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## NEWS RELEASE

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### **World Bank Board Discusses Investigation by the Independent Inspection Panel of Power Project in Uganda**

**WASHINGTON, DC, December 12, 2008** – The World Bank Board of Executive Directors on December 4 considered a Management Report and Action Plan that responds to an independent Inspection Panel investigation of the Uganda Private Power Generation (Bujagali) Project.

The Management Report details efforts to work with the Government of Uganda and the private sponsor to build local capacity, better meet the needs of project-affected groups, protect cultural property, and review the work of independent social and environmental experts.

Bujagali is a US\$860 million, 250 megawatt, run-of-the-river hydropower project currently under construction in Uganda, a nation where only one in ten people has access to electricity and blackouts are common.

*“Better provision of electricity is key to growth and overcoming poverty in Uganda,”* said World Bank Group President **Robert B. Zoellick**. *“I welcome the report of the Inspection Panel on how to focus our efforts on improving the Bujagali project. We can demonstrate that the World Bank Group can help develop vital clean energy sources while safeguarding other environmental and local concerns.”*

Responding to a request from the National Association of Professional Environmentalists (NAPE), a Ugandan non-governmental organization, the Inspection Panel investigated the World Bank’s compliance with its operational policies on potential environmental, economic, and social impacts.

The Panel found the Bank in compliance with several policy provisions, including assessing project impacts on fisheries, establishing a dam safety panel, issuing land titles to project-affected people, and completing a baseline hydrologic data series. The Panel commended the Bank for its work on conserving the Kalagala Falls area as an environmental offset to the Bujagali project, responding to the Panel’s earlier investigation.

The Panel also found several instances of non-compliance with several policy provisions, such as in the assessments of Project alternatives and cumulative impacts, excluding Lake Victoria from the Project’s area of influence, and in the assessment of Project costs, risks, and impacts on electricity tariffs. The Panel found that the Project did not meet Bank policy requirements to achieve livelihood restoration for people displaced several years ago in the first Bujagali project, and that it followed an inadequate approach to address and mitigate the flooding of a significant cultural property of high spiritual value to the Basoga people, a local community.

**Werner Kiene, Chairperson of the Inspection Panel**, noted the Panel’s view that energy is a crucial factor in Uganda’s development, and that energy production in support of sustainable development requires considerable care in order to ensure that social, economic and environmental aspects are properly considered, in line with Bank policies. He said *“The Management Response contains some important actions. However, several key Panel findings are incompletely addressed in the Response and Action Plan, including on resettlement, protection of cultural values, and in the analysis of economics and risks. I am pleased that*

*during the Board meeting Management has expressed a commitment to address the critical issues raised. The Panel is optimistic that a Project costing several hundred million dollars can fully restore the livelihood losses among the 2,500 families who are inadvertently in its pathway.”*

*“It is through continuously improving environmental and social safeguards and accountability mechanisms like the Inspection Panel that we can make development projects more sustainable,” said **Obiageli K. Ezekwesili**, World Bank Vice President for Africa Region. “This is especially true for much needed infrastructure projects such as Bujagali that have the potential to quickly and significantly reduce poverty while improving lives and livelihoods.”*

The Board noted that the Bank should remain engaged in Uganda’s energy sector. Some Board members expressed the view that the Bujagali project was an example of an improved World Bank Group approach to infrastructure projects, and a commitment to address associated economic, environmental, and social dimensions of development projects. Others noted the continuing need to better address policy requirements.

Members of the World Bank Board welcomed the Panel’s report, approved the range of actions set forth in the Management response and the additional actions that Management intends to undertake in view of the Inspection Panel investigation and Board deliberations. These would include: timely implementation of a sustainable management plan for Kalagala Falls; updating and implementation of a cultural property management plan; and undertaking an enhanced socio-economic study to support and fully achieve livelihood restoration. Management will undertake these actions in consultation with the Government of Uganda, affected people and the project sponsor. In addition, Management will develop guidance on how to address environmental and social safeguard issues in legacy projects that suffer significant interruptions in implementation, such as in the Bujagali project. Management will report to the Board on the progress of the Action Plan in six months.

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For a full copy of the Inspection Panel report and Management Recommendation, please visit [www.worldbank.org/inspectionpanel](http://www.worldbank.org/inspectionpanel)

For more information on the World Bank’s work in Uganda, visit [www.worldbank.org/uganda](http://www.worldbank.org/uganda)

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