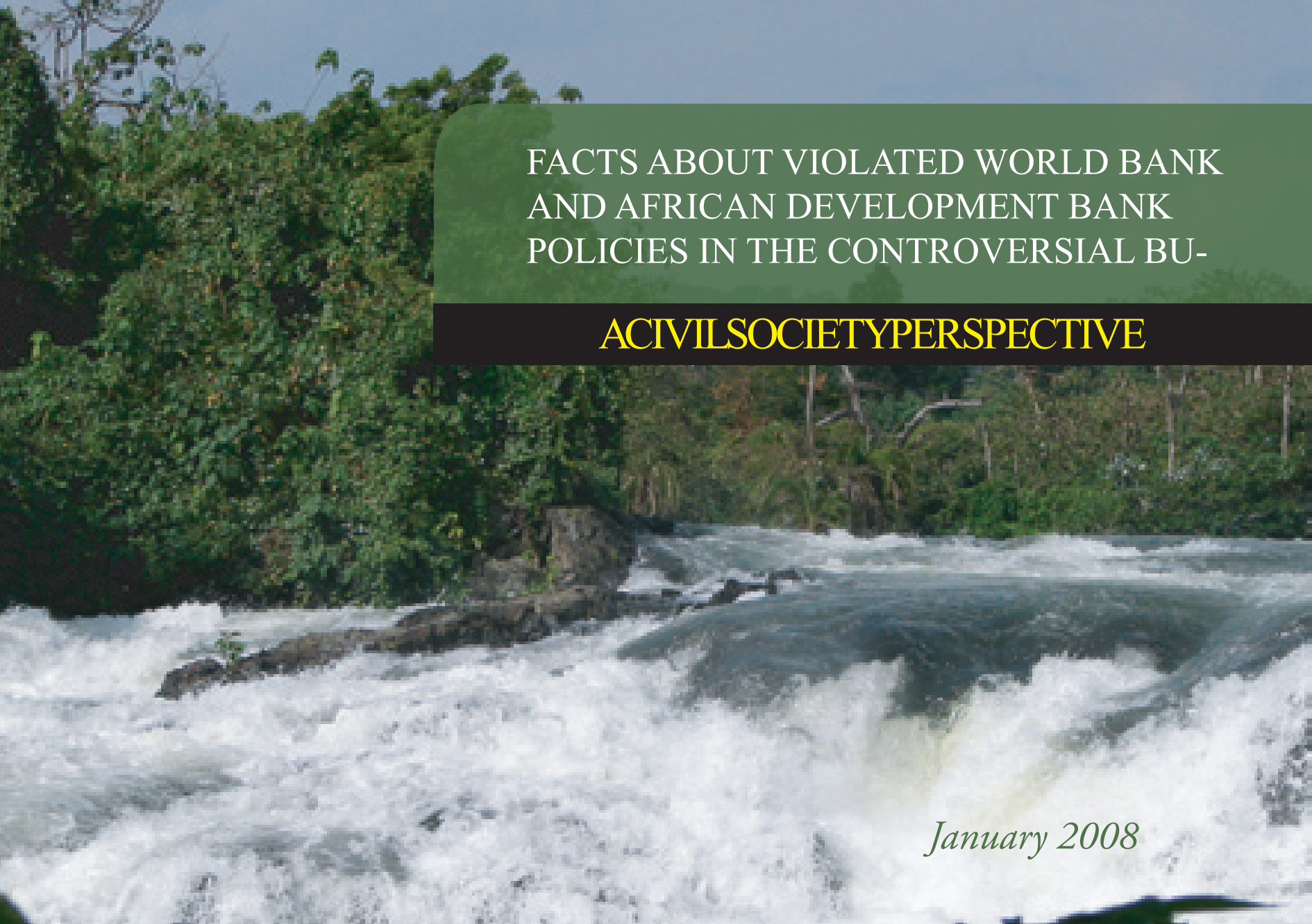

FACTS ABOUT VIOLATED WORLD BANK AND AFRICAN DEVELOPMENT BANK POLICIES IN THE CONTROVERSIAL BU-

ACIVILSOCIETYPERSPECTIVE

January 2008

Source: Bujagali Energy Limited

Guide to Photo on Cover Page

Bujagali Falls rapids that will be flooded once the Bujagali hydropower dam is constructed downstream

Facts about violated World Bank and African Development Bank Policies in the controversial Bujagali Project

A CIVIL SOCIETY PERSPECTIVE

January 2008

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EXECUTIVE SUMMARY

The World Bank and African Development Bank and other International Finance Institutions (IFIs) are trying to help Uganda develop additional power generation capacity to meet the growing electricity demand, which has exerted strain on the existing power generation capacity that has resulted in severe loading shedding and power-cuts, which in turn is retarding economic growth and negatively affecting natural resources use and management. Government's fixation on the development of a controversial Bujagali hydropower dam at the expense of alternative and better energy options has aggravated the energy crisis in the country.

