



## Annual Report and Audited Accounts 2018

Building lasting results on local expertise

# Who we are

SNV is a not-for-profit international development organisation working in Agriculture, Energy as well as Water, Sanitation & Hygiene (WASH). Founded in the Netherlands in 1965, SNV has built a long-term local presence in more than 25 developing countries in Africa, Asia and Latin America. It has been present in Uganda since 1989 with a country office in Kampala and regional offices in Arua, Fort Portal, Lira and Mbarara through which it undertakes donor-funded activities in over 30 districts. We work with 54 local organisations and 63 staff, 96% of them Ugandans.

We strive to improve the lives of people living in poverty by helping them increase their incomes and access basic services. Driven by the Sustainable Development Goals (SDGs), we are dedicated to a society in which all people are free to pursue their own sustainable development and no one is left behind. This commitment to equity directs us to focus on gender and youth.

## Local presence and know-how to realise lasting solutions

We apply practical know-how to support people living in poverty. By connecting our global expertise with our extensive

in-country experience, we help realise locally owned solutions. Our services include advice, brokering and stakeholder engagement, advocacy and results-based financing.

We create systems change by strengthening institutions and kick-starting markets that pull many people out of poverty. We apply practical know-how to create results. We use our extensive and long-term in-country presence to apply and adapt our top-notch expertise in agriculture, energy and WASH to local contexts.

## We commit to operational excellence

We are proud to be a not-for-profit organisation implementing our mission exclusively through project financing. This requires us to work efficiently and invest in operational excellence every day.

SNV works with governments, local development partners, businesses, knowledge institutes and communities so that together we can transform ideas into policy, policy into action, and action into results.



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# Message from the Country Director



It is with great pleasure that I share with you the SNV Uganda Annual Report and Audited Accounts for the year 2018. This report gives insights into our work in Uganda and our contribution to improving the quality of the lives of people through our three sectors of focus: Agriculture, Energy and Water, Sanitation and Hygiene (WASH). I am happy to report that we registered steady growth in 2018 and expect, during the coming years, to see more people with increased incomes, better food and nutrition security as well as improved access to basic services like safe water, sanitation and hygiene in addition to clean energy, as a result of our work.

Our overall goal as SNV Uganda is to improve the lives of the people we work with by empowering them to pursue their own sustainable development. As such we continuously seek better means to deliver on our targets in ways that result in lasting solutions. In 2018 we implemented 10 donor-funded projects: six in Agriculture, two in WASH and two in the Energy sector. Our work benefitted 353,527 people directly and another 722,208 indirectly. This would not have been possible without support from our donors, partners and the hard work from our highly committed and professional staff.

These are some of our key achievements in 2018:

- Through our flagship dairy project Tour flagship dairy project, The Inclusive Dairy Enterprise Project (TIDE) funded by the Netherlands Embassy in Uganda, we piloted a quality-based milk payment system through which over 1,000 farmers earned more than

UGX300million (EUR 72,248) in bonuses for supplying quality milk. On the nutritional side, through the school milk programme 200,849 school children in 627 government-supported schools were served milk daily paid for by their parents. TIDE will enter its fourth year in 2019 and we are looking at a follow-on phase where we can scale up these results.

- In 2018 we co-invested EUR 327,178 in eight Inclusive Businesses through our Innovations Against Poverty II (IAPII) project funded by the Swedish International Development Agency (SIDA). The businesses generated EUR 842,578 in additional revenue from sales by improving the capacity of their operations and expanding to new markets. As a result 141 new jobs for low-income earners were created.
- In January 2018, we were awarded a contract to implement Phase II of the Sustainable Nutrition for All (SN4A) project funded by the Swiss Agency for Development and Cooperation (SDC). By the end of the year 10,463 households had adopted good agricultural practices and the number of children consuming inadequate diets had dropped from 46% to 7% in Kasese and from 63% to 3% in Kyenjojo districts.
- Under the Agriculture and Market Support project funded by the World Food Programme, we directly supported over 3,000 farmers organised in 299 rural producer groups and 15 farmer organisations. We trained them in post-harvest handling and

“ Our work directly benefitted 353,527 people and indirectly 722,208 people. ”

doing farming as a business. As a result 270 farmers bought improved maize seed and increased their maize yields. The farmers bulked 280 metric tonnes of quality maize grain at three grain stores (satellite collection points). While we achieved significant milestones in our agriculture projects, Energy and WASH performed below their targets for the year. In the energy sector we constructed 663 bio-digesters out of a target of 2,250 due to their relatively high cost and the reluctance of financial institutions to give agricultural loans. We are exploring cheaper financing alternatives like lending at a fixed interest rate of 1.5% per month through Government and a revolving fund by the programme.

- In 2018 we registered mixed results in WASH, under the DIFID funded extension phase of the Sustainable Sanitation and Hygiene for all (SSH4A) project. This is largely due to a change of approach, where we scaled down our engagement with grassroots organisations (local capacity builders) directly implementing our activities under the extension phase of the SSH4A project having downscaled the project targets to 80,000. However the decision to use district teams only to support implementation of activities affected the attainment of project targets due to competing priorities by the district staff. Consequently we impacted the lives of only 24,775 people who now have access to improved latrines. We have since re-adjusted our strategy to work with both local capacity builders and district extension staff. In addition, we will intensify our work in

Supply chain strengthening and behaviour change communication interventions and with these changes expect to meet our 2019 targets.

Our Country portfolio is steadily growing. In 2018 we acquired new contracts worth €17.8 million. We also started implementing four new projects namely: Climate Resilient Agribusiness for Tomorrow (CRAFT), a multi-country project funded by the Netherlands Ministry of Foreign Affairs; Agriculture and Market Support (AMS) funded by the World Food Programme; Sustainable Nutrition for All (SN4A) funded by the Swiss Agency for Development Co-operation; and Sanitation for Health Activity (S4H) - funded by the United States Agency for International Development where SNV is partnering with Tetra Tech ARD, the lead implementing partner. Our growth comprises of both repeat funding and new projects, which is strong validation of the quality of our work and affirms the confidence our partners have in us. We plan to continue growing, including bringing in new business in 2019, and commit to continuously deliver excellent lasting results with the resources entrusted to us.

During 2018 SNV also developed its new strategic plan for 2019-2022. Our focus will remain in the three sectors (agriculture, energy and WASH). In addition to the direct results of our work we shall also emphasise changing systems and leveraging finance to ensure results are sustained after projects end. In 2019 we will focus on the following priority areas;

- Scaled impact: We will continue to create direct results that go beyond the project target groups and transform communities;
- Premium quality in project implementation: In line with

our new strategy, we will invest in knowledge flow to different stakeholders, strategic staffing as well as enhancing processes to ensure projects are done on time, within budget, and meet performance targets;

- Knowledge flow: We will focus on knowledge development and learning from our practice, through strengthening of sectors and actively participating in relevant local and global knowledge forums.
- Increasing agricultural production and food security: We will promote the adoption and scaling of climate-resilient agriculture through inclusive business development;
- Expanding our WASH portfolio focus to urban sanitation and area-wide rural water and supply services
- Promote private sector development and innovation: We believe these are key to success in agriculture and will thus continue working closely with the private sector to ensure our results are sustainable and scalable;
- Balancing benefits: We will step up our efforts on gender, starting with including specific gender indicators in all new projects

Thank you for your support to SNV and we look forward to your continued partnership.

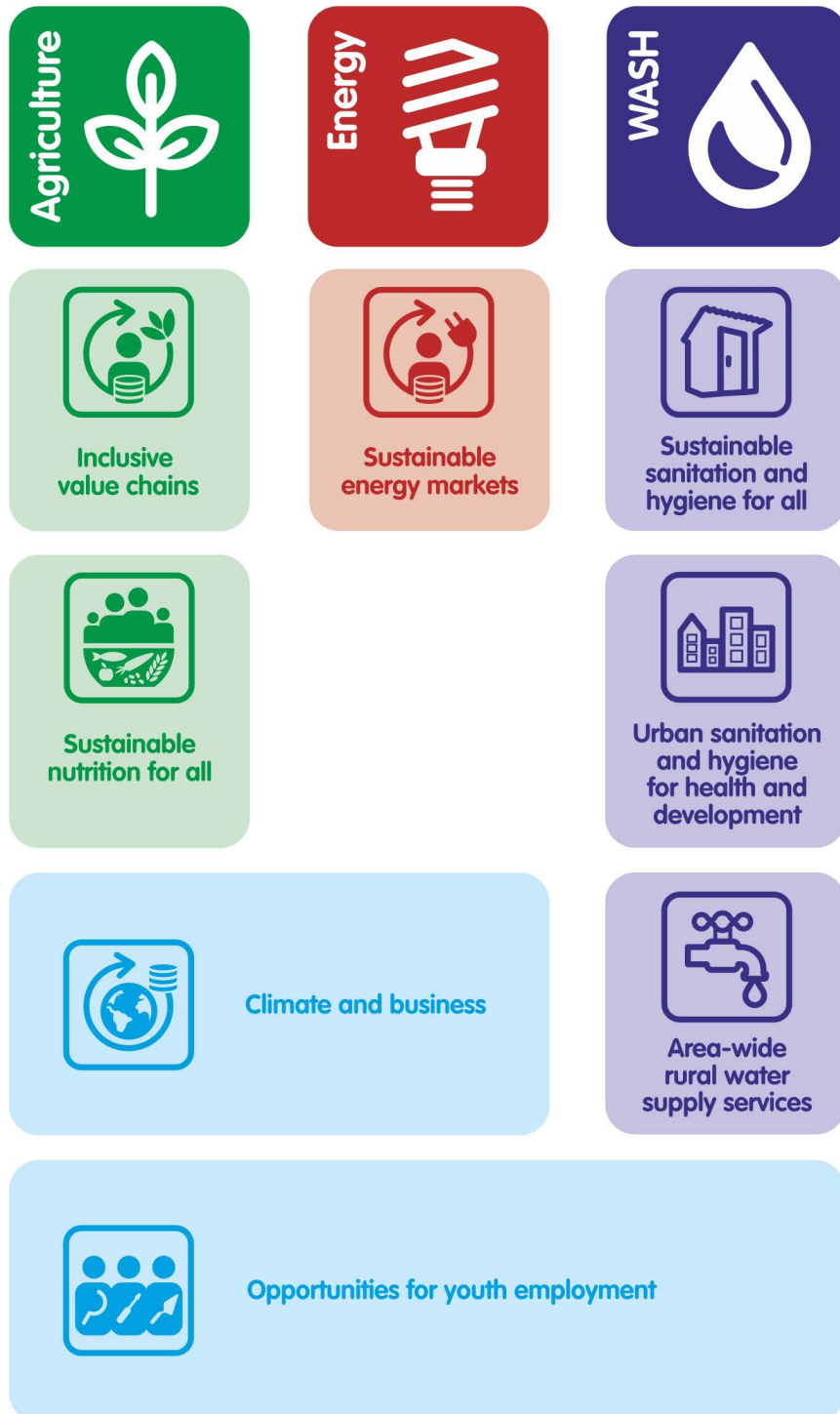
***"Alone we can do so little; together we can do so much" - Hellen Keller.***



**PHOMOLO MAPHOSA**  
Country Director SNV Uganda

# Our Sectors and Products

Our work focuses on three sectors: Agriculture, Energy, and Water, Sanitation and Hygiene (WASH). By continuing to focus on these interconnected areas, and adapting and expanding our approach within them, we are able to reach more people and continuously improve the quality of our work. Within these three sectors we have defined eight products. During the Strategic Plan period (2019 – 2022), we will further deepen our expertise in these products. Increasingly, our projects span across products and take an integrated approach to sustainable development.



We implemented 10 projects across the three sectors – Agriculture, Energy and Water, Sanitation and Hygiene (WASH).

## Agriculture

### **The Inclusive Dairy Enterprise (TIDE)**

Goal: Reduce poverty by improving dairy farm incomes, household nutrition and employment opportunities for 20,000 farmers.

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### **Climate Resilient Agribusiness for Tomorrow (CRAFT)**

Goal: Increase productive capacity and income for at least 300,000 farmers; improve business performance for 50 agribusiness SMEs and 30 cooperatives; and support the production of climate-resilient sustainable food production on 600,000 hectares.

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### **Innovations Against Poverty (IAP) Phase II**

Goal: Identify and support innovative inclusive business models that are commercially viable and deliver developmental benefits to 718,730 people living at the Base of the Pyramid.

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### **Sustainable Nutrition for All (SN4A)**

Goal: Improve nutrition by adopting agro-biodiversity and improving dietary diversity at intra-household level for 17,200 households.

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### **Agriculture and Market support (AMS)**

Goal: Support 7,000 smallholder farmers to become food- and nutrition-secure, move from subsistence to surplus production with increased access to markets and incomes.

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### **AgriProfocus**

Goal: Make agribusiness work for development by promoting collaboration among stakeholders.

## Energy

### **African Biogas Partnership Programme (ABPP II)**

Goal: Promote biogas use by supporting the construction of 13,000 bio-digesters to give 78,000 people an alternative source of clean, high-quality energy for cooking and lighting.

