

**Bank Information Center**  
**IFIs in Africa News Briefing #17**  
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**CSOs register complaint with World Bank Inspection Panel over proposed Bujagali hydroelectric project**

March 20 - In the first week of March, the National Association of Professional Environmentalists (NAPE) of Uganda, in collaboration with other local groups, registered a complaint over the proposed Bujagali hydroelectric project with the World Bank Inspection Panel. The Inspection Panel is the Bank's citizen accountability mechanism that investigates claims of harm resulting from the World Bank's violation of its own policies. In their request, the Ugandan groups highlighted a number of concerns including: the risks that the planned 250 MW Bujagali dam would pose to the hydrology of Lake Victoria, where water levels have declined substantially in recent years; the anticipated impacts of climate change-induced drought on hydropower, which may further reduce water levels and jeopardize energy production; the project sponsors' failure to complete a comprehensive economic analysis that fully addresses alternative energy options; the harmful impacts on local communities, including inadequate compensation and resettlement plans; among others. While NAPE duly recognizes Uganda's need for increased power generation, particularly in light of the country's ongoing energy crisis, it insists that the government should consider other less harmful and more sustainable solutions than the large dam, based on a comprehensive needs and options assessment.

The complaint has fueled the ongoing debate in Uganda surrounding the Bujagali dam - a debate that dates at least from 2002, when NAPE challenged the first iteration of the hydropower project, before its construction was stalled by corruption allegations and the eventual withdrawal of the project sponsor. Despite the fact that many of the concerns raised in the current complaint have been echoed by academics and officials, NAPE's appeal to the Inspection Panel has come under intense criticism by the Ugandan media. Last week, *The Monitor* said NAPE was trying to "undermine [the government's] efforts to fulfil its pledge of providing adequate electricity to Ugandans," while other papers have provided almost uniformly uncritical endorsements of the project. Many observers remain skeptical, however, of these papers' impartiality, as it has been suggested that several media houses in Uganda are owned by the project's investors.

The current project's primary sponsor, Industrial Promotion Services (IPS), a unit of the Aga Khan Fund for Economic Development, reportedly released \$150 million for the project last week to get work started, in anticipation of a further \$600 million in support from various donors. The World Bank is considering a partial risk guarantee worth \$115 million, while both the International Finance Corporation (IFC) and European Investment Bank (EIB) are expected to approve investments in Bujagali worth \$100 million and \$130 million, respectively, some time in late April or May. The African Development Bank is also considering funding the construction of transmission lines from Bujagali to the tune of \$43 million.

Read the Inspection Panel's Notice of Registration of a complaint on the Bujagali project at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:21247695~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>

Read the article in *The Monitor* "Activists write to WB over Bujagali" at:

<http://allafrica.com/stories/200703191900.html>

Read "Weighing cost of power shortage" in *The Monitor* at: [c](#)

Read "Bujagali sponsors release Shs270 billion" in *The Monitor* at:

<http://allafrica.com/stories/200703280910.html>

Read more about the World Bank's Inspection Panel mechanism at:

<http://www.bicusa.org/wbaccountability>

Find out more about the proposed Bujagali project on BIC's website at:

<http://www.bicusa.org/bujagali>

Read more about the project from the International Rivers Network (IRN) at:

<http://www.irn.org/programs/bujagali>

**Investors hold roundtable to discuss Inga Dam**

March 17 – The World Energy Council (WEC) convened a meeting of regional power companies and development banks to discuss the much-debated Grand Inga project in the Democratic Republic of Congo (DRC). Held in Gaborone, Botswana on March 16 and 17, the forum was entitled “How to make the Grand Inga Hydropower Project happen for Africa.” While the project’s proponents have shown great enthusiasm about Inga’s unprecedented hydroelectric energy capacity of 39,000 MW - twice the capacity of Three Gorges Dam in China, the largest dam in the world today - many observers are skeptical that the proposed project represents a solution to Africa’s energy woes.

Environmental groups have flagged the project’s vulnerability to climate change, as well as other adverse impacts on the area’s inhabitants and local ecosystems. Earlier studies have already warned of the ecological threats that further dams would pose to the Congo River Basin, as presented in a biodiversity survey conducted by Innovative Resources Management. The study described the proposed Grand Inga dam as “the greatest future threat to the extraordinary biodiversity of the region.”

Moreover, Congolese and international groups have raised serious concerns about the prioritization of energy generation for export over provision of electricity to the vast majority of the local population in DRC lacking access today. The strong interest of Southern African governments and private companies in the development of the Inga site has also prompted many to question who is intended to benefit from the scheme. A press release issued on the eve of the Gaborone conference quoted Terry Hathaway of the International Rivers Network (IRN) expressing this concern, "Grand Inga is not meant to benefit Africa’s poor...Once again, poor people are being used to sell a prestige project that will benefit industrial enclaves and urban elites." The megaproject, estimated to cost up to \$80 billion, is said to have the capacity to power all of Africa, with energy to spare for export to the Middle East and southern Europe.

