Catching the Boomerang: EIA, The World Bank, and Excess Accountability

A Case Study of the Bujagali Falls Hydropower Project Uganda

by

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Abstract:

The World Bank has shifted its accountability over the past two decades away from borrowing countries towards external groups such as advocacy non-governmental organizations (NGOs). One conduit for this external accountability is the environmental impact assessment (EIA) process. EIA has both theoretical and practical challenges when applied in developing countries, but is bound by Bank guidelines designed in developed countries. Using the Bujagali Falls Hydropower Project, Uganda, as a case study, this paper will demonstrate that the increase in external accountability at the World Bank via EIA has a negative effect on governments and Civil Society in the South. One solution to this problem is to change internal Bank incentives, transfer operational procedures to regional guidelines, and hand over the EIA process to Southern countries.
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I. Introduction

The World Bank is often considered to be an environmentally and socially destructive institution that is unaccountable for its actions (50 Years is Enough 2002, Rich 1994). In reality, the World Bank suffers from an excess of external accountability that has three main effects: 1) It erodes the Bank’s effectiveness as a leading multi-lateral development bank, 2) violates the environmental sovereignty of borrowing country governments and lessens their accountability to the Bank, and 3) weakens borrowing governments’ ability to handle issues regarding consultation and the environment- the very issues that the Bank is specifically addressing in widening its external accountability.

Using The Bujagali Falls Hydropower Project, Uganda, as a case study, this paper will demonstrate the weaknesses of the current environmental impact assessment (EIA) process and the effect of the Bank’s accountability to international non-governmental organisation (NGOs). As a result of differing political arenas, EIA consultations in the South may be ineffective in comparison to EIA consultations in the North. The inadequacies of the EIA process, both in theory and in practice, indicate that the Bank, NGOs, and borrowing governments may be better served if the bank decreased, instead of increased, its external accountability by “handing over” (Chambers 1994a, p.1255) the EIA process to the local regulatory agency of
borrowing governments. Such a change in the EIA process could help to avoid a potential North – South gridlock in development.

II. Methodology

This paper will address existing literature concerning accountability, participation, and environmental impact assessment, respectively, before presenting a case study of the Bujagali Falls Hydropower Project. Primary evidence from Uganda and the United States from 1997 to 2001 will be examined, including interviews of local residents, anti-dam campaigners, World Bank officials, Ugandan Ministers of Parliament, and hydropower company officials. Secondary evidence such as Bank procedures, the Independent Inspection Panel Report, EIA documents, and NGO critiques of the project will also be analysed.

III. Relevance of this Research

It is critical to determine the effect of the increasing external accountability of the World Bank in order to avoid two undesirable development paths. Firstly, consultation and environmental assessment procedures could become excessively challenging and expensive, producing an under-investment in projects in an era when further development is desperately needed, especially in Africa. Secondly, projects may proceed without considering the opinions of locals or acknowledging environmental concerns, because strict guidelines from multi-lateral banks are ignored by borrowing governments during implementation, or because borrowing
governments begin to avoid multi-lateral banks as a source of funds all together (Chestnutt 2001).

The water sector provides a telling example of this potential impasse. The World Bank is one of the largest sources of funds for water projects in the world, and, by its own admission, “highly visible failures that damaged its reputation” have forced the Bank to consider environmental and social effects of water infrastructure projects (World Bank 2001a, p. 3). The resulting World Bank social and environmental procedures, the recommendations of the highly respected World Commission on Dams, well financed lobbying from “rich-world environmentalists” (Economist 1998), and the lobbying of over 2,000 worldwide organizations for a moratorium on bank lending for large dams in the past decade (IRN 2002a) have made it increasingly difficult to build large riparian projects.

At the same time, many developing countries see lack of affordable power, such as hydropower, as the main obstacle to economic development. Moreover, the Integrated Water Management Institute (IWMI), a leading water policy think-tank, notes that “45% of the world’s population in 2025 will live in countries that can escape water scarcity only through large, and possibly environmentally destructive, investments to develop additional water resources”( Seckler & Amarasinghe 2001, p. 1, emphasis added). In other words, according to the former Director General of IWMI, “There is no plan B, we must build more dams” (Seckler 2001). This evidence indicates that environmental and social safeguards that are both financially viable and politically feasible, in developing countries, are needed. The issue of “sustainability”
is becoming an issue of sustainability for whom and by whom, and the Bank’s accountability structure plays a decisive role.

IV. World Bank Accountability

The World Bank is composed of three separate sets of accountability – inward, internal, and external (See Appendix A, Figure 1, p. 46). The inward accountability involves staff appraisals and responsibilities, and is primarily focused on meeting lending targets. This is commonly known as the “McNamara Effect” (Little and Mirless 1994), named after the World Bank’s President from 1972 to 1981 who doubled the amount of Bank lending during that time period. The inward accountability of the Bank has not substantially changed since that time – staff are still held primarily accountable for reaching lending targets (World Bank 2001a), so inward accountability for environmental issues has been nearly non-existent. This “decoupling” (Wade 2002a) has partly played a role in the poor uptake of the environment at the Bank (World Bank 2001b).

Internally, the World Bank is accountable to the financial community, which provides a market for its bonds and a high bond rating, and the “Part I” countries, such as France, the United States, and Germany, which provide funds as well as leadership. Thirdly, the Bank is held accountable to the “Part II”, or borrowing countries, which provide some funds and leadership, but are primarily the Bank’s borrowers. Most Bank accountability to both Part I and Part II countries is channelled through their representatives on the Board of Executive Directors (Rich 1994, p. 66), and is weighted by a “one dollar – one vote” hierarchy (Fox & Brown 2000a). In
addition, the Bank is also held accountable to Part II member governments specifically because they are *customers* of the Bank. Like any commercial institution, the World Bank needs an active customer base to survive.

The largest change in accountability at the Bank since 1985 has been the increase in *external* accountability to two main outside groups – the United States Congress and Northern advocacy NGOs. This paper will focus on accountability to NGOs, which are specifically “nonprofit civil society organizations that do grassroots support and advocacy work” (Fox & Brown 2000a, p. 21). In May of 1985, World Bank President Clausen met with United States Senator Kasten and concerned environmentalists regarding environmental and social ramifications of the Polonroeste project in Brazil (Rich 1994). The group’s objections had been dismissed the previous year, and the 1985 meeting became significant as the first time outside groups were given direct access to Bank staff. In the wake of the controversy over the Sardar Sarovar Dam in India’s Narmada Valley in 1993, the Bank established the Independent Inspection Panel at the bequest of advocacy groups from both Northern and Southern countries. The panel gave local groups the ability to circumvent their own governments and complain to the Bank if “projects may materially harm their rights and interests because the Bank has not followed its own policies and procedures” (World Bank 1994). Another watershed event occurred in 1995, when the Bank published “Working with NGOs”, a document that intended to facilitate the Bank’s partnership with non-profit groups, mainly within the South (Carmen 1995).
V. Accountability Shift and NGOs

These three key landmarks trace the beginnings of a now two decades-long process of accountability shift, away from internal accountability towards single advocacy NGOs and the US government. This shift began as a reaction to the environmental and social disasters of the 1980s, when the Bank appeared “beyond accountability” (Rich 1994, p.123). Accountability, however, is distributional: an increase in accountability in one area indicates a decrease in accountability in another (Keohane 2002). The anger and frustration of the Governments of India, China, and Uganda regarding the external influence on the Narmada, Qinghai, and Bujagali projects, respectively, are indications of this lessening of internal accountability. This accountability shift creates a second order problem as well. Borrowing governments are in turn accountable to the Bank and their own constituencies, while pressure NGOs are typically only accountable to a Board of Directors and staff (Clark 1991). Bank accountability to governments is therefore reinforced and reciprocated, while accountability to NGOs dissipates (See Figure 1).

