ANNUAL REPORT
For the year 2013/2014

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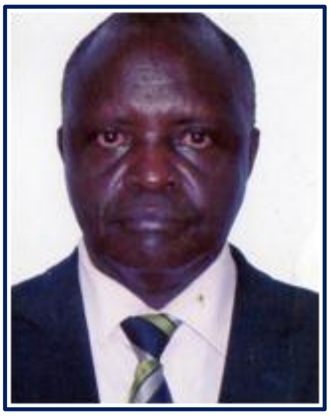
Chairman - UCA Board of Directors

Mrs. Beatrice Katsigazi
Vice Chairperson

Ms. Elizabeth Nsimadara
Treasurer



Mr. Patrick M. Netalisire
Board Member

Mr. Hakim Bogere
Board Member

Mr. Joseph Kitandwe
Ag. Commissioner for Cooperative Development
Min. of Trade Industry and Cooperatives (MTIC)

CHAIRMAN'S STATEMENT
AT UCA SEPTEMBER 2014

Rev. Fr. George Angala
Chairman - Board of Directors
Uganda Cooperative Alliance Ltd.

Dear Cooperators,

I am very happy to have this opportunity to address you on behalf of your Board after two years in office since you entrusted me and the other board members the stewardship of UCA. On behalf of the Board, I would like to welcome you to the AGM and to wish you fruitful deliberations.

I wish to share with you a few high-lights, insights, achievements, and some challenges we have registered during the last financial year 2013/2014.

During this period, Uganda Cooperative Alliance has continued to register growth and success through mobilizing resources and implementing a range of projects in different parts of the country as well as business lines with an overall objective of improving the livelihoods of Cooperators.

As cooperatives, we have very big goals as high-lighted by the new Strategic Plan of Uganda Cooperative Alliance. Achieving those goals will require a tremendous effort by all who are part of the Cooperative family and at the various levels. In particular, we need to ensure that everyone who will join is given the opportunity and support to achieve their potential. As we set ourselves for the future, we have to become creative to embrace the new innovations and opportunities presented to us; thus the saying "If others can, why not us the Cooperators!" Uganda Cooperative Alliance will continue to execute its mandate of empowering cooperators with the knowledge and skills, they need to successfully govern and operate their Cooperatives. We need therefore to embark on the future of cooperative development with great positive attitude knowing that cooperative development improves livelihood in Uganda.

Sustainability And Finance Of Cooperative Activities

For a very long time, Uganda Cooperative Alliance has been supported by development partners who funded most of the cooperative development activities. This has been due to high level of performance that has satisfied them. So as we move to the future with a new approach of forming a new cooperative structure for the transformation of the cooperators' lives, there is a need for us cooperators in Uganda to mobilize our own resources for development, build accountable cooperative and farmer organizations and improve on ownership and governance of cooperative movement in our country. In order to achieve this dream in future, I would like to propose to you fellow cooperators the following: **i)** that we maintain a shared vision for the future of Uganda's cooperative movement with development partners; **ii)** we have to cooperate in sourcing projects that help raise the income generating capacities of cooperatives which will help us cooperators become self-reliant and self-sustaining entities; cooperatives should own some income generating assets, because an organization without assets is not secure. The cooperatives should share in the cost of their cooperatives' services in an effort to avoid over dependence on external providers. It will also bring in some income for organizations. These proposals are intended for sustainability of cooperatives at all levels.

Naguru Investment

Uganda Cooperative Alliance has continued to improve on its performance in terms of programmes and generation of own income even though we have not reached the expected level. In our last meeting, the Board and Management of UCA reported to you about the investment in a long term asset partly using its own income to consolidate its sustainability. I am happy to report to you today that the project has been completed and we managed to reduce the liability to the bank in form of loan which currently stands at 1,249,147,444/= (Shillings one billion two hundred forty nine million one hundred forty seven thousand four hundred forty four only). We attribute this success to our General Secretary and his team. We have got tenants occupying the property.

Partnerships

Uganda Cooperative Alliance has heavily been involved in negotiation with many partners as we prepare to enter another phase of transformation; such as WE Effect, Norges Vel, VECO, USAID and Homeless International. Most of the engagements have yielded positive results. That is why most of our organizations have been involved in consultation and feasibility studies for that course. These have all been done in order to identify key areas for new opportunities and investment that can benefit the Cooperative movement. The detailed project reports that follow describe cooperative support services UCA has been able to provide to cooperators during the year 2013/2014 using its development partners' support.

Conclusion

I would like to thank all of you for the contribution and support during the pre-AGM discussions despite the challenges we have in our organizations and urge you to be steadfast in serving the interests of our members.

To the government of Uganda, we are very grateful for the positive and collaborative support that we have enjoyed. The Cooperative movement is a partner with the government to ensure that the people's livelihoods are transformed and create wealth for the nation.

To the Board of Directors, a sincere thank you for your continued leadership, guidance, faith and trust. Your presence and availability is everything good for the cooperative movement.

Fr George

Rev. Fr. George Angala
CHAIRMAN UCA

Statement By Mr. Leonard Msemakweli
The General Secretary
Uganda Cooperative Alliance Ltd.

Despite the fact the economy as a whole continued to perform very well, I still believe that at the Micro level the year was one of the most difficult in terms of pushing our business forward with people failing to pay for our services or defaulting on their dues. However, this gave us the kind of experience that we need as we move into the future.

That not-withstanding, our cooperative movement is now sector of exciting opportunities which are emerging almost on daily basis and would like to touch on a few in my statement.

Investment:

All of us in the cooperative movement need to start investing because it is the means of wealth creation. Until recently, the source of Investment Funds was a big problem but since a year or so ago, but this is no longer, which is very important especially for new institutional structures like ACEs whose mondus operendi does not allow them to retain huge profits at the expense of the members. We now have funds in many financial institutions which can be tapped in order to grow our cooperative as well as individual businesses. For the first time, it is the banks which are looking out for customers especially for the agriculture sector. However, we need not only to know how to package good projects to access these resources but also to avoid a situation which will put our cooperatives back into the cycle of heavy indebtedness as it happened before in the early 1990s and UCA had to come in and lobby the government for debt relief which was achieved. My view has always been that that we have to borrow as long as it is for investment purposes and not for trade because this turns our cooperatives into traders, and yet we are trying to replace them.

Conesus on Value Chain approach in agriculture development. In Uganda to-day, we finally came to a consensus on how agriculture development should be looked at. It is now agreed that we should take the value chain perspective. But some will not know how long this has taken. When we started the argument, we were only with a few organizations like VECO and EAFF but slowly the message has been well-received and our government, the development partners and civil society agree that this is the way to handle smallholder agriculture. To us this is a breakthrough because we shall be looking at farmers problems holistically which has a lot of positive implications. It is in fact because of this shift that our government is now putting a lot of emphasis on agro-processing, the lack of which has been the cause of the miserable returns that our farmers have continued to reap. This policy is most welcome.

Availability Of Fertilizers

Investors in the Tororo phosphates deposits and in Uganda's oil and Gas is good news because fertilizers have been expensive and hence inaccessible and the up-take very low. With this, Uganda will be able to manufacture its own fertilizers which are badly needed to raise agriculture productivity that has been on the decline. Because we had to import and move over long distances by Sea and land, fertilizer prices in Uganda became too high for our smallholders. With this plus the good policies towards agriculture that the government atnational and regional levels are pursuing, Uganda, without doubt, should easily realize its full potential as the breadbasket for this region. These are only a few but they are much more.

However, as we celebrate the return of our cooperative movement as a given and the opportunities which are emerging all the time, we need to realize that there are issues that are coming up which we need immediate attention by all of us. One of these is the emergence of conmen who are actively and deliberately infiltrating our cooperative movement once again to wreak havoc. Some seem to be following the money which our Government is sending down to support the emancipation of the poor through the SACCOs. They disguise as leaders, managers or businessmen partners of the local cooperatives. We have to be very careful about this dangerous trend. Frankly, there is need not only to review how the money is channeled but also to urge the our Government to quickly put in place a strong legal framework which will control these bad tendencies that could reverse the gains our cooperative movement has recently made. But while we prepare to have these in place, cooperators should also use the tools with which we have been equipped with to ensure that they elect people who will not permit this to happen. The delegates at the UCA AGM should kick the ball rolling by making a resolution on this so that the UCA board can take it up.

Inadequate Cooperative Training.

Another issue of concern is the inadequate Training. Training is key for the success of cooperatives and in fact, no form of business can do without it, let alone cooperates where education and training are one of the cooperative principles. However, some cooperators seem to believe it is possible to do without it. One of the reasons we succeeded in bringing back cooperatives was because we put emphasis on effective and quality training as well as self-reliance. It is becoming clear that our cooperatives are still waiting for this to come from outside and as a result they are not budgeting for it, or if they do it is not used for the right purpose but rather mixed up with other things. This means that many of the people who are being elected to run the cooperatives have no basic training at all. This is a recipe for disaster and indeed what we have seen is that such people simply come and mess up things simply because they do not know what to do. For nearly a decade now, UCA has been depending on support from its long-term development partners to subsidize education and training but it was not a lot of money and UCA could only cater for a few. Unfortunately, even this subsidy support is coming to an end. Someone has to come in and pay.

Let me conclude my statement by once gain express management’s thanks to our board for its guidance and support to our work and our development partners and friends namely; WE Effect, CCA , Norges Vel and VECO. My thanks go to my staff too for their continued commitment and sticking to UCA’s values.

1.0 SECRETARIAT

Advocacy

One of the most important advocacy projects that UCA participated in is called “Farmers’ Voice: Improving Food Security Governance in East Africa”. It was significant because it was the organization’s first experience in what is popularly known as “participatory policy” engagement. It is part of the regional programme co-financed by European Union (EU) and Agrittera through TRIAS VZW. It is expected to end in 2015.

The General Secretary also participated in an FAO consultation workshop to discuss policies that can strengthen Farmers’ Organizations (FOs) including agriculture cooperatives. What is coming out clearly is that the policy makers and partners are increasingly realizing that unless they contribute meaningfully to building capacity of FOs, it will be very difficult for them to realize their goal of agriculture transformation.

Participation in the developing of the East African Community Regional Cooperative Bill: The idea was initiated by the East Africa Farmers Federation (EAFF) and UCA was one of the first to come on board and actively participate in the consultation process at country and regional levels. In addition, the General Secretary together with the UCA Treasurer were engaged as members of the THINK TANK by EAFF to generate and discuss ideas right from the beginning of the process.

The Secretariat also continued to participate in the discussions on the Proposed Microfinance bill which is a process that has lasted many years but UCA continues to be actively involved in it.

Through FEED THE FUTURE ACVITY of USAID, many senior staff and several UCA Board Members underwent training in advocacy.

The General Secretary was hosted several times on UBC Radio and TV on talk shows which was intended to discuss the future role of cooperatives in Uganda’s development.

New Projects/Programmes Negotiated.

WEEFECT and NORGESVEL: After more than a decade of support to build from the grassroot and higher, the two partners have turned to supporting the UCA’s quest to change from a purely development organization it has been in the last 20 years into one which will be able to combine business and development. The process started with two feasibility studies, one on setting up a Training & Extension Cooperative and another one on setting up a cooperative subsidiary company for grain processing. The support will also include preparation of two business plans. They are expected to be completed by end of December 2014.

VECO

In the next round of partnership, VECO’s support will target rice and vegetable value chains in Eastern Uganda. One of the benefits of this project is that the volume of rice marketed by our cooperatives will increase since UCA will be able to extend its business services into Doho irrigation scheme which will measure up to 1,500 HA after it has been rehabilitated by the Uganda government. Up until now the cooperative movement in Uganda has only handled upland rice with the support of the UCA. At the very least, 1,500 MT of rice is expected from this scheme when it is at full capacity. The cooperatives already enlist with about 4,500.

Two regional projects initiated by EAFF, one or promotion of regional trade in major grains (maize, rice) and another one on cassava value chain were finalized. Uganda was also selected to host the centre of excellence for cassava. The two projects are funded by USAID regional office and EU through IFAD.

Cliff Housing Programme

HOMELESS INTERNATIONAL (HI) and other partners will support a low cost housing through cooperatives under a programme known as CLIFF (Community–Led Infrastructure Financing Facility). Our application was received and considered by HI, CLIFF coordinating partner. A team came from the UK to Uganda to carry out due diligence which was positive and our application was successful. Management has already interacted with other CLIFF stakeholders mainly from Africa and Asia. UCA will receive capacity support and a loan to put up low cost housing in collaboration with housing cooperative groups. Once the programme starts, cooperators with housing issues such as living in squalid housing conditions in the peri-urban areas will be able to get access to improved housing. A housing business unit has already been set up at the UCA head office to implement the programme. However, it is expected that in the long-run the unit will be transformed into a subsidiary company in which other social investors such as HI, UCA and others will invest. Initially it will target Kampala, Jinja, Mbale and Mbarara but will roll out to the rest of the country. A feasibility study is being conducted to determine which of these areas the programme will start with.

In addition to these new projects/programmes, UCA still has a number of on-going projects including IFAPI and Cooperative Housing.

Completion Of Naguru Project

The Naguru apartments project was completed in spite of extremely hostile economic environment that prevailed over the last 3 years or so. The project currently has a total of 13 apartments for rental and will further boost the capacity of the UCA to generate own income and attainment of self-sustainability. Although we had to borrow money from the bank to complete it, more than 70% was our own generated income which came from hard work and sacrifice in many respects.

UCA Strategic Plan 2014-2019

The General Secretary coordinated the exercise of putting together the UCA strategic plan 2014 - 2018.

The plan contains some of the reforms needed by the UCA and its cooperative members to move to the next level where the cooperative movement must sustain itself and offer much better services to the members. It marks a very important phase in the recovery and development of our cooperative movement.

Meetings: Some of the key meetings attended:

- ICA General Assembly in Cape Town, South Africa
- ESSANET Annual Meeting which was hosted by the UCA in Kampala, Uganda.
- Cooperative Day in Masindi District
- The General Secretary continued to attend CICOPA on-line Executive meetings where he has represented Africa for more than ten years.

2.0 PROJECTS DIRECTLY IMPLEMENTED BY THE SECRETARIAT

2.1 Farmer's Voice: Improving Food Security Governance in East Africa

Background Of The Project

The project "Farmers' Voice: Improving Food Security Governance in East Africa" is a regional project that is being supported by the European Commission (EU) under the food security thematic programme with co-funding from Agriterra a Dutch Agri-agency. The project is being implemented by 6 partners in three East Africa countries with the overall coordination being done by TRIAS Uganda, a Belgian development organisation. The other partners include; Kenya National Farmers (KENAFF), Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA) and Uganda National Farmers Federation (UNFFE) and Uganda Cooperative Alliance (UCA). The project also has the Eastern Africa Farmers Federation as an associate partner representing food security concerns of the entire East Africa region.

The project which is at pilot phase focuses on participatory generation of food security related policy issues. More specifically, it seeks to empower smallholder farmers through their organisations so that they are able to demand for better policies on post-harvest losses and strategic food reserves. The 2 year project which commenced in 2013 is being implemented in Mubende district with a particular focus on Myanzi Area Co-operative Enterprise. The motivation behind this project is the fact that, even though smallholder farmers constitute over 70% of the population in these countries, their voices have not been taken into consideration when forming food security and related policies. Yet, it is the small holder farmers that are most affected by these policies. The Farmers' Voice aims at changing this top-down policy formulation. It supports the co-operators through their cooperatives to lobby for a correct representation of their members' issues and needs using a new approach developed by Agriterra; the Farmers' Advocacy Consultation Tool (FACT).