Civil society groups represented at the Gaborone conference issued a declaration insisting upon the inclusion of local communities in all planning and consultation regarding the future development of Inga. They reiterated demands made at a previous conference on Inga held in Johannesburg, that local communities must be not only involved in future decisions regarding Inga, but adequately compensated for the impacts of future developments, as well as provided with reparations for past harms. Following the Gaborone meeting, however, reports emerged that a representative of local communities at Inga who had attended faced harassment upon his return home. Such reports raise serious concerns about the possibility for meaningful and free consultation with project-affected populations, and more fundamentally, about the freedom of expression and right of individuals to defend their interests.

Meanwhile, the World Bank is preparing a project to help fund the rehabilitation of the existing dams at the Inga site, as well as to build transmission lines and a distribution network. The “Regional and Domestic Power Markets Development Project,” which is expected to cost a total of \$500 million, is part of a larger scheme to integrate the electricity grids in southern Africa, and to supply them primarily with energy generated

from Inga. The World Bank's proposal to provide \$295 million in financing for this project is expected to go before the Board of Directors at the end of May. Both the African Development Bank and European Investment Bank are also reportedly considering loans of \$100 million and \$92 million respectively, with the remaining \$12 million to be made up by the DRC government.

Read "Congo rapids to power Africa, Italy" in *The Australian* at:  
<http://www.theaustralian.news.com.au/story/0,20867,21396540-30417,00.html>

Read the press release from the International Rivers Network at:  
<http://www.irn.org/programs/congo/index.php?id=070316inga.html>

Read "Africa waits on scheme to harness the power of the Congo River" from *The Times* at:  
[http://business.timesonline.co.uk/tol/business/industry\\_sectors/utilities/article1522278.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/utilities/article1522278.ece)

Read the Biodiversity Survey of the Congo River conducted in 2002 by Innovative Resources Management. Relevant quotes can be found on page 61 of the document. Download the study at:  
<http://www.irmgt.com/pdf/CREDP%20BIODIVERSITY%20SURVEY%2051004.pdf>

Read the Civil Society Declaration on the Development of Inga Hydroelectric site from the Johannesburg Roundtable in October 2006 (only available in French):  
<http://www.bicusa.org/proxy/Document.10075.aspx>

Download documents on the World Bank's proposed power market project at:  
<http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P097201>

Read more about the Inga dam and other issues concerning the World Bank's operations in the Democratic Republic of Congo at: <http://www.bicusa.org/drc>

Read more about the existing and proposed dams on the Congo River from IRN at:  
<http://www.irn.org/programs/congo>

### **Anti-corruption advocate endorses renegotiation of Zambia's mining contracts**

March 29 – The Chinese *Xinhua* news agency reported that Eva Joly, renowned Norwegian anti-corruption advocate on assignment with the World Bank, urged the Zambian government to renegotiate the terms of its contracts with international mining companies operating in the country. According to the article, Joly encouraged Zambian parliamentarians to demand greater revenues so that the country could benefit from its lucrative copper industry. A greater share of mineral royalties would allow the government to devote more resources to mitigating the negative environmental and social

impacts of mining on local communities, as well as to poverty reduction programs in the country. The European Parliament recently denied an appeal by Zambian civil society and the government for a modest increase in the country's share of revenue from its mining operations in projects backed by the European Investment Bank (EIB). The country's current royalty rate is only 0.6 percent, well below the 3 percent average found in other countries.

By promoting the renegotiation of these contracts, Joly added her voice to the increasing call for greater scrutiny of investment deals between foreign companies and national governments. In March, a coalition of NGOs launched an appeal to the government of the Democratic Republic of Congo (DRC), the World Bank and other international partners to "renegotiate, revoke or cancel" disadvantageous mining contracts awarded during the war and under the transitional government, in order to ensure that the Congolese people benefit from the exploitation of the country's natural resources. Thus far, the World Bank has not officially responded to the call, but in March, President Wolfowitz was quoted in the Belgian press as agreeing that mining contracts in Congo should be subject to independent review and revision. Civil society groups will again take up this issue with the Bank at the World Bank Spring Meetings in mid-April in Washington, DC.

