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KARUMA HYDROPOWER DAM: ADDRESS CAUSES OF DELAY TO PROMOTE CLEAN AND AFFORDABLE ENERGY ACCESS

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Karuma hydropower dam during construction

Photo credit: The East African
Dear reader, welcome to our July 2022 newsletter. Two inter-related events took place this month. First, on Wednesday, July 13, 2022, the Daily Monitor published an article that revealed that government had pushed completion of the over $1.7 billion Karuma hydropower dam to June 2023.

The hydropower project commenced in December 2013 and was supposed to be completed in December 2018. By the time the dam is commissioned, it will have been under construction for nearly a decade. It will also be commissioned over four years past its deadline of completion.

Each month of delay costs the government $12m (about Shs44bn) in expenditures and $17m (about Shs62.4bn) in lost generation revenues. A year of delay amounts to $144m (about Shs535.8bn) in expenditures and $204m (about Shs759bn) in lost generation revenues.

This money is paid by the poor Ugandan taxpayers’ who are currently struggling with high fuel prices, increased cost of basic goods such as food and soap, starvation as seen in Karamoja and others.

The Ugandan government has taken little action amidst the above. The president, H.E. Yoweri Kaguta Museveni, has made some state addresses.

On July 21, 2022 for instance, the president addressed the nation and noted that the solution to the high fuel prices, which led to the increased cost of goods, was a shift to electric cars. He observed that the electric cars are more cost-effective than the fossil fuel-powered ones.

The president is right to rally for a shift to cleaner technologies. However, amidst delayed completion of dams and transmission lines, high electricity connection fees, a failing (free) Electricity Connections Policy, unaffordable power prices, unreliable power supply and heavy spending on fossil projects such as the East African Crude Oil Pipeline (EACOP), this shift to clean technologies and clean energy will not be attained.

Delays in project completion lead to high project costs. This affects the overall benefits of that project, such as increased access to affordable power.

In our Word from the CEO and partners, we discuss how the delay to complete dams such as Bujagali, Karuma and other associated electricity failures present huge challenges for Uganda’s efforts to shift to clean energy, cleaner transport and others.

Yet being one of the countries that are most vulnerable to climate change, and the least prepared to address climate change impacts as the July 30-31, 2022 Mbale floods in which 29 people died showed us, Uganda must urgently take climate action.

In this newsletter therefore, we make recommendations to support efforts to boost clean energy access and use.

In this newsletter, we also bring you our pictorial section. In the section, we highlight the activities that we and our partners implemented this month.
For instance, we participated in a webinar to highlight the impacts of the EACOP project on communities among others. The webinar targeted lawyers under the East African Law Society (EALS) among others.

Furthermore, we held a meeting with some of the lawyers handling the various court cases that AFIEGO filed to protect communities’ rights and the environment amidst oil exploitation activities. We discussed strategies that can be used to fasttrack hearing of the cases.

In addition, we produced and disseminated a documentary on the impacts of oil activities on forests and communities in the Albertine Graben. We hope that the documentary will aid evidence-based advocacy for awareness and empowerment.

Furthermore, with our civil society partners, we engaged European Union (EU) members of parliament to discuss the impacts of oil on host communities.

Our Inclusive Green Economy Network-East Africa (IGEN-EA) partners also participated in a meeting with the MPs and shared the green economic alternatives that are available in Uganda.

This month, AFIEGO staff and our partners were also trained in safety to enable us to operate within the shrinking civic space in Uganda. We share this and more in this newsletter.

In our **lobbying** section, we share some of the lobby and advocacy products that we disseminated this month.

For instance, AFIEGO and our IGEN-EA partners published a research brief on the tourism opportunities of Bugoma forest.

In addition, AFIEGO and our civil society partners wrote a letter to the Auditor General requesting him to audit the $1.7 billion Karuma hydropower dam project.