The apparent desperation to develop additional generation capacity has resulted in the installation of very expensive thermal (100MW) systems that are draining national treasury reserves, worsening the economy situation and depriving the citizens of other social services and goods, increasing poverty, causing pollution and contributing to climate change problems. This desperation has also cajoled the Banks and other IFIs into taking short-cuts and making omissions in the Bujagali project in violation of established Banks' policies and procedures.

This publication contains the facts about the policies of the World Bank and African Development Bank that were violated in the Bujagali project, which also formed basis for the civil society request for the investigation of the project by the World Bank Inspection Panel and the African Development Bank Independent Review Mechanism.

INTRODUCTION

Uganda is experiencing severe power shortages that are affecting economic growth and sustainable use and management of natural resources. This power crisis is a result of the country's failure to develop additional generation capacity; the country's fixation on the development of a controversial Bujagali project; a reduction in generation capacity of the existing Nalubaale and Kiira hydro-power complex from 380MW to only 120MW largely due to over-abstraction of water from the Lake Victoria for power generation; and failure to develop alternative energy sources to meet the growing demand for electricity in the country. It is therefore obvious that the country needs additional, reliable and sustainable power supply to overcome power shortfalls. Government of Uganda (GoU) has continued to push forward the development of Bujagali hydropower dam project, but it is unlikely that this project will effectively address Uganda's energy needs for socio-economic development and transformation and poverty eradication. Government has also installed thermal-based power systems (100MW) as an immediate measure of addressing the current crisis. While thermal power may address the crisis in the short term, it is not sustainable economically and has many environmental consequences in the long-term. Thermal power is depleting national treasury reserves, retarding economic growth, denying the citizens social goods and services and is causing severe pollution, environmental degradation and thereby contribute to climate change.

The only way forward for Uganda is to have an energy mix that includes geothermal, solar, wind, co-generation, with less emphasis on large hydropower options. Unfortunately, government and the International Finance Institutions such as the World Bank (WB), African Development Bank (AfDB), European Investment Bank (EIB), etc. continue to emphasize large hydropower projects that have consistently failed to deliver the desired objectives and eradicate poverty, which is the primary justification for the existence of these institutions and governments. Interestingly, these institutions and governments have safeguard policies to address the negative impacts of projects they support. Often times, these policies have been violated by these very institutions and governments. The Bujagali project is a classical example where the World Bank and African Development Bank have violated their own safeguard policies. The National Association of Professional Environmentalists (NAPE) together with other Non-Governmental Organizations (NGOs), have persistently raised concerns and issues regarding the violation of Banks' policies in the Bujagali project processes and have submitted requests for investigation of the project to the WB-Inspection Panel and AfDB-Independent Review Mechanism.

THE VIOLATED POLICIES IN THE BUJAGALI PROJECT

The following are the policies that the World Bank and African Development Bank violated in the Bujagali Project. These violations form basis for the civil society claim (request) for investigation of the Bujagali project:-

Table 1: World Bank and African Development Bank Policies violated by the Bujagali Project in Uganda

World Bank Policies	African Development Bank Polices
• OP/BP 4.01 Environmental Assessment, January 1999 • OP/BP 4.02 Environmental Action Plans, February 2000 • OP/BP 4.04 Natural Habitats, June 2001 • OP 4.07 Water Resources Management, February 2000 • OP/BP 4.10 Indigenous Peoples, July 2005 • OP/BP 4.11 Physical Cultural Resources, July 2006 • OP/BP 4.12 Involuntary Resettlement, December 2001 • OP/BP 4.37 Safety of Dams, October 2001 • OP/BP 7.50 Project on International Waterways, June 2001 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994 • OP 1.00 Poverty Reduction, August 2004 • World Bank Policy on Disclosure of Information, June 2002 Ref: www.worldbank.org	• Environmental and Social Assessment (ESA) (2001) • Environmental and Social Audit Guidelines (ESAG) (2003) • Environmental Policy (EP) (2004) • Involuntary Resettlement Policy (IRP) (2003) • Information Disclosure Policy (IDP) (2000) • Governa nce Policy (GP) (2000) • Economic Evaluation of Investment Operations (EEIO) • Poverty Reduction (PR) (2003) Ref: www.afdb.org

