



Crisis and Disaster Risk Finance Executive Education Program

CDRF Country Impact Stories

Disaster Risk Finance Impact
Stories in Uganda



Here With You Today From Uganda



Maris Wanyera

Role

- ◆ Acting Director, Directorate of Debt & Cash Policy

Department

- ◆ Ministry of Finance Planning & Economic Development



Jennifer Muhuruzi

Role

- ◆ Ag Director of Treasury Services and Asset Management

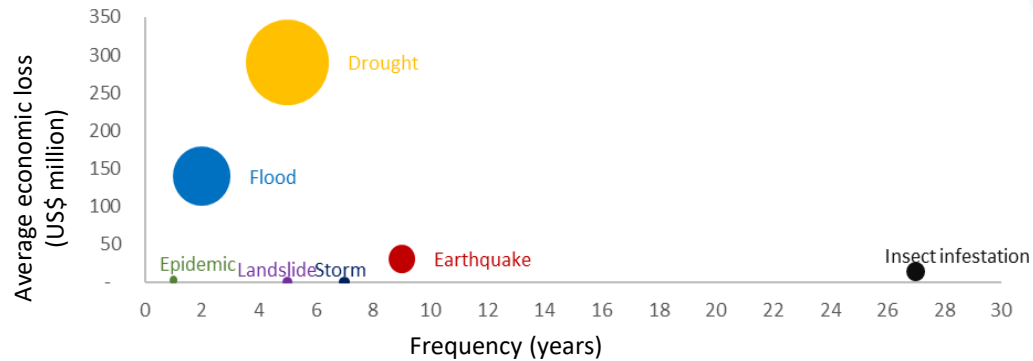
Department

- ◆ Treasury Services & Asset Management, Ministry of Finance, Planning & Economic Development

Uganda is experiencing an increase in climate shocks with 1% to 7% of Uganda's GDP impacted annually



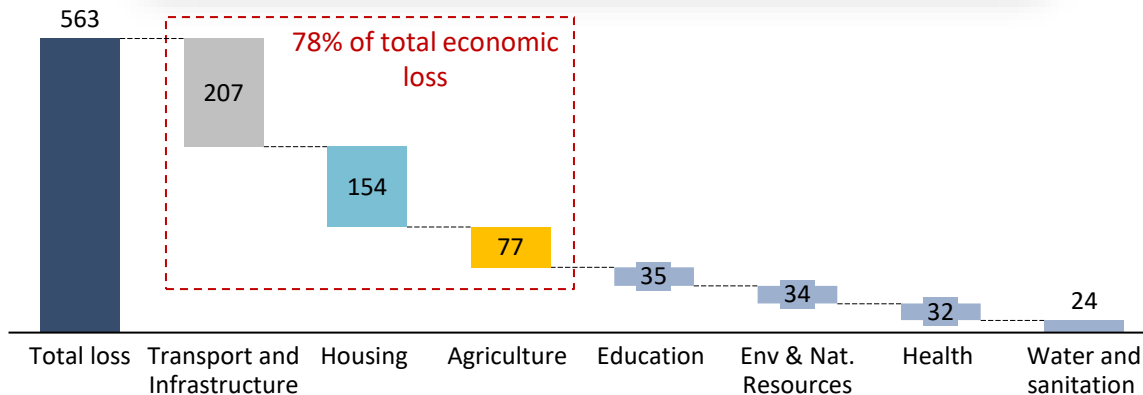
Average Economic Loss and frequency per peril



- ◆ Drought and Flood have the highest average economic loss,
- ◆ Drought and flood are the most frequent, with 5 and 2 years in return period, respectively