Furthermore, we wrote two letters to the Deputy Chief Justice requesting that the court of appeal fixes two court cases we filed before the court for hearing. The cases relate to the protection of Bugoma forest and nine households affected by the Tilenga oil project.

Finally, in **in the media** section, we bring you some of the over 11 newspaper articles written by our staff and partners that were published in the leading newspapers in the month of July.

We hope you enjoy the newsletter.

**Editorial team:**

Diana Nabiruma  
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A deluge of rain hit the Mt. Elgon region this month (July). Locals report that this deluge intensified on Saturday July 30 and Sunday July 31, leading to four rivers bursting their banks. These rivers include Namatala, Nashibiso, Nabuyonga and Napwoli.

The rivers, which flooded Mbale district in Eastern Uganda, left terrible destruction in their wake. Government listed the things that were destroyed or affected by the floods. They included: 14 bridges, nine schools, three health centres, 15 fishponds and 80 houses.

In addition, 29 people are confirmed to have lost their lives. Livestock, including 700 domestic animals and 4,500 chicken, were also killed. Such devastation!

The households that lost their homes sought refuge with their extended families or neighbours. They cried about the lack of food, as their gardens were destroyed. Some also noted that they felt like they were overburdening their neighbours or extended families that had given them refugee.

Families with as many as ten members moved into their neighbours or extended families’ homes, placing more burdens on the households providing refugee.

It is likely that these affected families will take a while before they recover.

CLIMATE CHANGE
To avoid catastrophes such as the one that happened in Mbale, it is paramount that not only Uganda and Africa take climate action, but that the biggest polluters that include the industrialised nations do too.

As you dear reader are aware, Uganda has increasingly experienced climate change impacts. These have included flash floods such as those that were recently seen in Mbale. Mudslides and prolonged dry weather conditions have also occurred.

These have caused food scarcity, death from starvation as was recently seen in Karamoja, increased public expenditure to alleviate the impacts of disasters and others.

Uganda is a poor country and it cannot afford the huge bill or social costs presented by climate change. These costs include provision of food relief and housing, repairing damaged roads, bridges and other infrastructure, addressing health challenges such as those arising from poor sanitation after floods and others.

Little wonder that the government largely left rescue efforts to locals after the flash floods in Mbale. No alternate housing for disaster victims was also available. Truthfully, amidst poverty, corruption and other ills in government, Uganda cannot afford to take care of its disaster-struck citizens!

TAKING ACTION?
In light of the above, it is good that the Ugandan president and government are encouraging use of clean energy and a shift to clean energy technologies such as
electric cars. The president proposed this solution this month (July) due to pressure arising from high fuel prices.

Some people have however rightly pointed out that the president’s solution or push for electric cars is not feasible at the moment. Why?

KARUMA DAM & OTHER ELECTRICITY SECTOR FAILURES
About a week before the president proposed the shift to electric cars, it was reported that completion of the Karuma hydropower plant had been pushed to June 2023. Construction of the dam commenced in December 2013 and was expected to be completed in December 2018. The delay to complete Karuma dam has economic and clean energy access implications.

Yet Karuma dam is just one of many delayed and poorly implemented electricity projects in Uganda.

Other projects or electricity sector failures include the Bujagali dam project where government has lost over Shs388 billion in tax exemptions since 2012, the ‘Free’ Electricity Connections Policy where government has spent over $200 million but has failed to hit its target of connecting 300,000 households per year to electricity and rural electrification projects which have failed to add the majority of rural populations to the grid.

Others include the unaffordable high electricity tariffs that have remained the biggest obstacle to expansion of the electricity market, unfair concessions with unfavourable terms to Uganda being given to companies such as UMEME and others. These failures negatively impact clean energy access and affordability.