ISSUES, CLAIMS (CONCERNS) AND BANK POLICIES VIOLATED BY THE BUJAGALI PROJECT

Issue	Concern (Claim)	Bank Policy(ies) Violated
1. Hydrological Risks  Water Level at Source of River Nile, 2002  Water Level at Source of River Nile, 2006	• There is not enough water to sustain and ensure that the proposed Bujagali Hydropower project will generate its designed capacity of 250MW. This is because over the years the amount of water available in the Lake Victoria and River Nile basin has continued to decline due to the changes in meteorological influences, rainfall, run-off process, evaporation losses and the interaction between rainfall and evaporation within the watershed and climate change in the region. Based on prevailing and likely future climatic conditions, it is not possible that Bujagali project will produce 250MW without threatening the health of Lake Victoria and its catchments, especially wetlands and forests. • The Economic and Financial Evaluation study of the project found that water being insufficient for the project to generate 250MW when it states that the probability of having low hydrology is 79% over the life of the project. This is also stated by the World Bank Integrated Safeguards Data Sheet Concept Stage Report (AC2683. Date ISDS Prepared/Updated 02/01/2007) that gives an output range between 200MW and 250MW. However, government and the dam developer (Bujagali Energy Limited-BEL) assert that the project would generate 250MW. • According to Bank Management's Response, GoU has to pay BEL a capacity charge whenever the Bujagali Plant is available to generate power (based on the project's contractual capacity). Therefore, there should be no incentive for GoU to withhold water. This implies that the performance failure of Bujagali to produce 250MW will be borne by Ugandans. GoU could use this excuse to release more water to ensure Bujagali's contractual capacity output at the detriment of Lake Victoria.	**World Bank Policies** • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 **African Development Bank** • ESA (2001) • EP (2004) • ESAG (2003) • EEIO
2. Performance of Bujagali	• It is argued by project proponents that Bujagali will generate 1.2 times the power generated at Nalubaale and Kiira at any time, because of its higher head. The current output at the Nalubaale-Kiira power complex ranges between 110-135MW, implying that Bujagali would generate 132-162MW under the same hydrological conditions. It was acknowledged by an Engineer at Nalubaale-Kiira power complex that this complex is not running at full capacity, because of limitations from tail water and the need to maintain live storage, confirming that hydrology is a major limitation to hydropower generation in this section of the River Nile. It was also confirmed that the Agreed Curve was no longer being respected and that the Victoria Nile flow regime has changed.	**World Bank Policies** • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994

	Consequently, the original long-term energy output assessment for Bujagali is no longer valid (WREM, 2005a). Other experts reported that although Bujagali dam was designed for 234-290MW, in reality, this is not possible under the current hydrological regime. The best it could ever achieve under the current hydrological regime would be 162.5MW. It is therefore obvious that Bujagali cannot generate the much hyped 250MW at and after commissioning in 2011. Does this warranty (justify) the projected costs (US$799million) of the Bujagali project, especially when the probability of the low hydrology is greatest? • Also the Economic and Evaluation study of the project recommended a "Constant Release" operational rule for Lake Victoria based on low (687m3/s) and high (1247m3/s) hydrological scenarios, instead of the current release rate (400m3/s) based on the Agreed Curve (natural flows). This will not permit quick recovery of the Lake and will lead to over-draining of the Lake in order to meet targeted electricity generation of Bujagali hydropower station and meet current electricity demands. In addition, the constant flow will lead to increased sedimentation, a change in water temperature, vegetation and geomorphology that will affect ecosystem functions, fisheries, livelihoods, tourism, recreational opportunities and electricity generation capacity downstream. • A recent analysis by Engineer Daniel Kull of Lake Victoria and the proposed hydrological curve change has revealed that in order for Lake Victoria water levels to recover quickly, the operational rule of the River Nile waters for electricity generation should conform to the Agreed Curve (natural flows). It remains to be seen, if other analyses for the project will properly address these concerns. Hence, the failure to adequately address performance issues of Bujagali project violated Banks' policies.	African Development Bank • ESA (2001) • EP (2004) • ESAG (2003) • EEIO

3. Climate Change Risks

Drying Lake due to climate change effects

The Social and Environmental Assessment (SEA) report of the Bujagali project does not address climate change and its possible impact on power production at Bujagali. The Economic and Financial Evaluation study that attempts to address climate change issues is based on flawed assumptions and studies. It bases climate change on the NELSAP-SSEA study that rightly states that future climate conditions will be hotter, lead to increased evaporation, water run-off, more rainfall in the northern region, but wrongly asserts that this situation would be favourable to hydropower generation. The question would be how sustainable are these flood conditions to ensure power generation, especially in periods when rainfall patterns and temperatures have changed and are unpredictable? However, a similar study stated that current and future climate models indicate hotter, drier conditions, lower lake levels and lower downstream river flows that could dramatically reduce the lake's levels and therefore outflow to the Nile (WREM, 2005a). This study shows that as a consequence of increasing temperature, lake evaporation will continue to escalate beyond lake rainfall intake causing a lake-water deficit of more than 20 billion cubic meters per year toward the end of the century. Both the NELSAP and WREM reports are in agreement concerning current and future climate change effects where they predict hotter and drier conditions and increased evaporation, which is a generally acceptable prediction. The NELSAP-SSEA study actually recommends further SEAs, does not claim to be the answer to climate change and cautions on the over reliance on hydropower, especially if drought persists. Hence, for the project proponents to claim that climate change would not have significant impact on power generation at Bujagali was therefore erroneous, misleading and a violation of Banks' policies.

