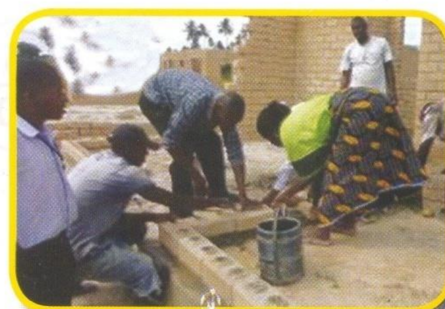
UGANDA CO-OPERATIVE ALLIANCE LIMITED



ANNUAL REPORT

for the year 2010/2011

UGANDA CO-OPERATIVE ALLIANCE LIMITED
REG. NO. 1850

Annual Report
for the year 2010/2011

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UCA BOARD OF DIRECTORS

Mr. Nimrod Wambette - Chairman - UCA Board of Directors

Mr. Lamuel Byamugisha
Vice Chairman

Ms. Clare Kabakyenga - Treasurer

Ms. Florence Badaza
Board Member

Mr. Vincent Okethcwinyu
Board Member

Mr. Fred Mwesigye - Commissioner for Cooperative Development - MTTI

Chairman's Statement At The 44th UCA AGM September 2011

Wambette Nimrod
Chairman, UCA Board of Directors

Distinguished Guests,
Fellow Cooperators.

On behalf of UCA Board and Management, I welcome you to our 44th AGM at which we account to you activities for the ensuing year. Since our last AGM, a number of things have taken place the most important of which I wish to highlight below:

Stake of Cooperative Movement

Our coop movement continues to recover and reinvent itself as demonstrated by growth of SACCOs ,Area Coop Enterprises and Unions particularly in new ventures such as fishing, beef, crafts, Traditional medicine, Energy and housing.

We await government commitment to support cooperatives and strengthened it to deliver producers out of poverty and the new Minister of Trade, Industry and Cooperatives at our recent meeting with her promised support.

We do not need handouts but require government to;

- Review the coop laws to be relevant with conventional coop principles and values and to give the board a reasonable lease of life to plan execute and review its mandate.
- Promote a structure which allows our members through UCA, access to affordable inputs, chemicals, transport and low cost technology to increase production.
- Compliment UCA's training programs with budget support.
- Support growth of our Uganda Cooperative Central Financial Services into Coop Bank.
- Promote the principle of conflict resolution through arbitration mechanism first.
- Strengthen and extend climate and weather forecasting to farmers to make reliable decisions.
- Strengthen laws that promote cleaner and sustainable environment

What UCA has and continues to do:

- Training in Agricultural development from planning, planting harvest, post harvest and marketing.
- Capacity building at individual and institutional level.
- Rural finance
- Mobilizing women and youth
- Seeking partnerships with developed coops (Korea) to share their experiences and skills.
- Performing our advocacy and representation role to Government.

Bugisu Cooperative Union (BCU)

Although investigation into BCU is now concluded, our opinion is that the matters to the conflict be resolved through arbitration to avoid polarization of the farmers of Bugisu region. The Board has indicated this to both parties and government.

89th ICA/17TH UN Year of Cooperatives

This years coop day was organized by the Ministry on 27th August in Mityana and I regret that many of our distinguished cooperators were not invited neither I given the opportunity to address the Cooperators. However the climax of the International Year of Coops will be held in Cancun Mexico where UCA and the Minister have been invited to attend subject to availability of resources.

Finally I urge you members to be honest and steadfast in serving the members who have entrusted you to office and to propagate the Cooperative business model as the only model which can deliver our people from poverty.

Thank you Members,
Government, Board and staff.

Wambette Nimrod
Chairman,
UCA Board of Directors

GENERAL SECRETARY'S STATEMENT

Ugandan Cooperatives Set To Drive The Economy

Mr. Msemakweli Leonard
General Secretary - UCA

After 17 years of struggle and hard work, cooperatives in Uganda are set to drive the country's economy, both in terms of the domestic and export sectors. New models compatible with the new environment have been designed, tested and proved efficient.

Re-building started at the grass root with the formation of SACCOs initially, followed by primary societies, Area Cooperative Enterprises (ACEs) at the meso-level and the National unions at the National level. To-date, there are more than 70 ACEs in different parts of the country and 10 National Unions formed under this initiative.

Most of the issues which had initially disorganized cooperatives after economic liberalization have been sorted out through the new approach in doing and controlling the cooperative business. Some of the issues include; heavy and unnecessary borrowing- the famous "crop finance" and putting the owners at the centre of cooperative enterprise.

Our cooperatives to-day are actively involved in all the key value chains of the agricultural sector where the majority of the Ugandan population derives its livelihood. These include; grains, beans, oilseeds, horticulture, aquaculture, epi-culture, dairy, beef, not forgetting coffee. This has created a very big space for the new entrants into our cooperative movement which means growth of the cooperative movement, its economy and that of the country.

Many of these commodities, if not all of them, have since become exportables or tradables, as economists call them, within the regional markets and even beyond. Here is an opportunity for the country to continue widening its export base and grow the economy. It is important to note that with the above range of agricultural products, cooperatives, for the first time ever, will have an impact on the food sector in Uganda.

The cooperative movement of today is all inclusive. Its membership consists of men, women, youth, educated and not educated, all shades of political orientation and religions. More importantly, they are men and women full of passion for their cooperatives. This has made our cooperative movement an all inclusive family in which we see a lot of broad-based public acceptability.

The growth of the movement stands at not less than 30 percent per year. This has to do with its resilience first and foremost, combined with the reforms that have been carried out, the diversification drive, improved image as well as the gender –sensitive policies of the new cooperative models. Sometimes I am amazed by the spontaneity of many people who want to start this or that type of cooperative, especially the youth and educated class. It speaks volumes on how this business model is appreciated.

Our cooperative movement is currently undergoing a lot of horizontal and vertical integration which will bring more strength and efficiency into the system for the benefit of the members. We believe that an integrated system will deliver better than when cooperatives exist in isolation. Hence, for the first time our people have started to appreciate and practice horizontal cooperation and integration. SACCOs were a very important tool in building the integrated system and this explains why we started with SACOs in our re-building efforts.

There is an overwhelming demand for food which some of us believe will continue to rise. On the other hand, globally, agriculture is still experiencing serious declining productivity trends, a problem which has existed for a long time despite the Green Revolution in some countries. What this means is that the shortfalls in the supply of food are not about to end. As a result, farmers have now become very important players in the global economy and cannot be taken for granted anymore anywhere in the World. This has been compounded by competition between food and bio-fuel which is also growing very fast. No wonder, for the first time ever, the agriculture sector has become bankable with a lot of interest from banks and other investors although the appropriateness of the financial products is still inadequate for agriculture.

Also for once in a very long time, cooperators seem to have strong government support including committed political leadership at the Ministry level. We also have a good policy on cooperatives and the law is under review. However, if our farmers and country are to benefit, we must invest in mechanization, infrastructure and industrialization of agriculture so that production and processing are linked.

Finally, on behalf of the UCA management, I would like to extend our thanks to our government for creating a conducive environment, the UCA Board of Directors for their guidance, our development partners – SCC, CCA, Norges Vel and VECO and KILIMO TRUST for their unwavering support, our cooperative leaders for their commitment and most important, our members for their hard work.

Leonard Msemakweli
GENERAL SECRETARY – UCA

REPORT ON THE UCA ACTIVITIES FOR YEAR 2010/2011

Introduction

During the year 2010/2011, Uganda Cooperative Alliance Ltd. (UCA) with support from its partners implemented four projects in different parts of the country. All the projects contribute to its mission of "providing high quality support services to cooperatives and their members on a sustainable basis". To achieve its mandate, UCA operates through two units which undertake development work. The two units are; Agribusiness Unit (ABU) and Microfinance Unit. A sub-unit known as Monitoring, Evaluation and Reporting (M, E & R) has been created to service all the units. These will synergies with each other to deliver more effectively under the guidance of the Secretariat. This report summarizes the performance of the Secretariat as well as the projects under the two units.

1.0 UCA CORE

1.1 UCA Secretariat

New projects.
A new project called MCB (Maximizing Cooperation Benefits Through the Value chain Linkage) was prepared and approved by our two long-term partners, SCC and Norges Vel as its co-funders together with the UCA. Its aim is to consolidate our achievements through EFTAF project which ended in December, 20010.

New development partners.
The secretariat is responsible for finding new partners and ensuring that projects are prepared. During the year we got the following new partners.

Agriterra.
Our partnership with Agriterra is intended to provide technical support to relatively strong cooperative groups with membership of at least 1,000. The process begins with a scoping exercise which determines whether there is justification for deeper assessment resulting in the development of bankable business plans. Out of ten cooperative organizations in which scoping was carried out, four were selected for deeper assessment. The four include, NAMA Area Cooperative Enterprise (aquaculture), Ankole Coffee (organic coffee), Uganda Cooperative Creameries (milk) and Muhoro ACE (upland rice).

Agribusiness Trust.

Agribusiness Trust and UCA signed an MoU to boost the efforts of farmers in 3 ACEs in Apac district which are producing soya bean. The funding is to be used in training of farmers but there is a possibility that it could extend to other activities such as inputs supply, that farmers are in need of. However, we are discussing with Agribusiness Trust to also support simsim farmers in Lira.

Rabo Bank Foundation.

The General Secretary held discussions with officials from Rabo Bank and Rabo Bank Foundation to discuss partnership with UCCFS (Uganda Co-operative Central Finance). The partnership between the two organizations is expected to be formalized before the end of 2011.

Moshi University College.

UCA and Moshi University College signed an MoU establishing a joint venture to run a course in professional Management of SACCOs in Uganda. The course is being conducted by the UCA staff under the supervision of Moshi University College. In the first round 166 students from all over Uganda enrolled and are about to graduate. There has been an existing gap in training professional managers in SACCOs on a sustainable basis even though the sector is growing very fast. With this, SACCO managers can be trained and re-trained through distance learning which is convenient and inexpensive.

Mobilization of support to the new National Unions.

Some modest resources to get the five national unions off the ground which were formed the previous year were mobilized from our development partners. These are grains, horticulture, Honey, Fish and Irrigation. The national unions are expected to play a very important role in the development of not only their respective value chains but also the whole agricultural sector in Uganda. Some of the unions have already started playing a very key role in securing contracts with large buyers for farmers in the cooperative movement. They are therefore assisting the UCA to do its work. With the new National Unions in addition to UCCFS, which is the cooperative financial arm, the re-building of the cooperative movement is complete.

Participation in Cooperative Law Review.

The general secretary participated in the review of the Cooperative Act CAP. 120 having been appointed by the Ministry to sit on the committee. A number of meetings were attended and the process is on-going.

Other Business development activities.

Bio-energy.

The secretariat continued to carry out its investigations into the possibilities of setting up bio-energy systems so that cooperatives have energy to drive their activities. The investigation is being done in collaboration with a private firm called MENTA Investments Co. Ltd. It has delayed to take off mainly because of the need to identify feedstock. This has been accomplished and what is now left is how the feedstock can be produced by cooperators.

New Types of cooperatives.

In spite of limited resources, the secretariat has been making efforts to promote other types of cooperatives to open up new opportunities for the people especially in terms of employment creation such as furniture and handicrafts, Energy and other non-farm groups. Quite a number are in the pipeline.

Old Age Savings Insurance Scheme.

This important intervention was launched by the Secretariat several years ago and has now picked momentum. The scheme has life cover and a savings component for those cooperators who want to plan for long-term. To-date UCA has recruited 1,250 cooperators into the scheme and these have acquired certificates worth shs 165M. In addition, there are 49,000 cooperators who have paid installments, meaning that the scheme has a total of 50,250 members from 66 SACCOs and 17 ACEs.

Negotiations with banks for Agri- Finance.

The secretariat held negotiations with several commercial banks that have shown interest in providing agricultural credit. Unfortunately, the momentum was suddenly interrupted by the unstable financial climate that was caused by rising inflation over the last few months. In spite of that, there is a possibility that one of the banks might finance ACEs to purchase a few tractors. We are also discussing with Kilimo Trust to support more ACEs and SACCOs with soft loans to put up stores and funds to facilitate the implementation of the warehouse receipt system. The pilot project was very successful in Kisiita and Katerera and their affiliated SACCOs.

International Meetings.

UCA hosted the CCA Partners' Forum in which participants came from Rwanda, Malawi, Ghana and Uganda to share experiences.

Participation in African Cooperative Leaders course-Japan

The general secretary was sponsored by the Japanese Cooperative movement to among four cooperative leaders from Ethiopia, Kenya, Rwanda and Uganda. The purpose was to enable cooperators from Africa to exchange ideas and forge closer ties with the Japanese Cooperators who are very advanced.

Invitation by the Cooperative College, U.K.

In recognition of UCA's struggle to re-build the cooperative movement in Uganda from scratch, the general secretary was invited by the top management of the Cooperative College, U.K to share UCA's experience with other stakeholders in that country where there is a lot of interest in what is happening in Uganda. While there, meetings were held with officials from many organizations including the Cooperative Group, U.K which is considering providing affordable finance to cooperatives in Africa and some parliamentarians who support cooperatives. The general secretary was also invited to address a group on Fair trade which is growing very fast in the U.K

There were many other international meetings that the General Secretary attended including meetings and workshops by EAFF, ICA and others.

Visitors to the UCA.

The Secretariat received guests from all over the World including Rwanda, Canada, Lesotho, Sweden, Norway and many others.

Sustainability of the UCA.

The secretariat embarked on the search to attain some reasonable degree of self-sustainability which has been an issue of not only the UCA but all other similar organizations World-wide. The Secretariat has continued to make steady progress on that path every year including 2010/11 when our savings were put into some income- generating investment to sustain the organization.

Mr. Won Byung Choi, Chairman,NACF and Mr. Nimrod Wambette, Chairman UCA signing an MOU sisterhood. Looking on are Mr. Leonard Msemakweli, General Secretary UCA and the staff of NACF

A group photo of the participants at the 50th anniversary international symposium of National Agricultural Cooperative Federation

The Chairman of UCA, Mr. Nimrod Wambette signing an MOU Sisterhood between National Agricultural Cooperative Federation and Uganda Cooperative Alliance Ltd., in South Korea

Special Projects Under Secretariat

1.2 Co-operative Response to HIV/AIDS (CoopAIDS)

Background

Uganda Cooperative Alliance Ltd (UCA) in collaboration with her partners the International Labor Organization (ILO) and Swedish Cooperative Centre (SCC) started the implementation of the Co-operative Response to HIV/AIDS (Coop AIDS) project. The overall objective of the project is to contribute towards improved livelihoods of men and women, including youth, by mitigating the negative social- economic impact of HIV/AIDS through the co-operative movement sector in Uganda. The project's immediate objective is: "*S*trengthened capacity of cooperative organizations and institutions to play an active and direct role in responding to HIV and AIDS and its consequences among their members and the broader community." This is to be achieved by building the capacity of Cooperative organizations to play an active role in the national response to the challenges of HIV/ AIDS using the cooperative model on a sustainable basis. Coop (AIDS) Project is a two year project whose activities commenced in February 2010.