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### **Biogas Business Boost Benefiting Farmers (4BF)**

Goal: Develop affordable energy lending facilities for households to purchase biogas solutions.

## Water, Sanitation & Hygiene (WASH)

### **Sustainable Sanitation and Hygiene for All (SSH4A)**

Goal: Ensure equitable and sustainable access to improved sanitation and hygiene (Improved sanitation for 180,000 people with 27,000 practising hand-washing with soap and water).

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### **Sanitation for Health (S4H)**

Goal: Increase the number of people with access to improved and sustainable WASH services (Provide basic sanitation to 750,000 people and basic drinking water or safely managed water services to 110,000 people).

# Management team

During the year SNV Uganda was spearheaded by two Country Directors; Michael O'Mahony who served as Country Director until July 2018 and Phomolo Maphosa, who took over as Country Director from August 2018. Below are the current Management Team members of SNV Uganda



**Phomolo Maphosa**  
Country Director from  
August 2018



**Kenneth Kasozi Mukisa**  
Country Controller



**Pheonah Kisémbó-Omach**  
Country Human Resources

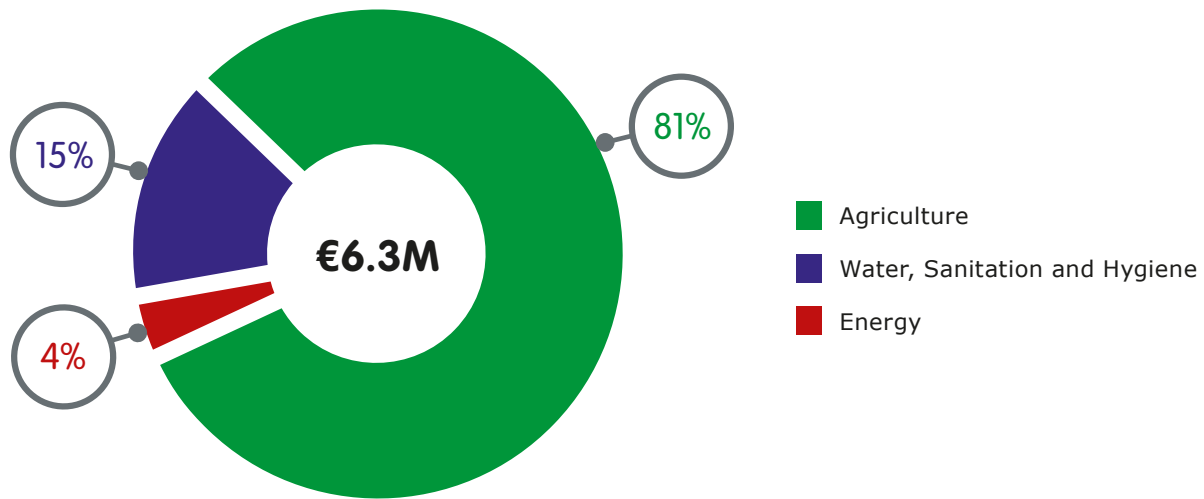


**Rinus van Klinken**  
Sector Leader –  
Agriculture

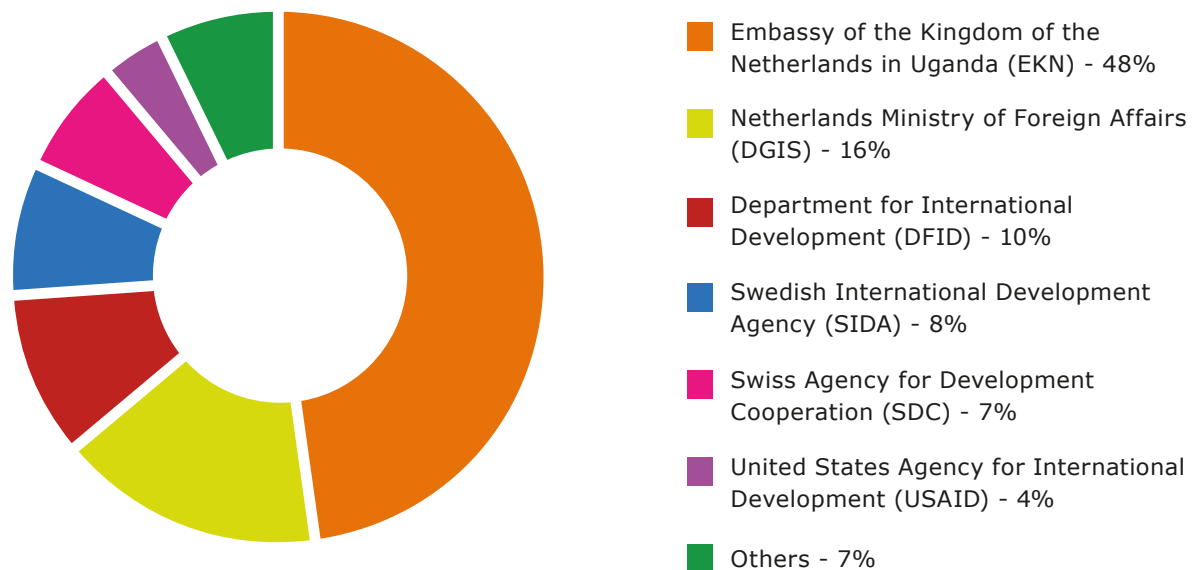


# Financial summary

## Revenue by sector



## Donor Contributions





# Agriculture



## 2018 Results

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**32,301**  
people employed  
(jobs created)



**39,002**  
people with  
increased productivity  
and incomes



**53,285**  
people with  
increased food &  
nutrition security



**200,849**  
children drinking milk  
at school



**718,730**  
people indirectly  
impacted by our work  
in agriculture

Agriculture is the largest sector in SNV Uganda, with six projects under implementation across four products: Inclusive Value Chains, Climate and Business, Sustainable Nutrition for All, and Opportunities for Youth Employment. The Sustainable Development Goals remain the guiding framework for our interventions. Our work aims at contributing to increased incomes, resilience to climate change and increased food and nutrition security for farming communities as well as small and medium enterprises in different value chains. Through our agricultural programme we directly improved the lives of 325,437 (including 200,849 children) in 2018.

## Inclusive value chains

### Catalysing the Private Sector to Promote Sustainable Development

SNV offers a proven market-based approach to address the problems of smallholder farmers, suppliers, processing companies, retailers as well as consumers.

Dairy farmers in Southwestern Uganda are transitioning from the traditional low input – low output farming system to one that is semi-intensive and more commercially oriented. Using the market **systems development approach**, The Inclusive Dairy Enterprise (TIDE) project has supported this transition by creating a commercial input market. It is understood that farmers need access to knowledge (training, extension), products and services, as well as finance (credit) in order to change their practices. At the start of the project these were either not available or were not relevant, affordable, accessible or of the required quality. The project created a market by

supporting the development of suitable products and services (e.g. training modules, on-farm infrastructure, mechanisation), and strengthening market linkages (through an intricate mix of technical advice, strategic subsidies and matching grants). Similarly, TIDE has attracted local financial institutions (Savings and Credit Cooperative Organisations, SACCOs) that are providing loans and enabling dairy farmers to invest in improving production. By buying down interest rates in SACCOs for dairy farmers investing in TIDE-supported products and services, the SACCOs were able to provide loans valued at more than EUR 402,425 within six months of the product being launched in 2018.

TIDE's main aim is to improve the livelihoods of dairy farmers through increased milk production. The project's activities, however, cover the entire value chain so as to create lasting impact. We believe that this can only be achieved when all the segments

By buying down interest rates in SACCOs for dairy farmers investing in TIDE-supported products and services, the SACCOs were able to provide loans valued at more than EUR 402,425 within six months of the product being launched in 2018.



*Pearl dairy staff offload milk at the factory premises.*

of the value chain are aligned and efficient thereby allowing farmers to obtain sustainable benefits.

TIDE works with three dairy processors in south-western Uganda to improve the quality of milk. Through a pilot introducing the **Quality Based Milk Payment System (QBMPs)**, 1,500 farmers from 11 cooperatives received over UGX300million (EUR 81,092) in bonus payments for supplying high quality milk. Processors also benefitted from better quality milk that fetches higher prices in the export market.

In the second half of 2018 TIDE, together with the Dairy Development Authority (DDA), carried out a milk cooler census in the south-western milk shed (consisting of 27 districts). The census showed an increase in milk collection centres, with 53 new centres set up in the last two years in the six districts targeted by TIDE. The census also showed the dominance of the districts in south-western Uganda within the milk shed with 81% and 79%

of the daily milk collection in the wet season and dry seasons respectively coming from TIDE districts.

Using the concept of **nutrition-sensitive agriculture**, the project has been promoting development of local markets through the introduction of school milk (in primary schools) and pro-biotic yoghurt (in pre-primary schools). The intervention is market-based: parents contribute funds to the schools to buy fresh milk from the local cooperative society thus expanding the milk market. The benefits are social: pupils' health improves as do other parameters like school attendance, retention rates, attention in class, and ultimately grades. Since its launch in late 2017 200,849 school-going children in 627 schools now receive milk while in school (their parents pay for the milk through participating schools while SNV provides improved cooking stoves). The school milk programme has now been adopted as part of government's policy on school feeding.

TIDE supports more effective dairy cooperative societies. By providing training and coaching on improved governance and financial management practices, cooperatives are more capable of playing their role of aggregating milk from member farmers and selling it to processors. With increased capacities, cooperatives also started additional services such as (veterinary, extension, training on animal husbandry, credit) and access to products (food and animal feeds). This has increased production and strengthened the cooperative societies' finances. The project, through its partnership with Agriterra, has built the capacity of 73 cooperatives and enabled 37 of these to be rated "bankable" based on the following parameters: clear business record cashbooks, ledgers, asset registers, well written receipts and vouchers, clear bank reconciliations and budgets in place, with audited books of accounts. Some cooperatives can now borrow from both SACCOs and micro-finance institutions (MFIs).



By positioning its interventions strategically along the value chain, the project has supported:

- The establishment of dairy as a major export product for Uganda;
- Improvement in the quality of milk along the value chain;
- Strengthening the position of dairy cooperative societies within the value chain;
- The creation of SACCOs providing relevant services to the dairy sector;
- The establishment of Practical Dairy Training Farms (PDTFs), offering contextualised residential peer-to-peer trainings to farmers;
- The development of an input market, offering products and services required by farmers to increase production.

In the last 3 years, the project has leveraged nearly EUR 5m in investments from various dairy sector stakeholders, surpassing its original target of EUR 4m.

The project made two broad interventions: First, it introduced the dairy farmers to relatively new ideas and practices such as paddocking, water, fodder and pasture management as well as mechanisation. Second, it involved private sector companies that brought their marketing experience and also introduced financing facilities that the project subsidised. SNV offered matching grant support to willing and selected companies to facilitate market penetration and uptake of their products and services amongst the farming communities. These matching grants range from 5% to 40% and are channelled directly through the service provider to the farmer.

By the end of 2018 the project was working with 27 companies offering diverse services to farmers ranging from on-farm infrastructure such as paddocking and fencing to construction of milking parlours, production of fodder and silage as well as specialised Information and Communication Technology solutions that help farmers maintain proper records. The matching grant facility has boosted growth through the private sector and increased investments by farmers and private sector service providers. In the last 3 years, the project has leveraged nearly EUR 5m in investments from various dairy sector stakeholders, surpassing its original target of EUR 4m.



“Times have changed and we cannot continue milking our cows in the bush. Milk production has become very commercialised and milk traders are demanding increased quantity and quality of milk. With this milking parlour I will not only be able to start milking early unlike now when I have to wait for daylight, but I will also be able to supplement the feeding for my cows as I milk them, which in turn will give me even more milk,”

**John Tuhamize**, a dairy farmer in Mbarara district who invested UGX6.5m (EUR 1,757) in building a milking parlour.

## Inclusive Business (IB): Increasing investment and improving business models for the bottom of the pyramid market

Private sector development has proven to be a real catalyst for change in creating opportunities for people to lift themselves out of poverty through inclusive entrepreneurship. According to the World Bank, more than 4.5 billion people worldwide belong to the Bottom of the Pyramid (BoP) with a local purchasing power parity below USD2 per day. Because of this huge market potential at the BoP (many of whom are still largely excluded from formal markets, with no consistent income and access to basic goods and services), there is a need to catalyse investments and innovative business models that create benefits and opportunities for BoP markets. Private sector entrepreneurs pioneering in BoP markets, which are considered “risky” in developing countries, often lack available or accessible risk investment financing, inclusive business model knowledge, technical skills and innovation capacity.

In order to fulfil this potential and leverage development impact on global poverty reduction, an enabling environment and inclusive approach in business value chains is required. **The Innovations Against Poverty (IAP) II project** is catalysing this through its combined approach of providing co-investment grants and inclusive business technical assistance to selected companies. The IAPII project covers the four key sectors (Agriculture, Energy, ICT, WASH). In 2018, the project awarded over EUR 900,000 to



eight innovative and inclusive business companies through the competitive Innovations Against Poverty (IAP) II challenge fund. The money will be disbursed to the businesses in instalments over the project’s three-year life cycle upon attainment of agreed milestones.

