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**COMMUNITY DRIVEN DEVELOPMENT IN CONFLICT AND POST-
CONFLICT CONDITIONS: THE NORTHERN UGANDA SOCIAL
ACTION FUND (NUSAF) PROJECT**

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Summary

This case study reviews the lessons arising from the design and implementation of the Northern Uganda Social Action Fund (NUSAF) Project in conditions of ongoing conflict and post-conflict recovery. While Uganda is not classified as a LICUS state, poverty levels, social indicators and economic conditions in the 18 districts of northern Uganda are comparable to those obtaining in many LICUS contexts, largely as a consequence of prolonged conflict in much of the region. NUSAF is premised on a demand-driven approach in which local communities identify, plan and implement sub-projects that improve local infrastructure, promote livelihood opportunities, and resolve conflict. The \$133.5 million project is funded by an IDA loan of \$100 million, together with a government commitment of \$13.5 million, and local contributions of \$20 million. NUSAF was initiated in mid-2002 after an intensive two-year design process with three main objectives: reduced poverty, improved governance, and positive spill-over effects through conflict mitigation. The study focuses on how the lessons from earlier interventions in northern Uganda influenced the design of NUSAF, and reviews the lessons to date from scaling-up and implementing a demand-driven approach in conditions of ongoing conflict. Available evidence points to considerable demand from communities for project resources and rapid implementation of infrastructure and income generation projects, confirming the validity of working through local governments, NGOs and community organisations as an appropriate response to problems of endemic poverty, weak capacity and the legacy of violent conflict.

Preface and acknowledgements

The report draws on 30 interviews with government officials, donors and non-governmental organisations in Kampala, Gulu and Arua, and visits to communities in two districts in October 2004. The advice and assistance of the World Bank office in Kampala is gratefully acknowledged, especially Harriet Kiwanuka, who greatly assisted in drawing up the appointments schedule and logistical arrangements. The time and patience of staff in the NUSAF Management Unit in Gulu and the support of Judith Rukho in making the arrangements for meetings and field visits in Arua is greatly appreciated. Finally, senior government staff in the Office of the Prime Minister and the two district offices in Arua and Gulu provided helpful guidance and orientation. Comments provided by Norbert Mugwagwa, John Oloya, and Suleiman Namara on an earlier version of the report are gratefully acknowledged.

List of acronyms

CAP	Community Action Programme
CBO	Community Based Organisation
CEFORD	Community Empowerment for Rural Development
CDRN	Community Development Resource Network
CPMC	Community Project Management Committee
GOU	Government of Uganda
IDA	International Development Association
IDPs	Internally Displaced Persons
LGDP	Local Government Development Programme
LICUS	Low Income Countries under Stress
LRA	Lord's Resistance Army
NURP	Northern Uganda Rehabilitation Project
NUMU	NUSAF Management Unit
NUSAF	Northern Uganda Social Action Fund
NGO	Non-governmental Organisation
OPM	Office of the Prime Minister
SNV	Netherlands Development Organisation
UPDF	Uganda People's Defence Forces

COMMUNITY DRIVEN DEVELOPMENT IN CONFLICT AND POST- CONFLICT CONDITIONS: THE NORTHERN UGANDA SOCIAL ACTION FUND (NUSAF) PROJECT

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Introduction

Uganda is not classified as a LICUS state on account of its success in sustaining high rates of economic growth and poverty reduction since the late 1980s. But the 18 districts that comprise northern Uganda have economic conditions and social indicators that are on par with or worse than many LICUS states elsewhere in Africa. Much of the North has experienced a succession of violent conflicts, and insurgency continues to afflict the Acholi, Teso and Karamoja sub-regions.¹ The war prosecuted by the Lord's Resistance Army (LRA) since 1987 has resulted in considerable loss of life, 1.6 million internally displaced persons (IDPs), and the abduction of an estimated 20-25,000 children (Lomo and Hovil 2004: 22). In the northeast cattle rustling by armed gangs has decimated the livestock population and in turn destabilised the economy and social fabric of the region.² At 66 percent poverty levels in the North are almost double the average for Uganda as a whole, and three times as high as the Central Region while variations in household consumption reveal considerable inter-regional disparities with districts in the North and East much worse off than those in the West, Central and South (Annex 1).³ The economic impact of the conflict is very significant, with the cost estimated at 3 percent of GDP and the loss of consumption in the North at a similar level (Government of Uganda 2004).

The Uganda People's Defence Forces (UPDF) has sought to defeat the LRA militarily but without successfully bringing an end to the conflict. The intensity of the conflict has escalated since Operation Iron Fist was launched in early 2002 with UPDF incursions into southern Sudan to flush out the LRA, resulting in a dramatic increase in the number of IDPs and a spread of the violence eastwards to the Teso and Lango sub-regions. Peace initiatives through traditional and religious leaders and a government-sponsored Amnesty Commission have resulted in the surrender of many abductees and LRA followers, and yet small bands of fighters continue to terrorise the rural population in remote areas of northern and eastern Uganda. Even though peace has returned to many areas problems of insecurity continue to prevail across the region as a whole. Infrastructure and communications are rudimentary in much of the region, and health and education facilities are in a poor state of repair. Local

¹ Since the National Resistance Army assumed power in 1986 there have been 14 separate violent insurgencies in different parts of Uganda, not all of which have been confined to the North. (Lomo and Hovil 2004, p.10). Five of the 18 districts that fall under Northern Uganda lie in the Teso sub-region in the east, but these are usually included within a political definition of the region as they are conflict affected. This wider categorisation is used throughout this paper as it falls within the ambit of NUSAF.

² For example, it is estimated that the cattle population in Kitgum district fell from some 156,000 to just over 3,000 from 1986 to 1998 while in the same period the national cattle population increased from 3 to 5.6 million. (Van Acker 2003: 22).

³ There are also significant variations among the northern districts, with some displaying poverty levels and social indicators that compare favourably with other parts of the country. The worst affected districts are those where conflict continues in various forms. For details see Republic of Uganda (2003).

governments in the region display attributes of a quasi-state, reflected in problems of limited capacity, a very low revenue base, and restricted levels of service provision.

Over the years the Ugandan government and aid donors have devised a number of programmes to improve local infrastructure and livelihoods in this war-ravaged region. Two programmes implemented in the region in the 1990s are of particular significance for this study, as lessons derived from their design and implementation influenced the content of the Northern Uganda Social Action Fund (NUSAF) to a very considerable degree. The Northern Uganda Reconstruction Project (NURP-I) was designed to upgrade the infrastructure of the region in the form of roads, water supplies, health facilities and schools with the support of IDA loan finance. The Community Action Programme (CAP) originally formed part of NURP-I in the West Nile sub-region but then evolved as a separate programme funded by the Netherlands government. NURP-I was a large, top-down, supply-driven programme that built roads, schools, clinics, and bore-wells across the entire region but with little community involvement. The CAP, by contrast, was a demand-driven programme, rooted in local community preferences, also with the objective of upgrading local infrastructure, in which a participatory approach to establishing the best means of tackling poverty was a central design feature. While NURP-I achieved many of its physical objectives a large proportion of investments were not sustainable, and its contribution to institutional development was negligible. By comparison, the CAP is generally acknowledged to have been a great success, in terms of community assets and building local capacity, tempered by recognition of the limitations of parallel administrative structures operating outside the local government machinery.

This case study examines the lessons from these two very different programmes for the design and implementation of NUSAF. Many of the negative lessons of NURP-I implementation combined with the positive attributes of the CAP greatly influenced the design of NUSAF, highlighting the value of a demand-driven approach and the need to promote implementation through local government institutions. This study reviews the principal lessons of these programmes, demonstrating that the experience of NURP-I and CAP were fundamental influences on project design, along with the lessons derived from other Bank-funded social action funds. It then focuses on the experience of scaling up a community-led approach in the design and implementation of NUSAF since inception in mid-2002, highlighting the positive aspects of the design process together with an assessment of the challenges for implementation posed by an environment of conflict, weak capacity, and endemic poverty.

This primary focus of this study is on the wider lessons emanating from NUSAF's design and implementation in the LICUS-like context of northern Uganda rather than the project management and micro-implementation issues that arise in any large scale social action fund. Although it is too early to assess the impact of NUSAF in terms of poverty and governance outcomes an indication of the potential and the limitations of the project can be gleaned from the initial stages of implementation. In particular, the case study offers insights on the appropriateness of a demand-driven approach in a conflict and post-conflict environment, highlighting the importance of integrating project management with local government planning and administrative systems and building community level capacity for planning and monitoring micro-projects. Another design feature of NUSAF is the conscious effort to root development interventions in conflict mitigation and reconciliation in recognition of the limitations

of the limitations of traditional approaches to post-conflict rehabilitation. In this way the experience of NUSAF not only offers lessons for donors concerned with the development prospects of northern Uganda but also the design and implementation of comparable social action funds in post-conflict conditions in other LICUS states.⁴

NUSAF's \$133.5 million budget provides the largest source of finance for development purposes in northern Uganda, forming the main component of NURP-II.⁵ The IDA loan component is \$100 million, with the Government of Uganda contributing \$13.3 million and \$20.2 million from local communities. On average NUSAF resources will provide \$1 million per district per year over the five year project duration, though district allocations vary in line with poverty, social indicators and intensity of conflict. This figure exceeds the development budget of most districts in northern Uganda, the bulk of which comes from the consolidated grant under the Local Government Development Programme (LGDP-II) funded largely by the World Bank and other donors through budget support. No other donor provides assistance to the North on a comparable scale, with most bilateral agencies preferring to support national development interventions either through budget support or direct funding to NGOs working in the region. Only the Acholi and Karamoja programmes supported by the European Commission offer resources on a comparable scale for two sub-regions, largely for the rehabilitation of infrastructure.

