



February 24, 2020

COMMUNIQUE CALLING ON PRESIDENT YOWERI MUSEVENI TO STOP FEASIBILITY STUDY FOR A HYDROPOWER DAM AT MURCHISON FALLS

Parliament should also censor the minister who presented the resolution to cabinet to allow a study for a dam at Murchison Falls

1. Introduction and background

On February 17, 2020, Africa Institute for Energy Governance (AFIEGO) and our partner civil society organisations (CSOs) held a meeting at AFIEGO's head office in Kampala.

The objective of the meeting, which was participated in by over 18 CSO and community leaders, was to discuss government's insistence on carrying out a feasibility study to develop a dam at one of Uganda's most iconic falls, the Murchison Falls, amidst public resistance.

The meeting was organised after the State minister for energy, Hon. Simon D'Ujanga, appeared before the Natural Resources Committee of parliament on February 11, 2020.

During his appearance, Hon. D'Ujanga told MPs on the Natural Resources Committee that government had signed a memorandum of understanding (MoU) with Bonang Power and Energy Ltd in December 2019 to conduct a feasibility study for a dam at the Murchison Falls in Murchison Falls National Park (MFNP).

The minister said that the MoU was signed following a directive from the president.

The CSO and community leaders' meeting questioned why government was insisting on developing a dam at a time when investment in hydropower dams have only increased Uganda's indebtedness amidst little to no socio-economic returns and many failures in the energy sector.

The CSO and community leaders at the meeting identified some of the failures the energy sector as being:

- Government has borrowed and invested over \$3 billion in dams and distribution lines in the last five years yet grid electricity access remains low –it stands at 24%.

- In addition, to date, the power sector alone constitutes over 35% of the national debt estimated at over \$13 billion and for the last ten or so years, the power sector has been getting over 10% of the annual budget allocations.
- Further, government has failed to ensure that power being generated from dams such as Isimba and Achwa II that were commissioned last year is evacuated to the grid.
- Moreover, many dams such as Nalubaale, Kiira and even Isimba are producing below their capacity due to poor management, poor planning and failure to evacuate power by government.
- More so, government has failed to ensure that the increased power generation drives economic development. Many women, youth and other Ugandans continue to only look at the electricity lines that go through their sub-counties and cannot connect their businesses or homes.
- In addition, legislation such as the ‘Free’ Electricity Connections Policy (ECP) that were meant to increase energy access have performed below expectations as policy implementers such as UMEME lack adequate supplies including Yaka! metres to meet the demand for new connections.
- Even then, much as Ugandans need power and are yearning to be connected to the grid for free, power remains unaffordable with a unit going for nearly Shs.1,000 for domestic consumers. In a country where over 68% of the population is locked into the subsistence economy and where over 27% (10 million) Ugandans live below the poverty line per 2016/2017 statistics from the Uganda Bureau of Statistics (UBOS), that unit cost remains too high.
- Moreover, due to the unaffordability of power and other failures in the power sector, over 90% of Ugandans continue to rely on firewood or charcoal in their crude form to meet their energy needs. This has contributed to the high destruction of forests, wetlands and other important environmental resources. This has worsened the effects of climate change.

The CSO and community leaders at the meeting observed that in the face of the above failures, it is unacceptable that the Ugandan government is seeking to destroy one of Uganda’s most visited and iconic tourist attractions by developing a dam at the Murchison Falls, which will destroy the MFNP landscape.

The CSO and community leaders called on the president to withdraw his directive on conducting a feasibility study for a hydropower dam project at the Murchison Falls. They also called on parliament to censure the minister of energy who presented the plans for the feasibility study for a dam to cabinet.

Below are more of the deliberations of the meeting:

2. Observations

- (a) High indebtedness amidst limited returns from dams:** The CSO and community leaders began their deliberations by appreciating the fact that Uganda needs to produce electricity

to drive economic development. The above groups noted that while the above is the case, government's investment in the electricity sector amidst a high borrowing rate has yielded little. The CSOs observed that though over \$4.1 billion (over Shs. 15 trillion) has been spent following borrowing among others to date to develop, expand or rehabilitate the Owen Falls, Kiira, Bujagali, Karuma, Isimba and Achwa power dams, only 24% of the Ugandan citizens have access to grid power. Moreover, the debts incurred for power projects have failed to result in returns on investment. Instead, government is waiving off taxes, borrowing more money to refinance failed power dams such as Bujagali and others. The CSO and community leaders at the meeting observed that these failures are hampering national efforts to create jobs for the youth and other Ugandans.

