

PD-ABP-764

# Report of Audit

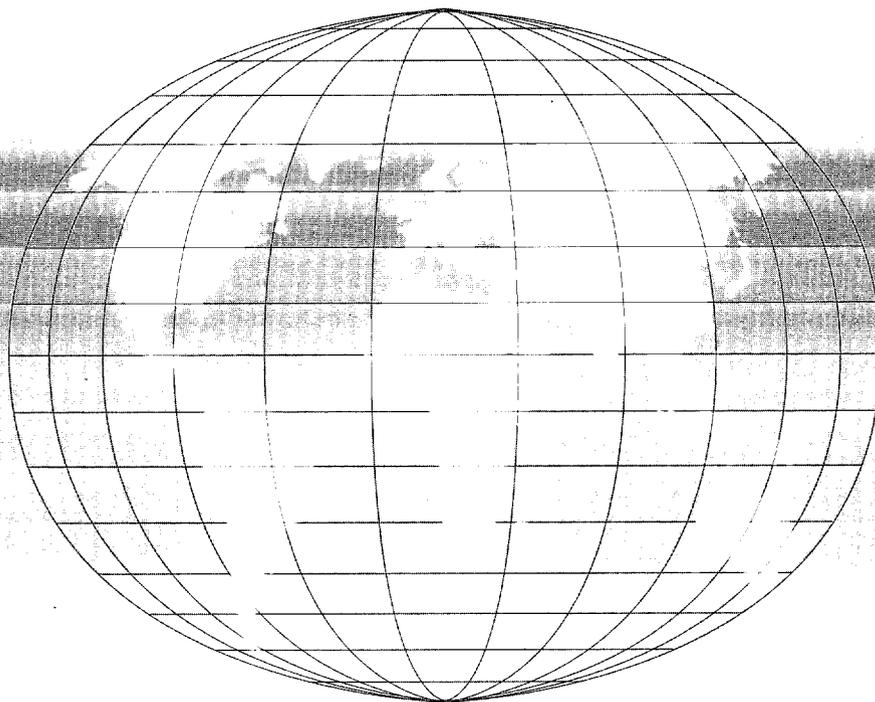
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## Audit of USAID/Uganda's Implementation of GPRA for Natural Resources Management and Biodiversity Activities

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Report No. 4-617-98-001-P

October 15, 1997



**REGIONAL INSPECTOR GENERAL/PRETORIA  
OFFICE OF INSPECTOR GENERAL  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Audit of USAID/Uganda's Implementation  
of GPRA for Natural Resources Management  
and Biodiversity Activities**

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**REGIONAL INSPECTOR GENERAL/PRETORIA**



# memorandum

*Regional Inspector General  
Pretoria*

**DATE:** October 15, 1997

**TO:** Director, USAID/Uganda, Donald B. Clark

**FROM:** Regional Inspector General/Pretoria, Joseph Farinella

**SUBJECT:** Audit of USAID/Uganda's Implementation of the Government Performance and Results Act for Natural Resources Management and Biodiversity Activities  
Audit Report Number 4-617-98-001-P

A handwritten signature in dark ink, appearing to read "Joseph Farinella". The signature is written in a cursive style and is positioned to the right of the "FROM:" line, overlapping the printed name.

This is our final report on the subject audit. We reviewed your comments to the draft audit report, made changes where appropriate, and have included your comments in their entirety as Appendix II.

The report contains three recommendations for your action. Based on your comments, management decisions to implement the recommendations have not been made. Please advise RIG/Pretoria of the actions you plan to take to implement the three recommendations.

I appreciate the cooperation and courtesy extended to my staff during the audit.

## EXECUTIVE SUMMARY

Congressional concerns about waste and inefficiency in the Federal government resulted in landmark legislation, the Government Performance and Results Act (GPRA) of 1993. The purposes of GPRA are to make Federal agencies accountable for program results, focus on service quality and customer satisfaction, require Federal managers to better plan for meeting program objectives, and improve Congressional decision making and overall management of the Federal government.

To accomplish the above objectives, GPRA requires Federal agencies to develop strategic and annual plans and submit annual performance reports. It sets forth the major tenets of a results-oriented management approach and focuses on using resources and information to achieve measurable progress toward program outcomes and goals (page 1).

Uganda's natural resource base is among the richest and most diverse in Africa. USAID/Uganda has evolved a strategy to promote rational management and conservation of Uganda's natural resources, thereby establishing a basis for sustainable development. The Mission has developed one strategic environmental objective - *critical ecosystems conserved to enhance benefits to society* (page 2).

As part of an Agency-wide audit to assess USAID's actions to comply with GPRA, the Office of the Regional Inspector General/Pretoria conducted an audit of USAID/Uganda's natural resources management and biodiversity activities to determine if the Mission had (a) prepared strategic and annual plans that were consistent with the Agency's strategic framework, (b) established performance indicators consistent with Agency goals, (c) developed a system for collecting and reporting accurate performance data, and (d) used performance information to enhance program effectiveness. In addition, the audit determined if the Mission's environmental activities were making satisfactory progress toward achieving intended benefits.

The audit focused on USAID/Uganda's annual and five-year strategic plans beginning in fiscal year 1997. Its environment activities were primarily implemented under the Action Program for the Environment Project. Total life of project funding was \$37.6 million of which \$23.1 million was spent as of September 30, 1996 (pages 2 and 3).

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### Summary of Findings and Recommendations

The audit found that USAID/Uganda:

- prepared strategic and annual plans that were consistent with the Agency's strategic framework (page 4).
- Established performance indicators that were generally consistent with the

Agency's environment goal and strategic objectives of conserving biological diversity and promoting natural resources management (page 5), but needed to ensure that its indicators and units of measure are more direct, precise, practical and linked to USAID-funded activities (pages 5, 6 and 7).

- Collected and reported performance data that were consistent with the Agency's strategic planning framework, but needed to establish an ongoing system of data collection and verification to ensure the quality and accuracy of reported information (page 9).
- Used performance information to enhance program effectiveness (page 11).

In addition, USAID/Uganda's natural resources management and biodiversity activities were generally making progress toward achieving the intended benefits. However, improvements were needed under USAID-funded financial advisory services provided to a key host country development partner - the Uganda Wildlife Authority (page 12).

The report recommends that USAID/Uganda: (1) review and revise, where appropriate, its performance indicators to more directly measure USAID-funded activities; (2) work with the Mission's development partners to establish an on-going system of data collection, aggregation and verification to ensure the quality and reliability of performance data; and (3) require the Mission's institutional contractor to implement an action plan to expeditiously provide financial advisory services to the Uganda Wildlife Authority (pages 9, 11 and 17).

