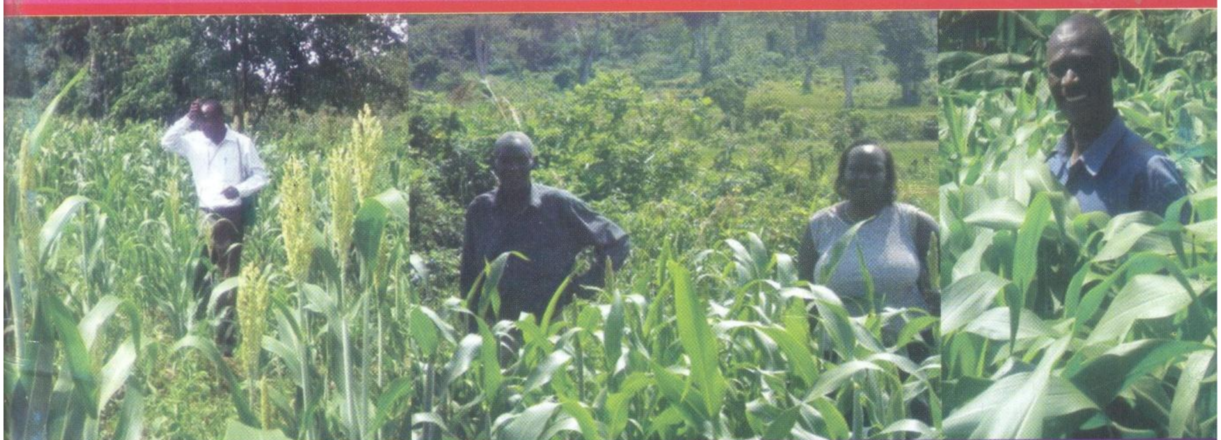
UGANDA CO-OPERATIVE ALLIANCE LIMITED



ANNUAL REPORT

for the year 2011/2012

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. Elizabeth Nsimadara – Treasurer

Ms. Florence Badaaza
Board Member

Mr. Vincent Okethcwinyu
Board Member

Mr. Fred Mwesigye - Commissioner for Cooperative Development - MTTI

Chairman's Statement At The 45th UCA AGM September 2012

Distinguished Guests,
Fellow Co-operators,
Development Partners,
Ladies and Gentlemen.

It gives me great pleasure on behalf of UCA Board as your watch dog, and Secretariat staff to welcome you once more to our 45th AGM at which we account to you activities for the ensuing year.

This year 2012 is particularly important to us Cooperatives in two aspects:

1. It is the year set by the United Nations as the International Year of Cooperatives under the theme ***"Co-operative Enterprises Build A Better World"***
2. It is also the year we mark 50 years of independence.

The question as to whether our country as a member of the UN has a roadmap for revival, support and development of cooperatives is for your reflection but at least we have a label on the title of our parent ministry.

In spite of our limited resources to carry out our mandate namely Advocacy, Representation, Lobbying and Member education, we have carried out the following activities in the year under review.

a) Mobilized support for different projects from the following development partners:
   (i) The Swedish Cooperative Center (SCC)
   (ii) Canadian Cooperative Association (CCA)
   (iii) Norwegian Society for Development (Norges Vel)
   (iv) VECO

b) Provided support and encouragement for voluntary SACCO in all regions of the country.
c) Mobilized new and traditional coops to increase their share of women and youth in decision making.
d) Represented you at International Cooperative meetings and conferences.

Our recommendations to government remain as follows:
(i) Create a forum at which we can articulate our concerns and offer advice on how to build strong cooperatives.
(ii) Strengthen the department of cooperatives in the ministry with a budget to carry out its supervisory role efficiently.
(iii) Allocate funds to UCA to educate cooperative members and leaders in governance and financial management.
(iv) Allocate at least two slots in Parliament as an interest group so that our interests are catered for on the floor.
(v) Address recommendations we made in amendment of the coop statute to give cooperatives more autonomy

Bugisu Cooperative Union:
Although I reported in the last meeting about on-going investigations, nothing has been concluded yet as it now appears there are two deferring reports. The delay by government to conclude this matter is viewed by some members with suspicion. The members want to take charge of their union. The conflict would have been resolved if government had allowed parties to use arbitration under guidance of UCA. I urge government to conclude this matter.

The future of cooperatives in Uganda is dependent on:

a) Honest, informed and independent leaders who understand the principles and practice of cooperation.

b) Strong supervisory and regulatory role by government.

c) Educated members who can hold their leaders accountable in accordance with the law.

Finally, I remind you that Mrs. Florence Badaza, Mr. Vincent Okethcwinyu and myself will be retiring at the end of this meeting to take leave in accordance with our bye-laws which cherish the good governance practice of **term limits**.

On my colleagues' and own behalf, I thank you for the opportunity and cooperation you gave me as your Vice Chair and Chair. I thank Mr. Leonard Msemakweli, officers and staff at the Secretariat for the honour and cooperation they gave me.

My elevation did not end with you as I have been elected to the following bodies:
i) Board member International Cooperative Alliance - Africa region.
ii) Vice Chair ICAO
iii) Board member Fair Trade Africa (East Africa)
iv) Board member representing producers in Africa on the Board of Café direct, a leading hot drinks company in the United Kingdom (UK).

It is my hope that you will find a suitable replacement with guidelines from our impeccable Search Committee.

Wish you fruitful deliberations and thank you for your attention.

Nimrod Wambette
OUTGOING CHAIRPERSON – UCA BOARD

Statement By The General Secretary
Uganda Cooperative Alliance Ltd.

Mr. Msemakweli Leonard
General Secretary - UCA

UCA's role is to build the capacity of cooperative organizations so that they can be able to give services to members on their own. It also builds the capacity of individual members to be better producers and benefit from organization. The services include; input delivery, micro-finance, agricultural extension, cooperative management and leadership, internal audit, marketing and value addition as a package as well as lobbying.

In spite of the fact that 2012 was a very difficult year for the country in terms of micro and macro indicators, the UCA development programmes were only slightly affected and generally kept on course. Overall, our programmes reached at least 500,000 individuals who benefited directly from our services. During the year, savings mobilization through SACCOs reached shs 40b (compared to shs 30b the previous year), share capital by same organizations increased to shs 22 billion (from shs 14.2b the previous year) while outstanding loan balances stood at shs 65.8b (compared to Shs. 42.4b). In addition, our new financial institution, Uganda Cooperative Central Financial Services (UCCFS) mobilized shs 0.197b as term deposits by SACCOs and gave out shs 0.604b in loans while over Shs. 1b was mobilized by the Rural Producers organizations and their ACEs.

What we see from these numbers is that, the down turn in the economy did not affect the performance of those SACCOs under our guidance. The only institution that felt the impact was UCCFS whose savings declined by 37.7 percent compared to the previous year. This seems to be in line with global research findings where cooperative financial institutions did not suffer as a result of the downturn in the global economy which is the strength of the cooperative movement.

The number of ACEs in the country increased to 70 after UCA and VECO signed an MoU to support another 9 ACEs. The value of marketed produce through 61 ACEs was at least Shs. 30b. The remaining 10 ACEs had not yet reached the bulking stage by the time the report was compiled. At least half of the ACEs had adopted the practice of mobilizing own funds for extension services which the UCA has been encouraging them to do. In spite of the amount being small, this represents a big step towards self-financing by our cooperatives.

For over a decade, the leadership of the UCA has been trying to build a self-sustaining and integrated system with strong vertical and horizontal linkages in all types of cooperatives and strong linkages with business partners outside the cooperatives. The structure has now been built that includes primary societies (Rural Producers Organizations, SACCOs, Uganda Cooperative Central Finance, the Area Cooperative Enterprises and Regional and National Unions. The link with the Ugandan industry such as the breweries and other agricultural processors through contract farming and entry into regional markets has been a major achievement in re-building our cooperative movement and makes it an important business partner both domestically and internationally. We now have a system that caters for all the agriculture enterprises and through which the value chain approach, which is critical for improvement of farmers' incomes, can be pursued and empower farmers and other categories of membership.

The Secretariat which is responsible for initiating, coordinating and even contributing to the programmes continued to move on the path of sustainability of the organization. However, the UCA Core posted loss in its operations after 11 years of uninterrupted profitability. The reason for this was because attention is now focused on long-term investment rather than pursuing sources of own income. Management is however confident that in the very near future the organization will be back on track and with greater financial stability than before.

In conclusion, looking at the extent of evolution of our cooperative movement and the attention the agriculture sector is receiving these days from so many players and the partnerships that are emerging as a result of our cooperative development efforts, the prospects for our cooperative movement are really great.

Our eternal gratitude goes to the Canadian Cooperative Association (CCA), the Swedish Cooperative Centre (SCC) the Norwegian Society for Development (Norges Vel) and recently VECO, ICA Regional Office and GIZ without whose support and dedication to the cooperators of Uganda this would not have been achieved. We also extend our thanks to the Government of Uganda for creating a conducive environment.

REPORT ON THE UCA ACTIVITIES FOR YEAR 2011/2012

UCA ANNUAL REPORT 2011/2012

1.0 UCA CORE - The Secretariat

Introduction Of Pay Courses.

In order to sustain the training mandate of the UCA, the Secretariat has gone into partnership with Moshi College of Business Studies (MUCCOBs) of Tanzania to benefit from the progress that MUCCOBs has made in applying distance learning tools in training. To begin with, ten staff from the UCA Micro-Finance Unit were trained as trainers by MUCCOBs in how to use distance learning tools to conduct a course in Professional Management of Financial Institutions. This built the capacity of the UCA so that it can do the job while MUCCOBs will be the organization that will offer the certificates.

The first batch of 108 students graduated in December, 2011 in Kampala. It was a colourful ceremony which was attended by Prof. Austin Bee, the Vice Chancellor Moshi College of Business Studies (MUCCOBs), together with several members of his academic institution as well as officials from the government of Uganda and leaders of the cooperative movement. In 2012, over 110 students were recruited in the second intake. The Secretariat has initiated discussions between MOCCOBs and UCA on broadening the partnership so that we also develop a similar course in Management of Agriculture Cooperatives. Once this initiative has fully taken off fully, it will be possible for the cooperative movement in Uganda and the UCA in particular to sustain cooperative training at management level which for so many years has been subsidized by our long-term development partners.

Lobbying for resources.

One of the tasks of the General Secretary during the year as far as lobbying is concerned, was to put emphasis on assisting the cooperatives to access cheap credit for investment in mechanization and value addition through Area Cooperative Enterprises (ACEs) so that they can give better services to the members. One of the sources that is being tapped is the Agriculture Credit Fund which was set up by the government of Uganda a couple of years ago in conjunction with a number of participating banks with the objective of modernizing agriculture. Under the scheme farmers through the ACEs will obtain loans with interest rates of 10 percent per year compared to the commercial rates of well over 20 percent that banks are charging. Using outmoded technologies and tools such as the hand hoe is one of the main reasons why farmers in Uganda have not been able to realize their full potential and UCA is helping the farmers in cooperatives to take advantage of such emerging opportunities as far as modernization is concerned.

The Secretariat has also been negotiating with several other financial institutions such as OIKO Credit to provide funding for the same and the response is positive as one project has been approved for funding.

The Secretariat has also continued to lobby for funds from other partners in Europe who pledged to support the cooperative movement through Uganda Cooperative Central Finance Services (UCCFS).

This is a logical step given that most of the ACEs have now been linked to contract farming with large buyers of products such as sorghum, maize, soya beans and many others that are in high demand.

New Partners.

UCA management was mandated in the previous year to negotiate and bring Round Table Technologies on board, the owners of a software product called DILOS which will bring revolution in the services that the SACCOs provide. DILOS will also give solution the challenges that many of them are facing. Since that time, the Secretariat co-ordinated the negotiations with RTT who is a private investor, resulting in the signing of an MoU. A pilot aimed at testing the suitability of the technology under Ugandan conditions began with training of a randomly selected sample of SACCO managers. The next step in the testing will be to connect them to the software.

New Projects/Partners.

SCC-Vi.
The Secretariat coordinated efforts and negotiations with SCC-Vi that resulted in the preparation of a new project called: Empowering Farmers in the Lake Victoria Basin. The proposal was successful. UCA will be able to support 3 more ACEs and affiliated RPOs and SACCOs located in Masaka which had been left out. In the second year, the number of organizations to be supported is expected to increase.

Agriterra.
During the year, the scope of collaboration between UCA and Agriterra was broadened. In the previous year, the collaboration between the two partners had been limited to provision of technical support to some ACEs and SACCOs through the use of external experts from Holland. Subsequently, this has been consolidated so the partnership is exploring other sub-sectors such as poultry and the two partners have started working on a proposal aimed at supporting cooperative poultry farmers in the entire value chain through their organizations. A consortium consisting of big companies in Uganda and Holland with expertise in the chicken value chain together with Agriterra and UCA has been formed to implement the project jointly with the ACEs to be selected once the proposal is successful.

Agriterra also decided to consolidate this partnership further by appointing a full time expert in Uganda who is being shared by the UCA and SNV.

GIZ.

Establishment of a Data Service Centre (DSC)
A number of SACCOs in the North are already receiving technical and financial support by GIZ as a partner of the UCA so that they can set up **a Data Service Centre**. With the DCS in place, the SACCOs will be able to keep up-to-date financial records and be able to report to the members on time and accurately. GIZ is also assisting UCA in linking SACCOs in IFAPI project to agriculture cooperatives. The DSC initiative is a pilot which if successful should be adopted by other SACCOs throughout the country. GIZ has in addition provided a TA who is working on strengthening the capacity of ACEs and their RPOs in Northern Uganda and working closely with the Data Service Centre.

Launching Cooperatives in Regional Trade.

For sometime, the General Secretary has been working with the newly formed National Unions to find market outlets for their members' produce not only within the country but also within the region where the East African Common Market has created new trade opportunities. This was successfully accomplished by the Grains Union, one of the national unions which has managed to export grain to one of the neighboring countries. This demonstrates the maturity of our cooperatives which we have nurtured from scratch since 17 years ago. The Secretariat is doing the same for other national unions, starting with export of honey and negotiations with the buyers have already began.

Nyakyera and Rukoni ACEs, members of the Grains Union, ready for export to Rwanda

Future sustainability of the UCA.

