

## National Experience of Social Transfer Programmes in Uganda

This report presents the national experiences of the different forms of transfers. In Uganda, there are social, cash and input transfers. Some of these programmes/schemes target individuals such as the Pensions Scheme and National Social Security Fund (NSSF), while others target households and communities. Examples of the latter include NUSAF, CHAI, Heifer project and others. Some schemes target those in formal employment and others reach people in non-formal employment. In the absence of formal social protection schemes, there are also private schemes such as the Community Based Health Financing Association (CBHCFA)

Although some of the schemes address the needs of the poor and vulnerable, others such as the Micro Finance institutions do not necessarily address those needs.

### 4.1 Current interventions targeting individuals

#### 4.1.1 Uganda's National Pensions Scheme

**Background to the Scheme:** The scheme is non contributory and was established in 1927 and by the British Government to cater for its employees in the the Uganda Protectorate. In 1947, civil servants were broken off from the mother civil service and the scheme was expanded here in Uganda. After independence, all people including Africans who had ever worked in the civil service were taken on and registered for pension.

During this time, teachers had a different pension arrangement through the Provident Fund which was a contributory scheme. They used to contribute to this fund and money would later be distributed back as pension. In 1953, the teachers fund was introduced and all money that had been collected under the provident fund was distributed to them. This is when they joined the non-contributory Pensions Scheme.

The provision of pensions in the public service is guided by Article 254 of the Uganda Constitution. The pensions scheme for the civil service and local administration is administered by the Pensions Act (CAP 281). The scheme is funded by the government of Uganda out of government tax revenue.

**Targeting:** The scheme targets former civil servants including teachers, soldiers, widows of former soldiers and former public servants as well as orphans of former civil servants. One qualifies to get the pension on reaching the official retirement age which is at 60 for the civil servants. Police and army officers retire at 55years, while judges retire at 65years (the Chief Justice at 75years). In order to qualify a civil servant has to notify the Pension Scheme at least 6 months before resigning or before retirement age.

A public officer qualifies for pension in a number of circumstances including; having worked in Civil Service for not less than 20 years, having been appointed and confirmed into service with a letter of appointment, having worked for at least 10 years if joined public service above the age of 45.

**Management of the scheme:** Public Service Pension Scheme deals with all the pensions except for the military which is jointly administered together with the Ministry of Defense. Local Government Pensioners receive their pensions from the respective districts where they were serving although approval and formulae for calculating payments are done by the Public Service Pension Scheme.

A pension is given in two forms, on retirement the civil servant gets a lump sum payment which is calculated basing on the years of service and also dependent on the salary at the time of retirement. Thereafter the pensioner starts getting monthly payments. When a pensioner dies, his/her pension goes to the family members for a period of 15 years from the time of his retirement. Thereafter the payments stop.

The total number of all pensioners on the pay roll is 44,000 of whom 7000 are widows and children of deceased soldiers and 110 are war veterans who are paid a regular pension. There are also 23000 teaches of whom traditional teachers are 21,000. The widows and orphans to deceased teachers number 3000. Similarly widows and children receive Survivors Pension for 15 years from death of the original servant. Death gratuity is given as a lump sum and its mainly given to those who are not pension-able by the time of death. The amount received as gratuity is equivalent to the last salary of the deceased for three years.

Presently pensions are calculated based on an indexing system where they are balanced against the general price index and current salary given to public servants in similar positions. Indexing the pension helps to keep the absolute value of the pension from falling based on the last salary at retirement. Government ordered that whenever public servants' salaries increase, the pensioners also receive an increase. The average pension given is Uganda Shillings 90,000/= per month. The lowest Pension is Uganda shillings 7,455/= while the highest is Uganda shillings 2, 200,000/=.

**Financing mechanisms:** Payments are made in a Bank Account given to the scheme by the Pensioner. Prior to this arrangement, pension payments were made at the Districts offices or at different cash points but this had various short comings including misuse or “temporary use” (read diversion) of the money by the people who were supposed to be disbursing it resulting into late payment of pensioners, costly transport for pensioners who made several trips to check on their payments at districts and pay points; corruption where pensioners were made to give kickbacks to the pay officials and in some cases losing out most of the money. As a result of all this, a reform was made and in 1997, Pension Scheme had a census of all its pensioners. During this census, sensitization of the pensioners was carried out and they were advised and taught the advantages and relevance of pension payments through Bank accounts and were told to open up bank accounts or provide reliable bank accounts where payment were to be made.

Although some pensioners were hesitant to open up accounts, they were given a six months notice and after three months; each of the pensioners was sent a reminder letter. On 1<sup>st</sup> March 2001, all payments through cash points were stopped and all who did not have accounts were deleted off the payment lists. Many pensioners “woke up” and started opening bank accounts. The registration into the new system stabilized after a period of one year.

**The role of an appropriate financial institution/mechanism:** As a result of the opening up bank accounts, pensioners can get their money from the nearest banking institution reducing the extra costs of traveling to the districts to find out whether the pension is available.

Risks of financial diversion by intermediaries are reduced as every pensioner gets his/her money on their accounts as opposed to picking it from the districts and cash points were they were expected to give “kick backs” to the people making payments.

The system is quick and all pensioners receive their money in time and at the same time irrespective of location. This eliminates the practice of diversion of money and late receipt

of pensions. In addition, pensioners can now get pension loans from their banks (except for those banking in Stanbic and Nile Banks). Using accounts also saves the pensioners the inconvenience of traveling long distances and spending too much on transport.

Operating pensions from bank accounts has lessons for the design of the cash transfer as it might eliminate some of the likely bottlenecks.

### **Pension Reforms:**

The pension scheme in Uganda is undergoing a number of reforms. Three main types of reforms may be noted and it is within these three that any changes in the scheme can be suggested. They are: parametric reforms, systemic reforms, and hybrid reforms.

**Parametric Reforms** are the kind of reforms that change parameters of pensioners or pensionable people like adjustments in years of service, age of pensionable. It is under the parametric reforms that the 1995 survivors' pensions were introduced in 1995.

**Systemic reform** on the other hand are radical reforms that may alter certain philosophical underpinnings of the pension regime, such as introduction of contributions to pension by the civil servants or working population or pay as you go pension where workers contribute to pensioners and the assumption is that the next generation will also contribute to them or inter generational support.

**Hybrid Reforms:** This is a reform process which is half-way between the systemic and parametric reforms. In 2000, amendments aimed at improving pensioner's benefits were made and as a result, monthly pensions were increased from Uganda Shillings 50,000 to Uganda Shillings 600, 000 at the higher levels and from Shillings 3,000 to Shillings 80,000 at lower levels. Although the rates are still low, the increment was reported to have had a significant impact on the ability of beneficiaries to meet their needs for livelihood.

Uganda's Commissioner for Pensions observes that due to limited resources in the pensions office, coupled with the increase in number of pensioners every successive year, there are plans by Government to introduce reforms in favour of a contributory pension scheme whereby civil servants contribute pension for the pensioners and the next generation civil service will contribute towards theirs. In the proposed reforms, the changes are intended to be applied to all pensions with the exception of the military who don't pay tax and therefore cannot contribute to their pensions

**Benefits of the Pension scheme:** It was understood from the pension's office that the one-third of the 15-years Pension which is given as a lump sum helps the pensioners to settle down with "something to plan around". However he emphasized that this can only happen in practice if the money is well invested. Available research evidence shows that the pensioners use this lump sum on different things: building a permanent house/homes; paying school fees for dependants especially OVCs /grand children; putting up commercial premises; or even making a holy pilgrimage (in the case of Muslim pensioners). The evidence further suggests that the use of this lump sum often has the primary objective being maintaining or raising the social status of the pensioner.

In addition to the lump sum persons benefiting from pensions receive a monthly income which enables them to meet their routine expenditure needs such as caring for the people who are directly under their charge. Research further reveals that many elderly people use pension money to buy scholastic materials for orphans under their care<sup>1</sup>. This is important

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<sup>1</sup> Personal communication with the Commissioner for Pensions, Ministry of Public Service.

given that in Uganda today 1 in every 5 children live with an elderly person<sup>2</sup>. Most of the children in such categories are orphans whose needs are therefore met by their grand parents.

Money from pensions is also used to access health services. Research carried out by the department of pensions found out that 25% of the pensioners visit a health facility at least once a month. This implies that elderly people benefiting from pensions are in position to access health services thus improving their health care. Since poor health is a major driver of poverty and vulnerability, access to proper health care increases the chances of reducing poverty and vulnerability among elderly people.

### **Challenges faced by the Pension Scheme**

The pension scheme in Uganda is not without problems. First, initial procedures for processing the pensions are too long, which creates a time lag between the time a retiring public servant receives his/her last salary and the times/he starts receiving the pension and gratuity. It may take a pensioner on average 1 year before getting the gratuity and at least 6 months before getting the monthly pension. Thus in spite of the pensioners being advised to submit their forms at least 6 months before their resignation or retirement age, the process is still slow in responding. Part of the problem lies in the process of approval. The pensioners' documents have to be looked at by the audit, the office of employment at the time of retirement, the public service Pension Scheme, Ministry of Finance, and for teachers Ministry of Education and once again by Public Service Pension Scheme again before approval. This documentation and verification process takes very long and it is costly for the pensioner. This time lag exposes pensioners to poverty especially given that an increasing number of such people have many dependants. Some take loans to bridge the gap which in turn means that their gratuity cannot be used to "start up" a project since they would instead be paying back loans.

In instances where polygamous pensioners die, the different wives fight for the allocation of the pension and in a number of cases civil and political leaders at local as well as other family members are called in help in resolving such conflicts. Given the limited human resources at the pension office, resolving such conflicts takes time, and is often the cause of delays in disbursement of funds to concerned offspring, usually orphans and widows.

Pensioners who may have been working for district administrations and whose pensions are supposed to be paid by such institutions face yet another challenge. Because of the routinely precarious financial situation in which most district administrations find themselves, many such pensioners never actually get paid simply because the districts have no resources. As a result many retired public servants who are ex-employees of districts do not get their retirement benefits and live in poverty despite their entitlement to the pension.

The lack of resources also affects pensioners at central government level. The public service commissioner in charge of pensions revealed that at the moment there is an outstanding amount of Shillings 314 billion shillings in unpaid pension claims. This huge bill has been accumulated over time and has been blamed on the "non-contributory nature of the scheme's design" which has led to lack of funds to pay pension for a lifetime. This is one of the reasons for calling for urgent measures to reform the scheme.

Another challenge which was identified is the amount of pension which is given out, which on average is too little to meet basic needs of the pensioners. The problem of a small pension is now even more evident given that many pensioners have to meet additional costs

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<sup>2</sup> UNDP 2005

of looking after their sick children and taking care of their grand children many of who are orphaned by HIV/AIDS. This leaves them with little money (if any) to cater for themselves.

It was further reported that “Customer Care” in the Public Service Pension scheme does not measure up to the required standards. Many of the employees in the scheme neither valued the beneficiaries nor attended to them as they should. This renders the service given to pensioners poor, unfriendly and sometimes cumbersome for the beneficiaries.

Yet another challenge is the fact that the process of getting terminal benefits is initiated by claimants and not the government. In instances where claimants are either uninformed or unable for other reasons to put in a claim this leads to cases of very late claims or no claims at all especially when the officer in question has died or retired in a remote rural village. This predisposes pensioners to both poverty and vulnerability.

The centralized workload is yet another strain on pensions’ office staff. Because of this problem a number of errors are sometimes made and instances of misjudgment or mismanagement do occur. Related to this is the mode of storage of information. The large number and bulk of physical files which the office handles is prone to abuse or just misplacement of documents as the process has only been partially computerized (some aspects, it was learned still need human judgment and cannot be fully computerized).

The scheme also lacks a redistributive component. The moneys which are obtained by the pensioners are a function of the last salary scale of the officer in question and length of service. This implies that if a pensioner retired at a low salary, they would likewise receive low pension payments culminating into low benefits for pensioners, thus perpetuating poverty.

The pension offices and all headquarters offices of “mother ministries” are all located in Kampala, which makes it costly for claimants who come from far away districts to process their benefits. Some actually use more than a month’s worth of benefits on transport to the city. These costly constrain claimants and make it difficult for them to resolve pension payment issues especially where explanations need to be given before payment is authorized.

The absence of reliable birth registration data makes it difficult for the pension office to verify the correct age of claimants. Age verification is particularly problematic in instances where public servants alter their age entries either at joining the service or during active service (to avoid being retired or retrenched). Without an agreed system to actualize age tracking and decision-making on age matters becomes difficult.

Finally, the process of registering for a pension is quite bureaucratic and tedious. Pensioners are expected to first bring a copy of their appointment letter, birth certificates and other documents some of which are difficult for one to have kept. They then have to move from one office to another to get verifications and approvals done. Where the claimants in question are unable to find such documents they have to swear and file several affidavits in lieu of the named documents, which takes both time and money and in the end delays final payment.

### **Appropriateness of the Scheme**

The scheme gives social security to the pensioners and in spite of the smallness of the amount given, it was found to be a valued transfer scheme for those who benefit from it. Through the scheme retired public servants are able to earn a living. Research shows that on average, pensioners are better off than the any other Ugandan.

However this is not a scheme which can benefit the poor. Apart from reaching only 2 percent of the population, it only aims to mitigate vulnerability and risk for a category of people who in general terms may be described as better-off. As such the scheme is not appropriate for reaching the chronically poor.