The study draws on more than 30 interviews and two field visits to the region over a two-week period in October 2004. Interviews with officials in the Office of the Prime Minister (OPM) and donor representatives in Kampala were complemented by visits to the NUSAF Management Unit (NUMU) in Gulu, interviews with local government staff and politicians in Arua and Gulu districts, and field visits to project sites in the two districts. Project documentation on NURP-I, CAP and NUSAF and the secondary literature on conflict and development in the region was also reviewed in the course of the study.⁶

Project antecedents

The Northern Uganda Reconstruction Project

The Northern Uganda Reconstruction Project (NURP-I) was designed to upgrade infrastructure in the region following many years of destruction and neglect caused by successive conflicts. The objective was to provide support for the reconstruction of essential infrastructure as a basis for the resumption of productive activity and to serve as a stimulus to growth and poverty reduction. The underlying premise was that development interventions would increase the potential for improved long-term security. The project aimed to upgrade infrastructure in the form of highways, telecommunications, schools, feeder roads, urban development, community

⁴ In this respect the NUSAF study complements the Sierra Leone case prepared for this research exercise (Bennell 2004).

⁵ The other components of NURP-II are the Restocking Programme (largely in Karamoja), the Acholiland Programme, School Roofings Grant, and the Capacitation of Vulnerable Youth (Republic of Uganda 2003).

⁶ While all major stakeholders were consulted the limitations of the study should also be acknowledged with the recognition a time-bound exercise of this nature (a total of 15 person days) cannot produce findings that are robust and generalisable across all 18 districts in which NUSAF is operational. This is the task of a more substantial mid-term review planned for early 2005.

investments (the Community Action Programme), water supply and sanitation, and agriculture. It was financed largely by the World Bank through an IDA loan of \$71.2 million and bilateral contributions from Belgium, Denmark and the Netherlands with an additional commitment from the Government of Uganda of \$20 million over a six-year period from 1992 to 1998. The initial intention was that the Netherlands Embassy would fund a Community Action Programme (CAP) for community-initiated micro-projects in the West Nile Sub-Region to strengthen the capacity of local government agencies to plan and manage reconstruction and rehabilitation. CAP West Nile subsequently developed as a separate programme in parallel with NURP-I.⁷

Project achievements centred on the construction of roads and social infrastructure in the form of schools and health centres despite the on-going conflict in much of the region (World Bank 2002a: 3).⁸ The World Bank project completion report of NURP-I rated the project as satisfactory, concluding that ‘The project has substantially achieved its physical objectives and has realised most of the anticipated benefits’ (World Bank, 1999: 3). Most of the investments in roads, urban development and education were achieved with increased rates of utilisation and school attendance. However, the performance audit report the following year was more critical, rating the project as marginally satisfactory (World Bank 2000). The objectives of the project were considered to be overly ambitious with investments covering seven sectors in prevailing conditions of insecurity and weak institutional capacity.

While the Bank project completion report acknowledges implementation problems and uneven outcomes across sectors, the general perception of NURP-I among government officials, donors, politicians and local community leaders interviewed for this study is much more circumspect. Districts had limited administrative and absorptive capacity. Centralised and top-down implementation was ineffective. Since the programme was conceived in a conflict environment with limitations on staff mobility, many sub-project investments were devised and implemented by central government line departments without consulting local communities with the result that construction quality was poor, the physical location was often inappropriate, costs were higher than envisaged, utilisation rates were low, and sustainability was compromised. The lack of community involvement in project identification and implementation was reflected in poor supervision and maintenance with many facilities remaining incomplete or unused. Centralised procurement procedures were inefficient and wasteful. Contracts were invariably awarded to firms from outside the region that had little regard for local conditions and community preferences. The performance audit drew attention to problems of corruption resulting from questionable procurement, weak control mechanisms, poor on-site supervision, and inadequate monitoring arrangements (World Bank 2000). For these reasons communities viewed investments with considerable disregard, since they saw

⁷ The CAP West Nile programme (henceforth referred to as CAP) was distinct from a community action plan which had been part of the facilitation process leading up to the formulation of the programme.

⁸ The most durable investment was the upgraded sections of the highway from Kampala to Gulu that greatly improved the accessibility of the region to the rest of the country.

little tangible benefit resulting from the investment of a considerable volume of government funds.⁹

Although the project was completed on time, many problems arose in the implementation of the NURP-I on account of design flaws. The project was conceived in Kampala and implemented through the Office of the Prime Minister (OPM) of the Government of Uganda before the new decentralisation policy was launched in 1997. The NURP head office was located in Kampala, necessitating frequent travel to the region by the staff of the management agency. The political imperative to invest substantial resources for reconstruction in the North dictated an approach that was top-down and entailed minimal consultation with stakeholders. Violent conflict across much of the region limited the extent of community engagement and the scope for project staff to travel to outlying areas (Republic of Uganda 2003: 31-2).

The lessons arising from NURP-I were numerous, and many of these informed the subsequent design of NUSAF.¹⁰ Commentators draw attention to the importance of an in-depth analysis of the political context and nature of the conflict in order to highlight the potential challenges entailed in an approach centred on reconstruction and capacity building, which would probably require expertise from outside the Bank (World Bank 2000: 8).¹¹ There is also recognition that future interventions would require greater emphasis on activities design to promote peace and conflict resolution, rather than assuming that development and reconstruction would be conducive to improved security.¹² This would include specific attention to the challenges of demobilisation of armed forces and reintegrating the perpetrators of violence into their host communities. The importance of staff commitment was identified as a positive attribute in ensuring effective implementation, premised on a careful assessment of the risks to project personnel working in conflict-prone areas.

The limitations of a highly centralised top-down approach with project staff based in Kampala and central disbursement of resources is acknowledged in Bank documentation, with the recognition that the weaknesses of local administration had been exaggerated.¹³ Centralised management and infrequent visits on the part of Bank staff highlighted the need for an appropriate monitoring system to ensure effective financial accountability and community oversight to prevent corrupt and wasteful practices. Pervasive weaknesses in institutional capacity highlighted the need to strengthen the capacity of local government, NGOs and the private sector at

⁹ Interviews with World Bank staff, Kampala. This was confirmed in discussion with communities during field visits in the region.

¹⁰ These lessons are enumerated in World Bank and government documentation and by key informants who were involved in implementing NURP-I in the Office of the Prime Minister and the World Bank.

¹¹ The performance audit highlights the risks of conventional development approaches in conditions of on-going conflict, concluding that 'The NURP-I experience shows that, by itself, a development project – a core speciality of the Bank, is unlikely to capture the peace' (World Bank 2000: 9).

¹² In the words of the performance audit, 'From a macrosecurity perspective, common sense would suggest that the introduction of equipment, infrastructure and people into a theatre of ongoing conflict would likely increase insecurity and defence expenditure, rather than reduce them as NURP-I designers had hoped' (World Bank 2000: 6).

¹³ The separation of financial management and control in Kampala from physical implementation in the field came under strong criticism in the performance audit, since this was perceived as 'opening up a potentially rich arena for corrupt gains' (World Bank 2000: 3).

an early stage of implementation. The value of hiring local contractors was evident in from problems of procurement outside the region and utilisation of contractors who were unfamiliar with local conditions and requirements.

A more sustained focus on the needs of vulnerable groups adversely affected by conflict in an environment characterised by insecurity, displacement and low social indicators was evident from the lack of poverty targeting in NURP-I investments. In this respect, focusing on production and income generation in the design of micro-projects was imperative for rebuilding livelihoods of the most vulnerable groups, especially widows, orphans and the victims of violence. Problems of sustainability and low rates of utilisation highlighted the salience of a participatory approach that would entail consultation with stakeholders at the community level and local government. Delayed implementation and differences in approach underscored the importance of a co-ordinated donor response and agreement on the most appropriate forms of intervention in conflict and post-conflict environments.

These lessons were reviewed by the OPM and World Bank staff and fed into the design process for NUSAF, which consciously adopted an approach modelled on a community-based social fund. While the negative lessons arising from NURP-I were taken on board by the NUSAF task force, the positive experience of the demand-driven approach that underpinned the CAP West Nile design played a critical role in developing the institutional parameters of a very different model.¹⁴ The extent to which the lessons from NURP-I and the recommendations of the programme audit actively fed into project preparation is reviewed in the section of the report dealing with the design and implementation of NUSAF.

The Community Action Programme, West Nile

The Community Action Programme in the West Nile sub-region was originally conceived as part of NURP-I with grant support from the Royal Netherlands Embassy, covering the districts of Arua, Nebbi and Moyo (later bifurcated into two districts). The principles that informed the design of CAP were diametrically opposite to those underpinning NURP-I even though the focus was mainly on the rehabilitation of social infrastructure and, to a lesser extent, income generation. The underlying intent was that economic development would further the empowerment of local communities through a participatory process rather than as an objective in its own right. The CAP was separated from NURP-I in 1994 at the instigation of the Dutch government, and implemented in parallel in the West Nile sub-region.

Responsibility for programme implementation was vested in a Dutch NGO – the Netherlands Development Organisation (SNV) – in conjunction with the Office of the Prime Minister (OPM), adopting a very different approach to NURP-I (CAP 1996a). Project activities were identified and prioritised by local communities through an

¹⁴ The negative features of NURP-I are highlighted in various government documents, confirming the importance of the lessons arising from this experience. For example, a recent government document on reconstruction in northern Uganda concludes: ‘Experience has shown that centralised design and implementation of projects undermines grassroots participation, priorities and a sense of ownership for sustainability.... A key lesson from NURP-I is the need for a bottom-up approach to programme implementation ensuring adequate participation of the local people within a decentralized framework’ (Republic of Uganda 2003 32).

extensive process of consultation and facilitation by trained community facilitators at the sub-county level who were appointed through an exhaustive selection process involving sub-county representatives and CAP staff.¹⁵ The community facilitators initially operated in pairs (one woman and one man) in each sub-county which was later scaled down to a single facilitator in each sub-county in the second phase.¹⁶ Community facilitators were provided with comprehensive training, their role being to help local communities prioritise their concerns and design projects and to work with the sub-county authorities in identifying groups and areas in most need of support. Projects were subject to the approval of district and sub-county steering committees comprised of local officials, traditional leaders and NGO representatives, which identified various sources of local finance from local government, NGOs and the communities. Funds were disbursed directly into community bank accounts from all these sources once approval was granted, with communities contributing an average of 27% of total investment costs in cash and kind (labour and materials), and in some cases much more.¹⁷ Technical advice and capacity building was provided by district level technical staff under the relevant line ministry. Community investments centred on schools, health posts, boreholes, sanitation and small bridges, while the income generation component largely focused on group schemes designed to improve agricultural productivity.

