

FINAL

Documentary Title: “The New Face of Corruption in Africa”

Peace House Africa

January 4, 2013

Scene 1

Speaker: None

Video: Bishop Laiser in red pointed hat

*Screen Label: **The New Face of Corruption in Africa***

Scene 2

Speaker: Scott

Video: Footage of volunteers within poor Tanzanian communities, engaged in work activity, interacting with locals, interacting with children

Screen Label: Scott Augustine MD, Founder and Chairman, PHA

Hi! I’m Scott Augustine, founder and Chairman of Peace House Africa—PHA for short. Peace House Africa is a Minnesota-based non-profit formed in 1999, whose mission is to take care of and educate the many orphaned and vulnerable children left behind by the AIDS pandemic in Tanzania, East Africa. We wanted to do something—some little bit - to help with the poverty and hopelessness so prevalent in Africa, especially among the orphaned and vulnerable children.

Since its founding PHA has supported up to 800 students at a given time, providing for their basic needs and education—either in local community schools or at our own Peace House Secondary School, a tuition-free secondary boarding school that we built and operated near Arusha.

This is our story which could be titled, “lessons learned the hard way.” We’re telling our story so that you and other well-intentioned charitable donors with an interest in Africa, don’t get robbed as we did. More specifically, we are exposing through this documentary, the massive corruption that is now ubiquitous in the African church leadership.

To be clear, the purpose of this documentary is to limit the amount of donations lost to corruption, not to stop the donations to Africa. Africa needs our help more than ever but we need to be much smarter and more demanding in how we provide help.

Scene 3

Speaker: Narrator

Video: Images of named dictators

Screen Label:

For decades, the faith-based organizations in Europe, North America and Australia have contributed money or service work, to help alleviate wide-spread poverty in Africa.

Since independence, African governments have suffered from pervasive corruption. The most notorious historical examples would be long-standing dictators, such as Uganda's Idi Amin, or the former Zaire's Mbutu Sese Seka, who amassed a personal fortune of nearly \$5 billion during his 32 years ruling the impoverished nation.

As a result, it's become a popular perception that faith-based aid to Africa is more effective because the recipient churches and organizations operate independently of the government. Many believe that religious leaders are inherently more trustworthy and honest stewards of charitable donations.

Unfortunately, the reality is that these religious leaders are emerging as ***“the new face of corruption in Africa”***

Home to over 44,000,000 people, with 51% of the population living on less than \$2 a day, Tanzania is among the least developed countries in the world.

As the result of two decades of devastation caused by HIV/AIDS, more than 1 million Tanzanian children have been orphaned.

About 30% of Tanzanians are Christian, mainly protestant; the largest denomination being the Evangelical Lutheran Church of Tanzania, or ELCT, with over five million members.

The Lutheran World Federation, including the Evangelical Lutheran Church in America has a long history of mission work in Tanzania. The approach to mission work has evolved into what is known as “church accompaniment.”

The aim of the accompaniment model of mission work is to respect local autonomy and invest in local priorities, while building the capacity of local church leadership. In theory, this approach sounds very sensible and progressive. In practice, however, problems quickly arise-- the accompaniment philosophy has been exploited by many African church leaders, to dodge accountability under the guise of “local autonomy.”

The result is that donations to Africa made through the Lutheran Church, for example, are managed largely on faith and trust, rather than the business principles of accounting and audit. The problem in a nutshell, is that African church leaders insist that donors simply trust them – after all, they are Bishops. If you can't trust a Bishop, who can you trust?

Donor requests for project inspections, accounting and audits are met with accusations of “colonialism, paternalism and racism” by the African Bishops. They know that western donors, especially those that are church related, will predictably back down in response to these accusations.

The fearsome power and influence of some local high-ranking church leaders only compounds the lack of transparency. Indeed, the local bishop of a Tanzanian diocese can

single-handedly create either a culture of accountability and stewardship or one of fraud and unchecked corruption.

Tanzania's churches play a prominent role in society and, for the most part, the church leaders are respected figures of religious authority among the public.

Behind the scenes, the highest church leaders wield an enormous amount of political influence and enjoy a standard of living well above the rest of society. Unfortunately the numerous cases of malfeasance and dishonesty by some of these church leaders taints the honest clergy.

