The KRC Board

Mr. Julius Mwanga, the new Executive Director

Mr. Shariff Mohammad the New Deputy Director

**KRC VISION**

An equitable Society of empowered and enlightened people taking responsibility for their own in an economically dynamic and environmentally sustainable manner

**KRC MISSION**

To strengthen development processes involving practitioners, academicians and policy makers that enable the society generate relevant ideas, knowledge, skills, and resources for equitable sustainable livelihoods

THE KRC ANNUAL REPORT 2009
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<th>Description</th>
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<tr>
<td>APRM</td>
<td>African Peer Review Mechanism</td>
</tr>
<tr>
<td>BD</td>
<td>Broederlijk Delen</td>
</tr>
<tr>
<td>CSOs</td>
<td>Civil Society Organisations</td>
</tr>
<tr>
<td>FORMA</td>
<td>Federation of Rwenzori Micro Finance Association</td>
</tr>
<tr>
<td>HIVOS</td>
<td>Humanist Institute for Voluntary Organisations</td>
</tr>
<tr>
<td>HOFOKAM</td>
<td>Hoima Fort-Portal Kamwenge Microfinance</td>
</tr>
<tr>
<td>IACD</td>
<td>International Association of Community Development</td>
</tr>
<tr>
<td>KRC</td>
<td>Kabarole Research and Resource Centre</td>
</tr>
<tr>
<td>LC</td>
<td>Local Council</td>
</tr>
<tr>
<td>MFA</td>
<td>Micro Finance Association</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
</tr>
<tr>
<td>NAADS</td>
<td>National Agricultural Advisory Services</td>
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<tr>
<td>NGOs</td>
<td>Non-Governmental Organisations</td>
</tr>
<tr>
<td>ORUDE</td>
<td>Organisation for Rural Development</td>
</tr>
<tr>
<td>SACCO</td>
<td>Saving and Credit Cooperatives</td>
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DIRECTOR’S FOREWORD

‘Information is power’ goes an old adage. KRC has always been cognizant of this notion. Pursuant to this cause, I therefore take pleasure to bring to you our 2009 Annual Narrative Report.

The 2009 Report has been specifically designed to give the reader an in-depth understanding of the major KRC interventions throughout the year. We feel honoured to share with readers our experiences of the year.

The year 2009 was a landmark in the history of KRC; it marked a new dawn, both at implementation and management levels. We officially rolled out the KRC new direction as our pilot projects were transformed into three core units, that is; Process Facilitation, Information, and Research.

One of our lowest moments as an organization was in October when we lost our long serving Board Chairperson, Father Albert Byaruhanga in a grisly road accident. Father Byaruhanga was replaced by Dr. Consolata Kabonesa who was previously the Vice chairperson on the KRC board.

The greater KRC ideology of facilitating society transformation through networking with all development stakeholders was strengthened in the current linkages and initiatives, such as the Development Leadership Group, the Think Tank, which has since enriched the Research mandate, and the Rwenzori MPs Forum. We have also increasingly been involved in contributing to national and internal level development processes through our continued advocacy engagements at different Forum, including; UGMP and IACD.

KRC’s new direction emphasises the importance of information in the development process and we hope it will act as a yardstick, as we all buttress synergies to come with new social-economic paradigms that will cause change in our societies.

I however take pleasure to wish all our partners the best –as I move on to join active politics. I will from the end of this year hand over the management of KRC to the new director, Mr. Julius Mwanga. I wish him the very best –as we strive to take KRC to further heights.

Enjoy reading the report

Alex Ruhunda
Executive Director
EXECUTIVE SUMMARY

This KRC 2009 Annual Report, analyses the various milestones in the various pragmatic areas that were recorded during the course of the year. This year recorded substantive improvement in the livelihoods of the very poor, with a significant improvement in the number of meals per day, with some improving from 1 to 2 meals per day, while others started to enjoy 3 meals per day. The increase in the number of meals per day was directly related to increase of incomes of these families from 15,000 UGX in 2007 to 25,000 UGX in 2009.

Farmers in the region recorded increase in their incomes through Marketing Associations as a result of value addition support by KRC. By the close of the year, farmers in these areas fetched better prices from 2,800 UGX in the previous year to 3,100 UGX. For example, two Marketing Associations in Kasese and Kabarole, that is Iruhura and Maliba elevated the value of their coffee by starting wet coffee processing with KRC funding (over 21 million UGX) and technical support in post harvest handling.

The Micro-Finance concept also received a boost from the growth of the Federation of Rwenzori Micro-Finance Associations (FORMA). In this reporting period, 4 microfinance associations joined FORMA, and by the close of the year, the outstanding loan to its members was estimated at 100 Million UGX, with good repayment as a result of training support provided to its members by the FORMA secretariat and KRC. In addition, KRC provided technical input to the development of a short course in microfinance at Mountains of the Moon University. KRC also provided technical support based on the KRC model to a civil society organisation in Eastern Uganda.

These economic development interventions were buttressed by raising civic competence through two of KRC’s projects, Local Governance Empowerment and Deepening Democracy both under the Process Facilitation Unit.

The efforts of KRC and other development actors in challenging government to involve citizens in designing, implementations and monitoring of programs and projects yielded results in 2009 as they embedded community-led processes. This was all bolstered by a strong drive by both civil society and the government to come together and galvanise synergies through symposiums and open-minded forums like the Ka-
sunga Annual Regional Leaders’ Retreat. In this reporting period KRC continued to enrich its vast network of development partners including government –a rare feat given the hitherto belief that NGOs were competitors and not colleagues in development.

