

# Sustainable Finance for Conservation in Africa

## BUILDING AN EFFECTIVE BOARD OF TRUSTEES FOR THE ENVIRONMENT FUND

The experience of ECOTRUST's democratic approach

By

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### 1. Introduction

Despite the global appeals to protect the environment, long term sustainable funding to support conservation and wise use of natural resources in Uganda is still a big challenge. Justifying the cause is easy because in terms of biological diversity, Uganda is immensely wealthy, richly endowed with species habitats and landscapes yet with alarming threatening degradation levels. Nevertheless, the process of viable environmental fund establishment demands more than appeals and justification. It requires among others innovative mechanisms linked to streamlined power relationships among important stakeholders and specifically a credible and vigilant Board of Trustees. To build credibility begins with having a dedicated, right mix – balance between men and women, between age groups, and among different professions, classes and sectors of society.

There are several methods of selecting board members ranging from elaborate democratic means to simple volunteer systems. In this paper, an attempt is made to share a case in Uganda as a contribution to understanding the wider implications of Board selection in managing viable long term sustainable funding issues.

### 2.0 ECOTRUST

The Environmental Conservation Trust of Uganda, ECOTRUST is a Non Government Organization (NGO) registered in the republic of Uganda in 1999. It is committed to biological diversity conservation and promotion of sustainable development in Uganda. ECOTRUST is managed by a dedicated nine member Board of Trustees supported by a twelve member permanent secretariat staffed by high calibre technical and administration personnel. The Board of Trustees headed by a Chairman and was elected in a democratic process considering the prevailing circumstances then. Democracy is however more than simply the exercise of electing or voting leaders. It encompasses the whole range of rights including social equality, and rights to take part in a decision making process. In this paper, an attempt is made to discuss the challenges associated with putting in place a Board of Trustees in a democratic process basing on the experience gained at ECOTRUST and examine whether the process complied with democratic ideals and to what extent. As a conclusion, lessons learnt are outlined.

### 3.0 Origins of ECOTRUST

ECOTRUST is an indigenous private not for profit institution. It has no Government affiliation but works with Government, local/International organizations and grassroots communities in fostering and supporting natural resource management initiatives targeting conservation and sustainable development.

ECOTRUST evolved from the premise that Uganda would benefit from an innovative, legally constituted conservation funding institution with a goal of establishing sustainable financing mechanisms with a national mandate to support conservation programs. ECOTRUST was built on successful experience of the Grants Management Unit – a para legal project implementation unit of USAID having a wealth of information on grant making. In addition, the circumstances prevailing at the time when ECOTRUST was in the making were favourable, since the provisions of the 1995/6 Environment<sup>1</sup> and Wildlife Statute<sup>2</sup> to form a national environment fund had not materialized.

The vision to establish ECOTRUST was first shared among a few key environmental stakeholders from four institutions (Donors, Government and National and International NGO's) who agreed to expand and form a steering committee to lead the process forward. This group included additional representatives from the Forest Department, National Environment Management Authority (NEMA), Ministry of Tourism, Trade and Industry, Bwindi Trust, Wildlife Clubs of Uganda, Uganda Investment Authority, Ministry of Finance and the Private Sector. The steering committee was vigilant in preparation of the Trust Deed, which was reviewed by NGO Board before formally granting a certificate of registration in June 1999. Later, the Minister of Water, Lands and Environment signed the ECOTRUST Articles of Association incorporating it into a body under the laws of Uganda.

### 4.0 Board formation

The Board formation followed a democratic process taking care of the following factors:

- Gender issues
- Inclusion of some of the steering committee members to ensure the original vision is upheld.
- Balance in expertise
- Recruitment procedure

The rules and regulations used in the election of the Board of Trustees were those spelt out under clause 3.2.3 of the ECOTRUST Trust Deed<sup>3</sup>.

The election and appointment of members of the first board also referred to as Inaugural Board of Trustees of ECOTRUST took place June 1999. Three places on the Board were set aside for members of the original steering committee that created the organization. The remaining four members were selected through an election process. The nomination and election process drew upon a very broad specified constituency and was managed by a special election committee created exclusively for that purpose. The constituency comprised of at least two representatives, one from Government and one from private sector from each geographical district of Uganda along with twenty-eight other persons named at large from private for profit and not for profit organizations or associations operating within the country. The recruitment process was an open process largely because ECOTRUST did not have ownership and it was intentional that no one is allowed to own ECOTRUST.