This year, the Secretariat embarked on an investment which is intended to enhance the financial sustainability of the organization by strengthening its capacity to generate internal income. Construction is expected to be completed by early 2013. Once completed, the UCA will have gone a long way in ensuring its future sustainability which has been a very big challenging issue.

UCA's Construction site at Plot 47 Bukoto Crescent, Kampala

One of UCA's residential apartments almost at the roofing stage.
Site: Plot 47 Bukoto Crescent, Kampala

One of UCA's residential apartments being roofed.
Site: Plot 47 Bukoto Crescent, Kampala

This has taken the Secretariat at least 10 years to mobilize and save the required capital from sources that did not exist before. With this investment, UCA core will be placed on a stable financial path. The Secretariat will thereafter embark on other initiatives in its plan which will further enhance the organization's sustainability.

Coordination of on-going development projects.

The Secretariat continued with its functions of being the overseer for all the ongoing projects and ensuring that they achieve the set objectives.

2.0 MICROFINANCE UNIT (MFU)

INTRODUCTION

The Micro Finance Unit (MFU) is UCA's department that handles financial service co-operative societies. The MFU mainly provides co-operative support services as well as strategic support services to the financial services co-operatives and the sector as a whole.

During the year 2011/2012, the Unit directly supported 218 SACCOS and one SACCO Union through the Microfinance Support Project, the IFAPI project and MCB project. It also supported 2 SACCO Unions and 4 SACCO Networks through the Rural Financial Services Project. In most of the SACCOs, UCA does did most of its direct SACCO support work in collaboration with Uganda Central Co-operatives Financial Services (UCCFS) Ltd; a SACCO union that provides its members with financial and financial related services. In addition, UCA provided the SACCO sector in general with strategic support services.

MFU'S GENERAL AND SPECIFIC OBJECTIVES.

The MFU'S general objective is: ''*to build Sustainable SACCOs that can provide easily accessible and affordable financial services to underserved communities"*. On the other hand, its specific objective is to put in place institutional arrangements for sustainable provision of support services to financial co-operatives"

The main components of UCA's support for Financial Services Co-operatives
UCA's financial co-operatives support services methodology involves 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.

UCA's MFU specifically undertakes the following interventions in course of providing co-operative financial services co-operatives:

i) Mobilizing, sensitizing and guiding rural communities to form self-sustaining SACCOs.
ii) Supporting rural populations start village saving and loan associations (VSLAs) and using them to learn about forming and working in groups for the purposes of easily accessing affordable financial services on a sustainable and later linking them to established SACCOs.
iii) Mobilizing and supporting secondary school students to form Youth Saving Clubs and linking them to established SACCOs which assist them to operate their clubs. Through their clubs, the youth acquire financial literacy and develop a savings culture, learn how to co-operate and acquire co-operative awareness, acquire leadership and operating skills and also undertake many other activities of their choice.

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

v) Carrying out internal audit and supervision of SACCOs, on the job training and mentorship to ensure that SACCO leaders, management staff generally operate efficiently, effectively and in the best interests of their members.

vi) 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.

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

viii) Assisting SACCOs establish higher level SACCO organizations e.g. regional and national SACCO unions for the purposes of improving their business operations.

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

x) Linking SACCOs to other types of cooperatives to ensure improvement of their business prospects, benefit other co-operatives as well optimizing co-operative benefits to co-operators**.**

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

ACHIEVEMENTS OF MFU DURING THE PERIOD JULY 2011 – JUNE 2012

Through its operations, MFU was able to achieve the following during this period:

A) At the SACCO support Level:

i) In a collaborative arrangement with GIZ, contributed towards integrating the operations of agricultural co-operatives and SACCOs in the West Nile, Lango and Masindi Sub regions in order to maximise benefits to their members. Under the same arrangement, UCA also established a Data Services Centre in Lira which is helping young and weak SACCOs in the area to keep good records, process and produce good reports for effective and effective leadership, management and operating purposes

ii) Supported and strengthened the relationship with Swisshand, a Swiss NGO that is interested in complementing the efforts of UCA and its partners by supporting weak and very young SACCOs. Over time, SACCOs that have accessed operational grants and Loans from Swisshand include: Kiwangala in Masaka, Panyango in West Nile, Erusi in West Nile, Kachaboi in Kuumi, and Bunghokho in Mbale,

iii) Contributed towards the preparation of SACCOs to participate in the implementation of the Maximizing Co-operative Benefits through Value Chain Linkages (MCB) project. Through project activity interventions, and working with UCCFS, 218 SACCOs have been assisted in the area of hands on guidance, technical capacity building, and internal audit and supervision.

iv) 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.

v) 27 Youth savings clubs were formed with in the 24 Secondary schools, and linked to 17 SACCOs. Youth Savings clubs are admitting and enrolling more members.

vi) UCA Worked with Moshi University College of Cooperatives and Business Studies (MUCCoBS) to develop and implement a nine (9) month long distance Professional Financial Co-operative Management course for SACCO management staff and leadership in Uganda. The 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.

In the first intake a total of 108 students graduated in January 2012. In the second in take a total of 137 students (40% female) were registered and commenced the training on 1st November 2011 and will complete the course on 30th September 2012. Graduation will take placed in December 2012. The graduates of the training program formed Association of Financial Cooperative Professionals of Uganda (AFCPU) with support from UCA and MUCCoBS to promote professionalism among the graduates

vii) UCA is working with a computer software company to develop a system that will allow centralized real time monitoring and supervision of the participating SACCOs operations. The system will also allow for the production of financial and operating reports including the standard micro finance's required performance monitoring reports (commonly known as the PMT).

B) At SACCO Union Level

i) In collaboration with Ministry of Finance Planning and Economic Development, (MFPEP) through the Rural Financial Service Programme, UCA promoted and supported operations of two existing SACCO Unions and four SACCO networks with a view to developing them into active and strong regional SACCO unions. These include Sheema and Mid-West Regional SACCO Unions, and Wakiso, Kigezi FORMA and Ntungamo Regional SACCO Networks respectively.

ii) UCA supported Uganda Central Co-operative Financial Services by extending to it financial and logistical resources as well as linking it to its development partners e.g. the Swedish Co-0perative Centre, Canadian Co-operative Association, Norges Vel and others so that it can access technical support to enable it mobilize membership and resources, grow and become strong Financial cooperative institution with capacity to provide financial and other related services to its members on sustainable basis. As a result, during the year, UCCFS membership grew from 172 to 237, share capital rose from Ug. Shs 420.7 to Ug. Sh. 604.5 million while its loan portfolio grew from Ug. Shs 635.3 to Ug.shs. 1.4 billions

UCCFS continues to be the only organization in Uganda that is offering its member SACCOs with liquidity management support services. By 30 June 2012, the number of outstanding loans was 102, and the value of outstanding loan was value shs. 1,425.9 Million

As part of ensuring that its members operate professionally, UCCFS extended internal audit and supervision services to 237 SACCOs (members). These services are helping member SACCOs become safe, sound and sustainable institutions.

The MFU and UCCFS also teamed up to ensure that sound SACCO performance standards and sound SACCO performance standards were institutionalized and complied with in all its member SACCOs. Compliance with the standards is presently helping the SACCOs to improve their efficiency and effectiveness as well as their drive to becoming safe, sound and sustainable institutions.

C) At the level of SACCOs and their members

In course of providing co-operative support services to financial co-operatives, UCA worked in close collaboration with the Swedish Co-operative Centre (SCC), Canadian Co-operative Association (CCA) and Norges Vel under the MCB Project and IFAPI II and III Projects. Under this collaboration, the following were achieved:

i) Internal audit and supervision as well as technical capacity building were provided to the SACCOs participating in the projects and this helped them to improve the efficiency and effectiveness of their leadership, management and operations. As a result majority of them are already safe, sound and sustainable institutions, their members are happy with their services, and generally, they stand out as the good examples of SACCOs in the country.

ii) 74% out of 255 SACCOs Supervised by MFU were able to fully cover their operating costs. 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.

Table 1: Summary of UCCFS Performance during the year 2011/2012

	Indicator	**1st July 2011 Shs**	**30th June 2012 Shs**	**Increase (%ge)**
1	Membership	172	237	37.79
2	Share capital	420,700,000	604,550,000	43.70
3	Fixed deposits	197,000,000	197,000,000	-
4	Ordinary savings	22,000,000	(13,700,000)	(37.73)
5	Outstanding Loans	635,330,205	1,425,945,383	124.44
7	No. of Outstanding Loans	72	102	41.67

iii) Tables 2 to 5 show the summary of the SACCO performance (on a regional basis) during 2011/2012 in terms of SACCOs' membership, share capital, savings and outstanding loans. Annex on the report is the performance of individual SACCOs.

Table 2: SACCO Members during the year 2011/2012

Project	Regions	No. Of SACCOs		No. of SACCO Members		
		I July 2012	30 June 12	1st July 2011	30th June 2012	(%ge) Increase In SACCO Membership
MCB	Jinja Region	16	18	12,821	15,262	19
	Kyenjojo Region	17	34	20,582	33,201	61
	Masaka Region	13	17	38,939	47,890	23
	Mbale Region	20	20	15,078	16,060	6.5
	Mbarara Region	55	59	88,036	133,190	51
	Mukono Region	26	40	26,818	43,484	62
	West Nile	6	12	13,132	26,732	51
IFAPI III	Masindi	3	3	1,779	2,139	20
	Lango	6	5	2,734	3,248	19
	West Nile	10	10	7,562	8611	14
	Total	**172**	**218**	**227,481**	**329,817**	**45**

Table 3: SACCO share capital during the year 2011/2012

Project	Regions	Number of SACCOs		Cumulative share Capital		
MCB		I July 2012	I July 2012	1st July 2011 (Ug. Shs' 000)	30th June 2012 (UG. Shs'000)	(%ge) Increase of share Values
	Jinja Region	16	18	447,329	608,006	36
	Kyenjojo Region	17	34	849,702	1,483,115	75
	Masaka Region	13	17	2,226,728	3,437,268	54
	Mbale Region	20	20	561,680	633,184	13
	Mbarara Region	55	59	7,592,919	12,001,147	58
	Mukono Region	26	40	1,140,369	1,919,988	68
	west Nile	6	12	529,070	1,014,771	92
IFAPI III	Masindi	3	3	347,180	488,715	41
	Lango	6	5	538,800	702,652	30
	West Nile	10	10	3,588,445	4,043,090	13
	Total	**172**	**218**	**14,233,777**	**22,288,846**	**57**

Table 4: Net SACCO Savings as at the end of the year 2011/2012

Project	Region	Number of SACCOs		Savings		
		1 July 2011	30 June 2012	1st July 2011 (Ug.Shs' 000)	30th June 2012 (Ug. Shs'000)	Increase (%ge) Savings
MCB	Jinja Region	16	**18**	470,486	684,068	45
	Kyenjojo Region	17	34	2,092,211	3,839,083	83
	Masaka Region	13	17	4,783,080	5,841,346	22
	Mbale Region	20	20	601,109	587,111	2.3
	Mbarara Region	55	59	11,439,048	16,451,534	44
	Mukono Region	26	40	3,263,491	5,478856	68
	west Nile	6	12	2,548,322	5,905,261	1.31
IFAPI III	Masindi	3	3	604,167	811,820	34
	Lango	6	5	2,820,464	271,507	90
	West Nile	10	10	1,250,918	1,384,936	11
	Total	**172**	**218**	**29,876,293**	**41,255,522**	**38**

Table 5: Outstanding loans as at the end of the year 2011/2012

Project	Region	Number of SACCOs		LOANS		
		1 July 2011	30 June 2012	1st July 2011 (Ug. Shs' 000)	30th June 2012 (Ug. Shs'000)	Increase (%ge) In Loans
MCB	Jinja Region	16	18	956,098	1,333,663	39
	Kyenjojo Region	17	34	2,784,318	5,488,288	283
	Masaka Region	13	17	7,163,555	9,353,974	31
	Mbale Region	20	20	1,365,296	1,403,370	0.3
	Mbarara Region	55	59	21,270,034	32,865,746	55
	Mukono Region	26	40	4,397,442	8,043,586	83
	west Nile	6	12	2,818,505	5,352,030	90
IFAPI III	Masindi	3	3	70,379	108,528	54
	Lango	6	5	304,964	365,570	20
	West Nile	10	10	1,323,180	1,523,425	15
	Total	**172**	**218**	**42,453,771**	**65,838,180**	**23**

iv) With reference to the tables above, the increases in the SACCOs' share capital, saving deposits and outstanding loans reflect the improved financial management skills as well as the increased confidence of members in their SACCOs.

v) The increase in the number of SACCOs working with UCCFS (under the MCB project) indicates that the services being offered by UCCFS are valued and are on demand from SACCOs.

D) Empowerment of SACCO members

i) There was economic empowerment of SACCO members who were enabled easy access to affordable financial services. Majority of these members were doing so for their first time. Access to financial services from sustainable institutions by the hitherto underserved rural population has as a result unlocked their potential. SACCO members' agricultural production has noticeably increased because they are able to borrow from their SACCOs to finance their agricultural production requirements, increase their production, sell at higher prices through their marketing co-operatives (ACEs) and thereby increase their incomes. Increased production has also helped them to improve their food security/sovereignty while increased income has assisted members to reduce their poverty levels.

ii) SACCOs have incorporated gender awareness in their leadership, management as well as operations. As a result female members of SACCOs have significantly been empowered economically and socially.

iii) Using the knowledge and skills acquired from the capacity building activities undertaken in SACCOs as well as the co-operative culture, values and principles acquired through participating in their co-operatives, SACCO members are able to participate in leadership and other responsible positions in their communities.

iv) SACCO members have been enabled to educate their children thanks to their SACCOs education loans. This is a great investment into the improvement of the country's human capital development.

v) SACCO members have been enabled to access medical services loans and thus, SACCO members plus their dependants cannot die because of failing to purchase basic medical services and drugs.

The combination of all the above benefits has resulted into liberation of co-operators. They are presently no longer beset by the routine issues of the basic needs. Their minds are now more focused at bigger issues of social and economic development rather that survival concerns. If one goes into a community that is served by a safe, sound and sustainable SACCO that has a big outreach (like most of the UCA supported SACCOs), he or she would see a lot of economic and social vibrancy; a pointer for current and future social and economic progress.