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### **Summary of Management Comments and Our Evaluation**

USAID/Uganda generally agreed with the recommendations. However, at the time the report was issued, the Mission had not yet arrived at management decisions on the three audit recommendations (page 18).

*Office of Inspector General*

Office of Inspector General  
October 15, 1997

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# INTRODUCTION

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## Background

In recent years, Congress had been concerned about waste and inefficiency in the Federal government, a situation that it believed was eroding the confidence of the American people and impairing government's ability to address vital public needs. Congress determined that the underlying reasons for this condition were insufficient articulation of goals and objectives, and inadequate information on performance. Consequently, Federal managers' efforts to improve program implementation and Congressional ability to assess effectiveness of government's performance were seriously undermined.

To address these problems, Congress passed the Government Performance and Results Act (GPRA) in August 1993, the purposes of which are to:

- make Federal agencies accountable for achieving program results;
- focus on results, service, quality and customer satisfaction;
- require Federal managers to better plan for meeting program objectives and provide them with information about program results; and
- improve Congressional decision making and internal management of the Federal government.

GPRA requires each Federal agency to submit a strategic plan covering at least five years no later than September 30, 1997, to the Office of Management and Budget containing (1) a statement on the agency's major functions and operations; (2) definition of goals, objectives, and outcomes with a description of how they are to be achieved and the resources needed to accomplish the same; (3) identification of major constraints that could impede progress; and (4) a description of program evaluations to assess progress in meeting performance targets.

Beginning fiscal year 1999, each Federal agency should prepare an annual performance plan that: establishes goals for each program activity with quantifiable and objective performance indicators; defines program outcomes and provides a basis to compare performance with targets.

No later than March 2000, each Federal agency will be required to submit an annual performance report to the President and the Congress stating its performance goals, success in achieving those goals, and reasons for not meeting the targets.

Congress designated USAID as a pilot agency to implement GPRA for fiscal years 1994 through 1996. As a result, the Agency undertook a major management restructuring initiative (also known as reengineering) to facilitate compliance with the legislation.

This audit is part of an Agency-wide review by the Office of Inspector General to determine whether operating units are supporting USAID in its efforts to comply with GPRA. Consequently, the audit focuses on whether USAID/Uganda developed a strategic plan and performance indicators, collected and reported accurate performance data, and used performance information to effectively manage its natural resources management and biodiversity (collectively referred to as “environmental”) activities.

Protecting the environment is one of the five pillars of sustainable development identified by USAID to direct its development assistance funds. Significant factors that indicate environmental problems include: losses in GDP due to natural resource depletion, rapid deterioration of key ecosystems, and environmental health hazards - such as water and air pollution.

USAID’s strategic framework lists five environmental objectives which are:

- conserving biological diversity;
- reducing threats to global climate changes;
- promoting sustainable urbanization and preventing pollution;
- providing environmentally sound energy services; and
- promoting sustainable natural resource management.

Uganda’s natural resource base is among the richest and most diverse in Africa. With its varied landscape and an extensive network of rivers and lakes, it is home to abundant flora and fauna. For example, it has a variety of bird species, a significant elephant population and half of the world’s mountain gorillas. USAID believes that the country’s natural resources, if managed wisely, will provide a foundation for sustained economic growth. The economic vitality of the country’s agricultural sector - livestock, fisheries, food and cash crops - depends on a healthy ecosystem. Also, revenue from ecotourism is a major source of income.

However, recent studies have identified several factors that constitute a threat to the country’s ecosystems. These are: (1) a weak legal, institutional and technical base for environmental management and sustainable resource use; (2) excessive pressure on natural ecosystems attributable to subsistence needs, population growth and lack of alternative means of livelihood; and (3) a low public awareness of environmental problems combined with minimum stakeholder participation in resource management decisions.

USAID/Uganda’s strategy is to promote rational management and conservation of Uganda’s natural resources, thereby establishing a sound basis for sustainable development. To accomplish this, the Mission has developed one strategic objective - *critical ecosystems conserved to sustain biological diversity and enhance benefits to society* - and three highest level intermediate results (see Exhibit A).

The Mission’s assistance to Uganda’s natural resource management and biodiversity activities has been primarily channeled through the Action Program for the Environment (APE) project which focuses on protected area policy, technical capacity, infrastructure,

financing, benefit sharing, and collaborative management. Total funding for APE is \$37.6 million of which \$23.1 million had been spent as of September 30, 1996.

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## **Audit Objectives**

As part of an Agency-wide audit to assess USAID's actions to comply with the Government Performance and Results Act with respect to the Agency's environmental activities, the Office of the Regional Inspector General/Pretoria conducted this audit to answer the following questions:

1. **Did USAID/Uganda, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act:**
  - (a) **develop a strategic plan and an annual plan which were consistent with the Agency's strategic framework,**
  - (b) **develop performance indicators which were consistent with Agency goals,**
  - (c) **develop a system for collecting and reporting accurate performance data, and**
  - (d) **use performance information to enhance program effectiveness?**
2. **Were USAID/Uganda's natural resources management and biodiversity activities making satisfactory progress toward achieving the intended benefits?**

Appendix I describes the audit's scope and methodology.

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## REPORT OF AUDIT FINDINGS

**1(a) Did USAID/Uganda, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act, develop a strategic plan and an annual plan which were consistent with the Agency's strategic framework?**

USAID/Uganda developed a five-year (1997-2001) strategic plan and an annual plan for natural resources management and biodiversity activities which were consistent with the Agency's strategic framework.

For example, in accordance with Agency directives in Chapter 201 of the Automated Directives System (ADS), the Mission developed a strategic objective - *critical ecosystems conserved to sustain biological diversity and enhance benefits to society* - which is consistent with USAID's environmental goal of mitigating global environmental threats and promoting sustainable development.

The above objective directly addresses the Agency's two strategic environmental objectives of (1) conserving biological diversity, and (2) promoting sustainable natural resources management. It also contributes to achieving a third Agency strategic objective of promoting increased provision of environmentally sound energy services.

Furthermore, in accordance with the ADS requirements, USAID/Uganda's strategic plan:

- defined how its strategic objective will contribute to the accomplishment of the Agency's environmental goal and objectives;
- articulated a development hypothesis that demonstrated the feasibility of achieving the objective;
- established a results framework by identifying the three highest-level intermediate results that should be realized in support of the strategic objective;
- developed twelve performance indicators, related baseline data and time-specific achievement targets to facilitate performance monitoring and accomplishment of intended results;
- estimated resources needed to accomplish the objective; and
- established a framework for monitoring performance of the environmental activities in order to demonstrate impact of USAID's development assistance.

In addition, USAID/Uganda prepared an annual plan for environmental activities which was documented in its Results Review and Resource Request (R4) for fiscal year 1997. This document was prepared in accordance with the ADS directives and was generally consistent both with the Mission's five-year strategic plan and with USAID's strategic planning framework.

