



17th/June/2019

Eng. Ziria Tibalwa Waako,
Chief Executive Officer,
Electricity Regulatory Authority (ERA),
Kampala, Uganda

Dear Madame,

PROTEST LETTER TO ERA AGAINST PLANS TO BUILD A HYDROPOWER DAM AT MURCHISON FALLS

1. Introduction

On behalf of the undersigned signatories and on my own behalf, I take this opportunity to thank you for the work the Electricity Regulatory Authority (ERA) is doing for the country and for the people of Uganda.

Among others, the undersigned civil society actors appreciate ERA's efforts to involve the public in the regulation of the electricity sector. We believe that it is through the above efforts to promote public participation that ERA published a notice in the *New Vision* of June 7, 2019.

Through the notice, ERA invited directly affected communities, directly affected government agencies and interested parties to make comments on an application by Bonang Power and Energy (Pty) Ltd to be granted a license to establish a 360MW hydropower plant at Murchison Falls.

The signatories to this letter from the Acholi and Bunyoro sub-regions where the planned dam will be located wish to inform you that we are strongly against the planned licensing.

It is unthinkable that at a time when tourism remains one of the biggest sources of government revenue and at a time when Murchison Falls and the entire Murchison landscape is being threatened by oil activities, ERA allowed companies to commence discussions to conduct feasibility studies that may inevitably lead to destruction of the Murchison Falls.

As you will recall, tourism remains the main sustainable source of government revenues. During reading of the 2019/2020 budget speech on June 13, 2019 at the Serena Conference Centre in Kampala, the Minister of Finance, Hon. Matia Kasaija, informed Ugandans that the services sector experienced the highest growth, at 7.2%, during the 2018/2019 financial year.

The minister informed the country that the good performance was largely driven by tourism and hospitality.

The tourism sector is reported to have earned Uganda over USD 1.6 billion in the 2018/2019 financial year.

Why would ERA want to destroy tourism through destroying one of the most iconic tourist attractions, the Murchison Falls, yet Uganda is producing excess power?

As you are well aware, ERA has failed to sell the excess power from Isimba and other dams. As such, Ugandans, including both power consumers and none consumers, are being forced by ERA and government to pay for redundant excess power through high power tariffs and through repayment of the national debt.

Only 20.5% of Ugandans have access to electricity yet the electricity sector contributes to over 30% of the national debt. In the 2019/2020 national budget, over 10.8% of the UGX 40 trillion budget will be spent on interest payments.

This is a clear injustice as the Ugandans without power are forced to pay for debts accrued to construct dams whose electricity they are not enjoying.

Worse yet, over 90% of all Ugandans still depend on firewood and charcoal to meet their energy needs. Yet government claims that Uganda generates over 500mw of excess electricity. What is the relevance of electricity that cannot be afforded by the citizens?

In addition, Ugandans are yet to realise the reported benefits such as industrialisation, job creation and poverty reduction that government promised would come with increased investment in the electricity sector.

Manufacturers continue to complain about power prices being too high, constraining industrialisation efforts and therefore the sector's ability to offer sufficient and decent employment. It is not surprising then that the industrial parks which government said would consume electricity and offer jobs have produced only 22,000 jobs!

Indeed, during the budget reading, Hon. Kasaija informed the country that at 50% and 35.6% respectively, the services and agricultural sectors are the predominant employers. Tourism belongs to the services sector.

For ERA to therefore propose to destroy Uganda's most iconic falls and harm biodiversity that contribute to tourism is highly inadvisable and shameful.

It is also a reminder of our country's sad history of corruption, selfishness and wrong priorities by leaders. This is why the majority of Ugandan citizens remain trapped in misery and poverty amidst plenty.

Below, we outline why no dam should be built at the Murchison Falls to promote conservation and tourism. This letter was compiled following a civil society meeting held in Kiryandongo district on Wednesday June 12, 2019. The 14 signatories to this letter participated in the meeting.

2. Why Murchison falls should not be tampered with

(a) Oil threats to Murchison Falls landscape: Murchison Falls and the entire Murchison landscape is under massive pressure from oil threats. Over 70% of the 400 oil wells under Total E&P (U) Ltd's Tilenga project are in Murchison Falls National Park. The well pads, pipelines, roads, oil workers' camps, noise, dust, River Nile crossing and other oil infrastructure that will be developed under the Tilenga project will fundamentally affect both the park and falls. Before the above challenges are addressed, ERA is commencing the process of allowing the destruction of Murchison Falls through allowing a dam. Once a feasibility study is conducted, destruction of the falls will commence. Any proposal therefore to allow a feasibility study for the development of a dam at Murchison Falls must be rejected.