Project's Overall Goal

The project's overall or development objective is to contribute to the empowerment of smallholders' participation in food security related policy processes in the country and regional level.

The following are the specific Project objectives and outcomes:

a) Increased capacities of cooperatives in preparing policy proposals and influencing policy processes, based on the views, needs and concerns of their grass-root members
b) Accountable, feasible and well-informed policy proposals on Strategic Food Reserves (SFR) and Post-Harvest Losses (PHL) generated through piloting of the FACT methodology
c) Increased consultation and networking amongst the participating FOs on relevant policy issues at different levels

The specific project results and output:

a) Myanzi ACE and UCA Secretariat are capacitated to use the FACT method, applying the 4 FACT pillars for the preparation of and lobbying for policy proposals that are accountable, feasible, and well-informed and tackling relevant policy issues for their members.
b) Concrete, appropriate and feasible policy proposals on SFR and PHL prepared and lobbied at different levels of policy dialogue.

c) The government of Uganda has put in place mechanisms and/or provided space for cooperatives and other farmer organisations to air out their policy related concerns, positions, views and opinions.

Outputs:

a) A FACT trajectory has resulted in the elaboration of policy proposals on SFR and PHL
b) At least 1 policy proposal on SFR has been lobbied at district level (Mubende District), at national level and where necessary at regional level.
c) At least 1 policy proposal on PHL has been lobbied at district level (Mubende District), at national level and where necessary at regional level.
d) At least 3 multi-stakeholder meetings have been organized with policy makers, including regional level
e) At least 30 leaders from Myanzi and UCA have been trained and are well equipped with the FACT methodology tools and concept. These should be in position to pass on these skills to other persons.
f) At least 80 farmers' leaders and UCA staff have participated in network exchange workshops, at district, national and regional level.
g) At least 30 farmers' leaders and FO staff have participated in 2 exchange visits
h) A compiled document of lessons learnt and best practices produced, one for each year

Project achievements/outcomes during the year

2.1 **Progress toward outcome 1:** *Increased capacities of FOs in preparing policy proposals and influencing policy processes, based on the views, needs and concerns of their grass-root members*

Output 1.1: Myanzi ACE and UCA Secretariat are capacitated to use the FACT method, applying the 4 FACT pillars for the preparation of and lobbying for policy proposals that are accountable, feasible, and well-informed and tackling relevant policy issues for their members.

Activities	Progress	Results
Some leaders and staff at UCA have been trained in using the FACT approach and these skills have been passed onto one of its members located in Mubende District. Efforts are being made within the organisation's structure to streamline the FACT methodology in the day to day operations of the secretariat as well as its members		
1.1.1 Action Coordination Team set up and initial coordination and follow up among partners	The General Secretary and project team have participated in the 1st coordination meeting and several other follow up meetings.	These have provided direction to the project and ensured that the project fulfils its goals and objectives.
1.1.2 Prepare a capacity building trajectory to transfer the method of FACT to the participating FO's	A full description and training manual of the FACT methodology was designed by a consultant from Agriterra. The initial training of some UCA board members and staff was carried out by the Agriterra consultant. Further training and dissemination was done by the project team.	A FACT manual was produced and shared with UCA secretariat
1.1.3 Conduct preparatory trainings (FACT Workshops) at regional	Three (03) Board members and 2 staff at UCA participated in the regional training that took place in Nairobi. During the first 3 days, the leaders and staff at UCA were taken through the entire FACT trajectory and a lot of experiences were shared. In addition, a 3	03 boards members and 02 staff at the UCA were equipped with the FACT tools

Activities	Progress	Results
level	month draft work plan was developed for rolling out the project under the UCA structures. After the 3 day training, the 2 staff were taken through a more rigorous training of trainers (ToT) to acquaint them with the necessary skills in carrying out the FACT training.	
1.1.4 Conduct preparatory trainings (FACT Workshop) at national level.	A replica of the regional training was carried out in Uganda for Myanzi ACE leaders and staff. The training was jointly facilitated by both UCA and UNFFE staff members. Coaching was done by a TRIAS advisor.	03 Myanzi ACE leaders and 2 staff were equipped with the FACT methodology. A draft roll out plan for the next phase of the project was agreed. The project was also officially launched at a press conference.
1.1.5 Conduct preparatory training (FACT Workshops) at sub-national / District levels	A replica of the national level training was carried out in Mityana District and attended by RPO leaders under Myanzi ACE. The training was facilitated by 2 UCA staff with support from the 2 sub-national focal persons that took part in the national training in Kampala. Participants included members of the participating District level partners, their leaders and a few District leaders. By the end of the training, Myanzi ACE had developed a draft work plan on how to go about the next phase of the project.	15 leaders and staff from 5 RPOs under Myanzi ACE were also acquainted with the FACT methodology. A draft roll out plan for the next phase of the project was agreed.

Progress towards Outcome 2: *Accountable, feasible and well-informed policy proposals on Strategic Food Reserves (SFR) and Post-Harvest Losses (PHL) generated through piloting of the FACT method*

Output 2.1
Concrete, appropriate and feasible policy proposals on SFR and PHL prepared and lobbied at different levels of policy dialogue.

The project has so far carried out a full participatory research that was carried out in phases. The 1st phase that involved the actual data collection was carried out by the project team and collected data from 300 farmers from Mubende District covering 5 selected RPOs under Myanzi ACE namely, Kasaana RPO, Mukisa Mpewo RPO, Kamaga RPO, Lubumba and CAPCA. This report was shared with the ACE leaders and members and validated for further policy proposal development. The process developing these policy proposals is currently on-going.

Progress against Outcome 3: *Increased consultation and networking amongst the participating FOs on relevant policy issues at different levels*

Output 3.1: Consultation between the FO's in policy processes is enhanced

Planned	Narrative of Progress	Results
Consultations were carried out on the two project themes across 5 rural producer organisations that are members of Myanzi ACE in Mubende District. A copy of the report was produced and validated by the farmers that participated in the consultation phase. A number of stakeholders in the District will take part in the validation of this report.		
Activities		
3.1.1 Organize workshops to exchange experiences and lessons learnt among participating FO's	A total of 299 farmers from 5 rural producer organisations working under Myanzi ACE were consulted on the two sub-themes of post harvest handling and Strategic food reserves. Preliminary findings indicate an urgent and long overdue need to put in place a food reserve system in the country to help farmers not only to ensure that they are food secure but also help in the stabilisation of food prices.	A list of resolutions and possible policy intervention areas were identified and agreed between the various farmers groups and FOs.
3.1.2 Conduct exchange visits	**Not yet done**	
3.1.3 Publicize results and lessons learnt	A report from the consultation process has been compiled and validated by the farmers who participated in the consultation process. In addition, the participatory research phase report has been developed, validated and it now being further scrutinised for policy proposals and positions.	The process of publishing and engaging the various stakeholders is still on-going so no specific results can be reported at the moment
3.1.4 Coordinate Action between participating FO's.	Two planning meetings organised and facilitated by the sub-national focal persons have been carried out. These were carried out for purposes of better understanding and FO ownership of the entire process. The leaders from the 5 RPOs were involved in the planning of the consultation process and the actual execution of the consultations.	Implementation plans and have been shared and harmonised with other participating organisations. A project activity calendar was developed in this respect.

Challenges faced and how they were overcome or how they can be overcome

- There was a delay in starting the implementation of the project. This was mainly due to administrative difference between Myanzi ACE procedures and the actual project demands. As result, 2 harmonization meetings were convened between the project team and the ACE leadership that resulted into an operation MoU that has guided the project implementation.
- The project seemed to be running behind schedule and this has been solved by asking for a no cost extension from the European Commission which has been accepted.

Conclusion

The FACT methodology is a good, efficient and sustainable way of carrying out policy lobbying and advocacy. It is therefore necessary that UCA mainstreams the methodology into the cooperatives and co-operators' systems. In addition, the initial capacity building also requires a lot of resources in the start off phase.

2.2 Strengthening The Capacity Of Farmer Organizations In Climate Smart Agriculture Approaches

Background

Through the East Africa Farmers Federation (EAFF), UCA has accessed financial support from the Norwegian Agency for Development Cooperation to implement a 2 year project aimed at promoting Climate Smart Agricultural practices. The rationale behind the project is that through the adoption of such practices, farmers will better adapt to climate change related challenges and in the process be less prone to food shortages and thereby becoming food secure. The project is operating at regional level and is working with 8 different organisations in 4 countries namely Democratic Republic of Congo (DRC), Kenya, Tanzania and Uganda. The project is building the capacities of Farmer organisations to adopt the appropriate climate smart agriculture options for their respective agro-ecological conditions. The intention is to link climate smart approaches and technologies, which are available within the climate science research and development community, to farmers in Eastern Africa.

In Uganda, the project is being implemented in Lwengo District, Kasambya and Malongo ACEs in particular. This particular area was chosen because of the continued occurrence of droughts and water shortages that have mainly been caused by the poor environmental management and farming practices among the farmers in the area. The project also aims at augmenting the already existing initiatives by UCA under the Empowering Farmers Victoria basin Project (EFVP) in Masaka region.

Goal and Objectives of the project

***Overall project goal*:**

To contribute to strengthening the capacity of farmer organizations in Eastern Africa to address food insecurity.

Project objectives

- To develop and disseminate protocols for selected CSA practices in Eastern Africa;
- To increase the adoption of CSA practices in the target areas;
- To build capacity of farmer organizations to adopt the appropriate climate smart agriculture options for their respective agro-ecological conditions. The intention is for this capacity to be retained within the UCA staff and membership by the end of the project;

Activities and Results

The table below presents the activities that were planned to take place between the period February to June 2014. A provision has also been made in the table to show the results so far achieved as per project targets. It is however, important to note that due to the short implementation period not many results/impact can be distinctively attributed to the project. Some of the results are presented in the table below.

	Planned Activities	What was done	Results Achieved
1.	To carry out a baseline survey to profile the selected institutions including with specific reference to climate change related practices	A baseline survey was carried out among 250 farmers from the 2 ACEs. The data was analyzed and it clearly showed the major environmental related practices that ought to be addressed by the project.	From the survey specific areas of intervention were highlighted and possible solutions recommended by the project team at the regional level.

	Planned Activities	What was done	Results Achieved
	Identification of potential experts to be trained in the CSA practices	A total of 10 farmers were selected to be trained at later stage. These would then be used expert to carry out the farmer to farmer training. In addition, 5 staff from UCA was also earmarked for this initiative. Staff were from both the head office and regional office	- 10 farmers were selected 8 male and 2 female - 5 staff from UCA were selected All male
2.	Training of experts in recommended SALM practices	A total of 15 people were trained in 10 topics under the SALM package. These topics included Agronomic practices, Soil and water management, Agro-forestry, Nutrient Management, Residue and tillage management, Efficient Energy Production, Improved animal husbandry, Conservation agriculture practices, Restoration and rehabilitation of degraded land, Value chain analysis.	- A total of 15 experts were trained and these were 12 males and 3 females
3.	Training of farmers in the use of the FACT FIT weather forecasting tool and the procurement of Global Positioning system equipment	Not yet carried out	None
4.	Identification of sites and setting up of demo sites in selected practices	Demonstration sites were set up by the experts working together with farmers in their cooperatives. The demos were in the following practices. - 24 demos of recommended agronomic practices. From the 24 demos, 12 were done using recommended practices and 12 were set up using the traditional/usual practices for purposes of comparing outputs. These demos were for 2 crops i.e. maize and beans because these are the commonly grown crops in the area and were also selected by the project during the baseline survey. - At each of these sites, practices like contour making, mulching, minimum tillage, fertiliser usage were all demonstrated and some farmers (those that had not yet planted by the time we held the 1st training workshop) have gone ahead to try them out on their farms - Water harvesting and an underground reservoir were also set up in Kasambya and Malongo ACEs. It so happens that this is an area that is prone to droughts and the technology was very much appreciated by the farmers. - In Malongo ACE farmers were also trained in water soil water conservation techniques and also using the A frame. - Practical sessions were organised and actual set up of energy/wood saving stoves. A total of 8 farmer households were physically helped in the setting up of these stoves in their households.	Not much in terms of results can be reported here because the demos have just been set up. However, below are some of the evident results - There are already glaring differences in the performance of the demonstration plots with better agronomic practices and the traditional methods. - About 12 farmers have started setting up underground water harvesting tanks. - Farmers from Malongo ACE decided to look out for certain species of trees from the nearby forests and grazing land and these were also included in the nursery demonstrations. This is a gesture of appreciation of the project initiatives. - The experts working closely with the project team have so far helped 24 farmers set up wood saving stoves in their homes. - Tree nurseries are now in place. Day to day management of the sites is

	Planned Activities	What was done	Results Achieved
		- Tree nurseries were set up in the 2 project areas with the technical support of Vi-agro-forestry staff. The nurseries were equipped with both long term and short term tree species including fruit trees, shade trees, trees that help improve the fertility of the soils.	now being overseen by the cooperative leadership and management.
5.	Training and helping farmers in the set up of their own farmlands using recommended practices	A total of 600 farmers were in involved in several awareness meetings and workshops on topics including general membership awareness creation on the effects of climate change and the several mitigation options, practising agro-forestry alongside crop and animal production, and general awareness on SALM practices	It is now clear that the majority of farmers in the area appreciate the fact that climate change is a serious problem that can only be solved by carefully managing their resources through practicing improved technologies or climate smart agricultural practices. This is evident through their feedback.
6.	Continuous mentoring of the experts in the roll out of the practices among fellow farmers Staff to farmers & Farmer to Farmer	- The field team has been monitoring and supervising work being done by the experts at the various demonstration plots in the 2 co-operative areas. In some instances, the project staffs have had to take part in the actual carrying out of some tasks. Majority of the work has been done by the farmers though. - 2 months after the SALM training and setting up the demonstration sites, 30 farmers took a tour around the farms and households of selected households practising various CSA technologies. This field tour was also attended by Vi-Agro-forestry staff who provided more advice and backstopping to both the staff and trained experts - The experts have also been mobilising fellow farmers to start engaging is some of these practices as a possible solution to their weather problems.	All the trained experts are practicing at-least 2 of the recommended SALM practices. There is also positive energy among the farmers to adopt other practices with time. Not much success can be reported from other farmers within the localities because the short reporting period.
7.	Carry out mass awareness activities using selected media outlets	Not yet	n/a
8.	Field visits, monitoring and supervision by the Head Office finance staff	The head office staffs including Finance officers have so far made 2 visits to the field to monitor activity progress and also ensure value for money.	There is clear evidence of project implementation
9.	Carry out quarterly planning meetings	The project team meet regularly with other project implementers from UNFFE and NUCAFE to discuss progress and also share work plans. These meeting are attended and in many cases chaired by the CSA experts from Vi- Agro-forestry. 2 of such meetings have so far taken place.	

Challenges and how they were overcome

The project has not faced many challenges apart from the following:

- Many farmers within the area have repeatedly expressed interest in taking part in the project but the numbers exceeded the targets and as a result, the project resources could not cater for all them. As remedy the project decided to adopt a cost sharing system where some of the farmers were required to meet part of the training costs.

- Because the project is mainly targeting climate related adaptation mechanisms, it was important that all the project activities fall in line with the weather patterns in the areas. Unfortunately, some of the project activities were not carried out on time to match the weather patterns. The project staff will try to get a more accurate weather forecast in the next phase of the project from the meteorology department.

- The project has also been affected by the late disbursement of project funds by EAFF that was also caused by delays by the other project partners to report to the donor. As a remedy, UCA Secretariat pre-financed some activities and later received reimbursement. It is hoped that in the next phase of the project, such delays will not occur.

Conclusion

In general, the project implementation is on course and UCA expects to achieve 100% of the project targets.