The initial phase of CAP implementation from 1993 to 1996 was followed by a second phase from 1997 to 1999. The second phase devolved greater responsibilities to the programme management unit in Arua and the district teams, and placed more emphasis on income generating activities to stimulate local economic development. An external evaluation in 1999 recommended that CAP should be wound up and project activities implemented through local government structures and that a local NGO (CEFORD) be created to undertake the mobilisation and facilitation role earlier performed by CAP (SNV 1999a, CDRN 2001). The programme ended in early 2000 on account of resource constraints and new policy priorities focused on budget and sectoral support. Total disbursements over the duration of the project amounted to \$6.3 million.

There is widespread acknowledgement that the impact of CAP was very positive as confirmed by internal and external evaluations (CAP 1996b, 1999; SNV 1999a).¹⁸ The investments were generally sound, appropriate to the needs to local communities and broadly consistent with local government priorities. An estimated 20% of the population in the sub-region benefited directly from project investments in

¹⁵ A workshop was organised for six representatives from each sub-county along with CAP staff to devise the terms of reference, qualifications and job descriptions for the community facilitators. After the workshop the sub-county (LC3) chairpersons were responsible for advertising, short listing, interviewing and appointing candidates for these positions.

¹⁶ In the first phase there were 13 field officers, each covering one county and 126 community facilitators at the sub-county level (CAP 1996b).

¹⁷ Two other initiatives were operated in parallel with CAP West Nile from 1996, the Women's Empowerment Programme and the Arua District Capacity Building Project, respectively focused on organisational and functional literacy for women and strengthening the capacity of local government institutions. Each indirectly contributed to the later evolution of NUSAF by highlighting the special circumstances of women and the importance of working through capable local government institutions (SNV 1999a).

¹⁸ According to the World Bank's project completion report for NURP-I 'the results of this truly responsive approach are positive' and that the objectives of the CAP 'were substantially achieved', especially with regard to capacity building (World Bank 1999: 6).

community infrastructure and income generation.¹⁹ The construction requirements of the programme stimulated local private sector development and increased competition led to an improvement in quality and standards. Participation rates for men and women were high, reflected in the formation of project management committees at the community level and significant contributions of unskilled labour and materials for community investments. The CAP also created durable local institutions for the management and maintenance of local infrastructure projects, in the form of school management committees and water and sanitation committees. The administrative apparatus established for CAP implementation was very effective in building community ownership and strengthening local institutional capacity through district level units, steering committees at district and sub-county levels, and a dense network of field officers and community facilitators (SNV 1999a).²⁰

However, several challenges arose during the course of implementation. There were significant delays in getting the project off the ground since the acceptability of a demand-driven approach took time to establish and staff recruitment and orientation required considerable investment of time and resources. Nationally recruited staff were responsible for programme design which necessitated careful planning and the creation of appropriate implementation mechanisms in the form of District Steering Committees which were chaired by the Chief Administrative Officer with representation from local government technical staff and elected members of the district council (LC5). The process for identifying and recruiting community facilitators was time intensive. Further delays arose from the time required to mobilise community contributions and identify appropriate income generation ventures. The technical quality of small-scale infrastructure investments was found to be deficient in a number of cases, particularly in the first phase, on account of inadequate technical supervision, both from CAP field personnel and local government staff (CAP 1996b: 38-40).

While district and sub-county steering committees served as the key locus for appraisal, approval and implementation, an external evaluation found that CAP was not closely integrated with the relevant district line departments. The costs of delivery were very high (averaging 50% of project expenditures) on account of staff costs and operational expenses incurred through an intensive level of interaction with local communities through the demand-driven approach and an extensive planning and approval mechanism. Concerns were raised about the creation of a parallel structure that was expensive, unevenly integrated into the local government machinery and potentially difficult to sustain. In part this was because the programme was formulated prior to the government's decentralisation policy in 1995 and closer

¹⁹ An internal document reported that 103 primary schools, 29 secondary schools, 20 health units, 320 water sources and 16 bridges and culverts were constructed under the social infrastructure component by April 1999 (CAP 1999a). The NURP-I project completion report states that 500,000 people benefited directly from the programme, equivalent to one-third of the total population of the sub-region (World Bank 1999: 6), whereas an internal impact evaluation gives a more conservative estimate of 200,000 (CAP 1999a: 18).

²⁰ The institutional and capacity building contribution is profound and its effects persevere to the present. An internal report in 1999 notes the longer term significance of this contribution, highlighting 'the relative high number of CAP trained people whom were able to move to positions of responsibility CAP also created durable local institutions for the management and maintenance of local infrastructure projects, in the form of school management committees and water and sanitation committees at parish and sub-county level' (SNV 1999a: 4).

integration took place in the later phase of implementation. Finally, the range of activities supported by CAP became increasingly diversified and difficult to coordinate on account of the varied demands from communities (SNV 1999a). Implementation problems along with the positive features of CAP were taken on board by OPM officials and consciously informed the NUSAF design process.²¹ The principal lessons in this regard were the value of a demand-driven approach, the limitations of parallel administrative structures, and the need for effective integration into the local government machinery (SNV 1999b).

The Northern Uganda Social Action Fund Project

This section of the report focuses on NUSAF by examining design considerations with particular reference to NURP-I and the CAP, the actual and potential impacts of the project, and implementation processes and challenges. In the two-year period that has elapsed since project inception there were considerable delays in setting up the implementing agency, appointing project staff and procuring vehicles and equipment. The first major tranche of funding for some 1,500 sub-projects approved by NUMU was disbursed from June 2004, after a series of pilot investments earlier in the year (see Annex 2). At the time of the study only six months had elapsed since construction and the purchase of assets has started in April 2004. But community demand for sub-projects has rapidly escalated, with formal expressions of interest (one page sub-project summaries) amounting to several thousand in a number of districts (see Annex 3). While many of these do not fall within NUSAF guidelines and are rejected at an early stage, several district administrations have already approved many more sub-projects than can be funded from the financial resources available under the budget for the first two financial years. This provides a good indication of the considerable interest that NUSAF is generating from communities in the region, and confirms the appropriateness of NUSAF's demand-driven approach, but as a direct consequence it is generating enormous challenges for those involved in implementation.

Design considerations

The proposal for a social action fund in northern Uganda originated in 1999 after the completion of NURP-I and the CAP. There was recognition that a substantial investment of resources for community infrastructure and livelihoods projects was required to address deep-set problems of poverty across much of the region. There was also an expectation on the part of the design team that the project would not only address problems of poverty and under-development in the region but also directly tackle the root causes of conflict. Conceived as the major building block for NURP-II, the initial ideas for a follow-up project to NURP-I centred on the realisation that a demand-driven approach would be required for successful implementation. This reflected an appreciation of the negative lessons arising from the implementation of NURP-I and the positive design features of the CAP (World Bank 2002a: 15), as well as Bank experience from other social action funds (World Bank 2002b, Bloom *et al.* 2004).

²¹ This is confirmed by a recent government report on northern Uganda which states that NURP-II is 'designed in such a way that it incorporates lessons learnt from successful projects such as the Community Action Programme (CAP) and challenges in NURP-I' (Republic of Uganda 2003: 32).

The design of NUSAF is widely acknowledged to have resulted from a highly consultative and intensive process involving stakeholders from central government to the local communities. The extent of domestic ownership was very significant and encapsulated an active learning process.²² The core design team was co-ordinated by the OPM, and included representatives of all the major line ministries in Kampala (usually senior officials delegated by their respective Permanent Secretaries), representatives from local governments, and NGOs. Ugandans from the region or with experience of working in the region played a lead role in the design process. World Bank specialists were also closely involved in programme design, including Ugandan staff with direct operational experience of the highly successful CAP in West Nile. Senior Bank officials also played a role in cultivating support for a demand-driven approach and for the inclusion of a component that directly addressed conflict resolution. International expertise was only involved to a very modest extent. There was extensive consultation with local government staff and NGOs in the region to ascertain their views on the value of a demand-driven approach. The resultant design document is considered by most Ugandan observers to be highly appropriate to the conflict and post-conflict conditions pertaining in northern Uganda.

Bilateral donors were consulted on NUSAF's design and they provided collective inputs and suggestions through co-ordination groups dealing with decentralisation and the northern Uganda. While supportive of the need to channel more resources to the region to address problems of poverty and insecurity they expressed concern over the prospect of parallel disbursement mechanisms and the potential for duplication with existing local government programmes.²³ They expressed a preference for the funds to be disbursed through the government budget to ensure complementarity with the LGDP-II planning process and to avoid undermining accountability provisions in local government financial management systems. There was also concern that the proposed approach should take adequate account of prevailing conditions of conflict and insecurity in project design. Another concern raised by donors was that NUSAF should not be regarded as a substitute for political action to resolve the underlying causes of conflict in the North. In the event the concerns of the bilateral donors did not convince the design team that NUSAF should be integrated into the existing local government budget and planning process, which held firmly to the view that a demand-driven process through local communities was appropriate to local conditions. They argued that the proposed NUSAF District Technical Officers (NDTOs) would provide a point of contact for district government and the appraisal process involving local government officers and planning staff would ensure sectoral integration. Bilateral donors remained sceptical of NUSAF and did not provide additional financial support, which weakened the force of their argument, and ensured that their involvement has remained peripheral.

²² In the words of the World Bank appraisal document, 'From lessons learnt from NURP-I, and particularly its community-based component (the CAP West Nile), NUSAF will complement existing Bank activities and those of other donors by directly increasing the ability of the poor to overcome poverty and enhance their quality of life' (World Bank 2002a: 3).

