



ANNUAL REPORT | 2018



OFFICES

Head office: Nebbi Municipality
Satellite offices: Zombo, Maracha and Yumbe Town Councils

VISION

A Prosperous, Healthy, and Informed People of West Nile.

MISSION

To contribute to the molding of a region in which the local people (men and women), including those who are marginalized, are able to participate effectively and sustainably and take a lead in the development of the region.

OUT REACH

Districts of Pakwach, Nebbi, Zombo, Arua, Maracha, Yumbe, and Moyo (7 out of 9 districts in West Nile).

FOCUS OF THE STRATEGIC PLAN 2015-19





Acronyms

AFARD	Agency for Accelerated Regional Development
ATT	Animal Traction Technology
CDO	Community Development Office(r)
CHFA	Community Health Frontline Advisor
CLA	Cluster Level Association
GAAP	Good Agronomic and Agribusiness Practices
HIV	Human Immunodeficiency Virus
IGA	Income Generating Activities
LCs	Local (Village) Council
LLG	Lower Local Government
MAYE	MANZO Youth Empowerment Project
MRAL	Monitoring, Reporting, Accounting and Learning
NGO	Non-governmental organizations
OVC	Orphans and Vulnerable Children
P4MA	Production for the Market and Assets
PLWA	Persons Living with HIV/AIDS
SHG	Self Help Group
UGX	Uganda Shillings
VSLA	Village Savings and Loan Association
WASH	Water, Sanitation, and Hygiene
YAG	Youth Agribusiness Group
YEPP	Youth Economic Empowerment Project
YMF	Young Model Farmer



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Foreword

In 2014, the Board of Directors approved a 5-year Strategic Plan (2015 – 19) with a focus on improved skills, health and voice of vulnerable families in West Nile region, Uganda so that they can build resilient livelihoods with adequate nutritious food and financial net worth. This policy direction was to position AFARD to make a visible contribution to the (inter) national development agenda – Sustainable Development Goals (especially in an end to poverty; an end to hunger; decent employment; healthy lives; climate change mitigation; and gender equality).

We are proud four years now to have played a stimulating role with positive impacts. In 2018, AFARD spent UGX 4.1 billion to serve 253,028 people in 62,614 households organized in 895 community groups. Of this figure, 61% were females and 142,539 South Sudanese refugees. Overall, in the year:

- 88% of 36,376 households with 149,114 people was food secure (85% ate 3 meals daily, 95% ate at least 7-food types in a week, and 94% shared food as a family);
- 23,537 households with 89,113 people engaged in agribusiness. They planted 3,639 acres of land and marketed collectively 290,194 Kgs of cereals, pulses and oil seeds (at an average of UGX 386,786 per farmer per season);
- 56,402 people were financially included using the Village Savings and Loans Association. They saved a total of UGX 1,246,20,100 from which 50% set-up non-farm income generating activities (IGAs) that averagely earned UGX 80,707 monthly; and
- 1,563 youth were skilled in non-formal vocational trades and 97% were self-employed in own-account IGAs that averagely earn them UGX 106,516 monthly income.

With these gains in the lives of the people we serve, the Board of Directors and Management are very grateful for the financial and technical supports from various partners: the European Union, Danida, Austrian Development Agency, HORIZONT3000, Kinder Not Hilfe, Manos Unidas, Sall Family Foundation, Self Help Africa, and the local governments of West Nile region.

Looking forward, we remain committed to helping poor people improve their livelihoods and welfare. This will require additional financing, testing innovative strategies, and ensuring sustainable social structures are in place to build resilient communities. The Board of Directors therefore seeks to join hands with credible partners for the inclusive socio-economic transformation of West Nile region. Nice reading!