However a number of lessons can be learned from the issues which the scheme faces and the way it is administered.

#### **Preferred target group by the Cash transfer**

- Older people but especially older women because they tend to care more than the men especially in regard to OVCs, the sick, e t c. target should be for the people above 70 years.
- Children in particular the Orphans i.e Double orphans
- Those who are ill

### **4.1 .2 THE NATIONAL SOCIAL SECURITY FUND (NSSF)**

The National Social Security Fund (NSSF) is part of the Public Service Pension Scheme (PSPS), which is a provident fund to which all private sector employers with five or more staff, and their employees, must make mandatory monthly contributions. The scheme was started in 1967 as a provident fund on government's realization that there was an influx of people from the villages who were in formal employment but who when they retired in later years had no fall back position in terms of a gratuity or pension. In 1985, the scheme gained autonomy from the MGLSD and became the national social security Systems.

Under this scheme, the employer contributes 10% and the employees contribute 5% making a total of 15%. Funds are then invested and interest is paid annually to the individual members. It's a pure individual arrangement.

The objective of NSSF is to provide a comfortable fallback position on retirement and permanent injury.

**Targeting:** The scheme targets employers and employees in formal employment. It has the following sub-schemes within it, namely:

- Survivors' benefit which caters for the families of members that have passed away;
- Invalidity benefit for those that have been permanently injured or disabled;
- Old age benefit for those who retire.

In this scheme, there is no pooling of risks. Each NSSF member has an account to which to which his/her contributions are credited in addition to any interest which may have accrued. The scheme specifies the retirement age and the sustenance of permanent injury. Benefits of the scheme are paid out in a lump sum using standard criteria for members to obtain benefits.

**Benefits of the Scheme:** The scheme works on the basis that once a person is entitled to a claim that claim is paid in one lump sum on being claimed. For some beneficiaries the idea of a lump sum at a time when they are retiring is attractive because such people are then able to plan and execute an investment – usually a micro-project. However it is only what the beneficiary contributed which is paid back when a claim is made, perhaps with a small adjustment for interest calculated by the fund.

**Challenges of the scheme:** Several challenges were outlined which face this scheme. First, by paying out all monies to beneficiaries in one lump sum the beneficiaries are sometimes

exposed to possible misuse of the money. This happens when claimants have not been prepared well before the money is paid out. A lump sum payment also ignores the fact that a beneficiary will continue to have regular needs which require a regular type of payment.

In addition the fund does not provide protection to members who have not been in employment for a long time, such as contract workers. As such it is of no benefit to families of contributing members who either die young or fail to make a claim due to various reasons.

#### **4.1.3 VOUCHER FOR INPUTS SCHEME**

This is a DANIDA-supported scheme which is implemented under the aegis of the agency's agricultural support programme in Uganda. It primarily targets Refugee Hosting Areas in Uganda, and is intended to help farmers (both refugees and those in communities) to improve their agricultural production, and in so doing it is postulated, improving food security and people's livelihoods. The scheme started in July 2005 and was developed with an aim of changing the livelihoods of refugees who in previous programmes were only being given food aid.

Food rations given to refugees have always relieved the most urgent threat of starvation, allowing the population to survive but these are only a stop gap measure. They do not address the wider needs of people in the long term. In addition the provision of food rations was reported by some to lead to laziness among the recipients. Further, the food which was being provided was not always suitable for the beneficiaries who sometimes preferred alternative foodstuffs or even non-food items. Evidence from research in refugee hosting communities also suggests that host communities also tend to follow a similar pattern as that for refugees with regard to food aid. It was against this background that the Voucher for Inputs Scheme was conceived for refugees and refugee-hosting communities in West Nile.

**Targeting:** The Voucher for Inputs Scheme has two categories of beneficiaries, namely, institutions and individual adults from the identified communities. At the institutional level beneficiaries include specific government institutions in the district and at lower levels in the refugee hosting areas which are directly involved in the planning and implementation of the programme. The main focus of the support which is provided to institutions is on capacity building/ strengthening.

The second category of beneficiaries are the refugees and host communities located in the same sub county as well as all communities in the sub counties immediately adjacent to them. Only adults (18 years and above) are admitted to the scheme.

The project has an overall aim of benefiting refugees and the hosting communities, with a view to enhancing community cohesion and better distribution of wealth in the different households in the target community.

**Coverage:** The project so far covers Adjumani, Moyo, and Yumbe districts and is now scaling up to other regions of North and North Eastern region.

**Management of the scheme:** DS-DAR works through the Agricultural Sector Programme Support (ASPS) as the partner at National level. Appropriate Technology Uganda (AT-Uganda) is sub contracted as the implementing agency to carry out training at all levels. The primary purpose here is to disseminate modern agricultural technology to the beneficiaries alongside implementation of the project. AT-Uganda works together with Uganda National Association of Input Dealers (UNADA) to select the appropriate input

dealers who are able to offer services (especially required agricultural inputs) to participating farmers who will have received vouchers from the scheme.

At the community level, the first step is for a participating community to identify a community project which they deem necessary for their (community's) development. This is usually done with the help of local officials and by examining what exists in the local development plans. An example of a project may, for instance, be a community road. Once a community project has been identified individual members from the community are then involved in specific activities which contribute to the identified project. The activities may for example include road construction, provision of safe water, latrine construction, etc. In return the participating individuals are given a voucher corresponding to the number of days worked. Each day worked is equivalent to Uganda Shillings 2000/= and the work usually goes on for approximately two (2) weeks which yields Uganda Shillings 28000/= for an individual. The vouchers which are given to beneficiaries can only be used at certain designated places (shops). Here the beneficiaries go to identify and collect agricultural inputs of their choice using the vouchers "for payment". The input dealers in turn redeem the vouchers from the project. The type of inputs which are redeemable by farmers and which are provided by the dealers ranges veterinary drugs, seedlings, and agricultural seeds on one hand to hoes, gum boots, cutlasses, rakes, and many more depending on the needs of community members.

The input dealers generate information from farmers on what kind of inputs they (farmers) would like to have for the next season and this information is given to the main distributor in the region who in turn shares the information with AT-Uganda. AT-Uganda delivers the information to ASPS.

Community implementation of the project is itself done through the District farmers Institutions so that they can have a voice in the community through supervision of public works, supervision/ support of input use, as well as registration of beneficiaries.

**Benefits of the scheme:** By September 2006, a total of 9,213 house holds had been facilitated to exercise effective demand for improved agricultural inputs through issuing of Vouchers for work. In the scheme there is equal representation of female and male-headed households. The scheme also benefits 74% and 26% of national and refugee households respectively in the two districts of Adjumani and Moyo<sup>3</sup>

Another benefit is enhancement of capacity of private sector in the input distribution system. A total of 37 private sector Agro-input dealers were recruited and trained in DAR voucher for work programme (13 for Adjumani, 17 for Moyo and 7 Yumbe Districts) these are not only being trained but their businesses have been boosted and their incomes increased. Similarly, skills of farmers have been enhanced in measures to enhance land management and productivity. In the first season, 1,303 farmers participated in 41 training groups and in the second season; there were 154 farmer training groups with a total of 6,764 farmers. Each training group meets at least 6 times during a season<sup>4</sup>.

Community assets including human, economic and social capital have been enhanced through support to community defined public works. 123 defined public works were identified and undertaken. This represents 270 km of access road network both in Moyo and Adjumani Districts and 120.4 acres of woodlots planted.

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<sup>3</sup> UNHCR 2004

<sup>4</sup>2006 ASPS training report

The use of agricultural inputs has had an impact on agricultural produce. In areas of Adjumani, there was increased produce which was attributed to both equipment and the good climate.

### **Key Lessons**

Timing of the community works is important. Ideally this should happen before the onset of the planting season, since during that season most people would be engaged in their gardens. In addition, it is vital that coordination of the entire process is done effectively and efficiently. In addition to improving community and household outputs it would serve to eliminate duplication. An example of such a challenge was in Moyo where NAADS had set out to do similar work as that undertaken by the scheme.

There is need for more specific guidelines and targets for recruitment of beneficiaries to ensure a more representative inclusion of refugees and women. The number of women benefiting remains low compared to men (42.5%-female and 58.5%-male)

### **Challenges**

**Security situation:** The implementation of DAR Agricultural component is mainly restricted to two sub counties due to insecurity. Though west Nile is fairly peaceful, its location in the North West along the borders of Congo and South Sudan makes it unpredictable and both communities and development agencies are conscious about the a possible spill over of the war effects from across the districts' borders.

**Community demand:** There has been over whelming demand for the voucher for work scheme from both refugees and nationals.

Poor germination was reported for some of the maize and ground nut seed procured from Naseco, but it has been very difficult to verify the actual extent of the problem.

**Shifting needs:** Participation in the scheme by some beneficiaries wanes after they have acquired the basic agricultural equipment, tools and inputs. "The moment people have enough agricultural components, they stop turning up for the program" said one official. This means that a review of the range of inputs need sto be done frequently and in accordance with changing needs. In some instances the new needs may not be related to agriculture which is the focus of the scheme.

**Market needs:** there is an urgent need to start looking out for markets to take farmers produce because the moment the production levels are increased, the results will be surplus production hence the need for market for the farmers' produce. In the current season the problem of markets may be addressed because of interest expressed by the World Food Programme to buy the excess produce and supply it to the other refugees as food.

**Ownership:** The importance of ownership of community projects comes to the fore with refugees sometimes not wanting to invest their time and energies on works which they perceive to be "not for their ultimate benefit". Most confessed that the community projects in question are not for their long-term good as they (the refugees) would in due course be returning to their own country. Thus participation in the scheme for this category of refugees was purely for the sake of obtaining the vouchers rather than for mutual benefit with the participants contributing to a community project and the scheme contributing resources.

**Differences in need:** Some beneficiaries have different problems that they want to address which may not be covered by the limited range of options available from the input dealers. Some prefer having a product they can sell for cash so that in turn they are able to purchase what they need at any given time. For example farmers indicated that at times they would prefer to buy blankets or other household goods rather than the agricultural products which are provided. Others prefer having access to money itself since this would help them deal with a wider range of expenditure needs, including education, health, etc.

Because of the need for money, some beneficiaries sold off the agricultural products which they got from the scheme including gum boots, machetes, etc. They did this at lower prices which signified a loss in exchange. Vouchers are sold off by the farmers at a lower price than their value. However, to counteract this, the scheme instead responded by withdrawing from the inputs list items which could be “easily sold”.

Malpractices in registration are yet another challenge. It was reported, for example, that some project leaders sometimes include names of people who may not have participated in the actual work or who may have worked for fewer days for receiving full-time worth’s vouchers.

### **Capacity Requirements for the implementation**

In order to implement this scheme it is necessary to have in place appropriate staff for managing the overall scheme, and an institution which facilitates capacity building, coordination and community strengthening. No comprehensive planning is needed in terms of which inputs or what public works to engage in since the community already have their made their plans and know what agricultural inputs to use for the season. However even in this case there is a continuous need to assess the relevance of projects which are selected and to review suitability of inputs, including suggesting hitherto unknown inputs which may be building on the stock of technology used by the farmers.

## Who should be targeted?

“Targets should be the very poor (chronically poor) with nothing to eat and who have no ability to take care of their medical bills”. Programs that benefit the whole community are good because they foster community cohesion which in the long run solve the problems of the OVCs, elderly and People with Disability. This is because the community caters for their problems whenever aid is given.

### 4.1.4 MAKERERE UNIVERSITY (FEMALE STUDENT SCHOLARSHIP INITIATIVE (FSI))

**Background:** The female student scholarship scheme of Makerere University is a 10 year project (2001 to 2010) funded by The Carnegie Corporation of New York, and implemented by Uganda’s oldest and largest University. The idea of providing targeted support to deserving female students was conceived by gender activists, after realizing that the number of female students at higher education levels was still low if compared with that of male students – in a ratio of 8 : 2. This was due to the fact among others that some parents were opposed to educating females and so school drop for females is so high compared to males.

**Target group:** The scheme targets girls from poor families who are aged 25 years and below and who having qualified to be admitted to the University are unable to join on account of not having sponsorship<sup>5</sup>. In the selection, students from poorer districts are given priority, and poorer districts are themselves identified by invoking reports of UNDP’s Uganda Human Development Report. According to these reports, for example, districts such as Bugiri, and Mpigi exhibit significant levels of poverty when compared to other districts.

A number of issues are considered in the selection of beneficiaries. First, livelihood indicators for the household from which an applicant comes must show deprivation – type of housing; clothing, food, etc. Students from households that are “struggling”, such as those whose members are involved in petty trade or peasant agriculture, or who might not be employed at all, stand a greater chance of accessing the scholarship. Consideration is also given to the applicant’s position in the household as well as the number and ages of the household members. If the applicant, for example, is the oldest person in the household and has siblings to look after, that too gives her added marks. The “status” of the school from which the applicant originated from is another consideration. Young women coming in from poorer schools (usually judged by the amount of fees paid in that school – e.g. Shs.30,000/- as opposed to Shs.700,000/- per term) stand a better chance of being selected than their more expensively schooled counterparts. Similarly, performance at “A” levels as well as the type of course which the applicant intends to pursue (preference being given to the natural sciences).