Read "World Bank official advises Zambia to re-negotiate mining agreements" from *Xinhua* at:

[http://english.people.com.cn/200703/29/eng20070329\\_362023.html](http://english.people.com.cn/200703/29/eng20070329_362023.html)

Read "European Parliament backs EU policy on poverty purge" in the *Times of Zambia* at: <http://allafrica.com/stories/200702240176.html>

Read "NGOs demand revision of unfavorable DRC mining contracts" on BIC's website at: <http://www.bicusa.org/en/Article.3209.aspx>

Organizations: **Sign the international appeal for a revision of the DRC's mining contracts!** <http://www.11.be/fairshare>

### **Inspection Panel to investigate policy violations in West Africa Gas Pipeline**

March 23 - The World Bank Board last week approved a formal investigation into community complaints surrounding the controversial Bank-sponsored West Africa Gas Pipeline (WAGP) project. Affected communities in Nigeria filed a complaint with the World Bank Inspection Panel in April 2006 about the project, which will transport natural gas from the Niger Delta in Nigeria to provide power in Ghana, largely for the country's burgeoning industrial sector.

The Inspection Panel visited the project site in February for the second time, following communities' claims that World Bank management failed to fulfill the impact mitigation commitments it had made in response to the complaint. The communities highlighted ongoing problems surrounding the issues of compensation to local communities, safety,

fishing and livelihood impacts, and the project's supposed contribution to a reduction in gas flaring. Despite these outstanding issues, construction has continued unabated, and officials in Ghana and Nigeria have announced that the project is expected to be completed and gas to begin flowing sometime in April.

Read the Inspection Panel's Final Eligibility Report and other related documents at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:20909274~menuPK:64129250~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>

Read "West African gas pipeline ready for commissioning - Kupolokun" at: <http://www.vanguardngr.com/articles/2002/business/march07/19032007/b119032007.html>

Read more about the project on BIC's website at: <http://www.bicusa.org/wagp>

### **Impact of Chad-Cameroon project on local population worse than expected**

March 22 - The World Bank-backed Chad-Cameroon pipeline is once again in the news - this time following the release of a new report which documents the heavy toll that oil development has taken on the local population in southern Chad. Over the years, most international attention to the petroleum development project has focused on the management of the country's newfound oil wealth. Last year, the world watched relations between Chad and the World Bank deteriorate, after the government reneged on its promises to devote a percentage of its oil revenues to social spending and to save resources for future generations. The spat was short-lived, however; after several months the two parties reached an agreement to resume Bank lending and unfreeze accounts holding the country's oil revenues – this despite ongoing political instability in Chad and still-questionable government will to prioritize poverty reduction. More recently, the pipeline was in the press following an oil spill off the Cameroonian coast, near Kribi.

In mid-March, the World Bank released a new study which details the impacts of the project on land use and livelihoods in the country's oil-producing region. The report, commissioned by the World Bank Group, reveals that nearly 1000 households have been seriously affected by loss of land and that the overall magnitude and severity of impacts of local communities have been far greater than envisaged. Meanwhile, in 2006, Exxon-Mobil posted the largest annual profit by a US company in history. The problems highlighted in the evaluation are not new; civil society groups and the Bank's own independent monitoring mechanisms have repeatedly raised concerns about the growing footprint of the project in the oil field area. The findings underscore global concerns that the poorest populations, such as the farming and herding communities in Southern Chad, often bear the brunt of the costs for extractive industry projects.

Similar problems with the impacts of land and livelihood loss on local populations have arisen in the context of other large extractive industry projects, such as the IFC-supported

Newmont Ahafo Gold Mine in Ghana. Land is arguably the single most important factor for poor farming-dependent communities, and extractive industry projects, such as oil production and gold mining, inevitably entail the seizure and destruction of land. The failure of the WBG and private project sponsors to adequately prevent and mitigate the land use impacts of extractive industry projects casts serious doubt on the purported development benefits of such EI projects.

Read the “Chad Resettlement and Compensation Plan Evaluation Study” at:  
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTOGMC/0,,contentMDK:21256898~menuPK:336936~pagePK:148956~piPK:216618~theSitePK:336930,00.html>

Download Esso’s corrective “Land Use Mitigation Action Plan” at:  
[http://www.essochad.com/Chad-English/PA/Files/PlanOFDA\\_EN\\_FullText\\_06Apr07.pdf](http://www.essochad.com/Chad-English/PA/Files/PlanOFDA_EN_FullText_06Apr07.pdf)

Read “World Bank tells Exxon to fix Chad compensation” from *Reuters* at:  
<http://www.reuters.com/article/ousiv/idUSN2229084420070322>

Read “Oil leak shows weaknesses in World Bank pipeline, NGOs warn” from the IRIN news agency at:  
[http://www.irinnews.org/report.asp?ReportID=57197&SelectRegion=West\\_Africa,&SelectCountry=Cameroon](http://www.irinnews.org/report.asp?ReportID=57197&SelectRegion=West_Africa,&SelectCountry=Cameroon)

Read more about the Chad-Cameroon Oil Pipeline on BIC’s website at:  
<http://www.bicusa.org/chadcameroon>

Find out more about international financial institutions and the extractive industries sector on BIC’s website at: <http://www.bicusa.org/extractive>

### **World Bank dialogue suggests potential support for controversial Cameroon dam**

March 28 – During her recent visit to Cameroon, the Bank’s Acting Country Director Marie Françoise Marie-Nelly pledged the Bank’s support for Cameroon’s ailing power sector. In her meetings with the Government of Cameroon, Marie-Nelly reportedly discussed the construction of the controversial Lom Pangar hydroelectric dam in the country’s East Province. Observers have long suspected that the World Bank would help finance the project, after it provided comments on an environment impact assessment in 2005. Meanwhile, the French Development Agency, ADF, has reportedly committed to finance the project and recently conducted a joint mission with the World Bank in Cameroon to look into the status of project preparations.