Out of the EUR 900,000, IAP II has so far co-invested EUR 327,178 to the eight successful businesses and attracted private sector co-investment worth EUR 1,827,615. This has led to the following commercial and social benefits:

- EUR 842,578 in additional sales revenue generated by the businesses through improved operational capacity and expansion to new markets;
- 141 new jobs created by the companies for low income earners;
- Increased income for 4,527 BoP individuals who participated in the inclusive business value chains as suppliers and distributors.



*WANA Energy Solution Ltd. staff exhibit their metered LPG cooking system.*

## **WANA Energy Solutions Ltd (WES)**

### ***Scaling consumption of LPG for cooking in BoP markets through "Pay As You Cook" business model***

For the past 8 years, WANA Energy Solutions, one of the IAP Investees, has faced challenges tracking its customers and convincing them not to switch back to traditional fuels when they run out of money to refill their liquefied petroleum gas (LPG) cylinders. In the absence of lump sum payments needed upfront for refills, many customers routinely switched back to their traditional wood and charcoal fuels. The solution? The **Smart LPG metering system** in which customers pay for LPG based on their daily consumption needs, on a pay-as-you-go model.

The customer makes a one-off down payment of EUR 27 for the cooking equipment (cylinder, burner and accessories), after which they are subscribed to the Pay and Cook payments for as low as EUR 0.5 per day. This is enough to buy 100 grams of liquid gas, which covers their essential cooking needs of the day. After the customer has paid off the cooking equipment cost, they continue buying cooking gas in amounts that are just enough for their families.

With a co-investment grant from IAP II project in 2018, the company has increased its customer base, signing up 1,296 new customers in the year. As a result of the IAP grant new jobs for youth and women at the new sales and distribution branches have been created.

In 2019, IAP II will focus on supporting the investees to implement their business plans and improve the quality of their operations so they are able to claim IAP II grants disbursements as well as external investments to scale up their businesses.

# Sustainable Nutrition for All

## Addressing the underlying causes of malnutrition

Improved nutrition is critical to the achievement of Sustainable Development Goal 2. Approximately 29% of Ugandan children aged 6-59 months are stunted (low height for their age), 4% are wasted (low weight for their height) while 11% are underweight (have a body mass index (BMI) below that normal for their age and height group). Stunting, the principal measure of chronic, or long-term malnutrition, has life-long consequences for health, human capital, economic development and prosperity. Inadequate care and feeding practices, food insecurity, an unhealthy household environment and inadequate health services are some of the leading causes of early childhood malnutrition. Each of these factors of malnutrition are heavily influenced by behaviours related to food production and purchase, intra-household food distribution, care practices and hygiene.

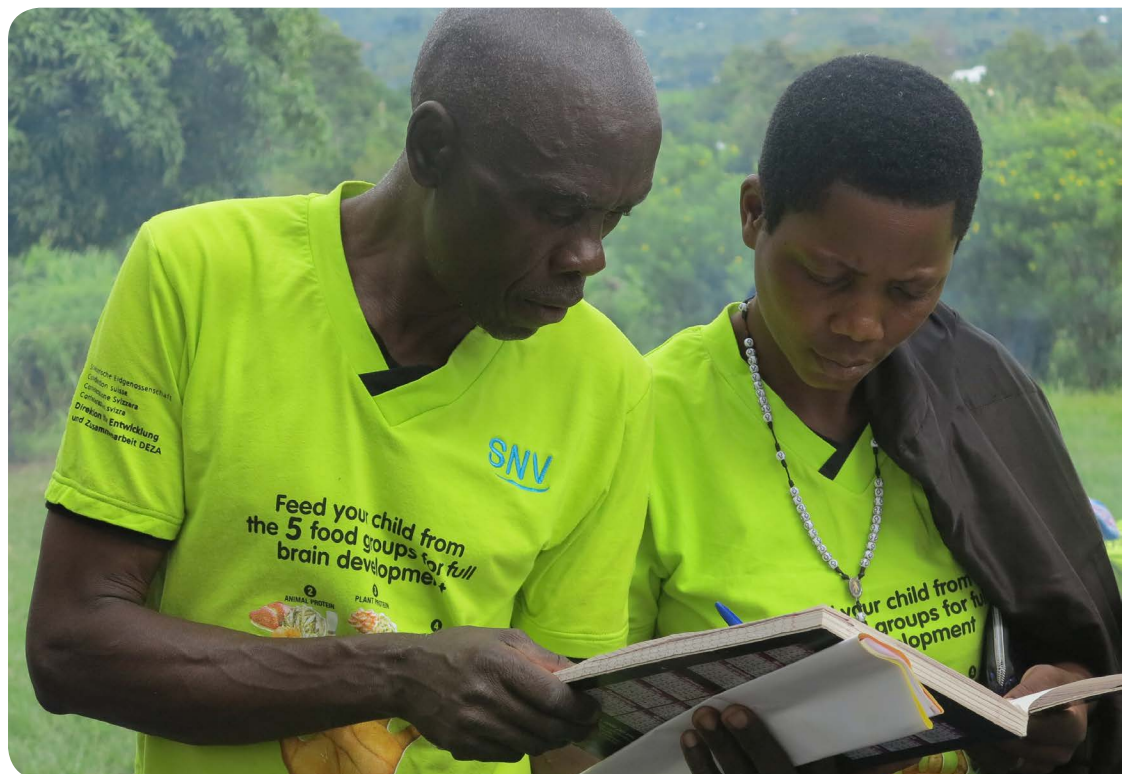
In January 2018, SNV was awarded a contract to implement phase II of the Sustainable Nutrition for All (SN4A) project by the Swiss Agency for Development and Cooperation (SDC). Implemented in Uganda and Zambia, the project aims to improve dietary diversity for 17,200 households with a particular focus on improving nutrition for women of reproductive age (WRA) and infants under two years in Kakumiro, Kasese and Kyenjojo

districts. SN4A addresses four critical pillars simultaneously: demand creation through triggering; behaviour change communication; nutrition-sensitive agriculture; and governance. Recognising that improvements in nutritional outcomes are affected by gender roles within households, SN4A engages both men and women within the community to review and address intra-household decision-making on food production, expenditure, consumption and allocation, as well as access to resources and women's time and workload that often affect childcare practices.

To ensure sustainability and scalability, the project works with local government structures

to strengthen their capacity to plan and implement nutrition-sensitive strategies. Households that adopt agro-biodiversity and expand the diversity of their diets register improved nutrition and its attendant benefits.

A total of 23 government-aided primary schools were selected as nutrition hubs and demonstration gardens established within, with support from the sub-county agricultural officers. Communities were then mobilised to learn good agricultural practices from the schools and supported to replicate best practices in their households. As a result, 85% of participating households (10,463 people) have adopted good agricultural practices in their home gardens.







“When we started hearing about the five food groups (carbohydrates, animal protein, plant protein, vegetables and fruits) that our families are supposed to eat to stay healthy, it felt really strange. I was not very familiar with all these food groups, but what they were teaching us made a lot of sense because it was something that affected our children. I resolved to learn all that I could about growing diverse foods and implement it in my home garden. Being the group team leader I also realised that I had to lead by example and motivate my group to change. I set up a vegetable garden at home. My wife and I planted orange fleshed sweet potatoes and dodo (Amaranth). Today we have enough of each of the five food groups at home. For carbohydrates we have the orange fleshed sweet potatoes, banana and cassava; plant protein from beans and groundnuts; vegetables such as eggplant, nakati (bitter tomato) and dodo and jack fruits and avocados for fruits,”

**Wilson Kyomuhendo**, farmer in Katebe village, Kyenjojo district.

To encourage teamwork among communities, villages are celebrated and awarded certificates when they achieve the following milestones:

- Adoption of nutrition-sensitive agriculture (if 80% of the households have established a vegetable garden with at least three types of vegetables and one type of fruit).
- Consumption (where households consume at least three meals daily comprising of the five food groups, with a minimum adoption rate for certification of 75%).
- Water, Sanitation and Hygiene (to assess how many households owned and were using a latrine and had a functional hand-washing facility. The minimum adoption rate for certification under this criteria was 75%).

Two out of 100 villages passed all three milestones. The project is now placing more emphasis on tackling sanitation and hygiene best practices in addition to production and consumption of diverse diets as part of its holistic project approach.

In 2019 the project will intensify its efforts in strengthening nutrition-sensitive agriculture and water, sanitation and hygiene through social behaviour communication approaches as a way of promoting adoption of dietary diversity at household level.



The project also realised a number of achievements in Kasese and Kyenjojo districts where Phase I was implemented. These include:

- The average dietary diversity score and minimum dietary diversity for women of reproductive age consuming an inadequate diet dropped from 79% to 15%;
- The minimum dietary diversity for children 6-23 months improved from mean Individual Dietary Diversity Status (IDDS) of 3.3 to an IDDS of 4.7;
- The number of children consuming an inadequate diet dropped from 46% to 7% in Kasese and 63% to 3% in Kyenjojo.

## Promoting food security and improved incomes among smallholder grain farmers

Uganda's economy grew at a relatively low rate of 5.3% in 2018 according to the African Development Bank. The agricultural sector grew at an even slower rate of 2.8%. Slow economic growth coupled with an increase in poverty and famine are felt more acutely by smallholder farmers who depend on rain-fed agriculture and have been negatively impacted by the effects of climate change. SNV works in Tooro and Bunyoro regions in Hoima, Kakumiro and Kyenjojo districts, and where over 80% of households depend on agriculture for their livelihoods.

Most farmers have small land holdings, have no scale, and are thus vulnerable to climatic and market shocks. Many farmers still use rudimentary farming techniques due to a lack of access to financing, advisory services, current market information, quality agricultural inputs and market channels. These challenges are compounded by the existing weaknesses of farmer organisations, dependency on and the increasingly erratic weather patterns, as well as a lack of infrastructure including storage for post-harvest handling. Collectively these factors lock smallholder farmers in a subsistence cycle characterised by low productivity, meagre incomes and poor food- and nutrition-security.

In 2018, SNV, with funding from the World Food Programme, implemented the Agriculture and Market Support (AMS) project in Kyenjojo, Kakumiro and Hoima

districts targeting 3,000 farmers. The AMS project initially ran from June 2017 to May 2018. In August 2018 it was renewed and expanded to include Kyangwali refugee settlement in Hoima district, increasing the targeted beneficiaries from 3,000 to 7,000 farmers. Of these 4,263 are Ugandan nationals while the rest are refugees from neighbouring countries. Kyangwali is one of the oldest refugee settlements in Uganda and each household receives a small plot of land (approximately 50 metres by 100 metres) on which to farm produce for home consumption and sale.

The overall goal of the AMS project is to support the development of 7,000 smallholder farmers (60% women) and move them from subsistence farming to more inclusive commercial production. Under the project WFP contracted SNV to train the farmers on how to increase productivity, reduce post-harvest losses and ensure food security and increased incomes. The farmers are organised in 299 rural producer organisations and 15 farmer organisations. Some 3,638 farmers (1,502 male, 2,136 female) were trained in farming as a business, 3,240 farmers (1,199 male, 2,041 female) on post-harvest handling, and 2,467 farmers (902 male, 1,564 male) on agricultural finance. The project strengthened smallholder farmer collaboration with private sector, district local governments and government programmes such as Operation Wealth Creation (OWC), all aimed at enabling farmers access services from various actors in the maize value chain.

As a result of the above interventions, 270 farmers bought improved maize seed and realised

increased maize yields. The farmers bulked and collectively sold 280,000 Kg of maize at an average price of UGX600/Kg and earned UGX168m. This was higher than the UGX450 per kilo earned by farmers who sold individually. Quality control was critical and was embraced by farmers individually and collectively. Key quality aspects promoted (in line with the East Africa Grain Standards) included grain storage at recommended moisture content; aflatoxins-, pest-, and mould-free grain; and clean non-discoloured grain free from foreign matter. SNV also promoted hermetic (airtight) grain storage equipment that stores for longer and keeps out pests.



Below is a summary of the project results in 2018:

- Maize productivity increased on average from 900 kgs/acre to 1,500 kgs/acre;
- 700 farmers bought and used improved grain storage equipment (silos and grain bags) resulting in an improved quality of grain and shelf life;
- 280 metric tonnes of quality maize grain were bulked by farmers at the three grain stores (satellite collection points). Kyangwali farmer organisation, in the host community, established a grain business relationship with WFP and were prequalified on the WFP vendor list to supply maize grain.



Maize grain being weighed and bulked at one of the satellite collection points.

Another lesson learnt is that without access to affordable and sustainable financing, farmers' livelihoods remain fragile. Our experience shows that farmers' livelihoods improve when they are members of farmer-owned, -managed and -controlled financial service organisation. Savings and Credit Cooperatives (SACCOS) and Village Saving and Loans Associations (VSLAs) are some of these financial service organisations that are accessible to farmers and flexible in understanding farmer financing needs. The AMS project thus embedded training on VSLA for all rural producer organisations in a bid to promote a culture of saving among the communities. Each rural producer organisation also doubles as a VSLA. In 2018, the project trained and strengthened 122 VSLAs (out of 299 targeted) and they saved UGX300m. Training and strengthening will continue in 2019 to all the 299 targeted VSLAs.



