UGANDA CO-OPERATIVE ALLIANCE LIMITED

ANNUAL REPORT
for the year 2004/2005

Annual Report
for the year 2004/2005

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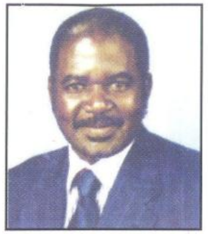
UCA BOARD OF DIRECTORS

1.	Mr. Joseph Mukasa	-	Chairman
2.	Ms. Justine Kazungu	-	Vice Chairperson
3.	Mr. Beingana Geoffrey	-	Treasurer
4.	Mr. Lawrence Tiruganya	-	Member
5.	Mr. Jackson Oyugi	-	Member
6.	Ms. Lydia Turyahumura	-	Member
7.	Mr. Charles Esolu	-	Member
8.	Mr. Fred Mwesigye	-	Member

UCA SENIOR STAFF MEMBERS

1. Mr. L. Msemakweli	-	Chief Executive Officer, UCA
2. Mr. Innocent Muhereza	-	Project Manager, IFAPI
3. Mr. Stephen Musinguzi	-	Project Manager, YEECO
4. Mr. Billy Butamanya	-	Project Coordinator - CECFIS
5. Mr. Elijah Kajubi	-	Project Manager - LIFE
6. Mr. Chris Ibyisi Ntabyo	-	Project Manager - FETAS
7. Ms. Henrietta Tibananuka	-	Chief Accountant
8. Mr. Josephat Byaruhanga	-	Marketing Specialist - FETAS
9. Ms. Alice Tibazalika	-	Training Coordinator/ Gender, FETAS
10 Mr. P. Muumba	-	Deputy Coordinator, CECFIS
11.Mr. B. Barigye	-	IFAPI
12.Mr. Hosea Masaba	-	IFAPI
13.Ms. Eva Gumisiriza	-	Project Monitoring & Evaluation Officer



UGANDA COOPERATIVE ALLIANCE LTD. REG. NO. 1850

CHAIRMAN'S STATEMENT TO UCA AGM 30TH SEPTEMBER 2005

I welcome you to this August meeting. On behalf of the Board and management, allow me to present to you the activities carried out, achievements, challenges, planned activities and the way forward. This statement will as well cover education, training, publicity, information, representation, advocacy, resource mobilization and generation of new ideas as these are the main duties with which UCA is charged.

ACHIEVEMENTS

Coop Day

After a lapse of five years, the cooperators in Uganda marked the International Cooperative Day on the first Saturday in July 2004. It was a colorful occasion at the constitution square in the heart of Kampala. It was made more meaningful by the cooperators' exhibitions.

Resolutions

Specific efforts were made to implement resolutions that had been made by UCA AGMs since 1996. These were divided into two; resolutions requiring further consideration, and those which management has to implement. Those to be resolved on will be handled by the Pre-AGM of 2005 and those to be implemented will be highlighted for notifying the members.

Cooperative Policy

Early 2005, UCA submitted to the Minister of Tourism, Trade and Industry the cooperative movement's input to cooperative policy. The cooperative policy is at cabinet stage now.

Evaluation

Board and management finalized instruments for the periodic evaluation of the Board, General Secretary and UCA staff. These have not been in place. Delegates will also have to submit evaluation on how UCA objectives are being met or implemented. This is an innovation.

Organizational Development (OD)

UCA undertook a systematic organizational development (OD). It is ongoing.

The Cooperative Bank

The General Secretary and I met the Deputy Governor Bank of Uganda. We learnt that the liquidator could start handling creditors in 2006. As for the new bank, we were advised to consider viability, sustainability and ownership. Ideally, owners should be financial institutions like micro finance and village banks. The General Secretary was advised to make Terms of Reference (TOR) of the study for the proposed peasant producers' bank. It may take about five years for the bank to be in place.

PLANNED ACTIVITIES.

The following activities are to be carried out. Mark International Cooperative day at National and may be lower levels. Continue with the OD. Follow up the implementation of the resolutions, amend the cooperative law. Follow the progress of the cooperative policy. Follow the progress of the law reform commission with specific interest to the cooperative law. Put in place a business plan 2006 – 2010. Carry out zonal / regional meetings in an effort to meet and sensitize members. Distribute AGM documents in advance. Attend the 8th conference of African Ministers responsible for cooperatives to be held in Lesotho in September 2005. Attend the ICA General Assembly in Colombia in September 2005.

CHALLENGES

Much as we are eager, able and willing to plan and implement, there are some challenges. Some members are silent and we do not know whether they are satisfied or not. We shall have to tickle them through the planned meetings. Some members have not realized the implications of autonomy and sustainability, systematic sensitization and crisis awareness will have to be carried out. Members not fulfilling their duties and obligations. Members will have to internalize these laws and management will constantly draw their attention to them. By UCA excelling in the activities we create overwhelming demands that cannot be met by the available limited resources. Board and management will have to be logical, systematic and focused in addressing this challenge. Ensure that we recruit, motivate and retain the most efficient and effective staff.

UCA SPECIFIC DUTIES

Education and Training

UCA has not done enough in this area. There is a lot that has to be done. We shall start with compiling members' needs, costing them, making course schedules and then cost-share. There is also need to implement / enforce the payment of National Cooperative Education Fund. We shall seek for a joint meeting with the Commissioner and the Principal of the Cooperative College, Kigumba for harmonization.

Publicity and Information

The cooperator has been running for two years now. We propose to improve on quality, appearance and circulation. We expect members to fund this through the UCA core budget. Use will be made of radios and TV programmes in addition to telecenters as well.

Representation and Advocacy

This has been effectively done. Nationally, the Chairman of UCA was chosen by the Private Sector Foundation Uganda (PSFU) to represent the Private Sector on Environment, Energy and Natural Resources (ENR) Sector Working Group, on PEAP matters. He effectively contributed.

Regionally, UCA attended the regional assembly in Cape Verde. In 2004 the Chairman was elected Vice President, ICA Africa Region.

Internationally, in addition to being a member of ICA HRD Committee, Joseph Mukasa was appointed a member of the 8-man Good Governance Working Group. This committee handles challenging cooperative issues passed on to it by the ICA Board.

Resource Mobilization

We expect to implement this through the budget process at the AGM. We shall start with the funding of the cooperative day – 20m, the magazine – 10m, the AGM – 10m, mobilization and sensitization – 20m, progress steadily.

Generation of New Ideas

We shall do these through systematically organized meetings, questionnaires, correspondences, magazines and any other means.

Way Forward

We shall have to make a revival of the cooperative movement a reality. Working hand in hand with the Registrar we shall have to make systematic well organized meetings at different levels for the cooperators for crisis awareness and instantaneous action / revival. Such meetings are: at national level, convened by the Commissioner for all registered unions (Chairman, Treasurer, Chief Executive) plus DCO in October at Maganjo Training Centre. All district cooperative unions to hold special general meetings at their headquarters. Participants should be (Chairman, Treasurer, Manager) of primary societies in November. At administrative district headquarters – all types of cooperatives in that district will attend one-day meeting, preferably convened by DCOs early December. Then mid January 2006 hold cooperative meetings at county level for all cooperative societies and all committee members to attend. After these meetings, UCA will hold zonal/regional meetings for East, Buganda, North in Feb, March and April 2006.

Appreciation

I thank members who have kept the cooperative flag flying by adhering to the cooperative principles and values; those who have presented audited accounts at timely AGMs and met their financial obligations to UCA. Please keep it up. I thank all those who participated in the International Cooperative Day activities exhibited and even sponsored advertisements both in the New Vision and Orumuri. I thank the General Secretary and your team for steering UCA. Please continue and even do better. We are grateful to our partners in development, more so for accommodating the view points of UCA as partners. Your impact is both seen and felt. We are very grateful to the government particularly for the conducive environment and appreciating the autonomy of the cooperative movement.

I wish you fruitful deliberations and I declare the meeting open.

Joseph Mukasa
CHAIRMAN – UGANDA COOPERATIVE ALLIANCE.

GENERAL SECRETARY'S STATEMENT

It is now five years since we launched our development methodologies which we have continued to refine and improve. We continue to roll out the holistic and integrated approach where primary societies, Area Cooperative Enterprises and savings and credit cooperatives are closely coordinated for purposes of delivering the services required by the producers. This approach makes it possible for our small scale farmers organized in cooperatives to have access to all services they need, ranging from extension services, financial services to inputs to marketing and value addition.

It is very encouraging to see the good results in terms of the numbers of farmers who have responded with enthusiasm to this approach, confirming that it meets their expectations and needs. In one single project we mobilized and trained over 60,000 farmers, compared to the target of 8,000 which represents an achievement of over 700 percent. Another project exceeded its three-year target in only one year. All this testifies to the keen interest of these producers.

The volume of outputs has equally continued to increase making it possible for our cooperative organizations to capture more of the lucrative local and export markets for a range of agricultural products. For example, for the first time, some of our farmers will reap the benefits of contract farming for World Food Programme because their reliability rating has gone up. This is a very important development because what has eluded our small-scale producers for a long time is to learn to focus to produce volumes that make business sense.

The financial cooperatives, many of which had collapsed, also continue to grow at an impressive rate because of using the new business approach. The good news for the farmers is that this growth in our financial cooperatives continues to translate into more credit being channeled into the agricultural sector. To-date, at lease 60% of these loans go into farming.

The cry about lack of markets is a thing of the past except where people still believe in the philosophy of "business as usual" and therefore do not want to see change in the way they do business. The good thing about the new cooperative marketing system is that because of its being linked to many other channels within the private sector it gives the producers flexibility and choice.

The inputs on the business side is also increasingly looking more and more promising due to our efforts in linking suppliers and producers in the cooperatives. It was the first time that we recorded such volumes of purchased inputs of various types. One of the reasons why this was the case, was because we established a system which is beneficial to all parties.

In my view, this was a year when we registered many "break-throughs" both in the area of advocacy and seeing tangible benefits from our projects with our members and development partners. I would therefore like to urge our members to consolidate and up-scale these achievements which will make our cooperative movement very proud and an envy of many.

I would like to extend our appreciation to our ever dependable partners the Swedish Cooperative Centre (SCC), the Canadian Cooperative Association (CCA) and the Norwegian Society for Development (NorgesVel) who have demonstrated the true spirit of cooperators by sharing with us what they know and have. This has made the recovery of our cooperative movement possible. My appreciation also goes to our Board of Directors for creating a conducive environment, to our Government for the support it has given us and for a better appreciation of nature of genuine cooperatives, to the members of our great cooperative movement who are the doers. Last but not least, I extend my sincere appreciation to the UCA staff at all levels for their dedication in whatever they do. Let us work for an even brighter year.