Nonetheless, the claims of advocacy NGOs such as the Sierra Club, Friends of the Earth, and the International Rivers Network have been critical in increasing the Bank’s awareness of environmental and social issues, and have been validated by other organizations such as the World Commission on Dams, The Independent Inspection Panel, or the Bank itself. Several issues have arisen as a result of these advocacy efforts. Firstly, the demands are perfectly inelastic - as each demand is met, a new one is placed on the Bank (Ruggie 2002, Wade 2002a). Secondly, as these groups become more enmeshed it is difficult to determine whether a Southern NGO is
using a Northern NGO to address their own government, often called the “boomerang effect” (Keck and Sikkink 1998), or whether a Northern NGO is using a Southern group to validate its own claims (Fox & Brown 2000b). Thirdly, NGOs lobby the Bank, although Southern governments implement projects and are stewards of their own environment. This essay does not address advocacy validity but will rather focus on this last point – the advocacy path, and its effect on the borrowing governments and the World Bank.

VI. EIA

1) Background

The advocacy “path” between NGOs and the Bank is manifest in two main areas, Environmental Impact Assessment (EIA) and the Independent Inspection Panel, and this paper will specifically focus on EIA. The World Bank introduced an Environmental Assessment policy in 1989, partly due to pressure from Washington-based environmental groups who demanded the Bank take greater responsibility for the social and environmental repercussions of its projects, and partly due to a growing concern for environmental issues in general. EIA originated with the US National Environmental Policy Act (NEPA) in 1969, which required environmental assessments of US federal projects (EPA 2002). Consultation of stakeholders, as an aspect of EIA, emerged in Northern countries in the 1970s as a process used by planners to “check their worst excesses and justify their claims to democratic status” (Wright 1990, p. 52).
This philosophy was applied to borrowing countries in 1986, when the US Congress passed legislation requiring multi-lateral development banks to “encourage borrower countries to fully inform local communities and appropriate NGOs of project planning, to allow them to participate” (Wade 2002a, ch. 5 p. 23, emphasis added). There are two critical differences between the EIA process in the US federal government and at the Bank, however. Firstly, the US both assesses and implements projects (EPA 2002), whereas the borrowing country government is the implementer of Bank projects. Secondly, the NEPA policy is applied in a well-functioning democracy, which many Bank customers are not. This is especially relevant to item #15, Public Consultation, of Operational Procedure 4.01, formalized in 1999, which states that the borrowers must “consult project-affected groups and local nongovernmental organizations (NGOs) about the project’s environmental aspects and take their views into account” (World Bank 1999, emphasis added).

2) Participation in Development Theory

During the 1980s, development theory also began to address the need for increased public involvement in assessment and planning, as the failure of many development projects were blamed on a lack of beneficiary involvement. By 1990 the Learning Group on Participatory Development at the World Bank had defined participation as a “process through which stakeholders influence and share control over development, initiatives, decisions, and resources that affect them” (Nelson & Wright 1995, p. 5). This concept was most aggressively advocated by Robert Chambers, whose theory of “rural participatory appraisal” focused on the professional researcher being able to “handover the stick” and see projects through locals’ eyes.
This parallel theory is relevant to public consultation in EIA, since the concepts of “taking views into account” are similar, and yet the pitfalls of participatory appraisal are rarely mentioned in EIA literature.

On a practical level, many challenges to participatory development were encountered. Firstly, communities are not homogenous, and “an institution, however ‘participatory’, will benefit some people while others lose out” (Nelson & Wright 1995, p. 15). Secondly, participation may involve only local elites (Chambers 1995), since those who make themselves available for participation are often more powerful from the outset (Chambers 1994b). Thirdly, locals often tell officials what they think the officials want to hear, a process of “inadvertent ventriloquism” (Chambers 1995) that can be magnified in Africa by local government pressure. This creates a skewed form of local knowledge and of what locals really want (Mosse 2001). The result is that participation becomes nothing more than a “cosmetic label to make whatever is proposed appear good” and the post-project reality changes little (Chambers 1995, p.30).

3) Consultation in EIA

Participatory rural appraisal was a voluntary initiative at the Bank and did not gain prominence because it did not have a “high profile champion” nor were its core values compatible with a “large bureaucracy” (Francis 2001, p. 84). Involving locals through EIA, however, has been required since 1989, and was further supported by the Rio Conference and Agenda 21 in 1992. EIA procedures have consequently spread to over 100 countries (Harrop & Nixon 1999), but have not been adopted in
Africa overall for three main reasons. Firstly, politicians fear that stringent environmental policies will force the cancellation of projects, discouraging investment and growth (Kakonge 1999, p. 173). Rapid growth in Northern economies occurred without environmental regulation, Southern leaders argue, and therefore EIA procedures are sometimes considered unnecessary hindrances. Secondly, many governments view environmental considerations as a threat to sovereignty and security (Dalby 1996). Thirdly, institutions are lacking, and there is a “shortage of local environmental experts and a lack of experienced local environmental consulting firms to help with EIA of projects” (Kakonge 1999, p. 178). Consequently, borrowers are hesitant to fund assessments, or to borrow from the Bank to do so.

On a practical level, public consultation is a uniquely challenging aspect of EIA. “Participation” often occurs too late to alter project design, and is thus “often a one way process” (Petts 1999b, p.147) which creates distrust among the public. Secondly, EIA is often carried out by a biased organization, such as the project developers themselves, so dissenting opinions may not be accurately recorded. Thirdly, Chambers’ “inadvertent ventriloquism” also applies: some locals connect foreigners with potential jobs or money in parts of post-colonial Africa, and will respond with the “right” answer as a result. Even if locals suggest alternatives, it is difficult to avoid design lock-in, wherein project designers often have an answer for every local suggestion with reasons why their project demands cannot be met (Young, 1996, 97 in Petts 1998b).

