



# Love Mercy Foundation Ltd Annual Operations Report 2010/2011



## TABLE OF CONTENTS

- 1. About us:
  - 1.1 Vision and Mission statements
  - 1.2 Statement of Values
  - 1.3 Objectives
  - 1.4 Directorship
- 2. Review of operations
  - 2.1 Child Sponsorship
  - 2.2 Cents for Seeds
  - 2.3 Kristina Achuma Clinic
- 3. Future Goals

## **1. About us:**

### **1.1 Vision Statement**

The Love Mercy Foundation exists to see Northern Ugandans live an empowered life, free to claim their basic human rights to a secure food supply, income, education, health, and equality, through sustainable development projects based on enabling the potential of local communities.

The vision for Love Mercy Uganda was established after two professional athletes, Julius Achon of Uganda, and Eloise Wellings of Sydney Australia met in 2008. One morning on a routine training run in Uganda, Julius Achon literally stumbled upon 11 orphaned children living underneath a bus. These children, who had been effected by Africa's longest running war, were without food, clothing, housing or education, with some of the children unable to remember even their own names. From that day on, Julius took the children on as his own family.

Julius himself was no stranger to poverty. Having grown up the remote village of Awake in Northern Uganda, and himself being abducted by the Lords Resistance Army and forced into being a child soldier, he understands like no other the effects of poverty and war. After a miraculous escape from captivity and a natural ability as a long distance runner, Julius established his foundation in response to the dire situation faced by the residents of his home village, Awake. Ravaged by the brutal Lord's Resistance Army during Uganda's two-decade civil war, damaged by floods, and, more recently, touched by famine caused by drought, the village's residents are struggling in the face of truly inadequate living conditions, and many children have been left without family.

After hearing of Julius's story, Eloise Wellings established Love Mercy Uganda to facilitate development in Julius's village with a vision to impact all of Uganda and eventually all of Africa.

### **Mission Statement:**

The Love Mercy Foundation will seek to implement effective & sustainable, rights based development projects, which rely upon the potential of local communities in a way that promotes gender equality, environmental sustainability and participatory program development. We see the love of Christ, shown through the local church to be a driving force for change in overcoming poverty.

### **1.2 Statement of Values**

The Love Mercy Foundation is founded upon the following scripture:

*“And what does the LORD require of you?  
To act justly and to love mercy  
and to walk humbly<sup>f</sup> with your God.” Micah 6:8*

Our values are derived through the readings of scripture and the desire to empower those in poverty as expressed in the bible. The empowerment of those in poverty will not be limited to those who profess a faith, and will be explicitly non discriminatory with regards to religion. Evangelistic projects are limited to one Christmas project per year, which provides a celebration meal to churches in remote villages. All other programs are run free from evangelism, without express reference to faith or church attendance. Projects are often coordinated in partnership with local churches, however this is due to pre-existing authority and power structures in rural villages and not based on our decision or preference to coordinate projects.

### **1.3 Objectives:**

1. Relief of immediate poverty through aid and development
2. Advancement of sustainable development through education and employment
3. Advancement of medical support through establishment of clinics
4. Establishment of Christian spirituality through Christmas ministry

### **1.4 Directorship:**

Ben Poppett- Love Mercy Foundation Director, Finance, Audit, Governance, Systems and Accounts. Ben is a Certified Public Accountant and attends Hillsong Church.

Naomi Neyenhuys- Love Mercy Foundation Director. Events Coordinator. Naomi runs a small business as a florist and attends Gympie Baptist Church.

Caitlin Barrett- Love Mercy Foundation Director. Admin and Events Administrator, Intern. Caitlin is a student studying Development Studies and International Relations and attends Thrive Community Church.

Eloise Wellings- Love Mercy Foundation Director. Facilitate relationship with Julius (founder), and public relations with use of running career. Eloise is a professional athlete and attends Thrive Community Church

Roger Wellings- Love Mercy Foundation Director. Finance, Governance, Systems and Accounts. Roger Wellings runs his own travel agency and Helensburgh Anglican Church.

Julius Achon- Love Mercy Foundation Director. Founder and key person to liaise within village. Face of Foundation. Julius is a retired professional athlete living in the United States in Portland Oregon. He attends True Life Church.

Jailene Noon- Love Mercy Foundation Director. Events Coordinator. Jailene is an administration assistant and attends Sutherland Shire Church

Mike Hardie- Love Mercy Foundation Director. Project planning, ideas development. Mike Hardie is the Pastor at Thrive Community Church.

Josh Hollis- Love Mercy Foundation Director. Finance, Governance, Systems and Accounts. Josh is an engineer and currently attends Menai Urban Life Church.