IMPLICATIONS OF KARUMA DAM DELAY
The delay in completing Karuma dam also has implications as discussed below:

a) Delayed completion: By the time it is completed in June 2023, construction of Karuma dam will have taken nearly a decade. On average, hydropower dams take three to four years to develop. Delays in dam construction result in higher construction costs, which lead to higher power prices.

b) Costs arising from delays: Information available to us indicates that each month of delay costs government $12m (about Shs44bn) in expenditures and $17m (about Shs62.4bn) in lost generation revenue.

A year of delay amounts to $144m (about Shs535.8bn) in expenditures and $204m (about Shs759bn) in lost generation revenue. These unnecessary additional costs will never allow Ugandans access to affordable and reliable electricity.

c) Lessons from Bujagali: Indeed, projects such as Bujagali dam are clear examples of how delayed and mismanaged power projects can affect citizens. Despite tax exemptions of over Shs388 billion, Bujagali dam remains the biggest liability in Uganda’s electricity sector. A unit of electricity from the dam costs over 11 US cents.

d) Power costs likely to increase: In relation to the above, while government had promised that power from Karuma dam would cost 4.97/kWh between year 1 and 10 of commissioning of the dam and US Cents 2.7/kWh from year 11 to15 after the dam had been commissioned, this target is unlikely to be attained.

e) Deemed energy: Amidst the above, the Karuma dam power will be added to
the grid at a time when government has failed to find consumers for Uganda’s ‘excess’ power. As such, Ugandans pay for power they do not consume (deemed energy). In this financial year, it is expected that government will spend Shs. 193 billion in payment for deemed power.

f) Unaffordable and inaccessible power: With high power prices, payment for deemed energy and other challenges, efforts to drive a clean energy transition are unlikely to be attained.

By June 2020, only 19% of the Ugandan population was connected to the grid while over 90% were relying on biomass to meet their cooking energy needs. High power prices among other challenges undermine clean energy access and use. Amidst these conditions, the president’s advice to shift to electric cars is untenable.

An electric motorbike; To scale up e-transport, electric sector failures must be addressed. Photo credit: Daily Monitor

OIL PRODUCTION
Moreover, Uganda is seeking to start oil production from protected and other areas beginning in 2025. This is at a time when it has become clear that Uganda is vulnerable and unprepared to deal with climate change impacts.

Burning of fossil fuels is the biggest driver of climate change. While some government officials have argued that the proceeds acquired from the sale of Uganda’s oil will be used to mitigate climate change impacts, this is hard to believe. Since commercial oil discoveries were made in Uganda in 2006, the Ugandan government developed a big appetite for loans. As at December 2021, Uganda’s debt stood at Shs73.5 trillion ($19.2 billion). Currently, Uganda’s debt to GDP ratio stands at 54%.

More loans will be acquired and added to the existing debt to implement the EACOP, Tilenga and Kingfisher oil projects. This means that by 2026, Uganda’s total debt will reach over USD34 billion (UGX125.8 trillion).

An indebted country that has urgent needs to meet such as a huge public salaries’ expenditure, education, healthcare and others is unlikely to use its little proceeds from oil to invest in climate adaptation measures.

CONCLUSION
The president’s efforts to promote clean energy technologies must be lauded.

However, his government must deal with challenges such as delays to complete dams, poor procurement practices as was seen in the Karuma dam one, corruption that continues to fail policy implementation and an over-emphasis on investing in grid power. Off-grid solutions present the best opportunity for increasing clean energy access. We must also avoid the over USD15 billion planned oil investments, stop tax exemptions to electricity companies and others to promote good governance of the energy sector.

By CEO and partners
AFIEGO MEETS WITH LEGAL TEAM TO DISCUSS ONGOING COURT CASES

On July 14, 2022 AFIEGO held a meeting with some members of its legal team to discuss the progress of the court cases we have filed. The meeting discussed strategies to fasttrack hearing of the court cases.

It was agreed that AFIEGO and our partners write to the Deputy Chief Justice to request for fasttracking of the court cases that are aimed at promoting human rights and environmental conservation.