Finally the perception of government pressure is an often-overlooked factor that can decrease the effectiveness of public consultation. “In many African countries
the public is perceived as anti-government if they protest against any aspect of a project, no matter whether it is a negative impact” (Kakonge 1999, p. 179). In Uganda, where most of the intelligentsia, and many other government detractors, were killed during the regimes of Idi Amin and Milton Obote from 1973 to 1986, some citizens still fear being perceived as anti-government. Across Africa, participation has not been a priority when compared to other social and environmental issues: out of the 27 African countries that had EIA authority in 1999, only 5 practiced public participation (Kakonge 1999, p.171). These practical challenges of EIA are in addition to the other pitfalls of rural participatory appraisal already outlined.

4) Reconsidering Public Consultation

The existing theory indicates that the concept of public consultation in environmental assessment needs to be reconsidered. Participation and consultation are powerful tools for sustainable development (Mosse 2001, Petts 1999a), but “we must examine and evaluate real systems and practice more closely if we are to realize the realistic (political, social, economic, and technical) opportunities for the optimisation of the tool” (Petts 1999a, p.8). The challenge is how. Stricter guidelines could be implemented, thereby increasing the external accountability of the Bank. Alternatively, the entire process could be overhauled, delinking assessment from the Bank’s external accountability structure and increasing its focus on borrowing governments. This challenge is especially relevant to the Bujagali Falls Hydropower Project, which involved dissenting opinions, EIA scrutiny by local and international NGOs, and a borrowing government eager to push through the project.
VII. Bujagali Falls Hydropower Project

1) Background

The Bujagali Falls Hydropower Project provides an example of the challenges of public consultation at the project level and the polar forces of internal and external accountability at the overall Bank level. The project is a proposed $550m dam on the River Nile in Uganda and would be East Africa’s largest single foreign direct investment project (Beattie 2002). The site of the proposed 200-megawatt hydropower project is 8 kilometres downstream from two existing dams, the Owens Falls Dam, built in 1959, and the Owens Falls Extension Project, completed in 2000, and is 80 kilometres east of the capital city of Kampala (See Appendix B, Map 1, p. 47). The dam, first proposed in 1994, would inundate an 8km stretch of river, including the Bujagali Falls, a popular tourist attraction, and 1,288 households, including Baganda residents on the West Bank and Busoga residents on the East bank (EGS 2001, p. 307). The hydropower facility would provide power to the nation of 23 million people, 3% of whom currently have access to power.

The project is highly sought after by the Government of Uganda and President Museveni, who took power in 1986 and is the ruler of a “one party democracy”. Museveni initially awarded the project developer, the US-based AES Corporation, the proposed site at Bujagali Falls, while simultaneously awarding other dam companies potential contracts on other downstream sites, as part of a long-term strategy to harness the 2,000 megawatt potential of the Nile in Uganda. The Government of
Uganda requested funding from the International Finance Corporation (IFC), the private sector division of the World Bank, to cover part but not all of the project costs. On December 18\textsuperscript{th}, 2001, the World Bank’s Executive Board approved the IFC loans as well as risk guarantees through International Development Association (IDA) funds (IRN 2002b).

2) Project EIA

The project is especially significant because the Bujagali Falls Hydropower Project Environmental Impact Statement “has been labelled best practice by the World Bank Group and is being reviewed as the case study for future EIAs” (AES 2001). The AES Corporation spent nearly seven years preparing the project, including over 1,300 consultations with interested groups, involving 300 separate consultations with local residents and cultural leaders alone (Chestnutt 2001). Most of the local residents supported the project, and although the Bujagali Falls are a popular “beauty spot” (See Appendix C, Photo 1, p. 48) visited by busloads of Ugandan schoolchildren each year, there was only minority opposition to the project in the nation as a whole. Internationally, criticism came mainly from the International Rivers Network and Friends of the Earth, and domestically from three main groups—The National Association of Professional Environmentalists (NAPE), the Save Bujagali Crusade (SBC), and the Busoga tribe on the East bank of the Nile.

The Busoga’s claims demonstrate some of the pitfalls of the consultation process described above, and the interaction between the International Rivers Network and NAPE represents the in-country aspects of the accountability shift at the
Bank. Finally, the overall results and the reaction of Yoweri Museveni, President of Uganda, indicate the potentially negative effects of this accountability shift on the Government of Uganda.

3) Busoga

a) Claims

There are over one million Busoga in Uganda, although only a small fraction lives on the banks of the Nile. The Busoga Lukiiko, the Cabinet of the Isabantu Kyabazinga, the ruler of the Busoga kingdom, sent formal notification to the press in 1998 that “if government is bent on destroying Budhagali Falls this would [be] tantamount to destroying Busoga, since this is one of the few remaining SIGNIFICANT CULTURAL sites of Busoga (Busoga 1998, capitals in the original). Their motivation was two-fold: Firstly, they were driven by a desire to preserve Bujagali Falls for its “intrinsic value” (Ngobi 1998) and as a signal of their cultural heritage for future generations. Secondly, their reaction to the proposed project reflected their scepticism that they would receive benefits from the hydropower facility. In the late 1950s, the Rippon Falls, another falls culturally significant to the Busoga that stretched bank to bank at the headwaters of the Nile, were submerged under the reservoir formed by the Owens Falls Dam. Although promised power, many nearby villages never received it, and most of the benefits of the dam followed the transmission lines to the capital city of Kampala.
The Busoga Lukiiko also claimed that the Local District Government in the nearby town of Jinja had not been properly consulted regarding the project, and that “in order to persuade the people to support the dam” AES representatives made “false promises” to give them “free electricity, free hospitals, free education” (Busoga 1998). It is not clear whether this actually occurred, or whether locals misinterpreted statements. Nevertheless, the Busoga claims indicate the difficulties of undertaking consultation in this environment. A final issue raised by the Busoga, which is more critical for future dam projects in developing countries, is that the “people affected by the destruction of the Budhagali Falls are more than the few local residents. This is a local and national issue” (Busoga 1998).

b) Differences with the Baganda

There are three key differences between the Busoga on the East Bank and the Baganda, who supported the project, on the West Bank. Firstly, Uganda was a British protectorate from 1894 to 1962, and the Baganda, one of the strongest kingdoms in the country, were trained as civil servants and specifically supported by the British as a conduit to create stability in the country. The legacy of this power to some degree remains. President Museveni, although from the west of the country, identifies himself with the Baganda, and Mutesa, the last ruler before Obote and Amin, was from Baganda (Kataike 2002).