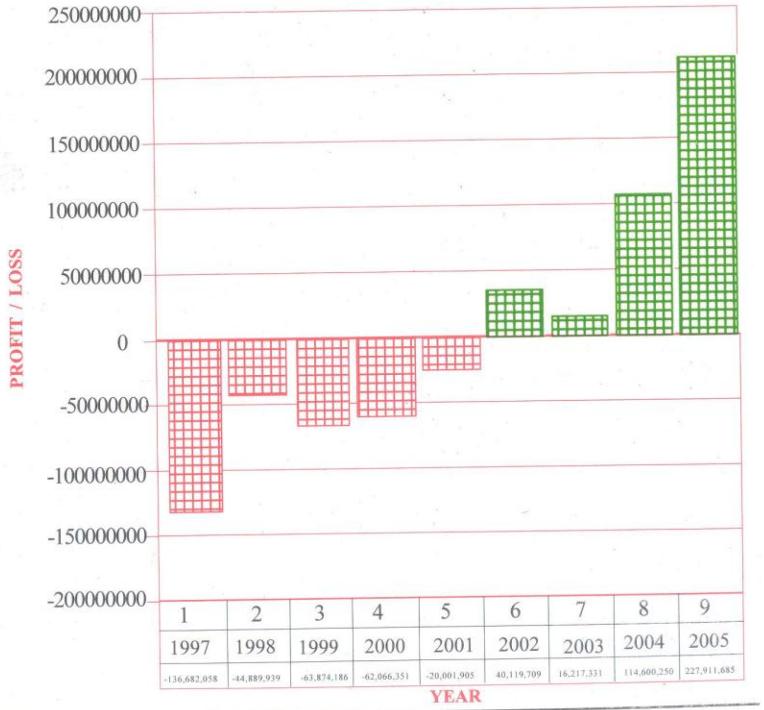
L. Msemakweli
GENERAL SECRETARY - UCA

1.0 REPORT ON THE ACTIVITIES OF THE UCA SECRETARIAT

1.1 General

Financial recovery.
During the year, we continued to consolidate the achievements that had been made over the last few years. The UCA core continued its journey to financial recovery and stability. For the first time in nine years, UCA emerged out of the negative trend which had affected its image. It was one of our biggest achievements in many years. The bar chart below tells the story of the painful path the organization has gone through during the last nine years and the bright future outlook.

PROFIT AND LOSS A/C FIGURES FROM 1997 - 2005



More coverage.

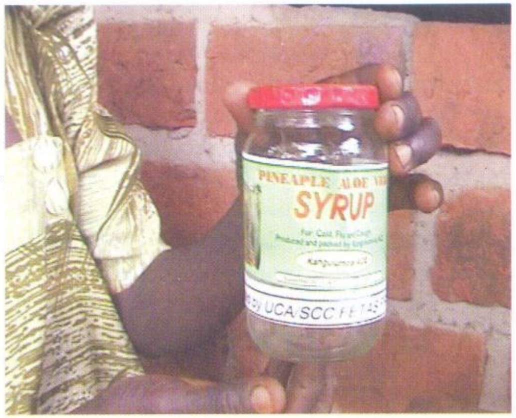
We continued to cover more areas with offices, staff and activities. By the end of the year, UCA was in more than thirty districts, having started in a small corner on a pilot basis a few years back to test our new approach. During the year, four more districts were added to the list. Coverage however, does not simply depend on the projects we have but more importantly on the readiness of people to adopt the new approach which puts emphasis on self-help. Our strategy is to move on a two- pronged path so that our development activities can continue to expand throughout the country while at the same time we intensify those activities where we have presence.

New products.

Another success was in the area of identifying economic opportunities that can be harnessed using the co-operative business model in any part of the country. Some of the examples registered during the year include; upland rice, garlic and fish farming which represent new entry points in an effort to expand the economy of our co-operative movement.

Value Addition.

Our activities in the promotion of value addition continued to grow and even gained more importance and emphasis as we believe that it is the future of the co-operative movement and our country as a whole. The interest of producers in these ventures was very encouraging indeed. The year nearly marked a breakthrough in the promotion of value addition activities in a number of Area Co-operative Enterprises. New products that were introduced and promoted include solar dried fruit, fruit juice, banana flour, banana wine, aloe vera syrup, processed maize and milk products particularly fruit-flavoured yogurt. These have added to our list of successful and well-established products in the market since two years ago. Honey is one of the newly introduced products that are increasingly becoming big money-makers for our members and their families. These initiatives simply demonstrate the huge, but un-tapped, potential that our co-operative movement holds for our country as far as poverty alleviation is concerned.



Value addition to pineapple and aloe vera to produce syrups for curing cough.

Better appreciation of cooperatives.
Our continued dialogue with Government has resulted in a better appreciation of the true nature of co-operatives and the best way to promote partnership. The UCA leadership now feels much more comfortable dealing with Government because trust has replaced suspicion between the two. We also continued to engage other stakeholders which has improved the image and the standing of our co-operative movement.

New partnerships.
We had the opportunity of linking the co-operative movement with the Faculty of Agriculture, Makerere University where the latter has conducted research on factors affecting the performance of the co-operative movement. The co-operative movement has definately become very attractive to researchers and writers.

Activities of the Secretariat:

1.2 New Projects developed and negotiated.

We were fortunate to negotiate a new project called IFAPI (Integrated Finance and Agricultural Production Initiative) which is in three districts namely; Arua, Nebbi and Apac. This represents brotherly partnership with the CCA which has continued to grow from strength to strength.

1.3 Guests received and hosted.

Some of the important guests received include; the SCC Regional Director for Eastern Africa, the Deputy Managing Director and Senior Advisor, NorgesVel all of whom visited UCA to monitor the projects and exchange ideas on future collaboration.

Management held discussions with the Head of the Financial sector, World Bank, which has been monitoring the performance of our Savings and Credit Co-operatives (SACCOs) which have become an important part of the financial sector in Uganda.

Ms. Riita Johnsson who is responsible for fundraising at the Swedish Co-operative Centre (SCC) visited our country to assess the progress of the SCC-funded projects.

Management also received visitors from many countries including Egypt, Kenya, Ghana, Mozambique, Tanzania and several others. Many of these wanted to acquaint themselves with the progress we have made in our reforms within the co-operative movement.

Management had the privilege of meeting a good number of members of Parliament to discuss how they should contribute to the development of our co-operative movement.

Among Government officials who took interest in our co-operative activities was Hon. Dr. Ezra Suruma, Minister of Finance Planning and Economic Development who visited our Savings and Credit Co-operatives in Western Uganda. His visit was preceded by discussions regarding the future role of the co-operative movement in the revitalization of the rural sector.

We also received and held discussions with a Sida consultant who came to evaluate the work of CCA and its partners in Africa.

1.4 Committees on which CEO was elected/served.

The CEO served on the Commodity Exchange/Warehouse Receipts Task Force where work on the Business plan of the company and the warehouse receipt

system was completed and negotiated for technical assistance from the EU through the Government of Uganda. The Company is now set to resume trading before the end of the year after being closely linked to the warehouse receipt system.

The CEO was elected on the CICOPA Board to represent East Africa. CICOPA is an arm of the ICA which promotes industrial and Workers' Co-operatives world-wide. The Board has since held two meetings electronically.

Elected member of the steering committee on the Sub-Saharan Challenge Fund (SS-CF) whose objective is to conduct agricultural research in a different way, including involving all stakeholders such as farmers.

Member of the NARO (National Agricultural Research Organisation) Board where I continue to articulate concerns and problems of small-scale producers. Research systems across Africa are now being re-organised to keep the farmers in perspective rather than putting the interests of researchers first.

1.5 Conferences/Workshops attended.

BEEP (Business Experience Exchange Programme) in Zambia to review the achievements of the workshop and to agree on the Research agendas for 2005/06.

We were also able to negotiate for an exchange of skills among the four countries in this project namely; Uganda, Tanzania, Malawi, Zambia. We presented many papers on the role of co-operatives and other subjects in many local and international forums.

1.6 Other activities.

- Embarked on the OD (Organisational Development) process which is intended to strengthen the UCA. CORAT Africa was hired to facilitate.
- Co-organised and hosted the IFAP Executive Committee meeting in Kampala which was followed by a two-day seminar on: Farmers and Supermarkets to explore opportunities offered by this type of marketing outlet.

- Collaborated with West Nile Co-operative Union to carry out an experiment on the introduction of paprika as one of the potential high-value crops in tobacco/cotton farming systems. The results at production level proved to be very good.

- Management continued with its search for investment opportunities to earn income to support the UCA core financially which yielded very good results as can be seen from our financial performance.

Some ACEs have started producing yorghut through processing milk.

2.0 FARMER EMPOWERMENT THROUGH AGRICULTURAL SERVICES (FETAS)

Background.

FETAS is an agricultural-based project currently working with **220 farmers' organizations (primary societies and farmer associations)**, **47 Area Cooperative Enterprises** (ACEs) in 10 districts including Luweero, Nakasongola, Mbale, Sironko, Mukono, Kayunga, Bushenyi, Mbarara Iganga and Kamuli. The total beneficiaries to-date are **over 64,500** of whom **2,000** were selected and brought on board during the year. FETAS is a collaborative effort between the Uganda Cooperative Alliance Ltd. (UCA), and the Swedish Co-operative Centre (SCC).

2.1 Identified Focal Problem.

"U***naware farmers with inadequate agricultural techniques and inadequate access to services".***

2.2 Project Development Objective.

The project will contribute to "***Informed and aware farmers enjoying higher sustainable productivity".***

2.3 Project Outputs For The Year Under Review.

Agricultural Extension Services for Economic Empowerment
By end of the year 2004, a total of 8,275 farmers will have been trained in agricultural subject matters, based on their desired needs, on at least three different occasions per season.

Capacity building of farmers for political empowerment of elected leaders and staff: Six hundred and fifty (650) farmers, 1,375 elected leaders and 140 staff have been sensitised and trained in organisation development.

Agricultural Input Supply Service:
Linkages for input supply services have been established between farmers and input suppliers and stockists.

Agricultural Marketing Services:
A total of 65 Area Cooperative Enterprises formed by members to help themselves to bulk and market their produce as well as procurement of inputs collectively.

