Power and the Neglect of Local Geographies in Uganda: A Critique of the World Bank Approach to Development

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The candidate confirms that the work submitted is his own and that appropriate credit has been given where reference has been made to the work of others

Dedication

Dedicated to my late parents *Nyesheja Godfrey* and *Bukobwa Dafroza*, to whom this Thesis would have meant so much

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ABSTRACT

Combining a critical engagement of the World Bank development discourse with examples of how it is conducted and operated in Uganda, the central objective of this thesis is to stimulate new thanking and social action that pays due regard for local spaces and localities (localisms) of disparities, inequalities, and concentration rather than distribution created by power and imbalance. Taking development as a local geographic product of autonomy that neither involves creditors telling recipients how their development should proceed, nor requires their approval and endorsement, the thesis critically explores key themes in African experiences of development highlighting the contested and exclusionary nature of the World Bank development discourse and the manner in which it has become manifest in the myriad efforts to bring development to the majority poor in Uganda. Specifically, the conceptual and empirical contribution focussed on questions of the World Bank power in the neoliberal reform policies and Bujagali Hydropower Project in Uganda. *First,* in order to document the perceptions or opinions of those for whom development is (purportedly) undertaken, responses to document reviews and field interviews with community elders, residents, tour operators, fishermen, World Bank field staff, American Energy Suppliers (AES) Bujagali Project staff, and Non-Governmental Organisations (NGOs) are part of the thesis data base. *Second,* the Bujagali Hydropower Project as a case study demonstrates that social movements can become a site of empowerment through successful community mobilization (inclusion) and informed engagement with political structures. *Third,* findings in these areas suggest that: (1) World Bank reforms are driven by World Bank power, economic and financial concerns, and donor conditionalities; (2) closed political processes and politically powerful groups constrain attention to sustainable development objectives; (3) donor agencies have initiated reforms and advocated attention to environmental concerns, but have been hampered by past reputation and a perception of favouring private interests: a, (4) public benefits need to be factored into reform design early and backed by political commitment. The message of the thesis is that the mainstream discussions of development in Africa remain saturated with *Eurocentric* assumptions. To the extent that the World Bank reform policies conceal part of a long history of economic exploitation, political extraversion and cultural suppression, gross inequalities of wealth and power that, in turn, serve to legitimate neo-liberal programmes, they lack in the realms of state capacity, empowerment and participation, and democracy. In conclusion, the concerns with localism and localization are issues which shift the development discussion forward to focus on the contested discourses of community, the exclusionary politics of locality and the transformatory potential of social movements that break from technocratic practices. The thesis calls for an engaged policy maker who seeks to find solutions to issues of inequality, inequity, disparity and social justice rather than simply record and describe them.

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1. 1 Research Problematique and Thesis Aims

The emerging world economy and the globalization process have had a significant impact on national economic growth in many regions. In the wake of the process of economic globalization, many countries, including those in sub-Saharan Africa, have focused their efforts on expanding development activities and improving their comparative advantage. The globalization of economic activities is creating many opportunities as well as challenges for those countries. This process not only changes the economic fabric of countries, but remodels their spatial structure as well. In view of the intensification of global forces and activities, there is need to examine current and emerging economic development trends, engage with the dynamics of external power centres and institutions in development policies and evaluate their impact on the societies and economies of the developing countries like Uganda.

It is in this context that this chapter sets the research problematique and thesis aims as a basis for discussing the Bujagali project, Uganda's background, power, hegemony and World Bank development discourse; the World Bank approach to development; local geographies and livelihoods, before stating the research approach and methods.

Thus, this study of contemporary development discourse draws inspiration from such insights, and aims to show how the so-called World Bank reform agenda is implicated in power relationships and serves to perpetuate international relations of dominance and subordination by constructing developing countries, like Uganda, as the world's undeveloped *Other* with emphasis given to the linkages between decentralization, privatization, and modernization of agriculture, poverty reduction, and the Bujagali Hydropower Project in Uganda (Map 1.0). The thesis seeks to analyze the role and power of the World Bank in Uganda's recent development through a general policy review and a tighter focus on the external forces in the Bujagali dam project. The research provides empirical findings on the impact of these policies, programmes and projects and the nature of their external linkages and networks as well as their impact on economic change and poverty reduction in the country.

In economic terms, development refers to the capacity of an economy (local/regional/national) to generate and sustain an annual increase in the Gross National Product, or GNP (Knox and Agnew, 1987: 72-82). However, even when such economic growth has occurred, problems of poverty, inequality, disparity, unemployment, illiteracy and ill-health have persisted, leading to calls for "a new order" in which redistribution of benefits across a society accompanies social and economic growth. In geography, and in this thesis, "development is seen as a more complex spatial, social, economic and political phenomenon that cannot be addressed by mere economic growth" (Knox and Agnew, 1987: 79). Hence, the needed new order involves an increase in the availability and distribution of basic, life-sustaining commodities (needs): "more education facilities, health services, affordable housing, better and more transport networks, food, security, etc., in order to increase the material welfare, self-esteem and expansion of social and economic choice to individuals and regions"(Mazrui, 1988). This calls for a new development paradigm and a more equitable and effective development orientation, with an increased emphasis on the human and geographical factors underlying the selection and delivery of development policies, programmes and projects. With this in mind, the broad aims of this thesis are:

- To establish the role of external forces in the success or failure of the development process of sub-Saharan Africa.
- To examine the impact of the World Bank development policies on Uganda.
- To investigate the extent to which the World Bank development policies favour some areas and neglect others.
- To assess the power and process of the World Bank development projects and their impacts on different areas and .people in Uganda
- To suggest a different development policy orientation wherein explicit, due regard is shown for the contribution(s) which local geographies and livelihoods make to the success/failure of development policies and programmes.

There are two sets of issues:

- *The neo-liberal policy process* – in this the question is how the International Finance Institutions (IFIs) implement policy given other multilateral agencies, entrenched state structures and local political institutions? This centres on questions of power, institutions and discourses (one of which is about suppressing geographical diversity and difference).
- *Counter–hegemonic power, local geographies and livelihoods* – in this the question is that if the International Finance Institutions (IFIs)(and other development agents over the decades) suppress geographical diversity and difference, then, is it possible to valorize 'real' local geographies and livelihoods and put them to political and socio-economic development use?

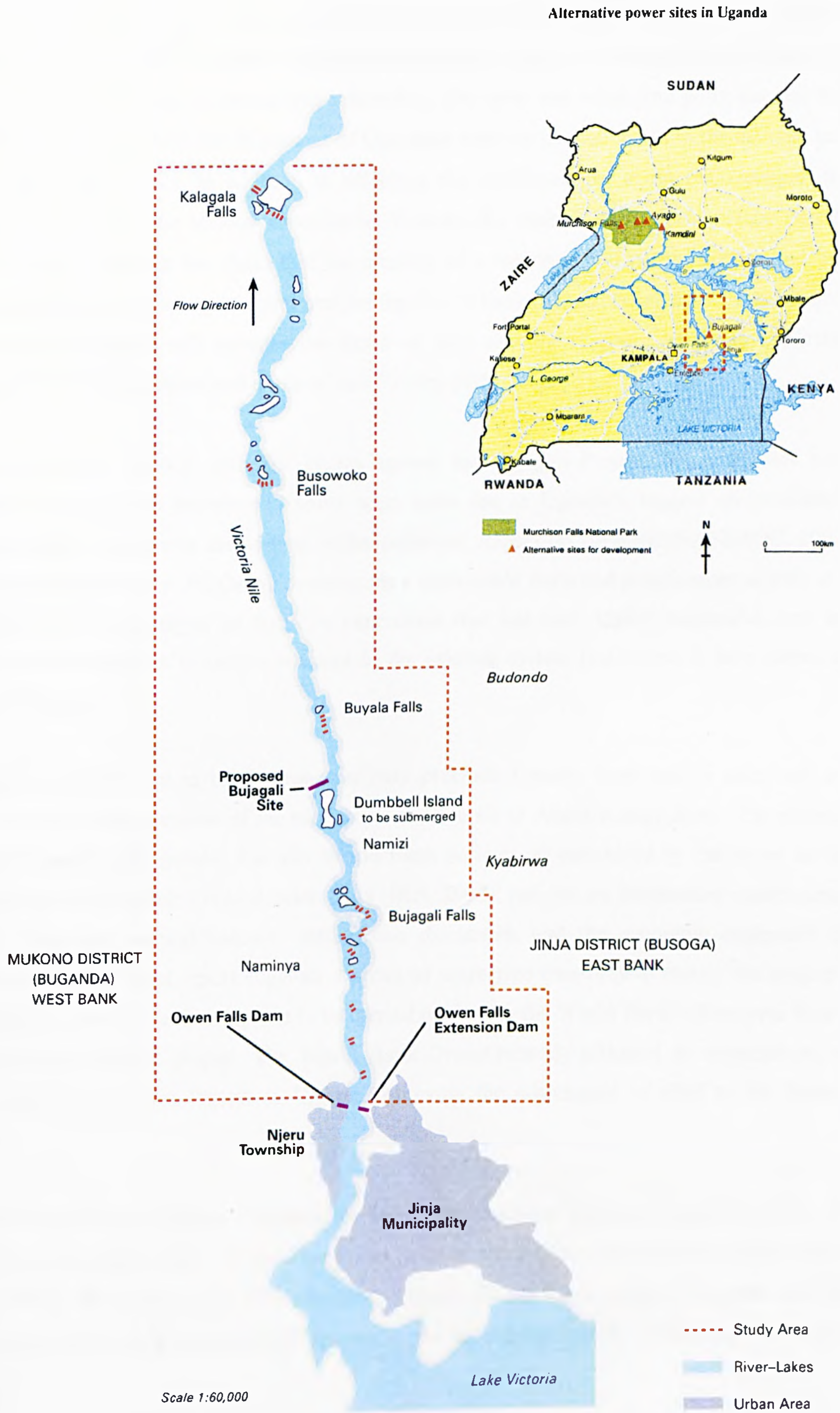
The thrust of the dissertation, then, is threefold. It looks at the changing economic and social conditions in Uganda and traces their recent hesitations as the country slips away from the promise of growth in the early 90s. Secondly, it examines a number of plans that have been implemented with the support of and advice from the World Bank. Thirdly, it critically reviews World Bank policies in Uganda, in particular through the prism of one specific project, the Bujagali Hydropower Project. In this context, it finds the World Bank appearing at least to fail to respond to its own criteria.

An initial, fact-finding task was to establish the extent and degree to which the World Bank's development policies and projects have resulted in better shelter, improved services, increased employment opportunities, improved transport networks, more educational facilities and health services, etc., or their converses, for the people across local geographies in Uganda. A related, follow-on task is to then assess whether the development policies respected the goal of sustainable development, which has been defined as: "The use of environmental resources in a manner that will not jeopardize the needs of future generations" (WEC, 1987: 43). It is particularly appropriate that a sustainable development context shape the research analysis because of expressed concerns that exploitative development could endanger the county's irreplaceable local geographies and environmental support (NEMA, 1998). Moreover, and for reasons elaborated throughout the thesis, development as part of sustainable development is not taken to mean building infrastructure or merely expanding GNP. Rather, development is here taken to mean "creating jobs, improving the living standards of the many rather than the few, and helping to break their cycle of poverty by utilizing the knowledge and experience resident within individual communities. Development entails equality and poverty dimensions, enabling talented women and men to enrich their skills, strengthen their professional networks, share common experiences and expand their abilities to contribute to the future of their local areas and regions...improving without being transformed (Mazrui, 1988: 337).

1. 2 Bujagali Hydropower Project: Case Study

This thesis assesses the concerns about the Bujagali Hydropower Project in Uganda, as a case study, which has already received funding and is currently being considered for further funding by the World Bank, International Development Agency (IDA), International Finance Corporation (IFC) and possibly MIGA. The United States based AES Corporation has already begun the first phase of work on the $520 million hydro-dam near Bujagali Falls, on the Victoria Nile (Map 1.0). Critics argue that the dam would create a socially, economically and environmentally destructive reservoir, and drown the spectacular Bujagali Falls. Worse, the project's power would not meet the needs of the vast majority of the country's population (Pottinger, 2002). The project has been on hold for a corruption investigation since mid 2002, but in April 2003 the investigation ended, allowing the World Bank to begin working on the Project again after a hiatus lasting many months (although it should be stressed that work has not actually been resumed).

Map 1.0: Bujagali Hydropower Project Area



Source: Adapted from Jinja District Map, 1994

The World Bank's private investment arm, the IFC, is the major lender for the project, but various European credit agencies are also considering supporting Bujagali. Local environmentalists believe the dam will harm Uganda's chances to pursue true renewables like solar and wind, and point out that this project will also do nothing to help the 95 percent of Ugandans who are not connected to the national grid (NAPE/SBC, 2002; IRN, 2002). In addition to affecting the livelihoods of about 6800 people, the reservoir is expected to increase serious water-borne diseases like malaria and schastomiasis. Further criticisms of the project include the claim that the creation of a reservoir will harm fisheries and will permanently submerge productive agricultural land on the river's banks as well as islands of considerable biodiversity. Displaced people will increase the stress on land near the reservoir, resulting in further watershed degradation, deforestation and a loss of soil fertility (IRN, 2002:71).

AES has been dismissive of local activists' claims against the Bujagali Project, but it remains hard pressed to show how the dam project will solve what some see as Uganda's biggest environmental problem (deforestation; community dislocation, water pollution, impact on fisheries)(NAPE/SBC, 2002; IRN, 2002) and grinding poverty. NGOs are pressing for a sustainable fuelwood programmes as well as a solar PV, which could be modeled on Kenya's experience that has been highly successful, and are pushing for efficiency measures to reduce wastage in the existing system (estimated to have losses of power of up to 40 percent).

Activists believe a commitment to big hydropower may preclude Uganda from such a path, and are convinced it will come at the expense of the rural poor, as have all of Africa's large dams. The planned Bujagali Dam in Uganda also violates five key World Bank policies, as concluded by the report of the Inspection Panel, the World Bank's investigation body (IRN, 2002): policies on involuntary resettlement, environmental assessment, natural habitats, information disclosure, and the economic evaluation of investment operation. The Panel report suggests a series of corrective measures to rectify the project's problems. This thesis calls for these measures to be carried out before the World Bank's Executive Board approves more funding for the project. The World Bank Group recently affirmed its commitment to revive the Bujagali Hydropower Project in Uganda following the withdrawal of AES as the Project sponsor.

The World Bank stated that "Bujagali remains the long-term least-cost electricity supply system for Uganda and it is in the best interest of the country to develop the project at the earliest opportunity" (World Bank, 2003). The departure of AES provides a chance for the Government of Uganda and the World Bank to reconsider the most appropriate options for the development of the country's power sector and whether the assumptions on which the Bujagali Project is based are still valid. The following issues should be addressed as the World Bank and Government of Uganda re-examine the next steps for meeting Uganda's energy needs. The 2003 publication of the Stakeholder Investment Options Assessment (ESMAP, 2003) signals the World Bank commitment to improving its energy project selection and preparation processes. The Bank clearly identifies the importance of stakeholder participation in an open and systematic assessment of options in project planning and policy formulation. An analysis of the Bujagali Project reveals the inadequacy of past attention to other energy options. Rushing to resurrect Bujagali before undertaking a comprehensive options assessment would be premature and contrary to the principles outlined in the ESMAP report. Before AES withdrawal, the Bujagali Project was criticized for corrupt practices and lacking accountability, for the high cost of its energy, and for the failure of proponents to seriously consider alternatives to the project, which are the case study issues for this thesis.

1. 3 Uganda Background

Uganda has experienced a series of violent political shifts since independence from Britain in 1962. Against the backdrop of vicious military dictatorships such as that led by Idi Amin in the 1971, civilian autocracy under Milton Obote in the early 1980s, and a period of anarchy (1979-1985) instituted by the Uganda National Liberation Army (UNLA), immediately preceding the National Resistance Movement-Army (NRM-A) takeover, Uganda had grown weary of conflict and incessant extra-constitutional changes in government. The turmoil in Uganda in the 1970s and 1980s yielded human rights violations on a scale nearly unmatched in post-colonial Africa. Moreover, civil war and social strife left orphans and widows in their wake, and economic dislocation removed essentials like sugar, soap, and wheat flour from the market stalls. Uganda became an economic basket case. Smuggling and *magendo* (black marketeering) replaced normal trade, and inflation soared into the triple digits (Okelo-Onyango, 1997). Given the people's experience of marauding government armies that were more likely to loot, rape, and intimidate the local populace than to engage "the enemy," reports of NRM-A disciplined guerrillas had heightened hopes that the change promised would, indeed, be genuine and fundamental. Just over seventeen years ago, the National Resistance Movement-Army (NRM-A) assumed power in 1986, and proclaimed the era of ushering in more than the usual "changing of the guards" to which Ugandans had become accustomed. It was, President Kaguta Museveni declared, nothing short of "fundamental change" (Museveni, 1986). Indeed, few contemporary political and socio-economic transitions in Africa have been as dramatic or contradictory as Uganda's (Okelo-Onyango, 1997).

The Ugandan economy is dominated by the agricultural sector which accounts for 43 percent of Gross Domestic Product (GDP), 85 percent of export earnings, 80 percent of employment and provides most of the raw materials to the mainly agro-based industrial sector comprising coffee hulling, cotton ginning, tea processing, sugar production, textile mills, soap industries, edible oil industries, cigarette manufacturing, grain milling, meat processing, dairy and leather products manufacturing. Eighty five percent of the population of 22 million live in rural areas and depend mainly on agriculture for their livelihood. The agriculture sector is also the provider of food self- sufficiency and food security. Being the leading sector of the Ugandan economy, agriculture is the engine and major source of future growth (NEMA, 1998:109).

Agricultural output at present comes mainly from about 3 million smallholder farmers who constitute three-fourths (75%) of the total of the population. The hand-hoe is the predominant technology for cultivation. Only tea and sugar are grown on large estates. Food crop production predominates the agricultural sector, contributing 71 percent of agricultural GDP, while livestock products account for 17 per cent, export crop production 5 percent, fisheries 4 percent and forestry 3 percent. Only one-third of the food crop produced is marketed compared with two-thirds of livestock produced. About 42 percent of agricultural GDP consist of subsistence crops for home consumption and is non-monetized. In terms of acreage, bananas constitute 28 percent total of cropped area, followed by cereals at 25 percent, root crops at 16.7 percent and pulses at 14 percent and oil seeds at 5 percent. Export crops constitute only 8 percent of total cropped area (MFPED, 2002).

The total geographical area of the country is 241,000 square kilometres, 75 percent of which is available for cultivation, pasture, or both. The remaining 25 percent constitute lakes, swamps and forestry zones. Of the 17 million hectares available as arable land, only about 5 million hectares are currently under cultivation, which constitutes less than 30 percent of total arable land. Although the above indicates very good scope for expansion of acreage under cultivation, land is increasingly becoming a constraint in some parts of the country particularly in the Kigezi area and southern and eastern regions, where population densities are high. Land is fairly evenly distributed throughout the country and the average size of landholding works out to 2.2 hectares. However, there are large differences in rural population densities across regions. Population densities are highest in the districts around Lake Victoria and in the highlands of the Southwest, the country's most fertile areas (Appendix One: Map 4.1).

The Eastern region has the highest population density (using projections for 2000) with an average of 143 rural persons per square kilometre, and 535 persons per square km in Jinja district, and 388 in Mbale. Central region has an average of 100 rural persons per square km, Western region has some 118 persons per district, and the Northern region has less than half the average rural population density for the country as a whole, with only 49 persons per square km. Within regions, there are also large differences in settlement densities. There are 13 districts, scattered through Eastern, Central and Western regions, with population densities of over 100 persons per square km. The districts with high population densities coincide with good agricultural potential, high rainfall, and consequently are those areas most at risk from soil erosion. At the present time, there are three main types of land tenure, namely customs, freehold and "*mailo*" tenure (land granted to the Kabaka (King), members of the royal family, county chiefs and other leaders, as private estate in land under a form of freehold, courtesy of the 1990 Agreement between the British and Baganda rulers.

The World Bank and IMF generally regard Uganda as quite a success story of donors and the government working together to provide a microenvironment conducive to economic growth and poverty reduction. Economic growth as measured by real GDP at factor cost averaged 6 percent per year throughout the 1990s; implying rising real per capita income at a rate of roughly 3 percent per year (Uganda, 2000b). At the same time, a series of household income and expenditure surveys conducted at intervals through the 1990s showed the proportion of Ugandans living in absolute poverty has fallen from 56 percent in 1992 to 44 percent in 1997 and 35 percent in 1999 (Appleton, 1991, 2001a; Reinikka & Collier, 2001). This rosy overall picture is hedged about with various caveats that have been articulated by researchers and commentators. The significance of revival is just one activity, export of coffee production, for both growth and poverty reduction raised doubts in the 1990s about the depth and robustness of the trends in the macro indicators (Appleton 1999; Belshaw, Lawrence and Hubbard, 1999). The exceptional low base, from which the trends took off, given the devastation of the preceding 15 years of dictatorship and civil wars, is often invoked as a reason to be cautious about their long-term impetus.

As might be expected, there is continuing debate about the importance of donor-led adjustment and neoliberal reform policies in contributing to Uganda's recovery, and its favourable distributional consequences as evidenced by the decline in poverty headcount figures (Belshaw *et al.*, 1999; Dijikstra and van Donge, 2001; Reinikka & Collier, 2001). Development concerns have been expressed about trends in agricultural productivity, farm output growth being attributed more to expansion in area cultivated than to rising yields per hectare (Uganda, 2000a: 29; World Bank, 2001b). The significance of peace and political stability for Uganda's (but the North) recent achievements is widely attested to (Reinikka & Collier, 2001), with corresponding concerns about what may happen when and if rule by the Movement non-partisan political system, in power since 1986, is replaced by multiparty democracy. Even the most casual observation of political life in Uganda, as seen in the daily print media, evokes an image of a hotbed of political manoeuvring often playing to parochial and ethnic interests. There is also concern about poverty reduction policies among politicians and civil servants, although there appears more genuine engagement in these processes of policy change in Uganda than in neighbouring countries of the region (Dijikstra and van Donge, 2001).

The adoption of a coordinated approach to poverty reduction in Uganda predates the emergence of poverty reduction strategy papers (PRSPs) as the generalized approach by donors to budgetary coordination and debt relief under the highly indebted poor country (HIPC) initiative. Uganda produced a draft Poverty Eradication Action Plan (PEAP) in 1997 and subsequent revisions of this plan were accepted by donors as the Ugandan equivalent of a PRSP in May 2000. For the rural economy, Uganda has gone much further than this, producing a strategy entitled the Plan for the Modernization of Agriculture (PMA) that articulates in considerable detail a rural poverty eradication strategy compatible with the precepts of the PEAP (Uganda, 2000a, 2001). Finally, both PEAP and PMA are seen in policy terms as complementary to, and supportive of, the process of decentralization embodied in the ongoing local government reform programmes (World Bank, 2001a, 2001b). The Uganda PEAP sets out four main goals, namely:

- fast and sustainable economic growth and structural transformation
- good governance and security
- increasing the ability of the poor to raise their income
- increasing the quality of life of the poor (Uganda, 2001: 4).

The PMA sets out its mission as 'eradicating poverty and transforming subsistence agriculture to commercial agriculture' (Uganda, 2000a: 31). This seems like quite a conventional, technology-led approach to poverty reduction in agriculture, but is in fact more subtle than this, involving a low profile for the public sector, decentralized and privatized agricultural character, and recognition of the multisectoral character of rural livelihoods. In effect, the concept is to encourage a rise in the cash component of household incomes from multiple sources so that, as incomes rise, rural families become less tied to the security of subsistence food production, and thence more oriented to the production of diverse outputs for the market.

1.4 Power as a Key Research Concept

As a roadmap to views of localization within globalization, and a fuller account of the chapter and thesis content this section argues that the World Bank's economic reform agenda did not simply come into being with the demise of the Soviet Union in 1991 (Abrahamsen, 2000: 13). Much more importantly, it shows how this agenda comprises only very superficial institutional forms that are compatible with shows how this agenda comprises only very superficial institutional forms that are compatible with continued structural adjustment. The section contributes to an understanding of development, not as some universally valid set of goals or procedures, but as a historically contingent form of knowledge intimately connected to prevailing structures and relations of power as a central theme in the thesis. The section also argues that a key effect of contemporary World Bank development discourse, in Uganda, despite all its rhetorical proclamations in favour of socio-economic reforms, is to help reproduce a domestic order that is essentially dominated and controlled by powerful external forces (Hirst and Thompson, 1996). The section thus discusses power and the World Bank, deconstructing the organisation, and indicating that it has many voices, and that its declared policies are not static as it influences the relationship between individuals and groups (Allen, 1997; Johnston et al., 2000: 681). Power is exercised at all scales and levels of society, from within the individual households to the entire world-economy. It is rarely symmetrical: X's power over Y usually exceeds that of Y over X (perhaps by many orders of magnitude). Such asymmetry is characteristic of many social structures and modes of production. Power can be achieved and sustained in a variety of ways, among which the most usual are: force (including mental and physical); manipulation; persuasion; and the creation of consensus, and authority.

Power is exercised if its source is recognized as legitimate by those subject to it: legitimation being achieved through appeal to tradition, the charisma of the powerful, or its institutionalization in societal structures, especially those of the state apparatus (the set of institutions and organizations) through which state power is exercised. Analysis of the state power is important because: (a) the apparatus is an imperfect, at times obsolete, manifestation of changing social, economic relations; (b) the apparatus acts as a medium through which the exercise of state power is 'filtered' and inevitably transformed; and, (c) because it is manifest as a concrete set of institutions offering the potential for strategic intervention by powerful elite social groups (Johnston *et al.,* 2000: 790). The state power apparatus consists of various sub-apparatus as follows:

- *political-* the set of parties, elections, government and constitutions
- *legal* –the mechanisms that allow peaceful mediation between conflicting social groups
- *regressive-*the mechanisms of internal (intra-national) and external (international)enforcement of state power, including civilian and military forces
- *production-* the range of state manufactured and described goods and services
- *provision-* whereby the state contracts with other agencies for the production and distribution of goods and services
- *treasury-*fiscal and monetary arrangements for regulating internal and external economic relations

- *information*- state sponsored and controlled mechanisms for information and disinformation
- *communication and media*- licensed and regulated but usually relatively autonomous information dissemination channels, including communication and print
- *administration*-a sub-apparatus designed to ensure the overall compatibility and operation of all the various state sub-apparatus
- *regulatory*- agencies created to organize and extend state intervention into non-state relations.

The various state apparatuses are vital (Johnston *et al*., 2000: 790-79) in achieving the three functions of the modern state: (1) to secure consensus by guaranteeing acceptance of the prevailing social contract by all groups within a society; (2) to secure the condition of production by regulating social investment to increase production in the public and private sectors, and social consumption to ensure the reproduction of the labour force (3) to secure social integration by ensuring the welfare of all groups in society. The state apparatus exhibits a propensity for autonomous self-perpetuation, producing adaptability whereby the structure and practice of the state apparatus can alter according to the political climate (Johnston *et al.*, 2000:790).

This has been demonstrated by the increasing World Bank pressure for selective deregulation and state austerity, resulting in the roll-back of the state and leaving the state apparatus vulnerable both to corruption through infiltration of criminal activity and to privatization. In the latter, the function of the state are transferred to private enterprises or to civil society, giving rise to a shadow state, failing levels of state employment (most notably in the health, education and welfare sectors), and growing 'inequities' in the delivery of services (Clarke and Dear, 1984; Allen, 1997: Kammerman and Khan, 1989: Wolch, 1990). Much of the state power involves spatial techniques and strategies in which all three conceptions of power have their own vocabularies: the inscribed capacity varies between places; the network conception involves organizing space in the drive to achieve desired objectives; and many of the techniques for applying power are spatial in their character as illustrated by Foucault's work on spatial organisation (Johnston *et al.*, 2000: 630).

Within its territory the state exercises both despotic power (actions taken without prior negotiations with the population, as in the Bujagali Project case study) and infrastructural power (whereby it infiltrates most aspects of life with implicit consent) as in the World Bank reform policies. In the exercise of power geography (localisms) is crucial if the state is to be effective. State power is exercised from a central place over a unified territorial reach, and involves the mobilization of four power resources: economic, ideological, military, and political, and for each the territory within which power applies is fundamental.

Thus the exercise of state power at all levels is a crucial element in the making and remaking of local geographies and livelihoods or localisms.

According to Foucault, power and knowledge are intimately connected and directly imply one another, so that 'there is no power relations without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations' (1991: 27). This close relationship between power and knowledge alerts us to the fact that the problematization of development problems is not natural or inevitable, but historically contingent and dependent on power relations that have already rendered a particular topic a legitimate object of investigation (Abrahamsen 2000:14). Underdevelopment and poverty in countries like Uganda, in other words, do not exist as *Platonic* forms: they are discursive constructs and their constitution as objects of scientific enquiry can be understood only in the context of the prevailing social, economic and political balance of powerful forces at the time of their formation.

As Escobar (1995) argues, thinking about development in terms of discourse enables us to maintain a focus on power and domination, while at the same time exploring the discursive conditions of possibility as well as its effects. It allows us to 'stand detached from [development], bracketing its familiarity, in order to analyze the theoretical and practical context in which it has been associated' (Foucault, 1983:3; Abrahamsen, 2000:14). This conception of the relationship between power and knowledge enables us to expose the political and strategic nature of discourses previously regarded as existing independently of power relations, and to ask instead 'whom does discourse serve' (Foucault, 1980:115; Abrahamsen, 2000:15). Why then did development emerge? And what were its effects? The ensuing analysis aims to throw some light on these questions, and in the process, to show how development practices are an intrinsic part of hegemonic power politics and relations.

Development first emerged as a domain og knowledge and intervention in the early post-Second World war period, purportedly with President Truman's inaugural address (20^{th} January 1949) identified as the landmark event, which introduced the term 'underdevelopment areas' and marked the launch of the global effort to develop the world and eradicate poverty (Abrahamsen, 2000: 15; Cowen and Shenton, 1995, 1996; Rist, 1997). Since then, development has created a 'regime of theories and practices that inform contemporary relations between developed and developing countries like Uganda. So, development discourse has produced a form of power over and knowledge about countries like Uganda that facilitated and legitimized certain forms of hegemonic administration and intervention.

Development discourse produced and constructed certain subjects, and put them in a hierarchical and unequal relationship to each other. As Crush has observed, the 'texts of development have always been avowedly strategic and tactical – promoting, licensing, and justifying certain interventions and practices, deligitimizing and excluding others' (1995:5). However, for all its power to control the manner in which such poor countries are spoken about and acted upon, is not immune to challenges and resistance (Abrahamsen, 2000:16). The objects of development are not passive receivers but active agents who frequently contest, resist, divert and manipulate the activities carried out in the name of development. In this way, current development discourse reconfirms the unequal power relationships between developed countries and institutions, and poor countries like Uganda, and ignoring development discourse is to ignore a whole realm of power relations that is crucial to an understanding of external factors in the recent development trends and transitions in these poor countries (Rist, 1997; Cowen and Shenton, 1995, 1996; Abrahamsen, 2000: 15).

1. 5 Power, Hegemony and the World Bank Development Discourse

The end of the bipolar world system (1991) signalled the arrival of the West's indisputable hegemony over poor countries like Uganda. Aid recipients had to rely on the West for assistance, and the collapse of communism as an alternative, non-capitalist development model made Western donor countries and institutions like the World Bank more confident of the superiority of their own economic and political solutions (Abrahamsen, 2000:43). Ironically, this coincided with the growing recognition of the failure of the IMF structural adjustment programmes to stimulate growth in African countries as Uganda. But at the moment of capitalism's victory over Marxism-Leninism, the neo-liberal development paradigm could not easily be abandoned. Instead, the failure of adjustment policies was blamed on the 'poor governance' of African governments, a timely and popular explanation given the prevailing political mood in the West: neoliberal solutions were not wrong; they were simply incorrectly and insufficiently implemented (Cowen and Shenton, 1995, 1996; Rist, 1997; Abrahamsen, 2000:43).

Supporters of neo-liberal development orthodoxy as well as frequently express the latter view by Western leaders and policy makers. From this perspective, superpower rivalry prevented the West from realizing the more ethical goals of its foreign policy, and the end of the Cold War era is accordingly portrayed as a moral release for the West. Finally, it was 'freed from the perceived need to turn a blind eye to the domestic excesses of Cold War allies', or the West was 'free at least to develop a new relationship with Africa' (Wiseman, 1995: 3; Clough, 1992:2; Abrahamsen, 2000:43). For writers of this persuasion, then, Western foreign policy was always essentially ethically motivated, but moral concern was derailed by the Cold War (Wiseman, 1995: 3). Once the battle against communism was won and cruel and corrupt dictators could be quickly abandoned without fear of communists filling the vacuum, the formulation of more principled hegemonic foreign policies and the good neoliberal reform agenda became possible with minimal resistance (Clarke and Dear, 1984). While it is true that the promotion of the neoliberal reform agenda has always been part of the Western foreign policy rhetoric and the end of the Cold war allowed this concept to be pursued more consistently, the neoliberal reform agenda is not an expression of pure *altruism* or *idealism*. As a discursive transformation it is historically contingent, and it also enables the West to maintain its hegemony over countries like Uganda, perhaps with even fewer resources and less resistance, than in the past. The emergence of both the neoliberal reform agenda and pro-democracy movements in these countries at about the same time makes it tempting to regard the two as part of a single, undifferentiated historical and political phenomenon (Rist, 1997; Kammerman and Khan, 1999).

The neo-liberal reform agenda can thus be regarded as a discursive transformation that while claiming to liberate the poor, enables the West and its institutions, like the World Bank, to continue its unchallenged hegemony in reforming countries like Uganda under the changed conditions of the New World Order. It reproduces the hierarchies of conventional development discourse, whereby these countries are still to be reformed and delivered from their current underdeveloped stage by the developed world and its institutions through neo-liberal reform policies and programmes. Through such representational practices, the rich industrialized countries retain the moral high ground, the right to administer development and democracy to the poor countries. The implication is, of course, that these developed countries themselves are already democratic, and their own domestic political structures as well as practices of international institutions such as the World Bank and the IMF are shielded from the scrutiny to which countries like Uganda are subjected.

The developed countries become the symbol of development, and the developing are to be made more like the developed through the application of the neoliberal reforms. By placing the reforms in the wider context of the changing global balance of power, the World Bank reform agenda is informed by and serves to sustain and reproduce specific forms of hegemonic power and policies. It is, in other words, not simply humanitarian effort concerned to promote development, growth and good governance, but rather a development discourse intrinsically linked to larger discursive practices through which global power and domination are exercised. Indeed, as Choudry (2002) suggests, it has nothing to do with democratization, humanitarian or support for peoples' rights. It is a *euphemism* for a limited state designed to service the market and undermine popular mandates. Development in terms of discourse is explicitly linked to the kinds of structural adjustment measures promoted by the IMF and World Bank, but for which there is a growing contestation due rapidly increasing economic inequalities and disparities resulting from power concentration and a neglect of local geographies and livelihoods.

1. 6 Local Geographies and Livelihoods in Uganda

Imagine an area where nobody can easily identify who owns what, addresses cannot be easily verified, people cannot be made to pay their debts, resources cannot be turned into money, ownership cannot be divided into shares, descriptions of assets are not standardized and cannot be easily compared, and the rules that govern property vary from one neighbourhood to the next or even from street to street. You have just put yourself into the local geographies of Uganda as a whole. More precisely, you have imagined life for 95 percent of the country's population, who are marked off as sharply from its small urban-based elite as black and white South Africans were once separated by *apartheid.* Thus, in the local geographies of Uganda certain common features come to mind: poverty, famine, environmental disasters and degradation, political instability, urban//rural/regional inequalities. A powerful image is created that has coherence, resolution and definition. But behind this negative stereotype there is an alternative local geography, one that demonstrates that the introduction of development into the country has been a protracted painstaking and fiercely contested process (Berger, 1994). This then is one of the major objectives of this thesis, to try to formulate a more radical and alternative local geography of development in Uganda, one that is liberated from the simplistic dualities and negative images that tend to crystallize around the *three worlds* scheme (Claire, Mohan and Power, 2003; Watts, 1993). The understanding of the local is asserted without ignoring the interesting debates around localities (late 1980s geography), localism (1990s regional and urban studies) local knowledge (anthropology and development studies from 1970s onwards) and questions of a 'global sense of place' (1990s geography onwards). Bringing these to bear enriches the assertions about 'local geographies' as is true in the case of dams and displacement. The thesis involves an understanding of how these powerful negative images operate and an appreciation of a more radical and alternative local geography as a way of seeing an unequal world. It is a well put axiom of poverty policy that ownership or access to assets that can be put to productive use is the cornerstone of the capacity of the poor themselves to construct routes out of poverty (Moser, 1998).

In this respect, successful asset accumulation often involves trading-up assets in sequence, for example, chicken to goats to cattle to land; or for artisanal fishermen, savings from boat labour, boat purchase, fishing savings, to land purchase. This sequencing of asset accumulation mirrors the sequencing of asset disposal that occurs in crises such as famine, and can result in the determination of the asset position of families to the point that they are no longer able to construct viable livelihoods (Corbett, 1998; Devereuz, 1993). While complementarity between assets can facilitate this process (IFAD, 2001), it is the scope to construct such asset accumulation pathways that is critical for the achievement of rising prosperity over time. When this scope is curtailed due to poorly functioning markets, a disabling institutional environment or deteriorating civil security, then climbing out of poverty can be a serious arduous undertaking.

This thesis explores those features of local geographies and livelihoods in the case of Uganda. A wealth-ranking exercise conducted in rural Uganda (Ellis and Bahiigwa, 2003: 1001) identified several groups, and exhibited considerable overlap in the definition of wealth categories in Uganda (Table 1.1).

Table 1.1: Income Categories in Rural Uganda

Top Group	Labour seasonally, send children to primary and secondary schools, often own bicycles and possibly a motorcycle; own non-farm service sector business, and sometimes have salaried jobs
Middle group	Have less of all the above assets, and can be found to shade into selling rather than buying seasonal labour. Non-farm activities would tend to be in small-scale trading or bicycle taxis
Poorest Group	Possess little or no land, cattle and few small stock; sell labour to others, are unable to pay school fees, do not possess bicycles, and have few non-farm self-employment options among which beer brewing features most prevalently

Source: Adapted from Ellis and Bahiigwa (2003: Livelihoods and rural Poverty in Uganda. *Economic Policy Research Centre*, Kampala, Uganda, 1003).

In addition to land and livestock, the key asset of rural families in Uganda is their own labour (active adults in the household), educational attainment (measured by years of education accomplished), and ownership of productive implements and tools (measured as of aggregate value owned). Viable livelihoods result from an ability to deepen and broaden asset holdings overtime (Ellis and Bahiigwa, 2003). This allows a broader range of activities to be pursued, as well as providing scope for substitutions between asset categories, e.g., selling some cattle in order to buy shop, or using non-farm income to hire seasonal farm labour. In the lakeshore areas and along river Nile villages as in the Bujagali Area, ownership of fishing boats and nets is a critical wealth indicator, and renting land from inshore village households in order to compensate for low village land availability is common place. Again, success in one activity enables success in another, since fishing income can be used to pay for renting land, as well as purchasing livestock as a store of wealth. The same livestock can later be sold to purchase a boat or fishing net. The picture that emerges is that one or two key assets, for example, education, land, or livestock, can provide the lead into a successful accumulation path out of poverty. The poor are characterized by their inability to get an initial purchase on this upward process, or by the occurrence of personal crises in which previous assets have been depleted to below the critical starting point. Starting with farming and livestock, agricultural land use varies with bananas and banana mixtures predominating in the east, central and western regions of Uganda, where cooking bananas (*matooke*) are the staple food, and other crops are grown either because land is unsuitable for bananas or in order to provide variation in food consumption and crops for sale. Maize and mixed crop plots dominate in the lakeshore farm systems, and the second most important category of field use in other districts. Beans, millet, cassava, sweet potatoes and groundnuts are cultivated in all districts as secondary food crops in mixed or pure stands.

A stated objective of the Plan for Modernization of Agriculture (PMA) is to continue encouraging rural Ugandans (as has done for a hundred years) to participate more in markets, thus broadening the modernization of the rural economy and the greater specialization, exchange and use of purchased inputs that this would stimulate. However, continued reliance within livelihood categories or subsistence consumption for household food security is prevalent, implying consequently low output proportions reaching the market. One important reason for this may be a heavy local taxation regime (Ellis & Bahiigwa, 2003) that is essentially discouraging engagement in market transactions in food crops and livestock due to poor and fluctuating commodity prices on the international market. The role of subsistence in rural livelihoods in Uganda can be defined by looking at the overall share of own consumption by value in household income across different income levels. However, fishing villages, as those in the Bujagali area, are something of a special case because fish output is substantially more monetized than food crop output, and a lot more income is earned from trading and transport activities in fishing villages. The rising incomes are, therefore, associated with higher access to remunerative wage or salary in non-farm self-employment activities like trading, brick making or charcoal production (Ellis and Bahiigwa, 2003; Ellis, 2002). Mukono and Jinja districts (Bujagali Area) display development patterns that are probably fairly typical for east and central Uganda. It is notable that transfer incomes, principally comprising remittance, play a relatively small part in rural livelihoods (Frank, 2002). Wage income also contributes a small portion of the total income, and is generated mainly from seasonal wage work on other farms that is an especially important income source. Self-employment activities comprise a range of enterprises from trading and retailing to brick making and charcoal production, to beer brewing and handcrafts (Ellis & Bahiigwa, 2003; Ellis, 2002; Frank, 2002). It is important for poverty policies to reach a reasonably accurate understanding of the role those non-farm activities and income sources play in rising income in rural areas. This could help to determine, for example, the balance of public resource utilization between promoting increases in agricultural productivity on the one hand, and providing support and services to non-farm rural activities on the other. Again this emphasizes the cumulative and reinforcing links between assets, opportunities, monetary income and asset productivity, and it is facilitating rather than undermining these links that is essential to successful rural poverty reduction policy (Ellis, 2002; Ellis and Bahiigwa, 2003).

There is an important link between local geographies and livelihoods in the poverty reduction policy process. Hence, local geographies occupy a distinctive place in the world of development, offering an integrated web of the complex reciprocal relationship between human and physical components of the country. Local geographies offer a canvas coloured by place, space and time; recognizing the great differences and dynamics in cultures, political systems, economies, landscapes, environments and the links between them. By paying due regard for local geographies, the policy makers and planners demonstrate knowledge of spatial distribution in both physical and human phenomena. They should be able to explain the pattern and dynamic nature of variation in local processes and ways in which spatial relations are an inherent and important feature of economic, social and political activity, and the ways in which they reflect, reproduce and remake relations. They should have a critical awareness of how such relations operate at local, regional and national scales to produce particular geographies, and the ways in which interactions at one magnitude influence those at another, for better policy formation that pays due regard for local geographies and livelihoods across scales.

1. 7 Research Approach and Methods

Research on local geographies and/or livelihoods must make hard choices, since the encompassing character of the concepts means that almost any aspect of the way people go about gaining a living is potentially legitimate to investigate. In the event, it was decided to adopt a division of labour between informal interviews, mainly individual, investigative site visits, and reviews of published and popular literature (documents), so as to address the policy and institutional contexts of the changing local geographies and livelihoods at community level, in the World Bank and IMF reform policies and projects in Uganda, while addressing assets, activities, incomes, and poverty factors. The location of the study area can be ascertained from the Uganda Maps given in Maps 1.0 & 9.1. It should be emphasised that the procedure described was not designed to make inferences about the larger populations from which the case study was drown. The purposive fieldwork selection procedure from district to villages and to households set out to identify and describe a range of local geographies and livelihood patterns that were likely to contain within them the experiences of a substantial proportion of rural communities in Uganda. No claims are made, however, about the absolute representativeness of case study findings with respect to populations neither in the districts that were studied nor for Uganda as a whole. Returning to Maps 1.0 & 9.1, some observations about the districts and villages selected for research are pertinent for interpreting later findings. Mpigi, Mukono and Jinja districts which describe an arc across central Uganda from east to west; are quite urban and densely populated, with farm subdivisions at inheritance, which is an important factor determining the ability of successive generations to gain a living from farming. They also capture land-scarce intensive coffee, sugar cane, cotton, maize, tea, livestock fishing and other location specific crop and livestock systems.

The division of labour between the informal interviews, site visits and review of documents, was thought to yield potentially more useful and unbiased insights for policy purposes than reliance on a set of questionnaire survey on its own (Booth, Holland, Hentschol, Lanjoux and Herbert, 1998; Kanbur, 2001; Chambers, 1997). In particular, as discussed by Chambers (1997: 72), the concepts, concerns, categories and questions of questionnaire surveys were thought to be those of the researcher, not those of the studied. In questionnaire interviews, power and initiative lie with the interviewer; questions are administered like oaths; they select and simplify reality, and miss local complexity and diversity. The methods used, though not fool proof, were assumed to provide plurality and analysis from varied perspectives. In order to assemble robust data on the World Bank and IMF engineered and funded development policies and projects and related spatial and non-spatial impacts as circumstances permitted, the research methodologies included several interrelated field research activities as summarized in Table 1.2. First, interviews were undertaken with selected individuals and institutions in Kampala and the Bujagali area and environs. Second, in respect to the World Bank/IMF funded economic reform policies of decentralization, privatization, poverty eradication, modernization of agriculture, and the Bujagali Hydropower Project, as implemented in Uganda, reviews of official and non-official documents were undertaken. A third field activity included site visits in the districts around the Bujagali Power Project area on both sides of the Nile. This included trips to the villages in and around Kampala as well as the Bujagali Project area where people and representatives of NGOs in various sectors of society were consulted to establish their concerns about compensation and resettlement, and the possible negative effects of the Bujagali Power Project on the local livelihoods, environment and society. The interviews with the people and NGOs associated with the policies and projects, as well as the reviews of relevant documents were done as a source of informational data on the history, the studies and consultation processes undertaken; the decision process and clearance procedures; compliance and other World Bank and IMF funded policies and projects' aspects. Some individuals were interviewed both before and after the field visits so as to get a second opinion.

Table 1. 2: Field Research Activities

Documents Reviewed and Source	Interviewees	Field Sites Visited
• 17^{th} October 2002: World Bank Proposed Changes to its Information Disclosure Policy. Rowden@action.org • 18^{th} and 19^{th} October 2002: Decentralization, Poverty Reduction Strategy, Privatization, Civil Service Reform and Plan for Modernization of Agriculture. Local Authorities Association, and Ministry of Agriculture.	* 18^{th} October 2002: Directors of Uganda Local Authorities Association (S.Ocheng) , and of National Association of Professional Environmentalists of Kampala , NAPE/SBC)(F.Muramuzi)	• 22^{nd} and 23^{rd} October 2002: Bujgali Falls Area • 25^{th} October 2002: Entebbe Bay, Kasenyi Fishing Village, Entebbe Municipality. • 28^{th} October 2002: Njeru Township and Kalagala Falls Area • 29^{th} October 2002: Bujagali Falls and Dumbbell Islands • 14^{th} March 2003: Naminya Resettlement Village • 25^{th} and 28^{th} April 2003: Kawempe and Nakawa industrial areas in Kampala • 3^{rd} and 10^{th} May 2003: Naminya and Budondo Resettlement Villages • 8^{th} May 2003: Luzira Industries in Kampala • 15^{th} May 2003: Bujagali Falls Area; Kalagala Falls area
* 20^{th}- 21st October 2002: New Strategies, Old Loans, Do World Bank Strategies Support Country Poverty Reduction Strategies: The Case of Uganda. ngoforum@infocom.ug	* 19th March 2003: Director of National NGOs Forum, W. Nyamugasira	
* 2 6 th October 2002: State of the Environment Report. NEMA, 1998, NEMA in Kampala	* 20^{th} March 2003: Director of National Environment Management Authority , NEMA, Dr. Aryamanya	
* 19^{th} March 2003: World Bank Inspection Panel Report, 2002. NAPE/SBC in Kampala	* 17 th April 2003: Director of NAPE/SBC, Mr. F. Muramuzi	
* 23^{rd} March 2003: Development and Impoverishment, Risks: Resettlement of Project Affected People. NAPE/SBC in Kampala	• 18^{th} and 19^{th} April 2003: Consultations with NAPE/SBC Field Researchers in Bujagali area. • 18^{th} and 19^{th} April 2003: Kampala Landfill Site attendants	
* 23^{rd} March 2003: Pervasive Appraisal Optimism, IRN, 2002. Rowden@action.org		
* 24^{Th} March 2003: Bujagali Project Appraisal Document. NAPE/SBC in Kampala		
* 27^{th} April 2003: Acres International Report, May 2002 and World Bank Management Response to the 2001 NGOs Request. NAPE/SBC in Kampala	* 20^{th} April 2003: World Bank and AES Nile Power, Bujagali project Staff in Bujagali Area	
* 28^{th} April 2003: Kalagala Offset Agreement, NAPE/SBC in Kampala	* 30^{th} April 2003: Director of the Plan for Modernization of Agriculture S. Ogala	
* 29- 30 th April 2003: Bujagali Project Acres International (2001) Economic Review, NAPE/SBC in Kampala	* 30^{th} April 2003: Director of NAPE/SBC, F. Muramuzi	
* 10-12 th May 2003: High Court Landmark Ruling, NAPE/SBC in Kampala	* 10^{th} – 13^{th} May: Discussions with the Director of NAPE/SBC, F. Muramizi	
* 14^{th} May 2003: Community Resettlement and Development Action Plan, NAPE/SBC in Kampala		

Source: Field Interviews, Reviews of Documents and site Visits, in September and October 2002, and in March , April and May 2003

Also the available World Bank reports were assembled and reviewed before and after the interviews and field site trips to the villages so as to gain a second opinion on the findings. Also, the published and unpublished literature on the history and development of the study area's resettlement and cultural values, and methods of social or environmental resettlement were examined. The site visits in the project area, as well as interviews with government officials and civil society and all others involved in the projects, were deemed extremely important for assessing formal and substantive compliance with World Bank policies and procedures. Indeed, the site visits provided an avenue to witness the overall climate in which consultation with the project-affected people was conducted, and the range of local opinion toward many aspects of World Bank and IMF engineered and funded policies and projects in Uganda.

1. 8 Thesis Roadmap

The present study unfolds in the following way. The present chapter gives an introduction to the scope of the research and the study area, as well as the methodological approach employed. The chapter states the overarching research issues that the thesis sets out to address, and a clear statement of aims is given so as to add clarity to the thesis outline. A discussion of the 'model' of power, local geographies, and sustainable livelihoods used is not simply coercion/dictatorship vs acquiescence, but of more complex interplays of hegemony/consent and/or capillary power, in order to interrogate the Uganda case. Chapter Two deals with the history of the thinking and writing about development in the context of the World Bank neoliberalism, the power and role of the World Bank in development discourse, sustainable livelihoods, and sustainable development, dams, ecosystems and energy. Flowing from this context, Chapter Three examines the role and power of the World Bank's structural adjustment programmes - - debt relief in Africa, borrowing from IMF, HIPC initiative - - its weaknesses and its many voices, and reinforcements of the World Bank domination and control over national economies, and argues this has been damaging to Uganda and Africa. Chapter Four forms an introduction to contemporary social and economic contexts in Uganda in discussing first agriculture, reliance on cash crops like coffee and banana, the use of low technology and few inputs, questions of land tenure, the extent and nature of poverty, and the current situation in which the powerful elites become richer, profiting from World Bank reforms and the conflict in East and Central Africa, while the poor become poorer. Chapter Five examines projects inspired by the World Bank approach to development in Uganda; discusses social and economic contexts of local geographies and livelihoods in Uganda, and the factors that enable or disable the pursuit, by individuals, families and communities, of paths out of poverty, focussing on the links between World Bank funded policy initiatives for poverty reduction at the macro-level and micro-experiences of such policy initiatives at village and community levels. Chapter Six reviews the history of Bujagali Power Project after discussing the background of Uganda's energy policy and the government's energy plan, so as to situate the power of external forces in Uganda's development projects. Chapter seven deals with the role and power of the World Bank in the Bujagali Project data analysis that led to the High Court landmark ruling which declared the Power Purchase Agreement a public document, and discusses the legal challenge to the project and the high court's landmark ruling against it. Chapter Eight presents a basis for discussion of the power generation options and sites on the Nile, environmental assessment including the Kalagala Offset Agreement, social compliance, resettlement and compensation. Finally, Chapter Nine summarizes the flagship development issues in the World Bank approach to development in Uganda; provides a critical review of how the World Bank neoliberal reforms have facilitated or hindered real, empowering and policy-changing participation by people affected by these policies and projects in Uganda.

Chapter Two: Map of Development Discourse

2. 1 Introduction

This chapter is a critique of external factors as they affect Africa to establish the concept of local geographies within the notion of empire and Africanism, post-independence development and its colonial legacy touching on ways to reform international development institutions and the context of sustainable livelihoods, dams and development. The chapter thus challenges the relegation of external development factors to a secondary importance and argues that the World Bank explanations do not take sufficient account of the interconnectedness of places and political forces (spatialities and temporalities) in the global era, and that they maintain a strict internal/external dichotomy that is no longer an accurate or useful description of the developing countries like Uganda. The argument made is that conventional development explanations ignore the power of discourse and its role in the construction and maintenance of Western hegemony in the developing countries. The chapter shows how development discourse has constructed the developing countries as underdeveloped, and thereby normalized and legitimized the right of the developed to intervene in, control and develop the underdeveloped in the Western image and values.

2. 2 Geography, Empire, and Africanism

"Knowledge is power, geographical knowledge is world power" (Penck, 1917: 227 in Watts, 1993*)*. As well stated by Watts (1993: 173), in his controversial book *Orientalism*, Said (1973) reveals how ideas, while complex and unstable, are inseparable from systems of subjection. In his case, *Orientalism* represents a body of Eurocentric knowledge, a geography of the *Orient*, which not only helped construct an imperial vision of particular players and subjects, but displaced other voices and indeed had material consequences. In an almost identical fashion, the geographic scholarship and of academic geography in the 19th and 20th centuries was closely tied to the European colonial *mission civilisatrice* in Africa. For instance, the Royal Geographical Society (RGS) formed in 1830, as an overseas expansion in the 19th century (in which Africa figured prominently after 1870) was orchestrated through the RGS (Livingstone, 1992; 160). Similarly, the Franco–Russian war stimulated an increase in French geographical societies that helped sustain a coherent political doctrine of colonial expansion in Africa (Watts, 1993:174). At the 2nd International Congress of Geographical Science in Paris (1875), knowledge and conquest of the earth was seen as an obligation, and geography provided its philosophic justification (Said, 1993: 170; Watts, 1993: 174). The 'new geography' and the new imperialism were thus inseparable. Whether in imperial Britain, Nazi Germany, or post-Truman America, geography and geographical knowledge were forged geopolitically as well as geo-economically through empire and hegemonic power relations (Smith and Godlewska, 1993; Watts, 1993:175).

