

The Bujagali Dam in Uganda

Lessons from a KfW/DEG co-financed PPP project

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5 December 2018, Berlin

Bujagali Dam at the Nile in Uganda



Largest (finalized) infrastructure project
since independence 1962



**BUJAGALI
HYDROPOWER
PROJECT**

Project history: 2nd attempt after corruption scandal

- **1996:** First PPP contract with AES (USA) and *Madhvani* (Uganda)
- **2002:** World Bank (WB) report confirms five breaches of safeguards, corruption scandal ends with demission of WB director
- **2003:** After WB reporting on corruption and environmental problems two construction companies and then AES quit project
- **2005:** New tender: *Sithe Global* (USA, affiliate of *Blackstone*, one of the world's largest private equity firms) and *Industrial Promotion Services* (Kenia): Built and operate contract for 30 years with guaranteed but secret fixed amount of electricity to buy by government, then back to Uganda (in 2043) for symbolic 1 US\$
- **2012:** Dam in operation with 250 MW maximum power (about 30 % of Ugandas electricity, but on average only 170 MW real delivery according to WB study)

Construction phase and environmental impact



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Botswana	Ombudsman	Kalahari Diamond-01/Kalahari »
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	Ombudsman & Compliance	AES Soneci-02/Douala »
Chad	Ombudsman	Chad-Cameroon Pipeline-03/Chad »
Democratic Republic of Congo	Compliance	Anvil Mining Corp. SARL-01/W President Request »
Ghana	Compliance	Tulaw Oil, Kosmos Energy & J. FPSO-01/CAO Vice President Req »
Guinea	Ombudsman	Nedbank-01/Kinross »
Kenya	Compliance	Zidco Rev. & Del.-01/Thika »
	Ombudsman	Zidco Rev. & Del.-04/Thika »
		Pan African Paper-01/Wabug »
Mauritius		Africa Investco-01 »
Mozambique	Ombudsman & Compliance	Moz-01/Matola and Maputo »
Nigeria	Ombudsman	Niger Delta Contractor Revolving 01/Niger Delta »
South Africa	Compliance	Lommin-01/Vice President request »
		Lommin-02/Marikana »
		Thoslo-01/Badpleas »
Tanzania	Ombudsman	Bujagali Project-01/Karaka »
Togo	Compliance	Togo LCT-01/Lomé »
Uganda	Compliance	Bujagali Energy-04/Bujagali »
		Bujagali Energy-05/Bujagali »
		Bujagali Energy-07/Bujagali »
	Ombudsman	Agn-Via Fund-01/Kiboga »
		Agn-Via Fund-02/Mubanda »
		Zidco Rev. & Del.-03/Katungale »
		Bujagali Energy-02/Bujagali Park »
		Bujagali Energy-03/Canda »
		Bujagali Energy-05/Bujagali »
		Uganda: Bujagali-05/Bujagali »
Zambia	Ombudsman	Kankole Copper Mines Pz (KCM and Kankole »

- 13.760 people affected by dam and new high-voltage transmission line

- Since 2000, eight World Bank (WB) complaints: on resettlements, cultural sites, workers' rights (salaries and else), damage to houses

- Partly succesful but not implemented until today: “IFC did not ensure [...] landholders and workers were compensated as required by IFC’s Performance Standards.” (CAO, Feb 2018); 21 Sep 2018: new inspection panel approved

- Agreed land compensation cancelled for new dam

- Uganda's electricity now 90 % renewable, minus 5,6m tons CO2 since 2012 (says dam operator)

„Bujagali Dam Aftermath“

https://www.facebook.com/pg/Bujagali-Dam-Aftermath-254481061397364/photos/



Suchen

Teilen Speichern Änderungen vorschlagen ...



Bujagali Dam Aftermath

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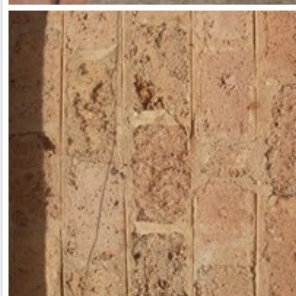
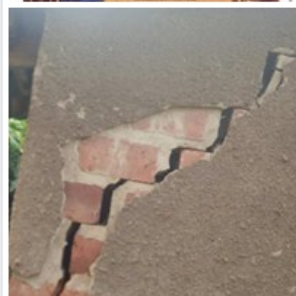
Fotos