2.3 Progress Made During The Year.

Capacity building of farmers, leaders and staff.
A total of 4,086 farmers (62%) were mobilized, sensitized on their duties, responsibilities and obligations. This has ensured timely and improved attendance of meetings, improved choice of leaders and committees.

254 leaders (20%) and 40(29%) Secretary Managers of the new organizations were trained in leadership, record keeping and financial management. This has improved the leadership of these organizations to the extent that there is free will of some old leaders to voluntarily leave office for new leaders who have new ideas.

Eighty three (83) annual audits, 162 quarterly audits and 150 on job trainings were conducted. These have enabled management of the organizations to give accountability on time.

Thirty eight (38) strategic plans out of 40 planned (95%) were made after holding workshops in strategic planning which were attended by 568 members. This has enabled the organizations to determine their course of action and choice of enterprise with which to work.

Agricultural Extension Services.
A total of 21,540 farmers were trained in improved crop husbandry practices using demonstrations, study tours and workshops. This represents 260% of what was expected. As a result, between 50 -70% in five of the ten districts adopted improved technologies in maize, beans and rice.

Over four thousand farmers were trained in livestock management covering dairy cows, poultry, piggery and goats. As a result, there was reduced incidences of animal diseases. For example, in Mbale 4 out of 10 Farmers lost their zero grazing animals before training but this reduced to zero after training.

Our monitoring results showed that 55% of the farmers had improved food security and improved nutrition in their homes due to increased availability and variety of produce. Most of them testified that they could now have three meals a day and are able to have enough stocks of food up to the next harvest.

The project trained 69 farmers of whom 20% were women (TOTs) in Bee keeping and emphasis was put on management of beehives (use of Langstroth), harvesting techniques, simple honey processing and use of the centrifuge to extract honey. This has resulted into improvement in honey quality depicted by high demand. Post harvest losses, particularly for grains were reduced from 30% to 15 % due to post harvest training and sensitization programs which led to construction of improved storage facilities.

Over 2,250 farmers were sensitized and trained in environmental issues with 55% of them adopting improved soil conservation techniques. More than 60%of the farmers are now planting a variety of trees and for wood fuel, fruits, and for fixing soil nutrients.

The project embarked on mobilization of farmers for fish farming (aquaculture) because of its high profitability and market availability. By the end of the year 345 farmers from Bushenyi, Mbarara, Luweero, Nakasongola, Mukono, and Kayunga were mobilized and trained in fishpond management, harvesting, post harvest handling and marketing. Most of the farmers who had abandoned their fishponds started to rehabilitate and restock them after the training.

Other Achievements.

Gender: 2,170 farmers (men, women and youth) received training on gender. As a result, there was improved participation of women in most productive and marketing activities at farm level. 40 to 45% of women participate in meetings, workshops and demonstrations. More than 80% of the organizations have made bylaws requiring them to have at least two women on committees.

Village libraries: 30 village libraries with more than 4,772 books (1,193 readers) are operational in all five areas of the project. These have created a reading culture among the communities and increased people's knowledge on topical issues like HIV/AIDS, environmental sanitation and degradation and improved farming techniques. Some of these books are used in study circle sessions.

Study circles: 4,266 farmers (45% women) participated in 182 study circles which enhanced farmers' understanding on local problems. More than 60% of these testified that they understood improved farming techniques through study circles. Almost all women testified that they have had improved child nutrition, improved knowledge on HIV/AIDS through study circles.

344 farmers participated in a number of study tours to expose them to new technologies. The tour involved visiting fellow farmers within and outside their districts and also visiting research centers.

Input supply services: Interventions on input supply services included training seed breeders, animal breeders, ACE managers, input suppliers and stockists and sensitizing farmers to use and procure improved inputs in bulk.

Achievements

115 stockists were trained in record keeping, input handling and application and linked to 3,856 farmers, 75% of these suppliers and stockists can now keep good records and stock suitable inputs required by the farmers. They offer on spot advice to farmers on how to handle and apply these inputs. 555 of the farmers use improved inputs

UCA promotes good animal husbandry practices. The photo shows a well looked after diary animal.

40 ACE managers were also trained by FICA SEEDS in input usage, application, basic economics and introduction to farming as a business. The managers are

able to handle inputs, bulk and advise the farmers on how-to use these inputs.

421 seed and animal breeders were trained and linked to 3240 farmers who also received technical advice. More than 60% of these farmers have adopted improved techniques in crop and animal husbandry.

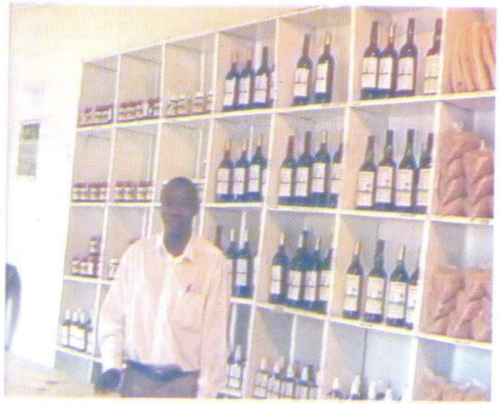
Improved seed of various crops and other inputs were procured in bulk at lower prices (with discounts of 10 - 30%). Ten (10) ACEs procured inputs worth Ug shs 66,326,000 as seen in the table below.

Purchasing the input in bulk has been due to the sensitization of farmers to take advantage of the SACCOs in their vicinity to acquire short-term production credit.

Marketing services

A total of **47 Area Cooperative Enterprises** (ACE) out of 65 targeted by end of this year are operational in all 10 districts (72.3 % achieved). **Rural markets** have increased from 24 to 27 and are increasingly helping farmers to market a range of products especially perishables and animals.

The project piloted 3 farmers' shops in Mbale, Mukono and Bushenyi. The results show that value added products like honey, Maize flour, wines, packed beans, dried pineapples are sold at a high rate.



UCA through projects, is promoting farmers' shops mainly for value added products. It has helped ACEs to earn higher incomes.

Through the acquisition of mobile phones and 25 market information points by ACEs, there is enhanced transfer and sharing of market information and farmers can now sell at higher prices (5-10%) compared to the open market.

There was an increase in value addition activities e.g. in respect of honey, vanilla, cad mom, milk, fruits, pineapples and hot pepper. As a result of trainings in value addition and Agro processing, the farmers of Ruhinda, Kyabugimbi and Elgon ACEs obtained much higher prices from honey sales. *For instance a jerrycan of unprocessed honey that weighs 30kg is sold at 70,000/= in the open market. After processing and packaging, the same quantity of honey fetches between 120,000/= and 150,000/=.*

In order to enhance marketing of pineapples the project piloted drying of pineapples using 20 solar driers and farmers in Kangulumira where the ACEs were already drying pineapples for export by the Fruits of the Nile company. 240kgs were sold to the same company at Ug shs 4000/= per kg. This has enabled farmers to avoid dumping pineapples in the markets during peak harvest period.

Marketing data (Vol. Marketed through ACEs) June 2003 – July 2005

Product	Volumes marketed	ACE unit price	Open market price	Value Ug. Shs	Remarks
Coffee (FAQ)	568,037 kgs	1600=	1000=	908.9 million	From Mbale, Mukono.
Coffee (Kiboko)	62,447 kgs	400=	300=	25 million.	Mbarara, Bushenyi, Mbale.
Bananas	7,405 bunches	6000=	2500=	44.4 million	Bushenyi & Mbale.
Maize	320,930 Kgs	300=	250=	96.3 million	Iganga/ Kamuli.
Rice	22,000 Kgs	1000	700=	22.0 million	Kamuli
Millet	10,000 Kgs	700=	500=	7.0 Million	Iganga
Beans	38,310	400=	300=	15.3 million	Iganga/ Kamuli & Masaka

Product	Volumes marketed	ACE unit price	Open market price	Value Ug. Shs	Remarks
Cotton	95,291 Kgs	650=	400=	62.0 million	Iganga / Kamuli
Hot pepper	2826 boxes	3000=	2000=	8.5 million	Mukono
Milk	3,547,520 litres	320=	250=	1,135.2 billion	Bushenyi/Mbale BUDICU ACE & Busamaga
Honey	9,394 kgs	4000=	2500=	37.6 million	Mbale/Bushenyi
Local chicken	1876	5000=	3500=	9.38 million	From Mbale
Eggs	913 trays	3000=	2700=	5.5 million	Bushenyi/Mbale
Dried Pineapples	240 kgs	4000=	3000=	.96 million	Mukono
Okra	2378 kgs	2500=	2000=	5.9 million	Mukono
Chilies	1900	3000=	2500=	5.7 million	Mukono
Onions	5000 kgs	4000=	3000=	2.0 million	Mbale
G/nuts	1500 Kgs	800=	500=	1.2 million	Iganga.
Soya/Bean	5,414 Kgs	1000=	600=	5.4 million	
Grand total				2.398 millions	

The total value of the products sold through fetched Ug shs 2.398 billion.

3.0 COMMUNITY EMPOWERMENT THROUGH CO-OPERATIVE FINANCIAL SERVICES (CECFIS)

3.1 Background.

The 4 years Community Empowerment through Cooperative Financial Services (CECFIS) project Phase I which, UCA had been implementing, formally ended in December 2004. SCC agreed to extend the project to December 2008. Like CECFIS Phase I, CECFIS Phase II project will be implemented in Bushenyi, Kamuli, Masaka, Mukono, and Mbale districts. Qualifying communities from the neighboring districts will also be served. CECFIS Phase II project will assist 26 SACCOs from CECFIS I to consolidate their operations and also support 11 new SACCOs. By December 2008, at least 32,000 households are expected to have been directly served by the 37 SACCOs from the two phases.

3.2 Evaluation of CECFIS Phase I Project

In October 2004, an evaluation exercise for CECFIS project Phase I was conducted through a participatory approach led by an external consultant. The project staff, SACCO leaders and management staff, players in the micro finance industry and co-operative movement stakeholders all participated in the exercise. Among others, the evaluation exercise sought to establish the project's achievements and how the experiences gained could be used in the provision of co-operative support services to more SACCOs and communities wishing to start SACCOs.

Overall, the project was found to have achieved its development objective of increasing rural communities' power to create, participate in and manage their own financial markets (26 new SACCOs were formed, while many more were in UCA's development pipeline). UCA had established a strong Co-operative Rural Financial Services Unit with technical capacity to support SACCOs in the country. Five regional offices with capacity to monitor SACCO operations, process their data into financial and operating reports, analyze and issue analytical reports on their performance had also been successfully established.