The Focal Problem

HIV/AIDS epidemic and its burden continues to grow in Uganda, a quarter of a century since HIV/AIDS was first reported in 1982. The epidemic is heterogenous but also dynamic affecting different population sub-groups resulting in multiple and diverse epidemics.

The UNAIDS report on the global AIDS Epidemic (2008) estimates that at the end of 2007 940,000 **Ugandan** adults and children are living with HIV, **130,000** new infections occur each year, **77,000** AIDS-related deaths per year, **115,350** adults and children are receiving treatment whereas **350,000** adults and children are in need of antiretroviral treatment. Every individual young or old is at risk because the epidemic has progressed from high risk groups to prevalence in the general public. A detailed study by our partners the SCC on the impact of HIV/AIDS in Kenya discovered that epidemic has the following major consequences which may also be true for other similar countries like Uganda.

- HIV/AIDS affects mostly the productive age group and has direct bearing on production both at individual, community and co-operative society levels.
- Reduced contributions of co-operative members in terms of produce delivery, savings and shares
- Sick members and those caring for the sick reduce their participation in co-operative meetings, hence eroding the cooperative principle of participation and democracy.
- Increased burden of caring for orphans was identified as one of the agents leading to increased poverty in the communities and hence reducing savings, production and even membership of co-operative societies.
- Absenteeism by cooperative employees due to own sickness, caring for family or attending burials
- Denial, stigma and other cultural factors still influence the current response to HIV/AIDS
- Increased operational cost as a result of increased insurance costs, recruitment and training new staff, funeral of staff etc

A macro economic impact study on AIDS (Ministry of Finance and Uganda AIDS Commission joint report 2008) indicates that AIDS has a negative effect on the rate of economic growth in Uganda.

- The resultant effect is a fall in GDP growth from a projected 6.5% a year without AIDS to an estimated 5.3% with AIDS and that by 2025 the economy will be 39% smaller than it would have been without AIDS.
- HIV/AIDS raises overall headcount poverty rate by 1.4 percentage points. The impact is greater in rural areas where poverty rises by 1.6 percentage points compared to 0.9 in urban areas.
- HIV/AIDS undermines health sectors ability to deliver quality services
- Overstretched family and community support systems to cope up with ever increasing orphanhood burden
- Limits capacity of the health system to deliver the requisite HIV/AIDS services due to increased demand for treatment and care services

Co-operatives as grassroots organisations are in a unique position in the fight against the disease and have a great capacity for building awareness on the various issues affecting the community. In many countries, they are among the focal points for disseminating information, especially in rural areas; they are also centres for learning and generation of ideas through discussion. In the rural areas, where the majority of economic activities is organised through co-operatives, the co-operative movement has experienced considerable damage in terms of loss of human resources and rising costs. In particular:

- Co-operatives are organised through people, so death of members has a high impact on the movement
- Death of people within co-operatives has undermined the ability of co-operatives to smoothly manage the movement (e.g death of a co-operative manager causes loss in the operations and a loss in terms of costs incurred for his/her training)
- Due to poverty, lack of awareness and the fact that rural areas where co-operatives operate are not sufficiently covered by HIV/AIDS programmes, co-operatives are not able to react to the advancing of the disease.
- The co-operative movements are not just to be regarded as victims of this epidemic, but they should be enabled to play an active part in the fight against the epidemic through effective awareness and educative programmes. There is however no institutionalized coordination and mobilization of the co-operative movement actors in Uganda to contribute to the national response. Uganda cooperative Alliance carried out a study on the impact of HIV/AIDS in cooperatives and results show that the magnitude to which the epidemic has affected the movement is extremely high.

Project Objectives:

Development Objective

- To contribute towards improved livelihoods of men and women, including youth, by mitigating the negative socio-economic impact of HIV/AIDS within the co-operative movement sector in Uganda."

Project's Immediate Objective

- To enhance the role of co-operatives in addressing the socio-economic consequences of HIV/AIDS among their members and the broader community in Uganda by the end of 2011.

Output and Activities of the Project

- A sustainable coordinating structure under the cooperative federation (UCA) to facilitate the HIV/AIDS response within the co-operative movement sector in Uganda established.
- A coherent plan for HIV/AIDS response within the co-operative movement sector in place
- HIV/AIDS workplace policies and programmes for participating co-operative organizations initiated and operational.
- Innovative Cooperative based Enterprises established to mitigate the negative social-economic impact of HIV/AIDS.

Achievements of the year 2010-2011

1. Aids Information Centre in collaboration with Uganda Cooperative Alliance Conducted HCT outreaches in the 4 cooperative Unions of Uganda crane creameries cooperative Union, Nyakatonzi cooperative Union, Teso Cooperative Union and Uganda cooperative transport union. Among the activities carried include

a. Conduct sensitization and awareness about TB and HIV in the cooperative societies.

b. Conduct peer education to the cooperatives' staff in HIV counseling and TB/HIV services provision.
c. Initiate formation of post test clubs.
d. Conduct HIV counseling and testing.
e. Conduct TB screening and treatment.
f. Ensure adequate referral of clients who need extra services.
g. Sensitization through Health Education talks
h. Referral of clients to their nearest Health facilities
i. Condom distribution

Basing on the above a team from AIC provided HCT, to 400 clients**,** on the same note septrin and condoms were also distributed to clients .All clients received condoms where as those who tested HIV positive were given septrin as shown in the table below: There was no HCT in Biharwe, Mbarara district but the people only received sensitization messages.

Mbarara / Kasese Regions
HIV Counseling and Testing in Katerera, Katojo, Bwera and Biharwe

Site	Date	Male	Female	Positive	Negative	Total Clients	Positivity Rate (%)
Katerera	31.01.2011	62	64	11	115	126	9%
Katerera	01.02.2011	154	120	28	246	274	10%
Katojo	02.02.2011	62	33	04	91	95	4%
Katojo	03.02.2011	44	58	02	100	102	2%
Total		**322**	**275**	**65**	**551**	**597**	

AIC Lab Technicians bleeding cooperative and community members for VCT in Katerera

Site	Date	Male	Female	Positive	Negative	Total Clients	Positivity Rate (%)
Katerera	14.02.2011	101	55	18	138	**156**	11.5
Bwera	15.03.2011	81	13	01	93	**94**	1
Biharwe	17.03.2011	37	05			**42**	
Total		**182**	**68**	**19**	**231**	**250**	

Supplies Distribution of septrin, information education and communication

S/N	Site	Date	IEC Materials (Posters)	Cotrimoxazole (Septrin) given out
1	Katerera	31.01.2011	30	660 Tablets
2	Katerera	01.02.2011	20	1680 Tablets
3	Katojo	02.02.2011	30	240 Tablets
4	Katojo	03.02.2011	20	120 Tablets

Condom Distribution:
A total number of 7200 condoms were distributed to the community members who either tested positive or negative. This was done in the sense that all members were encouraged to use condoms so that they can be prevented from acquiring or spreading the disease to the non infected persons. 3600 condoms, 7 water guard and 2280 contrimoxazole were distributed as shown below.

S/N	Site	Condoms Distributed	Waterguard given out	Cotrimoxazole (Septrin) given out
1	Rubirizi	3600	4	2160
2	Bwera	3600	3	120
	TOTAL	**7200**	**7**	**2280**

Uganda Cooperative Transport Union
HCT outreach conducted by AIC/UCA on 15th/8/2011 at Uganda Cooperative Transport Union in Kawempe.

Total number of people counseled and tested AT UCTU

Males	Females	Total
133	73	206

Sex	Negative	Positive
Females	68	5
Males	131	2

A total of 14400 male condoms were distributed to the truck drivers and the female partners that tested 10 posters on HIV counseling and testing were also distributed, 50 leaf lets on couple counseling and 3 couple certificates were as well distributed to clients.
Among the tested were 3 couples who were concordant negative

Observations at UCTU

1. This was a golden opportunity for the truck drivers who always have no time to go for HIV testing in the existing facilities, taking service to them was the only option that could give a chance to as many as possible to get the service. UCA leadership was very supportive in the mobilization of the truck drivers and taking care of the staff welfare.

2. AIC is appreciative of UCA's initiative of moving HCT services closer to the Truck drivers and some employees.

3. The strategy of using music system to mobilize communities was found to be very effective as many clients turned up for the service voluntarily.

Teso Region

1. A total of 377 clients (161M, 216F) were tested for HIV, Nine (9) adults tested HIV positive and were screened for TB and referred for care and support, 28 couples were tested; one (1**)** concordant positive, **21** concordant negative and one (1) was discordant, 32 children were tested for HIV, two (2) male and zero female**,** three (03) children were tested HIV positive; two (2) male and one (1) female.
2. Also due to the collaboration Uganda Cooperative Alliance has with the Aids information centre the project has been able produce and print 5,000 HIV/AIDS materials which are to be distributed to the projects and cooperatives working under Uganda Cooperatives Alliance.

3. The project signed an MOU with Agency for Co-operation and Research in Development (ACORD) and Aids Information centre with clearly spelt out collaborative framework for supporting model co-operative organizations to develop and implement workplace policies. ACORD also developed guidelines that may be followed by other co-operative organizations to develop and implement own HIV/AIDS policies.

4. Also Aids information centre and ACORD Uganda, they have helped 5 cooperatives to develop and implement HIV/AIDS policies I.e UCA, NCU, UCCCU, TESO and UTCU. Policies are yet to be distributed during the next monitoring visit. This will be followed by training the cooperative members on how to use the policy in mainstreaming HIV/AIDS within their respective organizations.

5. Also a total of 58 (17 female and 44 male) HIV/AIDS peer educators have been selected and trained from the participating co-operatives. These are to disseminate HIV/AIDS information to a wider spectrum of co-operative staff and members using existing materials in appropriate languages. The effective provision of information to members and employees of co-operatives is expected to lead to improved health care and appropriate treatment. The participating co-operative organizations have been assisted to profile HIV/AIDS service providers available in their respective areas of operation.

6. During monitoring it was discovered that the project has been able to support the potential co-operatives to create jobs and income generation through innovative co-operative based enterprises for the selected individuals and households affected by HIV and AIDS. The project through its various interventions is contributing to improved capacity of participating cooperative institutions and stakeholders to provide local cooperatives with organizational capacity to plan and implement programmes that mitigate the negative socio-economic impact of HIV and AIDS of their co-operative leaders, staff, families, members and the wider communities. The project is also contributing to Uganda Co-operative Alliances' fulfillment of her mandate by acquisition of the necessary capacity, recognition and political goodwill regarding the immerse potential of co-operatives in the HIV/AIDS national response.

7. In that regard a total of 57 individuals (27 female and 30 male) selected from HIV/AIDS affected households or infected individuals were trained in business and entrepreneurial skills in two separate training workshops. During the four day training these were also supported to develop business plans for their business start-ups or expansion of existing enterprises. The project was able to follow up more than 50% of the trainees and offer other

on site business support clinics for beneficiaries. The knowledge and skills acquired helped to create a multiplier effect in the participating co-operatives. WAWOYA co-operative was selected to pilot mechanisms of supporting to HIV/AIDS infected and affected individuals and households. Revolving funds grant equivalent to Ug shs 20,000,000 (twenty million only) has been provided to the SACCO. This is being availed to the above specified category to start up and/or expand their business enterprises.

A total of 130 beneficiaries (70 female and 60 male) have already accessed the revolving fund grants. The enterprises started/expanded include 40 poultry, 80 agri-enterprise farming, 78 retail trading and 3 drug shops. The enterprises created at least 226 jobs by the end of June 2011. With the loan repayments flowing in, this initiative is posed to benefit more members at preferential lending rates of 2% per month.

By the end of the year the beneficiaries are expected to earn better income from their ventures and their welfare will be improved. Uganda Cooperative Alliance Coop Aid project manager and WOWOYA field staff have continually monitored the progress made by the beneficiaries in order to provide them with guidance, advice and technical support in their income generating activities regularly.

All the above have been achieved due to a combination of factors:

- UCA,s capacity to put in place an affective project coordination unit
- Good collaboration and partnership between UCA and her partner SCC that has provided technical backup
- The participatory approach is that it enhances beneficiary ownership of project activities. This is exemplified by their commitment and willingness to cost share in project activities.
- Networking and linkages with other UCA's existing initiatives both in Agri- Business and Micro-Finance

Project Beneficiaries:

The direct targets for the project are the national federation of the co-operative movement in Uganda (UCA herself), at least two national co-operative unions, as well as six district Co-operative Unions or Area Co-operative Enterprises. These are comprised of the staff, board, and members of the organizations and their families. The indirect beneficiaries are the primary societies affiliated to the co-operative organizations, including staff, board, members and the wider communities in which they operate from. Some households and individuals affected by HIV/AIDS are targeted and assisted to start and or expand co-operative based enterprises.

Lessons learnt and challenges

- The Co-operative Organizations are at different stages of developing and implementing HIV/AIDS workplace policies and programmes. This therefore necessitates stocking taking, documentation of best practices that may be shared with other Cooperative actors.

- Train co-operative managers to relate the impacts of HIV/AIDS on their co-operative business and how to estimate the negative economic and social impact of the epidemic
- Preventative measures against HIV and AIDS restores hope to the affected and helps them get more easily absorbed into normal economic life, thus reducing stigma and improving the quality of life of the affected persons.

- Involvement in income generating at household levels brings about stability in the home and to some extent reduces the stigma and desperation for the HIV/ AIDS affected people.
- Need for adequate funding for the interventions in order to produce more pronounced results.
- Information sharing is a key element which cooperatives need to learn and adopt .The role of Peer educator should also be strengthen and supported as they are able to extend services to the rural community better
- HIV/AIDS is still a big challenge that would take generations and generations if no proper ways are put in place to curb down its spread.
- Counseling and testing is very crucial in shaping or promoting positive living and responsibilities that is it boosts self esteem of the stigmatized.
- The positive clients demanding for CD4 count test to enable them assess ARVs. There is need to work with the UCA/ AIC to support the positive client as to access CD4 cell count.
- High demand for future HCT/VCT reschedule by other people who felt could be under window period and those who missed.

AIC Medical counselor giving counseling to a youth ready to take an HIV Test in Bwera-Kasese.

1.3 Housing Cooperative Development Project "Building Sustainable Housing Cooperatives"

Background

Uganda Cooperative Alliance is implementing a 3 year project from January 2010 to December 2012 that is supporting low and modest income groups, to form housing cooperatives as a means to achieving affordable and adequate housing under the theme *"Building Sustainable Housing Cooperatives in Uganda"*. It is being supported by the Swedish Cooperative Centre.

This followed a study in 2008 commissioned by SCC to analyse the status of housing cooperatives in Uganda that found out that there were no housing cooperatives and the existing groups formed to provide housing were not operating on the cooperative principles. It was then agreed that UCA be supported to revive and reintroduce housing cooperatives into the country with an initial focus on the urban and semi-urban areas of Kampala, Wakiso and Mukono districts.

