

## The Civil Society Fund

# Status Report

### SMALL-SCALE INTERVENTIONS AND MAJOR DEVELOPMENT PROJECTS

Status reports must be made for interventions running for more than 12 months. If the intervention runs for less than 12 months, submission of a completion report will suffice.

The total report may not exceed 5 pages (excluding Annex 1 – Budget Revision)

**Aim:**

The status report is the Danish organisation’s report. Your reflections are important in terms of documentation and learning. It is therefore not the aim that the partner organisation completes the report on its own.

The status report can be used as a tool in your partnership to strengthen transparency and joint responsibility as described in “Position Paper No. 4: Partnership and Strengthening of Civil Society”. At the same time, the status report is an element in the Danish organisation’s ”track record” and can be taken into account in future assessments of applications from the Danish organisation with the same or other partners, as described in the Guidelines for the fund.

Danish applicant organisation	Danish-Ugandan Friendship Association				
Contact person, name and e-mail	Karen Ingrid Schultz, kareningrid@stickhill.dk				
Project title	Revitalization of cooperatives in Apac, Amolatar and Oyam Districts, Northern Uganda”.				
Journal nr.	13-1422-MP-dec				
Country(-ies)	Uganda				
Report period	March 1 <sup>st</sup> .2016-March1 <sup>st</sup> .2016				
Status for performance for expected objectives up to the end of this report period	Delayed	Partially delayed	As expected	Partially Ahead	Ahead
				x	

## 1. Monitoring and learning

### 1.1. What monitoring activities has the Danish organisation carried out during the past year?

Project visit by Karen Ingrid Schultz, 17<sup>th</sup>.Jan-16<sup>th</sup>. March. 2016  
 Regular contact by phone by members of DUFA's Plants and Health committee  
 Reading ,discussion ,and feed back on of the very informative quarterly reports the Plants and Health committee has received from PHCS

### 1.2. What are the most significant observations? What initiatives, if any, have been taken?

#### Observations

1.The members elected a new board at the AGM in May 2016. 6 out of 9 members were replaced. All the old group chairpersons with a history of debt to PHCS have now left the board. They have debt in relation to the former revolving capital as well as the seeds capital of the cooperative which the cooperative established by investing the share capital in seeds. The members borrow seeds for a season and pay back with interests after harvest. Peter Oluka, who has wide experiences from work with cooperatives in Uganda, especially concerning the financial side, and who also facilitated the strategic planning workshop in March 2016, conducted a training of the new board about governance and management of cooperatives and the roles and responsibilities of board members. Already the old board had decided that only groups that have paid their annual registration fee, and cleared members' debts to the seeds capital will receive seeds on loan. The new board can talk with a stronger voice as they themselves do not have debt and have cleared most of the cases in their groups. Further the new board has agreed that the group chair persons will be the ones to decide which members that can receive seeds and they will be made personally responsible to pay back the borrowed seeds. More responsibility to the group chair persons is also part of the preparation to the time after the present project where the cooperative financially will be forced to depend more on voluntary work. The chair persons are now also asked to pick up the seeds from office themselves bringing a list of members for the cooperative to check if it is members without debt.

The long term plan is that the groups should develop in primary societies, and PHCS to become an area cooperative enterprise.

The new strict policy in relation to debt had as a consequence that some of the old groups broke down as they are denied to receive seeds. New people are trying to reestablish them again with new members and new leadership. In other cases, former members have left and formed new groups. PHCS discovered that the malfunctioning groups all were dominated by a certain family and their male leadership. The main part of the debt is with these (formal or informal) male leaders. PHCS now discourage groups based on members from the same family.

