Power and Process: The Politics of Electricity Sector Reform in Uganda

by

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A thesis submitted in conformity with the requirements
for the degree of Doctor of Philosophy
Graduate Department of Political Science
University of Toronto

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In 2007, Uganda had one of the lowest levels of access to electricity in the world. Given the influence of multilateral and bilateral agencies in Uganda; the strong international reputation and domestic influence of its President; the country’s historic achievements in public sector and economic reform; and the intimate connection between economic performance, social well-being and access to electricity, the problems with Uganda’s electricity sector have proven deeply frustrating and, indeed, puzzling. Following increased scholarly attention to the relationship between political change, policymaking, and public sector reform in sub-Saharan Africa and the developing world generally, this thesis examines the multilevel politics of Uganda’s electricity sector reform process. This study contends that explanations for Uganda’s electricity sector reform problems generally, and hydroelectric dam construction efforts specifically, must move beyond technical and financial factors. Problems in this sector have also been the result of a model of reform (promoted by the World Bank) that failed adequately to account for the character of political change. Indeed, the model of reform that was promoted and implemented was risky and it was deeply antagonistic to domestic and international civil society organizations. In addition, it was presented as a linear, technical, apolitical exercise. Finally the model was inconsistent with
key principles the Bank itself, and public policy literature generally, suggest are needed for success. Based on this analysis, the thesis contends that policymaking and reform must be understood as deeply political processes, which not only define access to services, but also participation in, and exclusion from, national debates. Future approaches to reform and policymaking must anticipate the complex, multilevel, non-linear character of ‘second-generation’ policy issues like electricity, and the political and institutional capacity needed to increase the potential for success. At the heart of this approach is a need to carefully consider how the character of state-society relations in the country – “governance” – will influence reform processes and outcomes.
ACKNOWLEDGEMENTS

This thesis is a product of a great deal of institutional, family, and peer support, both in Canada and in East Africa. I wish to thank the International Development Research Centre (IDRC) for its long-standing commitment to help graduate students conduct research abroad and for the financial support it provided to me. This financial support was instrumental to the completion of this project. Also, my sincere thanks to Arthur and Sonia Labatt for establishing the Labatt Fellowship to support students at the University of Toronto’s Centre for Environment. Their generosity was enormously helpful over the course of my graduate studies.

My heartfelt thanks also go to the many people in Uganda and Kenya who shared their knowledge, time, stories, and reflections with me. This thesis would not have been possible without the patience of the many individuals and organizations willing to speak with me and to inform me of events, debates, and challenges in the region. I would particularly like to thank the many civil servants from various government and quasi-government agencies who spoke with me and patiently answered my questions. These institutions include: the Ministry of Energy and Minerals Development; the Ministry of Water, Lands and Environment; the Forest Secretariat; the Uganda Electricity Board; the Uganda Electricity Distribution Company; the Uganda Electricity Transmission Company; the Uganda Electricity Board; the Electricity Regulatory Authority; the Ministry of Finance, Planning and Economic Development; the City of Kampala; and the National Environmental Management Authority. The subject of this thesis was and remains controversial. As a result, I am very thankful for the honest and open reflections offered by many government employees. I have tried to present their perspectives as clearly as possible. Similarly, I
appreciate the candid perspectives offered by representatives of AES and Norplan, and the many representatives of bilateral and multilateral agencies who met with me while in Uganda. All demonstrated a strong interest in explaining the difficult challenges encountered in the country.

Given the controversial aspects of this research subject, I also thank the many non-government organizations in Uganda who met and spoke with me regularly. Despite their lack of resources, all were keen to discuss their work and to share their knowledge. Many individuals and organizations deserve special thanks: the National Association of Professional Environmentalists (NAPE), in particular, Frank Muramuzi and Geoffrey Kamese; the Joint Environment and Energy Program (JEEP); the Uganda Youth Voluntary Efforts in Afforestation and Environmental Protection (UYVEAP); the Advocates Coalition for Development and Environment (ACODE), particularly, Godber Tumushabe; Living Earth Uganda; the Uganda Wildlife Society (UWS); the Uganda Consumers Protection Association; Moses Musumba, Save Bujagali Crusade; and Kenneth Kakuru, Kenneth Kakuru and Co. Advocates. I also owe special thanks to the Centre for Basic Research in Kampala for hosting me while I was conducting my research in Uganda, and to the late Executive Director, Dr. Bazaara Nyangabyaki. I learned much about land and the environment in Uganda from my conversations with Dr. Bazaara, and was eager to continue our dialogue. His death is a significant loss to Uganda. Also, my sincere thanks to Lori Pottinger of the International Rivers Network for carefully explaining their perspective on the Bujagali Dam and also sharing valuable information about the project.

I am also very thankful to the many citizens who spoke with me informally about Uganda, and about their day-to-day challenges. My efforts to explain the link between
national and international policy prescriptions and ‘life on the ground’ is certainly informed and motivated by the numerous, informal, friendly, and passionate conversations I had on the streets and in the buses of Uganda. I hope my thesis is richer for having tried to integrate these perspectives into my work. Finally, I am very grateful to Dr. Suzie Muwanga for her continued assistance and support, and for providing me with a ‘home away from home’ while in Uganda. Her friendship, support, and advice were invaluable and I am indebted to her and her family for welcoming me into their lives.

In Kenya, I want to thank Davinder Lamba and Stephen Karakezi. During my first trip to East Africa, Mr. Lamba kindly spoke to me, advised me, and provided me with quiet sanctuary at the Mazingira Institute while I considered what type of research project with which to proceed. This early meeting and our ongoing conversations had a lasting impact on me, particularly for helping me make the link between the theory and reality of urban and environmental issues and policymaking in East Africa. Stephen Karakezi, and his colleagues at the African Energy Policy Research Network (AFREPREN) also deserve special thanks. During my first trip to Nairobi, Mr. Karakezi spoke with me for a great length of time, sharing his extensive knowledge of energy issues in East Africa. Today, Mr. Karakezi remains an invaluable colleague, whose long-term commitment to energy issues in Africa, particularly energy services to the poor, is infectious and inspiring.