While we believe that the Mission's strategic and annual plans included the various essential elements and components required by Agency directives, we noted that improvements could be made by enhancing the performance indicators and data collection methods for reporting accurate performance information. We have discussed these issues separately and have included our findings and recommendations thereon in sections 1(b) and 1(c) of this audit objective.

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**1(b) Did USAID/Uganda, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act, develop performance indicators which were consistent with Agency goals?**

To accomplish its strategic objective and intermediate results for natural resources management and biodiversity activities, USAID/Uganda developed twelve performance indicators in its five-year strategic plan. As required by Chapter 203 of the ADS, the Mission defined how these indicators were to be measured by establishing companion indicators, units of measurement, related baseline data, and time-specific performance targets.

Our assessment of the performance indicators showed that they were generally consistent with USAID's environmental goals of mitigating global environmental threats and promoting sustainable development. Taken together, they supported the Agency's strategic objectives of: (1) conserving biological diversity and (2) promoting natural resources management. Also, the indicators were objective and quantitative in accordance with the monitoring guidance issued by USAID's Center for Development Information and Evaluation.

However, we believe that improvements could be made to enhance their usefulness to the Mission as effective management tools for making performance-based decisions about program strategies and activities. The following paragraphs discuss these issues.

**Performance Indicators  
Need To Be More Direct**

USAID's guidance on performance monitoring and evaluation states that a performance indicator should measure as closely as possible the intended result. It should not be pegged at a higher or lower level than the result being measured. Of the twelve performance indicators, three were pegged at a considerably higher level than the actual performance measurement targets as shown in the following table.

Performance Indicator	Assessment
<i>Ecosystem health and biodiversity maintained</i>	"Ecosystem" and "biodiversity", by their very definitions, should encompass the plant and animal kingdom of a country. At a minimum, the measurement targets for this indicator should include some key species of each variety to provide program managers with an appropriate insight on progress. USAID/Uganda, however, identified only one animal in its 1997 annual plan and its current five year strategy - the mountain gorilla - as a performance measurement target which may be too restrictive to cover such a broad indicator. The Mission stated that it had used additional species in prior planning documents. We believe this type of data also needs to be reflected in its future plans.
<i>Integrity of critical areas maintained</i>	"Critical areas" according to environmental experts include Uganda's national parks, lakes and forest reserves. The Mission identified only one narrow performance measure, an area of Lake Victoria covered by water hyacinth, for this indicator. Moreover, recent studies have concluded that infestation of rivers and lakes in Uganda by water hyacinth is now widespread. Therefore, focusing on Lake Victoria would not appear to accomplish the intended result of maintaining the integrity of critical areas throughout the country.
<i>Increased awareness by Ugandans of the environment</i>	The unit of measurement for this indicator is pegged to a considerably lower level: annual visitors to a zoo at Entebbe. Given Uganda's huge environmental base of flora, fauna, lakes and forests, the unit of measure seems too narrowly focused for such a broad performance indicator.

**Indicators Should More Adequately Measure the Intended Result**

USAID guidance states that a performance indicator and its companion indicators (units of measure) should adequately measure the result in question. The level of adequacy depends upon the complexity of the intended result, resources available for measuring performance, and the amount of information managers need to make reasonably well-informed decisions.

In the following two instances, USAID/Uganda established companion indicators that, in our opinion, would not adequately measure the intended results because they are not likely to provide the information needed by management to make reasonably well-informed decisions.

Performance Indicator	Assessment of Companion Indicators
<i>Critical ecosystems generate benefits and revenues</i>	The Mission identified one companion indicator to measure performance- <b>annual revenues generated by Uganda Wildlife Authority (UWA) from Ecotourism</b> - which appears inadequate because over a recent two-year period, eight out of the ten Ugandan national parks (which are the most significant components of the country's critical ecosystems) incurred net operating losses despite increases in revenues. In order to be self-sustaining, the parks should realize a profit from its operations. A better unit of measure would therefore be: " <b>net profits generated by the UWA from Ecotourism</b> " rather than "annual revenues".
<i>Environmental concerns brought into development process</i>	The Mission identified one companion indicator as a performance measure: <b>environmental impact assessments reviewed by the National Environment Management Authority (NEMA)</b> . We believe that reviewing assessment reports without follow-up actions (by NEMA) to address the problems noted would not enable Mission managers to reasonably determine whether the environmental concerns are being brought into the development process. Therefore, a more results-oriented unit of measure would seem to be: <b>actions taken by NEMA based on their review of environmental impact assessments</b> .

**Indicators Should be Based on Timely Data**

USAID guidance states that an indicator should be practical, i.e. data to measure performance should be obtained in a timely manner and collected frequently enough to inform management of progress and facilitate decision-making. We noted that in the case of one indicator - **ecosystem health and biodiversity maintained** - comparing performance against planned progress is to be done at two-year intervals. Thus, information to measure performance would be available only twice over a five-year planning period. We believe that an annual rather than a two-year assessment of progress is more likely to produce meaningful results by facilitating timely decision-making.

**Indicators Should be Linked To USAID-funded Activities**

Chapter 203 of the ADS requires that performance indicators be defined for all strategic objectives and intermediate results that are directly supported by USAID funds. As shown below, we found that three of the Mission's 12 indicators measured performance based on activities for which we were unable to find evidence of direct USAID financial or programmatic support.

**Private sector investments in natural resource management** - The Mission's unit of measure for this indicator was: *number of environmentally friendly private sector concessions within critical ecosystems*. The audit showed that the Uganda Wildlife

Authority (UWA) had approved 19 concessions to private sector units to operate tourist lodges, camping sites and saw mills in Uganda's national parks. Apart from financing a study of private sector concessions for the UWA in 1993, there was no evidence that USAID funds were used to finance the above concessions. We recognize that USAID assistance may have resulted in various improvements to the infrastructures of Uganda's environmentally protected areas which may have attracted private investors. But this linkage seems too remote to justify the use of the above unit of measure.

**Decentralization of Natural Resources Management to sub-national levels** - The unit of measure was: *number of District Environment Officers posted in the country*. We found no evidence that USAID funds the salaries of district environment officials in Uganda. Hence, there is no direct linkage of this performance measure to the Mission-funded environmental activities.

**Environmental concerns brought into the development process** - The Mission's unit of measure for this indicator was: *number of environmental impact assessments reviewed by the National Environment Management Authority (NEMA)*. However, USAID officials stated that except for one assessment which is currently in process, the Mission did not finance any of the approximately fifty environmental assessments conducted under the auspices of NEMA.

In summary, the units of measure for the above three performance indicators do not have direct linkages to USAID-financed activities and should therefore be appropriately revised.

