

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

THIRD PROGRESS REPORT

**ON THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLAN IN RESPONSE TO
THE INSPECTION PANEL INVESTIGATION REPORT (REPORT # 44977-UG) ON THE**

UGANDA

PRIVATE POWER GENERATION (BUJAGALI) PROJECT

(IDA GUARANTEE NO. B0130-UG)

APRIL 25, 2012

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
APRAP	Assessment of Past Resettlement Activities and Action Plan
BEL	Bujagali Energy Limited
BEMC	Bujagali Environmental Monitoring Commission
CDAP	Community Development Action Plan
CPMP	Cultural Property Management Plan
EAC	East African Community
EIB	European Investment Bank
EPC	Engineering, Procurement and Construction
ESU	Environment and Social Unit
GoU	Government of Uganda
GWh	Gigawatt
IACC	Inter-Agency Coordination Committee
IBRD/IDA	International Bank for Reconstruction and Development/ International Development Association
IFC	International Finance Corporation
JICA	Japan International Cooperation Agency
kV	Kilo-volts
kWh	Kilo-watt
M&E	Monitoring and Evaluation
MAP	Management Action Plan
MEMD	Ministry of Energy and Mineral Development
MIGA	Multilateral Investment Guarantee Agency
MW	Megawatt
NEMA	National Environmental Monitoring Agency
NFA	National Forest Authority
OP	Operational Policy
PAPs	Project Affected Persons
PoE	Panel of Experts
RAP	Resettlement Action Plan
SEAP	Social and Environmental Action Plan
SMP	Sustainable Management Plan
UMEME	Private Sector Distribution Concessionaire

CONTENTS

EXECUTIVE SUMMARY	1
I. INTRODUCTION.....	2
II. PROJECT STATUS	3
III. IMPLEMENTATION OF MANAGEMENT ACTION PLAN.....	4
IV. DETAILED PROGRESS DESCRIPTION OF MAP ACTIONS	7
V. NEXT STEPS	11

ANNEXES

Annex 1: Detailed Status of Activities in the Management Action Plan (MAP) .	13
Annex 2: Project Outcome Indicators	17
Annex 3: Timeline for the Appeasement of the Budhagali Spirits	19
Annex 4: Summary of Socio-Economic Outcomes Survey (2011)	22

EXECUTIVE SUMMARY

i. The Private Power Generation (Bujagali) Project consists of the 250 MW run of river Bujagali hydropower station on the Nile River, eight kilometers downstream from the existing Nalubaale/Kiira power station; a 220 kV double circuit transmission line (Bujagali-Kawanda), funded by the African Development Bank (AfDB) and Japan International Cooperation Agency (JICA); and a 132 kV double circuit line from Kawanda to Mutundwe, and a 132 kV double circuit line from Bujagali to Nalubaale and then to Tororo. The project has been partially commissioned, with full commissioning scheduled for July/August 2012.

ii. In response to a Request for Inspection submitted by a Ugandan NGO and approved by the Bank's Board the Inspection Panel undertook an inspection of the Uganda Private Power Generation (Bujagali) Project and submitted its Investigation Report to the Board on August 29, 2008. On November 7, 2008, Management submitted its Report and Recommendation (MRR), including a detailed Management Action Plan (MAP), developed in response to the Inspection Panel's findings. This is the Third Progress Report on the implementation of the MAP submitted to the Bank's Board.

iii. The majority of MAP items have been completed to date. BEL has completed almost all activities as outlined in the Social and Environmental Action Plan's (SEAP) community designed programs for vulnerable groups and other affected communities. By end-2011 the school and health clinics were rehabilitated for vulnerable groups, including building of small scale infrastructure (see paras. 26 and 31), and augmenting existing education and health facilities. BEL will also finalize a Resettlement Action Plan (RAP) Completion Report, which will identify measures for resolving the two remaining compensation claims in the Naminya site.

iv. Together with the annual independent evaluation of Assessment of Past Resettlement Activities and Action Plan (APRAP) and Community Development Action Plan (CDAP) implementation, BEL already has in place qualified staff to do monitoring, and provide, on a continuous basis, the quarterly environmental and social progress reports.

v. The following activities will continue to be monitored as part of the MAP: (i) continued and satisfactory implementation of the Sustainable Management Plan (SMP) for the Kalagala Falls; (ii) continued and satisfactory implementation of the Cultural Property Management Plan (CPMP) and the associated activities for addressing cultural and spiritual issues; and (iii) satisfactory completion of the livelihood restoration and community development programs and assessment of the socio-economic impacts of these programs on affected communities, specifically, assistance to vulnerable groups.

vi. The World Bank continues to closely supervise the Project in coordination with other donors. The next annual progress report of the MAP activities will be provided in one year.

**Third Progress Report on the
Implementation of Management's Action Plan in
Response to the Inspection Panel Investigation Report on the
Uganda Private Power Generation (Bujagali) Project**

April 2012

I. INTRODUCTION

1. The Private Power Generation (Bujagali) Project (“the project”) is a 250MW run of the river power plant with an adequate reservoir for daily storage, an intake powerhouse complex, and an earth filled dam with a maximum height of about 30 meters, together with spillway and other associated works. The project was constructed on the Nile River, approximately 8 kilometers north of the existing Nalubaale and Kiira power plants. The project’s main objective is to provide least-cost power generation capacity in order to eliminate power shortages. The project represents an increase of 250MW of generation capacity on the national grid.

2. On March 5, 2007, a Request for Inspection was filed with the World Bank’s Inspection Panel, by the Ugandan National Association of Professional Environmentalists (NAPE) and others, which alleged that the failures and omissions of IDA in the design, appraisal, and implementation of the above-referenced project materially affected the rights and interests of the Requesters and were likely to jeopardize their future social, cultural, and environmental security. Following Board approval of the Panel’s Recommendation on May 18, 2007, the Inspection Panel undertook to investigate the allegations.

3. The Inspection Panel submitted its Investigation Report No. 44977-UG on the Project to the Board of Executive Directors on August 29, 2008. On November 7, 2008, Management submitted its Report and Recommendation, including a detailed Management Action Plan (MAP), developed in response to the Inspection Panel’s findings. On December 4, 2008, the Executive Directors considered both reports and approved the MAP proposed by Management. The Board also asked that Management report on the progress in implementing the MAP annually. The first progress report was submitted to the Board on September 14, 2009 and the 2nd progress report on April 1, 2011. This is the Third Progress reporting on MAP progress being submitted to the Board.