Africa was central and constitutive of geography, race and empire. Hence, European geographers helped create or invent Africanism. Equally, Africa played a part in the debates within geography over environmental determinism, race and civilization, or in what Livingstone calls "the moral economy of climate" (1993). Africa helped invent geography through colonialism (Watts, 1993: 174). As Driver (1992; 3) properly observes "the iconography of Africa's light and darkness embodies powerful images of race, science, religion, portrayed the Eurocentric penetration of Africa as simultaneously a process of hegemonic power, domination caslled enlightenment and liberation" or colonialism and development. But as well put by Watts, in the 19th and 20th centuries, geography helped make Africa "Dark" (1993: 174), and it simultaneously assisted in the means by which the "Darkness" was to be lifted by the colonial *mission civilisatrice*. In a sense, then, the study of Africa lay at the heart of academic geography from its inception. In so doing, 19th and early 20th centuries' geography directly contributed to what Crouch (1989: 39) calls "one of the centrepieces of fantasy of our time". Indeed, as put by Conrad (1925: 82) in Watts (1993), Africa was then (may be now), like travelling back to the beginning of time. Inventing development: mapping development in Africa: "The old imperialism has no place in our plans. What we envisage is a programme of development based on the democratic principles of fair dealing" (Truman, 1949). While a history of geographers and geographic practice made in the service of colonial rule in Africa may not yet be written, it is quite clear that geographic ideas like land use and agrarian change, population growth and mobility, and environmental conservation, run through the 1870s to the 1960s period. Richard Grove (1987, 1993) and others have traced early conservation thinking and written on ideas like scientific botany, white settler communities, and government concern for security. There has also been debate over population growth, deforestation and the scare of soil erosion.

As Watts (1993: 175) indicates (Table 2.1), "the rise of a populist sentiment in agricultural policy singing the praises of the rural smallholder and the African peasant is very much part of the historiography of cultural ecological thinking in geography as a whole. The relevance of geography's concern with land use and human ecology for colonial planning in Africa was vastly enhanced by what Watts (1993: 173) terms the 'invention of development' in the late colonial period. While development is said to have come in the English language in the 18th century with its original meaning conveying a sense of revolution over time, which was later shaped by the Darwinian revolution a century later, development understood as a pre-condition of public and international policy to improve welfare and to produce governable subjects is of a much more recent provenance (Sachs, 1992).

Development as a set of ideas and practice was, however, the product of the transformation of colonial world into the independent developing world in the post-war period. Africa thus became an object of planned development after the depression of the 1930s, when modernization was promoted through enhanced imperial investment against the backdrop of nationalist sentiments. In the post-war period, the imperial desire to address development and welfare had a strong focus, specifically productivity increases through mechanization, settlement schemes and various state interventions (marketing reform, co-operatives), all of which attracted a good deal of geographic attention.

Table 2. 1: A Map of Development Discourse in Sub-Saharan Africa

Periodization	Normative Aspects of Development Theory					
	The State[1] (Market failures, regulations for growth with equity, institutional and political capacity)		*Civil Society*[2] (Association life, households, communities, lobbies, Non-Governmental Organisations, non-state economic and cultural production)		The Mar(ket[3] State failures, reparability of equity and efficiency, harmony)	
Phase 1 1760-1890 First Industrial Revolution	*Relative Backwardness & Catching-Up* Protectionism, forced savings (Meiji reforms, Witte's Russia, List and Bismark in Germany)		*Marx Proto-Socialists and European Populists* Artisanal production, small scale co-operatives, collective control (Sismondi, Owen Proudhon, Fourie, Herzen)		*Classical Political Economy* Laissez-faire division of labour, comparative advantage (Smith, Ricardo, Malthus)	
Phase 2 1890-1945 Classical Imperialism	*Soviet Socialism* Nationalization, central planning, collectivization and primitive socialist accumulation (Preobrazhensky Stalin)	*Keynesianism* State role in crisis regulation through fiscal & monetary policy (Keynes, Gerschenkron)	*Gramsci, Arendt, Neo-Marxist Theory* Autonomy of civil society solidarity, pluralistic rights *Neo-populism* Russian populists, Narodniks, East European Green Uprising, Gandhism (Chayano, Gandhi, Chernyskevski)		*Neo-Classical Economies* Harmony and just returns, general equilibrium models (Marshall, Austrian School, Schumpeter, Pigou)	
The development Revolution						
Phase 3 1945-1980 Growth to Crisis	*Third World Socialism & Radical Dependency* Maoism, Ho Chi Minh, Che, Debray, Indian Marxism/Nehru, Komai (delinking, basic needs, central planning)	*Development Economics & Growth with Equity* Import Substitution Industrialization Protection, bug push, linkages, (Lewis, Myrdal, Mahalanobis, Economic Commission for Latin America) Redistributive strategies, basic needs	*Development Populism, Agrarianism, Small is beautiful* Community development informal sector appropriate technology, African Socialism (Nyerere, Lipton, Mellor	*Weberian Modernisation* Rationality, calculability, modernity, institutional capacity (Hirchmann, Elias, Pye, Ong, Buttel)	*Neo-Classical Economic Development* Pluralist state theory, agriculture and innovation, aid and trade (Bauer, Schultz, Ruttan, Myint, Jorgensen)	*Modernisation Theory* Human capital, formation, stages of growth, diffusion, savings, need achievement (Rostow, Chenery, Rodgers)
Phase 4 1980-1990 Crisis, Stabilization, Adjustment	*New Political Economy* Developmental State: neo-Weberian state Capacity, relative Autonomy, Embeddedness (Wade, Chalmers Johnson, Evans, Amsden)	New Growth Theory: endogenous government behaviour collective action theory, multiple equilibria (Becker, Bates, Krugman)	*New* Transaction cost approaches, imperfect and asymmetrical information (Stiglitz, Bardhan, Nugent, de Janvry, Institutional Economics Williamson)	*The Public Sphere* Local knowledge/peasant science, new social movements, Non-governmental Organizations/ Private Voluntary Organisation's feminisms, post-Marxism (Escobar, Shiva, Hettne, Offe, Laclau, Kothari, Habermas)	*Neo-Liberal Counter Revolution* Price distortions, rent-seeking, market strategies, trade theory (Timmer, Krueger, Berg Report, Lal, Little Balassa, Bauer)	

[1]The State is understood as a set of institutions which act as a system of political domination/regulation with specific effects on class and class struggle (see Jessop, 1990: 28)

[2]Civil Society is understood in the Gramscian sense as a non-state sphere of organizations – 'the ensemble of organisms commonly called private' – where hegemony and consent are organized, possessing the potential for rational self-regulation and freedom (Gramsci, 1971)

[3]The Market is understood as a nexus between buyers and sellers (but an institutional nexus that has to be made, (Elson, 1988), that is to say, an auction in which buyers and sellers bid against one another or as a broker-organized market).

Source: Michael Watls, 1993: The Geography of Post-Colonial Africa: Space, Place and Development in Sub-Saharan Africa (1960-93). Singapore Journal of Tropical Geography, Vol. 14, No. 2 (1993)

Growing commercialization in the rural sector and new patterns of population mobility and demographic growth (expressed largely in a concern with the disruptive consequences of urbanization and rural migration), pointed to land use as a central pivot of geographic study. Most effort focused on how land use patterns were changing in rural and peri-urban areas across the continent, a project that revealed striking parallels in Africa by use of descriptive micro-scale studies (Watts, 1993). However, more serious work of these early mobility and land use studies revealed the history of land use intensity, the dynamics of circular migration in semi-arid zones, and were critical of the colonial rush to modernization through mechanization which seemed to rest on precepts developed in temperate agriculture and that rode over African indigenous systems of cultivation (Watts, 1993: 175).

The invention of development, signalled by the birth of development economics (Lewis, Myrdal, Hirschman, Perroux, Rostow, Friedmann, and so on) in the 1950s and 1960s, marked the beginning of wide-ranging theoretical debates about the dynamics of accumulation in the underdeveloped Africa. These discourses were rooted, in part, in the post-war establishment of international regulatory and development institutions like the World Bank, IMF, and the panoply of UN organizations. While comparative political economy was an object of study prior to the 1930s, the theorizing peculiar to a particular space variously called developing world, less developed world or underdeveloped world, as an object of academic scrutiny and public policy debate appears to have been expanded and refined from the 1950s onward. Table 2.1 maps the proliferation and differentiation of development discourse along three axes distinguished by their normative content, namely, the market, the state, and civil society. The way in which the axes are configured nationally changes over time with the 1950s being clearly a period in which the economies of state protection and import-substitution dominated, whereas the 1980s as the lost decade of development, was a moment of unrestrained market neo-liberalism.

Equally, the specific theorization of the state, market and civil society are themselves differentiated and unstable. Nonetheless, understanding how the normative content of development theory has shifted in relation to the historical experiences of sub-Saharan Africa in the post-colonial period is a key starting point for any assessment of human geography in Uganda.

2. 3 The post-independence development decades

Colonial rule in Africa proved relatively short, little more than 70 years long and produced no mature political system. Whether settler colonies (Kenya), protectorates (Uganda), peasant-based economies (Senegal, Uganda), or micro-labour reserves (Congo), nearly all the emerging independent African economies were one-horse shoe towns, hitched to the world market through primary export products such as coffee, copper, cotton, tea and cocoa. However distorted or neo-colonial, their national economies, African hopes and expectations at independence were high. The heady vision of Milton Obote for a black Africa utilizing the central planning system to rapidly industrialize and overcome poverty, ignorance and disease captured the popular imagination. Indeed, the first independence African leaders were infatuated with national plans and ambitious long-term planning irrespective of their political orientation. Health, education, and infrastructure were heavily funded, typically aided and abetted by 'technical' foreign assistance, and government activities were centralized and expanded to facilitate state-led modernization. In spite of the fact that government agencies extracted surpluses from the agrarian sector (rural production remained the bedrock of most independent states) to sustain import-substitution industrialization (and a good deal of rent seeking and corruption by the elites).

However, African economies performed quite well in the 1950s, buoyed by soaring commodity prices, especially after 1967 (Watts, 1993). Not surprisingly, much of the geographic scholarship of the 1960s was framed by some variants of modernization theory, or at least by the presumption that the process of modernity (commercialization, urbanization, transportation) were shaping local institutions and practices. Building upon the mathematical location theories of Weber and Christaller of the 1930s and the so-called quantitative revolution of the 1960s, African geographers modelled modernization surfaces, and attempted to map patterns of modernity, which revealed islands of modernity within the urban hierarchy, by charting the diffusion indices of modernization throughout the settlement patterns (Watts, 1993: 178; Soja, 1968; Riddell, 1970).

However, crippled by the weaknesses in the theory itself, a Eurocentric selection of 'modern' indices, a teleological and conflict-free vision of change, an inadequate understanding and appreciation of the dynamics of political economy, modernization surfaces were transitory interests and were ultimately rejected by its practitioners (Riddell, 1981: Watts, 1993). Nevertheless, this work raized important questions about the legacy of colonial transportation systems, the dynamics of diffusion across the urban hierarchy, and the character of African urbanization. At sub-national levels geographic scholarship in a careful local empiricism (by local and foreign geographers), engaged in long-term research, focusing on market systems and indigenous periodic markets, mainly in West Africa. By focusing on indigenous exchange, the scholarship complemented work of historians anxious to show the non-subsistence character of African societies, the historic nature of markets and market places, and the relations between periodic markets and the settlement hierarchy. The longstanding concern with trade not only debunked the methodology of the uneconomic or irrational rural peasant but ultimately fed into a large neo-classical economic literature, which argued that African marketing systems were open, efficient and non-exploitative. A second focus turns on urbanization and human mobility, as an enduring subject by geographers (Mabogunje, 1962, 1968, and 1972). The 'new' urban geography drew upon urban ethnogeography and regional theory, urban morphology, political economy, and pre-colonial urbanism which traces the genesis of African towns to sacred geography and cosmogonic mapping. Geographers also dealt with the transformation of cities, in both social and mophorlogical senses in the post-colonial period, regional mobility, colonial migration patterns, the role of ethnic associations in patterns of urban accommodation and trade, and the implications of migration in resource use. Drawing upon studies of land use changes in Africa, geographers show how migrants are a progressive force, and a source of initiative for local development (Watts, 1993: 178). Finally, mention should be made of the land use literature, which in many respects as discussed by Watts (1993: 179) predates the 1960s, and has been, perhaps, the central subject of study for geographers in the immediate post-war period. As pointed out by Watts (1993: 179), this is a complex and heterogeneous body of scholarship that addresses questions of traditional patterns of African land use and how they are being shaped and redesigned under local auspices, by post-colonial development broadly understood. One part of the scholarship focuses on debates over environmental determinism in exploring the relationship between local practice and environmental potential, drawing upon organic analogies, and the adaptive capacity of traditional farmers and pastoralists. Another is a wide-ranging body of inquiry that explores changing intensities of land use through case studies of population pressure. This is part of a larger effort to classify systems of land use, which are seen to be correlated with population density, land use rights, settlement patterns, labour productivity, and related issues of the complexities of local level agrarian intensification. It is observed that in the first development decade, it is surprising how little direct engagement there was between geographic interest and what Watts (1993: 179) calls 'the macro-theoretic debates' of the period. Despite the economic development with respect to Rostow's stages of growth, theories of unbalanced growth and early structuralism, human geography generally appears distant in the work on linkages and social imbalances. Secondly, for what Watts (1993: 179) calls 'obvious reasons', Africa attracted more academic attention in Europe than in the United States. This geopolitics (and geo-economics) of knowledge marginalized Africa until the 1970s, when a combination of foreign assistance through American development agencies, philanthropic activities, and new and different conditions on the continent itself, drew academics including geographers in large numbers. And, it is striking how little attention was devoted to political geography, despite the civil wars emblematic of deeper and darker political problems associated with what Watts (1993: 180) calls 'spoils politics, in which governance degenerated into violent, repressive and corrupt regimes cross-cut by the marginalization of ethnic difference.

2. 4 Development and its Colonial Legacy

Neo-colonialism is defined as a means of economic and political control articulated through the powerful states and capitals of developed economies over the economies and societies of the developing countries (Johnston *et al.*, 2000: 546). The dominated countries are apparently independent and exhibit the outward trappings of independence, as they are able to participate in a practice and discourse of post-colonialism. But their economic and political systems remain closely controlled from outside. This control may be exerted in a variety of ways. The presence of foreign industrial and finance capital (Radice, 1975; Sicken, 1998) does not merely have an effect upon the external economic relations of the neo-colonial societies but, in addition serves to restructure their class relations and exerts foreign domination by the maintenance of a powerful elite. Participation in special commercial relations such as those linking former colonial powers (Britain and France) with their African dependencies help not only to tie underdeveloped to developed economies by means of trade and investment but also to enforce an internal economic discipline upon the policies of the underdeveloped countries. The Lome Conventions negotiated between the EU and the African, Caribbean and Pacific states develop the techniques of neo-colonialism by means of aid and investment agreements (Kirkpatrick, 1979). At an even more extensive multilateral scale, the IMF enforces a form of capitalist discipline upon the states of those developed societies that turn to it for help, as debates around the efficiency of the Fund's involvement in South East Asia in the late 1990s reveal. Political control may also be manipulated more directly and carried out covertly by donor agencies (Agee, 1975).

The construction of (neo) colonial 'others' is sustained by, for example, representations such as 'emerging markets'. The discursive constructions and reconstructions are made daily in the global financial press, which construct the characteristics of such markets in terms salient to the needs/interests of portfolio and foreign direct investors. This discourse shapes constructions of development and dependence as the possibilities for and problems to be overcome by 'emerging markets' become those relevant to finance capital, whilst the discipline representations of 'emerging markets' reflect the competitive challenge presented by fear and loathing of, and disgust and desire for risk in, such 'markets' among those articulating flows of capital into and out of them. Such fear and desire was central to the contradictions embedded in the geographies of the colonial world.

Faced with these contradictions of colonialism, the various practices of neo-colonialism serve to keep the dominated societies secure within the wider sphere of neo-colonial influence, definition and assessment. Its origins and continued sustenance lie in imperialism, classically associated with the spread of Eurocentric expansion during the latter part of the 19th century, driven by racism, religious expansionism, economic opportunity and geographical power (Johnston *et al.,* 2000: 546). But for radicals, despite all their differences of emphasis, "theories of imperialism have essentially the same logic....to relieve contradictions internal to the capitalist system" (Peet, 1991:.135). With the globalization of contemporary economic geographies, based traditionally upon trade, the internationalization of production and access to raw materials but now related, as much to flows of finance capital, the attempt to maintain this security will be intensified. As a result, neo-colonialism, with its associated unproductive and high costs of maintenance and inherent potential for conflict along with the intensification of discipline and chaos exerted through globalized financial markets, is likely to grow and extend. It will, therefore, contribute directly as well as indirectly to the continued development of underdevelopment.

According to some theorists, development studies had reached an impasse by the mid-1980s (Schuurman, 1993, 2000; Both *et al.,* 1994). This impasse emerged partly because the dominant discourses, intellectual traditions and development practices were subjected to critique. The crisis in development was broadly conceived in two ways. First, it was argued that the exacerbation of poverty and inequality during the 1980s (labelled by some as the 'lost decade') revealed a profound failure in development planning. Second, the ways in which orthodox development knowledge and practice had been shaped by a Western bias were identified by postcolonial scholars as a process that claimed universality but instead derived from particular interests and understandings. The 1990s then saw both a proliferation of critiques of development that questioned the belief in modernization and the quest for progress that had underpinned so much development theory and practice since the 1950s, and numerous articles offering alternative visions and approaches (Korten, 1990; Rahnema, 1993; Escobar, 1995; Carmen, 1996). Amongst other approaches, postcolonialism has challenged conventional meanings and ideas of development and questioned the process by which development knowledge was produced and gained legitimacy.

More generally neo-colonialism is sustained and developed through discourse (Said, 1978). The relationship between Britain (colonizer) and Uganda (colonized) after independence finds expression in contemporary discourses of the country's development. The transition from colonized subject to aid recipient, and from colonial administrator to development practitioner, can highlight the ways in which development theory and practice have been shaped and influenced by colonialism. It is now generally recognized that the current economic, social and political situation of developing countries like Uganda cannot be understood without an adequate understanding of their historical background (Chandra, 1992). It is argued that these historical relationships have to be analysed in order to examine why development has evolved the way in which it has, and to provide a historical context in which to evaluate the potential of future development strategies (Amin, 1989; Chandra, 1992). However, Miege (1980) suggests that the very notion of a "colonial past" may be misleading. He says that "it leads one to imagine a clear distinction between the "before" of colonialism and the "after" of independence, as two sharply contrasted periods separated by the moment of decolonization... nor must it be imagined that colonialism always meant a complete break with the pre-colonial period (Miege, 1980, pp 35-6). Thus, as Crush (1995) contends, the transition from the colonial moment to the development process signalled a shift in emphasis rather than the end of one project and the beginning of another. It may be asked whether, and to what extent, political sovereignty and national independence brought about a break in cultural and economic relations (Miege, 1980).

However, it seems indisputable that colonial relations have influenced the postcolonial period politically, economically and culturally (Dhaouadi, 1994). For instance Chandra (1992: 23) has identified psychological influences that colonialism engendered in the colonized populations: "a sense of inferiority in themselves and their own people and a sense of confidence in European people and their things", a phenomenon that the African writer Ngugi wa Thiong'o (1986) has also talked of as a wider, ongoing process of "decolonizing the mind". The origins of the field of development, and the resulting *Eurocentric* forms of knowledge that it produces, can be partly situated in the colonial moment, and thus the technologies and the approaches embodied in and articulated by development emerge from specific issues and places. In turn these disciplinary effects must be located within a larger ensemble of the after-effects of colonization, which have been aptly summarized by Said (1989, p. 207). "To have been colonized was a fate with lasting, indeed grotesquely unfair results, especially after national independence had been achieved. Poverty, dependence, underdevelopment, various pathologies of power and corruption, plus notable achievements in war, literacy, economic development: this mix of characteristics designated the colonized people who had freed themselves on one level but who had remained victims of their past on another" (Kothari and Minogue, 2002: 37).

Moreover Smith (1994, p.268) warns, "it would be a mistake to conclude that decolonization marked the end of empire. It did effectively signal an end to colonialism as a specific form of empire, but imperial interests and global reach continue to the present". Thus, political sovereignty and national independence did not bring an end to all forms of colonialism; indeed neo-colonialism and the process of recolonization are sustaining economic, political and social control by the 'West' over 'the rest'. There is a growing body of literature about the way knowledge is constructed and reproduced that emphasises its Eurocentric genealogy and how knowledge itself is deeply rooted in a Western mindset that marginalises other knowledges (Said, 1979; Barker, 1994; Shohat and Starn, 1994; Crush, 1995; Moore-Gilbert, 1997). Slater (1995, p. 383) explores the spatiality of power this expresses and challenges, suggesting that notions of development and modernization portray the West as superior and permanently central, both philosophically and culturally. The power over other societies is not only a phenomenon connected to violent incursions, military invasions, colonial conquests and externally administered; it also expresses a relation of knowledge that posts a Western superiority over the non-West (Slater, 1995: 324). Unlike anthropology and geography, in which crucial forms of knowledge have been "produced by, indeed born of, colonial rule" (Mohanty, 1991: 31), development studies may have its origins in colonialism but it is better conceived as a postcolonial discipline, in the sense that its emergence as an academic discipline after the 2nd World War coincided with the onset of the decline of colonial rule. However, much of the theory and practice within the discipline suggests that it is also a neocolonial subject since it reconfigures and [re]presents unequal relations between the developed and the developing worlds, embodying the continuity of particular relations of power over time (colonial to post-colonial) and space (geographical West and developing worlds)(Mohanty, 1991; Trinh, 1989). As a neo-colonial discipline, then, the authoritative discourse of development reproduces unequal relations by assuming the power to label groups of people. For example, in development an entity called the "Third World" is constructed (Toye, 1993) and then depicted as an objective reality to its inhabitants. Furthermore, the power to represent others is assumed in the portrayal of ways in which people live their lives, in articulating their experiences – and on this basis, in shaping the processes of change. This can be seen in the unquestioned notions of progress and modernity that continue to underlie much development thinking and in the use of techniques such as participatory approaches (Cooke and Kothari, 2001). This form of neo-colonialism is being played out not only in development theory but also in the policies and practices espoused by development workers who are interpolated by these ideas and reifications. Dominant strands within development theory and practice are constructed in the *West* and implemented in the developing areas like Uganda, with *Western* policy makers influencing which projects should be funded and where aid should be spent and withdrawn. Thus the boundaries and distinctions that formerly marked the power relations between colonizers and colonized continue to be played out, and are reinscribed in the relationships between development administrators and recipients of development aid. Maintaining this relationship often requires development planners and practitioners to dismiss as unimportant the voices of the individuals whose impoverishment and marginality they seek to address. By not recognizing their attempts at self-representation through various forms of struggle, they continue to view them as victims rather than participants and directors of their own independence and development (Fanon, 1963; Hooks, 1989). Attempts by post-colonial critiques to decanter this authority are the focus of the next section.

2. 5 Reforming International Economic Institutions

The possibility of reforming the international economic institutions springs from the change that has been occurring at the World Bank. It has neither been easy, nor has gone as far as it could have (Stiglitz, 2002, p. 241). The World Bank is said to have become more responsive to the concerns of poor countries. However, whatever change there has been, the new direction has not always been clear, the intellectual foundations not always firm, and support within the Bank far from universal. The Bank claims to have addressed the fundamental criticisms levied at it. Its reforms involved changes in philosophy in three areas: (1) development; (2) aid in general, and the Bank aid in particular; and, (3) relationships between the Bank and the poor countries (Stiglitz, 2002). In reassessing its cause, the Bank examined how successful development has occurred (World Bank, 1993; World Development Reports, 1997-2001). Some of the reasons that emerged from this reassessment had been long recognized: the importance of living within one's budget constraints, the importance of education, including female education, and macroeconomic stability.

However, some new schemes also emerged. Success comes not just from promoting universal primary education but also from establishing a strong technological basis, which includes support for advanced training (De Rivero, 2001; Stiglitz, 2002). It is possible to promote equality and rapid growth at the same time. In fact, more egalitarian policies could help growth, as support for trade and openness is important. But, not surprisingly, the Bank has not taken as seriously as it should the theoretical and empirical criticisms of trade liberalization (Rodriguez and Rodrick, 2001). Indeed, the jobs created by export expansion have not equalled the job losses from increased imports, and this has limited economic growth. When governments took actions to promote exports and new enterprises, it was hoped liberalization would work, but it has often failed. Thus, despite revisions to its policies and programmes over the years, the World Bank remains firmly attached to its vision of a static "developing world", which is unable to help itself, and a dynamic "developed world", which by virtue of its own state of development, has both a duty and a right to tell the other segment of humanity what is good for it (De Rivero, 2001; Berger, 1994).

Protests over globalization have been at their most intense at WTO meetings (Seattle, Washington and Cancun) because it was the most obvious symbol of the global inequalities and the hypocrisy of the developed countries (Stiglitz, 2002). While these countries had preached (and forced) the opening of the markets to developing countries like Uganda for their industrial products, they had continued to keep their markets closed to the products of the developing countries, such as textiles and agriculture. While they preached that developing countries should subsidize their industries, they continued to provide billions of dollars in subsidies to their own farmers, making it impossible for the developing countries to compete. While they preached the virtues of competitive markets, they were quick to push for global cartels in steel and aluminium when their domestic industries seemed threatened by imports. Developed countries, led by the United States, pushed for liberalization of financial services, but resisted liberalization of the service sectors in which the developing countries have enough strength, as in construction and maritime services (Stiglitz, 2002, p. 243; De Rivero, 2001). So unfair has the trade agenda been that not only have the poor countries not received a fair share of the benefits: the poorest region in the world, Sub-Saharan Africa, has actually been made worse off as a result of the last round of those trade negotiations (Bruno and Easterly, 2001; De Rivero, 2001). These inequities have increasingly been recognized, and combined with the resolve of some of the developing countries, resulted in the Doha 'development' round of trade negotiations (November 2001), which put on its agenda the redressing of some of these past imbalances. But, there is a long way to go because the developed countries only agreed to discussions; just to discus redressing some of these imbalances was perceived as a concession. One particular area that was of specific concern at Doha was intellectual property rights. These are important, if innovators are to have incentives to innovate, though much of the most crucial research is not preventable.

But these rights need to balance out the rights and interests of producers with those of users, not only users in developing countries but researchers in developing countries also. In the final stages of the Uruguay negotiations concerns were that the balance rights had not been achieved, the agreements put producers' interests over users. In doing so, the rate of progress and innovation could actually be impeded; after all, knowledge is the most important input into research, and stronger intellectual property rights could increase the price of this input. There were concerns also about the consequences of the denial of life-saving medicines to the poor. This issue subsequently gained international attention in the context of HIV/AIDS in Africa. The international outrage forced the drug companies to back down. But it must be noted that even the human rights and democratic US administration initially supported the pharmaceutical companies. There has been little awareness of another danger popularly known as bio-piracy, international companies patenting traditional medicines or foods. It is not only that they seek to make money from 'resources' and knowledge that rightfully belongs to the developing countries like Uganda, but in so doing, they squelch domestic firms that have long provided the products. While it is not clear whether these patents would hold up in court if they were effectively challenged, it is clear that the less developed countries may not have legal and financial resources required to challenge the patent. This issue is a source of enormous emotional, and potentially economic concern all around the developing countries (De Rivero, 2001; Stiglitz, 2002; 1998; Rodriguez and Rodrick, 2000; World Bank, 1993). Reforming the WTO will require thinking further about a more balanced trade agenda, more balanced in treating the interests of developing countries, more balanced in treating concerns, like environment, that go beyond trade. However, redressing the current imbalances does not require that the world wait until the end of the current round of trade negotiations. As things are, the wealthier nations have a disproportionate influence over tariffs and terms of trade, and developing countries are additionally put at a disadvantage by subsidies to farmers in Europe and the USA (Appleton, 1999; Henstridge and Kasekende, 1999). What is more, about two thirds of all world trade takes place within companies, and this means that in global markets, small, fragmented producers are competing against corporate buyers (Lawrence *et al.*, 2003). Oxfam's recent report on global trade: 'Rigged Rules and Double Standards' (2002), points out that small producers nearly always lose, "whether they are Caribbean tropical fruit growers, Ugandan coffee farmers, or English apple producers" (Lawrence *et al.*, 2003). Indeed, many NGOs are now campaigning against the inequalities that have gone hand-in hand with globalization and liberalization.

The change has been rapid, despite a series of world trade talks that have sought to remove barriers by lowering tariffs. From 1947 to 1994 the General Agreement on Tariffs and Trade (GATT) was the forum for global negotiations. The World Trade Organization (WTO) came into being at the beginning of 1995, at the end of the Uruguay round of GATT talks, which were held between 1986 and 1994. It is now the forum for negotiating international trade rules. Agriculture was included in the original GATT talks, but the Uruguay round's new agreement on agriculture specifically committed countries to lift trade restrictions and abolish distorting subsidies within food production.

It has not happened (Lawrence *et al.*, 2003; Gariyo, 2001a; 2001b; 2001c; Nalunga, 2001; Tandon and Nalunga, 2003). Poor developing countries have been forced to open up their markets while rich developed countries have kept their quotas and continued to subsidise their agriculture. The terms of trade are unfair; poor countries are paid prices for their products relative to their imports. Rich countries spend nearly $1 billion a day, which is well over $300 billion a year, subsidizing their farmers. The EU's common agricultural policy costs each family of four in Britain £16 a week in higher taxes and food prices, according to research by the Consumers Association. (Lawrence *et al.*, 2003)

It cost the UK a total of £5 billion in 2001, the equivalent of 2p on the rate of income tax (Lawrence *et al.*, 2003; Gariyo, 2001c; Pollack and Price, 2000; Rodrick, 2001; Sinclair, 2001). As assessed by Stiglitz (2003), it is of course much easier to encourage others to make painful reforms than to look inwards. The failed WTO meeting in Cancun should serve as a warning that something is fundamentally wrong with the way the global trading system is managed, and with the global financial system. Despite the Uruguay commitments to reduce farm subsidies, President Bush's 2002 controversial farm bill actually promised to raise them and allocated $190 billion over the next 10 years to protect US agriculture. Add to that the fact that when poor countries export to the developed countries they face tariffs four times higher than these same countries impose on each other (Rodrick, 2001; Pollack and Price, 2000). These subsidies have a devastating effect on the economies of developing countries like Uganda. They encourage over supply, which leads to low prices and dumping. The dumping by developed countries of their subsidized goods at less than the cost of production on markets in developing countries has decimated local agriculture. The Doha round of WTO talks, hailed as "the developing round" was meant to have agreed on talks to lower tariffs and cut subsidies on agricultural produce. The deadline for agreeing the scope of the Doha agriculture talks was March 31st, 2002, and it was missed (Oxfam, 2002; Lawrence, 2003). The World Bank is placing increasing importance on the reduction of world poverty. But it remains to be seen how far it is practically prepared to go in enabling countries like Uganda to find a way out of the poverty trap. Many would agree with this thesis that the World Bank and IMF remain committed to economic principles that only compound the poverty and injustice they are intended to relieve (Oxfam, 2002; IBT, 1998; Lawrence *et al.*, 2003).

In this regard, Castells (1996) points to the increased polarization within the world economic geography and suggests that globalization has already led to the "end of the 'Third World" and "the rise of the 'Fourth World' ". This represents a geography of social exclusion, to the point of redundancy especially in Africa at a global scale. The thesis thus asks the most profound and critical questions of the object of the World Bank and IMF approach to development. At the same time it queries analysis of development and underdevelopment which are not capable of recognizing local and global influences on the ideas of development. The assumption of universal notions of development prevents an escape both from deterministic models and from doctrines of development imposed on countries like Uganda. Most of the disciplines and institutions, like the World Bank and IMF, concerned with the study of development, and generation of policies related to the poor countries, continue to be shaped by a set of assumptions that flow from a conception of history [which, it might be added, has no local geographies] as a linear progression from a condition of political and economic 'underdevelopment' and, 'tradition ' to a state of liberal democratic industrialism and modernity. The poor countries like Uganda and their history (and local geographies) have been created and understood primarily in terms of their failure to become idealized industrial democracies of developed countries (Berger, 1994, p. 266).

The task therefore, is to reinsert the local geographies, to begin to allow people, of 'the local space' to make their local geographies in conditions of their own choosing. The reality of the local experience has to generate its own solutions. On the contrary, the World Bank approach to development features a top-dawn, centre-outwards, control-oriented and standardises and regulates behaviour. In practice, none of these could fit or serve local, complex, diverse, dynamic and unpredictable conditions. Local conditions always vary by season, vagaries of weather, water supply, disease, price and market, not to mention differences by household and farm across the country's diverse regions and communities. The World Bank approach to development concentrates power upward: but only by shifting power downwards could local diversity be served. Instead, the World Bank approach to development harms people trying to gain livelihoods in local conditions. On a wide scale, the World Bank approach to development continues to override local priorities, inhibit participation, obliterate diversity, and disseminate technologies that do not fit the local needs of the poor. Power, distance, isolation and ignorance have often correlated, and the World Bank and IMF macro-economists have so badly neglected the effects of structural adjustment policies on the local geographies and livelihoods of the poor whom they do not often meet. In the World Bank approach to development, two types of power centres stand out: national government (as an underclass) at the head of a local hierarchical bureaucracy, and the World Bank (as an overclass) at the centre of a global network of influence. There is thus a danger of what Chambers (1992; 1997) calls a delusionary symbiosis between the self-deceiving government and the self-deceiving World Bank. At best both are interested in appearing successful, and at worst, they combine in a *folie à deux*.

2. 6 The Context for Sustainable Livelihoods

In order to develop sustainable livelihoods strategies that work, the local context needs to be understood, including local skills, strengths, and resources (fisheries, agriculture, livestock, crafts, small-scale production systems, retail commercial activities etc.,) as well as local obstacles or barriers (lack of funding, climate change, poor implements, poor storage facilities and transport networks as well as markets) to development (Ellis, 2000; Uganda, 2000a, 2001; Watts, Flanary & Reardon, 1999). It also includes understanding how these factors interrelate through social structures and systems (Kanbur, 2001; Scoones, 1998). For sustainable livelihoods strategies to work, they must start with local strengths and build upon existing capacities, including farming systems, livestock patterns, fishing practices, commercial activities, etc.), and those that can be modified relatively easily (information gaps); as well as those that can be modified with difficulty (communal cultural divides). If local context is not understood, projects are not likely to be sustainable over the long term. Many of the World Bank/IMF projects, in Uganda, were created in the face of specific local constraints such as gender inequalities, poverty, aridity, etc. However, the projects build upon local strengths to find livelihood solutions, including local entrepreneurial spirit, traditional knowledge, or simply the desire for change.

Despite decades of 'development' poverty in the developing countries has continued to increase. Existing development approaches may lend themselves to elegant models, but they are not working. We need to find alternative paths. There are many kinds of stakeholders in sustainable livelihoods approaches. Stakeholders include individuals, communities, researchers, NGOs, funders, government, etc. (Adams, 1995; Appleton, 1999, 2001a, 2001b; Reardon & Webb, 2001). Sustainable livelihoods approaches are fundamentally based on empowerment. For these approaches to work, power relations must be understood and addressed. In any community, access to resources and authority is not always equitable, but, rather, is determined by power relations. Power differences exist within households and communities, for example, along gender, generation and class divides. Agencies involved in sustainable livelihoods creation also have different levels of power.

Usually, for example, international NGOs, government organizations, and funding agencies have more power over the process than local communities (Scoones, 1998; Stiglitz, 1998; Evans & Ngau, 1991). Differences in power among stakeholders shape their opportunities to participate in the decisions that affect them. For livelihood strategies to be effective they must take local power structures into account (Scoones, 1998). Livelihoods strategies often target sites of inequality by facilitating access of disempowered groups to power, authority and resources; raising consciousness about inequality; and, strengthening the ability of marginalized people to transcend existing structures. All local actors must be engaged in a sustainable livelihoods approach as widespread involvement can reduce opposition from groups who feel threatened by challenges to existing social structures (Shome, 1995; Reardon & Escobar, 2001; IFAD, 2001; Ellis, 1998, 2000). Sustainable livelihoods approaches require acknowledging that power differentials exist, and participation entails risks for both the powerful and the less powerful. Nonetheless, if sustainable livelihoods approaches are going to work, they will require the authentic participation of all stakeholders. This is part of the process that involves relinquishing power over others and moving towards systems of sharing power with others. This transition entails understanding and using power as a collaborative tool, rather than as a control mechanism (Carney, 1996; Deveureux, 1993; Moser, 1998). Development projects like the Bujagali can be an opportunity to establish a more equitable relationship between men and women, communities and regions in Uganda.

The 1990s saw the emergence of poverty reduction, and subsequently poverty eradication, on the agenda of the international development community. This is a marked departure from the structural adjustment initiatives pursued during the 1980s, when liberalization, deregulation and stabilization figured prominently as the main instruments through which development could be achieved (UNDP, 1997). The 1996 World Summit for Social Development signalled the importance of this shift and identified poverty as paramount to future development co-operation. The eradication of poverty, it was mandated, is "an ethical, social, political and economic imperative of human kind" (UNDP, 1995). Underlying this normative and operational shift is the attempt to broaden the understanding of poverty and its effects on sustainable human development. Through its annual Human Development Report, UNDP has advocated for the concept of sustainable human development, or the process of enlarging people's choices (UNDP, 1997). The most critical choices are: (a) to lead a healthy life; (b) to be educated; (c) to enjoy a decent standard of living; and (d) to have freedom, self respect and the respect of others. If sustainable human development is about enlarging people's choices, then poverty means that those choices are denied. Poverty, therefore, is much more than a lack of income, but rather a form of deprivation that can be better described as human poverty (Tacoli and Okali, 2001; IUCN, 2001). Human poverty is multidimensional in that it severely constrains human choices and results in vulnerability. These inequalities manifest themselves between women and men, rural and urban, developed and developing regions, and different ethnic groups.

Seldom are these inequalities isolated.... instead they are inter-related and overlapping. Given these various dimensions, it is also apparent that poverty eradication cannot be achieved through sector-specific interventions (i.e., public works training of health workers). Human poverty is both a condition and a process. It does not imply that poor men and women are passive victims of their plight, but rather that they are constantly coping and adopting to, and more importantly, fighting impoverishment processes (Scoones, 2001). In this context, traditional development concepts, policies, policy instruments and activities may not be entirely adequate to meet emerging challenges. New concepts, tools, methodologies and approaches are needed to address the various dimensions of human poverty and to examine the relationship between human poverty and the environment, health and education. Ultimately a more holistic approach is needed if poverty eradication and sustainable human development are to become a reality.

The concept of sustainable livelihoods is one way to approach the twin issues of combating human poverty and promoting sustainable human development (UNDP, 1997; Scoones, 2001; Berkes and Jolly, 2001; Borregaard and Halle, 2001). The normative concept of sustainable livelihoods has emerged over the last two decades, with growing legitimization through major international fora. The Brundtland Commission in 1987 introduced it in terms of resource ownership and access, basic needs and livelihood security especially in rural areas (UNDP, 1999). The 1992 UN Conference on Environment and Development, in Agenda 21, noted the integrative power of the concept, which offers a way of linking socio-economic and ecological policy considerations in a cohesive policy-relevant structure. Agenda 21 also first referred to "sustainable livelihoods for all", which when seen in the context of the sustainable production and consumption patterns of the industrialized world, brought the sustainable livelihoods concept into focus as relevant for the developed as well as developing countries. The 1996 Social

Summit (WSSD) linked sustainable livelihoods explicitly to full employment as well as attainment of sustainable livelihoods for all through productive work and employment. Another important contribution of the WSSD was its emphasis on the interconnectedness of its thematic elements – poverty, (un)employment and social exclusion. And the Beijing Platform re-emphasized the importance of women's livelihoods to successful development. The International Labour organization (ILO) has also addressed the issues of international definitions of employment, unemployment and underemployment at length and broadly in its statistical publications. Standardization of sustainable livelihoods, however, has received much less attention. Although some development practitioners view sustainable livelihoods as distinct from employment, the two are overtly tied together in the WSSD Declaration. Overall, although the relationship between employment and livelihoods is confusing, the concept appears to subsume both modern sector employment and other kinds of marginal, parallel, part time, informal or new forms of economic or non-economic activity.

Sustainable livelihoods offer both a conceptual and programming framework for poverty reduction in a sustainable manner. Conceptually, sustainable livelihoods connote the multiple ('qualified') informal or new forms of economic and non-economic means, activities, entitlements and assets by which people make a living. Assets, in this particular context, are defined (UNDP, 1999) as not only natural/biological (land, water, common property resources, flora, fauna), but also social and political (community, family, knowledge, creation by skills), and physical (roads, markets, clinics, schools, bridges), and economic (jobs, savings, credit). Livelihoods depend on the capabilities, assets – both material and social resources – and activities required for a means of living (UNDP, 1999; IUCN, 2001). A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enlarge its capabilities and assets, and provide net benefits to other livelihoods locally and more widely, both now and in the future, while not undermining the natural resource base (IUCN, 2001). The sustainable livelihoods approach addresses two key questions. What institutional arrangements enable some people to achieve sustainable, secure livelihoods, when others fail? What policies and strategies can support the poor?

As an element of sustainable development, the concept studies and provides policy and programme support to explore and identify alternative routes to sustainable livelihoods. It focuses on the dynamics of the natural resource base; the strategies for poverty reduction and the promotion of well-being; the reduction of risk and the need to initiate coping behaviour; and the promotion of positive adaptation to change. For a livelihood to be sustainable, it must be adaptive and able to withstand stress. It should safeguard, rather than damage the natural environment. Sustainable livelihoods put people first; are based on the belief that local struggles against poverty will lead to development strategies that work; and are understood as both a goal and an approach. (UNDP, 1999). The concept of sustainable livelihoods, as a goal, is grounded in real lives, as the answers you get when you ask people what the good life is to them. Their responses would surely include common characteristics such as: meaningful work, meeting basic needs, health, security, and living within an equitable and just society. Sustainable livelihoods are not only about creating employment, but creating new ways of living that enable people to meet their varied and interwoven needs without compromizing the ecosystems that support them and their community (Djedjebi and Haan, 2001; UNDP, 1999; Berkes and Jolly, 2001; UNDP, 1999).

Sharing accounts of local knowledge and initiatives will encourage new ways of approaching poverty and development. The sustainable livelihoods approach integrates environmental, social and economic issues into a holistic framework for analysis and programming from the beginning. This is especially true in identifying not only the types of assets which people use, but also how existing livelihoods can be strengthened with new and appropriate technologies and corresponding social and economic investments. This results in sustainability being brought into the fold and viewed simultaneously through environmental and socio-economic lenses. Sustainable livelihoods thinking and action in a participatory manner is a long-term vision that in the short-term requires capacity building, networking, and collaboration on macro-micro linked cross-sectoral policy analysis, the design of development programmes, and a shift in implementation strategies. While countries and institutions have moved toward these changes to varying degrees, there is growing evidence of policies and programmes that support livelihoods and household security rather than the more limited World Bank schemes. The stage is set for building on the growing momentum by the UN agencies, bilateral partners, development banks, foundations, research institutions, policy think-tanks and civil society organizations to make a global shift to a sustainable livelihoods approach for poverty reduction and development.

2. 7 Dams and development

The debate about dams is a debate about the very meaning, purpose and pathways for achieving development. Through a review of the relevant literature on hydropower projects such as that at Bujagali, this section presents an assessment of when, how and why dams succeed or fail in meeting development objectives (Table 2.2). The framework for decision making is based on interrelated core development values: equity, sustainability, efficiency, participatory decision-making and accountability.

The construction of dams has resulted in the displacement or resettlement of many millions of people across the world (WCD, 2000; de Wet, 1998; Li, 1999). While a number of those dams in Africa (Table 2.3) may be seen to have achieved the main goals for which they were constructed (such as the provision of hydroelectricity or irrigation), they have also been instrumental in causing widespread severe socio-economic and environmental hardships for those people who have had to move to make way for those dams. Those relocated have been seen as "people in the way of progress" (de Wet, 1998:1). The key question to which this thematic study addresses itself relates to whether such people who have to move for the dam could not become "people who are part of progress", whether they could not possibly become direct beneficiaries of the fruits of a large investment such as a dam complex like the Bujagali, rather than being "in the way of progress"or in the words of an official on the Volta River Project, "the fly in the ointment" (de Wet, 1998).

Table 2. 2: Examples of Environmentally Flawed Dam Projects Worldwide

Dam Project	Country
Birecik	Turkey
Ilisu	Turkey
Aslantas	Turkey
Three Gorges	China
Sardar Sarovar	India
Maheshwar	India
Bujagali	Uganda
Manantali	Mali
Katse, Muelo and Morhle Dams	Lesotho
Tucurui	Brazil
Tarbela	Pakistan
Pak Mun	Thailand
Glomma	Norway
Kayinji	Nigeria

Source: WCD, 2000, Dams and development: A Framework for Decision–Making: An Overview, November 16, 2000.

Dams have been built for thousands of years, dams to manage flood waters, to harness water as hydropower for industrial purposes and urban growth, to supply water to drink or for industry, or to irrigate fields for agricultural development. However, they were also seen as cornerstones of national and often nationalistic projects.

Table 2. 3: Major Instances of Dam-Related Population Displacement in Africa

Name of Scheme	Country	Number of Resettled	Date of Move	Data Source
Aswan High Dam	Egypt	100,000	1963-1969	Cernea, 1990: Fahim, 1983: 45; Sorbo, 1985: 104
Cabora-Bassa	Mozambique	25, 000	1974	Lassailly-Jacob, 1998: 189
Kainji	Nigeria	44, 000	1967-1968	Roder, 1994: 124; Ayeni et al., 1992: 111
Kariba	Zambia/Zimbabwe	57, 000	1958	Scudder, 1973: 206
Kossou	Ivory Coast	75, 000	1970	Lassailly-Jacob, 1988:2;Grim, 1991:Ch.4
Manantali	Mali	10, 000	1986-1987	Koening and Horowitz, 1988:2 Grim, 1991: Ch.4
Nangbeto	Togo/Benin	10, 600	1987	World Bank, 1998:2
Selingue	Mali	15, 000	1987	Lassailly-Jacob, 1996: 189
Volta a. Akosombo b. Kpong	Ghana	80, 000 6, 000	1963 1978-1981	Adu-Aryee, 1993: 133; Lumsden, 1973: 119; World Bank, 1993: 5).
Bujagali	Uganda	8700	1991-2002	IRN, 2002; NAPE/SBC, 2002

Source: Chris de Wet, Experience with Dams and Resettlement in Africa, Thematic Review 1.3 Displacement, Resettlement, Rehabilitati
Reparation and Development, 1998.

Today, one third of the countries in the world rely on hydropower for more than half of their electricity supply, and large dams generate 19% of electricity overall (WCD, 2000). Half of the world's large dams were built primarily for irrigation, and some 30-40% of the irrigated land world-wide rely on dams (WCD, 2000); OED, 1996a; McCully, 1996; Bernacsek, 2000). Dams have been promoted as an important means of meeting perceived needs for water and energy services and as long-term, strategic investments with the ability to deliver multiple benefits. Some of these additional benefits are typical of all large public infrastructure projects, while others are unique to dams and specific to particular projects. Regional development, job creation, and fostering an industry base with export capacity are most often cited as additional considerations for building dams (IRN, 2002). Other goals include creating income from export earnings, either through direct sales of electricity or by selling cash crops or processed products from electricity-intensive industry. Clearly, dams can play an important role in meeting people's needs. But, as observed by WCD (2000) and IRN (2002) the last 50 years have also highlighted the performance and the social and environmental impacts of large dams. They have fragmented and transformed the world's rivers, while global estimates suggest that 40-80 million people have been displaced by reservoirs (WCD, 2000; IRN, 2002). As the basis for decision-making has become more open, inclusive and transparent in many countries, the decision to build a large dam has been increasingly contested, to the point where the future of large-dam building in many areas is in question (de Wet, 1998). The enormous investments and widespread impacts of large dams have seen conflicts flare up over the siting and impacts of large dams...both of those in place and those on the drawing board...making large dams one of the most contested issues in sustainable development today (Bacon, Besant-Jones and Heirarian, 1996; Berga, 2000). Proponents (de Wet, 1998; World Bank, 2002, 2003) point to the social and economic development demands that dams are intended to meet, such as irrigation, electricity, flood control and water supply. Opponents (IRN, 2002; WRI, 1990, 1993, 2002) rightly point to the adverse impacts of dams, such as debt burden, cost overruns, displacement and impoverishment of people, destruction of important ecosystems and fishery resources, and the inequitable sharing of costs and benefits. With these conflicts and pressures in mind, the opinion advanced in this thesis is that dams are only a means to an end. But, what is that end? How central are the challenges that large dams set out to meet? And how well can they meet these challenges?

As argued by the WCD (2000), the end that any project achieves must be the sustainable improvement of human welfare. This criterion suggests as extracted from the literature review, that a significant advance of human development on a basis that is economically viable, socially equitable, and environmentally sustainable. If a large dam is the best way to achieve this goal, it deserves support. Where other options offer better solutions, they should be favoured over large dams. Thus, the debate around large dams in general, and Bujagali in particular, challenges views of how societies (in this case Ugandans) plan to develop and manage water resources (such as the Victoria Nile) in the broader context of development choices. After three years of intensive study, consultation with those for and against large dams in general, and the Bujagali in particular, and reflection, the thesis case study shows that there can no longer be any justifiable doubt about six key points:

1) Dams have made an important and significant contribution to human development, and the benefits derived from them have been considerable.
2) In too many cases an unacceptable and often unnecessary price has been paid to secure those benefits, especially in social and environmental terms, by people displaced, by communities downstream, by taxpayers and by the natural environment.
3) Lack of equity in the distribution of benefits has called into question the value of many dams in meeting water and energy development needs when compared with the alternatives.
4) By bringing to the table all those whose rights are involved and who bear the risks associated with different options for water and energy resources development, the conditions for a positive resolution of competing interests and conflicts are created.
5) Negotiating outcomes will greatly improve the development effectiveness of water and energy projects by eliminating unfavourable projects at an early stage, and by offering as a choice only those options that key stakeholders agree represent the best ones to meet the needs in question.
6) The generic nature of the impact of large dams like the Bujagali, on ecosystems, biodiversity and downstream livelihoods is increasingly well documented (WCD, 2000; de Wet, 1998; Li, 1999; ADB, 1995, Ainslie, 1998; World Bank, 1998).

In all these, hydropower projects ultimately alter local geographies in many ways. The World Bank, the leading sponsor of dam construction projects in the world, has taken a more circumspect approach to selecting development programmes in developing countries, in accordance with its new philosophy toward social development and sustainable development (IRN, 2002: 76). Nonetheless, although sustainable development and environmental conservation have been widely accepted as two major concerns by the international community, developing countries have not slowed down the pace of their economic growth, as they still strive to meet basic needs provision, more employment opportunities, and alleviation of poverty. The increasing demand for energy has encouraged many governments to put more dam construction on their agendas in the last few decades. It seems, difficult, however, for these same governments to adjust their energy strategies to the new conditions because of inflexible conditionalities of external power centres and socio-economic institutions, conventional decision making systems and the impact of hegemonic political factors.

2. 8 Conclusion

Development elites formulate and finance development policies (Bodley, 1994, pp. 328, 332, 339). As has been practised throughout most of the 20th century, development has systematically undermined the self-maintenance abilities of small-scale peasant communities, leaving them highly vulnerable to outside exploitation. While the primary ideological justification for externally planned development was that it would ultimately raise rural living standards, the outcome of decades of development, as evidenced from the reviewed literature, suggests that a fundamental reassessment of the entire issue be called for. The barriers to progress are more likely to lie beyond, rather than within, local communities (Scoones, 1994; 1995a; 1995b; 1995c; 1995d; 1995e; 1995f; Scoones, Melnyk and Pretty, 1992). Local community poverty has been consistently treated as a technological problem partly because professional elites who are far removed from the daily realities of poverty formulate and finance development policies. Development is much more than a humanitarian concern, it has become a thoroughly institutionalized and highly complex industry with important political and economic functions for the wealthy donors, which may be unrelated to the needs of the poor (Bodley, 1994, pp. 328, 339). Development has thus implied pursuing the social and cultural evolution of the industrialized countries and societies. In countries like Uganda, the economy is based on agriculture, productivity is low, health and hygiene conditions are dramatic, illiteracy is widespread, and low level of education and technical training make progress problematic. Action on a broad front is required to create conditions favourable to economic and social progress, aimed at transforming the country in the image of the industrially advanced societies. Policy-makers also need to draw an important distinction between a concern for description and a concern for trends and forces that have shaped and continue to shape the turbulent and diverse places, localities and peoples (local geographies and livelihoods).

Social and economic structures have been warped and retarded and these processes have resulted in an impoverished and marginal quality of life for the great majority of people. Superficial foreign observers have been inclined to explain why this backwardness is the result of a tropical environment or tropical peoples. [These are] here considered: (1) racist assumptions on the one hand, and, (2) environmental determinist or Malthusian assumptions on the other [of] little validity (Buchanan, 1967: 20) in development policy formation and implementation across diverse local geographies and livelihoods. Development remains a mirage and a hoax predicated upon development discourses that construct poverty and its solutions in particular non-political and technocratic ways (Escobar, 1995). If development consists of a set of hegemonic Western practices, the alternatives reside in the resistance to global capitalism provided by a panoply of social movements, people's organizations and NGOs rooted in subaltern knowledge, local forms of practices and alternative forms of livelihood (Shiva, 1991; Sachs, 1992; Rahnema, 1997; Vandana, 2002). The literature review undertaken for this study covers the conceptual development ground, and builds the framework on which the thesis is based. First, it appears clear that the central focus of development initiatives in Uganda has been World Bank driven and of a short–term economic nature. Second, the literature in the development field seems to have failed to move beyond the simple and often superficial questions of " how much" and "how many," when suggesting development initiatives. The overriding impression drawn from the literature review is that for development initiatives to succeed, in countries like Uganda, it is necessary to devise and implement solutions that are effective and appropriate for each time and location (local geographies and livelihoods) rather than seeking to achieve a universal blueprint for implementation across entire countries. The next chapter sets to establish the effects and impacts of the failure of the World Bank and IMF engineered and financed policies, programmes and projects in Uganda.