The late journalist Hugh McCollum, a vocal advocate for social justice in Africa, made this observation about African church leaders: "Bishops and senior clergy inherited from their colonial predecessors lavish lifestyles with huge houses and expensive cars, behaving like diplomats and being bowed and scraped to as though they were mediaeval potentates".

Scene 4

Speaker: Sue

Video: Map of Tanzania, highlight location of Arusha

Screen Label: Sue, co-founder and Board Member, PHA

The ELCT's North Central Diocese, the "NCD", comprises the Arusha area and much of the Serengeti, Tanzania's most visited tourist destination. The diocese benefits from many internationally funded projects and is led by Bishop Thomas Laiser, who has held on to his position of power for nearly three decades.

In 2004, Peace House was having problems finding schools with openings for our secondary school students because of the critical shortage of secondary schools in Tanzania. There is room for only 10% of Tanzanian kids to go to secondary school.

On top of that, the quality of most Tanzanian secondary schools is very low. The teachers are poorly trained and frequently know little more about the subject than the students. Classrooms are overcrowded, basic supplies are lacking, and students are expected to just passively memorize the material from long lectures. There is nothing that resembles interactive learning or critical thinking.

We decided to build our own school. We believed that by running our own school, we not only ensure that the kids we support are getting a high-quality education... but that it would be an education actually teaching them skills to earn a living or run their own businesses when they graduate. It gave us a chance to oversee how the school was run, how well the teachers were trained and so forth.

We mistakenly thought that we needed a local partner. We decided to partner with Bishop Laiser and the NCD of the Tanzanian Lutheran Church because we had been told they were not corrupt. We agreed to build, pay-for and manage the school. The church

agreed to manage the work permits, visas and most importantly, the tax exemptions. The school would be called Peace House Secondary School. The church agreed to our terms; that both control and ownership of the school would be assigned to PHA. The agreement was memorialized in a Memorandum of Agreement—a contract signed by both parties.

The Tanzanian government donated 100 acres of land and designated it for the exclusive use of the school. The critical mistake that we made in this new relationship was not demanding that the title to the government-donated land be transferred from the church to PHA. The fact that the title to the land would end up in the church's name would prove to be a disaster to the project.

Scene 5

Speaker: Scott

Video: Scott speaking

Screen Label: Scott Augustine MD, Founder and Chairman, PHA

I grew up in Tanzania—my Dad was a Lutheran missionary. Many years ago, my wife and I worked as a doctor and nurse in a small hospital in the jungle of Liberia. The PHA team had been working in Africa for more than five years when we started building the school. We thought that we were experienced in the ways of Africa and our eyes were wide open about the risks of local corruption. Even so, we were stunned by how quickly our local partner, the church, stopped playing by the rules of the agreement. Within weeks of signing the agreement, the NCD began writing unauthorized checks drawn on PHA's account. We closed the account and switched banks.

Next, the church insisted on using a local contractor. PHA later learned that the contractor had a long and financially entangled business relationship with the NCD and was even building two other projects for them at that same time. One of the projects was the Corridor Springs Hotel, a luxury hotel for tourists. Apparently Bishop Laiser thought he could make some money off of the many tourists passing through Arusha.

PHA had its own construction manager, Max Goodgame, an American engineer who was closely monitoring the construction for both quality and progress. General Secretary Karyongi literally hated Max because Max made stealing construction materials from our project much more difficult. So Karyongi purposefully allowed Max's visa to expire, which forced him out of the country for awhile, until a new visa could be obtained. By the time Max was finally able to return to Tanzania, he found that cement and other construction materials had disappeared. Where did these materials go? We may never know for sure but by interesting coincidence, the NCD made significant progress on building their new hotel at the same time that our materials went missing.

What's the deal with the church building a luxury tourist hotel anyway? Is the church simply trying to make some money off of the tourists in order to make the NCD more financially self-sufficient? Certainly that is what they would like you to believe. Unfortunately, the story here is about corruption, not legitimate business ventures.

The hotel is an un-audited piggy bank for the church leaders. The Corridor Springs Hotel in Arusha is a \$5 million dollar for-profit venture of the NCD. \$4 million of the \$5 million was financed with an interest-bearing loan from a commercial bank using various church projects and land as collateral.

