



# Uganda: Bujagali Energy-05/Bujagali

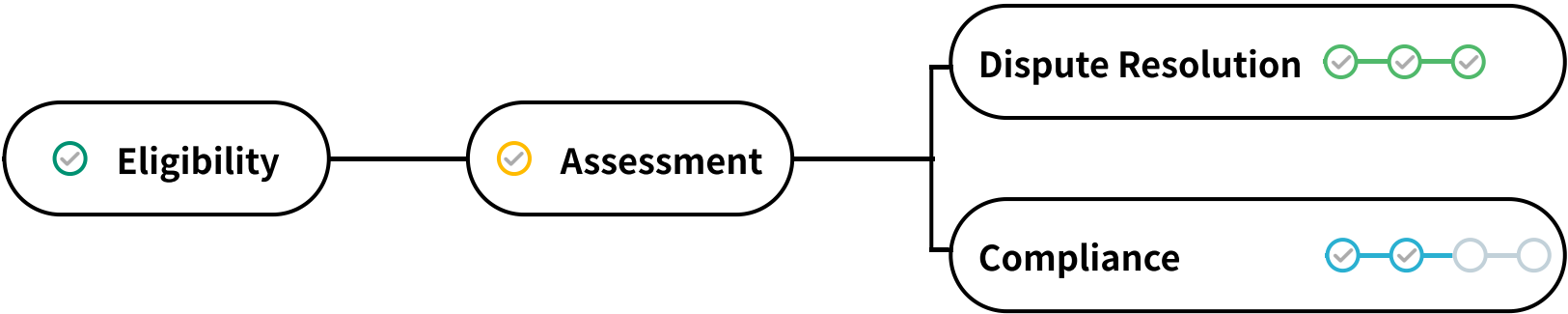
DATE FILED 16 MAY 2011

STATUS CLOSED

PHASE DISPUTE RESOLUTION (DR), COMPLIANCE

COUNTRY UGANDA

## Case Tracker



## Complaint Overview

### Complainant

Local community members

### Concerns

Land acquisition, compensation, impacts to health and infrastructure

### Cross-Cutting Issues

- [Risk Management](#)
- [Community Health and Safety](#)
- [Land Resettlement](#)
- [Biodiversity](#)
- [Land](#)
- [Water](#)
- [Women](#)
- [Loss of Life](#)
- [Loss of Livelihoods](#)
- [Private / Personal Property Damage](#)
- [Unfulfilled Commitments](#)

## Project Information

## Synopsis

### Project Overview

The Bujagali Energy project involves the development, construction, and maintenance of a run-of-the-river power plant with a capacity of up to 250 MW on the River Nile in Uganda. Bujagali Energy Limited also manages the construction of approximately 100 kilometers of 132 kV transmission line on behalf of the Uganda Electricity Transmission Company Ltd. to improve transfer of electricity from the plant. Bujagali Energy Ltd is owned by Industrial Promotion Services (Kenya) Ltd. – the industrial development arm of the Aga Khan Fund for Economic Development and SG Bujagali Holdings, Ltd., an affiliate of Sithe Global Power LLC (US). IFC and MIGA are supporting the \$750 million project along with several other international financial institutions, including the International Development Association, African Development Bank and European Investment Bank. IFC’s investment comprises \$100 million in A and C loans, and MIGA issued a \$115 million guarantee to World Power Holdings Luxembourg S.à.r.l., a subsidiary of Sithe Global Power, for its investment in the project.

### Complaint

In May 2011, CAO received a fifth complaint related to the Bujagali



[IFC/MIGA](#)

## Name & Number

Bujagali Energy Ltd 24408 (IFC) & 6732 (MIGA)

## Company

Bujagali Energy (IFC); World Power Holdings (MIGA)

## Sector

[Infrastructure](#)

## Department

[Infrastructure](#)

## Category

A

## Commitment

\$100m A & C loans (IFC), \$115m guarantee (MIGA)



The complainants' raised the following concerns: 1. Loss of livelihood due to the project's destruction of Bujagali Falls and consequent impact on tourism; 2. Damage caused by blasting during construction and consequent impacts on health, homes, and livestock; and 3. The flawed compensation process undertaken during the project's acquisition of land for power transmission lines.