A one year pilot was commissioned in June 2009 and was due to end in May 2010. In January 2010 the SCC regional Housing program begun a new 5 year phase and thus decided to restructure the project. This resulted in the extension of the pilot to the end of 2010 there by synchronising it within the new project phase. The pilot saw the successful introduction of the concept of housing cooperatives to 6 (six) communities and groups that were supported in the formation and eventual management of the housing cooperatives. These housing cooperatives have benefitted from trainings and study visits to other countries to learn how they can utilise the cooperative as a tool to achieve their housing goals.

The development goal of the project is to ***"Contribute to Improved Human Settlement Conditions for Ugandans"*** which is in line with SCC housing program's Goal of ***"k".*** This will be achieved through a project objective of ***"Empowered housing cooperatives addressing the inadequate housing conditions of low and modest income communities sustainably".*** The project has four main outputs namely;

1- Capacity of Apex/project staff and primary cooperatives to deliver on mandate built
2- Capacity of cooperatives to negotiate for land and housing finance and apply ABTs enhanced
3- Networking, Lobbying and Advocacy on housing issues
4- Mainstreaming gender, HIV&AIDS and environment

Key Activities
The housing project has carried out a number of activities. These included;

1- Support to the housing cooperatives to develop strategic plans which will help them focus on what they need to do to achieve their goals of meeting their housing needs. These are almost complete.
2- Support on learning about appropriate building technologies.
3- Provided the members with materials that will enable them to be more organised which in turn will enable them to be credible and be easily supported by other institutions particularly financial institutions.

Two study visits to ZINANCHO (Zimbabwe National Association of Housing Cooperatives) in Harare, Zimbabwe and in June 2011 to NHBRA National Housing and Building Research Agency in Dar-Es-Salaam. The visit to ZINACHO which was for 6 participants was intended to help the representatives from the housing cooperatives see how other similar people are running and benefiting from the housing cooperative. While the visit to NHBRA in Dar-Es-Salaam saw 9 nine participants representing 4 PHCs learn about how to utilise appropriate building technologies ABTs to be more cost effective in the building of quality housing. The project is also supporting the PHCs to procure equipment for making these low cost building materials.

New groups are getting interested in the housing cooperative concept this has been as a result members in the existing cooperatives are talking to other groups, radio programs, community mobilisation programs and other groups just seeking support at UCA to start housing cooperatives. Examples are the Makerere University Staff Housing Cooperative, Ministry of Trade, Industry and Cooperatives Staff Housing Cooperatives and several others still in the infancy stage that we are interacting with.

Study Visit to NHBRA in Dar-Es-Salaam

The housing project has realised some achievements in the last year. These can be viewed in the outputs for the project;-

Output 1: ***Capacity of Apex/project staff and primary cooperatives to deliver on mandate built***

At UCA Level;
The UCA staff from the Housing Project participated in 5 capacity building activities that included workshops and trainings all intended to provide them with more knowledge and skills so that they would be able to support the PHCs to deliver on their mandate.

At PHC Level;
The housing cooperatives have benefitted from a number of training sessions from June to December 2010. At the end of 2010 a training needs assessment was done and the subsequent trainings done in January to June 2011 prioritised these needs. By the end of June 2011 the PHCs had participated in 4 workshops and 4 general membership trainings on understanding the

Basics on forming a housing cooperative, governance, financial management, gender and strategic planning as well as two study visits.

The groups have been provided with materials to help them be better organised as far as record keeping is concerned. These included receipt books, voucher books, registers and savings pass books among others.

New groups are also being mobilised and meetings have been conducted with some of these groups to help them understand some of the key issues in running a cooperative.

Output 2: ***Capacity of cooperatives to negotiate for land and housing finance and to apply ABT enhanced***

A technical officer was recruited and he has started to provide support to the PHCs on technical issues specifically related to building and construction. He will be utilised to follow up on the proposals and ensure that housing cooperatives are utilising their knowledge on ABTs.

As a result of the training on ABTs the representatives from the PHCs were exposed to two technologies; Interlocking soil stabilised blocks and light weight sisal reinforced concrete tiles. These are very cost effective technologies which if utilised can reduce the cost of the house by between 20 – 60% depending on other items used in the building process. Equipment for making these materials is being procured from NHBRA and should be available in the next quarter for the PHCs to start production.

Exchange visit to Harare, Zimbabwe; members visit Chitungwiza District Cooperative Union

Output 3: ***Networking, Lobbying and Advocacy***

The Housing project at UCA has been actively involved in networking and advocacy on housing issues through networks, the media and meetings. These interactions have resulted in changes at local, national and international level.

1- UCA is a member of the Uganda Human Settlement Network and Network that brings together different individuals, professionals, NGOs and CSOs that are working in housing and housing related issues.

USHNET has continued to provide a valuable platform for UCA to interact with person and organizations working in the housing sector. UCA participated in 2 meetings and 1 workshop for the Land and Housing working group to review the housing policy and was able to propose:

i) That a housing agency/authority or body be set up to champion the housing issue. This organization would have the mandate to carry out research on ABTs, develop appropriate building standards and ensure that Ugandans can afford to access affordable housing finance solutions particularly for low income groups.

ii) That a census on the housing sector be carried out often to ensure that the statistics on housing is relevant and up to date

iii) That government should invest in a housing fund to support its citizens to have finance for low cost housing

2- UCA Housing staff also participated in the GC23 (*23rd Governing Council meetings*) for UN Habitat. This annual event brings together country representatives, civil society organizations and NGOs working with housing and urban development issues of the people living in the cities. This was a good opportunity to see what lobbying and advocacy work can do and we participated in the women's caucus that proposed two key resolutions on make cities safer for women.

3- In regards to use of media to promote the housing cooperative concept UCA participated in 4 radio programs on Radio Sapiencia where we were able to explain to the listeners about cooperatives and specifically housing cooperatives and how they can work. We have received some inquiries from interested individuals as a result of this.

Output 4: G*ender, HIV&AIDS, Environment and Youth Mainstreamed*

All the activities that have been undertaken in the project have been done with a gender lens. The PHCs have been encouraged to mainstream gender at all levels from the formation, election of leaders, participation in activities and decision making in the PHCs. UCA advises the members of the PHCs to ensure that women and men young and old are valued in the entire process.

It has also been necessary to promote gender by taking specific interventions. This has been done in the following ways

1- For the training sessions where membership have to select representatives, UCA insists on a minimum of 2 women and 5 men.
2- In the general membership trainings women are challenged to be more active and to participate equally.

3- The selection of participants for the study visit to NHBRA in Dar-Es-Salaam, the housing cooperatives were asked to ensure that at least of 3 representatives, one is a woman. Out of 9 participants 3 were women.
4- Female participation is emphasized in terms of contribution and also in leadership for example, during the strategic planning, the committees that were set up to finalize the process had to have representation of both men and women.
5- All the housing cooperatives have a fairly good representation of the youth as members and as part of the leadership.

Key challenges faced in the project

The biggest challenge in the past year has been the change in forex rates and drastic depreciation of the shilling which has resulted in changes in prices of fuels and thus the pricing of most consumables used in the projects activities. For example the price of Fuel has increased by about Ugx1,200 in the course of 6 months. The budget rate initially used was Ugx295 to 1 Swedish Kroner and yet the market rate by the end of June 2011 was about Ugx400.

The members of the housing cooperatives have also expressed dismay over these issues citing the fact that they are getting less and yet they are spending more which has also affected their savings ability.

Lessons learned and way forward

There are some key lessons learnt in the process of implementing the housing project. Implementation of this project has at times not yielded quick results owing to many factors that may not have been considered. These include;-
1- People's perceptions and ideas of what a house must be. People tend to have different ideas on what they want. Some want small simple houses because that is what they can afford that while others want big houses because of the large families they have yet they all don't have the funds
2- The unwillingness to work with others but prefer to work for their own. Many of the people we talk to want to build their own houses single handedly.
3- People wanting to see results before they can commit themselves. There is a tendency for many to wait to see if the others will actually succeed. They promise to join when the first houses are built.
4- Believing that building a house is for the rich. The mentality that only those who are rich can afford to build and resigning to this fate inspite of all efforts to encourage them to realize that they too can do.

It has been of great help to focus on helping the members to change their attitudes on how to access a home.

Summary of Housing Cooperatives Progress

Name	Membership			Economic Activity	Savings as at 30th June 2011	Registration progress	AGM	Status of Proposed IGAs
	M	F	Total					
Nkokonjeru Caritas Housing cooperative	19	17	36	Farmers, Teachers	UGX 315,000	Registered on 28th April 2011	To be held on 11th August 2011	brick making
Nabweru Housing Cooperative	29	21	50	Traders, Builders, Pastors	UGX 1,244,000	Registered in December 2010	Held in January 2011	Tile and brick making; A site has been identified for hire for this particular purpose and the machine will be hired at a very low cost as well.
Wakiso Housing Group	13	27	40	Farmers, Teachers	UGX 247,000	Submitted to the district	To be held after registration	Brick making.
Uganda Builders HC	21	09	30	Builders, traders	UGX 650,000	Registered in 2009	To be held on 20th July 2011	They are also working on starting up a construction team where they take on contracts as a Housing coop
Kasangati Housing group	08	10	18	Traders	UGX 600,000	Still to make the required number of 30 members	To be held after registration	The group has now started making hand crafts for sale out of drinking straws, paper and other materials. This will generate more money for the group.
Polysac HC	124	68	192	Factory workers	UGX 70,674,250	Registered in 2009	Held on 1st May 2011	Interlocking Bricks and Tile making.
Total	**214**	**152**	**366**					

2.0 MICROFINANCE UNIT (MFU)

The Micro Finance Unit (MFU) provides strategic support services to the cooperative financial services sector, UCCFS (Uganda Cooperative Central Financial Services) which is the national union formed by Savings and Credit Co-operative Societies.

MFU's General and Specific Objectives

The general objective of the MFU is to build *Sustainable SACCOs providing easily accessible and affordable financial services to underserved communities*. Its specific objective is to *put in place institutional arrangements for sustainable provision of support services to SACCOs".*

The main components of UCA's Support for cooperative Financial Services.

UCA's cooperative financial services support methodologies involved in mobilizing rural communities to start, use, benefit from and control their own financial institutions on a self-help basis. Through the same methodology, SACCOs that were not formed on the same foundation are guided to transform themselves and adopt UCA's methodology so that they too can provide better financial services to their members. Under this methodology, UCA's MFU specifically undertakes the following interventions in financial services co-operatives:

i) Mobilizing, sensitizing and guiding rural communities to form self sustaining SACCOs

ii) Building the technical capacities of SACCOs through training members in how to own, use, control and benefit from their SACCOs, training leaders and management staff in leading and managing their SACCOs operations, and developing and providing them with SACCO governance, management, operating and reporting systems.

iii) Provision of basic logistical support services (on a need basis) mainly basic start up support kit to enable the young or the restructured SACCOs start their operations smoothly and quickly grow up to become safe, sound and sustainable institutions.

iv) Assisting SACCOs establish and commence their business operations i.e. mobilising membership, share capital, savings, lending and recovering their loans.

v) Carrying out internal audit and supervision of SACCOs to train them on the job and mentor them to ensure that the leaders, management staff and their SACCOs in general operate efficiently, effectively and in the best interests of their members.

vi) Assisting SACCOs establish higher level SACCO organizations for the purposes of improving their business operations.

vii) Assisting SACCOs establish local networks to enable them share experiences and learn from each other.

viii) Linking SACCOs to other types of cooperatives to enable them improve their business prospects, benefit other co-operatives as well optimizing co-operative benefits to co-operators**.**

ix) Advocating and lobbying for SACCOs as well as representing them at different fora on matters of interest to the SACCO sector.

MFU's Achievements during the period July 2010 – June 2011

During this period, the MFU achieved the following:

a) Partnerships at SACCO level.

i) Made tremendous progress in the development of the micro insurance product for SACCOs including attracting SANLAM Insurance Company as a partner in the implementation of life insurance service product into SACCOs (initially on a one year pilot basis in two SACCOs; Matete and Kakuto) with a view to rolling it out to many other SACCOs thereafter. The piloting commenced in March 2011. Working in collaboration with Uganda Central Co-operative Financial Services Ltd, UCA also secured continued technical support of Agriterra for this exercise.

ii) Collaborated (with the United States Peace Corps for SACCOs. The Peace Corps shall provide SACCOs with free technical support services for up to 2 years in each cycle. If the initial phase is successful, the programme shall be scaled up to benefit many other SACCOs.

iii) Established a collaboration arrangement with GIZ under which it will provide technical support for SACCOs and Area Co-operative Enterprises (ACEs) in Northern and West Nile Regions of Uganda. Their main contribution will be in the areas of integrating the operations of agricultural co-operatives and SACCOs in order to maximize their benefits to the co-operative members. They will also assist in the establishment of a data services centre in Lira which will help weak SACCOs in the area to in keep good records, and process and produce good reports for their management purposes

iv) Attracted the Micro-Justice Programme to Uganda. This programme is working with SACCOs in Mukono and Jinja sub-regions to provide simple but vital legal services to SACCOs and their members on a full cost recovery basis. These services are adding value to the SACCOs' services to their members. Once it has been well established, the Micro Justice Programme will roll out its services to SACCOs in the rest of the country.

v) Worked with Moshi University College of Cooperatives and Business Studies (MUCCoBS) to develop and introduce a long distance Professional Financial Co-operative Management course for SACCO management staff and leadership in Uganda. The nine (9) month course is intended to build the capacities of SACCO leadership and management staff to ensure that they can implement and comply with the sound SACCO performance standards in their respective SACCOs. A total of 166 students (40% women) were registered and commenced the training in November 2010.

vi) Established a relationship with the Swiss hand, a Swiss NGO that is interested in complementing the efforts of UCA and it partners in supporting weak SACCOs that are still very young and small to scale their support services to their members.

vii) Participated in design of MCB (Maximizing Co-operative Benefits through Value Chain Linkages project under which 166 SACCOs and their union (UCCFS) are being assisted in the area of internal audit and supervision as well as technical capacity building. The MCB project succeeded the Microfinance Support Project as well as EFTAF project which ended on 31 December 2010.

viii) Participated in discussions concerning the development of the regulatory framework led by the Ministry of Finance, Planning and Economic Development jointly with the Ministry of Tourism, Trade and Industry's efforts to develop the SACCO regulation and supervision bill as well as the micro finance policy. As a result, these were re-opened for fresh consultations and negotiations with the key stakeholders.

b) At SACCO Union Level

Uganda co-operative Alliance is content at playing a catalytic role in the development of Uganda's co-operative movement that is aimed at enabling it support as many different types of co-operatives as possible. In line with this understanding therefore, during the year 2010/2011, UCA continued supporting Uganda Central Co-operative Financial Services (the SACCOs financial services union) with a view to helping it grow and become strong and enable UCA delegate to it the responsibility of providing sustainable co-operative support services to it members. The following achievements were realized during this period:

i) UCA mobilized support from ICA for UCCFS to conduct a further 5 regional membership mobilization meetings (in regions that were not covered in the previous year). As a result UCCFS membership and share capital increased.