## 2. Review of operations

### 2.1 Child Sponsorship

LMF currently operates a Child Sponsorship program inclusive of 30 children. This project was essentially “inherited” by the foundation, as Julius as a director was already supporting these children before the establishment of an official organisation. The organisation was established in order to provide funding for these children and remove the financial burden from founder Julius Achon. Therefore, this project provides financial support to children who have been orphaned by war. The children in the sponsorship program are made up of the original 11 children that Julius found in 2003. Other orphans of war have since been included in this program, with most of them living in the LMF house in Lira, Uganda, with some children still living in rural villages. The program operates on the basis of pairing a sponsor with a child for an amount of \$44 dollars a month. This funding directly purchases the following supplies:

<u>Annual Expense per Child</u>			
<u>Expense</u>	<u>Cost/child/ month</u>	<u>Frequency per year</u>	<u>Total Annual</u>
food (beans, corn flour, rice purchased in 100 kilo bulk, cook @ \$50/mo.)	\$20	12	\$240
Clothing and personal items	\$10	3	\$30
Tuition	\$100	2	\$200
Total Cost *Prices are approximate			\$ 470

Sponsorship at \$44 per month = \$528 per year covered by sponsors.

\$4 of this monthly contribution goes towards an emergency medical fund that provides life saving operations, medications and treatments for children within and also outside of the sponsorship program.

The Sponsor receives information concerning their sponsor child including a photo, some information about themselves, and correspondence where possible. The house where the children live is situated 1km from Lira Town in Northern Uganda and was built in 2007 on land that was purchased in 1999. The funds used were donated from several of the current directors of the Foundation before the Foundation was established.

Highlights for the Child sponsorship program for 2010/11 included many of the children graduating from infants school to primary school, and from primary school to high school.



Monique, aged 7, is being interviewed here for our documentary, and is shown with her graduation photo. Her grades improved so much during the year that she won an academic award.

○ *Accountability and Transparency in Financial Processes*

LMF Employees in Uganda must sign an employment agreement that makes them accountable to the board of directors in Australia. They report to the board on a monthly basis with news from each one of the kids including their progress in school and their health. This is a positive step to ensuring a level of transparency and responsibility in each staff member that can sometimes be lacking with the distance from the organisation and the staff on the ground.

1. The Love Mercy Foundation collects sponsorship money via direct deposit into a bank account in Australia.
2. These funds are then transferred to the Love Mercy Foundation account established in Uganda as justifiably requested by Jimmy. In Australia, two signatures are required from two selected directors before funds can be transferred. Jimmy Okullo is a signatory on the Love Mercy account in Uganda, which allows him to access these funds.
3. Jimmy Okullo then provides receipts and photos of the goods purchased for the children.
4. The receipts and photos that are sent back as evidence to the board are then recorded for auditing purposes.
5. Jimmy Okullo's wages are paid into his separate personal account.

This system has been established with an aim to be the most transparent and low risk system for transferring money from Australia to Uganda. Due to the risks associated with sending money overseas, especially to developing nations, this system seems to be quite efficient and secure for the following reasons: it avoids funds accumulating in Uganda, funds are only transferred when a quorum of the board approves them to be so and only after justifiable evidence that the funds are required has been provided.

○ *The Child Sponsorship problem*

Recent thinking in development and aid would suggest that Child Sponsorship is not the most effective means of relieving poverty and breaking the generational cycle of poor education and employment prospects. (Wydick, B. 2010) There are many problems that can be associated with the child sponsorship model, which chooses specific children and provides only them or their family with financial assistance. These problems can include:

- Isolation from the community due to jealousy
- Theft from and violence towards families who have obtained sponsorship
- Creation of a segregated society between those who are sponsored and those who are not
- Reliance upon an outside support for wellbeing and education (Wydick, B, 2010)

The Australian Government's overseas aid organisations AusAID states that child sponsorship programs which operate in this way should not technically be classed as development, and therefore are not tax deductible as they are seen to be welfare payments, not economic development. NGO's who operate under this child sponsorship model argue that by providing sustainable funding for education, that children that previously would not have had the means to attend school are now receiving an education which will enable them to be better qualified to find employment, and will in turn contribute to the economic development of their country by being more efficient and better skilled.

This debate is a delicate one, as with the above potential negative consequences of child sponsorship, research has also shown that there are several benefits to sponsorship programs. Apart from the obvious benefits of a more educated population, there are the following benefits to consider:

- Increased female education as female students are often taken out of school to care for family members but do not do this if they are sponsored
- Increased academic performance as children do not have the stress of being unsure about their school fees or the guilt that they are financially burdening their family
- Increased universal school attendance
- Decreased drop out rate

With this argument in mind, how successful is LMF in combating these negative issues and increasing the positive? After recent analysis from the November 2011 trip, it is clear that if the child sponsorship program was not in



operation, many of these children would not be attending school at all. Julius Achon was quoted as saying, “before these kids had sponsors, their marks were very low. They were stressed and hungry all the time; they were not motivated to go to school. Now they are all top of their classes and love to go to school and learn. They are very grateful to their sponsors.” (Achon, J, 2010, Personal Interview).