CHALLENGES FACED DURING THE YEAR

During the year 2011/2012, financial co-operatives support services by UCA under its various programmes and projects as shown in the above sections registered significant progress and achievements for the participating institutions as well as their members. However, the achievements notwithstanding, there are a number of challenges in the sector that still have to be overcome and these include the following:

i) There are some incidences of poor leadership and management in some SACCOs which still need to be addressed. Though the incidence of this challenge increases when one considers the SACCOs which are not being directly supported under UCA projects, it shows that there is still a lot of work to be done by UCA, its development partners and other SACCO support organizations in the SACCO sector.
ii) Many SACCOs are located in hard to reach areas, where the support infrastructure is poor or missing altogether. f concern is lack of electricity and communication services. Where improvisations have been made, these raise the cost of doing business for the affected SACCOs.
iii) There is a challenge of proliferation of externally dependent SACCOs in rural areas; a result of some Government officials mobilizing the people to form SACCOs in order for them to access Government's support. Many people have as 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.
iv) In-spite of the community mobilization and sensitization exercises conducted, there is still a low banking culture, financial literacy and co-operative awareness among many communities in the country. More work therefore still needs to be done to rectify this.
v) There are some incidences of political interference in the management and operations of SACCOs particularly during the election of leaders and recovery of overdue loans from the defaulters.
vi) SACCOs face a problem of weak regulation and supervision laws that are not being effectively implemented due to the resource constraints faced by the 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 funds from loan defaulters as well as fraudulent leaders and management staff. These pause a big challenge to SACCOs' operations since some knowledgeable fraudulent SACCO leaders take advantage of the weakness in the law.

Way forward:

UCA together with its development partners as well as partner institutions remain convinced that safe, sound and sustainable financial services co-operatives are necessary for the revival of the entire co-operative movement, and the economic and social development of their members. Therefore, in the coming years, UCA will focus at supporting the collaborating financial services co-operatives so that they can become efficient, effective and good role models from which others can learn. To achieve this, UCA will:

i) Continue supporting and guiding UCCFS to grow and become a self sustaining SACCO union with capacity to provide quality financial co-operative support services to its members on a sustainable basis, with focus on institutionalization of the sound SACCO performance standards and enforcing compliance with them.
ii) Guide and encourage UCCFS to improve the quality and quantity of its services and products, through developing a strategic plan that will focus on core business, expansion of financial services, improving on operational capacity, all aiming at boosting its operational self sufficiency and future sustainability of service delivery.
iii) Mobilize all UCA member co-operatives (SACCOs and other types of co-operatives) 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.
iv) Support the growth of safe and sound SACCO unions, with a view to working with them to improve legal and policy compliancy, promotion of efficient and effective SACCO operations, provision of effective internal audit and supervision services and technical

capacity building services to their SACCO members at low costs. This will also promote the chances of such SACCOs to merge and take advantages of size and scale.

v) Build the technical capacity of SACCO leaders and management staff on a cost sharing basis to ensure their sustainability. SACCO members will be mobilized and sensitized about exercising their duties, rights and obligations. This will be premised on the understanding that there is no co-operative that can be better than its members.

vi) 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.

vii) 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.

viii) Supporting well established and performing SACCOs to form regional SACCO unions as a strategy for improving the effectiveness of support services, building viable SACCOs and improving/strengthening the networking among SACCOs.

ix) 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 them to improve their operations and general performance.

x) Promote the linkages between the operations of SACCOs and those of production and, value addition and marketing co-operatives at the community (sub-county) level in order to increase their members' economic activities and productivity, and ultimately, their incomes.

xi) 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.

xii) Promote youth savings clubs for the purposes of bringing the youths into co-operatives, developing a savings culture among the youths, increasing awareness about co-operatives, developing their leadership and operational skills.

xiii) Build the capacities of the regional SACCO unions and restructuring their operating set ups so that they can provide valuable and sustainable support services to SACCOs.

xiv) In view of their significant impact on the SACCOs business, climatic change and health management issues will be integrated into the SACCOs operations.

xv) Complete the development and institutionalization of the real time computer software for SACCOs as a strategy for improving their record keeping and reporting, operations, offsite monitoring and supervision. These will ultimately improve their compliance with their bylaws and operating policies and procedures, co-operative laws and regulations as well as the SACCOs Best or Sound Practices.

3.0 PROJECTS UNDER AGRIBUSINESS UNIT (ABU)

3.1 Maximizing Cooperators' Benefits Through The Value Chain Linkages (MCB)

Background.

ABU has been implementing 3 projects namely; Maximizing Cooperators Benefits Through the Value Chain (MCB), Integrated Finance and Agricultural reduction Initiative (IFAPI 111) and a project funded jointly by the UCA and VECO.

MCB Project

The project is a two-year project which started in 2011 and due to end in December 2012. .It is jointly funded by the Swedish Cooperative Centre (SCC-VI), the Royal Norwegian Society for Development (Norges- Vel) and UCA.

MCB project supports and consolidates work of three previous projects (EFTAF, FETAS and PACE) covering primary societies and their members, Area Cooperative Enterprises (ACEs) as well as financial co-operatives or SACCOs (Savings & Credit Co-operatives). These were designed to work with 400 primary cooperative societies, 140 SACCOs, 54 ACEs and 6 National Unions.

MCB PROJECT is being implemented in 5 regions:

- **Mbarara region** (comprising of Mbarara, Bushenyi, Sheema, Rubirizi, Mitooma, Buhweju, Rukungiri, Ntungamo, Kanungu, Kiruhura and Isingiro districts).

- **Kyenjojo region** (comprising of Mubende, Kibaale, Kamwenge, Mityana, Hoima, Kasese, Kyegegwa, Kyenjojo and Kabarole districts).

- **Mukono region** (comprising of Mukono, Wakiso, Kayunga, Buikwe, Luweero, Nakasongola, Nakaseke distrcits.).

- **Jinja region** (comprising of Iganga, Luuka, Jinja, Kamuli, Buyende, Kaliro districts)

- **Mbale region** (comprising of Bududa, Manafwa, Mbale, Bulambuli, Sironko, Kapchorwa, Ngora, Bukedea, Pallisa and Kaberamaido districts).

Objectives and outputs of Agribusiness Unit

Sustainable agricultural cooperatives providing improved production, value addition and marketing services to co-operators.

ACHIEVEMENTS UNDER ABU

Summary of performance of RPOs and ACES under MCB (1st July 011 to 30th June 2012).

Membership:

Figure 1: Direct project beneficiary by gender

Main Indicator	*2010/11*	*2011/12*	*Percentage Growth(%age)*
No. of Project ACEs	55	54	0.0
No. of Project RPOs	352	376	6.0
No. of ACE Members			
• Males	30,290	32099	5.0
• Females	17,144	17,424	10.4
• Male youth	9,565	13,112	37.0
• Female youth	7,347	11,616	58.0
Share Capital of ACEs (Shs)	265,979,893	590,669,266	122

NB: More RPOs are joining cooperatives as a result of the benefits and project staff carried "cooperative sensitization'' in 21 RPOs and they are in the process of getting registered.

Figure 2: ACEs and their RPO membership growth during the period 1st July 011 to 30th June 2012

Region	***No. of Project supported ACEs***	***No. of RPO Members***	***No. of Project supported ACEs***	***No. of RPO Members***	
	2010/11		**2011/12**		**Growth in No.s**
Jinja	8	11,379	8	13,307	1,928
Kyenjojo	8	9,286	8	11,426	2,140
Mbale	14	15,758	12	15,924	166
Mbarara	15	16,573	16	21,178	4,605
Mukono	10	11,350	10	12,642	1,292
Total	**55**	**53,428**	**54**	**74,477**	**21,049**

NB: Overall, there was an increase of 21,049 members of RPOs in all ACEs representing 39 % because people are beginning to appreciate the importance of cooperatives in solving their problems. The increase was also due to sensitization done by MCB .However Mbale recorded the lowest due reduced number of ACE which was compensated for in Mbarara region.

Figure 3: MAJOR ENTERPRISES ANALYSIS

ENTERPRISE DESCRIPTION	***NO. OF FARMERS BULKING***			***UNIT OF MEASURE***	***ACCUMULATED VOLUME MARKETED (MT)***	***ACCUMULATED SALES July 2011 UG Shs***	***COMMISSION SINCE July 2011 (UG shs)***	***Av .Price in open Market per MT***	***Av.Price at ACE per MT***	***% Price difference***	***VALUE ADDITION TYPE (shs)***
	MALE	***FEMALE***	***TOTAL***								
BANANAS	21,780	9,005	30,785	Tonnes	2,453	2,450,287,400	129,214,900	980,000	1,000,000	2.0	Wine processing
BEANS	11,011	3,103	14,114	Tonnes	1,114	2,339,564,097	143,878,070	2,400,000	2,650,00	10.4	Beans sorting
COFFEE	7,670	2,909	10,579	Tonnes	4,042	3,183,152,100	148,899,945	3,600,000	375,000,00	4.1	Coffee processing
MAIZE	4630	3797	8,427	Tonnes	889	439,126,110	28,571,950	580,000	750,000	29.3	Sorting, grading/cleaning
PINEAPPLE	890	345	1,235	Tonnes	259	388,500,000	7,465,800	150,000	180,000	20	Wine processing, dried
FISH	314	78	392	Tonnes	78	312,459,000	4,579,300	3,780,000	4,000,000	5.82	smoked
MILK	12,245	2,378	14,623	litres	9,855,000	3,942,476,000	134,790,000	400,000	460,000	15	cooling
RICE	420	102	522	Tonnes	320	960,345,000	11,590,000	350,000	380,000	8.5	hurling
G/NUTS	2,589	971	3,560	Tonnes	120	360,345,500	6,368,500	230,000	280,000	21.7	threshing
SORHGUM	2,097	765	2,862	Tonnes	1,245	996,750,000	12,500,000	450,000	800,000	77.77	sorting
HONEY	205	90	295	Tonnes	1.7	7,650,000	950,000	3,600,000	4,400,000	22.2	Honey processing
Others						5,689,431,953	1,028,013,235				
TOTALS						21,070,087,160	628,808,465				

Figure 4. Membership in ACE and SACCO intergration.

Region	***Number of ACEs***	***No. Of ACEs linked to SACCO***	***No. Of Sacco members***	***No. Of farmers in ACE***	***No. Of farmers who are memebrs of SACCO***
Jinja	*8*	*6*	*12,821*	*13,307*	*4,272*
Mbarara	*16*	*16*	*88,036*	*21,178*	*12,780*
Mukono	*10*	*8*	*26,818*	*12,642*	*5,245*
Mubende	*8*	*8*	*20,582*	*11,426*	*6435*
Mbale	*12*	*11*	*15,078*	*15,924*	*7,408*
Total	***54***	***49***	***215,406***	***74,477***	***36,140***

Linkage or intragration is one of the strategies used by the UCA in its cooperative development. From what can be seen, the regions such as Mbarara and Mubende which have a high percentage of linkage also registered better economic and financial performance. Of the fifty four ACEs under MCB forty nine, are linked to SACCOs and the total number of members of ACEs who are also members of SACCOs are 36,140 representing 38% .The figure for 2011 could not be reflected for analysis.

SHARE CAPITAL:

Figure 5: ACEs Share capital (from RPOs) growth during the period 2009/10 to 2011/12

Region	***2010/11***	***2011/12***	***Growth***
	(Million Ug. Shs)	***(Million Ug. Shs)***	***Million shs.***
Jinja	18,740,000	82,949,000	64,209,000
Kyenjojo	38,079,000	82,688,000	44,609,000
Mbale	13,820,000	25,625,000	11,805,000
Mbarara	149,698,893	418,502,638	268,803,745
Mukono	45,642,000	223,522,202	177,880,202
Total	**265,979,893**	**833,286,840**	**567,306,947**

Note: *ACE share capital increased by 213%.The increase is due to more RPOs joining ACEs which is usually done at Annual General Meetings.*

TOTAL SALE ANALYSIS:

Figure 6: ACEs Sales Growth during the period 2010/11 to 2011/12

Region	***2010/11***	***2011/12***	***Growth***
	(Million Ug. Shs)	***(Million Ug. Shs)***	***Million shs***
Jinja	2,382,192,821	3,650,194.006	1,268,001,185
Kyenjojo	1,056,393,600	3,214,782,870	2,215,839,270
Mbale	2,335,172,300	3,825,643,307	1,490,471,007
Mbarara	8,350,985,670	7,252,763,774	-1,098,221,896
Mukono	2,852,040,598	3,126,703,203	274,662,605
Total	**16,976,784,989**	**21,070,087,160**	**4,093,302,171**

Sales increased by 24%. However Mbarara region indicated the lowest sales due to bulking Nyakyera, and Kashongi going on for WFP which are not yet reflected in this report.

COMMISSION EARNED:

Figure 7: ACEs Sales commission during the period 2010/11 to 2011/12

Region	***2010/11***	***2011/12***	***Growth***
	(Million Ug. Shs)	***(Million Ug. Shs)***	***Ug.Shs***
Jinja	147,056,227	145,809,091	-1,247,136
Kyenjojo	62,256,100	268,869,090	206,612,990
Mbale	127,184,780	152,348,365	25,163,585
Mbarara	350,426,735	274,848,964	-75,577,771
Mukono	186,706,550	813,945,660	627,239,110
Total	**873,950,392**	**1,656,821,70**	781,870,778

Note: Commission on sales increased by 34.4% during the year. Mbale region experienced slow growth of commissions due to competition with Bugishu Cooperative Union and other players from Kenya especially in the coffee and maize sector; while Jinja had negative growth due to decline in price and volume of Maize from the region which is a major commodity in this region but will be compensated after sorghum sales as many RPOs grew sorghum and the union is currently collecting them.

INPUTS' SALES ANALYSIS REPORT:

The tables below indicate inputs purchased through the ACE during the period 31st July 2011-30th June 2012.