I have learnt the benefit of collective bulking and not selling my grain as an individual. When you sell as an individual the buyer dictates the price. With the knowledge that I have gotten from the post-harvest training by SNV, I know that I can still get a good yield even with the small piece of land that I have. Now I don't have to hurry to sell my grain, I can keep it in my hermetic bags and bulk with my fellow community members to get a better market price,"

**Ms Nirasafari Domina**, a farmer in Kyangwali refugee settlement, Hoima district.

In 2018, the project trained and strengthened 122 VSLAs (out of 299 targeted) and they saved UGX300m.

# Climate and business

## Building resilience by climate-proofing agricultural value chains

Climate change has far-reaching consequences particularly on the poorest and most vulnerable countries and people. Agriculture sector stakeholders, including producers, traders, input providers, agri-processors and energy suppliers, need to innovate to increase productivity, become more efficient at transporting and processing efficiencies and market quality food products for the growing consumer base. And they must do that while safeguarding the improvement and resilience of especially rural livelihoods. This requires catalysing and leveraging the expertise and innovation capacity of the private sector, developing new technologies, and accessing funds to invest in mitigating against and adapting to climate change.

In June 2018, the Netherlands Ministry of Foreign Affairs contracted SNV to implement a five-year Climate Smart Agriculture programme in Kenya, Tanzania and Uganda. It is to be done in partnership with Wageningen University and Research, CGIAR's Climate Change Agriculture and Food Security Programme, Agriterra, and Rabo Partnerships. SNV and its partners will work to increase availability of accessible climate-resilient food for the growing populations in the three countries.

The project, rolled out through an initial inception phase in 2018, will support the adoption and scaling of climate smart practices and technologies. It will do this by developing inclusive business cases that increase productivity, resilience, adaptation and mitigation along selected agriculture value chains. A toolkit was developed to support agribusinesses become climate proof and more resilient to the effects of climate change. A key element is designing a climate risk assessment tool to help stakeholders along the value chains gain a better understanding of the climate risks that may impact their business and identify possible adaptation and mitigation strategies. Assessing the potential impact of climate change through climate projections, modelling and predictions will allow different stakeholders make informed decisions about the necessary relationships they have to develop with other actors along the value chains, as well as the investments needed for their businesses to remain viable.

Climate risk assessments involve using climate data, information and services to cope with climatic impacts on development, resources management and economic viability of agribusinesses. By examining how the climate is changing, future projections can be developed to show variances which can be anticipated and managed. This leads to lower costs, higher profits, new markets and more robust and resilient agri-businesses.

A toolkit was developed to support agribusinesses become climate proof and more resilient to the effects of climate change.

80%

### of food in Africa

is produced by smallholders vulnerable to climate change due to limited resources



Unpredictable rainfall patterns and increases in temperatures



have a negative effect on crop production and are decreasing yields for food crops such as pulses, oilseeds and and cereals

by up to 60%



### Drastic measures are needed to secure food production



**PRODUCTION SYSTEMS MUST BE MADE CLIMATE PROOF**



The cost of doing **NOTHING** is estimated to be up to

20x

of what is needed to tackle the issue

### The Climate Smart Agriculture East Africa Program

1

Improve business performance

**50**  
AGRI-BUSINESS SME's



2

Increase productive capacity and income for **300,000** smallholder farmers



3

**INCREASE** climate resilient food on **600,000** hectares

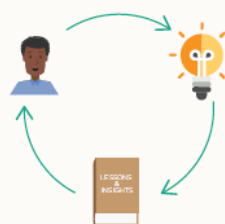


### We will do so through the following activities:

Analyse climate risks



**Identify inclusive business opportunities that provide climate smart solutions**



- Innovative climate smart investments
- Advocate for favorable policies
- Document and share scalable solutions and business models

## Opportunities for youth employment

*'We go beyond training and education to match young people with job opportunities that give them a chance to improve their lives'*

About 78% of Uganda's population is aged 35 years and below and around 15% of youth aged between 15 and 29 are unemployed. Experience shows that providing education and training is not sufficient to create meaningful employment. Many trained youth don't have relevant skills or are perceived as lacking in motivation and thus don't get worthwhile opportunities. SNV uses its extensive knowledge of local market circumstances

to intermediate between local companies and unemployed young people, creating opportunities to improve their lives and future prospects.

Dairy in Southwestern Uganda follows a patriarchal system that disadvantages and excludes women and youth. Dairy is seen as a man's business and with men as heads of households, women are often excluded from decision-making and from autonomous income generating activities like the sale of milk. Whereas it was common in the past for women to 'own' the (evening) milk, with the increased commoditisation of dairy production it is now more common

for all the milk to be marketed by the head of household, typically the man.

Youth, on the other hand, lack access to resources on the family farm and often end up seeking their livelihoods elsewhere. This leaves a gap when the head of the household passes on, since nobody in the family has been prepared to carry on the family dairy business.

TIDE, SNV's dairy project, is helping break these social barriers and perceptions by offering a 50% grant subsidy to women and youth attending practical trainings in dairy production. By encouraging dairy farmers to contribute 50% towards the cost of training of

*Silage making by a youth group in Mbarara.*



their women and youth in dairy farming, SNV is addressing the gender imbalance and helping farmers appreciate the importance of succession-planning by involving their youth. As a result

of the 50% subsidy 1,321 farmers underwent training, 20% of them women.



In addition to this general approach, the project also implemented the following specific activities;

- Supporting the establishment of youth groups: Under the umbrella of cooperative societies the project had, by the end of 2018, created 4,225 on-farm jobs, 13% of which were filled by women and 72% by youth. Most of the youth groups engage in silage making, a source of jobs and a useful service to the sector.
- Gender awareness within cooperative societies: As part of its regular outreach with Agriterria to build bankable cooperatives, the cooperative development units were encouraged to integrate women in key leadership roles. Although for most of the cooperatives 2018 was not an election year and therefore most boards of directors remained unchanged, some made replacements as a way of planning for succession and avoiding the need to overhaul boards in future. Five cooperatives now have women as treasurers, four have appointed women as deputy chairpersons, six have recruited female managers and four have recruited female accountants.

## Youth Agripreneurs, the untapped labour force with the potential to transform the dairy sector

Uganda has one of the youngest populations in the world. A majority of Uganda's youth are engaged in subsistence agriculture, working in family-owned farms and earning little or no wages. Youth in the dairy sector are no exception; many are engaged in the day-to-day on-farm family labour activities like milking, calves care and herding. This trend however is slowly changing. In 2017, the cattle corridor like most parts of Uganda experienced a longer than normal dry spell. During this period, the price of a fully grown cow or bull went as low as UGX 150,000 (EUR 36). Farmers were desperate to sell because their herds were starving due to lack of water and feed.

With the bad experiences from the long dry spell, the months that followed the dry spell saw a number of farmers grow fodder (maize corn and Napier grass) on their farms. This awakening was facilitated by TIDE's subsidy to private farms that were interested in mechanising their farms for fodder and pasture production. With the increase in acreage of land under fodder production, farmers soon faced a harvesting dilemma. There were no ready service providers or equipment that could support farmers in harvesting fodder.

Seeing this gap, TIDE worked closely with 10 cooperatives to pilot a youth-led model on fodder harvesting as a service. The scheme required interested cooperatives to organise groups of youth Agripreneurs interested in pooling money to buy fodder-chopping machines. After a series of buy-in meetings, seven cooperatives (Bukanga, Nyamitsindo, Kabuyanda, Sanga, Rubaale, Ntungamo and Masha) established youth groups with an average membership of eight. As a control measure, each youth group was required to raise UGX3.5million (EUR 845) as their 50% contribution towards the purchase of 13HP 9-litre chuff cutter. TIDE then paid the balance directly to the machine supplier as its grant subsidy contribution.

The youth groups were then provided with basic skills training on business sourcing, planning and management. This has created jobs for 43 youths. The groups charge between UGX100,000 (EUR 24) to UGX200,000 (EUR 48) per farmer depending on volume of work and acreage. In the last two seasons, the groups have been able to harvest a combined total of 593.3 acres of fodder earning them total revenue of UGX71,196,000 (EUR 17,196). With more farmers growing fodder, the potential for youth to increase their income is enormous.

# AgriProFocus

## Making agribusiness work for development through transformative partnerships

Few of the challenges humanity faces are as urgent and complex as food security. To meet the needs of a rapidly growing world population, an unparalleled,

worldwide effort is required. AgriProFocus is a network that facilitates learning in a bid to promote collaboration and partnerships in agriculture. Members of the AgriProFocus Network are dedicated to meeting this challenge in collaboration. By working together, learning from each other and jointly

pushing for change. AgriProFocus brings together entrepreneurial farmers, agribusinesses, civil society, knowledge institutes and governments.

One of its initiatives is the Youth in Agribusiness Change Makers Programme aimed at showcasing progressive entrepreneurial



*Linking Ugandan Businesses to the Dutch Investors.*



youth and supporting others interested in taking up agriculture as a business. Activities included learning journeys, youth camps, competitions, policy dialogues and inspirational conferences. In 2018 AgriProFocus supported Gayaza High School to organise a youth camp in collaboration with AVSI Foundation and Young Farmers' Federation of Uganda, which 512 youth (215 female) attended. Subsequently three schools have adopted the Youth in Agribusiness clubs and 50 participants signed up to the AgriProFocus online platform to share information about the school clubs and secure markets for their products.

AgriProFocus continued to showcase key gender-in-value-chains practices within the network. In 2018, AgriProFocus launched a study to explore way in which the private sector can incorporate gender equality in business. The findings, which will be published in 2019, will be used to design a strategy for gender inclusion in private sector engagement.

A key objective is to foster business linkages between Ugandan and Dutch Agribusinesses. During the year, AgriProFocus together with the Embassy of the Netherlands

Kampala organised a trade mission with Dutch businesses. Successful local businesses got an opportunity to exhibit their products and services and showcase their products at the Harvest Money Expo and to meet with the Dutch Businesses. Of the 35 participating firms (86%) closed deals with the Dutch Companies.

During the year the network's online platform registered 352 new members bringing the total number to 5,789 by the end of 2018. An online survey showed a high satisfaction rate (89%) and key benefits mentioned included finding new business opportunities and having more exposure to vital information for their businesses.



K.I. Samen one of the largest independent artificial insemination companies in the Netherlands was able to connect with potential distributors for their semen in Uganda during the Harvest Money Expo. The expo was organised by New Vision in partnership with AgriProFocus and the Embassy of the Netherlands Kampala. "I made business connections with five potential distributors for semen in Uganda,"

**Henk Brons** from K.I Samen



# Energy



## 2018 Results

.....



**663**

bio-digesters  
constructed



**3,315**

people with access  
to affordable clean  
energy for cooking



**2,545**

people improved  
their agricultural  
productivity as a  
result of bio- slurry  
application

SNV has been supporting domestic biogas activities worldwide for more than 30 years and to date has established biogas programmes in Asia, Latin America and Africa – including Uganda. The Africa Biogas Partnership Programme (ABPP II 2014-2019), funded by the Netherlands Ministry of Foreign Affairs and coordinated by SNV and HIVOS, supports bio-digester market development in Burkina Faso, Ethiopia, Kenya, Tanzania and Uganda. The overall goal in Phase II is to improve the living conditions of households in the five African countries through the multiple benefits that accrue from the construction of domestic bio-digesters. These include:

- Provision of clean and affordable energy for cooking and lighting;
- Agricultural improvement through the use of bio-slurry as an organic fertiliser;
- Improving family health and sanitation through the reduction of indoor air pollution;
- Creation of employment for youth, women and men engaged in biogas construction,
- Promotion and marketing of biogas technology; and
- Laying the foundation for a market-oriented domestic bio-digester sector.

Through our energy programme, we helped improve the lives of 3,315 people in 2018, who now have access to energy for cooking. This contributes to SDG 7 target of ensuring access to affordable, reliable and sustainable energy for all.

## Sustainable Energy Markets

### Promoting biogas as an alternative source of energy for cooking

About 95% of households in Uganda depend on traditional energy sources, mostly biomass and charcoal, for cooking and heating, with wood being predominant (69%) according to the Renewable Energy Policy for Uganda 2007-2017. These energy sources negatively affect the environment and household health. They cause indoor air pollution that aggravates respiratory and eye infections,

especially among women and children who spend long hours in the kitchen. Exposure to indoor air pollution from solid fuels has been linked to many diseases especially pneumonia among children and chronic respiratory diseases among adults. Access to cleaner and renewable energy can keep or lift households out of poverty, improve health, create jobs, develop small businesses, and fight climate change.

Since 2014, SNV Uganda has supported the construction of 3,117 biogas digesters (663

constructed in 2018), giving 18,702 people access to clean energy for cooking and lighting. Although the 2018 target of constructing 2,250 bio-digesters was not met, progress was made in sector development. Biogas contributes to higher farm production through access to fertiliser and energy, savings on fuel and fuelwood and the reduction of indoor air pollution. However, its availability is still severely limited by the initial costs, low awareness and low participation of the private sector.