Chapter Three: IMF and World Bank Policies -- Impacts in Africa

3. 1: Introduction: IMF and World Bank Functions

Commodity prices continue to take a tumble on the world market, and coffee, Uganda's main export, has only just made a half-hearted recovery from a 40-year price low, while Vanilla prices have collapsed because an anticipated shortfall never materialised and recently cocoa followed suit. Uganda's cocoa development organization indicates that farmers are now (2004) getting an average of sh. 1,350 a kilo as compared to sh. 2,000, in 2003, blaming overproduction in West Africa and a rebounding shilling as the main reasons behind the trend. The hardest hit by the market fluctuations are the farmers, who do not hear the prices of transport, education, food and medicine moving in tandem. This suggests that it is difficult for farmers to invest in agriculture. However, if farmers are to have the World Bank championed export-driven growth, sustained production is one of the ways to boost Uganda's competitiveness in the international market. But can the powerful urban elites do, in the short-term, do what farmers have failed to do since the last few decades? If The World Bank liberalization has been useful to boost agricultural production, has it been helpful in ensuring income stability and regional equity?

Centered on the World Bank power (section 1.5 and 3.1), functions and structural policies generally, and in Uganda in particular, this chapter provides a textual analysis of the debt problem and relief in Africa rendering visible the World Bank's many voices, inconsistencies, evasions and silences. The chapter highlights the power and impact of the World Bank and IMF policies, the impact of the Highly Indebted Poor Countries –HIPC- initiative, its weakness and the reinforcement of IMF control over national economies; the World Bank's involvement with Uganda, and argues that this has been damaging to Uganda and more widely to Africa. In line with the rest of the thesis, the chapter challenges the hegemonic power of the World Bank neo-liberal reforms' disregard to cultural sensitivity and argues instead that it is not significantly different form the modernization theories of the past in that it embodies an image of the good society that is largely constructed from Eurocentric values and experiences.

The IMF initiated and the World Bank as purveyor of strategy supported structural adjustment programmes in 1980 to increase export production in debtor countries to provide cash for debt-service payments. Under "structural adjustment", developing countries typically are required to: devalue their currency; dramatically cut spending on social services, medical care and education; eliminate barriers to foreign multinationals and trade; privatize national assets; deregulate business; decrease wages; restrict credit and raise interest rates (Reed, 1996:126). Structural adjustment has two main components: (a) stabilization of prices through balanced budgets, and, (b) market liberalization/deregulation plus public sector reform as the environment for free markets. A central assumption is the primacy of macro-economic stabilization for both the external sector (balance of payments), and the domestic sector (inflation under control by controlling the level of wages). But to support these notions, the following political assumptions are also necessary: the state is hostile to market reform; international financial institutions are more prepared to lead structural adjustment than domestic financial institutions; international capital is the most efficient available for developing countries in their quest for economic take-off. The origin of structural adjustment policies has to be sought not merely in the deterioration of international economic environment of the 1970s and 1980s, but in the evolution of policy thinking within the World Bank, IMF, and the elite groups in the developed countries. As suggested by the available basic literature (Toye, 1995; Khan, 1993; UNDP, 1991; Demery and Addison, 1987; Oxfam, 1993, 1994, 1995, 1996, 2002; UNCTAD, 1997, Rajas, 1997), structural adjustment policies are composed of:

1A. stabilization or fiscal policy, monetary policy and devaluation, and

2A. resource mobilization;

2B. public sector allocation,

2C. market liberalization, composed of :

- a. goods market (agriculture and industry);
- b. current account (exports and imports);
- c. domestic financial market (banking system);
- d. internal factor markets (capital and labour);
- e. return to market-determined price;
- f. removal of qualitative restrictions;
    - i. divestiture (leaner civil service, health, education, housing, etc.);
    - ii. closure (transferring state firms to the private sector);
    - iii. privatisation of services (contracting out); and
    - iv. exposure to competition from private sector (hospitals, schools).
- g. promotions of private sector operations;
- h. limitations on the role of government.

2.D institutional reform.

As Oxfam (1994) and UNDP (1997) observe, in the absence of redistributive reform and effective state intervention in support of the poor, the benefits of increased inequality tend to flow to the powerful elites in society. This confirms what the World Bank and IMF continue to ignore, that people operate in markets governed by power relations. The UNDP Human Development Report (1996: 17) identified five types of "bad economic growth" as a result of structural adjustment policies in less developed countries:

1. Jobless growth where the overall economy grows but fails to expand job opportunities.
2. Ruthless growth in which the rich get richer and the poor get nothing or become poorer.
3. Voiceless growth in which the economy grows, but democracy/empowerment of the majority fail to keep pace.
4. Rootless growth where cultural identity is submerged or deliberately ignored by central government.
5. Futureless growth with present generations squandering resources needed by future generations (UNDP, 196: 18).

The IMF's structural adjustment programmes ensure debt repayment by requiring countries to cut spending on education and health; eliminate basic services and transportation subsidies; devalue national currencies to make exports cheaper; privatize national assets; and freeze wages. These policies increase poverty, reduce the ability to develop strong domestic economies, and allow multinational corporations to exploit workers and pollute the environment. In sum, the World Bank thus uses its financial power and leverage over cash-trapped developing countries to force them to open up to powerful transitional corporations (Reinikka & Collier, 2001).

3. 2 The World Bank in Uganda and the Ugandan State

The World Bank probably leads its peers in terms of its openness to engagement; however, much remains to be done. Citizen groups point to a continued lack of transparency and accountability, and to governance not based on democratic principles. Issue-based groups note a gap between rhetoric and reality in terms of promises to end policies still driven by the largely discredited Washington Consensus. Many groups are frustrated with the Bank's collective group think approach in the assessment of development issues poised by developing countries. Through a form of decision making characterized by uncritical acceptance of a prevailing point of view, the World Bank exercizes a collective delusion, where policies are rationalized collectively and contradictory evidence is discredited by constructing negative stereotypes of outsiders and a reluctance to introduce a rights-based approach to its operations (Naidoo, 2003). And, civil society groups note the very uneven track record in terms of Bank-civil society engagement and the crucial difference between "reform" of participation and the quality of contact. Indeed, the Bank has come under some criticism in recent years on various grounds for portraying countries like Uganda as apolitical, technocratic implementers of development policy, with spatial, social and economic divisions (local geographies) downplayed or ignored (Ferguson, 1990; Sitiglitz, 1998, 2002, 2003; Kanbur, 2001; Easterly, 2001; Caufield, 1998, 2001)). Critics of the World Bank mainly focus on the following areas:

Environmental: The environmental impacts of a lot of the World Bank's big projects in the past have been widely criticized. For example, the Brazilian Polonoroeste project of the 1980s was criticized as a development of unsustainable extractive economy based on the mining of natural resources and as lacking an awareness of the ecological appropriateness of the project in the Amazonian region. In addition, cuts in government spending urged by the World Bank as part of its adjustment lending have led to the collapse of fledgling environmental agencies (Nyamugasira and Rowden, 2002; IRN, 2002; Bacon, 1999).

Social: Critics like IRN (2002; Nyamugasira and Rowden, 2002) argue that many of the World Bank's big projects have involved socially destructive features, such as the forced resettlement which occurred during the Narmada Sarawar valley projects in India between 1978 and 1993. Adjustment lending has also been criticized for its social impact. It is claimed that cuts in government spending stipulated as loan conditionality, have caused the collapse of health and food programmes (Easterly, 2001; Kanbur, 2001; Stiglitz, 2002, 2003; Caufield, 2001).

Political: Critics argue that far from being apolitical, as its mandate suggests, the Bank has often acted in an overtly political manner, supporting politically dubious regimes and artificially creating demand for its lending. Other observers bemoan its lack of accountability, transparency, and the fact that it is an inherently undemocratic institution, with voting power biased towards the wealthy member states. Conditionality under adjustment lending has in some cases led to political instability (as in the case of Indonesia in the 1990s) and many observers question the mandate of the Bank to attach overtly political conditions to its lending, such as democratization and "good governance" (Kanbur, 2001; Caufield, 2001).

Practical: The Bank has been attacked by some for straightforward myopia and incompetence. For example, it is argued that the Bank's inability to get to grips with the local political and ecological specificities through the use of widely used managerial models and failure to consult with third parties, have in the past caused some of its projects to fail (Baylies, 1995; Bromley, 1995).

In response to these criticisms, the Bank argues that environmental protection and poverty alleviation depend upon economic growth (World Bank, 1993: 54). Although, in the short term this may seem a contradiction, in the long term, economic growth can be the only basis upon which to pursue social and environmental goals. Such growth pays for environmental clean up and social welfare programmes, creates employment and corrects environmentally harmful price distortions common under state socialist regimes. In addition, the Bank claims that the failure of projects and policies in the past has often been as much to do with corruption of developing world governments and business interests and lack of political will to implement World Bank proposals as the nature of the Bank's proposals themselves.

The World Bank self-critiques: Despite the above, the Bank has not denied the weaknesses in its past policies and projects and has undertaken reform to address this as evidenced in its annual World Development Reports (WDRs), admitting that there is still progress to be made (WDR, 2003; WDR, 2004). In June 1992, for example, the 'Morse' report (UNDP, 1997) on the Saradar Sarawar valley projects revealed that serious shortcomings and important lessons were to be learned. Over 240,000 people would be made homeless by the projects without any real resettlement plan. Both corruption and deception on a huge scale were uncovered by the report, though not unique to the particular project. Then in July 1992, the Wapenhans Report concluded that there had been a steady increase in unsatisfactory projects, on the World Bank's own evaluation, from 15% in 1988, to 30.5% in 1989, to 37.5% in 1991. Confidential surveys of bank staff revealed that the pressure to move money quickly and to meet lending targets overwhelms all other considerations (Rich, 1994: 225). This pressure to lend inbuilt into World Bank's remit is a criticism of the utmost significance –the necessity for quantity of work and activity, which is now a focus of criticism inside and outside the Bank's framework of activity is still of great significance (Stiglitz, 2003; Kanbur, 2001; Easterly, 2001; Caufield, 2001). As a result since the 1990s the World Bank became a more open and transparent organization than that of the preceding decade. In particular it consulted far more widely with external agencies, and its has done much to try to clean up its environmental image and in social terms has paced emphasis on "development with a human face" (Chambers, 1997: 94; UNICEF, 1987).

Uvin has analysed this process, when he talks of a "development ideology" that the state has promoted and to which international agencies subscribed. [This] basically consists of an argument that the state's sole objective is the pursuit of economic development for the masses, and as a result- - [everyone] interested in promoting development should work with the state to make that possible. This ideology legitimizes the government's intrusive presence in all aspects of social life, and diverts attention from the very real differences that exist between different agro-ecological zones, classes, and cultural and socio-economic groups. In other words, it diverts attention from all things political, replacing them with a discourse of technicality and collective progress. [T]his discourse has come to serve as a powerful tool for Uganda's elites, in their dealings both with the population and the international system (Uvin, 1997: 99-

100; Reno, 2002). The extent to which the ruling group has used the language of "development" as a cloak to conceal its essentially political role in Uganda is illustrated by the fact that the single, legal political group since 1986 is called the National Resistance Movement (NRM). Later sections of the chapter apply Uvin's analysis to the Bujagali Project situation, to show how the World Bank approach to development in Uganda, in the era of structural adjustment, perpetuated the diversion of attention from the very real spatial, social, cultural, and economic differences (local geographies) that exist between different areas, classes and socio-economic groups, thus lending implicit support to the agenda of the ruling elite. That elite, as is the case in many others parts of Africa, has always been centered around the state, which has tended to be the largest formal employer, the gateway to education, credit and fiscal and other privileges, and, in general, "the most important instrument of accumulation of wealth and reproduction of a ruling class" (Reyntjens, 1996: 242).

Reference to the centrality of state power in Uganda, as in the rest of Africa (Storey, 1990c; Uvin, 1998: 21) begs an obvious question: how does that centrality relate to the stated desire of the World Bank and other donors to 'roll back' state power under the neo-liberal economic reforms characteristic of the last two decades? The compatibility of the World Bank discourse with the interests of government in Uganda might have been expected to decline, given the anti-statist threat of the neoliberal adjustment policies initiated by the IMF and embraced by the World Bank. There is still certainly a deep distrust of state intervention embedded in the political economy approach currently favoured by the World Bank. However, the adoption of the adjustment discourse has not fundamentally altered the extent to which the state is still seen as a neutral force, whose role is to implement policies in a rational, technocratic manner (Storey, 1999b). The World Bank hostility to state intervention must be reconciled with the ongoing need to work with the state: this circle is squared by envisaging a state structure that is committed to its own rolling back, staffed by technocrats who recognize the validity of the World Bank/IMF economic nostrums. Referring to the experience of adjustment in Africa, Gordon (1996: 1529); WDR, 2003) notes that: 'ironically, despite their critique of the African state, donor strategies, in practice, complemented the apolitical rhetoric and hierarchical nature of the existing African regimes' and, in fact, sought to drift from one narrow focus of decision making (top politicians) to another (top technocrats).

The architects and proponents of structural adjustment policies often see implementation of their programmes and projects as requiring skilled (in terms of neoliberal economics) ministers and civil servants 'detached' and 'insulated' from those 'interest groups' who would otherwise derail the necessary process of reform (Gibbon, 1995: 137; Gordon, 1996: 1528). This attitude is clearly apparent in the work of influential (vis-à-vis World Bank policy) writers such as Robert Bates and Richard Sandbrook (Leys, 1996: 80-103). Bates (1994: 25) exemplifies the tendency when he speaks of the desirability of creating 'strong economic bureaucracies...able to resist distributive claims and to minimize economic distortions. While Bates recognizes that elite groups do use the resources of the state for private ends, and this is a view occasionally recognized by the World Bank (Williams and Young, 1994: 92), he and other writers within this approach appear to believe that this tendency can be overcome by insulation of policy makers from societal interests, though how they can be insulated from their own interests is never obvious. Sandbrook (1998: 8) talks of the desirability of technocrats and administrators ... [obtaining] the requisite insulation and competence. For Sandbrook, the task of government is to 'mediate the many conflicts within society', which is a matter of enhancing 'technical and administrative skills'. There is an implicit assumption that technocrats ...once safely ensconced in what Mkandawire (1998: 27) describes as 'authoritarian enclaves' such as independent central banks...will neutrally administer the tenets of detached economic wisdom.

The World Bank policies themselves, of course, as applied in Uganda, can only be perceived as neutral "with respect to those who already accept liberal principles" (Williams and Young, 1994: 94). Indeed, the conception of state neutrality (or technical superiority) of the economic advice itself...the role of the state is to neutrally implement 'correct' (in an abstract sense) policies. Thus, insofar as World Bank personnel analyze political issues in the context of adjustment, they tend to do so from the self- interested Western perspective of "strengthening the domestic constituency for reforms", promoting "country ownership" of reform programmes, and creating the conditions through which government can build consensus for reforms (Collier, 1999). The actual content of reform is assumed to be beyond argument...the task of politics is simply to persuade people of the merits of implementing reform (Storey, 1996b; 1996c; 2000).

The insistence on the state as a meditative /neutral (albeit not always efficient or effective) actor; the underplaying of spatial, social, cultural and economic divisions and differences in the country; the stress on the (technical) correctness of World Bank policies; the analysis of politics in terms of abstracted interest groups; and, the need to persuade the population of the merits of reform are all issues that recur in the World Bank discourse vis-à-vis Uganda since the 1990s (Abrahamsen, 2000:26; Shuurman, 1993). To a significant extent, this discourse, deliberately or otherwise, missed the point of what was actually happening: sharply rising inequality due to the neglect of local geographies, accelerating elite enrichment and corruption (mainly organized through the state), and preparations for massive control of the masses on the part of those who controlled the state. This reality is outlined in the next section, while I argue in the concluding sections that the gap between local reality and the World Bank/IMF discourse, in Uganda, runs the risk, at the very least, of contributing to very serious negative development outcomes for a great number of Ugandans.

For the purposes of the discussion, it is important to note that the link between the World Bank policies and their beneficiaries is the control of the state. The state is the true focus for the economic struggle in Uganda, and it remains directly and indirectly involved in a huge number of economic enterprises, and its presence in the financial sector was described "as overwhelming" (World Bank, 1991: 4), A 1994 World Bank report, referred to "pervasive government interference in virtually all aspects of economic life" (World Bank, 1994: 1). That interference was/is in place for many reasons, but one was/is that without state control (direct and indirect) over the economy and society, the elites could not function, socially, economically and politically.

Uganda has long been a recipient of substantial development aid, including from the World Bank (Figure 3.1), since the early 1990s. Indeed, Uganda was one of the first African countries in adopting policies of structural adjustment and an agreement with the World Bank (and the IMF) was signed in September 1990, and the board of the World Bank approved a Structural Adjustment Credit (SAC) in June 1991.Typically, the World Bank recommended 'the retrenchment of the state from omnipresence to more limited functions'(World Bank, 1993). The extent to which this was clearly felt is questionable, though some impact was clearly felt (Storey, 1999a). The most notable short-term impact was a massive increase in development aid from the World Bank itself as well as other donors to help Uganda implement the reform measures. As discussed below the World Bank continued to view the state as an essentially neutral, if overextended, actor in the Uganda society. In keeping with the neutralist discourse characteristic of the World Bank approach to development in Uganda, the poverty reduction strategy tends to see the Ugandan state as a benevolent, albeit often misguided institution (Gordon, 1995; Williams and Young, 1994). Its policy failings are itemized, but the political reasons for them are, for the most part, under-analysed, and forces within the state are not identified as creating and maintaining some of the very problems highlighted in the PEAP and PMA. Thus, the major obstacles to private sector development are the presence of the state as a privileged competitor and disabling environment characterized by an inadequate incentive system and pervasive government interference in virtually all aspects of socio-economic life (Storey, 1999b). But, the reasons for the perceived presence of a state based elite's accumulative strategies, and the need to internally legitimate its rule by discriminating against some areas, classes and groups, are not analysed. Instead, reasons offered by the state for its policies are accepted at face value. As mentioned above, one of the few times the World Bank funded PEAP and PMA address issues of equity is in relation to trade and exchange rate policies, which have worked to the disadvantage of the Ugandan poor by restricting the opportunities to improve their condition. They have also allowed the non-poor who are better connected to earn rents.

Regarding the World Bank reform policies and projects in Uganda, the state was seen as implementing policies that were considered unwise, and perhaps excessively influenced by unrepresentative interest groups. But those within the state itself were not accorded the status of active agents, a particularly glaring omission in the Ugandan context where the state was/is so critical and powerful. The tendency to view the Ugandan state as a committed neutral implementer, and owner, of national policies, albeit assailed by external influences and constraints, was/is evident from the reviews of documents and interviews (March/April, 2003). But, what also underpinned failure to fully implement adjustment, as evidenced by Bujagali Project, was the authorities' failure to associate the people with the programs, their failure to make the population aware of the need for, and objective of, the adjustment policies. The government's main lapse in implementing the SAPs was failure to mobilize political and popular support for reform. The IMF SAPs were not sufficiently understood by all the agents responsible to implementing them. The authorities underestimated the pressure of social, cultural, economic and political interest groups of workers, entrepreneurs and the non-governmental organizations. The results of the programs could have been better if the government had made the necessary efforts to build broader political and popular support for reform. This would have made it possible to reduce opposition to the reforms and to gain the support of socio-economic groups essential for implementation of the programs. Several aspects of the above discussion are noteworthy. There is, for example, the assumption that adjustment represents the only appropriate way of responding to economic crisis, and that critics must be acting out of ignorance or misinformation. The identification of interest groups – workers, entrepreneurs, and parliamentarians – carefully exclude the state itself, which is seen as arbitrating between these different groups. It is the external pressures alone that are held responsible for the government's ambiguous attitude about pressing economic reforms. The extent to which the state itself represents an interest group, and one deeply intertwined with entrepreneurial interests, is not acknowledged. Occasional exasperation is expressed at aspects of state policy itself: (1) increased military spending is a problem probably exacerbated by lack of transparency and abuse; (2) the reorganizations of the customs administration to reduce fraud is slow to materialize; (3) government officials in charge of reforms are not motivated; and, (4) tax fraud has persisted due to the tax administration's technical and physical problems. Hence, the problems are seen as technical, and the pressures external. The state itself is a neutral agent committed to the wisdom of the World Bank neoliberal economic reform and stymied only by technical problems and constraints imposed by forces beyond its direction or control. But, to return again to the opening section of the chapter, the government bureaucracy, heavily supported by the World Bank, is portrayed, in the words of Ferguson

(1990: 225) as a 'machine for delivering services rather than a device through which certain classes and interests control the behaviour and choices of the majority others, which for this thesis, is power and the neglect of local geographies in the World Bank approach to development in Uganda.

Ostensibly, then, the World Bank is listening and responding to the above criticisms. But the key for the Bank's future is whether these reforms are genuine programmes of change or whether they are simply an elaborate public relations exercise. Issues such as the lack of accountability and democracy within the World Bank are yet to be addressed. Furthermore, it remains to be seen whether the Bank as an organization that exists above all to promote economic growth and freer trade, will ever be able to get to grips with the complexities of sustainable development and the delivery of social welfare.

That the World Bank's job is enormously difficult is not in dispute. This section has traced the changing role the World Bank has played over the last six decades. Ultimately the Bank presents more of an agenda than an analysis and the tone is often patronizing and contemptuous. But more important than the tone is the empirical emphasis. The World Bank shows great optimism for private provision while ignoring evidence about its failures and provides little guidance for dealing with the pervasive problem of weak regulation (Stiglitz, 2003), and the absence of regulatory experience does not lead to rethinking the policy itself but rather to recommendations of regulatory capacity-building (Kanbur, 2001). The Bank also embraces decentralization while describing necessary institutional conditions countries like Uganda are unlikely to fulfil (Nyamugasira and Rowden, 20010 Indeed, the Bank demonstrates a double standard that suggests a bias against government-provided services (Easterly, 2001). This critique therefore is neither a defence of failing services, nor a case for keeping all services centrally or publicly provided. It accepts private provision or decentralization as legitimate policy options for reforming basic services. It supports the normative premise that rejects any status quo in which quantity and quality basic services are denied to the poor. But, it argues that the World Bank has failed to deliver a balanced approach in presenting alternative policy options and guidance on how to make choices among them. Two questions underlie the assessment. Has the World Bank stood up well as measured against its own stated objectives? Are these the right objectives and do they rest upon the right economic philosophy? In conclusion, it is crucial to have economic growth and to adhere to policies that are tied and true in terms of balance, equilibrium, and monetary and fiscal policy. But the real development issues in poor countries like Uganda are the issues of equity, social justice and inclusion. The real issues are issues of regional disparity and poverty within the framework of sustainable development, with inclusive programmes, participation and harmonization within, among and between local people and places (localisms) or that pays due regard to local geographies and livelihoods. This section does not suggest that there is or should be an ideal or unchangeable system of collective government, still less that procedures are in aggregate any less effective now than in earlier times. However, there is concern that the informality and circumscribed character of the government's procedures which are seen in the context of World Bank policy making towards development in Uganda risk reducing the scope for informed collective political judgement. Such risks are particularly significant in a field like the subject of this thesis, where hard facts are inherently difficult to come by and the quality of judgement is accordingly all the more important.

3. 3 The Debt Problem in Africa

Economic growth has yet to translate into a reduction of poverty and inequality. As suggested by Khan (1993), real wages in Sub-Saharan Africa have fallen since the early 1980s; average unemployment is in excess of 20 percent, and informal sector employment accounts for around 60 percent of the total. Despite this, in 1998 the IMF released a series of publications and public statements claiming credit for "an African economic renaissance" and "a turnaround in growth performance" (Outtara, 1998; Camdessus, 1998; Fischer, Hernandez-Cola and Khan, 1998; World Bank, 1999). The claim from the IMF and World Bank is that structural adjustment is beginning to pay off, at least in macroeconomic terms. But examining recently released growth projections of the World Bank, one discovers that the "growth turnaround" has been short-lived. According to the World Bank (1999), real GDP per capita grew by 1.4 percent in 1996, but by 1997, growth slowed to 0.4 percent, and in 1998, per capita incomes fell by 0.8 percent. The World Bank projected a further decline of 0.4 percent in 1999 (World Bank, 1999). In short, if there was an "economic renaissance" for Africa, it appears to be over.

Why has there been a downturn in growth? The UN Economic Commission for Africa (UNECA) reports that Africa's economic performance in 1997 showed the "fragility of the recovery and underscored the predominance of exogenous factors" in determining African economic outcomes (UNECA, 1998; World Bank, 1999). Africa's growth prospects are inexorably linked to world prices for its exports. IMF and World Bank structural adjustment reforms have actively promoted export-led growth. The UNECA also emphasizes this fact: "the major thrust of economic policy-making on the continent has been informed by the core policy content of adjustment programmes supported by the IMF and the World Bank" (UNECA, 1998). In addition to slower growth in 1997 and 1998, recently released data indicate that the relationship between the IMF and sub-Saharan Africa has taken a turn for the worse during the last few years as suggested by the figures in Table 3.1, which shows that repayments by African countries to the IMF outpaced new resources in the final years of the 20th century, resulting in a net transfer from Africa to the IMF of more than $1 billion in 1997 and 1998 (World Bank, 1999). Meanwhile, despite increasing repayments to the IMF, total African debt continued to rise between 1997 and 1998, when the African debt increased by 3 percent to $226 billion. This occurred even as African countries paid back $3.5 billion more than they borrowed in 1998 (World Bank, 1999).

Table 3. 1: IMF Lending Relationships with Sub-Saharan Africa

	1991	1992	1993	1994	1995	1996	1997	1998 *
Balance[1]	579	527	1148	918	2994	652	524	837
IMF Purchases [2]	614	530	455	467	2372	596	1065	1139
IMF Repurchase [3]	228	183	138	170	559	124	101	88
IMF Charges [4]	- 263	- 189	553	281	63	- 68	- 642	-390
- Negative Sign[5]								

* Preliminary

1 The balance shows the net transfer of funds from the IMF to sub-Saharan Africa.

2 IMF Purchases represent new resources (loans) taken out from the IMF

3 IMF Repurchases represent repayments of the principal of IMF loans

4 IMF Charges represent repayments of the interest on IMF loans

5 The negative sign on the IMF charges indicates a net transfer from the countries to the IMF

Source: World Bank, Global Development Finance 1999, in Jubilee 2000 Coalition, April 1999.

Thus, the data reviewed suggests that the IMF has failed in Africa, in terms of its own stated objectives and according to its own data. Increasing debt burdens, poor growth performance, and the failure of the majority of the population to improve their access to education, healthcare, or other basic needs has been the general pattern in countries like Uganda subject to IMF and World Bank reform programmes. Total debt for sub-Saharan Africa now amounts to 110 percent of GNP compared to 35 percent of all developing countries. Cut off from significant capital flows except aid, battered by plunging commodity prices, wracked by famine and civil wars, and squeezed by structural adjustment policies, Africa's per capita income has declined by 2.2 percent per annum in the 1980s. By the end of the decade it had plunged to its level of the time of independence in the 1960s. Some 200 million of the region's 840 million people are now classified as poor, and even the least pessimistic projections of the World bank saw the number of the poor rising by 5 percent to reach 300 million by 2000 (Christian Aid, 2002: 28). If current trends continue, the UNDP (1997) estimated that the continent's share of the world's poor, then 30 percent will rise to 40 percent by the 2000. And the region lies defenceless against the HIV/AIDS epidemic, which now threatens to decimate the productive stratum of the population. In Kampala, Uganda, more than 25 percent of women in maternity clinics, for example, are HIV positive. Poverty has increased, and inequality has widened as the external debt has outstripped the national revenues, suggesting negative impacts of neoliberal reform policies.

3. 4 The IMF/ World Bank Debt Relief Initiative

In 1996 the boards of the IMF/World Bank launched their flagship policy for debt relief so-called the Heavily Indebted Poor Country (HIPC) Debt Relief Initiative. At its launch, the IMF/World Bank claimed that the main objective of the HIPC initiative was to "enable poor countries to escape from unsustainable debt by focussing all their energies on sustainable development and reducing poverty through export growth." The policy claimed to provide a framework for a 'robust exit' from the burden of unsustainable debt (CAFOD, 1997; World Bank, 2002). The HIPC initiative initially appeared to offer the poorest countries in the world a package of measures that would maximize the benefits to the poor, but today they are caught up in a system which is dragging out the promise of debt relief to minimize the cost to the richest donor countries (Christian Aid, 2003: 12: World Bank, 1997; 2002). Out of the HIPC countries, only two, Uganda and Bolivia, were afforded some modest debt relief by the year 2000. Indeed, the initiative is now stalling and in danger of failing because of the richest donors' rigid insistence on an equitable sharing of their costs for debt relief and a miserly approach to what they can afford (Reinnika & Collier, 2001).

In global terms, the financial costs of debt relief under the HIPC package are insignificant (Oxfam, 2002). It is estimated that the total cost of providing debt relief for the worst affected countries (UNDP, 1997) would amount to between $5.5 billion and $7.7 billion, less than a third of the cost of the UK Eurofighter program, less than a third of the cost for the Channel Tunnel, and less than the cost of one Stealth bomber (CAFOD, 1997). Indeed, critics of the HIPC initiative point out that this amount is a tiny proportion of the total debt of $245 billion owed by the poorest countries, not enough to make that much of a difference, and that the debt being cancelled would never have been paid anyway (CAFOD, 1997; Oxfam, 1997; 2002). Another problem is that debt relief has been delayed to the point where most countries that have been deemed eligible will not see any benefits until years to come, because of the requirement that countries undertake six years of economic reform under IMF/World Bank auspices. Uganda, one of the first to receive relief, has maintained economic reform programmes for the last 15 years. However, the HIPC implementation schedules were delayed as a result of haggling by donor countries (Oxfam, 2002), and the country's external debt stands at $3.5 billion. Every woman, man and child in Uganda, in 1998, owed $120, which is slightly less than the average annual income per head in the country. Yet in 1996/1997 Uganda paid $184 million in debt repayments, just over $9 per person (IBT, 1998, p. 15). Thus, debt diverts resources that are badly needed to increase investment in a country's people through primary health care, education, and water and sanitation services. The lack of these services is something that a country like Uganda with a high child mortality rate and a high maternal mortality rates, can ill afford, more so if it spends $11 on debt servicing for every $1 it spends on health services (IBT, 1998; The World Fact Book, 2002).

The human costs of the debt overhang are substantial and growing. All but 7 of the 41 HIPC countries are in Sub-Saharan Africa. This region has the highest proportion of people living in poverty. The UNDP (1997; 2003) estimates that nearly a third of Africans are expected to die before reaching age 40. By the year 2000, half the people in Sub-Saharan Africa were in income poverty, defined as subsisting on less than US $1 a day. The financial liabilities of both creditors and debtors are also deepening. During a time of ever-closer IMF/World Bank involvement with most of the 41 HIPC countries, the total debt stock has actually increased. From $55 billion in 1980, it rose to $183 billion in 1990, reaching an estimated total of $215 billion in 1997 (CAFOD, 1997). In 1996, international NGOs welcomed the HIPC initiative with its promise to be a powerful instrument for combating world poverty. If, in the new millennium, the debt crisis is not to be recycled, the IMF/World Bank need to speed up the process of cancelling unpayable debts and provide new funds which will give the HIPC process immediate effectiveness. Without demonstrable commitments by the Paris Club members to accelerate the HIPC process, these bodies will share responsibility for the spread of debt and poverty in the world's poorest countries and the crushing of life-chances for millions of people. There is an urgent need for the reform of the HIPC initiative by shortening the time frame for debt relief and by providing the necessary funding for the swift cancellation of unpayable debts (Oxfam, 1997; 2002; CAFOD, 1997; IBT, 1998).

The HIPC initiative's inception was a welcome recognition of the unsustainability of many poor countries' debt. Its design, although complex and therefore vulnerable to failure, was nevertheless a promisingly comprehensive approach to tackling debtor countries' external debts, whether commercial, bilateral or multilateral. Its central aim was to enable HIPC countries to achieve a position of debt sustainability within a period of six years. However, in the first year of the policy's operation, four critical weaknesses emerged, which threaten the aim of eliminating the debt obstacle to the development ambitions of the world's poorest countries, as discussed here below. The focus of the HIPC initiative has, in practice, shifted from its original position of debt relief according to need, to a position of debt relief according to willingness to pay (IBT, 1998). The delays and obstacles put forward by Paris Club members over Uganda reaching its completion point did, according to the Ministry of Finance, cost the country an estimated $69 to $89 million by 1997, and this resulted in a substantial set-back to Uganda's plans to increase primary school enrolments (MFPED, 1998). The central weakness of the HIPC initiative arises from its dependency on creditors' uniform willingness to share the burden of the costs of debt relief. In practice, the package can be blocked at the whim of the most intransigent creditors. Also, delays caused by objections from creditors and the HIPC policy's insistence on burden sharing now threaten the framework's central organizing theme, the concept of debt relief on the basis of debt sustainability. There are three other critical failings in the design of the HIPC framework, which cast doubt on its promise to deliver a 'robust exit' from the debt burden. HIPC governments have to follow the tight economic conditions set out in the austere IMF/World Bank structural adjustment programmes for at least six years. Typically, these require cutting back on social sector spending, a cost borne most heavily by the poorest and most vulnerable members of society. Research by various individuals and institutions (World Bank, 1998; UNDP, 1997; Caufield, 1997; IRN, 2002; Reinikka & Collier, 2001) have shown that the poor feel the costs of SAPs most acutely. The economic and social severity of the IMF/World Bank programmes under the Enhanced Structural Adjustment Facility (ESAF) has resulted in many governments defaulting on their programmes (Caufield, 1997; Bello, 1994; Altvater, 1991; Oxfam, 1997; 2002; World Bank, 1998). By 1993, only 5 out of a total of 26 countries had completed the ESAF agreed programmes within their timeframe. The World Bank's own 1994 data shows that six of 29 adjusting countries achieved decisive macro-economic improvements. If defaulting countries fail to meet tight economic conditionalities set by the Bretton Woods Institutions, they are vulnerable to falling out of the HIPC framework altogether. Another crucial technical weakness stems from the HIPC framework's narrow measures of debt sustainability.

The HIPC policy measures sustainability by debtor countries' capacity to service and repay external debts in terms of their foreign exchange income from trade. A debtor country's thresholds are measured by Net Present Value of its debts in proportion to its export levels of sustainability, judged to be under or between 200 to 250 percent of the country's annual exports and debt service-to-export ratio of 20 to 25 percent. However, even the World Bank's April 1997 paper admits that the levels of debt cancelled after the full 6 years period may be insufficient to sustain HIPC's promise of a 'robust exit' from the debt burden. The paper concedes that, "sustainable growth without recourse to adjustment lending or balance of payments support may be reached in many HIPCs, although in some cases this support may need to continue until several years after the completion point." In other words, those countries' debt repayment obligations are expected to be sufficiently onerous to require continued balance of payments support (Caufield, 1997; Oxfam, 2002). Research commissioned by the Dutch government (UNDP, 1997) also questions whether the current ratio measuring sustainability would provide an appropriate level at which debt thresholds would be payable. It proposes lower thresholds of between 100 to 150 percent for the Net Present Value of debts-to-export ratio. Another major constraint of the HIPC initiative is its restrictions on debt remissions to a small pool of eligible debts. "Eligible debt" in this case is defined as debts accrued before a cut-off date set by creditors (CAFOD, 1997, p. 6). Uganda's eligible debts for relief, for instance, are those that it accumulated after 1980. The 80 percent debt relief announced by Paris Club creditors in practice amounts to an average of just 17 percent of a debtor country's total debt.

In view of the foregoing analysis, the technical and practical fragility of the HIPC initiative, the narrow definition of what constitutes eligibility for debt cancellation and creditors' insistence on equitable burden sharing of liabilities is producing an outcome of only modest scales of relief in unnecessarily long timescales. When the proportion of the world's poorest countries' fiscal revenues claimed by debt servicing is on average 40 percent, and when some of those countries would have to allocate over 100 percent of their revenues to debt servicing if they were to meet debt obligations in full, there is clearly a need for a substantial breakthrough in the on-going perpetuation of the debt cycle (Reinikka & Collier2001). As it now stands, HIPC will not provide such a breakthrough for countries like Uganda (UNDP, 1997). The concept of debt sustainability is not one that is imposed solely on the poorest debtor countries. In fact, four of the G8 creditors use this measure as a guide for balancing their own accounts. But their guide is substantially more generous than that which they impose through the Boards of IMF/World Bank on the poorest countries like Uganda (UNDP, 1997; Reinnika & Collier, 2001).

There is, in the developing countries like Uganda, a "borrow /invest/ export/repay" development model increasingly based on "export success" and becoming an emerging market in terms of international trade and investment corporations. This ideology is a pivotal issue in the debate over the debt of developing areas (Rowbotham, 2000, p. 70), but fails to recognise that free trade is also fundamentally unfair trade. A further important expectation of free trade is that it will lead to a decrease in the inequalities between people and places through some kind of "convergence". Deteriorating terms of trade is something in which the World Bank is directly implicated once again unable to consider the aggregate effects of its own policies (Rowbotham, 2000). Although advanced under the banner of "development aid", market-based loans to developing areas produce significant returns for the World Bank/IMF and sister commercial institutions involved. One of the main grounds for action in debt relief therefore has to be the recognition that loans were and are advanced on the understanding that the money was repayable (Rowbotham, 2000), and as Gelinas (1998) has put it: The World Bank in particular and the regional development banks have, since the 1960s, dazzled 'Third World' leaders with irrefutably logical arguments whilst promising the development aid programmes. Many people were convinced by the ideology of credit-based development, which needs to be radically critiqued. Continuing relations of "dependency" have been directly related to the "debt crisis" that began in the 1970s and 1980s.

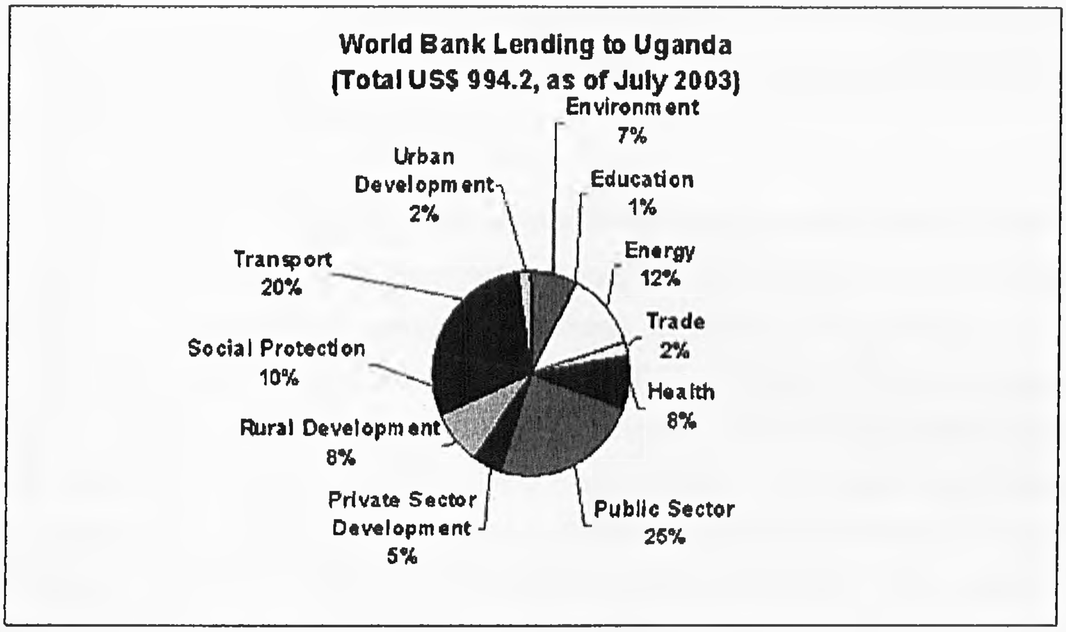
As a consequence of heavy borrowing commitments, countries like Uganda have become increasingly dependent on development assistance from international institutions. The severity of the debt crisis gave key financial institutions (World Bank/IMF) a renewed influence in the affairs of national governments (Potter et al., 1999). Between 1980 and 1993, countries like Uganda lost billions of dollars because of a major decline in the terms of trade between prices in international markets. A sharp deterioration in the terms of trade in developed and developing areas made it very difficult for the developing countries to make debt repayments further increasing dependence on the World Bank/IMF, which then imposed structural adjustment programmes (SAPs) and now PRSPs on these countries. Debt is usually denominated in US dollars and thus "the demand for dollar" to repay debt actually helps maintain the value of the dollar (Rowbotham, 2000, p. 80*)*. The neoliberal perspective advanced by these institutions urges a withdrawal of state intervention in the national economy, a liberalisation of trade relations, the privatization of public institutions and a devaluation of national currency.

3. 5 IMF Involvement and World Bank Assistance to Uganda

The IMF became involved in Uganda in 1987 with a loan thorough its structural adjustment facility (SAF), and later extended its mission under the ESAF programme for 1989 to 1992, and again from 1992 to 1997. Real per capita GDP growth averaged 4.2 percent between 1992 to 1997, and as a result, the IMF often presents Uganda as an example of economic success of its structural adjustment policies. As noted in the External Review (1996), part of this rapid growth can be explained by the decline of preceding years. But it is worth looking at how various sectors of the population fared under the growth that commenced with structural adjustment in Uganda. Two principal reforms mandated by the IMF policies were trade liberalization and the progressive reduction of export taxation. But as the External Review (1996) points out, "liberalisation of cash crops had only limited beneficiaries." This was the case because only a small number of rural households grow coffee. Liberalization had little impact on rural incomes over the period of adjustment, and rural per capita income increased just 4 percent over the period from 1988-89 to 1994-95 (Oxfam, 1996, 2002). The IMF also mandated the privatization of state-owned enterprises, a process that has met particular criticism in Uganda.

Uganda joined the World Bank Group in 1963, beginning with a credit from the International Development Association (IDA) for electric power development. Currently the portfolio comprises 24 active projects with commitments of $994 million in all major sectors (Figure 3.3). In April 1998, Uganda was the first country to benefit from debt relief under the Heavily Indebted Poor Country (HIPC), and in May 2000, it reached the Completion Point under the Enhanced HIPC Initiative. Of total debt-service relief under HIPC of US $2 billion, the World Bank's IDA is providing nearly US$1 billion (US$517 million in *Net Present Value* terms). Part of this was by way of an IDA grant of US$75 million allocated for the Universal Primary Education Program (UPE). In November 2000, the World Bank's Board approved a Country Assistance Strategy (CAS) and other World Bank payment offering 'models'for Uganda.

Figure 3.1: World Bank Development Assistance to Uganda –1998-2003



Source: World Bank, Country Assistance Review, 3rd December 2003

According to this work plan for World Bank involvement in Uganda, the objective of the Bank's strategy is to support Uganda's economic transformation and poverty reduction strategy-as spelled out in the Government's Poverty Reduction Strategy Papers (PRSP)/Poverty Eradication Action Plan (PEAP) (Bosworth, 2002). While the work to maintain macroeconomic stability (begun in the context of the action plan reviews (CAS) continues as discussed in Chapter 5, the emphasis in assistance under the present CAS has shifted to the sector level and to crosscutting public sector management issues rather than focussing on poverty. Addressing these issues and facilitating economic transformation calls, first, for broadening the decision making process to involve all key stakeholders, particularly the sector ministries and civil society. Second, it calls for a change in the Bank's lending modalities; specifically for a departure from the traditional combination of adjustment operations and discrete investment programmes, toward a comprehensive reform program financed through the budget by means of Poverty Reduction Support Credits (PRSCs). The PRSCs provide external finance to the budget in support of the authorities' commitment and implementation of a far-reaching neoliberal economic reform agenda but does not necessarily target poverty reduction mechanisms. The 1st Poverty Reduction Strategy Credit (PRSC) in the amount of $150 million was approved by the World Bank Board of Directors in 2001, and focused on measures to improve public service delivery and address cross-cutting public sector issues. The 2nd PRSC, also in the amount of $150 million was presented to the Board together with the 2002 PRSP Progress Report on July 23, 2002, and expanded on the scope of PRSC1, by introducing measures aimed at rural development as in the Plan for Modernization of Agriculture. The 3rd PRSC in the amount of $150 million (a 100 percent IDA grant) was expected to go to the World Bank Board in September 2003. The most recently approved project (in US$ million) is the Local Government (02) ($125; of which $75 million is IDA grant) (World Bank, 2003).

During 2001 and 2002, the World Bank Board approved the Northern Uganda Social Action Fund Project ($100); Protected Areas Management Areas and Sustainable Use Project ($27); Decentralized Service Delivery Makerere University Training Project ($5); Energy for Rural Transformation Project ($ 49.15); Road development Program Project (Phase 02) ($64.5); Power Project (IV) ($62); Regional Trade Facilitation Project ($20); Environment Management and Capacity Building Project (02) ($22); National Agricultural Advisory Services Project; HIV/AIDS Control Project ($47.5) and several supplemental credits. Projects in the pipeline include the Road Development Program (Phase 3) Project ($94.6), Poverty Reduction Support Credit Project (III) ($150); Natural Resources Development Technical Assistance Project ($25); and Capacity and Performance Enhancement Program (CAPEP) Project ($70).

There is close interaction with the International Monetary Fund (IMF) on the macroeconomic programme. A new CAS is being prepared during fiscal year 2004 seeking to fully align the World Bank support with Uganda's PRSP/PEAP and PMA. The International Finance Corporation's (IFC) portfolio in Uganda includes investments in the energy sector, and rural energy production projects, agribusiness and financial sector development. The Foreign Investment Advisory Service has also been active working with the Investment Authority on reducing red tape for investors (World Bank, 2003). While IFC's total committed portfolio is $33 million. Uganda became a member of the Multilateral Investment Guarantee Agency (MIGA)(a World Group institution which guarantees private investment) in 1992, and MIGA's current portfolio Uganda includes six guarantees in the mining, manufacturing and agribusiness sectors with $39 million gross and $31 million net exposure. The World Bank Institute (WBI), in partnership with the Government of Uganda, has a major ongoing initiative on anti-corruption, effective service delivery, health, intergovernmental fiscal relations, district integrity, participation, and journalist training. To support efforts to improve governance, WBI has held capacity building seminars for politicians and technocrats. The Global Learning Centre was launched in 2000.

Numerous bilateral donors are very active in the country. Also a large number of non-governmental organizations (NGOs) is working in Uganda. A successful consultative meeting with development partners was held in Kampala in May 2003, and the discussions focused on the challenges in attaining poverty reduction targets and the Millennium Development Goals. Corruption, public financial management, the situation in Northern Uganda, and private sector development issues were also on the agenda.

Uganda has an exemplary record on economic reform and was one of the first countries to qualify for relief under the HIPC debt relief initiative. In drawing up guidelines for countries that qualify, the IMF and the World Bank assessed the sustainability of a country's debt position by comparing the level of debt with the level of exports (IBT, 1998; Oxfam, 1997; 2002). Under the HIPC initiative it was assumed that Uganda could sustain a debt-to-export ratio of between 200 percent and 220 percent, or it could manage a total debt amounting to just twice the value of its annual earnings from exports. This high level is a compromise figure reached with the IMF, which does not believe in debt relief. It has been questioned by international and local NGOs, who argue that 150 percent to 200 percent, or even less is a more realistic level for a sustainable debt (Gariyo, 2001; 2001a; 2001c; Oxfam, 1997; 2002). In the export sector, production of coffee and other goods has increased since the 1980s.

But, Uganda like many other producing countries, is particularly vulnerable to commodity price fluctuations, which make it impossible to predict future export income with any accuracy. This could mean that its debt becomes unsustainable. Another reason why Uganda is a good candidate for debt relief is that it already had an excellent plan for alleviating poverty. In conjunction with NGOs from donor countries, it set up the Action Plan for Poverty Eradication, which aimed at protecting spending on universal free primary education, basic health care, and roads to help small-scale producers reach their markets. However, funding became tied with debt relief, which had been delayed, costing Uganda an estimated $183 million due to the World Bank bureaucratic inadequacy and the more basic poor capacity in Uganda. The consequences of the delay continue to be most keenly felt by Uganda's poor. In the context of the 1996-97 budget expenditure, for example, the cost of the delayed action is equal to six times total government spending on health, and more than double the projected spending on education (Oxfam, 2002; Christian Aid, 2003; Ellis and Bahiigwa, 2003: 908). It is unlikely that the 3 million children currently out of school but registered for places under the government's free primary education scheme will be able to start their education. With delays in debt relief, Uganda will find it even harder to steer the complex path between donors, lenders, and the people. The WTO's General Agreement on Tariffs and Services (GATS) requires progressive liberalization by each member country of an increasing number of service sectors. This process is currently taking place, under WTO, wherein countries engage in a two-step bilateral negotiation process (Christian Aid, 2003: 26). First, they make requests for liberalization of particular services, and then respond with offers to liberalize. Once the bilateral negotiations are concluded, the bilateral agreements are extended to all members by application of the "most favoured nation" rule. Currently, the GATS exclude from its jurisdiction those services "supplied in the exercise of governmental authority" or provided neither competitively nor on a commercial basis. But recent requests from the European Union, for example, need to be put to serious public scrutiny for their rationale and implications to Uganda. The European Union GATS negotiating documents (EU 2000) that were released by northern NGOs expose the true nature of the hidden agenda, which aims at putting pressure on Uganda to privatize its public services (including drinking water provision) and to open its services to EU-based transitional corporations under the disguise of development (Gariiyo, 2001c). Such a proposal for corporate take-over of essential services like water, education, health and electricity are normally packaged as "improving efficiency of poorly functioning parastatals." Experience in Uganda shows that the reality is a process of creating opportunities for multinational corporations taking over services and remitting huge profits to shareholders in developed countries, rather than serving the poor as portrayed in the grand GATS design. The impending danger to the poor in Uganda is the collapse of overstitched public systems, which benefit them, through a brain drain of well trained professionals to the private sector by higher pay rates and better infrastructure. These are real fears that Ugandan policy-makers, negotiators and general public need to think through seriously.

3. 6 Uganda and the World Bank and IMF Economic Reform Policies

After 17 years of the World Bank and IMF rhetoric (discussed in section 1.3 on pages 6 and 7) neo-liberal reforms, Uganda has not built up a competitive economic momentum. Its natural savings are insufficient, its exports are not diversified, it lacks capability for industrial innovation, its system of scientific and technological education is deplorable, its technological development is incipient, its infrastructure is inadequate, and its poverty does not diminish (Gariyo, 2001c; Nalunga, 2001; Nsubuga, 2000). Only the image of economic development persists, due to some short-term privatisation and investments. These enable the country to import luxury goods for the high-income sector of the urban population, causing the majority of the people to dream of prosperity attainable only for the very few in society. In Uganda, as in much of the continent, the results of adjustment policies have been more deleterious and even less certain. Uganda is the one country in which the World Bank and other donors' structural adjustment programmes have been most generally applied (UNCTAD, 1993: 163-67). Yet, Uganda has not attracted even short-term speculative foreign capital. On the contrary, its status as exporter of practically nothing but raw materials and basic commodities has been reinforced under the structural adjustment policies and programmes. The country, as a result, exports a greater volume of such products, at lower prices, than previously (UNCTAD, 1993). Adjustment reforms have, then, enmeshed Uganda even more tightly in the basic products' trap, with the added complication that Uganda has one of the highest population growth rates in the world. After fifteen years of undergoing an ideological experiment, Uganda entered the new millennium as the World Bank flagship, but also as a country with a "dysfunctional national economy out of sync with the global economy"(Muwanga, 2001). In Uganda, this trend toward privatisation has forced women with few skills [to] resort to petty trade, food preparation, illegal beer and alcohol production, market gardening, sewing, smuggling and prostitution. With radical retrenchment of public health care, owing to World Bank and IMF imposed budget cuts, people in Uganda are vulnerable to all sorts of diseases due to the breakdown of water and sewage infrastructure systems, and the country lies affected by the HIV/AIDS epidemic, yet the resources that are badly needed to combat the disease are going to debt servicing amounting to 71 percent (Reinikka & Collier, 2001).

So evident is the role of structural adjustment programmes in the creation of this devastated landscape in Uganda, that the World Bank chief economist for Africa has admitted: "We did not think that the human cost of these [structured] programmes could be so great and the economic gains so slow in coming" (Oxfam, 2000). Uganda spends less than $1 per capita on primary health care as opposed to $9 per person for debt repayment (Oxfam, 2002). The insistence on capital liberalisation is revealing the true agenda of the World Bank and IMF since 1945: fully integrating developing countries like Uganda into the global capitalist system in the subordinate position of raw material suppliers and open market. The fulfilment of this agenda (Table 3.1) in Uganda has involved the use of Western political, financial, cultural, and military power in combination with World Bank and IMF economic reform policies and projects to dominate developing countries like Uganda aspiring to independent development, and no talk of poverty reduction can hide such a far-reaching enterprise.

When the NRM-A came to power in Uganda in 1986, the government faced the challenge of rebuilding an economy devastated by the dictatorships of Idi Amin and Milton Obote. Between 1971 and 1986, the Ugandan economy deteriorated, but between 1986 and 1996 per capita GDP grew roughly 40 percent. Uganda's commitment to free market policies has meant that Western donors are more hesitant to push democratic reforms in Uganda than they have been in other countries. Although they recognize that the current system is inherently monopolizing and undemocratic, they are happy with the stability it brings for the free exercise of market forces; they do not want to rock the boat. According to this form of reasoning, Uganda's benevolent autocracy is more tolerable than a multi-party system that cannot guarantee order and stability. Under the NRM-A guidance and the prodding of the World Bank and the

IMF's structural adjustment programmes (SAPs), far-reaching changes have been under way in the country. Currency reforms stabilized the Uganda shilling; the government has privatized state-owned enterprises; and incentives for foreign investments have been placed in a new code designed to keep foreign capital coming. If the numbers are to be believed, the effect of these policies has been dramatic. Since 19886, the government ...with the support of foreign countries and international agencies...acted to rehabilitate and stabilize the economy by undertaking currency reform, raising producer prices on export crops, increasing prices on petroleum products, and improving civil service wages (World Bank, 1997). The policy changes were especially aimed at dampening inflation and boosting production and export earnings. In 1990-1998, the economy is said to have turned in a solid performance based on continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, improved domestic security, and the return of Asian Ugandan entrepreneurs (Reinikka & Collier, 1999).