- (b) Biodiversity destruction due to electricity sector failures:** The CSO and community leaders further observed that even the 24% of citizens who have access to grid electricity do not use it to meet all their energy needs. Grid power is so expensive that to cook, over 90% of the Ugandan population relies on charcoal and firewood to meet their cooking energy needs. In addition, hospitals, the army, police, and government institutions in charge of security lights also struggle to meet their electricity bill obligations so much so that their power supply is sometimes cut off. Some of the institutions also rely on firewood or solar to meet their institutions' heating, cooking or lighting needs, the CSOs at the meeting observed.
- (c) Compelling citizens to pay for excess power:** More so, the participants at the meeting observed that Uganda is producing excess power which government has failed to find market for. Government failure to ensure that all the 1, 254.2mw that can be produced by the hydropower dams, solar projects and others in the country is consumed has contributed towards the unaffordability of power. The groups observed that power consumers and citizens at large are forced to pay for power they are not consuming. The high power prices which are nearly Shs. 1,000 per unit for many domestic consumers have kept many women, youth and other vulnerable groups out of economic activity because they cannot afford power.
- (d) Efforts to increase electricity demand failing:** The leaders at the meeting took note of the fact that government has said that it is increasing power demand to reduce power prices through implementing the 'Free' Electricity Connections Policy (ECP), expanding industrial parks and others. However, the CSO and community leaders observed that implementers of the ECP were failing to meet their targets. For instance, the largest electricity distributor had only connected 93,580 customers by the time of half-year reporting in August 2019 out of the 300,000 that are supposed to be connected every year.

This constitutes an implementation rate of only 31% by UMEME. The utility reported that lack of supplies such as Yaka! metres among others was hampering new connections.

Even then, with Uganda's poverty rates standing at 27% and with Ugandans having to spend 19.4% of their incomes on electricity among other utility payments, it would be hard for Ugandans to consume power even if they were connected for free.

In addition, the manufacturers have time and again complained about the high power prices, which have hampered growth of industrial parks.

(e) Failures of Bujagali dam refinancing: The CSO and community leaders also observed that government had pegged its hopes of reducing power prices through refinancing the debt for Bujagali. However, following the refinancing of the debt in June 2018, electricity prices for only extra-large consumers came down from 13 US cents to 8.3 US cents. The rest of the power consumers including the most vulnerable communities are still paying high power prices.

(f) Failure to evacuate power: Moreover, the CSOs and community leaders at the meeting noted that government has failed to evacuate power from dams such as Isimba and Achwa II. The groups noted that at the time that the meeting was held, the 183-mw Isimba dam was producing only 90mw because of lack of an evacuation line. More so, government is paying Shs. 10 million per hour over failure to construct an evacuation line for power from the 43mw-Achwa II dam. Furthermore, dams such as Nalubaale and Kiira are operating below their capacity. The leaders at the meeting wondered why government was rushing to engage in studies to develop another dam when it has failed to run the already-developed dams.

3. Recommendations

In the face of the above, the CSO leaders at the meeting recommended the following:

- (i)** The president should comply with the calls of Ugandans and withdraw his directive on conducting a feasibility study for a dam at the Murchison Falls.
- (ii)** If the president fails to respect the voice of Ugandans and stop the feasibility study, parliament should use its constitutional powers to impeach him for abuse of office.
- (iii)** Further, parliament should in line with Article 118 of the Constitution censure the responsible minister who presented the proposal for a feasibility study for a dam at Murchison Falls and made cabinet to pass the decision. This is will stop the impunity of government officials.
- (iv)** In addition, the Minister of energy should engage the cabinet to cancel the MoU it signed with Bonang Power and Energy Ltd for the feasibility study. In case of any liability arising from the cancelling of the MoU, such a liability should be paid for by the responsible government officials who signed the MoU against Ugandans' wishes.

- (v) In addition, parliament should sermon the Minister of Energy to explain why government has failed to table a bill amending the 1999 Electricity Act and to put in place a solar and off-grid energy policy to promote clean renewable energy access in Uganda. These reforms are necessary for the benefit of Ugandans. Already, it has been shown that Ugandans especially those in rural areas prefer offgrid solar power. In a few years, offgrid energy access, which stands at 26%, has outstripped access to grid power access, which stands at 24%. This demonstrates the potential offgrid power has to increase energy access in Uganda.
- (vi) Finally, Ugandans as owners of this country should take it upon themselves to punish any leader including the president, ministers and others who violate national laws and disrespect the voices of citizens.

Thank you,



Dickens Kamugisha,

CEO, AFIEGO

On behalf of the signatories below

Signatories:

1. Africa Institute for Energy Governance (AFIEGO)
2. Environmental Conservation Trust of Uganda (ECOTRUST)
3. Guild Presidents' Forum on Governance (GPFOG);
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 (WVU);
8. Oil Refinery Residents Association (ORRA);
9. Centre for Constitutional Governance (CCG)
10. Twimukye Women's Organisation
11. Graffen Organisation –Butimba
12. Youth Action for Environment -Kiryandongo
13. LAPOTA –Acholi chiefs
14. Center for Energy Governance
15. African Initiative on Food security and Environment
16. Water and Electricity Consumers' Association
17. Kasese Citizens' Coalition to Safeguard Biodiversity
18. Katwe Sanitation and Clean Energy Women's Club -Kasese