

Promise Tracker

New special report. The Promise Tracker is Daily Monitor's weekly special feature that will track the promises made by leaders of all categories as well as public agencies to the people. The aim is to cause accountability, show status and analyse whether it was a realistic, unrealistic or empty promise.

Building dams with or without

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The promise:

On June 26, 2008, President Museveni was in Kigali, the capital of Rwanda, for the official opening of the First African Investment Conference.

Mr Museveni, who opened the conference in his capacity as the chairperson of the Summit of East African Community (EAC) heads of states, lashed out at the World Bank for allegedly failing progress in the construction of Bujagali Dam.

"The construction of this dam was started sometime back but it delayed on account of the slow movement of the World Bank," Mr Museveni said.

He was blaming the bank for the umpteenth time about the delay in the construction of the dam, which delay he said was orchestrated by some MPs in the 6th Parliament.

Ground-breaking for the Bujagali project had taken place on January 24, 2002 after the World Bank committed to provide \$215m in direct loans and guarantees for up to \$515m to allow AES Nile Independent Power, a subsidiary of the US-based AES Corporation, to work on the project. But the mother company soon ran into trouble and the project stalled.

In the meantime, the country was suffering from severe shortage of power, which was being rationed and outages were regular.

Mr Museveni then vowed that the country would never again be forced to rely on the World Bank or other donors to execute development projects, especially in the energy sector.

"As far as energy is concerned Uganda will never be in deficit again. Building hydropower dams will go on with or without donors," he said.

While the country's power needs stood at about 360 megawatts, the power generation capacity at the country's two power plants, Nalubaale (Owen Falls) and Kiira dams in Jinja, had by close of October 2006, plummeted to about 120 megawatts, down from 330 megawatts.

The effects of the situation were severe and they cut across. Publication of power load-shedding schedules ranging from 12 to 24 hours became a major activity of power distributors, Umeme.

While domestic consumers were inconvenienced in so many ways, the industrialists' trouble increased.

Many of them had to install alternative sources of energy in the form of high capacity generators. That occasioned an increase in the cost of production and with it came a hike in the prices of consumer goods.

In order to mitigate the effects that the cuts were having some industrialists opted for austerity measures some of which included laying off workers.

The situation forced government to allow the opening of several thermal power plants such as the 50 mega-



watts plant which was opened up in Lugogo by Aggreko International and other 50 megawatts plants in both Mutundwe, Namanve and Jinja.

The plants made the cost of generation shoot through the roof. Ugandans were forced to put up with what at times turned out to be impromptu hikes in tariffs such as the 37 per cent increment in power tariffs, which was announced by the Electricity Regulatory Authority (ERA) in June 2006. That was followed by annual hikes.

The government was at the same time forced to allocate considerable sums of money towards subsidising

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THE YEAR MR MUSEVENI, WHILE IN KIGALI, RWANDA, CASTIGATED THE WORLD BANK FOR DELAYING PROJECTS IN AFRICA, VOWING TO EMBARK ON MAJOR PROJECTS WITH OR WITHOUT SUPPORT.

power costs.

A case in point is the Shs229b that government forked out on power subsidies in the 2006/7 financial year.

While speaking in Kigali, Mr Museveni had vowed thus: "We are ready to fund the whole project if the external lenders and equity contributor has any problems".

Mr Museveni's pledge to continue developing the projects with or without donor funding was largely based on the fact that he had in 2006 encouraged the creation of an Energy Fund, which had by June 2008 stashed away \$215m.

Work in progress.

A crane at a site of Karuma Hydro Power plant in Kiryandongo District. This was in the initial stages of the construction.

PHOTO BY NELSON WESONGA