

Daily Monitor Karuma dam story shakes Energy sector

Flashback. One may say it is still a running story because Karuma and Isimba power projects are still under construction. But, as Nelson Wesonga shows, *Daily Monitor's* reporting on this story last year had far-reaching implications on the on-going works, influencing the halting of works for a while to correct errors and a change in supervision.

It appears the surest way to secure an appointment with President Museveni is if you want to discuss security, roads and railways, energy, tariffs and industrialisation. Those subjects are very close to his heart.

His legitimacy is partly hinged on Ugandans, especially his generation's, belief that they and their children are safer with him in charge, something he often reminds many about.

He has earmarked fixing roads, railways, energy and industrialisation as the route he wants to use to lead Uganda to modernity.

The officials from the Uganda Electricity Generation Company Limited (UEGCL) that sought to meet him in February 2016 wanted to talk to him about energy, specifically about shoddy work at the Karuma Hydro Power Project (HPP) and Isimba HPP sites did not encounter any difficulty.

Unknown to the President or the UEGCL team, the information up for discussion, one of the *Daily Monitor's* investigative reporters, Ivan Okuda, had gleaned six months earlier.

"I first got the information and working with the then news editor, Alex Atuhaire, for six months held it as we felt we didn't have a concrete story," Mr Okuda says.

"Then the same source brought up the same story after six months and we started to call the actors involved."

Karuma and Isimba hydropower projects are some of the most important projects in the energy sector given both the cost of the projects and the impact on Uganda's plan to increase its installed power generation capacity from 900 megawatts (MW) to 2,000MW by 2020.

"So when a source involved in the two projects offered credible information touching on the intrigue, corruption and gaps in quality of works it was an exciting story to tell," Mr Okuda says.

Mr Atuhaire says who was involved in sourcing for the information, says it is when they landed on a report about an investigation into the quality of work

at the Karuma and Isimba project sites that the *Daily Monitor* broke the story - on March 30, 2016. The story was titled 'Govt officials fight over Karuma'.

Shoddy works

Mr Okuda would later pen other stories, among them 'Museveni orders action on Karuma shoddy works'.

The second article was based on a March 22, 2016 letter Mr Museveni had written to the Minister of Energy, Irene Muloni.

Mr Museveni said he had got disturbing reports that the work being done on the dams was shoddy.

He had heard that the Karuma HPP contractor, Sinohydro Corporation Uganda Limited, was welding draft in hollow structures instead of assembling them outside the hollow.

Mr Museveni's letter said that were concrete to be poured over such defective structures, it would result into an irreversible situation of having a defective dam and powerhouse.

President Museveni, on April 15, 2016, directed Ms Muloni, to consider suspending the works and dismissing the owner's engineer for lack of seriousness.

"I, therefore, direct you to, at once, confirm if these stories [raw information] are true so that you can stop further and irreversible mistakes," Mr Museveni instructed Ms Muloni through the letter.

"If it is necessary to suspend work until the defects are corrected, it should be done. The owners' engineers [Energy Infratect PVT Ltd] could either be re-inforced or even dismissed...I demand prompt action."

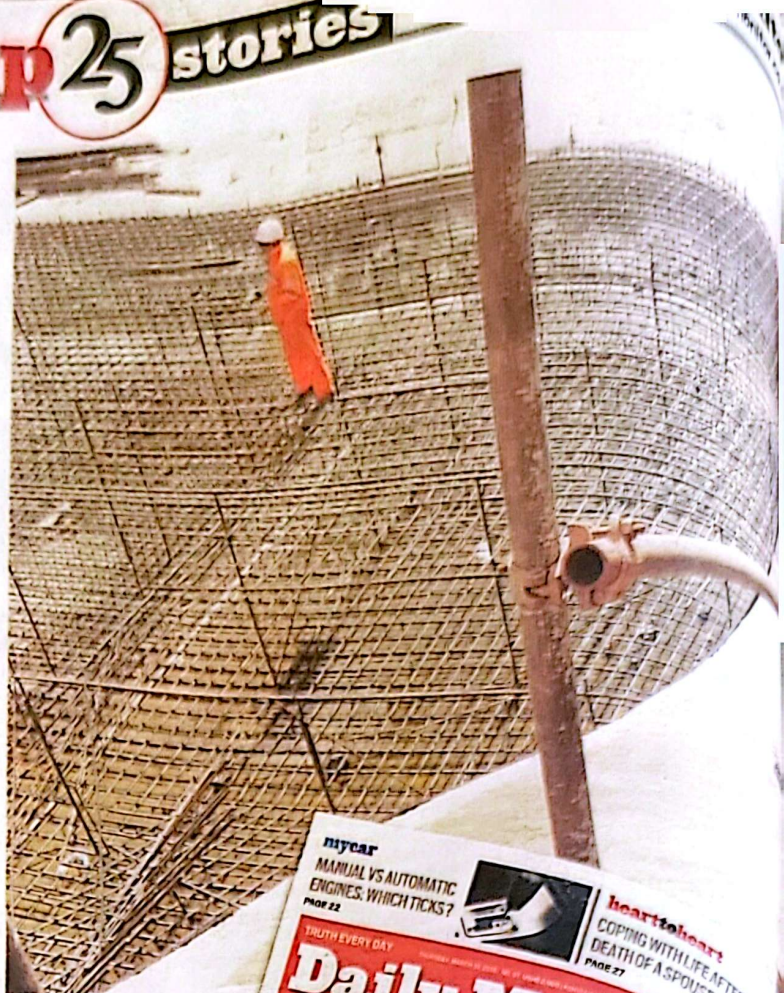
Daily Monitor in April 2016 reported that the Karuma HPP project manager, Albert Byaruhanga, confirmed shoddy works, which he said the Energy ministry was aware of.