ii) During the year 2010/2011, UCCFS extended 55 loans amounting to Ug. Sh. 706 millions with a loan repayment rate by its borrowers of 100%. UCCFS continues to be the only organization in Uganda that is offering its member SACCOs with liquidity management support services.

iii) UCCFS extended internal audit and supervisory services to its extended to its 172 SACCO members. These services are helping member SACCOs become safe, sound and sustainable institutions.

iv) UCCFS accessed technical services under the sponsorship of Canadian Co-operative Association; one of UCA's major development partners. With this technical support, UCCFS re-designed its management and operating systems.

v) The MFU and UCCFS team was also able to develop sound SACCO performance standards which all UCCFS member SACCOs must adopt and comply with. Furthermore, the team also developed the mechanism for institutionalizing, applying and complying with the sound SACCO performance standards by all UCCFS SACCO members. These developments are presently helping UCCFS and its members to improve their efficiency and effectiveness in their governance and operations.

vi) The MFU provided guidance to SACCOs wishing to form regional SACCO unions or networks on the necessary prerequisites as well procedures for going about it. One regional SACCO union has already been formed and joined UCA membership.

vii) MFU worked with the Rural Financial Services Programme (of the Ministry of Finance, Planning and Economic Development) to develop a programme for supporting regional SACCO unions to build their capacity to provide better support services to their members. The implementation of this one year programme will begin in August 2011 initially in 6 such unions. If successful, the programme will be extended for one more year.

viii) Beginning with May 2011, UCA delegated to UCCFS, the responsibility of providing direct co-operative support services to individual SACCOs. Over the next one and a half years, UCA will continue working closely with UCCFS to ensure that it successfully and fully assumes this responsibility.

c) At the level of SACCOs and their members

During the period July 2010 – June 2011, UCA worked with UCCFS, the Swedish Co-operative Centre (SCC), Canadian Co-operative Association (CCA) and Norges Vel to support SACCOs in the country through three projects (Microfinance Support, EFTAF and IFAPIs). During this period, the following were achieved:

i) All the SACCOs receiving UCA's direct project support became members of UCCFS bringing its SACCO membership to 172 as at 30 June 2011

ii) 172 SACCOs were through UCCFS, supported particularly in the area of internal audit and supervision and technical capacity building. This assisted them to improve the efficiency and effectiveness of their operations.

iii) 55 SACCOs signed memorandum of understanding with UCCFS to start implementing the sound SACCO performance standards. Others will come on board in the coming year.

iv) 85% of the 172 SACCOs (under UCCFS) were able to fully cover their operating costs. The SACCOs which have not yet attained operating self-sufficiency will continue to be assisted to improve their operations and governance systems so that they too can become operationally self sufficient within the next one or two years.

v) The 172 SACCOs (which were under UCA's direct project support) had a total of 228,275 members, a 23% increase from 2010. Table 1 below summarizes the membership by region.

Table: 1 SACCO membership performance over the last two years

Region		**Membership Performance**		
	Number of SACCOs	**1st July 2010 (Ushs' 000)**	**30th June 2011 (Ushs'000)**	**Increase in %ge**
Jinja Region	16	9,771	12,821	31%
Kyenjojo Region	17	18,604	20,582	11%
Masaka Region	13	29,118	38,939	34%
Mbale Region	20	12,905	15,078	17%
Mbarara Region	55	70,790	88,036	24%
Mukono Region	26	22,214	26,818	21%
West nile	6	10,892	13,132	21%
IFAPI	19	10,774	12,869	19%
Total	**172**	**185,068**	**228,275**	**23%**

Table: 2 SACCO performances in share capital for the last two years

		Share Capital		
Region	**Number of SACCOs**	**1st July 2010 (Ushs' 000)**	**30th June 2011 (Ushs'000)**	**Increase in %**
Jinja Region	16	329,418	447,329	36%
Kyenjojo Region	17	589,461	849,702	44%
Masaka Region	13	1,326,166	2,226,728	68%
Mbale Region	20	354,765	561,680	58%
Mbarara Region	55	5,621,739	7,592,919	35%
Mukono Region	26	902,136	1,140,369	26%
west nile	6	354,696	529,070	49%
IFAPI	19	383,841	469,800	22%
Total	**172**	**9,862,222**	**13,817,597**	**40%**

Table: 3 Performance comparisons in Savings for the last two years

Region	Number of SACCOs	SAVINGS 1st July 2010 (Ushs' 000)	30th June 2011 (Ushs'000)	Increase in %
Jinja Region	16	407,647	470,486	15%
Kyenjojo Region	17	1,647,843	2,092,211	27%
Masaka Region	13	2,283,809	4,783,080	109%
Mbale Region	20	544,936	601,109	10%
Mbarara Region	55	7,547,028	11,439,048	52%
Mukono Region	26	2,664,602	3,263,491	22%
West nile	6	1,484,990	2,548,322	72%
IFAPI	19	1,064,192	1,506,719	42%
Total	**172**	**17,645,047**	**26,704,466**	**51%**

i) The MFU commenced the process of introducing the study circle methodology into SACCOs by training 35 SACCO managers. These will act as Trainers in the rolling out of the methodology in their and other SACCOs. The study circle methodology will be used by SACCO members in training each other in their specific areas of interest and in particular, gender, climatic change, health management, savings, financial literacy and co-operative awareness.

ii) These members had raised outstanding loans by 52% from 2010. Details of this loan position by region are shown in table 4. Below. This represented a performance increase of 23% for membership, 40% for share capital, 51% for saving deposits and 52% for outstanding loans

Table: 4 outlook on the outstanding loan portfolios for the last two years.

Region	Number of SACCOs	LOANS 1st July 2010 (Ushs' 000)	30th June 2011 (Ushs'000)	Increase in %
Jinja Region	16	763,341	956,098	25%
Kyenjojo Region	17	2,190,091	2,784,318	27%
Masaka Region	13	3,864,612	7,163,555	85%
Mbale Region	20	802,371	1,365,296	70%
Mbarara Region	55	14,132,972	21,270,034	50%
Mukono Region	26	3,208,200	4,397,442	37%
West Nile	6	1,402,118	2,818,505	101%
IFAPI	19	1,488,962	1,698,517	14%
Total	**172**	**27,852,667**	**42,453,765**	**52%**

iii) Some SACCO members improved their financial management skills by being able to manage their financial resources better. The wasteful expenditures that they used to incur due to lack of convenient and affordable financial services facilities have been substantially reduced. The increases in the SACCOs' share capital, saving deposits and outstanding loans reflect the improved financial management skills as well as the increased confidence that they have in their SACCOs.

iv) Women members (32,810) have been assisted to exploit their potential better through easily accessible and affordable financial services. The SACCOs have incorporated gender awareness in their leadership, management as well as operations.

v) The economic empowerment of SACCO members through easily accessible and affordable financial services of the hitherto underserved rural population has unlocked their potential. SACCO members' agricultural production has noticeably increased because they are able to borrow from their SACCOs to finance their agricultural production inputs, increase their production, sell at higher prices through their marketing co-operatives (ACEs) and thereby increase their incomes. Increased production also helped them to attain food security while increased income has assisted members to reduce the poverty that afflicts them.

vi) Using the knowledge and skills acquired during the training workshops as well as the co-operative culture, values and principles acquired through participating in their co-operative activities, SACCO members are able to participate in leadership and other responsible positions in their communities.

vii) The economic empowerment that the SACCOs give to their members also makes them more objective in making their personal and community decisions. The social empowerment (through regular training, participation in SACCO meetings and discussions, leadership and operations) also benefits them when they are participating in their communities' social and economic development activities particularly in articulating their objectives and designing the way forward.

Challenges faced during the year

During the year 2010/2011, UCA made tremendous progress; however, these notwithstanding, a number of challenges that include the following still remain:

i) There are still some incidences of poor leadership and management in some SACCOs which still needs to be addressed. The incidence of this challenge increases when one considers the SACCOs which are not being directly supported under UCA projects. These are potential candidates for UCA's SACCO support programmers if the SACCO sector is to improve.

ii) There are still pockets of weak and fragile management structures and systems in some SACCOs that are receiving UCA's direct support and more in the 120 (out of the 260 SACCOs that are UCA's members) that are still young and resource constrained to join UCCFS.**(Is this different from i?)**

iii) Though promoted on the basis of self sufficiency, some UCA supported SACCOs have not yet built sufficient resources to direct into credit expansion plus acquisition of vital logistics like computers and computer software, generators or solar electric facilities, motorcycles, payment of good salaries to their staff, etc.

iv) Many SACCOs are located in hard to reach areas where the support infrastructure is poor or missing altogether. Of concern is lack of electricity, unreliable roads and communication services. Where improvisations have been made, they raise the cost of doing business for the affected SACCOs.

v) In-spite of the community mobilization and sensitization exercises conducted, there is still a low banking culture and financial literacy among the people and more work still needs to be done.

vi) The rural people who are members and potential SACCO members are faced with problems of low incomes arising out of low productivity and total production, lack of markets, low farm-gate prices (where they have not yet formed production and marketing co-operatives) and rising inflation.

vii) There is an increasing problem of proliferation of externally dependent SACCOs in rural areas; a result of the recent Government's Prosperity For all Program which is advocating for people to form SACCOs in order for them to access Government's support. Many people have s a result rushed to start SACCOs so that they can use them to access the funds under the Government's Prosperity for All programme. This breeds confusion among the rural people particularly when contrasted with the UCA's methodology of promoting self sufficient SACCOs.

viii) Of recent, there are some incidences of political interference in the management of SACCOs particularly in the election of leaders and loan management in particular, forced recovery of overdue loans. This problem has been aggravated by the use SACCOs as conduits for the Prosperity for All Programme funds.

ix) SACCOs also face a problem of weak regulation and supervision laws as well as a resource constrained Co-operative Registrar. This allows errant leaders and management staff to flout their SACCOs bylaws, policies and procedures as well as the Co-operative Law and still get away with it. Weak criminal and civil laws also do not help SACCOs prosecute and recover their money from loan defaulters as well as fraudulent leaders and management staff.

Way forward:

UCA and indeed other co-operative movement players remain convinced that safe, sound and sustainable financial services co-operatives are crucial for the revival of the entire co-operative movement as well as the optimization of the co-operative benefits for all co-operators. Therefore, in the coming years, UCA will remain focused at supporting financial services co-operatives in particular, those that can become effective and good role models from which others can learn and, copy, adapt and adopt. To achieve this, UCA will:

i) Continue supporting and guiding UCCFS to grow and become a self sustaining SACCO union with capacity to provide co-operative support services to its members on a sustainable basis. Of particular interest will be the institutionalization of the sound SACCO performance standards and enforcing compliance with them by all SACCOs.

ii) Mobilize all UCA member SACCOs which have not yet joined UCCFS to do so as a matter of urgency so that they can access its support services including compliance with the sound SACCO performance standards, internal audit and supervision as well as technical capacity building.

iii) Together with UCCFS and its development partners, build the technical capacity of SACCO leaders and management staff. The SACCOs members will be mobilized and sensitized about exercising their duties, rights and obligations for there is no co-operative that can be better than its members.

iv) Facilitate SACCOs to consolidate and grow their current operations as a basis for expanding into new areas such as investment in technology such as ATMs, e-banking and new service products that meet the changing needs of their members as well as improving their service delivery.

v) Carry out extensive community mobilization and sensitization as well as general education with a view to raising the communities' awareness about co-operatives, improving their financial literacy and banking culture, gender awareness, climatic change and health management.

vi) Through networking and development partner support, assist needful SACCOs to acquire basic infrastructure including solar panels and generators, computers and computer software, motorcycles, etc that will help improve their operations and general performance.

vii) Promote the linkages between the operations of SACCOs and those of production and, value addition and marketing co-operatives in order to increase their members' economic activities and productivity, and ultimately, their incomes.

viii) Assisting SACCOs develop new financial service products which will help them and their members manage risks, increase their youth membership, and increase their business that should be efficiently and effectively handled.

ix) Establish youth savings clubs for the purposes of bringing the youths into co-operatives, developing a savings culture among the youths as well as increasing awareness about co-operatives.

x) Supporting well established and performing SACCOs to form regional unions as a strategy for improving the effectiveness of support services, building viable SACCOs and improving/strengthening the networking among SACCOs. UCA will also build the capacities of the regional SACCO unions and restructuring their operating set ups so that they can provide valuable support services to SACCOs.

2.1 Empowering Farmers Through Agribusiness and Financial Services (EFTAF) Project (1 July - 31 December 2010)

Background

The EFTAF SACCO component was implemented in 5 regions of Mbarara (Kanungu, Kabale, Rukungiri, Ntungamo, Bushenyi and Isingiro), Kyenjojo region (Kamwenge, Kyenjojo, Mubende, Kasese and Kibaale), Mukono region (Mukono and Kayunga), Jinja region (Jinja, Kamuli, Iganga and Kaliro) and Mbale region (Mbale, Manafwa, Sironko, Kapchorwa, Bukedea and Kumi).

The project's output for the financial services component was to establish 40 Safe, Sound and Sustainable SACCOs. The indicators for the realization of this output are 60% of SACCO's to have recorded at least 40% increase in membership and 60% in share capital; 60% of SACCOs to have registered at least 40% growth in business volume and 80% of SACCOs to be able to cover their operating costs by the end of the project period (December 2010).

The targets by December 2010:

- Forty (40) project-supported SACCOs serving 28,000 households
- Shs.1.389 billion mobilized as share capita
- Shs1.565 billion mobilized in saving deposits
- Outstanding loans of Shs 2.619 billion.
- 80% of the SACCOs should be able to cover their operating costs by the end of the project.

Project Achievements by 31 December, 2010 at the output level

Project Performance Indicators	**Level of Achievement during the period 1 July to 31 December, 2010**
Indicator 1 *60% of SACCOs record at least 40% increase in **membership***	Total membership grew from 37,219 to 39,855 during the period (or 7% growth). During the entire project period, membership grew by 109% (i.e. from 19,134 to 39,855)
Indicator 2 *60% of the SACCOs record at least 60% increase in **share capital.***	Total Share capital grew from 1,842 billion to 2.112 billion which represented a growth of 15%. For the entire project period, it grew from Shs 862 millions to Shs2.112bn registering a growth of 145%.

Project Performance Indicators	**Level of Achievement during the period 1 July to 31 December, 2010**
Indicator 3 *60% of SACCOs register at least 40% growth in business volume (**Saving deposits**).*	During the period, total outstanding Saving deposits grew from Shs2.654 to 2.9366 billion representing a growth of 11%. During the entire project period, SACCO savings grew from Shs 1.103 to Shs 4.434 billions and represented a growth of 302%.
Indicator 4 *60% of SACCOs register at least 40% growth in business volume* *(**Loan Portfolio**)*	From 1 July to 31 December 2010, total Loan portfolio grew from Shs. 4.623 to 5.902 billion representing a growth of 28%. During the entire project period, SACCO loans grew from Shs1.859 bn to Shs 5.134bn and represented a growth of 177%.
Indicator 5 *80% of SACCOs able to cover operating cost by the end of the project*	By 31 December 2010, 36 out of the 42 project supported SACCOs (or 86%) were able to cover their operating costs. The other SACCOs were also on course to reaching their break- even point.