World Bank Policies

- OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004)
- OP 4.02 Environmental Action Plans, February, 2000
- OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994
- OP 4.07 Water Resources Management, February 2000

African Development Bank

- ESA (2001)
- EP (2004)
- ESAG (2003)
- EEIO

4. Cumulative Impacts Assessment

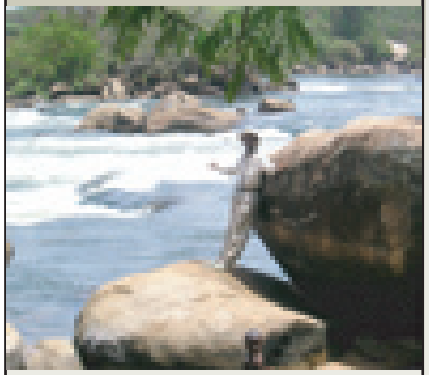
Aerial view of Kiira and Nalubaale Powerhouse and dam complex on River Nile at Jinja. Additional dams downstream will result in a cascade of dams, whose negative cumulative impacts may be major

- There are no Cumulative Impact studies on Building a Cascade of Dams along the River Nile, including Bujagali. The Bujagali SEA does not also discuss what changes to the existing dam complex (Nalubaale & Kiira) would be required to begin to restore the Lake's level; and how such changes would affect Bujagali. The World Bank-IFC stated that the lack of a comprehensive management plan gives rise to long-term management challenges of the River Nile. Also, the last Inspection Panel report stated that: "The Panel consequently concludes that the issue of cumulative effects, addressed by Management and raised by the Requesters, is of real significance and is deserving of greater attention." Although much time has passed since the Bujagali project was first proposed at the World Bank, to date the cumulative impacts issue remains unresolved. There was no deliberate attempt by BEL to identify cumulative impacts.
- The NELSAP-SSEA report referred to in the Bank Management's response to requesters categorically states that "..no complete cumulative impact studies have been undertaken on any of the projects" (last Para Section 14-2). It is therefore strange that this SSEA report could conclude that "developing Bujagali and other sites in the Victoria Nile Basin (excluding Kalagala) will not have significant cumulative environmental impacts".
- Cumulative impacts are not restricted to changes in flow regimes, likelihood of sedimentation, erosion and degradation of water quality, possibility of proliferation of invasive aquatic vegetation, and loss of natural habitat and resources, but to others such as a cascade of dams, aesthetics, economics, social, tourism, biodiversity, spiritual, livelihoods, regional, political and other environmental issues, etc. The failure to address cumulative impacts is a violation of Banks' policies.

World Bank Policies
- OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004)
- OP 4.02 Environmental Action Plans, February, 2000
- OP/BP 10.04 Economic Evaluation of Investment Operations, September/ April 1994
- OP 4.07 Water Resources Management, February 2000

African Development Bank
- ESA (2001)
- EP (2004)
- ESAG (2003)
- EEIO

5. Kalagala "Off-set"



Kalagala Falls Site, the proposed Off-set for loss of Bujagali Falls

- Paragraph 1 of the agreement between World Bank and GoU states that "Government of Uganda undertakes that any future proposal which contemplates a hydro power development at Kalagala will be conditional upon satisfactory EIA being carried out, which will meet the World Bank Safeguard Policies as complied with in the Bujagali project. Government and the World Bank will jointly review and jointly clear such an EIA". This, however, is not a guarantee that Kalagala Falls would never be developed for hydropower. The commitment on Kalagala Falls as an "Off-set" by government of Uganda is not binding. It does not completely remove Kalagala as a future dam site. Legal interpretation of the agreement by the Inspection Panel also confirmed that there was no guarantee for Kalagala as an offset for Bujagali (Inspection Panel Report, 2002).
- Up to now there is no legally binding commitment in perpetuity for Kalagala Falls as an "Off-set" for Bujagali Falls. Recent Government letters in regard to Kalagala Falls Off-set are contradictory and still make reference to the 2001 GoU letter to the lenders in respect of Kalagala Off-set during the previous effort to develop Bujagali that was found to be inadequate.
- Kalagala remains an Off-set as long as the indemnity exists between GoU and the World Bank IDA. Outside of this, the off-set does not exist, until an agreement between World Bank and GoU is signed to perpetually have Kalagala Falls as an Off-set. This also is a violation of Banks' policies.