KRC also strengthened information sharing avenues in the areas of operation by establishing community owned and managed Information Centres that served as a one stop point centre for farmers on various information strings.

The KRC Research mandate was given more boost when in late 2009, the findings of the first ever monitoring Study on the Health sector facilities using PPEM tools, were shared at the National Level with both the government and other Non State Actors. This was the climax of the commendable work done by KRC and Gulu NGO Forum in surveying the Health sector in their respective regions.

The Institutional development curve continued on an uphill trend as the resource envelope continued to be stable despite the economic crunch that hit the globe in the last couple of years –as equally did, the human capital, that had among the many milestones, the ushering in of a new executive director.
INTRODUCTION

Kabarole Research and Resource Centre (KRC) is a Not-for-profit Organisation that has supported development processes mainly in the Rwenzori region of Western Uganda for the last 13 years. The development paradigms that KRC has promoted are multi-sectoral. These include inter alia; Micro Enterprise Development, Rural Credit and Finance, Civic Rights and Social accountability and building community information systems. The initiatives are community driven and the benefits accrued thereof contribute to the improvement of livelihoods at household level. KRC further envisions development as the overall goal to which all actors, including government strive to contribute towards, thus the notion of building partnerships.

This report therefore presents a narration of key KRC milestones in 2009 in relation to the strategic objectives of the organisation. The report provides an insight into the operational context, major milestones, namely entrepreneurship development, citizens’ fight against corruption, research processes, major lessons and opportunities, challenges and institutional development and the Income and Expenditure statement for 2009

OPERATIONAL CONTEXT

KRC is also cognizant of the fact that the Government of Uganda is the major service provider –and can never be ‘wished away’ in any intervention geared towards inputting into the development spectrum. It is upon these premises, therefore, that KRC pays keen attention to the operational environment and the context thereof.

The Legal environment

The participation of local communities is crucial for all development processes in Uganda –as it contributes to ownership and sustainability of interventions. Decentralization of power from the Central to Local governments is a major strategy by which the government is encouraging community participation. It was provided for in Article 179 of the 1995 Uganda Constitution that provides inter alia; to transfer power, functions and services from Central Government to Local Councils as a way of bringing services nearer to the people and increasing their participation in decision making.

The government has also made a commitment to develop a strategy for capacity building of local communities for their effective participation in planning, implementation and monitoring and evaluation processes (APRM report 2008). As a way of contributing towards this, a number of frameworks, policies, structures and procedures have been developed. Due to the need to increase the overseer role of local communities to monitor and evaluate development interventions, the government through the Ministry of Local Government, has developed The Communication Guide and the Harmonized Participatory Planning Guide. These are meant to provide for the flow of information regarding the roles of the Local Government structures and resources meant to promote downward accountability and facilitate the process of community participation. There is no doubt that these provide the opportunity and favour the civil society approaches including PRMT and PPEM as complementary mechanisms in pursuit for transparency and accountability in development programs by various development actors including civil society.

However, different research studies conducted over time by KRC and the African Peer Review Mechanism (APRM) reveal that less than 20% of communities actually participate in bottom up planning processes and not more than 40% have access to information on government budgets, plans and programs. Major hindrances identified are lack of knowledge about approved development programs, low participation in the planning cycle, and poor prioritization of needs.
The Microfinance Industry

The environment for microfinance in Uganda has become more challenging over the years, and this has greatly changed the operational context of the KRC-supported MFAs. Since 2008, hundreds of SACCOs and MFIs have been registered—thus affecting the building of a critical mass for the KRC MFA Model as people get divided up between enrolling as members of MFIs or MFAs. KRC’s MFA model, however, is a practical exit doorway from grant giving, especially for Non-Governmental Organizations and continues to provide a firm foundation and learning avenue for the SACCOs initiated by government.

Uganda’s financial sector as of 2009:

<table>
<thead>
<tr>
<th>Tier</th>
<th>Financial institutions</th>
<th>Number</th>
<th>Applicable law</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Commercial banks</td>
<td>20</td>
<td>Financial institutions Act 2004</td>
</tr>
<tr>
<td>2</td>
<td>Credit institutions</td>
<td>4</td>
<td>Financial institutions Act 2004</td>
</tr>
<tr>
<td>3</td>
<td>MDIs</td>
<td>3</td>
<td>MDI Act 2003</td>
</tr>
<tr>
<td>4</td>
<td>MFIs registered as NGOs. companies and SACCOs</td>
<td>Approximately 1000</td>
<td>Not regulated yet; Draft law still under discussion</td>
</tr>
</tbody>
</table>

The NGO operating Environment

In addition to the general improvement in government – NGO relationships there was also increased recognition of the work of CSOs by government. The government for example promised to allocate 30% of the NAAADs budget in the next financial year (2011/12) to some ‘good’ NGOs. This is after government realising that a lot of money had been spent by NAAADs, and fewer results could be found on the ground. This is an open window for the NGOs that are particularly able to attain value for money.

KEY KRC MILESTONES OF 2009

As earlier highlighted, the year 2009 was a launch pad for the new KRC direction that was started in 2008. A number of benchmarks were met and results recorded in the three core areas of Process Facilitation, Research and Information. This year, KRC gave priority to improving livelihoods at household level. Increasing access to information through building of tailor-made community information systems, the Research initiatives also reached peak – as did efforts to strengthen sustainable civic competence.

PROCESS FACILITATION

The process Facilitation Unit is the bedrock of building communities capacities to engage in matters of entrepreneurship development, Policy Monitoring, Promotion of Democracy, and coalescing synergies for civic engagement in matters of development.

