“Financing safety net scalability”

Financial Tools and Approaches for Shock-responsive Safety Nets

Stella Sengendo,
Disaster Risk Finance Coordinator
Department of Relief Disaster Preparedness and Management, Office of The Prime Minister
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DISASTER RISK FINANCING UNDER NUSAF 3

• DRF a sub-component of the broader NUSAF 3 is a mechanism for scaling up assistance to poor and vulnerable households in Northern Uganda when a disaster shock situation is anticipated.

• DRF is implemented in Karamoja sub-region that is severely affected by droughts and food insecurity.

• The delivery of DRF resources is through LIPW of NUSAF 3.

• It supports the expansion of LIPW thus providing incomes for consumption smoothening and savings.
GUIDING PRINCIPLES

1. Automatic response in the spirit of “no regrets”

2. LIPW has to complement local planting cycles to prevent the disruption of agricultural activities

3. Expanded LIPW strongly aligned with the water-shed management approach

4. The DRF Scale up mechanism trigger is based on objective data
DRF FINANCING

• DRF is financed using IDA resources from NUSAF 3 project

• USD$10M has been allocated in the project to finance DRF when triggered.

• This acts as a contingent line of credit-when GOU requests the funds and provides the required material (scalability Report), GOU can draw down the funds to finance DRF

• To date 2 withdrawals have been made totaling $6M
  – 2016/2017: **US$4.11 million** disbursed ,protecting **31,386 people** (60% Females) with 6.5 Bn Shs in consumption & 2.8 Bn shs. in savings
  – 2017/2018: **US$2.6 million** to be disbursed to assist c.**23,388 people**
**Primary Trigger (satellite data)**

- Obtained from the **Global Agricultural Monitoring (GLAM) System**
- Normalized Difference Vegetation anomaly Index (NDVI) is used to effectively track crop conditions.
Secondary Trigger

- If Primary indicator (NDVI) has not been met then consider **secondary trigger** - Integrated Food Security Phase Classification (IPC) in case of crisis.

- IPC TWG leads this analysis - OPM, MAAIF, MOH, FAO, WFP, UNICEF, FEWSNET & ACF & DLGs.

- Food Security Analysis is based on Food availability, access and utilization.

- 2017/2018 trigger- **10% of the population in Crisis was applied for Abim and Nakapiripirit where satellite image analysis did not trigger.**
HISTORICAL SCALE-UP COSTS

• The Threshold for when to trigger the DRF mechanism was established based on historical costing analysis.
DRF SCALABILITY REPORT

- DRF scalability report captures the actual financial cost of the scalability response
- This report forms part of the submission to the WB to request for resources from the DRF component
DRF Impacts so far

Assets ownership

<table>
<thead>
<tr>
<th>Assets ownership</th>
<th>Before DRF %</th>
<th>After DRF %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Mobile telephone</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Bicycle</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Ox-plough</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Livestock (goats)</td>
<td>38</td>
<td>45</td>
</tr>
</tbody>
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Livestock purchase Vs sale

- Minimal disposal of livestock by DRF beneficiaries through selling implying reduction in depletion of assets = maintenance of livelihoods

Household Consumption

- Improved consumption after DRF

Coping strategies

- A significant decrease in negative coping strategies,
- Beneficiaries turned to the LIPW as a coping mechanism for the drought
Beneficiaries acknowledged that they have realized positive outcomes from the DRF intervention—”happy with the intervention”

An FGD participant in Moroto:

- ...have been able to buy food for our families...
- ....I bought 3 chickens and managed to keep some money in savings...
NEXT STEPS

• “DRF led to reduction in relief food sent to Karamoja in 2017 compared to other years” Commissioner DRDPM.

• Every year government estimates about 19 BN shillings is required for feeding atleast no less than 20% of the Karamoja population.

• In 2017- **9.3 BN went into feeding (household consumption & savings using DRF funds) while a saving of 9.6 BN was realized by GOU**

• GoU plans to review DRF mechanism under NUSAF during mid-term review of project.

• To consider expansion to additional regions
Thank you