Figure 8: INPUT SALE ANALYSIS

INPUT TYPE	*%*	*NO.OF*	*BENEFFITING*	*MEMBERS*	*QUANTITY PROCURED(MT)*	*COMMISSION EARNED/UNIT (UGX)*	*AVER. PAID PRICE*	*AVER OPEN MRKT S-PRICE*	**% Age Benefit/Better price**
		MEN	*FEMALE*	*TOTAL*					
OTHER SEEDS	**21**	**584**	**307**	**891**	**45,660**	**3,566,611**	**1,053,170**	**1,328,355**	26.13
MAIZE	**7**	**190**	**196**	**386**	**2,741**	**1,906,450**	**2,109,392**	**2,351,154**	11.5
BEANS	**2**				**2,271**	**953,100**	**868,000**	**1,5000,000**	72.8
FERTILIZERS	**9**	**794**	**603**	**1,397**	**12,710**	**4,020,000**	**1,115,116**	**1,178,376**	5.67
Pesticides &insecticides	**2**				**76,774**	**1,655,000**	**13,445**	**16,205**	20.5
TOOLS/EQUIPMENTS	**4**	**320**	**145**	**465**	**707**	**320,000**	**14,143**	**15,357**	8.58
Herbicides	**1**	**1**	**0**	**1**	**4**	**0**	**13,800**	**15,000**	8.6
TOTAL					**716**	**6,835,600**			

Note: *Because of bulk purchase discounting and direct purchase from the dealers also significantly reduced the prices of inputs, hence cooperators enjoying fair price for inputs*

EXTENSION FUNDS MANAGEMENT IN ACEs.

The idea of extension fund is to ensure proper guidance on agronomic practices by a community based facilitator on a sustainable basis using the idea of self help. Farmers are contributing in cash and kind deducted during bulking to contribute towards the funds.

Figure 9: Extension fund management performance for July 2011- June 2012.

S/N	***Name of ACE***	***No. of members contributing***	***cumulative contribution since since 31st July 2011***
	Mbarara Region		
	1.Manyakabi ACE	120	1,300,000/=
	2.Nyakyera ACE	102	800,000/=
	3.Abatenganda ACE	45	500,000/=
	4.Katerera ACE	67	380,000/=
	5.Ruhinda ACE	72	540,000/=
	6.kashongyi ACE	36	680,000/=
	7.Nyabubare ACE	32	300,000/=
	8. SHEEMA ACE	107	1,250,000/=
		Sub total	***4,450,000/=***
Mubende region			
	1.Myanzi ACE	90	1,335,000/=
	2.Muhoro ACE	98	2,140,000/=
	3.Nkoma ACE	53	970,000/=
	4.Kisiita ACE	72	1,335,000/=
		Sub total	***5,780,000/=***
Mbale region			
	1.Bududa ACE	160	4,100,000/=
	2.Bukonde ACE	17	420,000/=
	3.Bahugu ACE	11	270,000/=
	4. Kaserem ACE	8	210,000/=
		Sub total	***5,000,000/=***

S/N	*Name of ACE*	*No. of members contributing*	*cumulative contribution since since 31st July 2011*
Mukono Region			
	1.Nama ACE	553	6,600,000/=
	2.Kasawo ACE	578	1,360,000/=
	3.Kangulumira ACE	430	2,150,000/=
		Sub total	***10,110,000/=***
Jinja Region			
	1.Bukawa ACE	72	241,7000/=
	2.Bukanga ACE	83	183,8000/=
	4.Bugaya ACE	87	152,0000/=
	5.GISPUP ACE	25	136,1000/=
	7.Nabuka	35	920,000/=
		Sub total	***8,056,000/=***
Total	***27 ACEs***	***Grand total***	***33,396,000/=***

ACTIVE LINKAGES AND PARTNERSHIPS

MCB projects promotes linkages to other service providers with the aim of promoting resource consolidation and encouraging participation of value chain actor as a way of reducing risk hence maximizing profits along the chain as indicated in the table below.

In total 24 partnerships are in place for both financial and nonfinancial linkages and more are still being negotiated.

Figure 10: Linkages and partnership arrangements with ACEs

ACE	*Other organisation the ACE works with*	*Services rendered by the organisation*
Mbale region		
Bududa ACE Bukusu ACE Elegon, Bukonde	Techenoserve	1. Training in agribusiness 2. Cultivation of passion fruits 3. Give seed lings 4. Market linkages and value addition initiatives
	SNV (Netherland Development Organization)	5. Production diversification, fish ponds and apiary offer training in input use 6. Establishment of demos (chilli in Bukonde)
Bukonde Bungokoh Sukuya	Sunshine agro international	1. Promote marketing of beans and coffee 2. Financial loans 3. Market for coffee
Bududa	Coffee a Cup (Elgon Farmers Rural Agricultural Financing)	4. Home to home monitoring
Elegon Bududa	SNV	1. Training milk management 2. training in crop protection 3. provided a milk cooler in collaboration with SAMIA
Kaseremu Bukonde	District local government/NAADS	1. have been selected as model higher level organisation in the respective sub counties
Bukusu	Crown Beverages (Pepsi Cola)	2. Passion fruit nursery beds developed at Bukusu ACE
Kaseremu	LEAD compete (USAID	3. Train farmers in maize and beans marketing and value

ACE	Other organisation the ACE works with	Services rendered by the organisation
Mbarara Region		
Ruhinda	District local government NAADS	1. Store 250mt and office block 2. Selected it as a model higher level organization sub county
Manyakabi	WFP	1. tapelines 2. training in post harvest handling 3. drying and cleaning machines
	USAID lead	4. built a store 280mt 5. purchased vehicle and motorcycles 6. provided money for in put purchase
	National forest authority NFA	7. provided land for joint cultivation and tree planting (50HA)
Abateganda Manyakabi Ruhinda	Fair trade	1. marketing of coffee 2. training in quality improvement 3. offer social premiums for school, road, and water source construction
Nyakyera	AGRITERA	1. Capacity building in mobilisation, governance, marketing WHRS 2. office equipments 3. motorcycles 4.
SHEEMA ACE	SAMIA	1. milk cooler 2. generator and milk cans also purchase the milk 3. Train in artificial insemination and breed improvement at RPO level
	NAADS	
Mubende Region		
Nkoma	USAID(good Samaritan path)	1. Given Store 500mt
	WFP (purchase for progress project)	2. training in governance, quality management, post harvest handling
Myanzi	AGRITERA ISF	1. training in post harvest handling, quality improvement,
Muhorro	ADF(African development foundation)	1. grant of 500million to purchase a tractor, build store, build the capacity of RPOS
	AGRITERA	2. capacity building ,office equipments i.e. computers desks etc
		3. Seed Cleaner
	MIAF(mini estate project)	4. has been selected as a model higher level organization for the sub county
Kicheche	Nyakatonzi	5. store and office
Mukono Region		
NAMA ACE	AGRITERA	6. capacity building ,office equipments i.e. computers desks etc
Kangulumira	Techenoserve	7. marketing of pineapples 8. training in business plans and quality improvements
Butuntumula	Suruma Foods	9. marketing 10. Training
Busoga Region		11.
Bugaya ACE	LEAD compete (USAID)	1. Training in post harvest handling 2. credits for in puts and farmers advance
	Development finance	3. Selected it as a model higher level organization sub county
	District Local Government	
Bukanga ACE	CNFA (UK citizens for foreign affairs)	1. Keep interns at the ace to help improve management. 2. train in record keeping, governance, post harvest looses handling, and quality control
	Stabic Bank	3. give them loans for Tractor and advance to famers through the SACCO

		4. Selected it as a model higher level organization sub county
	District Local Government	
Bukawa ACE	CNFA (UK citizens for foreign affairs)	1. Keep interns at the ace to help improve management.
Nakalama ACE		2. train in record keeping, governance, post harvest looses handling, and quality control
Mbale Region		3.
Kaserem ACE Sukuya ACE Bukusu ACE Bungokho ACE Bukonde ACE Bududa ACE	UNAD	Provision of agro inputs to farmers through ACEs Linked them to input dealers in Kampala Trained only stockists
Kaserem SACCO Bududa SACCO Sukuya SACCO Bahugu SACCO Sume- Ukha SACCO Shunya SACCO Nkwatirako SACCO Busiu SACCO	Micro Finance Support Centre	1. Provide financial services 2. Monitor and supervise selected SACCOs

Crosscutting Issues Mainstreamed Into The Participating Co-operatives' Operations

In the execution of its cooperative support work UCA ensures that both women and men participate in economic activities as well as in the leadership and management of their cooperatives. This has been achieved through training on Gender, HIV/AIDs conducted for 13 ACEs and 8 SACCOs in five regions (Total of 696 co-operators trained.) This training plus continued sensitization has led to the increase in the number of women participating in cooperative activities as well as accessing services from 24,491 to 29,040.

All the 54 ACEs supported under the project are farmers' cooperatives meaning that they and the members derive their livelihood from the land. In order ensure that this livelihood is supported on a sustainable basis, the issues of environment and climate change are mainstreamed into cooperatives. This has been achieved through training of the UCA staff that has in turn trained leaders of project supported cooperatives.

OTHER ACHIEVEMENTS:

Adoption of new technologies

The project continued to intensify training by MCB staff and service providers. As a result of trainings and demonstrations on use of improved technologies, farmers have adopted use of new varieties. For example, Sesso 1 variety of sorghum and now trials are being conducted for CHIA seeds in all the regions.

Contract farming,

Contract farming is one of the concepts being promoted by the MCB project in a bid to have ACEs linked to better markets. During the previous project EFTAF, one of the ACEs, Kisiita ACE was able to get a 2 billion contract to grow sorghum for Nile breweries.

MCB is supporting and building the capacity of the National grain producers and marketing cooperative Union who signed a 44bn contract for sorghum has started harvesting and delivering the grain to Nile Breweries.

The Grain union has signed a 2012-2015 forward supply contract with FAMILY DIET Co Ltd for soya(1500 MT at 1500 per kg), finger millet 2000MT at 2000/=per kg), Rice (3000 MT 3000/= per kg) with worth shs 2,25bn,4bn and 9bn respectively. In total the grain union has a contract of 59.25bn.

20 acre of Sseso 1 sorghum in Myanzi ACE Mubende

Unions Achievements:

a) Uganda Grain Producer and Marketing Cooperative Union Ltd is in the right tract and has basically taken off and with continues guidance from UCA and implementation of business plans they are bound to sustainability and quality service to its members. The followings are some of the achievement:-

Input services

i) One MoU signed with Nile Breweries for a 4 year forward contract for supply of 40,000MT Seso1 sorghum at 1100/= subject to revision depending on market price.
ii) Delivered 85MT for sorghum seeds to 45 ACEs for planting in the year 2012.
iii) The Union in partnership with UCA and bank of Africa is lobbying for a tractor purchase agreement for 15 ACEs and this will be tagged to sorghum production for repayment

Marketing and Value addition services

i) Union has received 150,000,000/= as bulking advance and started bulking for delivery.
ii) The Grain union has signed a 2012-2015 forward supply contract with FAMILY DIET Co Ltd for soya(1500 MT at 1500 per kg), finger millet 2000MT at 2000/=per kg), Rice (3000 MT 3000/= per kg) with worth shs 2,25bn,4bn and 9bn respectively. In total the grain union has a contract of 59.25bnseason A for sorghum.

Capacity building

i) Has a business plan in place, operating and account with manager.
ii) 43 MoU signed with ACEs for sorghum production and more expected.
iii) MoU has been drafted between Agro Sunshine Co. Ltd and Grain Union for supply of bean with a one year pilot test and possibility of extension fora forward contract to Belgium.
iv) Another Draft MoU between Grain Union and SAGE Uganda for contract farming supply of CHIA seeds is under review.

b) Uganda Honey Cooperative Union is also beginning to pick up and it's started serving members and earning some commissions for its sustainability. What need to be done is to scale up their services and marketing outlets through value addition and contracts. partnership arrangement is being worked out with PACMOORE Co. Ltd a US based packaging food ingredient solutions to supply an estimated 20 tone per year.

Input services

i) MoU signed with BBC for distribution of kits to farmers at a commission and good price.
ii) At least a total of 15 kits sold to member during the period.

Marketing and Value addition services.

i) 15 protective gears were supplied and cooperative member / supplier earned 450,000= profit.
ii) The union earn an income of 1,200, 000/= from the sale while members got high quality kits with after sale service at a price lower than the local prices. More groups and individuals are being mobilized to get these inputs.
iii) Union earned 300,000= commission. Supplying member earned higher prices. Union earned commission equivalent to 295,000=.

Capacity building.

i) The union has brought on board 3 more members on top of the already registered 11 members at the beginning of MCB project giving a total of 14 and hope to get at least 30 more by the end of the year.
ii) With support from UCA IFAPI project after attending a training it is in the process of attaining organic honey from farmers who have been trained for a ready external market to china and America (approx 12,000/= per kilo farm gate.
iii) Technical advice was given to 28 ACEs involve in honey production since the beginning of the year.
iv) Increased membership; two cooperatives registered and paid membership equivalent to 400,000= Nyamugisana Coop Reg. No. 9464/RCS Bunyangabu beekeepers Cooperative Reg. No. 9745/RCS.

c) Horticulture and wine Union has also refocused its self although marketing of products to wider market still require it to sort out issues of standard which is under way but success is very possible with proper guidance and support from UCA.

Input services.

i) Union has not yet succeeded in securing a partnership but is process of getting one for wine bottling with FRS Co. Ltd in Bugolobi, Kampala. Under way includes dried pineapples, fruits and mango with Madivani group of co. Ltd supply on contractual basis.

Capacity building.

i) The union has linked with UBoS for a capacity building training for juice producing cooperative s although it's till in the pipeline.
ii) The union has participated in SNV sponsored national stakeholder meetings for horticulture farmers and has been assigned to organize the pineapple growers.

d) Fish cooperative Union is also refocused and given time it has the potential to start earning some income while providing quality services. As indicated above those strategies are being netted together to create the impact.

Input services

i) The union is still looking for possible partnership to supply fingerlings, feed mixtures and other inputs like fishing nets to members so as to earn commission as well as serve members through linkages.

ii) Contacts have been made to this effect and further negotiations are under way (kajansi, all fish hatcheries, and arrangements to contact NARO are under way, on this strategy.

e) Irrigation Unions thought has not yet started earning some income for sustainability purposes, its making contacts to provide products and services to its members. The effort has now been to try and access irrigation products that are affordable to farmers and where possible get financial linkages for the acquisition of these assets.