To address this the project embarked on an aggressive marketing campaign through its six biogas-marketing hubs. Hub officers were recruited to coordinate and facilitate these activities:

- Innovative financing on a lease-to-own arrangement using pre-fabricated designs;
- Tick-off system where bio-digesters are sold on credit and bio-slurry used to pay off the loans;
- Introducing affordable credit (lending fixed at 1.5% per month) through Government and a revolving fund by the programme leading to higher uptake of bio-digesters.

In 2018 ABPP II also introduced a 'gas in the kitchen' benchmark for biogas construction enterprises to track functionality of the bio-digesters, which was non-existent

in phase I. This prioritised repair of non-functional bio-digesters constructed under Phase I. An aftersales service was introduced as an integral part of every biogas construction. An independent call centre to verify that bio-digesters were working was introduced, customers were taught how to take care of their digesters and what to do if they malfunctioned.

A toll-free line was set up and the number embedded on all the information, education and communication materials provided to end-users. This, coupled with an online monitoring system that was introduced in phase II, has seen the programme generate timely reports on the performance of bio-digesters and increased their performance. By the end of 2018, the functionality rate had increased from 60% to 90% with 994 non-functional bio-digesters constructed under Phase I repaired.

The project also focused on promoting the use of bio-slurry having witnessed the growing increase in its uptake and use for food and income generation. Currently 80% of households with bio digesters are using bio-slurry as organic fertiliser.

The programme is working on commercialising bio-slurry. In September 2018 we supported three business enterprises to bulk and sell bio-slurry. Results of this intervention will be monitored in 2019.



Since I started applying bio-slurry three years ago when replicating my coffee seedlings, I have been able to produce very good coffee seedlings. Uganda Coffee Development Authority which always buys my seedling to distribute to farmers assessed and rated my seedlings among the best in Southwestern Uganda,"

**Consolata Tumwesigye, CEO Omukazi W'Omutima**

## Meet Professor Diana Nambatya the woman entrepreneur who is packaging and exporting bio-slurry

**D**r Nambatya as she is commonly called constructed a bio-digester in 2010 after her experiment with rearing cows in an urban setting got the best of her. By the time she and her husband heard about the SNV biogas programme they had turned their half acre family farm into one big dung pit in a bid to contain the cow dung. The biogas soon helped the family cut its home expenditure. She was able to switch off her LPG and start using biogas fully. This reduced her cooking expenditure by UGX 110,000 (EUR 30) and soon her electricity bill had reduced as well because she now had biogas for lighting.

But as she narrates, a new challenge that she had not foreseen emerged, the bio slurry from their digester. "Because we didn't have a place to dispose the bio-slurry, it started flowing out of our gate to the neighbour's compounds and the neighbours began to complain. We tried reaching out to the big farmers about using the slurry in their gardens but none of them got it right. One day we visited Dr Jolly Kabirizi who is a principal scientist with NARO and our eyes opened. From her we learnt that we could use bio slurry as an organic fertiliser and in feeds for cows or poultry. But what resonated most with me was the idea of making bio-compost. We came back and started experimenting with the ideas we had gleaned from her. She also advised them to take their bio-compost to the lab for testing which they did at the national water lab". Having gotten the components right, Dr Nambatya and her husband embarked on their journey of parking bio-slurry and selling it. Their first export order was from Rwanda for 10 twenty litre jerricans of bio-slurry. Today her company - Kwagala farm exports 400 twenty litre jerricans of bio-slurry annually.



*Everything on Dr. Nambatya's farm is nurtured by bio-slurry.*



# Water, Sanitation and Hygiene (WASH)



## 2018 Results

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**24,775**  
people are using  
an acceptable  
latrine



**24,775**  
people are practising  
handwashing with  
soap after defecation

Access to safe water and sanitation is a human right. Worldwide, 2.4 billion people are still without basic sanitation, and more than 600 million people lack safe drinking water. In Uganda 7.2 million people (20.6% of the population) are still practising open defecation while 8.3 million people do not wash their hands with soap after using the toilet, according to the Ministry of Water and Environment Sector Performance Report 2018. SNV is currently implementing two WASH projects - Sustainable Sanitation & Hygiene for All (SSH4A) Results project and Sanitation for Health Activity. Our goal is to continue supporting the government to progressively realise the right to safe water and sanitation for all Ugandans. Through our WASH programme, we improved the lives of 24,775 people in 2018 by enabling access to improved latrines. This is in line with SDG6 of ensuring availability and sustainable management of water and sanitation for all.

## Sustainable Sanitation & Hygiene for All (SSH4A)

In collaboration with the government, SNV is implementing the Sustainable Sanitation and Hygiene for All (SSH4A) results project in nine districts in Rwenzori and West Nile. SSH4A is a comprehensive approach to ensuring equitable access to improved sanitation and hygiene for those who need it most. The project, currently in its extension phase (January 2017 to March 2020), is funded by the WASH Results Programme of UKAID and uses a results-based financing model. It uses a four-pillared integrated approach: demand creation, sanitation supply chain development, behaviour change promotion, and support on governance issues to strengthen sustainability.

The project works in close collaboration with district leaders to intensify Behaviour Change Communication (BCC) activities related to handwashing with

soap, as well as sanitation and hygiene promotion. BCC strategies were developed for the nine districts through a participatory process that involved focus group discussions with communities and district-level stakeholder workshops. Key district-specific BCC messages and communication channels were identified including places of worship, village meetings, social gatherings, illustrated posters, home visits, etc.

Results were mixed. There were improvements in access to improved sanitary facilities while access to handwashing with soap still requires attention. In 2018, the project contributed to improving sanitation and hygiene with 24,775 people gaining access to improved sanitation. Open defecation practices reduced from 18% at baseline to 12% and access to sanitation increased from 64% in 2017 to 73% in 2018. This is attributed to increased

community engagement by leaders on the need to stop open defecation as the first priority.

Handwashing with soap (HWWS) after defecation registered minimal change. Survey results of the mid-term review showed a 1% improvement but 90% of households did not have handwashing facilities/stations within 10 metres of toilets. Districts where demand creation activities included handwashing with soap saw more handwashing facilities installed. The target audiences for this has been caregivers, children, religious and political leaders.

Training in construction of tippy taps and mixing liquid soap is already being passed on to village savings associations and women groups. In 2019, the project will also make use of other fora such as elders' meetings when they assemble to receive Social

Action Grant for Elderly (SAGE) funds, Youth Livelihood Forum meetings, and women economic empowerment programmes. The key message is how to build and maintain sanitation facilities and the benefits of having handwashing with soap stations near latrines and kitchens.

### Scaling up improved WASH services for Ugandans

During the year SNV Uganda, SNV USA and Tetra Tech were awarded a **Sanitation for Health Activity (S4H) Project**, funded by USAID. Through a series of contemporary and integrated WASH interventions in districts, communities and households, Sanitation for Health seeks to achieve three interdependent outputs:

1. Increased household access to sanitation and water services;
2. Key hygiene behaviours at home, school, and health facilities adopted and expanded; and
3. Strengthened district water and sanitation governance for sustainable service provision.

#### Expected results

- 750,000 people gain access to basic sanitation including 40% in the lowest two poverty quintiles;
- 100,000 people have improved quality service from existing drinking water sources;
- One million people living in Open Defecation-Free environments;
- 250 schools facilitated to become WASH-friendly;
- 125 health facilities conduct hygiene audits and action planning;



*Ms. Kyaligonza Rosemary, a village health team member keeping her latrine and its surroundings clean.*

Collectively, the results are expected to lead to improved health and nutrition in focus areas and population groups in up to 25 districts in Uganda.

The project is being implemented by a consortium of partners led by Tetra-Tech ARD. While mobilisation activities and staff recruitment were completed during the year, implementation of project activities will fully take off in 2019.



I decided to have an improved sanitation facility at home not because I am a politician but because of the value I attach to sanitation,”

**John Nyandera**, District Councillor, People With Disabilities representative, Kyegegwa district.



## SSH4A Project changing mind-sets about Sanitation and Hygiene in Agu South Village, Pakwach District

Changing or positively influencing social norms to support long-term sustainable behaviour change takes time. People's behaviour is often directly related to their beliefs, cultural norms or practices. In Agu South, one of the 12 villages in Wadelai Sub-county in Pakwach district, the predominantly Muslim community did not practice handwashing after using the latrine because they believed their religious ablution with water kept them clean. As a result, the sanitation and hygiene situation in the village was very poor. Only 20 out of 75 households had latrines most of which were temporary structures on the verge of collapse and hand-washing after using the toilet was unheard of.

Partnering with Pakwach District Local Government and Water School Uganda (an indigenous Civil Society Organisation), SNV through the DFID-funded Sustainable Sanitation and Hygiene for All Results Programme (SSH4A) trained the community youth group Wang Mpaka Youth Bricklaying Group to participate in the village's sanitation improvement drive. The youth group was selected due to their intimate familiarity with the community and its culture, and its members' willingness to influence positive changes. The group, which consisted of 30 members (21 women), received WASH training and gained some tools to improve the sanitation conditions of their own homes; specifically, their latrines. Members received training on, for example, latrine siting and construction, improvements/ maintenance of existing latrine structures, and tippy tap handwashing facility construction. Knowledge on 'what an ideal homestead should have' - e.g., pit latrine, bath shelter, rubbish pit, chicken/ animal house, rack for utensils, handwashing/ hygiene station) - was also imparted.

Upon acquiring new skills, the group adopted a leadership approach in the sanitation drive. The approach commenced with the group members' improvement of the sanitation conditions of their own homes. This was followed by reaching out to eight other households in Agu South, and in the neighbouring villages in the parish. The strategy was complemented by the use of low-cost materials for sanitation facilities, e.g., latrine floors were rammed with clay soil and only the squat holes were plastered with cement/ sand so that it remains washable, and urine easily flows into the pit latrine. Within three months, sanitation and hygiene had drastically improved in Agu South village: latrine coverage went from 27% to 67% and a similar percentage of households began washing their hands with soap after using the toilet.



# 2019 Priorities

**During 2019 SNV successfully developed a new strategic plan to run up to 2022. Our country priorities for 2019 are derived from this strategic plan and are outlined below:**

- **Scaled impact:** We will continue to create direct results (increased income, access to basic services) within time and space boundaries of our projects while focusing on creating/changing systems that sustain and expand our results beyond the project boundaries. We will also leverage finance to grow results mainly through partnerships with financial institutions and the private sector as catalysts in development.
- **Step up on premium quality.** We will ensure that all our interventions are of high quality. This will include increasing the level of technical support to project quality assurance, backstopping, and improved centralised monitoring of project progress and quality. We will contribute to further refining our products based on evidence from practice and with knowledge from our innovations in order to develop new products.
- **Balancing Benefits:** A key priority is promoting equitable relationships between men and women and a more socially enabling environment in our projects by supporting women to gain entry into high-value businesses and supporting them to acquire and own business assets. We will track and make quarterly reviews on the achievement of gender indicators that are already embedded in our

project targets for 2019 to ensure that gender is given sufficient attention.

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## Agriculture

- **Emphasis on the market-based approach:** Because agriculture is primarily driven by the private sector we will continue to take a market-based approach in most of our projects by kick-starting and strengthening agricultural markets in selected value chains.
- **Bridging the financing gap:** We will endeavour to help farmers and agri-businesses secure (soft) loans to expand their businesses by working with financial institutions to make financing available at reasonable terms and by working with farmers and agri-businesses to develop sound business cases.
- **Inclusive value chains:** We will consolidate our inclusive value chains portfolio, focusing on smallholder farmers and small- and medium-sized agri-businesses. We will help enterprises strengthen their supply chains, use resources more efficiently and become competitive while ensuring environmental sustainability. Support for businesses will involve strengthening their supply chains by bolstering working relationships between producers, processors, distributors, small-scale farmers and service providers.
- **Climate and Business:** Through the Climate Resilient Agribusiness for Tomorrow (CRAFT) Project, we will bring together value-chain actors; authorities, research

partners and investors from the private and public sectors to support the adoption of proven, climate-smart agricultural practices and business solutions that address both adaptation and mitigation along the selected value chains.

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## Energy

- **Business support to biogas construction enterprises (BCEs):** SNV through Biogas Solutions Uganda will focus on developing the top 10 BCEs into professional businesses able to grow their own national market to up to 1,200 installations per year.

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## WASH

- **Sustainable Sanitation and Hygiene for All:** We will continue to work together with local authorities to develop rural sanitation service delivery models for their jurisdictions. Our aim is to create and/or change WASH systems by using a hands-on approach, working collaboratively towards improved sanitation and hygiene, and continuously reflecting and learning from our work.
- **Area-wide rural water supply services:** we will continue to pursue an integrated rural water supply approach that looks at the sustainability of operation and maintenance services across the districts we work in to ensure continuity of water services, equal access to water points, water quality and sustainability of services.

## Financial Section



### SNV wins IPSAS Award for the 4<sup>th</sup> Time

SNV retained the Financial Reporting (FiRe) Award for reporting under the International Public Sector Accounting Standards (IPSAS) for the fourth time in a row. Since 2015, SNV has consistently won the prestigious award, a very remarkable and consistent achievement, setting the bar for all public sector entities. The Financial Reporting (FiRe) awards are organised by the Institute of Certified Public Accountants of Uganda with the aim of improving the quality of financial and business reporting in Uganda.