Indeed, Uganda has registered between 6 and 10 percent annual economic growth over the past ten years (MFPED, 2003). A rise in the late 1990s in world market prices for some of Uganda's traditional export crops, like coffee, tea and cotton, and the liberalization of export and crop marketing systems led to earlier increased benefits for at least some members of Uganda's large class of rural farmers. Continuation of this performance, while possible, appears difficult because of the recent fall in commodity prices on the world market, and Ugandan military involvement in neighbouring countries, growing corruption within government, decline in commodity exports prices, and slippage in government effort to press reforms. At the same time, a programme of diversification has ameliorated the traditional reliance on the vagaries of a handful of the so-called non-traditional cash crops like sesame seeds, roses and other derivatives of cut flowers, and vanilla, but the real benefits of this "boom" are much less obvious. Despite touting Uganda as an economic miracle, and contrary to the discussion in section 1.3 page 7, even the World Bank has admitted that real poverty in Uganda has increased under the SAPs (Oxfam, 2002). Privatization has led to retrenchment and layoffs, and discriminatory investment policies have marginalized indigenous business and production.

Furthermore, in the quest to encourage foreign business and enterprise the state has turned a blind eye to the conditions of labour, where wages are suppressed to below subsistence level and trade unions strenuously prohibited. The SAPs have also affected access to social services such as health care through the introduction of user fees at government-owned institutions; policies that have placed the cost of basic medicine beyond the reach of the rural poor. The push to the market has led to a major food export drive, but because Uganda is considered a veritable breadbasket, there is no coherent food shortage policy. The net result is that the promotion of cash crops for the export market has led to domestic shortage and in some instances (compounded by drought) even to famine. As discussed by Lawrence, long able to feed its neighbours, Uganda is now in serious danger of being unable to feed itself. Uganda's heavy reliance on donor assistance has led to the growth of its debt over the past decade (Lawrence *et al.*, 2003; Reinikka & Collier, 2001). While international financial institutions have recently discussed the issue of forgiveness for countries like Uganda, which have pursued adjustment programmes with zeal, the exact form such forgiveness will assume is clothed in mystery. Even if Uganda's $3.5 billion debt is forgiven, heightened reliance on foreign sources of funding for basic support and the emphasis on export-led production will have a questionable impact on future economic sustainability. A major scourge of the economic reform process remains corruption, which has assumed such debilitating dimension that Transparency International has ranked Uganda seventh in the 2003 Annual Survey of Global Corruption (Oxfam, 2002).

As a small and landlocked developing country, Uganda also suffers specific handicaps arising from the interplay of several factors related to its small size. It has a number of structural problems: its predominantly rural population, and, therefore, its domestic market, is very small; its resource base is narrow, fragile and prone to disruption by natural disasters; it typically depends for foreign exchange on a small range of primary product export; and it generally has limited local capital for productive investment. Hence, its base for revenue generation is narrow, as agriculture constitutes the backbone of the country, providing the main source of livelihood for the population and being a major export earner in which coffee alone accounts for 54 percent, and gold, fish and fish products, cotton, tea and maize combine account for 46 percent of the total export earnings of $476 million against $1.4 billion in 1998 (MFPED, 1998; Oxfam, 2002; Gariyo, 2001c).

The interplay of the above mentioned factors created specific handicaps for Uganda as a developing country, namely: poor competitiveness and economies of scale; vulnerability to changes in world markets; environmental vulnerability as geographical location and size account for ecological fragility. In sum, Uganda has some specific characteristics that may constrain its integration into the global economy and its ability to take advantage of opportunities arising from the multilateral liberalization of agriculture: (a) limited population size, making economies of scale and labour specialization difficult; (b) a narrow resource base, creating dependence on imports of consumer and capital goods and exposing the local economy to natural disasters and hazards; and, (c) high concentration of exports on a few primary products fro agriculture, forestry, fisheries, and mining, which make Uganda prone to considerable fluctuations in output and prices.

3. 7 Conclusion

The current IMF and World Bank economic reform policies for Uganda might not help the country achieve its desired poverty reduction and economic growth goals. In its review of several countries' poverty reduction strategy papers (PRSPs) as discussed later in Chapter Four, Oxfam (2002) noted that one of the constant themes of civil society discussions about the poverty reduction process, in Uganda as discussed in section 5.2 in Chapter 5, is that structural and macroeconomic policy is still driven by external forces attached to IMF and World Bank lending instruments. The development of poverty reduction strategies is still the work of the IMF and World Bank representatives in consultation with small technical teams within finance ministries, and perhaps the central bank with no sense of integration and social objectives. There is detailed attention to trade liberalisation in the textile, coffee, sugar and tobacco sectors, yet these issues are only dealt with in a cursory way within the poverty reduction strategy paper. Although Uganda's poverty reduction strategy papers (PRSPs) outline goals for poverty reduction, the policies to be used are determined by the IMF and World Bank. The policy prescriptions of the new loans are informed by the ideological disposition of the IMF and World Bank, and not of the civil society organisations and public consultations on the poverty eradication action program process. A strident IMF and World Bank donor commitment to policies of liberalization, decentralization and modernization of agriculture for poverty reduction has predetermined the policy outcomes in the country's poverty reduction strategy process.

Due to the radical reorganization of national economies that ensue, people in "SAP-ed" countries pay for their governments' loans with extreme poverty, hunger and disease, SAPs often carry heavy ecological costs as well. The forced privatization of national industries and public or communal lands opens developing countries to opportunistic multinational corporations resulting in degraded (or destroyed) and polluted environments. Placing emphasis on exports rather than local needs in a time of falling world commodity prices results in exploitation and depletion of oil, minerals, forests, and other natural resources of livelihoods. Under structural adjustment, the IMF and the World Bank do not merely supervise sectors of the economy, but manage national economies entirely (Bundhoo, 1995). They have to approve annual national budgets...monetary trade and fiscal policies.... before countries can negotiate with other foreign lending agencies. It would seem that the IMF and the World Bank staff are "successors of colonial civil servants" (Bundhoo, 1995: 49). Thus, a critique of World Bank policies and IMF structural adjustment programmes is not about technical problems in international finance, rather, it is about the IMF/World Bank roles in shaping the destiny of a large portion of humankind. The IMF along with the WTO and the World Bank is directing the global economy on a path of greater inequality and environmental destruction. The IMF's and World Bank's structural adjustment policies ensure debt repayment by requiring countries to cut spending on education and health; eliminate basic services and transportation subsidies; devalue national currencies to make exports cheaper; privatize national assets; and freeze wages. These policies increase poverty, reduce ability to develop strong domestic economies, and allow multinational corporations to exploit workers and pollute the environment.

Chapter Four: Land Issues and Social Context in Uganda

4. 1 Introduction

In this chapter focus shifts more specifically to Uganda in an introduction to current context in the country. The chapter then examines land tenure and distribution issues in Uganda; agriculture's' dominance in the economy; the social context of poverty; the role of the country's elites in the impoverishment of the poor and the growing inequality, leading to instability and conflicts in the country and region. The chapter then concludes with a discussion of the current situation in which the small powerful elite, in bed with the more powerful international financial institutions, becomes ever richer, profiting in many cases both from IMF and World Bank inspired reforms and from hegemonic power conflict in east and central Africa.

4. 2 Agriculture and the Current Dominance of Coffee

Uganda's economy relies heavily on a few major sectors (agriculture, forestry, and fisheries, tourism), whose poor performance adversely affects the economy. By far, agriculture and agricultural activities constitute the largest sector of the economy and the major source of income for most people including the very poor. Agriculture contributes 43 percent of GDP, 85 percent of export earnings, and 80 percent of employment. The majority of farmers are smallholders, living in scattered homesteads and using traditional techniques, principally the hoe and the *panga (machete),* as there are few modern implements, and large scale irrigation and employment of fertilizers and insecticides is minimal. Food crop production dominates the agricultural sector, but only one third of food crop production is marketed.

About 42 percent of agricultural GDP consist of subsistence crops for home consumption and is non-monetised. Major crops are bananas, cereals, root crops, pulses and oilseeds. Export crops including coffee, tea, tobacco and cotton account for only 8 percent of total cultivated land in Uganda (Moyini, 2001). Coffee accounts for 54 per cent of export earnings, and gold, fish and fish products, cotton, tea, and maize combined acoountaccount for 46 percent of the total export revenue, estimated at $ 476 million in 1998, against the imports of around $1.4 billion (MFPED, 1998; World fact Book, 2002). Farming systems in Uganda are thus very closely tied to agro-climatic conditions and local geographies, an immediate dependency that means every effort should be made to maintain and if possible improve the conditions suitable for agriculture. Unfortunately, the evidence suggests that the quality of both of these resources is deteriorating partly because of the continuing destruction of the local geographies and livelihoods (Hamilton, 1988; NEMA, 1998). Coffee, which is by far the most important cash crop at present, is grown in wet, previously forested areas such as Buganda in the centre and Bugisu in the east.

With regard to food crops, virtually all crops in the drier areas are annuals, such as grains and pulses; perennials, and as such bananas (a staple food for about 70% of all Ugandans), are only abundant in wetter regions. Mainly as a consequence of rainfall variation, the acreage cultivated per person in the drier north is nearly double that in the wetter areas (NEMA, 1998).

Systems of cultivation for annual crops in the drier parts of Uganda (mainly in the East and North) traditionally include a period when fallow vegetation is allowed over abandoned fields. The intention is to restore soil fertility, although the extent to which this actually happens depends on a large number of factors, including the nature of soil and the kind of fallow vegetation that develops. As a general guideline to the traditional pattern, the norm may be considered to be three years of crops followed by three years of fallow, but forests or other types of taller woody vegetation do not normally constitute part of the cycle. Extension areas of secondary forest or colonizing thicket are due to events disrupting normal agricultural and livelihood activities. A World Bank funded (household survey of peasant banana plantations (NEMA, 1998) revealed that not only are the staple *matoke* bunches smaller, but also there are fewer fruiting stems per plantation (NEMA, 1998; Oxfam, 2002). The area of swampland has also declined due to cultivation; soil erosion has increased; wood fuel and its derivative, charcoal, is increasingly obtained from greater distance, as it is employed almost entirely by all urban dwellers. Finally, there is a decline in the availability of assistance from government veterinary and agricultural officers, as well as deterioration of services (Hamilton, 1988; Kabera, 1990; NEMA, 1998; Ellis and Bahiigwa, 2003).

Reasons for the decline include decreased professionalism, transport problems, low availability of agrochemicals and other commodities, and general economic decline. As suggested by Hamilton (1988), and NEMA (1998), the following trends seem to have occurred in the local geographies and livelihoods in Uganda between the early 1960s and the late 1990s: the population increased; the land become less productive; the area of cultivated land increased; the 'export' crops' production increased but price declined; crop yields per u (NEMA, 1998; Hamilton, 1988; Bazimya, 1993. Recognition of these trends does not minimize the importance of local exceptions to the general pattern, but in general the discussion suggests considerable deterioration in local geographies and livelihoods. Only a few regions, such as parts of Hoima, Kibaale, and Mubende districts, are capable of absorbing more people with reasonable ease, but these areas have been targets for rural migrants from less populated districts for some time and will soon, in turn, be overpopulated. According to McMaster (1962) Hamilton (1988), USAID (1982), and NEMA (1998), even in 1958 extensive parts of Uganda were suffering from a shortage of good agricultural land, because the fallow phase of the agricultural cycle had been reduced to an unsatisfactory length or even completely eliminated. USAID (1982) suggests that, by 1958, 13 percent of potentially cultivable land in Uganda was actually being cultivated, a figure that suggested major regional variations, from 13 percent in Karamoja to 71 percent in central Mbale. It is not surprising that agricultural scientists at that time concluded that there was a serious land problem in Uganda. In the words of McMaster (1962), in many parts of Uganda 'methods [of agriculture] must improve, people must move, or the land must suffer.' In many parts of Uganda, domestic animals, especially cattle, hold a significant place in the economy. With minor exceptions, the only processes used to manage pasture are periodic burning and the local seasonal migration of herds. Cattle assume special importance in parts of northern and western Uganda both culturally and as modifiers of the environment. In many livestock areas, cattle are a major cause of the massive vegetation changes that have occurred during the past eighty years (NEMA, 1998: 64). The future of local geographies and livelihoods in Uganda, therefore, will be much influenced by political, economic, and social factors (physical extent and social and economic intent).

Agriculture in Uganda generally utilizes low technology and low inputs, relying on family labour and hand hoe, and it is suggested that about 700,000 hectares are under large-scale agriculture (McKinnon & Reinikka, 2000). Soil degradation arising from declining fallow periods and inadequate fertilization, deforestation and, in some cases, from overgrazing, is increasingly threatening yields in many areas. In areas of steep slopes, particularly in the southwest and east, investment in erosion control is lacking and high rates of water erosion are experienced. The increasing fragmentation and sub-division of holdings in these areas makes individual investment in erosion control futile. Land and land degradation are estimated to account for over 80 percent of the annual cost of environmental degradation of, which stands at between $157 and $480 million (Moyini, 2001; World Bank, 2002). Thus, although the amount of land under cultivation is rising (estimated to have reached around 8.5 million hectares in 1999), this rate of growth without adequate soil conservation measures is considered to be unsustainable (Moyini, 1001).

4. 3 Land Tenure and Distribution

There has been relatively little networked analysis of the relationships between the land tenure and land use issues outlined above and poverty reduction in Uganda, and information on land distribution and land use in the country is sketchy and unreliable. Thus, this section characterises the current socio-economic position concerning land and to review briefly possible links between these issues and poverty. Poverty in Uganda is generally considered to be declining (World Bank, 2002; Uganda, 1997). In 1997, 44 percent of the population was deemed unable to meet its basic requirements and to live below the official World Bank poverty line of $1 per day; by 2001 this figure was believed to have fallen by 35 percent (World Bank, 2002). Poorer households are more likely to live in the rural areas and urban slums, and mainly in the northern region. However, throughout Uganda, households with a non-working head are experiencing worsening poverty. The elderly, children or the disabled commonly head such households, which is of particular significance in view of the social impact of the HIV/AIDS pandemic (McKinnon & Reinikka, 2000). Because of the significance of agriculture to rural livelihoods, land is the most important asset for many Ugandan households. Average land holdings are estimated at 2.2 ha per household, although there are inter- and intra-regional inequalities in this distribution, and evidence suggests much of this land is not cultivated (Moyini, 2001).

Land is accessed by both non-market and market methods, and clearance of new land is uncommon since most of the land has already been cleared. The majority of evidence suggests that, in aggregate, land is more likely to be obtained through inheritance than purchase (Moyini, 2001; Uganda, 1997; Ovinji-Odada *et al.*, 2000; MISR, 2000; Hunt *et al.*, 1999) as through *mailo* land (accorded to the Kabaka and royal chiefs during the 1990 Uganda Agreement with Britain) and other treasury systems and their dynamics. However, recent evidence points to a rise in the proportion of land obtained through purchase, such that acquisition through the market is more common than through inheritance or gift in all regions of Uganda, other than the north (MISR, 2000). In addition, around 5-10 percent of households access land predominantly through borrowing or rental agreements. Although absolute landlessness (having no land at all) is uncommon, there is evidence to indicate the growing presence of a group of households whose access to land is restricted to land acquired by borrowing or rental, and who have no land of their own (McKinnon & Reinikka, 2000; Ellis & Bahiigwa, 2003). Such households are often among the poorest and supplement their incomes by casual labour. For those renting land, rental rates frequently represent a substantial proportion of the value of crop produced and this may contribute to poverty. Nevertheless, in land short areas, the availability of rental land provides an opportunity for some households to access land and can be an important part of a strategy for increasing income and acquiring assets. In the development of key elements of policy on land (PEAP and PMA) the extent and consequences of inequality were not well documented or understood, and it was believed that land distribution was relatively equitable. A number of theoretical arguments (Oxfam, 2002; Christian Aid, 2002; UNDP, 1999) are commonly advocated concerning links between land ownership, land markets, security and production incentives:

- the presence of an efficient land market will tend to result in a more efficient allocation of land between producers and this will stimulate production increases;
- secure land rights will stimulate the credit market through the use of land as collateral; and,
- security of land rights is linked to increased incentives to invest in land and land-based production.

Although empirical evidence for all of these propositions is weak, these perspectives have been influential in the debate on land reform in Uganda. Historically, land markets in Uganda have tended to operate within customary tenure systems. Thus, markets, although present in most of Uganda today, tend to operate within a system of social control that offers privileged access to members of the dominant social group above that of "outsiders". Only in the *mailo* land areas has there been significant availability of marketed land to persons with different origins from the majority group, and by and large, this situation persists. One of the advantages of a free market in land, that of permitting inter-regional migration is, therefore, limited.

Recent evidence on the impact of inter-regional migration on production is anecdotal, for example, the increased productivity of migrants from the densely populated southwest into neighbouring areas (Hunt *et al.*, 1999). Land sales, on the other hand, have tended to be associated with increasing poverty, with the majority of sales prompted by "distress", and the associated loss of control of assets leading to increased household vulnerability. Availability of credit, in Uganda, has tended to be relatively narrow and uptake among rural households not high. The formal credit system operates on the basis of land as collateral, with a preference for urban and titled land that is more easily disposed of in cases of default. However, informal savings and credit clubs and other informal sources of credit are known to accept rural land as collateral for small, microfinance loans (Hunt *et al.*, 1999). The issue of women's land rights is, therefore, of critical importance, not only to the land reform process, but also to wider poverty reduction strategies, through both production and local welfare impacts. Thus issues outlined above illustrate that land is an important factor in national development, and that a number of links between land ownership, distribution of land access, production and poverty are suggested by empirical data findings of this thesis.

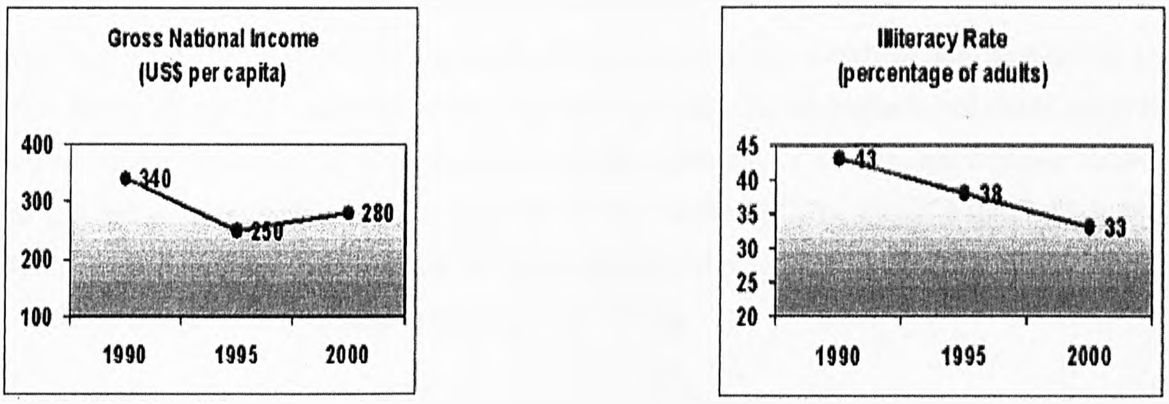
Uganda's population will exceed the carrying capacity of the land by about 2020, if current rates of growth continue (World Resources Institute, 2003). By then, all marginal areas will be under cultivation, as will present-day wetlands and conservation areas. This suggests an urgent need for policies and legislation on population growth and environmental problems, on demographic change and key environmental issues related to catchment areas, biological diversity, soil, wetlands, and energy self-sufficiency, water, fisheries, and wildlife. But Uganda seems to lack adequate ways of informing people about the rationale behind environmental policies and laws. Recent developments in public policy towards land, in Uganda, have focused on two key areas: (1) resolving historical tenure problems by defining and entrenching the land rights of all Ugandans; and, (2) increasing the efficiency of the use of land for economic growth while addressing environmental concerns (Moyini, 2001). However, integration of land use issues into the broader national development strategy has been conducted through two parallel processes and in different fora. Discussions on a new constitution for Uganda in the early 1990s ranked as the first top level attempted effort to address land issues in the country since the mid 1970s. The 1998 Land Act followed the 1995 Constitution. At the same time, the country has, through the formulation of the Poverty Eradication Action Plan (PEAP) and the Plan for the Modernisation of Agriculture (PMA), in the 1990s developed a national strategy for reducing poverty and placed poverty reduction at the centre of the development agenda (this will be examined in more detail in the next chapter). Also, the recent formulation of the Land Sector Strategic Plan (LSSP) through a participatory process marks a move toward greater harmoniszation of the two processes (see Chapter 5, section 7).

Despite this progress, Uganda still lacks a comprehensive statement of national policy on land, linking priority land issues to broader poverty reduction goals. As Uganda sought to expand production, particularly of export crops during the 1990s, there was concern about the low rate of utilization of agricultural land. In 1993, as earlier indicated, it was estimated that only one third of available arable land was under cultivation. At the same time, however, concern was rising about the competing demands on Uganda's land resources from agricultural and human settlements, and the resulting environmental stress (World Bank, 2002). Around 75 percent of Uganda's total land area is estimated to be available for cultivation, pasture or both; a total of 17 to 18 million hectares were under cultivation (Moyini, 2001). The distribution of available and uncultivated land reflected differences in population density, access to markets and the effects of increasing insecurity, with heavier settlement and cultivation in the south and west, and pockets of intense cultivation in upland areas in the east and far south west. Even in the wet and fertile central region, however, there was concern that the persisting land tenure impasse between the *mailo* landowners (see page 75) and occupants was preventing significant amounts of land from being brought under useful production (World Bank, 2002).

4. 4The Social Context of Poverty in Uganda

Uganda is one of the poorest countries in the world. Per capita income in 2003 is estimated to be at about $259. Life expectancy at birth dropped from 47 years in 1990 to only 43 years in 2001 (World Bank, 2003). The percentage of the population with improved access to water remains relatively low with 52 percent in 2000 (45 percent in 1990). Nevertheless, over the last couple of years Uganda has made substantial progress in terms of human development. Infant mortality dropped from 100 per 1,000 in 1990 to 79 per 1,000 in 2001, and as discussed by Oxfam (20020 gross enrolment rates for primary schooling increased from 71 percent in 1990 to 136 percent in 2001 (girls enrolment, however, reaches, and total youth literacy increased from 70 percent in 1990 to 79 percent in 2001. GDP per capita grew an average 3.6 percent since 1995 (Figure 4.1).

Figure 4.1: National Income and Illiteracy in Uganda



Source: World Bank, Country Assistance Review, and 3rd December 2003

With respect to education, in 1992-93, one third of all children between the ages of six and twelve were not enrolled in school. Of those who do enrol, only a minority completes their primary education. Provisional data for 1995 suggest that 10 percent of those who enrol into primary school drop out in any one year, the vast majority of them in lower primary levels (Oxfam, 1996). The upshot is that almost 200,000 children each year leave school without having completed three years of primary education and before they have learned basic literacy and numeracy skills. Almost all of these children will be illiterate for the rest of their lives and thereby unable to benefit fully from the opportunities that might be provided through the World Bank and IMF funded economic growth. Probably less than one third of the children complete a full seven years of primary education (Christian Aid, 2002; 2003; Oxfam, 2002; Lawrence, 2003). Girls are some 20 percent less likely to complete primary school than boys, once again pointing to a bias in the distribution of household resources and workloads. These depressing school attendance levels give rise to disturbing indicators for educational attainment. Almost half of the population is unable to read and write, the majority of them women, 45 percent of whom are literate, compared with 55 percent of men. Only 8 out of 39 districts surveyed by Oxfam (1996) had female literacy rates of over 50 percent. Such facts raise serious questions about the country's future social and economic prospects. Thus, far from catching up, there are worrying signs that Uganda may be falling further behind many other countries. Families throughout Uganda make enormous sacrifices to send their children to school, reflecting the importance they attach to this objective (Reinikka & Collier, 2001; Gariyo, 2001a, 2001b, 2001c). Yet as figures on primary school attendance cited earlier suggest, even basic education remains beyond the grasp of most Ugandan children, and cost is the single most significant factor behind the high non-attendance and drop out rates. But the more fundamental reason is that the costs of education are high relative to the quality of service provided. Inadequate spending has left schools in a state of chronic disrepair, and in poor rural areas many primary schools are little more than mud huts, often with gazing holes in their roofs. Only a minority of children has chairs or desks (Reinikka & Collier, 2001). Most sit for their lessons on small rocks, logs or on the floor, and teaching materials are conspicuous by their absence. Recurrent budget constraints mean that many schools lack blackboards and chalk, while pencils, books and other educational materials are in chronically short supply. Parent contributions are unable to fill the gap left by inadequate state provision. So extreme is the financial sacrifice that households make to send children to schools that spending the $3 to $4 required purchasing a standard science or language book is out of the question (Nalunga, 2001; Gariyoo, 2001b).

In consequence, it is not uncommon to see between six and ten children huddled around one basic textbook. Against this background it is hardly surprising that so many students have to repeat years, and that so many remain illiterate, or that educational attainment is so low. Nor is it surprising that so many parents decide that, in the face of extreme financial pressures, the sacrifice required to put a child through school are not commensurate with the benefits (Gariyoo, 2001c). Clearly, cost factors are not the only force operating against young girls. Household decision-making on education spending is rooted in cultural beliefs and social systems, which attach a higher value to male education. Investment in boys is seen as an investment for the family, whereas daughters marry and join other families who will derive the benefits from their education (Nalunga, 2001; Jubilee South, 2001). These are important issues, but there can be little doubt either those economic pressures exacerbate gender biases, or that a reduction in these pressures will bring advantages to young girls. Another social constraint to development, in Uganda, is the HIV/AIDS crisis. HIV/AIDS is already a major health crisis in Uganda, and that crisis is exacerbating wider social and economic problems. Recent estimates suggest that some two million Ugandans are infected with HIV/AIDS (Christian Aid, 2002; Reinikka & Collier, 2001).

The magnitude of the threat posed by HIV/AIDS dwarfs other health problems, severe as these are. Children born to an HIV/AIDS infected mother have a one-in three chance of being infected themselves. With 30 percent of all pregnant women in Kampala now infected, the implications for infant and maternal mortality are deeply disturbing. Women are particularly susceptible to HIV/AIDS, especially where sexually transmitted infections are not treated and cured. Such infections increase the probability of extraction by a factor of between five and ten (Oxfam, 1996: 12; Reinikka & Collier, 2001). The AIDS epidemic has profound implications for family life and for social provision in Uganda. According to the World Health Organization (1999), almost 900,000 children had lost their mothers as a result of AIDS by 1998. Caring for these children poses an immense strain on the time and resources of mainly female relations. AIDS will also reduce Uganda's already low-life expectancy levels, claiming over half a million adult lives and a quarter of a million children lives. Levels of sickness and demand for treatment can be expected to increase dramatically. Cases of tuberculosis, one of the most damaging illnesses associated with AIDS, have been rising since 1991 after years of decline, creating new demands on the health system and on households, with women bearing the brunt of caring responsibilities (Nalunga, 2001; Gariyoo, 2001b; 2001c).

The wider consequences for poverty are far reaching. AIDS related illness reduces the productive capacity of households, exposing them to food shortages and reducing incomes. The health system too will face new demands that it is ill equipped to meet (Reinikka & Collier, 2002). Ultimately, however, the scale of the problem to be addressed both inside and outside of the health sector is so vast as to require substantial additional resources. Birth rates remain high, the average Ugandan woman bearing five to seven children. Throughout the population, there is a general lack of knowledge with regard to legal rights to land and property, and how to negotiate bureaucratic procedures (Gariyo, 2001b; 2001c). In turn, these problems are exacerbated by overall social and economic decline and rises in the cost of living that are unlikely to reverse themselves in the short to medium term. In Uganda, many of the services that were formerly the responsibility of central or local government currently rely, to a large degree, on cost sharing with their users. Health and medical services manifest themselves as a mix of inadequate and under-funded government hospitals and clinics now utilized to capacity, self-care and self-prescribing, and private services of either a biomedical or traditional nature (Nalunga, 2001; Gariyoo, 2001b; Reinikka & Collier, 2001).

Existing, albeit limited, social and community services are mostly initiated and funded by residents groups and NGOs, with local authorities providing limited financial assistance and support. The lack of opportunities for formal sector employment, and the decline in real wages, has led to the growth and proliferation of informal-sector survival strategies and coping mechanisms, which remain unmeasured, unregulated, and unaccounted for, including the growth of subsistence agricultural production within urban boundaries (Nalunga, 2001; Gariyo, 2001a, 2001c). Most Ugandans survive with one foot in the informal sector, which is an unorganized 'nuisance' sector whose members do not pay any form of tax, but the sector provides jobs and increases income of the most vulnerable and very low-income groups. Because of the heterogeneity of the informal sector, and its multiple dimensions, conceptual and statistical definitions of this sector are not as clear as would be expected. The informal sector is highly heterogeneous, encompassing units of different features and a wide range of economic activities, as well as people (workers, producers, employees) working or producing under many different types of employment relations and production arrangements and linkages (Reinikka & Collier, 2001, Gariyoo, 2001c; Jubilee South, 2001). The rural sector has not been a source of "unlimited supply" of labour that could be tapped for the development of the industrial sector. The level of industrial growth of 1.3% (NEMA, 1998) and urbanization of 5.7% (NEMA, 1998) is far less than that of population growth. The rate of rural-urban migration has been more than the number of jobs generated by the formal sector, and due to "push" as well as "pull" factors, the rate of rural-urban migration has far exceeded the rate of job creation. Rural populations migrate to the cities on the expectation of a job and the informal sector has helped to absorb the expectations. The creation of one job in the formal sector has actually attracted more than one migrant and so the informal sector has been able to generate employment for them using labour intensive technologies. The level of technology increase has not taken place, and the formal sector, consequently, has not generated the required growth. Thus, the informal sector using adaptive technologies has been able to utilize its capital more effectively than the formal sector. (Reinikka & Collier, 2001)

The capital scarce conditions in Uganda have not increased investments, and the informal sector, as an alternative, has been able to function in such conditions by using low-cost labour intensive and appropriate technologies (Reinikka & Collier, 2001; Gariyoo, 2001b; Nalunga, 2001). Hence, the supply (backward linkages) and demand (forward linkages) conditions of informal sector enterprises in Uganda can best be understood using a framework that identifies the linkages of the informal sector as an economic unit. The question remains, however, as to whether the informal sector is merely a holding ground for people awaiting entry onto the formal sector and, as a transitional phase that must be made as comfortable as possible until it is absorbed by the formal. or whether it should be promoted as a major source of employment and income for the urban labour force. As the UNDP (1997) points out the following arguments are made in favour of promoting the informal sector:

1. The informal sector generates surplus even under the currently harsh policy environment that denies it access to the advantages offered to the formal sector, such as the availability of credit, foreign exchange, and tax concessions.
2. As a result of its low capital intensity, only a fraction of the capital needed in the formal sector is required to employ a worker in the informal sector, offering considerable savings to communities so often plagued with capital shortages.
3. The informal sector's surplus could provide an impetus to growth in the economy.
4. By providing access to training and apprenticeship at substantially lower costs than that provided by formal institutions and the formal sector, the informal sector can play an important role in the formation of human capital.

5. The informal sector generates demand for semi-skilled and unskilled labour, the supply of which is increasing in both relative and absolute terms and which is unlikely to be absorbed by the formal sector with its growing demands for a skilled labour force.
6 The informal sector is more likely to adopt appropriate technologies and make use of local resources, allowing for a more efficient allocation of resources.
7 The informal sector plays an important role in recycling waste materials, engaging in the collection of goods ranging from scrap metals to cigarette butts, many of which find their basic commodities for the poor.
8. The promotion of the informal sector would ensure an increased distribution of the benefits of development to the poor, many of whom are concentrated there.
9. The informal sector provides a major source of income and employment for women, many of who are heads of households and who have been displaced by agricultural modernization.

However, one major disadvantage lies in the strong relationship between rural-urban migration and labour absorption in the informal sector. Rural-urban migrants have higher unemployment chances and shorter waiting periods before obtaining a job in the informal sector than in the formal sector. Promoting income and employment opportunities in the informal sector would thus aggravate the urban unemployment problem by attracting more labour than formal sector could absorb (Todaro, 1997). Furthermore, concern exists over the environmental consequences of a highly concentrated informal sector in the urban areas, particularly Kampala. Many informal sector activities, in Uganda, are regarded (or can be argued) to cause pollution and congestion (Appendix One), or inconvenience to pedestrians (hawkers and vendors). Moreover, increased densities in slums and low-income areas coupled with poor services could cause enormous health and environmental problems for urban areas. Any policy measures designed to promote the informal sector must incorporate means of coping with these various issues rather than being concerned with measures to stem the flow (NEMA, 1998)..

4. 5 Uganda's Elites, Mass Impoverishment and Growing Inequality

While most Ugandans have been struggling to earn a livelihood, some have grown rich: those who worked for the state directly, those employed by its offshoots, parastatal enterprises, and those who ran economic development projects, like the Bujagali, controlled by the state officials. State employees and the military also used access to preferential treatment to build profitable business. But the prosperity has been fragile and superficial, as the mass of the people have stayed poor and faced the prospects of getting poorer. More than 85% live from cultivation and while the population grew, the amount of land did not. As pointed out in Chapter Three, the land available to ordinary cultivators actually diminished in some areas as local officials appropriated fields for development projects and as members of the urban elite bought out the poor, establishing themselves as absentee landlords (Human Rights Watch, 1999: 45). While the elite thrived, the great mass of Ugandans became progressively poorer. And, part of the reason why they became poorer was precisely because the elite group and its wider circle of associates was thriving, an increasing concentration of land ownership being the most obvious manifestation of how that symmetrical process of enrichment and impoverishment was occurring. Braeckman (1996: 106) identifies a trend from the 1980s onward of indebted farmers being obliged to sell their lands to progressively richer traders or the privileged of the regime. Erny (1994: 80), referring to the 1980s, also records the same phenomenon, as well as the resentment it inevitably aroused as people compared the increasing concentration of land ownership to the days of colonial rule. It is important to note that resentment, indeed desperation, arising from mass impoverishment would have been expected to arise in the Uganda of the last two decades, even if inequality had not been worsening. A principal problem lay in the evolution of global commodity markets: between 19885 and 1992, the real world price of coffee (Uganda's main export) fell by 39% between 1986 and 1992, and the real purchasing power of Uganda's export earnings fell sharply (Lawrence, 2003; Gariyo, 2001a; 2001b; 2001c). The ensuing crisis in the state finances was a major reason for the adoption of the World Bank/IMF sponsored structural adjustment programme in the early 1990s, which also contributed to social and economic tensions and fears (Storey, 1999a).

The very severe foreign exchange problem, with a large portion of foreign exchange used for the purchase of transport related items including petroleum, arose in the context of an agricultural sector already structurally crisis-ridden by a chronic shortage of land and rapid population growth, with associated declines in soil fertility, reflecting the exhaustion of an agricultural development model that placed little onus on intensification, innovation or export-orientation. The emphasis was instead placed on appropriation for cultivation of pastoral land held by the rural poor and on measures such as clearing forests and draining wetlands. More than 85% of Ugandan farmers occupied farms of less than four hectares, often on ecologically fragile soils, while up to 20% of the population was almost landless (Moyini, 2001). In the most densely populated regions (Appendix Two B) this had the effect of ruling out marriage, because custom dictated that a man without sufficient land could not marry (Moyini, 2001; Ellis, 1998; Ellis & Bahiigwa, 2003). Surveys conducted in 1990 and 1992 (NEMA, 1998; Ellis, 1998) in regions relatively unaffected by the civil war, found that a large portion of the population had been watching their money incomes fall by 35% per annum, principally because of the declining availability and quality of land (Gariyo, 2001b). In addition, drought (in 1984), excessive rain (in 1987) and plant disease (in 1988) all weighed in to contribute to declining production and food security levels. The most systematic account of the scale of growing inequality is provided by Moyini (2001), who argues that up until the 1980s a sort of paternalistic communalism helped ensure that the distribution of land and income in Uganda was relatively equal, but that this traditional pattern was then replaced by what he terms a "savage individualism".

Amongst the beneficiaries (and to an extent the initiators) of this shift towards individualism were, of course, members of the elite group, who, in particular, began to increasingly take over land previously under the control of smaller, often indebted farmers (such indebtedness arising as a function of such factors as population growth outstripping land availability, soil depletion, drought, etc., as discussed above). In the absence of a formal market in land, this process of concentration, Moyini argues, took the form of transfer of user rights in exchange for clearance of debts or some other consideration. Moyini (2001:9) estimates that the gini coefficient, a measure of societal income inequality rose from 0.357 in 1982 to 0.505 in 1992, and possibly even to 0.563 by 1999. The closer this number is to zero, the more equal the society is considered to be, and the closer to one the more unequal (Todaro, 1994:140). By this reckoning, Uganda changed from a relatively equal to a relatively unequal society since the 1980s.

In the rural areas, the percentage of income held by the few rich, themselves often traders or civil servants not actually resident in those areas, rose while the average number of calories consumed per day by the poorest of the rural population declined (Reinkka & Collier, 1999). Moyini (2001) and Ellis & Bahigwa (2003) provide micro-level support for the broad thrust of my argument in their detailed studies of the changing land relations in parts of northern and central Uganda between 1980 and 2000. Their studies confirm a tendency towards growing inequality in land ownership and, concomitantly, a growth in landlessness and poverty. Indeed, as found during fieldwork in the Bujagali area in March and April 2003, many of those in a position to expand the size of their holdings had access to off-farm income, and that increasing recourse was being made to the (nominally) illegal land market -- land was being bought and sold in violation of its supposedly communal nature -- mainly through distress sales to clear debts or for other such pressing reasons.

There has been high monetary inflation since the 1980s, and since salaries have not risen in line with the cost of living, many civil servants suffer financial hardships. As an example, a young graduate in the civil service in 2003 might earn some Ush 300,000 (about £300) per month, a pittance when a pair of good shoes costs over Ush 50,000 and a monthly fuel bill for domestic purposes, if one uses charcoal and lives in Kampala, amounts to Ush 40,000 per month. Two factors that have helped to soften the impact of these extremely harsh economic circumstances are that today, nearly everybody in Uganda owns some land,

and that many salary and wage earners on the government payroll have other sources of income to supplement their official earnings. Common part-time activities include small-scale farming and dealing in commodities. One consequence is that many government employees find it difficult both in terms of time and psychologically to commit themselves wholly to their jobs. Another consequence is that a substantial number of government employees and officials in common with members of many other institutions, in Uganda, tend to treat the organization in which they are employed as existing partly for their personal benefit. It is easy to make illicit money in the many departments, with their control over the available resources remaining in the country.

In summary, the activities of the ruling elite, in Uganda, have contributed to, though they were not exclusively responsible for, societal inequality and mass impoverishment. This has generated resentment on the part of the mass of the population and undercut the legitimacy of the regime, which has always based its internal legitimacy on its claim to be protecting and advancing the welfare of the vast majority. The activities of a rapacious state elite have been critical to the poverty levels unfolding and, as we shall see later, these activities have seriously been both underanalysed and misanalysed by the World Bank in its approach to development in the country.

4. 6 Instability and Conflict in Uganda

Despite the NRM-A claim that it has restored peace and security, Uganda is still riven by conflicts. An insurgency by Alice Lakwena continues to evade peaceful resolution 16 years later. The conflict has resulted in the loss of thousands of lives, internal displacement, and serious violation of human rights by both sides. The equally malevolent Joseph Konny's Lord Resistance Army (LRA) has instituted a reign of terror in the north, and has engaged in the abduction, rape, and mutilation of school children. For its part, the UPDF, has retaliated by herding civilians into so-called protected villages, where physical safety, basic health facilities, and adequate hygiene are seriously lacking. Moreover, as discussed by Reno (2002: 413-437) and Okelo-Onyango (1997), the escalation in the northern conflict is partly due to the dynamics of regional geopolitics. Uganda has long been a supporter of Sudan People's Liberation Army (SPLA) in its struggle against the government in Khartoum. In return, Sudan arms the rebel groups in northern Uganda.

The northern situation is also compounded by Uganda's refusal to pursue peace and its insistence in a military resolution to the conflict. The NRM-A government has also been plagued by less prominent but equally destabilizing insurgences (like the LRA). Some have sprouted in the NRM-A former guerrilla base in the central region; others in the west, espousing a wide range of grievances against the incumbent regime.

The convoluted situation in Uganda must also be viewed in terms of the fluid regional context. Turmoil and conflict of varying levels of intensity plague Sudan, Rwanda, Burundi, and Kenya, and Uganda is widely believed to have a hand in each of the conflicts in these countries. The President's own position on regional politics does not diminish this suspicion (Reno, 2002: 421). A long time admirer of large markets and a critic of the "foolish arbitrariness" of colonial boundaries (Reno, 2002), Museveni often proudly recalls the days of the great pre-colonial interlucustrine kingdoms, which covered a vast stretch of territory around the Great Lakes Region of East Africa. Some observers (Reno, 2002; Okelo-Onyango, 1997) hypothesize that the Rwanda-Congo struggle is the latest chapter in Uganda's push for a greater regional market. Indeed, the French government has consistently accused Uganda of fermenting rebellion in the region. This charge was first made in 1990 after the formation of the rebel Rwanda Patriotic Front (RPF), an offshoot of the NRM-A that took control of Rwanda in 1994, after a four-year civil war. More recently, Uganda's involvement and conflict with Rwanda in the Congo seemingly confirm the dominant view of Uganda's machinations in the region.

There is, of course, a fracophone/anglophone tension that underpins many of the conflicts, and Uganda appears to enjoy the tacit approval of Western donors (mainly Britain and the USA) in the spread of "Anglo" hegemony into the rich territory further west of its borders. Indeed, reports of arms flows to and through Uganda (especially from the USA) lend further credence to this contention, whether or not the allegations are true, they have a profound effect on internal Ugandan politics, enabling military insurgents to find willing supporters for their campaigns against the NRM-A regime. This keeps the NRM-A preoccupied with military issues and diverted from urgent social and economic concerns and less focused on policy or development. There is no denying the NRM-A government's significant changes, introduced in Uganda over the seventeen years. However, these changes belie the underlying national instability, the inherent regional tensions, and the mechanisms of governance distinct from the personality of Ugandan leaders. As a result, major doubts exist about the impact and policy sustainability of the World Bank and IMF approach to development in the country. Uganda today recalls the images of the early days of African independence, when the "founding leaders", such as Obote, Nyerere, Nkrumah, and Kenyatta, enjoyed a legitimacy derived from their participation in the struggle for liberation from colonial hegemony. But these same leaders were unable to envisage a system independent of their own participation in and domination over it. The success of the Ugandan social, economic and political experiment will be sealed only if it can extricate itself from reliance on a single individual and escape the travails of all systems that have disintegrated into single-person hegemony. To achieve enduring socio-economic change, Uganda must reignite the 1986 NRM-A spirit of "fundamental change."

4. 7 Conclusion

There are undoubtedly many political, economic, ecological and social problems in Uganda, but the way in which one regards these problems is much influenced by ideology. However, most people would agree with Richards (1969) that Uganda was culturally very diverse prior to the establishment of regular and direct contact with the outside world during the 19th century. There was a great diversity of political and economic systems, and the people spoke more than thirty languages belonging to no fewer than four major language groups. Various institutions and new ideas were introduced into Uganda during the period of British colonial rule that ended in 1962, and it was widely hoped that some of these would form the basis for national unity after independence. However, some of the new institutions have proved fragile, and there are also the complications of new social divisions based on imported faiths as well as a variety of political ideologies.

The country is geographically very diverse and complex, and the role of the World Bank and IMF funded development policies in relation to the local social, economic and political environments need a lot of thought by the parties concerned. Conventional development is one of those practices introduced by the British, and development as practiced in Uganda, is an applied discourse, representing a body of ideas and techniques quite different from anything that existed in Uganda prior to its contact with Western influence. Few would disagree with the statement that a bright social, economic future is impossible in Uganda unless development organizations, agencies and institutions dealing with local geographies and livelihoods are locally informed. Unfortunately, recent social, economic and political developments have tended to reduce the capabilities of the local geographies and livelihoods, and much support is needed from both within and without the country to help reverse the downward trend.

Chapter Five: Central Plans, Decentralization and Poverty Reduction in Uganda

5. 1 Introduction: Economic Perspectives and Poverty Reduction Plans

The performance of Uganda's economy at the macro level has been described as impressive (World Bank, 2002; IMF, 2003). The economy grew 6.2 per cent in 2002/2003 (July-June), slightly above 5.9 per cent a year before. The solid growth has been accompanied by substantial poverty reduction..."lifting more than 4 million people from poverty (22 per cent of the population) in a decade" (World Bank, 2003). Real GDP growth since 1995 averaged 6.7 percent and was 6.6 percent in 2002, with a projected growth rate of 5.7 percent in 2003 (with agriculture as the most important sector of the economy and coffee being the most important export good). Real GDP growth was about 5 percent in 2002/2003, as adverse weather conditions limited growth in agricultural production. Sharp increases in the prices of food crops contributed to a rise in headline inflation over the same time period to just over 10 per cent, while the underlying inflation rate was more modest at 5.5 per cent. In recent months, headline inflation is said to have fallen to just over 7 per cent, while underlying inflation has remained stable (IMF, 2003). Inflation decreased from over 33 percent in 1990 to 2 percent in 2001. But, there is no room for complacency. These figures paint an up-beat picture of conditions in Uganda, but they stand in contradiction to the situation as otherwise revealed in the country. After several years of marked improvements, the incidence of poverty increased in recent years (from 34 per cent of the population in 1999/2000 to 38 per cent in 2002/2003). Income inequality also has increased and the Ugandan economic performance may thus be described as a tale of two economies, with excellent national growth and poverty numbers masking swaths of the economy that have not enjoyed the benefits.

As a basis for scrutinizing these results in the context of the World Bank Poverty Eradication Action Plan (PEAP), this chapter discusses the economic perspectives and poverty reduction, modernization of agriculture, privatization, civil service reform, decentralization as the major World Bank funded policies, and taxation in the absence of a trade policy in the PEAP. The chapter focuses also on the links between World Bank funded policy initiatives for poverty reduction at the national level and the micro-experiences of such policies at village and community levels.

The World Bank and other donors fully endorse Uganda's poverty reduction agenda defined in the Poverty Reduction Strategy Paper (PRSP), also called the Poverty Eradication Action Plan (first formulated in 1997), which was presented to the Bank and the International Monetary Fund boards in 2000, and since updated twice in 2001 and 2002 through a participatory process. The PEAP outlines the Government's strategic directions, and the World Bank's assistance to Uganda shares these directions and tries to align World Bank lending accordingly, as laid out in the Bank's Country Assistance Strategy (CAS). One of the key challenges in achieving sustainable improvements in poverty indicators derives from the still rising numbers of HIV/AIDS infections. Sustained efforts to combat the disease at the highest level of Government have resulted in a dramatic decline in the HIV/AIDS prevalence rate from approximately 18.5 percent in the early 1990s to 6 percent in 2002. The World Bank has been supporting Uganda's efforts in its fight against AIDS by committing close to $145 million for HIV/AIDS-related programmes (World Bank, 2002). Other key constraints in the implementation of the PRSP/PEAP reform programmes include a high dependence on primary commodities, as well as power shortages and risk perceptions (security issues, political transition, and governance) that constrain future development. As such, sustained implementation of the reform agenda, fiscal discipline, and continued efforts to fight corruption will be vital.

5. 2 Inequality and Poverty

The first thing to be said about the World Bank treatment of inequality in Uganda is that it is remarkable by its absence, given the immense importance of the inequality issues, as outlined earlier in Chapters Three and Four. Reinikka & Collier (1999) and WDR (1999, 2000, 2001) report that there was in Uganda of the 1980 and early 1990s growing regional polarization in political access, social polarization between rich and poor, and a strong awareness of increasing marginalisation among urban poor and the majority of rural dwellers. That awareness is hardly reflected in the World Bank analysis of the Ugandan situation.

In the main body of both the Poverty Eradication Action Plan (PEAP) and Plan for the Modernization of Agriculture (PMA), poverty estimates are compiled using the assumption of an unchanged income distribution. Only in the technical annexes do we find alternative scenarios based on what the documents concede is the 'high likelihood that income distribution had worsened between 1986 and 1997 due to frequent localized famines and the effects of the civil war. This happened as households facing a crisis sold (sic) assets to tackle the immediate problem and were forced to start the next period with less assets and less income earning potential. These effects combined with the overall downward economic trend to increase inequality (Reinikka & Collier, 1999: World Bank, 1992). Two aspects are particularly noteworthy. First, given the likelihood of worsening income distribution, why is it that, in the PEAP and PMA, the estimates of poverty, since 1985, are based on the assumption that income distribution remained constant? The choice made is not unimportant: the scenario based on a worsened income distribution suggests (not surprisingly) that the depth of poverty is greater than in the no change scenario, and that the resources required for tackling it are also greater. Second, a worsening income distribution, insofar as it is adverted to at all, is seen as due to famine and civil war; it is portrayed as an almost natural process, occurring inevitably in times of crisis. There is no mention of agency on the part of the buyers (as opposed to sellers), no mention of who is buying up distress sale assets. Worsening inequality is thus downplayed as a cause of poverty and naturalized.

The causes of poverty, in Uganda, are located in factors other than worsening inequality. Some reference is made to the inequality effects of an educational policy skewed towards tertiary level, and of trade and exchange rate policies; there is also some discussion of whether a more equitable distribution of land – holdings might improve agricultural productivity. But no systematic links are drawn between such policies (as other economic trends), and the observed increase in poverty. Instead the causes of poverty are located in 'distorted economic policies', and other government policies (mostly to do with regulation of the economy and society in general, rather than the promotion of inequality in particular), which are seen as prejudicial to employment-generating economic growth. Other causes of poverty identified are rapid population growth, environmental degradation, and constraints to urbanisation, land tenure problems, and low levels of human resource development (literacy, health, education, etc.). Of these, the identification of the land tenure issue might appear to open up some scope for a discussion of growing inequality, especially in view of the recognition of the relatively greater productivity of small farmers. But, in fact, the problem is discussed exclusively in terms of the absence of a formal market in land acting as a brake on agricultural development...the government needed to 'improve land tenure to clearly define property rights and reduce transaction costs.

This suggested reform of tenure provisions that would almost certainly have accelerated the trend towards inequality in land ownership, and control is but one of the key elements identified as necessary to reduce poverty. The other include: macroeconomic policies, support for family planning services, the creation of a 'business friendly' legal and regulatory system, maintenance and promotion of infrastructure and human resources, and environmental protection. However, while it is not possible to separate the causes of poverty in Uganda, the World Bank emphasis on the population problem as one of the main forces driving the rapid increase in poverty in the country appears problematic. Worsening inequality has been probably a more significant contributor to nutritional poverty than has population growth. But measures to combat inequality (as opposed to population growth) do not loom large on the World Bank menu of policy recommendations to deal with poverty. In summary, to return to the opening section of this chapter, the very real difference that exist between different areas, classes and social groups, in fact, and the extent to which these differences have been growing, did not form any significant part of the World Bank's discourse towards Uganda, even when it was obvious that such differences bore responsibility for increases in poverty, the reduction of which is supposedly a key priority for the World Bank.

5. 3 The Poverty Eradication Action Plan

Uganda's macro-economic policy since 1986 has focused on market development and export-led growth. Key macro-economic issues have been the maintenance of macro-economic stability, price stabilization and shifting from non-traded to traded goods. Under those policies there has been a substantial shift away from subsistence agriculture (around 35 percent of GDP in 1985 to around 20 percent in 1999) towards marketable agriculture (Moyini, 2001). This has been combined with efforts to improve domestic tax revenues (only 7 percent of GDP in 1996) and to increase the share of government expenditure on basic services. In an effort to combine these policies into a coherent national development strategy, Uganda was one of the first low-income countries to prepare a comprehensive and participatory national strategy for poverty reduction, through the formulation of the first Poverty Eradication Action Plan (PEAP) in 1996-97. The PEAP aimed to refocus and redirect government policy towards the eradication of poverty, and to spell out a high level political commitment to this end.

First developed in 1997 through a wide consultation involving ministries, donors and NGOs, the PEAP is the central policy document of the government of Uganda and provides a framework within which the government's planning efforts are conducted. The vision spelled out in this plan is to create a modern economy in which all can participate in economic growth and to reduce the incidence of poverty in the country to less than 10 percent by the year 2017 (Ministry of Finance, 2000). As suggested by Christian Aid (2003: 14); and MFPED (1998) four major goals for this plan were defined as:

1. Creating an enabling environment for fast and sustainable economic growth and structural transformation, which includes the modernization of agriculture and the development of industries that build on demand and supply linkages from agriculture.
2. Ensuring security in the country and strengthening good governance through increased transparency and accountability. This includes reforming the commercial and criminal justice system. Armed conflicts have been a decisive factor of impoverishment, and the internally displaced population in Uganda was estimated at 622,000 in 1999.
3. Directly increasing the ability of the poor to raise their incomes, by participating in the economic growth, by expanding smallholder agriculture and by expanding employment in industry and services.
4. Directly increasing the quality of the life of the poor as participatory analyses have shown that the non-material aspects of poverty such as insecurity, illness, isolation and disempowerment are as important to the poor as low income. Government expenditure targets primary education, primary health care and access to safe water and sanitation.

These principles have guided the formulation of sectoral plans (sector-wide approaches) such as a ten-year road sector development programme, an education strategic investment plan, a health sector plan, and a plan for the modernization of agriculture. These principles also set the framework for the preparation of district development plans, by local authorities, responsible for determining the implementation plan for sector programmes, based on local priorities. In all sectors the following principles apply:

- The public sector's place is to intervene in areas where markets function poorly or would produce very inequitable outcomes without public sector intervention.
- Where the public sector intervenes, it should use cost-effective methods of service delivery, including the use of NGOs where appropriate.
- Poverty eradication is a partnership and should involve very close collaboration between government's efforts and those of its partners (donor agencies, NGOs).
- All government policies should reflect considerations of income distribution, gender, children's rights and the environmental effects.
- Each area of public action will formulate desired outcomes, and design inputs and outputs to promote them (MFPED, 1998).