Input services

i) The union supporting setting up model irrigation in kafunzu RPO in Mbale.

ii) No MoU has been signed, but the union is now refocus and pursuing partnership after accessing the demand for irrigation.

iii) Contact has been made with companies like Balton co Ltd, and farm link Africa Kafunzu farmers where trained and have raised more money to upgrade the scheme and equip it with reservoirs and sprinklers

CONCLUSION

Based on the performance analysis above, were membership indicated (39%) growth, share capital (213%) growth, sale growth (24%), commission earned up by (34.4%) and contract opportunity through the union worth over 59 billions secured for cooperatives certainly they performance of agribusiness Unit has recorded a significant jump.

The membership gain and partnership with other development agency(24development partners) is an indicative of improved governance and confidence in cooperatives movement and a confirmation of the significant contribution it offers in transforming the rural economy from a subsistence to a market oriented one.

All the stake holders including the government should cease this golden opportunity , avail more support and provide a more conducive environment to cooperatives to enable move to greater heights.

OVERALL PROGRESS BY OUTPUT/INDICATOR:

Program / Project Objectives/ output & their Indicators	**Achievements**	**Comment on effects and impact**
Indicator I 80% of the participating cooperative indicate a 60% level of satisfaction with the support services provided by UCA's MFU & ABU	50% of the participating cooperative indicate a 60% level of satisfaction	We have hopes to cover up to 80% by end of December 2012
ii)**agribusiness services***(sustainable agricultural cooperatives proving improved production, marketing and value addition services to the members of the cooperatives)*		
-85% of the participating ACEs attain operating self sustainability.	• Twenty seven out of fifty four (27/54) ACEs targeted have attained operating self sustainability representing 50.0% achievement against project target of 85%	• The project will increases this number to above 80% in the next August and December 2012 as bulking at ACEs and RPOs through promotion of contracts farming is providing a viable and sustainable business opportunity. So far over 60 ACEs have contracts beans, maize and sorghum, which will benefits the institution.
30% increase in the number of members of cooperatives utilizing production and marketing services from the participating co-operatives.	• The number of farmers accessing all the four essential services like (production, value addition, marketing and finance) has increased by 12,800 representing 20% during 2012. • Cumulative figure from 2011 stands at 20% against 30% .This generated from ACEs that are participating in the project bulking and doing business.	• This was partly attributed to contract farming with specific market requirements demanded. The project staffs have been training members on market conditions and plan for next quarter is to achieve 40% beyond project target. • Co-operators enjoying the benefits of bulking since they could fetch better price when they sold together, e.g. market price for maize was averagely Shs. 500 per kilogram but where able to sell at Shs. 850-1000 per kilogram after bulking.
Output 0004:*Viability and effectiveness of agricultural co-operative organizations enhanced*		
-85% of the participating ACEs covering their operating costs	• Cumulatively number of 27 ACEs covering operation cost represents 50%against the project target of 85%.	• The project hopes to increase this number after sales and commissions from those 50 ACEs with running contract in the third quarter which are due for harvesting. • As the number increases is an indicative (by proxy) that project is contributing to improvement of performance of institutions and livelihoods of members.
-30% increase in the ACEs business volumes(Sales Monetary)	• Total Sale has increased from.**shs16, 976,784,989** by end of June 2011 to shs. **21,070,087,160** .This and an increase of shs4, represents 24% increase from 54 ACEs in baseline.	• Cumulative from baseline stands 24% and the project hope to achieve its target of 30% in the next two seasons ahead • Its hope that the increase in sales directly translates to increase in incomes to members and improvement in livelihoods.
-50% of the participating ACEs conduct 2 repeated transactions (contract) with private sector business	• Forty three (45) ACEs signed a forward contract with the grain union for 4years. • Four (4) of these ACEs also signed a contract with WFP	• This gives a total of 52 contracts that are running from 1 at baseline (with Kisiita ACE) representing 130%. Increase in new members who saw the contract farming as an opportunity to take advantage of.

Program / Project Objectives/ output & their Indicators	Achievements	Comment on effects and impact
partner(s)	for supplying for maize and beans 700MT and 560 MT respectively • 2 ACE signed contract for 70MT soya with Sekalala. • 1 ACE signed contract for150MT maize and sorghum 300MT with Uganda breweries. • 1 ACE signed contract with Agro sunshine. • 2 ACEs are supplying milk to Sameer	Increase in number of producer organizations registering to become cooperatives after seeing the benefits of cooperation under contract farming attributed by the MCB project. 18 RPO have submitted their requirements to the Ministry of Trade, Industry and Cooperatives for registration.
Output 005:*Linkages among co-operative and other actors strengthened*		
-85% of ACEs are able to pay 100% of salaries of their extension service providers by 2013	• Cumulatively 27 /54 ACEs are able to pay the salaries of their extension service providers representing 50% against the project target of 85%.	• The ACEs business volumes increased and were thus able to earn more income from commissions. However due to relatively low remunerations turnover is still high as they gain experience and get better opportunities. • It's hoped that at least 40 ACEs will continue to pay their service providers after the project support phased out.
-85% of the ACEs operate own extension Fund	• Cumulatively 27/54 ACEs (50%) are running their funds and members are contributing towards the funds against project target of 85%.	• Members demanding and paying for services that they consider more useful to their businesses. • Contract marketing is hoped to give better and reliable markets to farmers to encourage the aim at increasing productivity through seeking for extension services.
50 ACEs establish business relationships with financial institutions and/or suppliers	• Cumulative linkage is at 22 ACEs including formal linkages to SACCOs, representing 40%. • (7) Out of the fifty four (54) ACEs have established linkages with UCCFS. • 19% of members of ACEs are benefitting from linkages to SACCOs • Fifteen (15) ACEs are being linked to bank of Africa to access tractors on fair priced loans (13-20% as opposed to 29% pa by other institutions).	• The link is a step to making the ACEs become competitive and adapt to the dynamics of the business environment. • The linkage is an avenue through which co-operators can access services and resource on fair terms. • Expected increased acreage under sorghum demands for tractors • The increased confidence in co-operatives and a realization of their potential contribution to rural development has made them attractive for private sector business organizations
Output 0006: Delivery of services to co-operative members improved		
-40% increase in the number of farmers accessing all the following 4 essential services (production, value addition, marketing and finance.)	• Cumulatively increase in the number of farmers accessing all the four essential services like (production, value addition, marketing and finance) are 21,049 represented by 39 %. This is evidenced by number of new RPOs signing contracts especially for soya, maize,	• Co-operators enjoying the benefits of bulking since they could fetch better price when they sold together, e.g. the price for maize was Shs. 500 per Kg on open market but was sold at Shs. 850-1000 per kilogram after bulking. • Total number of members participating in MMCB under ABU has moved from 53,428 to 74,477 cooperators.

Program / Project Objectives/ output & their Indicators	Achievements	Comment on effects and impact
	beans and sorghum.	
-the rate of adoption of **<u>at least two new technologies</u>**[1] increase by 30% per year.	• Adoption of new technologies has seen 8,000 acres of seso (I) sorghum alone,40 acres of soya, • Three (3) ACEs where supported with value addition technologies on a cost sharing basis. .	• This has improved production and marketing price since farmers are sure of the markets.85MT where planted by 43 ACEs • Cumulative support on value addition technologies is at 11 ACEs representing 20 %. We hope to achieve target by end of project.

Input shop for members of Myanzi ACE (inset extension officer and shop attendant.

3.2 Integrated Finance and Agricultural Production Initiative Project (IFAPI III)

Background

Integrated Finance and Agricultural Production Initiative III (IFAPI III) project is a successor to IFAPI II which ended on 31st January 2012 following a no cost extension from October 2011. The project which is supported by Canadian Cooperative Association (CCA) will run for a period of three years from 1st Feb 2012 to 31st March 2015 and will cover the same operational areas as IFAPI II; mid west, west Nile and northern regions. As was with IFAPI II, IFAPI III project is seeking to enable producers to access agricultural and financial services through integrating cooperative services; Area Cooperative Enterprises (ACEs), primary societies (RPOs) and Savings and Credit Cooperative Societies (SACCOS). The project will focus on consolidating the gains made in IFAPI I and II, and work towards self sustainability by strengthening the institutional capacity of the agricultural (11 ACEs and 46 RPOs) and financial co-operatives (21 SACCOs) to deliver better services to their members.

This report gives highlights of activities carried out and achievements during the year July 2011 - June 2012.

Project Goal

The overall goal of the project is to contribute towards improved livelihoods of smallholder farmers in Uganda. Its purpose is to provide a holistic suite of community-controlled co-operative services that improve people's well being through an increase in productivity and production, income, and the provision of financial services.

Project components

1. Capacity Building of Existing Co-operatives
2. Production and Productivity Increase
3. Increased access to Financial Services (SACCOs)

Summary of the activities conducted and achievement

IFAPI II closure and IFAPI III planning and Design

Following the successful implementation of IFAPI II which involved creation of new cooperatives, it was observed that gaps still existed in relation to the cooperatives services and sustainability of these services. The project team with support from CCA initiated and carried consultations and assessments to guide the next programming decisions. Stakeholders' workshops and the gender Assessment conducted in August 2011 in the project areas. The project head office team with support from CCA embarked on the process of designing the successor project for the IFAPI II project. The 3 year IFAPI III project was approved and started on 1st Feb 2012. The IFAPI III design takes on a similar framework as previous phases but this time focusing on increased cooperative capacity for sustainability.

IFAPI III Baseline Survey

Following the approval of IFAPI III, a baseline survey was conducted with the help of a hire consultant to capture data on the livelihoods of beneficiary households who are part of the IFAPI III project. The data captured will be the baseline for the ultimate outcome indicator for the project; Number of men/women with improved livelihoods resulting from cooperatives activities. This exercise was successfully completed and data was captured from 204 respondents and a comprehensive report on the same is on file for future reference.

Capacity building and Training

Due the involvement of staff in the closure and design of new project as well as other activities like baseline survey there was reduced training activities carried out by the field staff leading to lower numbers reached this year as compared to last year. Also notable is that there was reduced activity during the no cost extension from 1st November 2011 to 31st January 2012. However key activities such as pre-season planning and market planning were conducted by the field staff to facilitate ACEs to organize for production and marketing. Other trainings included; agronomy, leadership, bulk marketing and post harvest handling. A total of 3,611 farmers (2,114 men and 1,497 females) were trained within the cooperatives by field based staff attached to the project. The trainings were organized to address specific needs as identified by project staffs through reviewing ACE/RPO performances.

Value addition

During the period under review, the total sales from value added honey was 120,020,000 UGX in all ACEs while the sales from Grape wine were 32,100,000 UGX - table1 below. The price of processed honey has been remained stable at 12,000 UGX per litre in Masindi but lower in Chegere at 8,000 per litre.

Table 1: Sales from value added products

Enterprise	Tons Bulked	Sales	Commission
Animal feeds	20	15,000,000	2,000,000
Grape Wine	2060	32,100,000	2,006,000
Honey	14.73	120,020,000	3,475,000
Hulled Rice	262.7	687,500,000	14,907,200

Honey has been selected as a priority value chain under the IFAPI III project and farmers will be trained on quality and linked to better markets. One of such good markets was identified (Rwanda Honey) by the CCA value addition intern and has been linked to honey producers in the project. Rwanda honey already trained 7 selected farmers as the prospective suppliers on quality honey production and will be monitored to ensure they apply the knowledge acquired. Upon harvest samples will be taken for tasting before formalizing the relationship. The trained farmers will act as contact persons within the cooperative and are expected to train others. Honey production and value addition will be stepped up in this phase of the project by training more honey producers and linking them to service providers particularly for inputs. A market research will be conducted in the coming period for rice, cassava and to allow for more value to be harnessed by the producers of these commodities

Input Bulking

Farmers continued to embrace the bulk input purchase concept by acquiring inputs through ACEs. The accrued benefits from this practice have seen ACEs continue to procure inputs on behalf of farmers as in table 2. Linkages with input suppliers were maintained through out this period a good sign for sustainable business relations.

A total of 5,799 farmers; 3,585 men and 2,214 women acquired quality inputs through the ACEs this year with the ACEs earning a commission of 7,103,400 UGX.

Table 2: inputs acquired through ACEs

INPUT TYPE	No. Of Farmers M	F	Quantity	Unit	Total Cost Open mkt	Through ACEs	Amount saved by farmers	COMM
Maize Longe 5	406	301	10,600	Kg	37,100,000	33,920,000	3,180,000	678,400
Maize hybrid	147	48	2,500	Kg	10,500,000	10,000,000	500,000	420,000
Beans K132	184	128	6,500	Kg	29,250,000	27,300,000	1,950,000	546,000
Sorghum	162	94	900	Kg	3,150,000	2,700,000	450,000	54,000
Rice Nerica IV	288	137	12,600	Kg	50,400,000	45,360,000	5,040,000	907,200
Sesame II	312	224	3,200	Kg	16,000,000	14,400,000	1,600,000	288,000
Soy bean	20	10	2000	Kgs	7,000,000	6,400,000	600,000	100,000
Vegetable seed	938	640	2792	Tins	25,292,000	23,216,000	2,076,000	1,023,600
Agro chemicals	238	114	388	Tins	3,336,000	2,760,000	576,000	93,400
Fertilizer Dap	14	10	24	50kg bag	4,440,000	3,840,000	600,000	76,800
Spray pumps	40	20	60	Pcs	5,400,000	4,620,000	780,000	150,000
Super grow	15	10	100	Litres	500,000	400,000	100,000	200,000
G/nuts	50	30	2000	Kgs	9,000,000	8,600,000	400,000	100,000
Gunny bags	702	348	3,800	Pcs	5,160,000	4,200,000	960,000	156,000
Cotton Cake	12	30	2200	Kgs	1,100,000	990,000	110,000	100,000
Chiken feed	15	20	20000	Kgs	20,000,000	16,000,000	4,000,000	2,000,000
Mushroom	6	15	200	Bottles	500,000	500,000	0	100,000
Polythene	6	15	50	Metres	150,000	140,000	10,000	10,000
Honey bottles	30	20	2000	Bottles	2,000,000	1,600,000	400,000	100,000
Totals	**3585**	**2214**			**230,278,000**	**206,946,000**	**23,332,000**	**7,103,400**

ACE members using this service have been able to save up to 23,332,000 UGX that would otherwise have been spent if they bought inputs from the open market as compared to 67,213,500 UGX saved last year. This year the value of inputs was lower because of the uncertainty in the weather which characterized most of 2011 season B. There was also no bulk purchase of cassava this year which accounted for 35% of total savings last year. Unlike last year, this year 3 tons of sorghum seed was distributed on credit in all the ACEs under the sorghum contract with Grain Union and Nile Breweries Ltd.