Rt. Rev. Dr. Ocan
Sabino Odoki
Chair, Board of Directors

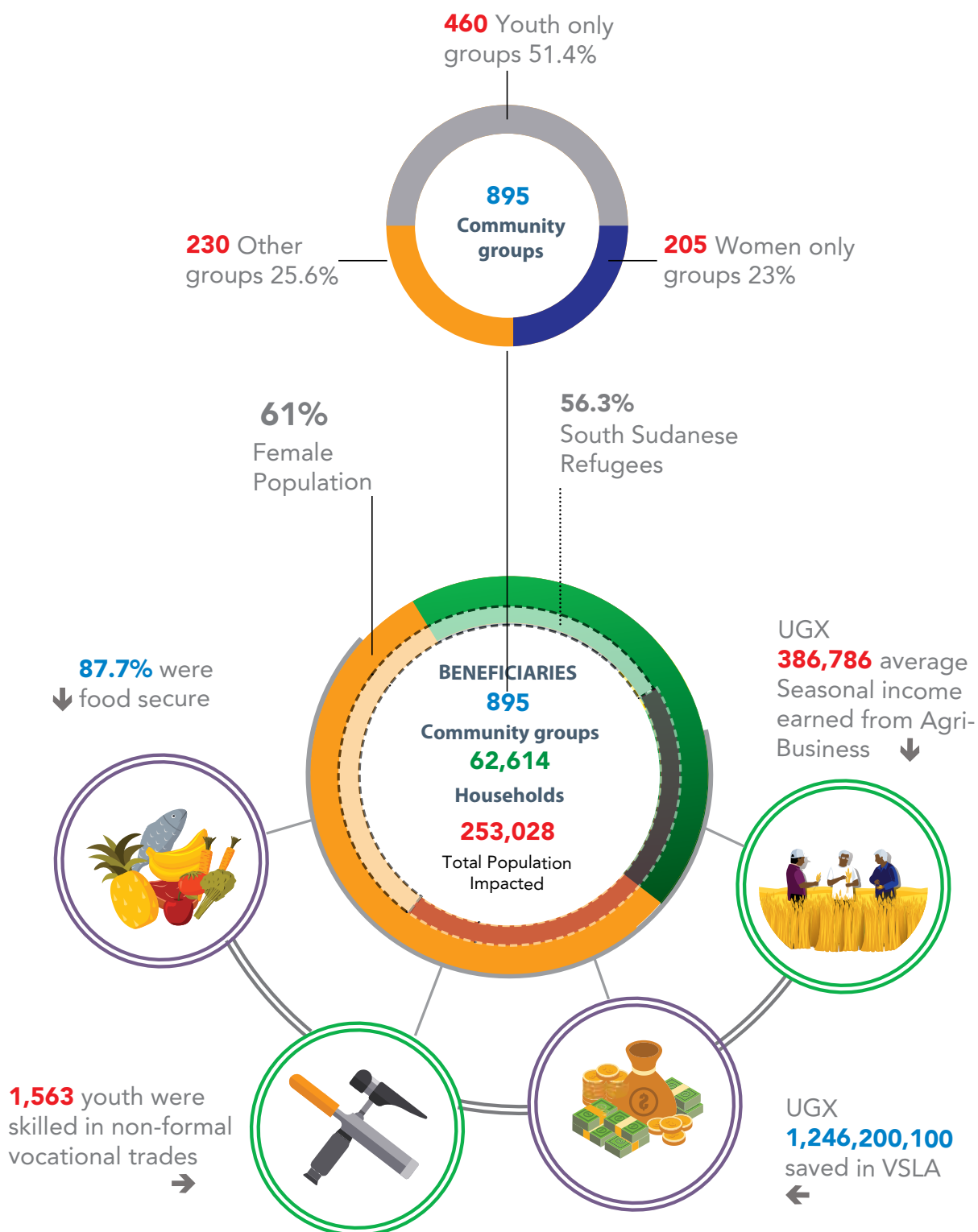
+Horelwa Odoki



Dr. Alfred Lakwo
Executive Director

A Bird's View of 2018

In December 2014, the Board of Directors of AFARD approved a new 5-year strategic plan (2015-19) with a goal, "to contribute to the socioeconomic transformation of 150,000 vulnerable and marginalized people [especially children, youth, and women] from 500 self-help groups and 5,000 youth-headed households for inclusive and resilient livelihoods." The year 2018 was the fourth year of implementation of the strategic plan. Below are the key achievements.



Project profiles





Erussi-Ndhew Community Development Project (2015-19)

Erussi –Ndhew Community Development Project is a 5-year, KNH-funded project that directly targets 6,000 extremely poor people with a goal, “to contribute to the reduction of child poverty in Erussi/Ndhew Sub-Counties, Nebbi district, Uganda.”



Major highlights of the year

In 2018, the project worked with 1,572 children (798 girls), 1,420 youths (687 females), and 4,637 adults (2,672 women) organized in People’s institutions (PIs) - 157 Self Help Groups (SHG), 53 Children Group, and 10 Youth Groups. It achieved the following:

- Trained 483 PI members in goal setting, communication and leadership skills, problem solving and conflict resolution, savings, loans and credit management, and basic business management skills.
- Conducted health education in safe sanitation and hygiene practices for 2,652 members using Community-led Total Sanitation (CLST) approach that saw many households have pit latrines, bathing shelter, and utensil drying racks. And 100 youth also received HIV/ AIDS education.
- Organized SHG Day under the theme, “an empowered woman, a strong foundation for a family” to advocate for girl child education and the Day of the African Child with the theme, “leave no child behind for development of Erussi and Ndhew Community” to create awareness on the rising levels of child labors, teenage marriages.
- Conducted education counseling and guidance for 839 children (451 girls) to motivate children to remain in school.
- Formed 5 youth groups with 100 members (5 females) and trained them in group dynamics, business management, savings and loan management, and non-formal vocational skills (horticulture, motor cycle repair, animal health, and brick laying).
- The SHGs saved UGX 278,796,500 that they loaned out to members.