Secondly, the Baganda are physically located near the capital city of Kampala, the country’s commerce centre that is connected to West Bank villages by a paved tarmac road that runs parallel to the Nile along the West Bank. There is no paved road
along the East Bank, which is also on the opposite side of the river from Kampala, and commerce is notably slower on the East side of the river as a result. Research visits in 1998 elicited strikingly differing attitudes regarding the project, as the residents on the East Bank were more concerned about the project’s effect on their communities than those on the West Bank, who were more interested in how the dam would help them gain access to electricity and develop economically (Wakisi 1998). Finally, the Busoga demonstrated an historical, cultural, group affinity for particular falls on the Nile, while the Baganda overall did not.

c) Evolving EIA

The claims of the Busoga are significant because they appear in early versions of the EIA but not later ones. In response to the Busoga’s early claims to cultural significance at Bujagali, an AES official wisely responded in 1998 that “The Uganda government will decide and it is their call” (Chestnutt 1998). Deciding what is for the greater of the good of the country is indeed the responsibility of the government and its citizens, but the task of outlining the potential impacts of the project is, currently, the responsibility of the developer. Preliminary EIA documents make special emphasis of the differences between the two areas, and noted that Namizi Parish on the East Bank

“appears a close knit community with an active village level administration, and splitting the community would represent a significant socio-economic impact. The community has been here for several generations and cultural values and associations will need to be studied. Graves and burial
grounds are a case in point. There will be acute social effects from land take in this area” (Rust, Kennedy, and Donkin 1996).

While a third party construction company, with no direct stake in the project, completed this report, later assessments by AES also came to similar conclusions.

Early EIA “Terms of reference” documents stated that a dam of less height could be built that would preserve the falls: “There appears to be some opposition to the project on cultural / spiritual grounds: a reduction in the height of the dam will prevent the falls from being inundated” (NIP 1997, p. 18). The same scoping document continues to state that early preliminary socio–economic surveys carried out in 1996, however, could not establish exactly what those cultural grounds were (NIP 1997, p.18). Officials at the Bank recognized the lack of cultural issues in the EIA, and Ron Anderson noted in 1999 that the draft EIA “discounts the cultural element in two words” (Anderson, 1999), and that more work would have to be done. By 2001 the final AES EIA noted that the Kyabazinga of Busoga no longer objected to the project, and that the loss of falls is “not seen as a cultural property loss or spiritual issue of significance by the majority of people who will be directly affected at the individual, household, local, community, or national level” (EGS International Incorporated).

The AES EIA did acknowledge that “traditional religious beliefs remain important in the area” (EGS 2001, p. 127), however, and prepared a Cultural Property Management Plan which described how spirits – in trees, rocks, and boulders – would be moved prior to construction. In 2001 ceremonies to appease the spirits took place
before transferring those spirits and ancestral remains elsewhere. The company hired a specialist in African religions, John Baptist Kaggwa, to oversee the process, which was covered in the New York Times and proved challenging, as paying for the transfer of newly added “spirits” was consistently an issue (Lacey 2001). While there were spirits relocated on both banks, the majority were on the Busoga, or East, Bank.

The Ugandan press coverage of the East and West Bank communities in late 2001 - after compensation was already distributed, and before construction began, noted that, “Residents of Wakisi, Kikuba, Mutwe and Malindi [West Bank] along river Nile in the Mukono District are feasting from money given to them by AES Nile Power… they laughed at their Basoga colleagues on the other side of the Nile [East Bank] who are still opposing the construction of the dam, saying the place belongs to the spirits. They referred to them as backward” (New Vision 2001). Some Busoga felt that it was wrong to move the spirits, and Kaggwa himself noted that “traditionally, community spirits are not supposed to be transferred” (Lacey 2001).

d) Significance

The Busoga’s claims and evolution of the EIA are significant because there was no later discussion of a potential redesign to protect Bujagali Falls, and the presumption was made that spirits could be moved on behalf of the entire community or kingdom. The carrot of potential compensation to the area or perceived pressure from the Ugandan government may have quelled dissenting opinions, or the majority support could have rendered vocalizing opposition difficult. Finally, locals may have simply been perfectly content with the project and the exhaustive mitigation measures.
which AES had put in place. The earlier mention that project design could be altered, however indicates that public consultation could have affected the project, raising the very difficult issue of how much dissent warrants a costly redesign, and whose values matter more, and by how much. Even a lengthy consultation process, therefore, may still be an incomplete survey of all stakeholders.

Secondly, the Busoga claims regarding stakeholder status for the entire kingdom – that the dam is a “local and national issue” is also critical. The Busoga, now spread across Uganda, have a cultural valuation for the Bujagali Falls, contrasting most conservation issues in the North, which focus on altruistic or bequest valuation by remote citizens who are not necessarily considered stakeholders. A more Africa – specific EIA guideline that includes remote cultural valuation would be relevant in this situation, possibly via a contingent valuation study of the cultural impacts of the Hydropower Project. Precedence exists in the contingent valuation research conducted regarding the Kayraktepe Dam in Turkey (Biro 1998), which calculated locals’ valuation of the potentially submerged riparian area that had been previously overlooked in the original cost-benefit analysis.

4) NGO Criticism

In addition to the Busoga, two other local groups publicly voiced concerns regarding the project. The National Association of Professional Environmentalists (NAPE) filed an injunction against AES in 1999 for reaching an agreement with the
Government of Uganda before the country’s National Environmental Management Authority (NEMA) had reviewed the EIA (New Vision 1999), although NEMA ultimately approved the EIA. Members of the Save Bujagali Crusade (SBC) made visits to the project site to gauge residents’ opinions but noted that “they have been told they will be given adequate compensation. These people are very poor and uninformed, they cannot be asked to make an informed decision” (Musumba, M. 1999). Both groups received help from the Uganda Wildlife Society, a research and policy group, which considered the project to be destroying “a spiritual site” (AES 2001), and had two researchers focused on the EIA process, but found it “difficult to monitor” without an adequate budget (Isooba 2000). These groups therefore focused on informing Ugandans of the financial aspects of the deal between the Government of Uganda and AES.

This was also the focus of the International Rivers Network (IRN), which began lobbying the Bank regarding the project in 1999 on issues regarding the lack of transparency of the power purchase agreement and the potentially excessively expensive electricity tariffs Uganda could experience as a result. IRN was also instrumental in linking NAPE and the SBC with the Bank Information Centre (BIC) to access Bank documents, as well as insuring that the organizations were present at stakeholder meetings for the project held in Washington D.C. as well as international meetings of the World Commission on Dams (Oweyegha-Afanduula et al. 1999). The critical support provided by IRN substantially raised the profile of NAPE and SBC, but also made it more difficult for the Government of Uganda to determine the source and validity of local opposition.
Representatives from IRN and BIC also visited Uganda in 2000 to meet with officials from the local opposition groups as well as Ministers of Parliament, student associations, AES officials, and local government and NEMA officials. The response in-country was mixed – there was support for insuring that Uganda received the best deal possible from a multinational developer, but there was also animosity among citizens who perceived that outsiders were hindering the development of Uganda. The visit is significant because it represents the powerful conduit, both positively and negatively, that the Bank and the EIA process have become in linking Southern and Northern concerns. Most criticisms of the international and local NGOs in Uganda focused on the fundamental nature of their argument (no dam) and the lack of viable alternatives for Uganda’s development. Similarly, the “Tuesday Group” meeting of Bank affiliated NGOs in January 2002 noted that, while valid objections to the project were raised, “International NGO involvement was less helpful in bringing forward suggestions by local stakeholders regarding how the project could be improved” (Kozloff 2002).