²³ The principal donors included DFID, USAID and the embassies of Austria, Ireland, Norway, and the Netherlands. Their submissions took the form of briefing notes and submissions to the OPM and the World Bank as well as through representation in the design team meetings. There was a clear inference that they did not feel that the level of consultation had been sufficiently extensive or timely, and consequently a special working group was formed for this purpose.

Considerable emphasis was placed on a detailed analysis of the initial conditions pertaining in the northern region. Participatory poverty assessments and district profiles were carried out in all the northern districts as part of a nationwide effort to identify the determinants and trends in poverty. These provided a diagnosis of the specific problems faced by vulnerable communities in the northern districts and the types of interventions that would be appropriate to address their needs. Community needs assessments were commissioned by the OPM in all 18 districts during the project preparation phase. These assessments elicited local perceptions of key community priorities, coping mechanisms and characteristics of the most vulnerable groups in order to determine NUSAF's potential social impact, and the best means to promote equitable and sustainable development at the community level. The assessments provided a means of assessing the feasibility of a community-driven approach in a conflict environment and on the respective roles and capacities of communities and local governments in project implementation. Stakeholder workshops were held in every district with elected politicians, government officials, traditional leaders, NGOs and faith based organisations to review the assumptions underpinning the proposed project design and to refine specific features of NUSAF (World Bank 2002a: 20). A further feature of project design was to have a series of pilot projects to field test the feasibility of the project design and community capacity to design, implement and monitor small-scale projects, but in practice these were not implemented until a later stage of implementation on account of delays in setting up the management agency.

The political and economic conditions in the North were an explicit point of reference for NUSAF's design. Prevailing conditions of conflict and insecurity in much of the region were recognised as important determinants of operational feasibility as well as the conception and design of the key project components. While the design team did not examine the underlying causes of conflict in detail, there was implicit recognition that political factors played an important role in galvanising violent insurgency, and that resentment against perceived southern political dominance was a root cause of the problem. Conflict in northern Uganda arises more from violent opposition to ethnic claims to centralised authority than from inter-communal animosities at a more localised level (Lomo and Hovil 2004). The design of NUSAF was founded accordingly on the premise of community reconciliation and conflict mitigation as a basis for sustainable development in the region. It was hoped that communities would identify conflict mitigation measures to overcome the legacy of violence and address its underlying causes. Development interventions would flow out of processes of conflict management by providing former combatants, abductees and victims of violence with livelihood opportunities and secure sources of income from labour and contracts for community infrastructure projects. While community reconciliation may be appropriate in areas with a greater mix of ethnic groups or where one group has consistently fomented conflict as in Karamoja, the intention is that the project would provide resources for mitigating conflict and reducing violence through traditional leaders and religious organisations as an entry point for development interventions.

Weaknesses in administrative capacity were viewed as a potential constraint on implementation, but local government was recognised as a key stakeholder that needed to be closely involved at all stages. The challenge was to opt for an approach that would be guided by community preferences but predicated on local government buy-in to the concept of a demand-driven approach. A major challenge was to

convince local government officials and elected politicians of the virtue of vesting financial management responsibility directly with communities. They had two main concerns: whether communities had the capacity to manage large-scale financial resources in a responsible manner, and how to ensure local government accountability for government funds without granting direct financial responsibility. These remain significant challenges but politicians and officials have largely accepted the validity of the approach and their early concerns have been partly allayed by the very considerable demand for sub-projects emanating directly from the communities. The concern about financial accountability was reflected in OPM's decision at the end of October 2004 to send out teams of government and external auditors to each district to undertake an independent audit of community investments and accounts.

Project objectives and major components

The stated aim of NUSAF is 'to empower communities in Northern Uganda by enhancing capacity to systematically identify, prioritize, and plan for their needs and implement sustainable development to improve socio-economic services and opportunities. In so doing, NUSAF will contribute to improved livelihoods by placing money and its management in the hands of the communities' (World Bank 2002a: 2). The project was explicitly intended to complement government efforts to reduce poverty in the eighteen districts of the North through a participatory approach that draws on community value systems, which are considered 'particularly strong in the family, clan and cattle-raising culture of northern Uganda' (*Ibid.*). NUSAF forms a major element of the Second Northern Uganda Reconstruction Program (NURP-II) which is a broader umbrella investment programme managed by the OPM to which other donors are expected to contribute. Although NUSAF is listed as a programme under the new security pillar of the Poverty Eradication Action Programme (PEAP) it is not integrated into national and local government plans and budgets (Republic of Uganda 2004).

NUSAF differs from most conventional development programmes in Uganda by providing grant support directly to communities, with responsibility for managing funds devolved to community-level institutions. Specific objectives of this approach are to stimulate community action, leadership development, and resource mobilisation; strengthen ongoing reconciliation processes; enable communities to articulate and prioritise their needs and to manage processes and outcomes. The project also has explicit governance and spill-over objectives in fostering an environment for peace and development, improved transparency and accountability, and better leadership at all levels (World Bank 2002a).

The primary target groups for NUSAF interventions are the children and youth whose livelihoods and careers have been disrupted as a result of prolonged conflict, with a particular focus on those abducted and brutalised by insurgents, and combatants that have surrendered and returned their weapons in exchange for a secure livelihood. Women-headed households, orphans, widows/widowers, HIV/AIDS victims, the very poor and others affected by conflict are the intended beneficiaries of NUSAF's income-generation and livelihoods component.

The NUSAF project has four main components. The Community Development Initiatives (CDI) component is the largest of these, accounting for 72% of the total

NUSAF budget. According to the core design document, ‘The CDI component is intended to finance demand-driven community-based initiatives to construct and rehabilitate socio-economic infrastructure guided by a sub-project menu that conforms to specific sector policies’ (World Bank 2002a: 7). Communities are encouraged to identify and prioritise their needs through facilitators (individuals or local organisations), with planning, implementation and management of the sub-projects through local governments. Investments that can be supported by the CDI component include construction, rehabilitation of school and health centres, drinking water and agriculture, village roads and bridges, food processing technologies and community infrastructure (meeting halls and cultural centres). Community contributions in the form of labour, equipment and materials are expected to amount to 20% of the sub-project costs. Income generation is specifically excluded as this is covered by another component addressing the economic needs of the most vulnerable. The scope and coverage of the CDI component is very extensive, with a planned reach of about 30% of the population (2.5 million people) in the 18 districts of the region over a five-year period. Resources are allocated to districts for programme components in line with a composite indicator that reflects social development, poverty and conflict (Republic of Uganda 2002: 9).²⁴

In the original project design the plan was to launch a youth training scheme as a precursor to NUSAF, to provide vocational and business training skills to unemployed youth, abducted children and former combatants and child soldiers. The intention was to build up a reservoir of skills and local labour that could feed into construction projects funded by NUSAF. Small companies formed by youth could be in a position to compete for NUSAF construction contracts, thereby contributing to small scale private sector development. The Japanese government committed support but considerable delays ensued in project implementation as there was preference for a Japanese NGOs to perform this role. The resultant Northern Uganda Youth Action Fund was initiated in May 2004 and is being implemented in parallel with NUSAF by World Vision and funded through its Japanese counterpart with a budget of \$2 million.

The second major component is the Vulnerable Groups Support (VGS) which is designed to provide support to those most directly affected by conflict: IDPs, children, youth, female headed households, people living with HIV/AIDS, orphans and foster parents, the destitute and the disabled. With the help of CBOs and NGOs the most vulnerable groups would be identified and supported to developed interventions to support their livelihoods. Activities under this component include rehabilitation and expansion of training facilities, vocational skills training for youth (masonry, carpentry, blacksmiths, etc.), provision of tool kits, income generating activities, and support services to female headed households and other disadvantaged groups. This component is also intended to strengthen the capacities of NGOs and the private sector in helping to mainstream VGS activities. Vulnerable groups are expected to contribute 5% of the project costs in cash or kind. In practice, the majority of projects funded in this category are expected to be in conflict zones or places where conflict has recently ended.

²⁴ The per capita resource allocations are weighted so that worse-off districts receive a disproportionately higher than better-off ones (Republic of Uganda 2002: 9).

The Community Reconciliation and Conflict Management (CRCM) component is a small but integral element of NUSAF. The aim is to provide support for traditional and non-traditional approaches to peace building and conflict management. Examples of sub-projects eligible for funding under this component include reconciliation meetings and negotiations between tribes and clans, support for inter-tribal dialogue, traditional cleansing ceremonies for surrendered former combatants and abducted children, and provision of counselling and psycho-social support to those affected by conflict. Unusually for a social fund this component specifically addresses the underlying causes and consequences of violent conflict by strengthening social ties within and between war-torn communities, and facilitates tribal and inter-clan linkages within and across sub-regions, and to build trust and confidence in state institutions and greater inclusiveness in the planning and implementation of development activities.²⁵ Communities are expected to contribute 5% of the sub-project costs. The focus of CRCM sub-projects are in the three sub-regions most affected by conflict: West Nile, Acholi and Karamoja. According to a former member of the design team, the CRCM component was intended to form the launch pad for VGS activities as a means of linking conflict mitigation to livelihood opportunities for children and youth who had been abducted by or served as combatants in rebel groups.²⁶

The fourth component is institutional development, primarily to support the staffing of a small autonomous management unit, as well as capacity building, training, information and communications, and monitoring and evaluation. The NUSAF design team deliberately opted for an arms-length implementing agency under the overall direction of the OPM as the preferred mode of operation. The NUSAF Management Unit (NUMU) was headquartered in Gulu town, at the centre of the region and repeatedly affected by conflict in the surrounding district. The difficulties arising from locating the head office of NURP-I in Kampala clearly informed this decision.²⁷ The expectation was that an office located in the region would minimise travel costs and logistical complications as well as sending out a strong signal that the project was firmly implanted in local institutional realities. The location of NUMU in Gulu town also had other advantages. In particular it allowed NUMU to hire staff from the region who are committed to the project and accept lower salary levels than would be payable in Kampala. There is also an expectation that accountability and transparency to local stakeholders would increase by virtue of more immediate access.