Tables 1-5 below give a summary of the performance of the project supported SACCOs by end of project on 31st December 2010 *(on a regional basis).*

Table 1: Summary of EFTAF Project SACCOs' Performance (1st July to 31st December 2010).

Main Indicator	**1st July. 2010**	**31st Dec. 2010**	**Growth (%age)**
No. of Project SACCOs ****	42	42	0%
Total No. of SACCO Members	37,219	39,855	7
Share Capital (Shs)	1.842bn	2.112bn	15
Savings Deposits (Shs)	2.654bn	4.434bn	67
Loans (Outstanding Balance) Shs.	4.623bn	5.134bn	11

Table 2: EFTAF Project SACCOs and their membership growth during the period 1 July – 31st December, 2010 (on a regional basis)

Region	*No. of Project supported SACCOs*	*No. of SACCO Members*		
		1 July 2010	*31st Dec. 2010*	*Growth (%age)*
Jinja	7	3,669	4,369	19
Kyenjojo	10	11,488	11,488	0
Mbale	8	3,388	3,549	5
Mbarara	11	14,430	15,290	6
Mukono	6	4,244	5,159	22
Total	**42**	**37,219**	**39,855**	7

Table 3: EFTAF Project SACCOs' Share Capital Growth during the period 1st July - 31st December, 2010

Region	*1st July 2010* **(Million Ug. Shs)**	*31st Dec. 2010* **(Million Ug. Shs)**	*Growth* **(%age)**
Jinja	123	159	30
Kyenjojo	378	450	19
Mbale	67	72.6	9
Mbarara	1,133	1,243	10
Mukono	141	188	34
Total	**1,842**	**2,112**	**15**

Table 4: EFTAF Project SACCOs' Savings Growth during the period

1 July - 31st December, 2010

Region	**1st July 2010**	**31st Dec. 2010 (Million Ug. Shs)**	**Growth (%age) (Million Ug. Shs)**
Jinja	156	200	29
Kyenjojo	694	833	20
Mbale	137	166.6	22
Mbarara	1,394	1,364	-3
Mukono	272	373	38
Total	**2,654**	**2,936.6**	**11**

Table 5: EFTAF Project SACCOs' Outstanding loans Growth during the period 1 July - 31st December, 2010

Region	1st July 2010	31st Dec. 2010 (Million Ug. Shs)	Growth (%age) (Million Ug.Shs)
Jinja	306	375	23
Kyenjojo	1,306	1,730	33
Mbale	235	257.5	10
Mbarara	2,194	2,772	27
Mukono	582	767	32
Total	**4,623**	**5,901.5**	**28**

Challenges Encountered in Implementing the Project.

The unpredictable weather patterns have continued to negatively affect the operations of SACCOs. Since the majority of their members are farmers (about 90%), the drought that hit the country negatively affected their crops harvests as well as animal production. This accounts for the fall of savings for SACCOs in the Mbarara Region as well as the less than expected performance of SACCOs in other regions.

There is a challenge of continuous training for SACCO leaders (due to regular elections) and management staff. This makes it expensive to support SACCOs.

SACCOs like other financial institutions require continuous monitoring and supervision. Being young, they mainly need on site supervision where guidance and on the job training can also be done. This too makes it expensive to effectively support SACCOs.

The project SACCOs also suffer from their local communities' low (poor) banking culture and financial illiteracy as well as lack of respect for financial contracts. This makes it expensive for SACCOs to administer loans (borrowers failure to repay loans on times and at times totally). This calls for a lot of community financial literacy campaigns which require a lot of resources and time.

During the period July 2010 to June 2011, the SACCOs operating environment in which communities were mobilized to start SACCOs in order to access the Government support. Thus, many ordinary people believe that the money they are borrowing from their SACCOs belongs to the Government and that there is therefore no urgency in repaying it. Others believe that there is no need to buy shares or save since the Government is after all providing the money.

Conclusion

In spite of some challenges encountered in implementing EFTAF project, the SACCOs being supported responded positively to its interventions during the period. The progress achieved indicates that the project met and surpassed most of the targets as shown by the performance indicators.

Subsequent SACCO support services or interventions in the coming years therefore should seek to consolidate the gains that the SACCOs made during EFTAF Project. They should also seek to assist those that are not yet up to the mark to achieve sustainability. Particularly, effort should be put at continuous mentoring, internal audit and supervision as well as technical capacity building and enforcing compliance with the UCCFS' SACCO performance standards. All these should be done on a sustainable basis.

2.2 Integrated Finance and Agricultural Production Initiative Project (IFAPI II)

Background

Integrated Finance and Agricultural Production Initiative (IFAPI) is a project supported by the Canadian Cooperative Association (CCA). Its aim is to improve the livelihoods of producers. The project is in its second phase covering 10 districts of Masindi, Apac, Oyam, Lira, Kiryadongo, Nebbi, Zombo, Arua, Maracha and Koboko from which 21 SACCOs are selected for mentoring and support. The project has empowered members of cooperative societies to attain good governance and self control of society's resources and maintain sound financial management of assets. Emphasis continues to be put on the self help/self approach through pooling of financial resources so as to undertake economic activities in cooperative business. Members of the same community are mobilized to raise the share capital and increase their saving deposits so as to realize loan able funds for on lending to members. Training of members often creates awareness in collective actions, bargain, functional democracy and a conducive environment for participation in decision making, holding elected leaders accountable for their actions in the cooperative movement and transparent business undertaking

Project Goal

The overall goal of the project is to contribute towards the National efforts in rural poverty alleviation while the purpose is to provide a holistic development of community-controlled co-operative services that improves people's well being by increasing food production, income, and providing financial services.

Achievements

Mobilization of members, share capital, saving deposits and extension of loans

During the period July 2010 to June 2011, the project supported 19 SACCOs to mobilize membership, share capital and savings deposits as well improving their loan management. The achievements realized in these areas are shown in tables 1, 2, 3 and 4 below.

Name of District	1 July 2010***	30 June 2011	% increase
Masindi	2,095	2,175	3.8
Koboko	2,398	2,518	5.0
Arua	1,017	1,022	0.5
Nebbi & Zombo	3,086	3,189	3.3
Lira and Apac	3,935	4,059	3.2
Total	**12,531**	**12,963**	**3.4**

**** The figures for 1 July 2010 have been adjusted to exclude those of the two SACCOs dropped from the project.*

Name of District	Jun-2010(shs)	Sep-2010(shs)	% increase
Masindi	8,954,300	3,220,300	11
Koboko	96,590,000	204,720,000	4
Arua	7,865,500	28,045,500	1
Nebbi	1,596,000	85,628,000	5
Lira/ Apac	0,094,700	75,414,700	8
Total	**415,100,500**	**437,028,500**	5

Name of Districts	Jun-2010(shs)	Sep-2010(shs)	% increase
Masindi	1,141,970	58,588,280	-4
Koboko	60,764,250	807,863,000	22
Arua	1,447,550	24,299,050	13
Nebbi & Zombo	153,354,204.00	178,643,544	16
Lira & Apac	96,436,595	213398100	9
Total	**1,093,144,569**	**1,282,791,974**	17

Name of Districts	Jun-2010 (Shs)	Sep-2010 (Shs)	% increase
Masindi	79,715,740	6,406,590	8
Koboko	60,822,764	927,144,114	8
Arua	18,429,250	19,409,800	5
Nebbi	62,956,878	266,697,984	1
Lira/ Apac	31,765,580	246,503,680	6
Total	**1,453,690,212**	**1,546,162,168**	6

The increase varies from SACCO to SACCO and from district to district. Koboko district recorded the highest increase in share capital of Ug. Shs 8,130,000 (from shs. 196,590,000 to shs 204,720,000) followed by Lango region with an increase of Ug. Shs 5,320,000 while Arua region recorded the lowest increase of shs. 180,000. At the individual SACCO level, Koboko United SACCO recorded the highest increase of shs 7,660,000 followed by Oyam south with an increase of shs 1,900,000. Concerning saving deposits, Koboko district again recorded the highest increase of shs 147,098,750 (from shs 606,764,250 to shs 807,863,000) followed by Masindi district with an increase of shs 37,046,310 while Arua recorded the lowest increase of shs. 2,851,500. At individual level, Koboko United SACCO again recorded the highest increase of shs 122,966,550 followed by Midia and Dikiri Kabucan SACCOs with an increase of shs 24,132,200 and 13,595,800 respectively.

The high increase recorded by Koboko United SACCO is due to its relatively big volumes of operations. The SACCO has mobilized a reasonably big sized pool of funds which makes it easier for it to meet its financial obligations such savings withdrawals by its members as well as loan disbursements to its borrowing members. This has made the members develop confidence in the SACCO. As a result, they are willing to buy more shares and make more saving deposits. Lango region on the other hand registered a very low increase in saving deposits (shs. 3,411,105) while saving deposits of SACCOs in Masindi district decreased by 4.2% (shs. 2,553,690). The small increase in the saving deposits of SACCOs in Lango and Masindi regions was partly due to the heavy floods that affected the members' agricultural production. Most members lost most of their crops and were forced to withdraw their savings deposits to meet their basic needs.

Training of SACCO Board and Management in leadership and good governance

During the period under review, a total of 210 leaders and management staff in all the 21 SACCOs were trained in various areas such as cooperative business operations, leadership and good governance, business planning, financial management and team building. The training enabled the leaders (especially newly elected leaders) take up their responsibility of stewardship of the SACCOs..

Training in loan management.
During the quarter, a total of 156 leaders and management staff of 15 SACCOs were trained in loan management. Issues covered during the training include loan appraisal, documentation, authorization and disbursement as well as development of new loan products. As a result, some SACCOs developed new loan products that attracted more members leading to improvement in recovery rate as well as increase in loan portfolio. For example, Dikiri Kabucan SACCO introduced boda boda loan product that saw five members acquire motorcycles and paid up their loans. The SACCO also introduced cash canteen product for small borrowers giving short term loans of one to two months depending on the needs of the clients.

This enabled many members to access loans. Trading in coffee beans by members of Erussi village SACCO and Midia SACCO was one of the initiatives which gave impetus to members to go for business loans. As a result, the loan portfolio increased by shs 92,471,956 (6.4%) from shs 1,453,690,212 to shs 1,546,162,168. Good performance was from Mutunda which increased its loan portfolio by 103%, Dikiri Kabucan which increased by 74%, while Erussi and Bomido increased their loan portfolio by 62.3% and 66.8% respectively. The increase in the size of the loan portfolio and the recovery rate enabled some SACCOs to increase their profits. For example, Koboko United SACCO increased its profit by shs 20,870,300 (from shs 4,948,400 in the previous quarter to shs 25,818,700). Midia SACCO increased its profit by shs 5,234,549 (from shs 3,545,550 to shs 8,780,144) during the same period while Erussi SACCO was able to make a profit of shs 120,053 as opposed to the loss of shs 519,629 made in the previous quarter.

Training of general membership
During the year, some SACCOs held their AGMs and the staff took advantage of this annual event and conducted general membership training. This took place in Omugo and Dikiri Kabucan SACCOs. Members were inducted on their roles and responsibilities; members patronage, full attendance of members meeting, participation in election of leaders, approval of annual work plans and budgets, resource mobilization as well as fixing of the maximum liabilities and the SACCOs. In Masindi district SACCOs, members were trained on the study circle methodology and as a result, Bomido, Mutunda and Bunjenje SACCOs are now using this approach in savings mobilization. This has led to a big increase in the saving deposits of the three SACCOs. For example, Mutunda and Bomido increased their saving deposits by 120% and 163% respectively.

Internal Audit and Supervision of SACCOs
Internal audit and supervision was conducted in all the 21 SACCOs. This exercise revealed that some supervisory and audit committees including that of Koboko United, Panyango, COSEDA and Midia are doing their best to monitor the performance of their SACCOs while others are not performing their duties as expected.

Linking SACCOs to other programme
During the year under review, the staff linked many SACCOs to different programmes including MTN mobile money, Uganda Central Cooperative Financial services (UCCFS) and professional financial cooperative management programme (PFCMP). Many SACCOs such as Koboko United SACCO has become MTN mobile agency. This has since enabled it to attract more members as indicated in tables 1 and 2 below. The mobile money service contributed to the high profits made by the SACCO. Pakwach Nam, Erussi COSEDA and

Paidha are also in process of signing the memorandum of understanding with MTN Head office.

The staff also took the opportunity to market UCCFS and PFCM among the co-operatives in the project area. The mobilization exercises targeted SACCOs that are affiliated to UCA as well as those that are being supported by the project. As a result, a number of SACCOs such as Koboko Town SACCO, Pangisa SACCO (Arua), Vurra Patriotic SACCO, Paidha SACCO, Panyimur SACCO and Akworo SACCO, Drajini SACCO (Yumbe) have expressed their willingness to join UCCFS and also associate with UCA.

The professional financial cooperative management programme (PFCMP) has taken off with many participants drawn from the West Nile region as well as Masindi District. The overwhelming number of participants in Masindi region has forced the management of PFCMP to open a training center in Byeyale, Masindi district (something which was not in the original plan).

Conclusion

IFAPI project has greatly contributed to poverty alleviation of the members in its area of operation through the establishment of viable SACCOs. The staff will continue giving technical support to all the SACCOs especially the weak ones to address various challenges being faced and become strong and sustainable SACCOs.