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<sup>1</sup> Environment Statute, 1995 Statutes supplement to the Uganda Gazette No. 21 Vol. LXXXV111

<sup>2</sup> Wildlife Statute, 1996 Statutes supplement to the Uganda Gazette No. 32 Volume LXXXIX

<sup>3</sup> Trust Deed for ECOTRUST signed on 23/12/98

The specific procedure adopted was as follows:

- 1) A call for interest to serve on the Board was designed and circulated widely to likely eligible persons. The following characteristics were spelt out as mandatory in the advertisement;
  - have completed a minimum formal education of advanced level standard; and
  - be of sound mind;
  - have experience in environmental conservation, or interest in conservation and experience related to the operation of the Trust and furtherance of its objectives; and
  - be willing to serve in a volunteer capacity and participate in Board meetings at least four times per year.
- 2) An advertisement was run in two leading papers published in English to announce the creation of ECOTRUST and calling interested persons to pick up forms from a legal firm – Byenkya Kihika & Co. Advocates in Kampala and apply.
- 3) A list of applicants (including volunteers) totaling to 45 was compiled and sent to selected institutions and people to vote on. Effort was made to send the list to all districts in Uganda (One Government institution, one NGO or private institutions). Specifically, 156 ballots were mailed to various electors in the country.

Government agencies and departments included Uganda Wildlife Authority (UWA), National Environment Management Authority (NEMA), Ministry of Local Government, Ministry of Finance and Economic Development, Forest Department, Wetland Inspection Division, Ministry of Water, Lands and Environment and Ministry of Agriculture, Animal Industry and Fisheries.

NGOs included civil societies and private sector individuals .

Institutions were not allowed to vote if any of the candidates originated from any of the same institution or had working relations with the institution.

- 4) The steering committee assisted by GMU received results. The top 6 candidates were selected as follows:
  - Top 2 vote getters were appointed to a 3 year term
  - Next 2 were appointed to a 2 year term
  - Last 2 were appointed to a 1 year term

The three individuals from the steering committee were designated to serve three, two and one year terms respectively with the intention of permitting new entrants every one year.

All trustees are eligible for a second term of three years and the terms of all subsequent trustees brought in to serve on the Board would last three years. No trustee would be allowed to serve more than two consecutive terms.

## 5.0 The experience

The process above generated nine board members all associated with the conservation and environmental NGOs in Uganda, Kampala community. The members could be described as the cream of the active and well-known conservation crop resident in Kampala at that time. Most of them were known and respected professionals among the conservation community in Kampala - They turned out to be either leaders of their own conservation NGO, academic from the leading conservation department of the major university – Makerere or already Board members on a number of national or international NGOs. They were an important cross section of the conservation community in Kampala and they started their work with enthusiasm and dedication. In the initial stages, they met for long hours, enduring the frustrations of giving birth to a new institution and the scored high as stewards to the new national and international role that ECOTRUST would be playing. The functions of the current board are outlined in section 3.4.1 (iv) of the Trust Deed. In summary, the board is the decision making body of the Trust.

## 6.0 Conflict of interest

Since most of the members were directly or indirectly associated with organizations in Uganda beyond ECOTRUST, in the field of biodiversity conservation, it was predicted that some of these organizations conceivably could in the future seek funding support from grant programs eventually managed by ECOTRUST. This raised questions about the potential conflict of interest. In an effort to ensure transparency and high standards of integrity, the Board adopted a policy statement on conflict of interest. This was in accordance with a provision for this in section 5.10 of the Trust Deed. Faced with potential for conflict of interest, a founding trustee resigned his position in early September 2000.

## 7.0 Challenges

It is globally understood from the organizational development specialists' point of view that if a Board is to be effective in policy making and fund raising, it must be balanced. Hence, coming from a wide background of disciplines. Board members must have time, contacts and money. ECOTRUST now finds itself searching for senior level business experts to give ECOTRUST connection into the commerce and business community. There is now a deliberate urgent need to attract finance experts to set up an endowment fund strategy as well as a top legal expert to steer ECOTRUST in the right direction when faced with legal complications. It is good that the need to attract a wider variety of board members than could have ever emerged from ranks of only conservation professionals was realized very early. This has enabled the development appropriate intervention strategies in time. Fortunately, mechanisms to widen the variety of board members is in place and operational. Since the first election, the Board of Trustees has chosen not to use the public democratic process to renew members phasing out. The Board is empowered to attract new members and they have subsequently taken an internal nomination and election process that fill vacancies from a nomination list that is generated by either senior secretariat staff or board members themselves. This is still provided for in the trust Deed.