ENTREPRENEURSHIP DEVELOPMENT

Over the last 14 years KRC has supported communities in the Rwenzori region to strengthen capacities of communities in entrepreneurship skills and management of Micro-economic enterprises. The Smallholder Farmers Project, and the Sustainable Credit and Finance – are the bedrocks for improving livelihoods through micro and medium sized community initiated projects. The two projects are inter-linked - as they both compliment communities’ efforts to initiate and sustain enterprises geared towards their own development. The year 2009 opened a new chapter in the operations of the two projects –as they both moved to consolidate the achievements recorded over 10 years.
Launched in 2002, the KRC Micro Finance Associations Program (MFAP) supports group-based accumulated savings and credit Associations (ASCAS) that are initiated by the smallholder farmers in the rural areas of the Rwenzori sub region. In its eight years (2002-2009) of existence, MFAP has supported and worked with 37 Micro Finance Associations (MFAs). Each MFA is based in a sub county.

In 2006, the MFAs came together and formed their own Federation of Rwenzori Microfinance Associations (FORMA) with a vision of growing into a regional Farmers’ Bank. As of 2009, FORMA had 18 members accessing all the services being offered. Loans outstanding to members at the end of 2009 were close to 100,000,000 shillings (about USD 50,000). This is a big growth for the institution in just over 3 years of existence. FORMA has a vision of becoming a farmers’ bank, offering a whole range of banking services. The 18 Members of the federation were also trained on credit management and usage, contributing to an encouraging improvement in loan repayment rates.

Four MFAs ended their contracts with KRC and became full members of FORMA. Of these, Mahango MFA has been one of the best in loan repayment. FORMA also developed one new loan product, the salary Loan for members. This enjoyed remarkable success, with no defaults being reported. With outreach to some new sub counties, four new MFAs are in the formation stages are expected to be registered at national level in 2010.

In this reporting period, a number of CPFs received continuous mentoring and coaching by the KRC team especially on Finance / administration and Governance aspects of MFAs work. The Program was able to work with fewer but more competent CPFs in supporting the MFAs, especially in generating financial reports and supporting the leaders to effect their duties. With increasing competence among the CPFs to support the MFAs and a change in the monitoring strategy by KRC officers to go further to the groups, there has been a revival of MFAs like Kyondo, Karambi, and Nduguto that had failed.
**Status of FORMA membership since 2006**

<table>
<thead>
<tr>
<th>MFA membership</th>
<th>Status of contract</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bugoye</td>
<td>Ended Contract</td>
<td>Expelled in 2008 AGM</td>
</tr>
<tr>
<td>Busaru</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Butiti</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Bweru</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Harugale</td>
<td>Ended Contract</td>
<td>Expelled in 2008 AGM</td>
</tr>
<tr>
<td>Kibito</td>
<td>Terminated contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kilembe</td>
<td>Terminated contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kisinga</td>
<td>Ended Contract</td>
<td>Expelled in 2008 AGM</td>
</tr>
<tr>
<td>Kisororo</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kitholhu</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kyarusozi</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kyegegwia</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Kyondi</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Mahango</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Munktunyu</td>
<td>Terminated contract</td>
<td>Member</td>
</tr>
<tr>
<td>Nyankwanzo</td>
<td>Ended Contract</td>
<td>Member</td>
</tr>
<tr>
<td>Nyakiyumbu</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Karambi</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Ndaguto</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Muhokya</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Ntara</td>
<td>Contracted</td>
<td>Member</td>
</tr>
<tr>
<td>Kibito Marketing Association</td>
<td>Supported by the KRC Smallholder</td>
<td>Member</td>
</tr>
</tbody>
</table>

**Short Micro Finance Course at Mountains of the Moon University**

The Program worked with MMU in carrying out a market survey and generating the content for the rural Micro Finance short course that was to be launched in 2010. Most of the MFA Managers who lacked formal certification from recognised institutions are set to benefit from this course. The draft Micro Finance cooperatives’ law requires that Managers have formal financial training.

The impact study on the effect of MFAs on their members’ livelihoods that started in 2008 was completed in March 2009. Overall, the study affirmed that there had been remarkable growth in MFAs’ members’ ability to acquire assets, improved nutrition, education of their children and starting up small income generation projects. These included piggery, goat, fish mongering and gardens.

**Technical support to other partners - ORUDE**

Over the eight years, the experiences and achievements made have attracted interest among other microfinance practitioners in Uganda. In 2008, KRC signed a two-year consultancy agreement with The Organisation for Rural Development (ORUDE) that supports savings and credit cooperatives in Eastern Uganda. The goal was to build their capacity in management of savings and credit services. KRC was able to get valuable insights into the operation of solidarity groups, especially in supporting them to become economically viable. This was one of the failures of the solidarity groups in MFAs that contributed greatly to poor loan repayment. With some of these lessons, KRC plans to support the groups more in strengthening their business planning and establishment of income generation activities to improve their self-sufficiency.
The Very Poor Individuals Project

For the last 13 years, KRC has greatly contributed to the improvement of livelihoods of communities in the Rwenzori region through promotion of micro projects and entrepreneurship development. The group approach has been the main yardstick in selecting communities to work with, which inadvertently left out other vulnerable people who could not meet the benchmarks of joining a group. This therefore necessitated the piloting of the Individual Poor Project with an aim of maximising benefits to poor people who may not for various reasons have the capacity to belong to a group.

The project was launched in 2007 and is being piloted through the KRC’s Farmer Enterprise Development program. In 2009, 165 individuals were supported with grants worth UGX 37,520,000, raising the number of very poor individuals so far supported to 365. This initiative is based on the analysis that the number of very poor people, especially those living below the poverty line, is increasing most especially in the rural areas.