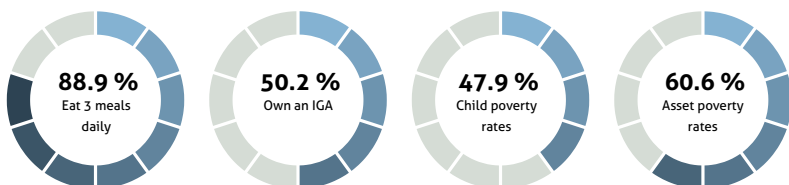
Empowering Ultra-poor women using Self Help Group (SHG) Approach in Nebbi District

Ms Oruya Rose, a 54 year old woman is one of the SHG founder members of “Mak Tic Kucingi” formed in 2009. Through this group she has benefitted from various trainings. By her own admission, Ms Rose has gained adequate knowledge on how to run a profitable business and more so, how to save.

With time I picked the courage to acquire a loan of UGX 80,000/= and invested in silver fish trade and earned a profit of UGX 70,000/= out of which I bought a goat.

It is from this one goat that I now boast of two cows and most importantly, I am able to pay for my daughter’s secondary school (S4) fees at Angal Secondary School.

I am now looking to buying a plot of land and building a permanent house for me and my family.



Ms. Rose with her two cows

Panyango Community Project (2017-18)

Panyango Community Project (PCP) was a 2-year KNH-funded pilot project that targeted 960 extremely poor households (with 6,720 people) with a goal, "to set up People's Institutions (PIs) that will empower people in Panyango Sub-County, Pakwach district to protect the rights of children and ensure their basic needs are met." The agreed final product of this pilot phase was a 6-year community development project proposal.



Major highlights of the year

In 2018, the project worked with 6,864 people (composed of 4,981 children (2,834 girls) and 1,883 adults (1,014 women)) organized in People's institutions (PIs) - 48 Self Help Groups (SHG) with 957 poorest of the poor women members. The following were achieved:

- Formed additional 03 SHGs to add onto the 45 SHGs of 2017 and conducted various capacity building trainings for the members in the SHG module.
- Assessed 48 SHGs and formed 03 CLAs (Cluster Level Associations) - Mungu Dit, Mer Pa Mungu, and Waring Kungwech.
- Trained CLA members in CLA module and conducted an external assessment that culminated into the formulation of a 6-year Panyango Community Development Project proposal (now under review).
- The 48 SHGs saved UGX 23,808,500 that they loaned out to members.

Improving Livelihoods through Micro-business in Pakwach District

Mrs Flavia Tuape, aged 35 is a member of Can Mio Ryeko SHG in Lwalo village, Pakia parish. She is married and a mother of five. Having been a subsistence farmer with barely enough produced to cater for her family; she often hired out her labour to supplement her farming efforts as her husband, a fish monger, was unreliable and given to much drink.

In joining the SHG, Flavia learnt some business skills that enabled her to grow her UGX 500 per week savings overtime to make her eligible for a UGX 50,000 loan. From trading cassava chips, silver fish and beans she was able to accumulate a UGX 200,000. She paid off her loan and now, not only is she trading with her own capital, but is able to afford two meals a day for her family, cater for her children's scholastic needs and meet their medical bills.



Ms. Flavia selling cassava on her way to Pokwero market



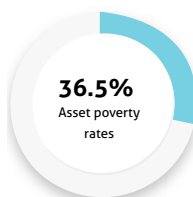
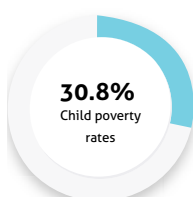
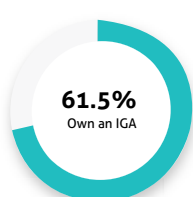
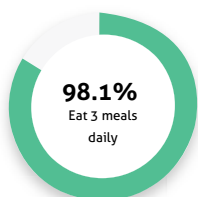
Jangokoro Food Security Project (2017-19)

Jangokoro Food Security Project is a 2-year Manos Unidas funded project whose goal is, "to contribute to inclusive and sustainable poverty reduction in Nebbi Catholic Diocese."

Major highlights of the year

Targeting 5 farmer groups with 210 households and 1,150 people in Zombo district, the project in 2018 achieved the following:

- Distributed 585 bags of Irish potato (for seed multiplication) together with training in good agronomic and climate smart practices on group demonstration plots.
- Group members purchased 81.6 bags of NPK fertilizers worth UGX 10,462,000.
- Drilled 02 boreholes, trained 20 people (8 females) as Facility Management Committees and opened the borehole bank accounts (where UGX 510,000 was saved as at December 31, 2018).
- Trained 25 Community Health Frontline Advisors (50% females) who conducted health education to 145 people (59 females).
- Conducted 10 Voluntary HIV Counseling and Testing (VCT) for 571 people (282 females). HIV positive people were counselled and linked to the ARV services.
- Established 05 Functional Adult Literacy (FAL) classes where 243 members enrolled and 200 graduated.
- Held 05 petition and accountability days with Sub county leaders on issues of access roads, unsafe drinking water, and exclusion of women and persons with disabilities in government projects.
- Mainstreamed Village savings and loan association (VSLA) and the groups saved UGX 37.1 million that they loaned out to members.