3.0 (a) MICRO FINANCE UNIT

Introduction

The Micro Finance Unit is a UCA Department responsible for handling activities and interventions that promote and provide co-operative support services to financial service cooperatives (popularly known as Saving and Credit Co-operative Societies - SACCOs) in Uganda. The Unit mainly provides technical support services that benefit SACCO members, leaders (Boards and Supervisory Committee) and Management staff. The services also benefit Savings and Credit Cooperatives Unions (SACCO Unions). The Unit operates through head office staff (Unit Manager and Manager Capacity Building Services) that are supported by Microfinance Officers in all UCA's regional offices.

The Micro Finance Unit mobilizes, sensitizes and guides communities to form SACCOs. It then builds the technical capacities of SACCOs (members, leaders and management staff) to enable them provide easily accessible and affordable financial services to their members on a sustainable basis. It also conducts regular internal audit and supervision of SACCOs to ensure that they operate professionally, comply with sound SACCO standards and comply with their policies, byelaws and Co-operative Laws and Regulations so that they become safe, sound and sustainable financial services institutions.

The Microfinance Unit's main objective is to build Sustainable SACCOs that provide easily accessible and affordable financial services to underserved communities.

Uganda's Microfinance industry:

Over the past decade, Uganda's microfinance industry has grown from an insignificant to a major sector in the economy in terms of providing easily accessible and affordable financial services to previously underserved or neglected communities in particular, rural communities. The institutions' clientele or membership has persistently been increasing year on year over the past decade. Adoption and application of the generally accepted micro finance sound practices and a growing stakeholder interest have combined to accelerate the sector's growth. The improvement of the Government's attitude towards co-operative from the mid-2003 and the passing of the MDI law also helped create a conducive environment for the growth of micro finance institutions in the country; SACCOs in particular.

The recent development where deliberate efforts have been made to encourage people to form small informal groups like the VSLAs and then link them to SACCOs has led to the growth of SACCO membership as well as penetration of the financial services deeper into the previously unbanked communities. The formation of youth saving clubs in schools that are then linked to SACCOs is also helping build a culture of saving among the youth as well as a co-operation / team spirit.

Achievements of the Microfinance Unit.

Given that its work is mainly of a development nature, the Unit executes its mandate through projects. Therefore, its achievements during the year 2013/2014 are best described in reports of the project that were implemented during the period that included the MCB Project (180 SACCOs and 6 Regional SACCO Unions), IFAPI II Project (22 SACCOs), VECO Project (3) and EFVP project (8 SACCOs). Furthermore, the Unit continued to implement the Professional Financial Co-operative Management training course for both SACCO management and leaders where 45 graduated during the year and 35 were admitted to commence the training in the year 2014/2015.

In all, UCA has 236 SACCO and 6 SACCO Unions as its members. However, not all of these participated in its projects during the year since a majority of them had already been weaned off active project support.

Youth Empowerment

The Micro Finance Unit has sought to increase the participation of the youth in the affairs of SACCOs in particular at the members, leadership and operational levels. The Unit has worked through UCA's many projects to mobilise the youth to join SACCOs as members, encouraged SACCOs to make it easy for the youth to join as members, through the leadership search and vetting committees, ensure that the youth participate in the SACCO leadership, supporting SACCOs to design, develop and implement appropriate and affordable financial service products for the youth, and promoting youth savings clubs in schools and linking them to SACCOs so that they acess financial services. The Unit also promoted the formation of the youth saving clubs on secondary schools and then linked them to SACCOs.

The detailed performance and achievements of MFU are described in the individual project reports for the year 2013/2014 that follow in the sections below.

3.0 (b) AGRI BUSINESS UNIT (ABU)

Introduction

The Agri Business Unit (ABU) of UCA is responsible for handling the affairs of all co-operatives whose business is agricultural production, value addition and marketing including Enterprise based National Unions.

The Unit provides technical support services that benefit all production, value addition and marketing cooperatives members, boards, committees and management staff. The Unit is headed by ABU manager supported by marketing extension officers based at the head office and the regional offices. The unit is also supported by a partnership manager who links cooperatives to other appropriate support services (Resource, capacity building and business) from the private sectors and other agencies.

The ABU mobilizes, sensitizes and guides communities to form and manage the cooperatives. Through its support services to the production, value addition and marketing cooperatives, the department builds the technical capacities of the cooperators (members, leaders and management staff) to enable them provide quality services to their members on a sustainable basis. It also conducts regular internal audit and supervision of ACEs and RPOs to ensure that they operate professionally, comply with sound cooperatives business management practices.

The Unit is also actively working along with the other Units and UCA development partners in the designing of a successor project to MCB project.

The MCB successor project should also represents a positive step in the implementation of the UCA Strategic Plan (2014 – 2018) as well as UCA's business model. A combination of all these is expected to help UCA wean itself off aid in the long-term as most of the co-operative support services will be provided on a cost-recovery basis.

The detailed performance and achievements of ABU are described in the individual project reports for the year 2013/2014 that follow in the sections below.

3.1 MAXIMIZING CO-OPERATORS' BENEFITS THROUGH VALUE CHAIN LINKAGES (MCB) PROJECT

Introduction

Uganda Cooperative Alliance in partnership with WE Effect and Norges Vel implemented a project known as Maximizing Co-operators' Benefits through value chain Linkages (MCB) for a period of two years (2011-2012). In order to consolidate the achievements of MCB, UCA and its partners agreed to extend the project for another one year that ran up to the end of 2013.

During the one year extension, the project still targeted the same participants including ACEs, RPOs, national unions and SACCOs as it did during its first two years.

Highlights of Key MCB Project Achievements.

Performance of MCB Project supported SACCOs from 1 July to 31 December 2014
In providing co-operative support services to SACCOs, UCA mainly implemented activities that lead to increasing SACCOs' membership, share capital, savings and loan portfolio. The focus was also put at product development for delivery of better SACCO services. New financial services products included youth savings clubs, mobile money services, micro insurance services and linkages with VSLAs. Furthermore, UCA provided mentoring, guidance, internal audit and supervision services to ensure that SACCOs provide efficient and effective services to their members and also become safe, sound and sustainable institutions. UCA also linked SACCOs to other players and service providers such as the Microfinance Support Centre, UCCFS, solar power suppliers, etc. The tables below show a summary of MCB project supported SACCO's performance during the period 1st July – 31st December 2013.

Table: 1 Summary of SACCO Performance

Items	30th June 2013	31st December 2013	Increase	Increase in %age
Number of SACCOs (Nos.)	180	180	0	-
Membership (Nos.)	303,442	310,028	6,256	**2.2**
Share capital (000 Shs)	24,161,245	25,751,925	1,590,680	**6.6**
Savings deposits (000 Shs)	36,126,847	36,296,221	169,374	**0.5**
Loan portfolio (000 Shs)	63,981,661	67,272,887	3,291,226	**5.1**

Table: 2 Number of SACCO

Regions	30th June 2013	31st Dec 2013		
	No. of SACCOs	No. of SACCOs	Increase	Increase in %age
Busoga Region	12	12	0	0
Kyenjojo Region	34	34	0	0
Mbarara Region	70	70	0	0
Masaka Region	18	18	0	0
Mbale Region	20	20	0	0
Mukono Region	26	26	0	0
Total	**180**	**180**	**0**	**0**

Table: 3 SACCO Memberships.

Regions	30th June 2013	31st December 2013	Increase or Decrease	Increase in %
Busoga Region	10,901	13,403	2,502	23.0
Kyenjojo Region	26,486	28,399	1,913	7.2
Mbarara Region	150,899	153,413	2,514	1.7
Masaka Region	52,132	53,103	971	1.9
Mbale Region	17,822	18,154	332	1.9
Mukono Region	45,202	43,556	(1,646)	-3.6
Total	**303,442**	**310,028**	**6,256**	**2.2**

Table: 4 Members' Share Capital

Region	30th June 2013	31st December 2013	Increase or Decrease	Increase in %
	(000Ushs)	(000Ushs)	(000Ushs)	
Busoga Region	477,038	504,312	27,274	5.7
Kyenjojo Region	1,626,201	1,936,660	310,459	19.1
Mbarara Region	15,457,117	16,645,163	1,188,046	7.7
Masaka Region	3,909,761	4,048,491	138,730	3.5
Mbale Region	704,344	700,050	(4,294)	-0.6
Mukono Region	1,986,784	1,917,249	(69,535)	-3.5
Total	**24,161,245**	**25,751,925**	**1,590,680**	**6.6**

Table:4 Members' Savings

Region	30th June 2013	31st December 2013	Increase or Decrease	Increase in %
	(000Ushs)	(000Ushs)	(000Ushs)	
Busoga Region	526,265	664,475	138,210	26.3
Kyenjojo Region	2,773,802	2,819,859	46,057	1.7
Mbarara Region	20,051,865	21,260,547	1,208,682	6.0
Masaka Region	5,956,046	6,204,699	248,653	4.2
Mbale Region	665,096	718,253	53,157	8.0
Mukono Region	6,153,773	4,628,388	(1,525,385)	-24.8
Total	**36,126,847**	**36,296,221**	**169,374**	**0.5**

Table: 5 Members' Outstanding Loans

Region	30th June 2013	31st December 2013	Increase or Decrease	Increase in %
	(000Ushs)	(000Ushs)	(000Ushs)	
Busoga Region	884,480	957,036	72,556	8.2
Kyenjojo Region	5,148,098	5,252,491	104,393	2.0
Mbarara Region	38,345,526	40,142,334	1,796,808	4.7
Masaka Region	9,723,952	10,732,823	1,008,871	10.4
Mbale Region	1,347,427	1,600,232	252,805	18.8
Mukono Region	8,532,178	8,687,971	55,793	0.7
Total	**63,981,661**	**67,272,887**	**3,291,226**	**5.1**

SACCO Performance Analysis:
The percentage increases shown in the tables above reflect a positive trend that SACCOs are experiencing. There were increases in Membership, Share capital, savings and loan portfolio in five regions. Mukono region registered decreases in reported SACCO membership, share capital and savings. This led UCA to strategically focus on improving on the quality of SACCO performance and enforcing compliance with SACCOs' policies, standards and legal requirements.

- **Membership growth.**

With support from the project, SACCOs were able to mobilize more members. This was because of better services offered by the SACCOs. During July - December 2013, SACCO membership increased from 303,442 to 310,028 representing a percentage increase of 2.2% over the period. This means that more people were able to access financial services from SACCOs.

- **Share capital growth.**

Through increased membership, SACCOs were able to mobilize more resources in form of share capital which increased from Ug. Shs. 24,161,245,000 to Ug Shs. 25,751,925,000 representing a percentage increase of 6.6%. This meant increased resources for SACCOs to offer credit to their members. This particularly enables SACCOs to meet the bulk of their members' loan demands.

- **Savings growth**

Total savings in SACCOs grew from Ug Shs. 36,126,847,000 to Ug Shs. 36,296,221,000 shillings during the period, representing an increase of 0.5%. The low growth of savings was mainly due to the poor agricultural harvests by the members that resulted from prolonged draught that hit much of the country.

- **Loans portfolio growth.**

The loan portfolio across all SACCOs participating in the project grew from Ug Shs. 63,981,661,000 to Ug Shs. 67,272,887,000 representing an increase of 5.1%. This is an indicator that SACCOs are giving more loans their members.

i) Operating self-sufficiency.

92% SACCOs participating in the Project had achieved operational self-sufficiency by the end of 31st December 2013. This meant the majority of the project supported SACCOs were able to cover their operating costs on their own i.e. the income they generated from their operations was sufficient to cover their operating costs. This shows that UCA's and indeed, the project's objective of promoting sustainable SACCOs was being achieved.

ii) Financial self-sufficiency.

Close to 52% SACCOs participating in MCB project had by 31 December 2014 achieved financial self-sufficiency. The SACCOs could cover their operating costs and financial costs including inflation and financial costs using the income they generated from their operations. This was a good development but there is need for more concerted efforts to ensure more and more SACCOs grow and achieve operational and financial self-sufficiency.

Lessons Learnt and Way Forward

i) SACCOs whose leaders and management staff accept and implement the technical advice given to them by UCA, generally improve their performance and do better business. Technical capacity building, mentoring and guidance, internal audit and supervision services are what SACCOs need most in order to improve their performance. However, the majority of Ugandan SACCOs sadly tend to put more emphasis on material and financial support which in the long term, make them dependent and do not help them improve their performance and become self-sustaining institutions.

ii) There is a need to 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, and gender awareness. All these will improve the utilization of SACCOs' services.

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

iv) UCA should continue assisting SACCOs to develop new financial service products which will help them to meet their members' increasing and changing needs, better manage their business risks, increase their youth membership, and increase their members' satisfaction.

v) Well established and performing SACCOs need to be supported to form regional SACCO unions as a strategy for building viable SACCOs, improving collaboration and networking among SACCOs, reducing their operating costs (as they benefit from economies of scale/bulk purchases). This will also make it easier for them to jointly access external services.

vi) There is an urgent need strengthen the SACCO regulatory and supervision regime and also ensure that it is effectively implemented in all SACCOs across the country.

Performance of ACEs supported by MCB project from 1st July to 31st December 2013

Membership

i) Institutional membership *(Primary Cooperative Societies and Producer Organizations).*
By the end of 2013, MCB project had 417 RPOs participating in the project. This represented an increase of 50 RPOs (from 367 RPOs that participated in the project as at 30 June 2013). This represented a growth of 13.6%.The overall percentage growth in number of RPOs (institutional membership) since inception of MCB therefore is 104.25 % against set project target for the 3 years.

ii) Individual membership.
By December 2013, total individual membership in the 417 RPOs and 54 ACEs participating in the project was 93,322. This when compared to 90,744 registered members as 30 June 2013, shows an increase of 2,875 new individual members representing a 3% growth during the period.

Comparing the 93,322 individual members as of December 2013 against the planned overall MCB target of 100,000 individual cooperators shows an overall achievement of 93.32% since inception of MCB in 2011.
Categorized on gender basis, 41,446 members were male adults, 25,340 were female adults, 14,161 were male youth and 12,375 were female youth. The above figures compared with the figure as of June 2013 indicate increase of 956 Male adults, 780 female adults, 704 male youth and 405 female youth.

iii) Co-operative Leadership by Gender
Reorganization, mentorship and gender mainstreaming training support to RPOs and ACE leadership under MCB Project has resulted into women taking up more leadership positions in their co-operatives. Of the total 2,777delegates from the RPOs to the 54 ACEs, 1,275 were women and this was 45.9% of the total. As a result, matters concerning gender and HIV/ AIDS were well articulated during the ACEs' executive committee meetings, Annual General Meetings (AGMs). In turn whatever was discussed at these fora was effectively taken back to the general membership that was relatively gender balanced.

iv) Share capital.
ACEs' share capital increased from shs. 803,363,217/= as at 30 June 2013 to shs. 818,999,000 as at 31 December 2013; a growth of shs. 15,635,783 or 1.5 %.Though a small increase, the growth demonstrated the continued confidence that individual co-operators and their RPOs had in their ACEs.