Following the PEAP, a number of sector plans have been developed aimed at operationalization the key concepts of the plan, including the Plan for the Modernization of Agriculture (PMA). The ongoing decentralization process under the 1997 Local Government Act, is also an important component of the operationalization of the PEAP, with district development plans forming another level in the hierarchy of plans for achieving the PEAP goals (Bosworth, 2002).

The planning process is an iterative one, in which both the PEAP and the PMA provide broad strategic frameworks and directions rather than specific actions. However, although the focus of the PMA is agricultural development, its content is that of a wide-ranging strategy for rural development, incorporating a more holistic 'livelihoods' based approach. For the PMA, land reform is an important factor for two reasons. It is to provide opportunities for the resource poor to access land via redistribution, resettlement, or rental and lease markets, and it is to increase and sustain the productivity of land currently under agricultural use. Thus, both the PEAP and PMA focus on the need for land redistribution and the provision of opportunities for access to the resource poor, a feature that has scarcely been on the World Bank and IMF agenda of the reform process to date.

5. 4 Plan for Modernization of agriculture

While the PEAP has poverty reduction as an overriding goal, the Plan for the Modernization of Agriculture (PMA) is often seen as being pre-occupied, in particular, with bringing poor Ugandans into the monetary economy. The following discussion is drawn from official documents reviewed (March/April 2003) and indicates the extent to which the PMA adheres to fundamental IMF and World Bank prescriptions. As pointed out by Agola Simon, the director in charge of PMA in the ministry of agriculture (March 2003), the main objective of the PMA is poverty eradication through agricultural transformation. The PMA posits three categories of farmers: subsistence farmers (the majority), semi-commercial farmers and commercial farmers. PMA interventions are intended to benefit all three categories, but most of the public resources will be spent on interventions that directly benefit the subsistence farmers (MAAIF, 2000; MFPED, 2002).

The PMA seeks to re-orient subsistence farmers from producing predominantly for household consumption, to producing for the market. The farmers must be commercially oriented. The goal is to increase the share of marketed output without increasing vulnerability to food insecurity. Transforming subsistence farmers is at the centre of the PMA. According to the director, agricultural transformation in Uganda will lead to "poverty eradication through, a profitable, competitive, sustainable and dynamic agricultural and agro-industrial sector"(Interview, 23 March 2003). Achieving this vision will depend on two related processes: transforming the subsistence farmer, and transforming the agricultural sector in general. The transformed subsistence farmer, it is envisaged, he believes, is one that :

- is producing and selling more to the market without compromising household food security;
- has access to information on market prices and is well linked to both product and input markets;
- lives on a well-planned and managed farm, has record keeping skills and is willing to adopt new proven technologies;
- manages farm activities in a manner that does not degrade the environment.

Transformation of the subsistence farmer, together with the macroeconomic and sectoral policies, the institutional reforms and adjustments, and the PMA interventions will result in an agricultural sector that is:

- competitive (with lower per unit cost of production, processing and marketing);
- transformed (using high-yielding, disease- and pest-resistant planting materials, fertilisers, pesticide, and high-yielding livestock and poultry breeds);

- diversified (producing high-value commodities and higher income-elasticity of demand commodities especially fruits, vegetables, fish and livestock products);
- export oriented (with increased trade in traditional cereals into regional markets and food contracts; and increased traditional exports of coffee, tea, cotton and tobacco, but in value-added forms rather than as raw materials);
- less vulnerable to food insecurity by balancing the supply and demand side of the food security equation;
- effectively utilising resources such as land, water and forests in a sustainable manner for both the present and future generations.

The PMA is a poverty-focused strategy whose main objectives are to:

- increase incomes and improve the quality of life of poor subsistence farmers through increased productivity and increased share of marketed production;
- improve household food security through the market rather than emphasising self sufficiency;
- provide gainful employment through the secondary benefits of PMA implementation such as agro-processing factories and services;
- promote sustainable use and management of natural resources by developing a land use and management policy and promotion of environmentally friendly technologies.

The Mission: In order to achieve the vision and its objectives, the mission of the PMA is eradicating poverty by "transforming subsistence agriculture to commercial agriculture". This mission derives from the PMA's goal of poverty eradication through agricultural transformation and sustainable natural resource-based livelihood. Improving the welfare of poor subsistence farmers will require that they re-orient their production towards the market. More of their production must be marketed to enable them to earn higher incomes. In a broad sense, achieving the vision is intended to engender maintaining prudent macroeconomic and sectoral policies, undertaking the institutional reforms and adjustments, and implementing the interventions. As pointed out by the director of agricultural modernization, Mr. Agola Simon (March 2003), the broad strategies for achieving the PMA objectives are to:

- deepen decentralization for efficient service delivery.
- reduce public sector activities and promote the private sector's role.
- support the dissemination and adoption of productivity-enhancing technologies.

- address food security through the market, rather than emphasising self-sufficiency.
- enhance and strengthen stakeholder participation.
- design and implement gender balanced programmes.

The main target beneficiaries of the PMA interventions are the subsistence farmers who constitute the majority of the poor in rural areas. However, in actual fact, the PMA will benefit all categories of farmers in Uganda, namely: subsistence farmers (the majority), semi-commercial farmers, and commercial farmers. Nonetheless it is important to differentiate between the interventions that will benefit all the categories and those that will specifically be targeted to the subsistence farmers. All farmer categories will benefit from an enabling environment (stable macro-economic policy, good governance, accountability, security of person and property, infrastructure, efficient financial sector, legal and regulatory framework) and agricultural research.

However, the very nature of subsistence farmers and their attendant constraints makes them a special category and most of the public resources will be allocated to interventions that directly reach them to enhance capital assets and improve their livelihoods. These interventions include agricultural advisory services to transfer technology and skills, agricultural education to enhance human capital, access to markets for both inputs and outputs, and capacity building for rural micro-finance institutions All these interventions are intended to build on and expand the capital assets of the poor for better livelihoods.

5. 5 The PMA and Problems on the Ground

The above summary of the PMA reveals a plan that clearly reflects the thinking of the IMF and the World Bank. Personal experience through interviews and consultations with local people and officials, conducted in 2001 and 2003, suggest that this sort of plan faces severe constraints that are likely to severely mitigate its chances of success and may indeed result in its having deleterious consequences on Ugandan society. These constraints to increased production vary with location and with livelihood. In general, they include the following:

Lack of sufficient food: Local people relate poor diet to susceptibility to disease and the inability to work.

Lack of land and soil infertility: Production is constrained by shortages of land, for example in the southwest, due to fragmentation, small holdings, population pressure and forced sale of land to meet necessities. In addition, declining soil fertility, overuse of small plots, poor methods, and erosion and drought conditions are contributory factors. Local people recommend sensitization on proper land management techniques, and demarcation of plots with title deeds to avoid disputes.

Lack of nearby water sources: Lack of nearby water sources and pastures necessitates migration of cattle herds in search of water and pasture in the dry season. This is particularly striking in Karamoja, Teso and Ankole where transhumance is associated with cattle raiding in neighbouring areas. Local people recommend windmill (re-) installation, community maintenance of water sources, and construction of nearby, strategically located dams.

Unavailability of inputs: Poor farmers and fishermen reported limited access to inputs, such as implements (hoes, ploughs, nets and boats), fertilisers, pesticides, spraying equipment, animal drugs, high yield and resistant seeds, improved breeds, and a variety of improved plant cuttings and seeds. Barriers to access and utilization include cost; theft; unavailability in nearby markets; poor quality; and lack of advice. Poor farmers recommend sensitization of farmers, introduction of local supply programmes, encouragement of local stockists to operate closer to the community, rehabilitation of communal equipment (e.g. cattle dips), and reintroduction of the Tractor Hire Service.

Pests and disease: The loss of 35 to 40 percent of crops to disease and pests severely limits productivity of both food and cash crops – cassava, coffee, banana, tobacco, groundnuts and cowpeas. Livestock diseases, particularly of cattle, and waterweed limiting the fish catch were also raised. Poor farmers are unable to cope with diseases and pests because of a lack of money, limited availability of drugs and pesticides, lack of or misguided advice, conflict with Government regulations and officers, and corrupt fisheries officers. Poor farmers recommend that district staff and wildlife officials collaborate to control pests such as monkeys, extension advice on control, and supply of resistant seeds, plant cuttings and improved breeds.

Lack of skills and knowledge: Many communities blamed low productivity on lack of information, knowledge and skills concerning better methods of food and income-generation (crop production, animal husbandry, fishing methods and alternatives), soil conservation, pest and disease control, marketing opportunities, prices, processing and pertinent government policies and regulations. Poor farmers blamed this on limited, poor quality extension services, some of which they say were better in the past. Poor farmers complained that agricultural officers are rarely seen in the community, and the cost and quality of service of veterinary extension workers are of concern.

Lack of capital and access to credit: Lack of capital, limited financial management skills, and failure to access financial services due to a concentration of credit facilities in urban centres unfavourable borrowing terms particularly high interest and short, ill-timed repayment schedules. Farmers stated that they need funds to tide them over times of seasonal hardship, to purchase new inputs, and to start new income generation ventures. Further, public credit delivery, such as "*Entandikwa*", was seen to have failed during implementation. Women reported that small-scale informal credit for household items and service delivery fees is available to them through revolving savings groups in some communities. Poor farmers recommend credit in kind, as well as cash; user friendly terms to suit their mode of livelihood; youth schemes; channels of distribution outside of Government.

Market problems: Serious constraints exist to successful marketing, realization of profits and thereby affordability of basic livelihood assets. Low and fluctuating prices minimize profits as a result of local poverty, seasonal over-supplies, farmers need to raise cash, and perceived exploitation by middlemen or large processing companies. In many districts, ready markets are not available for the sale of produce and purchase of inputs, and markets lack sufficient communal storage facilities. High market dues for produce sales in general, licenses for fisherfolk and traders, and livestock slaughter fees, relative to low incomes, are said to eat into market profits. The market tendering system was seen by poor farmers as corrupt and exploitative. Although both men and women are involved in marketing, women may have limited access to the profit. Further, women appear to be most affected by inadequate market facilities, such as sanitation or shelter.

Poor roads and transport networks: Lack of all-weather roads hinders community development. A poor road network not only means that poor farmers cannot reach health care facilities, schools, and markets, but that services, such as security bodies and suppliers, cannot reach the community. Of equal importance, lack of transport isolates communities and also contributes to poverty.

Insecurity and agricultural production: Insecurity conditions limit work in distant fields in Northern Uganda, particularly for women. The security situation limits commodity availability prohibits sale of cash crops to external markets due to insecure transport routes, and creates difficulties for extension services reaching communities. Fear of theft also limits storage of produce and encourages untimely sale at seasonal low prices.

Loss of oxen: Cattle rustling is also a serious problem in the north and east of the country. People are robbed of their savings, in the form of cattle, and their plough animals. Failure to plough has restricted the acreage of the land under cultivation and therefore production, especially in the Teso districts where much cultivation is now restricted to the hand-hoe. Poor farmers recommend restocking and improved security against cattle raiding.

Broad governance constraints: Constraints to good governance also limit poor farmers' ability to move out of poverty. Factors include corruption, lack of accountability and transparency, poor delivery of basic services, and weak leadership. In addition, although insecurity has specific effects on production and marketing, as mentioned above, general peace and security are seen as pre-requisites for development and poverty eradication.

Behind these complaints lies a deep-rooted feeling of lack of consultation of farmers by governmental and non-governmental bodies concerning their needs and priorities in the implementation and monitoring of policies and programmes. This, say farmers, inhibits development and leads to the failure of programmes intended to benefit them. Poor farmers complain of lack of information, particularly regarding marketing, policies, laws, credit availability, and development plans. While it is insufficient to conclude that raising farm output would help the poor the most, it has to be borne in mind that the poor also have the least access to land, and thus efforts directed at raising food crop yields will tend to benefit the already well-off even more than it does the poor (Adams & He, 1995). It is clear that becoming less reliant on agriculture, in Uganda, is part of the process of becoming better off (Barrett, Reardon & Welsh, 2001; Berdeque & Escobar, 2001).

5. 6 Privatization

Since the privatization reforms were introduced in 1992, the index of industrial production, which covers 200 enterprises, has grown on average by over 16 percent per year between 1988 and 1995. However, outdated plant equipment, and shortage of spare parts and capital have hampered recovery. As a result of being a landlocked country, transportation costs amount to 40 percent of export earnings (Oxfam, 1997). As with agriculture, the government has attempted to foster industrial efficiency through deregulation, privatization and trade liberalization. Export processing zones (EPZs) have been set up to stimulate industrialization, with exemption from import/export duties on raw materials, machinery and finished goods. The government granted producers in these zones the right to sell up to 20 percent of their products in the local market. The EPZs will enable foreign investors to use Uganda as a springboard to access other regional markets (WTO, 1996). Little of this, however, was implemented, and the picture today remains patchy. In addition, under the Investment Code introduced in 1991, the Uganda Investment Authority (UIA) may grant investment incentives conditional upon the use of local inputs or export performance. As an additional incentive, foreign firms are exempt from import and sales tax. Moreover, sectoral preferences have been allocated for foreign investment in designated priority areas to channel foreign direct investment into selected sectors of the economy.

In 1992, Uganda set about privatizing some 142 public enterprises, and the World Bank estimated that the process would bring in $500 million, pointing out that the government was paying $200 million annually in the form of subsidies to state businesses (*The East African*, 12 December 1998; 14 June 1999; *African News*, 29 March 1999). In 1998, however, twice Uganda's Parliament twice halted the process because, according to the chair of a parliamentary select committee, Tom Omongole, it had been "derailed by corruption" (Interviewed March 2003). At the end of 1998 the government bank account established to hold the proceeds from privatization was empty (Oxfam, 2002). A World Bank mission sent to Uganda reported "widespread accusations of non-transparency, insider dealings and corruption", which was uncovered in 12 contracts, with one researcher estimating that 20 percent of privatization had serious corruption problems. The most common allegations were of undervaluing, lack of open and transparent bidding process, and non-payment by the buyer. In June 1998, for instance, purchasers of privatized companies still owed the government $14 million. It has also been claimed that funds from privatization were used for political purposes. According to the current head of the Privatization Unit, Emmanuel Nyirinkindi, the World Bank and IMF should take some responsibility for the problems. The World Bank consultant advised against the privatization of Uganda Commercial Bank, as did the Ugandan Parliament, but the World Bank insisted that the government go ahead with the sale. Then, "when it went sour", the World Bank "disappeared off the radar screen" (Public Service Review, 2002: 26). The World Bank and IMF response to these problems has been to call for greater concentration of authority in the hands of the President, thus decreasing accountability for new privatization guidelines. While many of the new rules are sensible, one of them holds that contracts should go to the highest bidder, a course that breaks World Bank procurement guidelines that contracts should be awarded "to the lowest evaluated and responsive bidder" (Reuter News Agency , 1999 quoted in Oxfam, 2002:24).

5. 7 Civil Service Reform

According to Professor Tulyamuhika, a local consultant who has worked on civil service reform since the early 1980s (quoted in Oxfam, 2002: 27) and Christian Aid, 2002: 12), the World Bank and IMF have pushed too fast for major changes in the Ugandan civil service. Under structural adjustment, Uganda was supposed to reduce its civil service to one eighth of its original size, from 320,000 people to 55,000, between 1995 and 1997. In 1998, the Uganda Government was required to undertake further large-scale civil service reforms, including layoffs and merging of ministries within six months. Tulyamuhika relates how the IMF once "rang the Ministry of Public Service from Washington and asked how much they could reduce the wage bill." According to Chris Burges, a UK funded technical adviser to the Ministry, the IMF never provided a satisfactory explanation for how it arrived at its benchmark for civil service reduction. The reform, which until 1999 mainly meant "downsizing", has been so fast that the government has been unable to pay retrenchment packages on time. In 1998, the backlog amounted to $7.9 million, and the speed of reform has also created difficulties in finding resources. Many ministries remain worried about the "high level of vacancies, which have not been filled because of resources constraints." In one village in late 1999, three teachers were teaching 800 students, and had not been paid for over a year (Reuter, 13 May 1999).

While Uganda has raised civil servants' salaries, it has done so unevenly, benefiting those at the top rather than at the bottom. For example, Permanent Secretaries received increases of 43,464 percent while for primary teachers it was quite negligible as it went up just 930 percent (Oxfam, 2002). This is in line with World Bank and IMF advice to increase wage differentials to "increase incentives." Some disgruntled retrenched civil servants have been provoked into joining opposition and guerrilla groups. Also, cuts in the civil service are seen as having increased incentives for asset stripping and bribing as insecure staff try to assure themselves of a better future. There is no question that reforms in Uganda would be strengthened if there was more visible evidence that leading international organizations and Western governments were even handed in the anti-corruption campaigns, attacking the bribe givers with just as much force and fury as they now use to attack the bribe takers.

5. 8 Decentralization Policy

The World Bank, IMF and other donors in Uganda have actively promoted decentralization policy in which special emphasis has been placed on the land sector as an instrument for strengthening and deepening the decentralization process. Decentralization in Uganda is based on a four-tier structure of elected government, the most significant being at district and sub-county levels, with fiscal decentralization being critical to its success. However, the capacity of districts to raise resources through the existing taxation structure, based on fees and licenses and on the regressive personal graduated taxation, is limited, as we shall see below. The land sector strategic plans link improvements in land administration and management to the potential to increase local government revenues and, therefore, contribute to empowering communities to make choices concerning improvements in land management in their areas, by shifting the focus of decision-making away from individuals to local elected bodies. While offering the prospects of increased political participation, the process has created new problems in public spending and financial accountability (World Bank, 2003).

Since early 2000, there have been renewed efforts to place land issues within the framework for national poverty reduction and strategies (World Bank, 2003). The sector plan, developed in September 2000, mapped out new strategies for addressing the difficulties highlighted by the 1999 Land Tenure Act (LTA), as anchored firmly within macro-economic imperatives including the available resource envelope (Uganda, 1999). The key issues for the sector plan were developing:

- a workable strategy for demarcation and certification of customary land and occupation rights;
- an affordable and realistic means of providing decentralized land services;
- an affordable structure for resolution of land disputes; and
- a strategy for utilizing the land Fund to address the most pressing environmental and social problems (Uganda, 2002:16).

Two key areas of disagreement were outstanding, that of the strategy for decentralization of land services, and that of overall co.ordination and civil society participation.

Local governments have acquired important new powers under recent World Bank and IMF reforms. They now receive from central government a block of grants that includes funds for education, with the amount determined by a formula designed to match need (the greatest weight attached to child malnutrition and the size of school population) with resources. The problem is that the district authorities do not order their spending priorities in the same way as the central government. Recent research (Oxfam, 2002) suggests that as little as one third of the funds for tuition allocated by the central government actually reach schools. In some of the cases, this is because local authorities have prioritized other spending areas, such as rural feeder roads, which may have important benefits for the poor. More commonly, the funds are diverted into allowances for local politicians and education officials (Oxfam, 2002: 32). Such practices suggest that the devolution of political authority has taken place before effective budget accountability has been established, and without parallel measures to ensure genuine local participation in decision-making and policy implementation. According to the Director of Local Authorities Association in Uganda, Sebastian Ocheng (Interviewed on 23 March and 5 April 2003), the objectives of decentralization policies can be summarized as follows:

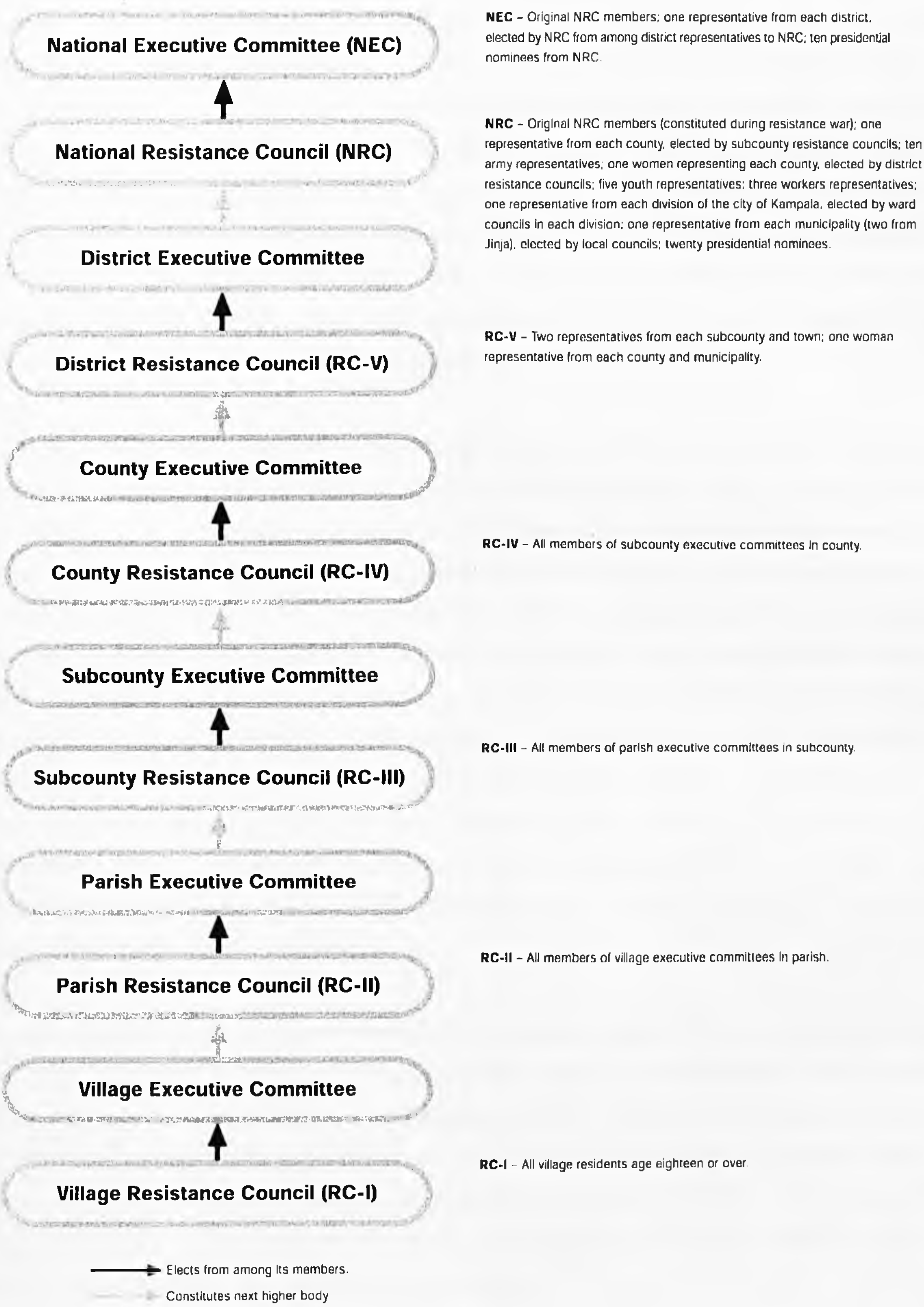
- Linking programmes to the wider policy context of rural development; linking research on natural resources management with to resources diversification; supporting market linkages and production groups; developing a mix of area/beneficiary targeting in programmes; more attention to the role of shared natural resources in local livelihood strategies.

- Classifying relationships between programmes to support moves towards further fiscal decentralization; logistical support for institution building among local user groups.
- Supporting the empowerment of village councils; identifying and eradicating district level bottlenecks in programme delivery; closer attention to the content of local natural resources related demands and support for the political expression
- Support non-state agents and alliances such as networked people movements, federations to engender contest at various levels. Judicial remedies such as public interest litigation; advocacy and awareness raising of local rights; supporting explicit negotiation over natural resources management
- Focus on poverty reduction; improved natural resources–based livelihoods of women and female-headed households; increased protection of the environment
- Increase process of decentralization through local government autonomy; definition of responsibility, monitoring and evaluation; reduction of corruption; increased efficiency and effectiveness.

Shortly after its accession to power in 1986, the NRM-A government of President Museveni significantly altered local administration by introducing elected resistance councils (RCs) in villages, parishes, sub-counties, and districts throughout the country. The original RCs had been created during the early 1980s to support the NRA during its guerrilla war. But after 1986, the introduction of these new assemblies sharply curtailed the power of the chiefs and provided an indirect channel for popular influence at district level and above. Creation of the RCs (Manifesto for the NRM-A when still fighting the bush war of 1980-1986) was in response to the first point of the Ten-Point Programme, which insisted on democracy at all levels of government. In no other respect during the first four years did the NRM-A government achieve as much progress in implementing the political programme it had adopted before taking power.

The case of decentralization, in Uganda, represents a World Bank funded policy in which the government of President Museveni has found itself changing tack on a number of occasions. By September 1987, the National Revolutionary Council (NRC) had established both district administrations and a hierarchy of RCs (Figure 5.1). All adults automatically became members of their village resistance council, known as a RC-1, and came together to elect a nine person resistance committee, which administered the affairs of the village. An RC was given the right to remove any of its elected resistance committee officers who broke the law or lost the confidence of two-thirds of the council. The nine officials on the resistance committee elected by the RC-1 joined with all other village resistance committees to form the parish resistance council, the RC-2, and elected the nine officials who formed the parish resistance committee.

Figure 5.1: Structure of Local Administration in Uganda



Source: Composed from Kampala Urban Study, Final Report, Part 111, Action Programmes. John van Nostrand Associates Limited, September 1994, Appendix 12, p. 10.

The members of this committee assembled with other parish committee members in the sub-county to form the sub-county resistance council (RC-3) and elected the nine officials who formed the sub-county resistance committee. County resistance councils (RC-4) were established in the statute but functioned intermittently as governing bodies, principally for election purposes. The district resistance council (RC-5) contained two representatives elected from each RC-3 and one representative for women elected from each RC-4. At all RC levels, heads of government departments serving that council, including chiefs, were made *ex officio* members of their respective RC-3 but without the right to vote. In 1989 the NRC determined that each RC-3 would choose one representative for the NRC, and each district resistance council (RC-5) would choose a woman as its representative on the NRC.

Thus, as observed by the RC members in the Bujagali Hydropower Project area direct RC elections and popular recall existed at the village level only (field interviews, March-April 2003). The term of each RC was two years, and the RC could be suspended by the Minister of Local Government for disrupting public security, engaging in smuggling, or diverting commodities to its members' private use. However, the NRC was given the power to overrule the minister. The NRC also replaced the DC with a new official, the district administrator (DA), appointed by the President as the political head of the district. In addition to providing political direction to the district, the DAs were responsible for overseeing the implementation of central government policy, chairing the security and development committees, and organizing RCs. Providing political direction included organizing courses in political education for officials and ordinary citizens. A second new post, that of the district executive secretary (DES) was filled by formers DCs. The DES was required to supervise all government departments in the district, integrate district and central administration, supervise the implementation of district resistance council policies, and serve as the accounting officer for the district.

The formal change from the officially neutral DC to the explicitly political DA suggests the importance that the NRM-A government placed on political education in order to gain support for basic political and economic reforms. The addition of a new bureaucratic level of assistant district administrators, with responsibilities for administration at the county and subcounty levels, and reporting through the DA to the president, entrenched the power of central government at the expense of the RCs. The creation of this position further reduced the direct popular control that was contemplated in the Ten-Point Programme and that had been enthusiastically supported by NRM-A officials.

In the 1990s the exact duties of the RCs and their relation to the chiefs had not been fully determined. The purpose of RCs during the guerrilla war had been far easier to establish before the NRM-A took power. In addition, continuing civil war and the sheer effort of electing RCs in every village, sub-county, and district drew attention away from the business of the RCs. RCs were new to Uganda and it took people time to understand how to make use of them (Okelo-Onyango, 1997: 18). In 1987 the NRC had given the RCs power "to identify local problems and find solutions." During times of shortages of basic commodities, such as sugar in June 1986, the RCs were effectively used as distribution centers.

But because RC officials below the district level received no compensation, they were reluctant to give too much time to managing local affairs. In addition, the position of the chiefs remained ambiguous, as they still reported to the Minister of Local Government. Many chiefs were uncertain how much power they had under the new system, or even whom to obey when the Ministry of Local Government and the RCs disagreed over the proper course of action to take. In 1986, one could discern hints of a Marxist or Maoist tendency in the NRM-A's political programmes. From the visions of state-owned public enterprises, the rhetoric of the NRM-A "Commissars" and the RC concept itself, the NRM-A projected itself as a group that was sympathetic to socialist principles. Indeed, long stints in socialist Tanzania and Mozambique by the NRM-A leadership, and an initial rejection of the World Bank and IMF prescriptions for economic recovery led many to believe that the NRM-A would pursue socialist, or at least mixed-economy policies, but the rhetorical commitment to some form of socialist consciousness disappeared. The NRM-A quickly became a "market-reformed" Marxist organization as it vigorously adopted the World Bank and IMF free market gospel of modernization, and today is one of its most ardent and articulate proponents. Thus empowerment in the good governance parlance signals merely that people should 'pull their weight' and make development projects more cost-efficient, and again the near fusion of democracy and economic liberalism in the good governance becomes apparent.

5. 9 Local Institutions and the Taxation Regime

It is evident that local communities have no power of veto over the tax system as it is implemented in Uganda. The power of the LC1 chair, the only elected representative over whom the villagers do have a veto, is unlikely to have any influence on taxation procedures or process at district level since the powers of that office extend little beyond the village. Taxation is singled out here as a critical policy issue not just because it illustrates potential flaws in local governance under privatisation, poverty reduction, decentralisation and modernisation of agriculture, but because it embodies the more substantial and pervasive issues for poverty reduction; of whether or not an enabling environment for poor people to devise their own means to climb out of poverty is being put in place in Uganda. The argument is not about the legitimacy of the local taxation system to fund local services, but about the appropriate means of raising such revenue consistent with poverty reduction goals. The local tax regime now in place in

Uganda is disabling in character, and is likely to be more so in the future as it becomes more entrenched, and opportunities to exploit it for personal gains, by powerful insiders, become better established. The Ugandan local tax regime does not include tax breaks in order to attract investment, despite the attempt in the 1990s to introduce Export Processing Zones. Different rates of tax that exist in Uganda on every conceivable type of commodity transaction bear little relation to market prices and distort price signals to both poor producers and consumers. Business licenses (and related taxes) seem designed to act as a disincentive to start-up businesses, and, indeed, were attributed directly as the cause of the collapse of local fish selling enterprises in Budondo sub-county of Jinja district. To these considerations, applying to official tax rates, must be added the increased risk pervading all transactions and investments due to the predations of the private tax collectors (or tenderer, as they are called) with their inbuilt motivation to falsify accounts to local revenue for themselves, as much as possible, from all forms of monetised economic activity (Eliis & Bahiigwa, 2003).

In my field interviews with local residents, fishermen, tour operators, and local councillors in the Bujagali area (March and April 2003), local institutions were discussed in an attempt to assess whether they were seen as helpful or unhelpful, enabling or hindering people from gaining a better living. Some policy relevant patterns derived from the discussions suggest that traditional institutions are generally held in high esteem in Uganda, as pointed out by the village elders, chiefs and the *gabunga* (co-ordinator of fishing land sites) as well as the other local residents in the Bujagali area. Community groups are popular institutions in Ugandan villages, many of them based on regular savings or "membership fees" by participants, and rotating access to the fund thus created. A variety of different NGOs are also perceived as helpful institutions, and the interview discussion activities pointed to the beneficial impacts that NGO activities had in the case study area communities. However, the newly important and decentralised institutions like the LC1 and resistance committees (RCs) were generally perceived as unhelpful in most village field interview discussions. A number of government agencies including the agricultural research officers, extension agents and fisheries officers were identified in discussions I held in Bujagali as unhelpful, exhibiting varying degrees of disapproval within the villages. Also the various new tax collection institutions (Table 5.1) were viewed as the least helpful of all local institutions, with particularly serious issues raised about local taxation in Uganda. From these findings, long-standing local institutions that provide checks and balances at little or no cost to the individuals that utilize their services are widely favoured. So also are the newer community-based organisations that provide social mechanisms for members to undertake savings for stated purposes, and NGOs that make visible contributions to people's livelihoods (building schools, clinics, dispensaries, boreholes, or piped water).

Table 5. 1: Business, Trade and Community Taxes in Uganda

Category of Tax	Amount to Pay in Ush	Comment or Description
Business licenses		*Annual license fees paid to the subcounty chief or the parish tenderer*
shop	10, 000- 15, 000	annual license fees are often supplemented by varying charges on throughput, e.g., 200 per customer, per guest, per day
restaurant	8, 000 - 13, 000	for application and painting license no. on boats (to fisheries' dept)
bar	5000 - 11. 000	varies according to size of unit
butchery	11, 000 - 21, 000	plus 200/- per jerrican
lodging	20, 000	
fishing boat	10. 000	
fisheries dept level	4, 500	
fish smoking unit	5, 000 - 20, 000	
fish mongering	12, 000	
brewing Waragi	6, 000 - 15, 000	
Crop Taxes		*Collected by tenderer*
maize per 100 kg bag	500- 1, 000	varying rules on sales, purchase & market place taxes
millet per 100 kg bag	1,500 - 2, 000	
tomatoes per box	500	
trading in markets	200 - 500	market fees per day (small amounts)
trading not in markets	100 - 200	roadside petty trading per day
Livestock Taxes		*Collected by tenderer unless otherwise* specified
market taxes per cow	2, 000 - 3, 000	varying split, seller and buyer
slaughter tax per cow	1, 000 - 2, 000	levied on person slaughtering
movement letter	1, 000 - 2, 000	levied by LC1 chair
movement permit	3, 000	levied by veterinary officer
market taxes per goat	200 - 500	varying split, seller and buyer
slaughter per goat	500	levied on person slaughtering
movement letter	20 - 500	levied by LC1 chair
movement permit	1, 000	levied by veterinary officer
Fish Taxes		*Collected by tenderer unless otherwise specified*
(1) Formal		
fishermen per day	100 - 500	daily fishing tax, unrelated to catch
sales tax per bag	500 - 2, 000	tax on dried small fish (mukene)
market tax per bag	500 -1, 000	tax on dried small fish (mukene)
fish guard monthly	4, 000	paid by fish traders to fish guard for quality inspection
(2) Informal		
market officer levy per day	200 -500	traditional payment to market officer
fish guard daily	500	unofficial payment to fish guard

Source: Local Residents and Fishermen in the Bujagali Area, September-October 2002 and March/April 2003: Ellis and Bahiigwa: 2003: 17

Government agencies, whatever their purpose, did not feature in the facilitating institutions, and this sounds a cautionary note regarding the current and future credibility of those World Bank and IMF funded decentralized agencies and services that are in transition between central and local responsibility. Ugandans pay an array of taxes ranging from business, trade and commodity taxes, as well as graduated income tax, which raises additional considerations about appropriateness and collection methods. While the list in Table 5.1 is by no means complete, there is also variation in tax rates to be considered, as well as a sense of confusion and powerlessness experienced by many Ugandans over the arbitrary and capricious working of the tax system in practice (Muhumuza & Ehrhart, 2000; Ellis & Bahiigwa, 2003: 1008).

Essentially all monetary transactions in Uganda are taxable; all non-farm businesses require a license; and all trading of crops and livestock attract taxes and fees, some of which are multiple and cumulative in heir incidence on a single transaction. For example, a cow taken to the market will typically require or incur a letter of authorisation for movement (issued by LC1 and costing from Ush 200 up to Ush 500); a movement permit (issued by the sub-county veterinary officer, costing Ush 1,000); and tax collection by the parish tenderer (varying from Ush 200 to Ush 500), which may include an additional levy paid to the administrator of the market place in which the transaction takes place (a further possible Ush 200 to Ush 500).

Taxes in Uganda are collected by private individuals who have successfully tendered to the district council for the right to collect taxes in a particular parish or market place during a specified period (Livingtone and Charlton, 2001). In theory, the tender should be awarded to the individual offering the largest tax take payable to the council. Once the tender has been awarded, the individual is issued a receipt book and a list of permissible tax rates, and is free to collect as much tax as possible with the sole obligation of paying the agreed tender to the council at the end of the period. But the system abounds with the potential for malfeasance. Collusion between members of the district tender board and private collectors can result in low tax targets, and division of surpluses collected between the parties involved. Tenderers may or may not issue receipts to payees of taxes, or may levy a multiple of the coupon level of tax while only issuing a receipt for the authorised amount. The figures in Table 5.1 illustrate the complexity of the taxation regime that ordinary Ugandans confront. The ranges given for many of the individual taxes represent differences in official tax rates within and between districts, as well as confusion on the part of the tax payers due to differences between coupon rates of tax and actual taxes paid. Many activities and transactions are subject to multiple tax payments: for example, businesses must often comply with daily fees as well as annual licenses; sellers and traders may pay multiple instances of the same sales tax if they move commodities across the domains of several different parish or market tenderers. Two conclusions can tentatively be drawn about the tax system in Uganda, and they both engender paradoxes in the light of current reforms. In the first place, the taxation system appears to penalize engagement in commercial activities, whether in crop and livestock sales, trade or non-farm business (Ellis & Bahiigwa, 2003). Secondly, there is then an evident disjuncture between the declared goals of decentralization in the PEAP and PMA and the emerging local tax regime.

5. 10 Absence of Trade Policy in the PEAP

Trade exerts a powerful force on development and poverty reduction. Given the importance of trade, one would expect the effects of different trade policies to be thoroughly analyzed in the Poverty Eradication Action Plan (Hewitt and Gillson, 2003). This research finds that the current round of the PEAP in Uganda say very little about trade policy. More importantly, even where the PEAP do contain a discussion on trade, trade policy choices are not underpinned by a holistic analysis of poverty in the country. The PEAP fail to consider the impacts of trade on different groups of poor and vulnerable people. Effects are not disaggregated between consumers, producers and employees; between urban and rural populations, and by gender. Dimensions of poverty beyond income, risk and insecurity, access to services, and empowerment, are almost completely ignored.

This suggests that despite the rhetoric of the PEAP's trade policy is not determined in a participatory way that draws on the perspectives and aspirations of different groups of people in the country. In the absence of *ex ante* impact studies, there is also no means to believe that trade policy has been designed to maximize its contribution to poverty reduction. Christian Aid (2003) suggests that the way that trade and trade policy is currently treated in the PEAP is dangerous for several reasons. Although trade-poverty linkages are complex and are likely to vary between countries, the limited discussion of trade policy in the PEAP tends to use the simplistic language of *wholesale* and *rapid* liberalization. The World Bank Source Book (2003) chapter on trade appears to provide the blueprint (Ellis and Bahiigwa, 2003: 18). But donors and governments have failed to encourage a national debate on trade policy choices and trade-offs (Reinikka & Collier, 2001; Gariyo, 2001c).

The PEAP should also, by their very nature, consider the impacts of different trade policies on poverty, but this has not been happening. Despite this disjuncture between trade and poverty analysis, the World Bank and IMF continue to include 'conditionality' on trade policy reform in their loan agreements, and as argued by Christian Aid (2003), this practice should be discontinued for two reasons. First, trade policy reforms to which conditions are applied are not underpinned by a holistic understanding of poverty in the country making the analytic justification for this approach weak. Second, the use of conditions creates suspicion of undue influence and the misuse of lending programmes. Ultimately, it provides the transfer of "ownership" of the development agenda and the role of trade policy within it. But if the PEAP is to include trade policy, then this needs to be underpinned by a comprehensive analysis of poverty for different groups of poor people. It is thus suggested that the roles of the national government, civil service and donors, should include:

- The national government being responsible for analyzing, in depth, the impacts of various trade policy options on different groups of people, drawing especially on the perspectives of those representing poor people
- Civil society groups having a right to express their views on the purpose and design of trade policy, and also contribute, including through locally owned poverty social impact analysis, or *ex ante* analysis of different trade policy choices
- Donors being responsible for facilitating the shift in 'ownership' of the trade policy debate, through providing space for national debate and supporting locally owned analysis if requested by government and local groups; discontinuing the practice of trade policy 'conditionality.'

Equally, there is a slate of things foreign governments and institutions should do. These include being responsible for providing aid and reducing national constraints to improved trade, such as weak infrastructure, inadequate access to education and ill-health. They should commit themselves to covering the costs of adjustment borne especially by poor and vulnerable groups through trade policy reform; and they should abolish uncompetitive practices such as subsidies and dumping, and remove market access restrictions harmful to producers in poor countries. Finally, they should make good on their promises to extend special and different trade policies so that poor people can implement trade policies that put development needs first.

5. 11 Conclusion

Under the right institutional incentives and with clarity about who does what, sub-nantional authorities can be efficient providers and regulators of local services. But greater autonomy can also increase opportunistic behaviour and create moral hazard, resulting in costs that diminish accountability and the benefits of decentralization. Good design, sound management, and constant adaptation are needed to make decentralization work. There remains a tendency in these World Bank and IMF funded strategic policies to think about poverty reduction, not as things government should do, but as environments for personal initiative that governments should create. In the poor communities and areas, in Uganda, the PEAP and the PMA are unlikely to live up to their expectations if they follow this orthodox route, even if they are dressed up in the World Bank and IMF rhetoric of participation and empowerment. Without a policy rethink in this area, progress in poverty reduction and economic growth, in Uganda, beyond that already afforded by the pace of economic recovery seems likely to be uneven and very slow.

The policy inferences to be drawn from these findings require a changed perception both of the nature of the problems confronting poor families and communities in Uganda, and of the entry points by which these problems can be addressed and diminished in their effects. While there has been a move away from top-down prescriptive support to sectors or sub-sectors, there is now far too great a reliance on an idealised concept of participation and empowerment processes in communities to enforce decentralised good governance on the part of local councils, and effective service delivery by public agents at local levels. Rather than bringing the "voices of the poor" to decision-making at the local level, the signs are that decentralised local government merely recreates, at district and lower levels, the rent-seeking environment that characterises inadequately remunerated and under-funded public service jobs whenever they are located (Watt, Flanary & Theabold, 1999). In this context, the World Bank and IMF funded privatization, civil service reform, decentralized authority and modernised agriculture, become part of the problem of household and community poverty, not part of the solution.

The chapter has discussed the World Bank and IMF funded reform policies and projects in Uganda by use of reviews of related documents, field interviews with individuals and institutions, and site visits to highlight the failures and shortcomings of the World Bank approach to development within the policies and projects. Springing from the discussion, the next chapter focuses specifically on the Bujagali Hydropower Project case study to discuss the lack of regard for local geographies and livelihoods in the World Bank/IMF approach to development.

Chapter Six: Bujagali Hydropower Project – Context, Case and Ruling

6. 1 Introduction

During the 1990s, a new model of private ownership and unbundled utilities challenged the conventional wisdom about the electricity sector – public ownership and integrated utilities. Debates about the viability, applicability, and feasibility of market-led electricity reforms continue today. Nonetheless, at the turn of the new century, countries around the world are taking tentative steps toward this new approach (WRI, 2002). These shifts in the electricity sector have not occurred in isolation. The new model is part of a broader thrust toward the promotion of markets, a growing role for private capital, and global economic integration. These themes place electricity sector reforms squarely within larger processes of economic globalisation and the debates about its merits and costs.

At this point in the dissertation we move on to consider the case study of Bujagali Hydropower Project. The discussion of this case study is spread over three chapters, along the following lines. In this chapter, a number of background issues are introduced and discussed. These relate to the energy situation in Uganda today and to the background context for the hydropower project itself. Chapter Seven is focussed on the project itself. It examines the process leading up to the ruling of the High Court in Kampala stating that the World Bank must disclose documents relating to the agreement under which power was to be purchased by the Ugandan authorities. Chapter Eight then considers a number of issues surrounding the whole issue of building a dam across the Nile. It looks at the ways in which alternative sites were considered. It examines the procedures adopted (or not, indeed) to gauge the impact on the environment and similar issues. Finally, it introduces a number of problems related to resettlement and compensation.

The questions dealt with in this chapter include many background elements that should have informed the decision to build a dam across the Nile: how much energy do Ugandans consume and of what type? It introduces briefly Uganda's national energy plan and plans to boost capacity. It should not be forgotten that the Bujagali Hydropower Project has now been put on hold. A lot of the problems besetting the project can be dated back to the project's origins, and these are examined in this chapter. Various criticisms have been made of the project, and an examination of these criticisms takes up the final section of the chapter.

The central argument in this and the following two chapters concern the World Bank and its project appraisal policy. As I hope to show in these chapters, there are a number of questions that need answering relating to the Bank's approval for the Bujagali Hydropower Project, and these in turn can be related to wider policy issues involving the World Bank's neoliberal approach to policy related programmes and projects in countries like Uganda. In addition to material obtained from interviews in

Kampala and the Bujagali area in 2001 and March and April 2003 (Table 1.2 in Chapter One), the chapters that follow are based on a number of documents central to the project, including the Power Purchase Agreement (PPA), the Summary of Economic Review (SEED), Kalagala Offset Agreement, IRN Review and NAPE/SBC, but mainly the World Bank Inspection Panel Report (2002: 124).

Damming rivers can generate hydropower, and can supply clean and cheap energy for regions and urban centres thirsty for electricity. Hydropower is an option for generating low-cost electricity that currently provides about 20 percent of the world's electricity (Johansson *et al.,* 1993: 19), and about 4 percent of energy in Uganda (National Environment Management Authority [NEMA], 1998: 104). Rivers are responsible for frequent floods, which cause loss of life and damage property. Dams are built to regulate the flow of rivers, providing a safer and more productive environment for people further downstream. Dams and reservoirs can also help improve navigation and develop fishery and tourism industries and may create many other related social and economic benefits (Middleton, 1999: 19). Economic growth and social development in developing countries, like Uganda, are hindered by a lack of adequate, efficient supplies of quality modern energy. The energy sector in countries like Uganda is dominated by state-owned monopolies like Uganda Electricity Board (UEB) that are often not operated along commercial lines; they are commonly characterized by relatively low levels of efficiency and frequently undermined by political patronage and corruption.

The result is underperformance, which translates into high costs in terms of both overall cost levels and detailed cost structures. The high costs often lead to the adoption of untargeted, damaging, and distorting subsidies. This problem results in considerable economic waste and fiscal burdens at the macroeconomic level in countries like Uganda, and it also inhibits the provision of energy to other sectors that require supplies of quality modern energy. In countries like Uganda, unable to finance an energy supply infrastructure with state funds, the goal has become to privatize state-controlled monopolies in order to attract sufficient private investment to upgrade and expand the inadequate infrastructure.

The growth of an energy sector sufficient to meet needs in Uganda hinges on attracting investment. Household surveys done since 1997 (NEMA, 1998; IRN, 2002; WRI, 2003) indicate that the quality and quantity of power supply is the most binding constraint to private investment in Uganda. Private Ugandan firms surveyed in 1998 (World Bank, 2002: Reinikka & Collier, 2001) reported that they incurred on average about 89 days of power shortage per year. In addition, 43 percent of the firms surveyed said they had their own back up generation equivalent to about 60 percent of the installed capacity of the Ugandan interconnected public system, or up to 100mW. This is also the case in rural areas, which are seriously constrained by lack of access to electricity (IRN, 2002). Current electricity shortages are estimated to cost Uganda annual economic losses in the order of $100 million.

The World Bank's involvement in Uganda's power supply is assumed to be crucial to catalyze private investment and expand the provision of adequate and reliable electricity to support growth.

6. 2 Energy in Uganda: Consumption, Supply and Plans

6. 2. 1 Energy Resources in Uganda

Today's energy picture in Uganda, as in much of the continent generally, most would probably agree, is about wood, dung, candles and kerosene. Energy in Uganda is mostly about human energy, farming by hand hoe or animal plough, walking on foot as the primary means of getting anywhere (World Bank, 2002). Most importantly, it is about opportunities to escape poverty, which are denied by the impossibility for most people to invest in their own development. Without access to the services that commercial energy provides, Ugandans are unable to leverage their efforts to generate surplus, unable to participate in markets and unable to develop beyond subsistence activity (World Bank, 2002). Unfortunately, the energy picture in the country, as on the continent as a whole, is also marked by environmental degradation from poor management of traditional fuels. The people have urgent energy needs for better access to the services that commercial energy provides and for better management of traditional fuels. Sadly, across Africa, as in Uganda, access to modern energy is at best stagnant, while traditional fuels become increasingly sparse and more labour intensive. In some countries, access to modern energy is actually declining from its current very low level, as existing systems flounder for lack of maintenance and extension of services fails to keep pace with population growth (de Wet, 1998; WCD, 2000). The history of conventional development identifies energy as the prerequisite to facilitate social development and fuel economic growth (World Bank, 2002; WRI, 2003: 16; IRN, 2001). There is, however, evidence of how lack of access to energy constrains social development and economic growth (World Bank, 1998; 2002).

A mark of importance which people in countries like Uganda attach to energy is that they spend about 12 percent of their income on energy, compared to an average of just 2 percent in developed countries (World Bank, 2002). For countries like Uganda, private funding now provides about 20 percent of energy sector investment needs. But, most of this investment is focused on countries outside Africa. For Africa, the possibility of private investment in energy is beginning to emerge, championed by the World Bank. But we must also be realistic, and recognise that foreign investors might have limited appetite for African risks in the foreseeable future. The capabilities of local investors and capital markets are extremely modest compared with the needs of the sector. By themselves, pioneering investors will not quickly reverse lamentably slow progress on improving access for the millions of Africans who want the opportunity to grow out of their plight. This present highly unsatisfactory situation exerts a sizeable dead-weight constraint on all other efforts to fight against poverty. Total energy consumption in Uganda is estimated at 5 million tonnes of oil equivalent, but 96 percent is generated from woody biomass (NEMA, 1998). With a current estimated population of about 25 million, and a growth rate of 2.5 percent per year, Uganda's energy consumption is estimated to grow. Only about 5 percent of the population have access to electricity. Overall, in order to increase access to various energy sources, efforts must be made to step up investment in the energy sector to ensure sustainable utilization, at the least cost to the individual users and the national economy. Given the present GDP growth rate of 6 percent, demand for electricity and petroleum is projected to increase at 6 to 7 percent per year (NEMA, 1998: 172). Consumption is expected to increase at a rate in tandem with the rate of population growth of about 2.5 percent per year (NEMA, 1998).

As shown in Table 6.1 the use of other energy sources (wind, solar, geothermal and biogas) is expected to increase in response to the rising demand. Thus, further exploitation will not only contribute to, but also support further development of energy sources. Their development and utilization would change the status of small rural areas and improve the quality of life in Uganda (NEMA, 1998), and alter local geographies and livelihoods.

Table 6. 1: Energy Unit Demand Forecast in Uganda—1990 - 2005

Forecast Period in Units	1990 - 1995	1996 - 2005
Total Demand	3.0	3.0
Electricity Demand	8.0	6.2
Petroleum Products' Demand	2.1	6.8
Woodfuel Demand	2.9	2.9

Source: UNDP/ESMAP, 1996.

The major issues pertaining to the energy sector in Uganda are slow adaptation of solar energy; insufficient hydropower electricity; slow rural electrification; increased demand/ consumption of biomass energy; and the high cost of petroleum products. As Uganda has a high level of solar insulation and sunshine all year round, with incident condition estimated at 5 to 6 kWh/m^2 per day, solar energy is an attractive source (though may not necessarily be an economic one) for the country (NEMA, 1998), more so for the areas away from the national power grid. But, the mechanisms of administration and the convertibility of the local currency to ease spare parts and equipment imports may not be enough to influence adoption of solar technologies. This may, then, require legislative and policy provisions that encourage households in given localities, to utilize solar energy and other alternative sources, if they are off the national power grid. Whereas the generation of electricity capacity has tripled in the last 17 years (1987 as the base year), the country still suffers from a power deficit, despite an estimated 2700 mW potential along the Nile and 22 other sites across the country (NEMA, 1998: 172). Due to an accelerated demand for electricity by industries whose growth has a positive correlation to electricity consumption, power demand is growing at about 4 mW per month

(NEMA, 1998). Yet, investment in power generation has remained stagnant since 1997 (NEMA, 1998). The 1988 to 1986 records and projections for 2005 (Table 6.1) indicate a high consumption rate in the Kampala area due to the increasing rate of industrial activity. As indicated by table 6.2, energy demand patterns since the 1980s have changed, with 64 percent of sales in 1988 targeted to medium and large industries and 18 percent to households (NEMA, 1998).

Table 6. 2: Types of Energy Demand Patterns in Uganda

1988		1996	
domestic	55 per cent	residential	43 per cent
commercial	20 per cent	industries	15 per cent
industrial	25 per cent	commercial	25 per cent
street lighting	1 per cent	street lighting	1 per cent
		other *	19 per cent

* Exports to Kenya, Tanzania and Rwanda

Source: National Environment Management Authority, 1998: 174

The disparity in demand and supply, coupled with exports, is therefore, responsible for the current power shedding across the country. Transmission and distribution losses are high; technical losses are estimated at 25 percent of the generation (sent out values), and non-technical losses (theft, meter losses, administration) are also estimated at 10 percent (Kennedy and Donkin, 1996). Uganda's electrification rate remains low, with grid access of only 5 percent for the whole country and less than 2 percent in the rural areas (NEMA, 1998). Uganda's national grid has 200,000 customers although the annual demand is growing at between 5.5 percent and 7.5 percent. Another 1% of the population access electricity using diesel and petroleum generators, car batteries and solar systems. While Uganda has a potential to produce over 2000MW, mainly along the Nile, current production is about 317 MW, although it was expected to rise to 400 MW per year by the end of 2002 (NAPE/SBC, 2002).

The organization responsible for electricity generation and supply in Uganda is the UEB, which was scheduled for privatization since early 2001, though the process has not been finalized. Much of Uganda's power is generated from hydroelectric sources, with Owen Falls Dam (Nalubaale) hydro station being the country's largest at 177 MW. Low installed capacity contributes to insufficient hydroelectric power. Owen Falls Dam is the only large generating station in the country. Despite the recent increase from 150 mW to 180 mW at the dam, peak demand is estimated at 240 MW, which suggests continued power shedding until more power is available from the Owen Falls Dam Extension and the proposed Bujagali Power Project (NEMA, 1998). Future projects would follow the same route as the Bujagali project with government owning assets and the operation of generation and transmission facilities run privately. The generation business in Uganda is estimated at a value of $307 million and consists of 260 MW of power capacity (Inspection Panel, 2002: 28). But while the country has large electricity production potential, demand exceeds supply and as a result there are often shortages of power. With liberalization, private investors are encouraged to engage in power generation, so as to attract capital and minimize political and non-economic decisions characteristic of public enterprises. However, micro-hydro power is considered one of the areas that hold tremendous potential for improving rural productivity in Uganda (IRN, 2003). A reliable supply of electricity is essential for the economic development of rural communities. Rural electrification would have a major impact on the form and trend that development takes. It could also provide a stimulus to economic activity, especially in the service sector.