World Bank Policies

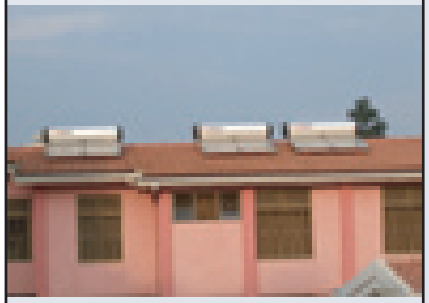
- OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004)
- OP 4.02 Environmental Action Plans, February, 2000
- OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994
- OP 4.07 Water Resources Management, February 2000
- OP. 4.04 Natural Habitats June 2001 (Revised August 2004)

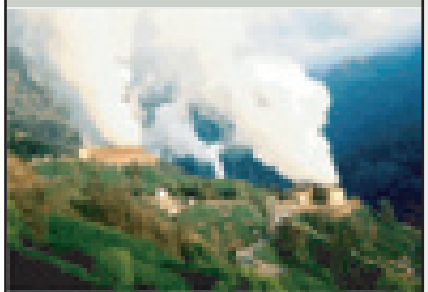
African Development Bank

- ESA (2001)
- EP (2004)
- ESAG (2003)
- EEIO

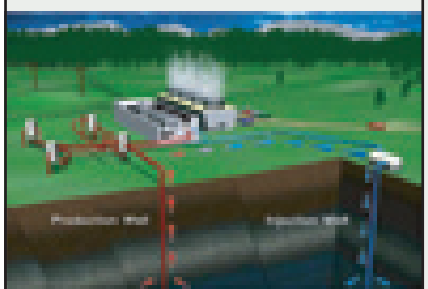
6. Economic Assessment	• In the previous Bujagali project, there was no comprehensive economic analysis done as basis for determining the project's viability. Similar concerns were held by both the World Bank Inspection Panel and IFC Compliance Advisor/Ombudsman in 2001-2. The Inspection Panel then (2002) recommended that comprehensive assessments be carried out before any further damming of the Nile could be done. • The recently concluded economic and financial evaluation of the Bujagali project (2007) is inadequate, because it is based on flawed assumptions and is therefore not a good basis for determining the viability of the project:- □ It is based on the project's ability to generate designed capacity (250MW), which will not happen. ▸ The assumption that 17,000-20,000 new customers will come on-line every year is unrealistic. UMEME is obliged to add only 12,000 customers every year during its 20 year concession period. Currently, there is no concrete strategic transmission line expansion (extension) plan on how to meet such customer growth, especially for the rural areas. The available Rural Electrification Plans for the dam-affected people on the eastern and western banks of River Nile (IED, 2007) and the country in general are inadequate. ▸ Only less than 1% (approximately 290,000 consumers) of the country's population (30.2million) currently use grid electricity. The report does not reflect the consumers that have abandoned electricity use due to high tariffs, despite being connected to the grid. The affordability assessment report is unrealistic. Also, the much hyped 5% access to grid electricity is not correct, is misleading and does not reflect the actual electricity usage in the country.	World Bank Policies • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994 • OP 4.07 Water Resources Management, February 2000 • OP. 4.04 Natural Habitats June 2001 (Revised August 2004) • OP 1.00 Poverty Reduction, August 2004 African Development Bank • ESA (2001) • EP (2004) • ESAG (2003) • EEIO • PR (2003)

	- It does not adequately address the economic viability in relation to hydrological risks, social and environmental impacts. The authors of the report only highlight the benefits and not the costs associated with change in water flows and disruption of people's livelihoods of lake-side dwellers and businesses upstream and downstream of the River Nile. - The incremental social and environmental costs or damages attributed to Bujagali project were not monetized, consequently allocating a zero monetary value to the environmental damages and social costs by default. The 10-12% social discount rate used in the economic analysis is too high, underestimates the Bujagali project's damage costs and indicates that the Banks favor projects that produce short-term benefits against long-term costs. The economic analysis should include the monetized social and environmental costs of building a dam, altering water flows and disruption to the livelihoods of lakeside dwellers and businesses. - Bujagali Project proponents claim that "if Bujagali were not to be built, then either lack of electricity will persist or more expensive alternatives will be needed to be built." The fact, however, is that if target levels of energy cannot be met with Bujagali, other more costly sources will be needed, until the proposed Karuma project and other alternative energy sources are commissioned. - The economic analysis failed to systematically determine the macroeconomic benefits of the Bujagali project. The macroeconomic analysis was based on two case scenarios 1) the least-cost expansion plan with Bujagali and Karuma and 2) the least cost expansion plan without Bujagali and with Karuma commis-	