Beiträge

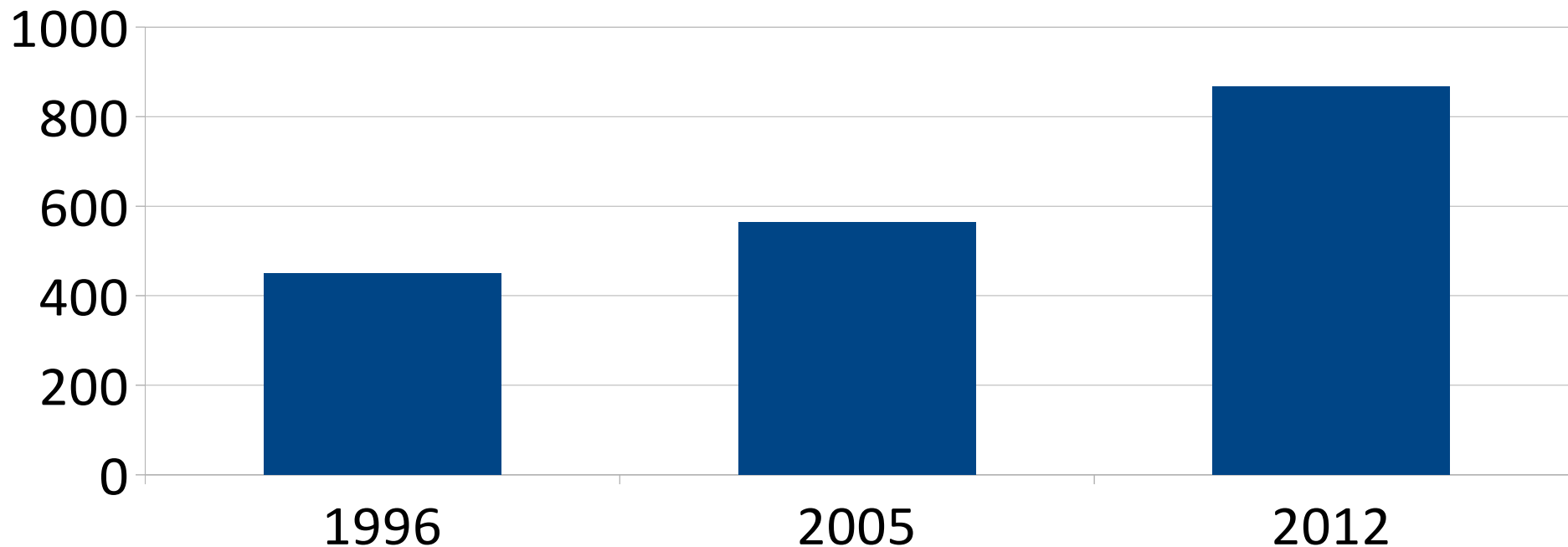
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Costs (US\$m)



- Total app. **US\$866m** (Ugandan Parliament: 893); „The process increasing and approving the cost ... from the initial US\$460m to a high US\$893 million was **highly suspicious**.“ (Ugandan Parliament)
- App. **US\$3,5m/MW**; in comparison: Three-Gorges (China) US\$1.2m/MW, similar price at dam in Kenia, i.e. Bujagali 3x more expensive; but new Ugandan dam Karuna app. US\$2.75m/MW