Our findings were discussed with Mission officials and the U.S. institutional contractor. Based on their responses, we believe that there are two principal factors which contributed to the conditions noted above, as summarized below.

USAID/Uganda's current environmental activities were initiated in 1991. When the program was originally designed, today's reengineering concepts and the requirements for a rigid framework of strategic planning, accountability and a results-oriented approach had not yet evolved. Therefore, the Mission did not have a system of data collection, aggregation and verification in order to enhance the quality and reliability of the underlying information necessary to identify and choose appropriate performance indicators. Mission officials agreed that such a system was now necessary and stated that a decision to develop one would be reached upon completion of the Mission's redesign of its environment activities by the end of fiscal year 1997.

Another cause which we believe is germane to the situation is that USAID's current strategic planning guidance was primarily designed to comply with the planning and monitoring requirements of the Government Performance and Results Act of 1993 (GPRA). This legislation is relatively recent and USAID/Uganda's five-year strategic plan was the first such effort undertaken by the Mission in response to the new requirements. Therefore, in completing this exercise, the Mission (along with the rest of the Agency) had to go through a learning curve which naturally includes a period of trial and error.

Performance indicators are at the heart of a monitoring system. They define the data to be collected to measure progress and enable actual results achieved over time to be compared with planned results. Hence, if this valuable management tool is not properly developed and fine-tuned, USAID/Uganda's ability to effectively and strategically manage its environmental activities could be impaired and the Agency's reporting responsibilities

under GPRA could also be adversely affected.

Therefore, the Mission needs to identify more precise performance indicators and units of measure in order to (1) accurately report the results of its planned activities, (2) improve performance, (3) revise or abandon strategies that are not working, and (4) better assess the impact of its development assistance on Uganda's natural resources management and biodiversity activities.

**Recommendation No. 1: We recommend that the Director, USAID/Uganda, review the Mission's twelve performance indicators and units of measure relating to the environmental activities in its strategic plan and make appropriate revisions to ensure that the indicators directly and accurately measure the performance of each USAID-funded activity.**

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**1(c) Did USAID/Uganda, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act, develop a system for collecting and reporting accurate performance data?**

For natural resources management and biodiversity activities, USAID/Uganda's strategic objective team collected performance data primarily from the Mission's various development partners. Thereafter, in coordination with USAID/Uganda's Program and Project Development Office, the data was assembled, analyzed and grouped to establish units of measure, baseline data and annual performance targets which were incorporated into the Mission's strategic plan.

While the data elements and components were consistent with the Agency's strategic planning framework, we found that the Mission did not develop a comprehensive, ongoing system of data collection, aggregation and verification to ensure the quality and accuracy of the performance data. The audit revealed differences between the data reported and the underlying information from which the data was extracted. This finding is discussed below.

**USAID/Uganda Should Formalize a System for Collecting, Screening and Reporting Accurate Performance Data**

Chapter 203 of USAID's Automated Directives System (ADS) requires that Agency operating units establish and maintain performance monitoring systems to regularly collect data which enable assessment of progress towards intended results. Specifically, strategic objective teams and/or activity managers should collect data on inputs and outputs to ensure that planned activities are contributing to relevant intermediate results. In addition, operating units should, at regular intervals, assess the data being used to monitor performance and determine if it is of reasonable quality and accurately reflects the process it is measuring.

The ADS also requires operating units to establish a Performance Monitoring Plan. Among other things, the plan should specify the source, method and schedule of collection for all required data and assign responsibility for collection to a specific office, team or

person to coordinate with the development partners from whom the information is to be obtained.

USAID/Uganda had established a strategic objective team for its environment and natural resources management activities comprised of the activity officer and eight team members. This team collected the required performance information from the Mission's various development partners. In coordination with the Mission's program development office, the above data was then assembled, analyzed and grouped to develop performance indicators and establish units of measure, baseline data and annual performance targets which were incorporated into the Mission's strategic plan.

While a formal performance monitoring plan had not been established at the time of our audit, we noted that the Mission's strategic document refers to such a plan. Efforts are currently underway by the strategic objective team to establish the framework of a performance monitoring plan in accordance with the ADS requirements. This exercise is scheduled for completion by the end of fiscal year 1997.

We found that the data elements and components were consistent with the Agency's strategic framework. However, the Mission did not have a formalized, ongoing system of data collection, aggregation and verification to ensure the quality and accuracy of the information. In most cases, data was collected on an "as needed" basis rather than through a formal and well-defined reporting system. Moreover, a system of quality control that includes verification of the appropriateness and accuracy of the data was not in place.

Our review of the performance information for 1996 reported by the Mission in its strategic plan showed that for 4 out of the 12 performance indicators, there were differences between the reported and audited data, ranging from 6 to 45 percent. Moreover, in case of another indicator, the information could not be verified because supporting documents were not available. The results of our tests are summarized below.

- **Annual Revenue Generated through Ecotourism** - The Mission reported total revenues of \$1,346,000 under this indicator. Upon reviewing documents at the Uganda Wildlife Authority (UWA), the correct amount was found to be \$2,087,012, resulting in a 36 percent understatement. The amount reported by the Mission did not represent total revenues, but only a portion thereof that was earmarked for Uganda's national parks under its revenue sharing program.
- **Number of Households Adopting Improved Soil Conservation Practices** - Under this indicator, the Mission reported that 1,685 households had adopted improved soil conservation practices. Our audit of the underlying records showed errors in data collection which resulted in overstating the number of households by 524 - a 45 percent discrepancy.
- **Number of Private Concessions within Critical Ecosystems** - The Mission reported 21 private concessions that included tourist lodges, camp sites and timber concessions awarded to saw mills. Our review of UWA records, however, revealed that only 19 concessions had been approved, resulting in a reporting error of 10 percent.
- **Number of District Environmental Officers in the Country** - The Mission reported that 19 district environmental officers had been appointed, information that

had been furnished by the National Environment Management Authority (NEMA). However, we were unable to verify the accuracy of this information because NEMA could not provide us with a list of the 19 officials or the locations where they were posted.

- **Number of Annual Visitors to the Uganda Wildlife Education Center (UWEC)** - under this indicator, the Mission reported a total of 89,323 visitors to a zoo in Entebbe, operated by the UWEC. Our review showed errors in UWEC attendance records which understated the number of visitors by 6,129 - a 6 percent discrepancy.

We believe that the above differences between the reported and audited data were primarily due to the lack of a formalized, ongoing system of data collection, aggregation and verification which could have better enabled the Mission to develop and report accurate and reliable performance data.

Moreover, USAID/Uganda had to rely on several external sources for its reported information which included Ugandan Government agencies, universities, as well as participating private voluntary and non-governmental organizations. Our review indicated that several of these organizations did not have the data collection and record-keeping systems designed to produce the type of information required for USAID's strategic planning purposes.