On average farmers acquiring inputs through the ACEs received discounts of up to 11.4% the highest discount being 20% received on chicken feeds. The most purchase input was Rice with a discount of 10% followed by Maize seed and farmers here received 9% discount.

Commodity marketing services

During the year a total of 9,168 famers marketed their produce through ACEs and total sales realized from the sale of commodities were 6,616,060,440 UGX. The ACEs earned total commission of 137,438,790 UGX (table 3).

Table 3: Sales and commission per ACE from July 2011 – June 2012

ACE	Enterprise	Tons Bulked	M	F	Sales	Commission
Nebbi	Beans	187.3	565	277	245,420,000	4,928,600
	Cassava	238.9	647	385	185,940,000	1,859,400
	Coffee	102.4	237	133	768,000,000	7,680,000
	Potatoes	285	686	429	329,350,000	5,891,250
	Maize	114	285	149	91,200,000	1,804,000
	Honey	8.72	64	41	69,760,000	1,395,000
	Simsim	31.6	98	45	79,000,000	1,580,000
Dei	Rice	174.9	312	183	464,740,000	5,238,800
Wadelai	Cassava	37.5	96	54	28,125,000	2,812,500
	Rice	87.8	223	106	222,760,000	9,668,400
	Simsim	24.8	71	43	57,040,000	1,240,000
Chegere	Soya Bean	228.5	179	105	308,475,000	11,425,000
	sorghum	45.7	37	18	39,759,000	3,199,000
	maize	86	119	53	86,000,000	4,300,000
	Honey	0.46	27	19	2,760,000	138,000
Chawente	Maize	80.5	83	72	52,620,000	1,408,600
	Simsim	32.3	53	42	71,060,000	1,421,200
	sorghum	48.4	56	43	42,134,100	1,452,900
	Soya Bean	124.6	54	43	168,210,000	5,169,700
Itek Okile	Rice	95.4	125	64	115,340,000	5,945,600
	sorghum	4.8	19	8	4,176,000	336,000
Akoloda	maize	83	178	97	48,150,000	4,150,000
	sorghum	7.2	31	23	6,818,190	548,590
	Soya Bean	157.6	305	182	210,748,150	9,978,450
Bweyale	Beans	143	50	60	357,500,000	4,125,000
	Maize	569.1	258	127	457,920,000	12,272,000
	Oranges	300 bags	10	8	7,500,000	200,000
Bomido	Beans	100	49	40	250,000,000	3,250,000
	Honey	2.9	71	68	29,000,000	530,000
	Maize	443.3	293	144	349,645,000	4,529,200
Mutunda	Beans	229	186	106	572,500,000	7,760,000
	Honey	1.45	40	31	14,660,000	381,600
	Maize	953	290	173	879,750,000	10,820,000
Totals			**5797**	**3371**	**6,616,060,440**	**137,438,790**

There was an observed decline in the total sales from 7,646,617,200 UGX in 2011 to 6,616,060,440 UGX this year attributable to the bad weather which affected the 2011 season B harvest.

On average farmers received prices 20.3% above the open market prices through use of the ACE marketing system. Sorghum had the highest difference at 43% followed by maize at 23% and simsim at 20% higher than the open market price.

Training in Post Conflict Management

During the year IFAPI III staffs were trained as TOTs for the post conflict management. This was conducted by the Center for Conflict Resolution (CECORE) to equip the staff with skills in managing conflicts and implementing activities in a manner that does not cause new conflicts in the areas where IFAPI is operating. In addition the CECORE team conducted a training of leaders selected from SACCOs and ACEs under the project together with the IFAPI III as TOTs. These trainings were conducted at regional level and a total of 133 participants were trained and are being followed up.

Tree Nursery and Agroforestry

Trainings and onsite technical support was offered to nursery operators including selected youth and women. In Nebbi cooperative members were linked with Nebbi district Local Government under the Farm Income Enhancement and Forestry Conservation (FIEFOC) project. Different tree seedling species including that of mangoes, oranges and coffee Pines, cypress, teak and Grivelea robusta (Mbeni) have been raised. A total of 20,000 seedlings mainly of Grivelea robusta, Neem, pines, Teak and Mahogany have been distributed to the members and duly planted between August – September 2011 under FIEFOC in collaboration with UCA Nebbi regional office and is still on-going up to the end of October 2011.

Participants during the practical honey harvesting session with Rwanda honey

Mobilization of New Members

During the year, new members were mobilized within the RPOs with some ACEs mobilizing for the formation of new RPOs targeting to improve business performance. In Dei a new RPO has been mobilized mainly focusing on fish farming. This RPO is undergoing registration and is a member of Dei ACE. On a similar note the rollout of fish farming in other ACEs started and will continue in the under the new project. This is seen as a high value enterprise and will be used to attract youth into cooperative activities under IFAPI III.

During the year the membership throughout the project increased by 3,126 as below.
Currently the number of farmers under the project is 11,933 as compared to 8,807 in June 2011.

Table 4: Membership growth in cooperatives

ACE/RPO	July 2011	June 2012	Increment	% Increment
Nebbi District				
KANGO	361	370	9	2%
ZEU	338	355	17	5%
ERUSSI	349	376	27	8%
NYRAVUR	354	369	15	4%
AKELA	282	288	6	2%
PANYANGO	304	312	8	3%
DEI ACE	661	772	111	17%
WADELAI ACE	487	560	73	15%
Apac District				
CHAWENTE	441	456	15	3%
CHEGERE	662	1220	558	84%
ABOKE	245	248	3	1%
ABONGOMOLA	277	291	14	5%
INOMO	244	244	0	0%
AKOLODA ACE*	0	1100	1100	100%
Arua District				
OMUGO	376	397	21	6%
VURRA	848	882	34	4%
KIJOMORO	333	339	6	2%
NADULE WANDI	231	327	96	42%
AYIVU	422	429	7	2%
Lira District				
ETEK OKILE ACE	392	605	213	54%
Masindi District				
MUTUNDA ACE	550	550	0	0%
BWEYALE ACE	330	851	521	158%
BOMIDO ACE	320	592	272	85%
Totals	**8,807**	**11,933**	3,126	35%

Challenges to be addressed in the next period

The project will focus on streamlining the record management system at ACEs while also creating audit committees at ACEs to ensure proper systems are in place creating more confidence among the members. This will also attract more participation by the farmers.

On the leadership, ACEs need more strong leadership in and as a way forward; the project is introducing a self assessment tool called the cooperative Development Ladder Assessment DLA. Through this cooperatives can be able to track key development indicators including self assessment of the leaders. In addition deliberate effort will be put to put in place mechanisms for mentoring new leaders.

Promotion of value addition on cassava, rice and maize in addition to honey will continue to ensure higher profit margins for the farmers within the coops. Such services are expected to attract more quality membership and steer growth of the cooperatives.

3.3 VECO-FUNDED Project.

A) INTRODUCTION

VECO East Africa (Uganda programme) a Belgian international development organization initiated a partnership with UCA as a strategy towards achieving the economic objectives of two of its programmes running in Uganda i.e. **BSF** a food security programme which operates in Bugiri and Pallisa; and **DGD** a Sustainable Agricultural Market Chain programme operating in Iganga, Kumi, Tororo and Busia.

Under both programmes, UCA's responsibility is to ensure that farmers in the VECO EA implementation areas are organized into Rural Producer Organizations (RPOs) at parish level and Area Cooperatives Enterprises (ACEs) at Sub-County level. For the year 2010 - 2011, UCA formed 15 RPOs and 3 ACEs under the BSF programme and 34 RPOs and 6 ACEs under the DGD programme. The partnership between UCA and VECO (2011 - 2012) is intended to strengthen the existing RPOs/ACEs through linkage of the organizations formed to markets and finance; and capacity building and skills enhancement of the members, leaders and managers.

Members of Kachinga and Merikit RPOs being trained by on aflatoxins in groundnuts at Kachinga church, Merikit Subcounty in Tororo district. The training was organized by UCA with support from VECO and the trainers were from Makerere University, UNBS and UIRI.

Sihubira, Kameke and Namungalwe ACE managers exhibiting groundnut products i.e. peanut butter and packaged shelled groundnuts of different varieties produced by their ACEs.

Sorghum seed for Season B 2012 and Sorghum produce bulked from Season A 2012 at Kobwin ACE in Kumi district

Table 1: Target group for BSF & DGD programme

District	Sub county	No. of ACEs	No. of RPOs	No. of SACCOs
Pallisa	Kagumu	1	5	1
	Kameke	1	5	1
Bugiri	Nankoma	1	5	1
Kumi	Kobwin	1	4	1
Tororo	Merikit	1	4	1
	Kisoko	1	4	1
Busia	Lunyo (Sihubira)	1	4	1
	Bulumbi	1	4	1
Iganga	Namungalwe	1	4	1
Total		**9**	**39**	**9**

The main enterprise supported by the VECO project in all the targeted ACEs is groundnuts. The other enterprises supported are maize and sorghum.

B) ACHIEVEMENTS

BSF PROGRAMME

Objective of the BSF programme

To see an increase in the yearly net income (%) which supported family farmers (m/f) derive from their participation in the Groundnut value chain

OBJECTIVES, RESULTS & INDICATORS	**PROGRESS MADE**	**COMMENTS**
Result 3.1 Farmers have effective and sustainable business linkages with chain actors through their cooperatives		
Indicator 3.1.1 *Number of farmers who are members of registered cooperative associations increased from 90 to 200 members per RPO*	14 out of 15 RPOs are registered Total number of RPO members in the registered 14 RPOs is 1,624 farmers (890M, 734F) Thus an average of 116 members per registered RPO	Nabuli RPO in Kagumu submitted its bye-laws and statements at the ministry and are thus awaiting registration RPO membership expected to increase to 200 members/RPO by end 2012 as the ACE carries out bulking and ensures members get a better

		price
Indicator 3.1.2 *3 SACCOs registered and providing Agri-financing for members as per needs and requests of farmers.*	No SACCO has been registered yet However 3 SACCOs are being formed in Nankoma, Kagumu and Kameke	3 SACCO interim committees elected and trained in Nankoma, Kagumu and Kameke Mobilisation of farmers/community members to join SACCOs has been carried out. Thus in Nankoma, 33 farmers have so far joined the SACCO Registration of the SACCOs will start once 90 or more farmers join each SACCO
Indicator 3.1.4 *Management systems (governance structure, policies, records, bank account, business plan etc) in place in 3 ACEs*	3 ACEs have hired managers and rented premises 1 ACE (Kagumu) with Bank account	Kameke and Nankoma are awaiting their registration certificates from the ministry which are a requirement for opening of a bank account Internal audit in Kagumu and Kameke ongoing to guide managers and board on systems to put in place
Indicator 3.1.5 *Volumes of produce bulked at the ACE increased from 90 tons to 500 tons*	10 tons of sorghum from Nankoma ACE sold through the Grains Union	Late harvesting and drying due to the erratic weather patterns have prolonged the Bulking process in the 3 ACEs **Expected tons**: Sorghum-200tons; Maize – 400tons & groundnuts – 50 tons

DGD PROGRAMME

Objective of the programme

By 2013 we expect to see sustainable agricultural market chains, preferably at local and regional level, in which organized family farmers, male and female, are successfully influencing the trade relationships (price, resources, power,…) and improve their net income.

RESULTS & INDICATORS	**PROGRESS MADE**	**COMMENTS**
Result 1. The quality and volumes of groundnuts and maize produced by the targeted family farmers have increased to meet their domestic food needs and market demands		
Indicator 1.1 *Number of kgs (bags) produced per acre increased from*	320kg (8 bags) of groundnuts	Soil fertility levels in farmer's gardens are declining due to continued use of traditional

240kg to 360kg	produced per acre	farming methods which deplete the soils Promotion of the use of fertilizer esp. organic manure and rhizobia through trainings and demos
Indicator 1.2 At least *40 % of farmers practicing the recommended phh practices*	30% farmers using recommended phh practices	The accessibility to tarpaulins and lack of knowledge on other drying technologies like use of cribs or drying racks has affected the adoption of good post harvest handling practices and thus negatively impacting on the quality of the produce bulked The use of demos and linkage of ACEs to finance for setting up an input shop with tarpaulins and quality seed will be focused on
Indicator 1.3 *Percentage decrease in the levels of aflatoxins from 10ppm to <4ppm*	Aflatoxin percentage currently unknown. Tests to be made at the end of year 2012.	**301 (180M, 121F)** RPO members and processors are aware of aflatoxins and have gained skills & knowledge in reducing its levels in groundnuts Training on aflatoxins to be conducted in Busia and HACCP plans will be made by HACCP team (Muk, UIRI & UNBS) and piloted in 2 ACEs in Busia and Tororo
Result 3*.* Access to finance by farmers and SMEs (traders, processors) increased		
Indicator 3.1 *At least 3000 farmers become members in the SACCOs and access financial services (savings, credit)*	100 farmers have so far paid membership in the 2 SACCOs being formed in Kobwin and Namungalwe sub counties	2 SACCOs interim committees were elected in Namungalwe and Kobuin and have taken lead in mobilizing farmers to join the SACCO. Their target is to mobilize at least 300 farmers per SACCO in the next two months. SACCO formation process will be started in Merikit and Lunyo sub counties in October
Result 5*.* Capacity of ACEs/RPOs to offer services efficiently to their members strengthened		
Indicator 5.1 *Level/stage of development of the ACEs Baseline: 0****;*** ***2012:*** *6 ACEs at strengthening development stage*	2 ACEs i.e. Namungalwe and Kobuin are at strengthening development stage. This means they have strategic/business plans, representative governance structures is in place and functioning, profit making businesses (the 2 ACEs have in total made over UGX 10Million from Sorghum bulking and selling to the Grains Union) and financial reporting is being done	The other 4 ACEs i.e. Merikit, Sihubira, Kisoko and Great Bulumbi are at start up phase Training in Record keeping and reporting, Business planning, cooperative business management and governance will be conducted in the 4 ACEs. Also follow ups will be done to ensure the adoption and implementation of knowledge disseminated.
Indicator 5.2 *Number of ACEs offering BDS services to their*	4 ACEs offering bulking, marketing and extension services	4 ACEs i.e Namungalwe, Kobwin, Merikit and Sihubira all have 2 hired staff (a business manager responsible for bulking

*members Baseline: 0****; 2012:*** *4*		& marketing at ACE; and a production officer responsible for providing extension services to RPO members) There is need to diversify the businesses of the ACE to include input shops so that members can access genuine inputs
Indicator 5.3 *Number of business/trade agreements made between ACEs and buyers Baseline: None****; 2012:*** *2 trade agreements*	1 trade agreement made between Sihubira ACE and a Busia trader to supply 20 Tons of shelled groundnuts at 3,210 UGX/Kg	8 of the identified groundnut traders/processors expressed interest in collaborating with the farmers MSP events (Multi-Stakeholder Processes) will be organized to facilitate collaboration between the identified traders and the ACEs

4.0 Special Project Under The Secretariat

4.1 Housing Cooperative Development Project "Building Sustainable Housing Cooperatives"

Building Sustainable Housing Cooperatives in Uganda

Project Background

The Housing Cooperative Development Project started in June of 2009 as a pilot project to support low and modest income communities in the districts of Kampala, Mukono and Wakiso to form housing cooperatives as a means to accessing adequate and affordable housing. This project is a partnership between Uganda Cooperative Alliance, the Swedish Cooperative Centre (SCC) and the Government of Uganda through the Ministry of Trade, Industry and Cooperatives (MTIC) and the Ministry of Lands, Housing and Urban Development (MoLHUD). Their respective roles have been clearly defined in an MOU with UCA as the implementing partner, SCC as the funding partner and the Government of Uganda providing the technical support in terms of cooperative regulation and supervision (MTIC) and building design, approvals and facilitation of the construction phase from MoHLUD.

