
[Uganda: Bujagali dam project questioned by World Bank's Inspection Panel](#)

In July 2001, Ugandan civil society groups had filed a complaint with the World Bank's Inspection Panel, claiming that the Bujagali dam project violated several World Bank policies and that it would cause social, economic, and environmental harm to the local people. As a result, the Panel took up the case and on May 30 submitted a confidential report to the Executive Board, which concludes that the planned Bujagali dam --detailed in WRM bulletin 42-- violates five key World Bank policies. The Panel report suggests a series of corrective measures to rectify the project's problems.

According to the Inspection Panel --the World Bank's independent investigative body-- the planned dam violates the Bank's policies on involuntary resettlement, environmental assessment, natural habitats, disclosure of information, and the economic evaluation of investment operations.

The Panel report finds the economic analysis for Bujagali to be seriously deficient. It reveals that a mild depreciation of Uganda's currency would drive power tariffs up to 20 cents per kilowatt hour, which the report calls "surely unaffordable". The report says that the fundamental project contract, the Power Purchase Agreement, is unfavorable to Uganda, and not always up to International Best Practice. It also reveals that the World Bank has neglected to assess potential alternatives, particularly geothermal energy, in the preparation of the project.

The report also finds that important measures to analyse or mitigate the social and environmental impacts of the Bujagali dam were either missing or seriously deficient. These measures include an assessment of the cumulative environmental impacts of dams in Uganda, a resettlement and a community development action plan for the affected people.

The Panel report suggests corrective action for rectifying the problems of Bujagali. The suggestions include various measures to properly assess the project's economic viability and risks, and changes to the unfavourable Power Purchase Agreement (PPA). The report says that a publication of the PPA would be "vital" for a public debate and understanding of the project's impacts.

It is obvious that the corrective measures suggested by the Inspection Panel, as well as an adequate analysis of its economic viability, must be completed before the project is approved by the World Bank's Executive Board. The bank's managers have now six weeks to reply to the independent Inspection Panel's report.

The World Bank appears to have not yet learnt the lesson regarding the unsustainability of large scale hydroelectric dams. More importantly, it is not only ignoring the research findings and recommendations of the World Commission on Dams --made public on November 2000-- but is also violating its own internal policies and rules. Within this background, the question now is: will the Bank comply with the its own Panel's recommendations or will it ignore them and go ahead with this dam?

Article based on information from: "Internal World Bank Report Reveals Major Problems with Uganda Dam", International Rivers Network, Press Release, 10 June 2002.

