that the project targets a household as a whole. In addition, monitoring and evaluation of NUSAF3 by OPM will concentrate on the two project components of Labour intensive public works (LIPW) and Improved Household Income Support Program (IHISP). The STAAC component will be under the Inspectorate of Government while the Safety mechanisms component will be under the Ministry of Gender Labour and Social Development.

The NUSAF3 developed key performance indicators that will be used to assess the performance of project management systems and procedures in respect of their relevance, effectiveness, efficiency and impact at the national, district and community levels.

The key performance indicators at the PDO level include:

(a) Household beneficiaries of the project (Number)

(b) Female beneficiaries (Number)

(c) Household benefiting from post-disaster activities (Number)

(d) Value of household assets of beneficiaries of LIPW and LIS (Percentage)

(e) Percentage of project beneficiaries satisfied with project interventions.

OPM will also follow the theory of change in Annex IV and the log frame indicators in Annex III to measure the broad impact of NUSAF3. The broader impact of NUSAF3 will be focused on economic growth, social development and environment revitalization which will result into resilient households in Northern Uganda.
8.2. Key Objective

The overall objective of the M&E function is to provide timely and quality information to Project Management and other stakeholders on the progress towards meeting the Project Development Objective, and the challenges and lessons learned during implementation of the Project.

Specifically, the M&E function will provide information for informed decision making in:

a. Planning and implementing Project activities
b. Optimum allocation and use of financial and other resources
c. Selection of appropriate implementation methods, and
d. Advocacy for favorable policies that impact on the Project.

8.3. Methodology

The Project will employ the following M&E methods and tools:

a. Results framework
b. Comprehensive M&E plan
c. Internal and External periodic assessments and evaluations, and
d. Participatory Community Monitoring and Evaluation approaches.

The M&E system will be supported by an appropriate Management Information System (MIS) that will be designed to ensure effective tracking of progress in Project implementation at district and community levels. The District Planning Unit will coordinate the M&E function at the District level, while the OPM will be responsible for the coordination of M&E at the national level.

8.4. Implementation Arrangements

(a) National Level

The OPM and MFPED are responsible for monitoring the results and activities of the NUSAF3 operation and will work closely with other implementing government ministries, departments and local governments. The STAAC component will be under the Inspectorate of government while the Safety net programs will be under the MGLSD. OPM will build the capacity of the implementing local governments to sustain the project M&E system. District and lower local government officials will be trained in timely data collection, monitoring, and reporting. OPM will consolidate the routine progress data received from the districts and share the reports with relevant sector ministries, donors and other partners. The OPM will ensure that the M&E activities under the Project are systematically aligned to the PRDP3 M&E system and the existing national M&E framework.

Based on the experience of impact evaluation from NUSAF1 and 2, NUSAF3 will partner with government academic institutions such as universities to conduct evaluations.
Previous experience has demonstrated that consultancy firms have not provided quality work in monitoring and evaluation. NUSAF3 will therefore enter into Memorandums of Understandings with government institutions of higher learning and other bodies to conduct monitoring and evaluation to ensure quality work given their expertise and mandate in research, data management, monitoring and evaluation.

Day-to-day monitoring and reporting will be supported by a project MIS, which will collate and analyze the key operational information collected during implementation. This will be supplemented by other monitoring activities involving stand-alone studies and special reviews, including GoU/World Bank joint missions, annual reviews, third party monitoring of transfers, social accountability tools, Progress out of Poverty studies and other required process studies.

A baseline study will be conducted to establish the benchmarks upon which change will be measured. A mid-term review and end-of-project evaluation to assess the level of achievement of the NUSAF3 project outcomes and impact will be conducted. A non-randomized control trial approach will be used to monitor and evaluate the project results.

In addition, OPM will provide backstopping for M&E data collection, analysis and reporting at district level. The support will be in the form of running short training sessions and mentorship sessions to review data gathering, analysis and reporting instruments.

(b) District Level

The District Local Governments (through the District Planning Unit) will be the main responsibility center for the M&E function at the district level. The District Local Governments will make monitoring and supervision visits to each funded subproject at least four times in the subproject cycle. The district will ensure that data of appropriate quality is collected from the subproject sites, compiled and synthesized for preparation of analytical reports to be submitted to PS-OPM on a monthly and quarterly basis.

Data quality safeguards such as verification and endorsement of sub-project progress reports by sub-county chiefs will be instituted. The districts will, in addition, produce GIS data that will be used to generate maps showing location and implementation status of community investments financed under the project.

(c) Community Level

Monitoring and Evaluation at community level will be participatory involving CWC, PMC and community Facilitators. Community Facilitators with their proximity to communities will assume a central role in periodic data collection and monitoring at community level. The data collected and monitoring reports will be forwarded to the NUSAF3 Desk Officer who will verify the reports, consolidate and forward to OPM.