Given the amount of time that it took me to complete this thesis, there are many individuals and institutions in Canada to thank. First, I wish to thank my new friends and colleagues at Ryerson University, particularly in the Department of Politics and Public Administration, who were extremely supportive and helpful while I tried to finish my thesis at the same time as I took on my new teaching and research responsibilities. I am especially
thankful to Carla Cassidy, Dean of Arts, for hiring me and for having confidence in my abilities to finish my thesis. Special thanks also to Dr. Neil Thomlinson, Dr. Daniel Rubenson, and Dr. Tracey Raney for their early friendship and support at Ryerson.

At the University of Toronto, I wish to thank the School of Graduate Studies, the Department of Political Science, and the Centre for the Environment for the ongoing financial support towards my graduate studies. Joan Kallis and Carolynn Branton deserve special mention for their years of administrative and personal support while I have been affiliated with the Department of Political Science. I also want to thank Dr. Doug McDonald, Dr. Beth Savan, and David Powell from the Centre for Environment and former Innis College Environmental Studies programme. Their friendship and mentorship were constant through my graduate studies. They instilled in me an enthusiasm for teaching environmental studies and environmental research that I carry with me to my own classes.

Special thanks go to the members of my thesis committee: Professor Dickson Eyoh, Professor Rodney White, Professor Patricia McCarney, and Professor Richard Stren. Professor Eyoh and White provided sage advice and constructive feedback throughout my research. I have learned a great deal from both and their reflections proved extremely influential and valuable. Professor Patricia McCarney was one of the first faculty members I met at the University of Toronto. Her enthusiastic and constant support over many years has been tremendous. She instilled in me the need to carefully understand the relationship between international programs and policies and on-the-ground needs and realities, and the importance of bringing these two realities to light in research and practice. Moreover, early in my graduate career, she helped me understand that cities do not have to be viewed as detriments to the environment. Finally, I am enormously grateful to my thesis supervisor,
Professor Richard Stren. Professor Stren is one of the most generous individuals I know and a model for the type of scholar and teacher I hope to become. Amongst students, it is well known that he takes a sincere and genuine interest in their academic and intellectual development. At the same time, he also recognizes and understands how important personal well-being is to academic success. At a time when I was struggling to determine my research approach and subject, Professor Stren reminded me that above anything else, the most important thing was that my research be of value and importance to the region and country in which I am studying. With this priority established, the academic integrity of the work would follow. This kind of advice, along with Professor Stren’s constant effort to connect scholars in the South with scholars in the North, illustrates the type of scholar and human he is, and provides an exceptional model of the scholar I hope to become. His mentorship and friendship have been one of the most rewarding outcomes from my graduate studies, and I hope I can pass the tremendous knowledge I have gained from him on to the students with whom I will now work.

My sincerest thanks go to my immediate and extended family. My mother and father, Sheila and David Gore, and my brother, Michael Gore, never questioned the rationale or motive for the work I was doing, and provided direct and indirect support for the duration of my university career. Given the stresses and challenges associated with graduate studies, having the full confidence, love, and support of my parents was enormously valuable and I am tremendously grateful for it. During the course of my graduate studies, my extended family happily grew, and I thank Beth and Clark Carnegie and Bruce and Anita Robinson for their ongoing support. I also thank one of my closest friends, Dr. Konrad Ng, for helping me see the lighter side of the graduate experience, and for being a dear and constant friend.
Most importantly, I thank my wife and partner, Dr. Pamela Robinson. Her unwavering love and support throughout this experience has been overwhelming. Having to witness, experience, and ride the highs and lows of a graduate student’s thesis experience are very challenging. Her support, however, was unconditional and always present. My research is stronger for having had the opportunity to share and discuss it with her. Moreover, my life is richer for having gone through the experience with her, and our two young daughters, Ruby and Hilary, who challenge and inspire me every day.
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<th>Full Form</th>
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<tbody>
<tr>
<td>AESNP</td>
<td>AES Nile Power</td>
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<tr>
<td>EA</td>
<td>Environmental Assessment</td>
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<td>ERA</td>
<td>Electricity Regulatory Authority</td>
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<td>ESMAP</td>
<td>Energy Sector Management Assistance Program</td>
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<td>GoU</td>
<td>Government of Uganda</td>
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<td>IA</td>
<td>Implementation Agreement</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPP</td>
<td>Independent Power Producer</td>
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<tr>
<td>KCC</td>
<td>Kampala City Council</td>
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<tr>
<td>KPLC</td>
<td>Kenya Power and Lighting Company</td>
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<tr>
<td>MEMD</td>
<td>Ministry of Energy and Minerals Developments</td>
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<tr>
<td>MFPED</td>
<td>Ministry of Finance Planning and Economic Development</td>
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<td>MWLE</td>
<td>Ministry of Water Lands and Environment</td>
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<tr>
<td>NEMA</td>
<td>National Environmental Management Authority</td>
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<td>PPA</td>
<td>Power Purchase Agreement</td>
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<td>UBOS</td>
<td>Uganda Bureau of Statistics</td>
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<td>UEB</td>
<td>Uganda Electricity Board</td>
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<tr>
<td>UEDCL</td>
<td>Uganda Electricity Distribution Company Limited</td>
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<tr>
<td>UEGCL</td>
<td>Uganda Electricity Generation Company Limited</td>
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<td>UETCL</td>
<td>Uganda Electricity Transmission Company Limited</td>
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<tr>
<td>UREA</td>
<td>Uganda Renewable Energy Association</td>
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<td>UYVEAEP</td>
<td>Uganda Youth Voluntary Efforts in Afforestation and Environmental Protection</td>
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Chapter 1

ELECTRICITY AND REFORM IN UGANDA

1.0 Introduction

On January 24, 2002, in a grand ceremony on the banks of the Nile River, Yoweri K. Museveni, President of the Republic of Uganda, laid the first foundation stone for what was thought to be the beginning of construction of a new, large hydroelectric dam named Bujagali. Located near its namesake, Bujagali Falls, the new dam would be approximately 12 kilometres down river from Lake Victoria and the only other large hydroelectric facilities in Uganda: the historic Nalubaale dam (formerly named Owen Falls dam) and the Kiira power station (formerly named Owen Falls extension) (see Figure 1.1). Expected to generate between 200 to 250 MW of electricity once fully operational, the new dam would nearly double the volume of electricity generated in the country. Moreover, owing to the fact that at the time only 4 percent of Uganda’s total population of 25 million people, and 1 percent of its rural population had access to electricity, it was assumed that Bujagali would fill the supply deficit and provide the resource necessary for social and economic transformation – electricity. The ceremony, recorded by the Presidential Production Unit, was rebroadcast on the Uganda Television Network on February 6, 2002, one day after I returned to the country.¹