Table 6: ACEs Share capital (from RPOs) growth during the period July to December 2013

Region	*No. Of ACEs*	*As at 30 June2013*	*As at December 2013*	*Growth in the period*	*Cumulative 2011-Jul to Dec 2013*	*Project Target*	*% project achievement (2011-2013)*
		(Million Ug. Shs)	*(Million Ug. Shs)*	*Million shs.*	*(Million Ug. Shs)*	*(Million Ug. Shs)*	
Jinja	8	87,551,000	87,600,000	49,000	87,600,000	150,000,000	58.40%
Kyenjojo	10	85,725,000	89,500,000	3,775,000	89,500,000	150,000,000	59.67%
Mbale	12	34,012,000	36,012,000	2,000,000	36,012,000	150,000,000	24.01%
Mbarara	14	477,387,166	487,387,000	9,999,834	487,387,000	200,000,000	243.69%
Mukono	10	118,094,274	118,500,000	405,726	118,500,000	200,000,000	59.25%
Total	**54**	**803,363,217**	**818,999,000**	**15,635,783**	**818,999,000**	**850,000,000**	**96.3%**

v) Integration of ACE with SACCOs

Out of the fifty four ACEs participating in MCB project, forty nine were linked to SACCOs. The total number of members of ACEs who were also members of SACCOs was 38,480 or 41% of the total (against a project target of 50%). **As at** 30th June 2013, 45 ACEs were linked to SACCOs (within their communities) with 36,248 members involved showing an increase of 2,233 members.

Table 7: Comparison of ACEs Sales Growth during the period July to December 2013

Region	No. Of ACEs	30th June 2013			July to December 2013		
		No. Of farmers bulking	Sales (Million Ug. Shs)	Av. Sales Income per farmer	No. Of farmers bulking	Sales (Million Ug. Shs)	Av. Sales Income per farmer (Shs)
Jinja	8	1,167	479,100,400	410,540.	1,335	679,500,000	508,988
Kyenjojo	10	3,610	2,453,100,600	679,529	4,790	3,553,400,000	741,837
Mbale	12	7,137	3,387,263,500	474,606	7,136	4,358,450,000	610,769
Mbarara	14	9,203	8,971,422,600	974,836	9,189	8,786,536,780	954,747
Mukono	10	1,716	341,555,680	199,041	525	54,556,000	103,916
Total	**54**	**22,833**	**15,632,442,780**	**684,642**	**22,975**	**17,432,442,780**	**809,658**

vi) Sales Commission earned during the period July to December 2013.

On average, the total sales commission earned by 54 ACEs increased by 63% during the period. It rose from Shs146, 659,063as at 30 June 2013 to Shs.238, 056,895as at December 2013.

vii) Value addition during the period.

In an effort to promote farmers' participation in the value chain and increasing their profit margins, MCB project continued to support the participating farmers' initiatives in adding value to their products. Farmers under the project added value to their products which earned them shs**3,202,790,500**out of the total of shs**17,432,442,780sales** during the period July to December 2013 or ***18.4% of total sales.***

viii) Inputs sales by ACEs during the period July to December 2013

To boost the ACEs' business volumes, their members' productivity had to be improved. Under the MCB project, they sought to achieve this by promoting use of improved farming technologies including use of improved seeds and fertilizers while applying best management practices.

Table 8: Inputs purchased by 54 ACE as at 31st Dec 2013

Input Type	Benefitting Members			Quantity Procured (Kg)	Commission Earned/ Unit (Shs)	Aver. Paid Price (Shs)	Average Open Market Prices (Shs)
	Men	Female	Total				
OTHER SEEDS	584	307	891	25,660	3,566,611	1,053	1,328
MAIZE	190	196	386	2,741	1,906,450	2,109	2,351
BEANS	1688	780	2,468	2,271	953,100	868	1,500
SORGHUM	7,120	5, 200	8,320	15,000	15,007,000	1,300	2,500
FERTILIZERS	794	603	1,397	12,710	4,020,000	1,115	1,178
Pesticides &insecticides				6,774	1,655,000	13,445	1,620
TOOLS/EQUIPMENTS	320	145	465	707	320,000	14,143	15,357
Herbicides	1	0	1	4	0	13,800	15,000
TOTAL	**10,697**	**3,021**	**13,710**	**65,863**	**21,905,000**		

ix) Strengthened Linkages with partners

- **Business linkages**

5 Business linkages were established during the period July to December 2013. SAMEER supplied 1 milk cooler and provided a market for milk 3,000Litres per day to Bududa ACE. Also 30MT of soya bean contract with DPG Co. Ltd. to Bugaya ACE).A total of about Shs50 million financed by aBi Trust for Manyakabi (training, seeds, fertilizers) and Katerera ACE(completion of warehouse), Shs. 45 million for a bulking fund from MSC to Bukawa ACEs, World Food Programme purchased 235MT of maize and 150 MT of beans from Nyakyera with repeated contracts. Increasingly, cooperatives have become better suppliers than the other informal groups and local buyers.

- **Partnership linkages**

In total **26** active partnerships have been established and are on-going of which 5 are financial and 21 are non-financial linkage. During July to December 2013 period, no new formal linkage was reported. Some of those partners include; Techno serve, SNV (Netherland Development Organization) ,Sunshine agro international, Coffee a Cup (Elgon Farmers Rural Agricultural Financing), District local Government/ NAADS, Crown Beverages (Pepsi Cola), LEAD compete (USAID),WFP and National forest authority NFA, SAMEER, private sector, Abi trust, Agritera, kilimo trust amongst others.

Figure above: Serenut 5 G/Nut Demos garden for training of farmers in Bujja RPO

x) Access to market information.

48 ACEs representing 88% of the participating ACEs provided market information to their members. The information was sourced from established and linked buyers, radios, local traders and UCA staff contacts. This information helped the ACEs to discuss with their members various business offers and make informed and shared decisions.

xi) Record management in cooperatives.

36 ACEs were supported in record management during the period by way of training, provision of templates and mentoring. Of the 36, 16 ACEs rated at about 60% compliance, 17ACEs were rated at about 55%while 3 ACEs were at 45% compliance. The target is to have a minimum of 95% compliance for all ACEs in record keeping and reporting. This is in terms of keeping basic cooperative records and preparing reports.

There is however a lot yet to be done in terms of getting ACEs fully comply with the record keeping and reporting requirements. The high rate of staff turnover and changes in leadership (due to regular elections) also tend to compound this problem.

xii) Adoption of new technologies

Under crop, the technologies included use of improved seeds, fertilizer application (organic and inorganic), pesticide use, herbicides use, soil and water management, post-harvest handling, value addition, pest and disease control and plant spacing depending on soil fertility and water availability. During the period July to December 2013, adoption of any of the three above technologies by cooperators was at 65%.

xiii) **Cross cutting issues.**

In line with the project requirements, UCA continued to enforce mainstreaming of crosscutting issues notably gender, HIV/AIDS, environment and the youth into all participating co-operatives at the levels of membership, leadership, management staff and operations.

In particular, the climate change and its adverse effects on the farmers' activities and their harvests in particular have awakened co-operatives and their members such that they are now all positively responsive to the technical advice provided on the subject. The targets for women and youth representations in co-operative leadership were also being observed thanks to the general circular issued by the Registrar of Co-operatives on the subject.

From the performance analysis described in the above sections, it has been shown that the number of people joining cooperatives in Uganda is increasing. This demonstrates that people see co-operatives as relevant institutions that have capacity to assist them sustainably meet their needs. As done under MCB project, co-operatives, UCA and other co-operative support organizations need to work together to ensure that the co-operators expectations are realized.

Major challenges

- Climate change and the associated bad weather, in particular less than normal rainfall experienced in most parts of Uganda negatively affected the farmers' production. In some areas where it rained, there were floods and excessive rains and floods which also affected production and productivity.

- Limited structured market opportunities/ contracts which would guarantee farmers investing in quality inputs to increased production and earn more.

Lessons Learnt and Recommendations for the Way Forward

- There is a need to promote increased productivity and production through use of improved technologies and farming practices. Promotion of SALM practices is one way of improving productivity that MCB introduced and needs to be sustained.

- The environment for cooperatives to actively participate in the overall economic development from rural through to urban society has greatly improved. This is witnessed by the emergence of not only new agricultural cooperatives but also by the middle class alike joining cooperatives. This is even made clearer by the different development partners who have embraced the co-operative model of doing business in their social and economic development activities. Therefore, more efforts should be put at promoting cooperative education and advocacy among the target communities in Uganda.

- Integration of production. Value addition and marketing cooperatives is working. However, the financial cooperatives still have a low financial resource base to fully finance bulking and, value addition investment needs. Therefore there is a need to mobilize people to buy more shares and to save through their SACCOs in effort to raise their financial resources. Furthermore, cooperatives need to be linked to affordable financial services providers to enable them to access investible funds. At the same, UCA should work with financial services institutions to develop and put in place appropriate and affordable financial services products. In addition, the warehouse receipt system needs to be simplified. Promoted and operationalized in cooperatives.

- Provision of material support to cooperatives does not necessarily lead to improved performance. There is an urgent need for a judicious mix of technical support, material support in particular for value addition and structured trade arrangements.

- UCA's co-operative support services are in great demand by co-operatives throughout the country. It should therefore build its resource capacity as well as collaborations and partnerships that will enable it deliver on its mandate and meet the co-operatives' expectations.

- There is need for UCA to roll out its cooperative support services to other cooperatives beyond those directly supported by projects. Communities in need of forming new co-operatives should be assessed and advised on the feasibility and viability prospects of their desired co-operatives. Their duties and responsibilities should also be made clear to them.

3.2 EMPOWERING FARMERS IN LAKE VICTORIA BASIN PROJECT (EFVP)

During a five year period running from 2012-2016, UCA is implementing a project known as 'Empowering Farmers in the Lake Victoria Basin Project'. The implementation of the project is being supported by Vi Agro forestry. The project is benefiting 8 Area Cooperative Enterprises (ACEs) of which 4 are existing but weak ACEs while 4 are new ones formed by selected communities. 40 primary cooperative societies (also known as RPOs) affiliated to 8 ACEs and 8 Savings and Credit Cooperative Societies (SACCOs) are also participating in the project. 8,000 individual cooperators that are members of the primary co-operatives societies and SACCOs are also benefiting from the project.

Project Goal: Improved living conditions for farmer households through sustainable use of natural resources within the Lake Victoria Basin by 2016.

Project Objective: Empowered farmer organizations addressing the rights of their members and effectively contributing to sustainable land use management in the Lake Victoria Basin.

Area of operation: The project is working in the districts of Masaka, Rakai, Bukomansimbi, Lwengo, Butambala.

Project Components and outputs.

Component 1: Organization Development

Programme Element	Performance Indicators	Target (Annual)	Achievement July 2013-June,2014	Comment
1. Organizational Development				
1.1. Efficient farmer organizations delivering services to their members	1.1. Number of members in groups/partner organization" (Gender disaggregated)	Male 3,600 Females 2,400	Male 2,869 Females 2,950	The numbers are likely to increase if better markets for enterprises are identified on especially coffee and banana wine.
		-	5,699	The numbers are likely to increase if better markets for enterprises are identified on especially coffee and banana wine.
1.2. Increased democracy and transparency within the farmer organizations	1.2. Number of farmer organizations having annual general meeting (AGM)	1	UCA	AGM is due in September, 2014. Last AGM was held 1st October,2013
1.3. Strengthened farmer organizations competences and skills in resource mobilization and leadership	1.3. % increase in per capita total asset of Partner organization	-	-	

Component 2: Agro forestry, Environment and climate change

Programme Element	Performance Indicators	Target Annual	Achievement	Comment
2. Agro forestry, Environment and climate change				
2.1. Decreased land degradation	2.1.1. Number of long term trees established	40,000	5,705	Sensitizations were embarked on late year, nurseries were established April/May, 2014 and actual planting of trees in the field is due to take place September/October, 2013.2014
	2.1.2. Number of short term trees planted	60,000	52,650	These are planted Kasambya ACE, Malongo ACE, Kingo and Bulo ACEs.
	Number of Fruit trees established	-	1,252	At least three RPOs have established fruit trees on a commercial basis. These are Kamazzi RPO, Bulo United RPO. These trees were got through lobbying.
	2.1.3. Number of households with soil erosion control structures	800	5,699	At least every household has a soil control structure and all new members are encouraged to do the same.
	No of degraded sites rehabilitated	-	-	This is not been among the activities for implementation this year.
2.2. Farmers more resilient to climate change	2.2.1. % of households reporting yield increase this year Current status.	820	100%	Due to the adequate rainfall yields have increased.
	2.2.2. Number of households with diversified crops this year	1,600	720	Diversification is encouraged to avoid the problems of dependency on one cash crop and related risks
	Number of Households that participated in training about the importance of growing a variety of crops and how to get adequate nutrition to their diet.	2,000	1,045	Diversification of crops is encouraged to avoid the problems of dependency on one cash crop and related risks and for improved nutrition
	Number of Farmers who participated in training relating to the effects of climate change	2,000	1,045	The effects of climate change are stressed in practically all trainings. So, farmers are taught about mitigation measures.
	2.2.3. % of household adopting agro-forestry and	2,000	52.25%	These are the members trained on SALM practices, agro-forestry and diversification of enterprises.

Programme Element	Performance Indicators	Target Annual	Achievement	Comment
	SALMS this year			
	2.2.4. Number of school children trained on environmental issues.	300	-	Six schools have been identified with the help of local leaders. Actual activity implementation in schools planned for this quarter.
	2.2.5. Number of households with water harvesting structures constructed	600	34	Sensitizations have been done, farmers appreciate the importance of harvesting water but the adoption is still low due to costs involved.
2.3. Reduced stress on natural resources through increased production and improved utilization of sustainable energy	2.3.1. Number of households using wood saving stoves new 2014	360	120	Construction of the stoves is still ongoing; hence the number is expected to increase.
	2.3.2. Number of households using solar energy	160	47	The local govt. introduced this program in Lwengo district and some farmers have adapted to this use by using funds from their voluntary savings in their respective VSLAs.
	2.3.3. Number of households using biogas	10	-	Sensitizations have been done, farmers appreciate its many uses but not yet taken it up due to high costs involved.
	No. of farmers utilizing briquettes	100	25	In Tukomyewo ACE, Kabwangu RPO has taken up the making of briquettes as a business enterprise. More farmers are expected to take on use of briquettes.

Component 3: Farm Enterprise Development

Programme Element	Performance Indicators	Target	Estimated Achievement	Comment
3. Farm Enterprise Development				
3.1. Farmers transformed from relying on subsistence agriculture to become market-oriented Agro forestry farmers	3.1.1. Number of households getting income from sale of on-farm products	2,000	5,699	Practically all households earn their living from sale of farm products.
	3.1.2. Number of groups practicing value addition	20	25	These are groups engaged in coffee processing, sorting of beans and maize and banana wine production.
	Number of groups that have marketed their produce collectively	25	26	These are groups engaged in coffee processing, sorting of beans and maize

Programme Element	Performance Indicators	Target	Estimated Achievement	Comment
				and banana wine production.
3.2. Increased availability of financial services for small-holder farmers for productive and social investments	Number of active saving and borrowing groups	25	22	Two of these are SACCOs i.e. Kasambya and Kiwangala, and the rest are VSLAs.
	3.2. Number of farmers accessing financial services from SACCOs & Co Save groups/VSLAs (Gender disaggregated)	Male 2,500 Female 1,500	MA:1,564 FA:1,764	MA:508 in VSLAs MA:1056 in SACCOs FA:708 in co-saves FA:1056 in SACCOs
	Number of financial services networks formed	2	-	The VSLAs and SACCOs still need strengthening for formation of strong networks.
	Number of groups linked to financial institution.	2	-	The VSLAs and SACCOs are still undergoing strengthening before they can be linked to financial institutions.