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A study in which a defined group of people (the cohort) is followed over time, to examine associations between different interventions received and subsequent outcomes. A ‘prospective’ cohort study recruits participants before any intervention and follows them into the future.
8.5. **Monitoring and Evaluation Activities**

The table below sets out the main kinds of M&E activities that will be undertaken as a result of the M&E Plan, as well as summarizing time frames and main actors.

<table>
<thead>
<tr>
<th>M&amp;E Event</th>
<th>Purpose and Description</th>
<th>Main Actors</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline Survey</td>
<td>Establish the basis for comparison and measuring progress over time</td>
<td>NUSAF3 TST OPM</td>
<td>April 2017</td>
</tr>
<tr>
<td>Surveys / Studies</td>
<td>Collecting data to be used to assess progress, e.g. to compare to baselines above</td>
<td>NUSAF3 TST OPM</td>
<td>Annually or as appropriate</td>
</tr>
<tr>
<td>Routine operational data collection</td>
<td>Collecting data to be used at operational and evaluative level to guide day-to-day decision-making as well as to be used for review and evaluation as necessary</td>
<td>NUSAF3 TST OPM</td>
<td>As appropriate, often weekly, monthly or quarterly</td>
</tr>
<tr>
<td>Reviews</td>
<td>Key pieces of evaluative and operational research that can also be part of stand-alone Evaluations. Provides summary information on successes and challenges, progress to date, identification of lessons learned; and information to guide performance improvement and adjustment.</td>
<td>NUSAF3 TST OPM</td>
<td>Six-monthly; Annually;</td>
</tr>
<tr>
<td>DRF Reviews</td>
<td>DRF reviews that will be conducted every time after DRF trigger and scale up to provide lessons learnt and effectiveness of DRF</td>
<td>NUSAF3 TST OPM</td>
<td>After every DRF Scale</td>
</tr>
<tr>
<td>Evaluation Type</td>
<td>Description</td>
<td>Responsible Party</td>
<td>Date</td>
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<tr>
<td>Midterm Evaluation</td>
<td>Assess expected and achieved accomplishments. A midterm Evaluation be a rigorous piece of research that will be undertaken to measure progress and make recommendations for the remaining period of the project implementation</td>
<td>External Evaluator</td>
<td>October 2018</td>
</tr>
<tr>
<td>End term Evaluations</td>
<td>This will determine the relevance, impact, effectiveness, efficiency and sustainability of the interventions of NUSAF3</td>
<td>NUSAF3 TST OPM</td>
<td>January 2021</td>
</tr>
<tr>
<td>Capacity development</td>
<td>Develop skills, knowledge, aptitudes and attitudes regarding M&amp;E activities and systems among TST, NDOs and CFs</td>
<td>NUSAF3 TST OPM</td>
<td>Continuous; but in line with NUSAF3 capacity development approach and resources</td>
</tr>
<tr>
<td>Environmental and Social Safeguards</td>
<td>These are process indicators which not directly feed into the theory of change, but relevant for measuring progress of the process and compliance with Environment and social safeguards.</td>
<td>NUSAF3 TST OPM</td>
<td>Continuous</td>
</tr>
</tbody>
</table>
Monitoring conditions precedent/assumptions

These are conditions that must hold for the success of the project. They include:

- Critical mass of households at the community level
- Spatial geographical distribution (4 Watersheds to begin with)
- Community ownership
- Consistent capacity building / technical support
- Work over a medium term plan (5 years)
- Accumulation of savings for revolving capital
- Convergence with other livelihood interventions in the area

The above will be closely monitored from planning and implementation stages to ensure that they are taken care of in all project component.

8.6. Key Performance Indicators (KPI)

The NUSAF3 developed key performance indicators that will be used to assess the performance of project management systems and procedures in respect of their relevance, effectiveness, efficiency and impact at the national, district and community levels. The key performance indicators at the PDO level include:

(a) Household beneficiaries of the project (Number)
(b) Female beneficiaries (Number)

(c) Household benefiting from post-disaster activities (Number)

(d) Value of household assets of beneficiaries of LIPW and LIS (Percentage)

(e) Percentage of project beneficiaries satisfied with project interventions.

In addition, the Project theory of change seeks to measure the following outcome indicators in line with two major project components of LIPW and LIS.

i. Household beneficiaries of LIPW with increased incomes

ii. Households with smooth consumption needs & building resilience

iii. Households investment in productive enterprises

iv. Households diversifying investment options

v. Child well-being (children’s educational enrollment, spending on children's education and health)

8.7. Key Output Indicators

In addition, a set of key processes and outputs for each of the Project components have been identified as below:

(a) Component 1: Labor Intensive Public Works and Disaster Risk Financing

(i) Value of household assets of beneficiaries of LIPW (Percentage)

(ii) LIPW beneficiaries (Number)

(iii) Female beneficiaries participating in LIPW sub-projects (Number)

(iv) Person days of employment created (Number)

(v) Community assets built by LIPW (Number)

(vi) An MIS system for LIPW developed and functional

(vii) A National Guideline for LIPW design, targeting, implementation and M&E Developed

(viii) Increase in value of household assets of beneficiaries of LIPW (Percentage)

(ix) Systems to collect and analyze data on for triggers of DRF

(b) Component 2: Livelihood Investment Support

(i) Household beneficiaries of Livelihood Income Support (Number)

(ii) Female beneficiaries of Livelihood Income Support (Number)

(iii) Income Generating Subprojects completed (Number)
(iv) Percentage of NUSAF3 SHGs who have accessed funds from VLIC in pilot villages for their livelihood business plans

(v) Increase in value of household assets of LIS beneficiaries (Percentage).