Looking forward, the evaluation exercise recommended that UCA's CECFIS model of supporting rural communities to access affordable financial services on a sustainable basis should be consolidated and replicated in other areas of the country. Furthermore, it also recommended that UCA's supervision and internal services be extended to all SACCOs whether they are in the project or not on a cost-sharing basis.

3.3 CECFIS Phase II Project Objectives

The Project development objective of CECFIS Phase II is **"To contribute to improved livelihood and reduced vulnerability of the low income, small–scale entrepreneurs, including farmers through sustainable community based micro-finance services".** The indicators for the realization of the development objective are the percentage of the SACCO members with improved health, improved access to education and information, and improved shelter/housing.

The project's immediate objective is **"Empowered communities with improved access to affordable and sustainable financial services in the target areas".** The main indicators for the achievement of this objective are increased membership satisfaction, increased incomes and increased access to affordable financial services on a sustainable basis.

3.4 Project Outputs

Output 1: Co-operative Rural Finance Services (CRFS) Unit at UCA with financial and technical capacity to provide cooperative support services.

Under this Output, UCA is strengthening its CRFS Unit. The indicators for the achievement of this output include operational and financial self-sustainability of the Unit and its technical capacity to provide quality cooperative support services demanded by SACCOs

Output 2: Demand Driven Co-operative Support Services

Under this output, UCA provides co-operative support services demanded by SACCOs. The main indicator for success under this output will be the degree of self-sustainability achieved by SACCOs being supported, and the quality of financial services they are extending to their members.

Output 3: Strengthening Democratic and Social Economic Capacity of SACCO Members

UCA is building the capacity of members and enable them to be in full control of their SACCOs. They are being empowered to demand for high quality financial services as well as effective and efficient leadership of their institutions. The main indicator is the quality of financial services provided by SACCOs as well as the co-operative support services extended by UCA to SACCOs. The responsiveness of SACCO leaders to the members' needs is another one.

Output 4: Enhanced Capacity for Project Monitoring and Evaluation at Member, SACCO and CRFS Unit Levels.

Under this output, UCA is improving the periodical qualitative and quantitative reports, baseline reports, individual SACCO members' testimonies, training needs assessment and evaluation reports, and members' views and suggestions on services being rendered to them by their SACCOs.

3.5 Project Achievements during the Year July 2004 – June 2005.

CECFIS Phase I project was implemented up to December 2004 while Phase II commenced in January 2005. This report therefore combines the six months achievements of each of the two projects.

The following are the achievements according to Outputs:

Output 1: CRFS Unit at UCA with financial and technical capacity to provide cooperative support services.

- Successfully completed the evaluation exercise for CECFIS Phase I Project.
- Prepared CECFIS Phase II project which was approved by SCC.
- Formalized the institutionalization of the CRFS Unit at UCA.
- Held consultations with all UCA project supported SACCOs to sign fresh memorandum of understanding where they undertook to contribute towards the cost of supervision and internal audit services as well as cost sharing in the provision of capacity building services.
- Introduced the idea of paying of fees for audit and supervision services to SACCO members which are not supported by projects which was accepted.
- Mobilized rural communities to form 11 new SACCOs under CECFIS Phase II Project.

- Developed a model for the Governments support to rural communities (at sub-county level) wishing to form SACCOs as well as the existing SACCOs.
- Developed a model for improved supervision and regulation of SACCOs under the Government's rural development programme, rural financial services component.
- Maintained the leadership role in shaping the trend of rural micro finance services in particular the support services through the Micro Finance Forum, Capacity Building Sub-committee, Micro Finance Outreach Programme, etc.
- Continued with effective representation of SACCOs at international forums organized by ICA, World Bank, EU and SCC.
- Provided co-operative support services to member SACCOs majority of which graduated to becoming model SACCOs and are on course to becoming operationally and financially self-sufficient.

Output 2: Demand Driven Cooperative Support Services

- Mobilized 11 rural communities to form new SACCOs under CECFIS Phase II Project.
- Provided co-operative support services to 26 CECFIS Phase 1 Project SACCOs and majority of them are graduating to become operationally and financially self-sufficient.
- Built the capacities of SACCO leaders and management staff through on-the-job training, national meetings, and their own Pre-AGMs as well as AGMs.
- Provided internal audit and supervision services to SACCOs and improved their operations, financial records and reports, and management.
- Assisted SACCOs to recruit competent credit (loans) officers to manage their growing loan portfolio.

Output 3: Strengthening democratic and social economic Capacity of SACCO Members

- Conducted membership mobilizations and sensitization meetings, training programmes and facilitated SACCO AGMs and strengthened their capacities to control their SACCOs and demand performance and accountability for leaders and management staff.
- Enforced the holding of timely statutory AGMs and other types of meetings in all Project supported SACCOs.

Output 4: Enhanced Capacity for Project Monitoring and Evaluation at Member, SACCO and CRFS Unit Levels

- Provided monitoring services to SACCOs and, collected and processed their data into timely, correct and complete financial statements and operating reports.
- Collaborated with the Association of Micro Finance Institutions of Uganda (AMFIU) in the revision of the Performance Monitoring Tool (MPT) for SACCOs.

3.6 Summary of the performance of the project supported SACCOs.

Table 1: Summary of CECFIS Project SACCOs' Performance.

Indicator	July 2004	June 2005	Rate
No. of Project SACCOs	26	37	42%
Membership	12,925	18,668	44%
Share Capital	Shs. 472 M	Shs. 804 M	70%
Savings Deposits	Shs. 636 M	Shs. 1.115 M	70%
Saving Accounts	11,275	15,424	37%
Loans (Outstanding)	Shs. 854 M	Shs. 1.545 M	81%
SACCO lending rates	4 – 5 % flat	3% (flat & reducing balance)	Reduced

The following Tables show detailed performance reports based on regions.

Table 2: Membership Growth during the Year July 2004 – June 2005

Region	Number of SACCOs		Number of Members		*Percentage Growth*
	July-2004	June 2005	July-2004	June-2005	
Bushenyi	5	8	4,459	6,679	50%
Kamuli	5	7	2,273	3,198	41%
Mukono	6	7	2,047	2,670	30%
Mbale	5	7	1,595	2,353	48%
Masaka	5	8	2,551	3,768	48%
Total	**26**	**37**	**12,925**	**18,668**	**44%**

Table 3: Share Capital Growth during the Year July 2004 – June 2005

Region	Shs. July-2004	Shs. June-2005	Average Share Capital per member (Shs)	*Percentage Growth*
Bushenyi	248,139,657	445,418,356	66,689	80%
Kamuli	56,036,206	80,230,706	25,088	43%
Mukono	50,193,500	79,974,753	29,953	59%
Mbale	41,923,100	58,141,100	24,709	39%
Masaka	76,151,135	141,193,040	37,472	85%
Total	**472,443,598**	**804,957,955**	**43,120**	**70%**

Table 4: Savings Deposits Growth during the Year July 2004 – June 2005

Region	Shs. July-2004	Shs. June-2005	Average Savings Deposits per member (Shs)	*Percentage Growth*
Bushenyi	294,523,178	512,476,820	76,730	74%
Kamuli	84,956,850	94,254,097	29,473	11%
Mukono	106,944,084	231,428,007	86,677	116%
Mbale	58,472,250	54,243,685	23,053	-7%
Masaka	91,849,027	222,497,814	59,049	142%
Total	**636,745,389**	**1,114,900,423**	**59,723**	**75%**

Table 5: Outstanding Loans Growth during the Year July 2004 – June 2005

Region	Shs. July-2004	Shs. June-2005	Average Loan Per member (Shs)	*Percentage Growth*
Bushenyi	431,477,641	915,330,759	137,046	112%
Kamuli	83,283,100	125,883,450	39,363	51%
Mukono	146,560,000	191,455,960	71,706	31%
Mbale	74,499,250	97,982,340	41,641	32%
Masaka	118,042,900	214,327,625	56,881	82%
Total	**853,862,891**	**1,544,980,134**	**82,761**	**81%**

3.7 Effects of the Project

- The success of CECFIS Project supported SACCOs has spurred the starting up of many other rural SACCOs employing UCA's model SACCO methodology.
- Affordable financial services i.e. savings, credit, payments, etc. are now being provided to rural people on a sustainable basis and their demand is increasing (***Table 1***)
- Though still 3 years old and below, most of the SACCOs supported by UCA are now making profits, a healthy development for the co-operative movement in Uganda.
- UCA Model SACCOs methodology is being adopted by the Government for its Rural Development Programme, Rural Financial Services component.
- SACCO Lending rates are falling from the highs of 5-6% in 2002/2003 to 3% per month either reducing balance or flat basis (most SACCOs are opting for the reducing balance method).
- There is increased financial linkage between the rural and urban centers through the link bank account arrangements.
- Many more people are being brought into formalized financial services system and they are happy about it.
- Access to affordable financial services has liberated many rural people who now do not have to worry about school fees for their children, emergencies, basic household items, etc. Many have even improved their shelter through building better houses.
- The saving culture, financial planning and management are improving among the SACCO member households due to easy access to financial services and training.

3.8 Challenges Encountered in Implementing the Project.

- Demand for co-operative support services is increasing too fast and yet UCA does not yet have sufficient resources to provide them.
- Some SACCOs still have weak leadership and management due to the weak education and technical capacity foundation from which most of them start.
- There is still a poor loan repayment culture among many members

resulting in a poor portfolio quality in a number of SACCOs.
- There is weak SACCO supervision and regulation due to the Registrar of Co-operatives' limited resources capacity and Legal provisions.
- The fraudulent tendencies in some SACCO management staff and leaders whose apprehension and prosecution is not facilitated by the current commercial laws. As a result, UCA project staff have to do a lot of "policing" work to safeguard members' money.

3.9 Conclusion

Under CECFIS Project, UCA has demonstrated that when properly mobilized, sensitized, guided and supported with basic start up kit, coupled with capacity building services, and supervision and internal audit services, rural communities can start successful SACCOs and access affordable financial services on a sustainable basis. The SACCOs also have a big potential to becoming safe, sound and sustainable financial institutions.