Mr Byaruhanga, who is UEGCL's resident supervisor of the \$1.4 billion, said this while appearing before the House Committee on Natural Resources, which had asked UEGCL to explain the shoddy works.

"The cracks ...could be for a number of reasons: It could be differential temperatures, which is called thermal cracking, may be structural problem, may be stresses within the structure, may be workmanship," Mr Byaruhanga said.

Works halted

As a result of that, works on that sec-



Project. Karuma Dam in Kiryandongo District that is still under construction. PHOTO BY STEPHEN OTAGE

Media coverage. A series of *Daily Monitor* editions that reported about Karuma hydropower project.



tion of the Karuma HPP stagnated at 30 per cent for those months.

The President would later also direct Ms Muloni to suspend Paul Mubiru, Henry Bidasala and Cecilia Menya, who were the director energy

2000MW

Projection. Karuma and Isimba hydropower projects on completion are projected to increase installed power generation capacity from 900 megawatts to 2000 megawatts by 2020.

resources, Karuma HPP project coordinator and Isimba HPP project coordinator, respectively. The President said the official should be investigated for negligence of duty.

The permanent secretary at the ministry of Energy then, Fred Kabamebe-Kaliisa, would later appoint a committee comprised Prof John Ssenfuma, Prof Henry Arinaitwe and Prof Jackson Mwakali to look into the allegations about substandard work at Karuma and Isimba HPP sites.

Were they to find that the work so far done was substandard, their terms of reference showed, the members of the committee were to "



FROM THE AUTHOR



66

"There was uproar from them, each side accusing the other of being used and misled by the other. We met officials from UEGCL with Mr Charles Bichachi, the Executive Editor, and they came with loads of documents, with the new Energy PS, then UEGCL's chairman openly accusing us of being used by the Energy ministry. The ministry, too, at some point claimed UEGCL was using us, never mind that our source wasn't from any of the two institutions. We stuck to facts, documentary evidence and paid attention to detail. I recently bumped into the former Energy PS, Kabagambe-Kaliisa, who never picked my calls or replied messages, throughout that period, and reflected on the stories. He still feels we were used by UEGCL and that the President relied on [the] Monitor reporting to make some key decisions, which was a plus for us. At some point, a man who masquerades as a journalist in town picked money from one of the service providers whose incompetence our stories had exposed, ostensibly to pass on the money to Monitor to cease fire. I met the manager of the company and he was shocked we didn't get his message as the stories kept running. It is a story we can write on any other day given its importance."

IVAN OKUDA, INVESTIGATIVE REPORTER, DAILY MONITOR

Who is covering up shoddy work at Karuma, Isimba?



the steps taken to correct the defects.

They are also supposed to investigate the capacity of Energy Infratech PVT Limited. The committee is yet to report on its findings.

Critics say since it was appointed by the technical head at the ministry that was being accused of failing in its supervisory role, the committee should not be expected to pin the ministry.

Contract amended

According to *The Independent Magazine*, the director of legal services, Christopher Gashirabake, who was acting on behalf of the Solicitor General, Francis Atoke, in response to a query by the Energy PS, said the ministry should surrender the Karuma and Isimba contract administration powers to UEGCL.

"The policy directions should give UEGCL contract administration powers but with the ministry retaining the overall policy direction over the projects," the *Independent* quoted a May 26, 2016 letter by Mr Gashirabake to Mr Kabagambe-Kaliisa.

The *Independent* said Mr Gashirabake added that there is no need to terminate the contracts and agreements with the contractors and financiers.

The ministry of Energy and Mineral Development should formally appoint UEGCL as contract manager by amending the contract with the EPC contractors and Owners Engineer. UEGCL should be appointed to exercise full contract administration powers while reporting to the ministry.

Mr Robert Stephen Isabalija, who was the UEGCL board chairperson at the time, has since replaced Mr Kabagambe-Kaliisa as permanent secretary at the Energy ministry. Mr Kabagambe-Kaliisa is now a presidential adviser on oil and gas.

Mr Atuhaire says because *The Monitor* blew the whistle about the quality of work at Karuma and Isimba, the government took corrective action.

"Some officials were suspended," Mr Atuhaire

says.

"The ministry of Energy had hijacked the powers of UEGCL and was covering up for the poor quality of work. There was no quality supervision. It was one of the most important stories of 2016."

Work at the project sites has since resumed and, according to earlier reports by the Energy ministry, up to 50 per cent of the construction for Karuma HPP is done, whereas at Isimba, 63 per cent of the work is done. According to the ministry, what is left can be completed by the end of next year.

Trail of controversy

The \$1.435 billion Karuma project has right from the time of procuring a contractor in 2012 been dogged with controversy.

During the evaluation of technical bids of the companies that had bid to construct the power plant, a whistleblower petitioned the Inspectorate of Government (IG), which investigates corruption, to interest itself in the matter.

It was on the heels of that petition that the Inspectorate of Government (IGG), Irene Mulyagonga, directed the Energy ministry to halt the procurement.

The directive was to hold until the inspectorate completed investigating allegations that officials of one of the six bidding companies had compromised the Energy ministry's evaluation committee.

However, the ministry awarded the engineering, procurement and construction contract to China Gezhouba Water & Electric Corporation (CWE).

The other companies that had bid to build Karuma were China Gezhouba Group, Salini Constructorri, Sinohydro & CMCKaruma JVC and Vinci Construction Grands, Orascom Industries & Group Five International Consortium.

The IG would later write a report that said the procurement of a contractor should be started afresh.

President Museveni, who wanted the project commenced quickly to boost Uganda's generation capacity, and had just met the Chinese President at a Brics conference in South Africa and selected Sinohydro Corporation to build Karuma HPP.

He compensated CWE with Isimba HPP.