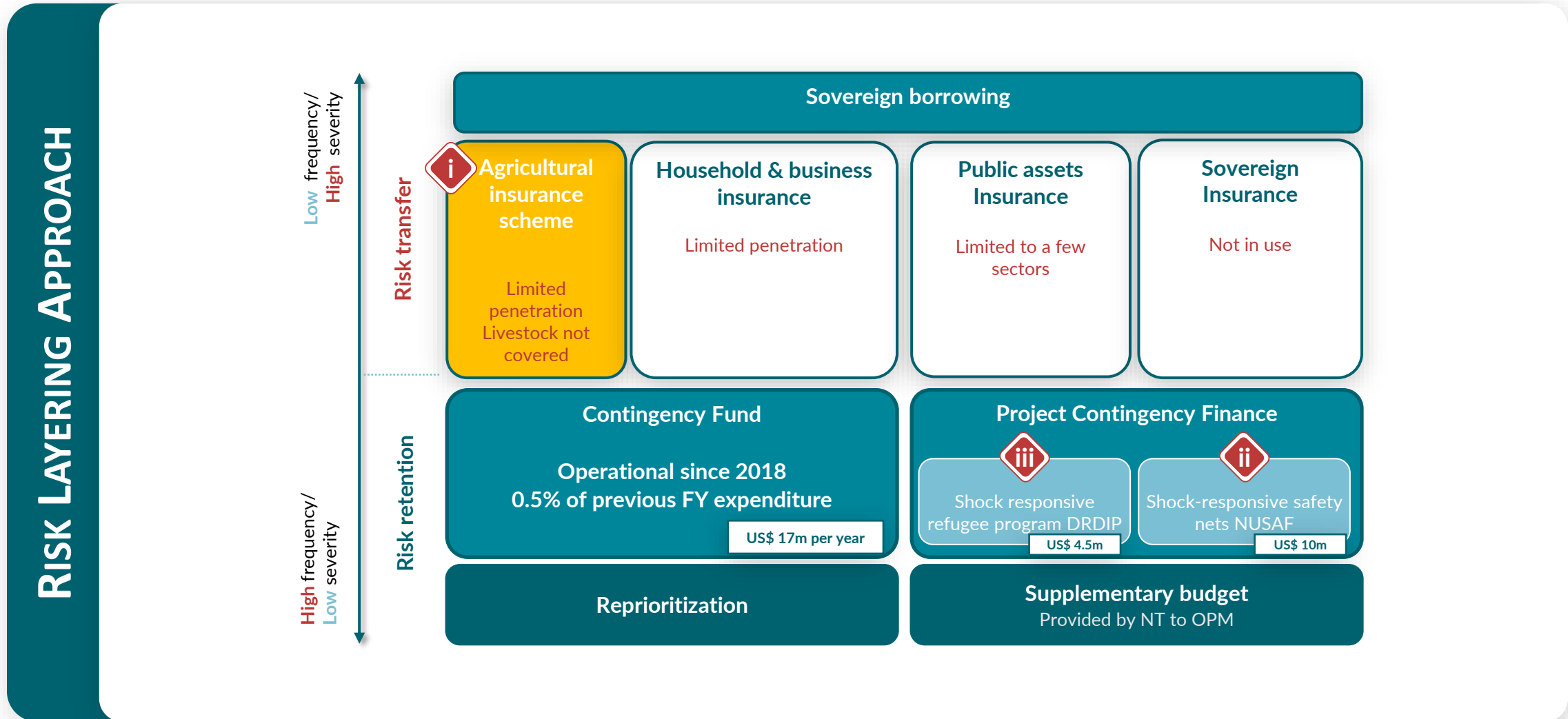


Direct economic losses of 2020



- ◆ Direct economic losses of UGX 563.24 billion (US\$158.7 m. 0.4% of GDP) in 2020, up 14% compared to the previous year
- ◆ Productive sectors transport, infrastructure, agriculture, and housing the most affected
- ◆ GDP growth fell by 3.5% on average due to climatic shocks (2010-2014)

GoU is working towards adopting a comprehensive disaster risk financing strategy to address scale of need and financial inclusion



PPP is expanding agricultural insurance, enhancing lending to farmers and increasing investment in productivity