SUMMARY PERFORMANCE OF IFAPI PROJECT SACCOS FROM 1ST JULY 2010 – 30TH JUNE 2011

Masindi Region	*As at 1st July 2010*						**As at 30th June 2011**						**Increases during the year 2010/2011 (in %)**					
Name of the SACCO	***No. of Memb rs***	***Share capital (Shs).***	***Net savings (Shs.)***	***No. of savers***	***Net Outstanding Loans (Shs.)***	**No. of Outstnd Loans**	**No. of Membrs**	**Share capital (Shs).**	**Net savings (Shs.)**	**No. of savers**	**Net Outstanding Loans (Shs.)**	**No. of Outsta nding loans**	***No. of Mem brs***	***Share capital (Shs).***	***Net saving s (Shs.)***	***No. of savers***	***Net Outstanding Loans (Shs.)***	***No. of Outstan ding loans***
Bujenje	*889*	*14,175,300*	*31,479,600*	*354*	*10,276,500*	174	1005	21,002,000	41,901,320	569	41,792,660	359	13%	48%	33%	61%	307%	106%
Mututuda	*221*	*1,990,000*	*1,999,000*	*77*	*2,504,200*	31	397	6,411,000	9,889,450	133	14,676,540	113	80%	222%	395%	73%	486%	265%
BOMIDO	*173*	*3,220,000*	*920,000*	*211*	*3,741,000*	23	377	7,305,000	8,625,910	121	13,909,710	82	118%	127%	838%	-43%	272%	257%
Sub-total	*1,283*	*19,385,300*	*34,398,600*	*642*	*16,521,700*	228	1,779	34,718,000	60,416,680	823	70,378,910	554	39%	79%	76%	28%	326%	143%
Average		*15,109*	*53,580*		*72,464*			19,515	73,410		127,038							
Lango Region	*As at 1st July 2010*						**As at 30th June 2011**						**Increases during the year 2010/2011 (in %)**					
Akalo	*410*	*5,085,000*	*17,340,600*	*139*	*14,949,080*	72	434	9,540,000	31,763,594	266	48,925,461	83	6%	88%	83%	91%	227%	15%
BARUDI	*259*	*4,060,000*	*4,084,500*	*162*	*1,450,800*	25	261	4,340,000	4,224,400	217	867,000	6	1%	7%	3%	34%	-40%	-76%
Chawente	*1,058*	*23,930,000*	*36,089,450*	*277*	*69,901,500*	50	1,058	23,930,000	3,985,950	287	20,315,541	50	0%	0%	-89%	4%	-71%	0%
Chegere Devt SACCO	-	-	-	-	-	-	202	4,040,000	1,625,500	*90*	2,813,500	*19*	0%	0%	0%	0%	0%	0%
Oyam South	*715*	*16,161,000*	*111,962,645*	*659*	*126,062,250*	62	940	24,016,000	137,503,050	*940*	208,128,850	65	31%	49%	23%	43%	65%	5%
SURENET	*538*	*9,169,200*	*16,475,600*	*400*	*9,986,950*	41	633	10,372,000	16,286,850	420	23,913,800	58	18%	13%	-1%	5%	139%	41%
Sub-total	*2,980*	*58,405,200*	*185,952,795*	*1,637*	*222,350,580*	250	3,528	76,238,000	195,389,344	2,220	304,964,152	281	18%	31%	5%	36%	37%	12%
Average		*19,599*	*113,594*		*889,402*			21,609	88,013		1,085,282							
Nebbi Region	*As at 1st July 2010*						**As at 30th June 2011**						**Increases during the year 2010/2011 (in %)**					
Kango	*254*	*4,550,500*	*4,082,578*	*224*	*2,522,885*	16	256	4,093,000	6,929,306	202	2,738,340	15	1%	-10%	70%	-10%	9%	-6%
Jangokoro	*372*	*3,371,000*	*6,816,400*	*124*	*9,240,806*	78	390	3,739,000	4,373,750	145	5,944,500	76	5%	11%	-36%	17%	-36%	-3%
Erussi	*553*	*10,780,000*	*35,089,350*	*498*	*18,462,050*	84	629	14,725,000	80,760,250	588	43,087,550	120	14%	37%	130%	18%	133%	43%
Dikiri Kabucan	*140*	*2,273,000*	*7,848,250*	*83*	*11,378,550*	76	290	6,403,000	36,277,950	283	54,901,442	100	107%	182%	362%	241%	382%	32%
COSEDA	*1019*	*43,410,000*	*70,029,850*	*625*	*155,140,259*	386	1163	47,010,000	75,639,679	766	120,656,384	457	14%	8%	8%	23%	-22%	18%
Panyango	*748*	*17,211,500*	*29,487,766*	*423*	*66,212,334*	184	840	21,999,500	78,065,512	527	91,995,772	226	12%	28%	165%	25%	39%	23%
Sub-total	*3086*	***81,596,000***	***153,354,194***	***1,977***	***262,956,884***	**824**	**3,568**	**97,969,500**	**282,046,447**	**2,511**	**319,323,988**	**994**	**16%**	**20%**	**84%**	**27%**	**21%**	**21%**
Average		*26,441*	*77,569*		*319,122*			27458	112324		321251							
Arua / Koboko Region							**As at 30th June 2011**						**Increases during the year 2010/2011 (in %)**					
1. Koboko United	*1,84*	*177,930,000*	*625,174,100*	*1,605*	*806,758,510*	851	2,282	220,130,000	903,885,350	2,105	908,308,995	1,001	23%	24%	45%	31%	13%	18%
2. Midia	*550*	*18,660,000*	*35,590,190*	*374*	*54,064,254*	47	601	19,785,000 #	50,891,350	437	84,534,604	430	9%	6%	43%	17%	56%	815%
3. Omugo	*869*	*17,935,500*	*17,020,600*	*481*	*9,279,450*	39	875	18,070,000	12,746,800	482	6,721,800	25	1%	1%	-25%	0%	-28%	-36%
4. Ambatuku	*148*	*9,930,000*	*4,426,950*	*148*	*9,149,800*	74	236	2,890,000	1,348,500	236	4,290,950	26	59%	-71%	-70%	59%	-53%	-65%
Sub-total	*3,415*	*224,455,500*	*682,211,840*	*2,608*	*879,252,014*	1,011	3,994	260,815,000	968,872,000	3,260	1,003,856,349	1,482	17%	16%	42%	25%	14%	47%
Average		*65,726*	*261,584*		*869,685*			65,302	297,200		677,366							
Grand Totals	**10,764**	**383,842,000**	**1,055,917,429**	**6,864**	**1,381,081,178**	**2,313**	**12,869**	**469,740,500 #**	**1,506,724,471 #**	**8,814**	**1,698,523,399**	**3,311**	20%	22%	43%	28%	23%	43%

3.0 PROJECTS UNDER AGRIBUSINESS UNIT (ABU)

1. Empowering Farmers Through Agribusiness and Financial services (EFTAF)
2. Empowering Farmers Through Innovative Marketing (EFTIMS)
3. Integrated Finance and Agricultural Production Initiative Project (IFAPI II)
4. Vredeseiladen Project (VECO)

3.1. Empowering Farmers Through Agribusiness and Financial Services (EFTAF)

Background of EFTAF

EFTAF was a 4- year project that ended in December, 2010, meaning that the project run for only six Months of the financial year. It was funded the Swedish Cooperative Centre (SCC-VI), Norges Vel and UCA. The project was designed to consolidate further the achievements of previous projects particularly PACE and FETAS. The target groups include individual farmers, Primary Societies, Area Co-operative Enterprise (ACEs) and Savings and Credit Cooperative Organizations (SACCOs). It was implemented in the following regions:

1. **Mbale**: Mbale, Sironko, Manafwa, Bududa, Kapchorwa and Kumi;
2. **Jinja**: Iganga, Kamuli, Kaliro, and Mayuge;
3. **Mukono**: Mukono, Kayunga, Wakiso, Nakaseke, Luwero and Nakasongola;
4. **Kyenjojo**: Kibale, Kyenjojo, Mubende and Kamwenge); and
5. **Mbarara**: Mbarara, Kabale, Rukungiri, Kanungu, Bushenyi, Ntungamo and Isingiro.

Overall development objective:
"To contribute to improved livelihoods of small holder farmers in Uganda as measured by improved shelter and household assets, improved access to health facilities, increased enrolment of children in schools and reduced school drop outs".

The project objective was"60% of farmers in the project have increased their incomes by 30% in four years".

The project outputs were;
- **Output I:** Agricultural production and productivity increased
- **Output II:** Viable and sustainable marketing systems established
- **Output III:** Strong and viable Rural Producer Organizations established
- **Output IV:** Safe, Sound and Sustainable SACCOs established

Project Achievements

(a) Output 1: Agricultural production and productivity increased.
Under this output there was a progressive increase in productivity of the selected enterprises as shown in the table bellow follows. This was possible due to several interventions which including access to quality inputs as a result of linkage between input dealers and ACEs,

setting up demonstrations for farmers and other capacity building activities either through UCA staff or service providers.

Table 1: Estimated average yield (KG) per acre for selected crops

Crops	July to Dec 2009	July to Dec 2010	Overall Growth (%)
Maize	1,396	1,610	15%
Beans	1,249	1,335	6%
Bananas	1,293	1,668	29%
Coffee	1,181	1,286	9%
Cotton	650	723	10%
Rice	1560	1950	25%
Sorghum	500	1025	105%
Hot pepper	700	1500	114%
Honey	28	35	25%

Production.

Unfortunately, this could not be assessed as only marked output was recorded leaving out what was consumed this is a greater proportion. Although the average yield was still low compared to the potential, the figures show that there was an increase.

(b) Output 2: Viable and sustainable marketing systems established

Total sales of bulked produce by the 54 ACEs increased over the six Months as shown in the table below although due to the Nation-wide drought that prevailed in the last Months of 2008 and the whole of 2009 plus the severe landslides in Mbale that resulted into displacement of some farmers for long time and had to be reallocated to other parts of the country Mbale there was severe land slides that resulted into displacement of some farmers for long time and other completely reallocated to other places farmers it was not possible to get the projected 40% increase in bulked totals.

The marketing system continued to improve with the ACEs connecting to many networks especially in the delivery of inputs and ACEs making use of new marketing channels such as the warehouse receipt system.

Table 2: Bulking in ACEs per Region during the July-Dec. 2010 compared with same period of 2009.

Region	*July-Dec. 2009 (Million Ug. Shs)*	*July –Dec 2010 (Million Ug. Shs)*	*(%age change)*
Jinja	3,796,991,680	2,382,192,821	-37.3
Kyenjojo	1,031,602,600	1,056,393,600	2.4
Mbale	2,916,023,200	2,335,172,300	-19.9
Mbarara	4,104,249,850	8,350,985,670	103.5
Mukono	2,426,877,094	2,852,040,598	17.5
Value added products	1,938,200,000	4,150,000,000	114
Total	**16,213,944,424**	**21,127,199,989**	**30**

Table 3: Comparison between ACE Input prices and open Market prices (July 2010 to Dec 2010).

Input	Unit	Av. ACE price per unit	Av. Open market price per unit	(%) difference (Saving).
Maize Seeds	Tonnes	2,250,000	2,750,000	22.20
Beans Seeds	Tonnes	2,500,000	3,000,000	20.00
Other seeds	Tonnes	1,450,000	2,000,150	37.90
Pesticides & insecticides	Litres	11,673	14,175	21.40
Fertilisers	Tonnes	1,200,000	1,400,000	16.70
Herbicides	Litres	8,000	11,500	43.80

Table of comparison of prices received by farmers marketing through ACEs compared to the open market prices (July-Dec. 2010).

Commodity	ACE Price (UG shs per tonne)	Open market price(UG shs per tonne)	(%) change in benefit
Maize	550,116	450,000	22
Rice	1,314,286	1,161,429	12
Beans	1,021,538	875,000	14
Ground nuts	2,283,333	1,825,000	20
Bananas(cooking type)	495,913	400,909	19
Honey	5,080,000	3,960,000	22

(c) Output 3: Strong and viable Rural Producer Organizations established.

Due to improved governance combined with improved service delivery and rising general interest in cooperatives, there was an increase in membership and share capital of the primary societies and ACEs as indicated below.

Table 4: Change in Membership and in primary societies and ACEs. Period July-Dec 2009 and July-Dec 2010 compared)

	July to Dec 2009	July to Dec 2010	Overall Change	%change.
Membership	49,067	64,346	15,279	107
Share capital (Shs).	234,490,895	264,579,895	30,089,000	12.8

3.2. Empowering Farmers Through Innovative Marketing Systems (EFTIMS)

Background of EFTIMS
Uganda Cooperative Alliance limited in partnership with Kilimo Trust piloted EFTIMS in two ACEs and Two SACCOs in the Kyejonjo regional area. The idea is to pilot the warehouse receipt system using SACCOs and storage facilities owned by the farmers through the ACEs. This is the first phase which started in 2009 and ending 2012. EFTIMS is designed to support on-going interventions of the UCA and is not a standalone project.

Target:
Two ACEs, (Katerera and Kisiita) and two respective SACCOs (Katweyombeke and Rukoma) which are participating in this pilot phase, of the project

Objective of the project:
Improve the marketing efficiency of high quality cereals and pulses and revenue for the farmers.

Outputs and Achievements:

Output 1: Two SACCOs Strengthened
Overall, there was increase in share capital in the two SACCOs of 4.2% mainly as a result of increased marketing activities through bulking and warehouse receipt system which also made it possible for UCA to implement its integrated approach. After selling, members were able to increase their shares in the SACCOs. The increase in membership of 1.2 % was rather small mainly because the membership in the SACCOs is already large relatively, due to the impact of the project in the first year. Loans have increased because most of the members were borrowing because they used their produce as collateral.

Table 1: Katweyombeke SACCO(July 2010 to June 2011)

Main Indicator	July 2009 to June 2010	July 2010 to June 2011	Variance +ve/-ve
Membership	4,014	4142	3.1%
Share Capital	118,620,000	136,244,000	14.8%
Savings Deposits	144,731,934	308,142,014	113%
Loans (Outstanding Balance)	391,758,745	418,546,000	6.8%

Table 2: Rukoma SACCO (July 2010 to June 2011) compared to 2009/10.

Main Indicator	July 2009 to June 2010	July 2010 to June 2011	% change
Membership	4,589	4600	0.2%
Share Capital	283,419,000	282,900,000	-0.2%
Savings	179,828,458	329,700,000	45%
Loans (Outstanding Balance)	530,317,700	819,300,000	54%

Table 3: Combined summary performance of the two SACCOs in the project. July 2010 to June 2011.

Main Indicator	July 2009 to June 2010	July 2010 to June 2011	% change
Membership	8,630	8742	1.3%
Share Capital	402,030,000	419,144,000	4.2%
Savings	324,560,392	637,842,014	96%
Loans (Outstanding Balance)	922,076,445	1,237,846,000	34%

The two SACCOs in this project did very well in as far as savings mobilization and availing more credit to the members are concerned. Overall, the percentage increases were 96 percent and 34 percent respectively.

Recovery rate for Katweyobeke SACCOS has improved from 86% July2009 to june2010 to 90% July 2010 to June 2011 while for Rukoma SACCOS has remained at 96%.

Output 2: Viable and sustainable marketing systems established.

As far as marketing is concerned, Kisiita ACE increased the volumes from 2300 MT to 6300 Mt and the value from shs 440m to 814m. Katerera ACE increased the volumes handled from200Mt to 980 Mt with a value from shs 323 million to 3.17 billion. The commissions earned were shs 41m up from shs 15m for Kisiita and shs25 million for Katerera up from shs 190.2 million. The farmers in the two ACEs receive prices 30% percent above the market prices.

Both ACEs completed the construction of their stores and farmers enjoy the benefits of the WRS although the two ACEs are not yet formally licensed by licensing authority.

The two ACEs have now entered a new phase of enabling their members to engage in contract farming to a number of buyers including The World Food Programme and Nile Breweries. They have also been able to purchase machinery including Tractors to improve services to the members which has in turn led to increase in land under cultivation and hence more money to the farmers.

Table Comparison between ACE Input prices and open Market prices (July 2010 to June 2011) for Kisiita and Katerera ACEs.

Input type	Unit	Av. ACE price per unit	Av. Open mkt price per unit	(%)Saving
Maize	Tonnes	2,250,000	2,750,000	22.20
Sorghum	Tonnes	960,000	1,440,000	50
Cotton	Tonnes	free	-	-
Pesticides & insecticides	Litres	11,673	14,175	21.40
Fertilisers	Tonnes	1,200,000	1,400,000	16.70
Herbicides	Litres	10,000	12,500	25

Inputs supply handled by both ACEs increased during the period and the farmers were able to pay percent lower than the market price

Output 3: Farmers' organizations strengthened.