Other management alternatives were considered and rejected by the design team. The NURP-I approach of working through central line ministries was rejected by government and community representatives on account of the deficiencies encountered in the course of implementation. A single line department could not manage the disparate sectoral focus of NUSAF interventions. The top-down bureaucratic culture of government line ministries was also considered antithetical to the demand-driven approach embodied in the project. A sector-wide approach was also rejected as a possible mechanism for implementation on account of the challenge posed by reconciling the needs of central line ministries with the communities. The

²⁵ The World Bank reportedly expressed reservations over this component on account of potential political implications, but was persuaded by the Ugandans on the design team that such an approach was integral to the success of the project in a conflict prone environment.

²⁶ Interviews with World Bank staff, Kampala.

²⁷ Interview with NUMU directors, Kampala

decision to establish an autonomous implementing agency was also informed by international best practice, as a means of ensuring flexibility in implementation, high-quality technical support, instilling participatory skills, and close contact with community-level institutions (World Bank 2002a: 13).

The nature of the project's integration into the government's decentralisation policy framework was also given careful consideration by the design team, partly on account of the concerns expressed by bilateral aid donors. While the LGDP-II framework is meant to be inclusive existing planning procedures remain deficient in this regard. The bottom-up approach built into NUSAF's design is intended to complement the LGDP through a participatory planning process with an expectation that integration could take place once the value of a community-driven approach permeates local government. The location of the NDTOs within the district administration is designed to facilitate co-ordination with other development programmes and integration with the district planning apparatus. Sub-projects would be subject to technical appraisal by local government sector specialists and approval by technical planning committees at district and sub-county levels to ensure effective integration in local government planning process (World Bank 2002a: 13).

NUMU is headed by an Executive Director with a team of professional staff, including technical directors responsible for each of the main project components, sector specialists, audit and administration. NDTOs and accounts officers would be appointed by NUMU in each of the 18 districts to facilitate interaction between communities and district-level sectoral offices in the planning, appraisal and implementation of project activities. The NUMU Executive Director reports to a National Steering Committee (NSC) under the Permanent Secretary of the OPM, comprising of line ministry officials, donors and civil society representatives, which in turn reports to the Minister of State on Northern Uganda Rehabilitation.

The institutional development component also provides resources for sensitising local government officials, NGOs and politicians to the approach and philosophy of NUSAF through workshops and seminars, and informing and educating communities on the project parameters and application process, using radio, print and other forms of communications. Monitoring and evaluation would be supported through this component to track progress and environmental impacts. Mid-term and end of project surveys on the project's effectiveness in reaching the priority groups are also planned under this component.

A further consideration is the flexibility of the project to adapt to changing circumstances and the extent to which risk is anticipated in project design. The project is flexible in that communities determine priorities on the basis of a wide and varied menu of options. The choice of community facilitator, the role of CBOs and NGOs, contractor and source of labour is left to community discretion. This also applies to the choice of intervention and the component under which this falls. The CRCM component is limited to conflict areas. The principle of self-selection underpins VGS on the assumption that the most vulnerable groups are easily identified. CDI sub-project applications generally arise from more settled areas where there is scope for community supervision and management. In this way, NUSAF offers a flexible approach to project design that accommodates community

preferences in the light of capacity constraints and the prevailing pattern of conflict on the ground.

Various risks are addressed in the project design. The key financial management risks are staff adequacy, usage and approval of project funds, reliability of financial information, adequacy of counterpart funds, ignorance of rules and procedures, and identification of community needs and delivery systems. Risk mitigation measures are consciously built into NUMU's design. Environmental risk is also anticipated in the project design, with provision for environmental assessment for infrastructure projects (principally under the CDI component) in order to minimise the risk of adverse environmental impacts. The risk that the attainment of project objectives would be undermined by ongoing or intensified conflict is acknowledged and there is implicit recognition that the intensity of coverage would vary with the security situation in different areas but the challenge of implementation in such conditions is not addressed systematically in the design document. This is surprising since part of the explanation of the failure of NURP-I to achieve its objectives lay in the difficulty of recruiting staff and effective monitoring in conflict zones. It may well reflect the implicit assumption that NUSAF is predicated on making an active contribution to conflict mitigation by fostering development initiatives and that peace will ultimately prevail, but there is no specific contingency or mitigation plan to address the risk of conflict escalation. In view of the spread and intensification of the conflict in some areas of the Acholi and Lango sub-regions since Operation Iron Fist was launched by the UPDF in 2002 this omission highlights a potential source of vulnerability for successful implementation.

NUSAF design is predicated on active public support for the approach and as a basis for generating demand for project resources. There is provision for an extensive outreach programme using print and electronic media and more traditional forms of cultural expression. Communities visited for this study confirmed some recognition of the role played by the media (especially radio) in developing their awareness of NUSAF, often indirectly through more literate members of the community, politicians and local organisations. A major challenge for NUSAF was to convey the message that the approach was distinct from the much reviled NURP-I and was not simply a centrally-driven development initiative from Kampala which could be identified with southern political interests. Buy-in from local government officials and politicians was intrinsic to the rapid acceptance of the legitimacy and benign intent of NUSAF, highlighting the importance of early efforts to sensitise decision makers through seminars and workshops.

The final design consideration is the role of civil society and local institutions. NUSAF implementation is also predicated on the active involvement of NGOs and CBOs in two critical areas: sensitisation of local communities to the demand-driven approach and technical advice and facilitation in the design of individual sub-projects. A core institutional element in the project design is the requirement that communities form community project management committees (CPMCs) comprising individuals elected from the locality (including provision for a minimum 30% representation for women) to plan, implement and monitor the activity for the duration of the sub-project cycle. NGOs and CBOs can assist in the formation, orientation and training of these committees, which can draw on and build on existing self-help groups and community organisations.

In theory communities are free to appoint facilitators using resources available from project funds to help them in this process, up to 2% of the project budget. The community facilitators can be local educated youth, membership organisations or NGOs. In practice this has not worked out as well as expected. Not all facilitators have received training in the demand-driven ethos that underpins NUSAF and have sought to act on the community's behalf, demanding advance payments for their services in which they act more as brokers than as facilitators helping to translate community preferences into feasible sub-projects and interact with local government. This contrasts with the experience of the CAP West Nile programme where facilitators were selected by communities for each sub-county and carefully trained in the philosophy and practice of a demand-driven approach. Skilled community facilitators were critical to the success of CAP and many continue to work in local government and NGOs in the sub-region, steeped in the demand-driven approach, with positive implications for NUSAF implementation.

However, prolonged conflict has not been conducive to the formation of strong local NGOs and CBOS, though capacity building efforts fostered by international NGOs and aid donors have helped to encourage the formation and strengthening of local community-level organisations. In recognition of this constraint, NUSAF encourages communities to link up with NGOs, faith based and traditional organisations (ethnic and cultural leaders and associations) as facilitators and advisers in designing and implementing sub-projects, using a share of the administrative resources for this purpose. Communities are expected to approach NGOs for assistance rather than vice-versa, which has a bearing on the interest displayed in project implementation. Their involvement is especially critical for the VGS component in identifying and assisting vulnerable groups who often lack planning and organisational skills. Another role lies in sensitising communities to NUSAF as part of the broader communications effort (World Bank 2002a: 20).

Some NGOs are involved in various aspects of project implementation, providing a bridge between communities and local government, and strengthening the capacity of the community planning committee to manage funds responsibly. But in practice their involvement has been very uneven, and in the main confined to a few international NGOs with representation in the region. Major local NGOs in Gulu and Arua districts indicated that they had not been closely consulted by NUMU staff and that their prospective roles are poorly specified. They are also sceptical of the commitment and capacity of local government officials to implement NUSAF in an objective and effective manner, fearing that resources could be diverted or used sub-optimally. NUMU staff and local government officials believe that NGOs are not closely involved as they dislike the notion that communities should be in the driving seat and that available resources provide inadequate incentives due to high administrative costs. It was also claimed that the availability of NUSAF resources is encouraging unscrupulous people to form NGOs in the pursuit of material gain from local communities.

It is difficult to substantiate these conflicting claims without more extensive fieldwork but there clearly is a role for NGOs to be more actively involved in NUSAF implementation as they can promote participatory planning and strengthen the limited technical capacity of local governments. There are in addition two further roles that

are currently not being exploited by the project management agency. One clear opportunity for greater NGO involvement lies in strengthening the capacity of local membership organisations and community based organisations (CBOs) to assume prime responsibility for sensitisation and facilitation as they are potentially better equipped to perform this role.²⁸ Another lies in their capacity for performing an independent monitoring role in NUSAF implementation, to ensure that sub-projects are targeted at the most vulnerable groups, that planning is based on participatory approaches, and that community investments are designed and sited in order to prevent elite capture. Local government staff and NDTOs are too overstretched to perform an effective monitoring role for individual sub-projects, while formal auditing carried out under the auspices of the OPM is confined to financial management and outputs.

Development results

NUSAF has the potential to achieve results in three key areas: poverty reduction, improved governance, and positive spill-over effects respectively through efforts to upgrade community infrastructure, improve the livelihoods of the most vulnerable communities, and mitigate conflict. The community driven approach is considered intrinsic to the potential success of NUSAF in achieving these objectives.

The premise that communities are best placed to identify their perceived needs provides the foundation for expected potential of the project to maximise allocative efficiency. The poor performance of NURP-I, with its emphasis on centralised identification of infrastructure priorities and top-down implementation, offers a clear point of comparison, highlighting how this approach undermined allocative efficiency by ignoring community preferences to the detriment of the quality and sustainability of infrastructure investments.

Productive efficiency also has the potential to be maximised through NUSAF's emphasis on community involvement in identifying local private contractors and employing labour directly from the communities. Such an approach has the advantage of ensuring that the intended outputs of the programme are produced by contractors with closer links to local communities, who are in a position to provide supervision and oversight and thereby ensure that the scope for sub-standard work and corruption is minimised. An emphasis on local contractors points to the prospect of private sector development in areas devastated by repeated conflict, in which individual micro-entrepreneurs (in some cases local youth with appropriate training) could be engaged by communities to provide construction and semi-skilled labour under local supervision.²⁹ This again contrasts with NURP-I where contractors were appointed by the Kampala-based implementation agency, usually from outside the region with little knowledge or appreciation for local realities, with enormous scope for corruption and little accountability for the quality of work on the ground.

