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Re: Resolving outstanding issues prior to Bujagali refinancing

We, the undersigned groups, wish to raise a number of concerns related to IFC's intended refinancing of loans for the Bujagali Dam. We do not oppose in principle the notion of making electricity tariffs more affordable to Ugandans. In fact, among the key issues that civil society raised ahead of the project's approval in 2007 was the expense and likely unaffordability of the electricity generated by the dam – a scenario that has borne out over time. However, there remain a number of outstanding issues related to the project that have been well-documented by a series of investigations stemming from repeated complaints to the various Independent Accountability Mechanisms. The request for refinancing presents an important opportunity to finally achieve resolution on a number of these outstanding issues, and we strongly encourage IFC and World Bank senior management to incorporate the necessary steps outlined below as key components in the refinancing package that is presented to the Board of Directors.

Protecting the Kalagala Offset

Given that the refinancing request has been made at the behest of the Government of Uganda, the World Bank should exert its leverage to ensure the protection of Kalagala Falls as part of any agreement to refinance the Bujagali loans. The Bank's current intentions to endorse measures to create a new offset and allow Kalagala Falls to be submerged by the reservoir of the Isimba Dam are not acceptable, and would set a disturbing precedent about the Bank's willingness to ensure such agreements are respected. At the time of board approval in 2007, civil society highlighted the significant risks to the offset and questioned whether the indemnity agreement would be sufficient to protect the site which supports a thriving tourism sector that provides direct and indirect employment to thousands of Ugandans in an underserved part of the country. The ESIA addendum commissioned by the Bank to study the impacts of the Isimba Dam incorrectly deemed the new proposed offset to be of equivalent biodiversity value, and failed to assess whether an intermediary height of the dam could ensure that the Kalagala Offset would remain intact. We strongly object to the World Bank Group approving a refinancing of the Bujagali loans without an agreement that the existing offset remains intact.

Land Compensation

We appreciate that the IFC acknowledges its responsibility to ensure that project-affected people impacted by the transmission line are fully compensated in line with IFC Performance Standards. These community members have faced severe hardship as a result of underpayment and significant delays in receiving compensation. We acknowledge that IFC has agreed to commission a resettlement completion audit in its response to the CAO's findings, and this would be a positive first step. However, this commitment should be disclosed and enshrined in an action plan developed as part of the refinancing package, and must include specific commitments to disclosure and consultation with project-affected people. At the same time, a dedicated contingency fund to pay compensation should be established as part of the refinancing package.

Compensation for Workers

Similarly, outstanding grievances related to worker compensation must be addressed as part of any agreement to refinance the loans. Through the CAO-led mediation process, many workers who had been injured during construction and the families of those that died during construction have received payments. However, there are still some outstanding claims to be paid and livelihood support measures to be enacted. IFC should bring in appropriate expertise to manage this process, and ensure the active participation and consultation from affected workers. These measures should be reflected in the action plan for refinancing, and funds set aside to resolve these outstanding claims.

The matter of workers left unpaid by the subcontractor Boshcon must also be addressed as part of any package to refinance the Bujagali loans. CAO's findings clearly demonstrate that subcontracted workers are covered under the Performance Standards, and thus IFC and the client have a responsibility to ensure that they receive just compensation. We support the call made by the International Trade Union Confederation in its letter to the board that "IFC and the client should...directly negotiate with the claimants toward the creation of a compensation fund to remedy the harm" in a process "mutually negotiated with the complainants."

Impacts from Blasting

Another longstanding issue is the failure to compensate over 200 community members whose homes and livelihoods were impacted by blasting associated with construction of the dam. These issues were raised in complaints to CAO and the EIB's Complaints Mechanism without satisfactory resolution. IFC should ensure that these communities who were harmed by the project receive fair compensation for these impacts.

In closing, we urge the World Bank Group to take this important opportunity to demonstrate its commitment to accountability and ensure access to remedy for project-affected peoples.

Undersigned Organizations

National Association of Professional Environmentalists (NAPE), Uganda
National Union of Disabled Persons of Uganda
Buliisa Initiative Rural Development Organisation (BIRUDO), Uganda
Accountability Counsel
African Law Foundation
Bank Information Center
Bank Information Center Europe
Both ENDS
Bretton Woods Project
CEE Bankwatch Network
Center for International Environmental Law (CIEL)
Centre for Research on Multinational Corporations (SOMO)
Friends of the Earth-US
Gender Action
Inclusive Development International
International Accountability Project
International Rivers
Jamaa Resource Initiatives
Lumière Synergie pour le Développement
Narasha Community Development Group
NGO Forum on ADB
Ulu Foundation
Urgewald