Component 4: Mainstreaming Gender Equality and HIV and AIDS

Programme Element	Performance Indicators	Target (Annual)	Estimated Achievement (Semi-Annual)	Comment
4. Mainstreaming Gender equality and HIV and AIDS				
4.1. Capacity established among farmer organizations to mainstream gender equality	5.1.1. % of women in board and management positions of partner	Board 30% Management 30%	UCA	These are ACES women leaders.
	% of women in leadership positions in groups	30%	40.3%	These are ACEs women leaders and at all levels, i.e. ace and RPO, women are encouraged to take up leadership posts.
	Number of Farmer organizations and Groups trained on gender & development	8	5	At least five ACEs were trained in May and the remaining three are yet to be trained.
	Number of Group/farmer org that have developed Gender Policies	8	-	Gender policies are not yet in place. Trained groups provided with templates.
	5.1.2. % of resources utilized for women.	45	-	40%

Component 5: Children and Youth

Programme Element	Performance Indicators	Target (Annual)	Achievement	Comment
5. Children and Youth				
5.1. Youth and children are integrated in agro forestry practices	Number of schools implementing children and youth activities	6	-	This component was only introduced this year 2014, and started with training UCA staff on working with Children. Six schools have been identified, with the help of local leaders, initial contacts made with head teachers. Actual activity implementation to begin this quarter.
	Number of schools with environment or agriculture clubs	6	-	Six schools have been identified, with the help of local leaders, initial contacts made with head teachers. Actual activity implementation to begin this quarter

Key Project Achievements 2013/2014.

a) Organizational development.

- In addition to the four ACEs that were reorganized during 2012/2013, four communities have been mobilized to form four new ACEs. 21 RPOs have been mobilized to register under the four ACEs as indicated below:
- Bulo ACE and Seven (7) RPOs that organized to subscribe to its existence are under registration.
- Kingo ACE and Seven (7) RPOs that organized to subscribe to its existence are also under registration.
- Kiwangala ACE and Six (6) RPOs are under registration.
- In Tukomyewo area of Operation – Kabonera Coffee Farmers Association is under registration as Kabonera Coffee Farmers Cooperative Society.
- Fourteen out of the 21 RPOs mobilized have already bought and filled in their Bye laws and are now waiting for DCOs recommendation. These are from Kasambya, Kiwangala and Bulo ACEs.
- Six UCA staff were trained in Integrating youth and Children into Agro forestry practices.
- Leaders of 4 ACEs were trained in record keeping and the four ACEs received record books to enable them run their organizations professionally.
- Two Cooperatives in the region, that is West Buganda Coffee Farmers Union (WEBCOF) and Kibinge Coffee Farmers Cooperative Soc. Ltd (KCFC) were mobilized by UCA staff and have both applied to register as UCA as members.
- The formation of SACCOs under EFVP projected was embarked upon by mobilizing active Co save groups. The total savings in co save groups amounted to shs 92,373,300/=

Table1: ACE Membership

Name of ACE	Membership 2013/2014				Membership 2012/2013
	No of RPOs	Men	Women	Total	
Kasambya ACE	7	219	227	446	441
Kingo Farmers	7	313	289	602	598
Tukomyewo ACE/CFA	5	370	80	450	450
Kisaasa ACE	5	251	75	326	326
Kibinge CF ACE	4	984	422	1,406	1,406
Malongo Farmers	12	564	636	1,200	1,200
Maddu Farmers	5	369	143	512	512
Kasimeko ACE	5	216	89	305	305
Kiwangala	4	111	119	230	-
Bulo United	7	158	398	556	556
Grand Total	**61**	**3,555**	**2,478**	**6,033**	**5,794**

b) Agro forestry.

- One long term tree nursery has been established in Kasambya ACE expected to raise 10,500 seedlings. The seedlings will be due for transplanting in October 2014 and a tree planting campaign will be organized.

- 36,000 of short term trees have been planted in Malongo and Kasambya.

- 5,705 long term trees have been planted in Bulo.

- 1,045 Farmers have been trained in Agro forestry practices, including 515 women, 470 men, 36 female youth and 24 male youth.

- One RPO in Kisaasa ACE (Nnyanga Kentale) has established a commercial/coffee enterprise nursery of 20,000 seedlings.

c) Farm Enterprise Development.

- Farmers in Kasambya ACE have been trained in rearing Kroiler chicken and have mobilized funds to facilitate joint procurement of day old chicks from the National Animal Genetic Resource Centre in Entebbe. The first batch of chicks worth shs 700,000 has been received.

- Two ACEs Bulo and Kasambya ACEs each planted 5 acres of beans to promote good agronomic practices as well as facilitate collective marketing.
- In order to ensure that farmers increase on the incomes they earn from their produce, under the project farmers from 15 ACEs were trained in processing of bananas into wine, and all the 15 RPOs have taken up the technologies and embarked on wine processing in their respective RPOs. For the Financial year 2013/ 2014 Four RPOs sold wine worth Ugshs11,262,000 million.
- With support from the project farmers through their ACEs are being supported to bulk their produce, negotiate for better prices and market their members produce at a price higher than the open market and hence enabling their members to earn higher incomes. For the financial year 2013/ 2014 farmers were able to collectively sell produce worth shs1,413,117,690.

d) Price differences between products bulked and those sold on open market.

- Coffee (Kiboko) was sold at an average price of shs 1,550/= per kg in the open market, while the ACEs were able to sale members coffee at 1,700 kgs per kilogram or nearly 10% higher. For the hurled coffee (FAQ), the open market price per kilogram was 3870 while the ACEs marketed it for members at shs 4,120 per kilogram.
- At the open market maize was sold at shs 425 per kilogram while at the ACE members were able to sell at shs 487 per kilogram which was 14% above.
- For all the commodities sold, the prices offered at the ACEs were higher than open market prices which clearly indicates that produce bulked and sold through the ACEs fetches higher incomes for the farmers than when they sell at the open market.

e) Gender and HIV/AIDs

- In order to ensure gender equality in the targeted communities, and reduce on the effects of HIV/AIDs the project conducted a number of interventions including sensitizations of the cooperative leaders as well as general membership on gender issues which was conducted during this year. In all the cooperatives being supported one third of committee members must be women.
- During the year 2013/2014 women's leaders training was conducted for leaders in from four ACEs and these cooperatives are being supported to develop gender policies.

f) Youth and Children.

- During the year 2014 a new component of Integrating youth and children into Agro forestry practices was introduced in the project.
- Six UCA staff were trained in how to work with children.
- Six schools to implement Agro forestry activities were identified and the teachers sensitized on the importance of Agro forestry.

ACE Business performance.

Table 2: Coffee Sales

Enterprise	Name of ACE	2013/2014		2012/2013		Growth	
		Sales volume	Sales value	Sales volume	Sales value	Ugshs	%ge growth
Coffee	Malongo	4,100 kgs (FAQ)	16,605,000	220,000 kgs	396,000,000	-379,395,000	-95.8
	Kasimeko	9,600 kgs (FAQ)	71,800,000	2,408 kgs	10,234,000	61,566,000	601.6
	Kisaasa	2,6010 kgs (Kiboko)	48,070,975	3,300 kgs (Kiboko)	6,435,000	41,635,975	647.0
	Tukomyewo	103,253 kgs (FAQ)	426,520,850	32,477kgs (FAQ)	149,394,200	277,126,650	185.5
	Kiwangala	27,693 kgs (FAQ)	114,263,765	-	-	114,263,765	-
	Kingo	23,539 kgs (FAQ)	108,205,100	15,046 kgs (FAQ)	73,725,499	34,479,601	46.8
Total			**785,465,690**		**635,788,699**	**149,676,991**	**23.5**

The sales for the coffee increased to shs785,465,690 during the period 2014/2014 from shs 635,788,699 representing growth of 23.5%. This is attributed to UCA's efforts of encouraging farmers to do bulking and subsequently collective marketing. Also a new ACE under formation (Kiwangala) was recruited into the project during 2013.

Table 3: Maize Sales.

Enterprise	Name of ACE	2013/2014		2012/2013		Growth	
		Sales (Kgs)	Sales (Shs)	Sales (Kgs)	Sales (Shs)	Ugshs	%ge
Maize	Malongo	20,000	375,550,000	48,650	340,550,000	35,000,000	10.3
	Maddu	0	17,040,000	24,000	17,040,000	-	0
	Kasambya	12,000	20,000,000	20,000	14,000,000	6,000,000	42.9
	Kiwangala	20,000	9,000,000	0	-	9,000,000	-
	Kasimeko	50,000	25,000,000	0	-	25,000,000	-
Total		**102,000**	**446,590,000**	**92,650**	**371,590,000**	**75,000,000**	20.2

The sales for the maize increased to Shs 446,590,000 during the period 2014/2014 from Shs371,590,000 representing growth of 20.2%. This is attributed by UCA's efforts of encouraging farmers to do bulking and subsequently collective marketing.

Table 4: Beans Sales

Enterprise	Name of ACE	2013/2014		2012/2013		Growth	
		Sales (Kgs)	Sales (Shs)	Sales (Kgs)	Sales (Shs)	Ugshs	%ge growth
Beans	Kasambya	71,700	56,000,000	32,000	48,000,000	8,000,000	16.67
	Malongo	7,467	11,200,000	225,500	281,875,000	(270,675,000)	(96.03)
	Kiwangala	10,000	1,800,000	0	0	1,800,000	-
	Kasimeko	80,000	94,800,000	0	0	94,800,000	-
Total-beans		**169,167**	**163,800,000**	**257,500**	**329,875,000**	**(166,075,000)**	(50.34)

Table 4 shows that sales show that there was a reduction in sale. This is attributed to poor harvest for beans during the Jan-June season of 2014. The rain was too much. In addition, Malongo ACE one of the big producers of beans had not yet sold by the end of June, 2014.

Table : 5 EFVP Masaka : Status of Co- Save Groups June, 2014

Name of ACE	RPO	Membership			Savings		
		Female	Male	Total	Female	Male	Total
	Bulo	40	15	55	3,620,000	1,756,000	5,376,000
BULO	Kyerima (Bulo)	70	18	88	4,455,500	1,234,000	5,689,500
	Bivva Muntuuyo (Bulo)	21	9	30	1,587,000	864,500	2,451,500
	Bule Kwagalana (Bulo)	28	0	28	2,025,000	0	2,025,000
	Mukisa Mpewo (Bulo)	25	7	32	2,362,000	783,500	3,145,500
KINGO	Zinabala (Kingo)	68	0	68	9,510,800	0	9,510,800
	Kagganda – Kingo	30	11	41	3,837,500	1,406,000	5,243,500
	Kabukorwa- Kingo	23	7	30	1,522,500	610,800	2,133,300
	Mannyi Bugagga (Kingo)	31	14	45	3,513,000	1,674,500	5,187,500
KIWANGALA	Nakateete- Kiwangala	42	8	50	3,457,800	763,700	4,221,500
	Nakatooogo-Kiwangala	28	30	58	3,567,600	3,765,900	7,333,500
	Kiboobi- Kiwangala	18	17	35	1,345,600	1,543,700	2,889,300
KASIMEKO	Butenga-Kasimeko	62	34	96	6,567,700	3,675,400	10,243,100
	Kyankoole-Kasimeko	19	13	32	1,467,800	1,208,700	2,676,500
	Kasebwera- Kasimeko	31	5	36	3,689,800	654,500	4,344,300
KASAMBYA	Kabalungi-Kasambya	35	13	48	3,785,300	1,207,400	4,992,700
	Kasambya Women-Kasambya	46	0	46	2,126,600	0	2,126,600
TUKOMYEWO	Kabwangu-Tukomyewo	33	10	43	3,254,300	1,087,400	4,341,700
		0	0	**0**	0	0	0
KISAASA	Kifamba Coffee- Kisaasa	21	43	64	1,543,200	4,213,400	5,756,600
	Kifamba Women-Kisaasa	37	0	37	2,687,900	0	2,687,900
TOTAL		**708**	**254**	**962**	**65,926,900**	**26,449,400**	**92,376,300**

Farmers, young and old, learning how to cut poly-tubes and pot soil.
In the background is the tree nursery bed established at Kasambya ACE.

The EFVP field staff teaching farmers how to prick out and planting tree seedlings into poly tubes.

Challenges.

- Prolonged drought in the region during the second season of 2013 which led to low production yields.
- ACEs lack storage facilities making it difficult for them to bulk members’ produce as they wait for better prices.
- ACEs do not have funds to offer farmers bulking advance which forces farmers to sell off their produce immediately after harvest to meet their urgent cash needs.

Way Forward.

- Mobilize communities to form SACCOs or join existing ones to solve their financial needs between the period after they harvest their produce and time of selling at better prices.
- Support ACEs to have bankable business plans.
- Support cooperative members to increase on climate change resilience through use of improved seeds, agro forestry, SALM practices, and use of fertilizer.

3.3 VECO- FUNDED PROJECT

Project objectives

UCA has been partnering with VECO to achieve its economic objective of seeing 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 improving their income.

BELGIUM'S DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION (DGD) PROJECT

This project lasted 4 years that ended in December 2013. Under this project,rural communities were mobilized and sensitized and this resulted in the formation and registration of 8 ACEs, 38 RPOs and 8 SACCOs. Mobilisation and formation lasted until 2012. For the year 2013, UCA's focus was on strengthening of systems and linking ACEs to markets through participatory market chain approaches and also linking farmers, ACEs and RPOs to financial services e.g. SACCOs and other business development service providers like input suppliers.

The RPOs, ACEs and SACCOs targeted for the year 2013/2014 are summarised in the table below.

PROGRESS MADE ON TARGETS & INDICATORS FOR 2013/ 2014

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 240kgto 360kg	On average 400kg (8 bags) of groundnuts produced per acre although some ACEs like Sihubira, Merikit and Kisoko reported a range of 9 – 10 bags per acre.	This progress was mainly because all ACEs had started providing extension services to member farmers. However, Productivity is still low due to decreasing levels of soil fertility and other factors like low levels of adoption of modern farming methods and use of low yielding crop seeds.
Indicator 1.2 At least 40% of farmers under the project practicing the recommended post-harvest handling practices	35% of farmers have started using recommended post-harvest handling practices	There is a positive growth in adoption of post-harvest handling practices. Despite high cost of materials like tarpaulins, ACEs have plans to start bulk purchase of post-harvest handling equipments, which is expected to reduce costs.
Indicator 1.3 Percentage decrease in the levels of aflatoxins from 10ppm to<4ppm	Tests carried out in Iganga, Pallisa and Bugiri show reduction in aflatoxin levels in groundnuts at farm level	Awareness campaigns on aflatoxin management conducted in all ACEs have had a positive impact
Result 2.0: Sustainable farming practices and climatic change mitigation measures **natural resource management (NRM)** by farmers and other chain actors increased		
Indicator 2.1 30 NRM service providers	4 NRM service providers in 4 ACEs	Selected ACE individuals were further trained in NRM by VECO
Result 3.0: Access to finance by farmers and SMEs (traders, processors) increased		
Indicator 3.1 At least 3000 farmers become	**1,254** Members in SACCOs.	The rate of membership growth is high and promising

RESULTS & INDICATORS	PROGRESS MADE	COMMENTS
members of SACCOs and access financial services (savings and credit)	Share capital of **Ug.shs 18.9M** and savings of **Ugshs.73.6M.** Total loan portfolio amount to Ug.shs. **28,423,500.**	
Result 5.0: Capacity of ACEs/RPOs to offer services efficiently to their members strengthened		
Indicator 5.1 Level/stage of development of the ACEs Baseline **0; 2013:** 6 ACEs at strengthening and development stage	5 ACEs have reached the strengthening phase while the other 4 i.e. Merikit, Bulumbi, Bulongo, Mukongoro are in the formative stages.	UCA's guidance was still needed to address weaknesses in Board and management of some ACEs so that they grow to the strengthening phase. More support was still needed in areas of business planning, development of work plans, budgets, records, book- keeping and reporting.
Indicator 5.2 Number of ACEs offering Business Development services to their members increasing: **Baseline**: 0; **2013:** 8	6 ACEs offering Business Development Services meet members' demands	Namungalwe, Sihubira, Kisoko, Merikit and Kobuin ACEs have been able to do bulking. However, bulking was mainly done at RPO level due to lack of storage facilities at ACEs. Namungalwe, Kobuin, Kisoko, Sihubira, Merikit and Bulongo ACEs are offering extension services to farmers through their production officers
Indicator 5.3 Number of business/trade agreements made between ACEs and buyers Baseline: None; **2013:** 2 trade agreements	Namungalwe and Sihubira ACEs have had repeat transactions. Agreements and sales that were made in the first and second seasons of 2012 have been followed by more in 2013.	Most ACEs reported earning sales commission this year although a lot still needs to be done to support them increase the business volumes and serve members as well as generating more revenues. For example, Mukongoro made commission of Ugshs. 264,000, Kobuin made Ugshs. 400,000, Namungalwe over Ugshs. 1,000,000, Sihubira made Ugshs. 3,870,000 and Kisoko Ugshs. 140,000.