4.0 YOUTH ECONOMIC EMPOWERMENT THROUGH CO-OPERATIVES PROJECT (YEECO)

4.1 Background.

YEECO is a four-year project that is supported by the SCC. The target is the youth (male and female) through cooperatives. The project started in seven districts (Mukono, Kayunga, Jinja, Kamuli, Iganga, Mayuge and Bugiri) and later spread to one more zone covering Kabale, Kisoro and Kanungu districts. The first phase of the project is expected to end December 2005.

4.2 Project Objective

The project has two main objectives;

a) Establish gender balanced employment opportunities and enhancing income-generating capacity for 9,800 youth in ten districts of Uganda.

b) Forty-nine youth groups transformed and developed into well-managed and democratically governed organizations, able to provide quality services and support to their members in a professional and business like manner and on a sustainable basis.

4.3 Focal Problem

The youth constitute the biggest percentage of our society (78%) and yet most still live in abject poverty with inadequate education and skills, inadequate work / employment opportunities, exploitation, disease, civil unrest and gender discrimination. Investment in youth therefore, is not only a social obligation but also rewarding in economic sense because the youth are the country's most valuable asset. It was against this background that UCA in collaboration with SCC designed the project to address these concerns.

4.4 Activities Carried Out During the Year and Achievements.

Strengthening the management unit.

The capacity of project staff was strengthened so that they can effectively promote, guide and supervise the operations of the youth groups participating

in the project. The project staff and youth group leaders participated in a number of capacity building programs that include: Leadership for change (LFC), Integrating Gender and HIV/AIDS in project interventions, Study Circles, Planning, Monitoring and Evaluation (PME) among others. Through these, the staff acquired skills that enabled them to efficiently deliver project interventions to its beneficiaries.

Capacity building in youth co-operatives.

Under the project several needs assessment exercises were made to identify where gaps needed to be filled to ensure effective and sustainable service delivery to members. The project thereafter organised and conducted several capacity building programmes to address the identified gaps. The workshops targeted the leadership, management, promoters and individual youth participants. These were equipped with skills of group dynamics & management, participatory planning, new marketing approach, co-operative formation, record keeping, natural resource management, savings and credit operations/best practices. Others included HIV/AIDS prevention, care and stigma management.

As a result, the youth acquired skills that enable members, leaders and management to control, govern and manage their co-operatives professionally. New capable leaders emerged in a number of co-operatives and records management was improved tremendously. The groups developed visions of where they want to be and are confidently treading the path to success. A number of youth were elected to various leadership positions in their communities having acquired leadership skills through various project interventions. This may translate into better decision makers and leaders in the community and country at large.

Technical and Entrepreneurial Skills Provision:

Technical and entrepreneurship skills training were provided to the youth co-operatives. The project, through its established linkages with local government staff, community development agents and NGO's trained the youth in modern business management. These were aimed at improving quality and increasing quantity of products and services produced by the youth.

Employment Opportunities Created

Owing to training and other capacity building interventions by the project, the youth were able to generate employment for themselves and for many others. By the end of the year, many of the young people who were initially idle and redundant were engaged in different income-generating projects such as; bee-keeping, livestock, horticulture, rice growing, vanilla production, jaggery, fishing, brick-making and carpentry. Projects undertaken by the youth however, were not limited to economic activities but included delivery of social services on self-help basis such as construction of own houses, adult literacy and many others.

Examples include 50 members of Kangulumira youth co-operative in Kayunga district who planted 5 acres of maize each. 10 members of the same co-operative constructed own pineapple driers to enable them add value to their pineapples. In Buyobe youth group in the same district, 28 members planted ½ an acre of upland rice each. In Mukono district 11 members of Ngombere youth co-operative saved income from their horticultural activities and acquired boda boda motorcycles. In the same co-operative, 25 members established an acre of bananas each after they were trained and introduced to improved

Upland rice is one of the crops that has been identified by ACEs for marketing because of is high returns and food security reduction

banana varieties and farming practices. The project is full of similar success stories in its operational zones.

Marketing and Access to Market Information

Market information gathering, compilation and dissemination continued to be some of the major activities as far as market information is concerned. The project facilitated formation of marketing committees and strengthened those that existed. Through these the project was able to deliver timely market information and mobilise members to engage in other marketing initiatives.

The result was that most youth group members embraced the idea of bulking their products and selling as to one buyer in order to eliminate exploitative middlemen. Rural markets were established in some groups where the youth may channel their products and obtain higher prices that in some cases were more than 20 percent higher than the market prices. By the end of the year the project was in advanced stages of establishing market information points in some groups.

Access to Investment Capital and Financial Services

The youth were sensitized on the need and importance of saving own resources as cheap source of capital. As a result, a number of youth groups are operating Pre-SACCOs. In addition, members of youth co-operatives are encouraged to join existing financial institutions which are in close proximity. The project collaborating with sister UCA projects specializing in micro finance conducted training and supervisory services to all youth groups operating pre-SACCOs. Youth are able to save and acquire loans for capital items such as purchase motorcycles for public transport (boda-bodas), retail business and improved farming from these institutions.

Share Capital Mobilization

Throughout the year, the project re-emphasized the need and importance of paying membership and increasing share capital of their institutions. Membership fee and share capital for the youth groups improved as summarised in the table below.

Table 4.1: Share capital raised.

Name of zone	No. of members	Membership Fee Contributed	Share Capital	Total
MUKONO/KAYUNGA	1,877	4,202,300	4,207,000	8,409,300
JINJA/KAMULI	2,608	9,689,200	17,620,000	27,309,200
IGANGA/BUGIRI MAYUGE	2,009	4,572,000	8,679,000	13,251,000
KABALE/KISORO KANUNGU	1,827	1,915,000	828,000	2,743,000

Reduction of HIV/AIDS Effects and Prevalence

Drama still plays a vital role among the youth and their communities at large by educating them about HIV/AIDS. To improve the quality of drama for the different youth groups, regional training workshops were organized during the period under review in all the zones participating in the project. The trainings that were facilitated by YEECO project staff aimed at helping the youth groups involved in HIV/AIDS drama activities, exchange ideas and improve on their drama quality. The youth were introduced to a new form of drama known as forum theatre. This is an interactive form of drama that provides an open space where both the audience and the actors in the community get an equal opportunity to discuss the prevalent problems facing them and think actively of the possible solutions to the problems. In turn, all community members get a chance to practice out what they believe would be a solution to the problem at hand and explore realistic options of their actions. Forum theatre helps communities find solutions to other social problems by discussing topical issues like effective leadership, member and savings mobilisation etc., depending on the prevailing challenge that the community wishes to overcome.

The project continues to collaborate with a number of HIV/AIDS service providers that have been instrumental in providing training as well as other HIV/AIDS specialised services like Voluntary Counseling and Testing (VCT) services and condoms for distribution. The project developed an HIV/AIDS training manual to guide project staff and trainers in the delivery of her HIV/

AIDS related interventions. Above all, the project ensures that HIV/AIDS related interventions are integrated in all its field activities.

In light of the above, we believe that the project is contributing towards HIV/AIDS reduction in Uganda. An example is in Jinja where records from Buwenge health centre indicated that 48 youth project participants (25 female) approached the unit for voluntary counseling and testing. This was recorded in a period of only two months after the Youth watched an HIV/AIDS drama staged by Ansokera youth group. Many more from the community are said to have tested though their number was not readily available.

Access to services from other providers

The youth co-operatives were organised and capacitated to tap services from other development agents in their communities. In a number of situations the project initiated collaborative arrangements for the benefit of the youth groups. The following are examples of such initiatives undertaken during the period under review:

Muyumbu Youth group in Kabale district was supported by NAADS to establish a demonstration garden for Irish potatoes and train members in fish farming. CARITAS provided Kiwangula youth group members in Mukono with improved seeds for planting (i.e. 200kgs of maize longe 5 variety, 65 kgs of beans Nabe variety, 30 kgs of Soya beans Wanda variety and 150 kgs of DAP fertiliser).

Area-based Agricultural Modernisation Program (AAMP) facilitated Bufundi youth group with potato seeds for their group garden while those of Chahi in Kisoro were assisted to establish an Irish potato demonstration farm. International Centre for Research in Agro forestry trained 10 youth from Bwindi youth group, Kabale district in agro forestry and gave them access to information and premises for free during their capacity building programmes.

In March 2005, four youth participating in the project were seconded by the project to participate in an open house discussion organised by the youth desk of the World Bank in Uganda. The aim was to bring together youth and youth activists from different parts of the country to discuss the significance of World Bank in Uganda and introduce the youth to priority areas, which the World Bank addresses. The youth were introduced to sectors where the World Bank could provide support to organised groups (e.g. Education, Health) and the involvement of youth in World Bank programmes / projects discussed. At the end of the open house, the youth were given free access to all services the World Bank offers at the country office including the Library and Internet services.

Two project staff participated in a workshop organised by the Uganda Industrial Research institute with support from Promotion of Employment Oriented Vocational Training (PEVOT-GTZ). The staff were introduced to JoBoYo (Job Opportunities for Young People) an IT based carrier guidance tool that offers information on micro scale business start-ups, occupational profiles, vocational education and training options for youth in Uganda.

The Project Manager participated in a study circle review meeting organised by SCC's Regional Study Circle project in Harare Zimbabwe. Besides, the Manager participated in the Co-operative Futures Conference and the Connections 2005 Congress in Canada supported by our partners the CCA. The Manager also participated in several review meetings and other capacity building programmes organised by our partners the SCC. The workshops/ meetings enabled him to learn from and share experience with staff and beneficiaries of similar initiatives.

4.5 Challenges Encountered During the Year

Some of the challenges that the project faced during the year are;

- Despite continued training and sensitisation on the need for collective purchase of inputs and bulk sales, the quantities are still low for most groups. However this is improving as members who benefit from increased margins inspire other members season by season.
- The demand for the services within the project far exceeded the resources available to the project.
- Varied quality of products produced by the youth. There is also a challenge of sourcing value adding technology/techniques affordable to the economically active poor youth.

5.0 LIVELIHOOD IMPROVEMENT THROUGH FARMER EMPOWERMENT (LIFE)

5.1 Background

The Livelihood Improvement through Farmer Empowerment (LIFE) is a regional project in the Lake Victoria basin, covering the three East African countries of Kenya, Uganda and Tanzania. The project aims at strengthening civil society within three sectors namely, Local Business Development, Cooperative Micro Finance and Housing/Shelter. During the year 25,000 small scale farmers (men, women and youth) constituting a variety of different farmers' organisations were targeted. The project ensures that women and youth, who form the main labour force in the agricultural sector, participate actively in all project interventions. It also addresses HIV/AIDS, gender and environment as cross-cutting issues which are considered essential for sustainable livelihood improvement.