²⁸ For example CARE's INPACT programme is working with several hundred local organisations in Arua and Yumbe districts in the West Nile Sub-Region to strengthen their implementation capacity, though not as yet with the explicit aim of providing more effective facilitation for NUSAF.

²⁹ Evidence from CAP appears to confirm the potential of private sector development as a positive spill-over effect arising from this approach (CAP 1999).

It is not possible to comment on the impact of the programme at such an early stage of implementation. A mid-term review scheduled for early 2005 can shed further light on this question, by investigating the quality and utility of community investments and income generation schemes. One indicator of the relevance of the project lies in the very considerable number of sub-projects submitted by communities for consideration to NUSAF, and the number of approvals made for sub-projects following appraisal by technical committees at the sub-county and district levels. Expressions of interest number in the thousands (see Annex 3). Project approvals in some districts far exceed the available budgetary resources for the first two financial years.

Field visits undertaken for this study provide circumstantial evidence on the quality of outputs in the form of feedback from communities and the insights and reports of government officers responsible for monitoring sub-projects in their sectors. Two features of the sub-projects merit particular attention in this regard: speed of implementation and the quality of assets and community investments on the ground. Construction of community assets has been undertaken in a relatively short amount of time. This is evident from the rapid progress made on community investments like boreholes for drinking water and classroom blocks for schools. While hardly representative, the four communities consulted for this study confirm that work has been completed on time and compare progress favourably with similar investments under NURP-I and LGDP-II. First tranche disbursements have already been used and accounted for, with applications pending for second and final payments for many of the first wave of investments. Field observations and feedback from sector specialists at the district level attest to the perceived quality of the work to date.³⁰ An indication of the potential outcomes of these investments was already evident from community feedback, reflected in reduced incidence of water borne diseases and increased levels of school attendance.

The potential for sustainability of community infrastructure and livelihood investments is a key concern in conditions of deep poverty, poorly functioning markets, weak local governments and ongoing conflict. The effectiveness of the project in building capacity for management of community assets and technical support from local government is critical in this regard, though it is too soon to derive clear lessons. In one community a committee had been formed with responsibility for borehole utilisation and maintenance to replace the community project management committee. In another sub-project the NGO facilitators that had worked with the community at the inception stage to aid the design and submission of the sub-project were no longer perceived to offer services that could be provided by individuals with the requisite skills in the community.

NUSAF has a number of potential consequences for political legitimacy and political leadership, both positive and negative, which are already becoming apparent in the early stages of implementation. NUSAF is predicated on bringing development benefits to a region plagued by political insecurity and a national leadership whose legitimacy has been eroded by its inability to stem violent conflict. It is claimed in some quarters that NUSAF forms part of a deliberate effort by the Movement to

³⁰ Records in the form of the ubiquitous visitor's books of the Project Technical Committee confirm that regular visits by government technical officers and NUSAF staff have taken place since inception for monitoring purposes, and comments allude to the perceived quality and speed of construction.

derive political legitimacy from development largesse in a region that has been inherently hostile to what is widely perceived to be a national government dominated by southerners. There is little doubt that the Movement would wish to deepen its legitimacy in a region where it has been implicated in fomenting violence and sustaining conflict, and from where former political leaders such as Obote, Okello and Amin drew much of their political support and military resources (Lomo and Hovil 2004). NUSAF was initially subject to criticism both from MPs representing the regime and those aligned with opposition political parties when debated in parliament in 2002. Movement adherents were concerned that substantial government resources were scheduled for deployment in a region that was considered hostile to the regime in Kampala. Opposition MPs were concerned that the Movement would profit from NUSAF and extend its political support base at their expense. In the event parliament approved the NUSAF project and these respective political concerns were mollified by the pragmatic realisation that additional development resources for the war-torn region would ultimately produce significant benefits for communities that had suffered from the corrosive effects of endemic conflict. Moreover, building the political visibility of NUSAF, even with the attendant risks of political resistance, was in part a conscious strategy designed to provide a measure of operational independence from vested interests. The results of the 2006 parliamentary and local elections will be a test of the extent to which the Movement successfully derives political capital from NUSAF, though the results will depend critically on whether a durable peace process can be put in place by the time of the elections.³¹

For the present it is elected politicians in local governments, especially at the district level, that have a more immediate stake in NUSAF outcomes. Councillors from all levels of local government are actively involved in sensitising local communities to NUSAF.³² The availability of substantial resources for development purposes offers an attractive source of political patronage in a region long deprived of such resources and where politicians are keen to re-establish their legitimacy in post-conflict conditions in anticipation of a normal democratic process of constituency based politics once again becoming viable. However, political interest in NUSAF is not automatically tantamount to opportunities for predatory behaviour, but may be motivated by rather more benign considerations emanating from the genuine recognition that NUSAF has the potential to bring badly needed development resources to a war-ravaged region. A social fund approach has the advantage of devolving responsibility to the community and protecting those responsible for project implementation from undue political influence.

One potentially negative consequence of political interest in NUSAF at the local level is evident from the resolution of Gulu District Council to ensure that each sub-county will have at least one sub-project under its jurisdiction.³³ The political imperative of ensuring a balanced spread of project benefits could undermine the equity objective of NUSAF in prioritising the most vulnerable groups and areas, although the conditions

³¹ In this respect, Movement politicians were heavily defeated in the Acholi sub-region in the 1996 and 2001 elections by candidates known for their allegiance to the opposition. The Movement system does not allow candidates to contest elections on the basis of political party affiliations.

³² Written records and interviews held with the community technical committees confirm that local politicians were among the first point of contact for NUSAF. The two LC5 chairmen interviewed for this study displayed active interest and considerable knowledge of NUSAF and its potential benefits.

³³ Interview with the LC5 Chairman, Gulu District Local Council.

obtaining throughout the district are so challenging such that a mechanism is required to allocate the funds equitably to prevent excessive concentration in and around Gulu town. The challenge will be to ensure that political commitment is retained while respecting NUSAF's distributional objectives. This may well emanate from the enhanced legitimacy derived by local politicians from the successful deployment of resources for developmental ends but this cannot be anticipated with any certainty at this juncture. The principal risk in the short term is from politicians' intent on deriving political capital and commandeering resources from NUSAF sub-project investments which could skew community priorities and resource allocations.

The intended governance outcomes take the form of conflict mitigation, strengthening local government capacity, and empowering local communities. The project design process originally centred on community reconciliation and conflict mitigation as the central point of reference, on which the developmental foundations of the project would be established. The project consciously builds in provision for enhancing the livelihoods opportunities of former combatants through the conflict management and VGS components.³⁴ The lure of economic security derived from income generation schemes funded by NUSAF is intended to offset the opportunity cost of giving up arms as some sub-projects have demonstrated. NUSAF may well provide livelihood opportunities to former combatants in areas where peace treaties have successfully been negotiated and conflict has ended and more investments of this nature could cumulatively make a positive contribution in this respect. Success in community reconciliation and the reintegration of former combatants could bring additional benefits in terms of improved respect for the rights of people in the region by reducing the prevalence of conflict.

However the expectation that NUSAF can directly contribute to enhanced security in the North in a comprehensive manner by encouraging the reintegration of former combatants into their communities underplays the extent to which the conflict in Acholi sub-region is sustained by grievances that are political rather than economic in nature. While weapons provide access to livelihoods for the LRA through the violent appropriation of food and livestock from rural inhabitants, the brutal insurgency is sustained by a complex blend of ethnic and regional grievances and a millenarian discourse that transcends simple economic solutions. Commentators argue that while interventions like NUSAF can bring economic relief to people in the region, peace, security and sustainable development will only be assured through broad-based peace initiatives rather than military force (Lomo and Hovil 2004, Van Acker 2004). The achievement of durable peace through political means would automatically improve the prospects for human rights by removing fear and gross physical abuses and by allowing IDPs to return to their villages and resume farming and cattle rearing. This would in turn provide a stronger and more sustainable foundation for NUSAF initiatives to succeed in the longer term.

³⁴ This was an important lesson from NURP-I highlighted in the World Bank's performance audit report (World Bank 2000). The Bank project appraisal document for NUSAF sets out this objective in the following manner: 'The proposed NUSAF will operate within community value systems and therefore contribute to good government and security particularly at local government and community levels. Support will be provided to children/youth formerly abducted during the civil war, those who have surrendered and retired guns in exchange for a changed livelihood (abductees and gun-drop outs), and those whose careers have been disrupted as a result of the prolonged conflict and breakdown of traditional systems.' (World Bank 2002a: 5).

In practice only 2 projects of this type have received funding out of a total of 1,425 approved to date which suggests that this component has become an adjunct to development interventions rather than vice versa as intended by the project design team (OPM 2004b). For this reason one would not expect significant impact in terms of reduced conflict and tensions between and among different ethnic groups even though the project theoretically has this potential. A successful example of a sub-project in this category is a where a community in a pre-urban area of Gulu town received support for reintegrating abducted youth into the community through a traditional cleansing ceremony, and then mobilised resources for cattle rearing and poultry raising in which the former abductees would be the prime beneficiaries. However, the paucity of sub-projects in this category would suggest this is a rare example of an integrated intervention of the type anticipated in the project design.

A further type of governance outcome lies in strengthening the capacity and resource base of local governments in the region, especially at district and sub-county levels. All sub-projects have to be reviewed and appraised by district government officials on technical grounds and to determine how they complement district planning priorities and budgetary allocations. Once appraisal is complete the applications are submitted to elected councillors in the District Executive Committee for ratification which forms the basis for a recommendation to NUMU for release of funds into the community bank account.