Without an effective system for collecting, screening and reporting performance data, the Mission's ability to evaluate the impact of its development assistance and its progress towards achieving its strategic objective could be impaired. Moreover, USAID's ability to manage for results and thereby fulfill its responsibilities under the Government Performance and Results Act could also be affected.

Therefore, USAID/Uganda needs to establish a formal and documented system to ensure that accurate performance data is collected, screened and reported.

**Recommendation No. 2:** We recommend that the Director, USAID/Uganda, in coordination with the Mission's development partners, establish a system of data collection, aggregation and verification to ensure the quality and reliability of the underlying information needed to develop accurate performance data for strategic planning purposes.

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**1(d) Did USAID/Uganda, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act, use performance information to enhance program effectiveness?**

USAID/Uganda used performance information to monitor its natural resources management and biodiversity activities and enhance the overall effectiveness of those activities.

Chapter 203 of the ADS requires USAID operating units and their strategic objective teams to: (1) compile and use performance information to manage for results, (2) conduct

periodic reviews to assess progress towards achieving the strategic objectives, and (3) determine the need for any changes to an approved strategic plan. In addition, operating units should document their reviews in the Results Review and Resource Request (R4) report which should include assessing performance for the immediately preceding fiscal year, revalidating current strategies, and refining targets and indicators.

USAID/Uganda used a variety of performance information from several sources to manage for results. These included reviewing quarterly activity reports, research studies and project evaluations. In addition, the Mission's activity officer and his staff monitored progress through frequent site visits, periodic meetings and regular correspondence with development partners. The information obtained as a result thereof enabled the Mission to assess progress and make effective planning and programming decisions.

For example, in preparing its strategic plan for fiscal year 1997, the Mission used the prior fiscal year's performance data obtained from its development partners. The Mission also successfully coordinated with the Grant Management Unit (GMU), an organization responsible for monitoring and providing technical assistance to USAID/Uganda's environmental programs. As a result of GMU's visits to a number of project locations, the Mission was apprised of problems and made timely interventions which facilitated progress of planned activities at the grassroots level. Examples include: (1) establishing working relationships with local district representatives, and (2) obtaining increased participation from the District Environmental Officers in USAID-funded activities.

It should be noted, however, that USAID/Uganda's natural resources management and biodiversity activities are currently in a transitional phase. The Mission is in the process of redesigning its environmental strategies which is likely to result in revisions and refinements of its performance indicators. This process is to be completed by the end of fiscal year 1997.

Therefore, we believe that it may be too early to assess long-term trends from the current performance indicators or to determine the extent to which the available performance data can be used in making planning, budgeting and implementing decisions.

Nevertheless, based on our review and analysis of planning documents, we determined that, to the extent possible, USAID/Uganda was using performance information in making planning and program implementation decisions to enhance program effectiveness.

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## **2. Were USAID/Uganda's natural resources management and biodiversity activities making satisfactory progress toward achieving the intended benefits?**

USAID/Uganda's natural resources management and biodiversity activities were generally making satisfactory progress toward achieving the intended benefits. However, improvements are needed under USAID-funded financial advisory services provided to the Uganda Wildlife Authority.

To assess progress, we reviewed three major components of USAID-financed inputs and compared corresponding outputs with the intended benefits. Those components were: (1) non-project assistance through USAID's dollar transfers, (2) assistance in implementing field activities in key biodiversity areas through grants and cooperative agreements, and

(3) management and advisory support through institutional contracts. As of September 30, 1996, USAID had disbursed approximately \$21.6 million under these components. The results of our review and analysis are discussed below.

### **Non-Project Assistance**

USAID/Uganda's non-project assistance of \$8 million in cash transfers to the Government of Uganda (GOU) achieved the intended benefits of key policy and sectoral reforms because GOU fulfilled the three conditions precedent prior to USAID's release of the funds. These were: (1) establishing a steering committee, secretariat and staff to facilitate formation of a National Environment Action Plan, (2) expanding the protective status of Uganda's natural resources by designating five forest reserves as National Parks, and (3) preparing a plan on opening park concessions and tourist accommodations to private sector management.

In addition, the Ugandan parliament enacted the National Environment Bill in May 1995 which led to the establishment of the National Environment Management Authority (NEMA), a semi-autonomous institution responsible for managing environmental issues in Uganda. Furthermore, in May 1996, the Uganda Wildlife Statute was enacted for: (1) sustainable management of wildlife, (2) consolidation of laws relating to wildlife management, and (3) creation of a coordinating, monitoring and supervisory body called the Uganda Wildlife Authority (UWA) which took over the operations of the Uganda National Parks and the Uganda Game Department.

In our opinion, these actions, which largely resulted from USAID/Uganda's non-project assistance, helped strengthen GOU's ability to better manage and safeguard its natural resources and biodiversity in partnership with USAID. Also, we believe that the above policy reforms would, in the long run, enable the Mission to progress toward the Agency's strategic objective of promoting sustainable natural resources management.

### **Biodiversity Activities through Grants and Agreements**

USAID-financed grants and cooperative agreements also helped deliver agreed upon services. We reviewed activities relating to 7 out of 12 major grants that provided assistance in promoting wildlife education; controlling infestation of rivers and lakes; and strengthening institutional capacity for rural development, community conservation and natural resources management. Funds expended by USAID under the seven grants were approximately \$2.6 million as of April 30, 1997. Life of project funding and total expenditures for the 12 grants were approximately \$17.3 million and \$6.5 million, respectively, as of September 30, 1996. Overall, the activities were progressing towards planned targets, as shown below.

**Uganda Wildlife Center:** USAID provided operational support and assisted in the institutional development of this facility which enabled it to better function as an environmental education institution and a traditional zoo. Mission-financed structural improvements resulted in an increased interest by Ugandans in that facility. For example, the Mission has projected an increase in the number of visitors to the UWEC over a period of five years which would represent progress toward achieving its planned target of increased awareness among Ugandans of the environment.

**Aquatics Unlimited:** USAID-funded technical assistance was making progress to control the spread of hyacinth (a water weed) and coordinate its removal from Uganda's major lakes and rivers. For example, most of the infested area at the Owens Fall Dam had been cleared of hyacinth and, at another location, USAID-financed assistance resulted in intercepting up to 80 tons of the weed per day at Kagera river and preventing them from floating down river towards Lake Victoria. We believe that these results demonstrate progress in preventing the spread of hyacinth in Lake Victoria.

**Agricultural Cooperative Development International:** USAID provided technical assistance for a pilot project to strengthen the protection of the Murchison Falls National Park and two nearby wildlife reserves. Major activities were to: (1) resettle 125 families from the protected areas; (2) strengthen natural resource management capability of the local districts; and (3) initiate income-generating activities for the rural population. The audit showed progress in implementing the planned activities. For example, the 125 families have already been identified and land outside the park boundaries has been earmarked for their resettlement. At the time of our visit, the families were in the process of clearing the land to make it suitable for cultivation.