5.2 Project Objectives

5.2.1 Development Objective

The development objective of LIFE project is ***"to contribute to improved livelihoods of resource poor in the Lake Victoria Basin through sustainable management of natural resources".***

5.2.2 Project Objective

The project objective is "Empowered farmers/members of democratic sustainable organizations managing available natural resources sustainably".

5.2.3 Outputs

In addition to project planning, monitoring and evaluation, LIFE has three outputs.

a) Improved capacity of 98,000 households in 600 local groups as well as formal and informal business associations in sustainable management of natural resources in East Africa.

b) Improved capacity of members, staff and leaders in the development and governance of democratic and sustainable organizations.

c) Improved capacity of members to access markets and market information.

Below is a summary of our achievements during the year.

Improved natural resource management for local business development

Capacity building in natural resource management and productivity enhancement has had positive change on the members' daily lives. A process of careful selection of enterprises by farmer groups was undertaken based on market demand, profitability and food security. Training in farming as a business was carried out in collaboration with Vi Agro-forestry project. The synergies created in the process have led to improved natural resource productivity for local business development. Mobilisation, enterprise selection and training has enabled farmers to produce in bigger quantities which has enabled them to gain access to good markets with better prices.

Farmers are actively engaged in profitable enterprises which include; Aquaculture where 9 farmer groups now own well constructed fish ponds. The farmers were connected by the UCA to WALIMI Fish Cooperative which provided stocking materials and technical support. A total of 36,000 fish stocks

UCA is promoting fish farming because of its high returns per unit area. Fish has improved nutrition at farm level.

of Tilapia and Cat fish were supplied to the ponds with expected revenue 54 million after nine months.

Apiary (or bee keeping) is another enterprise that has become very popular with 15 farmer groups owning a total of 1085 traditional bee hives with an annual projected volume of **2200** liters by the end of the year.

In the interest of promoting women participation in economic activities, a number of them were selected and trained them in the use of herbs as a way of using locally available resources to enhance production of eggs. They were also trained in the use of locally fabricated incubators to increase the hatching capacity. Besides home consumption, local chicken have a ready market. Majority of households, 90% in the project area rear local poultry but were doing so with little know-how as far as enhancing productivity is concerned. A total of 3400 birds were vaccinated against new castle diseases.

A demonstration site for producing sun dried fruits was established in Bukomansimbi in collaboration with FLONA commodities, an exporting company which exports to United Kingdom. Such technical training in drying technologies has inspired farmers to plant more pineapples and other fruits.

Farmer groups also underwent post harvest training in quality improvement of coffee through wet processing which is expected to raise coffee prices by 30-40 % through collaborative efforts with the National Union Coffee Agribusiness of Farmers (NUCAFE) because registered farmer groups will have an opportunity to be linked to direct exporters paying better prices.

Another enterprise is goat rearing where farmers in our project in Kibinge and Kasaali were able to benefit from NAADS programs through provision of Boer goats. A total of 36 Boer goats were handed over to farmer groups. The collaboration with NAADS programme at field level has benefited farmers who are already organised. Rearing of exotic goats for cross breeding purpose has indicated that the upgrading of indigenous goats will improve household incomes.

Improved capacity of leaders and members in governance

Improved management of 30 producer organisations is one of the critical interventions by the project to ensure sustained member wellbeing. Farmer groups and village development committees were facilitated through visioning, strategic planning and entrepreneurship skills. Individual farmers were guided to make their personal vision statements and strategic plans. The capacity of members were equipped with knowledge and skills which they need to play a more active role in the governance of their organisations.

Consolidation of small farmer groups into bigger producer marketing groups known as Area Co-operative Enterprises was carried out to achieve economies of scale. The emphasis was put on groups as key players in collective marketing.

Improved capacity of members to access markets and market information.

Katovu Area Cooperative Enterprise (ACE) was given a contract by a seed company, FICA seeds, to supply **100 tons of beans at 550/=** and delivered that volume to Kampala.

A sample of Moringa Oliefera was taken to United Kingdom by an exporter for nutritional quality analysis. The contents of analysis was within acceptable nutritional value and an initial weekly supply of 100 Kgs at a price of Shs.4000= per Kg was made.

Farmer groups in Bukomansimbi opted to make maize flour out of 30 tons of maize which was sold at a fairly higher price of 700 Shs per kg. The maize brand was retained and fed to livestock.

Tukyeyita ACE in Kibinge sub-county was given a contract by a hotel in Masaka to supply **140 Kgs** of meat at **3500 Shs** on a weekly basis.

5.3 Business performance and price comparisons during the year.

Masaka

Commodity	Farmer organisation	Qty (tons)	Price at farm gate	Price offered to farmer group
Maize	Katovu ACE+Lwengo	110	150	275
Beans	Katovu ACE+Lunankya+ Bukomansimbi	24	450	600
Maize	Contract with FICA seeds	100	400	550

Rakai district

Commodity	Area	Qty (tons)	Price @ farm gate	Price offered by a buyer-farmer group
Maize	Rakai & Malongo	87	220	320
Beans	Lwengo-Malongo (Masaka)	143	370	450
Irish potatoes (*solanum L. Tuberesome*	Rakai farmer groups	400 sacks	8,000	21,000

Rural village markets

Rural markets attract buyers from nearby trading centre in Masaka and Kampala markets. The total recorded sales were Shs.22,653,900 million shillings realised from a range of products. These include banana, pineapples, sweet potatoes, horticultural crops, handcraft, local poultry, and other

UCA has encouraged farmers to diversify to high value crops like aloe-vera.

livestock types. Rural farmer markets have ensured regular household cash inflow. It has also triggered production of required commodities to sustain the supply. They also gave a greater opportunity for rural farmers to sell off commodities that would not be easily bulked in required quantities. In all, a total of 9 rural markets were established by farmers in the project area.

Market information service

The role of market information price boards cannot be underestimated since farmers make a regularly check for current prices as displayed on the boards. Although the price impacts cannot be fully attributed to the market information points, it is reasonable to assume that the awareness created by these price boards contributed to negotiations and hence, positive development in farm-gate prices.

A centralised farmer's market information centre which is also used as a shop for processed produce was established in Masaka town. Farmer groups bring samples of value added commodities such as sun dried fruits samples, grain crops as well as pictures of agricultural tradable commodities of different forms. Commodity buyers and producers access current market information from the centre.

Challenges

- Drastic fall price of some high value crops such as vanilla have affected current and prospective growers of this crop.
- The intervention by local government's authority in some areas has had a set back on performance of rural markets due to levying taxes at an early stage when these marketing outlets are not yet firmly established

6.0 PLANNING, MONITORING AND EVALUATION (PME)

6.1 Background

Planning, Monitoring and Evaluation is a very crucial system in any organisation/ project. To emphasise its importance, the Swedish Cooperative Centre supports its implementation by providing funds for technical support in all the projects. PME is implemented on a regional basis through UCA and its activities are integrated within project plans and activities. The purpose is to ensure that regular and periodic feedback on the relevance, performance, efficiency and impact of the projects is provided.

PME is a useful tool for understanding complex issues and for registering the changes and development brought about by project interventions. Importantly, in the Reformed PME recording of processes and outcomes is right from the start of the project to the end. Projects not only need to know what they achieve or fail to achieve, but how the outcomes impact on the social, economic, environmental or political aspects of communities.

Successful use of PME creates wider and deeper understanding of project interventions beyond what is evident through seeking opinions of project beneficiaries and recording of beneficiary testimonies. On the other hand, emergence of recorded benefits early on helps reinforce ownership by beneficiaries, which improves their confidence and therefore quality of life.

Effective planning, monitoring and evaluation is increasingly recognized as an indispensable tool of project management. It is significant to improve the performance of development projects and thus pay close attention to the provision of management information, both to support the implementation of projects and to feed back into the design of new initiatives. It provides a basis for accountability in the use of development resources. Given the greater transparency expected of the development projects / organisations, they have to show more evidence both in the short and long run with examples of development impact such as improvements of living conditions of the beneficiaries.

Awareness is growing that participation by project beneficiaries in design and implementation of projects brings a greater sense of "ownership" of project objectives and hence projects, which encourages accountability and the sustainability of project benefits. Therefore the reformed PME also emphasises the strength of participation for empowerment of the participants in that they are more informed about project implementation and benefits.

6.2 Objectives and Participants

The major objective of the reformed PME is to contribute to increased awareness / knowledge of stakeholders of the relevance, performance, efficiency and impact on the implementation of projects through improved quality and timing of information.

The regional reformed PME system targets all stakeholders as its participants and beneficiaries as well. The implication of this is that all beneficiaries, project staff, funders and other people involved with the projects would have a role to play in the system as well as benefit through improved knowledge of implementation and change (impact) by the projects.

6.3 Major Achievements in PME

The system has been improved from simply being physical whereby information provided is only related to activities and outputs, to a qualitative one whereby benefits of activities are captured. This has improved information available and knowledge of project implementation through capturing benefits and opinions, in addition to figures.

The project so far has centred on provision of knowledge and skills in the set-up and implementation of the system by the various projects, which will assist in improving the quality of project information available. Thus, project managers and persons selected by managers to assist with its implementation were trained during various workshops. The people trained were exposed to discussions of the SCC – supported project objectives, indicators, variables and implementation. Consequently, project managers have put in an effort and used the reformed PME knowledge to strengthen projects' designs and implementation. Information and evidence available have been used by the various projects to identify indicators of stated objectives.

There is an improvement in the availability of information on project implementation and outcomes (including change). Availability of information during implementation has improved awareness of outcomes and impact by especially the project staff and other stakeholders; and on the other hand enabled managers to keep track of progress and adjust operations to take account of experience.

7.0 LEADERSHIP FOR CHANGE (LFC)

7.1 Background

Leadership for Change as a project aims at a self-sustaining system for the identification and development of visionary and competent leaders in member – based organisations in the Project area. The project is implemented at a regional level in East Africa and it is funded by the Swedish Cooperative Centre.

The project objective is to establish a system for the identification and development of visionary and competent leaders in participating organisations in the project area. The ultimate aim is to strengthen organisations by improving organisational performance in terms of efficiency, effectiveness, and health by focusing on the development of the organisations' human resources. Thus the LFC Project will introduce organised activities designed to foster increased knowledge and skills as well as improved attitudes and improved behaviour.

