

June 28, 2001

Mr. Muramuzi Frank, President NAPE
Mr. Martin Musumba, Coordinator SBC
P.O. Box 29909, Kampala
Uganda

Dear Sirs:

Re: Complaint – Bujagali Hydropower Project

The CAO has appraised and accepted your complaint dated June 19, 2001 regarding Bujagali Hydropower Project.

In appraising your complaint we have examined each of the issues you raise. We recognize that these issues are complex and in some cases interrelated. We believe that while some issues can be dealt with under the auspices of the Ombudsman role, other issues can be best handled under the Advisory role.

The Ombudsman function allows for a 30-day assessment period in order for the CAO to gather information and investigate issues of concern and their possible resolution, more fully. Issues that we believe fall outside the Ombudsman role, but which can usefully be advanced in our Advisory role will be taken up by this office formally with the management of the IFC and the World Bank.

There are several issues that you raise that refer directly to activities of IDA. You may wish to refer these issues to the Inspection Panel.

With regard to the issues of corruption and bribery we refer you to the World Bank's Fraud and Corruption Unit. You can write to that Unit directly at:

PMB 137
4736 Sharon Road, Suite W
Charlotte, NC 28210

With reference to your complaint we refer to the issues you raise by paragraph numbered in your letter to us, and advise on how we intend to proceed.

- Para. 2 Kalagala "offset": will be processed under both the Advisory and Ombudsman roles.
- Para. 3 Power Purchase Agreement: will be processed under the Advisory role.

- Para. 4 Alternative energy sources and their treatment in the EIA report: will proceed under the Ombudsman role.
- Para 5 (i) Cumulative impact of a cascade of dams: will proceed under the Ombudsman role.
- Para 5 (ii) Consultation: will proceed under the Ombudsman role.
- Para 5 (iii) Commencement of compensation and resettlement of project affected people: will proceed under both the Advisory and Ombudsman roles.
- Para 5 (iv) Reports of corruption and bribery: beyond our mandate. Refer to the World Bank's Fraud and Corruption Unit.
- Para 6 Approval of the project under controversial circumstances: this issue will require further clarification from you.
- Para. 7 All issues in relation to the WCD guidelines will proceed under the Advisory role.
- Para. 8 (v) Competitive bidding on the Bujagali project: will proceed under the Advisory role.
- Para. 8 (vi) Unethical intimidation; the benefits of the project to the Ugandan people; export of power: will all proceed under the Advisory role.
- Para. 8 (vii) The procedure followed in the approval of Bujagali Project transmission lines; NEMA's role being influenced: will proceed under the Advisory role.
- Para. 8 (viii) The spiritual significance of the Bujagali Falls, and the transferring of the shrines from Bujagali to other sites: will proceed under the Ombudsman role.
- Para. 9. All issues raised in paragraph 9 will proceed under the Advisory role.
- Para. 10 Dissatisfaction with response from IFC staff to letters: will proceed under the Advisory role. Letters to other parties in the Government of Uganda and at AES: these matters are not within our mandate.
- Para. 11 (i) Alternate energy studies: will proceed under the Advisory role.
- Para. 11 (ii) Spiritual sites: will proceed under the Ombudsman role.
- Para 11 (iii) Comprehensive management plan for the Nile: will proceed under the Advisory role and the Ombudsman role.
- Para 11 (iv) River course not to be interfered with: will proceed under the Advisory role.
- Para 11 (v) Approval of transmission lines: will proceed under the Advisory and Ombudsman roles.
- Para 11 (vi) PPA – Bujagali: will proceed under the Ombudsman role.

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Para 11 (vii) EIA Owens Falls: will proceed under the Advisory role.

As mentioned during our meeting in Kampala, I will be visiting my family in Papua New Guinea from June 29 – July 18. Upon my return the process of assessment will begin.

Yours faithfully,

Meg Taylor
Compliance Advisor/Ombudsman