That must raise some questions in your mind! How could a church think that they could succeed in the highly competitive hospitality business? How could a church in one of the world's poorest nations, secure the multi-million dollar loan for a tourist hotel? How did they borrow 80% of the financing when they have zero operating cash flow to service the debt? How do they pay the interest on a \$4 million loan, when the hotel is nearly empty and has lost money since the day it opened? The answers are obvious...the diocese takes the first \$400,000 in foreign charitable donations each year, and uses them to service the debt on this ridiculous hotel venture.

This is \$400,000 in charitable donations that were meant for orphans and education, widows, wells and health care—but are now servicing the bank debt for a luxury hotel. A hotel that was built for the benefit of the Bishop and senior church officials. Donors to the NCD, deserve to know that their donations are paying the debt service on a failing for-profit luxury hotel, rather than supporting the needy and helpless.

Scene 6

Speaker: Dan

Video: Dan speaking on camera

Screen Label: Dan, Director of Operations, PHA

How did the church manage to raise the \$1 million that they supposedly invested in the hotel? About half of the investment came from foreign donations that were no-doubt intended for charity but got redirected into the for-profit hotel project. The other half of the church's million-dollar investment in the hotel, came from PHA--- \$425,000 in Value Added Tax rebates owed to Peace House, which the NCD embezzled.

As part of the agreement our local partner the NCD, specifically General Secretary Karyongi, was in charge of managing the projects' taxes. Although the school project qualified as tax-exempt, Karyongi and the Bishop insisted that the proper tax procedure required PHA to pay the Value Added Tax (VAT) to the government, with assurance that we would receive a full refund when the project was complete. As advised and managed by the church, PHA included over \$425,000 for the VAT tax in its payments to the contractor, which was supposed to be remitted to the government by the church.

The church assured PHA that the entire VAT would be refunded. However, the NCD now claims that the government is refusing to refund the money. The NCD has all the VAT tax paperwork in its office and refuses to hand it over to PHA so that we can pursue a rebate independently or even confirm if it was paid in the first place. It's convenient to blame the missing money on the government, but what really happened to the missing \$425,000?

It turns out that there is no government process for VAT rebates—Karyongi made all of that up. All of the evidence leads to the conclusion that the church never sent any of the VAT money to the government, as they claimed. They didn't need to because the project was tax exempt. It also appears that the money never got into the church accounts where it would have to be accounted for. The Bishop and Karyongi embezzled the money and may have kept it for themselves. However, it's more likely that they simply left it with the contractor, to pay for half of the \$1 million that they needed to come up with for their favorite hotel project.

Scene 7

Speaker: Scott

Video: Scott speaking on camera

Screen Label: Scott Augustine MD, Founder and Chairman, PHA

Before you assume that we are really stupid or completely incompetent I have to tell you that we have many accomplished business people on the PHA Board, as employees and as volunteers. I'm a medical equipment inventor and entrepreneur. I have been running businesses for over 25 years. We're not naïve to business or to Africa and yet we still got swindled big time. Bishop Laiser and General Secretary Karyongi were absolutely masterful in how they orchestrated this massive embezzlement of PHA funds.

Scene 8

Speaker: Elaina

Video: Footage of school grounds, teachers and students during class, footage from opening day

Screen Label: Volunteer Coordinator, PHA

Despite these early obstacles, PHA completed the school and welcomed its first class of 120 children in 2007. PHS was a very unique school in Tanzania. In contrast to the stark classrooms, rote memorization and corporal punishment typical to African schools, PHS incorporated dynamic teaching methods and functional, creative learning spaces.

Volunteers from abroad could stay on campus and help with tutoring, leading student activities, and working on campus projects.

Over time, 330 kids who had really no hope of ever getting to go to secondary school... had their lives changed...

Three meals a day, a safe, secure place to sleep and a high-quality education. Here were some of the poorest kids in the country and they're going to this school that rivaled the quality of even some Tanzanian universities... they came with nothing but a willingness to work hard and study and left with hope for a brighter future.

Peace House was gaining a reputation for academic excellence throughout the country, not just among NGO schools serving orphaned and vulnerable children but even among

the private schools. By 2011, PHS ranked in the in the top 2% of secondary schools in the region, on the national exams.

Scene 9

Speaker: Scott

Video: Wide angle of campus

Screen Label: Scott Augustine MD, Founder and Chairman, PHA

However, immediately after the school was opened and operating, another riff quickly became apparent between PHA and the church.

