

## Unready for REDD+?

### Lessons from corruption in Ugandan conservation areas



Photo: Connor Cavanagh

This U4 Brief extracts lessons from recent Ugandan experiences with conservation areas and corruption. A case involving the World Bank/Global Environment Facility (GEF), the Ugandan Ministry of Trade, Tourism, and Industry (MoTTI), and the Uganda Wildlife Authority (UWA), illuminates how corrupt processes can unfold across multiple governance levels in the Ugandan context. Based on qualitative fieldwork, it offers monitoring and evaluation considerations for donors seeking to support both schemes for Reducing Emissions from Deforestation and Forest Degradation (REDD+) and other conservation efforts in East Africa.



Climate change, biodiversity decline, and deforestation present donors with an implementation paradox. In order to mitigate these processes, development agencies fund governments and civil society groups to manage significant portions of Sub-Saharan Africa's forest resources. Simultaneously, donors are aware both of the management challenges faced by many of these same actors

and of experiences with corruption in the region's natural resource sectors. East African countries that score highest on biodiversity, wildlife, and forest indices – Tanzania, Kenya, and Uganda – have also been ranked as corrupt and poorly governed states.<sup>1</sup> Though one should not rely solely on national indicators to infer corruption at the much smaller scale of individual conservation areas, such correlations suggest that the links between biodiversity decline, deforestation, and corruption should be taken seriously. Developing appropriate responses in aid policy and practice will be crucial for ensuring the effectiveness of emerging attempts to mitigate climate change and deliver socio-economic co-benefits through schemes for REDD+.

To prevent corruption from undermining both REDD+ and biodiversity conservation efforts on a broader scale, it is helpful to scrutinize past experiences with corruption in forest and conservation area management. Due to the

complex and multilayered nature of corruption in forest and protected area governance, drawing appropriate lessons is not a straightforward task. Corruption refers to a spectrum of behaviours that operate at different scales and with various degrees of coordination, but which are united in the exploitation of relative political or economic leverage for illegitimate private gain. Such activities can occur in geographically isolated locations in individual conservation areas, involving low-level employees and small sums of money, or can encompass longstanding networks of high-ranking bureaucrats and politicians. Regardless of scale, these forms of corruption each retain the potential both to undermine biophysical conservation goals, and to externalize the financial liability for such projects onto future generations of taxpayers.

## Linking political and bureaucratic corruption: The PAMSU case

In 2002 the World Bank/GEF began the implementation phase of the 'Protected Areas Management and Sustainable Use' (PAMSU) project with the Ugandan MoTTI and UWA. Between 2002 and 2010, the World Bank and GEF disbursed approximately USD 37 million in a combination of loans and grants to these actors.<sup>2</sup> The project intended to enhance Uganda's management of conservation areas by clearly demarcating boundaries, constructing tourism and staff facilities, and procuring transport, electronic, and other equipment. According to project documents, these activities were intended to generate 'win-win' outcomes for both conservation and tourism in Uganda's ten national parks and twelve wildlife reserves. The project's outcomes were to include improvements in the conservation of protected ecosystems, and more lucrative ecotourism incomes for UWA.

As the project neared completion it became clear that the MoTTI and UWA had not completed many of these objectives. A large number of the PAMSU project's intended outputs were highly tangible. Staff housing and infrastructure were to be constructed at two-dozen locations, for example, but did not materialize at more than a handful of sites.<sup>3</sup> In 2008, the UWA appealed to the MoTTI for an additional sum of USD 7 million to complete the project's objectives.<sup>4</sup> Then-Minister Kahinda Otafiire reportedly became suspicious that project failures were not merely attributable to incompetence or mismanagement, but to corruption and the misappropriation of funds.<sup>5</sup> A commission of inquiry, led by retired Supreme Court Judge George Kanyeihamba, was launched to investigate the PAMSU project in March 2011.<sup>6</sup>

Kanyeihamba's commission discovered widespread irregularities in UWA's use of PAMSU finances.<sup>7</sup> The inquiry heard, for instance, that the agency operated 78 separate bank accounts for PAMSU-related expenditures, none of which had received prior approval from the UWA Board of Directors, and for which no records were kept at the Ministry of Finance. Approximately USD 3.4 million was earmarked for a "one man unit" in the UWA, the mandate for which was unclear, and for whose activities officials could demonstrate no concrete outputs.