4. Implementation of the actions contained in the MAP started in 2008 and their monitoring will be continued until full commissioning of the plant, which is expected around mid-2012. The completed activities, as outlined in Annex of the MAP, are periodically assessed in the: (i) Quarterly Monitoring and Evaluation Reports prepared by Bujagali Energy Limited (BEL); (ii) Semi-annual reports of the Joint Lenders’ Supervision Missions (between 2008 and 2011); (iii) Annual Review by the Independent Panel of Experts (PoE); and (iv) National Multi-stakeholder Bujagali Environmental Monitoring Committee (BEMC) Reports. This Third Progress Report consolidates progress achieved to date, from these sources, on the actions and outcomes prior to the project’s commissioning in July/August 2012.

II. PROJECT STATUS

5. Project Implementation. Implementation of the project started on June 26, 2007 (see Annex 1 for project details). Because of unanticipated geological conditions, project commissioning was delayed from June 2011 to April 2012. Subsequently, because of repairs necessitated by defects in the electromechanical equipment, commissioning has been further delayed until July/August 2012. The 250 MW of power generated will be evacuated through a 220/132 kV transmission line system (in total about 103.5 kilometers of transmission lines) between substations at Bujagali, Naalubale, Kawanda and Mutundwe. The transmission line system is being financed by the African Development Bank (AfDB) and Japan International Cooperation Agency (JICA).

6. Progress in Completion of the Power Plant. As of early April 2012, the progress is: (i) offshore works are 100 percent complete; (ii) onshore works are 96 percent complete; (iii) civil works are 99.5 percent complete; and (iv) electromechanical works are over 90 percent complete, and essentially all materials are on site. Units 1 and 2 have been commissioned and have passed their reliability tests. The remaining units are expected to be commissioned in successive months (May, June, and July). The Independent Engineer provided progress reports to the Lenders, specifically on the quality of the works.

7. Progress in Transmission Line Construction. The construction of the various transmission line segments is about 100 percent completed and is going through final inspection and punchlist completion. All other sections are energized. The Bujagali substation was commissioned in January 2012, and the upgrading from 132 kV to 220 kV is expected by late 2013. Substations at both Kawanda and at Mutundwe were commissioned in November 2011. Upgrading of the substation at Kawanda is expected to be initiated soon under IDA financing (Electricity Sector Development Project).

8. *Additional Requests for Investigation.* The same group of Requesters who filed the Request with the IBRD/IDA Inspection Panel also filed separate complaints to the AfDB and European Investment Bank (EIB) in 2009. These underwent investigation by both institutions. The final report from the AfDB was completed in 2010 and referred to mitigation measures that were similar to the Bank's. The EIB investigation report is completed, and in addition to issues raised with the Bank and AfDB, concerns about blasting impacts were raised. Another set of Requests was filed with the complaints offices of the IFC and MIGA. The report from the Compliance Advisor Ombudsman was disclosed in December 2011. The issues that were investigated covered the following: (i) lack of workers' compensation (including with the contractor and District Labor Officers); (ii) weak mediation of legal cases under the transmission line component; and (iii) lack of benefits to informal tourism workers. The issue of blasting impacts on surrounding households' human and animal health conditions, etc. was also addressed.

III. IMPLEMENTATION OF MANAGEMENT ACTION PLAN

6. Table 1 (below) summarizes the status of actions taken under the MAP. Please see Annex 1 for a more detailed description of activities.

Table 1: Status of Implementation of the Management Action Plan (MAP)

	MAP Actions Undertaken During Supervision	Status
General		
Institutional Capacity	Management follow up on institutional coordination and capacity building: <ul style="list-style-type: none"> ▪ Establishment of a Project Monitoring Committee (Inter Agency Coordination Committee) ▪ Strengthening of capacities of Bujagali Electricity Limited's (BEL) Environment and Social Unit (ESU) 	<i>Completed</i>
Guidance on Environmental and Social Safeguards Issues in Legacy Projects	<ul style="list-style-type: none"> ▪ Management has developed interim guidance on addressing environmental and social safeguards issues in legacy projects (which is a Bankwide activity applicable not only to this project) 	<i>Completed</i>
Social Impact Assessment and Mitigation Measures		
Vulnerable Groups (OP 4.12)	<ul style="list-style-type: none"> ▪ Management has assessed progress of BEL's programs to address needs of vulnerable groups 	<i>Completed</i>
Cultural and Spiritual Values		
Physical Cultural Resources and Cultural Property Management Plan (OP 4.11)	<ul style="list-style-type: none"> ▪ Management completed follow up of a stand-alone CPMP ▪ Management assessed monitoring and reporting by BEL of the CPMP, including the Engineering, Procurement and 	<i>Completed</i> <i>Completed</i>

¹ See Table 2, Page 39 of the Management Report and Recommendations, November 2008.

	MAP Actions Undertaken During Supervision	Status
	Construction (EPC) Contractor’s Code of Practice for “chance finds” procedures, and found them to be satisfactory	
Environment Assessment and Mitigation Measures		
Independent Panel of Experts (OP4.01 and OP13.05)	<ul style="list-style-type: none"> Management confirmed in December 2009 that the reports of the PoE were publicly disclosed 	Completed
Ongoing Supervision Activities²		
General		
Institutional Capacity	Management assessed satisfactory progress in: <ul style="list-style-type: none"> Establishment of coordination arrangements by Ministry of Energy and Mineral Development (MEMD) Project Inter-Agency Coordination Committee Implementation capacity of the National Forest Authority (NFA) for the Kalagala Offset SMP, including Mabira Central Forest Reserve 	Completed Completed
Social Impact Assessment and Mitigation Measures		
Remedial Steps for Updating and Completion of Baseline Socio-Economic Information (OP4.12)	Management assessed as satisfactory in the Quarterly Monitoring Report: <ul style="list-style-type: none"> Improvements in outcome indicators, as measured from findings of the updated (2010) socio-economic survey, indicating benefits received by project affected persons (PAPs) from Community Development Action Plan (CDAP) programs; and continued monitoring of impacts recorded in the monitoring and evaluation (M&E) database Improvements in reporting in BEL’s Quarterly Environment and Social Monitoring, including database on household surveys 	Completed Completed

² See Table 3, Page 40 of the Management Report and Recommendations, November 2008.