Organisational capacity depends on the capacities of the individuals. The LFC entails development of individuals and development of organisations. The relationship between the two forms of development can be viewed in a micro as well as in macro perspective. In a micro perspective the individuals are engaged in activities, which will enable them to perform more efficiently in their current and future assignments. They are involved in the training and development activities and they receive the greatest benefits. Organisation development is concerned with long-term change in culture, values and management of the organisation. In this context it is a philosophy as well as a collection of methods for improved organisation performance. In this macro perspective, the organisation is in focus and although the organisation relies on learning to bring about change, the emphasis is on the overall human system within the organisation. The principal beneficiary of the learning and development activities is the organisation itself; the leaders and members are the secondary beneficiaries.

The project provides knowledge and skills that contribute towards the development of leaders with enhanced strategic thinking skills, capable of crafting personal/ organization's visions, missions and goals; are proactive, able to empower and inspire others, capable of identifying and exploiting the impetus for entrepreneurship to generate business ideas and capable of recognizing and responding to change. It is a way of learning and adapting to new attitudes and values, and to test them as changed.

7.2 The Project Objectives and Project Participants

The Development Objective of Leadership for Change is to contribute to the development of viable and sustainable member-based organisations with empowered members, in the region. The Project Objective is to establish a system for the identification and development of visionary and competent leaders in co-operatives / farmers' associations in the Project area.

At the beginning of every year, trainers, who are staff of projects or development organisations are selected, who are taken through four different arenas in that particular phase. The trained project staff are then charged with sensitising, mobilising, training of officials and members of co-operatives or farmer associations.

7.3 Summary of Major Achievements

The Project interventions are very much appreciated and are beneficial not only for the organisations, but also the individual members and all the other participants.

At organisational level, member based organisations that participated in LFC training programs had improved their institutional performance. Most of them had for instance, increased their membership both in terms of individual members, affiliated societies or farmer groups. There was also a noted improvement in organisational operations and activities. In such organisations, there was an improvement in focus, democracy and member participation. Charts showing the shared vision and mission statements of organisations were well displayed. On the other hand, leaders were regularly elected according to their ability and the organisation constitutions.

At the level of individual members, the beneficiaries became more focused on their life purpose due to visioning, establishment of mission statements and strategic plans. Many of them had changed the courses of their lives from what their communities regarded as the 'worst to the best', and especially through application of attained entrepreneurial knowledge and skills. LFC has promoted action-oriented behaviour due to strategic plans made. Individuals and organisation leaders had started ensuring that their targets are achievable and realistic. Prioritisation of actions had vividly been portrayed. For example, some beneficiaries had put in place income generating projects, which would become the source of funds, say, for construction of better houses. LFC individual beneficiaries, members and leaders of organisations had changed their general outlook. They were no longer passive. They put in practice what they planned to help them to attain their visions.

The societal role of LFC trained people had dramatically increased or improved. Many of the beneficiaries had gained confidence and had been selected in positions of leadership in churches, schools, and community organisations, as well as social gatherings.

Overall, LFC had greatly contributed to the well being of the people. Many of the beneficiaries had improved their incomes and thus acquired better shelter, improved feeding, enhanced incomes, and health as well as educational betterment. This is through change of attitude and improved planning, which were observed in addition to use of knowledge and skills attained through other projects, for instance related to farm production, marketing of micro-finance. It was thus noted that knowledge and skills attained through LFC consolidate what is attained through other project interventions such as those that support production, marketing, livelihood improvement, and so on. This is true both at organisational and individual member level.

On the other hand, a number of project trainers, who are responsible for training the beneficiaries, testified that due to attained knowledge and skills, their work quality and relationships with supervisors and the clientele have improved greatly.

7.4 Challenges

Beneficiaries have varying expectations, and the different literacy levels among officials and members of participating organisations created understanding gaps during field training, especially in cases where the trainers were not able to articulately pass on the attained knowledge. In some areas, there was difficulty to translate LFC materials into local languages which posed a problem in the transfer of acquired knowledge and skills.

In some organisations, leaders completely resisted change howsoever much they received training. In such cases, trainers got discouraged which also impeded implementation.

7.5 Conclusions and Recommendations

Success in a competitive world requires competitive leadership and management, and the skills of leadership are attained through continuous training and experience.

During the subsequent years of implementation of the Leadership for Change project, there has been a general appreciation by the beneficiaries and staff of the knowledge and skills attained through LFC, and therefore a considerable increase in the demand its interventions, with increased participation per year.

The increased demand shows an increase in awareness of the importance of training in leadership and the still existent need for the knowledge and skills related to leadership and management. Nevertheless, there is still a very great need to reach-out to more organisations and beneficiaries. There is still a need for providing training to develop leadership skills both among co-operatives and other member – based organisations. This would lead to empowerment of members and the prosperity of member – based organisations.

8.0 PROMOTING AREA COOPERATIVE ENTERPRISES (PACE)

8.1 Background.

PACE is a programme supported by the Norwegian Government and the affiliates of NorgesVel which is UCA's development partner. It is a three-year programme that started in May, 2004. The districts in which PACE operates include; Mubende, Kibale, Kyenjojo, Kamwenge, Kabaale, Kanungu, Rukungiri, Ntungamo, Kumi and Kapchorwa.

Development objective.
The development objective of the programme is to contribute to reduction of rural poverty in 10 districts of Uganda through increasing incomes of small scale –holders by introducing broker oriented marketing and purchasing organisations, called Area Co-operative Enterprises.

Immediate objectives.
The programme has four immediate objectives which include;

a) The incomes of 60% of producers in the programme to have increased by 30% by the end of the programme.

b) The capacity of 80 producer organisations to have been built/strengthened by 2006.

c) Twenty five Area Co-operative Enterprises (ACEs) formed and able to provide services effectively by 2006.

d) Fifteen Savings and Credit Co-operatives (SACCOs) established, owned, managed and used by producers, RPOs and ACEs by 2006.

To achieve the above objectives, the programme is integrating production with financial services. It is through such integrated approach that producers can access most of the required services to effectively tackle the problem of poverty in rural areas. For ease of implementation, the programme is divided into two sections; that of Production / Marketing and Savings and Credit

a) The incomes of 60% of producers in the programme to have increased by 30% by the end of the programme.

8.2 Achievements during the year.

Productivity Enhancement
A total of 15,491 producers were trained on governance in co-operatives, enterprise selection, improved agricultural practices and the relevance of cooperatives in collective bargaining in the entire programme area as indicated in the table below.

Producers Trained

Zone	District	No. of Participants		Totals
		Female	Male	
Mid West	Mubende	217	352	569
	Kibaale	238	492	730
	Kyenjojo	234	425	659
	Kamwenge	495	809	1,304
South West	Kabale	895	1,548	2,443
	Kanungu	972	1,163	2,135
	Rukungiri	779	837	1,616
	Ntungamo	1,146	2,040	3,186
East	Kumi	Not specified	Not specified	1,129
	Kapchorwa			1,720
Total	**10**			**15,491**

Demonstrations

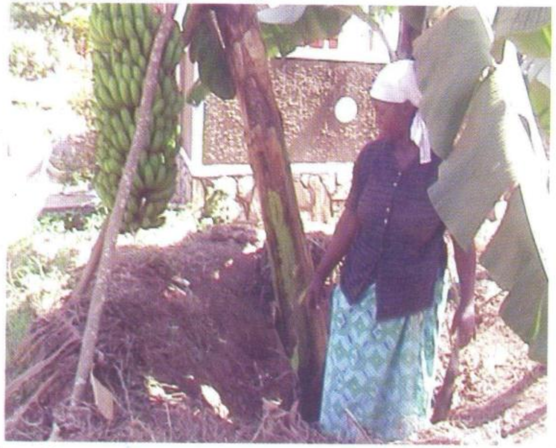
As a tool to demonstrate the benevolence of good practices, and technology transfer to farmers, various demonstrations have been established at various Rural Producers' Organisations (RPOs), to enhance production and productivity

in the programme area. The demonstrations were carried on the selected enterprises including garlic and bee-keeping, paprika, as a high value products which we would like to promote.

Twenty (20) Change agents were recruited and trained in extension methods to improve on service delivery to farmers. Demonstrations and trainings were carried out by change agents and field staff. Topics covered included post harvest handling, value addition, crop and animal husbandry among others.

Strengthening 80 Rural Producers Organisation (RPOs).

A total of 152 RPOs were selected to participate in the programme. Out of these 59 were existing and registered while 93 were newly formed in response



Through sustainable agricultural methods, farmers are getting bigger bunches of banana through use of organic manure.

to the programme advert to invite those who were interested. Two hundred and seventy eight (278) leaders drawn from these rural producers organizations were trained on how to form and use ACEs to collectively handle issues of bulk procurement of inputs and bulk marketing of produce. 50 new RPOs have been availed with model by-laws to process their registration with the Registrar of Co-operatives. All RPOs have been given some demonstration equipments for training purposes. The table below shows the equipment given and the beneficiary zones and districts. The equipment includes spray pumps, bee-hives (150), honey extractors (10) and a set of ox-ploughs (3).

Mobilisation.
Member mobilization in RPOs has been continuous, targeting an average of 200 members per RPO, for them to have the necessary strength in numbers and share capital. It is from strong RPOs that we can have strong and viable ACEs. The table below shows the current RPO status.

RPO Status

Zone	District	Registered RPOs	Unregistered RPOs	Total No. of RPOs	Membership Membership	Share contribution (shs)
South West	Kabale	1	11	12	1,511	119,972,000
	Kanungu	2	10	12	1,033	22,934,000
	Rukungiri	4	14	18	795	6,660,000
	Ntungamo	16	3	19	2,391	87,969,250
Mid West	Mubende	2	13	15	569	N/A
	Kibaale	3	12	15	730	N/A
	Kyenjojo	1	6	7	659	N/A
	Kamwenge	10	21	31	1,305	N/A
Eastern	Kumi	9	2	11	1,129	14,600,000
	Kapchorwa	11	1	12	1,720	39,650,000
Totals	10	59	93	152	11,842	291,785,250

Thirty ACEs formed.

Thirty (30) new ACEs were formed in the ten districts as indicated in the table below. Two ACEs in Kapchorwa that were started by the ECRP have also been taken up by PACE making a total of 32 ACEs. All the ACEs have had their managers recruited and trained on how to handle business. Visioning and business planning training was conducted in all the 32 clusters. Twenty one ACEs that were ready to transact business were given logistical support as outlined below.