In 2006 we signed a Memorandum of Agreement with the NCD that clearly assigned ownership and control of the school to PHA.

However, despite the written agreement, the church repeatedly declared in public speeches, that they were the sole owners of the school. I continually challenged Bishop Laiser about these ownership claims.

The matter appeared settled when the Bishop announced at the 2012 graduation ceremony, that; “PHS will remain a PHA school, until Jesus comes again.”

With this statement acknowledging PHA’s ownership of the school, we decided to offer the church a more active role in school administration.

The offer made in October of 2011 would have allowed the PHA to focus on running the school’s academics and volunteer programs. The NCD would manage issues pertaining to teaching staff, local vendors and other business aspects of operating a school.

The church leaders apparently saw these conciliatory overtures as signs of weakness and chose to make their move. They ignored the offer and ceased all communication with us. We then noticed that the immigration officials were inexplicably refusing to renew the visas for our American director and the American staff. We were told at that time, that the Bishop had sent a letter to immigration instructing them to do this.

PHA continued to seek a sensible agreement with the church but Bishop Laiser refused all attempts to negotiate.

On November 26, 2011 while the school was closed for a scheduled holiday break, NCD General Secretary Karyongi led a contingent of police armed with machine guns onto PHS campus. Karyongi had falsely told the police that Peace House Africa was shutting down the school and was allowing the property to be looted.

The police quickly discovered nothing nefarious was happening on campus. None-the-less, Karyongi declared the school to be NCD property. Bishop Laiser had already made arrangements with the local immigration officials to evict the American staff from the country, which they did the following day. Just that fast, with some help from a few

duped government officials, the church had seized one of the finest schools in Tanzania and kicked the American owners out of the country.

Since that day all members of the Peace House organization have been barred from entering the school campus. The NCD has even gone so far as to return money that had been provided to help the students.

According to the Memorandum of Agreement, the only way the NCD would gain ownership of the school would be if Peace House Africa gave it to them. With \$6 million dollars already invested in the project, PHA had no inclination to walk away from the school or abandon the students in need. There was certainly no incentive to leave it to the church as the other schools run by the diocese are ranked in the bottom third for academic performance.

Scene 10

Speaker: Dan

Video: Dan speaking on camera

Screen Label: Dan, Director of Operations, PHA

So how could the church simply take the school by force? We've learned the hard way that in Tanzania, land laws trump any other contractual agreements. The title for land from the government never got transferred to PHA and therefore the church can technically claim ownership of the land and the buildings on the land.

From the very first meeting, the relationship between the church and PHA was a total fraud. The NCD knew that Tanzanian land ownership laws trumped all other agreements. As long as title to the government-donated land was in their name, they own the land and everything on it, including the school that PHA built.

Even while the agreement was being negotiated, they knew that they could claim ownership and evict the American partners from the country anytime they wanted, and they were already planning to do just that. It turns out that the verbal agreements between PHA and the NCD, as well as the Memorandum of Agreement that memorializes the relationship, didn't mean anything to the NCD. From the beginning, it was simply a fraudulent negotiation. We learned the hard way that this is the same scheme that has been used by many Tanzanian Bishops to seize control of foreign-owned projects—do it through the land laws.

Scene 11

Speaker: Sue

Video: Footage of Bulungwa Lutheran Hospital from PIUMA video (pending permission)

Subtitle: Bulungwa Lutheran Hospital, Makete, Tanzania

Screen Label: Sue, co-founder and Board Member, PHA

The seizure of Peace House Secondary School bears an uncanny similarity to a 2005 incident in the South Central Diocese of the ELCT, at Bulungwa Lutheran Hospital in

Makete. The outcome, however, caused even greater devastation when the actions of the South Central Diocese officials cost the lives of at least 70 HIV patients.

Bulongwa Lutheran Hospital housed an effective HIV clinic project developed by Evangelical Austrian World Mission, EAWM. In 2005, EAWM leaders and a local AIDS activist group, PIUMA, began speaking out against the financial fraud and abuse of health care funds by the diocese. According to the PIUMA website, over 300,000 Euros or \$375,000 donated for health care and development projects, were embezzled by officials in the South Central Diocese and Bulongwa Lutheran Hospital.