According to the original design, it was required that intake must represent 70% science students and 30% to the arts. Due to the very small number of young women who qualify to do sciences at University, the department has been unable to meet this quota. The few who do so are often those who would otherwise not qualify for the scholarships as poor and needy students. According to our respondent **“It is difficult to find a poor science female student, hence a bulk of the applications we receive comes from the arts”**.

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<sup>5</sup> Overall, government (public) sponsorship for University education at Makerere University stands at only 5% of those who qualify to enter the University.

The scheme currently caters for 300 students and although new intake was stopped in 2006 those students who were enrolled in earlier years will continue to benefit from the scheme until they complete their studies. A total of U.S.\$1 million per year has been committed by the Carnegie Corporation for the benefit of between 100 and 150 new recruits each year.

At the inception of the scheme, however, it had been anticipated that both Makerere University and the Government of Uganda would work out an arrangement which would ensure continuity of support to deserving female students. At the time of conducting this study, there was no evidence to suggest that this was being done.

**Implementation Process:** The scholarship scheme is administered by the Department of Gender Mainstreaming of Makerere University. The department annually reviews the application and selection process and redesigns it as appropriate to incorporate new ideas and information in the design. The process itself starts with an advertisement in local news papers, on local radios and at district head quarters. Intending applicants then pick the relevant application forms which they submit to the Department of Gender Mainstreaming. The applications are reviewed by a team of specialists comprised of the University, Government representatives, and consultants. The review produces a first short-list which weeds out “obviously non-qualifying applications”. Those selected go through an interview process, which is followed by home visits to verify the poverty and livelihood status of the applicant. The verification process, though essential, was however reported to be rather expensive as it involves a lot of movement and checking and cross-checking at different levels and in different places. The validation process was reported not to end with the selection. Rather it continues even when a person has been awarded a scholarship, such that those who may later be found to have misrepresented or falsified information are discontinued from the scheme at any time.

Students who are finally selected for award of a scholarship receive between Uganda Shs.2.5 million and 3 million per year. The fees and accommodation components of the scholarship are paid directly to the University while a modest living allowance is paid directly to the benefiting student.

**Benefits of the scheme:** The scheme was lauded for its contribution to the education of young female students – those who find themselves unable to pay for their education. The benefits were however also said to trickle down to siblings of the scholarship recipients, who benefited from the pocket money which was given to the beneficiaries. Anecdotal evidence suggested that many of the beneficiaries were, through the scheme, able to also contribute to the school requirements of their siblings, including purchasing scholastic materials, beddings, etc, something which was not the case before they began accessing resources from the scheme.

In all 690 students from 690 households have benefited since 2001, of whom 390 have already graduated in different disciplines.

While the ultimate aim of the project was to improve access to higher education with a view to improving equity and capacity to earn, it has not been possible to follow up those students who have graduated from University. According to an official in the department **“We do not know what is happening with the graduates”**. As such no assessment can be made of the extent to which the ultimate objective has so far been met. However, the Department of Gender Mainstreaming is in the process of establishing an alumni association where all former students would meet, share experiences and support each other.

**Challenges:** In a country where the proportion of poor people remains considerably high, it is difficult to identify the most needy students of them all. Many applicants therefore did all

that was in their means to “convince the assessment teams” that they were the most deserving applicants. Information was even available to the department that some students went to the extent of stage-managing their verification, sometimes conniving with local council leadership (who would get a kickback in return). Political influence was yet another challenge which the department frequently faced. Top politicians including government ministers and members of parliament were among those who put pressure on the department to get “their applicants selected”.

The human resources which are needed to run such an elaborate scheme which undertakes assessment, verification, funding and follow-up activities is quite considerable.

Inadequacy of funds and sustainability issues were also mentioned. Because of these the programme has to-date only reached out to approximately 10% of qualifying needy girls in each year. This matter will not be helped by the closing of new intake to the scheme which was announced by the supporting agency (Carnegie foundation).

#### Issues and lessons for consideration by the CT design team

- (1) Selection criteria which are ultimately decided on for beneficiaries of cash transfers should not be static – they need to be revised periodically.
- (2) The magnitude of the need for social transfer support suggests that large numbers of people will be pushing to be included.
- (3) Fraud, misrepresentation and falsification
- (4) Political leaders at national and local levels are not impervious to corruption and manipulation.
- (5) A scheme which is meant for a specific purpose may sometimes have “trickle-down effects”.
- (6) Even a successfully implemented scheme may not necessarily attract the interest, commitment and/or funding of government.

## 4.2 PROGRAMMES TARGETING GROUPS

### 4.2.1 COMMUNITY LED HIV/AIDS INITIATIVE (CHAI)

**Background to the project:** By 2000, the number of people living with HIV/AIDS, children orphaned by AIDS as well as children heading households already increasing dramatically. Extended family structures which offered safety nets for the sick and bereaved were weakening due to AIDS related destruction of household livelihoods and the public social institutions, including those in the education and health sectors, were becoming overburdened, and no longer able to cope with the ever increasing demands.

In 2001, with funding from the World Bank Multi-Country HIV/AIDS Program (MAP) for Africa, the Uganda AIDS Commission (UAC) initiated direct community financing through the CHAI component of the Uganda HIV/AIDS Control Project (UACP). Its aim is to enhance community competence to develop and manage sub projects within their means. The objective of the scheme was to contribute to the reduction of HIV/AIDS prevalence and mitigate its effects in communities by directly empowering communities to identify and address priority needs related to HIV/AIDS. The community was defined as a group of persons having on going interaction and a common AIDS-related need.

**Target:** CHAI targets people affected and afflicted by HIV/AIDS including; People Living with HIV/AIDS, widowed, guardians of HIV/AIDS orphans, affected people with disabilities, elderly people caring for HIV/AIDS patients, as well as orphans and other vulnerable children. The scheme is needs-defined and demand-driven in areas where it operates. It targets groups of community members with membership ranging from 12 to 30 people. However some groups have membership which goes up to 50 people depending on the origins and purpose of the group and the kind of project/s which they are involved in.

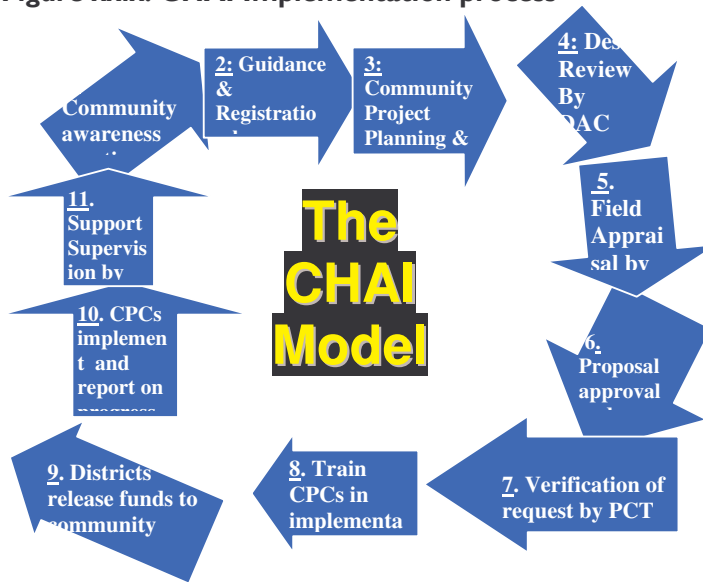
**Implementation Process:** The District HIV/AIDS Committee (DAC) coordinates and mobilises social groups to respond to the AIDS problem. Community members with a common need form groups after being sensitized by the (DAC). The group members then select their management committee (CPC) which supports the members in identifying projects for which they then write proposals. This is done with the help of the DAC. The nucleus and immediate group members convene to identify activities in a participatory manner assisted by community facilitators who are identified by the DAC. The DAC in turn reviews the proposals and coordinates with local leaders in appraising and approval of proposals.

On approval of proposals, the DAC requests for funds and after verification of the request, the CPCs are trained in implementation and management of their selected projects. The district then releases funds to the community accounts where CPCs implement and report on progress of projects. Support and supervision is done by the DAC together with the Project Coordination Team (PCT). On approval of funding a project, community members are required to make a contribution of at least 5% of the required amount for the project. Once this is accomplished, the identified project inputs are then purchased and passed on to the community members. For example if the group intends to work on a piggery project, the piglets are purchased and passed on to this group. The following diagrammatic representation shows the CHAI implementation process<sup>6</sup>.

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<sup>6</sup> Source: Kiirya, Stephen (n.d.): Presentation to an internal meeting of the CHAI programme.

**Figure xxix: CHAI Implementation process**



**Coverage:** Implementation of the CHAI projects is in 30 districts of Uganda namely; Kampala, Mbale, Lira, Sironko, Masindi, Kayunga, Mukono, Masaka, Kabale, Wakiso, Bushenyi, Mbarara, Hoima, Nakapiripirit, Kaberamaido, Kamwenge, Kabarole, Kyenjojo, Apac, Arua, Iganga, Jinja, Kalangala, Kamuli, Rakai, Soroti, Moyo, Mayuge, Tororo, and Kitgum,

Interviews with the CHAI Community Specialist as well as existing literature at national and local levels revealed that several projects had to-date been funded under the scheme. The funding extended to the CHAI groups is itself flexible and has been used to carry out a wide range of activities, including education of orphans, material support to households and individuals, community sensitisation on HIV/AIDS, home-based care for PLWHAs, agriculture and food production, condom education and distribution, as well as project management and monitoring.

From the data reviewed, it is possible to look more closely at the range of activities carried out in four of the CHAI districts and the corresponding number of beneficiaries. We have summarized this data in the following table:

**(Table A 37) CHAI IMPLEMENTATION BY DISTRICT AND ACTIVITY**

<b>DISRICT: MASAKA</b>	<b>BENEFICIARIES BY GENDER</b>	
<b>Activities</b>	<b>Female</b>	<b>Male</b>
Education support	8,589	7,795
Home based Care	10,894	7,971
Material Support	5,720	4,057
Agriculture/ Food production support	557	347
General sensitization for HIV/AIDS	15,101	10,960
Entertainment/education Activities	9,943	7,552
Condom promotion and distribution	359	382
CHAI admin and Management activities	2,611	1,776
<b>DISTRICT: BUSHENYI</b>		
<b>Activities</b>		
Education support	3,497	3,437
Home Based Care	1,086	670
Material support	3,161	2,018
Agriculture/food production support	71	39
General sensitization for HIV/AIDS	4,215	2,971
Entertainment/education activities	10,745	7,016
Condom Promotion and distribution	1,496	1,355
CHAI admin and Management activities	878	664
<b>DISTRICT: LIRA</b>		
<b>Activities</b>		
Education support	7,826	9,197
Home Based Care	1,710	1,008
Material Support	6,392	4,154
Agriculture/Food Production support	1,099	592
General sensitization For HIV/AIDS	16,531	16,275
Entertainment/education activities	2,273	1,949
CHAI admin and Management activities	4,426	6,245
<b>DISTRICT : SOROTI</b>		
<b>Activities</b>		
Education support	934	972
Home Based Care	86	50
Material Support	1192	738
Agriculture/Food Production support	601	237
General sensitization For HIV/AIDS	461	249
Entertainment/education activities	373	276
Condom Promotion and distribution	6	9
CHAI Admin and Management activities	217	182

**Source: CHAI Report 2005**

**Cost of the CHAI Project:** The total amount of money which was injected in the CHAI project is approximately US \$11.1million About 10% of this (i.e. US \$1.3m) was spent on administrative costs. These include facilitation of the entire process of mobilization, appraisal and approval, financing training, supervision, training facilitators, designing implementation materials as well as other related costs. Thus a total of \$ 9.77 million were used as direct grants to communities ( actual beneficiaries).

The table below gives an analysis of all community interventions, total projects doing an activity and their percentages as well as number of beneficiaries and costs.