¹ My field research took place over a total of eight months spanning one and a half years: A one-month exploratory trip to Uganda and Kenya in June 2001, six months of fieldwork in Uganda (with three weeks in Kenya) between January and June 2002, and a final month in January 2003.
A senior representative of the US-based global energy company AES, the private company then leading the construction of the project, described Bujagali as a perfect infrastructure project for Africa. Along with other speakers, Syda Bbumba, then Uganda’s Minister of Energy and Minerals Development (MEMD) enthusiastically noted how President Museveni’s leadership, vision and persistence were central to the success of the project. She also thanked the US ambassador whom she explained had done nothing in the last four months but lobby for support of the AES project. President Museveni was the last to speak to the crowd of dignitaries and citizens. His reflections, however, were not marked by celebration.

Museveni began by stating that he was ‘not happy at all’ and was ‘ashamed’. He said he did not want to talk about how happy Ugandans were but just wanted to get on with the project. He suggested that a project that should have taken two years to launch had – by this point – taken seven. Moreover, he said he didn’t accept any person’s thanks; indeed, people
were foolish for thanking him. “Do you thank people for feeding their children?” he asked rhetorically. After describing Uganda’s great potential for producing thousands of megawatts of electricity, and noting the serious electricity deficit in the country, he stated that the process leading to the construction of Bujagali was, in his words, a ‘circus’, which had led to embarrassment and undermined their interests: “this is an occasion of shame and repentance”, he said. Museveni finished his speech with some striking criticisms of Uganda’s leading donor, the World Bank. Museveni stated that the Bank “needed to stop listening to so many people” and instead “talk to people in the Third World”. The Bank, he said, “listens to a lot of nonsense” and is “too squeamish and too sensitive to shallow opinions of those who aren’t supportive of transformation”. Museveni was referring to a small number of Members of Parliament (MPs) and domestic and international non-government organizations that had raised concerns with the dam project – individuals and organizations whom he had labelled as ‘economic saboteurs’ and ‘enemies of the state’, and who he said were undermining development. Two days after the ceremony, Museveni went further: “Those who delay industrial projects are enemies and…I am going to open war on them” (New Vision 2002).

The World Bank’s prominence and influence in Uganda is decades old. In fact, the first loan the Bank ever provided to Uganda was for an energy project in 1961. In relation to contemporary energy issues in Uganda, the Bank has been a chief proponent and architect of reforms to the sector, including the unbundling of the monopoly Uganda Electricity Board (UEB) and privatization of the distribution and generation components of electricity service provision; it has provided direction for the review and assessment of the Bujagali project; and, it also guaranteed Uganda’s purchase of electricity from the AES Nile Power (AESNP)
the consortium established between AES and the South Africa-based Madhvani Group in 1994 to build the dam under a ‘build, own, operate, transfer’ (BOOT) arrangement.\textsuperscript{2} Despite the February 2002 inauguration ceremony, four years later, the physical construction of the dam had not advanced beyond the placement of the foundation stone. In August 2003, estimating a financial loss of US $75 million, and amidst investigations into corruption surrounding construction contracts for the project, AES withdrew from its protracted ten-year effort to construct the dam.\textsuperscript{3} Despite this major setback and ongoing local and international concern over such matters as the project’s cost, the price of future electricity, alternative generation sources, lack of competitive bidding, and low water levels in Lake Victoria, the Government of Uganda (GOU) continued in its determination to construct the dam. In early 2004, a call for tenders to construct the dam was issued. One year later, in May 2005, the government announced that the firm Industrial Promotion Services (IPS), a member of the Aga Khan Fund for Economic Development (AKFED) – the economic development arm of the Aga Khan Development Network (AKDN) – along with its partner company, US-based Sithe Global, had successfully outbid five other companies to win the new contract to construct the dam (Monitor 2005). Nonetheless, even if construction on the dam had begun in 2006 as was expected but not achieved, Bujagali would not have produced electricity until 2010 (East African 2005). Given the current energy supply

\textsuperscript{2} Three arrangements are usually cited as viable options for the entry of independent power producers (IPPs) into national energy sectors and most importantly for the construction of new energy facilities: 1) IPPs build, own and operate (BOO) the facility (e.g. a dam) usually based on a power purchase agreement with a national enterprise (which would take responsibility for transmission and/or distribution). This is the most common arrangement for power projects because ownership allows direct revenue generation and cost recovery; 2) IPPs build, operate, and then transfer (BOT) the facility and are usually given a concession to retain revenues for a fixed period of time during operation; 3) IPPs build, own, operate, and then transfer (BOOT) drawing revenue from operation and through sale of assets.

\textsuperscript{3} At the same time that AES withdrew from Uganda, it also suspended a $2.5 billion investment in thermal electric power facilities in Brazil.
situation in Uganda, the simultaneous problems in electricity sector reform and dam construction have proven devastating.

In 2005, while Uganda’s population had increased to nearly 27 million, the percentage of people connected to electricity remained at about 4%. Adding to this, due to low water levels in Lake Victoria, variously attributed to drought, excessive irrigation, and overuse for electricity generation, in 2006 Uganda’s capacity to generate electricity dropped from an estimated 300 megawatts (MW) to just 135 MW. Meanwhile, effective demand for electricity – what consumers can and will pay for – is estimated to be growing at about 30 MW per year. In the interim, plans were made to bring two large expensive 50 MW diesel generators into the country and to import electricity from Kenya in order to try to meet some of the domestic demand. On July 13 2006, however, the Inspector General of Government, Justice Faith Mwondha, halted the import of thermal generators saying that “her investigations had concluded that the procurement of the 50MW, meant to relieve the country of its biting power shortage, had been conducted in a manner that disregarded the law and set down procedures” (Monitor 2006a). Meanwhile, rolling blackouts continued, and demand for biomass (firewood and charcoal), already the primary source of energy for 95% of Ugandans, rose. The situation in the country was so serious that projections of 7% economic growth were reduced to 4.5% largely due to power shortages (East African 2006a). The capital city, Kampala, population 1.2 million, was sarcastically described as ‘generator city’ given the constant hum produced by small independent electricity sources (East African 2006b). On top of all this, in late 2006, Ugandans were paying more for electricity than any other country in the region. Domestic consumers were paying US 24 cents/Kwh. This

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4 In comparison, Canada’s most populous province, Ontario, has a population of 12.5 million (less than half of Uganda) and an electricity generating capacity over 25,000 MW.
price, however, did not reflect the ‘real’ cost in the parlance of commercialization and privatization literature. The Uganda Transmission Company Ltd., owned and operated by the government, subsidized the price of electricity by US 126 million in 2006 (Monitor 2006). Without the subsidy, at the end of 2006 domestic consumers would be paying just over US 30 cents/Kwh. Hence, in the words of the State Minister for Energy, Daudi Migereko, “We are in a crisis” (Monitor 2006a) – a description of Uganda’s energy situation frequently repeated (East African Business Week 2006a; 2006b; Monitor 2006b).

