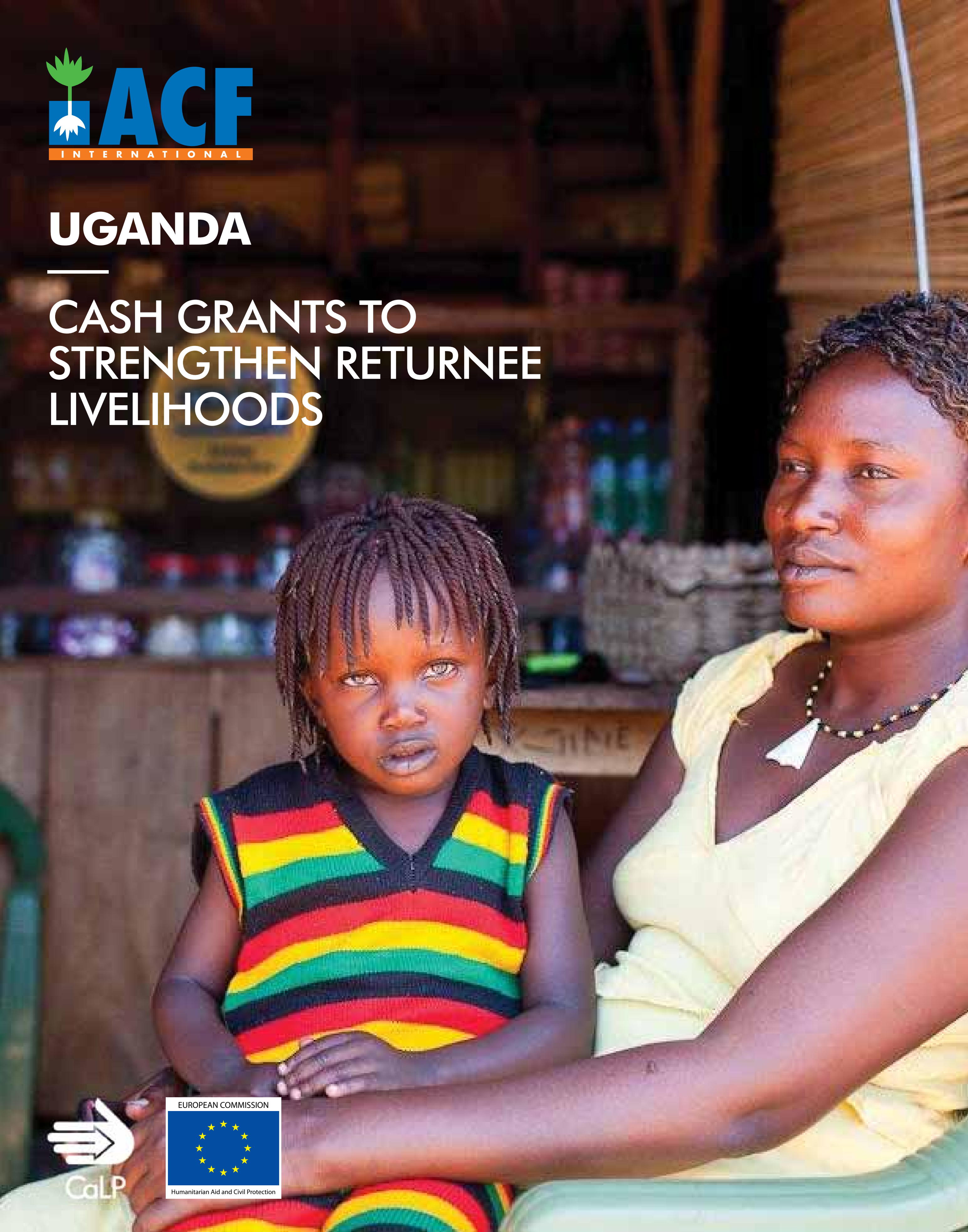

UGANDA

CASH GRANTS TO STRENGTHEN RETURNEE LIVELIHOODS

CaLP

EUROPEAN COMMISSION

Humanitarian Aid and Civil Protection

In support of the return and recovery effort of formerly war affected populations, ACF implemented a cash-based intervention in Otuke District of Northern Uganda. This programme assisted internally displaced persons (IDPs) with the return home and re-establishing their livelihoods. Vulnerable households received unconditional cash grants through bank accounts and trainings to support their long-term food security and livelihood (FSL) recovery and capacity.