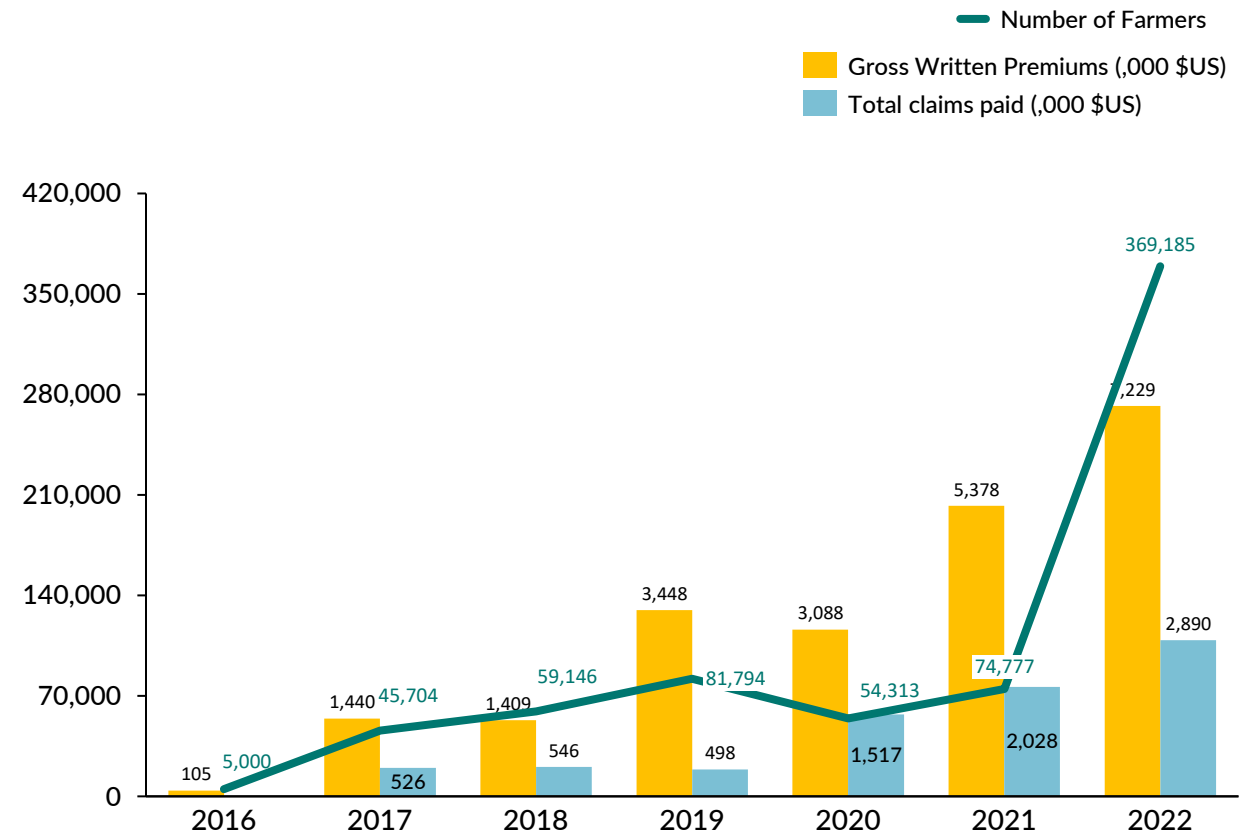
AGRICULTURE INSURANCE SCHEME

De-risk and facilitate credit for smallholders:

- ◆ Led to a 4% increase in total Agriculture banking sector loans from 2018 to 2020
- ◆ **Lesson learned:** Loss ratios seem to be lower when programs are managed by the private sector, with support from the Government through PPPs

Encourage productive investment behavior

- ◆ Led smallholders to invest more in seeds, tools, and labor.
- ◆ Newly insured Ugandan smallholders with one acre of land increased investment by 60-70%, and those with five or more acres increased investment by 100%



Source: Insuring previously uninsurable small farmers in Uganda – UK Research & Innovation; Final Systems Thinking Report Access to Finance Uganda Horticulture Smallholders – Netherlands Ministry of Foreign Affairs

National Uganda Social Action Fund consist of 4 major components



SHOCK-RESPONSIVE SAFETY NET

National Uganda Social Action Fund (NUSAF)