1.1 Research problem and arguments

In the eyes of bilateral and multilateral donors, Uganda has been held up as a ‘show case’ for the beneficial effects of structural adjustment and economic reform (see Dijkstra and van Donge 2001). Uganda was the first country to be determined eligible for the Heavily Indebted Poor Country Initiative (HIPC) in 1998, and also among the first to be eligible for debt relief under the “Enhanced HIPC Initiative” owing to its sustained implementation of poverty reduction and economic reform programs. President Museveni’s early commitment to addressing HIV/AIDS in the country, along with the implementation of universal primary education (UPE), have also reinforced the country’s economic achievements of 6% annual economic growth over the last two decades (Kappel, Lay and Steiner 2005). More recently, the World Bank described Uganda as one of the most liberal trade regimes in the world (World Bank 2005) and the International Monetary Fund (IMF) extended 100 percent debt relief to Uganda under the Multilateral Debt Relief Initiative due to the country’s overall satisfactory recent macroeconomic performance, progress in poverty reduction, and improvements in public expenditure management (IMF 2005). Donors do continue to express concerns with corruption, conflict and extreme poverty in the north, revenue generation, tax
collection, and spending, but the country clearly stands out for being held “to a different standard than many other African states” (Tripp 2004, 19), particularly in comparison to its neighbour, Kenya, which received much more censure for its political system than Uganda’s former no-party system (Harrison 2001; Dijkstra and Kees van Donge 2001; Muhumuza 2002). Given this unique treatment, according to one anonymous source, a European donor representative working on energy issues: “people refer to Uganda as the Pearl of Africa, but some people say that Uganda is the Pearl of the World Bank” (Interview, European donor representative, March 18, 2002).

Given donor commitment to Uganda, the country’s seeming success in reform over the last two decades, and the intimate connection between economic performance and modern energy supplies, the problems with Uganda’s energy sector are puzzling. Added to this confusion are the list of other factors that would seem to be supportive of successful sector reforms and dam construction: President Museveni has been one of the strongest and most powerful champions of energy reform; the World Bank, Uganda’s largest donor, approved and provided financial guarantees for the dam, and has been one of the chief architects of the energy sector reform process; there is clear domestic and regional demand for Uganda’s electricity; and, there has been no widespread domestic protest over reforms and dam construction. In light of these seemingly favourable conditions for project implementation and sector reform, several provocative questions arise: Why has a country that historical evidence suggests has been successful in several reform initiatives, and that has strong donor support, experienced so many pervasive and daunting problems with its energy sector? Is there a relationship between the Bujagali project and sector reforms, and if yes, how has that relationship influenced the current state of the sector? Moreover, to what
extent does the process and model of reform factor into Uganda’s energy sector problems?

Following increased research attention to the politics and process of social sector reform, privatization, policymaking, and service delivery in Africa and the developing world generally, this thesis examines the politics of national policy reform in Uganda, using the energy sector as a principal case. At the heart of this research is an analysis of the processes through which local, national, and international interests converge in policy deliberations and reform, and the reasons why certain policy choices become dominant. While it is not possible to use Uganda’s experience with its energy sector to produce general national observations about policymaking and reform, when the experience with the energy sector and dam construction are placed in historical and regional context and compared to other national reform initiatives, some important observations can be drawn relating to politics and policymaking in Uganda, along with sector reform and energy. In this thesis, I advance three central, interrelated arguments.

1.1.1 Governance and politics

National governments have the unenviable task of trying to mediate successful policy interventions from both international expert bodies and marginalized groups (Forsyth et al. 1998, 38). This situation is further complicated by the evolving and maturing bureaucratic systems in African countries which are trying, and being forced to learn (at an historically unprecedented pace) how to respond to a more vigilant, informed and globally connected citizenry, while also trying to administer a litany of reforms. But to suggest that national governments are independent authorities that arbitrate competing perspectives before coming to specific policy decisions ignores the reality of how international actors, particularly donors, operate and influence domestic politics in Uganda. In recent years, Graham Harrison
(2001; 2004; 2005) has been particularly attentive to the political role and influence of international donors in Uganda and Africa generally. His work follows classic studies dealing with Africa, which focused on the politics of project implementation (Ferguson 1990; Hirschman 1967).

Harrison notes that up until recently, politics in African countries has been dominated by ‘donor dependency’ (2001, 660). What is different today is the manner in which donors influence domestic politics. Donors continue to intervene through the use of conditionalities, but “also to a significant degree through a closer involvement in state institutions” (Ibid.). Hence, “rather than conceptualizing donor power as a strong external force on the state”, Harrison suggests that it is “more useful to conceive of donors as part of the state itself. This is not just because so much of the budgeting process is contingent on the receipt of donor finance, but also because of the way programmes and even specific policies are designed and executed” (Harrison 2001, 669, emphasis in original). My research confirms Harrison’s observations, and in Chapters 4, 5 and 6, I show that donors are intimately involved in not only pushing a reform agenda, but also in defining and shaping the manner in which state and society interact in those reforms. Given the different role that donors are playing, Harrison argues that the influence of donors in Africa and Uganda in particular, requires us to understand politics in a qualitatively different way (2001, 661). Following this argument, to understand policymaking and reform in Uganda I argue that there is a need to conceptualize the relationship between state and non-state actors in a way that captures the reality of how multiple interests from the international through to the local level interact. I argue that a ‘governance approach’ to politics, policymaking and reform, or the application of a ‘governance lens’ does provide ‘a qualitatively different way’ of understanding Ugandan
politics, and serves as a valuable overarching analytical and conceptual framework for understanding how reform takes place in the country and why. As I will elaborate in Chapter 2, a ‘governance approach’ enables one to understand the complexity of the governing relationship between state and non-state interests, at the same time as allowing one to specifically identify the various ways that individual actors influence the political and policy system.