	MAP Actions Undertaken During Supervision	Status
Sharing of Project Benefits (OP4.12)	<ul style="list-style-type: none"> ▪ Management has followed up with BEL progress in delivery of services in Naminya resettlement site and directly affected villages; start of program for electricity and water services, including Memorandum of Agreements with local governments 	<i>Ongoing</i>
Environment Assessment and Mitigation Measures		
Environment Management Plan and Kalagala Offset (OP4.01)	<ul style="list-style-type: none"> • Management assessed as satisfactory BEL's ongoing afforestation activities • Management confirmed that the SMP for the Kalagala Offset, which includes the Mabira Central Forest Reserve, was approved and implementation is underway 	<i>Completed</i> <i>Completed</i>
Cumulative Impacts: Climate Change and Hydrology Risks; Potential Impacts on Lake Victoria; Alternative Project Configurations (OP4.01)	<ul style="list-style-type: none"> ▪ Management confirmed that GoU disclosed the Lake Victoria hydrological (water releases) starting in 2008, and since then, the information has been made available to the East African Community (EAC) on a regular basis 	<i>Completed</i>

IV. DETAILED PROGRESS DESCRIPTION OF MAP ACTIONS

13. The paragraphs below give detailed information on the progress of the MAP actions identified in Management's Report and Recommendation. Annex 1 provides a complete listing of the activities and their status in a table format and Annex 2 shows the project outcome measurements.

14. ***Institutional Capacity***. The project supported the establishment, by the GoU, of an Inter-Agency Coordination Committee (IACC), which has been functioning as the main decision making and coordinating body for the project. The activities that were designed to strengthen capacities of participating GoU implementing units were **completed**, and the training programs are expected to continue as part of long-term institution building under the Bank's ongoing sector support.³ The project **completed** establishment of the national multi-stakeholder BEMC which facilitates multi-stakeholder monitoring of the project's environmental aspects.

15. ***Guidance on Legacy Projects***. The *Interim Guidelines for Addressing Legacy Issues in World Bank Projects* were **completed** and disclosed in June 2009. The report and its data set are available at the Bank's Safeguards website for Bank staff.

16. ***Vulnerable Groups***. BEL **completed** all activities as outlined in the Social and Environmental Action Plan's (SEAP) community designed programs for vulnerable and at-risk groups. By end 2011, the survey identified 358 households that belong to vulnerable group categories (e.g., female-headed households; households with disabled or seriously ill and HIV/AIDS-infected members). BEL's Monitoring Report (2010-2011) indicated that the school and health clinics were rehabilitated for disabled people, including building of small scale infrastructure, and augmenting existing education and health facilities. New activities in 2011 included, for example, BEL's initiation of a fuel saving cooking stove program for vulnerable households groups. BEL increased its gender-based assistance in May 2011 by targeting female-headed households in the affected villages. As stated in BEL's 2011 report, over 65 percent of those who participated in BEL's Sanitation and Hygiene Campaigns (2009-2011) in affected and host communities belonged to women's and youth groups. BEL extended its contract with the Nile Vocational Institute in 2011 to manage youth skills training. To date, three-fourths of local youths registered and completed the course. The next phase of vulnerable groups' skills training, which will be turned over to the district offices, will cover disabled people and young women under a small and micro enterprises program.

17. ***Cultural Property Management Plan (CPMP)***. BEL submitted an update of the CPMP in 2010-2011 and noted **completion** of the ceremonies for Bujagali spirits relocation site and the accompanying appeasement ceremonies. In 2011, the project supported holding of an interdenominational ceremony, which was organized by district officials, in memory of people

³ Institutional and capacity building programs are included in the Bank-financed Power Sector Investment Plan, which provides an investment road-map including generation, transmission, and distribution, and is currently implemented under the Bank-supported Power Sector Development Operation and the Energy for Rural Transformation II Project.

buried in the island (prior to inundation).⁴ The time line of activities related to cultural and spiritual issues is summarized in Annex 3.

18. ***Disclosure and PoE Review Mission and Report.*** The project's PoE **completed** nine reports, including the most recent review, which was done in October 2011 and disclosed by the project. The PoE noted the project's significant progress and improvements in BEL's institutional capacities for addressing environment and social issues. Following the 2011 PoE recommendations, the project carried out several measures for addressing poverty and deprivation in the area. These include poverty impact monitoring using the enhanced format for socio-economic measurements which is shown in Annex 4. The PoE also suggested to BEL that in order to make communities more self-reliant, they need to be trained on operating and maintaining the small works (e.g., water pumps and wells, garbage disposal areas, etc.) and livelihood training for youth and women should continue to be sponsored. Subsequently, BEL completed the first livelihood skills training in May 2011.

19. ***Project Inter-agency Coordination Committee.*** As noted in the last Progress Report, BEL coordinates its work program with the IACC which serves as the project's highest decision making body. Day-to-day operations and sub-national coordination of activities are done through sub-committees in IACC that are organized around the programmatic areas of environment and social aspects; tourism and forest management; and communications and legal issues. IACC meetings are held on a bi-monthly basis, where BEL contributes towards the project's long-term planning and evaluation. The Joint Lenders' Supervision Missions, which are held twice a year, receive status reports on project progress from the IACC and BEL. Annex 2 presents the outcome measurements that are periodically monitored by the project.

20. ***NFA Capacity to Implement SMP.*** A Bank Technical Mission in June 2010 recommended measures for improving the capacity of NFA to implement the SMP. In the Joint Lenders' Supervision Mission of April, 2011, there was a discussion on further strengthening capacities of staff in NFA and National Environmental Monitoring Agency (NEMA), in particular, for protecting natural habitats and accelerating awareness of environmental and cultural values at Kalagala and Nile Bank Central Forest Reserve.