The commission also heard that nonexistent "ghost employees" were paid for expenses incurred, services rendered, and international travel undertaken. Finally, only one of nine planned boreholes were constructed at Kidepo National Park.

Irregularities were also evident at the ministerial level. Two separate payments totalling approximately USD 2.98 million, were registered as 'sent' by the MoTTI, but were allegedly not received by the UWA.<sup>8</sup> When asked by the commission whether he looked into these missing payments, the former-UWA Executive Director responded that he "did try to find out [...] but] never got a conclusive answer" from either the MoTTI or the Ministry of Finance.

The independent auditor hired to monitor UWA's use of PAMSU funds testified that their staff had neither conducted independent analyses of the project's finances, nor visited field sites.<sup>9</sup> Instead, the firm claimed its activities were based on the findings of internally generated MoTTI, UWA, and World Bank reports. In one case, when asked by the commission why he had not conducted audits at any PAMSU sites, an employee at the firm responded by saying "[w]e were told it was risky because such places have wild animals that eat people." In short, PAMSU's auditors could offer no clear rationale for why they had not conducted their own investigations, and could provide only weak justification for the absence of on-site monitoring at field locations.

As a result, the New Vision – a Ugandan government-owned newspaper – reported that "[m]ost of the [PAMSU] money was stolen, diverted or misused by the accounting officers, managers, operators, consultants and supervisors."<sup>10</sup> Several ministers were alleged by the Kanyeihamba report to have been personally involved in corrupt practices. Further, the report alleged that a number of lower-level government employees were involved in covering up irregular activities, including a Ministry of Tourism Permanent Secretary and several of his staff.

The commission also implicated two World Bank officials in the misuse of PAMSU funds.<sup>11</sup> One of these officials had authored internal World Bank reports that praised the PAMSU project's progress toward meeting its infrastructural goals. These formally-submitted claims contradicted those of other witnesses, who raised concerns about the poor quality of existing infrastructure projects, and the total lack thereof in other sites. In a statement, a World Bank spokesperson claimed that these allegations were false. Given World Bank diplomatic immunity clauses, the Kanyeihamba's commission could not compel the officials to respond to these allegations before the commission, and the officials refused to volunteer their time for this purpose.<sup>12</sup>

Despite the severity of the allegations advanced by Kanyeihamba and his fellow commissioners, Ugandan civil society organizations have generally remained quiet on the topic of PAMSU's mismanagement. Notable exceptions include the International Rhino Foundation, which spoke out because some of its board members



were implicated,<sup>13</sup> and the World Rainforest Movement, whose researchers alleged that PAMSU-related exercises were instrumental in exacerbating human rights abuses at Mount Elgon National Park.<sup>14</sup> To date, civil society organizations have primarily focused on alleged human rights abuses and corruption at the scale of individual conservation areas.

## Procedural objections and counter-accusations

The allegations made by Kanyeihamba's commission did not go uncontested. In August 2011 Minister of Tourism Ephraim Kamuntu ordered the inquiry to cease its proceedings on the grounds that its prolonged nature was damaging Uganda's tourism industry, which currently earns a large share of the country's foreign exchange.<sup>15</sup> Indeed, Uganda earned approximately USD 400 million from tourism in 2009-2010. Although Kanyeihamba and his fellow commissioners submitted a report of their findings to the MoTTI in November 2011, it was compiled only from the evidence that had been gathered up to that point.

Following the order for the inquiry to cease proceedings, the former UWA Executive Director filed a petition with the Kampala High Court to challenge the validity of the inquiry's report. The petition asserts that the conduct of Kanyeihamba's commission was generally biased, and that its commissioners conducted themselves in an unprofessional manner. The petition appeals to a sceptical counter-argument regarding the PAMSU case which holds that Kanyeihamba's accusations are part of a broader campaign of 'political gaming'. One should take these criticisms into account when reflecting on the inquiry's findings. However, they do not provide an alternative explanation for how large sums of money disappeared throughout implementation of the PAMSU project.