My use of ‘governance’ is not derived from a central concern with improved public management or corruption – a view most often associated with the World Bank. My focus is on understanding and characterizing how state and non-state interests interact over energy and electricity issues in Uganda in order to understand how these relations influence policymaking and reform. Using ‘governance’ to frame the study of energy in Uganda builds on more than a decade of influential (and divergent) uses of the term in development and African studies, along with conceptual discussions of the concept in political science and political theory (see Hyden and Bratton 1992; Hyden et al. 2000; McCarney et al. 1995; McCarney 1996; McCarney 2000; McCarney and Stren 2003; Stren and Polèse 2000; Olowu and Sako 2002; National Research Council 2003; Pierre 2000; Ericson and Stehr 2000; Kjaer 2004). One of several reasons that the concept has become attractive for political analysis is because it emphasizes that the state is not the only locus of decision-making authority (Lofchie 1989 in McCarney et al 1995a, 94) – a view reinforced by Harrison’s recent findings. This observation is particularly important for a study in Africa, where a state’s ability to provide services is frequently challenged by a lack of capacity and resources, and because non-state actors have an indelible impact on policy decisions and a role in providing services. Therefore, understanding the character of relations between state and non-state
interests, and the social and political context in which these relations take place and decisions are made, points to the importance of understanding the character of governance in a particular country and for a particular sector. Understanding the character of governance in Uganda’s energy sector helps capture the context in which reform decisions are being made and policy formulated. \(^5\)

Moving from governance to policymaking, to understand the influence of different actors in reform, the process of decision-making needs unpacking. Building on categories developed by researchers associated with the Institute for Development Studies (IDS) at Sussex University, I use three factors to help understand the interaction between state and non-state actors in energy sector reforms in Uganda. \(^6\) These factors are: 1) the actors included and excluded from decision-making; 2) the structure or space of decision-making, considering for example, such issues as the forums for public debate and opportunities to contribute to these forums; and, 3) the knowledge included and excluded from decision-making. These categories build on the observation that policy is a dynamic process, which is influenced by actors from the international through to the local level, the knowledge they carry, and the spaces in which they interact (McGee 2004, 8).

Policymaking, of course, does not exist in a vacuum (McGee 2004, 22). The way policy decisions are made and reforms executed are a function of the relationships between actors (governance), and broader issues relating to history, culture, political economy, politics, and power relations. Recognizing this, Figure 1.3 presents the relationship between

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\(^5\) Goran Hyden has done much to popularize this view of governance (see Hyden and Mugabe 1999; Hyden and Court 2002). His suggestion is that governance issues occur at a meta-level, above all other political activities while policymaking sits at a second level below governance. The argument, which will be elaborated and critiqued in Chapter 2, is that character of governance in any particular political setting – the character of the relations between state and society – frames all other decisions made.

\(^6\) These categories have been developed over the last decade by researchers at the International Development Studies (IDS) program at Sussex University, and will be discussed in greater detail in Chapter 2. This includes a discussion of other approaches for studying policy and decision-making such as policy networks.
governance and policy analysis, and depicts the analytical approach used in this research.

Put simply, this approach suggests that in order to understand the problems encountered in energy sector reforms in Uganda, one must understand the dynamic, complex and multilevel interactions between the dominant actors in that reform process.

Figure 1.3: Analytical framework for analyzing policymaking and reform

The outcome of this approach is not an explicit statement about the strength or weakness of specific policy proposals, initiatives, or approaches in Uganda. While I clearly reflect on policy choices and decisions made, like Merilee Grindle’s statement about normative judgments in her research on education reform in Latin America (2004, 2), I leave the determination of right or wrong to energy specialists.7 My central intent is to reveal how

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7 As much as this admission will be disappointing to those international and Ugandan non-government organizations who provided me with so much information and time and who are critical of the World Bank and
the evolution and character of state-society relations in Uganda has influenced energy sector reform, with a view to identifying how the process might change in future.

It follows that I suggest that the problems in dam construction and energy sector reform are symptomatic of the complex political environment that exists in Uganda, where international donors are a dominant, if not the dominant authority. This complex political scenario puts government, civil society, and indeed donors in a bind when problems are encountered: donors point to financial or technical issues, or to domestic politics as being responsible for problems and delays; government points to donor conditions and civil society groups as obstructionist; civil society groups point to both donors and governments for poor decision-making processes, poor access to information, and lack of opportunity for debate; and domestic citizens and business are generally left further frustrated with a deepening crisis. This scenario also puts donors, particularly the World Bank, in a paradoxical situation. On one level, superficially the Bank holds to its apolitical role in development. But once we scratch the surface of the Bank’s involvement in Uganda and the energy sector specifically, we learn that the reforms the Bank is championing and promoting, and the conditions underlying those reforms are strictly dependent on changing the way government, society and private firms interact, often at a pace that is deemed too fast; that is, the reforms are intimately dependent on political and institutional change along with the capacity to manage that change. Indeed, as we will learn, two of the central problems encountered when initiating the Bujagali project centred on political and institutional matters: International creditors were concerned with Uganda’s ‘political risk’, that is, the potential for the political environment in Uganda to change and therefore undermine external financial investment in

Government of Uganda’s approach to energy reforms, this does not mean I do not point out the inconsistencies in policies and approaches employed and the failure to consider alternatives.
the project; and, concern with the speed that reforms were taking place and the capacity of the civil service and government to manage that speed. It is my first argument that the notion of ‘governance’ helps us understand both how this situation evolved and its outcomes with respect to politics, policy, and reform. It follows that the second argument of this thesis relates to the practice and process of policymaking and reform.