	sioned as early as 2012. The economic analysis was also based on demand forecasts, base fuel, capital cost and low hydrology. The assumptions are that thermal energy will be displaced earlier; there will be two investments (Bujagali & Karuma), instead of one (Bujagali); and that tariffs will be lower when Bujagali is around compared to when it is absent for households connected to the grid, while those not connected will not be affected. These assumptions are erroneous, because the reduction in prices of goods and services will be small, since the reduction in cost of electricity production, tariffs and macro-economics accruing from Bujagali project will be small. ▸ An analysis of the risks of climate change on Uganda's energy sector and its economy should also be undertaken and publicly released. Therefore, the failure to conduct an adequate economic analysis is a violation of Banks' policies.	
7. Options Assessments  Solar Panels for water heating on a roof top of a residential house in Kampala	• Alternative energy options have not been adequately studied to provide evidence that Bujagali dam project is the least-cost option. The recently released Economic and Financial Evaluation study (2007) of the project, although it highlights some of the alternative energy options, it did not adequately assess them, yet there have been various efforts in the recent past to analyze Uganda's renewable energy potential. • Another study referred in the economic study of the project NELSAP-SSEA does not also adequately address the alternative energy options. It restricts itself on energy options that have some form of preliminary data, a degree of development and emphasizes regional energy trade at the expense of known and promising potential energy options, whose study	World Bank Policies • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994



A Geothermal Plant in Operation



Geothermal installation design

has been limited, but could prove more relevant to national energy development and energy security needs. Therefore, the NELSAP report has limited national interests and is not an adequate basis for decision-making regarding power development options for Uganda.

The known potential alternative energy options that have not been taken seriously by government and the NELSAP study include:-

- Bagasse: Although it has been discussed for years, the country has developed only a few megawatts of its currently estimated 40MW potential.
- Small hydro (less than 10 MW): Of at least 46MW at 16 sites that has been identified, only 13MW have been developed.
- Micro-hydro (less than 100 kilowatts): A limited number of sites have been developed, despite there being at least 40MW of potential.
- Karuma Dam (150 MW) is considered to be less socially and environmentally destructive than Bujagali (in fact than all currently proposed large dams in Uganda). It would have the added benefit of bringing electricity to the northern part of the country, whose development has been marred by continued rebel conflict. Currently, it is behind Bujagali schedule in Uganda's energy development project cycle.
- Geothermal: Uganda has significant potential of up to 450MW geothermal energy, but studies have lagged behind hydroelectric analysis. Bujagali project proponents have continuously understated the geothermal potential to be 20-45MW, while independent experts report much greater potential, which brings into doubt the credibility of the Bujagali analysis in this regard.

- OP 4.07 Water Resources Management, February 2000
- OP. 4.04 Natural Habitats June 2001 (Revised August 2004)
- OP 1.00 Poverty Reduction, August 2004
- OP 4.37. Safety o f Dams, October 2001

African Development Bank

- ESA (2001)
- EP (2004)
- ESAG (2003)
- EEIO
- PR (2003)

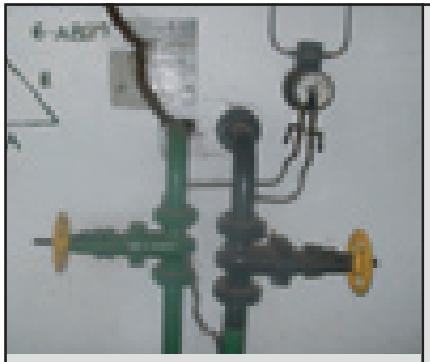
Improved Energy Efficient firewood stove

Wind and Solar power Street lights in Kampala

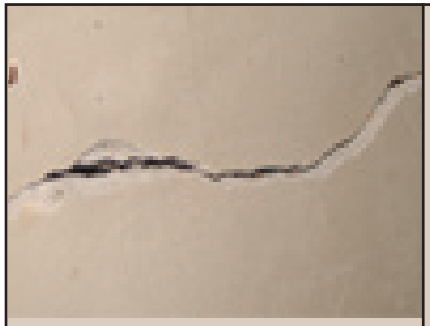
- Municipal Solid Waste: Uganda has an estimated 10-30MW potential that has not yet been developed.
- Solar: The East African Newspaper recently reported; "The government's plan to save 46MW of grid power during peak hours using solar photovoltaic and solar water heaters has not taken off. Government had estimated that a total of 100,000 grid connected consumers would install solar PV systems and use solar lighting instead of grid electricity." Energy used for water heating is a significant contributor to the electricity demand, accounting for almost 50MW. Experts estimate that 10MW of peak power could be saved immediately (and more in future) with solar water heaters for grid-connected customers. Government of Uganda has abandoned solar energy to individual, NGO and local community development interests. Also, the use of solar powered high capacity steam turbines was not incorporated in the study.
- Wind power potential needs further exploration, as wind speeds have only been recorded at low heights, not the 10 meters that is standard for wind power analysis.
- Improved, efficient stoves and biogas digesters would be key to bringing cleaner energy to the rural poor and reduce deforestation from cutting fuel wood.
- Alternative non-damming hydro-power technologies were not considered in the appraisal of Bujagali, yet they would help preserve the aesthetics and tourism benefits of Bujagali Falls.