(c) Component 3: Strengthening Transparency, Accountability, and Anti-Corruption (STAAC)

(i) Percentage of participating parishes with functional community monitoring groups

(ii) Percentage of participating parishes in which social accountability is implemented using a community score card

(iii) Percentage of grievances registered about NUSAF3 that are resolved in a timely manner

(iv) Percentage of total grievances registered and resolved representing non-NUSAF3 activities.

(d) Component 4: Safety Net Mechanisms and Project Management

(i) Beneficiaries of Safety Net program (Number)

(ii) Beneficiaries of Safety Net program – Female (Number)

(iii) Beneficiaries of Safety Net program – Unconditional Cash Transfer (Number)

(iv) Beneficiaries of Safety Net Program – Cash-for-work, food-for-work, and public works.

8.8 Reporting

Reporting on the progress of project implementation progress will be a responsibility of all stakeholders involved from community level to OPM. The community facilitators will compile weekly/monthly narrative and statistical reports and share them with the NDO and the Planning Unit at district level. The NDO and the District Planner will compile the reports and discuss the report in DTPC before forwarding them to OPM. The NDO and the Planner will ensure data entry into the MIS for data storage and accessibility by OPM and other stakeholders. Narrative reports from district will be sent to the TST through the Project Operations team and copied to the Monitoring and Evaluation team. At TST level, the district reports will be compiled into a single report and shared with the stakeholders and partners by the Monitoring and Evaluation department. See figure 2 below.
1.0.1 District Reports (Quarterly)

- Community Facilitators will prepare weekly reports
- Collect data on activities weekly
- Collect data on outputs weekly
- Collect data on outcomes quarterly

1.0.2 Technical Support Team (Quarterly)

- The Director will review the report and submit to the PS-OPM for submission to WB, MoFPED and other stakeholders
- The TST will consolidate the district reports into one report
- The report will be discussed by TST
- Give feedback to Districts
- Prepare the quarterly report to OPM
- Share the report with the Director

Feedback on Reports

- The NDO will receive the reports
- Forward to Planning Unit
- Discuss the district report in DTPC
- Forward quarterly to the TST (POS, M&E)
- NDO and Planner Feed the Statistical reports into the MIS on monthly basis

REPORTING PROCESS
8.9. **The Management Information System**

An appropriate Management Information System (MIS) will be established to ensure timely availability of information for decision making and reporting at the various levels of Project implementation. The Management information system will capture data on key project processes both at TST and from the districts, support consolidation and analysis of this data as well as generate a wide range of timely and accurate reports.

A vendor will be procured to assist in the design and development of the Management information system. The system will be developed with modules including the LIWP & DRF to capture data generated in the implementation of LIWP & DRF subcomponent; The LIS module to capture data generated in the implementation of LIS subcomponent including the IHISP and the SLP; The beneficiary Module- capture data regarding the NUSAF3 beneficiaries; Grievance Module- To capture data on grievance handling as well as a module on the reporting of the district operations funds. The system will provide for real time data capture where data on specific processes, project outputs, outcome and impact indicators will be collected at district and community level and sent directly to the system for access by the TST.

The MIS will be Web-based to allow access to the system by the users anytime anywhere as long as there is an internet connection. However an off-line application of the system will be developed to be installed and used on hand held devices such as tablets for collection of M&E data at the community level where there is no internet connectivity, the data will be synchronized back to the MIS once internet connectivity has been restore. The MIS will be centralized allowing for real-time access and update of information from one single source. The server hosting the MIS will be housed at the OPM server room with the backup hosted in an undisclosed location. Hosting the system server in OPM server room will allow for access to the information even when the NUSAF3 project has closed. OPM will ensure reliable and continuous power and internet supply to ensure system availability. Relevant security features will be implemented to secure and protect the system from intrusion and unauthorized access.

The MIS will capture data at every stage of subproject implementation cycle therefore All data regarding each stage of approvals, funding, accountabilities, monitoring & evaluation of CIGs form both the district and TST will be submitted through the system to allow for easy and incremental consolidation of data for easy and timely reporting. Users both at TST and districts will be given user names and passwords with different levels of access right which they will use to access the system.