21. A Technical Committee was formed last year with the three district officials and the Ministries of Gender and Tourism. The Ministry of Water and Environment, which is the lead agency responsible for SMP implementation, designated an SMP coordinator in its Department of Environment Support Services to oversee implementation of the SMP. NFA also demarcated the buffer areas for Kalagala and Itanda, with the assistance of the Department of Surveys and Mapping.

22. ***Social and Cultural Issues.*** As shown in Annex 3, the project engaged in a series of consultations and facilitated the conduct of several appeasement and spiritual ceremonies. These

⁴ Originally, in 2002, the CPMP was part of the Resettlement and Community Development Action Plan. Subsequently, a CPMP was developed that outlined the steps necessary for "chance find" procedures. CPMP activities are included in the Contractor's manual. This updated stand-alone CPMP was disclosed by the GoU in-country and in the Bank InfoShop in August 2010, and community consultations were held from August to December 2010.

consultations and ceremonies were organized by the GoU District and national offices. The social and cultural needs were assessed as part of follow up panel surveys which were completed in May 2009 and July 2011 (see Annex 4). The content and format of these surveys were reviewed by the PoE social specialist and a revised survey instrument was developed for the July 2011 survey. The results measured key indicators of impact, such as changes in income, diversification of livelihoods, and access to social services, including cultural and spiritual aspects. The PoE social specialist also recommended “systematic socio-economic monitoring” and provided training for the BEL monitoring team on the application of this approach. The cumulative impacts over a period of four years showed mixed results for improving incomes. It was noted in the survey analysis that gathering yearly income information was problematic because households did not systematically take account of cash incomes. Proxy indicators of income were used such as access to food sources; reinvestments; housing improvements; and child nutrition improvements. Of the 32 percent who did some cash accounting, 64 percent said they did not have significant income increases. However, among those engaged in re-investments (e.g., purchase of agricultural inputs), 72 percent reported increased access to food and ability to improve housing and nutrition for the family. The largest increase in incomes (from 2009 income levels) of 84 percent was in the directly affected community of Namizzi, which also reported the highest consumption of highly nutritious foods.

23. The activities outlined in the 2008 CDAP were completed and as of January 2011, there were 441 PAPs’ households covered in the project’s CDAP baseline. Of these, 138 sample households are covered in the follow up surveys for tracking changes in income and livelihoods. Among the PAPs who received cash compensation, 300 households continued to use the cash to avail of agricultural programs (including inputs and market and group cooperatives); some 214 received, in addition to the cash support, some fisheries inputs (fishing gear, boats, fish nets distributed in 2011); and 100 households participated in 2011 in the livelihood training workshops.

24. The focus group meetings, held between February and October 2011, noted some of the problems faced by PAPs. These include, among others, crop failure; low soil fertility; lack of funds to send children to school and health care services; reduced fish and arable lands; insufficient livelihood opportunities; lack of access to commercial banks and employment; and lack of expensive agricultural inputs such as pesticides. The lack of pesticides led to destruction of close to 30 percent of commercial crops last year. To address these issues, BEL extended the micro credit program up to March 2013, with financing managed through the Uganda Finance Trust. These programs have been designed to increase agricultural input support, including acceptable pest control measures, and other livelihood assistance (e.g., skills training and workshop on agricultural diversification). In addition, as requested by community leaders, BEL constructed one market stall in 2011 and another one located just outside the project’s construction area which would be completed next year.

25. ***Sharing of Project Benefits – Livelihood Restoration and Community Development.*** BEL’s efforts in this regard are **ongoing**. The 2010 PoE Report emphasized the importance of restoring livelihoods especially for the reported 124 project affected land owners. The report recommended that livelihood support should respond to PAPs’ needs; be targeted to the more

vulnerable households; and be monitored on a regular basis. Thus, BEL carried out in 2011 an update of the needs assessment of vulnerable households and a socio-economic survey. A separate community development program was implemented for a larger number of “host communities” and vulnerable households. Last year, BEL reached out to communities on the east side and assisted in opening up bank accounts in preparation for micro credit programs, which had begun in Phase 1 for communities on the west side in 2010. Overall, 441 households received livelihood assistance in 2011 (see Annex 3). As of December 2011, the following activities were completed: (i) nutrition enhancement, special education and livelihood inputs to 60 households under the Vulnerable People Assistance Program; (ii) 290 agricultural enhancement recipients; (iii) 384 micro credit schemes, of which 85 were started in 2011; (iv) eco-tourism support to 3 rafting companies and 70 informal tourism service providers in 2011; (v) fisheries inputs support to 214 households, of which 6 were completed in 2011; and (vi) skills training program completed by 91 participants, of which 21 were trained in 2011.

26. In terms of community infrastructure, BEL assisted in the construction of community water supply and electricity connections. To ensure sustainability, the water supply line will be handed over to the National Water and Sewerage Corporation (NWSC) by April 2012. Its District Offices will manage the system (including collection of affordable water charges since the supply connections have meters). There were 46 yard taps installed along the water line and distributed within villages to ensure better access to water. This reduced the price of water per jerrycan⁵ from UgSh300 to UgSh100. As of December 2011, the project estimated that water connections could be completed for approximately 800 households in Kikubamutwe, Malindi, Buloba, Naminya, and Naminya resettlement site on the west side, and Bujagali, Ivunamba, Kyabirwa, Namizzi on the east side (in the future water supply will be expanded to surrounding host communities in Njeru and Bujowali on the west side and Kaitabawala and Buwenda on the east side). In addition to water, the project provides for electrification in rural areas. As of December 2011, Naminya village was 90 percent electrified. Other villages, like Kikubamutwe, Malindi, Buloba, Naminya Kiira, Nankwanga on the west side and Bujagali, Ivunamba, Kyabirwa, Namizzi on the east side will be included. Overall, some 550 households will have access to electricity. The project assisted in construction of the electricity connections but UMEME will manage the system, and will collect affordable electricity charges (household meters connected). The costs of the water and electricity connections totaled US\$1.03 million.

