

Press Release

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World Bank Ignores Inconvenient Truths in Approving Bujagali Dam

The World Bank's approval today of \$360 million in loans and guarantees for Uganda's Bujagali Dam was based on a flawed study that downplays critical findings on climate change, hydrology and fisheries, according to a team of independent experts commissioned by Ugandan and US nongovernmental organizations. The dam could be disastrous for Lake Victoria, the world's largest tropical lake, and a drag on Uganda's economy. And its high cost means its electricity will not be affordable to the majority of Ugandans.

IRN's Lori Pottinger says, "The dam was a *fait accompli* from the start, with the Bank simply ignoring inconvenient truths about climate change and hydrology of the Nile at Lake Victoria. This project will make Uganda completely dependent for its electricity on the flows of a short stretch of the Nile, putting the country's economy at grave risk in a warming world."

The World Bank chose to ignore the possible effects of global warming on the Nile River's flows in its analysis of the project. This is contrary to the findings of many studies in which predict that climate change will worsen droughts in East Africa and at odds with the Bank's recent commitments to factor climate risk and adaptation measures into project decisions.

Independent hydrologist Daniel Kull, whose 2006 study revealed that two existing dams were combining with drought to drain Lake Victoriaⁱ, analyzed the new World Bank Bujagali study and found that the new flow-release pattern it recommends could slow the recovery of Lake Victoriaⁱⁱ. He says the Bank's hydrology analysisⁱⁱⁱ "starts by ignoring the true damage done to Lake Victoria by the existing dams and follows with a selective and optimistic view of current lake levels and possible climate change impacts. It is disturbing that the World Bank would approve a major infrastructure project based on biased hydrologic analyses."

Says Kull: "The Bank has approved a water-release policy for Bujagali that would result in the largest freshwater lake in Africa being run as a reservoir. The new 'Victoria Reservoir' risks not fulfilling projected benefits, and further disturbing the hydrology of an already sick lake and its ecosystems."

The costly dam – now estimated at US\$799 million – is not going to bring electricity to the poor. Currently, only a few percent of Ugandans are connected to the national grid. An independent economist who reviewed the World Bank's findings states, "The project is expected to have little or no positive impact on the majority of Ugandans now without electricity, and, at best, only a moderate benefit to the overall Ugandan economy."

"The financial package for Bujagali approved today dwarfs the amount the Bank has invested in energy for rural areas in Uganda," said Nikki Reisch of Bank Information Center. "Today's decision signals a continued commitment to investing big money in expensive power projects that serve industrial interests, rather than increasing support for alternatives which could provide more affordable electricity for the majority of Africans who live without it."

ⁱ "Connections Between Recent Water Level Drops in Lake Victoria, Dam Operations and Drought," D. Kull, 2006. http://www.irn.org/programs/nile/index.php?id=060208vic_pr.html

ⁱⁱ Download Kull's new analysis: <http://www.irn.org/pdf/bujagali/BujHydrologyAnnex.pdf>

ⁱⁱⁱ "Bujagali II – Economic and Financial Evaluation Study – Final Reports" by Power Planning Associates, commissioned by World Bank