Separate, but sufficiently inter-related systems will be established for other project functions such as for Financial Management – Sun Accounting System will be used, The Geographical Information System (GIS) housed at OPM will be use to capture information regarding the spatial distribution of funded interventions in NUSAF3 and generation of maps. Both these systems will integrate and share information with the NUSAF3 MIS regarding the CIGs. The MIS will also integrate with the National Identification Registration Authority (NIRA) for verification of beneficiary identification. The MIS will also integrate with the single registry under ministry of gender to share data on beneficiary targeting with other safety net programs as well as integrate with the OPM M&E MIS to report on the M&E results of the project.
The overall supervision of the MIS system at the national level is vested in the Under Secretary (P&D) supported by the Director-NUSAF3. The day today support of the MIS is vested on the NUSAF ICT team. The NUSAF Desk Officer and the Sub-county CDOs will take responsibility for the safe use of the MIS at the district and sub-county levels, respectively. The NUSAF3 project will provide ICT equipment required to support the NDO in the day today running of the NUSAF3 activities.

ANNEX I
## ANNEX II: NUSAF3 Districts by Sub-region

<table>
<thead>
<tr>
<th>SUB REGION</th>
<th>DISTRICTS</th>
<th>No. of DISTRICTS</th>
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<tbody>
<tr>
<td>ACHOLI</td>
<td>• Lamwo</td>
<td>8</td>
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<tr>
<td></td>
<td>• Gulu</td>
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<td>BUKEDI</td>
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<td>BUNYORO</td>
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<td>• Masindi</td>
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<td>• Kiryandongo</td>
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<tr>
<td>Region</td>
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<tr>
<td>LANGO</td>
<td>Amolatar, Apac, Dokolo, Lira, Oyam, Kole, Alebtong, Otuke</td>
<td>8</td>
</tr>
<tr>
<td>TESO</td>
<td>Amuria, Bukedea, Kaberamaido, Katakwi, Kumi, Soroti, Ngora, Serere</td>
<td>8</td>
</tr>
<tr>
<td>WEST NILE</td>
<td>Adjumani, Arua, Koboko, Maracha, Moyo, Nebbi, Packwach, Yumbe, Zombo</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>59</td>
</tr>
</tbody>
</table>
### ANNEX III: LOG FRAME

<table>
<thead>
<tr>
<th>PROJECT SUMMARY</th>
<th>OBJECTIVELY VERIFIABLE INDICATORS</th>
<th>MEANS OF VERIFICATION</th>
<th>RISKS / ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>To provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda</td>
<td>Reduced absolute poverty among households in Northern Uganda</td>
<td>Poverty assessment report</td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td>Percentage of household beneficiaries of LIPW and DRF with increased incomes and graduating out of poverty</td>
<td>Household Survey Field reports</td>
<td>Percentage of household beneficiaries of LIPW and DRF with increase in household and community assets</td>
</tr>
<tr>
<td><strong>Outcome 1</strong></td>
<td>Percentage of households with smooth consumption and improved coping strategies</td>
<td>Household Survey Field reports</td>
<td>Percentage of households with access to basic services like savings, Access to credit, markets, roads, water infrastructure.</td>
</tr>
</tbody>
</table>

---

4 Number of meals, dietary diversity (food groups), level of production of major food/staple foods, food consumption (food groups and number of times someone consumes them in a week) and resilient (access to basic services and community assets (distance, population accessing the asset), coping strategy index
<table>
<thead>
<tr>
<th>Outcome 2: To improve livelihoods and incomes of targeted households in Northern Uganda through comprehensive skills development training, provision of livelihood grants and follow-up mentoring support</th>
<th>Percentage of household beneficiaries of IHISP with increase in household assets</th>
<th>Household Survey</th>
<th>Willingness of CIG members to invest the earned income in productive assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of households Investing in productive enterprises¹ and earning effective incomes</td>
<td>Household Survey</td>
<td>Field reports</td>
<td>CIGs able to invest in businesses that generate returns in a short time</td>
</tr>
<tr>
<td>Percentage of households with diversified sources of income</td>
<td>Household Survey</td>
<td>Field reports</td>
<td>Ability and willingness of the CIGs to invest in IGAs and POBs</td>
</tr>
<tr>
<td>Percentage of households able to spend on education and health services with minimal external support</td>
<td>Household Survey</td>
<td>Field reports</td>
<td>Ability and willingness of households to use part of income earned to provide for education and health needs of their children</td>
</tr>
<tr>
<td><strong>Outcome 3</strong> To enhance the effectiveness of transparency, accountability, and anti-corruption processes in NUSAF 3 project areas</td>
<td>Strengthened systems and tools for grievance management at community level.</td>
<td>IG Reports</td>
<td>Ability of CMGs and IG to perform their roles</td>
</tr>
<tr>
<td>Reduced cases of funds mismanagement at all levels.</td>
<td>IG reports</td>
<td>AG reports</td>
<td>Ability of CMGs and IG to perform their roles</td>
</tr>
</tbody>
</table>
Outcome 4: To establish safety net mechanisms and strength systems to promote the harmonization of the direct income support elements of the social protection sector.