5) Inspection Panel

The SBC and NAPE filed a claim with the Independent Inspection Panel in July of 2001, criticizing the social, cultural, and environmental ramifications of the project, and claiming that the project violated Operational Procedure (OP) 4.01, Environmental Assessment, among others (IRN 2002b). Their main objective to the EIA was that no consideration was made of the cumulative impact of the three dams
that would exist within a 10km stretch of the Nile if the project were built. The Independent Inspection Panel visited Uganda in late 2001. President Museveni, worried that the project would be cancelled after a Panel investigation, wrote directly to World Bank President James D. Wolfensohn on October 9th, 2001: “I wish to request the World Bank Management and Board to approve the Bujagali Project prior to the conclusion of the Panel’s lengthy exercise” (Mwenda & Mufumba 2001, emphasis added).

On December 18th, 2001, the Bank approved the project before the Bank’s investigative panel filed its report, committing $225 million in loans through the International Development Association (IDA) and International Finance Corporation (IFC), including commercial but not political risk guarantees (Pottinger 2002). Peter Woicke, the President of the IFC, stated that the project will “reduce the need for public investment in the power sector, enabling the government to deploy more funds for critical social needs in other areas” (UN 2001).

Less than six months later, on May 30th, 2002, the Inspection Panel report was submitted to the Bank’s Board of Directors, which was due to vote on an additional political risk guarantee of $250 million through the Multilateral Investment Guarantee Agency (MIGA) for the project (IRN 2002b, p.10). The panel found the Bank violated five Operational Procedures and Directives, including OP 4.01, Environmental Assessment, and found the Bank was lacking sound financial and economic analysis of the project and analysis of other power alternatives, such as geothermal (IRN 2002b). This confirmed what the International Rivers Network, NAPE, and the SBC had previously lobbied. The Board voted to indefinitely delay the MIGA funding for
the Bujagali Project on June 17, 2002 (Walsh 2002), as the forces of internal and external accountability at the Bank left few other options.

VIII. EIA Analysis

The Bujagali Project is an example of a thorough and expensive EIA that was inadequate in the eyes of some local residents, local opposition groups, and international NGOs, resulting in frustration at the Bank and within the Ugandan Government. Three main issues regarding the EIA arise: the timing of EIA, the body that carries out EIA, and the perception of government pressure among potentially affected peoples. These issues are flaws of the entire EIA design process, not necessarily the EIA itself: AES carried out an EIA under World Bank guidelines for a project implemented by the Ugandan Government on a site chosen by the Ugandan Government.

1) Timing

As Musumba’s comments above indicate, it is very difficult to assess the adequacy of consultation and the genuine nature of public comments if participation begins after locals have developed a conception of potential compensation. Involvement of locals and assessment at an early stage also guarantees that fewer surprises occur later, such as when cultural sites to be transferred were increasingly
added in 2001. Ideally, cooperation between the public and project developers should occur “from the early development planning stage, prior to project announcement, land acquisition, or application submissions so that both acquire a clearer understanding of each other’s intentions and concerns” (Harrop & Nixon 1999, p. 90, emphasis in the original). Early consultation improves the chances for local involvement in the design process, which is especially relevant for Bujagali, since, according to early scoping documents, the Falls may have been spared. According to Robert Goodland at the World Bank, “The first and essential step in a big dam project, well before deciding on the type of dam – is to integrate environmental and social concerns fully” (Goodland 1997, p. 11). This reconfirms both the theory and existing guidelines of public consultation: “Taking their needs into account.”

2) EIA Body

AES hired the Canadian firm EGS International Incorporated to carry out the EIA, along with a Ugandan based marketing firm. The danger in this arrangement is that AES must serve it own needs first - insuring that the project is accepted and insuring that the EIA is carried out on a reasonable budget. AES can therefore frame the information provided regarding the effects of the project in a positive light, and potentially less objectively than a third party, impartial organization may do. Even with the best intentions, the conflict of interest between the roles of developer and assessor will slant issues towards the developer. The Local District Chairman on the East Bank noted that “participation is best when they [the local residents] can frame the terms of reference” (Tamuzaddle 1998). Otherwise, the process becomes
“coercive persuasion” wherein “participation can indeed be co-opted for a range of agendas.” (Cooke 2001, p.120).

3) Perceptions of Government Pressure

A final issue that may have skewed the EIA, leading to NGO and international criticism, is the local perception of government pressure to support the project, which would create an inadequate consultation process and overlook groups such as the Busoga. Central officials were more willing to express this sentiment than local residents or local government officials. One NEMA staffer noted, “Government has been a marketing machine for AES, they have done too much” (Wabunoha 2000). Museveni’s support for the project was implicit in the early years. However, in an attempt to quiet dissenting MPs (Members of Parliament) after repeated delays, the President told Parliament that “the US government had warned that a failure to approve the dam would threaten Uganda’s relationship with the world’s only superpower” (Monbiot 2001). At the December 20th, 2001 groundbreaking ceremony, the AES Country Director admitted that help from the President was critical to insure the success of the project: “Without his occasional intervention we would not have come this far” (Monitor 2001).

Individual comments from Parliamentarians support this statement. MP Isaac Musumba, Chairman of the Standing Committee on the National Economy, worried that the Bujagali Project would not benefit the majority of his constituency, but was “scared of being pushed down by the executive” (Musumba, I. 2000). Another
Minister, James Mwanda, noted that “support has come down from executive that this project will go through” and went so far as to claim that local people were “paid to protest against the EIA hearings in Jinja, in support of the project” (Mwanda 2000). Museveni threatened to sue Lubaga South MP John Ken Lukyamuzi, who wrote to President Wolfensohn urging the Bank to deny the Bujagali Project at the same time Museveni was lobbying Wolfensohn for approval. Lukyamuzi, who called the project construction costs “ridiculous” and “inflated”, replied to Museveni publicly, “Why should I be seen to be betraying my country simply because I am contesting the project?” (Patrick 2002). Under such circumstances, it is very difficult to determine accurate local sentiment.

