

**DEVELOPMENT NETWORK OF
INDIGENOUS VOLUNTARY ASSOCIATIONS
(DENIVA)**

(A Company Limited by Guarantee and not having a Share Capital)

PERFORMANCE REPORT AT 31 DECEMBER 2011

Prepared by

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1. BACKGROUND

Development Network of Indigenous Voluntary Associations (DENIVA) was founded in 1988 to mobilise the volunteer sector to play a more active role in the development of the country. A strong civil society was perceived as essential in articulating interests of local people and enabling their views to be heard in the process of national transformation and rehabilitation. Unless the indigenous organisations were united and had a common voice, their participation was likely to be minimal. DENIVA started as a voice for the different organisations which were to form its membership. The organisation was registered as a Non-Governmental Organisation on 24 March 1992 and subsequently as a company limited by guarantee and not having a share capital on 24 May 1995.

Today, DENIVA has a membership of over 773 organisations and has been instrumental in nurturing the growth and strengthening of countless NGOs in Uganda.

2. DENIVA LEGACY TO DATE

Over its 24 years of existence, DENIVA has played a leading and invaluable role in national development through its various programmes which include the following:

- ♦ Research and Policy Analysis
- ♦ Advocacy and Lobbying
- ♦ NGO Management and Training
- ♦ Information Exchange
- ♦ NGO operating environment
- ♦ NGO Internal Governance

Through its own publications, national newspapers and other printed media, DENIVA has contributed significantly to information exchange and dissemination, promotion of human rights awareness and strengthening of the NGO sector in the country.

DENIVA's biggest legacy is probably the impact it has had on the growth and effectiveness of NGOs in Uganda today. Many of the CEOs heading NGOs and occupying many public offices are products of DENIVA training or former staff.

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3. RELATIONSHIP WITH DONOR COMMUNITY

DENIVA has cultivated and enjoyed good support from major European and USA based donors. Over the financial year ended 31 December 2011, DENIVA received funding from 15 donors. Many of these have supported DENIVA's activities for over 10 years. Ford Foundation, Oxfam / Novib have been in partnership with DENIVA since the organisation was established.

Commercial organisations rely on the assets they hold to generate income and also as an indication of how they will sustain themselves as going concerns. NGOs, on the other hand, do not usually hold substantial assets and rely on the goodwill that they have cultivated with donors for continued funding. The fact that DENIVA today continues to be supported by donor organisations that have funded their activities for over 15 years and more is an illustration of the conviction by these donors that DENIVA is doing a good job and that its programmes have a positive impact on the beneficiary community.

A further affirmation of the trust that the donor community has in DENIVA can be seen from the funding that the organisation has had over the previous 10 years. The Western world has gone through repeated cycles of economic crises and funding has tended to decline gradually. On the other hand, DENIVA has continued to receive good financial support as indicated below:

	Donor Funding Ushs. (Million)
2011	1,925
2010	1,450
2009	1,988
2008	1,819
2007	847

4. GOVERNANCE

DENIVA's constitution provides for a three-year term for its Board members. Over the period that we have been auditors, we have interacted with a very robust Board and found discussions at the Annual General Meeting extremely engaging. We have noted the successive Boards have had the necessary competencies required to provide proper oversight over the organisation activities.

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5. LOCALLY GENERATED INCOME

As with most NGOs, the proportion of total funds that is raised locally is quite small. From the table below, locally generated income peaked in 2009 at 7.44% of total funds, but dropped down to 3.45% in 2011.

Year	2011 Ushs.	2010 Ushs.	2009 Ushs.	2008 Ushs.	2007 Ushs.
Local fundraising	69,591,212	99,725,885	159,725,253	54,505,371	35,031,716
Total income	1,994,888,635	1,561,504,603	2,148,009,383	1,873,112,800	881,681,003
Percentage	3.45%	6.39%	7.44%	2.96%	3.97%

Nearly 60% of locally generated income is from rental of premises to other organisations. In the past, the organisation earned fairly bigger amounts from consultancies, peaking at Ushs. 80 million in 2009, but this has dropped down to Ushs. 9 million in 2011. Many years ago, the organisation used to publish and sell some of its publications, but the income from such sales has dwindled.

One source of income which has not been effectively utilised is membership; only 69 members are paid up. Mobilising member organisations to pay up their subscriptions would increase the pool of funds raised locally.

6. COMPETITION

Success sometime comes at a cost. DENIVA has been successful in grooming NGO leaders who have in turn started new NGOs. It has also empowered member organisations to do better. Some of the activities run by member organisations complement, but also compete with DENIVA for funding and programme delivery. DENIVA will therefore need to continuously innovate to keep ahead and to be seen to be relevant to its member organisations and to be adding value to them.

7. ACCOUNTING AND INTERNAL CONTROL SYSTEMS

Our observations on the Accounting and Internal Control Systems have been reported in our Management Letter.

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8. CONCLUSION

This Performance Report is intended to trigger a discussion at a Board level about the matters outlined herein. These matters came to our attention during the normal audit procedures and the scope of our work may not have been deep enough to lead to conclusive recommendations about matters outside reporting on the accounts. Management may wish to study the matters mentioned here more deeply to arrive at remedies that may be more relevant to the scenarios pointed out.

We do however hope that the report will be a good starting point for the Board in assessing improvements that could be made.

Finally, we would like to stress that these matters raised in this assessment report are not meant as criticism but reflect our assessment of areas that require attention to improve the financial performance of the project.

Yours faithfully,


Carr Stanyer Sims & Co.



16 AUG 2012