

# Building Conflict into Cooperation: Case study of the Mgahinga and Bwindi Impenetrable Forest Conservation Trust

Ray Victorine and Christine Oryema Lalobo

Uganda's Bwindi Impenetrable and Mgahinga Gorilla national parks are home to 300 endangered mountain gorillas (*Gorilla gorilla berengi*) and to significant biodiversity. That habitat was once seriously threatened by economic exploitation, but now enjoys local-level conservation support. This results from a concerted effort to enhance the local economy, while demonstrating how biodiversity conservation factors into the socio-economic development equation.

In 1991 the Government of Uganda changed the status of Mgahinga and Bwindi from forest reserves to national parks, giving them greater protective status. Done with no consultation with local communities, the action led to loss of local resource access, anger and resentment; all of which turned into opposition to the national park and its managers. Local people suddenly suffered a change in status from legal resource users to illegal poachers and responded with disregard for newly established rules.

National and international concern over encroachment and threats to the gorilla habitat led to development of strategies that included greater park protection, ecotourism based on gorilla visitation and support for more sustainable economic development in local communities. Interest in the latter fostered exploration of sustainable financing options to address long-term conservation and development challenges. The World Bank and GEF prescription was the creation of an endowed conservation trust fund that would invest in conservation-related projects in and around the two national parks. Thus was born the Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT), the first GEF supported trust fund in Africa.

## 1 What is a Conservation Endowment? – Building the Framework.

In 1993 few had experience with conservation endowment funds and Uganda was no different. Given the newness of the idea, project proponents, led by the World Bank, recognized the need to explain the concept to a broad array of national and regional stakeholders; ensure the existence of the necessary legal framework and; establish a workable management structure. Figure 1 lists seven essential ingredients that generated support for the project and ultimately led to its successful development and implementation.

The World Bank assembled a creative team of expatriate and Ugandan professionals to develop the Trust. On the implementation side the design team focused on achieving the conservation of biological diversity in the target region and sustainable development in the nearby rural communities. Attempting to meet these two objectives informed the ultimate program design and led to consultation and collaborative design efforts with protected area authorities, national, regional and local civic leaders, and community representatives.

### Figure 1. Essential ingredients in the making of the MBIFCT

1. A well-conceived, effectively articulated vision.
2. Key government ministries informed and consulted to obtain commitment and buy-in (e.g. Ministry of Finance, Wildlife Authority, Ministry of Justice).
3. Key international and local environmental NGOs consulted for input and support.
4. A respected person within government identified to champion the process and serve as a point of contact.
5. Legal statutes reviewed to ensure feasibility of establishing a conservation endowment
6. A lawyer identified with solid credentials and commitment to draft the articles of incorporation (trust deed) and monitor the registration process.
7. Key donors contacted to build support and explore mechanisms for additional financing.

While the field implementation design moved forward, gaining support for the overall structure of the Trust faced two challenges. The first involved the status of the organization to manage the funds. The proposal involved creating an endowment fund managed by a non-governmental agency, in other words a private entity to fund conservation. Instead of money going directly to the government for conservation projects, the government would play only a collaborating and advisory role through Board membership. Its decision-making role related to the Trust would occur in collaboration with other Board members and would not predominate. This approach turned conventional practice on its head and led to government concern about control and oversight. Gaining support for the private fund concept required a significant investment of time devoted to meeting with Government leaders across various ministries. Government wanted assurance of both adequate accountability and programmatic consistency with government policy.

The second challenge derived from the very nature of an endowment. How was it that funds would be provided to the country but would never come to the country? How would a project operate by not spending its money, but by earning interest? How does one explain in perpetuity? How could this work? These questions and others arose throughout the design process (and for most of the first year of the MBIFCT's existence) and required many hours of explanation. In Uganda, few people knew much about investing or finances. Also most people were accustomed to projects with definitive time scales and allotments of funds. Repeatedly explaining to a broad audience the nature of trust funds and their inherent long-term perspective helped gain adherents to the idea.

Finding several people within government and the NGO community who recognized the elegance of the approach and championed the idea was essential. These champions played instrumental roles not only in gaining government support for the effort but also in convincing international donors of the benefits of supporting the initiative.

## 2 Establishing the legal entity

The establishment of the Mgahinga and Bwindi Impenetrable Forest Conservation Trust required a variety of actions culminating with the creation, approval and final registration of a Trust Deed under Uganda's Trustee's Incorporation Act (CAP. 147). Finalizing the Deed required important steps including:

- Creating the mission and objectives of the Trust
- Identifying the Board members and the mode of Board operations, including fund oversight and management.
- Establishing the Executive Agency of the Board to implement for program implementation.
- Setting the overall implementation agenda for the Trust.