It seems that due to the history of the organisation, child sponsorship is an integral part of LMF. The reason that child sponsorship was introduced, was due to the fact that Julius and his family were personally and financially supporting 30 children to go to school. The aim of child sponsorship was to relieve the immediate financial burden this placed on his family. As such, this project was not established with sustainability in mind, nor with the intention of expanding or continuing this project after these children have graduated. In the meantime, it would be important that LMF monitor the effects of their child sponsorship project, especially on the children who still live in the village and are surrounded by many children who are not sponsored.

○ **Future Direction**

Further research into an exit strategy from this project is required, and suggestions as to a better sustainability model are being sought. Considering the project is not likely to be renewed with a second group of children, it is doubtful that this method of sponsorship will continue or expand greatly. In order to achieve this goal and see the phasing out of the child sponsorship program in an effective and sustainable way, the LMF needs to conduct extensive on the ground research. This research is due to commence in January 2012.

## **2.2 Cents for Seeds**

The concept of using micro-finance loans as a development tool is a relatively new phenomenon. This type of financing first appeared in Bangladesh following the establishment of the “Grameen Bank” by Nobel Peace Prize winner Muhammad Yunus. It involves the process of finding a way to lend to the poorest of poor who have no capital, no stable income and no tangible asset to borrow against. (Moyo, D. 2009, p126 ) LMF have decided to engage with this model of development but modify the terms and traditional ways of implementing credit. Instead of using finance, LMF have taken a lower risk approach to micro-finance and used seeds instead of currency. LMF have also used recent thinking in gender development and directed this project only to women. As a recent article in the New York Times articulates, development projects that are directed towards women are often found to be more successful than those targeting both genders. This can be explained as women often bear the load of taking care of children, a household, and often an extended family. This means that with this responsibility, projects that target women are often most effective as they impact entire households and not just individuals. (Kristoph, N, 2009)

Unlike the Child Sponsorship program, this program was developed by the LMF to meet a specific need faced by villagers in Northern Uganda. “Cents for Seeds” is a micro loan donation program working with women in Orum



district. Using \$25 dollar donations from the public in Australia, a woman is provided with a certain amount of seeds. A one off donation of \$25 will go directly to purchasing 10kgs of A-grade seeds that will differ depending on the time of year. These seeds will provide approximately 100kg of food. The family can then choose to eat and also sell this produce. After the harvest, the initial principle is paid back to the LMF in order to re-give this loan again to the next registered woman. After the family pays back their initial principle, they have the option of accepting another loan of a different seed as an incentive to continue the cycle of micro finance.



Women in Baa who received the first round of seed loans.

○ *How does it work?*

Loans are given once a year to the woman in a village who have previously registered their interest. The loans are distributed before the planting season commences in March. The women are asked to sign their names, which states they have understood that they are expected to return their principle. They are also advised on what to do with their harvest- LMF suggests that they use their harvest to feed their families, sell at the local market, store for emergencies and also share with those in the village who are in need. These are guidelines only and are not enforced. The villages that LMF are currently working have large amounts of family owned land. The land has lay fallow for many years meaning it is fertile and ready to be used for agriculture. This project was decided to be suitable to implement for these reasons. Research has been conducted as to the direct impact that this injection of capital has had on the villagers and families that have received the loan of seeds. Interviews have suggested that the women have been using their funds that they have gained to “pay for school fee’s buy food, and pay for medical expenses when they are sick” (Hardy: R 2011)

○ Repayment of Principle

In the first round of micro-finance loans, 107 women were given loans, and 104 women returned them after the harvest. This is an incredible result given that there was no policy to enforce the return of these loans, but relied only on goodwill and trust between the women and the staff of LMF. In general, micro finance loans programs with a return rate of 75% are considered to be highly successful. (Moyo, D. 2009, p 127) This return rate of over 97% is an incredible indicator of success. The Foundation felt that the women were so complicit in the program because they are all eager to start farming and using their land again after 20 years of disruptions caused by war. They were grateful for the opportunity to be given an injection to start these farming processes again.

○ Growth of the project

The second round of loans has increased 500% with 547 women registered to receive seeds after the success of the trial round. In speaking with the women from the first round, the women reflected that they were so happy with the beans and the quality of the seeds they received that they requested another 10kgs each in order to fill their land. They reflected that “10kgs was not enough to fill all of our fields, because they are so fertile.” (Eunice, 2010, Personal Interview) Furthermore, the initial village of Baa will be provided with 15kgs of seeds in response to their request to be given more seeds. The second village Awake will commence with 10kgs of seeds and be given 15kgs in the second round if the partnership between Awake and LMF continues.