There has been remarkable change in membership for both ACEs. For Kisiita membership increasing from 1,855 to 3,308 and Katerera membership increased from 4,519 to 5,239 because of the impact of the EFTIMS project.

Leaders of ACEs and SACCOS have been trained to use the warehouse receipt system and an exchange visit for farmers of Kisiita ACE and Katweyombeke SACCOS to Katerera ACE and Rukoma SACCOS was carried out. The total number of farmers using the WRS in the two ACEs has been increasing as shown in the table below.

ACE	No of farmers using the warehouse receipt system		
	July 2009 to June 2010	July 2010 to June 2011	% increase
Kisiita	1,298	2,709	54
Katerera	2,651	3,163	19
Totals	3,949	5,872	48

Katerera ACE has been able to extended power and water to the area of operation, giving the community and clean source of water and power.

Challenges and how it was addressed

- Power in Kisiita: This has been addressed by provision of the Generators although expensive to operate.
- Entrepreneurial training to the leaders of ACEs and SACCOS is planned

Planned Activities for 2011-2012:

- More mobilization and sensitization of members on bulking, and operations of warehouse receipting system.
- Entrepreneurship training of members.
- Contract farming to be introduced and promoted.
- Promote mechanization of Agriculture.
- Promote Irrigation farming
- Promote increased use of improved inputs.

A farmer explaining how the rice huller works.

3.3 Integrated Finance and Agricultural Production Initiative Project (IFAPI II)

Background

Integrated Finance and Agricultural Production Initiative II (IFAPI II) project is a three year project supported by Canadian Cooperative Association (CCA) and operating in the mid west, west Nile and northern regions. It is an integrated project through which producers are able to access agricultural and financial services through their cooperatives; Area Cooperative Enterprises (ACEs), primary societies (RPOs) and Savings and Credit Cooperative Societies (SACCOS). It is a successor project to IFAPI phase one which ended in September 2008 having supported 34 cooperatives; 19 primary societies, 3 ACEs and 12 SACCOS in the districts of Arua, Nebbi, and Apac through an integrated cooperative system. IFAPI II was started in November 2008 to further strengthen the 34 cooperative organizations under phase I and expand operational area to cover new areas of Masindi, Koboko, and Lira districts. The project targeted to Support an additional 22 new institutions in this expansion; 9 SACCOS, 9 RPOs and 4 ACEs and to reach more than 12,000 farm families with adequate and appropriate agricultural and financial services through the same approach.

This report gives highlights of activities carried out and achievements during the year; July 2010- June 2011.

Project goal

The overall goal is to contribute towards the national efforts in rural poverty reduction with the purpose of providing a holistic development of community-controlled co-operative services that improves people's well being by increasing food production, income, and providing financial services.

Project components

1. Capacity Building of Existing Co-operatives and Expansion
2. Production and Productivity Increase
3. Increased Access to Financial Services through SACCOs

Summary of the activities conducted and achievement

1. Capacity building and Training

During the period, 4,944 farmers (2,618 men and 2,247 women) were trained by UCA/IFAPI staff. Trainings were varied from ACE to ACE according to the identified needs and some of the trainings especially production related were conducted at RPO level. Such trainings included preseason planning, business plan development, value addition and leadership and governance as in the table below. Training in study circle formation was done in Nebbi and Masindi to enhance participation and foster learning. Training on Weather index Insurance and input usage were conducted in collaboration with Eastern Africa Farmers Federation (EAFF) and UNADA respectively.

Farmers through their production and marketing committees at RPO level continue to carry out pre-season planning and use the plans to guide resource allocation. Through this the ACE managers with support from field staff have been able to coordinate organized production including bulk purchase of inputs mainly improved seed for enhanced productivity.

Trainings such as contract negotiations, market forecast and determination of minimum price have been identified as necessary and will be organized in the next period as a way of positioning the farmers (cooperatives) to take advantage of the observed high commodity prices.

2. Commodity marketing services

During the year the number of famers marketing their produce through ACEs increased from 5,191 as at June 2010 to 5,984 farmers as at June 2011 and total sales realized from the sale of commodities increased to 7,646,617,200 UGX up from 5,388,835,000 UGX last year. The average gross income per farmer increased from 1,038,111 UGX in 2010 to 1,277,844 UGX this year.

Enterprise	Number of farmers	Tons bulked	Sales (UGX)
BEANS	**621**	**636**	**952,140,000**
CASSAVA	466	569	221,760,000
COFFEE	346	201	962,030,000
COTTON	413	158	291,030,000
G-NUTS	165	122	264,082,000
HONEY	94	14.9	104,222,000
IRISH POTATO	587	301	154,123,000
MAIZE	1438	3,460	1,610,716,000
ONIONS	32	57	9,405,000
RICE	514	1,109	1,706,060,000
SIMSIM	536	214	486,775,200
SORGHUM	241	152	78,374,000
Soyabean	531	919	805,900,000
Totals	**5,984**		**7,646,617,200**

Project staffs continued to offer technical support including market linkages and trainings to ACEs throughout the year to strengthen their capacity to do bulk marketing on behalf of their members while earning income in form of commission. As a result of this, ACEs earned a total commission of 192,853,600 UGX compared to 153,156,390 UGX last year.

Table 2: Sales and commission per ACE from July 2010 - June 2011

ACE/RPO	Enterprise	No. of Farmer	Tons bulked	Sales (UGX)	Commission
NEBBI	BEANS	481	175	224,740,000	4,594,800
	CASSAVA	302	403	156,380,000	4,499,600
	COFFEE	346	201	962,030,000	17,240,200
	COTTON	222	78	143,360,000	2,767,200
	HONEY	37	12.3	86,100,000	4,305,000
	IRISH POTATO	587	301	154,123,000	3,899,900
	MAIZE	537	560	317,502,000	7,268,400
	SIMSIM	281	85	178,790,000	3,575,800
	SORGHUM	162	49	24,874,000	597,600
Sub Total		**2,955**		**2,247,899,000**	**48,748,500**
WADELAI	RICE	151	439	729,360,000	15,587,200
	SIMSIM	82	56	119,220,000	3,785,600
	SORGHUM	79	103	53,500,000	1,050,000
	CASSAVA	164	166	65,380,000	1,807,600
Sub Total		**476**		**967,460,000**	**22,230,400**
DEI	RICE	217	485	806,100,000	14,922,000
	MAIZE	123	371	192,828,000	3,284,400
	COTTON	191	80	147,670,000	2,653,400
Sub Total		**531**		**1,146,598,000**	**20,859,800**
VURRA (ARUA)	MAIZE	73	198	112,215,000	3,655,000
	G-NUTS	17	25	37,500,000	1,875,000
	ONIONS	32	57	9,405,000	285,000
	HONEY	13	0.5	2,322,000	116,100
Sub Total		**135**		**161,442,000**	**5,931,100**
BOMIDO	MAIZE	60	350	159,000,000	3,720,000
	BEANS	35	170	278,000,000	6,600,000
	HONEY	15	0.5	2,500,000	120,000
Sub Total		**110**		**439,500,000**	**10,440,000**
BWEYALE	MAIZE	80	530	278,000,000	5,850,000
	BEANS	70	141	221,400,000	4,500,000
Sub Total		**150**		**499,400,000**	**10,350,000**
MUTUNDA	MAIZE	135	430	216,000,000	5,400,000
	BEANS	35	150	228,000,000	4,800,000
Sub Total		**170**		**444,000,000**	**10,200,000**
CHAWENTE	MAIZE	136	322	97,440,000	3,522,000
	Soyabean	80	116	135,200,000	6,560,000
	G-NUTS	95	68.5	171,250,000	8,562,500
	SIMSIM	173	73	188,765,200	9,438,200
Sub Total		**484**		**592,655,200**	**28,082,700**
CHEGERE	MAIZE	159	379	111,600,000	4,110,000
	Soyabean	451	803	670,700,000	16,035,000
	HONEY	29	1.6	13,300,000	500,000
Sub Total		**639**		**795,600,000**	**20,645,000**
ITEK-OKILE	RICE	146	185	170,600,000	8,809,200
	MAIZE	135	320	126,131,000	3,790,300
	G-NUTS	53	28	55,332,000	2,766,600
Sub Total		**334**		**352,063,000**	**15,366,100**
Totals		**5,984**		**7,646,617,200**	**192,853,600**

3. Value addition

In an effort to promote farmers' participation in the value chain and increase profit margins, IFAPI continued its support to Farmer initiatives in adding value to their produce through the year. Farmers under the project are adding value to honey in form of processing and packaging, rice – hulling and grape wine processing and packaging.

Table 3: Sales from value added products

Enterprise	Tons Bulked			Sales		
	June 2010	June 2011	% increase	June 2010	June 2011	% increase
Honey	12.3	14.9	21%	101,388,500	104,222,000	3
Grape wine	760 L	2,370 L	212	9,040,000	35,550,000	293
Rice	557	924	66	793,100,000	1,535,460,000	94
Animal Feeds	-	4		-	2,540,000	100

The total tonnage of honey processed and sold through cooperatives has increased by 2.6 tons; from 12.3 tons last year to the current tonnage of 14.9 metric tons sold this year, representing an increment of 21%. A corresponding increase was seen in the total sales up from 101,388,500 UGX last year to 104,222,000 UGX this year. The observed Increase in volume of honey bulked is mainly a result of increased returns on value added honey and stable prices through the ACEs.

The processing of animal feeds started by Bweyale ACE in July 2010 has picked up with total sales of 2,540,000 UGX. The ACE is providing affordable feeds to poultry farmers in the member RPOs. The project supported Bweyale ACE to develop business plan which integrates animal feeds production into enterprises selected by the members.

Value addition on coffee is also being promoted in Nebbi specifically in Erussi and Zeu RPOs. These areas are producing a lot of Arabic coffee which for some time has not been bulked. As a project we have determined that this is a very profitable enterprise and the quantities are significant implying that once promoted many farmers would increase their incomes and the cooperatives would grow. In line with this, the project procured and supplied 3 wet processing machines to the two RPO to allow for improved quality and value. We have also talked with Fare trade Africa for market linkage, training and support in preparation of the RPOs for future participation in fare trade. This is currently on going and we expect that the Cooperatives will be able to register.

Figure 1: Wet processing of coffee in Erussi.

4. Input Bulking

ACEs are establishing themselves as input dealers following the adoption of bulk input purchase concept promoted by the project. The accrued benefits from this practice have seen ACEs continue to procure inputs for farmers as in table 3.

Table 4: Inputs acquired through ACEs June 2010 – June 2011

Input	No. of farmers M	No. of farmers F	Qty	Unit	Total cost Open market	Thru ACEs	Amt saved by Farmers	Commission
Beans	233	135	18,300	Kg	59,160,000	50,730,000	8,430,000	1,100,400
Cassava	372	164	8,000	Bags	120,000,000	96,000,000	24,000,000	1,920,000
Sorghum	120	90	1,670	Kg	4,217,000	3,770,000	447,000	75,350
Packaging bags	1436	587	20,650	Pcs	22,290,000	18,160,000	4,130,000	557,200
Irish potatoes	210	84	3,552	Basin	63,984,000	55,680,000	8,304,000	1,113,600
Maize	740	297	27,135	Kg	73,308,000	65,167,500	8,140,500	2,941,300
Malathion Dust	350	180	1,628	Bottles	6,552,000	5,738,000	814,000	114,350
Rice	421	274	24,600	Kg	83,580,000	73,560,000	10,020,000	1,652,900
Sesame	417	147	4,060	Kg	17,182,000	15,468,000	1,714,000	309,300
Pesticides	17	30	512	Kg	8,168,000	7,144,000	1,024,000	570,000
Vegetables	206	114	380	Tins	3,180,000	2,990,000	190,000	109,200
Totals	**4,522**	**2,102**			**461,621,000**	**394,407,500**	**67,213,500**	**10,463,600**

Linkages with input suppliers were maintained throughout this period a good sign for sustainable business relations.

A total of 6,624 farmers; 4,522 men and 2,102 women acquired quality inputs through the ACEs this year with the ACEs earning a commission of 10,463,600 UGX.

This service by the ACEs has helped ACE members to save 67,213,500 UGX that would otherwise be spent if inputs were to be bought from the open market.

5. Mechanization

Following the training of trainers and formation of animal traction committees in the cooperatives, 84 bulls were locally procured for cooperatives in Lira, Masindi and Nebbi. Cooperative leaders and farmer representatives participated in this exercise to select with guidance from UCA staff, trained TOTs and Veterinary officers. These animals have been trained by the TOTs and implements procured by the project to allow for this technology to work.

Related to this, Bweyale ACE has been linked to United Bank of Africa for acquisition of two tractors. Other ACEs Bomido ACE, Dei ACE, Chegere ACE and Nyaravur RPO are also mobilizing for resources to acquire tractors through loan. It is expected that once the cooperatives acquire tractors their capacity to serve their members will be greatly improved as this will reduce time taken to prepare fields as well increasing the area planted. Farmers will be able to take advantage of the land available to produce for sale

6. Seed multiplication

During the year, IFAPI through field staff maintained relation with UNADA, Victoria Seed Company and Abii Zonal Agricultural Research and Dev't Institute (ABII-ZARDI) based in Arua to mobilize farmers for the participation in establishing on farm seed trials and seed multiplication. The 88 farmers (25 women and 63 men) selected in the previous year maintained the 47 acres for seed production and trials; Rice (Nerica I & iv); Beans K132 G.nuts (Serenut iv) and cassava (TME 204, 00067/59 and TME14).

7. Mobilization of new members in cooperatives

With support from UCA IFAPI staffs, ACEs have been able to mobilize for new members for increased business. All ACEs are continuing to mobilize for new RPOs so as to strengthen their organizations. During the year the membership throughout the project supported ACEs increased by 21% as below.
Currently the number of farmers under the project is 8,807 as compared to 7,308 as at June 2010.

Table 5: Membership growth in cooperatives

ACE	July 2010	June 2011	Increment	% Increment
Nebbi District				
NEBBI	1904	1988	84	4.4
DEI	507	661	154	30
WADELAI	341	487	146	43
Apac District				
CHAWENTE	432	441	9	2
CHEGERE	652	662	10	1.5
APAC	759	766	7	1.0
Arua District				
OMUGO	265	376	111	42
VURRA	288	848	560	194
ARUA	930	986	56	6
Lira District				
ETEK OKILE	295	392	97	33
Masindi District				
MUTUNDA	505	550	45	9
BWEYALE	175	330	155	89
BOMIDO	255	320	65	25
Totals	**7308**	**8807**	**1499**	**21%**

Similarly the total share capital also increased from 66,243,600 UGX to 91,425,600 UGX during the year representing 26% increment. The increment has been due to new members mobilized during the period.