# General Information

## Secretary / Lawyers

Masembe, Makubuya, Adriko, Karugaba & Ssekatawa Advocates  
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## Registered Office

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## AUDITOR

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Certified Public Accountants  
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## BANKERS

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P.O. Box 7101  
Kampala, Uganda

Standard Chartered Bank Uganda Limited  
Plot 5 Speke Road P. O. Box 7111  
Kampala, Uganda

Bank of Africa – Uganda Ltd  
Plot 45 Jinja Road  
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Kampala, Uganda

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The Hague, Netherlands

# Corporate Governance

## Supervisory structure

The Country Management Team, headed by the Country Director, manages the SNV organization under supervision of the Managing Board (headed by the CEO) of SNV worldwide with its headquarters in The Hague. The main tasks of the Managing Board are to supervise SNV's policy making and the implementation of these policies. The SNV Managing Board is supervised by an independent Supervisory Board. The Board Members come from different but complementary backgrounds including financial, corporate and development sectors, and with expertise in auditing, banking, international development, finance, governance, government, marketing, project management, social affairs and sustainability.

SNV's supervisory structure complies with international standards of good governance. Three members of the Supervisory Board hold seats on the selection and remuneration committee, which is responsible for recommendations to the full Supervisory Board regarding the appointment, evaluation and remuneration of the Chief Executive Officer and the Managing Board members.

Two members of the Supervisory Board hold seats on the Audit and Risk Committee. This committee monitors finance, risk and compliance and advises the Supervisory Board on finance, control and risk management issues.

The Chairman of the Supervisory Board is not a formal member of any of the Supervisory Board's committees, but has a standing invitation to attend any of the Committees' meetings. The external auditor is appointed by and reports annually to the Supervisory Board.

## Guidance in case of (alleged) irregularities

A code of conduct is in place to provide guidelines for good conduct and directions for exercising good judgment in ethical matters and in situations of conflict of interest. A whistleblower procedure and a fraud response procedure are also in place and operational. These procedures provide guidance on how to report cases of (alleged) impropriety and set out SNV's procedures for dealing with (alleged) irregularities.

## Compliance and internal control

SNV International has a Small Internal Audit Unit (IAU) with a direct reporting line to the chief executive and the audit committee. IAU executes internal audits for SNV International and related entities including SNV based on a risk-based audit plan. These audits provide the managing board of SNV International with independent and objective information on the degree of control of (parts of) SNV's primary processes as well as supporting processes (such as finance and HR). The audits support the accomplishment of its objectives by assessing the organisation's processes as a means to detect possible weaknesses, risks, good practices and foster organisational learning. Based on the information provided by the audits, the managing board takes measures where needed to improve the organisation.

SNV had a management audit in 2013 and was found to be in control of the primary process, finance, business development and HR support processes.

## Risk management

SNV's risk register is updated annually. The most important risks that could prevent SNV from achieving its goals are updated, discussed, scored and prioritized by the Country Management Team. The updated risk register continues to serve as a means for providing information to the Supervisory Board.

The top three highest rated risks as included in the risk register 2018 are:

1. Insufficient project management: this may result in overspending the budget and/or not meeting donor requirements;
2. Inadequate cash flow management: due to a lack of insight in the flow/need of liquidities at the country and corporate levels, improper cash management might occur resulting in a shortage of liquidity which will jeopardize the execution of SNV's operations; and
3. Extra overheads due to a high level of unbilled hours: this may impact SNV's competitiveness and as a result SNV might fail to win contracts and generate future income.

Several controls, like a centralized budget facility at head office, improved donor reporting administration, a project management manual (including tools and training sessions) are in place to manage these risks. A centralized Treasury Policy has further been implemented in order to optimize the use and control over the various cash flows. Moreover, a Capital Allocation Policy will protect the capital base that was built over the last few years, to ensure a sound financial basis for SNV's future.

# Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of SNV Netherlands Development Organisation Limited ("SNV" or "the Company").

## Incorporation

SNV Netherlands Development Organisation in Uganda was registered as a Non-Governmental Organisation in October 1990 under the NGO Registration Statute 1989 and was incorporated in May 1995 as a company limited by guarantee under the Ugandan Companies Act.

## Principal activities

SNV supports organisations to analyse the problems that stand in the way of their sustainable development and identifies both the services required to solve them and new opportunities for development. SNV works in the sectors below:

- Water, sanitation and hygiene;
- Renewable Energy; and
- Agriculture.

Detailed information on activities carried out during the year have been included on pages 8 to 31.

## Shareholding

SNV is a non-governmental organisation and a Company limited by guarantee and having no share capital.

## Results

The surplus for the year of Shs 3,694 million [2017: surplus of Shs 3,038 million (restated)] has been added to the accumulated surplus.

## Directors

The directors who held office during the year and to the date of this report were:

Michael O'Mahony            Country Director (Resigned 31 July 2018)  
Phomolo Maphosa            Country Director (Appointed 1 August 2018)

The director was supported by the key management team disclosed on page 6.

## Auditor

The Company's auditor, PricewaterhouseCoopers Certified Public Accountants, continues in office in accordance with section 167(2) of the Ugandan Companies Act.



**Country Director**

2019



## Statement of Directors' Responsibilities

The Ugandan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its surplus or deficit. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Public Sector Accounting Standards and the requirements of the Ugandan Companies 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 Company and of its financial performance in accordance with International Public Sector Accounting Standards and the Ugandan Companies Act. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



**Phomolo Maphosa**

Country Director

2019



# Independent Auditor's report to the members of SNV Netherlands Development Organisation Limited

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements give a true and fair view of the state of the financial affairs of SNV Netherlands Development Organisation Limited ("the Company") as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards ("IPSAS") and have been prepared in the manner required by the Ugandan Companies Act.

### What we have audited

The financial statements of SNV Netherlands Development Organisation Limited set out on pages 43 to 59 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Other information

The directors are responsible for the other information. The other information comprises the annual report and the appendix but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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T: +256 (414) 236018, +256 (312) 354400, F: +256 (414) 230153, [www.pwc.com/ug](http://www.pwc.com/ug)

Partners: C Mpobusingye D Kalemba F Kamulegeya U Mayanja

# Independent Auditor's report to the members of SNV Netherlands Development Organisation Limited (Continued)

## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards and in the manner required by the Ugandan Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Partners: C Mpobusingye D Kalemba F Kamulegeya U Mayanja



## Independent Auditor's report to the members of SNV Netherlands Development Organisation Limited (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

The Ugandan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement leader on the audit resulting in this independent auditor's report is CPA Clive Mayombwe - P349.

**Certified Public Accountants**  
Kampala

16 September 2019

**CPA Clive Mayombwe**

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Partners: C Mpobusingye D Kalemba F Kamulegeya U Mayanja

## Statement of financial performance

	Notes	2018 Shs'000	Restated 2017 Shs'000
<b>Revenue</b>			
Income mobilised from other donors	3	<b>28,034,460</b>	21,743,051
Other income		<b>814,588</b>	333,445
Staff salaries and benefits	4	<b>(8,123,872)</b>	(6,995,315)
Consultant fees		<b>(1,746,036)</b>	(2,302,319)
Local capacity builders fees		<b>(875,309)</b>	(2,075,421)
Office costs	5	<b>(1,197,018)</b>	(1,109,771)
Transport costs	6	<b>(1,015,952)</b>	(511,643)
Equipment costs	7	<b>(387,735)</b>	(222,083)
Direct assignment related costs	8	<b>(12,426,968)</b>	(6,172,372)
General costs	9	<b>(285,122)</b>	(750,119)
<b>Total expenses</b>		<b>(26,058,012)</b>	(20,139,043)
<b>Operating surplus</b>		<b>2,791,036</b>	1,937,453
Finance income	10	<b>903,143</b>	1,100,739
<b>Surplus for the year</b>		<b>3,694,179</b>	3,038,192

## Statement of financial position

	Notes	2018 Shs'000	Restated 2017 Shs'000	Restated 2016 Shs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	11	<b>778,583</b>	577,797	927,995
<b>Current assets</b>				
Receivables from non-exchange transactions	12	<b>24,425,826</b>	16,240,246	6,743,544
Cash and bank balances	13	<b>8,120,278</b>	3,595,151	5,687,973
		<b>32,546,104</b>	19,835,397	12,431,517
<b>Total assets</b>		<b>33,324,687</b>	20,413,194	13,359,512
<b>NET ASSETS/EQUITY</b>				
Accumulated surplus		<b>13,976,407</b>	10,282,228	7,244,036
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	14	<b>13,049,684</b>	8,439,951	2,258,179
Deferred income	15	<b>6,298,596</b>	1,691,015	3,857,297
<b>Total liabilities</b>		<b>19,348,280</b>	10,130,966	6,115,476
<b>Total equity and liabilities</b>		<b>33,324,687</b>	20,413,194	13,359,512

The financial statements on pages 43 to 59 were approved by the directors on and were signed on its behalf by:



**Phomolo Maphosa**  
Country Director

## Statement of cash flows

	Notes	2018 Shs'000	2017 Shs'000
<b>Cash flows from operating activities</b>			
Surplus for the year		<b>3,694,179</b>	3,038,192
Adjustment for:			
Changes in working capital			
- Receivables		<b>(8,185,580)</b>	(9,496,702)
- Deferred income		<b>4,607,581</b>	(2,166,282)
- Payables		<b>4,609,733</b>	6,181,772
Depreciation expense	11	<b>385,818</b>	397,408
<b>Total non-cash movements</b>		<b>(1,417,552)</b>	(5,083,804)
<b>Net cash flow from operating activities</b>		<b>5,111,731</b>	(2,045,612)
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	11	<b>(586,604)</b>	(47,210)
<b>Net cash outflow from investments</b>		<b>(586,604)</b>	(47,210)
<b>Net increase/(decrease) in cash and bank balances</b>		<b>4,525,127</b>	(2,092,822)
Cash and bank balances at start of year		<b>3,595,151</b>	5,687,973
<b>Cash and bank balances at end of year</b>		<b>8,120,278</b>	3,595,151

## Statement of changes in net assets

	<b>Accumulated Surplus Shs'000</b>
<b>Year ended 31 December 2017</b>	
At start of year - as previously stated	5,825,809
Effect of prior period adjustments (note 17)	1,418,227
At start of year - as restated	7,244,036
<b>Changes in net assets for 2017</b>	
Surplus for the year –as previously stated	1,145,242
Effect of prior period adjustments (note 17)	1,892,950
Surplus for the year - as restated	3,038,192
<b>At end of year</b>	<b>10,282,228</b>
<b>Year ended 31 December 2018</b>	
At start of year – as previously stated	6,971,051
Effect of prior period adjustments (note 17)	3,311,177
At start of year - as restated	10,282,228
<b>Changes in net asset for 2018</b>	
Surplus for the year	3,694,179
<b>At end of year</b>	<b>13,976,407</b>



# Notes

## 1. General information

SNV is a Netherlands-based international development organisation that is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. SNV's advisors contribute to this by strengthening the capacity of local organizations through the provision of advisory services, knowledge networking, and evidence-based advocacy. SNV in Uganda is registered as a Company limited by guarantee and it also has a Non-Governmental Organisation (NGO) permit to carry out activities in all the districts of Uganda. The Company is domiciled in Uganda and the address of its registered office is:

SNV Netherlands Development Organisation  
P. O. Box 8339  
Kampala

For Ugandan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of financial performance in these financial statements.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### a) Basis of preparation

The financial statements have been prepared in accordance with IPSAS. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are prepared on accrual basis. The financial statements are presented in Uganda Shillings, rounded to the nearest thousand.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note (n).

### Changes in accounting policies and disclosures

#### *i) New and amended standards adopted by the Company*

The following standards have been applied by the Company for the first time for the financial year beginning 1 January 2018. These have not had a material impact on the Company:

IPSAS 39 'Employee benefits'. This will replace IPSAS 25, Employee Benefits, on January 1, 2018, with earlier adoption encouraged. This limited-scope project was part of the IPSASB's strategy to maintain its existing standards. IPSAS 39 reflects amendments made by the International Accounting Standards Board to its equivalent standard, International Accounting Standard (IAS) 19, Employee Benefits, up to December 2015. The main differences between IPSAS 39 and IPSAS 25 are:

- Removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the "corridor approach");
- Introduction of the net interest approach for defined benefit plans;
- Amendment of certain disclosure requirements for defined benefit plans and multi-employer plans;

## Notes (Continued)

### 2. Summary of significant accounting policies (continued) Changes in accounting policy and disclosures (continued)

- Simplification of the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service; and
- Removal of the requirements for Composite Social Security Programs.

#### ***ii) New standards that are not yet effective and have not been early adopted by the company***

IPSAS 40 'Public Sector Combinations'. This recognizes two types of public sector combinations: amalgamations and acquisitions. By contrast, International Financial Reporting Standards, used by private sector entities, treat all combinations as acquisitions, which requires obtaining fair value information. Amalgamations, which are much more common in the public sector, do not require this information. The accounting requirements for amalgamations in IPSAS 40 are based on existing information, which enables public sector entities to avoid unnecessary valuation costs, while still meeting users' needs. IPSAS 40 applies from January 1, 2019, with earlier adoption encouraged.