**International Gorilla Conservation Program:** The objectives of this program were to provide technical assistance to develop conservation based tourism and establish a revenue sharing program to benefit local communities at the Bwindi Impenetrable National Park and the Mgahinga Gorilla National Park. Progress was made in implementing the above activities as evidenced by several community and tourism development projects including construction of a health unit, two primary schools and hiking trails. In addition, a revenue sharing program was developed which would benefit the local population.

**World Wildlife Fund:** USAID's objectives were to assist the Rwenzori Mountains National Park by (1) developing its operational capacity, (2) reducing human pressures on the park, and (3) strengthening relationship between park management and nearby communities. For the most part, the activities were making progress. For example, USAID-financed assistance resulted in a staffing and organizational plan being developed to improve the park's management capability. Moreover, agreements were drafted to establish multiple-use zones to enable villagers to use the park's resources on a sustainable basis. Furthermore, various community conservation activities were undertaken such as: publishing a semi-annual newsletter, initiating a weekly radio program, and developing educational materials dealing with conservation.

**Development through Conservation Project:** Under this project, USAID financed a wide range of activities to strengthen park management, community conservation and rural development in and around the Bwindi Impenetrable National Park (BINP) and the Mgahinga Gorilla National Park (MGNP). Our review of three activities showed that the project is making progress toward achieving the intended benefits. For example, construction of a dry stone wall around the MGNP has prevented buffaloes from raiding crops near the park boundary. Also, the project has assisted four parishes around the BINP by clarifying the rights and responsibilities of rural communities engaged in bee-keeping. Furthermore, impressive results were obtained in developing new varieties of sweet potatoes and soya beans.

**African Wildlife Foundation:** This USAID-financed activity focused on Lake Mburo National Park. The objectives were to (1) develop community based conservation programs, (2) establish a community conservation service, (3) conduct research into land

use systems, and (4) establish a monitoring and evaluation program for Uganda's national parks and other protected areas. Overall, African Wildlife Foundation was making progress toward achieving the intended benefits. For example, a number of community conservation workshops had been conducted in areas around Lake Mbuho which increased awareness among the local community of the importance of conserving natural resources. Construction of a fish farm and residential quarters for fishermen promoted an income-producing activity at Lake Mbuho National Park. Moreover, development of a monitoring and evaluation system for Uganda's protected areas was in process. A management information data base was introduced at Lake Mbuho and, if found to be successful, would eventually be extended to cover the entire national park system.

### Management and Advisory Services

USAID/Uganda financed two U.S. institutional contracts to provide management and advisory services to USAID-financed environment activities. The first contractor served for four years - September 1992 through August 1996 - for whose services USAID paid \$5.1 million. Thereafter, USAID signed a \$1.2 million follow-on contract with another contractor for thirty months whose responsibilities were essentially similar to the previous contract. The services included: (1) technical support to the UWA and NEMA, (2) grant management, (3) program monitoring and evaluation, and (4) interaction and coordination with various organizations responsible for implementing USAID-funded environment activities.

Our review showed that the contractors for the most part provided technical support. For example, a mid-term evaluation report on USAID/Uganda's environment activities stated that the first institutional contractor provided substantial technical assistance and rated their services as competent and very useful. The evaluation also assessed that there were no major omissions in the contractor's outputs, work plans were followed, and reports were submitted in timely fashion.

We reviewed progress made under the second institutional contract and found that the contractor, working through the Grant Management Unit (GMU), was monitoring the environment activities and providing technical assistance to NEMA and UWA, the two principal Government of Uganda development partners. The following are examples of some of the services provided.

The contractor conducted a planning workshop in October 1996, attended by more than 35 organizations who are USAID's principal development partners and stakeholders. The workshop provided significant insight into and identified opportunities for shaping Uganda's protected areas including development of a management plan and broad participation by local, district and national stakeholders.

Moreover, the contractor assisted in developing NEMA's district support program, consolidated the small grants unit component, and assumed greater responsibility in supervision and management of large grants.

Furthermore, the contractor (through the GMU) made a number of field trips to monitor progress and participated in planning, coordination and management of several grant activities. For example, the contractor instructed project personnel of the World Wildlife Foundation (a grantee) how to use a database system that facilitated monitoring and evaluation. In another case, the contractor visited the Lake Mbuho National Park to

review USAID-funded construction activities being implemented under a grant to the African Wildlife Foundation.

Based on our assessment, we believe that technical assistance provided by the institutional contractors generally contributed toward progress in monitoring and implementing USAID-financed environment activities.

However, we noted one significant exception. Financial advisory services of approximately \$1.2 million provided for almost four years under the first institutional contract have not yet achieved the intended benefits as discussed below.

### **USAID/Uganda Needs to Ensure that Financial Advisory Services to the Uganda Wildlife Authority Achieve the Intended Results**

From October 1992 through September 1996, USAID/Uganda financed approximately \$1.2 million of financial advisory service to its principal development partner, the Uganda Wildlife Authority (UWA). The services were provided through a U.S. institutional contractor who fielded three long-term financial consultants under a sub-contract to perform the work during the above four-year period.

The services contracted for were: (1) developing financial management policies and procedures, (2) guiding UWA staff in implementing those policies and procedures, and (3) automating some of the accounting systems. Specifically, the tasks included:

- identifying, designing and implementing improvements to UWA's financial management accounting systems;
- assisting UWA staff in understanding and implementing the new procedures; and
- accounting for donor funds, and providing technical advice on concession agreements and financial management assistance concerning UWA's revenue sharing programs.

Based on our discussions with the institutional contractor and review of the Mission's contract files, it appeared that the required financial advisory services were provided. For example, in a report filed shortly before his departure in June 1993, the first financial advisor listed inputs during his eight-months of service which included the above tasks. Likewise, the second advisor submitted a memorandum in August 1995, summarizing his two years of assistance to UWA which included: a budgeting system, standardized concession agreements, an internal audit function, new chart of accounts, strategy to increase revenues from ecotourism, training workshops, and a financial management procedures manual.

However, in spite of this assistance, we found that UWA's financial management system continued to need improvements. The third financial advisor, who arrived in October 1995 and served for 12 months, prepared a report in March 1996 which raised concerns about the financial management capability and sustainability of UWA. Among other things, he reported that UWA was cash-strapped, its books of accounts were not completely posted, balanced, or audited since 1989 and financial statements were not prepared.

The report identified several factors which impeded UWA's financial sustainability: (1) a lack of financial and marketing expertise, (2) addition of four new national parks, (3) transfer of control to UWA of the Uganda Game Department (a territory almost the size the country's national parks) which had inadequate facilities and poor management structures, and (4) GOU's inability to provide UWA the agreed-upon financial subsidy.