There was concern expressed on the part of bilateral donors during the design phase that district planning priorities would be skewed by demand-driven processes at the community level and that NUSAF resources would bypass district budget processes. In practice this does not appear to be the case. District officials in the two districts visited for this study are closely involved in the appraisal and monitoring of NUSAF sub-projects, and regard the funds as an additional infusion to the limited resources at their disposal from regular budgetary transfers. The problem is not so much that NUSAF bypasses local government but that officials overwhelmed by the demands emanating from the communities and cannot carry out effective appraisal and monitoring of sub-projects. There is limited capacity to respond to the community expectations rather than creating a parallel system that was voiced as a concern by critics of the programme. The main incentive for local government staff to perform these additional functions is in the form of additional resources, which in turn lessens the pressure on the regular development budget. However, the absence of fuel and subsistence allowances acts as a disincentive since staff are less inclined to take on these additional tasks if they incur additional expenses.

However, the fact that NUSAF resources are not integrated into the development budgets of district local governments is problematic. The absence of such information is attributed to the difficulty of anticipating and aggregating community preferences and integrating into the annual budget. However, indicative figures are available for each district and these could be included in budget projections alongside resources from the consolidated grant so as to provide a more comprehensive picture of total resource availability and produce a more comprehensive overview for planning purposes. Sectoral allocations could be integrated in budget out-turns based on information from NUMU on sub-project disbursements.

A third consideration lies in the more limited involvement of sub-county governments and NGOs in NUSAF implementation. The intention is to actively involve sub-county governments in the desk and field appraisal process so they can assess how the proposed sub-projects complement local development plans and whether the additional investments make sense in view of existing infrastructure and market opportunities. In practice it would appear this takes place unevenly, in part on account of limited capacity but also because the operational guidelines are not followed through in this regard. It was reported by officials that sub-county governments are not closely involved at all stages and that district administrations dominate the appraisal and approval process. The failure to engage this level of local government into the project cycle could have detrimental effects for sustainability since resources for maintenance of community assets would need to come from this source. A key lesson from the CAP was that the active engagement of sub-county administration into project identification, implementation and monitoring was fundamental to the overall success of the programme (CAP 1999).

A third type of governance outcome associated with NUSAF concerns the strengthening of institutional capacity in local communities. The primary vehicle for achieving this outcome lies in the creation of community project management committees (CPMCs) that are responsible for sub-project design and implementation. Members of the committee are elected by the community who in turn appoint a chairperson, treasurer and secretary. All sub-projects are required to furnish evidence of the membership of such committees which are expected to meet on a regular basis during the course of implementation. In practice the effectiveness of this institutional arrangement varies widely across communities, depending on their social composition, physical location (rural or urban, conflict or post-conflict area, etc.), and prior existence of institutional capacity. In the West Nile sub-region where communities had prior experience of the Community Action Programme there is anecdotal evidence to suggest that involvement in designing community-led initiatives has left an institutional legacy that is manifest in the ability of communities to adapt to the procedural and organisational requirements of NUSAF with considerable speed and understanding. The very high number of applications and approved sub-projects in relation to budget allocations in Arua and the other four districts that comprise the sub-region is indicative of this latent capacity at the community level that was cultivated under CAP and has persevered to the present with positive implications for NUSAF implementation.

Finally, NUSAF has the potential to achieve positive spill-over effects, but this potential remains latent since the project it is still in the early stages of implementation. NUSAF could contribute to reduced internal displacement by providing resources to IDPs for resumption of economic activities in their villages once security concerns have been addressed. It might also encourage the return of refugees who have fled across the borders of neighbouring states (especially Congo and the Sudan), attracted by the prospect of enhanced livelihood opportunities from employment on construction projects and grants for income generation purposes. NUSAF can also provide resources for community investments in areas inhabited by Sudanese refugees that would have short term spill-over benefits for these people and remain in place for the long term benefit of neighbouring communities. The extent to which such positive spill-over effects can be generated remains uncertain and will

only become clearer as the project nears completion, but the prospects remain significant.

Implementation processes

As with any social action fund there are many aspects of micro-implementation that affect the timeliness, quality and effectiveness of project outputs and potential impact. Many of these are amenable to management intervention and course corrections by NUMU subject to the advice of the Office of the Prime Minister and the World Bank. The focus here is on the key dimensions of project management that affect NUSAF implementation in the short to medium term and potentially have a wider bearing on the achievement of development results.

The \$133.5 million resource envelope for NUSAF is very considerable in that it exceeds the development budgets of local governments in the region. It is perceived by district government sectoral specialists as a valuable augmentation of their existing budgets, enabling them to significantly increase the overall number and reach of investments, especially in the education and water sectors. The problem is not of resource adequacy but of incorporating NUSAF commitments into district plans and budgets, and capacity for technical appraisal and monitoring.

The design process resulted in the preparation of a series of manuals to guide project implementation, including a comprehensive operational manual (Republic of Uganda 2002). These were primarily intended for the benefit of the staff of the implementing agency and local government staff and provide some element of consistency to implementation procedures. However, none of the project design team were seconded or recruited to NUMU, which meant that there was a disjuncture between design and implementation in respect of staffing. The OPM provides some element of continuity by virtue of its co-ordination role in the project design process and subsequent oversight responsibility for implementation, but this is largely based on periodic reports furnished by NUMU than on independent field verification. World Bank sector specialists involved with the project design continue to have an input into implementation through periodic appraisals and field visits and share their reports with the OPM and NUMU. However, these arrangements have not been adequate to tackle a series of impediments that arose in the early stages of implementation.

There were very considerable delays in staff recruitment, with the result that it was not until 18 months after project inception that a full complement of NUSAF district technical officers was in post. The two main directors responsible for the three development components were not appointed until August 2004.³⁵ Recruitment delays impacted adversely on the plan to sensitise communities and local government staff to NUSAF as the small core team based in NUMU could not undertake training on a significant scale. Another problem concerns slow procurement of vehicles and equipment. At the time of the study none of the 18 NDTOs had received vehicles while only a few had been given computers and office furniture. The NDTOs were

³⁵ This is attributed by NUMU to a lack of suitably qualified staff in much of the region. The NUMU Executive Director highlighted the fact that World Bank approval is required for all senior appointments in accordance with established procurement procedures and that this has delayed hiring. World Bank officials in Kampala state that approval can be completed in a matter of a few weeks and that this does not explain the very considerable delays in recruitment of senior NUMU staff.

consequently faced with a very difficult situation in which requests for sub-projects from local communities were escalating but the logistical arrangements were non-existent. NDTOs are forced to rely on the goodwill of district administrations for loan of vehicles or resort to expensive private hire arrangements for making field visits when these are not available. Communications with NUMU and local governments (especially at the sub-country level) are problematic as they lack computers and internet access and mobile telephones. As they are responsible for leading the process of field appraisal along with sector specialists this inevitably hampers the process of identification and approval of sub-projects, leading to frustration among the communities who have faithfully followed the procedures laid down in the operational guidelines.³⁶

Slow recruitment and procurement inevitably delayed implementation with the result that no disbursements were made for sub-project activities until mid-2004. A series of pilot projects were launched in nine districts in mid-2003 to test out the viability of community planning processes. Concern on the part of the World Bank about slow disbursement generated an intensive period of sub-project identification and appraisal from April to June 2004 under the rubric of the Rapid Results Initiative, which generated approvals and funding commitments for 1,425 sub-projects across the 18 districts. As a consequence the key challenge has shifted from one of paucity of micro-project investments to a surfeit of applications which places considerable strain on the implementation capacity of NUMU and local government administrations.³⁷

Financial management is a particular challenge in a demand-driven project in an environment characterised by capacity constraints and lack of established financial procedures for direct disbursement of funds to communities. Communities are required to open accounts in their local banks into which the funds are directly disbursed from the NUMU account on receiving authorisation from the District Executive Committee in three separate tranches. Theoretically transfers are meant to take just 24 hours but there are considerable delays between sub-project approval by NUMU and actual disbursements amounting to several weeks.³⁸ A major part of the explanation lies in the sheer number of sub-project submissions approved by the district authorities which overwhelmed NUMU's capacity for processing payments in a timely and effective manner. However, NUMU has yet to appoint a financial head on the grounds that it has been difficult to identify someone with the requisite skills and experience. This has inevitably contributed to financial management problems and delayed disbursements which in turn contribute to community frustration and slower implementation. Many communities are now awaiting the second and final payments to enable them to complete construction work and investments on the ground.

³⁶ Procurement delays became so problematic that the NUMU official responsible for procurement was sacked at the personal instigation of the NUMU Permanent Secretary on the implicit grounds of corruption and non-performance. A new procurement officer had yet to be recruited at the time of the study.

³⁷ For example, in Gulu district it was reported that 450 applications had been submitted by October of which 85 had been approved to date. If funding was approved for all the applications to date these would account for the entire budget for the five year project duration. In Arua district the comparable figures were 219 applications of which 153 had received funding.

³⁸ In Arua District it was reported that many sub-projects approved in July did not receive their first disbursement until two months later. In a small number of cases communities were still waiting for their first tranche payment in October.

At the community level some face problems in the form of limited availability of bank branches in their locality. Visits to banks necessitate travel, in some cases outside the district, which consumes time and resources and can be dangerous in areas where there is ongoing conflict and banditry. Oversight of community finances takes place through the finance sub-committee of the community sub-project committee, but the lack of basic numeracy and literacy skills this can pose a challenge for accountability in the use of funds. Some communities have found it easier to engage the services of local NGOs to assist them in financial management and making payments for materials, labour and contractors. Others rely on advice and oversight by government officials, NUMU staff and community facilitators. Whatever its merits in meeting community needs, a demand-driven approach clearly raises major challenges for financial management, and highlights the need for durable procedures to ensure effective and accountable utilisation of funds, and capacity building at all levels. An independent audit of NUMU financial procedures and disbursements has been commissioned by the OPM to review financial management and implementation.

There are many operational considerations relating to NUSAF implementation that have a bearing on project outputs that are too detailed for the purpose of this study. Here we focus on three sets of implementation issues from which larger lessons arise: participation and inclusivity; policy dialogue and donor coordination; and learning and public relations.