	All these alternatives were dismissed based on their inability to competitively supply power by 2011 when the Bujagali project would be commissioned. The analysis of the alternatives was not comprehensive enough and therefore a clear violation of Banks' policies	
8. Tourism versus Bujagali Project  Tourists rafting the Bujagali Falls on River Nile	• Tourism associated with the Bujagali Falls would contribute greater to national development, poverty reduction, etc. than constructing a dam at Bujagali Falls. The opportunity-cost of having Bujagali compared to tourism was not adequately assessed and this again was a violation of Banks' policies.	World Bank Policies • OP/BP 10.04 Economic Evaluation of Investment Operations, September/April 1994 • OP 4.07 Water Resources Management, February 2000 • OP. 4.04 Natural Habitats June 2001 (Revised August 2004) • OP 1.00 Poverty Reduction, August 2004 African Development Bank • ESA (2001) • EP (2004) • ESAG (2003) • EEIO • PR (2003)

9. Dam Costs and Affordability	• The cost of the Bujagali project has continued to escalate from US$550million to US$860million presently and it is still going higher. The Banks are aware of the increasing costs of the project, yet they continue to claim that the project is the least-cost project. • It is claimed by the proponents of the project that Bujagali will lead to a 5% reduction in electricity tariffs in the longer-term (IED, 2007) . Also, the banks' claim that by the time Bujagali comes on-line in 2010, there will be a 10% reduction in end-user tariffs in 2006 real terms. Current electricity tariffs are in the order of US$¢25/kWh with government subsidy. A 5% or 10% reduction in tariffs would imply a final tariff of US$¢23.75/kWh or US$¢ 22.5/kWh with government subsidy, respectively. The Economic and Financial Evaluation of Bujagali reports a tariff of US$¢16-17/kWh from 2011 to 2020. All these tariffs are unaffordable to the majority of Ugandans and would require government subsidization to buy them down. It is therefore obvious that the electricity that will accrue from the project will not be affordable. The failure to adequately address dam costs and affordability issues is a violation of Banks' policies.	World Bank Policies • OP/BP 10.04 Economic Evaluation of Investment Operations, September/ April 1994 • OP 1.00 Poverty Reduction, August 2004 African Development Bank • ESA (2001) • ESAG (2003) • EEIO • PR (2003)
10. Dam Safety	• The ageing and cracked Nalubaale power station upstream is a threat to the safety of Bujagali downstream. • Although Bank Management acknowledges that dam safety is an integral part of the evaluation process of the Bujagali project and that an Emergency Preparedness and Response	World Bank Policies • OP/BP 4.37 Safety of Dams, October 2001

 Cracks in the Owen Falls (Nalubaale) Powerhouse	Plan (EPRP) is an important requirement for the financing agreements, currently there is no concrete, effective and reliable EPRP in place, yet it has direct impact on the project's financing and the country's debt burden. • While some report claim the integrity of the Nalubaale-Kiira power complex, these are based on the new Kiira power station and recent remedial works on the ageing Nalubaale power station that are reliable for a shorter period than the lifespan of the proposed Bujagali. No wonder government of Uganda is now planning to construct another bridge across the Nile between the Railway Bridge and the old Nalubaale-Kiira power complex, because the existing bridge and dam structures are no longer safe and reliable. Hence, the failure to address dam safety issues and put in place and EPRP is a violation of Banks' policies.	African Development Bank • ESA (2001) • ESAG (2003) • EEIO
11. Compensation and Resettlement of Project-affected People	• Project-affected people were not adequately educated and informed about their rights, entitlements and the standards of compensation and resettlements associated with such projects as the Bujagali project. The overall objective of compensation and resettlement is to ensure that people's social and economic status and livelihoods are improved. But, what is evident is that the dam-affected and resettled people have instead become impoverished. • The houses in which people were resettled were poorly constructed, a reason why 5 years after resettlement, the structures are dilapidated. The new project developer (BEL) has	World Bank Policies • OP/BP 4.12 Involuntary Resettlement, December 2001 • OP 1.00 Poverty Reduction, August 2004

[1] Innovation Energie Development (IED). (2007). Bujagali Hydropower Project. AFD Soft Loan for Additional Mitigation Measures. Feasibility Study on Rural Electrification. Uganda.

