
[Uganda: World Bank attempts to keep the Bujagali dam project alive](#)

In August 2003, US-based power producer AES Corp pulled out of the World Bank sponsored dam project in Uganda, based on economic reasons. The decision --which implied that the company wrote off \$75m it had invested in the project-- has raised questions about the future of the controversial dam.

The \$580 million project at Bujagali on the Nile river encounters strong opposition from concerned organizations and individuals because it would flood the Nile all the way to the base of the Owens Falls Dam, destroying the living space of thousands of local dwellers --a gorgeous landscape which is also a site of special spiritual significance to the local population. Critics of the dam point at serious economic, social, health impacts on the population, which have not been adequately taken into account when considering the project (see WRM Bulletin N° 42).

The US envoy to Uganda Jimmy Kolker tried recently to reassure that the US government considered Bujagali was a viable project and AES's withdrawal "has nothing to do with environmental concerns".

The World Bank has also stepped in to help fund the hydropower project, though it has put it on hold until investigation on corruption carried out in US courts is over. The bank's private lending arm, the International Finance Corporation, said in mid-October that the government of Uganda and the AES were establishing a working group to ensure the smooth transition in the development of the \$520m project. The government of Uganda fears "a panic" following the pullout by AES.

The proponents of the "costly white elephant", as many label the hydropower dam project, argue that it is aimed at providing Uganda with a cheaper source of power.

Opponents to the project have long been urging the government to look for alternative energy sources, and promoting a wise use of river-based environmental goods and services. As the "Save Bujagali" Campaign says, "the real issue in Uganda is not electricity but poverty".

Article based on information from: "World Bank Steps in to Save Hydropower Project", by Ronald Muwanga, Business Day, October 15, 2003, <http://allafrica.com/stories/200310150307.html> , sent by Pambazuka News 128, e-mail: pambazuka-news@pambazuka.org ; "AES pulls out of \$580 million Uganda dam project", Reuters, August 13, 2003, published by Probe International, <http://www.probeinternational.org/pi/wb/index.cfm?DSP=content&ContentID=8315> ; National Association of Professional Environmentalists (NAPE), e-mail: napesbc@afsat.com