



PROBE ALERT

September 2001

World Bank Set to Aid Multinational Power Company, Not Africa's Poor

The World Bank will decide soon whether or not to finance a dam that would drown Uganda's **Bujagali rapids**, one of the country's prime tourist destinations on the Victoria Nile.

Virginia-based AES Corporation – the world's largest private power company – plans to build and operate a 200-megawatt dam at Bujagali rapids, provided it can secure insurance and loans from the World Bank and other international financiers.

If completed, the dam will destroy a spectacular stretch of cascading rapids just below Lake Victoria – a spiritual site for Uganda's 2.5 million-strong minority Busoga, who believe their tribe's spirits reside in the churning waters. The dam's reservoir will displace 820 residents, drown some of the country's best farmland, and spread waterborne diseases.

AES is expecting a US\$85 million loan plus a US\$70 million "partial-risk guarantee" from the World Bank which would insure AES against non-payment by the Ugandan state utility. AES is also expecting to receive funds from the African Development Bank, export credit agencies, and commercial banks.

AES has signed a 30-year power purchase agreement with Uganda's state-owned electric utility, which obliges the utility to pay AES for Bujagali power even though the power is too expensive for most Ugandans. In order for Uganda's electric utility to pay for AES power, the World Bank has demanded that the Ugandan government raise electricity rates by at least 70 percent. Meanwhile, Ugandans are demanding access to cheaper generating technologies – such as micro-turbines, solar panels, and fuel cells – that don't require costly extensions of the national grid and could deliver more reliable and affordable service to rural areas. An estimated 95 percent of

Ugandans are not connected to the national grid, nor could they afford grid-based electricity at current prices, according to activist Martin Musumba of the Save Bujagali Crusade.

Allegations of corruption have long-plagued the US\$500 million project. Former minister for energy and mines, Richard Kaijuka, was forced to resign over allegations he had demanded

a US\$500,000 bribe from AES officials and pocketed US\$240,000. Mr. Kaijuka now serves as the World Bank's Executive Director for Sub-Saharan Africa.

AES claims to have consulted exhaustively with Ugandans,

including Jaja Bujagali, the chief priest and spirit medium who is the Busoga's communicator with the spirits of the Bujagali rapids.

AES claims that Jaja Bujagali agreed to a "relocation" of the river's spirits at a public hearing, a claim Jaja denies. "If they want to relocate [spirits] to another place, will they carry the whole river or falls to that place? They think that a [spirit] is like a goat that can be transferred from place to place?"

Without insurance from the World Bank, neither AES nor commercial financiers would invest in the dam. Several European lenders have already declined to fund or give guarantees for the project. Proparco, a French aid agency declined to fund the project because of unresolved allegations of corruption, and the German Development Bank refused to fund the project due to "unanswered environmental concerns." Britain's Export Credits Guarantee Department shunned the project due to "unacceptable financial risk arising from the Ugandan power sector," and the Swedish International Development Co-operation Agency declared the Bujagali project "unfeasible."



ADRIFT WHITE WATER RAFTING UGANDA

The Bujagali rapids support a productive fishery and generate US\$4 million a year in tourism-related revenue for local communities.

What you can do

Please support Ugandans in their struggle to save the Bujagali rapids by writing to Canada's Finance Minister and Governor to the World Bank, Paul Martin, and to your member of Parliament. Urge them to vote "no" to World Bank support for the Bujagali dam.

Tell them you object to the World Bank teaming up with a multinational power company to destroy Uganda's national treasure and drive up electricity rates. If you can, please send us a copy of your letter and any responses that you receive.

The Hon. Paul Martin M.P., Room 515-S, Centre Block, House of Commons, Ottawa, Ontario, K1A 0A6, E-mail: Martin.P@parl.gc.ca

Remember, when you send a letter to a member of Parliament, you don't need to put a stamp on your envelope!

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Villagers hail return of fish after dam gates opened

Villagers celebrated the return of several species of fish to the Mun River this June after the gates of the **Pak Mun** dam were opened for a four-month trial period.

Hailed as an important milestone in the villagers' campaign to have the World Bank-financed Pak Mun dam decommissioned, activist Mrs. Charoen Kongsuk told the Bangkok press: "We hope that this will be the first step towards permanent opening of the dam gates and restoration of the Mun River."



PROTECTION MUN RIVER NETWORK

All eight gates of the Pak Mun dam were finally opened June 2, 2001.

Researchers want the Pak Mun dam's gates to remain open beyond October, to give them more time to assess how the river and its fish stocks will respond over time. According to Suphavit Piamphongsant, chief inspector-general of the Science, Technology and Environment Ministry, researchers need at least one year to study the full cycle of the river.

To complete the Pak Mun dam, the river's rapids – which provided important habitat for dozens of migratory fish species – were dynamited in the early 1990s, leading to the loss of fishing livelihoods for an estimated 20,000 people along the Mun River, the Mekong's largest tributary.

SEARIN, Thailand



Anti-dam protestors gather as Thailand's Prime Minister announces gates will open.

Eminent British scientists recommend "no-build option" to Canadian dam builders in Belize

A new report by British researchers in Belize confirms that the Canadian-backed **Chalillo** hydro scheme will cause a "significant and irreversible reduction of biological diversity in Belize" by drowning much of the country's unique riparian habitat for endangered wildlife.

Meanwhile, Fortis, the Newfoundland-based real estate developer and power company that owns Belize Electricity, is preparing to send the bulldozers in to the Macal River valley to begin construction of the dam in January, 2002.

The report, prepared by the British Natural History Museum, concludes: "Based on the rarity of habitat to be inundated, and the dependence on this habitat by several endangered species, the "No-Build" option is highly recommended as the most suitable and appropriate option for the long-term viability and conservation of wildlife in Belize."

Unable to adapt to the new conditions created by the dam's reservoir, many species will simply either drown, starve or unsuccessfully relocate to other areas.

The 105-page wildlife assessment was relegated to an appendix in a five-volume "project justification report" that the Canadian International Development Agency (CIDA) commissioned to help Canadian companies win contracts to build the \$30 million dam.

Belizean authorities have allowed citizens until the end of September, a paltry 30 days, to review and comment on the CIDA report, and are expected to approve the project by the end of this year.

If you would like to review the British Natural History Museum wildlife assessment or the complete 5-volume report commissioned by CIDA contact Probe International at ProbeInternational@nextcity.com.

It's not too late to help save the Macal River valley from Canadian dam builders.

To voice your opposition, please write to:

*Prime Minister Jean Chrétien,
Room 309-S, House of Commons,
Ottawa, ON, K1A 0A6,
E-mail: pm@pm.gc.ca*

*Brian Tobin, Minister of Industry,
Room 306, Justice Building, House of
Commons, Ottawa, ON, K1A 0A6,
E-mail: Tobin.B@parl.gc.ca*

*Stanley Marshall, President and CEO,
Fortis, Inc., Fortis Building, 139 Water
Street, St. John's, Nfld. A2B 3T2
E-mail: smarshall@fortisinc.com*

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