 Cracked wall of one of the resettlement houses at Naminya Resettlement village, Mukono District	pledged to complete the unfinished work on the houses (i.e. Plastering, painting, installation of ceilings & electrical infrastructure in the houses). It is unlikely that such work will make the house better, stronger and durable. • Ever since the project was initiated in the late 1990s, there have been on-going controversies regarding Land Titles and compensation and resettlement for the dam-affected people in Naminya and Nansana. In 2006, a fresh survey of the resettled land was commissioned in Naminya that further raised additional concerns, queries and controversies. • Although it is a general requirement of Bank policies that the livelihoods of people affected (displaced) by a Bank financed project are improved in real socio-economic terms, in reality, this is often not achieved. This is true for Bujagali. Apart from the promises in the Community Development Action Plans (CDAP) and the Resettlement Action Plans (RAPs) of the Bujagali project, there is no legally binding evidence that such promises have been (will be) fulfilled as pledged.	African Development Bank • Involuntary Resettlement Policy (IRP) (2003) • Governance Policy (GP) (2000) • Poverty Reduction (PR) (2003)
12. Cultural and Spiritual issues of Bujagali Falls	• It is Bank policy to consider and appraise through consultations with project-affected people the impact of a Bank financed project on the Cultural and Physical Resources (property). While there was some form of consultations of the Bujagali project-affected people and others, the consultations were inadequate, manipulated and selectively done. For example, Jajja Budhagali, the spiritual leader of the Basoga was marginalized from the consultation processes.	World Bank Policies • OP/BP 4.12 Involuntary Resettlement, December 2001 • OP 4.11 Physical Cultural Resources, July 2006

 Jajja Budhagali, the spiritual leader of the Basoga tribe whose shrines are at Bujagali Falls	• Bujagali Falls is an important cultural/spiritual site for the more than 495 clans of Busoga whose population is over 3.0million in the country. To overlook and flood such a site is to declare cultural and spiritual demise to a people. • The Banks did not conduct and independent and thorough evaluation and appraisal of the resettlement, land titles, cultural-spiritual issues, etc, thereby violating their own policies.	African Development Bank • Involuntary Resettlement Policy (IRP) (2003) • Governance Policy (GP) (2000) • Poverty Reduction (PR) (2003)
13. Inadequate (old & inconsistent) Data (SEA)  Nile Tilapia fish (threatened)	• BEL's Social and Environmental Studies (SEA) are based on old data most of which has little or no bearing to current situation. For example, a) water quality data, climate, air-borne particulate data, among others were done almost ten years ago and do not reflect the current environmental realities e.g. declining lake and river water levels, degradation of wetlands and forests, increased silting, climate change, etc. that have occurred over the last 10 years; b) Fish species that were found to be endemic in the previous AESNP studies were mysteriously not discovered in BEL's studies, raising doubt on the fish report in BEL's studies. This seems to have been a deliberate attempt by project consultants to pervert information to ensure that the project goes ahead; c) BEL's studies on animals, birds and aquatic life were carried out for very short periods of 1 to 2	World Bank Policies • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/ April 1994 • OP 4.07 Water Resources Management, February 2000

Ground Squirrel

Crowned Crane (Uganda Crane), which nests in wetlands and is endangered

months that did not capture the variations in species distribution and diversity that usually occur over a period of one year.

- The use of solar powered steam turbines and the recently discovered fossil fuels were not factored in the appraisal of the Bujagali project as the least-cost option.

- OP. 4.04 Natural Habitats June 2001 (Revised August 2004)
- OP 1.00 Poverty Reduction, August 2004
- OP/BP 4.10 Indigenous Peoples, July 2005
- OP/BP 4.11 Physical Cultural Resources, July 2006
- OP/BP 4.12 Involuntary Resettlement, December 2001
- OP/BP 4.37 Safety of Dams, October 2001
- OP/BP 7.50 Project on International Waterways, June 2001
- World Bank Policy on Disclosure of Information, June 2002

African Development Bank

- ESA (2001)
- EP (2004)
- ESAG (2003)
- EEIO
- PR (2003)
- EP (2004)
- IRP (2003)
- IDP (2000)
- GP (2000)

14. Indigenous Peoples	BEL's SEA considers the project area as not inhabited by indigenous people, yet the Constitution of the Republic of Uganda (third schedule) considers Basoga as an indigenous people. Therefore, the failure to consider Basoga whose cultural-spiritual property will be destroyed in the construction of Bujagali is a violation of Banks' policies.	World Bank Policies • OP 4.01. Environmental Assessment, January 1999 (Revised August, 2004) • OP 4.02 Environmental Action Plans, February, 2000 • OP/BP 10.04 Economic Evaluation of Investment Operations, September/ April 1994 • OP 1.00 Poverty Reduction, August 2004 • OP/BP 4.10 Indigenous Peoples, July 2005 • OP/BP 4.11 Physical Cultural Resources, July 2006 • OP/BP 4.12 Involuntary Resettlement, December 2001 African Development Bank • ESA (2001) • EP (2004) • ESAG (2003) • EEIO • PR (2003) • EP (2004) • IRP (2003) • GP (2000)