Both local and international civil society groups remain concerned about the project, in particular regarding inadequate transparency and insufficient opportunity for public participation in the project’s preparation and in the evaluation of its impacts; a lack of proper energy sector planning before project selection; risks to the Chad-Cameroon oil

pipeline (a portion of which will be submerged by the Lom Pangar reservoir); threats to the protection of the Deng Deng forest reserve; and dubious development benefits for the affected population in Cameroon's Eastern Province. Despite these issues and impacts, the Government of Cameroon appears eager to move forward with the project and is seeking financing for the construction of the dam and associated investments.

Apart from their trepidation about the potential negative impacts of the project, local communities are doubtful that they will benefit from the energy that the dam would generate. The project, they argue, is aimed more toward providing power to industrial interests than to increasing energy access for the poor. The country's largest electricity consumer, aluminum smelting company ALUCAM, has stated that it intends to triple its production, which would require the construction of Lom Pangar. Meanwhile, Geovic, an American mining company with rights to the world's largest cobalt reserves located in Cameroon, has announced that it will expand its operations in the southeast of the country. Once it begins production, Geovic is also expected to require substantial energy supply, with potential implications for Lom Pangar.

Read "Cameroon's ailing energy sector to receive support" from *Ohmynews* at: [http://english.ohmynews.com/articleview/article\\_view.asp?no=352761&rel\\_no=1](http://english.ohmynews.com/articleview/article_view.asp?no=352761&rel_no=1)

Read more about the project on BIC's website at: <http://www.bicusa.org/lompangar>

### **Africa-specific events at upcoming World Bank/IMF Spring Meetings in Washington, DC**

March 30 - The World Bank and International Monetary Fund (IMF) will be holding their Spring Meetings on April 14 and 15 at the World Bank and IMF headquarters in Washington, DC. As in years past, a Program of Policy Dialogues for Civil Society Organizations (CSOs) will be organized between April 12 and 16, 2007. These civil society meetings generally consist of either strategy sessions on engagement with the institutions or informational sessions with the institutions themselves.

Among the issues that will be put before the Development Committee - an intergovernmental body that advises on development issues at the Bank and Fund - will be a review of the Africa Action Plan's implementation, the Bank's strategy for Africa released in September 2005. While the review will largely take place behind closed doors, several other events specific to Africa will be held with civil society. Some of these include:

- an event on IMF macroeconomic policies and their impacts on education budgets and teachers' wages
- an update on the IMF's work in sub-Saharan Africa
- an event on poverty reduction strategies, with contributions from the President of the African Development Bank, the acting World Bank vice president for Africa, and Ghana's Minister of Finance

- a roundtable discussion on the Democratic Republic of Congo's natural resources and the role of donors
- a press conference to be held Friday morning on the World Bank's role in the Democratic Republic of Congo's natural resource sectors
- a discussion on the IMF's Independent Evaluation Office (IEO) report on the Fund's work in sub-Saharan Africa
- a panel to discuss the Chad-Cameroon pipeline
- a meeting with Germany's Minister for Economic Cooperation and Development and Liberia's Minister of Finance on priorities for reducing poverty in Africa

Visit BIC's Spring Meetings website for a complete and updated calendar of events, schedules and locations, at: [http://www.bicusa.org/spring\\_meetings\\_07](http://www.bicusa.org/spring_meetings_07)

See the World Bank's Spring Meetings page at:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:21224217~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

### **Additional articles**

“Press Release: Groundbreaking report on mining, oil and gas companies released: Civil society and industry representatives agree on good overseas practices,” Halifax Initiative, March 29, 2007: [http://halifaxinitiative.org/index.php/cnca\\_media/962](http://halifaxinitiative.org/index.php/cnca_media/962)

“Renewable Sources the key to energy crisis?” by Stephanie Nieuwoudt, Inter Press Service, March 24, 2007: <http://www.ipsnews.net/news.asp?idnews=37079>

“Zimbabwe: Resistance to Mugabe's rule deepens,” by Chris Talbot, World Socialist Website, March 28, 2007: <http://www.wsws.org/articles/2007/mar2007/zimb-m29.shtml>

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