(b) Tourism: The tourism sector is one of the leading foreign exchange earners for the country. In the 2018/2019 financial year, tourism earned Uganda over USD 1.6 billion. Murchison falls in addition to Murchison Falls National Park (MFNP) are some of the major tourist attractions in the country contributing to the above high earnings. In fact, Murchison Falls was the most visited national park in 2018. The Murchison Falls which are some of most scenic, mesmerising and iconic falls in Uganda contribute to the tourist numbers. ERA should not destroy the falls all in the quest of constructing a power plant.

(c) Revenue sharing with communities: The 2012-2022 Murchison Falls Protection Area management plan says that because of meticulous planning and various interventions by Uganda Wildlife Authority (UWA), tourist numbers to the Murchison Falls Protection Area rose from 20,000 visitors in 2001 to about 60,000 visitors in 2012. The rising number of tourists meant that districts and therefore communities bordering MFNP received higher revenues from UWA under the revenue sharing arrangement that UWA has with communities neighbouring national parks. Information from UWA shows that by 2012, over Shs 1.4 billion had been collected on the revenue sharing account for districts surrounding the MFPA. This income is invested in areas such as [tourism training schools, classroom blocks and vocational schools](#) such as those seen in Nwoya district so that communities are skilled to get employment. Why

would ERA want to destroy the fruits of the meticulous efforts by UWA that led to the recovery of MFNP? The park's tourism potential had been destroyed by the unrest in Uganda in the 1970s and the Lord's Resistance Army (LRA) war.

- (d) Employment:** In addition to the benefits arising from UWA's revenue sharing arrangement with communities, MFNP offers direct employment to community members. Cultural performers, hotel owners, tourism operators, guides and others are some of those that the park offers direct employment to. Meanwhile, the job opportunities that government promised would accrue from industrialisation that would arise from investment in dams still remain a dream. As earlier shown, while the services sector under which tourism belongs employs 50% of Uganda's labourforce, the industry sector employs only 14.4%! Moreover, Ugandans will recall that manufacturers have time and time again said that instead of electricity being an enabler of their activities, it is a constraining factor because of high power tariffs.
- (e) Excess power:** Part of the reason power in Uganda is expensive is because the country is producing excess electricity that citizens cannot consume. During [the 2017 State of the Nation](#) address that was delivered by the president on June 14, 2017, the president boasted that Uganda was producing [surplus power](#). Indeed, the peak demand for power stood at 500MW then and in 2018 against a total installed generation capacity of over 900MW in 2018. The power generated in Uganda is too expensive for citizens to afford such that you find that that Uganda's population of over 40 million, industries and commercial consumers consume a mere 500MW during peak hours. The amount consumed during offpeak hours is less. It is treason-worthy therefore to destroy Murchison Falls to produce power that cannot be consumed.
- (f) Industrial parks:** Further, ERA has previously noted that government intends to increase demand for power through increasing the number of industries in industrial parks in addition to expanding the domestic consumer base through implementing the 'Free' Electricity Connections Policy. However, just last year, [UMEME informed](#) electricity sector players that while the company experienced an average growth rate of 16% in its domestic customer base between 2012 and 2017, consumption only grew by a half, at 8%. In addition, the manufacturing sector has consistently complained about the high power tariffs. Why would ERA want to destroy Murchison Falls to produce more expensive and excess hydropower which citizens and industries are constrained to consume?
- (g) East African power pools:** Moreover, hopes that Uganda will export its expensive excess power to neighbouring countries will be crushed under the East African Power Pool arrangement. Under that arrangement, East African states including Ethiopia that is generating cheaper power at three US cents (Shs116) per unit will pool their power resources together and sell to each other. A unit of power from Bujagali dam goes for 11 US cents. As economics dictates, it is likely that East African countries will be attracted to buy cheaper power from

other countries such as Ethiopia and Uganda's expensive power will have little to no demand. It therefore does not make sense for Uganda to destroy Murchison Falls for power that will lack markets.

- (h) **Lack of diversity in energy mix:** In addition, Uganda is continuing to invest heavily in hydropower at a time when countries are being advised to diversify their energy mix because climate change could negatively affect sustainable energy supply for countries relying on single energy sources. Information from ERA shows that as at April 2019, hydropower contributed 929.6MW to the energy mix while thermal, baggase and solar contributed 101.6MW, 96.2MW and 50.8MW respectively. What is the rationale of investing in more dams at the expense of biodiversity and tourism yet Uganda should be aiming at tapping into other energy sources to diversify the country's energy mix?
- (i) **Legal action and huge costs:** Further, Ugandans have gone to court to challenge the ongoing failures in the Tilenga oil project. The main objective of the legal actions is to ensure that oil activities do not destroy biodiversity and livelihoods. It is likely that the plans to destroy Murchison Falls will also be challenged in court leading to huge costs on government and citizens.
- (j) **International shame:** Uganda is a signatory of many international conservation agreements and conventions including the recent Paris Climate Change Accord that emphasise conservation. Destruction of Murchison Falls will make Uganda look like a country that has no respect for nature at a time when the impacts of climate change are undermining our national development agenda.
- (k) **Climate change:** Uganda is also experiencing the impacts of climate change, to which fossil fuels such as oil are the biggest contributor, like never before. Flooding, landslides in the Elgon region leading to loss of life, prolonged dry weather conditions that harm agriculture and others are being seen. Uganda needs to promote environmental conservation by avoiding oil and development of electricity dams in protected areas at the very least.