Project monitoring system and the management information systems (MIS) developed

<table>
<thead>
<tr>
<th>Output 1</th>
<th>Labour intensive public works and disaster risk financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1.1</strong> LIPWs subprojects generated at watershed level and executed</td>
<td>Number of beneficiaries participating in LIPW sub-projects by gender</td>
</tr>
<tr>
<td></td>
<td>Number of days worked</td>
</tr>
<tr>
<td><strong>Output 1.2</strong> Community assets built through LIPWs</td>
<td>Number and type of assets built</td>
</tr>
<tr>
<td><strong>Output 1.3</strong> Households supported through DRF interventions and resilient in times of shocks</td>
<td>Number of households benefiting from DRF by gender</td>
</tr>
<tr>
<td></td>
<td>Frequency of scale up and timeliness</td>
</tr>
<tr>
<td></td>
<td>Number of households reached from extra coverage</td>
</tr>
</tbody>
</table>
### Output 1.4: Systems in place to collect and analyse data for triggers of DRF

| Number of systems collecting data for triggering DRF | DRF reports | The system will offer timely data to trigger DRF |

### Output 2: Improved household income support

#### Output 2.1: IHISP CIGs formed and strengthened in 5 core principles

<table>
<thead>
<tr>
<th>Number of CIGs formed</th>
<th>Watershed committee records</th>
<th>Community willingness to form CIGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CIG members by gender</td>
<td>CF reports</td>
<td></td>
</tr>
<tr>
<td>Amount of funds saved by CIGs</td>
<td>CIG records</td>
<td></td>
</tr>
</tbody>
</table>

#### Output 2.2: CIGs enterprises selected, business plans developed and approved by VLIC for funding

| Number of CIGs who have accessed funds from VLIC in pilot villages for their livelihood business plans | CF reports | CIGs ability to engage in businesses |
| Number of CIGs with Business plans | VLIC records | |

#### Output 2.3: CIGs trained in livelihoods, funded and accessing business development support services

| Number of CIGs with Income Generating sub-projects completed per watershed | CIG Record | CIGs willingness to utilize the skills acquired |
| Number of CIGs supported with BDS | CF reports | |

### Output 3: Strengthening Transparency, Accountability, and Anti-Corruption

#### Output 3.1: Community monitoring groups formed and strengthened at Parish level

| Number of participating parishes with functional community monitoring groups | IG reports | Community participation in project activities |

|
### Output 3.2 Social accountability score cards implemented at parish level
- Number of participating parishes in which social accountability is implemented using a community score card (CSC)
- IG reports
- Community score card records
- Ability of CMGs to use CSC appropriately

### Output 3.3 Grievances registered and resolved in a timely manner
- Number of grievances registered about NUSAF3 and resolved
- IG reports
- Ability of community members to report grievances

### Output 4 Safety Net Mechanisms

<table>
<thead>
<tr>
<th>Output 4.1</th>
<th>A national Guideline for LIPW design, targeting, implementation and M&amp;E developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidelines for LIPW in place</td>
<td>MGLSD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 4.2</th>
<th>An MIS system for LIPW and LIS developed and functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional MIS in place</td>
<td>ICT department</td>
</tr>
</tbody>
</table>
**ANNEX IV: Results Framework and Monitoring**

**Country:** Uganda  
**Project Name:** Third Northern Uganda Social Action Fund (NUSAF 3) (P149965)

### Results Framework

**Project Development Objectives**

**PDO Statement**  
The Project Development Objective (PDO) is “to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.”  
**These results are at Project Level**

#### Project Development Objective Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Baseline</th>
<th>YR1</th>
<th>YR2</th>
<th>YR3</th>
<th>YR4</th>
<th>YR5</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of household beneficiaries of the project (Number)</td>
<td>0.00</td>
<td>258,500</td>
<td>939,000</td>
<td>1,634,500</td>
<td>2,315,000</td>
<td>2,995,500</td>
<td>2,995,500</td>
</tr>
<tr>
<td>Number of female beneficiaries (Number - Sub-Type: Breakdown)</td>
<td>0.00</td>
<td>103,400</td>
<td>375,600</td>
<td>653,800</td>
<td>926,000</td>
<td>1,198,200</td>
<td>1,198,200</td>
</tr>
<tr>
<td>Number of Households benefiting from post-disaster activities (Number)</td>
<td>0.00</td>
<td>0</td>
<td>21,000</td>
<td>42,000</td>
<td>63,000</td>
<td>84,000</td>
<td>84,000</td>
</tr>
<tr>
<td>Percentage increase in the value of household assets of beneficiaries of LIPW and LIS (Text)</td>
<td>0.00</td>
<td>NA</td>
<td>NA</td>
<td>20%</td>
<td>NA</td>
<td>NA</td>
<td>20%</td>
</tr>
<tr>
<td>Percentage of project beneficiaries satisfied with project interventions (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td>60.00</td>
<td>65.00</td>
<td>75.00</td>
<td>80.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