Fertilizer application increased Irish potato yield and income in Zombo District

Mr Dominic Ngabirombo, a member and chairperson of Cana Group in Jangokoro Sub County, faced a myriad of challenges prior to this project; poor potato yields (3 bags out of 0.25 acre of rented land), limited market access and poor returns (UGX 50,000 @ bag) and poor developmental prospects.

The introduction of proper agronomic practice through training, application of NPK fertilizer, and improved potato seed saw a turnabout in Mr Ngabirombo's fortunes; greater market access having rid himself of middlemen and better prices (UGX 105,000 @ bag), acquisition of domestic animals and 1.5 acres of land. He is in the primary stages of building a permanent house for his family.



Mr. Ngabirombo Dominic in his Irish potato store



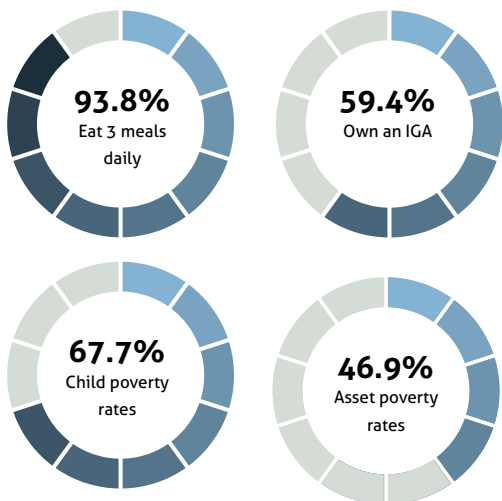
West Nile Agriculture Improvement and Conservation Project (WENAGIC Project (2017-19)

The West Nile Agriculture Improvement and Conservation (WENAGIC) Project is a 3-year project (2017-19) funded by the Sall Family Foundation. Its goal is “to support a sustainable and equitable food and income security of 450 smallholder farmer households with 3,150 people in Yumbe District, Uganda”.



Major highlights of the year

- Supported 450 farmers (270 female) to produce staple food crops - cassava, beans, and rice - and plant 6,000 trees. Trainings were conducted in climate smart agronomic practices and post-harvest management. Through the trainings, beneficiaries harvested 9,165 Kgs of beans 17,629 Kgs of rice.
- Introduced animal traction technology in all the 15 farmer groups; trained 15 oxen handlers; and established fodder fields. The oxen ploughed 83.5 acres of land and earned UGX 3,120,000 (saving UGX 1,895,000).
- Trained on safe nutrition with emphasis on food planning, preparation, and preservation.
- Mainstreamed VSLA and the groups saved a total of UGX 82,574,600 in addition to social fund of UGX 6,812,100 and Agro-input fund of UGX 7,307,300. Business management training together with business mentorship were also conducted.



Family Development Goal setting empowers rural women in Yumbe District

Mr Aliga Alfred and Ms Bako Sauda, both members of Ada Women Group based in Kei Sub County are a couple who prior to their training in agro enterprise, related rather poorly in their entrepreneurial affairs; the burden of producing food crops lay with Ms Bako and the benefits were enjoyed by both, and yet the sale and proceeds of the cash crop, tobacco, was a matter that Alfred kept to himself. The exclusion of Ms Bako was to the detriment of family cohesion and development.

Through the Family Development Plan (FDP) which emphasizes that it “cannot be developed and implemented by any married and honest group member without the participation of one’s spouse” unity had been fostered in their enterprise. By pooling their efforts, they have been able to increase their farm size from 1.5 acres to 2.5 acres.



Mr. Alfred and Mrs. Sauda in their cassava field



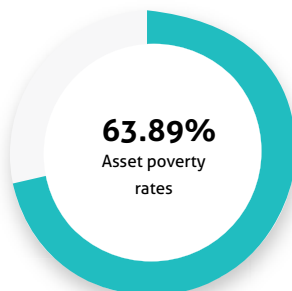
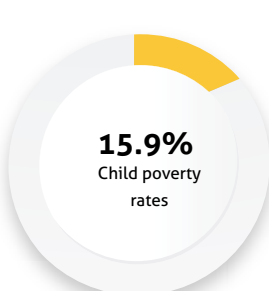
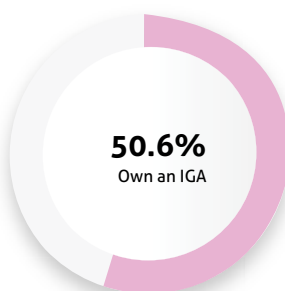
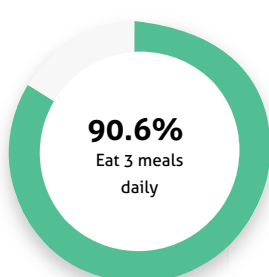
Youth Economic Empowerment Project (YEEP) (2016-19)

Youth Economic Empowerment Project (YEEP) is a 3-year European Union project whose goal is, "to contribute to youth inclusive economic growth and poverty reduction in West Nile region of Uganda through sustainable and gainful employment opportunities" for 2,500 youth with 9,000 dependants. AFARD implements hi project in partnership with Center for Governance and Economic Development (CEGED).



