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Enabling poor rural people  
to overcome poverty

**President's report on a proposed grant  
under the country-specific grants  
window to the Uganda Women's Effort  
to Save Orphans for**

**Institutional Capacity Strengthening,  
Resource Mobilization and Rural  
Financial Services Expansion**

Executive Board — Ninety-fourth Session  
Rome, 10-11 September 2008

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For: **Approval**

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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## **Abbreviations and acronyms**

OVC	orphans and other vulnerable children
UWESO	Uganda Women's Effort to Save Orphans
VSLA	village savings and loan association

## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for the proposed grant under the country-specific grants window to the Uganda Women's Effort to Save Orphans for Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion, as contained in paragraph 7.



## **President's report on a proposed grant under the country-specific grants window to the Uganda Women's Effort to Save Orphans for Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion**

I submit the following report and recommendation on a proposed grant under the country-specific grants window to the Uganda Women's Effort to Save Orphans (UWESO) in the amount of US\$680,000.

### **Part I – Introduction**

1. This report recommends the provision of IFAD support to the Uganda Women's Effort to Save Orphans (UWESO).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report: Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion.
3. The objectives and content of the programme are in line with the evolving strategic objectives of IFAD and the policy and criteria of IFAD's grant programme.
4. The overarching strategic objectives that drive the IFAD Policy for Grant Financing, which was approved by the Executive Board in December 2003, are:
  - (a) Promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or
  - (b) Building pro-poor capacities of partner institutions, including community-based organizations and NGOs.
5. Deriving from these objectives and those of the IFAD Strategic Framework 2007-2010, the specific aims of IFAD's grant support relate to: (a) the Fund's target groups and their household food-security strategies, with particular reference to groups in remote and marginalized agroecological areas; (b) technologies that build on traditional local/indigenous knowledge systems, are gender-responsive, and enhance and diversify the productive potential of resource-poor farming systems by improving on- and off-farm productivity and by addressing production bottlenecks; (c) access to productive assets (land and water, a broad range of rural financial services, labour and technology); (d) the sustainable and productive management of natural resources, including sustainable utilization and conservation of such resources; (e) a policy framework at both the local and the national level that provides the rural poor with a conducive incentive structure to improve their productivity and reduce their dependence on transfers; (f) access to transparent and competitive input/product markets and making these work for the poor primary producers involved in remunerative small and medium-sized enterprises and value chains; and (g) an institutional framework within which institutions – formal and informal, public- and private-sector, local and national alike – can provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD's grant financing supports commodity-based approaches for self-targeting among the rural poor. Finally, IFAD's grant programme fosters the establishment and strengthening of networks for pro-poor knowledge generation and exchange, which in turn enhances the Fund's own capacity to establish long-term strategic linkages with its development partners and to multiply the effect of its grant-financed research and capacity-building programmes.

6. The proposed grant responds to the foregoing strategic objectives and is in line with the IFAD Strategic Framework 2007-2010, which has an overarching strategic goal of enabling poor rural women and men in developing countries achieve higher incomes and improved food security. In particular, this grant supports the strategic objective of providing a broader range of sustainable financial services to poor rural people.

## **Part II – Recommendation**

7. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion, shall make a grant not exceeding six hundred and eighty thousand United States dollars (US\$680,000) to the Uganda Women's Effort to Save Orphans (UWESO) for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Lennart Båge  
President



# Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion

## I. Background

1. Uganda has the highest population growth rate in the world (3.9 per cent), and because of the HIV/AIDS epidemic, about one tenth of the children under 18 are considered single or double orphans. In 1986, the Uganda Women's Effort to Save Orphans (UWESO) was founded to rescue needy children left parentless by the civil war of the early to mid-1980s and from the effects of HIV/AIDS. UWESO organizes volunteer groups at the parish, sub-county and district level, each led by an executive committee.
2. IFAD support to UWESO was initiated in 1994, with grant funds from the Belgian Survival Fund, and this partnership has provided about US\$4.1 million over 14 years. UWESO is now a respected and nationally recognized NGO with a focus on mitigating the impact of HIV/AIDS on vulnerable children and their households. From 1999 to 2004, the number of self-help groups at the parish and village level increased from 38 to 550, with more than 17,000 households (or 102,000 individuals) receiving services relating to orphans and other vulnerable children (OVC). With support for health and education, these children have become productive members of society. IFAD's 2004 country strategic opportunities paper recommended that IFAD should continue support to UWESO. Currently UWESO is receiving funds from, among others, the United Kingdom's Department for International Development (DFID), the United States Agency for International Development (USAID), the United Nations Children's Fund (UNICEF) and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