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The effective date of IPSAS 41 is January 1, 2022, with early adoption encouraged.

There are no other IPSASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority.

### b) Revenue recognition

Revenue comprises grant income and non-core income (other income). Grant income comprises receipts from Head Office (Netherlands Ministry of Foreign Affairs) and resource mobilisation from other donors. Income is recognized in the statement of financial performance on an accrual basis. Other income relates to revenue received from non-core activities of the Company like disposal of fixed assets.

The timing of revenue recognition is determined by the nature of the conditions and their settlement. The donor funded projects require the Company is to provide goods or services and revenue is recognised as and when expenses are incurred on the donor funded projects. Other income is disclosed as part of expenses in the statement of financial performance.

### c) Translation of foreign currencies

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Uganda Shillings ("Shs") which is the Company's functional currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

## Notes (Continued)

### 2. Summary of significant accounting policies (continued)

d) Property and equipment (continued)

#### d) Property and equipment

All categories of property and equipment are initially recorded at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The tangible fixed assets purchased by or for externally financed programmes are not taken into consideration as they will be handed over to the partners at the end of the programme period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost amounts less their residual values over their estimated useful lives, as follows:

Buildings	6.67%
Motor vehicles	25%
Equipment	33%
Other equipment	25%

#### e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of financial performance on a straight-line basis over the period of the lease.

#### f) Receivables

Receivables are classified as arising from exchange or non-exchange transactions. Receivables from exchange transactions arise from exchange of assets or services and the reverse holds for non-exchange transactions. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established where there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms for receivables. The amount of the provision is the difference between the carrying amount and the amount expected to be recovered. The amount of the provision is recognised in the statement of financial performance.

#### g) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Notes (Continued)

## 2. Summary of significant accounting policies (continued)

### h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### i) Capital base

The capital base comprises accumulated previous years' results and reserves. The reserves are available to SNV and is maintained to ensure that SNV can continue to carry out its mission.

### j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

### k) Deferred income

These are grants received but meant for futuristic projects to be carried out by the Company. Deferred grant income is determined based on the contractual amounts received in advance.

### l) Employee benefits

#### Retirement benefit obligations

The Company and all its employees contribute to the appropriate National Social Security Fund (the fund), which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme are charged to the statement of financial performance in the period in which they fall due.

### m) Related parties

The Company regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Company.

## Notes (Continued)

### 2. Summary of significant accounting policies (continued)

#### n) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

##### (i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### Receivables

Critical estimates are made by management in determining the recoverable amount of impaired receivables.

##### Useful lives of property, plant and equipment

Critical estimates are made by management in determining the useful lives and depreciation rates for property and equipment. The rates used are set out in (d) above.

#### o) Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

##### Market risk

##### (i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar and EURO. Foreign exchange risk arises from recognised assets and liabilities. The Company aims to manage exposure to fluctuations in foreign currency exchange rates by keeping a proportion of its cash balance in foreign currency.

##### (ii) Price risk

The Company does not hold any financial instruments subject to price risk.

##### (iii) Cash flow, fair value and interest rate risk

The Company does not hold any bank loans and loans from related parties subject to cash flow, fair value and interest rate risk.

##### Credit risk

Credit risk arises from cash and short term deposits with banks. The Company does not have any significant concentrations of credit risk.

## Notes (Continued)

### 2. Summary of significant accounting policies (continued)

#### (o) Financial risk management (continued)

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2018 is made up as follows:

	2018 Shs '000	2017 Shs '000
Cash at bank	8,092,525	3,577,346
Receivables	23,966,146	16,069,453
	<b>32,058,671</b>	19,646,799

No collateral is held for any of the above assets.

#### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the Company's financial liabilities. These financial liabilities will be settled within a period of one year from 31 December 2018. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	2018 Shs '000	Restated 2017 Shs '000	Restated 2016 Shs '000
Payables	13,049,684	8,439,951	2,258,179

#### Financial instruments by category

##### **Financial assets – loans and receivables**

Receivables	23,966,146	16,069,453
Cash at bank and at hand	8,120,278	3,595,151
	<b>32,086,424</b>	19,664,604

##### **Financial liabilities – liabilities at amortised cost**

Payables	13,049,684	8,439,951	2,258,179
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## Notes (Continued)

### 3. Revenue

#### Income mobilised from donors

		2018	2017
		Shs'000	Shs'000
<b>Project code</b>	<b>Project Name</b>		
Agriprofocus	Agri-Hub Uganda	<b>690,853</b>	901,274
DGIS through HIVOS	ABPP2 & 4BF	<b>453,822</b>	1,238,237
DFID	SSH4A	<b>298,304</b>	2,022,338
World Food Programme	Agricultural Market Support (AMS)	<b>479,866</b>	388,313
EKN	Climate Smart Agriculture East Africa	<b>2,335,993</b>	-
USAID	Sanitation for Health (S4H)	<b>930,882</b>	-
European Union	YES Project	-	1,004,532
EKN through Finance Access	Finance for Agriculture (Uganda)	-	515,841
Austrian Development Agency	Improving Water Supply Sustainability in Northern Uganda	-	732,924
Swiss Agency for Development	Sustainable Nutrition for all	<b>1,461,735</b>	1,331,151
IFAD	PARTNERSHIP FOR VALUE 4PS	-	555,745
UNICEF through MoWE	National Handwashing Campaign	-	141,516
UNOPS	SWITCH Africa Green	-	100,720
World Food Programme	WFP Special Operations	-	323,015
EKN	TIDE	<b>17,477,216</b>	10,379,404
Palladium	Agribusiness-Edible Oil Demand Study	-	183,963
INBAR	Bamboo Value Chain Study	<b>13,130</b>	28,231
Palladium	Bus Case For Women For The VA Model	-	196,758
AbiTrust	DVCD PROJECT	<b>42,852</b>	702,190
SIDA	Innovations against Poverty	<b>1,776,056</b>	405,840
DFID	SSH4A Extension	<b>2,073,751</b>	591,059
<b>Total</b>		<b>28,034,460</b>	21,743,051

## Notes (Continued)

### 4. Staff salaries and benefits

	2018	2017
	Shs'000	Shs'000
Salary national staff	<b>4,431,109</b>	4,004,360
Employers contribution national staff	<b>479,904</b>	427,607
Secondary employment benefits national staff	<b>577,104</b>	549,906
Salary international staff	<b>909,410</b>	625,887
Income tax paid on salary for international staff	<b>363,297</b>	276,293
Secondary employment benefits international staff	<b>660,599</b>	505,462
Recruitment and selection	<b>216</b>	2,200
Training	<b>8,146</b>	65,294
Travel costs	<b>694,087</b>	538,306
	<b>8,123,872</b>	6,995,315

### 5. Office costs

Office supplies	<b>268,036</b>	210,936
Communication costs	<b>309,972</b>	283,698
Distribution and mailing costs	<b>2,386</b>	961
Maintenance buildings	<b>37,732</b>	24,130
Depreciation buildings	<b>37,405</b>	34,526
Insurance/taxes buildings	<b>9,476</b>	8,626
Rent for offices	<b>88,191</b>	123,423
Water and electricity	<b>40,044</b>	26,617
Security	<b>132,712</b>	140,738
Cleaning	<b>213,362</b>	195,842
Coffee, tea, water and other beverages	<b>17,040</b>	17,662
Information communication technology and receptionist costs	<b>40,662</b>	42,612
	<b>1,197,018</b>	1,109,771



## Notes (Continued)

### 6. Transport costs

	2018	2017
	Shs'000	Shs'000
Maintenance vehicles	80,078	121,585
Depreciation vehicles	109,602	169,263
Insurance / taxes vehicles	61,512	58,402
Fuel SNV vehicles	134,297	157,023
Rent of vehicles and other related costs	159,246	5,370
Purchase of Project vehicles	471,217	-
	<b>1,015,952</b>	<b>511,643</b>

### 7. Equipment costs

Purchase of project equipment/ inventory	107,601	5,642
Maintenance and rental of equipment	9,557	3,682
Depreciation equipment	238,811	193,619
Insurance/taxes equipment	5,677	2,711
Licenses and maintenance software	2,755	2,342
Low value equipment	23,334	14,087
	<b>387,735</b>	<b>222,083</b>

### 8. Direct assignment related costs

Donations / sub-grants / subsidies	8,046,976	742,169
Workshops / trainings / assignment costs	2,764,515	4,794,996
Subcontracted activities	1,615,477	635,207
	<b>12,426,968</b>	<b>6,172,372</b>

### 9. General costs

Expenses for meetings (travel and lodging expense)	52,209	32,081
Subscriptions, contributions and literature	3,627	830
Audit costs	119,789	141,823
Support staff and consultants	9,393	331,423
Legal support	13,344	7,080
Other general expenses	86,760	236,882
	<b>285,122</b>	<b>750,119</b>

## Notes (Continued)

### 10. Finance (income)/costs

Foreign exchange differences	<b>(930,989)</b>	(1,123,259)
Bank charges	<b>27,846</b>	22,520
	<b>(903,143)</b>	(1,100,739)

### 11. Property and equipment

	Buildings Shs `000	Vehicles Shs `000	Equipment Shs `000	Total Shs `000
<b>At 1 January 2017</b>				
Cost	1,036,972	925,272	1,800,233	3,762,477
Accumulated depreciation	(662,991)	(747,948)	(1,423,543)	(2,834,482)
<b>Net book amount</b>	<b>373,981</b>	<b>177,324</b>	<b>376,690</b>	<b>927,995</b>
<b>Year ended 31 December 2017</b>				
Opening net book amount	373,981	177,324	376,690	927,995
Additions	-	29,653	17,557	47,210
Depreciation charge	(34,526)	(169,263)	(193,619)	(397,408)
<b>Net book amount</b>	<b>339,455</b>	<b>37,714</b>	<b>200,628</b>	<b>577,797</b>
<b>At 31 December 2017</b>				
Cost	1,036,972	954,925	1,817,790	3,809,687
Accumulated depreciation	(697,517)	(917,211)	(1,617,162)	(3,231,890)
<b>Net book amount</b>	<b>339,455</b>	<b>37,714</b>	<b>200,628</b>	<b>577,797</b>
<b>Year ended 31 December 2018</b>				
Opening net book amount	339,455	37,714	200,628	577,797
Additions	-	506,081	80,523	586,604
Depreciation charge	(37,405)	(109,602)	(238,811)	(385,818)
<b>Net book amount</b>	<b>302,050</b>	<b>434,193</b>	<b>42,340</b>	<b>778,583</b>
<b>At 31 December 2018</b>				
Cost	1,036,972	1,461,006	1,898,313	4,396,291
Accumulated depreciation	(734,922)	(1,026,813)	(1,855,973)	(3,617,708)
<b>Net book amount</b>	<b>302,050</b>	<b>434,193</b>	<b>42,340</b>	<b>778,583</b>

## Notes (Continued)

### 12. Receivables from non-exchange transactions

	2018	2017
	Shs'000	Shs'000
Prepayments	459,680	170,793
Other receivables	5,539,216	186,555
Funds claimable from donors	1,135,297	14,612,850
Amounts due from related parties (note 16)	17,291,633	1,270,048
	<b>24,425,826</b>	16,240,246

### 13. Cash and bank balances

	2018	2017
	Shs'000	Shs'000
Cash at hand	27,753	17,805
Cash at bank	8,092,525	3,577,346
	<b>8,120,278</b>	3,595,151

### 14. Payables

	2018	Restated 2017	Restated 2016
	Shs'000	Shs'000	Shs'000
Accruals	303,776	173,415	493,004
Other payables	2,768,074	1,137,025	903,100
Amounts due to related companies (note 16)	9,977,834	7,129,511	862,075
	<b>13,049,684</b>	8,439,951	2,258,179

### 15. Deferred income

	2018	2017
	Shs'000	Shs'000
At 1 January	1,691,015	3,857,297
Movement during the year	4,607,581	(2,166,282)
At 31 December	<b>6,298,596</b>	1,691,015

## Notes (Continued)

### 16. Related party transactions

SNV is a non-governmental organisation and a Company limited by guarantee and having no share capital. SNV is a Netherlands-based international development organisation.

	2018 Shs'000	2017 Shs'000
<b>a) Receivables from related parties</b>		
SNV Zambia	5,398,384	801,885
SNV Netherlands	4,589,172	293,910
SNV Kenya	4,610,483	31,816
Other related parties	2,693,594	142,437
	<b>17,291,633</b>	<b>1,270,048</b>

	2018 Shs'000	Restated 2017 Shs'000	Restated 2016 Shs '000
<b>b) Payables to related parties</b>			
SNV Netherlands	9,896,278	7,128,134	787,922
SNV Kenya	73,651	1,377	-
Other related parties	7,905	-	74,153
	<b>9,977,834</b>	<b>7,129,511</b>	<b>862,075</b>

	2018 Shs'000	2017 Shs'000
<b>c) Key management compensation</b>		
Salaries and other employment benefits	1,933,306	1,407,642

### 17. Effects of prior period adjustments

During the preparation of the financial statements for the year ended 31 December 2018, the Company noted some material errors related to the financial statements for the years ended 31 December 2016 and 2017. These errors related to the recognition of Global Support Unit charges that were not eligible for recognition. The errors have been corrected by restating each of the affected financial statement line item for the prior periods in accordance with IPSAS 3 – Accounting policies, changes in accounting estimates and errors as set out below.