27. **Reforestation and Afforestation.** BEL completed the afforestation program under its Environmental Management Plan. Progress of the afforestation program was verified during the December 2011 Joint Lenders’ Mission and was reviewed in BEL’s monitoring/ progress reports. Afforestation was implemented in a 100 meter wide river bank protection zone. Activities included: sensitization, training and employment of local communities in nursery establishment, tree planting and plantation management; and promotion of agro-forestry in the outer 50 meters of the zone and outside the riverbank protection zone to reduce pressure on forestry resources. In total, 444 hectares were planted with 589,715 trees (both timber and fruit species). In addition to afforestation, soil erosion control on steep banks of the reservoir through construction of bench terraces and planting of *Calliandra* and *Napier* grass was carried out on a 6-hectare demonstration area.

⁵ A jerrycan holds approx. 20 liters.

28. ***SMP for Kalagala Offset including Mabira Central Forest Reserve.*** The preparation of the Kalagala Offset SMP was **completed** in 2010 by the International Conservation Union-Uganda, under contract with the project, and its implementation launched by the GoU in 2011. The GoU approved SMP following extensive consultations that involved 750 persons across a full spectrum of stakeholders. The SMP and its implementation fulfill the obligation of GoU under the Indemnity Agreement to: (i) set aside the Kalagala Offset to protect its habitat, environmental, and spiritual values; (ii) develop tourism at Kalagala Falls in conformity with sound social and environmental standards; (iii) provide measures to ensure that power generation that could adversely affect Kalagala Falls is not developed in the site; and (iv) conserve the Mabira ecosystem. The budgeted cost of SMP implementation is about US\$9.8 million for the initial 10 year implementation period. The GoU allocated some incremental funding to SMP implementation in its FY10/11 and FY11/12 budget frameworks. In addition, the GoU and IDA agreed to fund SMP implementation under the Uganda Water Management and Development Project (to be submitted to the Board in May 2012) in the amount of about US\$4 million (excluding counterpart funding). The Bank will continue to monitor SMP implementation through supervision of the Bujagali project, and implementation support to.

29. ***Mabira Central Forest Reserve.*** In August 2011, there was a report in the public media that the President of Uganda had resumed his 2007 initiative to degazette parts of Mabira Central Forest Reserve and make these accessible to a private investor for sugarcane growing. In response, Bank Management wrote to the GoU and met with the Ugandan Delegation to the Annual Meetings to advise of a potential inconsistency of such action with the Indemnity Agreement and with the implementation of the SMP. Subsequently, the GoU did not proceed with the degazettement process. The Bank will continue to monitor the situation for any indication that GoU is considering to resume degazettement and advise about the continued need to comply with the provisions of the Indemnity Agreement.

30. ***Disclosure of Lake Victoria Water Releases.*** The GoU's agreement with the Bank on disclosure of abstraction data in Lake Victoria is completed. The Ministry of Water and Environment has adopted a monthly reporting protocol to disclose water releases data to the EAC. Management confirms that this disclosure has been undertaken monthly since December 2008. Releases remain above the "agreed curve", but are much closer to it than they were during the period 2005/06. During the period 2009 to June 2010, the Directorate of Water Development issued water release permits that provided for a flat out hourly average generation output between 136-138 MW for most of the period.

V. NEXT STEPS

31. ***Outstanding Issues.*** Management continues to follow up with BEL on progress in delivery of services at the Naminya resettlement site and directly affected villages, which remains the only ongoing item of the MAP. These services include the start of a program for electricity and water services, including Memorandum of Agreements with local governments. Specifically, the program includes the provision of water supply and electricity connections to rural consumers on both east and west sides of the Nile. Upon completion, the water supply system will be managed by NWSC, and the electricity system by UMEME.

32. **Project Supervision.** A supervision strategy was completed and is being carried out in coordination with other donors. Project supervision was transferred to Kampala-based Bank senior staff members. The field-based project team is comprised of a Task Team Leader/Senior Financial Analyst, Senior Environmental Specialist and a Senior Social Development Specialist. Support from a Lead Social Scientist and advisory services from the Africa Regional and Bankwide safeguards teams are provided from Headquarters, as needed. Additionally, Joint Lenders' Supervision Missions are organized twice each year (around March and October). BEL found the mission scheduling to be acceptable, including alternating coordination responsibility. This has allowed BEL to plan ahead for the mission and ensure that all the information and reporting was organized well in advance. Although some lenders participate on an annual basis, the World Bank team has participated in all eight of these missions to date. Lastly, the Bank Task Team members are able to engage project stakeholders for monitoring progress, providing timely advice, and discussing more on-site issues. Bankwide, the lessons learned from the project have been incorporated into training events and Bank documents, such as an *Africa Energy Briefing Note* that was disseminated at the Bank Annual Meetings, will continue to increase capacities of field-based staff to enhance the quality of implementation support.

32. **Implementation Support.** Sufficient staff resources for supervision, including participation in the Joint Lenders' Missions, will continue to be allocated to strengthen implementation support on the ground. To closely monitor logging and other pressures on Mabira Forest, Management will recruit a short term consultant to augment the Task Team capacity in this regard.

33. **Social and Environmental Impacts.** The project has been assessed as satisfactorily implementing the programs outlined in the project's Assessment of Past Resettlement Activities and Action Plan (APRAP), CDAP, and SMP. However, there will be challenges over the longer term. The most significant would be strengthening local governance at the district and community levels to operate the programs that were started by the project. These include activities for: (i) enhancing livelihoods; (ii) monitoring socio-economic impacts; (iii) assessing cultural and spiritual aspects; (iv) addressing needs of vulnerable groups; (v) managing the afforestation areas; (vi) promoting environment management in the Kalagala Offset and Mabira Forest ecosystems; (vii) strengthening ecotourism activities; and (viii) monitoring of environmental impacts, as defined in the SMP. Together with the annual independent evaluation of APRAP and CDAP implementation, BEL already has in place qualified staff to do monitoring, together with continuing the quarterly environmental and social progress reports. BEL will also finalize a Resettlement Action Plan (RAP) Completion Report. This report will identify measures for resolving the two remaining compensation claims in the Naminya site.

34. **Next Progress Report.** The next progress report will be provided to the Board in 12 months time.