On April 12, 2006, in retaliation for instigating a public inquiry into the matter, the church leadership, using armed guards, claimed ownership of the clinic, evicted the foreign staff and seized the clinic equipment worth about 70,000 Euros. The church used the same scheme for stealing the clinic that PHA experienced.

In the aftermath of the clinic's forced closure, 70 people in the area died due to inadequate HIV care. One of them was a 17-yr old orphan who suffered a health crisis and was not allowed access to the care needed to save her life.

Scene 12

Speaker: Brent

Video: Newspaper headline and photo of Anglican bishop

Screen Label: Brent, Volunteer, PHA

The plague of corruption is certainly not limited to the Evangelical Lutheran Church in Tanzania. To the north in the Mt. Kilimanjaro region, the Anglican Church is currently under investigation. There have been reports of massive fraud and embezzlements of foreign donor aid by the recently retired Bishop Simon Makundi, and incumbent archbishop Valentino Mokiwa.

According to a former assistant of the Bishop, project costs in his diocese were grossly inflated and over \$225,000 worth of funds from foreign donors were missing.

One scheme involved raising money from multiple sources for projects that had already been fully funded by other donors. Costs were inflated and dedication signs on Anglican secondary schools were changed whenever different donors came to visit.

When an American missionary couple working in the diocese raised questions about finances, Bishop Makundi influenced the Immigration authorities to revoke the couple's visas, thus forcing them to leave the country.

Many Americans find the idea of a forcible takeover of an international project by African church leaders, difficult to believe. For fear of being accused of being "paternalistic" or "colonialist," international donor churches usually remain silent.

Scene 13*Speaker: Dan**Video: Dan speaking on camera**Screen Label: Dan, Director of Operations, PHA*

The reality is, however, that the local community suffers as quality and efficacy is destroyed. Once a project has been taken, the church leaders often sell off the assets and property or at best run the program at a bare-minimum, substandard level. Or, they may try to convert it to a for-profit project as they did with the Peace House Secondary School.

This was the case in a hospital in the Singida area, built by a U.S. charity. Under the charity's administration, the hospital served up to 150 outpatients per day and in-patient occupancy averaged 80%. In the past four years since being taken over by the Central Diocese under Bishop Sima, the hospital treats only about 3-5 outpatients per day. Under the diocese oversight, all the hospital beds were sold and the few in-patients being treated must now sleep in hammocks.

During the hospitals construction, Bishop Sima retained a set of keys to the project's storage containers. Later, materials donated for the hospital such as doors, windows, and roofing steel were used for the bishops newly-built private home—still bearing the labels of their U.S. manufacturers.

The diocese is now attempting to sell the stripped hospital building to the Tanzanian government. The proceeds from the sale will help pay off the Bishop's loan on a failed for-profit farming venture.

Scene 14*Speaker: Brent**Video: Brent speaking on camera**Screen Label: Brent, Volunteer, PHA*

A similar incident is also taking place at a health center near Mwanza in the Lake Victoria Diocese, led by Bishop Gule. To claim ownership of the health center, Bishop Gule and diocese officials have consistently violated the contract with the US based organization that built and funded the project valued at over \$1,500,000.

Once again we see the Diocese claiming ownership of the project because they own the land. The American doctor that founded and built this project has been forced to leave the region. Bishop Gule is reported to be selling the hospital buildings and equipment, to pay the debt on a failed for-profit venture. Starting to look like a pattern isn't it?

Scene 15*Speaker: Elaina**Video: Image of the injunction**Screen Label: Volunteer Coordinator, PHA*

Since the NCD has taken over, a lack of funding and poor quality is also the situation at Peace House Secondary School. The school's enhanced academics, extracurricular activities, innovative teaching and nurturing environment have been replaced by oppressive daily routines and corporal punishment.

The NCD has opened the school to students who can afford to pay tuition and also to the children of diocese leaders. The school is now a for-profit venture of the NCD. Tanzanian law forced the church to allow the orphaned students originally enrolled at PHA's school, to return to class. However, the church has been making life miserable for the non-paying orphan students, by segregating them from the other children, feeding them different food than their peers, and forcing them to do manual labor on campus while the paying students have free time or study time. They are clearly hoping the orphaned and vulnerable children will quit to make room for more students with the resources to pay a high-end tuition.

Once again we see that the poor and vulnerable are the one who ultimately suffer from the corruption in the church.