The design team adopted a consultative process in an effort to respond to concerns voiced by stakeholders and achieve a representative body to govern and manage the Trust. The process led to the following:

- Appointment of nine trustees, two from government (National Parks and Forest Department), one each from a local and international NGO involved in conservation issues, one member from the private sector, one from a research organization actively working in the target area and three members from local community organizations. Ex-officio and permanently co-opted members included government officials from the Ministry of Finance and Justice and the Permanent Secretary for Wildlife in an effort to gain wider government support.
- Development of the Trust as a funding organization to support the conservation of the two parks and related habitat. The Trust outlined the establishment of a Trust Administration Unit (TAU) led by an Executive Director for program implementation.
- Development of a conservation funding program with specific funding targets and objectives. The Fund would provide 20% of its project financing to protection, an additional 20% to research and the remaining 60% to community projects that promote the conservation of biological diversity and sustainable development and resource use. This strategy ensured support for both biodiversity conservation and community conservation and social welfare initiatives.
- Creation of a strong base of local support through establishment of a local community steering committee (LCSC). The program design provided the LCSC with responsibility for the review and approval of community-level projects. Membership came from the broad geographic area supported by

the program. Rules established procedures for elections, terms and roles for all members. The process ensured strong local commitment to the Trust.

- Establishment of specific geographic boundaries for the funding program. Parties agreed to focus the funding in communities bordering the Parks or those communities once removed (e.g. those communities bordering the communities that border the park), in an attempt to increase social and economic impact of project investments.
- Decision on an asset management strategy. The trust deed and bye-laws set out the general parameters for managing the Trust's assets, setting as a goal that of preserving the capital, while maximizing income.

### 3 Achieving Implementation Success

Figure 2 outlines six critical success factors related to MBIFCT. The attention to these factors laid the foundation for the Trust to build its credibility and trust within the country and its program area. Each is discussed at length below.

#### 3.1 Executive Director Recruitment

The recruitment of the first Executive Director received considerable attention in an effort to ensure strong management. The Board launched an international recruitment drive with advertisements running in the local and regional newspapers and the *Economist*. The project also provided sufficient salary for a two-year period to attract experienced candidates, including expatriates. A Board appointed panel recommended an expatriate with extensive management and community development experience in Uganda. The commitment to good management, backed by funding to hire the necessary expertise proved an important factor in gaining support for the Trust nationally, regionally and locally.

#### Figure 2. Critical Implementation Success Factors

1. Recruitment of a strong and committed Executive Director
2. Identification and contracting of a competent asset manager
3. Creatively building donor financial commitment
4. Gaining local community support and credibility around the protected areas.
5. Balancing support for community development concerns with the need to ensure the protection of critical habitat and biodiversity
6. Delivering results on the ground.

#### 3.2 Asset Manager Selection

Obtaining the funds was the first challenge, a second was identification of a competent asset manager. Given lack of experience in Uganda with trust fund management and limited contacts with investment fund managers, support from the World Bank proved essential. Essential because support in the negotiations led to lower management fees that ensures more money stays with the Trust. The Trust provided the asset manager with an investment strategy that invested assets in 60% fixed income and 40% equities.

#### 3.3 Building a High-Level Profile

What credibility the Trust could not gain from its deeds, it gained from its political support. In a gala event at the Trust headquarters in Kabale, Uganda's President presided over the inauguration of the Bwindi Trust and gave his personal support to its conservation and sustainable development mission. This high-level political support gave the Trust national credibility and helped it muster support from local political and civic leaders.

### 3.4 Donor Support

The Trust designers recognized that the endowment would need to have a capital base of \$10 million to have desired impacts and make a meaningful contribution to conservation. However GEF, through the World Bank, provided only \$4.3 million – a significant sum- but limited in terms of program goals. If that amount could not be increased, MBIFCT might face the prospect of operating as a long-term sinking fund.<sup>1</sup>The Trust faced the challenge of raising the remainder while beginning to launch its program.

Most donors operating in Uganda demurred, indicating either policy restrictions or fear about an untried mechanism.