What is clear is that EIA in this challenging context makes the Bank constantly vulnerable to failing to meets its own procedural guidelines. Whatever the inadequacies of the AES EIA, it was not cheaply or hastily conducted, and was detailed in a thoroughly transparent process in Uganda and the US. The Bank’s external accountability for this process forces it into an awkward two-faced position, caught between pressure groups and the borrowing government. While NGOs and marginalized residents and citizens may, temporarily, benefit from this arrangement, it has negative ramifications for the Bank, borrowing governments, as well as global governance.
IX. Effect on the Bank

As a result of these polar pressures on the Bank, its effectiveness as a leading multi-lateral lender is weakened. Investors seek stability for investments, which is partly why they seek the Bank’s involvement in developing countries in the first place. The external schizophrenia regarding the Bujagali Project – bowing first to Museveni and then to the Panel, highlights the contradiction at the Bank between the aligned forces of inward and internal accountability, towards lending targets and customer governments, respectively, and external accountability, to NGOs. This contradiction erodes trust, which is the fundamental asset of any Bank, as it is trust that maintains both a high bond rating and a steady stream of customers. One possible solution to these diametrically opposed pressures that is unique to the Bank alone – changing its inward accountability – will be discussed in section XIII.

X. Effect on the Borrowing Government

Ugandan NGOs and the Busoga had valid claims that were raised with the Bank. The involvement of the International Rivers Network and Friends of the Earth was also critical in raising awareness of the lack of transparency regarding the Power Purchase Agreement (between the Government and AES) and the financial viability of the project. However, the NGOs’ access to the Bank via its Operational Procedures, and the direct involvement by Northern NGOs in Uganda, have potentially negative effects on the Government of Uganda, both at the local and the central level.
1) Local Government

At the local and regional level there are two major effects of international NGO involvement. Firstly, community groups are in no way homogenous, and if some local groups support a project and others do not, there will much resentment by local authorities regarding any external groups who are perceived to be attempting to convert others. This was evident during research interviews on the East and West Bank of the Nile in 1998 (Wakisi 1998), as well as during a joint Uganda – NGO scoping visit in 20001 (Tamuzaddle 2000).

Secondly, there is often confusion over the role of NGOs, especially if the interaction is late in the project cycle after consultation has occurred. The Regional District Chairmen of Jinja District noted on the same visit in 2000 that “[The Bujagali Falls Hydropower Project] is not necessarily what we want, but we have it, so that is that” (RDC). A Local District Chairman in the resettlement area similarly told NGO visitors, “We as environmentalists do not sincerely support the Bujagali Falls, but why do you come in now?” (Tamuzaddle 1998). Unaware of local politics, international NGOs can potentially do more harm than good for local authorities by creating resentment and raising expectations.

2) Central Government

At the central government level, there are three main effects from the Bank’s accountability shift towards external groups. Firstly, governments retrench, viewing

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1 Participants included members of Save the Bujagali Crusade, National Association for Professional Environmentalists, Bank Information Center, International Rivers Network, and the author
environmental initiatives as a threat from outside. The appreciation for the economic and health value of environmental problem solving decreases in the executive branch and with some Parliamentarians, potentially placing environmental ministries in a negative light. The result is an avoidance of environmental and social concerns. At the groundbreaking ceremony for the Bujagali in December of 2001, Museveni angrily remarked that “a project which should have taken two years has taken seven years to start. All this hulabaloo has been a waste of time and a lack of seriousness. This was a circus” (Kelly 2002).

Secondly, countries reduce their commitment to the Bank, and may avoid the Bank as a lender. When it was announced by the Bank’s Board that it would indefinitely delay the approval for Multilateral Investment Guarantee Agency (MIGA) funding for the Bujagali project, in light of the Independent Inspection Panel Report, Museveni noted, “Those who are saying the World Bank should not give us money, like environmentalists, should know that it will be built, whether it is by the World Bank or by ourselves” (BBC 2002). For the Bank this is the antithesis of good customer relations, considering that Uganda is its fifth largest borrower for IDA funds with 358 million dollars in commitments in fiscal year 2001 (World Bank 2002a).

Thirdly, local NGO criticism, when addressed to the Bank via Northern NGOs, weakens the ability of governments to deal with Civil Society and ultimately delays the development of democracy. The Bank’s control of the guidelines and assessment, coupled with its burgeoning external accountability, result in local groups using the Bank as a proxy which is “politically safer than criticizing their own governments” (Wade 2002a). This deters dialogue from occurring in-country and weakens the
enabling environment for NGOs. If environmentalism is associated with foreign meddling, government officials have an excuse to pay less attention – not more - to both Southern NGOs and environmental issues.

XI. Narmada Comparison

The results of the controversy over the Bujagali Project parallel the controversy over the Sardar Sarovar (Narmada) Project in India regarding the effects on borrowing governments. With Bujagali, the Government of Uganda was responsible for the project site, not the Bank, and in the Narmada case the Government of Gujarat was similarly responsible for the poorly conducted resettlement process. International NGOs, such as Friends of the Earth and IRN, and the local Save the Narmada Group, the Narmada Bachao Andolan (NBA), lobbied the Bank to cancel the Narmada project, and as a result the Government of India withdrew the Bank loan request in 1993. The Government of India, angered at the Bank’s involvement in a domestic issue – resettlement, vowed to self-finance the dam.

The Bank has not funded any power plants in India since 1993, while the Government of India has established the Power Finance Corporation (PFC), which has authorized over $1 billion for hydropower projects in the last fifteen years, including Narmada Valley projects (Brosshard 2002). The NBA continues to lobby the Government and the Supreme Court of India, which recently conditionally allowed for the height of the Sardar Sarovar Dam to be raised, displacing even more people (Vartak 2002). India continues to be the lead borrower of Bank IDA funds, but
project money is going to poverty reduction and basic social services, not infrastructure, where environmental issues are most prominent (World Bank 2002b). The Government of India’s commitment towards the environment has not been improved as a result of the Narmada campaign. Without Bank involvement, the debate has now shifted to an entirely Indian issue over its citizen’s rights and resource use through the Supreme Court, which is promising for Civil Society engagement, but not necessarily promising for Narmada Valley residents, in the long term. One could expect similar results in Uganda if Bank funding for the Bujagali Falls Hydropower Project is permanently denied.

XII. Effect on Global Governance

The link between international NGOs and the Bank not only effects borrowing governments – it also has a secondary effect on global order. To the same degree that bilateral trade sanctions weaken multilateral environmental treaties (Neumayer 2001), reliance on World Bank directives weakens international law. For example, situations involving inadequate consultation are contested through OP 4.10, Operational Directive on Indigenous Peoples, and are consequently diffused via the maze of conflicting accountability at the Bank and inadequate government implementation. This lessens the probability such issues will be resolved through the appropriate statute in international law, such as ILO Convention 169 of 1989, an internationally accepted standard which requires that “state parties undertake consultations in good faith with the objective of achieving agreement or consent” (Kingsbury 1999, pg. 325).
Secondly, the Bank’s example of working with external groups and creating worldwide procedures is a model for other partnerships that reduce the capabilities of the third world state through exclusion. For example, the Global Compact, sponsored by the United Nations, is intended to promote good corporate practice through universal standards via “nested networks” of NGOs and corporations that operate in the developing world (Ruggie 2002). The Global Compact “is not a substitute for effective action by governments, but an opportunity for firms to exercise leadership in their enlightened self-interest” (UN 2002). Even though the Compact’s principles² are universally accepted, its mere existence displaces the potential for local peoples and businesses to engage with governments directly, a situation not unlike the Bank in developing countries. Multi-laterals like the Bank need to realize that, “in adopting, applying, and supervising their policies they are doing more than making rules for themselves, they are participating in an international normative process” (Kingsbury 1999, p. 342).