3. Demands

As part of our efforts to protect Murchison Falls and the entire Murchison landscape, we recommend the following:

- (i) **ERA should not approve the application to undertake studies for the development of a hydropower dam at the Murchison falls.** The Murchison falls ecosystem is important in the survival of species such as the Nile crocodile, fish and others. Moreover, the falls and MFNP provide employment, foreign exchange and are a source of national pride. The above services cannot be replaced by electricity moreover which Ugandans cannot afford to consume.

- (ii) **Explore alternative energy sources.** Uganda is richly endowed with alternative energy resources such as solar and wind. However, these resources remain largely unexploited mainly because Uganda is concentrating on hydropower. In line with aspirations under the Sustainable Development Goals (SDGs) and the Sustainable Energy for All (SEA4ALL) initiative, Uganda should invest more in other energy sources especially offgrid solar and avoid over reliance on grid-based hydropower. In addition, in line with aspirations under the Paris Climate Change Agreement that Uganda is signatory to, government should promote investment in clean energy over oil and should avoid oil activities in protected and critical biodiversity areas including in MFNP.
- (iii) **UWA should not issue a permit for a dam at Murchison falls:** Statistics from the Ministry of Tourism show that tourism arrivals in Uganda grew by 18% from 1.37 million in 2015/2016 to 1.54 million in 2018. In the same period, the foreign exchange revenue generated by the sector grew by 19% from USD 1.37 billion to USD 1.63 billion. UWA should therefore concentrate on promoting tourism and should not issue a permit allowing activities for development of the dam to take place.
- (iv) **Citizens should say no to ERA and government’s proposal to destroy Murchison Falls:** It is only the citizens of Uganda who have the power under Article 1 of the Constitution that can save the Murchison Falls. Only the citizens can stop the single biggest challenge facing our country today, the dominance of politics over governance institutions. Key institutions such as the National Environment Management Authority (NEMA), UWA, National Forestry Authority (NFA), ERA and others that are entrusted with the responsibility of conservation and ensuring that developments benefit citizens without destroying the environment have been pushed on the sidelines by selfish and corrupt politicians. The institutions are being used by politicians to destroy the environment. This is why the country is in an environmental mess characterised by loss of forests, wildlife reserves, wetlands, river banks, lake shores and others. Citizens must campaign against the destruction of Murchison Falls and all critical biodiversity areas of Uganda. We encourage companies like Bonang Power and Energy to desist from being part of destruction. Instead, they should invest in other clean energy sources such as off grid solar.
- (v) **Civil society:** Non-governmental organisations (NGOs) and other civil society groups should work with us to mobilise and empower Ugandans to stop environmental abuses in the country. Only strong civic competence will compel government and institutions such as ERA to know that this country belongs to the people of Uganda and our biodiversity must be used in a manner that meets the needs of the present and future generations.

Thank you,



Dickens Kamugisha,

CEO, AFIEGO on behalf of the signatories below

SIGNATORIES:

No	Name of organization	Logo
1.	Africa Institute for Energy Governance (AFIEGO)	
2.	National Association of Professional Environmentalists (NAPE)	
3.	Environmental Conservation Trust of Uganda (ECOTRUST)	
4.	Citizens Concern Africa (CICOA)	
5.	Action Coalition on Climate Change (ACCC)	
6.	South Western Institute for Policy and Advocacy (SOWIPA)	
7.	World Voices Uganda	
8.	Guild Presidents' Forum on Governance	
9.	Oil Refinery Residents Association (ORRA)	
10.	LAPOTA –Acholi chiefs	
11.	Great Lakes Institute for Strategic Studies (GLISS)	
12	Centre for Constitutional Governance (CCG)	
12	Twimukye Womens Organisation	
13	Graffen Organisation -Amuru	
13	Youth Action for Environment -Kiryandongo	

CC:

- The President of the Republic of Uganda
- The Speaker of Parliament
- The Minister of Energy and Mineral Development
- The Minister of Water and Environment
- The Chairperson, Natural Resources Committee of Parliament
- All MPs from Bunyoro and Acholi sub-regions
- The Executive Director, NEMA
- The Executive Director, UWA
- The CEO, Uganda Electricity Generation Company Limited (UEGCL)
- All district councils of Bunyoro and Acholi sub-regions