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Dear Madam,

RE: COMPLAINT ABOUT THE BUJAGALI HYDROPOWER PROJECT

We, the National Association of Professional Environmentalists (NAPE) and the Save Bujagali Crusade Ugandan based non-governmental Organizations, would like to lodge a complaint concerning the Bujagali Hydro electric project, now being considered by the IFC and World Bank for funding. The Bujagali project is located 8 km down stream of the existing Owen Falls power station and at 2.5 km down stream of Bujagali falls. The project is estimated to cost 520 million US Dollars. AES Nile Power, a US-Based company, will construct it.

This complaint is made on behalf of members of NAPE and members of the Save Bujagali Crusade. These members from both institutions

Come from various parts of Uganda and Bujagali Area inclusive.

The basis of the complaint is as follows: -

1. We had lodged a complaint to CAO's office last year (Nov. 2000), but in your letter dated 15th December, 2000, you said that you would not accept our complaint by then because the Bujagali EIA report had not been released into the World Bank infoshop, and that the role of IFC in the project, was at that time, not yet established. You further said that is when the complaint would fall within the mandate of Ombudsman's role, if still warranted. The EIA reports are now in public domain, the role of IFC has been determined and our complaint remains outstanding.

2. On realizing the potential damage of having a cascade of dams along the Nile River, the WBG /IFC considered an adjacent potential dam site at Kalagala as "off-set" mitigation measure for negative impacts at Bujagali falls once the dam is built. However, these two sites (Kalagala and Bujagali) have existed mutually and have unique scenic, cultural/spiritual and socio-economic significance and cannot be used as off-set (compensation) for each other.

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3. Todate, the Power Purchase Agreement between AESNP and Uganda government continues to be a guarded secrete and yet its content will directly affect the ordinary Ugandan. Why is the public being denied access to it? What is there to hide from the Ugandan population?

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4. Studies on alternative energy sources (solar, wind, small-scale hydro dams and biomas) in Uganda have indicated that these energy sources are possible at small scale and are especially suitable for rural communities that cannot afford electricity from (are not connected to) the National grid-based electricity. But the EIA report, which apparently has been accepted by WBG /IFC, downplays these alternatives.

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5. i. There is no comprehensive study on the cumulative impact of a cascade of dams along the Nile. On what basis is Bujagali dam project being assessed?

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ii. The Bujagali documents give an impression of an exhaustive and wide spread public consultation and support for the project. But there serious flaws in the participation process. AESNP asserts 96% of NGO support and 85% national support for the project. However, in reality this is not the case. Only 50% respondents (including government institutions with vested interests) were polled out of over 3000 NGOs in Uganda, which makes it about 1.6% of NGO community. This is not realistic sample.

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iii. Commencement of compensation and resettlement of project affected people before the Bujagali project is approved is erroneous, trickister, and pre-emptive in decision making of WBG /IFC and NEMA / Government of Uganda.

iv. Reports of corruption and bribery are rife in local and international press/media. On this basis alone, it is sufficient for the project to be discredited.

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6. Uganda government has approved the project under controversial circumstances. It is currently released to the public domain for 120 days (beginning 30th April 2001). The project is currently seeking funding from World Bank group and other multilateral financial Institutions. We, NAPE and SBC have numerous concerns about the project. We have continued to raise these issues with the World Bank and

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IFC but have not had satisfaction to our concerns. We are calling for the project to be independently reviewed against the newly released report of the World Commission on Dams (WCD). We raised a number of concerns, during the recent IFC June 12th Jinja meeting, some of which were ignored, and others, no satisfactory answers were given. We turn to the Ombudsman's Office in the hope that our concerns will be seriously addressed this time.

7. The following are specific sections in the WCD guidelines that need to be addressed by the project sponsors.

- i. The WCD states "risks must be identified, articulated and addressed explicitly. Most important, involuntarily risk bearers must be provided with the legal rights to engage with the risk takers in a transparent process to ensure that risks and benefits are negotiated on a more equitable basis". It further states: "determining what is an acceptable level of risk should be undertaken through a collective political process". But in Uganda, the risks have not been publicly discussed. The Power Purchase Agreement (PPA), which describes who is taking what risks, is not available to the public. The projects Hydrological risks are also serious and have not been subject to public discussion. For example, the current Owen falls extension dam is reported to be leaking for a year after commissioning. The people who will lose land and resources to the project are also "involuntarily risk bearers" and they do not appear to have the legal right to negotiate these risks with the project backers.
- ii. The WCD calls for a "needs assessment" to ensure that a project will meet local needs and states: "in countries where a large proportion of the population doesn't have access to basic services, a key parameter should be the extent to which basic human needs will be met." This project power is not affordable to the majority of Ugandans. We would like to see a true needs assessment, for the Bujagali project, such as the WCD calls for.
- iii. The WCD calls for alternatives to dams to be fully evaluated, stating: "ensure that available alternatives, their relevant consequences and uncertainties are given full consideration". It argues that "a multi-criteria assessment was used to screen and select preferred options from the full range of identified alternatives". We believe alternatives have not been given a fair assessment compared to large dams. We request that alternatives to large dams need to be better analyzed and publicly discussed.
- iv. The WCD states, "the cumulative impact of projects should be analyzed and environmental impacts from past projects should be evaluated and incorporated into the needs assessment". But in the case of Bujagali, there has been inadequate environmental analysis of the previous two dams on the Nile i.e. the Owen Falls and the Owen falls extension, which do not have environmental impact assessment. There is need for a comprehensive environmental impact assessment (EIA) on the said two dams and the cumulative impacts that a third (and possibly more) dam will bring to the Nile. We believe that before any dam project moves forward, there should also be a comprehensive management plan for the Nile.