1.1.2 The process of policymaking and reform

In its October 2005, Project Completion Note, the World Bank suggested that three events led to the initial cancellation of the Bujagali project: withdrawal of export credit agency support due to the high level of perceived country and business risk; ongoing investigations and allegations of corruption involving one of the engineering/procurement/construction contractors; and, the deterioration of the private sponsor’s (AESNP) global financial situation (World Bank 2005b). Hence, the Bank publicly explains the problems with Bujagali as technical and financial. Other observers, including the President, suggest that domestic and international NGOs are to blame for undermining the Bujagali project the first time around (Mallaby 2004). For domestic and international NGOs opposing the Bujagali project, their economic, social, and economic concerns fit under a larger umbrella of concerns relating to the process of decision-making, debate, and deliberation. It is important to recall that Museveni also described the process of constructing Bujagali as a ‘circus’. In light of these mixed perspectives on the initial problems constructing the dam, the second central argument of this thesis is that the political, institutional and procedural conditions necessary for successful reform are not receiving adequate attention by donors and government. In creating a model for reform and advancing a reform process international donors and the national government have focused predominantly on creating technical and managerial
conditions necessary for success, paying much less attention to whether the political and institutional capacity to execute reforms also exist. Attention to the politics of reform in Uganda not only follows from a clear domestic concern. In recent years, there has also been increased research attention to the character and politics of decision-making and policymaking, particularly given that there have been surprisingly few reflections on questions surrounding the policy process in the ‘south’ despite long-running emphasis on policy reform initiatives (Keeley and Scoones 2001, 3).

Recent studies relating to environment and poverty in Africa and Uganda have specifically investigated the politics and power dynamics underlying policymaking (Keeley and Scoones 2003; Brock and McGee 2004). This work is complemented by well-known investigations into the politics and rationale of state reform processes in Latin America, particularly those of Grindle and Thomas (1991) and Grindle (2000; 2004). Emphases on process are also responsive to concerns about how various types of knowledge are incorporated into policymaking processes. For example, scholars have examined how knowledge in the form of ‘narratives’ or ‘blueprints’ for development have gained dominance, and how and why alternative or ‘counternarratives’ or approaches are omitted, bypassed or ignored in decision-making (see Roe 1991; Leach and Mearns 1996; Hoben 1995). The central emphasis of this second argument is that the political challenges of sector reform were not taken into adequate consideration. In the parlance of policy literature, the strategic and political tasks essential for effective policy implementation such as constituency building and legitimization were not given adequate consideration by donors and the national government (see Brinkerhoff and Crosby 2002). This argument does not trump or usurp financial and technical concerns. Instead, I argue that problems in energy sector reform are
symptomatic of an underestimation of the present and long-term political challenges in Uganda, and the political change that the reforms produce.

Donors, in particular the World Bank, along with President Museveni appear to have taken the reform process for granted and assumed that it could evolve in a short period of time, in a linear manner, and would be largely technical in nature (see Grindle 2004; McGee 2004; Gaventa 2004). This runs counter to the evidence surrounding ‘second-generation reforms’ such as energy. Given their complex, multi-component nature, second-generation reforms often “take several years if not decades to fully accomplish their objectives” (Brinkerhoff and Crosby 2002, 33). But given that donors work on three to five-year programming cycles, and that electoral cycles do not generally surpass five years (2002, 33), the long-run requirements of energy make it a particularly vexing political issue. This observation leads to the third central argument of this thesis relating to the issue of energy specifically.

1.1.3 Energy in Uganda

Energy is a particularly vexing and complex policy area for Africa because of its connection to so many other sectors and because of the varied and mixed ways that the benefits of energy sector reform are and can be communicated to citizens. Energy sectors have typically been divided according to demand and supply issues. Energy is also influenced significantly by other issues and sectors such as fuel supply, income, physical planning, and environment to name a few. South Africa’s 1998 White Paper on Energy Policy suggests that energy policies must “…be carefully coordinated with other sectors to avoid unwanted side effects…For instance a policy of rural electrification will not resolve rural energy poverty on its own. It must be complemented by other policies and programmes, such as social forestry
programmes, education and job creation, to have the desired effects” (Republic of South Africa 1998). The policy paper goes on to state: “The role of policy is thus to facilitate the optimal consumption of energy resources to meet social needs.”

Uganda’s 2002 Energy Policy acknowledges the link between energy and other sectors, sub-sectors, the economy, and regional and international influences. It also articulates the relationship between the provision of energy and a reduction in poverty. However, when we ask ‘how’ social needs should be met and what should be the priorities of sector reform in order to reap the anticipated multidimensional benefits that an improvement in energy services could provide, the challenge and debate intensifies. Most directly, the issue centres on how the poor should factor into reforms in light of other essential concerns surrounding administration, supply, pricing, and industrialization. The international organization Energy Sector Management Assistance Programme (ESMAP), frames this debate by asking how pro-growth, pro-efficiency reforms should be weighed against those of direct interventions aimed at improving the poor’s access to modern energy for consumption and productive uses (World Bank and ESMAP 2000c, 2). Ultimately, the issue being raised is whether energy sector reforms should directly attempt to improve energy services for the poor, or whether the poor are to wait until the benefits of improved electricity services for industrialization produce indirect, trickle-down benefits like job creation and increased income, which might eventually translate into the capability to pay for electricity services. As the above quote by ESMAP suggests the international community is very cognizant of these challenges. However, in this thesis I argue that there appears to be a disconnect between the knowledge generated in Washington in the case of the World Bank, and the

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8 ESMAP was established in 1983 jointly sponsored by the World Bank and the UNDP. Today, ESMAP provides technical assistance and policy advice on sustainable energy development to governments in developing countries and economies in transition. For more information visit: www.esmap.org
application and implementation of this knowledge on the ground. While this argument is informed by my research in Uganda, it parallels the World Bank’s experience in Latin America as well (Lieziger 2003, oral presentation).9

Interviews with officials from Uganda’s Ministry of Energy and Minerals Development (MEMD) acknowledge that all reforms must be looked at in terms of the country’s primary objective, poverty elimination. However, it is also acknowledged that providing the necessary input for industrialization – modern energy – is the first priority in reforms, with electricity to homes, domestic users, and the poor a second priority (Interview, Moses Murengezi, January 13, 2003). Uganda’s former Commissioner of Energy, Godfrey Turyahikayo, (now Executive Director of the Rural Electrification Agency under the programme ‘Energy for Rural Transformation’) confirmed this position when he explained that individuals are a “second priority” in sector reforms and that the purpose of reforms is to drive the economy with the spin-off effects of industrialization producing jobs that will lead to improved individual well being; this he said, “is one of the hard facts of development – you have to ignore individuals and arguments for individual power [electricity]” (Interview, Godfrey Turyahikayo, June 5, 2002). To the extent that these statements accurately reflect the position of the Government of Uganda, a central puzzle emerges: if the central purpose of energy reforms in the eyes of government agencies is industrialization, yet international research and donor agencies question how current reform strategies directly influence and