Kisoko ACE Extension officer giving PHH tips to a member

DGD ACE staff attending a reflection meeting in Mbale

Tororo DCO attending a members' meeting at Merikit ACE

The ACEs and their respective RPOs and SACCOs were handed over to district local governments at the end of the project in December, 2013.

BELGIUM'S DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION (DGD) 2014

The DGD project has been renewed for another three years, effective 2014 and UCA signed a contract with VECO early this year. The new project is divided into two sub-projects;

i) Staple Sub-sector Development (SSD) – This targets Doho Rice Scheme in Butaleja, with an objective of assisting rice farmers in the scheme to ensure food security, better productivity and better access to markets so that incomes improve. It is also envisaged that supporting the scheme will go a long way in ensuring rice sovereignty in Uganda. The scheme covers an area of 1,500 hectares with targeted farmers totalling 4,500 males and females.

ii) Inclusive Modern Markets – This is targeting farmers' organisations in Bududa, Kapchorwa and Tororo districts. Its objective is to support fresh fruits and vegetable farmers in those targeted FOs to have a better influence in the market for fresh fruits and vegetables, both on the local and regional markets.

The project is already underway with the preliminary stage involving mainly mobilisation and strengthening of the FOs.

BELGIUM SURVIVAL FUND (BSF) PROJECT

As mentioned earlier on, the BSF project is running until 2015 and targeted farmers' organisation in Bugiri and the greater Pallisa region. Three sub counties were chosen for support and these are Nankoma in Bugiri, Kameke in Pallisa and Kagumu in Kibuku. The purpose was to help participating farmers become food-secure, have more influence and control of the market and resources so that their incomes are boosted to ensure decent livelihoods. The major target enterprises are groundnuts for marketing, then maize, sweet potatoes and cassava for food security. However, in 2012 farmers produced more cassava than they required for food, which meant that the surplus could be sold off to boost household incomes.

TARGET GROUP AND ENTERPRISES

WHAT?	2013
Target Population	Direct beneficiaries:(1,500M and 1,500F). Estimated indirect beneficiaries : (7,500M and 7,500F)
Target Groups	Cooperatives (16 RPOs, 3 ACEs, 3 SACCOs). Strategic Partners: VECO, District Farmers' Associations and District Commercial Officers of Bugiri & Pallisa.
Main Chain	Groundnut
Other Enterprises supported	Maize, Cassava, rice

Table 1: Result Indicators: 2011 was the base year.

Indicator	Baseline	Projected Change	Progress/Achievement July-Dec, 2013	Progress/Achieve-ment Jan-June 2014
Result 3.1 Farmers have effective and sustainable business linkages with chain actors through their cooperatives				
3.1.1 Number of farmers who are members of registered cooperative associations	0%	***2011*** = 90 ***2013*** =200	Average of 100 farmers per RPO.	Total = 1,750 – 1,225M, 525F (117 members per RPO)
3.1.2 Cooperatives successful in accessing Agri-financing for members as per needs and requests of farmers.	0%	***2011 =*** *0* ***2013=*** *3*	3 SACCOs registered and linked to 3 ACEs and 15 RPOs. A total of 520 members (301M, 219F); Ugshs 15,745,000 and Ugshs 20,999,000 mobilized in share capital and savings respectively. Members have borrowed up to Ugshs 27,570,000	• Membership increased to 677 • Share capital = 20,285,000 • Savings = shs26,509,415 • Borrowing=shs 33,320,300
3.1.4 Management Support.	0%	***2011*** *=0* ***2013***=*3* *ACEs with management systems in place*	3 ACEs with staff, record keeping systems, marketing and bulking policy, Asset management policy, Human Resource manuals, Board Manuals and functional business plans	The ACEs have functioning boards, production committees at RPO level, supervisory committees, marketing committees, a manager and a production officer. All ACEs have accounts both in the

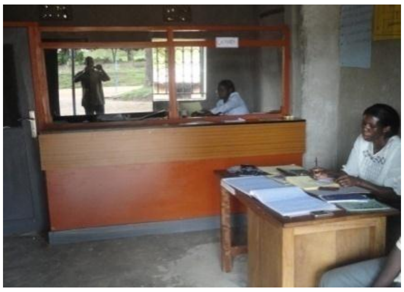
				SACCOs and Centenary Bank. They have stores, offices and office equipment.
3.1.5 Number of effective market linkages (volumes).	0	***2011***= 900 bags ***2013*** = 5000 bags	All three ACEs embraced the main focus of the year, which was embarking on business development. UCA provided all the support required to this end, and indicators showed progress in this area. Kameke and Nankoma have established 2 market linkages each while Kagumu is finalizing with one of Lira Peanut butter factory.	No groundnuts were marketed during the period because it was off-season. However, Kameke sold off the 12.5tons of chipped cassava that members had bulked in the previous seasons.

Kameke ACE

Kameke SACCO.

Table 2: Agri-Finance Performance As At 30th June 2014

District	Sub county	Targeted SACCO	Member Institutions (RPOs, VSLAs etc)	Individual membership		Youth membership		Share capital	Savings	Loan portfolio
				Male	Female	Male	Female	Shs	Shs	Shs
Pallisa	Kagumu	Kagumu Farmers	6	70	46	7	4	5,385,000	5,853,650	6,215,800
Pallisa	Kameke	Kameke Pallisa Farmers'	3	78	43	13	7	4,870,000	3,671,985	4,804,500
Bugiri	Nankoma	Nankoma SACCO	9	243	116	32	18	13,919,000	16,983,780	22,300,000
TOTAL			**18**	**391**	**205**	**52**	**29**	**24,174,000**	**26,509,415**	**33,320,300**



L: Kagumu SACCO, M: Kibuku BCO addressing members during Kagumu AGM, R: Drying chipped cassava in Kameke

Other Unintended Project Achievements/Outcomes

In the process of implementing the project activities in the region, the following unintended outcomes were registered:

- Many VSLAs were directly linked to SACCOs which strengthened farmers' access to Agri-financing.
- Cassava which was previously a major crop for food security has emerged as being a major cash crop in the region due to knowledge and skills acquired from the training and introduction of high yielding and disease resistant varieties plus a concept of collective production and marketing
- More development partners have liked UCA model for provision of production, value addition, marketing and financial support services to farmers and have copied and are applying the same in their community mobilization and development activities.

Challenges Faced And How They Were Overcome Or How They Can Be Overcome

a) Resource mobilisation – members are hesitant to contribute beyond purchasing of a share and membership (minimum requirements), which makes co-operatives to rely on donor funds, yet they cannot meet all the requirements with such. This has led to a slow growth of the RPOs and the ACE during times of no donor funds. The solution is to mobilise and sensitise members more as support for more funding and business linkages is sought so that the co-operatives can generate their own funds to enable them provide services to members.

b) Poor funds utilisation – The leaders and staff of some ACEs and SACCOs have not fully taken advantage of donor funds to boost their productivity that would ensure sustainability when the project ends. Instead they are spending all funds internally generated on activities that do not target long-term sustainability. More entrepreneurship training for staff, leaders and the general membership need to be undertaken so that the organisations, their members, leaders and management staff learn to put more emphasis on more productivity than consumption.

c) Untrustworthy leaders and staff - Like the case was with Kagumu ACE and Kameke SACCO where the staff defrauded the co-operatives without early detection by leaders. This calls for constant vigilance by leaders and close monitoring and supervision by UCA and the Department of Cooperatives. The co-operative leaders as well as members need to regularly attend refresher training programs to build their technical capacities and empower them to effectively supervise their technical staff. UCA has successfully done this in Kagumu ACE, Merikit ACE and Kameke SACCO, and the three are on a steady path to full recovery.

d) Prolonged drought spells – Many times, production has been affected because of short or no rains and the farmers have had nothing to sell through their co-operatives, which has adversely affected them.

This calls for them to have more than one enterprise, linking them to sources of drought resistant and early maturing crop varieties, and mobilising them to plant early so that they are not so much affected. The co-operatives have also been advised to create partnerships with irrigation practitioners to explore effective means of irrigation so as to minimise the effects of the droughts.

ACE staff inspecting farmers' gardens to take data on the performance of new Sere-nut 5 and 6 varieties of groundnuts in Kameke and Kagumu ACEs.

3.4 PROFESSIONAL FINANCIAL COOPERATIVE MANAGEMENT PROGRAMME (PFCMP)

Introduction

UCA has since 2010 been implementing the Professional Financial Cooperative Management Programme (PFCMP) in collaboration with Moshi University College of Cooperatives and Business Studies (MUCCoBS) Tanzania and Since then, 261 cooperative practitioners have graduated. The majority of PFCMP graduates have performed well wherever they are working in terms of transforming their cooperatives to better financial services institutions. At the moment, there are more than 2,500 active SACCOs in Uganda and all these need professionally competent management staff and good leadership.

The PFCMP graduates have since formed an Association of Financial Cooperative Professionals of Uganda (AFCPU) to help in promoting and protecting co-operative management professionalism in Uganda, by ensuring integrity and respect to professional ethics and practices among financial cooperative professionals and the institutions they are serving. Financial Cooperatives need and should have qualified staff, capable of providing quality but affordable financial services to economically active poor and middle class people on sustainable basis. Professionals who are members of the Associations will be closely monitored and supervised to ensure that they efficiently and effectively manage their organizations to enable them become safe, sound and sustainable.

Progress Of The Programme:

Through attending the PFCMP course, SACCO management staff and Leaders as well as other Microfinance practitioners, acquire knowledge, skills and attitudes that enable them to efficiently and effectively manage Financial Cooperatives in particular.

Third intake 2013/2014 graduation ceremony:

On 9th May 2014, the 3rd Graduation Ceremony for Professional Financial Cooperative Management Programme (PFCMP) was held at Pope Paul Memorial Hotel. 45 Students graduated and were awarded the Financial Cooperative Management Profession Certificates. Out of the 45 students, 40 were from the 3rd intake and 5 were from the 2nd intake. The function was officiated at by the Principal of Moshi University College of Cooperatives and Business studies (MUCCoBS). It was also attended by other senior management staff of the University. The Commissioner of Cooperative Development, Ministry of Trade, Industry and Co-operatives, Uganda was the Guest of Honor.

The 4th Intake of PFCMP

Below is a table showing the students who applied and were admitted for the course. By the 30th June 2014, they were still pursuing the course.

Table 1: Applied, Admitted students for the 4th intake

Training Centre	Applied students	Admitted students
Arua	2	2
Kampala	30	27
Masaka	5	3
Mbale	4	4
Mbarara	16	13
Kabarole	8	6
TOTAL	**65**	**55**

Seventh Regional Monitoring Committee Meeting

The seventh Regional monitoring committee was held on 8th May 2014. This meeting was attended by the Principal of MUCCoBS, the General Secretary of UCA, the Regional Coordinator of PFCMP and the Country Coordinator of PFCMP Uganda. The Deputy Principal, Academic MUCCoBS and the Dean of Students Faculty of Business and Information Sciences also attended the meeting.

Issues discussed included:

- PFCMP Newsletter
- Graduation and Publicizing PFCMP Programme
- Circular from Commissioner of Cooperatives
- Starting students intakes in September
- Opinion from Previous Students on Availability of Reference materials
- Review of Training Materials
- Professional Body for Tutors

Comments on the Students' Drop Out rate

- People who had applied in two or more institutions decided to take up other courses because the PFCMP program starts in November, yet other courses in Uganda start in August.

- Some SACCO Employees expected support from partner organizations (Microfinance Support Center and Uganda Cooperative Savings Credit Union), but most of their requests were turned down.

- Some students dropped out because they could not afford the tuition fees due to the financial difficulties they were experiencing at a personal level.

Achievements

- Mobilized for and admitted 55 students to undertake the course, in the 4th intake.
- Mobilized organizations to send their staff to undertake the course.
- Registration of the Association of Financial Cooperative Professionals of Uganda (AFCPU)
- Holding of the first AGM for the Association of Financial Cooperative Professionals of Uganda (AFCPU)
- Development of the Code of Conduct for the Association of Financial Cooperative Professionals of Uganda (AFCPU)
- Mobilizing PFCMP Professionals to join the Association of Professionals.

Challenges

Administrative and financial Challenges

- Low income that is making self-sufficiency of the program very difficult

- Delays in receiving fees from students, leading to delays in meeting some of the program financial obligations.

Program Improvement Strategies

Improvement Strategies

- Work hand in hand with the Ministry of Trade Industry and Cooperatives to ensure that all those working with cooperatives, particularly SACCOs, have sufficient knowledge and skills in financial cooperative management (e.g. all SACCO managers and District Cooperative Officers should become Financial Cooperative Management Professionals and eventually become members of the Association)

- Working hand in hand with SACCOs and microfinance development partners, to advocate for and promote PFCMP.

- Improving on the quality of PFCMP reading materials.

- Conduct refresher training programs for tutors to maintain and improve their performance

- Encourage all the key stakeholders (SACCO development partners) to advise their staff to undertake PFCMP.

- Implement mere effective program promotional strategies, e.g. DJ mentions, Radio and TV programs, etc.

3.5 INTEGRATED FINANCE AND AGRICULTURAL PRODUCTION INITIATIVE III (IFAPI III)

Background

Integrated Finance and Agricultural Production Initiative III (IFAPI III) project is a successor to IFAPI II project which ended on 31st January 2012. Supported by Canadian Cooperative Association (CCA) IFAPI III is a three year project running from 1st Feb 2012 to 31st March 2015 and covers the Midwest, West Nile and the Northern Sub Regions of Uganda. The project seeks to enable producers to access agricultural production, value addition and marketing and financial services. It does this through integrating production services through primary societies (RPOs), value addition and marketing services through Area Cooperative Enterprises (ACEs) and financial services through Savings and Credit Cooperative Societies (SACCOs). The project is focusing on consolidating the gains made in IFAPI I and II projects and working towards co-operative self-sustainability by strengthening the institutional capacity of the agricultural cooperatives (12 ACEs and 46 RPOs) and financial services co-operatives (22 SACCOs) to deliver better services to their members on a sustainable basis.

This report gives highlights of activities carried out and achievements realized during the year July 2013 – June 2014.

Project Goal
Overall the 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 wellbeing 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 through SACCOs

MICROFINANCE COMPONENT

Under the microfinance component of IFAPI III project, UCA supports communities to form SACCOs and operate them in accordance with microfinance best practices so as to provide the much needed financial services to their members. This is done through training, mentoring, monitoring, onsite and offsite internal audit and supervision, logistical and financial support to the SACCOs in order to enable them get established and serve their members better. The project covers 10 Districts namely Masindi and Kiryandongo in the mid-west, Kole, Apac, and Oyam in Lango region, Nebbi, Zombo, Arua, Maracha and Koboko in West Nile and support 22 SACCOs.