ACE Status

Zone	District	No. of ACEs	No of RPOs	Total Membership.	Share contribution
South West	Kabale	3	12	1,511	3,220,000
	Kanungu	3	12	1,033	N/A
	Rukungiri	3	18	795	N/A
	Ntungamo	4	19	2,391	6,300,000
Mid West	Mubende	3	15	569	N/A
	Kibaale	3	15	1030	5,321,000
	Kyenjojo	2	7	659	N/A
	Kamwenge	5	31	1,305	N/A
Eastern	Kumi	3	11	1,129	N/A
	Kapchorwa	3	12	1,720	N/A
Totals	10	32	152	12,142	N/A

Input procurement and bulk marketing.

Of the 32 ACEs only one new one- Kisiita in Kibaale district and the two ECRP started ones in Kapchorwa were able to transact business by 30th June 2005. The rest were still in the formation process. However all the 32 ACEs now have elected leaders and recruited managers. Three ACEs procured inputs and also marketed for their members at prices lower than the prevailing market rates for inputs and higher prices for produce. A 20% price difference in the case of produce price was realised. One of the three ACEs demonstrates the potential of this approach. Kisiita ACE acquired a loan of Shs.3,500,000/ from Katweyombeke SACCO to purchase 12 MT of longe 5 seed and supplied its members at a price of Shs.850/ per Kg (compared to the open market of shs 1,200). The loan was to be repaid after harvest. After harvest, the ACE bulked and marketed a total of 47.8 MT of maize at Shs.270/ per Kg Compared to Shs.240/ open market). Ushs 417,875/ was earned by the ACE as commission on maize sales.

Fifteen Savings and Credit Co-operatives (SACCOs) established, owned, managed and used by producers, RPOs and ACEs by 2006.

Activities under this objective include member mobilization & sensitization, supervision of formation of SACCOs, training members, guiding members in electing leaders, recruiting managers, training managers, training leaders, rent and renovations of office premises, provision of management support, stationery support, audits and monitoring & advisory services.

The significant accomplishments during 2004/5 include the following;
A baseline survey on the selected communities was carried out and a baseline survey report produced to guide in monitoring progress of the programme.

- Special general meetings were organized and Memoranda of Understanding (MOUs) were signed with 32 SACCOs.
- SACCOs members were trained in formation, ownership and governance of cooperatives.
- 30 SACCOs members were guided to elect leaders.
- 58 SACCO Managers and Cashiers were recruited

Through the programme, SACCOs were assisted to recruit managers and cashiers to ensure skilled personnel were identified to handle their business. Staff were recruited and trained in SACCO operations. Another training session which combined SACCO leaders and management was conducted to empower both categories with the requisite skills to do better business.

Conclusion

A lot was accomplished in 2004/2005, especially in the area of SACCOs development in all the 10 districts. A lot of effort will be put on strengthening RPOs and ACEs to address issues of productivity enhancement and bulk marketing and procurement in 2005. We are also working towards enabling ACEs to meet the quality standards required to be able to compete with other cereal dealers. In this direction we are helping ACEs to build driers, sorting equipment, moisture meter, among others.

9.0 UGANDA CO-OPERATIVE ALLIANCE LIMITED
REPORT OF THE DIRECTORS YEAR ENDED 30 JUNE 2005

The directors present their report together with the audited financial statements for the year ended 30 June 2005, which discloses the state of affairs of the organisation.

1. **PRINCIPAL ACTIVITY**
   The organisation's principal activity is to promote Co-operative Development in Uganda.

2. **RESULTS**
   The results for the year are set out on page 51.

3. **DIVIDENDS**
   The directors do not recommend the payment of a dividend.

4. **DIRECTORS**
   The directors who served during the year and to the date of this report were:

Mr. Joseph Mukasa	- Chairman
Ms. Justine Kazungu	- Vice Chairperson
Mr. Geoffrey Beingana	- Treasurer
Mr. Charles Esolu	- Member
Ms. Lydia Turyahumura	- Member
Mr. Jackson Oyugi	- Member
Mr. Lawrence Tiruganya	- Member

5. **AUDITORS**
   The auditors, Messrs Ernst & Young, have expressed their willingness to continue in office.

By Order of the Board

GENERAL SECRETARY

2005

UGANDA CO-OPERATIVE ALLIANCE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 JUNE 2005

The Co-operative Societies Statute, 1991 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the organisation keeps proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the organisation. They are also responsible for safeguarding the assets of the organisation.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Co-operative Societies Statute. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the organisation will not remain a going concern for at least the next twelve months from the date of this statement.

....	....
DIRECTOR	**DIRECTOR**
16/09/05	**16/09/05**
Date	**Date**

Ernst & Young

10.0 REPORT OF THE INDEPENDENT AUDITORS

to the members of
UGANDA CO-OPERATIVE ALLIANCE LIMITED

We have audited the financial statements on pages 49 to 51, which have been prepared on the basis of the accounting policies. We obtained all the information and explanations, which we considered necessary for our audit.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT AUDITORS

The directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the organisation and of the operating results. Our responsibility is to form an independent opinion on the financial statements based on our audit and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit so as to obtain a reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the financial affairs of the organisation at 30 June 2005 and of the results of its operations and its cash flows for the year then ended and comply with the Co-operative Societies Statute, 1991 and International Financial Reporting Standards.

KAMPALA
2005

UGANDA CO-OPERATIVE ALLIANCE LIMITED
BALANCE SHEET
30 JUNE 2005

	Note	2005 Ushs	2004 Ushs
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	2	688,247,434	913,670,625
Prepaid operating lease rentals	3	148,174,599	113,008,594
Investment property	4	1,329,883,481	659,853,842
Investments in shares	5	179,240,000	179,240,000
CMDP	6	242,716,940	242,716,940
CFSP		971,700	971,700
		2,589,234,154	2,109,461,701
CURRENT ASSETS			
Inventories	7	8,778,338	-
Amounts receivable from related companies	18	4,883,786	-
Other accounts receivable	8	237,451,530	221,394,631
Short-term investments	9	-	240,000,000
Cash and bank	10	936,129,203	525,763,996
		1,187,242,857	987,158,627
TOTAL ASSETS		**3,776,477,011**	**3,096,620,328**
SHAREHOLDERS' FUNDS AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	11	131,472,356	120,772,356
Statutory reserves	12	75,709,380	50,639,095
Capital grants	13	931,952,378	931,952,378
Capital reserves	14	821,078,950	821,078,950
Profit and loss account		196,400,740	(6,440,659)
		2,156,613,804	1,918,002,120

NON-CURRENT LIABILITIES			
Other long-term liabilities	15	584,540,365	584,540,365
CURRENT LIABILITIES			
Other accounts payable	16	143,837,238	192,198,416
Deferred revenue grants	17	550,203,186	78,735,879
Amounts payable to related companies	18	341,282,418	323,143,548
		1,035,322,842	594,077,843
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**3,776,477,011**	**3,096,620,328**

The financial statements were approved by the Board of Directors on .... 2005 and were signed on its behalf by:

.... Chairman

.... Treasurer

.... General Secretary

UGANDA CO-OPERATIVE ALLIANCE LIMITED

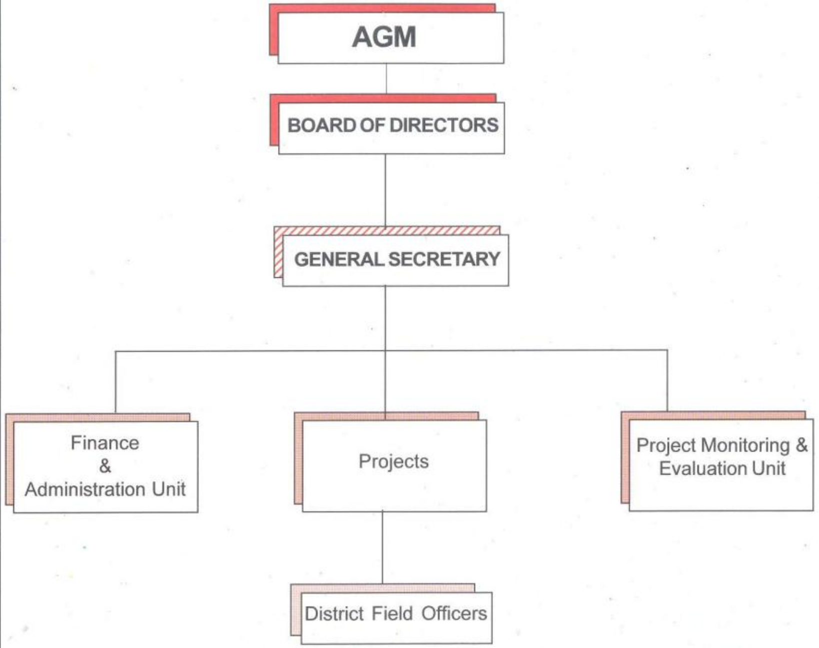
UCA CORE PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2005

	Note	2005 Ushs	2004 Ushs
INCOME			
Member subscriptions		7,670,000	6,265,000
Rental income from residential houses		39,010,000	59,908,400
Rental income from offices		217,246,717	188,034,324
Sale of services to related companies		3,000,000	3,000,000
Other income	19	346,841,147	84,201,724
Interest income		4,309,466	21,143,227
Profit from disposal of investments		212,529,639	286,381,990
		830,606,969	648,934,665
EXPENDITURE			
Staff expenses		188,098,302	145,783,728
Vehicle and travel expenses		35,792,350	30,969,296
Other operating expenses	20	378,804,633	357,581,391
Total expenses		602,695,285	534,334,415
PROFIT BEFORE TAXATION	21	**227,911,684**	**114,600,250**
TAXATION	22	-	-
PROFIT FOR THE YEAR		**227,911,684**	**114,600,250**

UCA Organisation Chart

11.0 Organization Chart for Uganda Cooperative Alliance Ltd.



2005 POSITION OF PROJECTS

- Farmer Empowerment Through Agricultura Services (FETAS)
- Community Empowerment through Cooperative Financial Institutions (CECFIS)
- Livelihood Improvement through Farmer Empowerment (LIFE)
- Integrated Finance and Agricultural Production Initiative (IFAPI)
- Youth Economic EmpowermentThrough Cooperative Organisations (YEECO)
- Leadership for Change (LFC)
- Project Monitoring and Evaluation Unit (PME)
- Promoting Area Cooperative Enterprises (PACE)