NUSAF is intended to benefit poorer communities and vulnerable groups in those communities through a process of self-selection and prioritisation of investments in line with objective circumstances. The VGS is premised on the principle of self-selection in that beneficiaries have to come from one or more clearly defined groups: widows, orphans, disabled and HIV/AIDS affected people, and IDPs. Demonstrable evidence to show that the VGS sub-project applications are targeted towards or emanate directly from these groups is required for grant funds to be committed. The bulk of VGS applications come from areas that continue to experience violent conflict or have recently emerged from conflict, especially in the Acholi and Karamoja sub-regions. In the former a disproportionate number of sub-projects are for IDPs that live in camps within the vicinity of the larger towns and are appropriately targeted. Investments in conflict-prone areas are either for small livestock rearing or income-generation projects that can be carried out in the confines of refugee camps and are appropriate to the needs of the communities. In areas where conflict has abated communities have received grant funds for cultivation, in the form of seeds, tools, oxen and ploughs, to enable them to open up fields and plant crops for address immediate food security purposes and provide cash income. While communities may continue to live in camps for ongoing security reasons, they are able to farm in comparative safety and begin to restore shattered livelihoods. Such activities are not feasible in areas of the Acholi sub-region where ongoing conflict prevents farmers from venturing out into their fields dangerous or cattle restocking in Karamoja would attract the attention of armed cattle rustlers. Communities can therefore adapt their preferences to prevailing conditions on the ground and use the flexibility built into NUSAF's design to design sub-projects that correspond to local needs.

It might be provisionally concluded from available evidence that NUSAF's demand-driven approach generates sub-project applications that are both well-targeted and

appropriate to the security conditions obtaining in different areas. Provision for NGO and CBO involvement in sub-project design and implementation also improves the prospect of effective targeting. As with any community-driven approach it is possible that local vested interests might seek to capture resources for political or material advantage. However, while the risk of elite capture or the exclusion of the most vulnerable communities cannot be discounted, the generalised conditions of poverty and social deprivation in conflict affected areas minimises the possibility of such an outcome. A more plausible risk is that extremely vulnerable groups like those with HIV/AIDS who live in conditions of private seclusion or suffer from social stigma might not secure access to programme funds without expert facilitation from outside the community.

Gendered outcomes are also possible in an environment where women have suffered disproportionately from violence and have little opportunity to engage in processes of community deliberation. While women are formally entitled to one third representation in community project management committees it is not evident that formal provision translates into effective participation in an environment characterised by conflict and social stress. The extent to which there is effective participation on the part of women in decision making processes would need to be captured in monitoring and evaluation by programme staff and NGOs, though in turn this would require that project staff are provided the training and wherewithal to monitor gender outcomes. However, the absence of women in senior positions and a gender specialist in NUMU is not conducive to effective monitoring.

Reference has been made to the important role of World Bank personnel in the design process, several of whom had direct experience of earlier programmes in the region by virtue of their previous work in the OPM or CAP. The continued involvement of Kampala-based Bank staff in project oversight and monitoring can help to identify bottlenecks and propose course corrections through dialogue with OPM counterparts and direct engagement with NUMU. Periodic oversight missions based on field visits provide direct insight into implementation problems.

While donor co-ordination is not a significant issue in the current phase of NUSAF implementation since the Bank provides the only source of donor funding, scepticism among bilateral donors persists. Bilateral donors were engaged in dialogue during the design phase and the expectation at the outset was that bilateral donor support would be forthcoming. In the event they maintained their distance from NUSAF and do not provide financial support, although a representative of the donor co-ordination group on northern Uganda attends meetings of the NUSAF National Steering Committee convened by OPM, largely for information purposes. There is some amount of co-ordination and information sharing with the European Commission's Acholi and Karamoja programmes which are implemented through offices in Gulu physically located in the same compound as NUMU. The possibility of peace returning to northern Uganda raises the prospect of major development challenges that will require the infusion of substantial donor resources. Realising and demonstrating the benefits of a demand-driven approach that can complement rather than undermine local government in the region therefore constitutes an important public relations challenge for NUSAF.

However, NUMU has been slow to implement the information, education and communications component of NUSAF. A communications specialist was initially appointed with the launch of the project in February 2002 but without the requisite skills and it was not until mid-2004 that an appropriate appointment was made but a comprehensive strategy has yet to be developed. At the same time, efforts are made to engage the media by encouraging radio and print journalists to accompany NUMU staff and NDTOs on visits to sub-projects which offer opportunities to publicise achievements and implementation issues. The media frequently carries stories about NUSAF especially when the President, Ministers or MPs make visits and issue statements. The President's public criticism of NUSAF's slow implementation in September 2004 was widely reported in the national and local media, highlighting the visibility and significance of the project in national politics and in the region.³⁹

Slow procurement, delayed recruitment and uneven disbursement rates are all features of the current phase of implementation and were encountered both in the CAP and demand-driven approaches elsewhere. Many of these can be redressed by determined management intervention and improved monitoring by the steering committee convened by the Office of the Prime Minister. However, failure to address these types of implementation problems has the potential to derail the project's objectives by inducing frustration among communities who have identified appropriate sub-projects but are unable to access funds or follow through initial investments.

Conclusions

NUSAF offers an excellent case study of active learning in project design in which the lessons of previous programmes in northern Uganda explicitly informed the choice of approach and mode of implementation. The decision to opt for a demand-driven approach based on the largely positive experience of the Community Action Programme in West Nile. This programme demonstrated that poor communities in a post-conflict environment can develop the capacity to identify, plan, and monitor social investment projects with appropriate guidance and facilitation in conflict and post-conflict conditions. The close involvement of district and sub-county governments was integral to the success of the programme and ensured the active engagement and support of local officials. The experience of NURP-I provided a very different set of lessons, highlighting the limitations of a top-down and centralised approach in which local communities had no involvement in priority setting and implementation. This created an environment in which limited accountability fostered corruption and poor quality implementation, and a lack of community ownership or interest in maintaining local assets.

These lessons were readily absorbed by the NUSAF design team which was largely comprised of Ugandan professionals in government and the World Bank, several with direct experience of CAP and NURP-I implementation. Many of the team were from the North and recognised the potential of scaling-up a tried and tested demand-driven approach. They carried out careful diagnostic work and community needs assessments to demonstrate the case for the proposed approach and argued with conviction for the inclusion of a special component for addressing the causes and consequences of conflict. The design of the VGS component was based on the

³⁹ The Weekly Observer, Kampala, 16 September 2004.

principle of self-selection by clearly identified marginal groups whose lives had been adversely affected by conflict. In more settled areas the CDI component was more appropriate as it required capacity for managing small-scale infrastructure investments in an environment where the threat of violence had abated. This would appear to provide some assurance that the design of NUSAF is appropriate in the particular circumstances of northern Uganda and has the potential of producing positive results in an inhospitable environment characterised by conflict and poor governance. Explicit appreciation of the prevailing political dynamics in the region has informed project design and the assumptions underpinning the demand-driven approach adopted by NUSAF.

The preliminary evidence from the early stages of implementation attests to very strong demand from communities for sub-projects. The speed of implementation and the quality of work on community investments is indicative of the validity of the approach. Vulnerable groups now have direct access to grant resources to enable them to rebuild livelihoods in conditions of economic adversity. Youth and children affected by violence as former combatants and abductees can be reintegrated into their communities by virtue of access to opportunities for productive employment. A special component of the project dealing with reconciliation and conflict mitigation has the potential to deal with some of the more immediate causes of violence in the region but relatively few sub-projects have received funding to date.

While NUSAF is predicated on the community driven approach that characterised the CAP there are enormous challenges entailed in scaling-up a successful demand-driven approach in conflict and post-conflict conditions. CAP implementation was premised on careful preparation and training of field staff and communities and the intensive application of staff resources in the identification, execution and monitoring of community investments. The training component under NUSAF has been less comprehensive, the process of hiring and orienting community facilitators less systematic, and with fewer dedicated project staff in the districts and the project management unit.⁴⁰ NUSAF depends on local government staff in district and sub-county administrations for the bulk of the appraisal and monitoring functions but the volume of work far exceeds their capacity to undertake these tasks with sufficient rigour, highlighting the need for strengthening technical capacity of local governments.

Three broader lessons arise from the design and implementation of NUSAF that may have relevance for social funds and development interventions in LICUS contexts. The first is the relevance of a demand-driven approach in conflict and post-conflict conditions. The CAP and NUSAF cases demonstrate the validity of community driven approaches when existing institutional capacity is weak and development challenges are enormous. Second, the potential sustainability of demand-driven projects is greater when local government administrations are involved in planning, appraisal, execution, and monitoring. Integrated implementation through local government bodies avoids the pitfalls of parallel institutions that have affected many social funds in the past. At the same time, local governments are susceptible to local political influence and often face capacity constraints. The third broader lesson

⁴⁰ The CAP had 82 staff responsible for project implementation in four districts, while NUMU's total staff complement is at a similar level for 18 districts.

concerns the particular challenges posed by implementing community based approaches in a conflict environment. The uneven performance of NURP-I was attributable in significant measure to its assumption that improved social infrastructure would contribute to poverty reduction would in turn help to mitigate the causes of conflict which proved unfounded.⁴¹ NUSAF highlights the value of diagnostic work on the nature of the conflict and how this affects different segments of the population and focusing on conflict resolution as a central element in programme design. This may not be appropriate in all conflict environments but identifying the most vulnerable groups, assessing their priorities and the capacities of communities to plan and manage local development projects was a fundamental design pre-requisite for NUSAF.

A final consideration concerns the role of aid donors. Considerable scepticism remains among the donor community in Uganda on the validity and potential impact of NUSAF, as it is not integrated into the regular budgetary process and provides additional resources through local governments rather than supplementing existing programmes. However, the realisation of NUSAF's considerable potential in addressing deep-set problems of conflict and development in northern Uganda could unlock additional resources from donors who are willing to work with the national government and local authorities to rebuild the region's devastated infrastructure and create livelihood opportunities for a population impoverished by violent conflict.

⁴¹ In the event the conflict intensified from the late 1990s which in turn hampered the implementation of NURP-I, posing a risk to project staff who were unable to establish an effective field presence in some areas. For details see World Bank 1999, 2000.

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