These concerns were discussed with the institutional contractor and Mission officials who stated that although significant advice and assistance had been provided to UWA, much of it had not been adopted or put in place. They believed that there was a lack of sufficient awareness on part of UWA officials of the importance of sound financial management.

We also interviewed the UWA Chief Accountant who acknowledged that substantial financial advisory services were provided by the contractors and UWA was implementing many of their recommendations. For example: (1) a financial procedures manual had been accepted with some modifications, (2) accounting records were being progressively computerized, (3) an internal audit function was established, and (4) an audit of UWA's financial statements from 1989 through 1995 was nearing completion.

However, this official also stated that UWA's financial management needed further improvements. There was inadequate coordination between the UWA headquarters and its 26 field offices which had resulted in a number of discrepancies and reconciliation problems. Also, when UWA was created by an act of parliament in May 1996, it took over the assets and liabilities of the Uganda National Parks and the Uganda Game Department. These added management responsibilities resulted in a great strain on UWA's staff.

Therefore, despite \$1.2 million of USAID-funded assistance, UWA's financial management system continues to face problems. Its lack of financial sustainability and staff morale problems have been reported by its financial advisor and the local media. While some progress has been made, much more needs to be done. Should the management problems of this key USAID development partner not be promptly addressed, the Mission's environment activities may face difficulties in achieving their planned targets.

In April 1997, USAID funded the services of a fourth financial advisor, initially, for five months. The Mission now needs to take aggressive action to ensure that USAID-financed assistance to UWA results in its improved financial capability and greater long-term sustainability.

**Recommendation No.3:** We recommend that the Director, USAID/Uganda, require the Mission's institutional contractor to implement a time-specific action plan for: (a) expeditiously completing the process of establishing a sound financial management system encompassing Uganda Wildlife Authority's (UWA) headquarters and field operations; (b) instituting appropriate training programs to build greater awareness of the importance of financial management within the organization and to enable its financial staff to perform their designated duties; and (c) developing a strategy to address UWA's long-term financial sustainability.

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## MANAGEMENT COMMENTS AND OUR EVALUATION

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In their response to our draft audit report, USAID/Uganda management stated that the report was generally accurate and the recommendations useful and valid. However, the Mission did not entirely agree with our assessment of USAID/Uganda's performance indicators.

The Mission stated, *inter alia*, that: (1) its environmental programs have used a number of diverse performance indicators in the past and will continue to do so in the future, and (2) the audit findings focused only on a small section of a larger picture by not considering the Mission's indicators established during prior planning periods. The Mission stated that this approach limited the usefulness of the findings.

We recognize that the Mission had used various performance indicators in its prior planning documents, which has been reflected in the body of this report. However, this audit, by its definition and scope, focused on USAID/Uganda's current strategic five-year plan (1997-2001) and its annual plan for the fiscal year 1997 because these plans were the first to be prepared according to the requirements of GPRA. In our opinion, the Agency's current planning guidance established by the USAID Center for Development Information and Evaluation as well as the statutory requirements under GPRA established for the first time a more rigid and well-defined criteria by which performance indicators are to be identified, measured and reported.

As stated on page 5 in this report, our assessment of the Mission's indicators showed several positive results. We determined that the indicators we reviewed were generally: (1) consistent with USAID's environmental goals, (2) supported the Agency's strategic objectives, and (3) were objective and quantitative in accordance with USAID guidance. In addition, we also identified some areas for improvement which, we believe, could enhance the usefulness of those indicators as effective management tools. These conclusions were made by applying the criteria stated above.

Specifically, the report makes three recommendations which the Mission has characterized as valid and well-stated. Nevertheless, the Mission did not specify what actions it planned to take to implement each recommendation. Therefore, to reach management decisions on Recommendation Nos. 1, 2 and 3 in this report, USAID/Uganda needs to advise RIG/Pretoria of the actions it plans to implement them.

USAID/Uganda's comments are included in their entirety in Appendix II of this report.

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# SCOPE AND METHODOLOGY

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## Scope

As part of an Agency-wide audit by the Office of Inspector General to assess USAID's compliance with the Government Performance and Results Act, the Office of the Regional Inspector General/Pretoria audited USAID/Uganda's environmental activities in accordance with generally accepted government auditing standards.

The fieldwork was done from February through May of 1997 principally at the offices of USAID/Uganda, the Uganda Wildlife Authority, and the Grant Management Unit in Kampala, Uganda. In addition, we visited project sites to inspect implementation of USAID-financed environment activities relating to promoting wildlife education; controlling infestation of rivers and lakes; and strengthening rural development, community conservation and natural resources management.

The audit focused on a judgmental sample of about \$12 million disbursed for various activities through the Mission's Action Program for the Environment project. USAID/Uganda's current environmental activities were initiated in 1991. As of September 30, 1996, total life of project funding was \$37.6 million of which \$23.1 million had been spent.

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## Methodology

There were two audit objectives. The first was to determine if USAID/Uganda had: (a) prepared strategic and annual plans which were consistent with the Agency's strategic framework, (b) developed performance indicators in conformity with Agency goals, (c) established a system for collecting and reporting accurate performance data, and (d) used such information to enhance program effectiveness. The second was to ascertain whether the Mission's environment activities were making satisfactory progress toward achieving the intended benefits.

To accomplish the two objectives, we interviewed officials from the: Mission's strategic objective team, Government of Uganda, institutional contractor, and project sites. In addition, we reviewed and analyzed planning and program documents, assessed adequacy of management controls and determined the extent of risk exposure with regard to the Mission's (1) strategic planning; (2) collecting and reporting performance data; and (3)

using such information to enhance program effectiveness. Also, we obtained a written representation from cognizant Mission officials for all essential assertions relating to the audit objectives.

USAID/Uganda's strategic plan was in a transitional phase at the time of our field work. The Mission was redesigning its environmental strategies, upon completion of which it would most likely revise and further refine its performance indicators and targets, a process that would be completed by the end of fiscal year 1997.

Therefore, in answering the second objective, we did not use the Mission's strategic planning framework in assessing progress of its environmental activities. Instead, we used alternative audit procedures by reviewing a judgmental sample of 7 out of 12 major USAID-funded contracts and grants and assessed progress toward realizing the intended benefits.

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United States  
Agency for  
International  
Development

## memorandum

DATE: September 8, 1997

TO: Acting Regional Inspector General/Pretoria, James L. Jarrell

FROM: Daniel Moore, SO2 Team Leader, USAID/Uganda

THRU: Donald B. Clark, Director, USAID/Uganda

SUBJECT: USAID Comments on Audit Report No. 4-617-97-xx-P

As requested in your memorandum of July 2, 1997 to the USAID/Uganda Mission Director, herewith are Mission comments on the subject draft report.