Major highlights of the year

- Formed 60 new youth-led VSLAs with 1,200 members (62.5% females) and trained them in VSLA, entrepreneurship and life skills, and financial literacy. This increased the number of youth groups to 125 and membership to 2,500.
- Trained 431 youth in various non-formal vocational skills.
- Trained as trainers 120 Young Model Farmers (YMFs) who trained members in good agricultural and agribusiness practices (GAAP).
- Provided 911 youth with business start-up kits and conducted business mentoring, coaching, learning visits and markets linkages.
- Trained 2,465 youth in advocacy skills.
- Mentored VSLA performance and in total the youth saved UGX 224,310,000 that was loaned out for retail and farming businesses.



Empowering Youth through marketable skills training in Pakwach District

Ms Giramia Flavia, a 24 year old single mother of two is a member of Jingkumi Youth Group and lives in Paten Ocayo village, Wadelai Sub County. Having dropped out of school early, she got into a marriage that ended in a divorce. She was left to fend for the two children by growing cassava with little success.

Fortunately for her, YEEP provided her with a three month training in catering and hotel management and a business startup kit. She immediately after graduation took up a loan from the group and embarked on operating a restaurant. Through prudent business practice, she has not only been able to grow her business and now earns a monthly profit of UGX 200,000, but has also acquired 0.75 acres of land, goats and is ably paying her children's fees.



Ms. Flavia attends to her customers in her restaurant



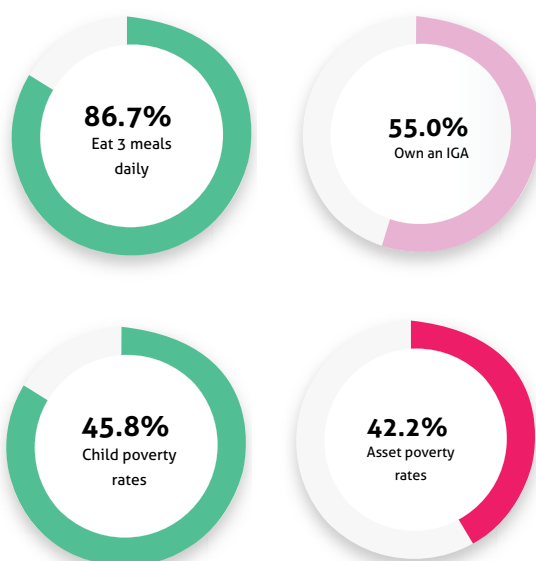
MANZO Youth Empowerment Project – MAYEP (2016-19)

Self Help Africa (SHA) in partnership with the Agency for Accelerated Regional Development (AFARD) secured funding from the European Union to implement the Maracha, Nebbi and Zombo (MANZO) Youth Empowerment Project (MAYEP), in the West Nile sub-region of Uganda with a specific objective, "to increase access to employment /self-employment opportunities for 3,000 youth in Zombo, Nebbi, Maracha districts in West Nile region."



Major highlights of the year

- The project worked with 2,593 youth (1,367 female).
- Conducted refresher trainings for 40 piggery YMFs (18 female), 148 horticulture YMFs (54 female) and 182 VSLA support trainers (78 female).
- Held exposure visits for 50 youth in piggery (21 female) at Devenish Nutrition Farm, Hoima district and Katende Harambe Demonstration Farm in Wakiso district, and 25 horticulture YMFs (10 female) in Buswekera, Hoima district.
- Conducted agribusiness clinics for 2,593 youth (1,367 female).
- Trained 90 district advocacy fora members in advocacy skills and supported to develop their advocacy action plans.
- As a result, the youth sold 187 tons of vegetables and 766 pigs worth UGX 338,086,400; saved in their VSLAs a value of UGX 249,264,100; and 12 YAGs secured government funding worth UGX 42,600,000.



Enterprise diversification a path to goal achievement in Maracha District.

Mr. Jerry, aged 23 year, a person with disability, and father to one child, is a member of Youth Agri business Group in Maracha District. Before joining MAYEP Jerry farmed cotton on a 0.5 acre but with dismal results. He then switched to onion production with better results.

Today Jerry is seeing his dream of starting a shop come true. Slowly he started off with 0.25 acre of land. Due to the adverse weather condition he only harvested 02 basins and earned UGX 90,000. He never gave up! In 2018, he diversified into onions (0.5 acre) and cabbage (0.25 acre). Even though the harsh dry spell affected his crops, he managed to harvest 300 Kgs of onion worth UGX 450,000 and 109 heads of cabbage worth UGX 141,700. He topped up this income with a VSLA loan of UGX 100,000 and constructed his kiosk. Now Jerry earns 30,000 per day.

