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## [Uganda: Bujagali dam project comes back under a new disguise](#)

As we have already informed in previous bulletins (see WRM bulletins 36, 42), the \$550 million Bujagali hydroelectric dam project on the Victoria Nile proposed by the US-based AES Corporation --counting on loans from the International Finance Corporation (IFC)-- has encountered strong opposition by local groups supported by international action. The detrimental impact of the project has been acknowledged by the Inspection Panel, the World Bank's independent investigative body (see WRM bulletin 59).

The construction of the 200-megawatt dam was due to start early this year. However, the World Bank has postponed a decision on whether to approve a \$215 million guarantee to fill the funding shortfall left by the withdrawal of skeptical Swedish, Norwegian and Finnish export credit agencies, apparently worried that the Ugandan government would not be able to repay the project costs.

Now, a new thrust to build the dam has come up as a Clean Development Mechanism (CDM) project which would be considered by Price Waterhouse Coopers for its validation. The Clean Development Mechanism is one of the so-called flexible mechanisms of the Climate Change Convention's Kyoto Protocol and allows industrial countries to "compensate for" their greenhouse gas (GHG) emissions by implementing emission reduction projects in other countries.

CDM Watch, an Indonesian-based NGO which seeks to monitor CDM projects and to provide a clearinghouse for information on CDM projects and CDM related issues and developments, has argued that the Bujagali project fails to meet key validation requirements relating to baselines, additionality, and stakeholder consultation under the following grounds:

\* Bujagali is not an additional project

The project is additional only if the emission reductions achieved by the project will not occur if it is not registered as a CDM project. In this case, for example, in the absence of Bujagali being registered as a CDM project, will the dam still be built and the reductions occur? Bujagali was first proposed in 1991, with a Memorandum of Understanding between AES and the Ugandan Government being signed in 1994, three years before the Kyoto Protocol was agreed. Subsequently, these parties signed an Implementation Agreement and a Power Purchase Agreement in which they committed themselves to developing the project. Furthermore, a number of export credit agencies have approved funding for Bujagali, while a MIGA guarantee is being considered. There is overwhelming evidence that the project proponents have every intention of completing Bujagali whether it is registered as a CDM project or not.

\* Stakeholder consultation is inadequate

The Bujagali project fails to meet one of the key validation requirements of the CDM, since it has been notable for its lack of transparency and persistent allegations of corruption during its development. For years now, civil society representatives in Uganda and internationally have unsuccessfully sought access to crucial project documents. This failing was echoed in criticisms

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made by the World Bank's own Inspection Panel, which noted that by refusing to release the Economic Review of the Bujagali project, the World Bank was violating its own Policy on Disclosure of Operational Information.

\* Bujagali's baseline lacks credibility

Bujagali relies on a study by Acres International that examines the different options for expanding Uganda's power sector. The study's conclusions, based on the cost data it presents, are that in the absence of Bujagali, the replacement technologies are most likely geothermal and/or additional hydro units. In its baseline scenario, however, AES claims that if Bujagali is not completed it will be replaced by thermal units. There is nothing in the Acres study to support this, and no additional information provided. It is hard to escape the conclusion that this scenario was chosen for the simple reason that it yielded the most carbon credits.

The WRM has been denouncing that the CDM is just a trick of the Northern polluting countries to avoid commitments of cutting emissions at the source, making it easier and cheaper for them to meet the GHG emission reduction targets by implementing projects such as this in Southern countries. Once again, international agents --from consultancy firms to constructing companies and CO2 emitters-- take profit of the urgent needs of impoverished countries whose governments are easy prey to their commercial goals.

Article based on information from: "CDM Watch submission on the proposed validation of the Bujagali Dam project", Ben Pearson, CDM Watch, Sept 2002, "Uganda dam decision delayed", Probe International.