6. 2. 2 Energy Sector Plan

Rural electrification has a role to play in the progressive transformation and economic development of rural areas and communities. Of the 86 percent of the population living and working in rural areas, most are engaged in subsistence agriculture and small-scale manufacturing using manual power and rudimentary tools without electric power. At present, the rate of electrification in the national capital Kampala City is nearly 50 percent, while in rural areas it is, as we have already seen, no more than 2 percent with only parts of small towns provided with electricity (NEMA, 1998). In the context of rural electrification, funding to the extent of $150 million has been secured for grid extension work in areas like Rukiga county, Kabale district, Muhanga trading centre along Ntungamo-Kabale road and into the surrounding rural areas to benefit Kandago and Karere communities. Also, to that initiative, the World Bank made $150 million credit available to the Ugandan government for rural electrification over a ten year period, and the government promised to increase the electricity coverage from the current 1 percent to at least 10 percent (UEB, 1996; UNDP, 1997). So far, the impact of this policy implementation has not been apparent (Pottinger, 2002: 8).

Against this background, the government has embarked on the institutional and legislative reform of the energy sector to enable private sector involvement in the electricity sub-sector. The government, in particular, with the private sector, is working towards a reduction of biomass fuel consumption through the increased use of non-conventional energy sources, which include solar, wind, mini hydropower, and geothermal sources of energy that can be used for rural electrification, either exclusively or as a hybrid system with other sources of energy. To this end, the government has awarded an American firm, *Fieldstone Africa,* a contract to deal with the marketing of UEB successor companies ahead of their eventual sale (Inspection Panel, 2002: 29).

Uganda has drafted a comprehensive energy plan, which will require about $2 billion over the next 10 years to implement. About $532 million, 32 percent of which is a public sector contribution from the government and development partners, has already been committed to the plan (*The East African*, Wednesday, October 30, 2002). The remaining 68 percent of these finances will come from direct investment from private consortia. The government says that it will seek funding from environmental agencies by emphasising the development of renewable energy sources. Ministry officials say the policy will be the basis for expanding investment in modern energy production, petroleum exploration and the development and supply of well-priced petroleum products. It will also seek to increase the efficiency of energy use in all sectors from households consuming biomass for cooking to big industries and the transport sector. In announcing the plan, the minister for energy and minerals, Syda Bbumba, said that energy is "a key input in the overall strategic planning goals", adding that "in the past this could not be adequately addressed since the energy sector lacked a comprehensive policy framework, and was instead driven by annual ministerial policy statements accompanying the budget" (*The East African*, Wednesday, October 30, 2002: 44).

The national energy plan was originally drafted by British consultants in 1999 and approved by the Ugandan government. However, it was not implemented until October 2002, because of financing constraints and delays. The Ministry of Energy and Minerals (2002) said that as part of the plan $400 million is to be injected in the rural electrification programme for poverty reduction schemes and the modernization of agriculture. The energy plan indicates that following liberalization the power sector now attracts the largest private sector investments in the country, which makes it a vital input in other sectors and potentially a large source of employment for Ugandans. Over the next decade, revenue from the sector is anticipated to be $2.3 billion, accruing from fuel and electricity taxes from independent producers, fees and power exports (MEM, 2002). More revenues (sales if privatized) were also expected from petroleum production and concession fees for the transmission and generation companies formed following the upcoming split of the Uganda Electricity Board (UEB) into private companies in charge of production and distribution. Also the privatization unit is currently in the process of granting to a private firm a 20-year concession to run the two companies.

To meet the requirement of the plan $1.69 billion of funding will be needed. A number of power generation projects were listed in the plan, including the Bujagali Project (250-2000 mW), the Karuma hydro facility (100-200 mW), the Nalubaale Extension (180 mW), and several smaller projects. The hydro potential in Uganda is large, possibly as high as 3000 mW, while the country is currently operating at less than 10 percent of this figure. There is also 450 mW of geothermal energy available (Kennedy and Donkin, 1999). Uganda also exports about 19 percent of its total energy capacity to Kenya, Rwanda and Tanzania (NEMA, 1998: 38).

Prior to the plan, the government had already been involved, with World Bank support, in various projects designed to boost capacity. It was using privatization as a means of eliminating load shedding, and had created an enabling environment for private investors to engage in power generation. The move was intended not only to attract capital but also to minimize political and non-economic decisions. An understanding was reached in 1998 with independent power producers to build a number of new power generation plants, as well as to increase capacity at some already existing ones. The Bujagali dam, which was supposed to provide 270 mW by 2004, was one of these projects, alongside a 450-mW station at Kalagala, and a 100-mW station at Karuma. The Kasese cobalt plant was to put up a second hydro station at Mubuku to generate 10 mW of electricity. The Rwenzori Tea Company was carrying out a feasibility study to initially generate 2 mW of hydropower at Muzizi, which was to be expanded to 20 mW. At Kakira Sugar Works, co-generation of electricity started in 1996 using bagasse with installed capacity of 4.5mW, and by 1998 the company was selling 2 mW to UEB. A feasibility study for the Ishasha hydropower project was carried out in 1996, and this plant was yielding 4 mW in 1998, while the construction of the new 132 kV transmission line from Owen Fall Dam to Kampala was completed around the same time (NEMA, 1998; Kennedy and Donkin, 1999). Inherent in the longstanding plan to privatize distribution services are issues of divestiture of UEB's non-core activities and a reduction of its number of staff, since 1998, by 86 percent from an initial work-force of 3,600. UEB charges a rather high tariff (on average $9.4 cents/kWh), due to a number of factors, which include inaccurate billing and poor collection, and systems losses, leading to high operational costs. It was these factors that prompted the government to embark on a rapid privatization (a problematic issue rather than necessarily an answer) of distribution services and re-organization of its management operations in relation to billing, acts of fraud and tariffs, for which a standard rate was introduced on July 1, 1998. The centrepiece of the government's energy policy and of its national energy plan is the Bujagali dam, and it is to a consideration of that project that we move next.

6. 3 The Bujagali Power Project

6. 3. 1 Background to the Bujagali Project

The Bujagali project was first proposed in 1991 by a Canadian engineering firm, Acres International, who saw Bujagali as the ideal site for a hydropower project. In 1994, the Government of Uganda and the AES Corporation, an American Corporation, which has since August 2003 withdrawn fron the project due to financial difficulties, signed a Memorandum of Understanding to develop the $582 million Bujagali Power Project, and AES Corporation created AES Nile Power Limited to own 100%, manage and implement the Bujagali hydropower project. The proposed project would promote increased growth through developing least-cost power generation for domestic use in an environmentally sustainable and efficient manner. In addition to mobilising private capital, the proposed project would also promote private sector ownership and management of the power sector, and sector reform (IRN, 2002: 14). The project was placed on hold in mid 2002 after the World Bank learned that the project had to be investigated because of bribery charges made by several institutions (as filed by the Swedish Credit Agency, EKN against the former minister of energy). The bribery investigations seem to be over but no report of the findings is so far available to the public. According to Pottinger (2002: 11), a number of firms, which had been lined up to construct the dam, have since abandoned the project. Meanwhile, the Ugandan Government has asked AES Nile Power to change the design of the dam and re-negotiate the Power Purchase Agreement. Furthermore, negotiations are underway to modify the project's financial package and also to look for new firms to do the construction. Nonetheless, the primary infrastructure is already in place, including resettlement villages for the displaced people, and compensation is largely done However, civil society organizations still insist that the concerns surrounding the project must be addressed before the project can go ahead.

The World Bank approved $225 million in support of the project in December 2001, and Export Credit Agencies (Swedish, UK, Agence Fracaise, and SIDA) were supposed to chip in another $234 million (Table 6.3)(Inspection Panel, 2002:93). However, most of these agencies declined funding, saying that the Project was too risky. The World Bank now plans to extend additional support in the form of a loan guarantee as a way of pulling the agencies back into the picture and to rescue Bujagali, at the expense of the only white-water rafting area in the region, below the Owen Falls Dam. The area is well known for its picturesque landscape, long history and diverse cultures, as well as the quality of its farmlands, its rich and diverse local geographies. If completed, the dam will be the largest in the country in terms of its hydropower generating capacity (200MW) and its population displacement and resettlement (IRN, 2002: 26). The pursuit of rapid economic growth in the country has induced decision-makers, planners and technocrats to envisage undertaking the huge dam project, and a relative degree of freedom has enabled scholars and environmentalists to engage in heated debates over the project's viability. In local and international civil society, many environmental organisations call for the project to be stopped, but the World Bank and the government of Uganda seem to be determined to complete it. It was determined by the World Bank and IFC during market soundings (Inspection Panel, 2002: 26; 94) that there was no private lending available for the Bujagali project. The use of financing from the International Financing Corporation (IFC) and a range of World Bank complementary financial arrangements is designed to help attract commercial finance support for the project. This is a Category A project (Inspection Panel, 2002) according to IFC Procedure for Environmental and Social Review of projects (IFC, 2001), because it may result in significant adverse environmental and/or social impacts that are sensitive, diverse or unprecedented (Inspection Panel, 2002: 17).

The major elements of the project include (a) the dam and power generating facilities; (b) resettlement and rehabilitation of those displaced by the project reservoir; (d) the drainage facilities, and (c) roads and other infrastructure. The project itself consists of a small reservoir, a powerhouse, a rockfill dam, spillway, a 100-km transmission line, substations, and other associated works. According to the Inspection Panel (2002: 21), the project has three cost components: (a) construction costs (including engineering, civil works, supply and installation, procurement, and construction contingency; (b) development costs (including land, access roads, rights of way, resettlement, community development action plan, and project development); (c) and financing costs (including financing the project facility, and the contingency and the debt service reserve account)(see also IRN, 2002: 17).

The major benefits affecting a large local population will be the electricity supply from the project. Intensive cultivation in the resettlement areas is estimated to provide several million man years of additional employment, most of which, it is hoped, would probably benefit the local population across social strata. Net farm income in the resettled areas is projected to increase by about 15 percent (World Bank, 2002). The project would provide a substantial increase in the volume of water supplied to urban and rural areas, and the total installed power-generating capacity planned for the complex is 200 MW, with most of it going for industrial and urban use. There would also be an increase in fisheries by the creation of the reservoir, but this might be partially offset by the damage to existing fishing downstream, and white water rafting upstream. Finally, there will be some benefit (agricultural, fisheries, ecological) gained from flood moderation further downstream, but this is not a major objective. According to the information gained from individuals and institutions interviewed in my field research (Table 1.2), this observation is supported by what the protesting NGOs call erroneous projections and assumptions regarding economic growth, growth of export revenues and aid flows to Uganda resulting from privatization and investment in Uganda's power sector and attractiveness of other options to bridge the country's power gap, particularly the potential of geothermal power sources in Uganda (PPA, 2001; SEDD, 2001; IRN, 2001, 2002; NAPE/SBC, 2002).

6. 3. 2 Criticisms of the Bujagali Project and Areas of Concern

The specific criticisms of the World Bank funded Bujagali Hydropower Project are of three types. The first criticism is of environmental impacts, such as impacts on forests, wildlife. A second criticism concerns the damaging cultural and socio-economic impacts on those to be displaced. A third criticism is that the Project's economic benefits are less than the total monetary costs plus the non-monetary social costs, including the adverse environmental impacts on the land, the forests, the Nile Basin, and the social, cultural and economic livelihoods of the people that would be displaced.

The project has given rise to substantial opposition and the major concerns have been: (1) the resettlement of those to be displaced by the dam; (2) the distribution of the benefits and costs between the rich and the poor in the area; (3) the destruction of forests and wildlife; and (4) the environmental impacts on the land and along the Nile Basin (IRN, 2001: 5-10). As in other large dam projects areas, like the Three Gorges Dam in China (Li, 1999), Akosombo in Ghana, Narmada Sarda in India, Foum-

Gleita in Mauritania (Mathur and Marsden, 1998), for example, new changes in economic structure and social organisation, in Uganda, have made population resettlement in the Bujagali Hydropower Project area more complex, especially in terms of the realization of economic resources and socio-economic integration. The dam construction and the resultant huge population relocation cause the dam area increasing local and foreign media attention.

For the local rural residents, the partial opening of the dam area to the outside world gives them an opportunity to have a better understanding of the outside world. The dam construction controversy allows external knowledge, technology and information to flow into the area, which helps residents receive new views and ideas. Not surprisingly, unlike those displaced in the past, who could be easily mobilized in response to government calls, those displaced by the Bujagali project are more aware of their economic interests and want to ensure that they benefit from the project. More importantly, there is concern about the official corruption and misuse of relocation funds in resettlement operations (Rowden and Nyamugasira, 2001; Gariyo, 2001a; International Rivers Network, 2002).

Fundamentally, the criticisms of the World Bank funded Bujagali Power Project and the concerns raised by the project revolve around a failure to review the energy alternative options to Bujagali. In carrying out the least-cost evaluation of available options, the IFC's economic review (IFC, 2001) quotes an economic review of the Bujagali project drafted by the Canadian engineering company Acres International in July 2001, which noted that "of those [options] available, few are developed to a feasibility level, whereas Bujagali is costed to the level required for financing and implementation" (Acres International, 2001: 114). When interviewed on the subject (March and April 2003) the director of NAPE/SBC (Mr. Frank Muramuzi) indicated that there had been no consideration of any alternative as a possible replacement for the 200 MW Bujagali. As a result, very few studies are presently available on the feasibility of other potential generation options that could be developed (and perhaps more cheaply) as an alternative to Bujagali.

The economic and financial appraisal (Acres International, 2001) for the Bujagali contains much analysis that has been carried out with considerable technical skill. The questions that have arisen (NAPE/SBC, 2001; Inspection Panel, 2002) relate mainly to whether the analysis and its presentation have been carried far enough, and whether the appraisal gave sufficient consideration to the project alternatives and downside risks and their mitigation. As detailed in the Inspection Panel Report (Inspection Panel, 2002) On presentation, the economic analysis does not always succeed in conveying transparently the essence of the analysis in areas that are clearly controversial, particularly the environmental and social aspects. In view of this, such a lack of transparency is judged inappropriate when dealing with areas of high sensitivity.

The complaining NGOS (2001) and Inspection Panel (2002: 49) raised several key questions. The first of these concerns the range of the energy load forecast. Neither the Acres International (2001) economic review nor its load forecast explain properly why the range of the forecast is narrow, while international experience, the uncertainty in the data, and the potential for problems of both affordability and distribution sector performance, all suggest that fairly wide tolerances might be expected. This narrowness in the data analysis (IRN, 2002) raises concerns about whether the risks and sustainability of the rewards of the Bujagali project have been sufficiently explored (Inspection Panel, 2002). In this regard, an analysis of the sensitivity of the key findings of the economic review to a widening of the load forecast range would have been and could still be appropriate and valuable, and was needed in order to fully satisfy the project risks (IRN, 2002: Prayas Energy Group, 2002). This is not least because it might help in identifying key areas in which risk mitigation activities might be undertaken, refined or enhanced (Inspection Panel, 2002). Secondly, the economic review does not discuss the project's economic affordability, even though this would have a potentially major impact on energy demand; nor does it discuss the possible effects of a deterioration (or appreciation) in the Ush/ US$ exchange rate.

A third area of concern with the economic review relates to the privatization and performance of the distribution concession. The distribution sector is key to the connection of new consumers (and so to providing the benefits of access to electricity) and to collecting revenue (and hence to the ability of the power sector to finance its service provision, and to restrain tariff growth to compensate for non-payment). Because of this, the status and performance of the privatized distribution sector is an important element in the risk associated with the project. Correspondingly, tariffs have to be low enough to be affordable but sufficiently high and sustainable to make it worthwhile for a private profit-making entity to commit to collecting them. A thorough examination of the institutional risk of a delayed or under-performing privatization of the distribution system, and its impact on the robustness of the project's affordability is missing from the economic appraisal summarized in the 2001 IFC's economic review of the project – despite the fact that this was needed. Such an appraisal would have given some indication of appropriate risk mitigation activity and might also have inspired some confidence in the findings on the project's affordability (IRN, 2002; Inspection Panel, 2001; NAPE/SBC, 2001, 2002).

A fourth and related area of concern relates to the Power Purchase Agreement (PPA), which was done by Acres International for the World Bank (Inspection Panel, 2002). A potential outcome of a serious affordability problem is that it drives down collection rates and/or encourages consumers to turn to smaller off-grid plants, paid for in local currency, thus raising the possibility of higher (IRN, 2002; Inspection Panel, 2002). My reading of the PPA (2001) further suggests two possible additional means of risk mitigation: a provision to terminate for commercial rather than default reasons; and to treat demand, specified in national unit sales with respect to mutually accepted published statistics, as a special category of *force majeuere* (IRN, 2002; Inspection Panel, 2002).

Table 6. 3: Bujagali Hydropower Project Financing Arrangements

Financing Institution	Financing Amount in US $	Observations
• AES Corporation	115, 000 million	
• Syndicated Commercial Bank Loan guaranteed by Partial Risk Guarantee (PRG)	115, 000 million	
• IFC A-Loan: Directly Issued from own Resources	60 million	
• IFC B-Loan: Participating Banks provide funds and take own risks while IFC remains the lender	40 million 55 million	
• African Development Bank	234 million	
• Export Credit Agencies of Norway (GIEK), Finland (FINNVERA), and Switzerland (ERG)	10 million	The Swedish Export Credit Agency, EKN was expected to contribute financing in the amount of $ 100 million, but it withdrew its support of the project. Other donor have also declined funding including Agence Francaise de development (over corruption); and the Export Credit Guarantee Department of the U.K. (over financial risks), and Swedish International Development Agency (SIDA) due to unfeasibility.
• IFC Partial Risk Guarantee	115 million	To be provided upon AES Nile Power's request for coverage for debt if Government of Uganda were to breach its contractual obligations under the implementation and/or Government Guarantee between government of Uganda and AESNP
• Government of Uganda		Has 16 years in which to pay any amounts disbursed under IDA, PRG and IFC A and B loans

Source: Adapted from the World Bank Inspection Panel Report, 2002: 94

The effect of a provision, intended to address the reality that Ugandan consumers cannot pay for the power, is that in the end a rigid PPA will not be effective, and could not provide flexibility and a mutually acceptable way of sharing (and reducing) increased costs in a worst case scenario (Inspection Panel, 2002; IRN, 2002).

The above criticisms have led to an extensive World Bank review and delay (IRN, 2002; Inspection Panel, 2002; NAPE/SBC, 2002) of further assistance, and because of these criticisms a number of donor agencies decided to halt additional funding for the project (Table 6.3 above). But most of the issues surrounding the Bujagali power project could have been avoided, had there been a comprehensive and democratic environmental impact assessment of the project before the World

Bank's initial loan in 1991. However, given the size, number and diversity of the population affected by the project, many of the political and social problems raised here would probably have continued.

6. 4 Bujagali and Its Wider Impact

Bujagali is likely to set off a wave of dam building on the Nile that will take Uganda down a path of hydropower development that is inflexible, uneconomic and damaging to the environment and communities. The Bujagali project could be followed by three or more dams that would compound its social and environmental impacts; indeed up to 12 hydro dams have been identified in the 2001 Acres International Report, which was commissioned by the IFC (Acres International, 2001). The World Bank is helping to set the stage for this cascade of dams that is acknowledged in the Bujagali Project Appraisal Document, suggesting that it will "catalyse" further hydro development along the Nile.

There is the very real likelihood that at least two dams will be built if work on Bujagali recommences, and possibly more. The World Bank seems predisposed toward both the Bujagali and Karuma project, and while the government of Uganda has agreed that it will not allow a dam in the Murchison Falls area (a World Heritage Site), it has resisted making such an unequivocal statement on Kalagala falls, a dam that is expected to have the greatest environmental impacts of those proposed. The agreement between the Uganda Government and the World Bank states only that, should Uganda "contemplate hydropower development at Kalagala", it must have a "satisfactory EIA", hardly a guarantee that this sensitive area will be set-aside in perpetuity (IRN, 2002; Inspection Panel, 2002).

Because the World Bank has not got a firm commitment to "offset" Kalagala, and because it is fully aware that its approval of Bujagali could "catalyse" further dam construction, the World Bank has a responsibility to examine the cumulative impacts should multiple dams be built on the Nile. In addition to further dams, Bujagali would be the third large dam project on this stretch of the Nile after the Owen Falls Dam and Owen Falls Dam Extension. These issues will be examined in more detail in Chapter 8, but before reviewing the extent to which environmental impact assessments were carried out, we will look at the process that led to the current stalemate on the Bujagali project.

6. 5 Conclusion

The case study findings suggest there has been little political commitment to promoting sustainable development through the electricity sector reforms. Reforms were stimulated by severe macroeconomic crisis in the late 1980s, facing hyperinflation, a heavy debt burden, and declining quality of public services. The Uganda reform programme was intended to reduce the government's role in providing key services, including electricity. The reforms were designed by a small group of politically powerful bureaucrats- supported by multilateral agencies such as the World Bank- with little scope for broader debate. The reform did not lead to improved quality of service in urban areas and increases in system efficiency. However, they also undermined incentives to increase energy efficiency, limited expansion of electricity to isolated rural populations, placed a disproportionate burden on low-income consumers, and failed to effectively manage expansion of the transmission system. The Bujagali Power project was intended to address some of these concerns.

Chapter Seven: Bujagali – The Challenge to the World Bank

7. 1 Introduction: Bujagali Costs in Comparative Light

This chapter deals with the research case study with respect to the project agreements, information disclosure, data analysis, request by the protesting NGOs, the World Bank response, and the High Court landmark ruling. The thrust of the argument is that the Bujagali project sponsors (AES Nile Power) were misled by inaccurate documents and claims from the World Bank when they approved its funding in December 2001, after having earlier expressed concerns on many critical issues like affordability, environmental, social and economic and resettlement and compensation (IRN, 2002: 17). As is clearly suggested by IRN (2002: 17); and NAPE/SBC (2002: 5), it is further stressed that Bujagali is not economically viable, and that it will rather add to Uganda's unsustainable debt. The argument suggests that all concerned financial institutions should only take decisions on the project once a series of conditions have been met.

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The indicative comparison (Table 7.1) of the Bujagali (on the Victoria Nile in Uganda) and Maheshwar (on the river Narmada, at Jalaud, in Madiya Pradesh, central India) projects by Prayas Energy Group (2002: 34) clearly demonstrates that the capital cost of Bujagali project is unexplainably substantially higher than that of Maheshwar.

The large difference in the capital cost ($2.9 million/ mW for Bujagali against $1.2 million / mW for Maheshwar) cannot be explained even when factors such as the high cost of financing, transport, the different nature of civil works, and a 100 km transmission line, are accounted for. Another striking and concrete example of the high cost of Bujagali is the large difference in the cost of similar electro-mechanical equipment ($0.59 / mW for Bujagali against $0.28 million / mW for Maheshwar). The International Rivers Network asked Prayas Energy Group, a group of independent power experts in India with experience in analysing PPAs and working closely with NGOs worldwide, to review the Bujagali PPA so as to establish what it really meant for Uganda (IRN, 2002). The Prayas Energy

Group prepared a critique of the Bujagali PPA and the project as a whole, and came up with the following conclusions:

- The construction cost of Bujagali is very high. The dam and the 200-Megawatt hydropower plant will cost $582 million. In comparison, the Maheshwar hydropower project in India is more than twice the size of Bujagali, but will only cost $450 million, a difference of $132 million. Hence, Bujagali's high construction cost will translate into higher rates for power from Bujagali (IRN 2002).
- On top of the high construction cost, the PPA contains several unusual requirements that put the Uganda government at an undue disadvantage. Over the 30-year lifetime of the contract, these requirements will mean an additional small cost of Ush 504 billion or $25.2 million (using the May 2003 foreign exchange rate of Ush 2, 000 / 1$) for the country.

In total, as observed by Prayas Energy Group (2002), Uganda would have to pay up to $132 million per year for power from the Bujagali dam (not $110 million as claimed by the World Bank). If the construction costs were more realistic and the PPA was in line with international standards, Uganda would invest $40 million in the first year of the project, and $20 million annually over the lifetime of the project contract. This would reduce the tariff for power from Bujagali by 2.8 US cents per unit from the 10. 5 US cents currently projected by the Project sponsor AES Corporation (IRN, 2002: 78).

Table 7.1: Comparison of Bujagali and Maheshwar projects.

Parameter	**Bujagali**	**Maheshwar**
location	Uganda	India
type of plant	hydroelectric	hydroelectric
type of project	IPP	IPP
project size and scope	dam, power house, equipment, transmission line (100 kms)	dam, power hose, equipment
head height	19-21.5 m	19.3-22.2 m
expected commissioning	2006/7	2006/7
installed capacity	200mW (50MWx4 units)	400mW (40mWx10 units)
cost of supply & erection of electromechanical equipment excluding transmission line	$ 118 million	$ 110 million
Cost of supply /Erection of electrical equipment (excluding the transmission line)	$ 582 million ($ 700 million including AEUDC)	$ 450 million

Source: Prayas Energy Group, 2002: 34

7. 2 The Bujagàli Project Power Purchase Agreement

Based on the above Prayas Energy Group analysis (2002) it can be concluded that the World Bank, while funding the Bujagali Hydropower project, did not assist the Uganda government in negotiating a fair contract with the AES Corporation, the American company with which it signed a Memorandum of Understanding (IRN, 2002). The IRN (2002) argues that the World Bank analysis of the Bujagali PPA is substantially weak (with respect to alternative options, environmental assessment and resettlement and compensation) and not clear on how the Bank could have missed the weaknesses in the project contract. Because the PPA for the project has been confidential, it remains impossible to assess adequately the distribution of risks between AES Nile Power and the government of Uganda. Further, the International Finance Corporation position has been that its release to the public would violate the IFC's information disclosure policy (Inspection Panel, 2002; IRN, 2002; NAPE/SBC, 2001, 2002).

This issue has repeatedly been raised by NGOs, who point out that this makes it difficult, if not impossible, to have a useful discussion regarding the economic implications of Bujagali without access to the PPA. Furthermore, if AES Nile Power wants to maintain a degree of secrecy consistent with private sector projects, perhaps public institutions should not be asked to provide guarantees and subsidies for the undertaking. The concerns on this issue as observed by IRN (2002), Inspection Panel, (2002), Prayas Energy Group (2002), and NAPE/SBC (2001, 2002) remain unanswered, and critical outstanding questions on the PPA are summarized as follows:

- PPA payments are to be in US dollars, providing a foreign exchange burden for Uganda. The economic analysis states that the PPA payments would not exceed 2.9 per cent of Uganda's foreign exchange earnings. This is based on the assumption of steady increases in coffee export receipts that are highly optimistic. What difference would more realistic assumptions of export growth make to the relationship between PPA payments and foreign exchange earnings?
- How would the obligation to make foreign currency PPA payments be affected by lower than expected demand for Bujagali's electricity, or low flows during drought?
- The IFC's economic analysis (IFC, 2001) states that future tariff impacts can be mitigated by measures such as reshaping the Bujagali PPA payments to mitigate the impacts of the cost increases in the early years of Bujagali's operating life. But, what is being done to ensure that PPA payments can be reshaped?
- For Ugandans, the World Bank and other donors to make an informed decision of the costs, benefits and risks of Bujagali relative to other power options, it is essential that the PPA is made public and these questions addressed.

The World Bank response to these questions takes the form of an Action Plan that consists of nine measures (World Bank, 2001b, pp. 7ff), most of which address social and environmental problems. Only two of the measures deal with the fundamental economic issues, and this they do in a vague and unspecific way. The most fundamental issues identified relate to the questionable economic viability of the project. The economic and financial analyses of the project are deficient in important aspects. The Power Purchase Agreement (PPA) for example is unfavourable to Uganda in important aspects and not always up to the best international practices. A review of the relevant documents (World Bank Inspection Report, 2002; IRN, 2002; NAPE/SBC, 2002; PPA, 2001), suggests that the costs associated with the project would force electricity tariffs to rise to 10.5 cents US, which is beyond the ability of Ugandan consumers to pay IRN, 2002). Also, the electricity demand may not increase at a sufficient rate to absorb the power generated by the project. The Action Plan proposed by the World Bank (2001) rejects the idea of making changes to the PPA. Instead, it proposes corrective (more appropriate economic assessment) measures related to the affordability of and demand for electricity. However, the measures proposed by the World Bank to address the NGOs complaints (Inspection Panel, 2002; IRN, 2002) appear to be only token efforts to address civil society concerns. For instance, measure four of the Action Plan addresses the projections for electricity demands (the so-called load-forecast scenario).

Accordingly, the World Bank intends to "closely monitor electricity demand growth, billing and collection management, and tariff levels" (Inspection Panel, 2001: 13). The bank would also provide technical assistance to the government on financial issues related to the power sector. The Action Plan states that "these actions will help to develop an early warning system on the project and power sector such that financial and other issues can be identified at an early stage, and measures can be undertaken appropriate to circumstances" (Inspection Panel, 2002: 16). But, this is a statement that does not seem to imply any discernible commitment, and does not address the fundamental economic risks of the project. To say "measures can be undertaken appropriate to circumstances" does not contribute to a credible action plan to address the fundamental economic risks documented by the NGOs. Measure five of the Action Plan relates to institutional, tariff and affordability risks of Bujagali. Thus, the World Bank would "monitor the exchange rate and the affordability of electricity" and the development of the power distribution system "to ascertain whether remedial measures are warranted" (IRN, 2002: 31). Again, the World Bank does not clarify what "remedial" measures would be considered, and this does not constitute a credible element of the Action Plan.

While the World Bank promised to monitor the development of Uganda's power sector, it continues to portray a rosy picture of the privatization process (World Bank, 2002: 21). As it has done for many years, it claims that the privatization of the distribution system is imminent, and that there will be "ample time and opportunity" for a private investor to improve the efficiency of power distribution in

Uganda. The World Bank does not seem to accept that privatization has been successively delayed, that repeated strikes related to privatization issues have marred Uganda's power, and that a political conflict about the continuation of tariff subsidies has still not been resolved. The World Bank further neglects the fact that according to the IFC's economic review (2002: 290), the economic viability of the Bujagali project depends on $252 million in private investment to modernize Uganda's power distribution system. Yet, delays in the reform process will make it increasingly more difficult to raise this large amount of private investment.

In summary, the so-called Action Plan does not propose any changes to the PPA, and is void of substance in measures that it does propose. It does not specify what remedial measures can still be taken once the project is initiated. Any remedial action would need to address the problems of the PPA to be effective. Yet, this will not be possible once the project has been approved. Once the problems arise, the only remedies available would consist of further grants or debt relief to subsidize the power tariffs. If this happened, even more foreign aid would be required to subsidize the expensive power from an unviable "private" project, at the expense of primary social services. Hence, the World Bank should ensure that: (1) the PPA is renegotiated and improved before any further work on Bujagali Project is finally approved; (2) more thorough analysis of the economic and financial risks of Bujagali should be carried out before further funding the project is approved; and, (3) there is a clarification regarding the mitigation measures that can be implemented after the project, based on its current PPA, before the Project is wholly approved and financed by the World Bank.

The PPA is a contract between the government of Uganda and AES Nile Power in relation to the Bujagali project. It contains obligations of the responsibilities and roles of both parties. It contains the price at which the developer will be selling the power to government. It also contains information on who the risk-bearers are. NGOs asked for the release of the PPA to the public without success until they went to court, and the High Court eventually ordered the release of the PPA to the public against the wishes of government, AES Nile Power and the World Bank. There are, however, a number of important documents to which NGOs cannot get access, for example, the economic review which was done by Acres International for the World Bank, which cannot be released to the public. There has been a lot of guarded secrecy over such documents both by the World Bank, AES Nile Power and the Uganda government under the pretext of business confidentiality. NGOs have argued that if AES Nile Power (the developer) wishes to maintain a degree of secrecy consistent with a private sector project, then public institutions such as the World Bank should not be asked to provide guarantees or subsidize the undertaking. The Bujagali project was not subjected to international competitive bidding and one wonders why such a big undertaking could not be opened to international tender. Although project documents paint a picture of widespread public support for the project, there have been serious flaws in the participation process. For example, AES Nile Power states that they have done "exhaustive" consultations, and that the "result was an independent local NGO survey indicating 96 percent project support; a national newspaper polling showing 85 percent, and unanimous approval of parliament." (IRN, 2002: 43). There are a few thousand Ugandan NGOs; the survey polled less than 50. A number of those polled have a strong vested interest in the project, for example, the Uganda Investment Authority, which was created for the express purpose of promoting foreign investment in Uganda; the Uganda Manufactures Association, and the Uganda Chamber of Commerce. But the selection of respondents is not the only serous problem with this survey. There were serious methodological flaws in the survey that AES Nile Power has consistently used to argue that levels of popular support for the project are higher than they are (Pottinger, 2002: 11).

7. 3 World Bank Information Disclosure

The findings from my review of documents and the field interviews with AES Nile Power Project staff and Mr. Muramuzi the Director of NAPE/SBC (March and April 2003) suggest that the World Bank violates its own disclosure policy (BP 17.50) by not releasing the Economic Review of the Bujagali project by Acres International (2001). The reviews further suggested that the release of the Power Purchase Agreement (PPA) would be vital for a public understanding of the project risks, even if the World Bank disclosure policy is silent on this issue. In spite of these findings, the World Bank's so-called Action Plan does not contain any measures to improve access to information relevant to the project.

In its comment quoted in the Inspection Panel Report (2002: 24), the World Bank (2002) insists that according to its disclosure policy, the IFC does not release factual technical documents that are "confidential" or that would "compromise government and Bank interactions." Accordingly, the IFC entered into an agreement with AES Nile Power according to which information on the project appraisal would not be disclosed. On June 3, 2002, AES Nile Power reaffirmed that this information including the Acres Economic Review (2001) should not be disclosed. The World Bank agreed (June 17, 2002) to selectively disclose some parts of the Economic Review, or information about it, to the public. The Economic Review, compiled by the Canadian engineering consultancy that first proposed building a dam at Bujagali in 1991 (see Chapter 6.3.1), is a factual technical document, which, according to the IFC and the International Development Association (IDA) disclosure policies, must be disclosed. The World Bank, therefore, had no reason or basis for entering a confidentiality agreement regarding this document with AES. Nile Power's insistence that the document not be released reinforces the suspicion that the economic analysis of Bujagali was weak and that the figures that are presented to the public may be misleading and inaccurate. Since the World Bank has misrepresented technical reports in other projects in the past, an aggregated or selective release of information of Bujagali will not suffice to restore public confidence.

7. 4 The World Bank's Project Data Analysis

It would appear from my reviews (conducted in March and April of 2003) of the World Bank Inspection Panel report (2002: 94) that the AES Nile Power asked the IFC to provide direct finance and to arrange further private sector financing for it. In August 1997, the Government of Uganda requested an IDA partial risk guarantee to support a private sector hydropower project and again in February and June 1999, it reaffirmed its request for the Bujagali hydropower project. Because of Uganda's lack of access to international loan and capital markets, the Bujagali project is highly dependent on financing by bilateral and multilateral lenders.

At the same time, IDA's financial assistance is based on the principle of lender of last resort and, therefore, AES Nile Power Limited was urged to take advantage of the resources of financing the project. Pursuant to the Bujagali Project Appraisal Document (Acres International, 2001), the project's financing arrangements as suggested in the World Bank Inspection Panel Report (2002), are as summarised in Table 5.3.

As indicated in various Bujagali project documents (Inspection Panel Report, 2002; IFC Economic Analysis, 2001; NAPEE/SBC, 2002; IRN, 2002; Acres International Report, 2001), the World Bank is closely involved in financing the Bujagali project and in restructuring the energy sector in Uganda. The World Bank's Bujagali Project Appraisal Document suggests that one of the significant added values of the bank's involvement in the project is in the form of "structuring the proposed project to ensure proper sharing amongst the parties" (PAD, 2001: 19). The analysis presented in the PAD however falls substantially short of this claim and raises serious doubt about the quality of the bank's analysis.

The World Bank (PAD, 2001: 19) claims that the Power Purchase Agreement (PPA) protects the Uganda Electricity Board (UEB) from an increase in interest rates. The actual provisions in the PPA (December 8, 1999) do not support this claim. The PPA does not specify any ceiling on the interest on debt, and in fact does not provide what interest will be charged in the capacity payment. The PPA only provides for a capacity payment that allows the UEB to defer the excess payments if the actual capacity payment is higher than the maximum capacity payment. But as mentioned earlier, any such deferral carries a high interest charge of 13 percent, which essentially implies a provision of delayed payment charges. Therefore, contrary to the World Bank claims, no ceiling on interest exists in the Project Appraisal Document (Prayas, Energy Group, 2003; IRN, 2002).

Another World Bank claim that does not appear to be based on actual provisions in the PPA relates to the payment of damages in case of delays in construction by the Equipment Purchase Costs (EPC) contractor. In the PAD (2001: 43), the World Bank also claims that in case of delays, the EPC contractor is liable to pay contractual damages, and that such damages would flow directly to the government under the provisions of the PPA. Expected damages according to normal industry practice are applied to the project cost by reducing debt. This results in a reduction of the debt equity ratio. The actual provisions in the Bujagali PPA are very different from what the World Bank claims. According to section 8.2 of the PPA, AES Nile Power pays UEB $25,000 for each day of delay beyond 47 months from the start of construction (PAD, 2001: 46). Yet, according to the World Bank, the EPC contract requires the contractor to pay AES Nile Power $213,000 for each day of delay in construction beyond 44 months. Thus, during the first three months of construction delays AES Nile Power does not forward any damage payments to UEB, and thereafter, forwards less than 12 percent of the damages it receives from the EPC contractor (IRN, 2001: 28). The PAD explains in detail why, according to the World Bank, the EPC cost of the Bujagali project is reasonable. It argues that competitive bidding existed during project development and that the cost estimate of the lenders' independent engineer was within 1.5 percent of the actual EPC contract cost (PAD, 2001: 32).

Yet it is highly surprising that the entire analysis failed to point out the high cost of the EPC contract, and especially of items such as electromechanical equipment. As shown in Annex Two of the PAD, some hydroelectric projects have managed to acquire the same equipment (within an identical scope of work) at less than the cost claimed in the Bujagali project EPC contract. It is thus difficult to see how such a large difference in the cost of the equipment could be justified. The World Bank, with its large database of power projects around the world, should have been able to clearly identify and point out such excessive costs. Another weakness in the evaluation of the project cost by the World Bank is the lack of evaluation of the project. Soft costs such as non-EPC costs, together with financing costs, account for nearly 45 percent of the total project costs. These costs are taken to be a major source of the cost inflation and need to be evaluated carefully. It is thus difficult to appreciate how the World Bank missed such major issues, and instead supported increasing the debt burden of a highly indebted country like Uganda. This is in a context in which the World Bank failed to undertake an analysis of other, and quite likely more favourable options, such as geothermal power plants before arriving at the decision to fund Bujagali (these issues will be developed in the following chapter).

Apart from the apparently inadequate data analysis and misinterpretation of facts, the World Bank's PAD also reveals a poor understanding of the PPA provisions on several counts. For example, the PAD mentions that "[t]he sponsor (AES Nile Power) will provide lenders with parent corporate support for a debt service in the form of a letter of credit to the extent debt service reserve obligations are not funded out of contingencies built into the project costs from the interim energy revenues" (PAD, 2001: 23). Yet according to the PPA, the debt service reserve is part of the project cost. It will be funded through debt and equity and not through the interim energy payment. Allowing AES Nile Power to substitute the debt service reserve by a letter of credit would significantly increase the benefits to the company, in a way that is not anticipated in the PPA. The PAD analysis estimates that energy revenue will amount to about $23 million. After deducting $20 million for the liquidity facility, the PAD sees the remaining $3 million as being used to reduce the project cost. In doing so, the World Bank ignores two crucial provisions related to the utilization of interim energy revenue. According to these provisions, the EPC contractor is entitled to an incentive of up to $3 million, in return for increasing the interim energy revenue through early construction. Secondly, AES Nile Power is entitled to take out $16 million. Any excess revenue from the sale of expected energy after deducting the above amounts would be used to reduce the project cost.

Uganda needs to sustain this growth rate for Bujagali to make economic sense. As the IFC indicates in its economic review for the project, "the sustainability of the base demand forecast depends very much on the sustainability of the GDP projection" (IFC, 2000: 6). The World Bank economists Ritva Reinikka and Jacob Svensson point out that the "one obvious explanation for the high growth rates in Uganda [in the 1990s] is the preceding economic contraction, which resulted from a long period of mismanagement of the economy during the 1972-1986 period when the capital stock shrunk" (Reinikka and Svensson 2002: 3).

It is thus highly optimistic to imagine that the high growth rates of the post-war reconstruction period, in Uganda, can be sustained throughout the coming decades. Indeed, reality has unfortunately not kept up with the projections of the economic appraisal since the IFC approved funding for the Bujagali project. Falling export revenues have caused a sharp slowdown of economic growth in Uganda. In 2000, Uganda's gross domestic product grew by only 4 percent, and in 2001, by 4.9 percent (World Bank, 2001a: 7). Without further explanation, the World Bank/IMF now project the county's GDP to grow at a very high rate of 6.4-6.8 percent from 2003 onwards. Such rapid growth would result in average growth rate of 6.1 percent for the 2000-2010 period (World Bank, 2001c: 7). Even if such staggering growth rates can be achieved from 2003 onwards. Uganda's annual economic growth will therefore be slightly below the rate of 6.3 percent that IFC has defined as the scenario under which sufficient demand for power from Bujagali project exists (IRN, 2002: 11).

7. 5 Bujagali Hydropower Project: NGOs Request an Inspection

On July 27, 2001, the National Association of Professional Environmentalists of Kampala (NAPE), Uganda Save Bujagali Crusade (SBC), and other local civil society institutions and individuals (the Applicants) submitted a request for an inspection of all documentation related to Bujagali Project, dated July 25. On August 7, 2001, the World Bank's Inspection Panel notified the Executive Board of Directors and the IDA of receipt of application, meaning registration under the panel's operating procedures. Even though earlier observed and discussed briefly in several parts of the discussion above, the Applicants' claims could be emphasized and summarised as follows:

1. Failures and omissions of the IDA in the design, appraisal, and implementation of the project have materially affected their rights and interests, and were likely to jeopardize their future social, cultural, economic and environmental security.
2. The construction of the Bujagali hydropower project would result, in social, cultural, economic and environmental impacts to the local population.
3. The Applicants have been, or were to be harmed, as a result of a failure to undertake an environmental impact assessment of the project, as a result of a lack of cumulative environmental assessment related to the dams already built, under construction, and in the final stages of design, of an inadequate involuntary resettlement (including compensation), consultation, participation disclosure of information, and a lack of economic and technical analysis, especially in the case of Bujagali.
4. The IDA had not conducted an adequate economic, financial, institutional and environmental appraisal of the Owen Falls Dam Extension project, and mistakes in the design of the project resulted in only 100 MW being installed instead of 200MW, thus hastening the proposal to build the Bujagali hydropower project.
5. The resettlement associated with the Bujagali hydropower project had commenced without the IDA's supervision or involvement, and in the absence of an approved resettlement plan;
6. The Project is not the least-cost option for generating power in Uganda.
7. The Bujagali hydropower project would have significant negative cumulative impacts on the environment and fisheries and tourism.
8. The construction of the Bujagali hydro dam "will inundate the Bujagali Falls, which is a major tourist attraction, and the camp sites on the banks of the Nile, and will eliminate substantial revenues that accrue from tourism activities like whitewater rafting along the Nile" (NAPE/SBC, 2001: 4), adding that "we know that this loss has been underestimated in the Bujagali Environmental Impact Assessment" (NAPE/SBC, 2001: 4).
9. The proposed dam could threaten a rare fish in the falls.
10. The Bujagali project was the cause of the newly raised, and proposed increases in electricity tariffs, to the level that cannot be afforded by the ordinary citizens of Uganda, thereby causing further economic harm.
11. "The project's cost implications need publicly debated, and independently reviewed." Without such steps, "we feel the Bujagali Dam could lead to serious harm to all Ugandans, as we also believe costs of power will rise steeply...thus slowing economic growth for the country as a whole. Without the public information on economic assumptions underlying the Bujagali project, citizens are unable to fully assess the project's impacts on the economy, the electricity tariffs and the overall energy future".

12. There has been a lack of disclosure of information and consultation regarding the project and the Power Purchase Agreement pertaining to the Bujagali project, as well as the Economic Analysis, have not been released to the public.
13. The Applicants have tried but failed to clarify and resolve their concerns with the World Bank as well as Uganda Government officials.
14. The Compliance Advisor Ombudsman of the IFC was still under investigation for the time the application was submitted to the World Bank Inspection Panel for Bujagali appraisal (Inspection Panel, 2001, p. 4). In its Notice of Registration, the World Bank Inspection Panel noted that the Applicants' claims could constitute violations of, *inter alia*, World Bank policies and procedures on environment, natural habitats, poverty reduction, indigenous peoples, involuntary resettlement, safety of dams, cultural property management, economic evaluations of investment operations, project monitoring and evaluation, project supervision, and on disclosure of operational information.

7. 6 World Bank Response to the NGOs

The World Bank responded to the NGOs request with a critical comment on each of the issues raised in the request. Concerning the Bujagali project, the World Bank submitted that "adequate measures have been taken to follow IDA directives, policies and procedures", and it recognised that "this process will need to be continued through World Bank Board presentation and supervision of the proposed Bujagali Hydropower project". It added that an environmental impact assessment for the Bujagali project has been conducted by the project's private sponsor "in close consultation with IFC and IDA", and that "independent analyses of cumulative effects were prepared and incorporated in the March 2001 environmental impact assessment for the Bujagali power project". It also noted that the "seven volume environmental impact assessment was disclosed in Uganda and deposited in the World Bank Info shop on April 30, 2001. Contrary to the applicants' allegations, the World Bank claimed that it "has ascertained that both IFC and IDA staff have reviewed the Resettlement and Community Development Action Plan prepared by the private project sponsor (AES Nile Power) to ensure it responds to the requirements of the World Bank operational policies and procedures"(World Bank, 2001: 157). Accordingly, the private project sponsor who began the resettlement activity at the Bujagali site in April 2001 was well aware that it was being done at his own financial risk.

With regard to the technical and economic analysis of the Bujagali project, the World Bank claimed that its "review of the extensive analysis of Uganda's least-cost power master plan" has confirmed the government's assessment that, when environmental and social impacts are factored into account, the Bujagali project is the least-cost generation option for Uganda. The World Bank added that an "assessment of generation alternatives has identified three potential power projects (Bujagali, Kalagala and Karuma) and has examined possible cumulative effects of their development" (Map 1.0).

A study undertaken by the government of Uganda and two independent studies commissioned by the IFC had concluded that, "the Bujagali site (and in the future the Karuma site) could be developed as hydropower projects, provided the Kalagala site was not developed for hydropower. An agreement has been reached between the government of Uganda, IFC and IDA to develop Kalagala for tourism and other purposes" (World Bank, 2001b: 7). As to the project's impact on fisheries and tourism industries, the World Bank stated that studies commissioned by the project sponsor "have determined that the fish species found in the project area are also found both upstream and downstream. Additional fish sampling has been undertaken to confirm the findings in the environmental impact assessment". The World Bank agreed, however, "with the statement that the construction of the proposed Bujagali project will inundate Bujagali Falls" and stated that "the 2001 Environmental Impact Assessment (Acres International, 2001: 147-159) presents the analysis of the social, environmental and cost parameters that was undertaken to evaluate the potential for avoiding inundation of Bujagali Falls" and that it was "determined that there was no feasible configuration that would avoid inundation of Bujagali Falls" (World Bank, 2001c: 14).

The World Bank added that the project's potential impacts on tourism have always been a concern but it noted that "an agreement is in place to develop a downstream site at Kalagala for purposes other than hydropower production, including tourism. The World Bank denied any link between the Bujagali project and recent increases in electricity tariff rates. It stated that the "May 2001 tariff increase was the first to be implemented in Uganda since 1993 and was made by the autonomous Ugandan Electricity Regulatory Authority" (World Bank, 2001c: 17).

According to the World Bank, "a tariff increase was needed, independent of the proposed Bujagali project, to ensure the financial viability of the power sector. The increase re-established a satisfactory financial basis for power sector operations, based on current cost structures, and will ensure that the power sector generates sufficient revenues to cover recurrent debt service, working capital and investment needs" (World Bank, 2001c: 21). The World Bank added that it "would like to clarify that the government of Uganda put forward the Bujagali Dam project ahead of Karuma Dam. This decision by the government of Uganda was based on the least-cost analysis of power expansion options, which determines from detailed calculations and simulations, the least-cost expansion plan for the power sector and that, contrary to what has been stated, by the"studies (IRN, 2002; Prayas Energy group, 2002; Inspection Panel, 2002) and my assessment of the arguments of both the World Bank and the protesting NGOs, supports the conclusion that Bujagali hydropower project is the least-cost generation alternative have been carried out and made publicly available" (Inspection Panel, 2002: 57). With regard to the disclosure of information and public consultation, the World Bank claimed that consultations with affected people and stakeholders concerning the Bujagali project began in 1997 and have continued to date, as per its operational policy. It also pointed out that the results of economic studies were not yet available for public discussion at the time the application was submitted, since the results have yet to be discussed with the Government of Uganda for issue to the public. It added that at a July 2001 Washington DC Forum, which also included Ugandan and international NGOs, "IFC staff explained this situation to participants, made a presentation of the analytical process (objectives, approaches and key considerations), and a commitment that the results of these analyses would be disclosed (to no avail) to the public well before consideration of the project by the Board" (World Bank, 2001: 37). As observed by the Inspection Panel (2002: 142 see p.131) the World Bank was of the view that the "Power Purchase Agreement is an agreement between the Government of Uganda and the private project sponsor (AES Nile Power Ltd), and that should these two concerned parties agree to disseminate it to the public, IDA would have no objection ". It also noted that "the proposed Bujagali project has yet to be appraised and that when the economic analysis has been finalised, a summary will be made publicly available" (Inspection Panel, 2002: 58).

7. 7 The High Court's Landmark Ruling

As part of the pressure by NGOs against the World Bank and Ugandan gGovernment stand on the project, on July 27' 2002, a Ugandan NGO, Greenwatch, petitioned the High Court in Uganda, asking the government of Uganda to produce the Power Purchase Agreement (PPA) it had signed with AES Corporation, and which both parties had, up to this point, refused to release to the public. The PPA is a comprehensive document with a lot of information including technical and commercial aspects of the Bujagali project. Greenwatch argued that denial of access to such information would amount to an abuse of constitutional rights under article 41 (1) of the 1995 Constitution of Uganda (NAPE/SBC, 2002: 9). On December 12, 2002, the Uganda High Court unexpectedly decided that the PPA must be released for the sake of transparency to the public. This became a landmark ruling that has strengthened civil society groups, like NAPE/SBC, in their decision-making processes in Uganda, and in similar private power and World Bank financed projects the world over (NAPE, 2002). However, the High Court Landmark ruling was specifically made only on the PPA, which was the document upon which Greenwatch had petitioned the government.

In ruling that the World Bank and Ugandan government must make the document public, the High Court set a precedent for public access to information in Uganda. It also strengthened the legal framework that has been put in place to promote access to information. It further strengthened the requirement of the government to ensure that information is available in quality, coherence and standards that are accessible to the public so as to enable informed decisions on issues pertaining to the information available. AES Corporation and the government of Uganda had concealed the agreement, as confidential for over three years (from 2000 to 2002), saying that it would prejudice the sale of power to neighbouring Kenya as well as giving national security reasons (NAPE/SBC, 2002). Local NGOs had petitioned the parliament of Uganda and lobbied the World Bank to no avail until the matter was taken to court in July 2002 and a ruling made on the 12th December 2002, that the documents be released to the public , see page 132) and now await further developments from the government of Uganda and the World Bank as no progress has been made since the ruling.

7. 8 Conclusion

The concerns in the Bujagali Hydropower project are not unique, as numerous socially, economically and environmentally flawed World Bank funded projects have been found world-wide (Li, 1999; IRN, 2002; Mathur and Marsden, 1998: De Wet, 1`998). The criticisms of the Bujagali hydropower project presented in this chapter do not necessarily suggest that it should not be undertaken. Rather they do suggest that the project could contribute more to sustainable development if the highlighted environmental, economic, social and natural resources' concerns were avoided or mitigated. However, they do strongly suggest that the World Bank should only take further action on Bujagali if AES Nile Power agrees to waive its confidentiality agreement with IFC and release the Acres Economic Review of Bujagali.

Rumours regarding corruption in Bujagali have been widespread for the last few years (IRN, 2002) and will quite likely continue to haunt the project. The World Bank cannot credibly claim to combat corruption if it continues to protect the secretiveness of a high profile project in an extremely corrupt environment. The bank's secretiveness is even less justified when vital public interests are at stake (such as in the case of PPA, and of the Kalagala Offset Agreement), and when no legitimate commercial interests need to be protected (such as in the case of the Economic Review). Accordingly, the World Bank should not take any further action on Bujagali unless the PPA and the Economic Review of the Bujagali are disclosed to the public in line with the High Court's ruling, and sufficient time is provided to analyze this newly available information. If the ultimate objective is to create a participatory and transparent decision-making process, then the presumption in favour of disclosure cannot by definition be applied selectively. The continued secrecy of some documents lessens the value of those that are disclosed. The transparency of the bank's involvement in the Bujagali is dependent upon the availability of the whole range of documents used in the project, and not only those that are owned by the World Bank itself.

Chapter Eight: Bujagali Project – Assessing the Issues

8. 1 Introduction

This chapter discusses the Uganda's power generation options and scenarios, Bujagali's environmental impact assessment; its impacts on fisheries; its resettlement and compensation and the resulting loss of culturally important sites, the neglected needs of the poor and public risk. The chapter assesses the extent to which the powerful World Bank considered alternatives to Bujagali Power project and the effectiveness of its assessment procedures. Finally the chapter discusses the findings of the field work in the Bujagali area (Map 1.0 in Chapter One) that included site visits and field interviews with local resistance residents on both sides of the River Nile in Mukono and Jinja districts, as well as local councillors, and tour operators of Adrift Uganda, a British tourism company operating white water rafting in the area.