The project is mainly targeting women who are the caretakers of households.

Field monitoring reports in 2009 show a great improvement so far made in these households. More than 80% of the households supported under this initiative have been able to meet their basic needs. Most outstanding is a significant improvement in the number of meals a day, with some moving from one meal to two or three while others have registered an improvement in their monthly incomes from UGX 1,500-10,000 (US$ 0.75-5) in 2007 to UGX 20,000–30,000 (UD$ 10-15) in 2009. Below is a case study of a hitherto very poor blind woman Kudura Kasande whose situation has greatly changed since KRC started supporting her. It is therefore important to note that the PAL approach, especially the use of participatory tools have been used to facilitate household planning by the very poor given that majority are illiterate.
Individual poor project: Kudura Kasande

Disabled – yet not disabled: the success story of Kudura Kasande

Her face grimaces as her eight children hover around her. They have probably not had a meal in a day. They pounce on her demanding for food. Her gaze though is temporarily destructed by our arrival—but that is short-lived, as she reverts to her hungry children and tells them to wait for the evening when her husband returns, hopefully with something to eat. Such was the sorry state of Kudura Kasande when KRC first visited her.

Kudura 35, married with 8 children, physically handicapped (blind) and a resident of Kanara Sub-county, Ntoroko County in Bundibugyo District, was living in near destitution before she was selected to benefit from the Micro Enterprise Development Project of KRC. Contrary to the belief of her village peers—who had written her off as inconsequential in terms of doing productive work, Kudura has since demystified this by progressing in her fish business, with the support KRC extended to her. Starting with an initial income of 150,000 shillings, Kudura defied the odds to increase this capital to 537,300 shillings – all achieved within a period of 8 months. This amount does not reflect the money that is daily spent on food items. Kudura attributes her success to her strong determination to go an extra mile to devise shrewd business acumen that includes employing trusted family members, her daughter and her husband, to assist her in running the business. She professed her strong trust in her husband and the daughter with her finances.

The Micro Enterprise Development Project of KRC clearly demonstrates that with little capital, the poor people can be helped to actively participate in the development process of their areas through engaging in small enterprises that encourage the daily buying and selling of commodities and at the same time directly improve their incomes.
According to a market survey conducted by KRC, there was increase in direct interaction of coffee exporters with the marketing associations. The traders have started offering better prices as a result of collective marketing and improved quality of the wet processed coffee. The farmers were able to sell wet processed coffee for 3,100-3,200 Ugandan shillings per kilogram during the period of November 2009-February 2010 as compared to 2900 to 3,000 Ugandan shillings per kilogram during period of August-September 2009. Dry Ugandan coffee was sold at 2,800 Ugandan shillings. Good quality coffee is highly demanded by the exporters who collected the coffee from the farmers store upon proper agreement with the Association. Maliba sold their wet processed coffee to Good African Coffee (Rwenzori Finest) while dry Ugandan coffee to Bakwanye Trading Company. The two coffee companies were visited during the market survey and one of them was too involved in the business meeting for the coffee farmers and buyer that followed thereafter which gave an opportunity for the farmers to interface with the exporters and discussed matters of possible working relationship. This kind of arrangement is hoped to further increase farmers’ access to markets for their products and improve their incomes.

Similar experiences also occurred in other marketing associations like Mahango Mambule that registered both an increase in membership and tonnage collected at their stores.

In addition to specific training provided to marketing associations, KRC also trained Community Process Facilitators to provide direct support to these Marketing associations in pineapple juice and wine processing. For example Nyankwanzi Marketing Association in Kyenjojo District has been mentored by community process facilitators to improve their wine processing.

‘Good quality coffee is highly demanded by the exporters’ Bakwanye trading company
HUMAN RIGHTS AND GOOD GOVERNANCE

It is imperative to note that development initiatives have to be integral in nature—as economic paradigms have to be combined with social aspects. KRC has since inception in 1996 involved communities in issues of sustainable development—that encapsulates both economic and social initiatives in a drive to better their livelihoods. The Human Rights and Good governance Department supports other units at KRC in embedding issues of improving local leadership and governance, entrenching democracy at both local and national levels—as it also takes cognizant of the effervescent drive to improve the relationship between the communities (read citizens) and their elected leaders. The Unit that is currently overseeing the Deepening Democracy and Local Government Empowerment projects facilitates and creates platforms upon which the citizens interface and brainstorm with their leaders on areas of development in their communities.

Local Governance Empowerment project (LGEP)

Local Governance Empowerment is the driver of the empowerment streak of building vibrant and sustainable Local Government structures—through ‘ignition’ of communities to fully engage in matters of policy implementation and monitoring. The LGEP is a 3 years project (2009-2011), funded by the European Union NSA program. It is implemented in 23 sub-counties of the Rwenzori Region. The overall objective of the program is; “to empower local communities and local government structures and other management structures like the School and Health Unit Management Committees in the Region to effectively respond to development issues. The Leaders are also encouraged to abreast themselves with existing policies on sectors such as; Health, Education and Agriculture.