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9 In a December 4, 2003 presentation at the Joseph L. Rotman School of Management, University of Toronto, Danny Liepziger, World Bank Director of Finance, Infrastructure and Private Sector Group for Latin America and the Caribbean Region, confirmed the presence of a disconnect between in-country reforms and World Bank generated policy and research. Liepziger’s presentation, “Rethinking Privatization in Latin America” spoke to the challenge governments have faced communicating the benefits of privatization to citizens, and at producing reform approaches that better integrate disparate interests. Most centrally, when I asked why World Bank policy documents which seemed to articulate the same need for improvement didn’t correspond to the process on the ground, one of the explanations was that there were a limited number of Washington-based experts and they could not be present or directly involved with all in-country reforms. Therefore, there was a challenge in translating and integrating the knowledge in Washington to in-country reforms.
benefit the poor, what explains the Government of Uganda’s reform choices, particularly given the World Bank’s central role in reforms? Moreover, how in a country where nearly half of the national budget is derived from international donor assistance are interventions in the energy sector seemingly built on a trickle-down theory of economic development when there is concern that this approach does not work?\textsuperscript{10} As a third argument, I suggest that part of the energy challenge in Uganda stems from an underestimation of the complexity of the issue itself. More directly, we see that as a policy issue, electricity is particularly vexing because of its link to so many other sectors, and also because of contrasting perspectives on whether it is a public or luxury good. Moreover, one of the central challenges elected and public officials face is figuring out how to communicate the rationale for reform, particularly given the ongoing state of poor electricity provision and the rising costs of electricity. I suggest that at the heart of this policy problem have been competing stories or narratives of how energy reform will be beneficial, and what type of reform is needed.

With these central arguments explained, in the remainder of this chapter I do three things. First, I begin by putting electricity and electricity sector reform in political context. Following this I provide a profile of the energy sector in Uganda, focusing on why it is an important case to examine with respect to politics, policy, and public sector reform. I finish the chapter by briefly explaining the methods used in this study and outlining the remainder of the thesis.

\textsuperscript{10} It is interesting that the answer to these questions is also of interest to Uganda’s immediate neighbours who are grappling with similar reforms. For example, in conversation, the Chief Manager, Planning, Research, Performance and Monitoring of the Kenya Power and Lighting Company (KPLC) stated that he would also like to know how Uganda came to split up its electrical utilities so quickly, as it too was a puzzle to him (Interview, David Mwangi, April 26, 2002).
1.2 Electricity and Development: Individuals or industrialization?

The World Bank has suggested that no country has managed to develop beyond a subsistence economy without ensuring at least minimum access to energy services for a broad section of its population (2000a, 3). Indeed, when the U.S. National Academy of Engineering was asked what was the number one engineering achievement of the 20th century, their response was the ‘vast networks of electrification’ (World Business Council for Sustainable Development 2002, 10). Networks of electrification ranked ahead of automobiles, broadcasting, telecommunications, computers and health care in terms of impact on quality of life (WBCSD 2002, 10). Despite this, in sub-Saharan Africa (SSA), where demand for infrastructure services has grown much faster than the capacity of public institutions to supply it (see Cohen 2001), the striking, shared, and vexing feature of electricity services continues to be the very low level of access on the one hand, and the availability of untapped surplus power on the other (Ranganathan 1998, 3). For example, access to electricity in many countries remains well below 10 percent of the population: Democratic Republic of Congo (DRC), 5%; Mozambique, 5%; Uganda, 4%; Malawi 4%; Lesotho, 3%; Botswana, 2.5%; Togo, 2% (Davidson and Karakezi 2000, 6). By contrast, in 2002, average access to electricity in North Africa, Latin America, East Asia and the Middle East was near 85% of the population, South Asia was near 40% of the population, and sub-Saharan Africa as a whole was slightly above 20% of the population (Saghir 2005, 9). Despite these figures, to date, research on the provision of infrastructure services in SSA has focused mainly on those

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11 The low level of connection in many countries is largely attributed to the low amount of electricity generated. Ironically, the Democratic Republic of Congo with only 5 percent connectivity is one of the most extreme cases of untapped surplus power; it’s estimated to have the potential to generate 100,000 megawatts of hydro electricity (Ranganathan 1998, 4). In comparison, in the most populated province in Canada, Ontario, with an approximate population of 12 million people, peak capacity in 2003 was 22,211 MW. (Ontario Power Generation. [http://www.opg.com/ops/systems.asp](http://www.opg.com/ops/systems.asp). Retrieved November 9, 2003). In California, in 2003, total dependable capacity for the state was just under 60,000 MW (California Energy Commission. [http://www.energy.ca.gov/electricity/2003-01-28_OUTLOOK.PDF](http://www.energy.ca.gov/electricity/2003-01-28_OUTLOOK.PDF). Retrieved, November 9, 2003).
services critical to immediate human needs – clean water, shelter and sanitation. Without these services, of course, citizens (and the poor in particular) struggle to acquire the environmental services needed to subsist. Moreover, there is also an argument that electricity is not an essential service but a luxury good, which should only be provided when it can be afforded. This rational view does not, however, correspond well with two counter observations.