As of February 2012, Ugandan law enforcement authorities have not filed criminal charges against any individuals named in Kanyeihamba's report, although the police have separately investigated the disappearance of PAMSU funds from the MoTTI.<sup>16</sup> The contents of the inquiry's report have yet to be presented to the Ugandan parliament, as is required. The Ugandan Inspector General of Government (IGG) maintains that he cannot act on the findings of the Kanyeihamba report until it is formally presented to him, as protocol demands. Meanwhile, Uganda is still liable to repay the missing PAMSU funds received from the World Bank, at an interest rate of one percent from October 2012 to 2022, and two percent from 2022 to 2042. In sum, the next generation of Ugandan taxpayers will be required to repay approximately USD 37 million in loans, plus interest, for improvements in conservation area infrastructure, much of which never materialized.

If proved to be accurate through a rigorous legal process, many of the above-described incidents would constitute examples of bureaucratic or political corruption. Witnesses have testified before Kanyeihamba's commission that bureaucrats cooperated with third-

party contractors to misuse PAMSU funds (collusive bureaucratic corruption), and also directly siphoned-off finances for private use (non-collusive bureaucratic corruption). Further, irregularities at the ministerial level – for example, monitoring and evaluation reports filed for field visits that were never undertaken – would constitute instances of political corruption.

## Considerations for donors

The above case holds implications not just for conventional biodiversity conservation, but also for the implementation of REDD+ schemes in East Africa. These schemes involve similar disbursements to conservation and forest management bureaucracies, or to non-governmental organizations contracted to implement programmes on their behalf. In neighbouring Tanzania, WWF Tanzania's REDD+ pilot project has already been criticised as a result of allegations of fraud and embezzlement virtually identical to those which arose in the case of UWA and PAMSU.<sup>17</sup> Based on the above, this Brief proposes the following considerations for donors involved with financing conservation or REDD+ schemes in East Africa:

*Carefully reflect on the biophysical characteristics of forest reserves and other conservation areas when designing monitoring, reporting and verification (MRV) standards*

Due to the often remote and expansive nature of forests earmarked for REDD+ projects, corrupt activity can be concentrated away from well-established access points. In the PAMSU case, the lack of planned infrastructural outputs at some sites, such as the construction of housing, park entrances, and boreholes, should have been straightforward to detect. However, these irregularities were not detected until after the PAMSU project had completed its tenure. Though World Bank officials were responsible for supervisory activities in the PAMSU case, their twice-yearly inspections yielded no warning signs.

*Formulate 'double blind' MRV procedures*

Recent trends in donor policy, such as imperatives to enhance recipient-country ownership and capacity building components of development programmes, arguably increase the likelihood that corrupt networks will remain undetected by standard MRV activities. Many of the problems that arose during PAMSU's implementation were related to the lack of MRV activity that was exogenous to networks of allegedly corrupt actors. The Kanyeihamba commission alleged that the PAMSU 'Project Coordination Unit', which included the World Bank officials and several key individuals from the MoTTI and UWA, was the locus of most corrupt activity. Since the unit was apparently not subject to other forms of supervision, its failure to implement project activities went largely undetected. Accordingly, donors may wish to consider 'double blind' MRV assignments, involving staggered or autonomous supervisory visits from evaluators that are not otherwise familiar with each other, and who have limited opportunities to develop informal connections with recipient-country officials.



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## Explore innovative MRV measures such as crowd-sourcing and anonymous reporting services

New mobile phone and internet applications allow members of the public to anonymously report perceived irregularities in the management of forest reserves and protected areas. Donors could include such mechanisms as supplementary components of their implementation and MRV activities. This could prove particularly useful in the case of conservation areas or forest reserves that are expansive yet bordered by densely populated communities, where access to basic mobile phone technology is often widespread. In the PAMSU case, such mechanisms would have provided a platform for

witness accounts that contradicted official MRV reports, and which were only later uncovered by the Kanyehamba commission. Here, the idea is to undermine potential collusion between implementers and evaluators through triangulation between officially submitted MRV reports and observations made by local stakeholders. Examples of such approaches include the World Resource Institute's 'Governance of Forests Initiative',<sup>18</sup> and - in the field of humanitarian assistance - UNICEF's uReport Initiative.<sup>19</sup> In the latter, citizens and civil society organizations submit reports of irregular activity via SMS, which are then mapped, published online, and disseminated to rural populations.

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## Further reading

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## Notes

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