The project started as a pilot that ended in December 2010 which supported 6 cooperatives but has since scaled up to support 14 housing cooperatives. The movement has now progressed to see the start of the formation of a National Union for housing cooperatives.

The projects activities are based on the four key outputs which are to;-

i) Build the capacity of UCA/project staff and primary cooperatives to deliver the desired services to their members
ii) Enhance the capacity of the housing cooperatives to negotiate for land and housing finance and to apply Appropriate Building Technologies-ABTs
iii) Network, Lobby and Advocate on housing and housing related issues
iv) Mainstream Gender, HIV&AIDS, Environment and Youth in projects activities and support the Cooperatives to do the same.

Project Objectives and Impact

The objective of the housing project at UCA is to contribute to improved human settlement conditions for Ugandans. This will be achieved by supporting low income earners to form housing cooperatives.

The specific objectives are:-

a- To enhance the capacity of the UCA Staff and the primary housing cooperatives to deliver on mandate to their members
b- To enhance the capacity of the Primary housing cooperatives to negotiate for land and housing finance and to apply Appropriate building technologies
c- To network lobby and advocate to housing and housing related issues that promote access to adequate housing for low income earners
d- To mainstream issues of gender, HIV/AIDS, Environment and youth in the project activities and in the activities of the housing cooperatives

Project Achievements

The year was a year of growth in the housing cooperative movement. At the end of June 2011 the project was still working with 6 housing cooperatives however by the end of June 2012 this had grown to 14 housing cooperatives. The growth is also further marked by the preliminary steps to form a national union for the housing cooperatives.

The project registered growth in membership in the PHCs; No of people joining PHCs regardless of income levels from **366** (152 females, 214 males) to **645** (389 females, 256 males)**.**

Institutions like MoLHUD and MTIC and the Prisons staff are now also mobilizing and working on legalizing their Housing Cooperative. This also includes new PHCs emerging from different professions including 4 more low income earners' PHCs who are mobilizing themselves within the Project area of operation.

Legal status; 8 out of 11 PHCs that the project is currently working with are registered with the Ministry of Trade, Industry and Cooperatives. This gives them a legal basis to execute their duties and be in position to acquire loans/ mortgage in case an opportunity presents itself.

During the year, UCA introduced appropriate building technologies ABTs. This started with a visit to the National Housing and Building research agency in July 2011. Subsequently the project supported the housing cooperatives to acquire the technologies and to start their production. Three housing cooperatives have acquired the machines and are now making the materials themselves.

The networking and advocacy has resulted in Housing cooperatives beginning to be recognized in this year. There has been an increased interest from various stakeholders and individual in understanding the housing cooperative model and has resulted in the formation of some of the housing cooperatives and they have begin to receive recognition from the public and the government.

The projects' efforts have created an increased awareness of the existence of housing cooperatives and the possibility of using cooperatives as a means of accessing housing. There have been discussions with various persons and institutions seeking to understand more the housing cooperative concept.

Gender composition of PHC membership; Participation of women and youths has greatly increased as a result of project intervention to include 389 women and 394 youth participating in PHC activities.

Frequency of meetings by PHCs has facilitated the consolidation of cooperative members as well as aiding the decision making processes within the PHCs. Members are now more involved in decision making as compared to previous periods. This comes as a result of the trainings conducted by the project especially in Leadership for change.

During the year the project brought together members from the housing coops to celebrate the women's day for the first time. 10 housing cooperatives participated in this event where the vice chairperson of Wakiso district as the guest of honor.

Activities Undertaken

Output 1; Capacity of UCA/Project Staff and PHCS to Deliver on Mandate Enhanced
The project monitoring system was strengthened and a new setup introduced to the housing program in March. Data is now being entered as the few issues and challenges are being resolved. The UCA staff and representatives from the housing cooperatives have been participating in networking and advocacy activities in collaboration with the Uganda Human Settlement Network-SSA:UHSNET and the Ministry of Lands, Housing and Urban Development which is coordinating the planning for the World Urban Forum.

Consultative meetings and dialogue were held on Housing issues with partners and different stakeholders. As a result, lessons are being learnt on how to best support and handle issues in the housing cooperatives.

The five (5) newly formed PHCs were trained in Leadership for change. It was done on a group/ membership level and 160 members participated in this training.

Six (6) consultative meetings were conducted by the staff with the PHCs. Through these meetings, the project was able to conduct a mini- assessment of the project at a PHC level and identify areas of gaps to be filled by the project within the remaining period of the gap year 2013.

The registered PHCs elected delegates who constituted the National Housing Union and elected an interim Committee which is working on drafting the bylaws as well as spearheading the registration process.

Conducted the Annual Stakeholders' Capacity Building workshop in which strategies were drawn from the partners; the PHCs, Governments, Local Governments and Civil Society on ensuring access to land and to Housing finance for the Housing cooperatives. The project will strengthen the Housing Union to lobby and advocate for a conducive policy environment as well as provision of services to the PHCs especially in terms of affordable Housing finance and access to land.

Training of New PHCs on Basics of Forming and Managing a Housing cooperative in which they were able to understand the structure and different roles and responsibilities of members and office bearers. This has helped the PHCs in that they have started putting in place structures within their cooperatives with support from the staff and were able to realign their purpose for formation and had to elect other more competent members onto their committees as they continue with mobilizing other members.

The new Housing Cooperatives are;

1) Opulent Housing Cooperative
2) Mukono-Seeta Housing Cooperative
3) Buwambo Housing Group
4) Gayaza Housing Group
5) Kwefako Women's Housing Group.

Currently, 2 have already registered by MTIC (Opulent and Mukon- Seeta PHCs) and the remaining three are still mobilizing resources as well as members to meet the required obligations for registration. The 3 (Buwambo {39} and Kwefako {34} and Gayaza {32}) have the required membership but not all of them are fully paid up members as yet.

Training in Craft Making; Phase I and II; December 2011 and Jan 2012
This was done by The National Association of Women Organizations In Uganda (NAWOU) ;one of the organizations that UCA through the housing project has established an arrangement for support in training on craft making as a means of supporting the women in the housing cooperatives find alternative incomes.

Output 2: Capacity of PHCS to Access Land and Housing Finance and Apply ABTS Enhanced

Technical Support
The project officer has been visiting the cooperatives and supporting them in training on the use of the ABTs especially for the housing cooperative that purchased the equipment to make the soil stabilized blocks (SSB) and the concrete tiles.

As a result, the PHCs are producing quality blocks and tiles and have been able to get market though not on a large scale.

HCDP staff together with Ministry of Lands Housing and Urban Development team under the Housing department met with members of Polysack Housing cooperative to review the house plans as well as lay strategy on the next steps. The PHC agreed to actively engage in block making so that construction of houses could begin. Various house plans were tabled and the condominium type was supported. Construction is expected to start soon.

A local fabricator has been identified and he was able to fabricate the Interlocking block making machine for Kasangati Housing Cooperative.

Output 3; Networking, Lobbying and Advocacy on Housing and Housing Related Issues
In this output the activities are focused on ensuring the UCA and the PHCs are actively involved in lobbying and advocacy on housing issues. The UCA project staff have participated in the activities of the SSA: UHSNET as part of the working group on Land and Housing. This working group has been educative on the legal and policy environment around housing issues.

The PHCs and staff participated in important days like; Women's day, World AIDS day, International Cooperative Day and World Habitat Day. These are fora through which Housing cooperatives have been "marketed" and therefore appreciated.

The project conducted a media breakfast whose main objective was to engage the media houses on issues of prioritizing access to adequate Housing. The state minister made a commitment to present a paper on Prioritizing access to adequate housing to the president.

Output 4; Mainstreaming Gender, HIV&AIDS, Environment and the Youth
The UCA-HCDP Project has ensured that the main streaming issues are always taken into consideration in the projects work. A deliberate move was made on women's day to include more women but also include men. Women's participation is greatly encouraged during trainings and the committees are constantly reminded to include women in all cooperative activities. Each PHC elected focal persons for mainstreaming issues and these have a role to ensure that issues of HIV/AIDS, Gender and Environment are taken care of:-

i) Gender
60% of the total membership of the 11 PHCs are female thus 389 female members of 645 total membership.

There are a number of women who have been elected into positions of leadership (chairperson and Vice chairperson; 10 out of 22 are Chair and Vice chairpersons) as compared to the past where they have been only been committee members. The PHC committees' composition of female members has also increased; 47% of the total number of leaders is females.

ii) Youth

The biggest numbers of PHC members are youths except for one PHC (Wakiso) but registered an increase in the number of youths participating from 7 by March 2012 to 13 by June 2012.

Project Challenges

There have been some challenges cited in the project implementation in the last year. These have included

a- The fluctuating exchange rates that caused changes in the available funds the exchange rate for the Swedish Kroner in June 2011 was Ugx 390 and the rate in June 2012 was Ugx 356.

b- The PHCs have reached a level where the need to identify land has become very critical. However there are challenges with finding available appropriate land that is affordable

c- The need for housing finance to support the cooperatives to be able purchase land on loan is very necessary. This is because the price of land is fluctuating at a price of land that changes between 25% - 100% per annum. This means that housing cooperatives savings at the end of a year will need to have been made to also cover the price fluctuations.

d- The other challenges are with some cooperative members becoming tired of waiting. These are members who had been hoping for a free house soon and have not yet embraced the idea of self help and self responsibility

Lessons Learned and Way Forward

The past year has been characterized by a number of ups and downs. The key lessons picked from this period are:-

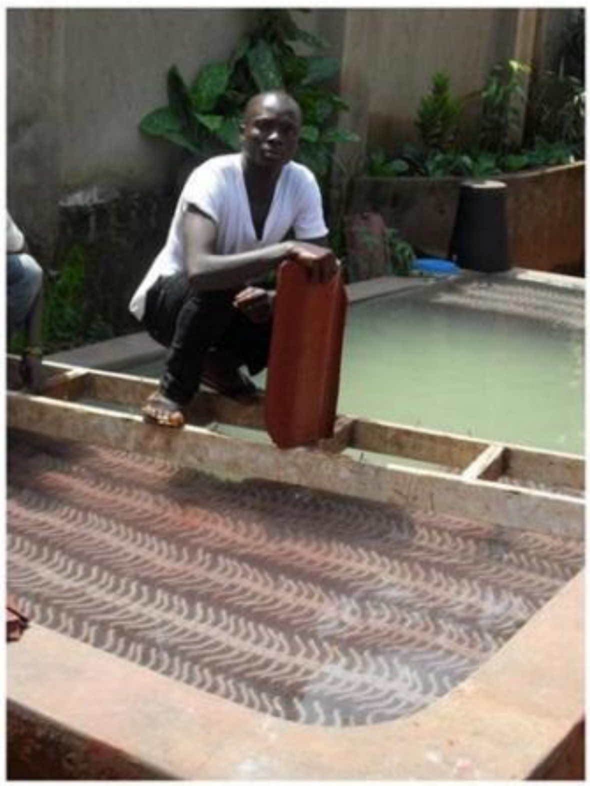
a- That the coops need to have other activities that can keep the momentum if they don't the members grow weary and participate less in activities and some have left

b- That UCA must keep in touch with the coops in order to keep them focused to encourage them to meet regularly and in turn attend their meetings

c- That the housing cooperative members still need to have regular review trainings as they forget some of the issues

As the numbers grow it will become increasingly harder to keep in very close contact with all the coops as regularly as the first 6 and as such there will be a slower response to the concept by the new coops.