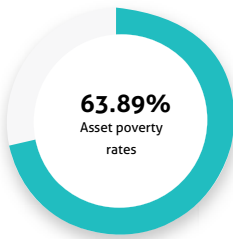
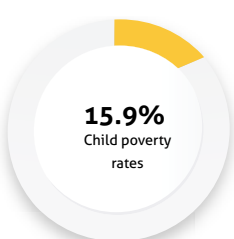
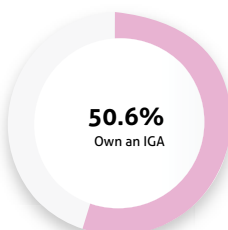
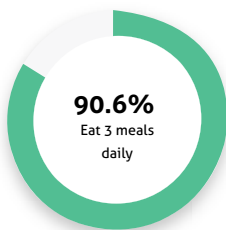


Development Assistance to Refugee Hosting Areas - Phase 3 (DAR 3- 2016-18)

DAR3 is a 4-year Danida funded project that was implemented in Nebbi and Pakwach districts with a goal, "to increase resilience and create equitable participation of Northern Uganda in the economic development of the country."

Major highlights of the year

- Supported 195 groups with 5,345 beneficiaries (3,286 females) to produce rice, beans and sesame.
- Trained farmer group members in good agricultural practices, group dynamics, postharvest handling, and cross cutting issues like hygiene and sanitation. Adoptions were validated during Open Days.
- Supported 100 farmer groups with animal traction technology (including with 10 planters and 10 weeders). These groups ploughed 2,506.5 acres of land, earned UGX 89,523,000 and saved UGX 40,629,500. In addition, these groups had increased acreage (0.5- 1.5 acres), and employed youth as oxen handlers.
- Strengthened collective marketing through training 585 marketing committee members and regular market information dissemination. Overall 152,193 Kgs of rice, 24,355 Kgs of simsim, 9,640 Kgs of beans, 1,005 Kgs of onions and 1,600 Kgs of cassava chips were bulked and sold at a fair price earning UGX 353,613,600.
- Mentored VSLA performance and the farmers saved UGX 305,338,900. Members used their share out money to purchase land and agro-inputs, livestock, food and to pay school fees and medical



Empowering Youth through marketable skills training in Pakwach District

Mr Odia Moses, a member of Parwoth Kujange Farmer Group and resident of Pateng West village, Alwi Sub County, is married with five children. Before the advent of DAR 3, Moses experienced a frustrated life due to; insufficient and poor income, unable to realize his full potential (farmed only 1 acre of his 5) and this was due to limited resources and poor savings.

The training in oxen handling has greatly enhanced his prospects; he is now able to till his 5 acres of land and plant varied crops while also tilling for others at UGX 5,000 daily. His savings have grown from UGX 2,000 to UGX 6,000 @ week and out of his VSLA savings, he has bought a motorcycle taxi earning him an additional UGX 70,000 weekly and a few animals. He plans to buy more land, construct a permanent house and acquire more bulls for animal traction business.



Moses Odia brags with his 2 goats and motorcycle in front of his hut

Secure Livelihoods for South Sudanese Refugees and Host Communities in West Nile region, Uganda (2017-19)

Secure Livelihoods Project also known as Migration Project is a 2-year Austrian Development Agency, Caritas, and Bruder and Schwester in not funded project whose goal is to contribute to SDG 1 – 2 by combating poverty and hunger of [650 households with 4,550 people among] South Sudanese Refugees and Ugandan host communities in Uganda. AFARD implements the component in Yumbe district while Palm Corps works in Arua district.

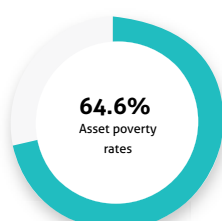
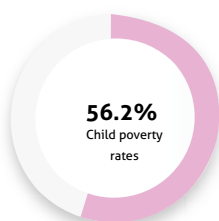
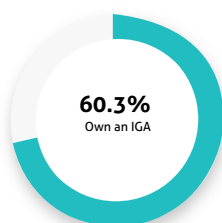
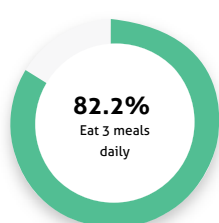
AUSTRIAN
DEVELOPMENT
COOPERATION

HORIZONT
3000



Major highlights of the year

- Provided agro-inputs for food and cash purposes to 650 refugee and host community households; and conducted trainings in climate smart agronomic practices.
- Trained in kitchen gardening and safe nutritional practices.
- Trained in VSLA and the groups saved UGX 65.7 million.
- Trained in entrepreneurship skills and collective marketing and conducted (agri)-business mentoring and coaching visits.
- Placed 150 youth (66 female) on apprenticeship training in various marketable vocational skills and provided them business start-up.
- Conducted market linkages with Ngetta Tropical, Cyclop and ADRA GADCO, and Youth trainers.
- Trained in woodlot establishment and maintenance and distributed 29,089 tree seedlings.
- Trained and equipped 78 selected beneficiaries (34 female) in briquette making and use of energy saving stoves.
- Formed and trained 05 Local Environment Committees (LECs) who developed Community Environment Action Plans (CEAP).