### Intermediate Results Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Baseline</th>
<th>YR1</th>
<th>YR2</th>
<th>YR3</th>
<th>YR4</th>
<th>YR5</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries of Safety Nets programs (number) (Number) - (Core)</td>
<td>0.00</td>
<td>200,000</td>
<td>770,000</td>
<td>1,355,000</td>
<td>1,925,000</td>
<td>2,495,000</td>
<td>2,495,000</td>
</tr>
<tr>
<td>Description</td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4</td>
<td>Year 5</td>
<td>Year 6</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>--------</td>
<td>---------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Female (number)</td>
<td>0.00</td>
<td>80,000</td>
<td>308,000</td>
<td>542,000</td>
<td>770,000</td>
<td>998,000</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)</td>
<td>0.00</td>
<td>20,000</td>
<td>66,500</td>
<td>114,500</td>
<td>161,000</td>
<td>207,500</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number)</td>
<td>0.00</td>
<td>180,000</td>
<td>693,000</td>
<td>1,219,500</td>
<td>1,732,500</td>
<td>2,245,500</td>
<td></td>
</tr>
<tr>
<td>Female beneficiaries participating in LIPW sub-projects</td>
<td>0.00</td>
<td>72,000</td>
<td>277,200</td>
<td>487,800</td>
<td>693,000</td>
<td>898,200</td>
<td></td>
</tr>
<tr>
<td>Number of person days of employment created</td>
<td>0.00</td>
<td>2,160,000</td>
<td>8,316,000</td>
<td>14,634,000</td>
<td>20,790,000</td>
<td>26,946,000</td>
<td></td>
</tr>
<tr>
<td>Number of community assets built by LIPW</td>
<td>0.00</td>
<td>254</td>
<td>978</td>
<td>1,722</td>
<td>2,446</td>
<td>3,170</td>
<td></td>
</tr>
<tr>
<td>Number of household beneficiaries of Livelihood Income Support (Number)</td>
<td>0.00</td>
<td>11,700</td>
<td>33,800</td>
<td>55,900</td>
<td>78,000</td>
<td>100,100</td>
<td></td>
</tr>
<tr>
<td>Number of female beneficiaries of Livelihood Income Support</td>
<td>0.00</td>
<td>5,850</td>
<td>16,900</td>
<td>27,900</td>
<td>39,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Number of Income Generating sub-projects completed</td>
<td>0.00</td>
<td>900</td>
<td>2,600</td>
<td>4,300</td>
<td>6,000</td>
<td>7,700</td>
<td></td>
</tr>
<tr>
<td>Percentage of NUSAF3 SHGs who have accessed funds from VLIC in pilot villages for their livelihood business plans (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>20.00</td>
<td>60.00</td>
<td>70.00</td>
<td>70.00</td>
<td></td>
</tr>
<tr>
<td>Percentage of participating parishes with functional community monitoring groups (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td>70.00</td>
<td>70.00</td>
<td>80.00</td>
<td>85.00</td>
<td></td>
</tr>
<tr>
<td>Percentage of participating parishes in which social accountability is implemented using a community score card (CSC) (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td>70.00</td>
<td>70.00</td>
<td>70.00</td>
<td>70.00</td>
<td></td>
</tr>
<tr>
<td>Percentage of grievances registered about NUSAF3 that are resolved in a timely manner (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td>60.00</td>
<td>70.00</td>
<td>70.00</td>
<td>70.00</td>
<td>70.00</td>
</tr>
<tr>
<td>Of total grievances registered and resolved, percentage representing non-NUSAF3 activities (Percentage)</td>
<td>0.00</td>
<td>5.00</td>
<td>10.00</td>
<td>15.00</td>
<td>20.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
<tr>
<td>An MIS for LIPW and LIS developed and functional (Text)</td>
<td>No</td>
<td>System design &amp; software complete</td>
<td>MIS in place and functional</td>
<td>MIS Reports routinely generated</td>
<td>MIS Reports routinely generated</td>
<td>MIS Reports routinely generated</td>
<td>MIS Reports routinely generated</td>
</tr>
<tr>
<td>Systems in place to collect and analyze data for triggers of DRF (Text)</td>
<td>No</td>
<td>System designed</td>
<td>System operational</td>
<td>System operational</td>
<td>System operational</td>
<td>System operational</td>
<td>System operational</td>
</tr>
<tr>
<td>A national Guideline for LIPW design, targeting, implementation and M&amp;E developed (Text)</td>
<td>No</td>
<td>in use</td>
<td>in use</td>
<td>in use</td>
<td>in use</td>
<td>in use</td>
<td>in use</td>
</tr>
<tr>
<td>Indicator Description</td>
<td>Indicator Name</td>
<td>Description (indicator definition etc.)</td>
<td>Frequency</td>
<td>Data Source / Methodology</td>
<td>Responsibility for Data Collection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------</td>
<td>-----------------------------------------</td>
<td>-----------</td>
<td>---------------------------</td>
<td>----------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project Development Objective Indicators</strong></td>
<td>Number of household beneficiaries of the project</td>
<td>This indicator captures number of beneficiary households. A ‘beneficiary’ in the broadest sense is anyone who is benefiting from a project/program. In particular, in the context of World Bank-financed operations, direct project beneficiaries are people or groups who directly derive benefits from an intervention (i.e., households who are participating in the LIPW and DRF activities, benefit from Livelihood income support grant, and direct transfer). A household in Uganda is considered to have an average of 5 members</td>
<td>Quarterly</td>
<td>Routine Monitoring</td>
<td>OPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of female beneficiaries</td>
<td>Female beneficiaries are at least 40% of total household beneficiaries of the project</td>
<td>Quarterly</td>
<td>Routine Monitoring</td>
<td>OPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Households benefiting from post-disaster activities</td>
<td>Indicates the number of households the LIPW sub-component has enabled the DRF mechanism to reach the disaster affected area.</td>
<td>Quarterly</td>
<td>Routine Monitoring and post disaster follow-up</td>
<td>OPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage increase in the value of household assets of beneficiaries of LIPW and LIS</td>
<td>Indicates if program is having desired impact on the household (and in particular their continued ability to earn future income). Will be monitored by component, gender, and asset type (including savings).</td>
<td>In year 2</td>
<td>Household Survey</td>
<td>Ext. evaluation firm (implementation) and OPM (coord.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage of project beneficiaries satisfied with project interventions</td>
<td>Measures the extent to which NUSAF3 beneficiaries are satisfied with the project interventions.</td>
<td>Annually</td>