Achievements registered during the period

SACCO Performance

Table 1: Summary of the performance of IFAPI supported SACCOs from 1st July 2013 to 30th June 2014

Performance Indicator	1-Jul-13	30-Jun-14	Increase	% increase
Membership	15,703	16,007	304	1.9
Share Capital (Shs)	664,965,480	741,700,900	76,735,420	11.5
Savings (Shs)	2,155,817,373	2,744,130,061	588,312,688	27.3
Loan Portfolio (Shs)	2,106,871,537	2,685,274,848	578,403,311	27.5

The performance of the project supported SACCOs during the year 2013/2014 would have been much better had it not been for the expulsion of two SACCOs (Bugenge SACCO in Masindi District and Oyam South in Oyam District) from the project. The leaders and management staff of the two SACCOs refused to heed UCA's technical advice on the need to practice good governance and comply with micro finance best practices. As a result, they were expelled from the project and reported to the Registrar of Co-operatives. They will apply to be re-admitted into the project when they are ready to implement UCA's technical advice.

Members of a VSLA during training by UCA Project staff

Membership training

In line with IFAPI III project's major objective of capacity building for cooperatives through training of SACCO Board, staff and members, a number of training programs were conducted for members of various SACCOs to enable them acquire skills and knowledge to enable them address some of the challenges they face at both community and household levels. Areas covered during the training included savings, VSLAs-SACCO linkages, entrepreneurship, business and credit management, roles and responsibilities of SACCO members. During the training on SACCO – VSLA linkage, the benefits of SACCO – VSLA linkage were analyzed and discussed with VSLA members and this gave confidence to VSLA leaders who had doubts about the SACCO services and benefits they could obtain as VSLA groups. The training also encouraged VSLA groups to continue keeping their savings with the SACCO and addressed some of the technical issues the VSLA groups were facing in their operations.

The management of the SACCOs also gained knowledge and skills in VSLA operations and how to support their groups technically. They also got the opportunity to understand the expectations of the VSLA groups in line with the services that SACCOs are offering to the VSLA groups which allowed SACCOs to redesign their service products and make them more attractive to VSLA groups therefore solving the challenge of competition between VSLAs and SACCOs. This led to an increase in savings by shs 588,312,688 from Shs. 2,155,817,373 in June 2013 to Shs.2, 744,130,061as at 30th June 2014, a percentage increase of (27.3%).

TESTIMONIES FROM SACCO MEMBERS

Asuman Oloa: A member of Akalo SACCO in his Banana plantation that he established as a result of training and financial support from the SACCO

Mr. Oloa Asuman is one of the members who is reaping benefits from the above training. This is what Mr. Oloa Asuman had to say about Akalo SACCO "After dropping out of school, I settled down as a small scale farmer specializing in Banana growing. I started with half an acre of local Bananas which gave me only food for consumption. When I joined Akalo SACCO, I started saving my little income and then later applied for a loan to increase production which I received and used it for clearing the land, buying hybrid banana suckers, and paying for labor. Banana yields drastically improved and then I started generating better revenue from my business. I was selling a bunch of Bananas at Shs. 30,000which revenues assisted me to pay back the SACCO loan, expand my plantation and employ other people"

According to Mr. Asuman, his life has never been the same again since he joined the SACCO. He won an award from the District for being the best farmer in the Sub-county in the year 2013 and was given Shs 2,000,000 (two million) award. Mr. Asuman says he is so grateful with SACCO services and he wants to transform his farming into commercial farming to generate more revenues.

Agwe Ceaser is a youthful medical worker

Mr Agwe Ceaser is another member reaping benefits from the technical and financial support provided by his SACCO. He joined Loro Oyam SACCO on the 20th April 2013. He operates a clinic at Loro town Board and has this story to tell; "Before joining the SACCO, I was operating a very small drug shop where I was earning meagre incomes out of it. I joined Loro Oyam SACCO and started with little savings for some time then applied for a loan which I received and injected in my small Business. The loan boosted my Business and in addition I received training in Business management from the SACCO which gave me better knowledge and skills in Business management. Since then my business has grown into a big Clinic. I have also acquired land, purchasedmotorcycle and I pay school fees for my children using my SACCO and I am now a very happy and prosperous man".

Audit and Supervision

During the year, the project staff conducted internal audit and supervision exercises in all Project supported SACCOs during which they were able to identify some of challenges that the SACCOs face. The site visit to Jangokoro for example reawakened the Board that had been dormant and docile. The various SACCO Audit and supervisory committees were availed with guidelines for internal audit as well as internal audit tips which made them understand critical issues. The site visits were intended to provide surveillance in prudent management of assets and liabilities, loan delinquency management, liquid management, capitalization of SACCOs, human resource management, Board evaluation and succession management.

Computerization of SACCOs' Data

During the year, the project established the second Data Service Centre in Nebbi. Data cleaning was done in Erussi, Dikiri Kabucan and Panyango SACCOs in Nebbi District. Database for the three SACCOs is being established at the Data service Centre in Nebbi and six other SACCOs are on the waiting list in West Nile region for data cleaning and take-on. Akalo and Ikwera SACCOs in Lango Sub-region have their databases computerized and maintained at the UCA Data Services Centre in Lira and other SACCOs, like Loro Oyam, Ngetta Hill SACCO, Chegere Development SACCO and Allied Cooperative have shown interest. Light Due Diligence Tests (LDD) was carried out for two SACCOs, Chegere Development and Loro Oyam with the latter qualifying to be taken into the Data Services Centre.

Linking SACCOs to other support Programs

During the year, some SACCOs including Erussi and Dikiri Kabucan have been linked to National Insurance Co (U) for cash insurance. UCA in collaboration with GIZ/Swiss-contact conducted training on ONE BOOK ACCOUNTING SYSTEM (OBAS) that are considered to be simpler, easier to understand and use by SACCOs. During the year, UCCFS officials conducted workshop and sensitized members on products and services it offers to its members. Two SACCOs joined UCCFS, while others promised to buy additional shares. A number of SACCOs were also linked to insurance companies and got insurance cover including life and cash insurance.

Challenges faced and how they were overcome or how they can be overcome

- A number of SACCO leaders and staff do not apply the knowledge and skills gained from training to the benefit of their SACCOs nor do they share with other staff and leaders what they learnt during training.
- Poor record keeping in some SACCOs. There is still a problem of poor record keeping and the resultant poor reports. However, this has been addressed through establishment of database of some SACCOs at the Data Services Centers and the reports produced by the computerized system. The application of the One Book Accounting (OBAS) shall go a long way to solving this problem
- Poor loan recovery in some SACCOs. This was handled by providing training in credit management and technical support to the SACCO's staff and loan committees on how to handle some defaulters.
- SACCO leaders and management staff who persistently refuse to heed and implement UCA's technical advice. In most cases this leads to the poor performance of such SACCOs which has compelled UCA to exclude them from the project. Though not a solution to the problem but it serves as a lesson to other SACCOs,

Lessons learnt and way forward

- Intensive mobilization of resources internally from within the SACCO is the most effective way to growing sustainable SACCOs.

- For effective governance of SACCOs, the leaders and management staff must understand and properly execute their roles and responsibilities. They should also fully internalize, understand and comply with the bylaws, policies and guidelines governing their SACCOs.
- Continuous training of SACCO members, leaders and management staff in all aspects of SACCO membership, leadership, management, operations and reporting is prerequisite for a successful SACCO.
- Effective monitoring and supervision of SACCOs is key to the existence of any safe, sound and sustainable SACCOs.
- Good SACCOs can sustainably turn around their members lives for the better

Conclusion

The Project has greatly contributed to improved livelihoods of farmers in its areas of its operation. The Project staff will continue giving technical support and guidance to the leaders and management of SACCOs to enable them mobilize more resources and improve their service delivery to their members. UCA should in future extend such support to all other SACCOs in the country.

Summary of the activities conducted and achievement

Value addition

This year, the total sales of rice rose from Ugshs. 1,178,600,000= from the previous year to Ug. shs 1,229,100,000= in the two ACEs due to value addition. The members from the 3 ACEs (Dei, Wadelai and Itek Okile) producing rice under the project were trained in rice value addition focusing on postharvest handling (maximizing grain quality, storage including bulk storage, milling efficiency and market dynamics) and management for increased production. This training was conducted by a hired trainer from Upland Rice Millers Ltd who established a link for possible market.

The ACE prices for each kilogram of processed rice were Shs. 200 higher than the open market and much higher (189%) above the best offer for non-processed rice. Itek-Okile ACE received training and is currently set to start processing rice for their members to benefit from these higher prices

Table 1: Sales from value added products

Enterprise	Tons Bulked		Sales (Shs)		Commission (Shs)	
	June13	June14	June13	June14	June13	June14
Grape Wine (Litres)	3,430	6000	54,020,000	96,000,000	3,358,000	5,600,000
Honey	15.02	25.31	168,920,000	277,060,000	6,722,000	6,321,400
Processed Rice	429.7	448.1	1,178,600,000	1,229,100,000	12,382,000	17,940,300

Following up on the identified need to improve the quality of wine produced by the members, training was organized for all wine producers covering the wine production process. A total of 31 participants (18 males and 13 females) were trained in basic wine production, quality management, packaging and branding.

Other project supported value addition initiatives were monitored throughout the year. One of such initiatives is the solar dryer services at Bweyale ACE. Available records indicate that the ACE during the July – September 2013 harvest, sold maize at a price 12.5% above the highest offer for any other maize in the area. This was due to the high quality of grain attained using the ACE's services notably drying within a short drying window. Though with challenges of high handling costs, this initiative supported by the project has a big potential to create more value for the farmers' produce.

Commodity marketing services

During the year 2013/2014, a total of 5,649 famers marketed their produce through ACEs and total sales value was shs. 6,210,552,300 (table 2). This year's sales were slightly lower than of previous year shs. 6,649,782,550. The ACEs earned total commission of shs 125,923,600 from providing this service to the members.

Average price differentials continue to show benefits that members marketing through ACEs get by receiving higher pay for their crops compared to the open market. This year, the price differences for bulked commodities in comparison to those on the open market were 21% for beans, 12% for Sesame, 37% for dried cassava, 23% for maize grain, 21% for sorghum, and 13% for honey.

Bomido ACE produced and sold 115 tons of maize seed at shs. 800 per Kg far higher than the open market price for maize grain which was selling at shs.450 at the time; about 78% higher. This relationship between the ACE and the collaborating seed company has resulted into more members coming together to produce on one common farm (farming block that is clearly isolated for seed production) and this is expected to increase the production and bulking volumes of seed. The ACE will be signing a new contract for the coming season starting August 2014.

Table 2: Sales and commission per ACE from July 2013 – June 2014

ACE	Enterprise	Tons Bulked	M	F	Sales (Shs)	Commission (Shs)
Nebbi ACE	Beans	241	279	117	437,260,000	6,372,600
	Cassava	104	93	167	83,200,000	1,664,000
	Coffee	93.4	182	49	298,880,000	2,988,800
	Honey	10.85	87	81	151,900,000	3,038,000
	Maize	181	242	96	143,600,000	1,911,500
	Simsim	203.9	372	105	745,870,000	11,058,700
Dei	Maize	172.7	157	82	127,430,000	2,108,400
	Rice	227.7	158	107	624,260,000	8,013,300
	Sorghum	156	84	48	117,000,000	2,339,500
Wadelai	Cassava	277.9	97	143	207,995,000	3,289,400
	Rice	220.4	164	92	604,840,000	9,927,000
	Simsim	153.3	289	85	576,600,000	9,586,000
Vurra	Onions (bags)	182	43	52	45,500,000	2,275,000
	Honey	0.8	4	3	7,200,000	160,000
Chegere	Honey	7.06	27	19	68,760,000	1,633,000
	Maize	43	59	26	30,100,000	1,433,000
	Sorghum	22.85	18	9	19,879,500	1,066,000
	Soya Bean	261.4	114	81	209,253,300	7,920,800
Chawente	Maize	53.4	48	33	28,302,000	604,800
	Simsim	32.3	53	42	71,060,000	1,421,200
	Sorghum	116.6	56	46	89,874,100	2,907,900
Itek Okile	Rice	332.4	125	76	369,672,400	9,184,400
Akoloda	Maize	181	97	57	97,150,000	4,050,000
	Soya Bean	164	116	169	131,200,000	6,885,900
	Sorghum	139	98	71	97,300,000	4,700,000
Bweyale	Maize	244	52	38	182,100,000	6,175,000
	Beans	42	16	26	58,800,000	588,000

ACE	Enterprise	Tons Bulked	M	F	Sales (Shs)	Commission (Shs)
	Cassava	38	17	40	13,716,000	150,000
	Beans	67	49	40	100,500,000	2,015,000
	Honey	6.6	34	40	49,200,000	1,490,400
Bomido	Maize	158.3	93	44	122,310,000	3,749,000
Mutunda	Maize	53	29	17	38,690,000	967,000
Nyamahasa	Maize	331	122	74	261,150,000	4,250,000
Total			**3,474**	**2,175**	**6,210,552,300**	**125,923,600**

Conservation Farming/ Environmental conservation (Pilot)

The pilot project on environmental conservation was rolled out during the year in 6 selected ACEs targeting to promote sustainable use of natural resources by the cooperative members. Correspondingly, the 6 ACEs each hired an extension worker to take full charge of the project activities at the ACE level being supported by the IFAPI III staff. The main components of the pilot project are:

- Conservation farming
- Energy saving stoves
- Tree Nursery establishment and weather monitoring

This being a relatively new concept, the project provided a training of trainers (TOT) for all extension staff of ACEs and the IFAPI III project staff as well. The training focused on facilitation skills and the technical knowledge of conservation farming.

ACE Extension workers conducted training activities in conservation farming using the demonstrations as training sites. Through this, a total of 636 (288 females and 348 males) were reached through the 24 demonstration sites established by the extension staff. These plots are demonstrating both the method and benefits of conservation farming particularly, reduced cost of production and increased productivity.

During the year, a number of activities described below were carried out under this pilot project:

Table 3: Participating Youth Saving Clubs in the tree nursery program

Name of youth group	ACE	Total number of members	Total number of Male	Total number of female
Luli	Dei	23	10	13
Bikonyowa	Nyamahasa	36	20	16
Pacer	Nebbi	24	12	12
Bweyale	Bweyale	20	10	10
Teyao	Akoloda	40	22	18
Chegere	Chegere	40	30	10
Total		**1,830**	**930**	**900**

a. Energy efficient stoves

In terms of promoting energy efficient stoves, 90 women selected from 3 ACEs (Nebbi, Dei and Akoloda) plus the extension staff of the 3 ACEs were trained on stove making and maintenance. This activity which was highly successful has resulted in all members making and now using these stoves as well as creating a high demand from other community members.

There was a follow up on the usage and efficiency of the energy efficient stoves that were introduced during the October - December 2013 period. All the 90 women earlier trained were visited to establish if they actually constructed the stoves, if they are using them and if the stoves had had an effect on the amount of fuel wood used for cooking and time spent cooking.

88 of the 90 women were found owning and using the energy efficient stoves and all those using them reported a significant reduction in the amount of firewood and time taken while cooking using these stoves. The project will streamline data collection to document the exact time taken and how much (time, wood and ultimately money) is saved by the women using this type of stove. This is very important because it will allow women more time to engage in production activities for increased income. There is a very high demand from the communities for more stoves and so the project will work with the trained vendors to supply them to members while earning income.