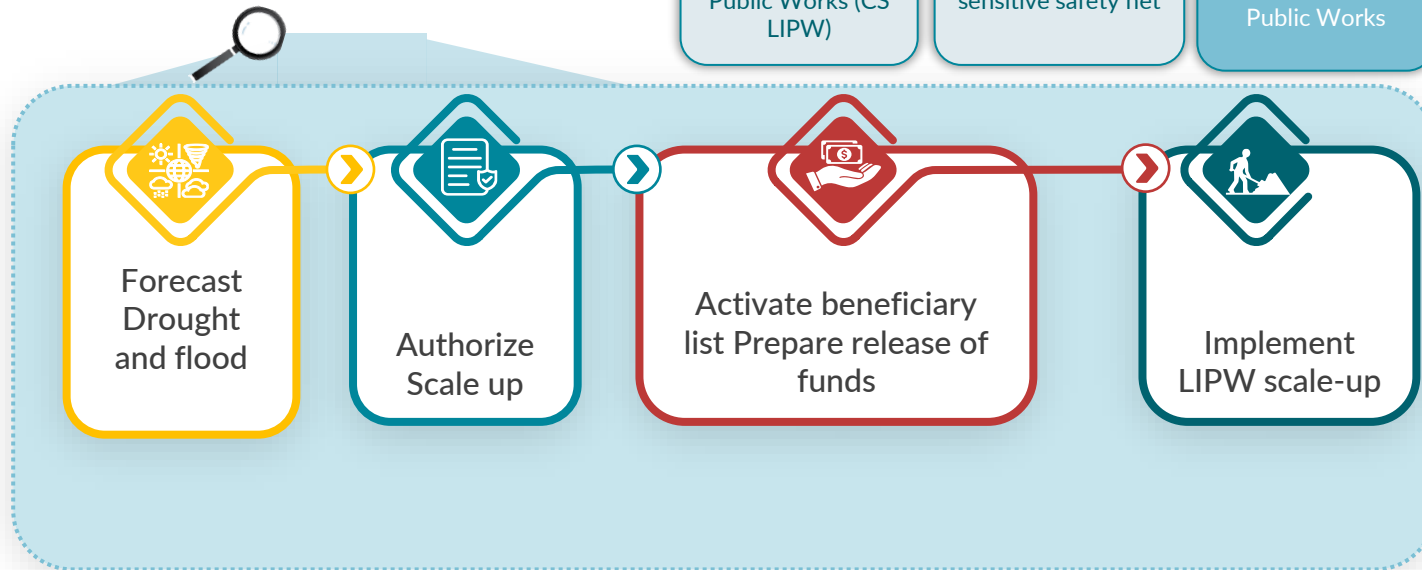
Component 1:
Sustainable Livelihoods Enhancement

Component 2:
Strengthening Safety Nets for Enhanced Resilience and Human Development

Climate-smart Labor-Intensive Public Works (CS LIPW)

Gender and nutrition sensitive safety net

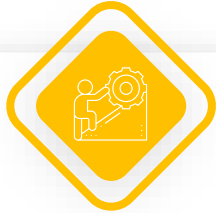
Shock responsive Labor-Intensive Public Works



Key Impacts

- ◆ Successfully piloted for drought and triggered 3 times over the duration of the project
- ◆ GoU realized 51% savings in its overall emergency response for UGX 19bn in FY2016/17.
- ◆ Household adaptive capacity increased, evidenced by a decrease in negative coping as seeking food from relatives dropped from 56% to 29%.
- ◆ Food consumption stabilized as households eating one meal per day fell from 44% to 29%
- ◆ Community assets constructed through the program enhanced access to basic services (health, education, markets)
- ◆ Now being expanded to more districts and for flood

Displacement Crisis Response Mechanism (DCRM) disburses funds to increase public services, education, healthcare, and water in refugee host districts



Challenges

- ◆ By the end of 2023, Uganda hosted 1.6 million, a 12% compound annual growth from 645,000 in 2015
- ◆ This displacement affects both refugee and host communities, which have different levels of access to services, livelihoods, and assets
- ◆ Refugee influx increases risk of violent conflict due to unequal access to public services

DRDIP objectives for communities hosting refugees:



Improve access to basic social services



Expand economic opportunities



Enhance environmental management

To do so:

A

DRDIP follows a cross-sectoral approach to strengthen social services access and expand economic opportunities

B

Leverages Displacement Crisis Response Mechanism (DCRM) to enable rapid scale - up in response to refugee influx

Key Impacts

- ◆ 1st disbursement in 2021, US\$ 1.2 m. to finance education, health, and water infrastructure in **two districts** heavily impacted by refugee inflows
- ◆ 2nd disbursement in 2023, for US\$ 3.3 m. to
 - Increase drinking water access in response to a recent drought
 - 12 classrooms,
 - 222 water points
 - 4 healthcare facilities **across 4 districts**

Thank You

Disaster Risk Financing & Insurance Program



SUPPORTED BY

WORLD BANK GROUP