Humanitarian context

Background

The Lord's Resistance Army (LRA) started its rebellion in 1987, turning the Ugandan government's attention away from cattle raids that had plagued Karimojan since 1979. Cattle raiders began larger, more extensive attacks in Otuke, which impacted the FSL status of the local population. The situation in Otuke deteriorated further when the LRA moved into the district in 2002. The LRA's assault on communities drove the district's entire population to take refuge at IDP camps. By the time a ceasefire agreement was signed in 2006, the people of Otuke had lost almost all of their assets as well as their livelihoods.

To support the return and recovery effort, the Royal Norwegian Embassy (RNE) funded the Livelihoods and Economic Recovery in Northern Uganda (LEARN) consortium. Composed of ACF, ACTED and Food for the Hungry, the consortium was devoted to using CBIs to address the populations' needs during its reestablishment in Otuke. ACF responded to the recovery effort using unconditional cash grants. The first year of the project, LEARN 1, ran from February 2009 through January 2010. At its concluded, the RNE agreed to finance an additional year of ACF's project. The second year, LEARN 2, ran from February 2010 through March 2011 using the same objective and programme design as LEARN 1.

Assessment

ACF uses an integrated approach to prevent and treat malnutrition. When LEARN 1 began, ACF already had active nutrition and water, sanitation, and hygiene (WaSH) programmes in Otuke. The FSL team used data from the nutrition programme in order to identify the most vulnerable areas of the district. For LEARN 1, ACF chose to target the 34 villages with the highest rates of malnutrition as per data from its nutrition programme where it was also implementing a WaSH programme.

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Program overview and rationale

ACF's objective was to reinforce the livelihoods and food security of households returning to Otuke using direct cash transfers at the household level.

The RNE specified in its call for proposals that it wanted agencies to use cash as a response tool. On its own prior to RNE's request, ACF had moved toward cash-based interventions as the recovery effort progressed. Within the region, ACF had used direct cash transfers in Kenya and South Sudan as well as many voucher programmes. Given the conditions and programme objective, ACF was confident in choosing to use cash grants in Uganda. Using direct cash transfers gave ACF the flexibility to target households that struggled to work. Direct cash also gave beneficiaries the flexibility to address a wider variety of economic constraints as any commodity or service provider can accept cash.

Implementation

Beneficiary selection and targeting

For LEARN 1, The CBI served 1,500 households that were selected at the village level through community meetings. Criteria included households facing labour constraints (single, elderly, child or chronically ill head of household; child in a nutrition feeding programme), economic constraints (loss of productive assets, high debt, no savings, limited purchasing power) and social constraints (no family support or external assistance, returnee, high number of dependents). Priority was given to households meeting multiple criteria. After the first instalment of funds, ACF used post-distribution monitoring data to revise the beneficiary list. 205 new beneficiaries were included in the CBI to replace households excluded due to death, relocation, and irresponsible spending. The 205 households that entered the programme late received a small transfer during LEARN 2 to compensate for having only received a single cash instalment in LEARN 1. Another 1,500 households were selected for LEARN 2 using the same selection method and criteria. At the end of LEARN 2, enough funding remained as a result of a favourable exchange rate for ACF to select an additional 377 beneficiaries.

Setting the value

The total value of the cash grant was 570,000 UGX (285 USD) and was distributed in two instalments. Favourable exchange rates, market prices, and the FSL team's estimation of household needs all influenced the value of the grant. Households had to submit action plans to

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ACF on how they intended to spend each cash instalment. Between July and August, households received an initial distribution of 250,000 UGX (125 USD). The remaining 320,000 UGX (160 USD) was distributed between November and January after households were verified for their eligibility and spending patterns. Between the first and second instalments, ACF also held trainings on crop production, livestock, animal traction and small business management. The grant value and distribution pattern was the same for LEARN 1 and 2. The additional 377 beneficiaries from the end of LEARN 2 each received a one-off grant of 350,000 UGX (150 USD), the value of which was based on the remaining funding.