Policy Monitoring at Community Level

In 2009, KRC through the Local Governance Empowerment Project continued to build the competencies of communities to monitor and participate in government programs. The project equally strengthened capacities of the lower local government structures. These included; lower local councils, school and health management committees, and parish development committees. The engagements with these structures resulted into better understanding of their roles. The strategy is to create pressure from the bottom to the top, where communities are sensitized on how to take up their roles and the importance of participating in planning processes. The community dialogues and radio talk shows have since become very important and strategic accountability forums.
**CASE STUDIES IN COMMUNITY EMPOWERMENT**

**Case 1 COMMUNITIES MONITOR SCHOOL CONSTRUCTION AS SHODY JOBS DECLINE**
In Kiguma parish in Bukuku Sub County, Communities and leaders followed up on the community water source, which was being constructed. They got access to the bills of quantities and details of the constructors. The well was not constructed up to the required standard and the contractor had kept some of the construction materials which they wanted to take but the community together with their leaders objected and demanded that work is re-done and indeed the project was improved upon because of the communities’ vigilance.

**Case 2 FOLLOW UP ON SCHOOL DROP OUTS INTENSIFIES**
In Kabwera village a total of 38 children had dropped out of school and the community, parents, management committee members and PTA members had not shown their concern. However after the village sensitization meeting; the School management committee, the parents and the chairperson LC1 followed up the children and 20 were enrolled back in school while 18 were still being encouraged to rejoin school.

**Case 3 INCREASED OWNERSHIP AS LOCAL CONTRIBUTION TAKES SHAPE**
Communities in Kazingo parish, Bukuku sub county are constructing a road to Nyarukamba Primary school in the mountain which was inaccessible for a long time but after the sensitizations and village meetings, a spirit of ownership and responsibility increased among the communities and they decided to construct a road to the school as their contribution since it was not catered for in the sub county or district budgets.

The leaders from various levels of government have given feedback to communities –as have the communities equally shared among themselves ideas and views on how to participate in issues of development

Also during this reporting period, there was a recorded increase in public response to issues debated upon on radio talk shows. According to the survey conducted by the KRC Research Unit on the Radio Listener-ship of the Civil society Radio Program on Voice of Toro, there was an increase of over 40% vigilance among the communities – as they overwhelmingly continued to participate in the radio debates through Talk Sows.

In addition to the above, reports by community process facilitators, indicate that communities are now actively participating in their own development processes by way of following up on development plans by both government and Non State Actors. This has increasingly been noted through the ‘activeness’ in monitoring the implementation of UPE and the projects thereof

It is also imperative to note that because of the above efforts, communities are very keen on local government expenditures and always take the initiative of demanding accountability from their leaders. – As was the case, with the three Civil Servants (names withheld) in Kabarole district whom communities accused of financial impropriety. They were indicted and charged in courts of law with misuse of public resources. The above mentioned and many others still at large are being investigated by the office of the IGG – a good sign towards the implementation of government’s policy of zero tolerance to corruption. This will no doubt go a long way to inspire and bolster grassroots effort through PRMT and PPEM Mechanisms.

**Interface between leaders and citizens**
In this reporting period, KRC initiated and conducted a number of community-based dialogues between the communities and their leaders with the aim of giving feedback and sharing development plans.
These platforms continued to enhance social accountability among the leaders and other implementers of programs in the region. The dialogues have since resulted into the current vibrancy in school management committees and the periodic follow-up by government officials so as to minimise wastage of public funds through shoddy contracts in schools and other government infrastructures.

**DEEPENING DEMOCRACY PROGRAM (DDP)**

The DDP is a three year project that is being implemented by KRC, with financial support from the DANIDA Human Rights and Good Governance Program (HUGGO). Though it rolled off midyear in 2009, the Deepening Democracy Project has tried to reach out to various interest groups in a quest to empower them to play important roles in the democratisation processes.

The project looks at mainstreaming Democratic principles and values through service delivery in the Rwenzori Region. It emphasises interface between leaders and the citizenry. The project supports the use of community forums, dialogues, drama sensitization, radio talk shows and training, to stimulate learning, sharing, feedback, consultation and information provision amongst the leaders and citizens. This is further strengthened by the use of evidence generated from the in-depth Researches targeting grass root citizens, practitioners, policy and decision makers, CSOs and the Academia in the Region.

This is meant to energize and support processes that aim at increasing public participation in governance affairs and decision making, and the capacity development of local governments- who have a constitution mandate of providing services geared towards development In this reporting period, the project recorded a number of milestones. These included;

**Community Mobilisation in issues of rights and governance**

In this reporting period, the DD project took an active role in mobilising communities in the Rwenzori Region to engage in issues of rights and governance. Communities were sensitized on their citizenry rights and obligations, which included inter alia; issues of local governance and democracy.
In 2009 alone, the project organised 110 community sensitization meetings (Sept-Dec 2009) which resulted into communities engaging their leaders on issues of rights, obligations and roles in the democratisation processes. This has led to reduced cases of shoddy works in schools and other public infrastructures- since the communities are now keen and vigilant.

**Capacity Building of community structures**

The design of the DD project appreciated the inadequate capacities of community structures to hold their leaders accountable on issues of service delivery. In this reporting period, a series of capacity building programs for implementing structures at community level were organised with an aim of making grassroots communities gradually metamorphosis into strong social action groups with capacities to monitor service delivery. A case in point is the capacity building sessions with the Health and Education Management Committees, Parents Teachers Associations, which have since empowered them to fulfil their mandate of monitoring the services at school, health unit, water point construction and road repairs,- and also desist from demanding for seating allowances and facilitation to mobilize the communities to attend meetings.

This initiative has further increased close collaboration between the Civil Society and the leaders, thus making delivery of services easy. This was formerly not the case –as they misconstrued these to be the supervisory roles of the district and sub county technical staff.

The governance bodies have also taken up their roles of monitoring the services at school, health unit, water point construction and road repairs, seriously. This was formerly not the case –as they misconstrued this to be the role of the district and sub county technical staff to do the supervision, reporting and to participate in the development of facility development plans.