Youth Apprenticeship Training through Transforming Idle Youth in Yumbe District

Mr Alaru Jamal, a 23 year is a family man, resident of Draluringa village, Ramogi Sub county. A primary school dropout, Jamal tried his hand at everything, including farming, but his efforts were met with little or no success. He admitted, "I started avoiding my own home..."

With the introduction of the three month Migration project's carpentry apprenticeship training program, he needed not avoid his home anymore. Upon completion of the training and receiving the startup kit, he established a workshop at Bidibidi Reception Centre. Within two months he had made a profit of UGX 1,000,000 and has since joined a VSLA where he saves UGX 25,000 weekly and has accumulated a savings of UGX 660,000. He also has three trainees who pay him monthly UGX 100,000.

He is now paying for his sister's secondary school fees. He has acquired two cows and is ably looking after his family.



Mr. Alaru and some of his employees at the workshop

Organizational Growth



To provide effective direction and quality service delivery, the following were achieved:

- The Board of Directors held 02 Board and 03 Committee meetings and a transformational leadership retreat.
- The construction of an annex office block commenced in Yumbe.
- 04 out of 13 staffs on long distance professional training graduated from UMU in development studies and agriculture. Meanwhile 03 staff were trained in Denmark by Danida and 06 Managers were trained in resource mobilization by Self Help Africa.
- AFARD also retained its membership and active participation in district and national networks such as: Uganda National NGO Forum and District NGO Forum in Nebbi, Yumbe, and Moyo; PELUM-Uganda Chapter; Uganda National Aids Service Organizations (UNASO); and Uganda Water and Sanitation NGO Network

Financial Stewardship And Accountability



Revenue Performance

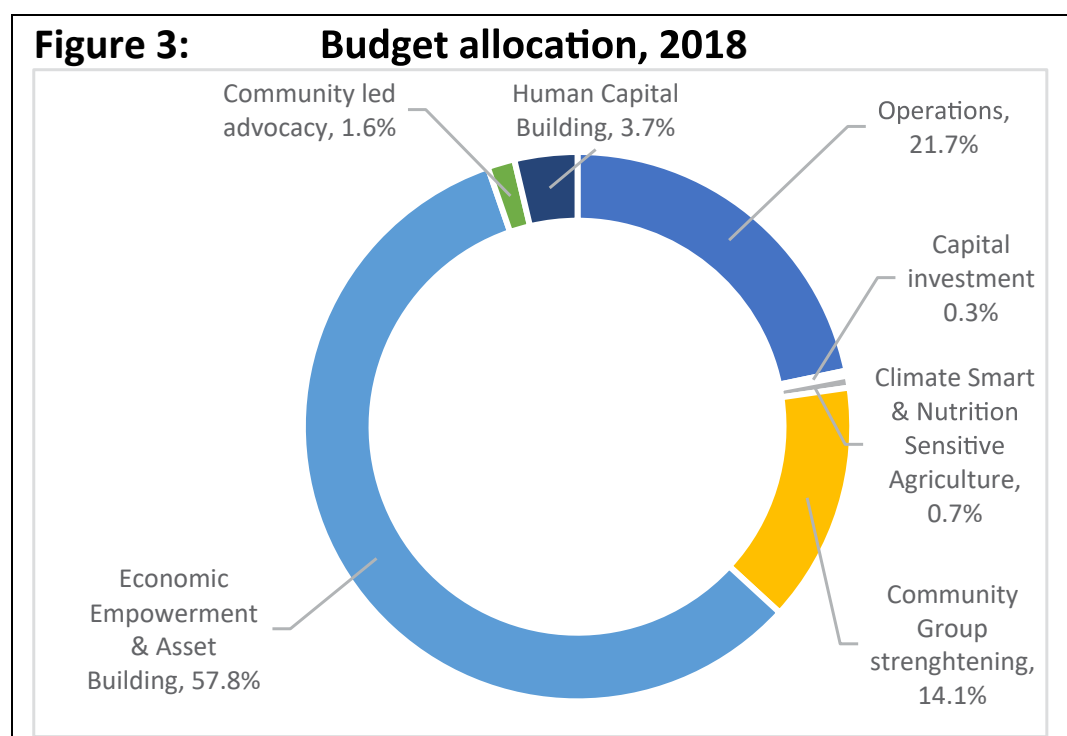
In 2018, AFARD mobilized UGX 3.4 billion. Donor funding accounted for 92% and local revenue only 8% of the total revenue generated. This revenue performance compared between 2017 and 2018 indicates that donor funding increased by one percentage point (from 91% to 92%) while local revenue declined by one percent from 9% in 2017 to 8% in 2018.