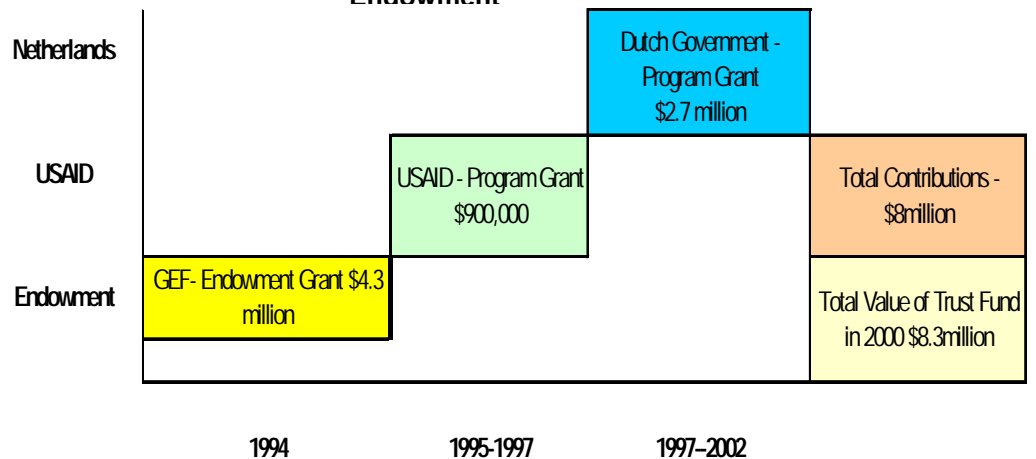
The Trust was successful in attracting grant funds, first from USAID and then from the Dutch Government. These funds allowed the MBIFCT to operate without dipping into its GEF funds. Those funds could be reinvested to grow the endowment. Figure 3 depicts how the endowment grew with program grant funding provided by both USAID and the Netherlands Government.

#### Building the endowment with USAID and Dutch Government grant funding – Indirect Endowment Capitalization

USAID in Uganda provided a grant two-year grant of \$990,000 to MBIFCT in 1995. These funds covered the administrative and programmatic costs for more than two years. All investment income was reinvested in the endowment growing it to close to \$6 million.

Thanks to efforts by the Trust, the World Bank and the Uganda Government, the Dutch Government provided \$2.7 million over five years to meet MBIFCT's administrative and program costs. The support followed the same model of the USAID assistance and allowed the Trust to invest its interest income in building the endowment. By the end of 200 the Trust had over ?

Figure 3. Capitalization of the Bwindi Trust by Leveraging the Endowment



### 3.5 Gaining local community support and credibility around the protected areas, while ensuring the protection of biodiversity.

When the Government changed the status of the protected areas, local communities felt disenfranchised and many chose to ignore park rules. This situation required attention. Trust design parameters gave communities a role in decision-making and in selecting and approving projects. The decision-making role proved particularly beneficial to the Trust's success. Here is how.

A Local Community Steering Committee (LCSC), comprised of local villagers, NGO representatives and the community conservation officers of the two national parks, represents the primary institution involved in decisions regarding the approval of community projects. Elected by villagers, the community members of the LCSC serve terms of three years and review and approve all community projects and can approve projects of less than \$1,000 without sanction by the Board (as long as the project meets technical requirements). The LCSC operates as an extension of the Bwindi Trust with roots deep in the communities and in effect balances the priorities of the communities with the stated goals of the Trust.

<sup>1</sup> A sinking fund is one where the capital amount declines over a specific time period until all funds are ultimately exhausted. The sinking fund does earn interest and in most cases sinking grant funds are managed as long-term programs of five, ten or more years.

During the first round of projects received by the Trust more than 90% represented funds for local infrastructure programs. Construction of schools, clinics and roads were community-expressed priorities. These did not mesh with the conservation priorities of most Board members who wanted to fund projects with more direct links to resource conservation and economic development. Trust staff and community representatives urged patience, explaining the need to respond to community needs. Community board members argued that the people know where the funds come from, understand that the funds are linked to conservation of the parks, but have their urgent community priorities.

The Board debated the issue and finally acceded to community explanation and justification for funding village-identified priority projects as a means to build strong relations to the communities and create an entrée for conservation messages in the future. This was a direct result of community participation on the Board that created a bridge between community and national-level (and some extent international) discourse about what actions truly contribute to conservation. This informal reporting mechanism helped communities better grasp the Board's concern about the lack of conservation-related community projects in the portfolio. It also led to strong community advocacy, through the community Board members, for funding community priorities. This communication led to stronger relations between the Trust and the communities and to a clearer program definition.

And results have been positive. Recent research (Hamilton, et al)<sup>2</sup> reveals growing local support for the parks and the gorillas, representing a reverse from years of community ill-will toward the parks in particular and conservation in general. How this will translate into long-term conservation success remains to be seen.

### 3.6 Delivering on the ground

The Trust delivered results, and that is a true formula for success. This last point is important and significant. The project invested significant time and effort in a process but did not invest funds until all structures were in place. This normal delay led to healthy skepticism among leaders and community groups about the Trust's intentions. However the Trust sent out community development workers to assist communities in their project preparation and submissions. The Executive Director worked closely with the Board to prepare it for the proposals and urged quick approval action for solid projects. The Trust's response to community concerns and contribution to the local economy in the name of conservation created new attitudes and support for conservation in the region. Moreover, the communities developed trust in this new organization and embraced it as a part of its social fabric.