	2017 Shs '000	Increase/ (decrease) Shs '000	Restated 2017 Shs '000	2016 Shs '000	Increase/ (decrease) Shs '000	Restated 2016 Shs '000
Payables	11,751,128	(3,311,177)	8,439,951	3,676,406	(1,418,227)	2,258,179
Accumulated surplus	6,971,051	3,311,177	10,282,228	5,825,809	1,418,227	7,244,036

## Notes (Continued)

### 17. Effects of prior period adjustments (continued)

	2017	Increase/ (decrease)	Restated
	Shs'000	Shs `000	2017 Shs `000
<b>Statement of financial performance (extract)</b>			
Global support unit charge	1,892,950	(1,892,950)	-
Total expenses	22,031,993	(1,892,950)	20,139,043
Operating surplus	44,503	1,892,950	1,937,453
Surplus for the year	1,145,242	1,892,950	3,038,192

# Appendix

## Statement of comparison of budget and actual amounts

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Revenue</b>					
Income mobilized from donors	25,720,530	1,871,768	27,592,298	28,034,460	(442,162)
<b>Expenses</b>					
Other income	-	-	-	814,588	(814,588)
Staff salaries and benefits	(4,171,910)	(2,944,363)	(7,116,273)	(8,123,872)	1,007,599
Local capacity builders fees and consultant fees	(2,189,978)	965,682	(1,224,296)	(2,621,345)	1,397,049
Office and equipment costs	(549,428)	(399,570)	(948,998)	(1,584,753)	635,755
Transport costs	(370,403)	(255,227)	(625,630)	(1,015,952)	390,322
Direct assignment related costs	(15,094,658)	1,098,899	(13,995,759)	(12,426,968)	(1,568,791)
General costs	(878,362)	(52,024)	(930,386)	(285,122)	(645,264)
Financial income/costs	-	(312,335)	(312,335)	903,143	(1,215,478)
<b>Total net expenses</b>	<b>(23,254,739)</b>	<b>(1,898,938)</b>	<b>(25,153,677)</b>	<b>(24,340,281)</b>	<b>(813,396)</b>
<b>Surplus / (deficit) for the period</b>	<b>2,465,791</b>	<b>(27,170)</b>	<b>2,438,621</b>	<b>3,694,179</b>	<b>(1,255,558)</b>

### Explanation of key differences between budget and actual amounts

The revenue realized was 2% higher than the budgeted due to the increased volume of matching grants majorly under the TIDE project. Other income majorly relates to the VAT refunds realized during the year.

### The budget approval process

The Country Management Team prepares the Country Programme Annual Budget following the Framework Letter issued by SNV Head office that gives the overall strategic direction of the Organisation. The Country Programme Annual Budget is made up of various projects that have specific budgets as per the signed contracts, plus those anticipated, depending on the information about the various opportunities as tracked in our corporate salesforce system. Thus the overall country budget is drawn basing on the signed and anticipated (usually with an assurance of over 95% i.e. proposals under negotiation) projects and is included in the Management Agreements that is signed between the Country and SNV Head Office.

### Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Company. Therefore the financial statements and the budget are prepared on a comparable basis. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. The annual budget figures included in the financial statements are for the Company only. The budget of the Company is not made publicly available.

# Sustainability Report

This report represents a commitment by SNV to sustainable development and to comprehensive reporting thereon to all stakeholders.

The report follows guidelines released by the Global Reporting Initiative (GRI), which is a joint initiative coalition for Environmentally Responsible Economies and the United Nations Environment Programme.

The Guidelines have been issued for voluntary use by organizations for reporting on the economic, environmental and social diversion of their activities, products and services aimed in articulating the understanding of their contribution to sustainable developments.

## Value Added Statement

The Value Added Statement shows the social value added that SNV makes through its activities. Value added is calculated as the organization's performance minus payments such as office costs, transport and other service costs.

The resulting amount is distributed to the stakeholders who include employees, local capacity builders and the direct program support.

	2018	% of 2018 total	2017	% of 2017 total
	Shs `000		Shs `000	
<b>Value Added</b>				
Mobilized funds from donors	28,034,460	97%	21,743,051	98%
Other income	814,588	3%	333,445	2%
<b>Total income</b>	28,849,048	100%	22,076,496	100%
<b>Less:</b>				
Office costs and other service costs	(578,998)		(759,151)	
Transport costs	(1,015,952)		(511,643)	
<b>Wealth available</b>	27,254,098		20,805,702	
<b>Distribution of available Wealth</b>				
National staff salaries and other benefits	5,488,117	18%	4,981,873	24%
International staff salaries and other benefits	1,933,306	7%	1,407,642	7%
Short-term support /consultancy costs	1,746,036	6%	2,302,319	11%
Staff recruitment, training & travel costs	702,448	2%	605,800	3%
Local capacity builders' costs	875,309	3%	2,075,421	10%
Equipment, furniture & fittings	387,735	1%	222,083	1%
Workshops and related costs	12,426,968	42%	6,172,372	30%
Surplus	3,694,179	21%	3,038,192	15%
<b>Wealth distributed</b>	27,254,098	100%	20,805,702	100%

# Sustainability Report (Continued)

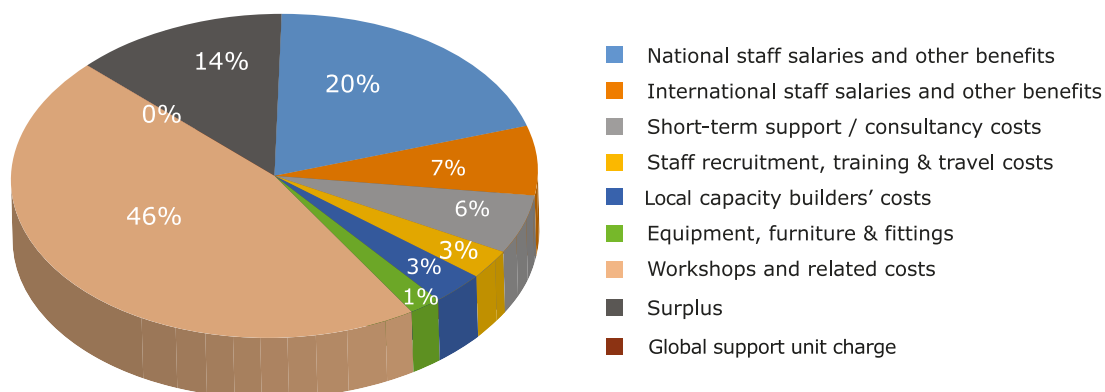
## Value Added Statement (continued)

The Value Added Statement above shows that SNV is a major contributor in a financial sense to various stakeholders, especially the locals.

Of the total wealth available in 2018,

- Shs 5.49 billion (20%) was distributed to national employees as remuneration and benefits.
- Shs 1.93 billion (7%) was distributed to expatriates employees as remuneration and benefits.
- Shs 0.88 billion (3%) was distributed to Local Capacity Builders (Community Based Organisations) as remuneration for their services.
- Shs 12.43 billion (46%) was spent locally on workshops and other related costs, a further finance contribution to the economy.

### 2018 Wealth Creation



### Value for money criteria

SNV's sole purpose is to generate and contribute to lasting impact on the lives of poor and disempowered people. Increasing the result orientation of our work and improving our related systems continues to be one of the elementary means to that end.

To ensure value for money in all its services, SNV uses a result measurement framework that:

- incorporates lessons learnt with respect to functionality and group thinking;
- is fully aligned with the new strategy;
- consolidates attention for the quality of practice;
- explores the ultimate levels of results (outcome and impact); and
- integrates organisational and development results

SNV emphasises managing for results which is achieved through:

- indicating from the start what the results are that we aim for;
- determining baselines and set targets on SMART indicators;
- emphasizing what is to be achieved instead of what is to be done; and
- SNV management asking the right questions and promoting result orientation as part of SNV culture.



# Sustainability Report (Continued)

## Value for money criteria (continued)

The purpose of SNV's results framework is to assess results in a systematic way for internal steering (to move), accountability (to prove) and continuous learning (to improve). Bottom line is that it contributes to increasing SNV's relevance, effectiveness and efficiency.

**Internal steering:** The results framework goes beyond the measurement of results and puts emphasis on the use of results to create impact. With the emphasis on managing for results we know from the start what the results are that we aim for. It implies that 'achieving results' is a driving force for all SNV staff. SNV management takes leadership for results by asking the right questions and promoting result orientation throughout the organisation and aligning the required SNV systems.

**Accountability:** Results are used to render accounts to SNV leadership and key stakeholders, from client organisations (by conducting output measurement) to donors. SNV has a monitoring protocol that summarizes our monitoring mechanisms and key indicators for accountability purposes to our donors.

**Learning:** Results-based learning is fostered in a number of ways, by systematic reflection on results (in the form of evaluations reports, case studies, MoU/assignment reviews) by line management, advisors and clients.

SNV's result framework includes SNV's intervention logic that obtains and applies resources in a most effective and efficient manner (organisational results) in order to produce services (output) that improve the performances of local organisations and sectors (outcome) which in turn leads to long lasting improvement of the situation of the poor (impact).

The framework provides a holistic view of SNV results. It combines and links development results and organisational results:

- Development results refer to what we accomplish externally – in terms of services and changes at the level of organisations and poor people. We distinguish three result levels: impact, outcome and output. Impact is the change in the situation of poor people; outcome refers to the change in the performance of clients and the sector as a whole, while output refers to SNV services.
- Organisational results refer to what we accomplish internally as an organisation. We distinguish three result areas: Finance, Human Resources and Strategy. SNV has organised its support services around these three functional areas, at all levels in the organisation: from Head Office to regional offices to country offices and portfolios.

At the organisational level the cause – effect relations are assumed to be linear. This allows SNV to measure and account for these results. Moving up the result chain these assumed cause – effect relations become more and more complex due to the increasing influence of other actors and factors. At the level of outcome and impact we focus on assessing the plausibility of SNV's contribution to impact.

SNV always strives to make optimum use of its means to maximize impact by making the right strategic choices, translate these choices into practice, manage and control its financial and human resources and learn systematically. As reflected in SNV's organisation structure, at all levels in the organisation, the work is organized around three functional areas. Consequently, in each of these areas – Finance, Human Resources and Strategy – we aim for and assess these (internal) organisational results. These result areas are in full development and subject to changes.

# Sustainability Report (Continued)

## Finance

The objective of the Finance area is to manage and control SNV's resources in a most transparent, effective and efficient manner. Finance is organized in five work areas: Finance and administration, planning and control, ICT, audit and procurement.

Key performance indicators used to monitor results include: SNV revenues, costs, cost efficiency and quality assurance. Results indicators help to improve budget allocation and realization, minimizing support costs, maximizing productivity and compliance to internal rules and regulations.

The instruments used in the field of Finance for planning, registering and assessing results are the following:

1. Integrated Planning Cycle (IPC): This organizes SNV's annual planning, resource allocation and subsequent reporting in a transparent and consistent manner through all levels of the organisation. This cycle includes the Framework Letter (which gives strategic direction), Management Agreements (approval of detailed annual operations), Midyear, Annual Reports and Year End Closure all in the planning, monitoring and reporting.
2. SAP By Design: SNV uses this cloud based application to support the IPC, Finance, and Human Resource administration.
3. The Control Self-Assessment (CSA) assists finance and administration staff to self-assess its compliance to internal rules and regulations and subsequently improve its own functioning. The CSA forms an important ingredient of SNV's control procedures.
4. Management Audit /External Audit: The Management Audit is an independent internal assessment of compliance to rules and regulations conducted by SNV auditors. The External Audit is an independent external assessment of SNV's compliance to rules and regulations.

## Human Resources:

The objective of work in the area of Human Resources is to attract, retain and develop Human Resources in a most effective and efficient manner. Human Resources are organized in five work areas: recruitment and selection; organisational development; human resource development; health and safety and compensation and benefits.

Key performance indicators used to monitor results include: SNV staff volume, staff composition, organisational learning and staff performance appraisal. Result indicators help to balance staff planning and realization, develop the quality of staff through systematic learning and performance management.

## Strategy:

The objective in the area of Strategy is to make strategic choices, build and maintain effective partnerships, systematically learn, generate knowledge and profile SNV to the outside world to allow SNV to maximize impact. Strategy is aligned to the five work areas: quality of practice, development policy, partnership and resource mobilisation, communication and strategic planning, monitoring and evaluation.

Key performance indicators used to monitor results include: SNV alignment of impact with NDS/PRSPs, complementarity with other major stakeholders like EKNs, CB sustainability through the level of engagement of LCBs and CB leverage through partnerships. Result indicators help to maximize external alignment and harmonization, coherence of strategic choices, sustainability, leverage and consolidated partnerships.

All in all, as described above, the Value for Money is wholly embedded in the organisational structure, policies and polices of SNV that ensure the impact per unit of financial resource is maximized.

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**SMART**  
DEVELOPMENT  
**WORKS**

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# **SNV**

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