Seen from the 5-years Strategic Plan (2015-2019) estimated to cost UGX 20 billion, at the end of 2018 AFARD had mobilized UGX 13.9 billion (70%) of the total budget. This total revenue in the last four year of the Strategic Plan implementation was generated as follows: UGX 2.5 billion (18%) in 2015, UGX 3.7 billion (26%) in 2016, UGX 4.3 billion (31%) in 2017 and 3.4 billion (25%) in 2018. Given the number of earmarked projects for 2019, there is a high likelihood that 98% of the total strategic plan budget will be achieved.

Expenditure Performance

The UGX 3.4 billion generated in the year added to the fund carried forward from 2017 of UGX 1.3 billion enabled AFARD to have a total cash budget of UGX 4.7 billion. Of this, UGX 4.1 billion was spent representing a burn out of 87% (because part of the funds was early disbursement such as by Sall Family Foundation and AWO International for 2019 projects). As the chart below shows, 78% of the budget was spent as direct project cost. Adjusted for direct project staff cost, this figure increases to 88%.

Revenue sources	2018	2017
Self Help Africa (GORTA)	-	20,000,000
Kinder Not Hilfe (KNH)	305,630,504	345,160,550
DANIDA	859,236,000	1,015,877,000
European Union /SNV	-	333,215,000
UKAID/SNV	-	66,368,263
Private Sector Foundation Uganda	16,500,000	-
Sall Family Foundation	320,863,973	234,219,000
European Union through SHA	404,844,958	524,719,759
European Union	58,191,190	878,883,000
Manos Unidas	143,675,470	163,770,000
Austrian Development Agency/HORIZONT3000	819,208,655	310,670,318
Food and Agriculture Organisation of the UN (FAO)	62,921,050	199,880,800
AWO International	103,819,588	-
AFARD (Local Revenue)	330,847,000	244,367,000
TOTAL REVENUE	3,425,738,388	4,337,130,690



Finance Audits

To ensure efficiency in resource utilization and regulatory compliance with Board policy, donor requirements and the Ugandan laws, the Board of Directors operates a dual financial audit process. It conducts its own integrated financial audit by an internationally certified audit firm and permits individual project donors to conduct their independent audits. In this way, the 2018 institutional financial audit was conducted by PKF. Specific project audits were also conducted for YEPP, MAYEP, DAR3 and Migration Project by Dativa Associates, KPMG, and Jasper- Semi & Associates respectively. All the findings indicate low risk with regards to the strategic direction, financial control, regulatory and reporting compliance, and corruption and fraud. See next page for PKF opinion and our website (www.afard.net) for the full report.

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF DIRECTORS OF AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD).

Opinion

We have audited the Fund Accountability Statement of Agency for Accelerated Regional Development (AFARD for the year ended 31 December 2018 and the notes to the Fund Accountability Statement including a summary of significant accounting policies as set out on pages 15 to 19.

In our opinion, the accompanying Fund Accountability Statement presents fairly in all material respects the income and expenditure for the year ended 31 December 2018 in accordance with modified cash basis of accounting described in note 2(a) to 2(f).

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 Auditors' Responsibilities for the Audit of the Fund Accountability Statement section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Fund Accountability Statement in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Basis of preparation

Without qualifying our opinion, we draw attention to accounting policy Note 2(a) of AFARD's Fund Accountability, which describes the basis of preparation. The Fund Accountability Statement was prepared to assist AFARD management to report to the members and its donor on the organization's financial performance and status.

Other information

The board is responsible for the other information. The other information comprises the report of the management, the schedule of expenditure and any other reports that comprise the annual report but does not include the financial statements and the auditor's report thereon.

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Partners: Charles Oguttu*, Frederick Kibbedi*, Alpesh Vadher**, Piyush Shah**, Gurnit Santokh**, Sumesh D'Cruz**, Ketan Shah***, Shilpa Cheda***
(*Ugandan, ** Kenyan, *** British)

PKF Uganda is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Our opinion on the Fund Accountability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Fund Accountability Statement, our responsibility is to read the other information 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.

Responsibilities of Board of Directors for the financial statements

The board is responsible for the preparation of the Fund Accountability Statement in accordance with the accounting policies set out in note 2 and for such internal controls as the directors determine is necessary to enable the preparation of Fund Accountability Statement that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

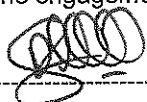
Our objectives are to obtain reasonable assurance about whether the Fund Accountability Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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 this Fund Accountability Statement. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the Fund Accountability Statement, 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.

- ii. 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 organization's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- iv. Conclude on the appropriateness of management's 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 organization'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 organisation to cease to continue as a going concern.
- v. 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 those charged with governance 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.

The engagement partner responsible for the audit resulting to this report of the independent auditor is:



Charles Oguttu (P0141)

Engagement Partner



Certified Public Accountants

Kampala

Date 29/3/2019

Ref: CO/AO76/22/19



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