All in all, the new policy was a good step forward, but the progress towards sustainability was disturbed by severe drought in 2<sup>nd</sup>. season 2016. Only a few areas in Apac and Amolar received rain enough to cultivate soya, and only 5 groups asked for seeds. Out of them only 3 had success and was able to deliver something to the cooperative. PHS received 5 t. (compared to 27,5 t in the former season) and as the 2 tons had to be kept for seeds PHCS only sold 3 t. This has created heavy economic problems for PHCS (and the farmers). The present project ends May 1<sup>st</sup>. We will ask for a few months' extension, but still there will be a gap up to the next harvest is sold. PHCS will at least for some time be without means to pay the salaries of the present staff. Most likely the cooperative will not be able to pay all of them also after sale of the new harvest. One solution to maintain most of them for the future could be a remuneration based on a commission. Another solution is that new donor means come in. PHCS has newly sent an application to ABTrust. Among others it includes a contribution to the salaries of the present staff. The present project manager has declared that he is willing to continue as a volunteer for some time, but the cooperative will have difficulties to operate without the present cooperative officer who does most of the field work related to the soya cultivation. The new chairman is active in visiting the groups and coming to the office, but miss the technical knowledge of the cooperative officer. Before the DUFA representative presently in Uganda returns to Denmark PHCS and DUFA should agree on a budget for the extension period pointing to a solution in relation to the staff and other necessary expenses.

### 1.3. Which tools have you used for monitoring – if any? (please check the boxes below)

	Mango Health Check
	Accountability Dialogue Tool
x	<i>Other tool, if yes, which?</i> DUFA has used a revised edition of the questionnaires from last year. We have not made interviews with individual farmers during the monitoring. We have given priority to group discussions based on questionnaires to contribute to a mutual learning process about progress in cooperation between the members in a group and between the cooperative, staff, board, and groups, and the outcome of the cooperation. The final evaluation will include individual interviews to give a more precise measurement in relation to the indicators. We have used figures of seeds distributed, no. acres, no. of farmers and groups that cultivated and

delivered seeds to PHCS, no. of kg. delivered and sales in kg besides the data from the questionnaires. Those figures are collected by the cooperative.
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## 2. Financial monitoring

2.1. Has the Danish organization in the past year completed financial monitoring of partner(s)? (please check the boxes below and insert your answer in the table)

x	(Yes)	How have you conducted the monitoring, and what did it show? Not in Uganda, but we receive quarterly financial reports + annual report. The quarterly reports are ok. Last year PHCS changed auditor. We received the report too late, but the quality had improved in relation to the former report.
	No	When do you expect to carry out a financial monitoring? Next step will be the final accounts report.

## 3. Objectives and indicators

**Objective 1. 80% of the members participate at a regular basis in exchange of experiences in their groups implying understanding of the prospects of developing a cooperative as well as the use of improved cultivation methods.**

**Indicator 1.1. At least 80% of the members are when asked able to explain the main principles of a marketing cooperative.**

As last year we propose to replace the understanding (interpreted as knowledge about) of the cooperative principles with numbers of members following the rules of the cooperative as understanding is not enough to motivate the members to follow the rules. They are under economic pressure and used to rules not being followed and decisions not implemented. Instead of understanding we will use the no. of members that paid back the borrowed seeds as indicator. The repayment rate for the seeds loans increased from 66% in 1<sup>st</sup>. season 2015 to 81% in 1<sup>st</sup>.season 2016 (measured immediately after harvest – part of the debt has been recovered later). Besides the side selling was reduced although it did not disappear. The amount sold to middlemen cannot be known. 6 out of 12 groups met during the monitoring in 2016 indicate that the side selling has disappeared or is reduced to a minor problem. In 5 groups the side selling is still a considerable problem. 1 group did not sell to PHCS at all because the cooperative had run out of finances for buying. The groups do not accept to wait for payment.

Our conclusion: 81% of the active members “understand” the principles of a marketing cooperative.

**Indicator 1.2. At least 80% of the members understand the use of improved cultivation methods in relation to crops given priority in PHCS.**

**Indicator 1.3. At least 60% of the members practice better ways of production.**

If we look at the active members in 1<sup>st</sup>.season 2016 it is our impression that most of them (90%) understand and more or less follow the recommended methods for soya cultivation. They are able to explain the methods when divided in groups.