Scene 16

Speaker: Scott

Video: Return to image of Corridor Springs, graphic of the \$4 million amount, montage of Bishop with interior shots of hotel

Screen Label: Scott Augustine MD, Founder and Chairman, PHA

The church leaders also gain a strategic benefit from merely possessing the school as an asset. It goes back again to this place: Corridor Springs Hotel and the staggering \$4 million debt that is financially crushing the NCD.

By claiming ownership of PHA's school, the NCD can offer it as collateral to remain in good standing with the creditors or, as seen with the hospital in Mwanza, they may sell off the school and its contents to satisfy the hotel's debt.

The call for generosity and benevolence towards the needy is a cornerstone of the Christian faith. We all like to believe we are doing our part, whether it's large fundraisers for a global mission project or a few dollars in the Sunday collection plate. The danger, however, is whether you could actually be doing more harm than good by feeding corruption.

Weak expectations of accountability present an opportunity for corrupt church leaders to exploit the lack of oversight. Corruption is very much like cancer. It starts out small, hardly even noticeable. Then it grows, becoming ever more bold and aggressive. In the North Central Diocese the cancer is now to the point where the leadership will openly steal a \$6 million school and \$425,000 in VAT rebates and think nothing of it. We totally underestimated the boldness of Bishop Laiser and General Secretary Karyongi – there are apparently no limits to what these men will take from the mouths of their people.

Scene 17*Speaker: Narrator**Video:**Screen Label: Prof. Christoph Stueckelberg*

Renowned ethicist and global activist, Professor Christopher Stueckelberg, wrote a piece entitled “*Corruption-Free Churches are Possible.*” He says, “Fighting corruption in churches is not done in order to destroy them but to support and heal them...Corruption in religious institutions is especially disturbing because these institutions and their representatives are seen worldwide, even in secular societies, as moral authorities. If even pastors and bishops are corrupt, who else can set benchmarks of truth and transparency?”

Scene 18*Speaker: Sue**Video: Scott, Sue, Elaina and Dan at conference table**Screen Label:*

Can anything be done to stop the corruption without completely cutting off funding to foreign church projects? First of all, International church organizations like the Lutheran World Federation would do well to re-examine the weakness in the “accompaniment” model. There is nothing un-Christian about demanding accountability and freedom from corruption. However, it does seem un-Christian to waste limited charitable resources on corruption, because of intentionally weak management and oversight—the definition of accompaniment.

The responsibility also rests with individual donor to ask the important questions. Withholding funding from foreign churches and projects that do not meet certain standards is in no way disrespecting the local religious institutions. It shows a concern for religious integrity. If recipient churches do not welcome accountability, audit and inspection, the odds are they have something to hide.

Despite what Bishop Laiser and the church have done to PHA, we’re still completely committed to getting our school back, along with title to the land this time, and re-opening it once again to the orphans – fulfilling our mission of giving them hope through high quality education.

Scene 19*Speaker: Scott**Video: Scott, Sue, Elaina and Dan at conference table**Screen Label:*

As businessmen and women, we understand the critical importance of accounting and accountability. We have a lot of experience in Africa and when we partnered with the church, we were cautious, we had our eyes wide open, fully anticipating the inevitable corruption, and we still got robbed. None-the-less, we plan on working in Africa for

many more years. However, that does not mean that our business relationships will be the same—especially with the church.

What has Peace House Africa learned from this experience? In short, we could not disagree more with the church “accompaniment” philosophy, that purposely avoids accounting and accountability. In my opinion, the accompaniment philosophy encourages corruption. I would argue that benevolent western Christians like you and me, actively facilitated and encouraged the massive corruption now found in the African church, by allowing the accompaniment philosophy to be used.

Scene 20

Speaker: Elaina

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

Many people have asked us, don’t the church leaders worry about getting caught? Not a bit! Even though they could and should be criminally prosecuted for fraud, embezzlement and theft, the reality is that so far, the Tanzanian government has not been taking action against church leaders. The US government does not have jurisdiction but also does not want any involvement. The Evangelical Lutheran Church in America, the European Lutheran Churches and the Lutheran World Federation invented the idea of “church accompaniment,” a philosophy that deliberately does not ask for accounting or accountability. Needless to say, they want no part of challenging the corruption in the African church.