XIII. Alternative Policy Arrangements

One potential solution to the challenges of the EIA process— to reinforce the existing process through stricter directives and improved international NGO involvement— would only increase the external accountability, and schizophrenia, at the Bank and increase counterproductive hostility within borrowing governments. On a practical level, it is not enough to change both the timing of the EIA consultation and the consultation company, and to acknowledge that government pressure can skew EIAs in the South. On a conceptual level, the Bank has a responsibility to be

² The Principles are based on the Universal Declaration of Human Rights, the ILO’s Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development
transparent to all parties regarding its actions, but not necessarily accountable to all parties. One potential solution is to create internal Bank incentives that include environmental and social parameters, transfer operational procedures to regional guidelines, and hand over the EIA process to the South. The result is a decrease of external accountability, an increase in inward accountability to the environment, and an increase in internal accountability towards borrowing governments.

1) Change Inward Accountability

To resolve issues surrounding Bujagali, one must begin with the Bank. The first step is to move away from the “McNamara Effect” and create a Country Environmental Team that is promoted and evaluated partly on environmental and social parameters, using, for example, the Little Green Data Book, which “presents key indicators of the environment and its relationship to people in over 200 countries” (World Bank 2001b). The team would have the ability to approve individual projects, and its own budget to fund the writing of Country Environmental Strategies and the training of local EIA practitioners, who would appraise projects through the host government’s regulatory agency, such as Uganda’s NEMA. The Environment Team Chief, the project task manager, and the local agency could promote a teamwork-based, in-country agenda, but still capitalize on the Bank’s institutional knowledge from projects elsewhere in the world.
2) Increase Internal Accountability

The second challenge is to transfer the current worldwide Operational Procedures to region-specific guidelines, *bound by the authority of the borrowing government*. The concept of localized guidelines was a cornerstone of the first Environment and Development Conference at Founex in 1971 (the precursor to the UNCHE at Stockholm in 1972), which noted that it is “undesirable that rigid guidelines for project appraisal from an environmental viewpoint be laid down by multi-lateral or bilateral donors at this stage” (Founex, Recommendation 9, in Le Prestre 1989, p. 82). Removing universal standards would avoid situations where interventions are successful in one area, prompting the “development industry optimistically to extend the strategy to the vast majority of cases, where it is inappropriate” (Ellerman 2002). Moreover, particular countries handle cultural differences unique to that country, and region-specific guidelines could account for country-wide stakeholder communities like the Busoga.

Critics claim that regionalizing guidelines will leave marginalized people in the South more vulnerable. This is not the case. The executive and legislative branches of borrowing governments, eager to see projects approved, would have an incentive to engage the Bank’s local environmental department and their own environmental management authority. All relevant parties would still have access to Bank documents through the Bank Information Center and the Tuesday Group, which were designed to make critical information available to non-Washington NGOs (Keck and Sikkink 1998, p. 149 – 150).
Moreover, any potential violation of human rights as a result of resettlement, for example, could be addressed to the United Nations, which handles issues of “land rights and self determination” via the International Bill of Rights, and the previously mentioned International Labor Convention 169 of 1989 (Golten 2002). Project affected people could hold their own governments responsible, addressing national authority through a recognized human rights agency. This is more appropriate and sustainable than holding a multilateral lending institution responsible and addressing it through an international non-governmental organization, which may contain biases and ulterior motives of its own (Keck and Sikkink 1998).

3) Hand Over EIA

Thirdly, and most critically, the EIA process could be handed over to the relevant local agency, and where the capacity does not immediately exist to have EIA carried out locally, a five-year phase in period could be implemented. The foundation already exists. Out of 51 African countries, for example, 27 had EIA authorities by 1999, and Uganda was one of 9 that had formalized guidelines (Kankonge 1999, pp. 169 & 171). Uganda’s National Environmental Management Authority (NEMA) has reviewed over 110 projects, denying 10% on environmental grounds since its inception in mid-1996 (Ecaat 1998). Even existing NEMA staffers in Uganda admit, “Africans are not competent enough to scrutinize EIA” (Wabunoha 2000). This is primarily because EIAs have been donor driven to date (Kakonge 1999, p. 181). The Bank could reverse this trend by limiting the use of outside consultants for EIA work and by earmarking a small percentage of all project money for that country over a

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3 UN Declaration of Human Rights and Sections 1 of the International Covenants of Civil and Political Rights, and Economic, Social and Cultural Rights (Golten 2002)
five-year period toward building EIA capability at local universities and regulatory agencies.

“Learning by doing” is the most effective way, if not the only way, to create self-sufficiency in environmental decision-making in Southern countries. A hand over would also involve skills transfer and capacity building, fundamental tenets of the Bank’s goal to reduce poverty. One of the Bank’s current projects in Uganda, in fact, is the Second Environmental Management and Capacity Building Project, a $22 million credit designed for “local governments and communities to build and strengthen their capacity in environmental planning and addressing key environmental issues” (World Bank 2001c). This hand over would also improve the consultation process by using planners who knew the local language (Kakonge 1999, 179). Officials on the East Bank specifically noted the need for a “simplified EIA which is printed in local languages” (Tamuzaddle 2000). Finally, engaging NEMA for EIA work creates a continuous consultation process that could extend into strategy, beyond reactive, project-level, issues, fostering the long term “planning and commitment to the process on all sides” that is necessary for the “success of consultation” (Clark & Dorschel 1998).

In 2010 we may be asking ourselves why it took so long for the professional assessment and development community to turn over the EIA reins to the social and environmental professionals in the South, just as Robert Chambers asked in the 1990s, “why it has taken so long for the development community as a whole to ‘discover’ in this way [via Rural Participatory Appraisal] the richness, not just of the knowledge of villagers, but of their creativity and analytical abilities” (Chambers 1994a, p. 963).
Had we started the transfer of EIA skills to the South in the mid-1990s, it would have been completed by now.

XIV. Results

1) Environmental sovereignty

It may seem counterintuitive, considering the possible influence of central government on the Bujagali Project described above, to hand over the EIA process to borrowing government agencies. However, when autonomous agencies such as Uganda’s NEMA are given the responsibility to manage and assess the development of their natural resources, they will be able to approve or deny projects – and Parliament will be able to vote on such projects - based on sound technical grounds. In this proposal, the borrowing government has control of environmental planning through the establishment of EIA guidelines and takeover of the EIA process. Historical precedence for environmental sovereignty exists in the 1974 Charter of Economic Rights and Duties of States, which states that countries are entitled to “exclusive jurisdiction” over their natural resources (Le Prestre 1989, p. 79).