A good indicator for use of the right methods is the productivity (kg/acre) –when drought does not reduce the harvest. The average productivity was 224 kg/acre in 1<sup>st</sup>. season 2015 (unfortunately we can only measure in relation to the kg. delivered to PHCS). In 2<sup>nd</sup>. Season it dropped to 186 kg/acre (probably because of side selling). In 1<sup>st</sup>.season 2015 it had increased to 301 kg/acre. A sign of better implementation of the right methods as well as less side selling. The best group harvest 506 kg/acre, the one with the poorest result only harvested (delivered?) 144 kg. /acre.

An important part of the methods is to sow early in the rainy season for the plants not to dry up when the dry spell comes. In the first years PHCS faced difficulties in distributing seeds in time. Still late reception of seeds is the most general complain from the farmers. However, the responsibility is not any more with the main office and the staff but rather a challenge for the groups and their ability to organize themselves, as the demand from the board is that they pay registration fee and clear their debts before receiving seeds and that the chairperson collect signed contracts from the interested members, brings them to the office, get the seeds where after the members have to pick them from the group stores. No doubt this is a big challenge for the groups and the members, especially this year where the money is small after the drought, and the food reserves hardly can last up to next harvest.

During the monitoring in 2014 we investigated the relation between level of cooperation (in relation to soya cultivation) in the groups and kg/acre, and found that groups working together in the cultivation process (sowing, weeding etc.) had the best results in relation to productivity. We have followed up on that finding to see if it still is the case:

### Summary of findings during monitoring 2016.

The DUFA representative met 16 groups. 12 groups that cultivated soya in 2016, 2 new groups and 2 old groups that were not given seeds because of debt. Only the 12 groups that cultivated soya in 2016 are included in the figures and the table below (5 more groups cultivated soya in 2016 but were not met, 6 other groups have more or less broken down as they do not cooperate either internally or with PHCS. They have unpaid seeds loan).

We used 2 different ways for investigation:

- 1) ticks at a questionnaire for areas of cooperation (9 areas). More than 50 % of the groups cooperate in planting seeds, weeding, quality control of harvested seeds and storage. Less than 50% cooperate in choice of land for soya, land preparation, harvesting and supervise (visit) each other to give mutual advice.
- 2) self-evaluation where the groups gave marks for the quality of their cooperation in: loan and saving, cultivation process, involvement of TOTs, % delivered to the cooperative, and repayment of seeds

### Productivity (kg/acre delivered to the cooperative) compared with areas of cooperation, level of cooperation, delivery rate, and male and female leadership

Group name	Kg/acre delivered	No. of areas for cooperation	Level of cooperation	% delivered to PHCS	Male (M) or Female (F) leadership
Aweinyero Atopi	518	5	22	5	F
Acan Kwo Ilwete	506	2	11	3	F
Can Dag Wac Com	493	5	17	4	M
Acan Mac Icingi Acaba	403	4	15	4	F
Can Opwonya	376	4	22	4	F
LARUDA	252	3	13	5	M
Ocok Can Olongo Tai	248	1	14	4	M
Kica Obango	228	5	20	3	M
Rwot Omio	191	7	20	3	M
Note En Teko	177	8	18	3	F
Can Mito Diro	123	6	18	3	M
Yee Akony	0	4	12	1	M

According to the table the relationship between productivity and cooperation in the group disappeared. The investigation of group cooperation may be less reliable than what we did before (2014 and 15) where we asked the groups themselves to write the areas of cooperation instead of writing ticks. We changed the format to make it easier to compile the data. However, there is a clear relationship between the % delivered to PHCS (indication of level of side selling) and productivity which tells us that the 5 bottom groups in our calculation of productivity have had a better result. The low figures are a result of side selling part of the harvest. It is also interesting that 4 of the 5 top group in productivity have woman leaders, while 4 of the 5 bottom groups in productivity have men as leaders.

The hypothesis about a relationship between group cooperation and productivity are supported by 4 of the groups (3 with female leadership and one with male leadership) having good or reasonable scores in cooperation while the two male led groups LARUDA and Otok Can Olongo Tai have low or relative low scores in cooperation in spite of a high delivery rate to PHCS. It should also be mentioned that the groups were subdivided in smaller groups when answering the questionnaires, and in groups as Kica Obonga and Can Mito Diro the sub groups gave very different answers which indicate low reliability. On the other hand, both these groups appear well organized.