**(Table A 38) Analysis of Community Interventions, expenditure and beneficiaries as of September 2006**

Activity Type	Projects doing Activity		Expenditures in UGX		No of Beneficiaries			Expense/person or sub project
	N	%	Amount	%	Female	Male	total	UGX
Education of orphans	2,777	82	5,111,639,756	47.4	154,435	148,373	302,813	16,881
Material support	2,282	67	3,056,895,217	28.4	111,269	77,323	188,592	16,209
General sensitisation	1,157	34	679,061,269	6.3	153,255	130,903	284,158	2,390
Home based care	806	24	420,168,997	3.9	43,066	27,534	70,600	5,952
Community AIDS education	730	21	636,715,475	5.9	314,147	273,544	587,691	1,084
Agriculture/ food production	358	11	298,882,808	2.8	13,715	7,809	21,524	13,887
Condom education/ distribution	119	3	34,837,440	0.3	21,480	34,047	55,527	628
Project management, monitor	1,865	5	539,510,667	5				289,282
Total	3,404		10,777,701,629	100				

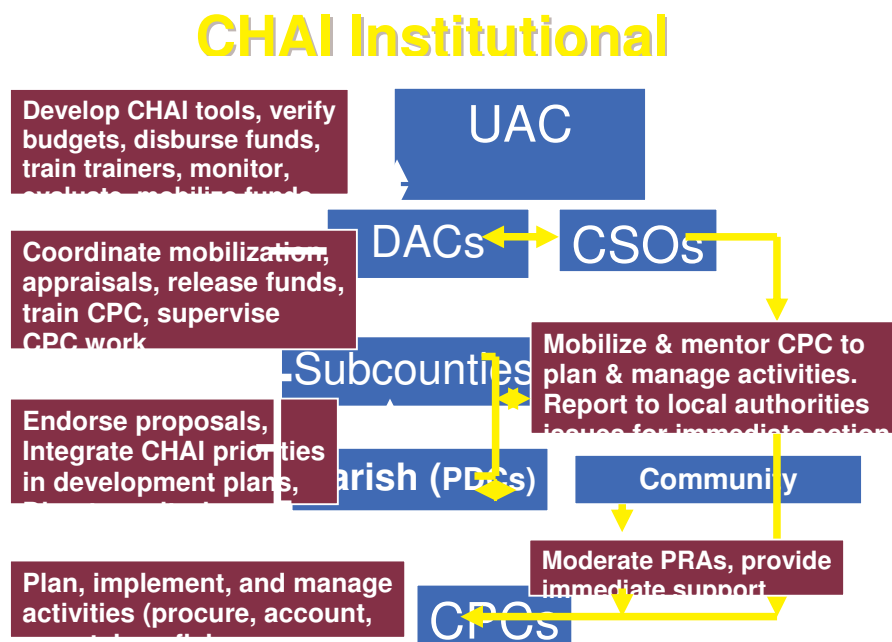
**Source: CHAI report 2006**

During discussions with the CHAI national coordinator, it was revealed that CHAI 1 had phased out in December 2006 and that a proposal for CHAI 2 had been submitted though not yet been approved. It was further revealed that in the quota that ended September 2006), only 2 new community sub projects were funded by UACP while 298 were funded by Northern Uganda Social Action Fund (NUSAF) i.e. Apac- 41 groups, Arua- 52 groups, Kaberamaido-17 groups, Kitgum-125 groups, Soroti-63 groups.

The two sub projects belonged to needy communities in Kabale district, which completed implementing their previous proposals while the 298 were sub projects in Northern Uganda. The total amount UACP disbursed in the quarter under review is UG shs 17,885,200/= (US\$ 9,936.2) this was the second installment to communities that accounted for at least 50% of the prior advances made.

**Management of the scheme:** As noted elsewhere in this paper, the project works through existing local structures especially through the districts. The Project Coordination Team (PCT) coordinates and guides the implementation at all levels i.e. National, District and Community level. It also links the beneficiary groups with other programs especially those that can be of help to the beneficiary group. Its implementation is coordinated by the project coordination team (PCT), district HIV/AIDS committee (DAC) and the community project committees (CPC)

Figure xxx: CHAI Institutional Arrangement



In the original design it was expected that the size of grants which CHAI gives to the different groups would range between Uganda Shillings 5 – 15 million. However in reality some communities receive as low as Shillings 1 million. According to the coordinator, the amount of money given to the groups depends on the capacity of the community to handle the given funds (as assessed by CHAI) and the kind of project which the community plans to undertake. This money is given in two instalments and second installment comes after accountability of the first installment.

**Benefits of the CHAI Scheme:** The CHAI intervention found communities with untapped capacity. The project set two principles at the outset aimed at managing its implementation, namely: **flexibility** which involved letting community members identify their own projects basing on their needs and **learning by doing** where beneficiaries were given the opportunity to learn as they implemented projects, thus enabling the capacities of communities to be built over time especially capacities in financial management and accountability. As a result, community members/beneficiaries have learnt book keeping, procurement, filling and financial management skills, among other skills. Enhanced community capacity in the aforesaid areas, therefore, was perhaps the most important benefit which CHAI brought about by the time of project phased out in December 2006.

CHAI directly empowers need-defined groups to identify, plan, address, appreciate as well as deal with identified HIV/AIDS related problems. As such it is in position to design appropriate strategies for addressing problems affecting their communities. Communities drive all planning, implementation and management processes with the assistance of local authorities, civil society and religious institutions. In this process, communities are able to develop their skills thus enhancing management competencies thereby ensuring ownership and sustainability of the project.

Community cohesion was built and members were able to identify and adopt different approaches to addressing the HIV/AIDS problem in their local situations by coming up with ideas on how to tackle the problem. As a result of this ownership and group cohesion were

enhanced. Similarly, communities that are already functioning as organized groups and can now tap resources from other organizations and institutions that target groups in their districts/ sub counties.

The project was reported to have been effective in addressing the wellbeing of needy orphans through provision of school fees and scholastic materials as well as other basic needs, psychosocial counseling and food support, provision of clothing all of which have effectively led to increased school attendance as indicated in the beneficiaries' matrix/ table above.

Further, the project has facilitated direct channeling of HIV/AIDS related resources to communities which have enhanced collective action and management responsibilities as community groups are in a better position now to identify and reach many needy groups in a short time. In specific instances, for sustainability purposes, community members who started up piggery projects were encouraged to pass on piglets to other group members at household level so that the benefits of the scheme could spread.

Needy households in communities were provided with some basic needs to improve conditions of living at house hold level depending on the projects which they chose to implement.

HIV/ AIDS home based care given to the PLWAs improves health and accesses them to basic medical facilities together with enabling them to access information on and actual nutritious food.

### **Challenges faced by CHAI**

Political resistance to the project was one of the key challenges which the project encountered. As a result, the project did not get much support which in turn resulted into poor mobilization. The poor participation of politicians was partly attributed to the fact that not much was done to sensitise them or to get their support before actual implementation of the project. It is also possible that this was due to politicians' failure to claim ownership of the project since they had little information about it.

Lack of human resource to cultivate the community driven development approaches was yet another problem. Because of this it was not possible in some instances to fully cultivate a sense of ownership of the project by the community. Although the project was demand driven and need-defined with the expectation of community members identifying their own needs, the capacity of community members to develop their own ideas was not adequate, as a result, there was lack of ownership and will to own the projects and to ensure sustainability of the project. This is demonstrated by the rather small number of "still surviving projects" only a few months after the project has phased out. Also, community expectations were to a large extent also raised with the carrot being the money which CHAI was going to allocate to the groups. This expectation seems to have driven the process and ultimate decision of what some groups chose to do rather than actual needs as identified by the group members.

Issues and lessons for consideration by the CT design team:

- Using existing institutions to reach communities presents both opportunities and challenges which must be carefully weighed before a decision is made either way;
- Political leadership is vital for mobilizing and overseeing community initiatives as long as mechanisms are put in place to prevent unnecessary interference in management of the schemes;
- Financing communities directly is an appreciated form of delivering social transfers as it cuts

Finally, it was observed that cash transfers best work if there are complementary services and poverty alleviation strategies in place. When households are provided with cash, for example, their demand for services, such as education and health, increases. Such services must then be made available and accessible if they are to be of benefit to the cash beneficiaries.

#### 4.2.2 NORTHERN UGANDA SOCIAL ACTION FUND (NUSAF)

**Background to the project:** The NUSAF Project was adopted by Government of Uganda to respond to wide-ranging poverty and exclusion which was in part accentuated by the 20-year conflict in the country's northern region. It is a community driven 5 year development project (2002/3-2007/8) funded by the World Bank (contributing US \$ 100 million), the Government of Uganda (US \$ 13.5 million) and European Communities (US \$ 20.5 million). The project operates in 18 "original" districts<sup>7</sup>. The objective of NUSAF is to empower communities in the 31 districts in Northern Uganda by enhancing their capacity to systematically identify, prioritize, and plan for their needs within their own value systems through implementation of sustainable development initiatives that improve socioeconomic services and opportunities, thereby contributing to improved livelihoods by placing money in the hands of communities.

**Design of NUSAF:** The fund is designed around four interrelated components, namely Community Development Initiatives (CDI), Vulnerable Groups Support (VGS), Community Reconciliation and Conflict Management (CRCM), and Institutional Development (ID).

**Community Development Initiatives (CDI):** This is mainly aimed at financing demand driven community based efforts to construct and rehabilitate small scale socio economic infrastructure such as community roads, health centers and schools. Communities are

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<sup>7</sup> Since the original design of the fund was made, the number of districts has grown (through sub-division) from 18 to a total of 31.

facilitated to identify and prioritise their needs followed by planning, implementation and management of sub projects. During the process, community members are guided by a sub-project menu which fits within the specific sector policies which are highlighted in the NUSAF Brochure.

In this component, community members come up with priority needs of projects and fill in 1-page forms expressing interest in the sub-project. This process is followed by a Participatory Learning and Action (PLA) exercise carried out with the help of a community facilitator or NGO/CBO facilitator who is identified by the community. The facilitators (may be a trained teacher or an “O” level qualified person, CDO or CBO/NGO representative). After prioritization of the needs, community members develop a community action plan (CAP). The CDOs plays a critical role of supervising the facilitators. The CAP is then sent to the Sub-County where the proposed project is further scrutinized to ensure that it is in alignment with government policy and programmes and that it is not already being implemented by Government. This stage aims to cut out duplication of projects. The successful plans are then sent to the district technical planning committee for a desk review, field appraisal and final approval. The successful proposals are sent to NUSAF headquarters for funding. CDIs attract funding of the equivalent of US\$20000 as a minimum.

**Vulnerable Groups Support (VGS):** This is a cash transfer programme targeting vulnerable categories of the population. The MGLSD categorization of key vulnerable groups is adopted. This includes people with disabilities (PWDs), orphans, child-headed households, ex-abductees, child mothers, internally displaced persons (IDPs), people living with HIV/AIDS (PLWHA) and youth. In Karamoja the youth include young people who have responded positively to government’s disarmament process (gun-dropouts) and who have no other source of livelihoods.

Organised groups of those who are categorized as vulnerable also come up with a list of their needs and are linked to an appropriate NGO which using PLA methodologies helps the group/s in undertaking a needs identification, prioritization and planning. The process of defining a fundable project sometimes involves other technical personnel, such as artisans, micro-project entrepreneurs, etc. Evidence on the ground suggests that the projects which have been funded range from poultry-keeping to brick making and cow rearing. The groups in the meantime select committees comprising of 9 people including a chairperson, secretary, treasurer and 5 other people. It is this committee which serves as the procurement committee. The committee is responsible for managing the group’s money. Funding itself is usually given in three installments. Special categories such as the Child-headed households benefit from group social systems support while youth choose an NGO and get technical skills improvement support through participation in practical skills-building programmes, such as tailoring, brick laying or seed capital support.

**Community Reconciliation and Conflict Management (CRCM):** The project supports traditional and local approaches to peace building and community dialogues between rivalry ethnic tribes of Iteso and Karimojong, Information on Conflict is updated annually.

**Institutional Development (ID):** This component mainly addresses issues of capacity building and training of communities, CSOs and other partner organizations. Capacity is also built for Government of Uganda staff, NUSAF staff and community facilitators. The component also assists in provision of skills to communities, individuals, District, Sub County and Parish staff to enable them to play their expected roles in approving and technically supervising sub projects. At the community level, training is done through the Trainers of Trainers (TOT) who may be from different levels within the local government system. The component also targets NGO’s and CBOs implementing the NUSAF projects.

**Targeting:** The programme targets poor communities, vulnerable and disadvantaged social groups and, for capacity enhancement, sector technical staff, NGOs, CSOs, private sector and local government councilors and staff. In order to benefit from the fund, one has to belong to a community group. As such community mobilization and group formation is an essential part of the process. The concept community rotates around the communal needs the groups come up with, and the number of group members ranges from 5 to 30 depending on their needs. The size of a group for elderly persons working on a small income project, for example, will differ from that of a group of parents who want to construct a community school.

In the beginning of the project, beneficiary communities used to receive their funds in three installments, in the proportions: 50%, 35% and 15%. However this practice was discontinued after it was found to be inconvenient, laden with bureaucracy and leading to serious delays in implementation of projects. Cases were cited, for example, where farmers suffered losses due to death of poultry simply on account of funds not being available in time to buy feeds. In the reformed practice NUSAF now releases 50% funding of CDIs project at inception and 50 % during mid-project. VGS on the other hand receive 100% of the funding (previously they received 50% at inception and 50% mid project). The change has led to improvements in project implementation. However, this has not resolved the challenge of mismanagement of funds which leads to all resources being used before the projected end of the project, and which in turn may lead to collapse of projects.

No deliberate efforts are made by NUSAF to target chronically poor people, and from an examination of the projects which have been funded to-date it is evident that the largest number of beneficiaries are those who are able to organize and to influence local decision-making, an attribute which most people who live in chronic poverty do not possess. Other reasons given by the fund for not targeting the chronically poor include the difficulty of identifying this category of people coupled with the fact that most of the chronically poor are without assets, have low self esteem and “because they are not easily identifiable in communities” they self-exclude themselves from “demand driven” projects of the type of NUSAF. As a result, the very poor categories that cannot come up with projects do not benefit from NUSAF. There also did not seem to be much agreement within NUSAF on the likely value of targeting extremely poor people as some officials believed that it would take a very long time and using special efforts to get such people out of poverty.

**Management of the scheme:** The project is demand driven and needs defined with a NUSAF district committee responsible for managing the Programme at the district level. A menu of options exists which NUSAF suggests to communities and which complements what communities determine as their needs. At inception, district officials provide information to communities about the opportunities NUSAF is able to provide. Community members are requested to form groups and to write proposals in respect of their identified community needs. These are then submitted to the Parish committees for appraisal. The approved proposals are thereafter sent to the Sub County committees for appraisal and once approved, they are sent to the district for further appraisal and approval. From the district the confirmed approved proposals are sent to NUSAF Secretariat which directly funds the community projects. Direct funding was preferred in order to reduce on bureaucracy and possible misappropriation of funds.