## II. Rationale and relevance to IFAD

3. The proposed IFAD support for UWESO is aligned to the Fund's strategic objectives for achieving higher incomes and improved food security for the poorest rural people in Uganda. The grant will support sustainable financial services to poor rural people and improved household food security, while strengthening UWESO as an institution and enhancing its resource mobilization capacity in line with its own strategic plan for 2006-2010. The grant will specifically support the expansion of its village savings and loan associations (VSLAs) programme for savings mobilization and the strengthening of food security through improved sanitation and recycling of human waste as fertilizer.<sup>1</sup> Both of these activities support the Government's policy of providing access to rural financial services for the poorest households and its focus on improved sanitation in rural areas. The approaches used by UWESO, which include techniques for coaching and mentoring the poorest individuals, will be scaled up under two of IFAD's ongoing programmes, the District Livelihoods Support Programme and Rural Financial Services Programme.

## III. The proposed programme

4. The overall goal of this grant to UWESO is to build the organization into a strong, child-focused NGO that can provide social protection to its membership. This support will empower UWESO clusters to be self-sustaining through a holistic package of interventions at the household level. Specific objectives are to:
  - Moderately scale up UWESO's current VSLA and OVC support activities;
  - Pilot the productive sanitation systems technique to improve agricultural productivity, sanitation and food security for OVC households;

<sup>1</sup> Uganda was selected under a regional IFAD grant programme to pilot activities for productive sanitation systems, which mobilize soil nutrients from sanitized and recycled human waste, in lieu of fertilizers, providing a low-cost solution for the poorest households to raise agricultural productivity.

- Strengthen the technical capacity of UWESO to deliver an improved integrated package of services to its members and beneficiaries; and
- Improve the long-term resource mobilization capacity of UWESO at international, national and regional levels.

5. The programme will have a three-year duration and will comprise four components:

**Expansion of rural financial services by scaling up UWESO's national village savings and loan associations programme.** Activities will include:

- Building community awareness and promoting a culture of savings;
- Carrying out external recruitment and training, and ensuring greater selectivity of staff and field trainers;
- Establishing 1,800 VSLAs and formalizing existing spontaneous groups;
- Strengthening VSLA group training methodology and innovations; and
- Introducing a more formal registration system resulting in a professional association of community-based trainers.

**Strengthening of UWESO's long-term resource mobilization capacity at national and regional levels.** UWESO plans to diversify its income and revenue capabilities in order to maintain programme operations. Its goal is to generate internally 20 per cent of its operational costs by introducing several key initiatives, which include:

- Developing a resource mobilization strategy and business plan;
- Introducing a partial cost recovery model for VSLA services;
- Recruiting resource mobilization staff; and
- Identifying and retaining a pool of long-term committed donors.

**Piloting of the productive sanitation systems technique.** Activities are expected to lead to improved agricultural productivity, sanitation and food security for OVC households, and will include:

- Selecting pilot sites;
- Training concerned households and school members in collection and sanitization techniques for human waste;
- Establishing demonstration crop plots; and
- Assessing impact and learning for possible scaling up.

**Building and strengthening of UWESO's technical capacity to deliver an improved integrated package of services to its members and beneficiaries.**

Activities will include:

- Providing regional staff training;
- Providing cluster leadership training;
- Mapping regional service provision and conducting a baseline study of OVC service provision; and
- Monitoring registered community-based organizations at the regional level and mentoring these organizations.

## **IV. Expected outputs and benefits**

6. The overall expected outputs of the grant are:
  - An upgraded and expanded VSLA programme with villagers managing their own rural financial services and paying a modest fee to UWESO;
  - OVC households having increased access to funds, financial stability and improved incomes;
  - Transformation of self-help groups into registered sustainable community-based organizations, which could eventually scale up to savings and credit cooperatives;
  - Increased agricultural output from appropriate reuse of human waste resulting in improved health and food security;
  - Strong decentralized regional offices with the ability to deliver high-quality extension support and technical assistance through a cadre of highly trained field and technical staff;
  - A consolidated UWESO business plan for sustained organizational development, which will then be used as the basis for raising funds for its activities; and
  - A sustainable organization with a dedicated pool of long-term committed donors.