Kizza's colleague demonstrating the process of tile making

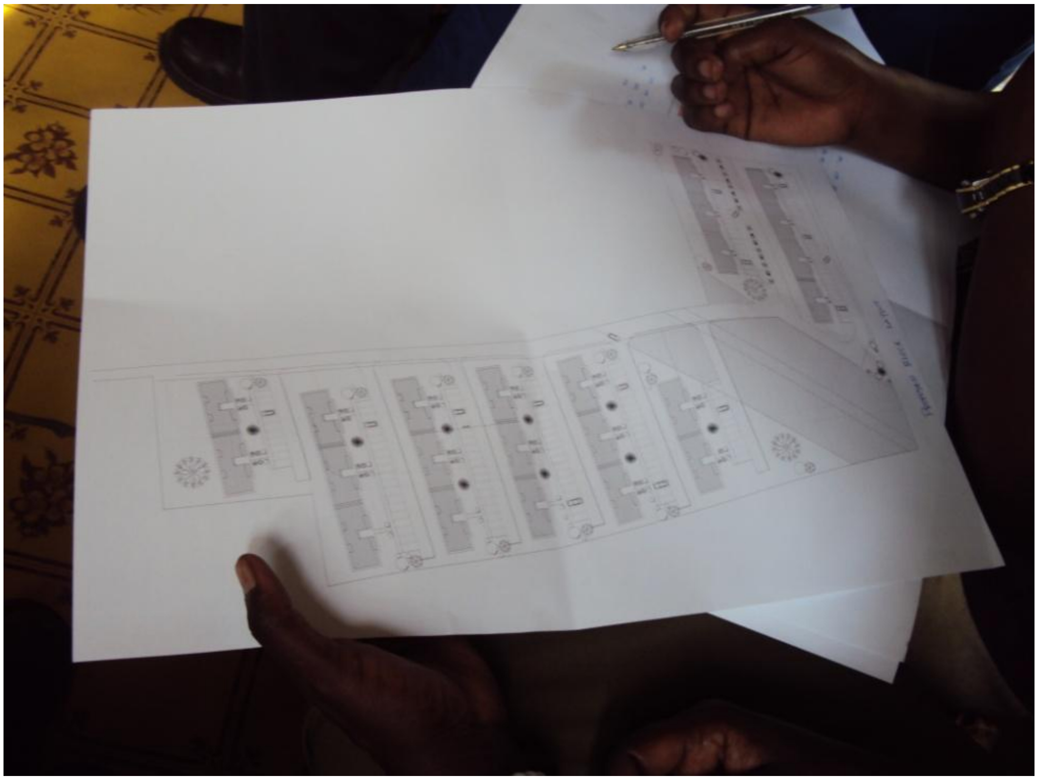


Kizza explains how the curing of the tiles

HOUSING COOPERATIVE DEVELOPMENT PROJECT RESULT BASED MATRIX JUNE 2011 / JULY 2012

PROJECT OUTPUT	INDICATOR	2011/2012 TARGETS	ACHIEVEMENTS	RESULTS/COMMENTS
Development Objective	**Main Indicators**			
Contribute to improved human settlement conditions for all Ugandans	Low and modest income earners accessing adequate and affordable housing			
Project Objective	**Main Indicators**			
Housing cooperatives addressing the inadequate housing conditions for low income communities sustainably	1- Adoption of housing cooperative concept by low and modest income communities and Government 2- Strong housing cooperative movement with primary cooperatives and a union	PHCs form a union	1 housing union formed	• The union is in its formation stages and currently an interim committee has been formed and is drafting by laws in consultation with the PHCs.
	Indicators			
OUTPUT 1: Capacity of Apex/project staff and primary cooperatives to deliver on mandate built	1- Number of groups and housing cooperatives formed 2- Evidence of cooperative management structure in place 3- Number of registered housing cooperatives 4- Level of participation of members in cooperative affairs 5- Strategic and business plans developed 6- Evidence of increased appreciation of housing cooperative model 7- number and nature of engagements with government and other stakeholders 8- Number of policy issues and *requests* presented to government\\ 9- Level of responses and satisfaction registered by the members 10- Evidence of stakeholders participation in project activities	• 4 new PHCs • 10 PHCs conducting AGMs • 3 of the new PHCs • 10 PHCs participating • 8 PHCs with Strategic and Business plans • Formation of other PHCs that may be middle income and otherwise. • 2 policy issues • 10 PHCs • 4 stakeholders	• 5 new PHCs formed. • 6 of the 10 have conducted AGMs • 2 new PHCs registered with MTIC • 11 PHCs have been trained in; Resource mobilization, Business Planning, Financial management, study circles, Gender, HIV&AIDS ,strategic planning and Leadership and governance. • 6 PHCs have developed Strategic plans while 5 PHCs have Business plans • 3 middle income PHCs have been formed within this period • 12 engagement meetings have been conducted and points of agreements reached. • Policy statement to deliberately promote Cooperative Housing • Prioritizing access to adequate and affordable housing • Currently about 87% of the members are	• 2 of the new PHCs formed are in Kampala, 2 in Wakiso and 1 in Mukono district. • 1 of the 4 PHCs has not yet registered with MTIC while the other 3 have planned to hold their AGMs within 3 months. • 3 of the new PHCs are still mobilizing funds to fulfill the registration process. • Subsequent trainings and follow up will be conducted. • 5 PHCs have started business ventures to help increase their savings. These are in Interlocking Block making, Tile making as well as in crafts making. • These have been given technical support by the project. They also act as comparisons to the project during implementation. • These ranged from Media breakfast, quarterly meetings with partners, Uganda Human Settlement Network meetings and the Civil Society Forum. • This is being drafted by the CSO forum • The State Minister for Housing made a commitment to present this

			satisfied • All the 11 phcS, MTIC, MoLHUD and UCA are all involved in project activities.	paper to the president. • These , however, have pointed out areas for improvement and change within the project to realize its goal. • Project activities are done in consultation with all the stakeholders as evidenced from minutes of meetings.
OUTPUT 2: Capacity of cooperatives to negotiate for land and housing finance and to apply ABT enhanced	1- Increase in number of PHCs accessing suitable land and affordable finance for housing development 2- Number of groups accessing and utilising appropriate building technologies and number of houses built using ABT 3- Type of technical support services	• 6 PHCs • 6 PHCs • Supervision, land acquisition, ABT, Survey.	• 2 PHCs have bought land. (2 acres for Opulent PHC and appx 9 acres for Nkokonjeru Caritas PHC{this is not one block}) • 4 PHCs are accessing ABT. Nabweru, Uganda Builders , Kasangati and Polysack PHCs. • 8 PHCs have agreed on nature and type of houses required and therefore on how much land each PHC would require to house its members	• The other 4 PHCs have identified affordable land within 30 km radius from their areas. It is hoped that they will purchase it before end of 2012. • These four have purchased tile making and block making machines but are currently selling the material to increase on their savings as a cooperative except for Polysack. • All PHCs will go through this process to enable them plan for how much land they would need and therefore save towards a particular figure and timeframe. The same would be applied on the construction of the houses.(Bills of Quantities)
OUTPUT 3: Networking, Lobbying and Advocacy	1- Level of engagement of PHCs in negotiations with relevant authorities and service providers on housing issues 2- Increased access to land and finance for housing development		• The PHCs ' chairpersons have engaged in one meeting with government and Local government officials to ensure access to affordable land and Housing finance to PHCs.	• NHCC is looking at sourcing for funds to develop low income housing estates and is open to a partnership where they support the cooperatives as long as government is also willing to provide them with some incentives • Steps are being taken to identify potential funders and partners basing on the two studies conducted on Housing Finance and Land accessibility for Housing Cooperatives.
OUTPUT 4: Gender, HIV&AIDS, Environment and Youth mainstreamed	1- Responsive housing policy to mainstream issues 2- Adoption of Policy documents 3- Planning responsive to gender and HIV & Aids	50% women and youth participation in PHC activities	• All 11 PHCs have elected focal persons for Gender, HIV &AIDS and Environment. • 61% Youths and 60% Women of total membership are involved in leadership as well as participation.	• The youth and women have actively been involved as compared to the past year. However, this has not segregated the men in any way.



Above and below: *Committee members of Polysack Housing Cooperative having a critical look at the plan presented to them by UCA and MoLHUD staff.*

5.0 FINANCE & ADMINISTRATION

UGANDA CO-OPERATIVE ALLIANCE LIMITED

5.1 Report of the Directors
Year Ended 30 June 2012

The directors present their report together with the audited financial statements for the year ended 30 June 2012, 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 page 52-54

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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
Mr. Lamuel Byamugisha	-	Vice chairperson
Ms. Elizabeth Nsimadala	-	Treasurer (elected 30 September 2011)
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

5.2 Statement of Directors' Responsibilities Year Ended 30 June 2012

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 that 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 controls. The directors delegate responsibility for the internal controls to management. Standards and systems of internal controls are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safe guard, verify and maintain accountability of the organization's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied consistently using the going concern basis. These systems and controls include 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 Cooperative 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 accepts the 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 any breakdown in the functioning of these controls, resulting in material loss to the organization, has occurred during the year.

The financial statements which appear on pages 52 to 54 were approved by the Board of Directors and signed on its behalf by:

……………………	…………………..	…………………..
Chairman	Treasurer	General Secretary
26th September 2012	*26th September 2012*	*26th September 2012*

5.3 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 54 to 54 which comprise the statement of financial position as at 30 June 2012, 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 2012, 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: 26 September 2012

5.4 Statement of Financial Position
At 30 June 2012

	Note	2012 Ushs	2011 Ushs
ASSETS			
Non - current assets			
Property, plant and equipment	2	5,088,393,359	5,217,474,709
Investment property - w.i.p	3	1,601,503,671	-
Investment property	4	1,420,307,796	1,341,717,924
Investments in shares	5	189,240,000	189,240,000
		8,299,444,826	6,748,432,633
Current assets			
Inventories	6	24,207,502	25,694,245
Trade and other accounts receivable	7	689,185,502	450,987,358
Amounts receivable from related parties	16	73,547,971	41,299,417
Cash and bank	8	1,219,067,713	3,284,409,261
		2,006,008,688	3,802,390,281
TOTAL ASSETS		10,305,453,514	10,550,822,914
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	206,430,000	204,880,000
Statutory reserves	10	282,609,335	282,609,335
Capital reserves	11	821,078,950	821,078,950
Revaluation reserve	12	5,329,056,897	5,462,038,247
Foreign currency translation reserve		10,149,050	9,029,963
Retained earnings		2,397,657,278	2,363,425,923
		9,046,981,510	9,143,062,418
Non-current liabilities			
Long-term liabilities	13	53,373,076	53,963,976
Current liabilities			
Other accounts payable	14	202,828,359	348,256,375
Deferred revenue grants	15	529,593,311	532,346,691
Amounts payable to related companies	16	472,677,258	473,193,454
		1,205,098,928	1,353,796,520
TOTAL EQUITY AND LIABILITIES		10,305,453,514	10,550,822,914

These financial statements on pages 53 to 54 were approved by the board of directors on **26th September 2012** and were signed on its behalf by

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

5.5 Statement of Comprehensive Income
Year Ended 30 June 2012

INCOME	Note	2012 Ushs	2011 Ushs
Member subscriptions		5,810,000	10,150,000
Rental income		377,295,420	303,691,267
Other income	17	541,473,678	1,128,148,452
Profit from disposal of investments		-	904,092,693
		924,579,098	2,346,082,412
EXPENDITURE			
Staff expenses	18	(368,785,924)	(349,864,251)
Vehicle and travel expenses	19	(51,558,579)	(86,792,190)
Other operating expenses	20	(593,764,892)	(701,501,070)
		(1,014,109,395)	(1,138,157,511)
OPERATING(DEFICIT)/ SURPLUS BEFORE FINANCE COSTS		(89,530,297)	1,207,924,901
Finance costs	21	(9,219,698)	(9,928,975)
OPERATING (DEFICIT)/ SURPLUS BEFORE TAXATION	22	(98,749,995)	1,197,995,926
TAXATION	23	-	-
(DEFICIT)/ SURPLUS FOR THE YEAR		(98,749,995)	1,197,995,926
OTHER COMPREHENSIVE INCOME	24	1,119,087	5,471,068,210
TOTAL COMPREHENSIVE (LOSS)/ INCOME		(97,630,908)	6,669,064,136

5.6 Statement of Cash Flows

Year Ended 30 June 2012

	Note	2012 Ushs	2011 Ushs
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(98,749,995)	1,197,995,926
Adjustments for: -			
Gain on disposal of investment property	4	-	(904,092,693)
Gain on disposal of fixed asset		(324,344,700)	(1,095,288,200)
Depreciation	2	132,981,350	109,745,291
Operating loss before working capital changes		(290,113,345)	(691,639,676)
Decrease / (Increase) in inventories		1,486,743	(4,300,724)
(Increase)/decrease in trade and other accounts receivable		(238,198,144)	18,547,277
(Decrease) / Increase in other accounts payable		(145,428,016)	116,055,620
(Increase) / decrease in amounts receivable from related co.		(32,248,554)	-
(Decrease)/Increase in amounts payable to related companies		(516,196)	3,063,150
Decrease in other long term liabilities		(590,900)	(670,189,186)
Cash outflow from operating activities		(705,608,412)	(1,228,463,539)
Net cash outflow from operating activities		(705,608,412)	(1,228,463,539)
CASH FLOWS FROM INVESTING ACTIVITIES			
Naguru housing project	3	(1,601,503,671)	-
Purchase of fixed assets	2	(3,900,000)	(1,093,850,000)
Proceeds from sale of fixed assets		324,344,700	2,794,444,200
Purchase of investment property	4	(78,589,872)	(892,500,000)
Proceeds from sale of investment property		-	2,854,500,000
Net cash (outflow)/ inflow from investing activities		(1,359,648,843)	3,662,594,200
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in capital reserve		-	(590,529,901)
Proceeds from issue of shares	9	1,550,000	1,930,000
Decrease in deferred revenue grants	15	(2,753,380)	319,740,182
Net cash (outflow) from financing activities		(1,203,380)	(268,859,719)
Net (decrease)/ Increase in cash and cash equivalents		(2,066,460,635)	2,165,270,942
Unrealized gain on exchange		1,119,087	9,029,963
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,284,409,261	1,110,108,356
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	1,219,067,713	3,284,409,261

5.7 Donor Support
Year Ended 30 June 2012

	2012 Ushs	2011 Ushs
GRANT REVENUE	5,106,561,696	3,538,154,988
EXPENSES		
SCC/MFSP/HOUSING	317,225,435	375,904,137
SCC/EFTAF/MCB	1,557,756,154	618,464,437
FREDSKORPSET	65,047,251	72,101,280
EFTIMS/KILIMO	43,299,620	372,428,020
CCA IFAPI II	303,324,885	642,947,840
NORGES/VEL/EFTAF/MCB	1,472,998,669	517,528,220
AGRITERA	35,895,770	16,666,909
COOPAID	27,612,000	86,401,208
MUCOBS	395,084,374	141,785,903
AGRI-BUSINESS TRUST	29,055,350	2,023,250
VECO	292,935,327	159,557,093
GIZ	3,947,000	-
IFAD/GoU/RFSP	32,786,550	-
	4,576,968,385	3,005,808,297
DEFERED REVENUE GRANTS (Note 15)	529,593,311	532,346,691