Scene 21

Speaker: Dan

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

Then there are the well-intentioned, generous churches and individuals who donate directly to African projects. Usually they don’t even know that they’ve been ripped off, because they don’t follow-up on their donations. They don’t visit Africa to see for themselves if the well got dug or the students got the scholarships. If somehow they do find out that they’ve been ripped off, they simply say, “we’re not sending any more money to that church,” but they never take legal action or make a big deal out of it.

Nothing makes charitable American church folk back off faster than being accused of “colonialism” or “racism.” The result is that we don’t even try to investigate suspected corruption, we simply quit giving to that project. The truth is that the Bishops really don’t care if that particular donor stops giving because they know that there are plenty of new, unsuspecting western donors that will show up as replacements.

Scene 22

Speaker: Scott

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

In the end, no one is doing anything to stop this cancer of corruption in the African church. That is why we are speaking out about it. In our opinion, the most effective way to get rid of corruption in the church, is to cut off the un-audited foreign money supply, available to the Bishops. We certainly are not suggesting that all donations to Africa be stopped. Rather, we are encouraging donors to manage donations in a way that prevents the Bishops and other church leaders from stealing the donation, before it gets to those in real need. We're also encouraging the Tanzanian government to prosecute these crimes and make an example of these corrupt church officials. Why would any foreign business, church or individual invest in Tanzania, if high-level corruption is tolerated by the government?

For any donor interested in giving to African projects we suggest the following specifics:

- Make all donations directly to the project and not through an African church office. If that is not possible, we suggest that you choose a different project to support. In my opinion, money sent directly to an African church office has almost no chance of getting to the needy people that you thought the money was going to.

Scene 23

Speaker: Dan

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

- If you're still intent on a church project, insist that the money go directly to the specific project that you designate. The Bishops love undesignated funds because they are nearly impossible to account for – don't make it that easy for them. Be aware that church projects are very easy to scam. Then follow-up and ask for a complete accounting of the funds. Even better, go to Africa and ask to see the project and the accounting.

Scene 24

Speaker: Elaina

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

- Insist that the money be paid directly to the project, by a trusted money manager who is preferably an expatriate living in country. Expatriates are not inherently more trustworthy, but they don't have the financial pressures of the hurting family, friends and neighbors, like the locals have. If you're donating through an intermediate organization like the ELCA, insist that they have an expatriate money manager in country, who is paying and monitoring the projects directly.

Scene 25

Speaker: Sue

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

- The recipients of your gift must agree to inspections, accounting and independent auditing. If they refuse, do not give them your money. There are plenty of legitimate charitable organizations that are honest and open, choose one of them instead.

Scene 26

Speaker: Dan

Video: Scott, Sue, Elaina and Dan at conference table

Screen Label:

- If you have any desire to build schools or hospitals in Tanzania and probably elsewhere in Africa, demand that the land be titled to your charity, not a local church. The church leaders will tell you that this cannot be done but that is simply not true. Registered NGOs can hold the title to land in Tanzania. Do not invest a single dollar or start construction until the land is properly titled.

Scene 27

Speaker: Scott

Video: Scott then Bishop Laiser and GS Karyongi

Screen Label:

As you can see, we at PHA learned a lot from the school of hard knocks. We are not trying to discourage donations to Africa because there are millions of people in desperate need. However, donations must be made to projects and organizations that have been carefully vetted. The money must be handled and managed in a business-like fashion to maximize the odds of it actually getting to those in need. What we have learned from our experience over the last 12 years in Tanzania, is that you would do well to assume that the church is corrupt at the top, including the Bishop, until proven otherwise.

In summary: Money sent directly to churches in Africa, is frequently diverted for unintended uses. Sometimes the money is diverted for the Bishops' personal use or for his family or senior staff. Sometimes the money is diverted to other diocese projects, some of which may even be for-profit enterprises. But the bottom line is that your donation all too frequently does not get used as you intended. Sadly, the Bishops cannot be trusted – they are the new face of corruption in Africa.

Scene 28

Speaker: Narrator

Video: Black screen

Screen Label: Please feel free to contact us:

info@peacehouseafrica.org

952-465-3500

Before making a large donation to an African church project or starting an African charitable project, please feel free to contact us. We don't know all of the answers, but we are happy to share what we have learned the hard way.