As is argued by NAPE/SBC (2002: 12), the World Bank Inspection Panel (2002: 77), and the IRN (2002: 48), the potential for geothermal power generation, which emerged as the least-cost option for Uganda in the official options assessment for Bujagali (Acres International, 2001) should be analysed in unbiased way (IRN, 2002; Inspection Panel, 2002). It was however dismissed by the World Bank. Modern advanced technologies make it possible to construct large dams as permanent engineering structures across large river channels as symbols of economic growth and national status that display human advancement (Johansson *et al.,* 1993:19). On the other hand, a good deal of social, cultural, economic and ecological impacts of dams and reservoirs such as economic impoverishment, socio-cultural disarticulation, homelessness, and ecological destruction, has not been openly discussed, in the context of Uganda' Bujagali, as has been for the Three Gorges Dam on the Yangtse in China (Li, 1999). Indeed, the greatest negative effects of dam construction are the human displacement and resettlement as well as impacts on the environment.

In this case, there is a further highly problematic element: that the power produced by Bujagali is unsuited to the needs of Uganda's population. Over 65 percent of the Uganda population live below the poverty line, while 20 percent, mainly middle class, are just surviving and are increasingly finding it difficult to afford the overpriced electricity. This means that only 15 percent of the Ugandan population can afford electricity. The demand for electricity is thus very low, not high, as the government's preferred energy developer and some government officials are arguing (NEMA, 1998). Moreover, government has in the past, shelved a rural electrification programme dependent on huge hydropower projects because potential financiers have always considered it uneconomical. This is why current electricity demand is put at an estimated 230 mW with only 5 percent of the population having access to electricity (NEMA, 1998; WRI, 2003; Pottinger, 2002). The Ugandan government, therefore, faces a dilemma: go along with forced World Bank hydropower development or face the reality of alternatives

(Pottinger, 2003). The majority of the population (95 percent) has no choice but to continue using wood fuel and charcoal. The high cost of power combined with financial poverty has ensured that these energy resources are and will remain the poor person's energy resources. Sadly, this fact is not reflected in Uganda's energy plan, and the government has failed to show a commitment to fuel renewal (Pottinger, 2003).

8. 2 Power Generation Options Assessment

The World Commission on Dams report (2000) calls for a complete understanding of energy needs and a comprehensive evaluation of the best way to meet those needs before considering specific projects. The WCD also recommends that studies be made to assess the scope for "demand side management (DSM), and calls for decentralised supply options and community-level initiatives" and recommends that "a priority should be to improve existing systems before building new supply, and DSM options should be given the same significance as supply options" (WCD, 2000: 25). The World Bank analysis done for the Bujagali does not meet the criteria described above. There is neither a comprehensive needs assessment for Uganda, nor a detailed study of the many approaches to energy supply that could meet those needs. There is no feasibility study for renewables such as solar and wind (although reportedly one is under way by the African Development Bank, it will obviously be too late to compare against this project). The only study on "alternatives" was undertaken by a dam building company, Acres International, and it merely looked at a number of dam proposals and compared them to Bujagali (IRN, 2002).

During my visit to Uganda in Spring 2003, I was able to obtain access to the 2002 World Bank Inspection Panel Report, which included the Economic Review conducted in 2001 for the Bank by the Canadian engineers Acres International. In carrying out the least-cost evaluation of available options, Acres International first developed a plausible alternative scenario for the least-cost expansion of electricity supply in Uganda, against which the scenario (including Bujagali) could be compared to estimate the difference between the two scenarios, including an expansion that excluded Bujagali. Acres International noted that "of those [options] available, few are developed to a pre-feasibility or feasibility level whereas Bujagali is costed to the level required for financing and implementation" (2001: 67). Acres International also noted that the stakeholders in the sector had indicated that they had not considered any alternative as a possible replacement for the 200mW Bujagali. Table 8.1 shows alternative generation sources as well as sites, in which Bujagali is only one of six falls or extensive rapids targeted for the development of a cascade of huge dams, in what is being called "a national hydropower development network" (Pottinger, 2003). The Bujagali project developer, AES Nile Power, had reasoned that less than 5 percent of the Ugandan population have access to electricity, leaving the rest to rely on the quickly diminishing resources of charcoal and wood fuel for energy. Yet, the real issue is the demand for hydropower, and not access to it.

Table 8. 1 Planned Hydropower Development Sites

Proposed hydropower Development Site	Capacity in m3	Expected Energy Unit Cost in US $ million	Energy Unit Cost in US $ million
Kalagala	450	550	1.22
Murchison	642	817	1.27
Bujagali	320	460	1.44
Ayago South	234	426	1.82
Ayago North	304	580	1.91
Kamdini/Karuma	180	432	2.40

Source: Inspection Panel, 2002: 17; IRN, 2002: 19.

The summary of Economic Review (IFC, 2001) and the Acres International Economic Review discuss the large hydro options on the Victoria Nile, which in addition to Bujagali, included Kalagala, Ayago, Kamudini (Karuma) and Murchison (Table 8.1). They were compared with respect to their likely compliance with World Bank safeguard policies (Inspection Panel, 2002: 22). Because of their proximity, Bujagali and Kalagala were treated as mutually exclusive, to avoid severe cumulative local socio-economic and environmental impacts. Karuma is a potential 200 mW $596m project downstream of Lake Kyoga, which had been studied for the earlier 1997 Power Master Plan (Kennedy and Dornkin *et al.* 1997) and up dated in 1999 by British consultants for the Energy sector Plan. The Acres International economic review concentrates on these two large hydro alternatives to Bujagali, while emphasizing that it also took into consideration as options unit 14 and 15 at the Owen Falls extension. Projects within the Murchison Falls National Park (Murchison, Ayago North, and Ayago South) were not considered viable generation alternatives in the planning horizon on environmental and commercial grounds.

The Acres International review of alternative hydropower sites is based on its earlier analyses out of which it proposed Bujagali site for the project. Acres International concluded that the Kalagala scheme would provide a very large increase in power, but would have the greatest overall environmental and socio-economic impacts; Karuma would be likely to have the least overall environmental impact but generate the lowest amount of power, whilst Bujagali would have a relatively low environmental impact whilst generating substantial amounts of power (IRN, 2002: 19; Inspection Panel, 2002: 24).

The requesting NGOs have argued that the World Bank has neglected the assessment of alternative options such as geothermal energy. Measure six of the World Bank proposed Action Plan (2002) seemed to address these concerns by promising to include funds for geothermal exploration and drilling in a Bujagali technical assistance project in the financial year 2003. The problem is that even with the bank's optimistic demand projections, the full capacity of Bujagali will initially not be needed. If, as suspected, demand grows more slowly than projected by the bank, there is no need for alternative options on top of Bujagali for many years to come. Alternative generation options should be thoroughly considered before the Bank approves Bujagali, so that they can be promoted as an alternative if they are found to be more economically viable. Accordingly, the Bank should insist that alternative options, including the promising geothermal power in Uganda, be thoroughly analysed before further financing for Bujagali is approved. Despite concerns, the Bujagali Falls site was confirmed (Acres International, 2001) to be the most desirable site on the Victoria Nile for the next hydropower development, but, the potential irreparable damage of Uganda's natural heritage is, however, simply not viewed as a critical policy issue.

The alternative options that could be considered are wind, geothermal, solar, small-scale hydro, co-generation, biomass, thermal, and large-scale hydro. The Acres International (2001) also reviewed small and medium scale hydropower projects in some detail, commenting that data limitations hindered a proper assessment, and concluding that such developments "would not be cost effective as a possible alternative to the Bujagali project" (Acres International, 2001: 22). Of the medium scale (i.e., at least 50 mW) projects, only Muzizi (near Kasese further west) appeared attractive when compared to larger hydro schemes or thermal alternatives. "Having said this, the smaller hydro plants are able to follow load growth more closely than the larger plants, and this characteristic is captured in the least cost analysis"(Acres International, 2001: 26). For the thermal alternative, Uganda relies on imported oil transported overland at considerable expense, and partly because the current cost of delivery set in Kenya was judged to be very high by international standards, the study used a significantly lower figure in the expansion plan scenarios.

Acres International also included the planned 33 mW Kakira bagasse plant (as per Uganda's energy sector expansion plan), likely to come on stream in 2004 or 2005, in the development of the least cost generation expansion scenario, because it was said to offer an attractive alternative to the conventional thermal options. However, although cogeneration projects are becoming increasingly popular internationally, the report said that the substantial amounts of biomass residues "are so dispersed geographically, and in quantities too small, to justify an investment in the development of an electricity plant in Uganda in the near future" (Acres International, 2001: 37). Acres International further suggests that while there may be local opportunities for using wind energy "there is insufficient information at the present time, on which to consider wind energy as a significant source of grid-based energy. Further investigation of the wind resource in Uganda would be valuable" (Acres International, 2001: 38). As for solar power, the report concludes that "it will not be competitive for grid-based generation, but it will continue to be attractive for off-grid generation" (Acres International, 2001: 41). Acres International did not treat wind and solar power unfavourably in terms of the estimated costs of electricity cited in the study (McVeigh *et al.*, 1999; McGowan *et al.*, 2000: 47): Nevertheless, given the reappraisal of non-hydro renewable resources that has taken place internationally in recent years, the approach to the selection of the options in the report seems outdated, consigning the new renewables essentially to rural applications, for which their importance in Uganda has been acknowledged in the government's electrification strategy and plan for 2001 to 2010 (see Chapter 6, section 6.2.2).

Acres International also observed that there are more than 450 mW of unexploited geothermal potential in the Western Rift Valley area, according to the 1999 Uganda Electricity Board Study (ESMAP, 1999). This potential and its proximity to the existing grid in the southern part of the country make it a promising alternative to hydropower. However, field investigations to ascertain the productivity of the geothermal source have still to be carried out. Although the May (2000: 17) Acres International internal assessment dismissed geothermal resources, Acres International includes a geothermal option in the generation expansion scenarios, with considerable caution expressed about uncertainty in the cost estimates. Acres International estimated the earliest in-service date for a geothermal plant to be implemented in Uganda, concluding that: "geothermal power would not be available before 2009 or 2010 at the earliest (Acres International, 2990: 18). As such, it could compete with Bujagali if its commissioning date is considerably delayed. In conclusion, it is thus recommended that this alternative be further investigated in the context of an overall master planning exercise" (Acres International, 2000: 40). As the conclusion on section 8.2 of chapter eight already suggests, while Acres International used estimated capital costs of $2000/kW, including exploration drilling, its summary of economic review (2001: 17) asserts that this is a conservative estimate of costs, given the lack of studies and the risks associated with geothermal development, although no supporting evidence is offered (IRN, 2002: 32).

8. 3 Least-Cost Scenarios without and with Bujagali

In examining the least-cost energy expansion plan, Acres International began by developing alternative scenarios without Bujagali, then compared them with a least-cost scenario that included Bujagali.. The main goal in planning the expansion of a power system is to minimize the long-term total system cost (capital plus operating costs) while satisfying the forecast load demand at economic levels of reliability (Acres International, 2001: 26). The measure of cost is the discounted *net present value (NPV)* of cost. As suggested in Table 8.2, the economic review draws together the Acres International estimated discounted present values of the costs for the non-Bujagali options they evaluated according to the British Institute of Hydrology in London, and Acres International. The alternative scenario for the Nile hydrology is based on thermal generation units (large open cycle and combined cycle gas turbines) complemented by small private diesel units. The alternative for Acres International and the British Institute of Hydrology is based on thermal generation units complemented by Owen Falls Dam and Owen Falls Dam Extension Unit 14 in 2020, and the implementation of Kakira bagasse plant at its earliest time possible. Acres International (2001) argues that, instead of having less costs than the geothermal and mini-hydro options, these various dam scenarios have the advantage of staging the units to better the energy load, and allowing for an assessment of the comparative costs associated with implementing large plants such as Bujagali alone (Acres International, 2001: 6, 12, 22). Concerning the role of large hydro options in the alternative scenarios, it is pointed out that: "The development of the Kalagala and Karuma hydro plants as a replacement of the Bujagali project constitutes a valid alternative from an economic perspective as suggested by Table 8.2

Table 8. 2: System Expansion Cost of Non-Bujagali Alternatives

Expansion plan description	Net present value @ 10% Cost (British Institute of Hydrology)	Net present value @ 10% Cost (Acres International)
* Large thermal plants	806.8	651.0
* Small thermal plants	821.4	n.c. (*)
* Kakira + large thermal plants	779.0	619.1
* Geothermal	660.8	510.1
* Mini/Medium hydro+Muzizi hydro	727.2	577.4
* Karuma +Thermal	769.2	600.0
* Kalagala + thermal	747.7	558.1
* Kalagala +Karuma	748.9	562.0

Source: Summary of Economic Review, Table 4.1. p. 18
@ see page 138 for explanation

However, the problems envisaged with the Bujagali project with respect to its impact on the environment and the relatively large size compared to the system demand would be equally encountered with these alternatives. "These concerns can only be addressed by comparing the hydro development with another type of generation, but the scenario that considers the development of other large hydro units is not suitable for that purpose" (Acres International, 2001: 6; see also: IRN, 2002; WRI, 1992 and 2003). It is striking, therefore, that in Table 8.2 above the development of the geothermal potential is more than one-fifth cheaper than the thermal alternatives and about one-tenth cheaper than the large hydro alternatives (Karuma and Kalagala). The summary of economic review explains that: "While geothermal shows the lowest net present value under all considered hydrologies, it is not selected as the alternative because both its timing and underlying costing are speculative" (Acres International, 2001: 47) The same is true for the mini/medium hydro scenarios; as they are not the least-cost alternative. Because Karuma and Kalagala present the same kind of environmental impacts and project size concerns as Bujagali, they are not instructive as alternatives.

From the list in Table 8. 2, the next least-cost option is the scenario including Kakira (bagasse-fuelled) followed by a suite of large-scale thermal plants (IFC, 2001: 18; Acres International, 2001). Acres International (2001: 48) also suggests that geothermal would not be suitable for use in the alternative scenarios because, "due to its long lead-time, it cannot compete directly with the Bujagali project for capacity needed by 2006" (Acres International, 2001: 6), and agues that "geothermal power would not be available before 2009 or 2010 at the earliest, assuming that exploration and drilling would start by 2002". The Report also suggests that construction would require three years prior to commissioning of the first unit, with the second unit coming on line a year later. However, it is noted that although the developer's schedule is for Bujagali in 2006, the optimal timing that emerges from the least-cost expansion plan is actually for 2007 (Moch *et al.*, 1997). But, it is observed that geothermal plants offer several advantages: they have short construction periods (approximately one year for a 50-mW plant), and are capable of providing base load, following or peaking capacity (Mock *et al.*, 1997).

Moreover, construction of these plants "is a relatively rapid procedure as little as half a year for 0.5 to 10 megawatt units, and two years for clusters of plants with capacities of 250 megawatts or more" (Energy and Geoscience Institute, 1997 quoted by the Inspection Panel, 2002: 39)). Acres International further argues that: "The development of the geothermal potential is highly speculative at this point", and because of the uncertainties in the economic costs "this scenario could mislead the stakeholders in reviewing the economies of the Bujagali project and should not be used as an alternative scenario at this stage" (Acres International, 2001: 51). Given the large differences in the net present value between the geothermal and the next lowest cost alternatives, this would have been helpful. In fact, a set of documents on the WCD (2003) website (IRN, 2002:36) as those of Bosshard (2002; and de Wet (1998) provide estimates of geothermal electricity costs (with ranges) in developing country situations. While geothermal development costs are site specific, as a general guideline, the website documents supply estimates of levelled unit costs of power. "These costs are based upon projects constructed in developing countries and therefore indirect costs at the higher end of the scale have been chosen" (WCD, 2000: 69). For large plants (> 30 MW) and a high quality resource, the unit cost is given as 2.5 to 5.0 US c/KWh, while for a medium quality resource it is 4.0 to 6.0 Ush/kWh, based on a 10 percent discount rate and a 90 percent capacity factor. The WCD (2000) discuses the risks involved in reconnaissance and exploration; reviews past experience in developing countries, drilling success rates in East Africa, and confirms the possibility of good quality geothermal resources in the Rift Valley.

It is not explained in the summary of Economic Review why it was thought meaningful to include costed geothermal projects (or the mini/medium hydro plants) in the search for and selection of the alternative scenarios at all, if their costs and timing were such that they would inevitably be too uncertain or far off for them to be acceptable elements in an alternative scenario (Acres International, 2001:16). Once the estimates had been made and the potentially significant net present value differences identified, it would have been appropriate to examine whether the investigation of the potential of geothermal energy might have enabled the confidence of being a viable alternative and, if so, in what circumstances. Thus, in its treatment of geothermal energy, the World Bank has only partially complied with its own operational procedures. After the selection of the without Bujagali alternative scenarios, the with Bujagali scenarios were developed by inserting Bujagali in various places in the alternative sequence to determine its 'best' position in the energy development plan. Table 8.3 illustrates the very large advantage in the commissioning of the 200MW Bujagali in 2006 or 2007 relative to the whole range of non-Bujagali options, not including geothermal, the costs of which are very speculative (Acres, 2001). As part of this analysis, two decisions were tested by the Inspection Panel (2002:39) and Prayas Energy group (2003) for their sensitivity to their variation in two key variables, hydrology and load forecast. The cost-risk analysis showed there was less cost-risk if: (a) planning for Bujagali was based on Acres Report's higher flow hydrology; and, (b) if Bujagali was completed by 2006 as opposed to delaying it (Acres, 2001: 11).

Table 8. 3: System Expansion Costs with Bujagali Options

Energy Expansion Plan Structure in Uganda	Net Present Value @ 10% Cost (British Institute of Hydrology)	Net Present Value @ 10% (Acres International)
1. Bujagali 200MW 2007 + Thermal	670.2	500.9
2. Bujagali 200 MW 2007+thermam +Karuma 2018/20	670.7	500.6
3. Bujagali 200 MW 2006+thermal	678.1	-
4. Bujagali 200 MW 2006+ thermal+Karuma 2020	-	521.2
5. Bujagali 250 (b) MW 2006 +thermal	(a)	506.9
6. Bujagali 200 MW 2006 + 50 MW 2011 + thermal	-	499.3
7. Bujagali 200 MW 2007 + 50 MW 2011 + thermal	-	478.7
Comparative range of Non-Bujagali options (c)	727.2 to 821.4	558 to 651.0
Bujagali 2006 advantages vs alternative generation options	100.9	112.2
Source: Inspection Panel, 2002: 33		

Note: Under the Institute of Hydrology (IoH), the project cost is minimized when the 5 unit of Bujagali is commissioned in 2011. Bujagali is a unit project of 5x50 MW units; the timing of Unit 5 is optimal. Comparisons exclude geothermal because of its highly speculation value. In all cases thermal fuel is not taxed, consistent with standard procedure in economic analysis where the objective is to determine the most economic use of real resources.

However, it would appear as if the whole exercise was designed to justify Bujagali as the ideal generation option without fail. Even if no alternatives existed, or if a balanced assessment of available options showed that Bujagali was indeed a least-cost project, the social, economic, and environmental problems should be resolved. The experience with earlier World Bank projects, for example the Yacyreta dam in Argentina/Paraguay (Pottinger, 2003), and Three Gorges Dam (Li, 1999), demonstrates that the bank cannot be trusted to adequately implement action plans that it prepared in response to NGO concerns. In order for the Yacyreta/Three Gorges scenarios not to be repeated in the Bujagali project, the World Bank should insist that the policy violations be addressed before, and not after the project is approved. Even on the grounds of sound financial policy, it would be more appropriate to apportion the risks of Bujagali between the government and the private sponsor from the start, than to spend more public resources on mitigation measures once the problems arise.

In assessing potential impacts, it is important to consider the geographic scale (global, regional, and local) over which they might occur. Similarly, it is important to consider perception and magnitude of potential impacts that will frequently depend on subjective interpretation of acceptability or significance. Consultation, negotiation and understanding are vital in addressing the problem, and will assist in moving from positions of confrontation, dependence, or insulation among stakeholders to positions of mutually agreed and understood interdependence between partners (WCD, 2000; WRI, 1993, 2003). Human, socio-economic and cultural impacts resulting from exploration and construction operations are likely to induce economic, social, and cultural changes. The extent of these changes is especially important to local groups, particularly indigenous people who may have their traditional lifestyles (livelihoods) affected. The key impacts may include:

- Land use patterns, such as agriculture, fishing, logging, hunting, livestock…as a direct consequence (for example land take and exclusion) or as a secondary consequence by providing new access routes, leading to unplanned settlement and exploitation of natural resources.
- Local population levels, as a result of immigration (labour force) and in-migration of remote population due to increased access and opportunities.
- Socio-economic systems due to new employment opportunities, income differentiation, inflation, differences in per capita income, when different members of local groups benefit unevenly from induced changes.
- Socio-economic systems such as social structure, organisation and cultural heritage, practices and beliefs, and secondary impacts such as effects on natural resources, rights of access, and change in value systems influenced by foreigners.
- Availability of, and access to, goods and services such as housing, education, health care, water, fuel, electricity, sewage and waste disposal, and consumer goods brought into the region in question.
- Planning strategies, where conflicts arise between development and production, natural resources use, recreational use, tourism, and historical or cultural resources.
- Aesthetics because of unsightly or noisy facilities,
- Transportation systems due to increased road, air, and water infrastructure and associated effects (e.g. noise, accident risk, increased maintenance requirements or change in existing services).

8. 4 Environmental Impact Assessment

As will already have become clear, many of these problems would not have arisen if environmental impact assessments had been carried out. No environmental impact assessment has ever been carried out for either the Owen Falls Dam or Owen Fall Extension. Without knowing the impacts of these two upstream dams, the Bujagali EIA cannot adequately address the cumulative impacts of the three projects. This clearly contradicts the recommendation made by the World Commission on Dams (WCD, 2000: 127) that: "Cumulative impacts should be analysed and environmental impacts from past projects should be evaluated and incorporated into the needs assessment." The World Bank's own policies would seem to indicate that, in this case, a sectoral EIA should have been done to evaluate the cumulative impacts of the existing and proposed dams, but such a study has not been done. Indeed, a democratic EIA would have been useful in highlighting how electricity reform affects social and environmental concerns as suggested in Table 8.4.

Table 8.4: How Electricity Reform Affects Social and Environmental Concerns

Social	Environmental
Access: In a restructuring electricity market, profit alone is often an insufficient driver for expanding access to relatively unprofitable rural customers and the urban poor. Incentive schemes, subsidies, or regulatory mandates may be required.	*Technological/Fuel choice:* The choice of technology and fuel used to generate electricity has environmental impact. The market structure put in place by reforms can affect technology choice by changing the relative attractiveness of capital-costs In addition, the existence and basis of a planning framework for electricity will determine whether environmental considerations factor into a long-term vision for the sector.
Price: Electricity reforms are typically associated with resources to limit subsidies and enhance tariff collection. While these changes make for a better functioning sector, the resultant price increases can also cause social hardships and spur political opposition to reforms. A mitigation strategy can address these costs.	*Regulatory decisions*: Economic regulatory decisions often also have environmental outcomes. Regulators can influence how level the playing field is for different technologies. They can also implement a strategic vision for the sector. Regulators must have the mandate and training necessary to play these roles
Quality: Competition in restructured markets may increase the reliability, choice, and responsiveness of electricity service providers, but is not guaranteed to do so in the absence of appropriate regulation and oversight.	*Incentives for efficiency*: Electricity reforms that enforce financial discipline should contribute to greater efficiency of supply, with environmental gains. However, reforms can introduce additional transaction costs, and obscure price and other signals to customers, raising obstacles to end-use efficiency improvements. Conversely, competition could spur retailers to market end-use efficiency services.
Labour: Public sector electric utilities face job cuts as a result of reforms. This retrenchment will bring social costs. Opposition from labour interests can be a political deterrent to reforms and will have to be addressed and mitigated.	

Source: Bacon, Robert, 1999: Global Energy Sector Reform in Developing Countries: Scorecard, Report 219/99. Washington, D.C.: ESMAP

The situation is further worsened by the fact that even then, there have not been any post project EIA studies carried out. So the impacts as a result of the old Owen Falls dam are not known. Also, there was no EIA for the Owen Falls Dam Extension constructed in 2001 with funding from the World Bank. There are a number of other dams being proposed on the Nile and the concern of the local and foreign civil society is that the cumulative impact of having several big dams on the Nile is not known. It is the responsibility of the Uganda government, the World Bank and the developer (in this case AES Nile Power) to ensure that a comprehensive EIA address the cumulative effects of building several big dams on the Nile.

The World Bank (2001b: 41) notes that "[w]hen a project is likely to have sectoral or regional impacts, a sectoral or regional EA is required"... In the case of Bujagali, the World Bank's failure to ensure that the sector environmental assessment (SEA) was carried out has led directly to many of the NGOs concerns related to Bujagali project. The World Bank (2001) calls the related issue of cumulative impact assessment "of real significance and ... deserving of greater attention." Indeed, the lack of a SEA is a violation of the World Bank's operational policy OP 4.01 (IRN, 2002: 39).

In its response to NGOs' concerns (July 2001), however, the World Bank (2001) does not propose a SEA that addresses the proposed and existing dams on the Nile, and their impact on the electricity sector and the environment. Instead, the World Bank proposes a SEA "as part of the strategic planning for the Nile Equatorial Lakes Subsidiary Action Program (NELSAP). This SEA, the World Bank notes, "would address future regional power options" and "also would be a prerequisite to IDA investments in selected power generation facilities under the NELSAP"(IRN, 2002: 42). The World Bank does not address the NGOs concern that there should be a sectoral environmental assessment that takes into account Bujagali and the Owen Falls projects, not at some later stage in the preparation for future dam projects. Cumulative impacts are also treated as a task for the future, as part of the Nile Basin Initiative, rather than as a concern that should be addressed before the fact, as part of the planning process for Bujagali. However, the Bank should prepare a sectoral EA as part of the Bujagali Appraisal process, not after the project has already gone forward. Indeed, SEAs offer better opportunities for analysing existing policies, institutions, and development plans in terms of the environment, and they allow for environmentally sound sector-wide strategies.

8. 5 Kalagala Offset Agreement

Measure three of the World Bank's Action Plan (2001) addresses the so-called Kalagala Offset Agreement. In a letter to the World Bank (obtained from Mr. Frank Muramuzi, the Director of NAPE/SBC in Kampala, March 2003), the Ugandan government confirms that it will "set aside Kalagala exclusively to protect its natural habitat, environmental and spiritual values, and for tourism development, as required by Operation Policy OP 4.04 of the World Bank on natural habitats"

(Inspection Panel, 2002: 71). The World Bank presents this new letter as a major improvement, meant to bring the project in compliance with its OP 4.04. Yet, a closer review of the Project's legal document, and the so-called Indemnity Agreement, as discussed by the Inspection Panel (2002: 72) and IRN (2002), qualifies this concession. The agreement clarifies that the government "will not develop the Kalagala site for power generation, without the agreement of the association" between the IDA and the government of Uganda. Since both the IDA and the Ugandan government are interested in promoting hydropower dams on the Nile, this agreement does not provide any guarantees of protection to the Kalagala Falls site, and does not bring Bujagali in compliance with OP 4.04 of the World Bank on natural habitat. Thus, the World Bank should insist that the Kalagala site be protected from further construction irrespective of any further agreement. As the World Bank operational policy (OP 4.01) states that when a project is likely to have sectoral or regional impacts, sectoral or regional EIA is required, there are major questions surrounding the Bujagali hydropower project's environmental impact assessment issues.

There are several categories of environmental and resource problems produced by the Bujagali hydropower project. The most immediate is the pollution of the atmosphere, water, and soils, which impairs the usefulness of these environmental assets for producing goods and services and/or creates disabilities for humans by causing illness and discomfort. A second category consists of the destruction or alteration of natural resources in a manner that impairs their usefulness for more valuable economic activities or for providing direct utilities for humans. A third category of problems arises when the project is operated in a way that creates unnecessary damage to the natural resources environment. There may be nothing wrong with the activities themselves now, but the damage arises from the way the project has been designed, the way it will be operated, or the activities it will support. A fourth category of environmental problems might arise from the violation of the principle of sustainability. The project may now be justified in terms of economic benefits exceeding social and ecological costs, from the standpoint of the present generation, but the social and ecological benefits may not exceed social and ecological costs if the welfare of future generations is taken into account.

The main Bujagali concern is whether the World Bank included environmental costs in the project design or even required them to be included. A second concern is whether sustainability criteria were included in the environmental impact assessment that was done (Acres, 2001). A third question is whether adequate account was taken of risk estimating social benefits and costs. A fourth question concerns whether the project will be completed, operated and maintained in accordance with the project design to take full account of environmental impacts. These interrelated questions are considered important for the Bujagali power project given the many World Bank projects that have proved environmentally flawed (Table 8.5). The list in the table suggests that sustained pressure by NGOs is essential to hold financial institutions and project executors responsible for the extensive damage to ecosystems and livelihoods of large dam projects and force them to refrain from financing such damaging dam projects. The timely involvement of NGOs or other pressure groups is a crucial input to prevent negative impacts on ecosystems and affected communities.

Table 8. 5: Environmentally Flawed World Bank Financed Hydropower Projects

Hydropower Dam	River Basin	Country
Aslantas	Ceyhan	Turkey
Glomma	Lagen	Norway
Grand Coulee	Columbia	USA/Canada
Kariba	Zambezi	Zambia/Zimbabwe
Pak Mun	Mun-Mekong	Thailand
Tarbela	Indus	Pakistan
Tucurui	Tocantins	Brazil
Gariep and Vanderkloof	Orange	South Africa
Source: World Commission on Dams, 2000: 44		

In my March/April 2003 interviews with Mr. Frank Muramuzi, the Director the National Association of Professional Environmentalists of Kampala (NAPE/ SBC), it was pointed out that the Bujagali project would have significant negative cumulative impacts on the environment and the areas' natural habitats. He contended, *inter alia*, that the construction of Bujagali dam would inundate the falls, which is a major tourist attraction flood the camp sites on the banks of the Victoria Nile, and eliminate substantial revenues that accrue from tourism activities like white water rafting along the Nile. He also stressed that the debate about Bujagali is a debate about the very meaning, purpose and pathways for achieving local level development. Indeed, it was the rationale for a fundamental shift in opinion assessment and in the planning and project cycles for water and energy resources development. Accordingly the loss of Bujagali Falls has been underestimated by Acres International (2001) environmental impact assessment. On this matter, the World Bank (2001) agreed that the proposed project would impact on tourism, but noted that an agreement be in place to develop a downstream site at Kalagala Falls for purposes other than hydropower production, including tourism (World Bank, 2001: 21).

In its response to the NGOs' request for an inspection (see Chapter 7), the World Bank (2001: 43) stated that, "the Kalagala Falls site should be preserved in its present state as per the agreement between the government of Uganda, IFC and IDA, as an environmental off-set area of special interest for local tourism development." The World Bank further stated that this initiative would be specifically designed to promote tourism in the Upper Nile. The World Bank went on to say that: "the government of Uganda, IFC and IDA's agreement on the Kalagala Falls offset should curtail future actions whereby a cascade of dams could be built on the Victoria Nile, thereby setting aside habitats that could otherwise be inundated (World Bank, 2001, p. 46, para 132). It also indicated that "the agreement between the Government of Uganda, IFC and IDA calls for a multi-stakeholder consultation process, which would identify investment programs, including tourism, with appropriate mitigation measures at Kalagala" (World Bank, 2001: 46).

The agreement referred to by the World Bank is constituted by the exchange of letters (between World Bank Director in Kampala and Uganda government) included in attachment to the Kalagala Offset Agreement. The agreement includes a letter from the World Bank Manager in Uganda to the Ministry of Energy and Mineral Development dated April 25, 2001, which spells out the policy requirement of the World Bank that: "as the implementation of the Bujagali project would inundate Bujagali Falls, the Kalagala Falls must be conserved in perpetuity for its spiritual, natural habitat, environmental, tourism and cultural values" (Inspection Panel , 2002: 77; World Bank, 2001c: 46).

During my interviews with the World Bank field staff attached to the Bujagali hydropower project (March/April 2003), in Kampala, they reiterated the importance of the Kalagala Offset, and confirmed that the Bujagali project would not take place unless a valid environmental offset was created in accordance with bank policy on natural habitat. Indeed, the World Bank project staff were of a view that without the Kalagala Offset, they would not proceed with Bujagali. It was the *sine qua non*, and the World Bank staffs were of a view that "the Kalagala Falls site will be preserved in its present state as per the agreement between the government of Uganda, IFC and IDA, as an environmental offset". It was also pointed out that "the agreement on the Kalagala Offset curtails future actions whereby a string of dams could be built on the Victoria Nile, thereby setting aside habitats that could otherwise be inundated" (World Bank, 2001: 43). Hence, if words like "will be preserved in its present state" are to be accepted, they preclude further development. It would thus seem safe to assume that the Kalagala Falls would be conserved in perpetuity for its spiritual, natural habitat, environment, tourism and cultural values. A close examination of the agreement, however, suggests that this is not necessarily so. In the case of Kalagala Falls, the agreement states that: "The Government of Uganda undertakes that any future proposals, which contemplate a hydropower development at Kalagala Falls will be conditional upon a satisfactory environmental impact assessment being carried out, which will meet the World Bank safeguard policies as complied with in the Bujagali Falls project. Uganda government and the World Bank will jointly review and clear such an Environmental Impact Assessment" (Kalagala Offset Agreement, 2001; World Bank Inspection Panel, 2002; IRN, 2002).

Indeed, the World Bank's memorandum of legal advise of March 5, 2002, quoted by the Inspection Panel 2002, 112), confirmed the concerns regarding the validity, enforceability and binding nature of the Kalagala Offset Agreement. Specifically, the legal opinion states that the Indemnity Agreement does not contain a provision regarding conservation of Kalagala Falls in perpetuity, but on the contrary, it contains a provision that expressly recognizes the possibility that Uganda may develop the Kalagala Falls further. The NGOs' legal opinion interprets the provisions of the Indemnity Agreement and finds that: "by providing that any hydropower development activity at Kalagala Falls would be subject to the completion of an environmental impact assessment in which the World Bank–Uganda government association would have a joint decision making role, the indemnity agreement makes it clear that both parties recognized the possibility that Kalagala Falls could be developed under the agreement" (Inspection Panel, 2002: 114). This provision thus directly contravenes the agreement that Uganda was committed to conserve Kalagala Falls in perpetuity. It should also be noted that the "joint clearance" provision in the Indemnity Agreement is inconsistent with the World Bank operational policy on environmental assessment, which indicates that environmental assessment is the responsibility of the borrower and the bank to review the "environmental assessment to ensure its consistency with this policy" (World Bank, 2001b: 19).

In accordance with the interpretation given in the legal opinion, there is no obligation to preserve Kalagala Falls in perpetuity as an environmental offset in the agreement on Kalagala Offset or the Indemnity Agreement. More importantly, it is clear that the government of Uganda has assumed no obligation whatsoever to preserve the Kalagala Falls as an offset. Further, the lack of a clear and binding obligation on behalf of the government of Uganda to preserve the Kalagala Falls site as an environmental offset in the Bujagali project legal agreement appears to be inconsistent with the World Bank project staff responses and statements during field interviews (March/April 2003). Also, the agreement offers no alternative in the situation where there is no agreement between the government of Uganda and the IDA on environmental assessment.

The field findings clearly indicate that the Bujagali environmental assessment does not give attention to the biodiversity present in the Dumbbell islands (Map 5.0 in Chapter 5), which will be inundated by the project. Moreover, no separate environmental impact assessment was performed for the Kalagala site in order to ensure that the Bujagali and Kalagala sites were ecologically similar and that the latter would be an adequate offset for the loss of the former. Based on the foregoing, it was observed that the World Bank is not in compliance with its operational policy because the Bujagali project entails a significant conversion of natural habitats and the bank has failed to ensure the establishment and maintenance of the appropriate and technically justified mitigation measures.

8. 6 Impacts on Fisheries

Remarkably, the Bujagali project Environmental Impact Assessment (EIA) states that the Bujagali Dam will actually lead to improved fisheries in the region. In reality, scientists believe that not enough is known about the Nile River fisheries to predict the full impact of the project. Les Kaufman, a biologist with the Boston University Centre for Ecology and Conservation Biology, has studied the Nile fisheries in the Bujagali area, and recently stated in a letter to International Rivers Network (2002): "First, the rapids habitats were not directly and systematically sampled, or at least the report does not indicate so.

Second, two sets of samples examined clearly indicate the presence of species of *haplochromine cichlids* that are undescribed, and not yet known from anywhere else, plus one species, *Neochromis simotes*, that was thought extinct. The species from the rapids and pools area exhibit adaptations suggestive of dependence upon rapidly flowing water, i.e., falls and rapids habitats that would be inundated by the Bujagali dam" (IRN, 2002: Inspection Panel, 2002: 61-64).

Les Kaufman states further: "Once more is known about the distribution and abundance of the native Victoria Nile organisms, sufficient habitat should be permanently set aside to ensure the viability and survival of these species and the communities they form in perpetuity. It must be acknowledged that in some people's minds, Bujagali is just one in a string of dams to be built on the Victoria Nile in the near future. This vision is inconsistent with the conservation of aquatic wildlife and indigenous fisheries on the river. A reserve has been proposed at Kalagala; one reserve is unlikely to suffice, due to the tendency of river animals to move up and down the watercourse with changing seasons and conditions. The network of development on the river should be matched by an equally impressive network of conservation easements and reserves so that both goals - - development now, and the preservation of current and future natural values are achieved.... There should be a long range plan for the development of the Victoria Nile, adjusted periodically as knowledge grows about the system and its role in national and regional affairs" (Inspection Panel, 2002: 63)

Another fisheries expert, Ole Seehausen, who has been working with Uganda Fisheries experts to sample species near the Owen Falls Dam and the Bujagali Dam site, recently wrote: "The results were astonishing. Most of the species were clearly previously unknown and possibly endemic. Some seemed specially adapted to life in rapids, and the biggest surprise was that we re-discovered *Neochromis simotes*, a species that was believed to be extinct and had not been reported after 1911" (IRN, 2002: 44). It appears the dam could destroy the habitat of some very rare species, possibly even pushing some toward extinction. This information is not reflected in the project EIA, and this seems dangerously akin to that of Kihasi Gorge Dam (Tanzania), in which endangered species were missed by the World Bank EIA, leading to costly mitigation measures and the potential extinction of species. More research on fisheries is clearly called for to review the development effectiveness of large dams and assess alternatives for water resources and energy developments; and develop internationally acceptable criteria, guidelines and standards, where appropriate, for the planning, design, appraisal, construction, operation, monitoring and decommissioning of dams.

8. 7 Bujagali Project Resettlement and Compensation Issues

About 1288 affected households or about 8,700 project-affected people will be or are directly affected by the Bujagali dam. The government, the AES and the World Bank say that all the people have been adequately compensated (IRN, 2002). But the story on the ground is different. Many people contacted during field interviews had preferred to be given land for land. But instead were given little money which most people have already spent and now they are stranded (Inspection panel, 2002). Other people, who were given land, say that land is not enough; it is not as productive as the former land where they were living. So now the majority of the people are confused and they do not know what to do. The AES according to field interviews (March and April 2003) has never compensated some of the displaced people yet, but the World Bank and the Project developer (AES Nile Power) say that every thing is all right. According to the World Bank Inspection Panel (2002: 100), the World Bank operational policy OP 4.01 states that: "Development projects that displace people involuntarily give rise to severe economic, social, cultural, and environmental problems: production systems are dismantled; assets and income sources are lost; people are relocated to environments where productive skills may be less applicable and competition for resources greater; community structures and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished'' (World Bank, 1990: 2). As such, local geographies are fragmented, and appropriate measures need to be planned and implemented in order to avoid serious long-term hardship, impoverishment, homelessness, landlessness, and environmental damage. Specifically, the bank policy is to "ensure benefits from a project" (World Bank, 1990: 3). The combined Bujagali project complex consists of power dams, spillways, transmission lines, access roads and reservoir, which, as presently configured will occupy approximately 125 hectares and was expected to displace 101 households (Inspection Panel, 2002: 92). A further 113 hectares will be used during the construction phase and subsequently rehabilitated and returned to cultivation, the previous owners already compensated. The total number of project-affected households is put at 1288, or about 8700 project-affected people (Inspection Panel, 2002: 102).

Although AES Nile Power project staff in Naminya and Budondo resettlement villages claimed (March 2003), to have made detailed plans for compensation, local residents pointed out that this very important matter has been addressed poorly in implementation, leading to enormous confusion amongst the project-affected people. As indicated by the Inspection Panel (2002: 92), the resettlement action plan calls for a process of local consultations and information dissemination through media announcements in local languages, and proposes to use outside experts to carry out social and cultural studies.

But, as pointed out by local residents during site visits (March 2003), the collection of good socio-economic baseline data turned out to be the weakest aspect of the effort. On the west bank of the Nile, the land used for most resettlement is physically located within the boundaries of one of eight affected villages (Naminya), and thus most west bank resettlers have ended up in very close proximity to their original homes and with a familiar host population. However, the situation on the east side is very different, as pointed out by the local people. The socio-economic survey requirements may have been met in the formal sense that they are mentioned and ultimately carried out, but there is no real evidence of their use or utility in the project planning process. It was clear from the interviews with local residents and project-affected people in Naminya and Budondo (March/April, 2003), that AES Nile Power was operating with the scope and power of political and financial authority in place. The AES resettlement action plan (RAP, 2001) envisions most land transactions to take place on a 'willing buyer–willing seller' basis; but the latent power of eminent domain was clearly spelled out.

Resettlement is also planned differently for populations of either banks of the Nile. On the west, as observed during site visits to the area, resettlement is to a new site where houses on a one-acre plot are provided. The site appears to meet all stated criteria, but its layout conforms more to a Western norm than the resettlers' local villages. The east bank resettlers have the option of moving to the west bank resettlement village, but many said that doing so would require moving a considerable distance from their native communities, families, friends, social, cultural, and economic networks, and would disrupt local livelihoods. Indeed, as expressed by local residents during the site visits, and due to the physical constraints (topography, willing seller attitudes) the last 30 households were to be settled 10 to 20 kilometres away, which is a clear sign of local community division.

The Resettlement Action Plan (AES Nile Power, 2001) details a programme for disclosure of compensation options, as the basis for calculating crop values, crop damage due to surveys, and land values. Land is compensated for at the rate of $1853 per hectare, which AES Nile Power estimates as 40 percent above market value. The programme allows for a disturbance allowance of 15 percent of crop value, and spells out eligibility of affected households, and distinguishes among different impacts and sorts of compensation. It also details action on land tenure, acquisition and transfer, access to training, employment and credits, as well as shelter. It also outlines the infrastructure to be provided, social services, and implementation schedule and monitoring.

However, although the Resettlement Action Plan put together by AES Nile Power to orchestrate resettlement of the project displaced people as updated in the Acres International EIA of March 2001 may be regarded as formally in compliance, there are important requirements still to be met. This is particularly true of those that are related to valuations and payments for the crops, which continue to be disputed by a significant number of project-affected people. The main objectives of the community development action plan, as spelt out in the updated version (AES Nile Power, 2001: 219), are as follows: (a) to provide opportunities for better incomes or living standards for project-affected people and the affected area as a whole; (b) to improve quality of life in the affected area; and, (c) to provide a safety mechanism for people who may have specific difficulties before, during, and after the displacement/resettlement/compensation process. The community development action plan also budgets $54,000 for water-related activities, free short-term distribution points during construction period, and long-term sustainability of water supply, but requires that the community must be prepared to pay for the cost of water. The community must also organize itself to deal with water issues, while the involvement of women is critical and spare parts and repair must be available to the community. It has also budgeted for related services as summarized in Table 8.6.

Table 8. 6: Planned Resettlement Community Services

Planned Resettlement Service	Estimated Service Cost in US $
Electricity supply, transmission poles and cable for eight affected villages	220, 000
Fisheries development	281, 000
Access and landing sites on the reservoir	120, 000
Equipment	25, 000
Monitoring	10, 000
Educational facilities; construction and renovation of 5 schools as well as equipment but no school staffing	420, 000
Tourism and visitors centre	170, 000
Health Centres, clinics, equipment, drugs	300, 000
Construction and remodelling of two community resource centres	50, 000

Source: Inspection Panel Report, 2002: 90-92

Note: It is hard to estimate the net employment or net income potential of this effort.

As pointed out in the Inspection Panel Report (2002: 98), the community development action plan does not meet the World Bank operational directive on resettlement, because it is weak and sketchy in the extreme; it focuses almost entirely on short-term exercises; its targets are poorly laid out; and it makes no significant or systematic effort at achieving long-term community development. It does not adequately address the development of safety mechanisms for the people who experience difficulty in compensation and resettlement. Most of the resources are directed to short-term construction projects rather than local institution building or social issues.

Further, the net value of the resources to be contributed over a 35-year period seems quite negligible. AES Nile Power's compensation and resettlement database for November 8, 9 and 16, 2001, as indicated by the Inspection Panel (2002: 104), provides useful information on the status of compensation that is summarized as in Table 8.6. The numbers in Tables 8.6 above and 8.7 below are based on 2087 households/owner transactions and are far below the values at the power site. The World Bank's resettlement policy clearly states that land-based resettlement options should be provided to displaced persons where feasible. AES Nile Power maintains that new land seems at least equivalent to, and is located in close proximity to the land from which people have been or will be displaced. According to

AES Nile Power project staff contacted in the Bujagali area and in Kampala (March and April 2003) non-resident landowners are said to have opted for cash while 257 0r 20.8 percent opted for land in kind. The majority of the local resident farmers contacted during the field interviews were of the opinion that the issues of environment and compensation and resettlement were the most controversial in the project process, and were of the utmost urgency, meaning that the World Bank reforms have serious long-term implications- potentially both positive and negative- sustainable development goals.

Table 8.7: Community Compensation and Resettlement

Budget Item	West Bank	East Bank
hydropower site average land-take plot size	0.42 acres	0.45acres
Total land take	4061	146.4
Number of plots acquired	948	663
Total transactions as 16/11/2001	1605	1608
Exchange rate	Ush 1600/ $1	Ush 1600/ $1
Average payment per plot	$3280	$3280
Average payment per acre	4 9648	4 9648
Average payment per crops	$ 1097	$ 1097
Average payment per acre/crops	$ 8608	$ 8608
Actual land/crop compensation paid to date	$ 5, 264, 335	$ 5, 264, 335
Pending transactions	331	331

Source: Inspection Panel, 2002: 104.

However, many project-affected people also contacted during my field interviews (March and April 2003) did not share this assessment. The majority of all land transactions are cash for land as owners are non-residents and thus not eligible for a new house (Inspection Panel, 2001: 58). The transactions currently being implemented for the transmission line also yielded some comparative figures as indicated in Table 8.8.

Table 8. 8: Transactions for the Transmission Line

Non-resident licensees or tenants	32% or about half the number generated at power site, which is very atypical for the country
Non-resident owners with crops and who will be paid cash	52% (64% at the hydropower project)
The located owners or tenants	15% (about seven times the ratio of dislocated owners to other areas in the hydropower project)
Average payment per acre for crops	$784.90
Average payment per acre for land	$1489

Source: Adopted from Inspection Panel Report, 2002: 105.

Along a 3-kilometre stretch on the Jinja-Budondo side of the project area, I counted 71 instances of new building work in progress, using brick and cement materials. The amount and density of new construction in March and April 2003 seemed to exceed the activities along the same road as one approached Jinja municipality, an inversion of what would be expected in settlement pattern density as one approaches a large city. Local residents were asked about the purpose of the structures and sources of funds. The clear response was that the investment was coming from the project-affected people, who were investing compensation cash in multi-use buildings for roadside shops in anticipation of increased traffic as well as improving living standards. On the west side, upon leaving Njeru township towards Naminya resettlement village, a similar stretch of building activity very closely paralleled the Jinja-Budondo project area and responses were similar.

The increased construction activity in the project area seems to be having a clear impact on the existing local geographies and livelihoods infrastructure and settlement patterns, despite a temporary economic boom in the area. However, the resettlement action plan has had serious problems especially in the determination of legitimate claimants and in the valuation of land and crops, and this signals the possibility that some people may have been harmed. Indeed, in failing to ensure that compensation was paid, and/or rehabilitation was provided to all people who will loose their sources of income and livelihood as a result of the project impacts on the tourist industry, the World Bank has not complied with its own operational directive.

8. 8 Loss of Culturally Important Sites

The term 'cultural property' includes sites with archaeological, palaeontological, historical, religious, and unique natural and cultural values (World Bank, 1986: 1). Thus, it includes both what previous human inhabitants (middens, shrines, graves, spiritual sites and battlegrounds) leave, and unique natural environmental features.

The project will inundate Bujagali Falls, a national treasure and culturally important site for the Basoga. The "Source of the Nile" corridor is one of the most spectacular river stretches in the world, say rafting experts, and is already the biggest draw for foreign tourists in Uganda. Tourism is the second largest source of foreign exchange in the country, and according to rafting companies in Uganda, over 6,000 people raft the Nile each year near Bujagali, spending nearly $4 million a year in Uganda on activities not related to rafting, much of which goes directly to local communities. Ugandan NGOs have written to the World Bank about "the opportunity cost" in terms of revenue from tourism that will be lost to a dam at Bujagali, which was essentially ignored in the planning process. How will the IFC and World Bank evaluate the lost revenue from a thriving tourism industry in the Jinja area? As far as could be ascertained, the Bank has not addressed this question, along with many others from concerned residents.

While there are serious issues related to cultural property management in the Bujagali project, it appears that the sponsor has not acted responsibly in consulting local people, religious specialists and leaders, or in attempting to mitigate the cultural consequences of losing the Bujagali Falls, or indeed, negatively impacting on the existing rich and diverse local geographies. The EIA and other project documents have downplayed the economic impacts the dam will have on the growing white water rafting and tourism industries, while indicating there will be increased tourism opportunities in the area and other economic benefits for local people from the dam project. In reality, the dam reservoir is not likely to draw tourists. The dam itself will employ only 29 people after construction according to the EIA (Acres International, 2001), and probably most of these will be foreigners. Although the Owen Falls Dam is only 8 kilometres away, the town of Jinja has been steadily declining for years, since the early 1970s. Civic leaders have expressed the belief that tourism is more likely to benefit their community in the long run than another dam. The observation made is that the project is not economically viable for Uganda and that the tariffs will not be affordable by Ugandans (Inspection Panel, 2002:109).

8. 9 Meeting the Needs of the Poor

The World Commission on Dams (WCD, 2000) calls for a needs assessment to ensure that a project like the Bujagali will actually meet local needs. In countries like Uganda where a large proportion of the population does not have access to basic services, a key parameter for any project should be the extent to which basic human needs will be met. This information is not available on the Bujagali project, which is not likely to produce the positive development impacts for the poor that are expected to be at the core of all World Bank projects. The Bujagali project will not meet the basic energy needs of the poor, as its exclusive focus on a conventional grid-extension approach will leave out the vast majority of the Uganda population. This aspect was made clear by the 1996 Energy Sector Management Assistance Programme (ESMAP) report, which stated that: "The prospects for Uganda Electricity Board (UEB) to significantly strengthen its national coverage to non-grid areas in the next 20 years are remote, even if all Ugandan urban consumers were connected to the grid, it would still leave 85% of the population without UEB grid electricity."

Moreover, ESMAP goes on to affirm that "it is, however, unrealistic to think that more than a fraction of the rural population could be reached by the conventional extend-the-grid approach. A more promising course is to rely, instead, on 'alternative, non-conventional' or 'complimentary' approaches to electrification" (IRN, 2002: 41). It is not just the cost of electricity from Bujagali Dam that is prohibitive to local people (and only the project developer AES Nile Power seems willing to assert that it will cost $0.5 per kWh), but also the capital cost of first extending the grid to remote regions ($10,000 per km), and more importantly for the consumer paying for individual extensions.

The notion that the majority of Ugandans would afford this capital cost is unrealistic. While the World Bank's energy for Rural Transformation (see Chapter 6, section 6.2.2) loan has some components that would address the energy needs of Uganda's majority, overall, this loan is also dominated by an "extend the grid mentality, an approach that ESMAP and energy experts say is not the best approach for countries like Uganda, and certainly not for the Ugandan rural poor majority. Also, none of the World Bank's loans to Uganda's energy sector deals with the country's single largest energy source, fuel wood. NGOs in Uganda have consistently called for a sustainable fuel wood programme, but such assistance does not seem to be forthcoming from the World Bank and IMF. As the World Commission on Dams (WCD, 2000) points out, there is need for a complete understanding of Uganda's energy needs and a comprehensive evaluation of the best way to meet those needs before considering specific projects. Studies need to be made to assess the scope for demand side management (DSM), and decentralised options and community-level initiatives as well as a priority to improve existing systems before building new supply, and DSM options should be given the same significance as supply options. The analysis done for the Bujagali does not meet the criteria described above. There is neither a comprehensive needs assessment for Uganda, nor a detailed study of the many approaches to energy supply that could meet those needs. There is no feasibility study for renewables such as solar and wind, as the one by the African Development Bank will be too late to compare against this project. Acres International undertook the only study on alternatives, and it merely looked at a number of dam proposals and compared them to Bujagali.

8. 10 Public Risk

As far as project-related risks are concerned, the WCD (2000) calls for a fair analysis and public discussion. "[Risks] must be identified, articulated and addressed explicitly. Most important, involuntary risk bearers must be provided with the legal rights to engage with risk bearers in a transparent process to ensure that risks and benefits are negotiated in a more equitable basis" (WCD, 2000: 139) It also specifies that: "determining what is an acceptable level of risk should be undertaken through a political process." The planning process for Bujagali is troubling in its handling of risk. The key document that lays out economic risk, the Power Purchase Agreement (PPA) has been kept secret. However, the terms of the PPA reportedly force Uganda to buy all of the project's projected power output even if there is not enough demand from consumers, and even in case of an energy glut or a drought-induced reduction in energy production. The people of Uganda would pay the costs of this unfair deal, should the national utility be unable to meet its obligations. By potentially increasing the public debt of the country, this project would undermine actions undertaken by the World Bank to reduce the country's foreign debt through the HIPC Initiative. Another kind of risk is that directly experienced by the project affected people who might not receive the benefits promised by AES Nile Power. No grievance mechanism is in place to allow local villagers to hold the private sponsor accountable in case it does not deliver its promises for jobs, schools and land. There are many other concerns, which many share with Ugandan

NGOs, such as the lack of competitive bidding for the project and the resulting potential for corruption; the serious unretractable loss caused by destroying the Bujagali Falls; and dam safety issues should the Owen Falls Dam, already in very poor condition, fail, "it would cause an environmental disaster all the way to he Mediterranean " (Pottinger, 2002: 8).