<td>Survey/LIPW/LIS studies</td>
<td>OPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intermediate Results Indicators</strong></td>
<td>Indicator Name</td>
<td>Description (indicator definition etc.)</td>
<td>Frequency</td>
<td>Data Source / Methodology</td>
<td>Responsibility for Data Collection</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NUSAF 3
Operations manual
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Frequency</th>
<th>Source</th>
<th>Reporting Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries of Safety Nets programs (number)</td>
<td>This indicator measures the number of individual beneficiaries covered by safety nets programs supported by the Bank. Safety nets programs intend to provide social assistance (kind or cash) to poor and vulnerable individuals or families, including those to help cope with consequences of economic or other shock.</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Female (number)</td>
<td>This indicator measures female participation in SSN programs. It has the same definition as the “Beneficiaries of Safety Nets programs” but applies only to female. This indicator will yield a measure of coverage of SSN projects disaggregated by gender (in absolute numbers)</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)</td>
<td>Follows the safety nets programs’ classification used in SP Atlas.</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Beneficiaries of Safety Nets programs - Cash-for-work, food-for-work and public works (number)</td>
<td>Follows the safety nets programs’ classification used in SP Atlas.</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Female beneficiaries participating in LIPW sub-projects</td>
<td>Female beneficiaries are 40% of total LIPW beneficiaries</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Number of person days of employment created</td>
<td>Measures the temporary employment created through the public work component for both the LIPW and DRF subcomponents</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Number of community assets built by LIPW</td>
<td>They represent key community assets created by the community as part of the LIPW program and disaggregated by the different categories of subprojects in the LIPW menu</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Number of household beneficiaries of Livelihood Income Support</td>
<td>Indicates the number of households participating in the Improved Household Income Support (IHISP) sub-component of LIS component as CIG members</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Frequency</td>
<td>Source</td>
<td>Information Source</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>-------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Number of female beneficiaries of Livelihood Income Support</td>
<td>Female beneficiaries are expected to be 50% of total LIS household beneficiaries</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Number of Income Generating sub-projects completed</td>
<td>Indicates the number of income generating sub-projects under Improved Household Income Support (IHISP) sub-component of LIS component whose business plans have been implemented and completed</td>
<td>Quarterly</td>
<td>MIS</td>
<td>Communities to sub-counties and district, to OPM</td>
</tr>
<tr>
<td>Percentage of NUSAF3 SHGs who have accessed funds from VLIC in pilot villages for their livelihood business plans</td>
<td>Indicates that the VLICs are functional and SHGs are following the program design principles to access funding for their livelihoods</td>
<td>Quarterly</td>
<td>From pilot</td>
<td>Communities/ Parish with data entry at district level/ OPM oversight</td>
</tr>
<tr>
<td>Percentage of participating parishes with functional community monitoring groups</td>
<td>Captures basic functionality of system and whether a key structure of TAAC design in NUSAF3 is in place.</td>
<td>Six-monthly</td>
<td>Routine monitoring</td>
<td>IG</td>
</tr>
<tr>
<td>Percentage of participating parishes in which social accountability is implemented using a community score card (CSC)</td>
<td>Captures extent to which social accountability has been mainstreamed in NUSAF3 at the implementation level</td>
<td>Annually</td>
<td>CSC exercise</td>
<td>IG</td>
</tr>
<tr>
<td>Percentage of grievances registered about NUSAF3 that are resolved in a timely manner</td>
<td>Shows how well the grievance mechanism is functioning and helps also signal problem areas and bottlenecks to management so they can be addressed. Monitored at community, local government, and IG level. Ideally, most complaints should be resolved at the community level showing that Social Accountability is working well. Timeliness is measured as time taken to resolve or otherwise take required action by the responsible from when the complaint and/or appeal is first received and registered and is defined as 2 months for purposes of this indicator.</td>
<td>Quarterly</td>
<td>Information generated through grievance module in MIS</td>
<td>IG</td>
</tr>
<tr>
<td>Of total grievances registered and resolved, percentage representing non-NUSAF3 activities</td>
<td>Captures extent of non-NUSAF3 related grievances, given the expanded scope of TAAC to monitor both NUSAF3 and other govt. programs monitored at community, local government and IG levels.</td>
<td>Quarterly</td>
<td>Information generated through grievance module in MIS</td>
<td>IG</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>An MIS system for LIPW and LIS developed and functional</td>
<td>Functionality of a key measure and whether it is being used to support elements of program operation</td>
<td>Quarterly</td>
<td>Routine monitoring</td>
<td>OPM</td>
</tr>
<tr>
<td>Systems in place to collect and analyze data for triggers of DRF</td>
<td>Data collection and monitoring. Note: in medium term to increase capacity of GoU of the risk, and so design scalability component to suit their needs</td>
<td>Annually</td>
<td>Annual public works review</td>
<td>OPM</td>
</tr>
<tr>
<td>A national Guideline for LIPW design, targeting, implementation and M&amp;E developed</td>
<td>This indicates that the National LIPW Guideline (to be issued by MoLGSD) is available in its final and approved form for use by OPM/NUSAF3 project and other agencies implementing Public work activities in Uganda</td>
<td>One time event</td>
<td>Final Guideline ratified and approved for dissemination and program use</td>
<td>MoLGSD/OPM</td>
</tr>
</tbody>
</table>
ANNEX V: NUSAF 3 Theory of Change
ANNEX VI: KEY RISKS