Open search process is associated with biases and undemocratic complications. The process can be done through the electoral process from a universal suffrage of the conservation community but the time and resources it would take would be beyond what is available at ECOTRUST.

There are many questions related to the ECOTRUST democratic process:

- 1) Why the bother?
- 2) Who is the constituency being served?

3) Who are the elected Board of Trustees members representing?

ECOTRUST is a Trust, endorsed by Government to the stewardship of the Board of Trustees. The Board of Trustees does not answer except in the most humble way to the conservation community that elected them. They answer to the terms of the Trust Deed and laws that establish Trusts in Uganda. In other words, there is little connection between the elected Board of Trustees member and those that elected them.

It can be concluded that the process of electing the Board of Trustees at ECOTRUST was democratic in view of circumstances prevailing then. A democratic process demands an informed electorate. This is one of the foundation principles of any democratic process. In the ECOTRUST experience, an attempt was made to publicize the process but the circumstances in developing countries dictate the usual means of press only reaches a segment of people and it is clear that eventually only Kampala city seem to have been reached. Awareness building is costly, time consuming and rather complex to organize, yet those voting must know the issues, must know their rights and also must know the basic mechanisms of the democratic process. The pro democracy school of thought emphasizes 'Informed electorate is necessary to a successful democratic process'. However, some factors that undermine this process are also intricately linked with conditions prevailing in the developing world poverty visions cycle – low literacy rates and low investment capacities and levels making the democratic process very costly.

There are some other important issues associated with power relations in decision-making that emerged as a result of having a historical, and traditional donor – USAID, financing ECOTRUST activities and operations up to 90%. USAID experienced the labour pains during the birth of ECOTRUST. It invested heavily in its tender stages and still carries ECOTRUST, although in a different context with a different name, new staff and Board. These are inevitable challenges in handling donor demands and ECOTRUST independence rights. (*He who pays the piper chooses the tune*) There are important off site demands from the taxpayers in U.S who have full rights to ensure impact of their resources is realized.

Although, much of these issues some how jeopardize power relations in decision-making, there is a visible signal from USAID wanting to support the establishment of a wider donor base of ECOTRUST. However, still other attitudinal implication of keeping off USAID's sphere of influence among other donors is a reality.

Issues regarding conflict of interest have their own set of complications since the conservation family in Uganda is a small family of individuals with intricate relationships. Some of the relationships have origins in the early career development at University. The group has some supervisor – student relationships. Mentor/advisor links neatly knotted with special dedication, respect and commitment to conservation. A blind attempt to strictly follow the principles of conflict of interest will eliminate all institutions eligible to receive ECOTRUST support. This reason is attributed to the conservation family now in the top leadership or powerful position of the leading output oriented institutions in the country. ECOTRUST now finds it difficult to avoid these individuals and the associated institutions without undermining benefits that would accrue from the partnerships.

## 8.0 Conclusions

- The initial process was difficult having no starting point.
- Some ideals were missed out (e.g. Who was and Who is the electorate?)
- The system, some how targeted the conservationists rather than a wider spectrum of people. There was an assumption that conservationists have a lot to contribute in this area failing to appreciate that there are other professionals outside the conservation cycle that have a lot to contribute.
- Information did reach all and the means of local media advertisement was not sufficient to cover the whole country and targeted group. Besides effort to decentralize receiving stations should have been done to eliminate transport costs for upcountry voters.
- In the prevailing circumstance the process can be best described as fair democratic process that has room for improvement.

## 8.0 Lessons learnt

- 1) Electorate targeted needs to be informed of their rights and how to exercise their rights democratically.
- 2) The candidates should be got from a wider economic spectrum other than considering conservationists.
- 3) The area and population in Uganda covered need not be limited to towns, cities but also include rural areas where conservation activities take place.
- 4) That full democracy may not be possible but efforts should be made to make the process democratic. However, provisions to accept deviations with a purpose of addressing problems should be accepted.
- 5) The Board of Trustees should be people with a shared vision ready to invest heavily in the organization so as to propel the organization efficiently.

In Conclusion, the democratic process at ECOTRUST was an experiment that has worked. It needs improvement and demands strong charismatic leadership to make rationale decisions on some sensitive issues like conflict – of – interest and board member selection. Perhaps it is important to point out that each growth phase of any Trust, requires unique principles to address phase specifics.