Payment method

Cash transfers were made through Equity Bank in Lira, where ACF opened an account for each household. ACF had already established a relationship with Equity Bank through a cash-based intervention in Kenya from 2008. The bank opened accounts at no charge and came to the field to train the CBI participants about using bank accounts. Local infrastructure constraints prevented the establishment of ATMs or point of sale devices, which also would have been less cost effective. Instead, ACF transferred the grant funds to each household's account and then Equity Bank brought the cash to the field to distribute for each instalment. For security purposes, Equity Bank used a police escort when in the field.

Costs

Cash grants accounted for 39% of the planned budget but 45% of the spent budget in LEARN 1. The amount allocated for logistical support could have been reduced as cash transfers are less burdensome in this respect.[1] Higher support costs were due in part to staff not being as familiar with budgeting for CBIs.

Program impact

Post-distribution monitoring and evaluations found notable increases in household purchasing power. Both projects showed an increase in average 24-hour household dietary diversity scores (HDDS) – up from 3.3 to 4.7 for LEARN 1 participants and from 3.4 to 5.0 for LEARN 2 households. Improvements in HDDS occurred despite food price inflation rates of up to 45%, which suggests that the long-term accessibility to and availability of varied foods has improved as well. At the time of the final survey, households were also found to be more self-reliant for food than in previous surveys.

Households also had increased their asset holdings, both of livestock and material items, due to the LEARN projects. Continued growth in ownership of all livestock except cows after March 2011 suggests that households are going beyond maintaining what was obtained during the CBI and continuing to invest in livestock. Oxen ownership by beneficiaries is especially important as they are vital to agricultural productivity. Participants with oxen increased from 7% to 58% in LEARN 1 and from 0% to 62% in LEARN 2. The purchase of items vital to accessing markets, services, information, and communication indicate an improvement in standards of living.

[1] See Porteous, Obie C., "Livelihoods and Economic Recovery in Northern Uganda (LEARN-1): Reinforcing Returnee Livelihoods and Food Security through Direct Cash Transfers, Otuke County, Lira District, Northern Uganda, February 2009 - January 2010," project evaluation (July 2010).

Improvements in dietary diversity, self-reliance, livestock investments, and assets provide evidence of the stability of the food security and livelihood statuses of LEARN households. Many more beneficiaries are self-employed or involved in small businesses, and crop sales by LEARN 2 households have increased 22% since the project's baseline survey.