AFIEGO AND PARTNERS ENGAGE EU MEMBERS OF PARLIAMENT ON OIL IMPACTS

On July 25, 2022, AFIEGO and our civil society partners engaged EU members of parliament in Kampala, Uganda.

Our engagement was aimed at strengthening efforts by the EU parliament to hold European companies working abroad accountable to promote human rights and environmental conservation.

IGEN-EA ENGAGES EU MPS ON GREEN ECONOMIC ALTERNATIVES

On July 26, 2022, AFIEGO and our IGEN-EA partners participated in a meeting with EU members of parliament in Kampala, Uganda.

The meeting enabled us to share the green economic alternatives such as clean energy, tourism, organic agriculture and others that can be promoted in Uganda.
AFIEGO DOCUMENTS THE IMPACTS OF OIL ACTIVITIES ON COMMUNITIES AND FORESTS

In July 2022, AFIEGO produced a documentary highlighting the impacts of oil activities on communities and forests in the Albertine Graben.

The documentary is aimed at supporting various stakeholders to engage in evidence-based advocacy to promote human rights observance and environmental conservation amidst oil activities in the Albertine Graben.

AFIEGO AND OUR PARTNERS RAISE AWARENESS ON EACOP IMPACTS

On July 4, 2022, AFIEGO participated in an online engagement with key stakeholders to discuss the impacts and governance challenges of the East African Crude Oil Pipeline (EACOP) project.

The engagement was organised by the East African Law Society (EALS).

The engagement raised awareness on the impacts of the EACOP project.

AFIEGO AND PARTNERS TRAINED TO OPERATE SAFELY AMIDST SHRINKING CIVIC SPACE

Between July 11 and 12, 2022, AFIEGO and our partners were trained to operate safely within the repressed civic space in Uganda.

Our staff and partners were equipped with skills and knowledge to work safely amidst the hostile civic space.
In July 2022, AFIEGO and our IGEN-EA partners published a research brief on the tourism opportunities of Bugoma forest.

In addition, we wrote a letter to the auditor general requesting him to audit the Karuma dam project.

Furthermore, we wrote two letters to the deputy chief justice. We requested that the court of appeal urgently fixes and hears our court cases aimed at protecting Bugoma forest and promoting the rights of nine Tilenga oil project-affected households.
In the media

This month, AFIEGO staff, research associates and youth champions wrote over 11 newspaper articles that were published in the leading newspapers. The media also published articles from the media interviews we held this month. Some of the published articles are captured below.
About Africa Institute for Energy Governance (AFIEGO)

AFIEGO is a non-profit company limited by guarantee that was incorporated under Uganda’s Companies Act. AFIEGO undertakes public policy research and advocacy to influence energy policies to benefit the poor and vulnerable. Based in Kampala-Uganda, the non-profit company was born out of the need to contribute to efforts to turn Africa’s clean energy potential into reality and to ensure that the common man and woman benefit from this energy boom. Through lobbying, research and community education, AFIEGO works with communities and leaders to ensure that clean energy resources are utilised in a way that promotes equitable development, environmental conservation and respect for human rights.

Our Vision
A society that equitably uses clean energy resources for socio-economic development

Our Mission
To promote energy policies that benefit poor and vulnerable communities

Upcoming events

August 2, 2022; Bunyoro and Greater Masaka: Collect community views on Uganda’s draft Land Acquisition, Rehabilitation and Resettlement Policy

August 5, 2022; Kampala: Support oil project-affected communities to submit their views on Uganda’s draft Land Acquisition, Rehabilitation and Resettlement Policy to Ministry of Lands

August 12, 2022; Hoima: Radio talkshow on the tourism potential of Bugoma forest

August 18, 2022; Hoima: Training and radio talkshow to enhance women participation in beekeeping in the Albertine Graben

August 19, 2022; Kampala: Reflection meeting for IGEN-EA members

August 22-30, 2022; Hoima: Community meetings to empower women and youth clean energy champions to promote clean energy