



29th/July/2021

The Auditor General,
Kampala-Uganda

Dear Sir/Madam,

RE: PETITION TO AUDIT FAILURES IN KARUMA DAM PROJECT

Introduction

The above refers

On behalf of Africa Institute for Energy Governance (AFIEGO) as the lead petitioner, other undersigned signatories and on my behalf, I take this opportunity to thank you and your office for the continued efforts to promote transparency and accountability in the country. We appreciate the regular audit reports on relevant sectors of the economy that you have continued to compile and submit to parliament to support and facilitate the oversight role of the August House.

In particular, we thank you for the regular audit reports on energy sector projects including the 2017 value for money audit on the oil refinery land acquisition project in Hoima, the Jinja-Kenya and Mbarara-Rwanda power transmission power lines and others.

Despite the challenges of poor implementation and increasing corruption cases in the country, your regular audit reports remain critical in promoting the common good as they provide relevant and timely information to citizens to stop corruption. Your audit reports are also important in providing the necessary evidence that citizens need to hold government accountable.

About AFIEGO and other signatories

AFIEGO is an incorporated Ugandan public policy research and advocacy organisation whose main objective is to promote good energy governance based on the access rights of transparency, accountability, access to information, public participation, access to justice for redress and other rights for the common good. Other signatories are also Ugandan registered organisations whose main objective is to promote the common good across the country and beyond.

Objective of the petition

The main objective of this petition is to request your office to conduct an independent forensic audit covering the \$1.7 billion Karuma dam project including the implementation of the Power Purchase Agreement (PPA), the selection and capacity of the project developer, the quality of the dam being built, the costs of the dam, causes of the over three-years commission delays and their impacts on the final tariffs, the responsibility of the developer vis-à-vis those of government, the terms and conditions of the project loan borrowed from the Exim bank of China, the government institutions involved in supervision of the dam and their capacity, the reasons for the delays in the land acquisition for the transmission/evacuation lines and their impacts and others.

Faults in the Karuma dam project

AFIEGO has been following events around the Karuma dam project since its inception to date. Available evidence indicates that the commissioning of the dam whose construction was launched in 2013 has been postponed to June 2022 under unclear circumstances. Yet to date, the dam is said to be at 98.9% completion, though available information indicates that the quality of the dam is lacking.

The delays in commissioning of the dam are costly and available evidence indicates that the costs are being paid by the Ugandan government with taxpayers' money. We need to know who is responsible for the said delays and their cost implications.

It is notable that the delays will have far-reaching implications on clean energy access and affordability for citizens as the delays are expected to lead to high electricity tariffs. Importantly, currently there is no market for the Karuma dam power. In the end, Ugandans, both direct power consumers and non-power consumers, will be forced through payment of higher taxes and inflated power tariffs to pay for deemed power. All these will affect the economy and the living standards of Ugandans.

Worryingly, information in the public domain shows that there are many transparency and accountability failures at all levels of the project including how the contractor/developer was selected, the quality of the PPA, the project loan and repayment terms, the supervision of the project by the Ministry of Energy and Mineral Development (MEMD) and the Uganda Electricity Generation Company Limited (UEGCL), the quality of the dam, the acquisition of the land for both the dam and all the three (3) transmission lines to evacuate power from the dam to the distribution stations and other weaknesses.

We are concerned that the above challenges will affect Ugandans environmentally, socially and economically. There is therefore need to urgently carry out an independent forensic audit of the project. The audit report will support efforts to promote transparency and accountability in the project for the benefit of the citizens and the country at large.

The audit report should be submitted to parliament and should also be made public to allow citizens to use the information to pressure parliament to use its oversight powers for action.

Thank you in advance for taking action.

Yours faithfully,

Dickens Kamugisha,



Chief Executive Officer, AFIEGO

Other signatories

- Action Coalition on Climate Change (ACCC)
- Centre for Constitutional Governance (CCG)
- Oil Refinery Residents Association (ORRA)
- World Voices Uganda (WVU)
- South Western Institute for Policy and Advocacy (SOWIPA)
- Citizens Concern Africa (CICOA)
- Guild Presidents' Forum on Governance (GPFOG)
- Centre for Energy Governance (CEG)
- Youth for Green Communities (YGC)
- Green Watch Uganda
- Twimukye Women's Organisation
- African Initiative on Food Security and Environment

CC

- The Speaker, Parliament of Uganda
- The Prime Minister, Republic of Uganda
- The Minister of Energy and Mineral Development,
- Minister, Office of the Presidency
- The Chairperson, Natural Resources Committee of Parliament,
- The Chairperson, Public Accounts Committee of Parliament
- The Inspectorate of Government
- The Chief Executive Officer, Electricity Regulatory Authority
- The Chief Executive Officer, UEGCL
- The Karuma Dam Contractor/Developer-Sinohydro