ANNEX 1: DETAILED STATUS OF ACTIVITIES IN THE MANAGEMENT ACTION PLAN (MAP)

Issues ⁶	MAP Actions Undertaken During Supervision	Status
General		
Institutional Capacity	Management follow up on institutional coordination and capacity building: <ul style="list-style-type: none"> ▪ Establishment of a Project Monitoring Committee (Inter Agency Coordination Committee) ▪ Strengthening of capacities of BEL's ESU. 	<p>Completed The Joint Lenders' Supervision Mission of November 2011 confirmed the earlier findings of the PoE Report (in 2010), regarding the satisfactory performance of the two committees that were established, the (high level IACC and national multi-stakeholder BEMC) to facilitate inter-agency and sub-national level coordination. The IACC will continue to function as the project's main coordinating structure. The BEMC established a stakeholders' forum for the Environmental and Social Management Plan.</p> <p>Completed Several environment and social safeguards training sessions were completed during the period 2010-2011 and more capacity building programs are planned to supplement the ESU's staff in 2012. The PoE assisted in BEL's training in 2010, and the same training program was repeated in 2011, on establishing a database and analysis of socio-economic baselines.</p>
Guidance on Environmental and Social Safeguards Issues in Legacy Projects	<ul style="list-style-type: none"> ▪ Management has developed interim guidance on addressing environmental and social safeguards issues in legacy projects (which is a Bankwide activity applicable not only to this project) 	<p>Completed The guidance note was disclosed in June 2009 and is available at http://intresources.worldbank.org/INTSAFEPOL/Resources/LegacyGuidelinesjun09.pdf</p>
Social Impact Assessment and Mitigation Measures		
Vulnerable Groups (OP4.12)	<ul style="list-style-type: none"> ▪ Management has assessed progress of BEL's programs to address needs of vulnerable groups 	<p>Completed The program for assisting vulnerable groups was designed and implemented in the project area following a baseline survey, which was completed in 2008 and updated in 2009-2010. A follow up socio-economic survey update in 2011 identified vulnerable and at-risk households. BEL's Monitoring Report (2010-2011) indicated that the school and health clinics were rehabilitated for disabled people and livelihood programs for women-headed households were started in 2011.</p>

⁶ See Table 2, Page 39 of the Management Report and Recommendations, November 2008.

Issues ⁶	MAP Actions Undertaken During Supervision	Status
Cultural and Spiritual Values		
Physical Cultural Resources and Cultural Property Management Plan (OP4.11)	<ul style="list-style-type: none"> ▪ Management completed follow up of a stand-alone CPMP ▪ Management assessed monitoring and reporting by BEL of the CPMP, including the EPC Contractor's Code of Practice for "chance finds" procedures, and found them to be satisfactory 	<p>Completed The CPMP was disclosed in country and in the Bank's InfoShop in August 2010.</p> <p>Completed The CPMP was implemented throughout the construction period and was assessed in the October 2011 Joint Lenders' Supervision Missions as satisfactory. The assessment included a report on the application of the "chance finds" procedures in areas with potential cultural and spiritual significance.</p>
Environment Assessment and Mitigation Measures		
Independent Panel of Experts (OP4.01 and OP13.05)	<ul style="list-style-type: none"> • Management confirmed in December 2009 that the reports of the PoE were publicly disclosed. 	<p>Completed The 9th PoE Review Mission was undertaken in September/October 2011. All PoE reports are filed and publicly available on the project's website.</p>
Ongoing Supervision Activities⁷		
General		
Institutional Capacity	<p>Management assessed satisfactory progress in:</p> <ul style="list-style-type: none"> ▪ Establishment of coordination arrangements (MEMD Project Inter-Agency Coordination Committee) ▪ Implementation capacity of the NFA for the Kalagala Offset SMP, including Mabira Central Forest Reserve 	<p>Completed The IACC continues to function for the purpose of inter-agency coordination. All IACC proceedings are recorded and available on the project's website.</p> <p>Completed NEMA and NFA continue to maintain and prioritize their field-based interventions, training and capacity building programs with respect to Kalagala Offset.</p>
Social Impact Assessment and Mitigation Measures		
Remedial Steps for Updating and Completion of Baseline Socio-Economic Information (OP4.12)	<p>Management assessed as satisfactory in the Quarterly Monitoring Report:</p> <ul style="list-style-type: none"> ▪ Improvements in outcome indicators, as measured from findings of the updated (2010) socio-economic survey, indicating benefits received by PAPs from CDAP programs; and continued monitoring of 	<p>Completed The socio-economic baseline, which was reported in the APRAP (2004), was updated twice (December 2010 and November 2011) using a follow-up socio-economic survey. The results of the surveys were reported and disclosed on the project's website, where the general outcome indicated an improvement in incomes and access to livelihood options. The M&E of implementation progress, especially of livelihood restoration and community development</p>

⁷ See Table 3, Page 40 of the Management Report and Recommendations, November 2008.

Issues ⁶	MAP Actions Undertaken During Supervision	Status
	<p>impacts recorded in the M&E database</p> <ul style="list-style-type: none"> ▪ Improvements in reporting in BEL's Quarterly Environment and Social Monitoring, including database on household surveys 	<p>programs, are built into the project's yearly reporting cycle.</p> <p>Completed BEL submits to the semi-annual Joint Lenders' Supervision Missions summaries of key project indicators. The 2011 Quarterly Environment and Social Monitoring reports are available on its website.⁸</p> <p>Completed The baseline socio-economic database is updated every two years and contains the household survey results as part of the M&E system. Following the advice received from the PoE Social Specialist, the measures of well being, and income change were revised in response to difficulties gathering income data. In 2011, a new format was applied to measure income and livelihood and these indicators became part of the socio-economic database monitoring.</p>
Sharing of Project Benefits (OP4.12)	<ul style="list-style-type: none"> ▪ Management has followed up with BEL progress in delivery of services in Naminya resettlement site and directly affected villages; start of program for electricity and water services, including Memorandum of Agreements with local governments 	<p>Ongoing The results of CDAP for Phase 2, including progress in the delivery of livelihood and social services to PAPs in the Naminya resettlement area, are reported in BEL's Quarterly Environment and Social Monitoring report. The 8th Joint Lenders' Supervision Mission (November 2011), reported on the Phase 3 CDAP programs that were to be completed in 2011 – that is, about 90% of the provisions for piped water and electricity services have been completed at the site and other affected villages.</p> <p>Ongoing Activities related to completion of Phase 3 of the CDAP, which includes small-scale water and electricity supply to a larger number of affected communities (in addition to the Naminya Resettlement Site), are expected in 2012-2013, financed by the French Development Agency and Rural Electrification Authority, with 90% of the piped water works having already been completed by end-2011. The construction of the market stall on the west side was completed in 2011. Based on feedback from communities following the 2011 socio-economic survey, another market near the project site on the east side was considered to respond to increasing workers' consumption needs (e.g., food stalls, agricultural products, etc) and was completed in 2011 and is in use.</p>
Environment Assessment and Mitigation Measures		
Environment Management Plan and Kalagala Offset (OP4.01)	<ul style="list-style-type: none"> • Management assessed as satisfactory BEL's ongoing afforestation activities • Management confirmed 	<p>Completed Target of 444 hectares reforested was achieved.</p> <p>Completed</p>