### General comments:

Overall the report is fine - it is generally accurate and the recommendations are well stated and provide useful information.

Many of our comments provided on the draft RAPs are repeated here, as they do not appear to have been considered in the draft report submitted earlier for our review. These comments, all pertaining to RAP 1(b), are repeated and clarified for your consideration.

### Specific comments:

1. As generally concerns audit question 1(b), in answering this question, the audit team limited its scope to twelve indicators presented in the new Country Strategic Plan (CSP) for initial use in the 1996 R4. It is our understanding that the GPRA's emphasis on "managing for results" does not limit the Mission to the indicators used to report to USAID/Washington. The Mission's SO2 (Environment) program has in the past, and has documented plans for using in the future, a large number of diverse indicators for use across the entire SO2 results framework. By limiting itself to the twelve indicators, the audit findings (which not surprisingly, show serious weaknesses) respond to an artificial situation, looking at only a fragment of a larger picture. Hence, some of the findings under this RAP are of little use to the Mission.

2. To explain the above point with few examples, focusing on each of the three indicators featured in the table on page 6 of the report:

(a) The first indicator relates to ecosystem health and biodiversity maintenance. Mountain gorilla population counts appeared in the CSP and the 1996 R4 as the featured indicator species used to depict results here. However, the auditors' assessment is that only one animal is not sufficient - or is too restrictive - to cover such a broad indicator. This is the assessment, despite the fact that, even among the limited R4 reporting, other indicator species are used as well. The CSP explicitly calls for reporting on other animal species as well. The 1995 R2a and 1996 R4 each report on several animal species. Moreover, and more importantly, the SO2 Program has been able to monitor hundreds of plant and animal species over time, using, for example, country-wide aerial animal counts, individual protected area monitoring systems, and so on. These are the data we use to manage for results. For the purposes of the CSP and R4, we are constrained to report on only one or two. Unfortunately, because the audit considered only this one the audit finding suggests that the program limits itself to one animal only.

(b) The second indicator. First, a clarification: the commentary is based on the premise that "integrity of critical areas maintained" is the result being measured. This is not correct. The result being measured is IR 2.1 "CRITICAL ECOSYSTEMS MANAGED TO ENSURE BIOLOGICAL INTEGRITY." The former is only the name of the indicator, which is defined by its description and units. The intent of this indicator is to measure progress on maintaining/restoring the biological integrity of the Lake Victoria ecosystem through combatting water hyacinth on Lake Victoria - nothing more. It is not practical to combine data for aquatic and terrestrial ecosystems. Therefore, a separate indicator under the same IR 2.1 related to the biological integrity of our focus terrestrial areas - the national parks (i.e., area under highest level of protective status). Water hyacinth is in fact in many water bodies in Uganda, and these infestations are also tracked. It was decided to use the Lake Victoria levels because that is the area of greatest interest, and use to USAID/W (This particular activity is funded with regional [GHAI] money, whose interest is the common water body - Lake Victoria - and not the inland waterways of Uganda, Kenya and Tanzania).

(c) The first indicator discussed in the table on page 7. Comments are predicated on assumption that "critical ecosystems generate benefits..." is the intended result. It is not - it is the name of the indicator. Commentary and recommendations further suggest that the Ugandan protected area (PA) system should be financially self-sustaining. This is not an indicator to measure whether or not UWA is financially self sustaining. No one in USAID, Uganda or practically any PA system in the world

expects their PA system to be financially self sustaining. That is not our target and to target this would be extremely naive. We expect that most of the PAs in Uganda will NEVER generate ecotourism revenues sufficient to cover management costs. There are other ecological benefits (biodiversity, watershed, carbon sequestration - each of which is indirectly measured by the SO2 Program) that accrue from these areas to justify their management. However, the more revenues are generated, the easier it is for the GOU to manage and justify management of the PA system. We are attempting to measure gross ecotourism revenues here. FYI, we also track gross expenditures, although this is not reported in the R4.

3. Page 7: Paragraph titled "Indicators should be...". I reiterate my comment made above. The implication that SO2 will report only on one measure (gorillas) of this indicator is incorrect and at odds with the documentation reviewed. The CSP explicitly states that other species will be used under this indicator, and both the '95 and '96 R2a and R4 use other species. It is further noted that some indicators cannot be reported on annual basis, due to the costs involved. Gorilla census, for example is an extremely cost-, time-, and personnel-, intensive undertaking and cannot be done annually - yet the data is both useful to us here and of interest to USAID/W.

4. Page 7: Section beginning with "Indicators Should be Linked..."

(a) Private sector investment: Audit finding suggests that the only way to promote privatization of tourism concessions would be through direct financial support. We have found other ways to promote this privatization, but have failed to find a better indicator. Our indicator, counting the number of concessions would seem ideal - easy to measure and records the result measured in exactly what we are attempting to achieve. As concerns the linkage to our efforts, our involvement in concessions privatization is in our view more than sufficient to justify use of this indicator. Even in the audit report (page 13) USAID is credited with opening up concessions to private sector investment. Unless there are better indicators that can be suggested as to the result this "opening up" has achieved then SO2 should not be asked to change this indicator. The statement that USAID's sum contribution to concessions consisted of a single report belies that fact that concessions policy has been a major element of the SOWs for two of our long-term advisors, has been fully within the mandate of not one but several grantees, and has been the subject of short-term consultancies.

(b) Decentralization: We see this as clearly appropriate. Can the report suggest another indicator of decentralization - for reporting to USAID/W - that is superior to this?

(c) Environmental concerns: Again, we see this as an appropriate, results based indicator as mandated by the

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GPRA and USAID's reengineering. In the past we might have reported on number of people trained to write/review EIA's (which we may track, however). However, what is the result of our efforts? EIAs received and reviewed by NEMA - we take full credit for this, except for the writing and reviewing, and further take credit that we did not have to pay for any of the EIAs being written. To draw an analogy, for the old development adage of giving someone a fish versus teaching them how to fish - the audit finding suggests that we should be only counting the fish we bought, and not how many the "customer" caught himself after being taught how to fish.

All of the above comments - in one form or another - have been provided verbally to the audit team, and later in written form to the auditors, and in my opinion bear on the accuracy and correctness of the RAP. Generally, the recommendations themselves are valid and well stated. However, the inaccuracies noted above serve to undermine those recommendations. Again, overall, I believe it is generally a fine and accurate report, and that the audit team did a commendable job in thoroughly examining our SO2/Environment program here.

Clearance:

CONF:KLeBlanc:in dft Date: 9/9/97

DDIR:JHale: ~~\_\_\_\_\_~~ Date: 9-15-97

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