○ Community involvement

Another positive element to come from this project is the cooperation between villages in Northern Uganda that the project promotes. The policy of LMF is for a woman who has participated in the project in a village, to attend the next village that will receive the loan program and discuss her experiences with the other villages and describe how the project was implemented for her. This has promoted cooperation and community between villages that were often separated by war, or whose relationship was characterised by mistrust and fear generated by the trauma experienced during war.

○ Area for improvements

In assessing the success of the program in November, locals suggested one main area that could be improved for the next time the program runs. Firstly, the timing of the program is incredibly delicate given the weather patterns and corresponding planting patterns for the most efficient yield. The timing in the first round of the project was too late to take full advantage of the wet season. In future, it will be important to ensure that the timing of the distribution of the seeds better coincides with these patterns. As a result of these reflections, for the following distribution of loans, a timeline has been

developed by LMF to ensure that the seeds are distributed to maximize the wet season.



Staff member Jimmy and a soy bean harvest



storehouse for the returned principal seeds



### 2.3 Kristina Achuma Clinic



An artist's impression

This year we have made incredible progress towards our goal of establishing a medical clinic. Otuke County is 42 miles from Lira, the site of the nearest healthcare facility. The vast majority of Otuke residents cannot afford transportation to Lira or the care offered there. As such, every day, people in this region suffer, and in some cases die needlessly because they do not have access to routine, preventative health care or emergency medical attention. The primary objective of Achon Uganda Children's Fund (the American sister organisation to LMF) in 2010-2011 is to establish a local clinic staffed by medical professionals able to provide affordable, basic care and to treat and triage the sick and injured. This facility will be called the Kristina Achuma Achon Clinic to honor Julius Achon's mother, who was shot by the Lord's Resistance Army in 2004, and perished due to lack of available medical attention.

Following two trips to Uganda in 2010 to review the proposed Kristina clinic site and tour other clinics, AUCF have purchased a 60 x 80 meter property in the village of Awake. The clinic site will include two primary buildings; the medical clinic, and staff living quarters. Preliminary architect drawings have been completed in November 2010, plans for the Kristina clinic were discussed with village residents and village elder council and received enthusiastic and full support of the community. The development process for this clinic aims to be as inclusive as possible, with the goal of building and sourcing all building materials from within the village, using the skills of the villagers. As a result, bricks are currently being made and stored in anticipation of a groundbreaking. The medical clinic will be modelled after the Engeye Clinic built near Masaka, Uganda in 2007.



Partnership with Lifewater International

LMF and AUCF plan to complete the clinic in 2012 at an estimated budget of \$90,000. The clinic will provide primary medical care including triage and appropriate treatment, disease testing, inoculation, medication dispensing and education. Staff will be comprised of Ugandan MDs and RNs as well as a general manager and staff augmented by periodic visits from US-based doctors and nurses. LMF plan to establish extensive partnerships to create a set of best practices for developing access to appropriate medical care in rural Africa with the likes of Ugandan Ministry of Health, Engeye Clinic, Uganda Cares (HIV/AIDs testing), Lifewater International, Medical Teams International and other local and international aid organizations. The clinic aims to be self-sustaining in 3 years.





AUCF Founder Jim Fee and local community members

In July 2011 the Love Mercy Foundation managed to raise \$65000 to contribute to the Kristina Clinic, through the running of the Sutherland to Surf. This fundraiser was the biggest to date, and saw a team of 80 people register and then run the 11kms between Sutherland and Wanda Beach in Cronulla. Through gaining sponsorship, this team of people was able to raise such a huge amount of money.



This photo appeared in the Local paper after the event. “Champion Sutherland athlete Eloise Wellings (centre in picture), who has qualified for the London Olympics, chose a leisurely run with friends to raise money for her Love Mercy Foundation, which is building a medical clinic in northern Uganda, where Wellings has been helping orphans of war and displaced families.”

An upcoming trip in September 2011 aims to secure and employ a clinic manager, establish a local community management board to “own” the clinic,

and secure land on either side of the clinic for future expansion.



### **3.Upcoming goals**

#### *Gain Tax deductibility status*

The main goal of LMF aside from the successful implementation of their projects on the ground in Uganda is to gain Australian Tax Deductibility status in order to provide donors with tax-deductible receipts. This has the obvious benefit of encouraging donations, as donors can claim back their gift in their income tax return.

#### *Increase Community involvement*

The other main focus of LMF is to gain a strong support network and community of supporters in Sydney. Due to Eloise Wellings' high profile running career, and her aim to qualify for the 2012 Olympics, LMF plans to "use my (Eloise's) running career as a springboard to build a growing community of supporters" (Wellings, E, 2011, Personal Interview) This will hopefully lead to raised awareness for the cause of peace and rehabilitation in Uganda, raise funds to support the reconstruction and development in the area and also expand the resources and media coverage available to the foundation.



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