⁸ http://www.bujagali-energy.com/bujagali_documentsMaps1.htm

Issues ⁶	MAP Actions Undertaken During Supervision	Status
	<p>that the SMP for the Kalagala Offset, which includes the Mabira Central Forest Reserve, was approved and implementation is underway</p>	<p>SMP was approved and disclosed in 2010, and its implementation formally launched in 2011. Funding for implementation will be provided by GoU and IDA-financed Water Management and Development Project (P123204).</p>
<p>Cumulative Impacts: Climate Change and Hydrology Risks; Potential Impacts on Lake Victoria; Alternative Project Configurations (OP4.01)</p>	<ul style="list-style-type: none"> ▪ Management confirmed that GoU disclosed the Lake Victoria hydrological (water releases) starting in 2008, and since then, the information has been made available to the EAC on a regular basis. 	<p>Completed The project continues to disclose to the EAC Member States the hydrological (water releases) updates and the information is provided in the project's website.</p>

ANNEX 2: PROJECT OUTCOME INDICATORS

The Uganda Private Power Generation (Bujagali) Project supports the development of the 250 MW run of river Bujagali hydropower station on the Nile River, eight kilometers downstream from the existing Nalubaale/Kiira power station. Under the transmission component, a 220 kV double circuit transmission line (Bujagali-Kawanda), funded by the AfDB and JICA, is also under construction to evacuate power through the main grid to reach Kampala city and its vicinity. Other components include a 132 kV double circuit line from Kawanda to Mutundwe, and a 132 kV double circuit line from Bujagali to Nalubaale and then to Tororo.

The following table shows the outcome measurements, to date, based on the project's overall results and outcome indicators.

Results/Outcome Indicators	Baseline	Target/Current Values
Post-Commissioning		
Power Generated (GWh) from Bujagali power station	0	1,165 GWh
Levelized cost per kWh from power station	N/A	5.7-9.7¢/kWh
Level of unmet demand (GWh unserved monthly) ⁹	N/A	0 GWh
Achievement of financial closure	All lenders and borrowers have indicated intent	Financial closure and first disbursement achieved
Plant construction progress	Construction to be completed in 44 months from Financial Closure	Power station commissioned
Pre-Commissioning		
Completion of Sustainable Management Plan (SMP) for Kalagala Offset	Identification of Kalagala Offset by GoU acceptable to stakeholders	SMP document completed and approved in 2010
Completion of Resettlement Action Plan (RAP) for affected communities	Identification and census of PAPs	RAP Completion Report to be submitted by end-July 2012
Completion of livelihood restoration	Identification and needs assessment of livelihoods covered in baseline survey	64% of households surveyed showed increase in income since start of project
		300 households used cash received from compensation for agricultural and livelihood investments; 214 received small-scale fisheries support; 100 completed livelihood skills training
Completion of community development programs	Needs assessment of community small-scale infrastructure needs	Completion of piped-in water supply; community electrification; and market stall on west side
Completion of support to vulnerable groups	Identification and survey of vulnerable groups	358 vulnerable people identified and received training and participated in livelihood programs

⁹ Bujagali energy is expected to eliminate load shedding, assuming all existing and planned capacity are operating according to Base Case assumptions.

Results/Outcome Indicators	Baseline	Target/Current Values
Number of gender (women's livelihood) programs completed	Identification of gender-based needs	Number of Livelihood Women's Cooperatives increased from 51% in 2008 to 63% in 2009, and 68% in 2010
Cultural and spiritual activities completed	Identification of cultural and spiritual needs, based on consultations	7 appeasement ceremonies and an inter-denominational ceremony in memory of people buried in the island (prior to inundation)

ANNEX 3: TIMELINE FOR THE APPEASEMENT OF THE BUDHAGALI SPIRITS

September 2, 1999 – AES Nile Power enters into an agreement with the Nabamba Budhagali to carry out traditional consultations with the Budhagali spirits informing them of the project, which may lead to the inundation of the ancestral burial grounds and shrines leading to relocation of the said tangible cultural property.

September 5, 1999 – Nabamba Budhagali held consultations with the Budhagali spirits at which the spirits did not object to the change in the environment, construction of project, and inundation of the culture site as long as ceremonies are held for appeasement.

December 8, 1999 – AES Nile and GoU sign Implementation Agreement that refers to Budhagali site, which is said to be of “cultural importance to the Basoga tribe and the Ntembe clan in particular.”

August 21, 2001 – Agreement for the Mitigation of Cultural Impacts and Appeasement of the Budhagali Spirit, signed by the Nabamba Budhagali. The signature is witnessed by AJCM Magezi, Advocate, who attests that the agreement “was first read and explained to him in a language he understands until he appeared to fully understand the same.” The Agreement follows consultations on 6/25/01, 7/6/01, 7/13/01, 7/25/01. The Agreement contains the following provisions:

“For the avoidance of doubt, after providing the agreed facilitation for the appeasement ceremonies, the Company shall deem and Nabamba Budhagali hereby asserts that all requisite cultural ceremonies associated with the interest of Nabamba Budhagali within the Project Site have been satisfied, the spirits have been appeased, acquisition of the Project Site, construction of the Project and inundation of the Culture site have been accepted by the spirits.