In terms of weather monitoring, the project is working with the Government's Metrological Department installed 6 rain gauges and trained 6 (3men and 3 women) cooperative members in record keeping. The data is submitted to the department on a monthly basis for analysis and preparing feedback to the members. The farmers now are part of a wider network for disseminating weather information. As a result, Department of Metrology will be sharing all weather information with the farmers who in turn will use it for guiding their ACE's operations.

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 Nyamahasa over 30 groups have become members of the ACE but most of these are not fully registered cooperatives. Consequently the ACE is working with each of the groups to formalize the registration of all of the group members.

During the year, the membership throughout the project increased by 2,613 as shown in the table below. The number of farmers under the project is 15,800 as compared to 13,187 in the previous year (2012/2013).

Table 4: Membership growth in Cooperatives in July 2013 - June 2014

ACE/RPO	Jul-13	Jun-14	Increment	% Increment
Nebbi District				
Nebbi	2,245	2,254	9	0.4%
Dei Ace	858	1,065	207	24.1%
Wadelai Ace	716	825	109	15.2%
Apac District				
Chawente	465	469	4	0.9%
Chegere	1,411	1,426	15	1.1%
Aboke	252	256	4	1.6%
Abongomola	298	302	4	1.3%
Inomo	247	249	2	0.8%
Akoloda Ace	1,589	1,613	24	1.5%
Arua District				
Omugo	397	419	22	5.5%
Vurra	901	932	31	3.4%

ACE/RPO	Jul-13	Jun-14	Increment	% Increment
Kijomoro	339	341	2	0.6%
Nadule Wandi	327	327	0	0.0%
Ayivu	431	657	226	52.4%
Lira District				
Etek Okile Ace	624	1,147	523	83.8%
Masindi District				
Mutunda Ace	583	583	0	0.0%
Bweyale Ace	878	981	103	11.7%
Bomido Ace	626	654	28	4.5%
Nyamahasa		1,300	1,300	100%
Totals	**13,187**	**15,800**	**2,613**	**19.8%**

Looking forward

- Going forward, the project will focus on documenting benefits from technologies related to environmental conservation as well as strengthening the cooperatives to run business efficiently.

- Project staff will work with the ACE managers and marketing committees on costing operations with the aim of supporting the ACEs to manage costs and increase surplus.

- There is still need for better planning and marketing of farmers' produce and this will be the focus for the remaining period of the project.

- The ACEs will be supported to consolidate the business relations with buyers and input suppliers by reviewing the previous transactions with the different players.

3.6 HOUSING

Background Of The Projects

During the period July to December 2013, the **Housing Cooperative Development II** ended after completing its 4th year during which effort was mainly focused at building the technical and logistical capacity of the then newly established Housing Union. Through the Union, the project also supported the primary housing co-operatives and their members (mainly low and modest income earners) to work towards accessing affordable and adequate housing on a self-sustaining basis. Upon its expiry in December 2013, UCA and its partner We Effect initiated a new project; **Strengthening Cooperative Housing Project (SCOHP)** whose implementation started in January 2014. The project is designed to strengthen housing cooperatives in Uganda, with special focus being put at strengthening the **Uganda Housing Cooperative Union (UHoCU).** It will achieve this through strengthening the union's member primary housing co-operatives which will in turn support and strengthen their union.

When it is technically and logistically strong, the union in order will assume the full responsibility of mobilizing communities to start primary housing co-operatives and building their capacities to provide their members with housing services, take a lead role in lobbying and advocating for the right to adequate and decent housing.

HOUSING COOPERATIVE DEVELOPMENT PROJECT (HCDP) II

Development and Immediate Objectives

The development objective of the HCDP II was to contribute to improved human settlement conditions for Ugandans while its immediate objective, was Empowered housing cooperatives addressing the inadequate housing conditions of low and modest income communities sustainably.

Outputs

1. Capacity of UCA, Union and PHCs to deliver on mandate enhanced

The project supported 14 Housing Cooperatives by offering them with technical support. However, specific emphasis was put at 11 housing co-operatives whose members are mainly low income earners. The support was mainly by way of building capacity so that they could efficiently and effectively govern themselves, handle their business operations and that they could mobilize new members as well as resources.

2. Capacity of PHC and Union to access land, housing finance and ABTs enhanced

Under this output, UCA supported housing cooperative members to access land, appropriate housing finance and cost effective and environmentally appropriate building technology. Members were encouraged to mobilize more resources by way of saving, starting and operating income generating activities, accessing appropriate building technologies that reduce house construction costs without compromising on the strength of the materials as well as being environmentally friendly.

3. Networking, Lobbying and Advocacy on housing and housing related issues

Under this project output, UCA educated housing cooperatives, their stakeholders as well as the public on housing issues, current housing and land policies and laws in Uganda to increase and improve their awareness about them. This enabled the housing co-operatives' members to appreciate their operating environment, the need for and establishing effective networks, conducting lobby and advocacy activities to influence the relevant stakeholders and decision makers to ensure that they improve the environment for their establishment and operations.

4. Mainstreaming Gender, HIV/AIDS, the Environment and Climate Changes issues

Under this output, UCA implemented programs and activities that promoted and improved the housing co-operative members' awareness, adoption and implementation of policies, procedures and guidelines that gave priority to issues of Gender, HIV/AIDs, environment and climate change management.

STRENGTHENING COOPERATIVE HOUSING PROJECT (SCOHP)

Project's Development and Immediate Objectives
The development Objective of the project is to contribute to '***promotion of access to adequate and affordable housing in Uganda***' while its immediate objective is **"*Strengthened Housing cooperatives in the project area addressing the needs of their members sustainably*"**.

Outputs

1. Capacity of UCA staff, leaders and members of the Housing Union enhanced
Under this output, UCA implemented activities that built the capacity of the housing union leaders and their member primary housing co-operatives. As a result, they acquired skills and competencies in managing their cooperatives. They also mobilized savings, started income generating activities and other activities for improving their members' livelihoods

2. **Increased access to land and housing finance by the PHCs.**
With the project support, UCA is implementing project activities that will improve the housing co-operative members to access affordable land and housing finance. UCA stepped up its efforts to source providers of affordable housing finance that will enable c-operators purchase land and construct houses.

3. **Increased application of Environmentally Sustainable Technologies and Appropriate Building Technologies by PHCs**
Using the project resources, UCA is guiding co-operators to learn to search for and apply affordable building technologies in the construction of their members' houses, learn how to manage sanitation and waste issues, raise their awareness about environmental issue, adapt and apply good practices of using appropriate building technologies as well as popularizing application of environmentally friendly alternative building technologies.

4. Networking, lobbying and advocacy.
UCA is working with the stakeholders in the co-operatives' housing sector notably the Ministry of Trade, Industry and Co-operatives, Ministry of Lands, Housing and Urban Development, the Housing Co-operative Union, USHNET and others to improve the policy environment for housing co-operatives.

PROJECT AREA The project is being implemented in the districts of Wakiso, Mukono, Buikwe, Kampala City Council Authority, Jinja and Mpigi.

The Kwefako PHC Chairperson addressing her members during one of the monitoring visit

SUMMARY OF PHC MEMBERS' SAVINGS AND SHARE CAPITAL AS AT JUNE 2014

HOUSING COOPERATIVE	No. Of Members	Male	Female	Savings Shs	Shares Shs
Buwambo	40	10	30	1,660,000	780,000
Opulent	35	7	28	12,000,000	52,000,000
Polysack	30	17	13	1,000,000	880,000
Uganda Builders	30	18	12	1,680,000	449,000
Kwefaako	35	2	33	530,000	170,000
Nkokonjeru	40	19	21	640,000	2,300,000
Kasangati	35	14	21	-	-
Nabweru	77	43	44	1,520,000	8,000,000
Mukono-Seeta	115	47	68	-	-
Wakiso	54	16	29	1,200,000	1,480,000
Gayaza	32	19	13	320,000	400,000
TOTAL	**524**	**212**	**312**	**20,550,000**	**66,059,000**

Challenges

Low savings by Members. The PHCs are not saving as per the agreed targets. They claim that due to the low incomes earned by their members, most of their earnings go towards meeting their basic needs e.g. meeting the family health expenses, paying fees for their choldren's education, buying food, etc. Whatever little that ramains goes for rent! On average, less than a quarter of the PHCs members save a quarter of the saving targets agreed. The cooperatives have put in place penalties but these seem not to be working for all PHCs. Infact for some, this had started sending off some members. However, for some, the penalties have encouraged the members to meet their obligations.

Poor attendance of meetings and training programmes for members as well as failure to fully participate in PHC activities. Much as they are housing co-operatives and their target is to secure decent houses for their members, the housing co-operatives have been encouraged to spice up their activities so that they can help meet their members' short term social and economic needs. When doe, they will keep the members actively engaged in their co-operatives which will also remain relevant to their needs. Introduction of income earning activities for both co-operatives and their members is one of such strategies.

4.0 FINANCE AND ADMINISTRATION

UGANDA CO-OPERATIVE ALLIANCE LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 30 JUNE 2014

The directors present their report together with the audited financial statements for the year ended 30 June 2014, 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 57

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:

Rev. Fr. George Angala	-	Chairman
Mrs. Beatrice Katsigazi	-	Vice Chairperson
Ms. Elizabeth Nsimadala	-	Treasurer
Mr. Netalisire Patrick Mutuma	-	Member
Mr. Bogere Hakim	-	Member

5. 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

24th September 2014

UGANDA CO-OPERATIVE ALLIANCE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 JUNE 2014

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 directors have a reasonable expectation that the organization has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

The financial statements which appear on pages **57** to **60** were approved by the Board of Directors and signed on its behalf by:

....	....	....
Chairman	**Treasurer**	**General Secretary**
24th Sept. 2014	24th Sept. 2014	24th Sept. 2014.

Price & King

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 **57** to **60** which comprise the statement of financial position as at 30 June 2014, 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 2014, 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, Uganda
Date**: 24th September 2014**

Statement of Financial Position
As At 30 June 2014

	Note	2014 Ushs	2013 Ushs
ASSETS			
Non current assets			
Property, plant and equipment	2	5,137,555,038	4,974,190,320
Investment property - Naguru	3	4,802,031,217	2,384,058,762
Investment property	4	-	1,177,074,796
Investment in shares	5	189,240,000	189,240,000
		10,128,826,255	8,724,563,878
Current assets			
Inventories	6	49,690,545	32,574,190
Trade and other accounts receivable	7	958,133,335	516,493,591
Amount due from related parties	16(a)	76,269,471	73,547,971
Cash and bank	8	727,846,986	1,270,482,099
		1,811,940,336	1,893,097,851
TOTAL ASSETS		11,940,766,591	10,617,661,729
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	214,589,911	210,290,000
Statutory reserves	10	295,513,193	282,609,335
Capital reserves	11	821,078,950	821,078,950
Capital fund	12	53,963,976	53,963,976
Revaluation reserve	13	4,991,150,141	5,190,020,276
Capital grant	17	216,765,034	-
Retained earnings		2,649,081,708	2,453,454,476
		9,242,142,913	9,011,417,013
Non current liabilities			
Loan from Housing Finance Bank	18	1,028,744,032	-
Current liabilities			
Loan from Housing Finance Bank	18	240,000,000	-
Trade and other accounts payables	14	265,813,150	281,727,215
Deferred revenue grants	15	691,389,238	851,840,243
Amounts payable to related companies	16(b)	472,677,258	472,677,258
		1,669,879,646	1,606,244,716
TOTAL EQUITY AND LIABILITIES		11,940,766,591	10,617,661,729

These financial statements on pages **57 to 60** were approved by the board of directors on 24th September 2014 and were signed on its behalf by

Chairman **Treasurer** **General Secretary**

Statement of Comprehensive Income

Year Ended 30 June 2014

	Note	2014 Ushs	2013 Ushs
INCOME			
Member subscriptions		10,970,000	5,825,000
Rental income		403,284,720	382,476,540
Other income	19	731,216,663	483,694,556
		1,145,471,383	871,996,096
EXPENDITURE			
Staff expenses	20	(300,423,252)	(346,719,732)
Vehicle and travel expenses	21	(84,678,651)	(74,477,761)
Other operating expenses	22	(583,097,755)	(537,629,659)
		(968,199,658)	(958,827,152)
OPERATING SURPLUS/(DEFICIT) BEFORE FINANCE COSTS		177,271,725	(86,831,056)
Finance cost	23	(167,610,770)	(6,557,417)
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	24	9,660,955	(93,388,473)
TAXATION	25	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		9,660,955	(93,388,473)
OTHER COMPREHENSIVE INCOME	26	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS)		9,660,955	(93,388,473)

Statement of Cash Flows Year Ended 30 June 2014

	Note	2014 Ushs	2013 Ushs
CASH FLOWS FROM OPERATING ACTIVITIES			
(Surplus) / Deficit for the year		9,660,955	(93,388,473)
Adjustments for;			
Gain on disposal of investment property	4	(639,447,764)	(3,000,000)
Depreciation	2	198,870,135	139,036,621
Operating (loss)/profit before working capital changes		(430,916,674)	42,648,148
CASH FLOWS FROM WORKING CAPITAL CHANGES			
Increase in inventories	6	(17,116,354)	(8,366,687)
(Increase) / decrease in trade and other receivables	7	(144,639,744)	172,691,911
(Decrease)/Increase in trade and other accounts payables	14	(15,914,065)	68,898,855
(Increase) / decrease in amounts receivable from related co.	16	(2,721,500)	-
Increase in other long term liabilities	13	-	590,900
Cash outflow from operating activities		(611,308,337)	276,463,127
Net cash outflow from operating activities		(611,308,337)	276,463,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Naguru housing project	3	(2,417,972,455)	(782,555,091)
Purchase of fixed assets	2	(362,234,853)	(24,833,582)
Proceeds from sale of fixed assets		-	3,000,000
Purchase of investment property	4	(13,100,000)	(25,767,000)
Cost on investment property		112,822,560	
Proceeds of Investment property		1,716,800,000	269,000,000
Net cash (outflow) inflow from investing activities		(963,684,748)	(561,155,673)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase capital grant	17	216,765,034	-
Proceeds from issue of shares	9	4,299,911	3,860,000
(Decrease) / increase in deferred revenue grants	15	(457,451,005)	332,246,932
Increase loan from Housing finance	18	1,268,744,032	-
Net cash (Outflow) from financing activities		1,032,357,972	336,106,932
Net (decrease)/ increase in cash and cash equivalents		(542,635,113)	51,414,386
Cash and cash equivalents at 1 July	27	1,270,482,099	1,219,067,713
Cash and cash equivalents as at 30 June 2014	27	727,846,986	1,270,482,099

Donor Support Year Ended 30 June 2014

	Note	2014 Ushs	2013 Ushs
GRANT REVENUE		3,726,023,541	5,134,128,672
EXPENSES			
SCC/MFSP/HOUSING		343,146,366	239,441,670
SCC/EFTAF/MCB		528,077,125	1,253,584,773
FREDSKORPSET		65,072,973	117,049,988
CCA IFAPI II		827,832,122	828,148,842
NORGES/VEL/EFTAF/MCB		330,631,291	788,041,209
MUCOBS		156,826,485	114,789,625
AGRI-BUSINESS TRUST		32,768,000	211,879,200
VECO		219,606,750	278,341,400
GIZ		13,998,223	46,003,034
IFAD/GoU/RFSP		-	228,363,497
SCC -VI		194,853,590	117,316,442
TRIAS		106,027,807	37,494,250
EAFF		191,725,071	21,834,499
ILO		24,068,500	-
TOTALS		3,034,634,303	4,282,288,429
DEFERRED REVENUE GRANTS	**(Note 15)**	691,389,238	851,840,243