The districts help to oversee the implementation of projects and they also provide technical support to projects as well as ensuring accountability for funds which have been spent. Similarly, district officials give guidance to sub-projects on maintenance of proper books of accounts and in providing general financial advisory services. In addition, district officials are present and participate actively in the approval process. NUSAF and districts through

Information Education and Communication (IEC) programme provide brochures, hand books, posters and participate in radio talk shows to give the public information on NUSAF projects.

However dissemination of information on NUSAF activities inadvertently leaves out those who are either illiterate, those who are unable to afford a radio set or people who exclude themselves from public meetings and fora. If information is to reach such people alternative means of communication need to be considered.

### **Achievements of NUSAF**

Significant progress has been made in improving the quality of, and access to, social services and community initiated infrastructure. In the water and sanitation sector, 349 sub-projects have so far been funded and these are projected to be serving at least 64,300 people<sup>8</sup> in 12,860 households. Similarly, 322 boreholes and extension of 2 piped water schemes have already been funded. By June 2003 the average percentage of safe water coverage for the 18 original districts stood at 53%. This has led to improved welfare of the people in terms of better access to water, health and education services which are closer to people. Women and children spend less time in fetching water and no longer travel long distances. The time they now save is used to engage in other activities.

In the education sector, 751 sub-projects have been funded with the additional number of classrooms expected to serve at least 79,704 pupils. In addition, teacher's houses have been constructed and now at least 624 teachers with their families are accommodated. In the health sector, 58 sub-projects have been funded and each health centre is able to serve approximately 60,000 people or 12,000 households.

Regarding the Vulnerable Group Support component, 411 VGS subprojects have been funded with a total of 20224 beneficiaries. Those who have been funded include female headed households/widows (1,504), People with Disabilities (783), elderly persons (440), Internally Displaced Persons (12,580), orphans (1,168), HIV/AIDS affected (123), and formerly abducted children (73). Funding has also been extended to ex-combatants (59) and gun-drop outs (40), foster parents/households supporting VGS (2,799), VGS integrated in CDI (400) and youth (255). Youth who were trained in group dynamics with the support from JICA now supply uniforms in school while those who were trained in brick-laying with an entrepreneur that NUSAF bought the machines for were permanently employed.

Activities of groups engaged in agro-livestock and poultry activities were reported to have led to benefits at household level as well. For example, one group comprising of 83 IDPs earned over Uganda Shillings 32 million (US\$ 17,000) in one harvest of groundnuts. If this group earned a similar amount of money in the next season, their per capita annual income would increase to (US\$ 409), well above the poverty line of one dollar a day.

### **Challenges**

Managing a project which targets all communities in 18 (now 31) districts is challenging given, first, the geographical spread of the region and the fact that only one office finally approves projects and disburses funds. As a result, not even the lengthy and somewhat bureaucratic approval process is able to weed out inappropriate projects. Not surprisingly therefore instances such as goat rearing projects being funded in urban centres have arisen. In addition, the spread and large volume of projects makes it difficult to monitor sub-projects on Community Development Initiatives, which compromises quality of work.

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<sup>8</sup>Water Sector norm is every borehole is supposed to serve a population of 300 people and spring 200 people.

Weaknesses in management of finances and in accountability are yet another challenge. Community capacity to procure is also low, especially when measured against the standards which are set by the district. Some of the problem lies in poor record-keeping practices or simply illiteracy and poor numeracy. However there were also reported to be deliberate cases of fraud and dishonesty on the part of certain groups, technical personnel, or facilitating organizations.

Political interference with the project has also taken its toll. Allegations were rife that the sub-projects were unevenly distributed in the region on account of political favouritism or influence. Politicians tend to mobilize communities from their local areas by encouraging them to submit proposals, itself not wholly unexpected. However this mobilization tends to go along with a claim from the same people that they are “the source of” or are “responsible for” allocation of sub-projects. After claiming such “ownership” they (the politicians) then put a lot of pressure on NUSAF to approve particular projects, “lest they be put to task to explain why some people are being excluded”. As a result of the pressure some districts have had more projects than others. Even in the same district, some projects are crowded in particular regions at the expense of others. So, while selection criteria denote districts with the worst poverty indicators as those to receive first priority, it is those with political connections that carry the day.

There is still a very high demand for projects to be funded. Well over 1000 projects spread all over the region still anticipate that they will receive funding. The large volume of applicants vis-à-vis the resources envelope is further complicated by the difficulty of having an efficient and effective appraisal and approval process for projects – one which is able to respond to the urgency of the needs while ignoring undue pressure from the political leaders.

Another challenge for the NUSAF project lies with the definition of a group. Because neither limits nor guidelines were set for this, group formation could take any shape or form: it could be a number of family members working together, or simply a collection of friends, or an entire parents’ (or other) association in, say, the case of school projects. Besides, there are no restrictions on the number of groups a person may join. Not surprisingly it is those people who are in the know or those who are more enterprising who are able to “strategically belong to different groups”. In many instances they end up as being the same people who benefit from the project.

### **Lessons from the NUSAF project**

Self-initiated actions are a clear sign of empowerment which means being proactive, taking initiative and displaying confidence for undertaking other actions to solve problems beyond those defined by the project.

Communities contribute to redefinition of objectives, better project design, redesign, site selection, resource mobilization, construction, implementation, and maintenance of facilities provided by NUSAF an indication that communities own and control their sub-projects.

Through discussion, consultation, and information sharing communities through the Community Project Management Committees (CPMCs) have produced greater consensus about goals, means and more clarity about roles, authority, and ownership than would otherwise be possible. Consensus and clarity in turn reduce conflict and delays, resulting in smoother implementation and lower overall costs.

Increased access and control over resources by communities and individuals, can lead to acquisition of new skills and confidence. Access and control provides confidence to initiate action on their own behalf and acquire leadership skills. In NUSAF, communities are involved in decision making thus enabling them to exercise choice and voice more broadly in their lives, as well as in sub-projects that benefit them.

There is a possibility that the facilitators may manipulate the community groups and some incidents of misappropriation of funds by the groups themselves. NUSAF has put a measure in place to curb the above problem through development of an anti-corruption guide. The development of an anti-corruption guide has been developed to fight corruption. NUSAF also publishes information on funding approval balances in the newspapers.

**Sustainability of the projects:** In order to ensure sustainability of the project, NUSAF is working together with other processes and institutions which work in the region including NAADS, and World Vision with whom it links its subprojects. It is also working with a number of CBO's that are involved in implementing development projects with a view to interesting them to take on or support NUSAF-initiated subprojects.

Similarly, a number of investments, such as schools and health facilities have been brought into the mainstream government funding channel in order to ensure sustainability.

Issues and lessons for consideration by the CT design team

- (1) The choice of approach to delivering, e.g. "demand-driven" and "needs-identified" has implications on who can effectively participate in an activity. Self-exclusion by chronically poor people means that such an approach might not be appropriate, or that it may need complementary activities in order to work;
- (2) Local political leaders are a double-edged sword – they are important for purposes of mobilization but their "political agendas" might obscure the primary objectives of the project. In addition, criteria may be clear for identification and selection of beneficiaries, however political muscle is more likely to win at the end of the day:

#### 4.2.3 HEIFER PROJECT INTERNATIONAL-UGANDA

**Background of HPI-U:** Heifer Project International-Uganda has been working in Uganda since 1982. The project started as a response to a need which was expressed by the church of Uganda for assistance to be provided to poor and marginalized households in the country. The main goal of HPI-U program is improved food security and income status of the needy households, bearing in mind the family, gender as well as environmental protection. In order to achieve this HPI-U promotes the adoption of sustainable agriculture approaches. More specifically, the project works with needy families to improve their nutrition status and to

enhance family incomes through the distribution of heifers and the and by promoting the “pass-on a gift” approach<sup>9</sup>.

**Coverage:** HPI-U works in 24 districts with 36 projects and beyond Uganda’s borders into Rwanda.

**Targeting:** HPI’s response and approach are demand driven. If interested, it is expected that poor people, working in their groups and of their own accord, would first express that interest in what HPI does by extending a formal invitation to HPI to assist them. Although the ultimate targets are the individual families, in terms of institutional relationships HPI only works with organised groups or CBOs i.e. it does not deal with individuals. HPI’s experience suggests that working with organised groups increases the speed at which capacity is built among beneficiaries and it improves communication and mutual accountability. In the early days of HPI’s programme, farmers were expected to contribute 20% of the value of the heifer they were to receive before they were considered for an allocation. This requirement has now been scrapped by HPI although many of the intermediary CBO’s have decided to keep it for reasons of ensuring sustainability and enhancing farmer ownership.

**HPI-U activities:** These include training/capacity building, distribution of livestock [(Diary Cows, Dairy Goats, Meat Goats (Boer and local), Dairy Goats, Pigs, Rabbits, Beehives, Draught oxen and Oxen ploughs as well as fish]. The project also breeds animals through use of imported quality semen, and is involved in promoting animal health activities and environmental protection (the latter includes tree planting, making improved stoves, soil and water conservation, construction of biogas plants, and fabrication of biogas equipment. It is further involved in Micro enterprise-loans for milk coolers and mini dairies.

Perceived benefits from implementation of the HPI project

- Improved nutrition and increased income within households
- Improved health and hygiene/sanitation status of families
- Improved skills among community members for leadership
- Economic empowerment of women and greater gender equity
- Improved natural and physical environment
- Increased opportunities for employment
- De-mobilised soldiers reintegrated
- Alternative sources of energy (biogas) introduced
- Cooperative societies and farmers groups strengthened
- Increased and improved national herd of exotic animals (cows, goats)
- Greater recognition of the poor in communities

Overall, benefits accruing from HPI include increased household incomes especially from sale of milk, enhanced marketing and micro-project management skills, acquisition of new technologies such as on biogas, better skills in sustainable farming, etc.

Challenges faced by the project: First, the project is unable to reach out to the poorest categories of the population due to the minimum requirements for successful

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<sup>9</sup> Strategic plan for the HPI-U program

implementation – land, financial resources to maintain and care for the animals, etc. even for those who are able to get started with the scheme, having met the minimum conditions, the declining per capita land holding for each household, which is in part due to population and urban growth, means that an increasing number of beneficiaries are no longer able to maintain their projects. For example, more and more farmers cannot expand their pastures and this makes it extremely difficult for them to sustain the zero grazing objectives of the project.

The absence of reliable agricultural extension services in the areas where farmers have been supported with heifers and other breeds of animals is also another challenge. Because of the sometimes highly technical nature of the requirements for keeping exotic cattle, HPI often has to improvise with their own vets or with agricultural extension officers. This is supplemented with training which is provided to the farmers themselves on specific aspects of animal management.

For the project to work, also, farmers need to put in a lot of resources, both financially, and in terms of time and energy. Because of this, it takes considerable amounts of time, sometimes upwards of two years for farmers to have in place what is required to have a heifer, which slows down the rate of expansion of the project and discourages many other prospective beneficiaries. In particular, the financial requirements of the project are an impediment for resource-poor categories of the population, even if such people might be active small-scale farmers. An added issue is that of complementary services which need to function well if farmers are to make any headway. In a number of areas where the project was operating, for example, access to water was a problem not only for project beneficiaries but also for entire communities. Without the issue of water supply being resolved for the community it is extremely difficult for any beneficiary of the HPI scheme to progress.

#### **Lessons:**

**A strong need exists for social support:** In spite of the complexity and difficulty of adopting the heifer project as a route for enhancing household income and livelihood, the enthusiasm with which potential and existing beneficiaries continue to demand for it is itself a demonstration that a need clearly exists for social assistance. Individual beneficiaries are prepared to invest energy, time, resources, and even go to the extent of borrowing in order to make the project work. However even such zeal should not be misinterpreted to mean that this type of scheme is equally appropriate for any category of the poor. Special efforts should in particular be made to ensure that beneficiaries whose resources are likely to be further depleted or whose livelihoods might change for the worse on account of “making the project work” are shielded from any possible negative consequences.

**The very poor are still excluded:** In order to benefit from the scheme, a number of minimum requirements have to be met. Access to some amount of land, ability to construct an appropriate shed, and resources to pay for costs of treating the animals all mean that extremely poor people are by design excluded from this type of scheme. An important lesson is that not all schemes which purport to work with the poor are actually able to reach all categories of the poor, especially the hard-core poor.

**Persistence pays:** Testimonies from respondents to the research team’s enquiries revealed that those farmers who had persisted over the years had started reaping benefits. The lesson for the design team is that some instruments might have a difficult start either because their implementation might be lacking appropriate experience or simply because it takes time for the benefits of such a scheme to begin to show.

**Working in groups has some advantages:** Working with zone committees or sub-groups creates a sense of ownership of the project among individual farmers and communities. In addition the strategy simplifies communication and extension work as members offer support to each other.

**Transparency and openness is treasured:** The most successful examples of HPI projects or schemes were those where there was clear transparency in the entire scheme – in the entire continuum of planning, design, funding, implementation, review, etc. A key lesson for the CT design team is that whichever scheme or design is ultimately suggested or adopted, transparency and mutual accountability ought to underpin the design so as to ensure that the outcome is trusted and supported by all stakeholders.