**Open Discussion forums**

The radio talk shows, aimed at increasing platforms for discussion, assessment and action design, based on evidence so as to galvanise the communities’ efforts with those of their leaders, thus greatly improving service delivery. The various radio programs, which were aired on Voice of Toro, Better FM and Life FM, discussed numerous issues, which included; corruption, health, education and agriculture. The talk shows have since proved that the Citizen’s voices and need to express them is paramount in the development process.
Youth conference

In this reporting period, KRC through its Deepening Democracy Project facilitated the Youth in the region to establish a forum upon which important development aspects can be discussed. The first ever Youth Forum that was organized by the regional Youth leadership, took place at Kagote SDA Hall in Fort Portal. The Forum discussed inter alia; the various ways through which the youth could engage in development initiatives, the challenges of the youth in participating in the democratization processes and how the elders could mentor the youth.

The Various leaders who attended the conference challenged the Youth to use the existing opportunities in the country to start income generating activities and contribute to the development processes. The youth have since followed up the conference with engaging political leaders in matters of development -and coming up with issues they feel should be addressed to accelerate development

Future plans

The project will in 2010 embark on; women & youth manifesto consultative meetings, radio talk shows, drama sensitisation, exchange learning for implementing partners, regional leaders re-treat, MP forum meeting and UPE conference and vigilance of leaders to monitor government programs as the effervescent drive to cause sustainable regional development takes centre stage.

A cross section of KRC partners and community processes facilitators attending a reflection meeting at St Adolph Ongoing formation centre, Kinyamasika. The Deepening Democracy Program builds capacities of community structures to take charge of the development processes.
RESEARCH AND DEVELOPMENT

Research is a fundamental aspect of KRC as all interventions are based on research findings. KRC seeks to establish facts and evidence on key development issues affecting the region. A number of studies were conducted by the Research Unit. These included a survey on the performance of Universal Primary Education in the region, an assessment of the impact of microfinance associations on their members’ livelihoods, and a baseline survey for Organisation for Rural Development (ORUDE), as a basis for KRC Micro Financial service support to the organisation. Other studies include a baseline study by the Deepening Democracy Program on the impact of the KRC Radio Talk shows. The studies were aimed at assessing the impact of the KRC interventions and areas that need to be improved upon.

The study on the performance of UPE in the region found out that there are higher dropout rates in an interval; 7.9% in Bundibugyo, 6% in Kyenjojo, 5.3% in Kasese and 5% in Kabarole. The pupil-teacher ratio was found to be 1:56 compared to the government target of 1:40. These findings were used to engage the local leadership on the actions needed to address these very serious development challenges.

The findings from a health facilities survey using the PPEM tools were presented at the National level. The findings showed that despite the Government’s increased role in extending health services closure, through establishment of health centres up to the parish level only 23% of the households were in the range of 5 kilometres to the nearest health facilities, far below the current National average of 49%.

Another major finding was that despite the health education exercises conducted by various stakeholders, the disease burden was still very high. The survey revealed that out of the sampled 295 persons who had accessed or visited health facilities for medication, 52.9% had other members of their household getting sick within the same period.

This was an indication that the communities still faced a big challenge of constant sickness. The findings were presented in partnership with Gulu NGO Forum to compare notes on the effectiveness of the tool in monitoring the performance of government programs. The civil society led by the National NGO Forum have since picked interest in the tool, and will be rolled out to other organisations in Uganda to facilitate the process of engaging the government on issues emerging from monitoring processes.

The Regional Think Tank

The idea for a regional Think Tank was birthed at the Kasunga III Annual Leaders retreat facilitated by KRC in 2008. Regional leaders realised the importance of the think tank in guiding development processes in the region based on research. The core mandate of the Think Tank is to facilitate research on different issues affecting development in the region. These include, Education, Health, Agriculture and climate, among other aspects of Human Development. In this reporting period, the Think Tank team was set up and it is led by Prof. Edward RUGUMAYO, the chancellor of Mountains of the Moon University. The other members of the think tank are; The LCV Kasese district Rev. KITAGHENDA Julius, Hon. ALISMERATA Jane, Woman MP BUNDIBUGYO district, the KRC Board Chair, Dr. KABONESA Consolata, and the Vice Chancellor Mountain of the Moon University. The team is currently reflecting on research topics that will be informed through consultations with various stakeholders in 2010. Initial attempts to raise funds for the Think Tank were made by both KRC and MMU to different funding agencies. By the end of 2009, The Think Tank had received 360,000 Euros from HIVOs to kick-start its activities. A research team from KRC and MMU is also in place to initiate these processes.
INFORMATION SHARING

The information Unit is one of the three core programmatic areas, which KRC uses in its quest, to positively in-put into the development processes. The Unit, is charged with supporting other KRC programs and partners to document and disseminate information about their work and other best practices encountered in the course of operation.

In this reporting period, the information Unit with support from Broedlijk Delen, continued to mentor and support community owned and managed information centres. These are community information drivers that seek to address the information gaps among the rural farming communities. Most important and interesting is that these information centres are community initiated and managed. Although the centres still need a lot of support in terms of capacity building, some of them have began creating marketing linkages through information sharing.