Table 6: share capital growth in cooperatives

ACE/RPO	July 2010	June 2011	Increment	% Increment
Nebbi District				
NEBBI	25,119,500	28,170,500	3,051,000	12
DEI	5,900,000	7,525,000	1,625,000	28
WADELAI	3,670,000	5,550,000	1,880,000	51
Apac District				
CHAWENTE	2,820,000	3,450,000	630,000	22
CHEGERE	7,320,000	7,350,000	30,000	0.4
APAC	10,199,000	10,199,000	0	0
Arua District				
OMUGO	1,225,000	1,345,000	120,000	10
VURRA	1,810,000	7,625,000	5,815,000	321
ARUA	2,420,100	4,611,100	2,191,000	91
Lira District				
ETEK OKILE	300,000	3,950,000	3,650,000	1217
Masindi District				
MUTUNDA	2380000	2,880,000	500,000	21
BWEYALE	1,800,000	6,600,000	4,800,000	267
BOMIDO	1,280,000	2,200,000	920,000	72
Totals	**66,243,600**	**91,425,600**	**25,182,000**	**38%**

Challenges Faced during the year 2010/11

There is a continued problem of inadequate and poor storage structures at RPO / ACE levels which affects the time of sale and thus the returns ACEs as they have no space to hold the commodities for long period.

Also noted is the weather changes which have continually affected the volumes produced as well as quality. For instance Jan-Mar is the peak season for harvesting honey in West Nile but because of delays in rains the volume bulked was lower than expected.

As a way forward there is need to promote introduction of low level affordable irrigation technology through cooperative where there exists permanent water sources to avert the vagaries of bad weather. Also cooperatives will be supported to plan and mobilize resources for construction of storage facilities. This can be through members' contributions and external partners.

Planned Activities (2011-2012)

- Conducting Assessments of the cooperatives in preparation for new project design and implementation

- Developing tools for sustainable capacity development including introduction of self Assessment tools

- Continue to implement key IFAPI activities; internal audit and supervision at ACE level, pre season and pre-market planning, promoting bulk marketing by ACEs, promoting value addition.

- Increase youth and women participation in the project activities
  Promoting contract farming within ACEs.

3.4 VECO-FUNDED Project.

4.1.1 Background

VECO East Africa (Uganda programme) has been in partnership with UCA since 2010 to achieve mutual objectives of Economic and Political empowerment. Under the economic objective VECO East Africa (Uganda programme) has been in partnership with UCA since 2010 to achieve mutual objectives of Economic and Political empowerment. Under the economic objective UCA has come in to organize farmer groups, which had been targeted by VECO EA, into Rural producer primary societies at parish level and Area Marketing Cooperatives (ACEs) at Sub-County level in six districts of Eastern Uganda.UCA has come in to organize farmer groups, which had been targeted by VECO EA, into Rural producer primary societies at parish level and Area Marketing Cooperatives (ACEs) at Sub-County level in six districts of Eastern Uganda.

Program objectives

The main economic objective of this partnership is:
To assist farmers (as members of RPOs and ACEs) to access viable and sustainable markets through effective and sustainable business linkages with chain actors in the 6 districts of Iganga, Bugiri, Tororo, Busia, Kumi and Pallisa in Eastern Uganda.

Key Achievements

Target RPOS & ACES

- 57 primary societies were formed during the year in the 6 districts. By the end of the year, these were at different stages- 24 had already registered while 33 had submitted their applications to the registrar of cooperatives.
- All fully registered RPOs (24) held First Annual General Meetings and received basic training on how the system works.
- 20 primary societies passed a resolution to form ACEs
- Initial capacity building was started and all RPO committee members were trained on their roles and responsibilities.
- 6 ACEs out of the 9 targeted (67%) were formed.
- Continuous follow up of the registration process was carried out and cooperative education of members was carried out to make them aware of their roles and responsibilities in the RPO. The key to the success of the cooperatives/RPOs is in having empowered members who patronize and actively participate in the activities of the cooperatives.

Challenges.

- The targeted number of ACEs was not met due to delays in registration of primary societies particularly in Tororo.

Cooperative development activities done by UCA under VECO

STRATEGY 1: Capacity Building and Skills Enhancement

- Sensitization of communities (9 in Busia, 2 in Bugiri and 1 in Pallisa) was done in all the target districts. These sensitizations focused enabling farmers gain interest in formation of cooperatives and electing interim leadership. All communities sensitized elected their leadership committees.
- Cooperative education of RPO leaders to equip them with member mobilization skills and managing their groups properly. All the committees were educated through focus group discussions, role plays and lectures. 11 RPO interim committees were trained in Bugiri (2) and Busia (9)
- Training of interim committee members in leadership and governance issues. Bye-laws were filled in and in Bugiri statements and bye-laws were submitted at the Ministry
- Cooperative education of members of District Level Cooperatives (DLC). 4 DLCs meetings in Iganga, Kumi, Busia and Tororo
- Consultative meetings with partners (DCOs and DFA executives) to harmonize the UCA work plan with that of the partners. 1 district meeting held in each of the participating districts.
- Guiding RPOs to hold their 1st AGMs. 31 AGMs to elect 31 RPO committees i.e. 9 in Pallisa, 4 in Kumi, 3 in Bugiri, 6 in Iganga and 9 in Tororo were guided.
- Compilation of Statements of Affairs for RPOs. 10 statements of Affairs were prepared and 10 bye-law sets were filled and submitted to the registrar along with recommendation letters from the DCOs.
- Exposure visit for newly elected ACE leaders. 1 visit was organized to Kangulumira and it had very good learning impact on the members33 leaders participated from all the project districts.
- Following up of RPO registration was done in all project districts
- One UCA planning meeting and one review meeting was organized to develop a detailed work plan for Quarter 2 (April-June 2011).

Lobby and advocacy activities done by UCA under VECO

Strategy 2: Multi stake holders processes building supportive networks

- Selecting of 3 specific UCA policies including specified issues in agri-finance and co-operative development. Internal commitment about advocacy objectives within UCA was achieved; it was also agreed that we consider the policy fields of Agricultural financing and micro-insurance.
- UCA participated in forming alliances through a conference organized by GIZ in which over 500 participants across Africa attended. In this conference, Gaps within standards policies identified and a way forward was agreed, a Uganda statement on Agricultural finance was made, a national level work plan on promoting the agricultural insurance was formulated, a workshop report and a draft combined advocacy work plan formulated, a communiqué agreed and signed by EAFF on behalf of its members including UCA and a proposal of scaling up the PGPP concept among the FOs was written together

with TRIAS written after the conference has been accepted for funding. Conference proceedings have been documented and shared among partners. Key partners included EAFF, UNFFE, NUCAFE, MAAIF, Vi-Agro-forestry.

- A press release and press kit highlighting the importance of co-operatives in Uganda's development were prepared. International co-operative day recognized by the media. One radio interview, Media database was created

Cross cutting issues (gender/HIV/AIDS/Natural Resource Management)

Gender and youth in cooperatives

The participation of women and most especially youth in the RPOs and ACEs being formed is still very low. The women and youth seem to lack self confidence to take up leadership positions and thus cannot voice their opinions unless provoked by the facilitators.

Unfortunately, in an effort to mainstream gender, there are scenarios where women are elected into positions to create gender balance without considering whether they have the competence they require to give out the assigned roles. Similarly, in some instances where women are qualified, they turn down or shy away from the positions.

Thus there is need to engage technical persons in gender so that issues of mainstreaming gender in cooperatives can be addressed. Also mechanisms for engaging the youth so as to increase their participation in the RPOs and ACEs should be identified.

4.0 FINANCE & ADMINISTRATION

4.1 Report of the Directors
Year Ended 30 June 2011

The directors present their report together with the audited financial statements for the year ended 30 June 2011, which discloses the state of affairs of the organization.

1. Principal Activity

The organization's principal activity is to promote co-operatives in Uganda.

2. Results

The results for the year are set out on pages 65 to 69.

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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. Nimrod Wambette	-	Chairman (elected 30 Sept. 2010)
Mr. Lamuel Byamugisha	-	Vice chairperson (elected 30 Sept. 2010)
Ms. Claire Kabakyenga	-	Treasurer
Ms. Florence Badaza	-	Member
Mr. Vincent Okethcwinyu	-	Member

6. Auditors

The auditors, Messrs Price & King, have expressed their willingness to continue in office, in accordance with Section 22 (1) of the Ugandan Co-operative Societies Act.

By Order of the Board

Leonard Msemakweli
GENERAL SECRETARY – UCA

4.2 Statement of Directors' Responsibilities Year Ended 30 June 2011

The Ugandan Co-operative Societies Act 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 organization as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the organization keeps proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the organization. They are also responsible for safeguarding the assets of the organization.

The directors are ultimately responsible for the internal control. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the institution's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Co-operative Societies Act. 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 organization 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 Organization will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statements which appear on pages 57 to 59 were approved by the Board of Directors and signed on its behalf by:

……………………	…………………..	…………………..
Chairman	Treasurer	General Secretary

4.3 Independent Auditors' Report
to the members of
UGANDA CO-OPERATIVE ALLIANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Uganda Cooperative Alliance Limited as set out on pages 65 to 69 which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of changes in equity and a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Ugandan Co-operative Societies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the organization as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Ugandan Co-operative Societies Act.

Report on Other Legal and Regulatory requirements

As required by the Ugandan Co-operative Societies Act we report to you, based on our audit, that the business of the Uganda Co-operative Alliance Limited has been conducted:

i) Efficiently;
ii) In accordance with the Co-operative principles, and the auditing and accounting provisions of the Co-operative Societies Act; and
iii) In accordance with the Uganda Co-operative Alliance Limited objectives; and, byelaws, and other decisions made by the Annual General Meeting.

Price & King

Price & King
Certified Public Accountants
Kampala

Date: 28 September 2011

4.4 Statement of Financial Position
At 30 June 2011

	Note	2011 Ushs	2010 Ushs
ASSETS			
Non - current assets			
Property, plant and equipment	2	5,217,474,709	457,066,704
Prepaid operating lease rentals	3	-	18,956,000
Investment property	4	1,341,717,924	1,714,871,132
Investments in shares	5	189,240,000	189,240,000
		6,748,432,633	2,380,133,836
Current assets			
Inventories	6	25,694,245	21,393,521
Trade and other accounts receivable	7	450,987,358	469,534,635
Amounts receivable from related parties	16	41,299,417	41,299,417
Cash and bank	8	3,284,409,261	1,110,108,356
		3,802,390,281	1,642,335,929
TOTAL ASSETS		10,550,822,914	4,022,469,765
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	204,880,000	202,950,000
Statutory reserves	10	282,609,335	139,348,918
Capital reserves	11	821,078,950	1,402,578,889
Revaluation reserve	12	5,462,038,247	-
Foreign currency translation reserve		9,029,963	-
Retained earnings		2,363,425,923	1,308,690,414
		9,143,062,418	3,053,568,221
Non-current liabilities			
Long-term liabilities	13	53,963,976	53,963,976
Current liabilities			
Other accounts payable	14	348,256,375	232,200,755
Deferred revenue grants	15	532,346,691	212,606,509
Amounts payable to related companies	16	473,193,454	470,130,304
		1,353,796,520	914,937,568
TOTAL EQUITY AND LIABILITIES		10,550,822,914	4,022,469,765

These financial statements on pages 65 to 69 were approved by the board of directors on 28th September 2011 and were signed on its behalf by

....	....	....
Chairman	Treasurer	General Secretary

4.5 Statement of Comprehensive Income
Year Ended 30 June 2011

INCOME	Note	2011 Ushs	2010 Ushs
Member subscriptions		10,150,000	12,222,000
Rental income		303,691,267	318,851,419
Other income	17	1,128,148,452	140,775,030
Profit from disposal of investments		904,092,693	642,246,293
		2,346,082,412	1,114,094,742
EXPENDITURE			
Staff expenses	18	(349,864,251)	(282,397,292)
Vehicle and travel expenses	19	(86,792,190)	(59,158,012)
Other operating expenses	20	(701,501,070)	(651,701,096)
		(1,138,157,511)	(993,256,400)
OPERATING SURPLUS BEFORE FINANCE COSTS		1,207,924,901	120,838,342
Finance costs	21	(9,928,975)	(7,349,142)
OPERATING SUPLUS BEFORE TAXATION	22	1,197,995,926	113,489,200
TAXATION	23	-	-
SURPLUS FOR THE YEAR		1,197,995,926	113,489,200
OTHER COMPREHENSIVE INCOME	24	5,471,068,210	-
TOTAL OTHER COMPREHENSIVE INCOME		6,669,064,136	113,489,200

UGANDA CO-OPERATIVE ALLIANCE LIMITED

4.6 Statement of Cash Flows
Year Ended 30 June 2011

	Note	2011 Ushs	2010 Ushs
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		1,197,995,926	113,489,200
Adjustments for: -			
Gain on disposal of investment property	4	(904,092,693)	(642,246,293)
Gain on disposal of fixed asset	2	(1,095,288,200)	-
Depreciation	2	109,745,291	58,171,461
Amortization	3	-	288,164
Operating loss before working capital changes		(691,639,676)	(470,297,468)
(Increase)/decrease in inventories		(4,300,724)	7,003,152
Decrease in other accounts receivable		18,547,277	59,827,049
Increase/(decrease) in other accounts payable		116,055,620	(122,284,429)
Decrease / (Increase) in amounts receivable from related co.		-	11,866,570
Increase in amounts payable to related companies		3,063,150	27,258,001
Increase / (Decrease) in other long term liabilities		(670,189,186)	11,128,250
Cash outflow from operating activities		(1,228,463,539)	(475,498,875)
Net cash outflow from operating activities		(1,228,463,539)	(475,498,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	2	(1,093,850,000)	(22,000,000)
Proceeds from sale of fixed assets		2,794,444,200	800,000
Purchase of investment property	4	(892,500,000)	(875,000,000)
Proceeds from sale of investment property		2,854,500,000	1,392,707,362
Net cash inflow from investing activities		3,662,594,200	496,507,362
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in capital reserve		(581,499,938)	-
Proceeds from issue of shares		1,930,000	-
Increase/(decrease) in deferred revenue grants		319,740,182	(212,761,157)
Net cash inflow from financing activities		(259,829,756)	(212,761,157)
Net (Increase)/decrease in cash and cash equivalents		2,174,300,905	(191,752,670)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,110,108,356	1,301,861,026
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	3,284,409,261	1,110,108,356

4.7 Donor Support
Year Ended 30 June 2011

	2011 Ushs	2010 Ushs
GRANT REVENUE	3,538,154,988	3,749,796,076
EXPENSES		
SCC/MFSP/HOUSING	375,904,137	531,909,383
SCC/Youth and Co-ops (YEECO)	-	289,234,969
SCC/EFTAF/MCB	618,464,437	-
NORGES/SCC-EFTAF Project	-	1,540,300,964
FREDSKORPSET	72,101,280	161,576,362
EFTIMS/KILIMO	372,428,020	170,258,503
CCA IFAPI II	642,947,840	476,007,419
NORGES/VEL/EFTAF/MCB	517,528,220	-
AGRITERA	16,666,909	134,608,217
ISF	-	92,038,000
COOPAID	86,401,208	113,129,400
MUCOBS	141,785,903	-
AGRI-BUSINESS TRUST	2,023,250	-
VECO	159,557,093	28,126,350
	3,005,808,297	3,537,189,567
DEFERED REVENUE GRANTS (Note 14)	532,346,691	212,606,509