## **V. Implementation arrangements**

7. The overall responsibility for coordinating and implementing the grant will lie with UWESO's Executive Director through existing UWESO staff and constituents recruited using funds from the grant. UWESO is familiar with IFAD's financial management, accounting, procurement and audit requirements, and has a track record of timely provision of required documentation. IFAD will supervise implementation of UWESO activities concurrently during the annual supervision missions of other IFAD-financed projects in Uganda.
8. Given the importance that UWESO attaches to the VSLA programme, the organization aims to have at least one specialist project officer in each regional office dealing only with this programme. The programme will be complemented and made operational by community-based trainers. Learning from past experience, UWESO has adopted the best practice of using specific caseload ratios for recruitment and supervision of VSLAs, so that staff are not overburdened. It has also adopted monthly VSLA reporting using a modern management information system. One of UWESO's partners, VSL Associates Ltd, a leading consulting firm specializing in VSLA methodology, is available at no cost to IFAD if and when further consultation is needed. UWESO also plans to engage external consultants to develop a strategic business plan and resource mobilization strategy.
9. UWESO will submit an annual workplan and budget to IFAD for approval. UWESO will be responsible for preparing six-monthly reports, which will give information on the physical and financial progress of grant activities in relation to the annual workplan and budget. Monitoring of implementation achievements will be in line with the indicators of UWESO's strategic plan and the IFAD grant. The IFAD grant will be audited as part of UWESO's annual audit.

## VI. Indicative programme costs and financing

10. The total IFAD grant will be US\$680,000. There will be five expenditure categories: (i) personnel/salary costs (15.7 per cent); (ii) equipment, vehicles and material (22.8 per cent); (iii) training/capacity-building (22.8 per cent); (iv) consultant services (16.2 per cent); and (v) operational costs (22.5 per cent).

### Summary of budget and financing plan

(United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>
Personnel/salary costs	106 740
Equipment, vehicles and material	154 890
Training/capacity-building	154 710
Consultant services	110 200
Operational costs	153 460
<b>Total</b>	<b>680 000</b>

# Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To strengthen and enhance UWESO's institutional capacity to enable it to effectively improve the incomes, livelihoods and quality of service to its members.	<ul style="list-style-type: none"> <li>▪ Value of participating members savings higher than the baseline at 2008<sup>a</sup></li> <li>▪ % of practicing households reporting increased business productivity from the baseline at 2008</li> <li>▪ Supervision and financial requirements are met 100% by UWESO</li> <li>▪ Level of resources raised by UWESO higher than the baseline at 2008</li> </ul>	<ul style="list-style-type: none"> <li>▪ Audited financial reports</li> <li>▪ Programme evaluation reports</li> <li>▪ VSLA MIS Report</li> <li>▪ Household surveys</li> <li>▪ Partnership/donor agreements</li> <li>▪ Evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conducive economic and political environment during the project period</li> <li>▪ The required level of funding is made available</li> </ul>
<b>Objectives</b>	<ol style="list-style-type: none"> <li>1. Expansion of rural financial services through the scaling up of UWESO's national village savings and loan associations (VSLA) programme.</li> <li>2. To improve agricultural productivity and food security for households of orphans and vulnerable children (OVC)</li> <li>3. To build and strengthen the technical capacity of UWESO to deliver an improved integrated package of services to its members and beneficiaries.</li> <li>4. To strengthen the long term resource mobilization capacity of UWESO at national and regional levels.</li> </ol>	<ul style="list-style-type: none"> <li>▪ 1,800 VSLA formed, 560 spontaneous groups formalized and operating successfully<sup>b</sup></li> <li>▪ % of participating households reporting having initiated business as a result of participation</li> <li>▪ The number of OVC households trained in Productive Sanitation Systems (PSS) methodology</li> <li>▪ The quantity of hygienized human waste produced from pilot operations</li> <li>▪ The level of increase in crop yield from use of hygienized human waste</li> <li>▪ % of CBT associations meeting regulatory standards on compliance checking</li> <li>▪ % of CBOs (transformed clusters) implementing grant programmes</li> <li>▪ UWESO regional offices equipped with requisite infrastructure in place</li> <li>▪ Trained UWESO staff demonstrate improvement in the quality of their delivery</li> <li>▪ Amount and sources of funds obtained as a result of implementing business plan</li> <li>▪ Amount and sources of external funding mobilized at regional and national levels</li> <li>▪ Amount of funds obtained from service fees</li> </ul>	<ul style="list-style-type: none"> <li>▪ VSLA MIS reports</li> <li>▪ Individual share passbooks</li> <li>▪ Monitoring &amp; Evaluation reports</li> <li>▪ Field reports</li> <li>▪ Mid-term review report</li> <li>▪ Financial statements and reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supportive /positive community responses to VSLA Programme (especially introduction of cost sharing)</li> <li>▪ The required level of funding is made available</li> <li>▪ Stigma associated with the reuse of human waste is overcome</li> </ul>
<b>Outputs (by activities)</b>	<p>Component 1:</p> <ul style="list-style-type: none"> <li>▪ Mobilization, sensitization and training of clusters/ VSLAs</li> <li>▪ Establishment of VSLAs and formalization of existing spontaneous groups</li> <li>▪ Introduction of fees for services</li> <li>▪ VSLA group training innovations</li> <li>▪ Initiation, formation and formalizing of registration of CBTs Association</li> </ul> <p>Component 2:</p> <ul style="list-style-type: none"> <li>▪ Selection of field pilot operations</li> <li>▪ Development of village action plan and capacity building</li> <li>▪ Awareness raising workshops and participant training</li> <li>▪ Impact Assessment</li> </ul> <p>Component 3:</p> <ul style="list-style-type: none"> <li>▪ Regional staff training</li> <li>▪ Cluster organizational development and leadership training</li> <li>▪ Regional OVC service provision mapping</li> <li>▪ Regional monitoring and mentoring of registered CBTs</li> <li>▪ Head office support and supervision to field offices</li> </ul> <p>Component 4:</p> <ul style="list-style-type: none"> <li>▪ Development of UWESO Business Plan</li> <li>▪ Development of a resource mobilization strategy</li> <li>▪ Introduction of a partial cost recovery model for VSLA</li> <li>▪ Recruitment of resource mobilization staff</li> </ul>	<ul style="list-style-type: none"> <li>▪ 18 district sensitization workshops held</li> <li>▪ 1,800 VSLA trained and established</li> <li>▪ 560 existing spontaneous VSLA groups formalized</li> <li>▪ Methodology/system for service fee collection in place</li> <li>▪ Image-based teaching aids developed</li> <li>▪ 6 CBT Professional Associations in place<sup>c</sup></li> <li>▪ Number pilot operations implemented</li> <li>▪ Number of individuals trained in PSS methodology</li> <li>▪ Number of workshops and training sessions held</li> <li>▪ % increase in crop productivity and soil fertility</li> <li>▪ 3 staff (regional and national) training sessions held</li> <li>▪ Organizational development assessment of clusters conducted</li> <li>▪ 3600 cluster leadership trainings held</li> <li>▪ 300 clusters registered as CBOs</li> <li>▪ Regional OVC service providers identified</li> <li>▪ 12 quarterly Head office support and supervision visits to each regional office held</li> <li>▪ UWESO Business Plan in place</li> <li>▪ Resource mobilization strategy in place</li> <li>▪ Partial cost recovery model -10% of assets at share out implemented</li> <li>▪ Resource mobilization staff recruited</li> </ul>	<ul style="list-style-type: none"> <li>▪ VSLA MIS report</li> <li>▪ Baseline survey</li> <li>▪ Attendance list of staff trained</li> <li>▪ Workshop programmes/reports</li> <li>▪ Evaluation report</li> <li>▪ Monthly regional reports to Head office</li> <li>▪ Registration certificates for CBOs and CBT Association</li> <li>▪ M&amp;E reports</li> <li>▪ Mid term review report</li> <li>▪ Impact assessment report</li> <li>▪ UWESO Plans in place</li> <li>▪ M.O.U, PCA, Funded Proposals</li> <li>▪ Financial statements and reports</li> <li>▪ HR inventory</li> </ul>	<ul style="list-style-type: none"> <li>▪ VSLA MIS report</li> <li>▪ Baseline survey</li> </ul>

<sup>a</sup> All targets will be measured from a baseline of 2008. Baseline data will be established via a baseline survey at the beginning of the project.

<sup>b</sup> Operating successfully is defined as "a group demonstrating/implementing correctly the VSLA methodology version 3.0".

<sup>c</sup> It is anticipated that each of UWESO's six regions will register an association of CBTs.