Research and Development (CONTD
FRM PG 19)

Organisational Development Consultancy

For the last 2 years, KRC has witnessed growth in demand for its services by other organisations in the area of microfinance and institutional support, indicating a need to replicate to other areas development models designed in the Rwenzori. KRC worked with Organisation for Rural Development (ORUDE), an NGO based in Jinja, to set up microfinance associations in ORUDE’s area of operation using the KRC MFA model. This entailed setting up a monitoring and evaluation system, developing of a training manual, and conducting an initial baseline survey. KRC realizes the growing need for this kind of support by other microfinance institutions within and outside the region, and is thinking through strategies to take advantage of the opportu-

Communities in Mhyoro witnessing the installation of a notice board to facilitate dissemination of information to farmers

Increasing agro production and marketing through information

In this reporting period, KRC continued to provide financial and mentoring support to information centres across the region. The support has since led most of these centres into providing relevant information to farmers, especially on agronomic practices. For example, Mhyoro Information Centre has become a helpful source of good advice on processing and marketing of maize, coffee and rice to farmers in Mayhor Sub County in Kavengen district

The Civil Society Radio Program

At the meso level, KRC-supported radio shows have focused more on accountability by government and other stakeholders. For example in Kabarole District due to the awareness campaigns by the Civil Society radio program many government officials have on a number of occasions been called to appear on the talk show and defend themselves in areas where they have scored below par or failed to deliver at all. It is therefore imperative to note that the areas of information search and dissemination through radio increased the KRC’s niche. A future strategy to strengthen information sharing and dissemination in the region is use of community radios- which have been found to be very useful in other parts of Africa like Tanzania and Nabweru in Uganda. KRC is planning to work with the communities to establish community owned and managed community radios as opposed to the current commercial radios who have very limited airtime for developmental programs- and charge prohibitive costs when NGOS or government decide to sponsor talk shows

Open Space Meeting
KRC facilitated an open space meeting in 2009 that brought together more than 200 development actors to reflect on effective regional development processes, such as how to create grassroots linkages and the need to shift from the group approach to the household approach, and how these processes can be better consolidated. As a result of this meeting, a holistic regional program is to be started to which several donors could contribute. Some of the donors that have already expressed interest in this process include HIVOs and BD.

Kasunga Leaders’ Retreat
In 2009, the Fourth Kasunga Leaders’ Retreat was organised under the theme; ‘Towards regionally integrated development, accountability, opportunities and priorities’. These retreats are one way of involving the region’s leaders in thinking through development strategies for the area. The meeting was on the effects of climate change, the implications of the regional tier system of governance as compared to decentralisation, the regional development plan and the situation of the NAADS program in the region. Consequently, due to the regional leaders’ contribution to national plans in this meeting, the Mountains of the Moon University was allocated funds in the Rwenzori-Luwero Development plan

National Symposium on Public Expenditure Monitoring
KRC together with other civil society organisations and the National NGO Forum convened in Kampala to revitalise the grassroots engagement on public expenditure monitoring and engaging government on key emerging issues from the pilot areas of the Northern Region and Rwenzori sub-region. The outcomes of this process yielded civil society interest to nationally propel this process further but more so, re-new government interest in the monitoring findings using the PPEM tools to monitor government programs.

Population Seminars
In partnership with the International Population Media Centre in the United States of America, KRC spearheaded a series of seminars in Fort Portal on the link between population growth and development. The seminars were in response to growing national concern about the ever increasing population of Uganda. National and global experts on the subject interfaced with leaders, youth, teachers and NGO employees. At a higher level, six seminars were conducted in Kampala with members of parliament, academicians at Makerere University and CSOs at National NGO Forum. KRC in its programming strategies is mainstreaming population message in its interventions.

‘Towards regionally integrated development, accountability, opportunities and priorities’ theme for Kasunga 4
KEY LESSONS AND OPPORTUNITIES

The Household Approach
There is growing recognition by KRC and other stakeholders in the region to adapt a household approach in their programming compared to the group approach that is mostly favoured by donors and some government programs. The very poor initiative at KRC continues to demonstrate the chances of realising more impact at household level with minimal financial support.

Coordination
Reflections in 2009 pointed to the need for a coordinated approach to development if value for resources is to be attained in the long term. Ongoing discussions are now focusing on the regionalism approach, where development issues need to be looked at through a holistic lens.

Market Vs Production
Whereas there has been commendable progress made by government to create regional linkages like the one in Juba, Smallholder farmers are yet to gain fully from local, the middlemen because the profits accrued thereof reap national and international markets. The middlemen or the ones commonly known as ‘commercial traders’ pay farmers ‘peanuts as they smile all the way to the banks with the massive profits they make. There is need to make policies that create fair trade. A key lesson for KRC in 2009 was that the market will no doubt stimulate production.

Government Interest in Accountability
The government of Uganda is increasingly interested in public expenditure monitoring and this is an important opportunity for future application of PPEM tools. This would mean that civil society organisations in Uganda need to adapt the tools so that they speak with the same voice to influence government and NGO action on inconsistencies with public expenditures.

The Role of leadership
Effective leadership remains a very important element in fostering development in region. The case of data falsification in some of the MFAs whose contracts were suspended was as a result of lack of leadership with integrity.

CHALLENGES

Donor Dependency
KRC continues to remain donor dependent with over 90% of the income in 2009 coming from donors and very little from local contribution. This puts KRC in a rather vulnerable position amidst an uncertain global economic situation and falling overseas development assistance in general.