**A monitoring and evaluation system is essential:** Regular self-assessments (in the case of HPI these are bi-annual evaluations) are useful in identifying issues that need management or implementation action, thereby allowing continuous improvement of project performance. However such monitoring needs to be augmented with periodic impact assessments to show the extent to which the ultimate objective of mitigating risk and vulnerability to deeper poverty are being met.

**Implementation of projects may lead to other benefits:** Although the primary objective of HPI's activities is to have improved household livelihood through increased productivity, the process of implementation itself was reported to lead to ancillary benefits, such as improved leadership skills, improved access to market information, project planning and implementation skills, etc.

**Concluding note on HPI:** The HPI project is appropriate for reducing risk and vulnerability to poverty for a category of people who are relatively well above the poverty line and who are able to meet their basic needs while at the same time earning a sufficient income to be able to meet maintaining a heifer. However the scheme is out of reach for the ultra-poor for whom even getting started would require major shifts.

#### **4.2.4 WORLD VISION UGANDA**

World Vision (WV) is an International organization whose mission is to care for the vulnerable children and work with the poor and oppressed to promote human transformation, and seek justice. While WV's intervention is child focused, it also offers relief and advocacy for the communities and other stakeholders to improve the lives of the poor and suffering.

##### **Thematic areas of intervention**

- Education
- Food security and increased House hold incomes
- Agriculture
- Humanitarian assistance in Northern Uganda
- HIV/AIDS care, counselling and awareness

Each community selects its own thematic area depending on its need and this is done through a guided Needs Assessment by the community members.

##### **How World Vision Uganda Works**

World Vision Uganda's entry point into the community is through existing local structures of governance. World vision gets into partnership with sub-county leaders to establish an Area Development Program (ADP), a model which is meant for long term development projects. What is decided as an area of focus depends on the people's identified needs. Village development Committees are set up and some members of these committees sit on the Parish development Committees. Each parish then elects representatives to the Sub County Development Committee which becomes the Area Management Committee. These committees are elected by the communities themselves.

All committees participate in planning at their levels of management and planning results are forwarded for a more rigorous prioritization of needs which is undertaken by the Area management Committee. The committees also have other roles like monitoring at the different management levels; providing support to the implementation process; and also acting as a channel of communication. In addition procurement committee made up of community members, World Vision staff and some management committee members is also established for the purpose of undertaking procurement on behalf of the community. All these committees are supported by World Vision.

Another WV approach in some communities is the partnership which the organization establishes with local CBO's. This approach has been used in four Area Development Projects, namely, Kamengo, North-East Masaka, Arapai in Soroti, Kapeka in Nakaseke. World Vision contributes in building the capacity of the CBO's. These CBO's also make plans basing on the identified community needs and subsequently WV carries out the transfer of money though its done in installments.

When an "economically incapacitated region" is identified technical associates are sent by World Vision to the region for a period of six months to make an assessment. These Technical Associates dialogue with community leaders then with the community members. During this time an people's perceptions and attitudes towards development are assessed. The technical Associates then write a detailed report about their observations and findings in that particular community, information which World Vision uses to undertake a more detailed analysis of the situation, laying greater emphasis on the concerns and priorities of the community in question.

Thereafter, community carries out a more detailed needs assessment guided by World Vision and the relevant local government officials. Using this process, a priority list of community's needs is developed and roles and responsibilities of different stakeholders are clarified. It is on the basis of this detailed analytical process that decisions are made in WV on which aspects of the plan to fund. Elements of the plan which do not find immediate funding are shared with other development partners including local governments. The approach is community based and the available community structures are used to access the poor.

### **Transformational Development Indicators**

World Vision projects are evaluated using the transitional indicators which include; child immunisation, child nutrition, primary education attainment, access to safe water, diarrhea management, household resilience, the proportion of extremely poor households, community participation, social sustainability, and caring for others. Other indicators include emergence of hope, and Christian presence, and if there is a positive change in most of these parameters in a community, the implication is that the project which is being supported is delivering and if there are no changes, means of improving the project are suggested.

**Target Group:** The primary target group is described as those most vulnerable children or the poorest of the poor. Special attention is paid to identifying and working with children in the programmes, although in reality the WV interventions are best described as community-benefiting interventions. For example, the trainings which are carried out, or the community facilities such as schools or water services that are provided while benefiting specific individuals can also be described as community interventions.

### **Specific programs**

**The child Sponsorship program:** A shift occurred some years ago in WV's approach, from concentrating on an individual child (directly paying tuition fees to their respective schools) to working on a comprehensive programme with the community in which children are located, but with a specific focus on children still. Through the Area Development Program, money is put into a common pool to benefit the whole community like building a school, health centre, or to enable schools and pupils to acquire scholastic materials. Identified child beneficiaries with special needs are given extra support in order for them to be able to "catch up" with others and to take advantage of other opportunities.

#### **Criteria used by the WV Kammengo ADP to select child beneficiaries (A case study)**

The selection criteria is set by the Area Development Committee and it is the community that defines what they understand by an orphan, vulnerable child, etc

- Orphan-hood status (total or with one parent dead)
- Disability status of child
- Whether a vulnerable child living with chronically ill parents
- Children heading households/families
- Girl children
- Whether child is performing well academically
- Whether child is well-behaved in the community

The shift in the WV approach itself came about as a result of evidence adduced to the effect that in the majority of instances, a very large proportion of the children actually needed to be supported with school fees in order to be able to access education, but that however, furthering education through this channel of support was bound to face other problems of insufficient or incompatible complementary services.

### **HIV/AIDS program (case of Kasangombe ADP)**

In some of the areas where WV works the organization has facilitated the establishment of Community Care Coalitions (CCCs) from within the local communities as a response to the demand for psycho-social support by OVC, especially those who live in child-headed households. The CCCs are loose community institutions which give care, guidance, direction, and also teach morals to the OVC. In Kasangombe, 10,000 children receive care from a total of 110 home visitors. World Vision gives training and motivation to the Child Care Coalition members. It also provides basic essentials such as soap, sugar, and salt for the children through the CCCs. In addition, support is extended through the CCCs to those who are chronically ill or suffer from HIV/AIDS.

**Agriculture support:** On the other hand the vulnerable families are supported to establish agricultural projects which are within their physical and skills means to handle. Most often such support comprises of small animals such as goats, pigs and chickens but may also be in the form of cows, fruit trees, agricultural seeds, etc. This program's objectives are to increase food security, raise income and improve nutrition for the household.

Beneficiaries of this program are expected to contribute a proportion of the cost of what is to be purchased. Often the proportion which is contributed depends on the value of the item or project for which they have requested support from WV. Each Area Development Program sets its own levels for contribution, but usually this ranges between Ushs50,000/= and Ushs100,000/=. Plant seeds are offered at half their actual price (i.e. the beneficiary contributes only half the cost). Those whose projects require preparation of barns, animal shelters, or even gardens are expected in the first place to ensure that these preparatory stages are accomplished before they can be considered for any WV grants or support.

**Financing:** World Vision Uganda receives financial aid from their World Vision support offices in other countries including Australia, Canada, Finland, Ireland, New Zealand, Japan, Korea, United Kingdom and the United States. The organization also gets financial, material and other support from other donors including the Government of Uganda, World Food Programme, Agricultural Cooperation, Development International, Volunteer Overseas Cooperation Assistance, US Department of Labour, European Union, Irish AID, Government of Japan, Government of Australia, German Foreign Office, Canadian International Development Agency, US Agency for International Development and European Commission's Humanitarian Aid Department.

It may thus be concluded that the organization has a wide funding base which comprises of inter-governmental, governmental, and non-governmental, sources.

### **Benefits of projects to the community**

- **Improved observance of child rights:** Through the different programmes, which focus primarily on children, there have been improvements in the observance of child rights in those areas where WV is operational. The organization has, for example, established projects such as "Combating child Labour" and "Child Protection." These

projects, among other things, advocate for children's rights, provide children with school opportunities and counsel the vulnerable children.

- **Improved access to social services:** World Vision has contributed towards the improved quality and access to education in Uganda. In 2005 the organization constructed 158 classrooms, 13 school offices, 19 teachers' houses, and 84 pit latrines (373 stances). It also provided 3026 desks for pupils, 69 tables and 88 chairs for teachers, and 67 water tanks, while at the same time 48,592 children received exercise books, 14,599 received pens, 3,957 received mathematical sets and 22,710 received school uniforms. Similarly, 3,801 children were supported with secondary school fees, 599 received tertiary Institution fees, 543 teachers received refresher courses and 264 Functional Adult literacy Centres were aided by WV.
- **Holistic development:** WV has enabled a more holistic transformation of those communities where the organization is working. The physical needs of communities are considered alongside social, economic and psycho-social and moral needs. By investing in this integrated approach, WV has demonstrated the importance of linking up interventions and stressing complementarities between the different approaches.
- **Skills transfer:** Increased skills transfers have been reported in homesteads that are benefiting from the WV interventions. These skills are provided to different categories of community members and in an array of fields or sectors, e.g. health.
- **Food and income security:** Increased food production and income was reported to have been achieved in most beneficiary communities, this being the product of the support which is provided to farmers and trainings which are carried out in modern agricultural methods. Further, the provision of soft loans to farmers and small enterprises was also reported to have been partly responsible for the achievement of food and income security objectives.
- **Peace and reconciliation:** There has also been a promotion of peace and reconciliation through the "peace and Reconciliation programme." This programme has mainly taken root in Kitgum District where communities were trained in Peace and reconciliation through dialogue. Peace Clubs, talk shows, etc.
- **Relief and emergency:** WV has assisted the war displaced people in Northern Uganda through provision of relief items and emergency support. About 1.4 million Internally Displaced Persons received relief worth US\$ 20 million through World Vision in the last year alone.

### Challenges

- **CBO management and governance:** The main challenge with working with CBOs relates to their capacity to manage affairs especially in instances where the portfolio of responsibilities may be increasing. Similarly, governance systems and structures in most CBOs are weak, which makes partnership in programme implementation a challenge.
- **Information management:** Documentation of both the process and content of WV's work and that of her partners is still weak. This makes learning difficult. Poor documentation also greatly affects decision-making as in many instances decisions are made without adequate reference to established and/or recorded facts and information. Documentation is particularly weak in those areas where ADPs do not have well-established offices.

- **Sustaining voluntarism:** Most programmes where WV is involved have a significant component of staff and community members who are volunteers and a process which generally relies on voluntarism. This is particularly challenging in communities where especially adult members of any given household have to work and find food and income for their households. Thus a spirit of voluntarism is difficult to sustain in a very poor community even if the community itself were willing to give freely of their time, labour and other resources.

#### **Ideas to inform the Pilot Cash Transfer design**

- Community Based Organisations can be used as modes of transfer. These should be organisations both with the capacity to handle the process and with the credibility to live up to people's expectations. These CBOs could be identified through other credible NGOs in Uganda, or through the local council system. A key challenge would be how to appropriately build the capacity of these CBOs and to have in place a monitoring system which contributes to maintenance of quality standards and to local-level decision-making.
- The ADP approach is yet another possible route for implementation of a cash transfer scheme. The ADPs which WV uses in her area of operation can easily pull the people together for a common goal, and may automatically spread for the benefit to the whole community.

According to communities which were consulted in the WV area of operation, the target groups of the Cash transfer should stress need and vulnerability, elements which were more likely to be visible among Orphaned and Other Vulnerable Children (OVC), Widows, women, and girl children, People with disability, People Living with HIV (PLWHA), Internally Displaced persons in Northern Uganda, People in Karamoja area and elderly people

#### 4.2.5 PRIDE MICRO FINANCE;

PRIDE is a wholly Uganda Government-owned microfinance institution, originally established as an NGO (Pride Africa) in 1996 and with the objectives of;

- i) Empowering the poor to enable them voice out their views
- ii) Training the poor on how to manage their businesses
- iii) Lending money to poor people after they have been trained and are able to operate businesses.( micro finance)

Its original donors included Norwegian Agency for Development (NORAD), ECODEC, SAFICE, GTZ and NORAD. Donors previously gave support in both cash and kind through supporting trainings and providing equipment such as safes. In 2000 Pride experienced donor fatigue and at this point a decision had to be made about the NGO's future sustenance. It was against this background that Pride Microfinance (which is its present name) was established.

**Ownership:** Pride is 100% owned by Government of Uganda (Bank of Uganda) and it is expected that after the institution has got off the ground it will sell off at least 70% of its shares to local people. Like FINCA, Uganda Finance Trust (UFT) and Uganda Micro Finance Ltd, the other major microfinance institutions, PRIDE Microfinance is also licensed the Bank of Uganda.

**Targeting:** Pride targets the peri-urban and urban poor and operates primarily in towns. The rationale for this is that in addition to there being significant levels of urban poverty in these areas, it is in the urban areas where people generally have access to a regular cash income. It does not give people start-up capital but helps those who are already in business and need more money to improve on their businesses. By definition and design, therefore, this institution cannot be targeting chronically poor people – they do not have businesses to operate.

**Coverage:** It is operational in 21 districts of Uganda and has a total of 29 branches including the head office with a total of over 70,000 clients out of which 48526 were active by the end of October 2006. By the end of October 2006 the overhead cost was 23.8 billion and by the end of December it was 26 billion Uganda Shillings<sup>10</sup>.