8. In addition to these specific violations of the WCD report, we have the following concerns.

- v. The Bujagali project was not subjected to competitive bidding, contrary to the internationally acceptable best practices for such kind of projects. The project enjoyed undue favoritism from both Ugandan and US governments. This has clouded the search for the best way to meet Uganda's energy needs. A
- vi. Unethical intimidation has been used to help guarantee local support. The details of the government energy export strategies are still unclear. Will the Bujagali project benefit the majority rural Ugandans who cannot afford modest standards of living? Or is it mostly a project aimed at producing power for export to neighboring countries? A
- vii. AESNP submitted the EIA for the Bujagali Project Transmission Lines to IFC/WBG before its approval by NEMA and yet it is first subject to approval by NEMA before being presented to WBG/IFC. Won't this action influence (pre-empt) the decision of NEMA? What if NEMA does not approve the Transmission Line EIA? Wouldn't NEMA's rejection of Transmission Line EIA stole the project? The procedure is wrong. A
- viii. The issue of spiritual significance of the Bujagali falls where the dam is to be constructed is being downplayed. It is only being reduced to the people within the project area and a few spiritual leaders of Busoga. However, we would like to inform you that this project concerns the Basoga population within the project area and those without. Our members are completely opposed to the transferring of the shrines from Bujagali to a different location. This interference of the spirits from their traditional home has started to have spiritual effects on our members from Busoga and their families. O
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9. We have taken the following actions to try and resolve these issues but in vain

- i. NAPE applied for a court injunction against AES Nile power in the Uganda High Court to stop it from pushing for the signing of the Power Purchase Agreement (PPA) before the National Environment Management Authority (NEMA) could approve the EIA. Although the EIA was later on approved before the signing of the PPA, it was approved under controversial circumstances and consequently the PPA was signed under similar questionable circumstances. A
- ii. Because of the circumstances under which NEMA conducted the public hearing of the Bujagali project which was a pre-requisite to the approval of the EIA, NAPE and SBC applied for a commission of inquiry to the Uganda government through the Prime Minister's Office requesting government to investigate the manner in which the public hearing was conducted. The Prime Minister's Office did not respond to our plea.
- iii. NAPE and SBC on several occasions met Parliamentary committees on Environment and Natural Resources and that of National Economy to look into our concerns before they could approve the project. However the PPA was later approved under political pressure both from Uganda and USA governments.

- iv. Members of NAPE and those of SBC, and other NGOs and individuals have written to the World Bank and IFC expressing their grievances. But the World Bank and IFC have not responded to these letters.

10. NAPE and SBC have contacted in writing the following persons at IFC and World Bank expressing our concerns but up to now we have not received any ^{satisfactory} response. These people are:

- i. Mr. Haran Sivan, Investment Officer and Team Leader IFC.
- ii. Mr. Karan Rasmussen, The Principal Analyst at the World Bank Washington DC.
- iii. Ronald Anderson (EIA - specialist) IFC.

NAPE and SBC in addition contacted other people in an attempt to resolve the Bujagali issue but in vain.

- iv. Prof. Apollo Nsibambi the Prime Minister of the Republic of Uganda
- v. Prof. John Okedi, Executive Director National Environment Management Authority (NEMA).
- vi. Mr. Christian Wright of AES Nile Power.

11. NAPE and SBC would like to see our concerns raised in this letter resolved in the following ways:

- i) Alternative energy sources should be studied and given equal attention. Such alternative sources include small hydro, Solar energy, Biogas, Geothermal, energy conservation measures etc. — 0
- ii) We would like to see the Bujagali falls and the spiritual sites (shrines) saved from destruction by the project. — 0
- iii) We would like to see a comprehensive management plan for the Nile done by independent experts with experience on East African river system. — CI - 0?
- iv) We would like to see the river course not interfered with.
- v) We would like to see the EIA of the transmission lines approved before the World Bank Group approves the Bujagali project. NGOs and the public should actively participate in the EIA discussion. — ?
- vi) The PPA of the Bujagali project should be availed to the public so as to be able to scrutinize the risks involved. —
- vii) We would like to see a comprehensive EIA for the Owen Falls Dam and the Owen Falls Extension done and availed to the public before the World Bank approves the Bujagali project. This could enable the project funders and the public to know the cumulative impact of the three dams so close to each other on the Nile. —

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- viii) We would like to see the compensation and resettlement processes currently being implemented by AESNP halted until the project is approved.
- ix) We would like full explanation on how AES came to win the Bujagali project contract since there was no international competitive bidding.
- x) We would like the project reviewed against WCD guidelines.

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Yours faithfully
Muramuzi Frank 19/6/2001
Muramuzi Frank.

Martin Musumba
Martin Musumba.

PRESIDENT, NAPE

COORDINATOR SBC.