The women in Note En Teko explained that their low delivery rate was caused by their husbands that took custody over the harvest and sold it. Only few women have their own land. They either make an agreement with their husbands or rent land.

#### **Indicator 2.1. At least 20% of the members receive crop finance through PHCS**

#### **2.2. At least 20% of the member's market the harvest from 1 acre through PHCS**

#### **2.3. The quality of the seeds in terms of size and ability to germinate is maintained**

In 1. season 2015 PHCS had distributed 5 t. soya (3 times as much as the former season) to 280 farmers (out of 425 members) expecting that they would keep their harvest until PHCS had organised the transport and identified storage facilities and that they would wait for their payment until the harvest was sold. That was not the case. PHCS had a lot of complains, many farmers sold to middlemen and did not pay back the borrowed seeds. Because of these challenges only 77 farmers received soya in 2<sup>nd</sup>.season 2015. 57 of them sold to PHCS and paid back the borrowed seeds. 20 did not pay back either because of a failed harvest (weather) or sale to middlemen. In 1<sup>st</sup>.season 2016 PHCS reduced the number receiving soya to 227 and distributed 2,7 t. to be able to collect and pay the seeds immediately after harvest.

That means that 50% of the 450 members received seeds, delivered (part of) their harvest to PHCS and were paid immediately by delivery in 1<sup>st</sup>.season 2016.

In 2<sup>nd</sup>. Season PHCS only distributed 400 kg. to 30 farmers because of the drought. Out of them around 15 paid back the borrowed seeds. Others did not harvest because of the drought. The board has decided to forgive these farmers their debt. Debt is one of the reasons for 50% of the original members being inactive 1<sup>st</sup>. season 2016. Other reasons are lack of land (including need for rotating crops), lack of capital for land preparation and weeding, lack of trust in group and cooperative, sickness, and other family related problems. However, 3 new groups are collecting shares and membership fees, and many of the active groups receive new members. PHCS does not want to expel the members with debt (which is possible according to the rules) because the organisation wants to keep a door open for the members to pay their debt and return to becoming active members again.

During the monitoring we asked the members (12 groups) to give PHCS marks from 1-5 for its performance in 11 areas:

2017	Made member under stand cooperative principle	Created cooperation between 25 groups	Delivery of seeds in time	Quality of seeds	Agricultural supervision	Postharvest supervision	Price/kg compared to middlemen	Payment in time	Attitude of staff	Information level	Contact to board members PHCS
Average	3,8	4,4	3,1	4,9	4,4	3,7	3,9	3,8	4,3	4,4	4,5

As we can see the group members are now quite happy about their cooperative. Concerning the seeds, they consider the quality to be high. They also consider it as a big step forward that up to 25 groups cooperate about cultivation and marketing of soya, although there are some weaknesses. The level of satisfaction is equally relative high in areas as agricultural supervision, attitude of staff - and to the surprise of the DUFA representative that constantly experience delay, and misunderstandings/misinformation about meeting time - also information level. We can also see that the farmers experience higher prices than with the middlemen (indicator 3.2) although they would have wanted better prices. The remaining areas: members understanding of the cooperative principles (see indicator 1.1), payment in time, postharvest supervision, delay in payment, and delivery of seed in time are areas where PHCS still face some challenges. However, last years' heavy critic of lowered prices compared to the contracts of that time, and delay in payment disappeared. To organize the arrival of seeds to the individual farmer is the biggest challenge (see indicator 1.2 and 1.3).

***3. PHCS has gained respect through its advocacy work that is reflected through the seeds company(s) being more serious about the contracts made and government agencies considering the cooperative in their planning.***

***3.1. The members selling through PHCS have a better price and a higher personal profit than farmers selling at the free market. (covered under objective 2)***

***3.2. The cooperative is included in work plans for district and sub county officers, and the district commercial officer***  
PHCS has business contacts and interested buyers. The demand is high at the moment because of the drought, but unfortunately there is nothing to sell.