Overall Risk Rating and Explanation of Key Risks

A range of risks has been identified that are largely related to governance challenges. A number of other risks are associated with the policy and institutional context and the delivery of the proposed operation.

Systemic Operations Risk-Rating Tool (SORT)

<table>
<thead>
<tr>
<th>Risk Categories</th>
<th>Rating (H, S, M or L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political and governance</td>
<td>Substantial</td>
</tr>
<tr>
<td>2. Macroeconomic</td>
<td>Moderate</td>
</tr>
<tr>
<td>3. Sector strategies and policies</td>
<td>Moderate</td>
</tr>
<tr>
<td>4. Technical design of project or program</td>
<td>Moderate</td>
</tr>
<tr>
<td>5. Institutional capacity for implementation and sustainability</td>
<td>Moderate</td>
</tr>
<tr>
<td>6. Fiduciary</td>
<td>Substantial</td>
</tr>
<tr>
<td>7. Environment and social</td>
<td>Moderate</td>
</tr>
<tr>
<td>8. Stakeholders</td>
<td>Moderate</td>
</tr>
<tr>
<td>Overall</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

i. Progress has been slow in moving from the social fund model of NUSAF2 towards developing key instruments for social protection. The main set of risks relates to the need for the government to continue to demonstrate strong leadership for the proposed operation in order to realize its objective of building a social protection system. Once the USPP is ratified by the Cabinet, this will be a significant step in that direction, although there is a risk that this may be delayed. Even so, this will not halt efforts to develop key building blocks for a safety net system. The MoGLSD has already demonstrated leadership in the face of delays by advancing dialogue on the development of national guidelines for LIPWs and by organizing a series of technical workshops to forge a common understanding on underlying principles and to agree a common way forward.

ii. Government implementation capacity is weak. This is a particular challenge at the local level and constitutes an important risk to project delivery, as are the environmental and social risks that arise from the creation of assets through public works. A capacity building intervention is included in the project, and related activities have started in earnest as part of transition into a safety net system.

iii. The provision of small cash payments to tens of thousands of beneficiaries creates a risk of fraud and corruption. However, capacity for managing such payments has already been developed under NUSAF2. Furthermore, the TAAC component has played an important role in mitigating this, and other, risks under NUSAF2. The revamped and strengthened TAAC, in addition to the traditional fiduciary measures included in NUSAF3, is expected to even play a more effective role in safeguarding project
proceeds through a mixture of demand-side and supply-driven interventions that will be implemented by an independent Inspectorate of Government.

iv. Inter-agency coordination will be crucial. The implementation of the project will involve the OPM, the TST, and the IG and will require close collaboration between them and with other institutions like the Ministry of Local Government and districts. The TST has been instrumental in ensuring technical coordination at the OPM. During the preparation of this project, it was recognized that a more effective coordination mechanism is needed for the Northern Uganda development agenda. Technical working groups such as the one on the LIPWs will be established to deal with different technical areas, and the government and Bank teams on the project will ensure that this indeed happens.