#### Products

**Group loans:** The core product is the Group Guarantee product based on solidarity groups. In this product, five members come together and form a group, and are trained on how the institution operates for 2 weeks after which they are expected to make a decision on whether they want to join Pride or not.

On deciding to join, they elect a chairperson, secretary and treasurer to their group and register with a payment of 3000 U shs each. They then agree on a day and time they are to meet at the offices for an hour every week. This is the “group guarantee”. On the agreed day and time, they come and meet other 9 groups of five members each making a total of 50 members. This group of 50 members is what forms the “enterprise group” and they are further trained for 6 weeks. They are given skills on how to operate their businesses thus managing Pride money. After the training, loans are given out on approval by members of the enterprise group. Two members get loans from each group of five, and after 2 weeks

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<sup>10</sup> It was not possible to obtain details of the overall amount of money which PRIDE spends, or to verify the correctness of the overhead costs (which look quite considerable).

another two members also get loans. The chairperson is the last to get a loan. The amount of money which is borrowed depends on period which members have spent together as a group and works as in the table below.

**Table A 39: Showing amount of money borrowed, duration and interest rate.**

Amount of money	Duration of payment in weeks	Interest rate
150,000	25	30%
300,000	30	30%
500,000	40	30%
800,000	50	30%

One can only borrow 150,000 for a start, but on repayment of the first loan s/he would be eligible to get up to Shs 300,000 at the next level. Progressively the amount increases until the last level of Shs.800,000 after which one then qualifies for a personal loan depending on the accumulated business and the level of trust which will have been built with the institution. In the group guarantee scheme, loans must be paid back within one year. There are mandatory weekly repayments and a compulsory savings of Shs.2200 in addition to the money which is repaid for the loan. The weekly compulsory savings also act as the Loan Insurance Fund (LIF). Previously, in the group guarantee scheme, guarantees were verbally made and these served as the only security which was required. This has since changed with members being given the right to make bye laws. In turn this resulted into a new requirement to have collateral security for members who are unable to convince the enterprise group that they will pay up. The nature or type of security which such loan applicants give is determined by group members. The enterprise groups also have the right to reject or give a loan to the group members.

**Recovery Process for group loans:** If a group member fails to pay, all the remaining 49 group members contribute and pay for him/her. In case of defaulting, the institution begins by taking the defaulters' savings (LIF) and if not enough, they deduct from the savings of the four group guarantors also known as bench members. If loan repayment is still not covered by these funds, deductions are made from the rest of the 45 enterprise members. On the other hand, if group members after careful consideration discover that it is no longer in their group interest to maintain the membership of one of their number, they may decide to get rid of such person. Group members usually volunteer to pay for the person's money from their savings. If some one leaves the group, the group is expected to get a replacement and if no replacement is found, no more loans are disbursed to such group until they find a replacement to make a total of 50 group members.

#### **Benefits of the group loans**

- Group cohesiveness is enhanced and can enable them benefit from other programs/projects that require group formation.
- The saving culture is enhanced among beneficiaries.
- Beneficiaries learn to plan for their money and use it effectively since they are always looking forward to getting a bigger loan after repaying the smaller loan.
- The clients compulsory savings are invested in treasury bills enabling clients to get some interest.

#### **Challenges**

- The project only targets the active poor who can operate businesses, leaving out the chronically poor who would otherwise need capital and a lot more to start up a businesses.

- Group members are put at risk of paying for other defaulters yet sometimes they meet at Pride offices and form the enterprise group of 50 members.
- Trusted members are hard to find thus a problem for beneficiaries to access loans.
- It ties people into borrowing as they are given little money for a start and only increases as you continue borrowing. This implies that the chances of getting off the credit hook are limited.
- The need to gain the trust of community members is likely to limit people who cannot show that the businesses they operate have the potential to repay the loan.
- The weekly repayments plus the compulsory savings which total up to 9100/= for a person who borrowed 150,000/= which is quite high given the fact that beneficiaries have to depend on profits from their businesses to buy their basic necessities.

**Individual loans:** These are given to individuals who must prove that they have collateral that is equivalent to the amount of money borrowed. Security required includes cars, land titles, stock and any other valuable assets. The starting loan is 1.5m and the interest rate is 25% per annum. If a person defaults, the security is taken by the institution.

**Salary loans:** This product includes Grouper loans and a Solo loans, as follows:

**Salary Grouper loan:** Here employees from the same organisation earning below Shs.300,000 form a group of up to five members, who act as guarantors. They get a letter from their employer confirming they are employees of the recommending establishment. The organisation/company must have been in place for a period of at least 3 years and the employer must be willing to give a company profile in addition to organizing for the deductions to be made. On confirmation of all the above, loans are disbursed. The amount of money borrowed depends on the salary installment one is willing to pay per month and must not exceed the net pay. The employer is not responsible however for any failure by the loan-taker to pay back (defaulting).

**Salary solo:** This targets employees earning above Shs.300,000 and requires getting a guarantee from individual employees as well as the employer. One obtaining a salary solo is also expected to have collateral security equivalent to the amount of money borrowed. In this arrangement, although the employer is one of the guarantors, he has no liability after the employee has left the company/ organisations.

#### 4.2.6 THE NATIONAL AGRICULTURAL ADVISORY SERVICES

The NAADS programme is a demand driven, client oriented and farmer led agricultural service delivery system that aims at raising the profitability of agriculture in its regions of intervention and Uganda as a whole. It is a programme of the Government of Uganda.

NAADS started work in 2001/2002 with 6 districts. NAADS creation was based on an Act of Parliament which also stipulated the Plan for Modernisation of Agriculture (PMA) as the key strategy in the Poverty Eradication Action Plan (PEAP). NAADS is one of the core programmes of the PMA and its core purpose is to transform agriculture from subsistence to commercial production through the seven key priority areas of which is agricultural advisory services.

The design of NAADS was made in such a way that it could overcome institutional constraints hindering farmers' accessibility to knowledge which impedes on productivity and enhancing technologies such as:

- Weak research to extension farmer linkages
- Un coordinated/ non participatory extension services
- High level of bureaucracy during service provision
- Low responsiveness to farmers needs
- Lack of financial and performance accountability on the part of service providers

**Area of coverage:** NAADS works in 29 districts<sup>11</sup> and 280 sub counties in Uganda. Coverage of the programme has multiplied several times over since 2002. For example it was operative in 6 districts in 2002, 10 districts in 2003, 21 districts in 2004 and 29 districts in 2005. At a lower level, in 2002, NAADS worked with 24 sub-counties, 2003 had 100 sub-counties, 2004 had 153 sub-counties and 2005 had 280 sub-counties. It works with 2721 farmers groups and 53% of membership in these groups is female.

NAADS operates in 29 districts including Arua, Kabale, Kibaale, Mukono, Soroti, Tororo, Bushenyi, Busia, Iganga, Kabarole, Kapchorwa, Kitgum, Lira, Luwero, Mbarara, Wakiso, Hoima, Kamuli, Mbale, Nakapiripirit, Rakai, Apac, Bugiri, Kumi, Kanungu, Masaka, Moyo, Rukungiri, Yumbe.

The programme has five components that guide its implementation, namely:

1. Advisory Services to farmers
2. Technology Development and Linkages to markets
3. Quality assurance regulations and technical auditing of service providers
4. Private Sector Institutional Development
5. Programme Management and Monitoring

**Advisory Services to farmers:** Advisory Services are provided by contracted individuals or firms that are private service providers. These service providers are individuals who already have training in agricultural extension but who receive further training and orientation in order to be able to respond appropriately to farmer needs.

The **Farmer Institutional Development (FID)** process focuses on farmer group dynamics based on the fact that a group approach to advisory services is more efficient and time and cost effective. The empowerment of farmers is promoted through group formation. The groups in turn demand for services and use collective bargaining to determine which provider and for what services and cost they would be engaged. Farmer

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<sup>11</sup> By the end of 2005

Institutional Development involves; community level mobilisation, group formation and registration, training of groups, training of farmer's forum members, selection of the enterprise the group is interested to deal in, farm technology development and training as well as information sharing on a range of approaches for dealing with poverty at individual, household and group levels.

Nearly 20,000 groups of farmers have participated in NAADS farmer Institutional Development with a large fraction of these registered.

Although NAADS carries out HIV/AIDS awareness, there is no indication that it has a particular strong effect on responding to the needs of the People Living with HIV/AIDS. This is because no effort to target the People Living with HIV has been made and more to this is the fact that the People Living with HIV cannot come out to request for directed help to their category due to fear of stigmatization. Important to note is that NAADS has developed materials on extension and HIV AIDS. During the sensitization campaign, messages are included on how groups should approach the problems of HIV in the community.

The natural resource management issues have been mainstreamed by NAADS in their service provision package and were included as a module in the training given by the service provider.

**Technology Development and Linkages to markets:** Funds directed towards Technology Development are used for procurement of technology and its ultimate dissemination including enhancement of farmer capacity to use the technology correctly. A combination of technology development and advisory services are perceived by the farmers to be more effective than use of advisory services alone. This is because farmers may not be able to access or procure the technology that may be recommended by the advisory services. More to this, the Technological Development are believed to attract more attention and interest from the farmers, coordinators, service providers compared to ordinary demonstrations presumable because they are not related to commercial agriculture.

Although structural linkages to local, regional and International markets have not yet been identified, NAADS has linked farmer groups to commercial markets (such as sorghum and honey producers)

**Quality assurance regulations and technical auditing of service providers:** In this component, emphasis is put on regulation and auditing of NAADS service providers based on established standards for process, technical and product quality assurance. Regulations for the service providers were set in the initial stages of NAADS implementation phase in consultation with MAAIF and a registration scheme of potential service providers was established. All companies and individuals who were prospective service providers applied to be registered and had to avail detailed of their qualifications, experience, e t c. Applicants were evaluated by a District Technical Team as a basis for registration. The farmer fora and District Technical Team monitor the NAADS service providers once a month.

**Private Sector Institutional Development:** This component provides funds for capacity building of individuals and farms involved in service provision through NAADS. Activities carried out under this component include: Service provider workshops, Service provider training fund, Inventory of service providers and Training Needs Assessment

**Programme Management and Monitoring:** NAADS has set up a Board, secretariat and different committees to strengthen its structure at different management and

implementation levels. The secretariat and committees are fully operational in managing NAADS programs at all levels. To further consolidate its management structure, NAADS program has been fully incorporated in the Local Governments programs and participation by the District in monitoring the program has generally been good.

The NAADS secretariat monitors program implementation in the districts of operation and has established a functioning monitoring system based on in puts.

**Programme Expenditures and Financing:** Prior to implementation, NAADS appraised estimated the NAADS budget at US\$ 97.29 million for base costs and physical price contingencies at US\$ 10.62 million. Approved budgets have been lower and only 78% of appraisal budget projections were met during period 2001/2002-2004/2005. All the components received less than the projected funds apart from Technical Development (Component 2) which was disbursed at 189% of projections.

**Table (A 40) NAADS APPROVED BUDGET WITHIN MTEF AND ACTUAL EXPENDITURES BY COMPONENT 2001/2002-2004/2005 (US\$ million)**

<b>Component</b>	<b>Budget MTEF</b>	<b>Actual expenditures</b>	<b>As % of budget within MTEF</b>
Advisory Services to farmers	7438.5	6598.0	89%
Management and Monitoring	1781.1	1945.5	109%
Technology Development and Linkages to markets	349.9	313.0	89%
Quality assurance regulations and technical auditing of service providers	472.3	95.9	20%
Private Sector Institutional Development Programme	4556.5	4,145.2	91%
<b>Total/Average</b>	<b>14,598.3</b>	<b>13097.6</b>	<b>90%</b>

**Table (A 41) Utilization of projected funds by donor category.**

Donors	Projections (US\$ m)	MTEF approved budget (US \$ m)	Actual as % of projected
IDA	18.00	4.65	26%
IFAD	7.00	1.82	26%
Bi-lateral	9.32	19.51	140%
TOTAL	34.32	19.51	57%

**The impact of NAADS programs in communities: Farmer empowerment:** This can be assessed through the farmer's capacity to demand for services. Many farmers groups are able to willingly and voluntarily approach service providers for any service of their choice. More to this, there is ownership of the program by the farmers and this is displayed through the high level of farmer's involvement in decision making and participation in program activities.

Availability of services to the communities: Through NAADS service providers, many farmers and communities in the areas of intervention can access agricultural services easily and sometimes at a substantial cost. This is through NAADS effort to train, support and avail service providers in those areas.

Improved quality of agricultural extension services: NAADS is credited for its effort to carry out capacity building and support to its extension service providers. With reference to the Mid Term review of NAADS (Monitoring Report), 70% of the NAADS farmers groups acknowledged to be benefiting from the service providers.

Increased adoption rates of NAADS concepts. In NAADS baseline survey, 64% of the farmer groups reported to be replicating at least some aspect of NAADS technology on their own farms/fields

**Increase in agricultural yields and incomes:** NAADS has taught farmers better agricultural methods which are more yielding and less cost effective. Increased yields give farmers room to practice commercial agriculture though on small scale. This in turn leads to increased group, house hold and individual incomes.

**Challenges:** The fact that NAADS gives knowledge and not money has had an impact on people's participation and low attendance of trainings in the community.