“Nabamba Budhagali shall have no more claims for re-consulting or re-appeasing the Budhagali spirits.”

September 25, 2001 – Nabamba Budhagali accepts milestone payments 3b and 4 for the ceremony. (He had previously received all of the other milestone payments.)

September 29, 2001 – Appeasement ceremony with participation of the Nabamba Budhagali and 75 Baswezi from all over Uganda. Nabamba Budhagali refuses to sign confirmation of completion.

October 5, 2001 – Nabamba Budhagali, through legal counsel, sends letter to object to the presence of others near his shrine claiming to be “the” Budhagali.

2001- 2007- After the withdrawal of AESNP, GoU through a procurement process identified BEL as a developer for the project. Due to the time lapse, there was a need to update the SEAP; to identify any gaps and/or improve on the mitigation measures proposed. Consultations were held with different agencies and during which Busoga Kingdom, as one of the institutions

consulted, indicated that the relocation of the Bujagali Spirits was not completed because no home was built for the spirits as they were temporarily housed at the medium's place (Lubaale Nfuudu).

Further consultations and negotiations led to an agreed list of requirements for a home for the spirits as advised by Busoga Kingdom and a relocation ceremony for the spirits.

August 18, 2007 – The proposed requirements are honored by BEL, and the transfer and appeasement ceremony is performed with Lubaale Nfuudu Benedicto as the medium.

August 2007–January 2009 – BEL requests Busoga Kingdom for progress on the construction of the three shrines (home for the spirits) at Namizzi.

February 9, 2009 – BEL in a letter to Busoga Kingdom (BEL Ref: 0-1264) requests to be furnished with information related to the completion of the shrines and does not get a response.

July, 2009 –MEMD engages a consultant to look into the spirits issue and update the CPMP to also include the procedure of chance finds.

February 19, 2010 – BEL receives a letter from Busoga Kingdom (Ref BK/ADM/10) about the latter's meeting with European Investment Bank centered on two issues – the status of Nabamba Budhagali's involvement in the spiritual issues associated with the project and completion of shrines at Namizzi.

May 18, 2010 – Meeting between BEL, Busoga Kingdom and MEMD is held to discuss the completion of spirits' relocation.

July 2, 2010 – Meeting between BEL and MEMD to follow up on the relocation of the spirits issue and it is agreed that BEL will fund both the completion of the shrines and the relocation ceremonies.

August 5, 2010 – Meeting between BEL, MEMD and Busoga Kingdom is held at the Kyabazinga's offices to communicate agreements made by BEL with MEMD on July 2, 2010, as follows:

- BEL funding both the completion of shrines at Namizzi and the associated relocation ceremonies;
- BEL to discuss with Busoga Kingdom the appropriate conduction of appeasement ceremonies, including the involvement of all key spiritual mediums like Jajja Budhagali, Infudu, etc., in the ceremonies;
- BEL to consider a budget for the appeasement ceremony and sign a legally binding Memorandum of Understanding with Busoga Kingdom; and
- Busoga Kingdom to issue a certificate of completion for completion of the shrines and the relocation ceremonies.

April 28, 2011 – Interdenominational memorial service for the people buried on the Dumbell and other islands held prior to inundation of the area.

June 29, 2011 – Ceremony for the relocation of the spirits from Budhagali (Bujagali) to Namizzi shrines undertaken by the spiritual medium Infudu and witnessed by Busoga Kingdom, the local community, and central and local government officials.

ANNEX 4: SUMMARY OF SOCIO-ECONOMIC OUTCOMES SURVEY (2011)

There were two follow-up socio-economic panel surveys completed in 2011 to measure changes in PAPs' incomes and livelihoods. The sampling approach (14.6% of total PAPs) and results of the second survey in 2011 are summarized below.

Villages	Number of PAPs	No. of PAPs Sampled in Survey
Naminya Resettlement Site	25	22
Kwabirwa	213	21
Malindi	153	26
Buloba	61	12
Namizzi	251	33
Kikubamutwe	117	15
Bujagali	19	2
Naminya Kiira	28	7
Total	875	128

Overall 88 (63.8%) of the PAPs registered an improvement in relation to the 2009 income status based on cash income. The highest improvement in income since 2009 was recorded in Namizzi (28 PAPs or 84.8%).

Additional data analysis, using proxy measures of income, showed the following trends among the three categories of PAPs:

- 60.6% of the PAPs who registered a decline in 2010 registered an improvement in 2011. Only 39% declined further.
- Three of the four PAPs who registered unchanged income in 2010 and took part in the 2011 survey, registered income improvement while the fourth maintained the same income status.
- Of the 83 PAPs who registered an improvement in income in 2010, and took part in the 2011 survey, 34 (41%) improved their incomes. The other 59% of the same PAPs had a decline in their income levels.

PAPs Income Status 2011

PAP Location	Total PAPs	Sample # Households	Improved		Maintained		Declined	
			No	%	No	%	No	%
Kikubamutwe	59	15	5	33.3	1	6.7	9	60.0
Malindi	70	26	13	50.0	0	0.0	13	50.0
Buloba	43	12	5	41.7	1	8.3	6	50.0
Naminya Kiira	14	7	4	57.1	0	0.0	3	42.9
Naminya Resettlement	25	22	17	77.3	0	0.0	5	22.7
Kyabirwa	86	21	16	76.2	0	0.0	5	23.8
Bujagali	6	2	0	0.0	0	0.0	2	100.0
Namizzi	138	33	28	84.8	1	3.0	4	12.1
Total	441	138	88	63.8	3	2.2	47	34.1

The sampled households received various types of livelihood assistance from the project. These are summarized in the table below.

Village	PAPs engaged in livelihood restoration activities	Sample for Agric	Sample for employed	Sample for fisheries	Sample for other informal employment/ Remittances	Total Sample per village
Kikubamutwe	59	12	1	0	2	15
Malindi	70	11	1	4	10	26
Buloba	43	7	5	0	0	12
Naminya Kiira	14	4	1	0	2	7
Naminya Resettlement	25	15	1	0	6	22
Kyabirwa	86	14	3	0	4	21
Bujagali	6	1	1	0	0	2
Namizzi	138	25	1	2	5	33
All villages	441	89	14	6	29	138