## 4 Lessons Learned

Several lessons emerge from the experience of Uganda's first conservation trust fund. Figure 4 lists some of these lessons or ingredients for success. Many of these issues have already been discussed throughout this paper. A few warrant further discussion.

### **1. Success will require flexibility in responding to new challenges**

There is no perfect design and the Bwindi Trust had to be flexible deal with issues not catered for in the original design. The Bwindi Trust program never included ecological monitoring. Assumptions were made about donor funding for the research station in Bwindi Impenetrable National Park that proved false. And how could the Bwindi Trust purport to promote biodiversity conservation while making no contribution to the monitoring of the area's ecological resources? How

### **Figure 4. Ingredients of an Effective Trust Fund Program**

1. Well-established goals and objectives
2. Transparent and effective system of governance
3. Clear, understandable and fair processes for accessing funds
4. Established mechanisms to provide technical review of proposals and plans
5. Commitment to a long-term perspective and to flexibility
6. Mechanisms that foster active stakeholder involvement in program and policy decisions
7. Existence of an effective monitoring system

<sup>2</sup> Halmiton, A., A. Cunningham, D. Byarugaba, and F. Kayanga, 2000. *Conservation in a Region of Political Instability: Bwindi Impenetrable Forest, Uganda*. Conservation Biology, Vol. 14, No. 6. Pgs 1722-1725.

could it measure its impacts without such monitoring? Using Dutch grant funding the Trust expanded its program to include an extensive ecological monitoring program, including targeted research and in-park monitoring.

## **2. Keep questioning approaches while adhering to goals and objectives**

MBIFCT's effort to actively involve the community as well as support conservation initiatives created some programmatic conflicts that are still debated today. Funding organizations view the project as a conservation project and believe that all projects must be directly related to conservation. MBIFCT, responding to community needs and values, chose to support conservation indirectly through support for social infrastructure projects using the concept of "this project brought to you by funds supporting conservation in Bwindi and Mgahinga". This approach remains controversial with those who stress the MBIFCT's conservation role. Designers of grant program need to anticipate this conflict and set some standards. How much of the funds should be directed to strictly community-identified social infrastructure projects? Can the Trust guide project decisions toward more conservation-focused projects through its work with communities? Should the Trust identify specific projects that it will fund in an effort to ensure overall conservation objectives? There is no right answer or approach, but the issues require debate during the design and implementation process.

## **3. Biodiversity protection requires more than a focus on community projects.**

Although funding community projects is extremely important for gaining support for conservation efforts, it is not enough to ensure long-term conservation efforts. The Bwindi Trust, both in its design and program execution, has recognized the need to compliment community conservation funding with funds that support programs that ensure the protection of biodiversity resources. MBIFCT also recognizes the need to focus on impacts, rather simply on discrete project activities to enjoy success. The advantage that Bwindi, as well as other trusts, is that the long-term funding that allows this focus on impacts.

## **4. Educating the stakeholders is a long-term process.**

The idea of an endowment for many people is hard to grasp. Often a voice is raised asking "who stole the money ... we cannot find it in the bank?" Although MBIFCT started with a strong Board and educated government and communities, concerns continue to arise; more so in 2001 and the poor stock market performance. Two lessons present themselves. Education about the funds' investments must be on-going and trust funds may need to have published material (e.g. brochures) that talks about endowment funds and the Fund's investments and investment strategies. This information may help diffuse criticism. MBIFCT also learned the importance of having business or banking expertise on its Board to provide financial advice. Having a Board member with broad respect and expertise will help guide the Board's decision on asset management and will ensure that someone from the organization can defend the organization.

## **5. Board representation across stakeholder groups is an ingredient for success.**

The role of the community members on the Board of MBIFCT bridged an important communication gap between the capital city and the project implementation area. Community Board members took the thinking of donors, government officials and others on the Board to the beneficiaries of the project. They also communicated the views, concerns and ideas of the beneficiaries to the Board. They helped create better understanding among the projects' partners and ensured the relevance of MBIFCT's work. Making that connection was important to the success of the Trust.

## **5 Conclusion**

The Mgahinga and Bwindi Impenetrable Conservation Trust is considered a success both in and outside Uganda. However it faces many challenges, one of which, is an unfavorable investment climate that may restrict its income and operations. MBIFCT can weather that storm. Institutions, politicians and community people understand that the Bwindi Trust is part of the socio-economic fabric of the area. They do not view it as a donor project that will go away, but as a partner in the long-term economic development of the region. That distinction is important in terms of support for the Trust as well as the expectations about what it can do. MBIFCT is not a static creation. It continues to evolve to face the challenges that confront the region.