Honouring this “exclusive jurisdiction” is critical for two reasons. Unless there is involvement by the State, there will be a hollowing out of accountability (Rich 1994, p. 192), responsibility, and ability that will be painfully evident when a country stops using Bank funds or when project cycles end. Secondly, the shift to local guidelines and regulation also strengthens Civil Society in the South, since the debate over planning and resource-use will shift from Washington to the Parliament and
press in the borrowing country. Ignoring this environmental sovereignty allows for the concept of “ecological universalism” to thinly veil a global managerial hegemony, which ultimately sacrifices “global democracy” (Dalby 1996, p. 469).

2) Decreased External Accountability

The proposed decrease in external accountability has two main effects. Firstly, regional guidelines insure against a mushrooming of strict procedures that are implemented more for the sake of Northern NGOs than Southern stakeholders, forcing international activist NGOs to deal directly with borrowing countries. International NGOs, such as Friends of the Earth and the International Rivers Network, currently focus on compliance with procedures, because it is far easier to gauge compliance with rules than actual project performance (Wade, 2002b). However, this process only marginalizes Northern NGOs in the long term. Leverage via the Bank is currently the only conduit to borrowing governments, who, after all, are the project implementers. The more the Bank answers to Northern NGO pressure, the less influential the Bank becomes in those countries, and NGOs become less powerful as a result.

Secondly, the refocus of the Northern NGO agenda helps to build a distinct Southern environmental agenda by addressing the conflict of valuation between the North and South. It is often assumed that because the United States developed some of the first environmental guidelines it is imperative that those American guidelines and policies be exported. Such an attitude is evident in the Recommendations of the Subcommittee on International Development Institutions and Finance adopted in
December of 1984 which noted that “given the leadership which the United States has taken on many aspects of environmental protection, the U.S. Executive Directors should exert a leadership role in each of the multilateral lending institutions to promote a strong and effective environmental program” (Le Prestre 1989, p. 212). This approach is misguided because local environmental agendas depend on local valuation of environmental goods (Reaves et al. 1999). Residents of a Southern country, for example, may have a relatively large willingness to pay for watershed protection, because they depend more heavily on agriculture than Northern residents, but may have no economic preference for preserving endangered species.

The Bujagali Case Study demonstrates the continued need for international NGO advocacy networks: the International Rivers Network and Friends of the Earth were critical in raising awareness of the lack of transparency of the PPA and the potential risk to Ugandan citizens of increased energy prices, concerns which the Independent Inspection Panel later confirmed (Walsh 2002). These efforts may be more effective in the long term, however, if redirected towards the Government of Uganda. In the words of an Executive Director of one of the borrowing countries of the World Bank: “NGOs have made so much noise. They must come up with suggestions on how to operationalize the interaction. They should talk to the governments” (Bichsel 1994, p.151).
XV. Limitations

There are three major limitations to handing over EIA. Northerners may be unwilling to give up the EIA process, Southern governments may be unwilling to adopt it, or Southern governments may co-opt EIA to serve their own needs. Firstly, it is worthwhile to note that the international community is comfortable allowing Southerners to handle rural participatory development strategies, but is far more reluctant to “hand over the stick” regarding the environment. This is partly due to the fact that some multi lateral development officials consider the environment a far too critical field – and the repercussions from mistakes far too large – to allow locals to handle it (Wade 2002b). Procedural lock-in and the vigilance of external groups also play a role. Consequently, we have an EIA review process fiercely protected by Northern professionals in all but a few countries.

Secondly, there is the possibility that governments will have no interest in the process. This could arguably be overcome by the fact that they could protect the process from outsiders and use it to reinforce environmental sovereignty. Thirdly, there is the danger that the process would only be corrupted and subjected to more government influence when it is brought “in house”. The government or local NEMA could hinder the participation of stakeholders. Intervention and government pressure, or a general lack of democracy (Fox & Brown 2000a), could affect the impartiality of the local court system or obstruct locals’ request to invoke UN declarations or international law. In short, the Busoga, NAPE, and the Save Bujagali Crusade could still lose out. However, these pitfalls already exist currently, and it is more likely that
a local political and economic compromise would prevail with the aforementioned reform, a healthier long-term solution than the socially constructed fundamentalism that often underlies the North – South resource use debate.

XVI. Conclusion

This case study of the Bujagali Falls Hydropower Project has demonstrated that EIA, in theory and practice, has several shortcomings. When applied in the challenging context of developing countries, the process can both violate the “exclusive jurisdiction” of Southern countries and make the World Bank constantly vulnerable to not meeting its own guidelines. In the long term, the Bank, NGOs, and borrowing governments would benefit if the bank decreased, instead of increased, its external accountability, and handed over the EIA process to borrowing governments, for three main reasons:

1) The Bank’s external accountability through EIA increases its schizophrenia between internal and external groups, eroding its trustworthiness and effectiveness while not affecting its critical, lending-focused inward accountability structure.

2) The external accountability at the Bank decreases its internal accountability to borrowing governments, which in turn decreases the borrowing governments accountability to the Bank.

3) Shifting the NGO advocacy path from the Bank to borrowing governments, through EIA, would encourage Southern Governments to engage with Civil Society,
allowing issues of consultation and the environment to *reinforce*, not contradict, the sovereignty of Southern countries.

In an attempt to spur economic development, Southern governments such as Uganda court developers for projects that those *governments* choose and implement, but that the World Bank often funds through loans and guarantees. The corresponding environmental assessments, currently performed by developers to Bank standards, are then critiqued by NGOs worldwide. The result is frustration by both local citizens and borrowing governments, such as the Busoga, NAPE, and President Museveni, a lack of assessment capacity in the South, and a focus on Northern environmental and consultation standards that will insure *less* Southern stewardship, accountability, and capability in the future, not more.
Appendix A:

*External Accountability:*

**NGOs**
- Insure Social and Environmental procedures are followed
- Retain / improve Bank’s reputation

**Internal Accountability:**

- **Financial Community**
  - Retain stream of funding
  - Retain credit rating

- **Part II Governments**
  - Insure continuous customer base

- **Part I Governments**
  - Retain stream of funding
  - Retain authorizing environment

**THE WORLD BANK Inward accountability:**
- Meet lending targets
- Approve projects

**US Congress**
- Insure approval of International Development Association (IDA) funding

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Figure 1, *World Bank Accountability:* An increase in unreciprocated, external accountability to NGOs decreases internal, reciprocated accountability to Part II governments.
Appendix B:

Map 1, The proposed Bujagali Falls Hydropower Project and affected area (EGS 2001, p. 3)
Appendix C:

*Photo 1, The Bujagali Falls from the Southeast bank* (Bwekwaso 1999)
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