FIGURE 1 PROPORTION OF LEARN HOUSEHOLDS OWNING SELECTED ASSETS

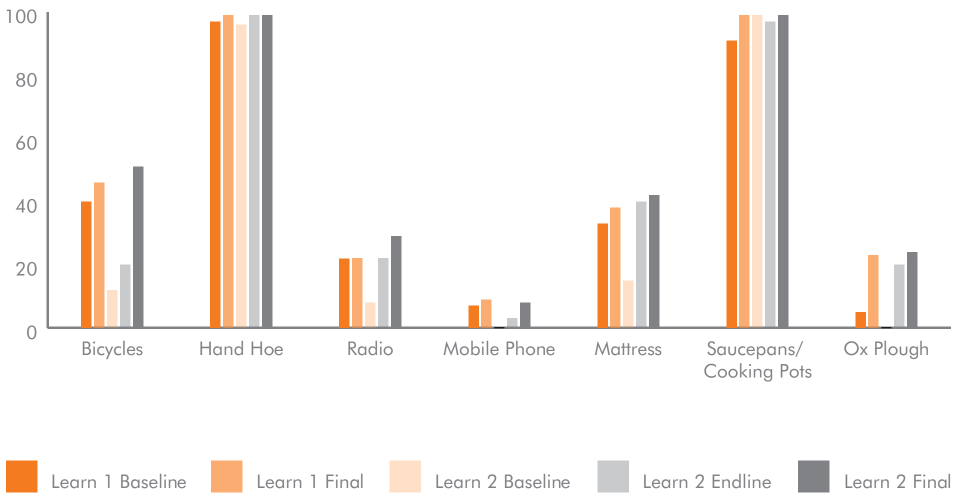
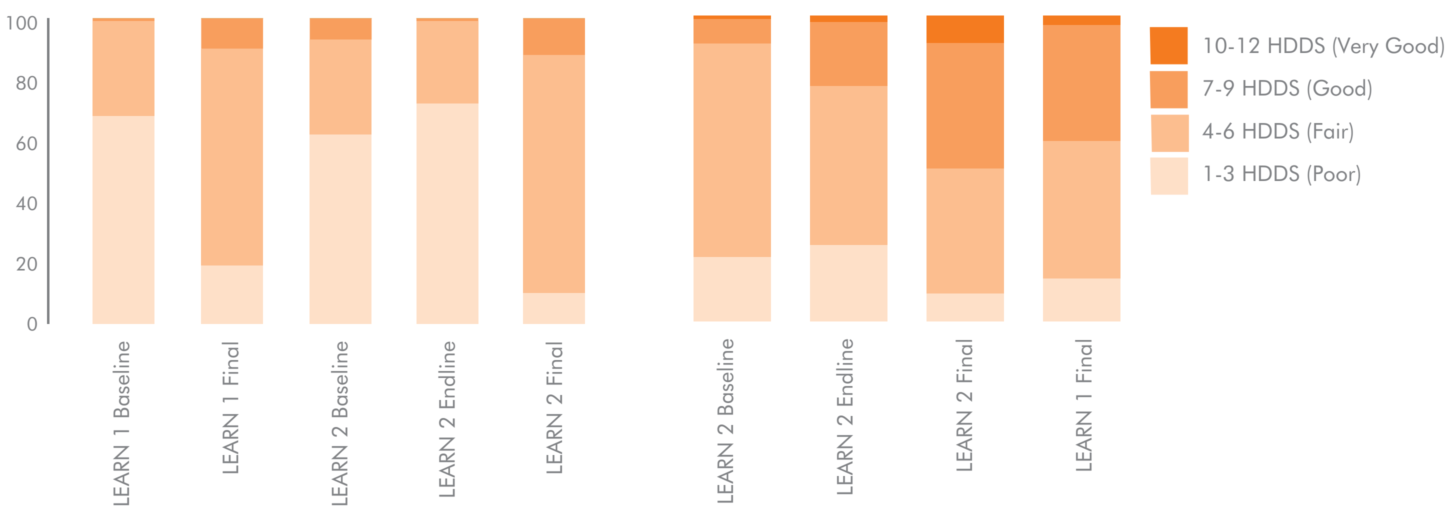


FIGURE 2 24-HOUR AND 7-DAY HDDS OF LEARN 1 AND 2 BENEFICIARY HOUSEHOLDS



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Lessons learned and recommendations

To increase preparedness to respond to future emergencies with a CBI (when appropriate), aid agencies should:

- Identify season-independent indicators that will provide additional evidence of the significant improvements that CBIs can have on food security and livelihoods at the household level.
- Divide the grant into distributions based on anticipated spending patterns. Beneficiaries' tendency toward purchasing items to build their asset base should be balanced with a monitoring scheme that gives the agency an opportunity to continue trainings and to hold households accountable for their spending.
- Prioritize targeting of extremely vulnerable individuals. In this CBI, more vulnerable beneficiaries experienced greater improvements in all of the FSL indicators than less vulnerable but still qualifying beneficiaries.
- Work with communities on developing a long-term vision of assets purchased using grant money to overcome any short-sightedness that may arise as a result of unexpected events.

To improve future CBI planning and implementation, aid agencies should:

- Promote unconditional cash transfer projects as a response to livelihood recovery for vulnerable households.
- Offer guidance to households on how to spend the grant in a fashion that does not convey a requirement to follow the advice of the agency.
- Include in beneficiary orientation and training an explanation about the full potential and sustainable benefits of the wide variety of assets they can purchase due to the CBI, and tactics for reducing losses should be offered at all stages of the programme.
- Investigate the impact on beneficiaries of cultural practices that diminish their assets. Once the social advantageous and measurable disadvantageous are considered, develop a policy for addressing these issues in a sensitive way.
- Assess household FSL status at least one year after the final installation of funds and schedule the final assessment to correspond to previous assessment timing.

Contact details and further reading

Silke Pietzsch, Senior Food Security and Livelihood Advisor, ACF-USA,
spietzsch@actionagainsthunger.org

For more detailed information on the impact of cash transfers on household-level food security and livelihoods in this programme, please refer to the evaluation by Emily Sloane, "Livelihoods and Economic Recovery in Northern Uganda (LEARN 1 & 2): Reinforcing Returnee Livelihoods and Food Security through Direct Cash Transfers, Otuke District, Lango Sub-Region, Northern Uganda, February 2009 - March 2011," (Dec 2011).

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