8. 11 Conclusion

The WCD guidelines (2000) offer a good framework for ensuring Bujagali Hydropower Project does not do more harm than good. But on May 203, 2003, the IFC's Ron Anderson told the Ugandan Group NAPE/SBC that the project would meet only "relevant" but not all of the WCD guidelines on dams (IRN, 2003). The Bank and IFC have not met critical WCD guidelines on this project, and the project may not meet Bank policies. Accordingly, no financial support should be given to the Bujagali unless the following conditions are satisfied:

- the release and public discussion of the PPA so that risks to Ugandans are fully understood;
- a thorough energy needs assessment, and a full and fair consideration of the alternative energy approaches to meet those needs, following WCD recommendations;
- a comprehensive management plan for the Nile done by independent experts;
- further independent analysis of the impacts of Bujagali on the Nile River fisheries;
- a comprehensive EIA for the Owen Falls Dam and Owen Falls Extension; and
- an assessment of the cumulative impacts of related energy projects now being considered.

If the World Bank should decide to further fund this project without doing the above, it will be clear that the World Bank does not intend to incorporate the major guidelines of the WCD into project planning. In the Bujagali project, two types of power centre stand out: the national government, at the head of a hierarchical bureaucracy, and the Bretton Woods institutions, notably the World Bank, at the centre of global networks of influence. In the project, as in development policy and practice, these two power centres work together, with the Bretton Woods institutions at the top and the national government at the receiving end. Indeed, anyone seeking to understand the genesis of errors in development policies and projects would well start at the World Bank/IMF. It is here that power to propagate economic and social policies and projects in Uganda has increasingly located, in the IMF and the World Bank. For the local residents and the civil society, Bujagali is not only the Falls on the Victoria Nile, but rather the portion of their local geographic space, organised into places thought of as bounded settings in which social, cultural, economic, ecological and political relations and identity are constructed. It is a recognized local geography and organized site of intersecting social, cultural, economic and political relations, meanings, and livelihood networks that need to be preserved rather than destroyed by the unilateral power of the World Bank/IMF universalised initiative. With respect to the hydropower project site, Bujagali is a place whose uniqueness of identity is a hotly contested issue in the contemporary contest of globalization and the perceived threat of growing placelessness. Bujagali assumes social, economic and cultural heterogeneity within places rather than assimilation of the local to a national norm. Hence many different types of people materially and imaginatively construct it.

As such, the dynamic tension created by the presence of all the interested parties result in each lending different dimensions to the place (Penrose, 1993; Young, 1990). For local residents, the Bujagali hydropower project is an alteration of their agro-farming and production systems, a disruption of their cultural settings, a fragmentation of kin and family networks, and a destruction of existing local geographies and sources of livelihoods. The project does not form a relevant energy infrastructure and services in the country; does not form part of a balanced assistance strategy to fight poverty; and does not encourage the formation of an innovative energy policy for Uganda. Indeed, the project concerns illustrate Uganda's lack of adequate ways of informing the public about the rationale behind environmental policies and laws. Rather than "together and equal", the Bujagali project demonstrates the elitist "separate and unequal" characteristics of the political and social ecology of the World Bank approach to development in Uganda.

Chapter Nine: The World Bank's Discursive Construction of Uganda

9.1 Introduction

Revisiting the World Bank neo-liberal development discourse in Uganda earlier discussed, this chapter summarises the content of the thesis by discussing the role of local geographies in development policy; the World Bank discourse of economic development; Bujagali decision making, planning and compliance; Uganda's strategic development challenges as a foundation for further needed research and policy recommendations. Thus the chapter examined the stops, starts and failures and oversights associated with the Bujagali Power Project on the River Nile within the context of the current and pressing development difficulties facing the Ugandan economy after a period when it seemed to be behaving, according to IMF and World Bank neo-liberal prescriptions. It is critical of both the IMF and the World Bank in broad policy terms, but more specifically of the World Bank's hegemonic power and dominating role in the Bujagali project and Uganda's development in general.

The thesis divided the broader issues relating to development in Uganda and World Bank policy on the one hand and to the Bujagali Power Project on the other, into two groups of three chapters, which were prefaced in chapter Two by a review of the literature on development and the World Bank. Thus Chapter 3 examined the role and power of the World Bank and IMF, and provided an overview of the effects of SAP-induced debt on sub-Saharan Africa. The chapter argued that the involvement of the World Bank and IMF has been damaging to Uganda and more widely. In Chapter 4, the focus shifted more specifically to Uganda. Uganda's agriculture was discussed and mention was made of its reliance on cash crops, and principally coffee. This chapter forms an introduction to current context in Uganda – discusses first agriculture, reliance on cash crops like bananas and coffee – stress on use of low technology and few inputs – questions of land tenure and capacity of land – then moves on to a discussion of the social context in which Uganda finds itself – examination of the extent and nature of poverty in Uganda and the chapter concludes with a discussion of the current situation in which a small elite becomes ever richer, profiting in many cases both from IMF and World Bank inspired reforms and from conflict in east and central Africa.

As earlier indicated brief review of chapters 6, 7 and 8 included energy resources in Uganda: Consumption, Supply and Plans -- Energy Resources in Uganda -- Energy Sector Plan -- The Bujagali Power Project -- Background to the Bujagali Project -- History of the Bujagali Project -- Criticisms of the Bujagali Project and Areas of Concern -- Wave of Dams to Come dealt with in chapter six. Chapter Seven focuses on Bujagali's Challenge to the World Bank with respect to the Bujagali costs in comparative light -- The Power Purchase Agreement -- World Bank Information Disclosure -- The World Bank Project Data Analysis (PAD) -- Bujagali Hydropower Project Issues (Legal challenge) -- World Bank Response to the Project Issues -- The High Court Landmark Ruling – and conclusion.

Chapter Eight: Bujagali Project – Assessing the Issues assesses the generation Options –in terms of the Least-Cost Scenarios with and without Bujagali -- Environmental Impact Assessment -- Kalagala Offset Agreement -- Environmentally Flawed World Bank Dam Projects -- Impacts on Fisheries -- Economic Issues -- Bujagali Project Resettlement and Compensation Issues -- Loss of Culturally Important Sites -- Meeting the Needs of the Poor and Public Risk.

In this final chapter a number of key issues are brought together. The chapter starts off with an examination of the role of the state and the World Bank's view of the Ugandan state. It argues that the World Bank's view of the state as detached and insulated is neither relevant nor appropriate to Uganda's inequality and poverty. Then the chapter goes onto to review and summarise the role of local geographies in development policy.

9. 2 The Role of Local Geographies in Development Policy

In the thesis discussion, two approaches have been used to examine the relationships between development and local geographies. First, an indicative set of past, present and projected development policies and projects in general, and Bujagali Hydropower Project in particular, gone or going wrong due to Power and the neglect of local geographies in the World Bank approach to development is presented and briefly discussed. Second, reference is made to the major demographic, economic, environmental, and other trends, which, because they are geographically expressed in the real world, require fundamental readjustment so that local geographies become explicit development policy considerations.

Several harsh realities which previously expressed in Wellar (1989, pp. 608; 1990, 1992; Bazimya, 1993; and Enyulu, 1987), serve to establish that the discussion of the relationships expressed in the thesis is genuinely a matter of pressing and great necessity. It is appropriate, therefore, to acknowledge and appreciate that, on the one hand, Uganda is presently comprised of precisely the same national quantities of land, water and air resources, as was the case one hundred years ago. And, there is very little likelihood that those same national resources will be quantitatively or qualitatively increased in any form or shape in the foreseeable future. That is, while they are likely to be changed, they will not be increased because of our technological limits to geographic creativity. On the other hand, however, and over the same time span, there has been a steady increase in the national population, and the associated, kaleidoscopically cumulative population related demands and impacts on the national land, water and air resources.

Policy makers, planners and the public at large, therefore, will, of necessity, have to appreciate the serious development policy implications of the situation. There are limitations – physical, cultural, social, political, economic, ecological, and technological – to the capacity of the country to further tolerate and absorb increased development demands, impacts and assaults on the same fixed and fragile ecological endowment. Most important, planners, policy makers, and the citizenry in Uganda can no longer afford to ignore or discount the lessons that history provides.

They can no longer regard negative development impacts and situations as simply arising at locations, which they can "conveniently label as elsewhere (Wellar, 1989: 606; 1992; Bazimya, 1993; Enyulu, 1987). As for the uniqueness and particularity of the wide-open and forested Uganda of early 19th century during Speke/Stanley voyages, it is not at all different from the unique, wide open and forested Basin of the North American Great Lakes region only a hundred years ago. What is significantly different, however, is that there are already over 24 million Ugandans in the country (33 percent in the development axis alone)(Map 9.1) and more on the way that are, or will be, seeking new homes in new areas. In other words, while a long wave of rural-push/urban-pull related population growth and development impacts may have occurred over the span of the 20th century, future waves of population growth and development related processes and impacts are bound to be shorter, and may be in the span of a single decade or less at all spatial scales (local, municipal, district, regional and national). Such scenarios and observations prompt policy questions, many of which follow from a set of policy and development questions raised by Wellar (1978, 1982, and 1989) in a Canadian context, Bazimya (1993) in the Ugandan perspective, and Enyolu (1987) for Nigeria. In particular, and after Wellar (1989, 1990, 1991 and 1992):

- If Uganda's development axis' regional population (about 8 million) now represents 33.24 percent of the national population, is it not possible that a continued rural-urban migration will increase it enormously and perhaps within a span of a few years?
- If the municipalities of Kampala and Jinja contain about 90 percent of all industrial activities in the country, what are the regional implications with respect to employment provision?
- If the urban centres of Kampala, Jinja and Entebbe contain about 64.8 percent of the national urban population, how prepared or equipped are municipal and local governments and agencies for future urbanisation waves of the kinds that have occurred in so many places where space was not thought of as a policy problem?
- If Kampala city alone contains about 54 percent of the national urban population and about 5 percent of the total national population, are there policy mechanisms to deal with demand for housing, transport, garbage collection and disposal, sewage treatment, educational and health services, and ecological concerns in their local geographic contexts?
- If the slow pace of construction of power plants leaves a large part of the country with energy deficits, what are the local geographic implications for the long-term utilisation of human and natural resources?

- If the investment capital (foreign and domestic) continues to accumulate in the urban centres, particularly Kampala, what will land use distortions mean locally, municipally, regionally and nationally?
- If rural-urban migration results in further congestion of urban slums that presently make up about 65 percent of the main urban centres, are there policy mechanisms to deal with the consequential demographic, economic, political, social and ecological imbalances?
- Are local geographies and livelihoods not factors in development policies and projects?
- Is there no urgent, compelling need for continued research into how to better incorporate local geographies and livelihoods considerations into future development prescriptions, if long-term sustainable development and poverty reduction is to be achieved in Uganda?

Local geographies as a concept has human and social implications of space that entail human spatiality, as the fundamental basis on which this geographical inquiry is explicitly founded. Spatiality in this sense is a precondition for an understanding of places and spaces, and constellations of relations and meanings that we encounter in our everyday activities – human contextuality (Johnston *et al.,* 2000: 780). Local geographies identify the connections and correspondences between social and spatial structures. They concern the construction of time (temporalities) assigned to different levels of production –'economic time', 'political time', 'ideological time', and constructed out of different social practices.

Hence, local geographies are not only the interlocking of times but of spaces consisting of a correspondence between 'presence-absence' in space and 'participation-exclusion' in the particular system of social practices contained within each level of economic space and legal space. It is the articulation of the spatialities of the different or a reflection of different systems of social practices and a constraint upon them (Johnston *et al*., 2000: 781).

Local geographies are socially produced space, the created forms and relations of a broadly defined human geography – spatiality socially produced, the medium and outcome of situated human agency and systems of social practices. In local geographies, spatiality and temporality (localisms) intersect in a complex social process that creates a constantly evolving sequence of spatialities in a spatio-temporal web of social life that gives form to social development. Local geographies are not a reflection of society: they are society. Finally, local geographies indicate the ways in which constellations of power and knowledge are inscribed in space and through which particular subject-positions are constructed and particular identities fabricated (Gregory, 1994; Johnston *et al.,* 2000: 782). Local geographies are social space… physical extent fused with social intent (Smith, 1990).

Map 9.1: Uganda's Development Axis

Source: Johnson Nashland Associates Ltd. (1994), Kampala Urban Study, Final Report Part III, Action Proposals with Ministry of Lands, Housing and Urban Development, Ministry of Justice, Kampala City Council.

9. 3 World Bank Discourse of Economic Development

The World Bank approach to development in Uganda, as a way of seeing, knowing, and speaking carries a political charge. The approach's identification of Uganda constructs local geographies and livelihoods through Eurocentric metaphors that simultaneously expropriate and incorporate an *'other'* as an oppositional category. Literary and cultural critic Edward Said (1979; 1981) points to the politics of unequal power embedded in these kinds of representations in Western discourses as they construct, legitimate and represent hegemonic relations of domination between the developed and developing countries (Jarosz, 1992). The World Bank development approach homogenizes and flattens places and people (localisms), denies the local actualities and specificities of social and economic processes that transform the local geographies and livelihoods, and obscures a nuanced examination of the forces of cultural and economic imperialism unfolding within countries like Uganda in their power relation to developed nations. Indeed, the World Bank development approach legitimates the *status quo* and perpetuates unequal relations of power. In the World Bank approach to development, Uganda is portrayed as an entity to be tamed, enlightened, guided, and opened by neo-liberal policies. This characterisation of Uganda parallels the construction of other frontiers and wilderness as savage, primitive, and wild and as entities to be tamed. As forcefully argued by Arturo Escobar (1995: 377-383) the World Bank discourse of development and underdevelopment has perpetuated and effected unequal power relations and domination by developed countries over the poor countries like Uganda. This discourse is associated not only with developed countries, but also with international organizations, such as the IMF, and an array of national organisations, universities, and the media industry. The Bujagali Project is a case in point that illustrates how the World Bank serves to legitimate the Western concept of regional transformation for economic development and the ideology undergirding it.

Emanating from the modernization paradigm, the World Bank discourse of modernity and economic development, as evidenced from the thesis discussion, has been characterized by intrusive and interventionist policies and projects that have contributed to the benefit of some and led to the dispossession of the many. Western donors, governments, and leagues of experts have defined the needs of people thousands of miles away. Technologies are transferred and large-scale industrial and agricultural development projects are inaugurated, which frequently result in stupendous profits and increased power for national elites, multi-national corporations, and donor countries. Local cultures and agro-ecosystems are irrevocably changed often against the will and to the detriment of those most immediately affected (Jarosz, 1992). The World Bank discourse of modernity and development is predicated upon highly unequal relations of power between the developed and the developing countries. These unequal power relations are deeply rooted in the colonial past and in relations of dependency arising among imperial powers and their colonies, colonial administrators, national elites, and indigenous people. Ugandans' conceptual and experiential linkages to their localities and regions have either been ignored or discounted as development projects and policies are conceived, financed and controlled by external actors.

Often, the locales and regions within the country become neutral grids for the placement of economic development projects. Indigenous cultures and situated geographies and livelihoods have been ignored or even destroyed. But, this is not to say that there has been no conception of a Ugandan landscape in the geographic imagination of the last few decades. The human geography of Uganda continued to be constructed as *Other* by means of an historical tradition and vocabulary that lent it "reality and presence in and for the West" (Said, 1979: 5).

Western mass media disseminate government policy and ideological discourse. They are key sources of public information about economic development projects funded by international banks, lending agencies, and developing countries, and are widely read in the West. These media accounts often justify, or even celebrate, dominant international and national political and economic agendas. They confirm relations of domination, the politics of intervention and confrontation, and an antipathy toward local, indigenous cultures and geographies (Said, 1981: 155).

In the Bujagali Project case study, journalistic accounts imaginatively construct a landscape for the setting of an epic confrontation at the dam construction site. Hence, the forces of Western technology are portrayed as conquering and subduing the Nile River in the name of economic development. However, much of the World Bank discourse of development lacks the subtle nuance and detail of a close analysis of the interlocking spatial, social, ecological, political and cultural contexts necessary to precisely understand local development linkage to specific human geographies. Knowledge of this linkage is a necessary prelude to development projects that will facilitate the spread of economic growth. Although the World Bank discourse of development heightens the drama and emotion surrounding occurrence, spread, and diffusion of economic development, it obscures the necessary geographic detail crucial to understanding its occurrence, spread and diffusion in local, regional, and national contexts. The World Bank discourse of economic development is teological, mechanical, ahistorical, and ethnocentric:

- *teleological* in the sense that the end result is not known at the onset and derived from the historical geography of 'developed' countries which are then simply used to form the template for the 'underdeveloped', which are thereby denied a historical geography;
- *mechanical* in that , despite the claim that the policies have an inner logic 'rooted in a dynamic theory of production', the underlying motor of change is not explained, so that as a result the policies become little more than a classificatory system based on data from some developed countries only, plus outline data for others;

- *ahistorical* in that notions of path-dependency are ignored, so that it can be assumed that the historical geographies of the underdeveloped countries are unaffected by that of the dependent and so intervention of the latter into the former is simply an irrelevance...this position is also profoundly a-geographic as it is incapable of recognising that geographic relationships are continually formed and reformed across economic and political local geographies; and
- *deliberately ethnocentric* in espousing a future for the world based on American history and aspiring to American norms of high mass-consumption: the Other is to be made the Self, thereby making the world safe for the American dream.

Thus the strategic implications are clear: history does not change but repeats itself across space and time. Capitalist society is, following the World Bank logic, a necessary consequence of development. All societies that are not currently capitalist in form will become so; there is no alternative. Such underlying implications are not made explicit. By concealing the specific social, economic, and political power relations of production of the World Bank reform policies...and most especially of the local geographies and livelihoods...capitalist societies may be reproduced and extended by apparently neutral policies advocating universal processes of growth. This is the true meaning of the World Bank approach to development. The central message of the World Bank and IMF is: free market should regulate all economic activity; the state should intervene to maintain fiscal discipline, attain a stable rate of exchange, liberalize, deregulate, privatize the economy, as well as to make employment flexible, as the only way to gain access to credit and attract foreign investment. But, after nearly twenty years of applying adjustment and reforming the markets, the great majority in Uganda are still trapped in the neo-liberal reforms, and have not managed to break free from unemployment, poor sanitation, health services, educational facilities, transport networks, housing options and poverty.

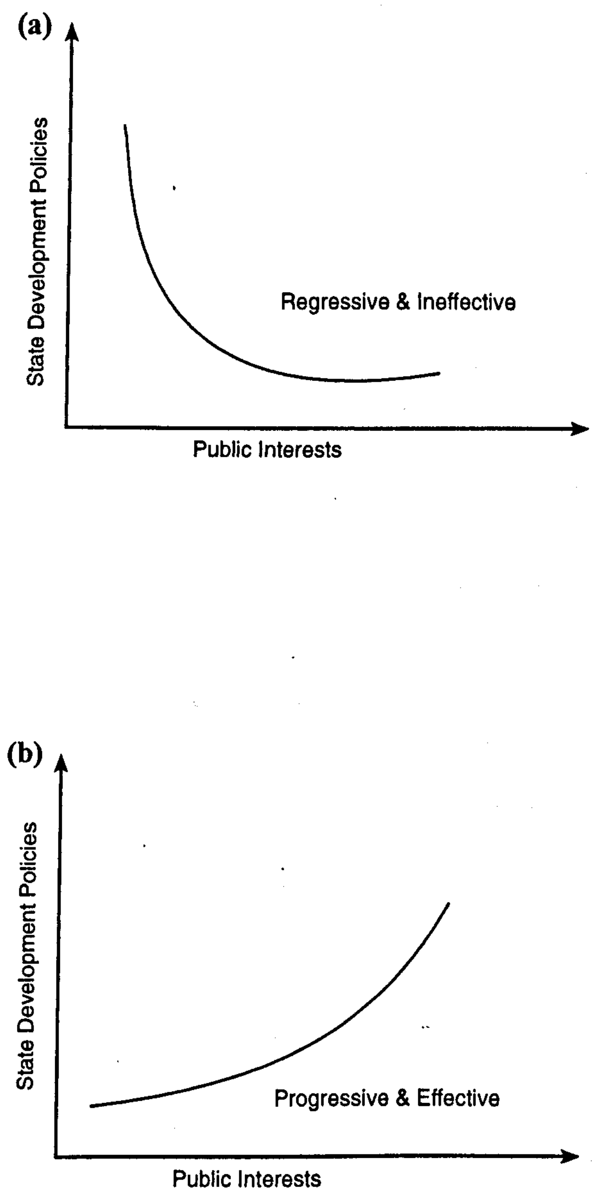
Uganda's raw material export do not fetch profitable prices, its debt continues to be a heavy burden, its imports' prices increase, and productive transitional investments are not forthcoming nor have new companies been formed in its territory to export products with more technological content, to make it competitive in the global economy. Uganda carries through the programmes of liberalisation, deregulation and privatisation, and decentralization but genuine market economy does not emerge because a vast majority in the population lives below the poverty line. In these circumstances, the much-needed broad middle class does not arise. Neither does a modern capitalist democracy, in which the law and institutions are upheld and a culture based on competion replaces the prevalence of favours of political patronage and corruption, social inequalities and massive unemployment. Finally, a serious explicit purpose of the World Bank and IMF approach to development, as seen from Uganda, is the encouragement of a hospitable climate for foreign investment in the country. However, since trade ignores national boundaries and the manufacturer insists on having any viable country as a market, the doors of the nation that are closed against him must be battered down and concessions obtained by powerful financiers safeguarded, even if the sovereignty of the unwilling nation be outraged in the process. In the World Bank /IMF approach to development, the Darwinian concept of the survival of the fittest has been substituted by a philosophy of the survival of the slickest, and the seemingly neutral and scientific tools of micro-economic policy constitute a non-violent instrument of recolonisation and impoverishment. Rather than a neo-liberal economy, the World Bank advocates a corporately planned and controlled economy in which, power concedes nothing without a demand, and powerful corporations, detached from any link to any place or community, extend their power beyond the reach of government. Rather than strengthening democracy, or putting the interests of the poor ahead of multinational corporate interests, with unfailing consistency, the World Bank and IMF have been on the side of the rich and powerful at the expense of the poor and needy, and the neglect of local geographies and livelihoods.

The state's role is considered *regressive and ineffective* when, as in many World Bank/IMF neo-liberal development policies, programmes and projects in Uganda, public policies aid the few rich elite and disadvantage the poor majority (Figure 9.1a). However, when development policies are those that redistribute income and wealth from the rich (individuals, groups, regions) to the poor majority in the population, they are considered *progressive* and effective (Figure 9.1b), which is not the case in Uganda. Of course one of the most important players in the World Bank/IMF designed and funded development process in Uganda is the *government* whose role in the development landscape is large and continues to grow. Any analysis of the role, form and function of government should, therefore, play a central function as public policy impacts have a huge role in shaping development outcomes. The state must be seen as an arena for struggle but mostly held by the dominant group, and in which the laws define the rules of the game while the legislation indicates the outcomes of the struggle. However, low overall levels of development, in Uganda, obscures major differences between communities and, most importantly, within communities at all scales:

- rural urban differences
- regional differences
- social class differences

And, in overall terms, the lower the overall scale, the greater the internal disparities are likely to be. Thus, some areas and groups, in Uganda, have suffered less than others but, those suffering have generally been greater in rural areas than in urban centres; in urban slums than in the wealthy enclaves; in remote rural areas than in commercially important rural centres, and in both rural and urban areas among the poor than the rich, and all this as a result of power and the neglect of local geographies.

Figure 9.1: Regressive versus Progressive Development Policies



Source: Adapted from Bazimya, 1993: The role of geographic factors in development initiatives: Lake Victoria Basin of Uganda, M.A. Geography, Department of Ottawa, Ottawa, Ontario, Canada, May 1993 p.87

9.4 Bujagali Project: Decision-Making, Planning and Compliance

As a development choice, the Bujagali Project has become a focal point for the interests of politicians, dominant and centralized government agencies, international financing agencies and the dam building industry. Involvement from civil society varied with the degree of debate and open political discourse in the country. However, this thesis has shown that in the Bujagali Project there has been a generalized failure to recognize affected people as partners in the planning process with rights, and to empower them to participate in the process (NAPE/SBC, 2002). The Bujagali Project has been vulnerable to conflict between the interests of the local elites, donors and industry involved in foreign assistance programmes, on the one hand, and improved development outcomes for the rural areas, particularly the poor, on the other. Evaluation of the planning process for the Bujagali Project revealed a series of limitations, risks and failures in the manner in which this Project has been planned and evaluated:

- Participation and transparency in the planning process for the dam was neither inclusive nor open;
- Options assessment has been typically limited in scope and confined primarily to technical parameters and the narrow application of economic and cost-benefit analysis;
- Participation of affected people and the undertaking of environmental and social impact assessment have occurred late in the process and were limited in scope;
- Paucity of monitoring and evaluation activity has impeded learning from experience; and
- Government has not yet established a licensing period that clarifies the responsibilities of the owner towards the end of the dam's effective life.

The net effect of these difficulties is that the proposed Bujagali Project passed preliminary technical and economic feasibility tests and attracted interest from government, external financing agencies or political interests, but the momentum behind the project prevailed over further assessment. As a result, the project lacked a comprehensive assessment and evaluation of the technical, financial and economic criteria applicable at the time, much less the social and environmental criteria that apply in today's context. The debate about Bujagali Project is a debate about the very meaning, purpose and pathways for achieving development (WCD, 2000; IRN, 2002).

Along with all development choices, decisions on the project and its alternatives must respond to a wide range of needs, expectations, objectives and constraints. They are a function of public choice and public policy. To resolve underlying conflicts about the effectiveness of the project and its alternatives, a broad consensus is needed on the norms that guide development choices and the criteria that should define the process of negotiation and decision-making (WCD, 2000). To improve development outcomes in the future, there is need to look at proposed development projects in a much wider setting that reflects full knowledge and understanding of the benefits and impacts of the project and alternative options for all parties. It means the need to bring new voices, perspectives and criteria into decision-making, and the need to develop an approach that will build consensus around decisions reached. This will result in fundamental changes in the way decisions are made (IRN, 2002; WCD, 2000). Such a process must start with a clear understanding of the shared values, objectives and goals of development, informing an appreciation of these issues under five main headings: (1) equity; (2) efficiency; (3) participatory decision-making; (4) sustainability; and (5) accountability. These five values are the foci of concerns raised by the evidence presented in the thesis case study discussion. There are also aligned with the international framework of norms articulated in the UN Declaration of Human Rights that this thesis cites as a powerful framework of internationally accepted standards.

9. 5 Uganda's Strategic Development Challenges

An analysis of media and academic discussions in Uganda suggests that the strategic development challenges facing the country, are not yet properly articulated, let alone understood and appreciated by the country's powerful elite. The NRM-A government and its development partners claim tremendous achievements in partially addressing some of these challenges, despite unfavourable international and regional environments. Indeed, the government, the World Bank and IMF point to the following achievements as a result of the World Bank-inspired neo-liberal reforms to address the challenges facing the country.

- annual GDP growth rate of 6. 5 percent over 16 years
- the dramatic rise of enrolment in primary schools
- the decline of the infant mortality rate from 122 to 81 for every 1000 live births
- the decline of HIV/AIDS prevalence rate from 30 percent to 6 percent
- the huge boom of construction in all towns in Uganda (MFPED, 2002).

So what are the real challenges? The first challenge is transforming Ugandan society from subsistence production to an industrial one. This means that the labour force should be increasingly employed in industries and services (e.g. banking, insurance, media, arts, ICT, professional services, hotels, tourism, and entertainment) not only in subsistence agriculture or public services. In an industrialized modern economy more people live and work in the urban areas than in rural communities; there is less infant mortality; less illiteracy; less wood and more electricity for cooking and lighting, and more access to piped water. The World Bank and IMF funded policies and projects have not led to the required improvements. The second strategic challenge facing Uganda is the provision of more employment opportunities in non-public and non-agricultural sectors. Uganda must attract more investors for more industries, and more service companies, i.e. more hotels, more banks, more entertainment options, more professional services (doctors, lawyers, accountants, auditors, more schools and hospitals, better transport modes and facilities, diversified commerce). But, to achieve that, Uganda needs to make it easier for investors to operate by providing serviced industrial lands and timely licensing processes. This is what will provide jobs to school leavers and university graduates, it is the way forward and into the imagined future. Presently, the entire public service in Uganda, including the central and local governments, the police, the prisons, primary and secondary teachers, tertiary and university employees and all government's agencies, employs no more than 300,0000 people or 1.24 percent of the national population (MFPED, 2003). And surely this is not considered, let alone addressed, by the much-publicized World Bank and IMF neo-liberal reform policies. Thus, by attracting more investors and more service companies, apart from creating employment, more goods and services will be produced and these will be taxed to widen government's revenue base, which is the third strategic challenge. By widening government's tax base, it will be possible to pay higher salaries, construct more roads, provide piped water, modernize the railway system so that goods can be transported faster and cheaply; in addition to providing universal primary education, the government would afford free secondary education and subsidies for tuition costs in universities, and to widen the health care system. The government will not be able to build more power stations and halt deforestation if there are no taxable private enterprises available.

By widening the tax base, Uganda would be able to fund infrastructure development, which is *a sine qua non* for other forms of development and the third strategic development challenge. Attracting more investment in industries and service companies depends a lot on good infrastructure (airports, roads, telephones, piped water, railways, electricity, banks, hotels, recreation facilities, education and health networks). However, it is pointless to produce goods and services if there is no market for them. And at what cost? As earlier pointed out (Chapters 1 and 3), Uganda's market is very small for three integrated reasons: first, the population of Uganda is small (only 24 million by 2003 estimates); second, this population is 85 percent rural because of subsistence agriculture, and rural people do not buy each other's goods because they produce the same products.

Fourth, even those who are employed (due to the absence of productive industries and service companies), have small or non-disposal incomes and their purchasing power is therefore very limited. Like in most other African countries, Uganda's internal and regional market is paralysed by excessive political fragmentation. Additionally, and despite various treaties signed, it is generally shut out of the international market by the Western countries (America and the European Union), which talk of free trade but practice protectionism. Thus, the fifth strategic challenge is market integration, not only nationally but also regionally, and gaining international market access, while the internal market develops. The sixth strategic challenge is human resources' development (education and health care for all). Without a healthy and educated skilled labour force, Uganda cannot develop many of its home-grown industries and service companies effectively. The seventh strategic challenge is building a modern state i.e. the army, police, judiciary, parliament, the executive, and a skilled, mission-oriented civil service.

Such a state would ensure stability and rule of law so that the first six strategic challenges are pursued in peace and harmony across the local geographies. For the last 18 years, Uganda has been in good relations with its development partners (the donors), and it is time to reach a convergence of views and development priorities. However, the World Bank and IMF neo-liberal reform policies, programmes and projects of the last 18 years in the country do not seem to have addressed the essence of these challenges. Uganda has had a turbulent history and still has many complex problems in its World Bank and IMF engineered recovery. Ugandans must do more serious work to raise real important issues so that the society can rediscover the real priorities rather than the World Bank and IMF designed and financed policies, programmes and projects supported by power-hungry politicians, corporate opportunists, and foreign consultants, only to leave the country and its masses in the poverty-ridden *status quo* due to power and the neglect of local geographies and livelihoods.

9.6 Re-reading, re-researching and re-writing local development geography

In this chapter and thesis, I have thought to problematize the 'Uganda' of the dominant western academia and development policy imagination. The concern is the apparent complicity between racialized knowledges about the country and a raft of World Bank interventions undertaken in the country in the name of 'development'. I have argued that such interventions are based upon the notion of development as 'trusteeship' in which the agency of Ugandans is not merely ignored, but more importantly, is rarely acknowledged as existing in the first place. I have thus turned to recent developments in post-colonial studies in order to think through more critically the relationships between power, knowledge, development, and development practice, and the manner in which development in countries like Uganda is thought and written about. While I do not embrace post-colonial studies uncritically, I do think that they can offer some important ideas for geographers working in non-western, and often materially-poor, spaces. But how might one move from theoretical critique to a more practical engagement with these issues in teaching and research? I realize that this is in itself another huge task but I feel it is important to raise some questions about how we 'do' decolonize local geographies of development in policy formulation.

What follows is not intended as a checklist about good practice for addressing the issues raised in the thesis discussion, but to provoke a thinking about the western complicity in (re) constructing colonizing knowledges and possible routes for avoiding this. These form the centre of my construction of texts and the practices and politics of my fieldwork.

First, it is important to understand how development concerns the production of stories and narratives but these will remain just stories and narratives unless there is, as I have argued, a greater engagement with the political and the material (Watts, 2000; Mercer, Mohan, and Power, 2003: 432), greater discussion of alternative stories and narrations of geographical or economic difference. The cultural politics of post-development, as I have argued, has to begin with the everyday lives and struggles of real groups of people (Fagan, 1999). Nonetheless in seeking to reformulate a critical agenda around post-colonial and post-structural engagements, there is need to avoid broad-sweep generalities. A further question is the extent to which it is possible to 'think beyond' and around the normative perspective of 'the developed' (Crush, 1995). In this respect it is vitally important to 'de-familiarize the familiar', to contest development as an automatic given, an end product that is self-evident and unworthy of critical attention. This is not to argue that 'language is all there is', ass Crush (1995: 5) points out, but rather to build on post-colonial and post-structuralist critiques of development knowledges and to perceive what development is and does in new ways, from new vantage points. I suggest that attention to the complexities of cultural politics (as they relate to practices of field-work for example) inform a more popular set of development ambitions and help to disconnect from some of the very powerful discourses which currently dominate the universe of development practice.

This concern with cultural politics might be extended into an 'antiracist geography' (Peake and Kobayshi, 2002). In relation to the study of development, this would seek to move beyond the colonialist heritage or development geography, to extend the bounds of disciplinary decolonization and to move away from racist images of an objectified *Other*. This involves critiquing the priviledging of *whiteness* in development geography but also exploring new forms of activism with new social movements as genuine partners in research, centering geographical practices in the streets, rather than in the academy' (Peake and Kobayshi, 2002: 55) The ways in which place-based identities shape our readings and interpretations of racial difference and value or devalue spaces of cultural diversity are crucial here and are a means of connecting 'western' and 'local' lives as situated and real.

This brings the argument to my second point in terms of debates about the practices of research in developing countries like Uganda. Researchers from western countries are very likely to experience and to be part of many of the inequalities that exist between the researcher and the researched. Jones (2000) asks the important question why, is it acceptable to do development research in Africa, but not in developed countries, and talks about changing vocabularies and common strategies of inclusion across the developed'/underdeveloped world dichotomy. By being reflexive in the fieldwork, these constructions of 'here' and 'there' are gradually blurred and become less distinct.

In addition the way in which research seeks to gain authority and legitimacy through fieldwork is also an important question, involving the construction of the authority to speak for and about the local processes and peoples that are the interest of this thesis. Through selecting particular methodologies or particular sources in an investigation decision have to be made about how best to represent issues and findings in the final research. This question of what constitutes 'respectable' information (Rabinow, 1990) is a crucial element for development researchers. Rather than perpetrating this process of 'unequal exchange' there is a need to communicate the outcomes of research to local institutions or peoples. What does 'knowledge' mean in that particular setting? Research involves the establishment and sometimes transgression of social and cultural boundaries but that does not necessarily mean that the whole process is inherently negative. Post-colonialism highlights the importance of these social and cultural differences but through fieldwork they can be negotiated and reworked in the process of establishing connections with people and other cultures.

This is politically and ethically important since many academics become involved in development research for NGOs, bilateral and multilateral agencies that present opportunities and threats for critically engaged scholars. Escobar (1995) sees the intellectual in an 'organic' role as a facilitator of social movements through action research. Such interventions are resolutely 'outside' the machinery of development. By contrast Gardner and Lewis (1996) argue that there should be an engagement in attacking inequalities which are not simply textual, but material. It is here that critical scholars can get involved from 'within' and 'outside' the development machine. The role of the intellectual then becomes one of cultural mediator, sceptic in arguing for more complex analyses of societies and becoming involved in information gathering that entails the people concerned and is more sentive to their needs (Mercer *et al.*, 2003: 432).

In conclusion I see these moves as necessary for decolonization but not sufficient for it. For decolonization to occur requires a normative politics of development. In this regard I concur with those writers (Ahmad, 1995; Dirlik, 2002) who assert that the most pressing duty of post-colonial writings is to mobilize resistance to certain models of globalization and those who argue 'what should be addressed is not the post-colonial condition, but post-Cold War capitalism' (Berger, 2001: 222). However, as I have argued, there are numerous problems with constructing capitalism, as the central reference point of development that holds sway everywhere and always will (according to certain stories about globalization). Post-colonialism can move scholars away from this 'capitalicentrism' and concomitantly present alternative sources of activism. An example of these possibilities is what Potter's (2001) call for geography to study people and places in the 'majority world', to expand their global reach and enlist other geographers in the pursuit of social justice. The subsequent exchange in the *Journal* Area involving Adrian Smith (2992) a geographer interested in the economic and social transformation of post-Soviet East-Central Europe and the Second world was particularly engaging for the way in which connections were being made between post-Soviet Europe and different representations of the economic world that move away from 'capitalicentrism'. In this way anti-capitalist activism comes to be seen as much less quixotic and 'more realistic' (Gibson-Graham, 1999: 84). Importantly, this exchange also raises questions about the possibility of transcending simplistic notions of hierarchical scale, from local to global and of thinking about the linking and intertwining of places. It also opens the way for more productive relationships between different groups of geographers. As outlined above, there is great potential in conversations between development, economic and cultural geographers fo advancing an understanding of the cultural and material realities with which development approaches across all regions of the world is bound up. From this vantage point, it is hoped that such spatialized approaches will begin to address the concerns raised regarding one-sided knowledge construction about countries like Uganda, partnalistic interventions therein, and place given to popular local agency in determining local futures.

9. 7 Further Needed Research

This section of the thesis suggests several research topics that could build on the present study, and identifies potentially important, related research tasks that were encountered during the inquiry. The current World Bank and IMF development emphasis in Uganda is on export-oriented production systems, reflecting the history of external influence, but which lack established, coherent internal organisation. Generally, Uganda is a space in which primacy is clearly centred on Kampala. And, when primacy is not visible at the national, it is very visible at the next stage of the hierarchy, that is, the district level where district headquarters show a degree of primacy in the rural areas. The contemporary World Bank/IMF development models and approaches in Uganda, therefore, do not explain and hardly even try to interpret development problems and issues in the context of local circumstances. Because the local geographies are crucial to alternative policies, plans, programmes and projects on the one hand, and have been found to be seriously neglected in their application in the country, they are the focus for the needed research observations.

The thesis discussion highlights a need for an improved understanding of how local geographies and livelihoods are development policy variables, and this prompts new research in the dynamics and future prospects of poor communities and areas in Uganda. World Bank and IMF funded development policies and projects for social and economic growth, farming support, and the energy sector, must all come under unprecedented public scrutiny that pays due regard to local geographies and livelihoods. A new strategy for food and farming must be developed, and a host of new questions about the future of rural areas should be brought to the fore amongst government agencies, donor institutions and research organisations (DEFRA, 2003; DETR and MAFF, 2003; Moynagh and Worsley, 2003). Such a shift throws up an array of new research and policy challenges. What contributions do the diverse rural landscapes, livelihoods, businesses and communities make to social and economic competitiveness and quality of life for the diverse regions of Uganda? What are the implications of climate change for the management of the diverse agro-climatic and farming systems and environmental resources and the future prospects for different local geographies and livelihoods' production systems? How can the traditional land management systems, farming systems, and livelihoods be oriented towards the more complex and holistic goals of sustainable development? How can Uganda develop a comprehensive national development policy, linking land issues to broader poverty reduction goals? Key issues for future research include consumer values and practices in livelihoods and countryside matters, the role of social change in the restructuring of local livelihoods and service usage, and the livelihood strategies of households and communities in fragile local geographies.

Beyond the World Bank and IMF rhetoric of ownership, empowerment and participation, the government of Uganda and its development partners must give a new prominence to the need for fresh research and insights into local geographies and livelihoods and land use issues for improving the knowledge base on local economies and the contributions of land-based activities. The aim is to develop a body of knowledge that can be used to inform development policy and practice in Uganda. The World Bank and IMF policies, programmes and projects should also pursue an integrated interdisciplinary approach to research the issues of local geographies and livelihoods, in order to exploit opportunities for synergy between the communities. One new area of research activity into local geographies and livelihoods should be the increasing use of scenario analysis and other *'Futures Thinking'* techniques to envisage alternative local futures. Scenario analysis identifies and assesses the key drivers shaping socio-economic and environmental conditions and then attempts to sketch out alternative future scenarios, that help evoke (or even caricature) how these future community worlds might look and evolve. Scenario analysis cannot produce objective, scientific assessments of future issues affecting rural communities and areas, even though such studies may frequently be couched in technocratic research discourses. Nevertheless, this type of applied research offers opportunities for researchers, planners and policy makers, to visualize alternative futures across Uganda. Prevailing political ideologies often cast some scenarios as more desirable than others. A further positive input in the approach is the accommodation of spatial differentiation – the difference that local geographies make – within future scenarios that can highlight the constraints of the World Bank/IMF's portraying 'the countryside' as a single unified space. Nevertheless, the proliferation of Futures work would, at least, focus attention on the socio-economic and environmental processes shaping the diverse local geographies in Uganda and in stimulating debate about the scope of public choices to mould alternative directions. Furthermore, scenario analysis signals commitment to the systematic examination of potential political, social, economic and environmental threats, opportunities and likely future developments- -[as well as] novel and unexpected issues in order to inform public debate about rural communities and to influence the design of future policy interventions. Today, there are some World Bank/IMF projects on Uganda's local geographies and livelihoods: national bio-security, trends in sustainable rural development policy and land use, and fisheries and wetland ecosystems that have been initiated. The proposed 'Futures Thinking Policy Research' is intended to 'put flesh on the bones' of the World Bank and IMF reform policies and projects by supporting and mapping out scenarios of what the Ugandan countryside will or could look like in 20 and 50 years time, and to identify the stages in reaching these scenarios. Scenario building and predictive analysis should be employed to assess current and emerging drivers, trends, risks and opportunities so that the Ugandan society can be better prepared for and resilient to future changes and trends.

9. 8 Recommendations: Toward a Progressive Politics of Development Planning

Integrating local environmental, economic, cultural and social benefits into World Bank policy reforms in developing economies will continue to be a daunting challenge. Not only are policy reforms technically complex, but the combination of macroeconomic crisis, entrenched political interests, and centrality of costs often crowd out attention to environmental and social factors. However, the Bujagali power project case study does offer insights into how attention to concerns of equity and sustainability can be reinserted into the reform process.

- *Frame reforms around goals to be achieved in the process:* A narrow focus on institutional restructuring driven by financial concerns is too restrictive to accommodate a public benefits agenda. To build a framework that includes such an agenda requires an articulation of the services that a reformed sector is intended to provide and the means by which it should do so. While donor agencies often play a central role in initiating reform, they must step back during the process of defining goals to allow a locally driven vision of reform to emerge.
- *Structure finance around reform goals, rather than reform goals around finance:* Reform processes have catered to a need to attract private capital. Since sustainable development may not always be aligned with short-term profit motives, reform processes must move beyond the imperative of attracting capital. While this may seem a far-fetched notion in capital constrained developing countries, the time may be now and opportune to change the terms on which private capital enters a country. Efforts to attract capital through risk mitigation and tariff increases have not won popular backing, and as a result have not been politically sustainable. A broader vision of reform and a public consensus supporting that vision could lower risks. Private capital may be willing to accept more realistic financial returns, if they are combined with less risk. Political legitimacy in a reform program, tied to some innovation in mechanisms for raising finance, may be a more promising route than tailoring reforms to short-term economic profit horizons.
- *Support reform processes with a system of sound local governance:* An open-ended framing of reforms will reflect public concerns only if a robust process of debate and discussion supports it. Hence, a third imperative is to embed debate over sector reforms in a sound process of decision-

making guided by transparency, openness, and participation. Such an approach is more likely to provide the political space for the articulation of a range of public concerns than have the closed processes thus far. It is more likely to build public consensus in support of reforms, making for a more politically sustainable process.

- *Build political strategies to support attention to a public benefits agenda:* It is important that public benefits advocates strengthen political coalitions supporting sustainable development and counter those favouring parochial interests. In particular, the case study suggests that social concerns carry far more political weight in a local context than do either national or international environment issues. Efforts to exploit links between social and environmental agendas would likely be a useful political approach.

By focusing on financial health, policy reforms in all development sectors have excluded a range of broader concerns also relevant to the public interest. In this study, I have examined the social, economic and environmental concerns at stake in the World Bank reform policies in general and the Bujagali Power project in particular. I have found that not only are they inadequately addressed, but that socially, culturally, economically, politically and environmentally undesirable trajectories can be locked-in through technological, institutional, and financial decisions that constrain future policy choices. Consequently, social and environmental benefits need to be internalized early in policy reform decision-making. To do so, the process by which reform goals are defined and reform decision-making must change to embrace a more consensus-driven design of reforms. More complex processes bring with them greater risks of capture by special interests and failure due to a myriad of voices. Yet, exclusive sector reforms have not incorporated the breadth of interests that deserve a voice and have not yet shown themselves to be sustainable- financially, socially, economically, or environmentally. This study has suggested several reasons to believe that a modified policy approach guided by a local vision of a socially and environmentally sustainable development future may yield far more satisfying local development outcomes.

9. 9 Conclusion

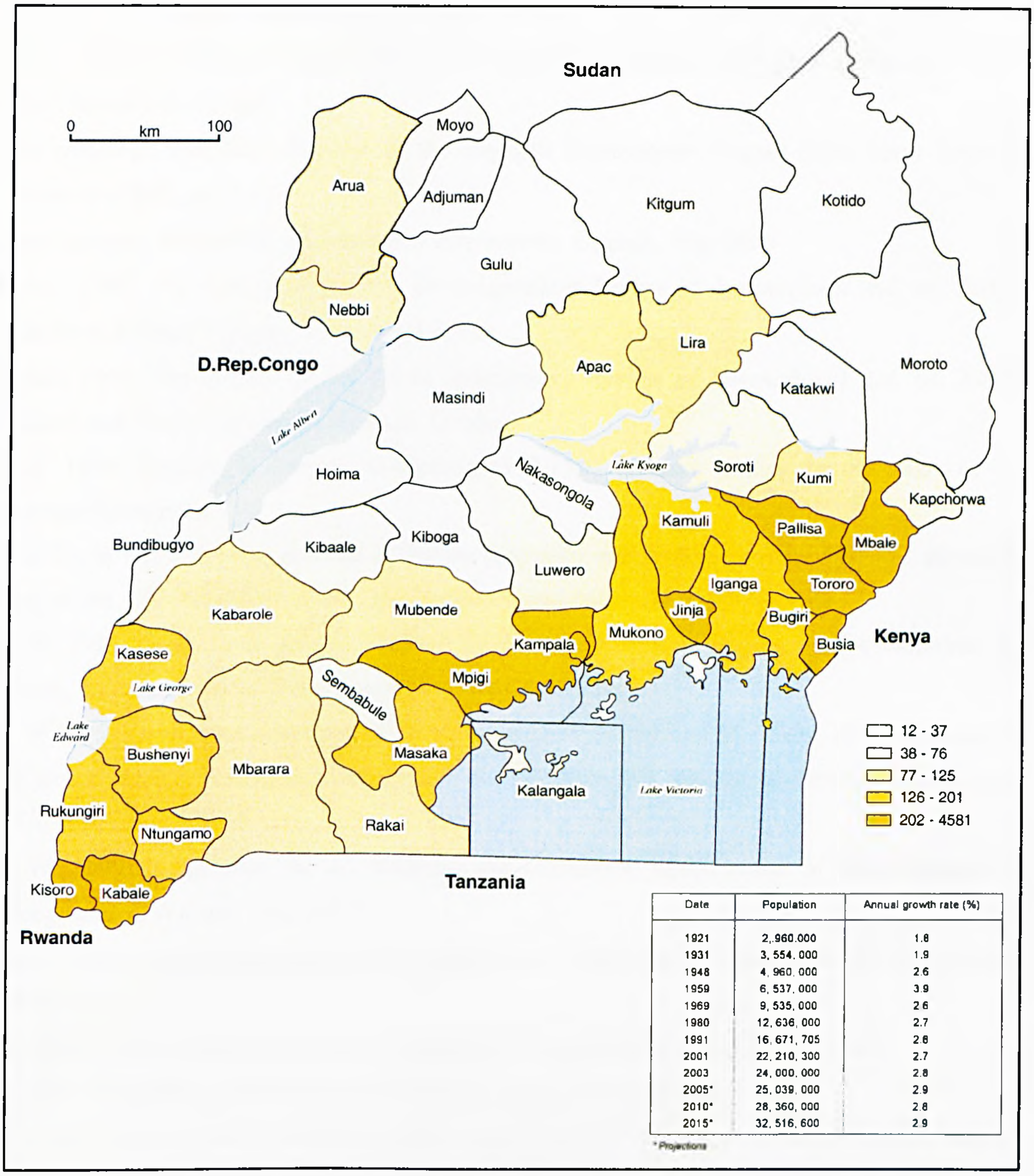
The thesis discussion suggested that local geographies presuppose the relationship between "local" and "global" in practice as a guide to policy action. The concept interrelates specific (local) conceptual or functional frameworks in which *"local"* denotes a specific period of time and *"global"* is the relationship between (all) such periods. The concept addresses the following questions: (1) How is the succession of phases in any development process to be understood in terms of space and time? (2) What is the relationship between local and global in case of values when global values are subject to some localization process that obscures their nature, despite protests from local perspectives? (3) Don't local values in their most explicit form determine the characteristics of behaviour patterns in particular socio-cultural settings? Are local geographies not folded into social activities...

livelihoods? Is there no convergence on the *socialization* of spatial analysis and *spatialization* of social analysis? Is there no presence of the *Other* within the space of the *Same?* Don't the World Bank policies elucidate a power geometry of uneven and asymmetric constellations in different ways? Don't local geographies entail local plurality and multiplicity?

Solutions to problems of spatial inequalities and disparities in social/economic well being are neither financial nor technological. They lie in the public policies designed to deal with these inequalities and disparities. Spatial organisation of society is a reflection of its non-spatial counterpart in which the prevailing values and distributive mechanisms are deeply embedded. Without a massive shift in local, regional and national priorities, existing inequalities and disparities, in countries like Uganda, will persist. The shortcomings in economic and social performance, in these countries, are the result not only of the misconception of the World Bank neo-liberal development models, but also symptomatic of an institutional impasse, which has not been given the attention it deserves. Public sector institutions created in the optimistic years after independence have found difficulty in adapting to a situation requiring serious choices. A state-centred and donor funded approach is at least in part a colonial legacy. Created quite arbitrarily by the imperial powers to respond to foreign interests, the current neo-liberal development models in Africa generally, and in Uganda in particular, have been set up with little or no regard for the local geographies and livelihoods in the country. Nor have they been designed and implemented with a view to encourage public participation and political accountability. The World Bank approach to development casts a veil over a ruthless, rootless, jobless, and voiceless economic transformation in which the ideologues of free market capitalism have orchestrated the process with little tolerance for alternative solutions.

The World Bank/IMF funded development policies, programmes and projects, in Uganda, pose some profoundly geographical questions about the nature of the discourse and dynamics of society, the significance of uneven development and the relations (central and local), between the spatial, social, cultural, political and economic. They raise some crucial issues concerned not merely with the acceptability of the techniques of information of development planning (which for the people affected by them are of signal importance) but with the role and potential of the state and of planning in developing alternatives in development with the constraints posed by the particularities of social reproduction and the discourses of power that shape such particularities. Even though the origins and manifestations of social, economic, political, and environmental change and upheaval in Uganda like countries are diverse, complex and regionally specific, the purpose of this thesis has been to demonstrate the persistent failure of the World Bank/IMF approach to development in explaining, describing, and theorising about the land and people as well as the rapid changes triggered by economic development initiatives. This approach appears in separate but overlapping Western discourses of literary authors, journalists, and academics, and spans the last 60 years. Its tenacity is testament to its emotional and dramatic power, its aesthetic appeal for Western audiences, and most importantly, its crystallisation of countries like Uganda as *Other* simultaneously incorporated and excluded as a negative reflection of the *Western Self-image*. Indeed, the World Bank neoliberal economic arguments alone can never justify such an approach, and the development gap between the *haves* and the *have-nots*, the urban and the rural, and the diverse regions (the localisms), can only be bridged by income redistribution which would mean a development model with more regulation of market forces and more social and economic planning at the local level- - a development model that is not externally driven and that pays due regard for local geographies and livelihoods.

If this thesis analysis is valid, and if development has to be seen as a complex and dynamic local process with a multitude of spatial, social, cultural, economic and political linkages inherent in its evolution, then, the World Bank approach that treats these linkages as problems *IN* rather than *OF* Uganda are doomed to failure. Unfortunately, such a collective group think and negative stereotype perception that assigns collective responsibility persists to the present. Conceiving of local geographies as overlapping and intersecting *power networks* gives us the best available entry into the issue of what is ultimately "primary" or "determining" in societies ... with respect to sources of power: ideological, economic, military and political. Local geographies are not unitary (closed or open) and should be understood not merely territorially, via the shifts in centres of accumulation that occur over time (globalization), and which themselves reflect the underlying processes of competitive accumulation that forever restructure the spatial organization of a given economy. In reality, no political geographical/spatial unit or entity is fixed. Instead, all have historically been and still are being kaleidoscopically transformed on the wheel of the processes of power and accumulation in the economy (localization).



Date	Population	Annual growth rate (%)
1921	2,.960.000	1.8
1931	3, 554, 000	1.9
1948	4, 960, 000	2.6
1959	6, 537, 000	3.9
1969	9, 535, 000	2.6
1980	12, 636, 000	2.7
1991	16, 671, 705	2.6
2001	22, 210, 300	2.7
2003	24, 000, 000	2.8
2005*	25, 039, 000	2.9
2010*	28, 360, 000	2.8
2015*	32, 516, 600	2.9

* Projections

Map 4.1: Uganda Population Distribution by District – 1991

Source: Adapted from Uganda Statistical Abstract, 2000, Table 1, p.19

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