As a result of more than 1 years' advocacy work Uganda Microfinance Support Centre (that is a government agency supported by the African Development bank) has newly approved a loan application from PHCS. The loan is smaller than wanted (30 million UGX) and the interest higher than promised at first. The loan will be given to crop finance – to pay the farmers at delivery. It will allow PHCS to buy bigger quantities than with the present meager resources, and store at least part of the harvest for some time to wait for higher prices. At the moment PHSC operate with a small loan of 3-4 mill.UGX from Oikos Foundation in Denmark.

The Ugandan government promises loan to women that are in groups. A number of PHCSs' groups have registered with the sub counties, and some of the women members have applied for loans. Eventually the loans can be used to cover costs in relation to the soya cultivation (rent of land, land preparation, weeding).

The district commercial officer has visited all groups in Apac District for the members to come to know the regulations for cooperatives and the demands for them to register as primary societies.

A consultant has written a business plan for PHCS (a demand in relation to the loan). He is now also working on an application to USAID that have supported other cooperatives to build a store (among others).

**4. Status of implementation**

4.1. Has implementation progressed as planned? If there are activities which were planned but not implemented, describe in point form and give a short explanation.

All planned activities have been implemented

Describe any problems encountered during the implementation of the intervention. See above.

4.2. Have there been any significant changes in relation to the assumptions and risks described in the application? Describe any changes or adjustments of the intervention's activities or strategy taken as a result of the above-mentioned changes.

Risks still highly relevant. Perhaps we missed the problems related to the genders having equal rights in the cooperative but only the men own land which means that the husbands in some cases deny their wives to sell to the cooperative and in this way gain from their shares in the cooperative.

4.3. Have there been any significant contextual changes which have influenced the intervention in a positive or negative direction?

The drought has had a highly negative influence. The application to ABI trust includes tree planting – to improve on the ability of the soil to maintain humidity and to have food for animals and human being and crops to sell during drought (fruits etc.).

## 5. Budget adjustments made during the past year

### ANNEX 1: BUDGET REVISION

As DUFAs wants to help PHCS in the present difficult situation after the drought we want to extend the project period with a few months. We want to use the remaining amount on the budget margin + a transfer from the amount meant for auditing in Denmark to cover the extension period financially. Very soon we will draw a budget together with PHCS (and forward to CISU), and decide about the number of months we will apply for. DUFAs auditor will be covered from "Administration in Denmark" and other sources given for administration.

#### Current budget: (the latest approved budget)

	Total budget	Financing plan	
		Of this, from Civil Society Fund	Of this, from other financial sources
1. Activities	175.868	175.868	
2. Investments	47.195	47.195	
3. Expatriate staff			
4. Local staff	99.111	99.111	
5. Local administration	48.177	48.177	
6. Project monitoring	50.250	50.250	
7. Evaluation	14.500	14.500	
8. Information in Denmark (max 2 % of 1-7)			
9. Budget margin (max 10%, min 6 % of 1-8)	12.379	12.379	
10. Project expenses in total (sum of 1-9)	447.481	447.481	
11. Auditing in Denmark	20.000	20.000	
12. Subtotal (10 + 11)	467.481	467.481	
13. Administration in Denmark (max 7 % of 12)	32.000	32.000	
14. Total	499.481	499.481	

#### Proposed revised budget:

	Total budget	Financing plan	
		Of this, from Civil Society Fund	Of this, from other financial sources
1. Activities	175.868	175.868	
2. Investments	47.195	47.195	
3. Expatriate staff			
4. Local staff	99.111	99.111	
5. Local administration	48.177	48.177	
6. Project monitoring	50.250	50.250	
7. Evaluation	14.500	14.500	
8. Information in Denmark (max 2 % of 1-7)			
9. Budget margin (max 10%, min 6 % of 1-8)	26.000	26.000	
10. Project expenses in total (sum of 1-9)	447.481	447.481	

11. Auditing in Denmark	6.378
12. Subtotal (10 + 11)	467.481
13. Administration in Denmark (max 7 % of 12)	32.000
14. Total	499.481

6.379	
467.481	
32.000	
499.481	