The 2011 Elections
The election year, 2011 is near yet the environment is tending to show a lot of political unrest. This might affect programming especially where activities target elected leaders. More so, the elections will bring into office new leaders that will require new orientation, which means more financial resources will be needed for consistency purposes. Some leaders are likely to question KRC’s Deepening Democracy Program,-given the timing- as the 2011 election draw closer. Also, although KRC’s working relationship with the government has remained cordial; there is no doubt that the decision by the former KRC director to join politics will raise questions about KRC’s objectivity, especially as regards those activities that directly involved the region’s leaders. This notwithstanding, KRC will continue to emphasise its non partisan positions and objectivity and neutrality in the whole process.
Human Resource

This reporting period had various milestones –as it had some challenges. One of the biggest shocks to KRC was the death of the chairperson, Board of Directors, Father Albert Byaruhanga, in a road accident along the Fort Portal- Kampala highway on October 26, 2009.

One of the milestones recorded was the resignation of the KRC founding Director, Mr. Alex Ruhunda, who joined politics. Mr. Ruhunda had been KRC’s director since its inception in 1996. Mr. Julius Mwanga, the Deputy Director, was appointed Director by the Board.

Recruitment

This reporting period witnessed a 40% increment in terms of employees –as the number rose from 21 at the beginning of the year to 31 by close of business in December. Senior Management also received an additional member when Mr. Businge Chris was recruited to head the Information Unit. The incumbent, Mr. Muzinduki Patrick was shifted to the Research Docket.

Promotions

The year 2009 was a landmark one –as it ushered in a new director –as well as a new senior management team. Mr. Shariff Mohammad, hitherto working as Head of Research, was appointed to deputise Mr. Julius Mwanga, the new executive director. Also elevated was Ms Bihunirwa Medius who now Heads the Process Facilitation Unit.

Demotions

The reporting period did not witness any demotions. Only one staff member, Ms Kateeba Lydia wilfully resigned her commission –and moved on in her career.

Staff development

As part of the strategies to increase efficiency of staff, KRC supports employees to undergo short term trainings. In this reporting period the Head of Process Facilitation Unit trained in Land Use management. The course has already enriched her knowledge in supporting farmers to have better farming methods.

KRC is also cognizant of the importance of knowledge sharing by the staff and other development partners. In this period the director facilitated a training of staff members of Wemos –an NGO based in the Netherlands. The skills sharing also continued when the KRC MFA program was contracted by ORUDE –an NGO based in Jinja to train their staff in issues of organisational development.

Challenges to KRC OPERATIONS (CONTD FRM PG 21)

Legitimacy of Local Councils I and II

The confusion that mired the election of Local Councils in the run up to the 2006 general elections –when the opposition parties successfully petitioned the legality of the Act under which they were to be held, has continued to be a challenge. The LC officials themselves are not sure if they are the legitimate ones or not –since in 2006 they were asked to volunteer until a relevant Act to operationalize their elections is put in place. The relevant law has never been enacted –and there seems not to be any Bill coming to parliament soon.

KRC Annual Reflection meeting

Towards the end of 2009, as is tradition, the KRC Board and staff held their End of Year Reflection in Kigali, Rwanda. Among the issues reflected on was program performance and financial management in relation to program results. Critical on the agenda were the fundraising strategies for the institution, staff commitments for 2010, and institutional growth. One of the meeting’s outcomes was the decision that senior management would develop an institutional fundraising strategy.
Future institutional development Plans

Personnel plans

KRC will in 2010 continue building the capacity of its research Unit — as this is the cornerstone of its very existence. The unit will be beefed with a professional qualitative analyst to enrich the already improved research team. The staff will also be equipped with better skills in presentations.

As earlier reported in 2008, KRC recognizes the increasingly escalating HIV/AIDS pandemic—thus the introduction of the internal HIV/AIDS mainstreaming, and is now planning to strategise ways of extending to partners and general community.

The KRC Staff day out that was started as one of the ways through which members can socialise and share ideas informally, will continue in 2010 to be a major institutional event.

The Competitive salary structures will continue to be enhanced with a Health Insurance Scheme — that was started in 2009. Though staff members have been contributing towards the scheme, KRC intends to meet the costs in 2010.

Investments

Model Farm
One of the many achievements that KRC recorded in 2010 was the purchase of over 80 acres of land in Kyenjojo District. The institution intends to set up a demonstration farm that is expected to generate income — and also be used for training partner organisations in better farming practices.

KRC Complex
KRC will begin 2010, develop plans of constructing a multi-purpose complex. The three storied building to be constructed on the KRC plot in Boma Fort Portal, will house KRC offices, rooms for letting out, and conference facilities. This is one of the many sustainability strategies that KRC is putting in place.
Despite the occurrence of the global financial crisis of 2009, KRC continued to attract support from its long term partners to facilitate the fulfilment of its vision. Special appreciation goes to the KRC 10+ Partner, Hivos – whose enormous support has seen KRC grow and develop ideas for the last 11 years. In the same vein KRC extends appreciation to Broederlijk Delen (BD), without whose financial input, various interventions would have remained unattended to. We equally pay tribute to our other formidable partners Germany Agro Action, European Union, McKnight Foundation, Rabobank and DANIDA. The financial envelop was also bolstered by consultancies from Uganda NGO Forum/DNSP, ORUDE and COMESA. The income earned has been reserved to kick-start the building of KRC permanent home. The summary of the financial audit and expenditure is as below.

**SUMMARY PROJECT ANALYSIS: BUDGET Vs. ACTUAL**

<table>
<thead>
<tr>
<th>Donor</th>
<th>Opening bal.</th>
<th>Actual Income</th>
<th>Actual Expense</th>
<th>Variance</th>
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<tr>
<td>Hivos Program</td>
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<td>736,036,500</td>
<td>897,474,325</td>
<td>203,387,109</td>
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<td>Hivos MFA</td>
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<td>McKnight Foundation</td>
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<td>DANIDA</td>
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