Uneven implementation of the PMA pillars especially agro-processing and marketing combined with Inadequacy of service providers. Since they are private service providers, NAADS has little control over their performance in general

Inadequate capacity and commitment of the District Technical and Audit Team. This is due to their tight schedule of work. The budget allocation to this team is still low and this hampers the efficiency in their work.

## **4.3 PROGRAMMES TARGETING THE PUBLIC**

### **4.3.1 HEALTH INSURANCE SCHEME**

The scheme is intended to improve health care and health service delivery to citizens of Uganda and is intended to start July 2007. A compulsory scheme will start with employees in the formal sector and extend to cover informal sector workers after 15 years. The informal sector employs the majority of Ugandans.

The scheme is expected to protect workers against any future health related expenses. According to the draft plan, every employer will be required to contribute 4 percent of every employee's gross salary to NHIF as health insurance, while the other 4 percent will be deducted from the employee's salary. Government expects to raise billions of shillings from the scheme as well as improved health care through a shared risk policy.

**Challenges:** The Health insurance scheme is likely to reduce workers' income by another 4 per cent, yet many workers have long been complaining of being poorly paid.

- "It is common knowledge that with the implementation of this scheme, the National Social Security Fund will leave workers with meagre disposable income, thus bringing more misery to the workers with regard to their earnings,"
- There is no guarantee that the government will offer a good health service to the contributors to the scheme.
- Government has not done enough sensitization on the proposed scheme and many would be beneficiaries are looking at it as a scheme that will negatively affect their livelihood.

It is feared that the scheme will lead to further impoverishment of employees as they will also be paying for NSSF. The scheme is thus not recommended by most employees although the government seems to be pushing for it.

#### **4.3.2 COMMUNITY BASED HEALTH CARE SERVICES**(Community based health Financing Association)

Community Based Health Insurance Schemes in Uganda borrowed the idea from similar schemes elsewhere in East Africa and Southern Africa where CBHISs operate as Non profit, autonomous organisations based on solidarity between, and democratic accountability to, their members<sup>12</sup>. Their objective is to improve their members' access to good quality health care through their own financial contributions and by means of any range of financing mechanisms that mainly involve insurance, but may also include simple prepayment, savings and soft loans, third party subscription payments.

The Community health-financing project was started by MoH in the mid 1990s a time when health services in Uganda were going through a very big crisis. The public health facilities were very poorly funded, lacked human resources and medical supplies generally. The private sector was over-stretched due to high numbers of patients who were being attended to by a small number of staff in very squeezed health facilities. The costs of these services were quite high and many would be beneficiaries were unable to access them due to the high cost.

In 1996 the Uganda Community Based Health Financing Association was established in collaboration with the Ministry of health to coordinate the activities of all the schemes in Uganda. The overall goal of the schemes" Is to improve the accessibility of affordable good quality healthcare in order to achieve better health for the people of Uganda". Masiko et al 2001.

**Target group:** It targets community members that come together into groups and pool funds to use during risks such as illnesses. Community Health Insurance is a Ministry of Health initiative targeting the near poor.

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<sup>12</sup> Basaza and Namarah 2003

**Coverage:** There are nine schemes in Uganda namely; Ishaka Adventists Hospital, Karoli Lwanga Hospital, Nyakibale St Francis Hospital, Mutorele Church of Uganda, Kisiizi Hospital, Kisiizi, Bushenyi Medical Center. Bushenyi, Health Partners, St Joseph Hospital, Kitovu, Save for health – Luwero, Comboni Hospital, Mother Child Rescue Plan, Integrated Community Based Initiatives, Nyamwegabira Health Plan, Kitanga Health Plan

Kisiizi Hospital was the first scheme to be established in Uganda and the idea of starting the scheme was conceived in October 1995 and started operation in June 1996 although the scheme member did not receive until August 1996. Several other schemes like Nyakibale and Mutolere were established soon after between 1997 and 2000.

Most of these schemes followed the Kisiizi Health Society model and therefore it is not surprising that most of them are institution (hospital) based but have a strong community involvement in member recruitment and scheme management. They are therefore referred to as 'partnerships' as opposed to community based or purely institution based schemes.

The Kiwoko Hospital, Luwero scheme run by CIDR is the only community-based scheme and its benefit package covers admissions. The total membership in Ugandan CHI is 38,603 well below 1% of the population and even below 10% in the respective catchments areas;

**Management of the Scheme:** The Ministry recommends 100 people in a community health insurance group. The membership is both communal and family membership. The members pay 15000/= each. There about 40000/= people country wide benefiting from the CHI. The scheme caters for all most all illness with exception of specialized services such as dental or pregnancy depending on members choice.

**Community Health Insurance Activities in Uganda:** Although the Ministry of Health was instrumental in piloting the first scheme at Kisiizi, very little information was available on Community based health insurance in general in the country. The concept of health insurance was very new in the country and there were many insurance terminologies that were not known by stakeholders. Following the formation of other schemes in the country, the Uganda community based health financing association grew out of informal meetings between these community health insurance schemes.

The Association therefore helped in synchronizing and giving guidance on definitions of terminology in health insurance. It gave opportunity to different cadre in scheme management and subscribers to share their different experiences by holding national and regional seminars and workshops. The association bore the burden of capacity build through training because there was a big shortage of human resource in the schemes and the new staff needed to acquire specialized skills in insurance and scheme management. he association also It carried out monitoring of scheme performance and made suggestions for improvement

It supported the schemes by providing technical assistance, equipment like computers, digital cameras etc. It was used as channel to provide funding in form of administrative costs and deficit funding by the Ministry of health.

Organizations supporting schemes: Five support or organizations have participated in the piloting of schemes in Uganda they including :Health Partners/USAID, Kampala, Micro Care (U) limited, Kampala, Finca Uganda, Kampala, CIDR/EED (Center for International Development and Research), Luwero and International Labor Organization (ILO)

These organizations have helped in community mobilization and sensitization by providing transport and funds for mobilisers. They developed manuals and training materials on

community health insurance, pre-payment and other models like health cards. Details about this are to be established during the community consultation exercise.

### **Benefits of the scheme**

Risk pooling has enabled the few people who are seriously sick to receive expensive Treatments which otherwise they would not afford or would involve selling assets such as land or cattle, undermining their future economic position and increasing their risk of poverty.

Members of insurance schemes gain easier access to health care, as persons are not be deterred from using services by lack of cash – important in areas with seasonal and irregular cash incomes like Kisoro and Luwero.

People are able to seek treatment quickly, without waiting for illnesses to become serious. This prevents development of complications and reduces treatment costs as well as the number of productive healthy days lost in sickness.

Much more important, the chances for **women** and **children** to receive treatment in case of sickness are greatly improved when enrolled in a health insurance or pre-payment scheme.

It is a win-win situation for both the providers and the subscribers because the providers get a more stable and predictable income which they can plan for, people come for treatment even at times of year when cash is scarce leading to higher utilization and improved ability to serve their target populations. The subscribers gain all the benefits as stated above.

The Government had been looking for alternative mechanism of health care funding and health insurance was considered one of the preferred alternatives to user fees or out of pocket payments for health services.

The presence of Engozi (burial societies) have helped significantly in the continued existence of the schemes against the background of the abolition of user fees in all government health facilities and the abrupt withdrawal of DFID funding.

Social mobilization: schemes have served as vehicles of social mobilization against endemic diseases like malaria and HIV/AIDS. Almost every family in the scheme has a mosquito net.

### **Challenges**

It was assumed that these schemes would attract large enough members so that they could generate income for the private provider institutions. But this has not been achieved as very few people subscribed.

The biggest challenges were faced in the inception of the schemes. Whereas in the other parts of the World where schemes have been established the setting of schemes has taken from five to ten years, most schemes in Uganda were set up in six to twelve months. Very little preparation was done so that many potential subscribers and provider had very little time to grasp the new concept. Although it has been recommended that a feasibility study should be done before a scheme is established only two feasibility studies were done in Uganda. It is difficult to know how much the designers of the schemes relied on the information that was generated by the feasibility studies like in deciding the premiums and co-payments to be paid by members. It is advised that pilot schemes should be based on operational research but this did not happen in Uganda. The schemes were established quickly which lead to the wrong community perception.

The Scheme is a contradiction of the government programme on abolition of cost sharing where community members are not expected to pay any money on accessing health services. The possibility of the scheme working in government health units where most community members prefer to go is therefore limited.

The supervisory role of the schemes in the hospitals landed on the Hospital administrator who had so many other responsibilities so that this role was usually lost or buried under these other responsibilities especially where the scheme in charges were not qualified for the jobs they were supposed to do. Sustainability has been observed to be a major issue and some of the issues include the need for improved management, transparency, continued funding, setting up income generating activities, and involvement of all stakeholders in decision making and building capacity of health providers. It is accepted that any community scheme needs support to survive for at least the first five to ten years therefore the schemes in Uganda needed a consistent donor for that period. The abrupt withdrawal of funding by DFID was a major blow to the schemes. However this withdrawal has served to prove one point that these schemes are viable because a year after, none of the schemes has collapsed and in some cases the numbers of membership have increased.

It was predicted that the abolition of user fees in Government health units would affect the schemes adversely, however this has not happened. The schemes have not been able to generate enough money to make an impact on the provider incomes as envisaged in the original plan. This may be as a result of members being quite poor (all schemes are rural based) and therefore unable to pay appropriate premiums. It could also be a result of the schemes failure to attract large numbers.

The Kisiizi scheme, which was started in 1996, has had only one change in premiums and co-payment and no adjustment has even been made to cover for inflation. When an increase was suggested the scheme members refused and wanted co-payment to be increased instead, which means the members are averse to risk sharing and prefer higher co-payment therefore shifting the burden to individuals who utilize the health facilities.

Although Community involvement and participation has been talked a lot about, it has had only marginal influence in some schemes in Uganda.

A number of scheme evaluations were done particularly at the end of 2001 and beginning of 2002. The evaluation carried out by Mark Wheeler et al (2001) looked at the cost recovery figures for Kisiizi health society and says that considering that Kisiizi is the oldest scheme, is one of the better managed and situated in area with peculiar advantages, the picture of its cost recovery showed that “ it is difficult to avoid the conclusion that if health insurance cannot reach self sufficiency in these favourable circumstances, the prospects of attaining self sufficiency else where are not encouraging.”

## **Lessons**

The idea of piloting community health financing schemes in Uganda was good because many lessons have been learnt and scheme members continue to benefit from these schemes. Community health financing schemes are devised as a means of easing the burden of direct out of pocket payments, universally recognized as the least desirable of all mechanisms for financing medical care.

Community health insurance has the potential of performing the classic functions of insurance, of pooling risks to which all members are exposed and shifting the time incidence of payment, from the benefit of low-income informal sector workers, to whom classic social health insurance is unavailable.

The experience in Uganda currently shows that health insurance schemes can be a viable alternative of health financing if the schemes are properly setup, have a reliable supporter in the formative years (five to ten) and target a larger catchment population rather just the rural poor. The introduction of social health insurance for the formal sector will serve as a catalyst for the growth of community health insurance.

### **Community Health Insurance**

**Lacor Health Plan** This plan was designed by the church Missionary Society by the help of Health Partners in a Minnesota based HMO to develop a pre-paid community health Insurance plan in Uganda. The plan's centre of implementation was Lacor Missions Hospital in Gulu District, Uganda and it started in 2001<sup>13</sup>.

The objective of this plan was to prevent households from slipping further into poverty due to medical expenses.

The plans included basic in-patient and out-patient benefits with premiums collected quarterly. These plans have been marketed to many cooperatives and employment groups with obvious attention to individuals too. To encourage membership in this impoverished region, Church Missionary Society provided subsidies for target groups with particularly low incomes.

To evaluate the impact of this scheme on health seeking behaviour and impoverishment, the Church Missionary Society surveyed the community interviewing members and non-members. The House hold survey carried in May 2003 was carried out as part of an evaluation of the impact of Lacor Health Plan on access to and financing health care.

A comparison between a group of members enrolled in the Lacor Health Plan and those who did not enrol was made. Facts came on board that none of the enrolled group members had difficulty in accessing medical services while the other non-members said they sometimes had to sell property to be able to access medical services.

### **Social economic characteristics of enrollees**

- Most of the enrollees are catholic religious affiliation though non-Catholics join but with reduced odds of enrolling
- Odds of enrolling are highest among household heads with post secondary education (ten times greater) relative to household heads with no school education
- Households with heads above 25 years increases the odds of membership in Lacor plan in comparison to household heads below 25 years

### **Achievements**

- In reference to the original baseline as a comparison to the survey/evaluation, the percentage of surveyed population that was forced to sell an asset to obtain health care fell from 39% to 15 % after residents joined health Insurance scheme
- None of the insured where forced to sell land, livestock or any property to obtain medical care even though the 3.5% had reported such sales in the baseline period.

### **Challenges**

- Premiums set to cover a provider's cost or lost revenue may continue to exceed the financial capacity of the largest and poorest House holds

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<sup>13</sup> Socioeconomic Characteristics of Enrollees in Community Health Insurance Schemes in Africa, by Francis Okello and Frank Feeley, [www.bu.edu/dbin/sph/research\\_centers/documents/CMS\\_Insurance\\_Enrollees.pdf](http://www.bu.edu/dbin/sph/research_centers/documents/CMS_Insurance_Enrollees.pdf)

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