

World Bank's inadequate response to critical Inspection Panel report on Bujagali Dam

A highly critical report on the Bujagali Dam, a US\$860 million hydropower dam under construction in Uganda, was recently released by the World Bank Inspection Panel, the Bank's independent investigation body. The controversial Bujagali Dam is jointly financed by the African Development Bank, the European Investment Bank and the World Bank. The report has done little to change the World Bank's commitment to funding the dam. Nor will it implement any fundamental changes in response to the indicated problems. This echoes the way in which criticism expressed by civil society organizations at the time of the Bank's project approval was largely ignored.

The Inspection Panel report identifies a range of important problems, which are in line with the findings in a July 2008 report of the African Development Bank Independent Review Mechanism. Both reports put into question the benefits for the local population and indicate that negative effects have not been adequately taken into account. This touches the heart of the project's purpose and the mission to reduce poverty that should guide the policy choices of all three Development Banks involved.

Some of the key findings in the recent Inspection Panel report are¹:

- Affected people in the area around the Bujagali Dam have seen their livelihoods diminish and have not or insufficiently been compensated. The consequences of forced relocation in the area around Bujagali are illustrated in a short documentary: <http://myvideo.co.za/search/Bujagali>.
- The project's economic viability and the affordability of its electricity have been poorly analysed by the Bank prior to project approval. Some elements which have not been sufficiently mapped and need to be taken into account are: the project's huge increase in costs, the risks of climate change leading to diminished water fall and the effects of the current financial crisis. In the set-up of the project, these risks will be borne not by the project developer but by Ugandans, who have not been listened to in this regard.
- The negative effects of dam building on the health of Lake Victoria, notably in the form of excess water flows out of the lake, have been underestimated.

The report was discussed by the World Bank Board of Directors on December 5, 2008. Despite criticism from both civil society and the Director of the Inspection Panel, the World Bank Plan of Action, which inadequately responds to the report's findings, was accepted at the Board meeting. Insiders report that several Executive Directors were displeased with the Bank Management's dismissive responses to most of the Panel's findings, but this did not stand in the way of their final consent.

The National Association of Professional Environmentalists (NAPE), the organization that filed the complaint, continues to call for changes before the project proceeds further. These include a more balanced allocation of risk; a high-quality plan for addressing economic, environmental and resettlement problems; and an open and transparent process for protecting Lake Victoria from excessive outflows.²

Links:

→ World Bank Board Discusses Investigation by the Independent Inspection Panel of Power Project in Uganda, Press Release No: 2009/166/AFR

http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Bujagali_Press_Release_Final_121208_Clean.pdf

→ World Bank Management Response to the Inspection Panel report

<http://internationalrivers.org/en/node/3569>

¹ NAPE, Letter to World Bank Executive Directors, November 24, 2008

² Pottinger, L., International Rivers, Gambling on the Nile, Development Today, December 5, 2008

- Summary of Inspection Panel report on Bujagali Dam
<http://internationalrivers.org/en/node/3492>
- Bujagali: Inspection Panel Investigation report, August 29, 2008
<http://internationalrivers.org/en/node/3568>
- NAPE Letter to World Bank Executive Directors, November 24, 2008