## CAO Action

### *Assessment:*

CAO found the complaint eligible for assessment in June 2011, and embarked on an assessment to gain a better understanding of the issues raised. During the assessment CAO met on several occasions with key stakeholders, and the complainants and company opted to proceed with a CAO dispute resolution process. The assessment report was completed in December 2011 and is available in English and Luganda at the link below.

### *Dispute resolution:*

The dispute resolution process started in December 2011, and during preliminary meetings the stakeholders agreed to address the complaint through dividing the process into the three themes: 1. Loss of livelihood; 2. Damage caused by blasting during; and 3. Compensation for loss of land. Additionally, as some of the complainants had also submitted complaints to the EIB-CM related to the blasting impacts (2.), the parties agreed that rather than launching separate dispute resolution processes related to the blasting, an EIB-CM-led mediation would address the blasting damage, while CAO-led dispute resolution processes would focus on the livelihood and land compensation concerns.

Regarding the loss of livelihoods from the destruction of Bujagali Falls, when the dispute resolution process began the company entered into direct negotiations with the local tourism operators and reached written agreements over compensation, which were implemented during April and May 2012. CAO monitored implementation of the agreements and, in September 2012, verified with all parties that the agreements had been fulfilled and issues resolved to their satisfaction.



facilitated by the EIB-CM was initiated in March 2012, and culminated in a 'Mediation Solution' in November 2012, which was implemented during 2014 and early 2015. The CAO complainants were not satisfied with the Mediation Solution implemented from the EIB-CM process and requested CAO assistance in further resolution. However, as the company was not willing to engage in a further mediation process, and giving the voluntary nature of CAO dispute resolution, in January 2017, the outstanding issues concerning blasting impacts were transferred to CAO compliance for appraisal (details below).

Regarding the land compensation, through CAO-facilitated dialogue complainants' representatives and the Uganda Electricity Transmission Company Ltd (UETCL) reached and signed a Mediation Agreement in April 2015, with a group of 514 complainants, the '557 Group', which was subsequently adopted by the High Court of Uganda as a Judgment of the Court in May 2015. CAO monitored the implementation of the agreement and noted that while UETCL did not fulfill its original commitment to handle compensation no later than July 31, 2015, implementation of the agreement was completed in April 2017. Another group of 16 complainants (Non-557) who were not part of the lawsuit signed an agreement with UETCL in April 2017. Compensation was made to all Non-557 complainants in June 2017. An individual land compensation agreement was signed with UETCL in June 2017. The agreement was submitted and approved by the UETCL Board in November 2017. Following their Board approval, UETCL issued full payment to the complainant in April 2018, thereby bringing the dispute to a successful closure.

CAO released its Monitoring Report on January 15, 2016, which covers the full dispute resolution process addressing the three themes. The monitoring report can be found under "view Documents" below.

### ***Compliance appraisal regarding blasting impacts:***

In January 2017, CAO initiated its compliance appraisal regarding the blasting impacts. CAO released a compliance appraisal report on March 13, 2017, concluding that an investigation of IFC/MIGA's performance in relation to blasting impacts of the project was not warranted. This aspect of the case has been closed.



This case is now closed following monitoring of the agreements reached by the parties regarding loss of livelihoods and land compensation, and following the compliance appraisal regarding the blasting impacts.

*Status as of September 26, 2018*

# Case Documents

## Dispute Resolution

### COMPLAINT

**Letter of complaint**

May 10, 2011 | English

### ASSESSMENT REPORT(S)

**Ombudsman Assessment Report**

Dec 01, 2011 | English

**Ombudsman Assessment Repor**

Dec 01, 2011 | Luganda

**IFC Response, CAO Ombudsman Assessment Reports**

Feb 03, 2012 | English

### AGREEMENT(S)

**Outcome of Mediation Process**

May 31, 2013 | English

**Interim Ombudsman / Dispute Resolution Monitoring Report**

Jan 01, 2016 | English

**Annex 1 - Settlement Agreement**

Mar 01, 2015 | English

### CLOSE-OUT REPORT(S)



# Compliance

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