Complex (initial) financing

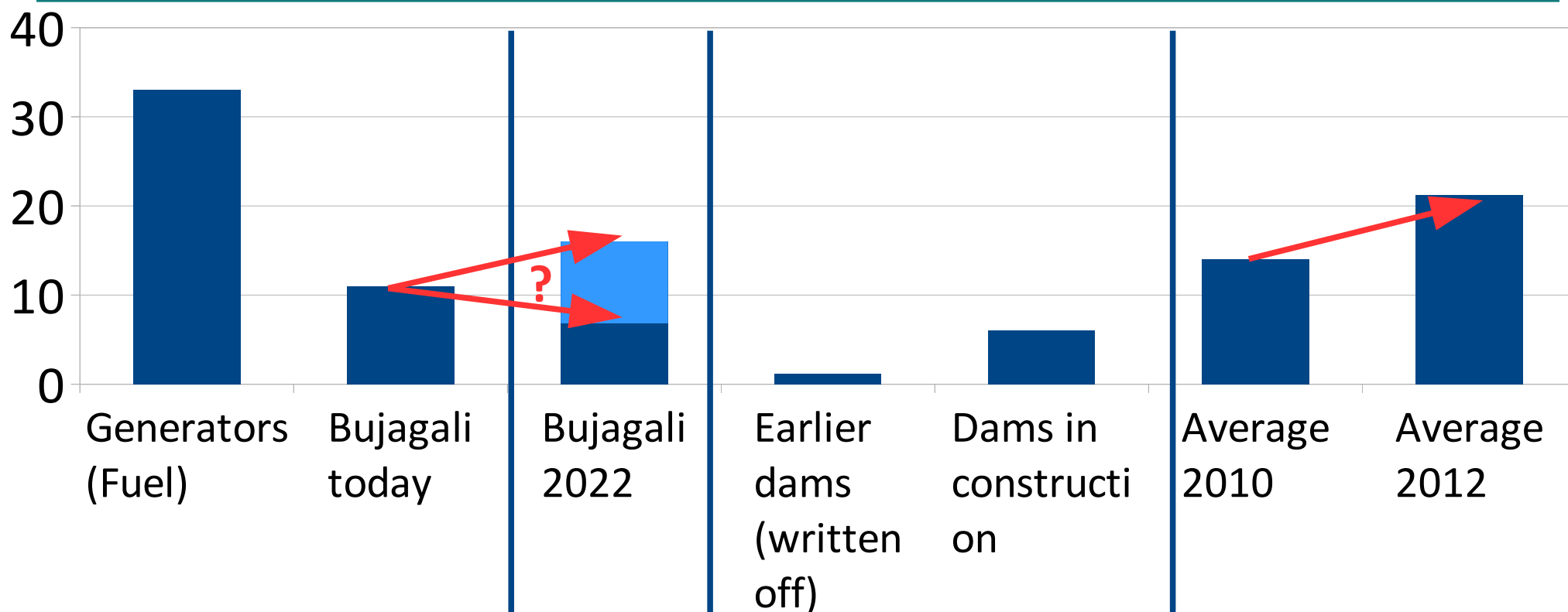
Equity	Share (US\$)		
<i>Sithe Global Power (USA, 99% Blackstone)</i>	110m	→	Guarantee MIGA (World Bank)
<i>Industrial Promotion Services (Kenya, Aga Khan Fund for Economic Development)</i>	60m		
Uganda	20m		
Debt (until 2027? at last 6,75% int.?)			
<i>IFC (World Bank Group)</i>	130m		
<i>European Investment Bank</i>	130m		Guarantee IDA (World Bank) / Uganda
<i>Standard Chartered and Absa / Barclays (UK)</i>	115m	→	
<i>African Development Bank</i>	110m		
<i>Proparco (French development agency)</i>	73m		
<i>FMO (Dutch development agency)</i>	73m		
<i>KfW / DEG (German development bank)</i>	45m		
Sum	866m		

Almost no risk for private investors!

Complexity is problem in view of Uganda: current new dam (Karuna) directly to Chinese

Source: Eberhardt e.a. „Independent Power Projects in Sub-Saharan Africa“ (World Bank); Blackstone; NAPE/FIVAS „Unsettling Business“; www.independent.co.ug; World Bank „Financial Solutions“

Price (\$-Cent/kWh): Expensive electricity



- “final tariff arrangement [...] depends on a final cost audit for the project, which was not yet complete in early 2015” (World Bank)
- President Museveni: „public private partnerships (PPPs) had been responsible for high cost power in the country” (Observer, 23 Feb 2018)
- With 11 \$-Cents/kWh (170 MW): US\$164m/year (with US\$866m cost)

Sources: Eberhard e.a./Worldbank; NAPE/FIVAS; <http://bujagali-energy.com>; www.independent.co.ug;

International Rivers; EPRC; Ungandan Parliament

Growing desparacy to lower prices over the last years



2016: Failed sell-off by Sithe (for US\$400m) but investment by Jubilee Holdings US\$54m

2017: Tax relief (since 2012) prolonged by 10 years

The EastAfrican

30 JANUARY 2017

Uganda Drops Plans to Buy Out Bujagali Dam Over Cash Constraints

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2017: Plan to buy back by government failed

The EastAfrican

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Uganda agrees to demands of Bujagali financiers

SATURDAY DECEMBER 30 2017



An aerial view of the Bujagali hydropower dam. PHOTO | NMG

WEED, Bujagali Dam, 5 Dec 2018

Finally, Blackstone makes its profits

FAQ HYDRO INDUSTRY FAQs AND RESOURCES [▶ click here](#)

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World Bank Group approves refinancing loans for Uganda's Bujagali hydropower project

WASHINGTON

03/13/2018

By Gregory B. Poindexter
Associate Editor



March 2018:
Debt restructuring
(prolonged until **2032**)

Norfund

What we do Investments Who we are How we
SN Power has completed investment in Bujagali Hydropower Project

SN Power has completed investment in Bujagali Hydropower Project



July 2018:
Sithe (Blackstone) sells to SN Power (finally owned by Norwegian government) for US\$ 277m (comparision: 110m initially: value up by 2.5x in ten years!)

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Jubilee Holdings to pump Sh4.4bn into Bujagali power plant

THURSDAY MAY 31 2018

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MR JULIUS KIPNG'ETICH. FILE PHOTO | NMG

May 2018:
Jubilee Holdings invests additional US\$44m

Vielen Dank für die Aufmerksamkeit



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