First, there is growing recognition that modern energy supplies can transform peoples’ lives, and does serve as an engine for economic and social opportunity (World Bank 2000a, 3; UNCHS 2001). The second perspective relates to a more general understanding of what the notion of ‘development’ actually means. Increasingly, development is being understood as a process of providing citizens with increased opportunities to make choices in their daily lives in order to gain what John Friedmann described in his 1992 book *Empowerment* as ‘social power’ – the power needed to engage in economic, social and political activities. One of the eight bases of social power Friedmann described was ‘surplus time over subsistence requirements’. Given that access to electricity can provide citizens, particularly women and children, with the opportunity to gain ‘surplus time’ over activities like firewood collection, access to electricity seems to be a strong potential contributor to social power. Of course, as is the case in all parts of the world, it cannot be assumed that all citizens with access to electricity would use it to engage in economically or socially productive activities like starting a small business from home or studying late into the evening. However, having access to electricity can provide humans with the opportunity to pursue activities they value and to have more choice over the use of their time. Understanding ‘development’ in this way – as a function of the freedom and opportunity an
individual or household has to make decisions over one’s life – has gained in popularity in recent years, particularly following the work of Amartya Sen (see Drèze and Sen 1995; Sen 1999). Sen argues that the major purpose of development is to expand human capabilities and to enhance the chances for people to pursue values that are important to them (Pugh 2000, 223-224). Access to electricity can help fulfill this potential. But whether one recognizes the potential for electricity to transform an individual or household’s life, or instead takes the position that electricity is simply needed to drive industrialization and economic modernization, energy sector reform, like reforms to other network utilities, has emerged as a central focus in recent development strategies and has progressed rapidly in the last ten or more years (World Bank and ESMAP 2000c, 4-5; Turkson and Wohlgemuth 2001; Girod and Percebois 1998; World Bank 2004; World Bank 2003; World Bank 1993; IADB 2003).

One common component of reforms has been the unbundling of state-run electricity monopolies into wholly private entities or individual business units, as well as the amendment of legislation to permit the entry or increased role of private firms in service delivery.\footnote{In the context of electricity generation, private firms are usually referred to as Independent Power Producers (IPPs).} Despite these efforts, the fact remains that to date, reforms “have made little impact in improving energy service to the poor” and “have focused on networks serving better-off users, generally neglecting institutional and market constraints serving the poor” (World Bank and ESMAP 2000c, 4). In some countries citizens are in fact suggesting that access to electricity should be considered a basic right, and suggest that disconnecting consumers who cannot pay is an affront to that right (see Khunou 2002). Others, not
surprisingly, disagree but suggest that electricity “is definitely important enough for government to be involved [in its delivery]” (Interview, Paul J. Mare, January 17, 2003).

From these two positions arises the simple yet confounding question: “How should a developing country government, concerned with tackling poverty amongst its citizens, think about its role in the energy sector?” (James Bond in World Bank and ESMAP 2000c, vii). Moreover, if electricity networks are deemed to be responsible for such a fundamental transformation in the quality of life in industrialised countries, does improved access to electricity in the developing world have the same potential? If the answer is yes, what explains the checkered historical evolution of modern energy services in so much of SSA? How are governments grappling with the challenge of improving access to and use of energy services? Indeed, what are the political challenges faced when trying to make improvements? This study takes up these latter questions by examining, uniquely, the political dimensions of energy sector reform in Uganda.\textsuperscript{13} This is accomplished by moving inside Uganda’s reform process to analyze its character.

\subsection*{1.2.1 Why Energy in Uganda?}

There are two important reasons for studying Uganda’s electricity sector reform process. First, Uganda has one of the lowest levels of access to electricity in the world, service provision is very unreliable, and biomass – charcoal and firewood – remains the dominant source of energy for all households, and will remain so for decades to come. This profile

\textsuperscript{13} Few studies exist which are specifically attentive to the role of politics in infrastructure and energy services. While politics and policy are often noted as important issues, they are generally discussed in terms of necessary policy interventions rather than a discussion or explanation of what role politics plays in influencing what reform and service delivery options are considered. One notable exception to this is Anton Eberhard and Clive Van Horen’s 1995 book \textit{Poverty and Power. Energy and the South African State} (London: Pluto Press). In the text they ask : “What is the desired relationship between the state, energy suppliers and users in energy markets? Essentially…addressing the questions of governance and structure of the energy sector” (Aberhard and Van Horen 1995, 183).
Chapter 1: Electricity and reform

raises important questions and concerns about the type of reforms that are being implemented to improve access to energy services and the rationale for reform decisions. Throughout sub-Saharan Africa and East Africa specifically, countries are suffering from inadequate electricity supplies and poor infrastructure. Moreover, as we will later learn, the majority of countries have been engaged in some form of reform in order to improve supplies. Uganda’s efforts to improve its energy sector have run into numerous obstacles, while its electricity supply situation has continued to deteriorate. Therefore, in the first case, a study of Uganda’s challenges in improving energy provision, particularly through strategies promoted by bilateral and multilateral agencies, will provide important lessons and a base of knowledge for future comparison and reform.

The second reason for studying Uganda follows from the observation that multilateral and bilateral agencies have played a dominant role in advising and directing its strategies in energy sector reform, dam construction, and other associated energy reforms like forestry. Given Uganda’s status as an economic ‘show case’ amongst other sub-Saharan African countries, and President Museveni’s on-again off-again relationship with donors, it is important to understand how donors have participated in Uganda’s energy sector reforms, reform choices, and reform outcomes to date. To what extent are challenges in energy sector reform in Uganda attributable to domestic or international actors or issues? Moreover, are there lessons to be learned from the manner and process through which international and domestic actors interact? Answers to these questions will again prove to be valuable for other countries engaged in or contemplating reform. But in addition, given the ongoing plans for reform in other environment-related sectors in Uganda like waste, wastewater, and drinking water, the relationship between international, national, and local interests in energy
sector reform will prove significant. Before explaining the approach used in this thesis, it is important to provide some more detail on the above issues.

1.2.2 Energy Profile: Uganda

Of the total amount of energy consumed in Uganda, figures reveal that 91.3% of energy needs are derived from biomass sources such as firewood/fuelwood and charcoal. The remaining balance is made up of other residues (3.4%) oil products (3.9%) and electricity (1.1%) (Uganda Energy Balance 2003). Underlining the significance of forest resources for energy use, it is estimated that 90 percent of the wood supply in Uganda is for energy consumption (Ministry of Water, Lands and Environment 2002, 97). While official estimates of the land clearance rates in the country vary, the National Forest Plan acknowledges that the “combined effects of deforestation and high consumption result in an accelerating imbalance between national demand and supply of forest products” with the country moving “into a net national fuelwood deficit in the year 2000” (MWLE 2002, 6). Recent research on biomass supplies and suppliers in Ethiopia, Kenya and Uganda has also revealed important additional information with respect to the use and production of fuelwood and charcoal in Uganda (Energy for Sustainable Development 2003). In Kampala, the capital city of Uganda, charcoal has been identified as the preferred fuel used by citizens with disposable income, while firewood is the chief energy source for Kampala’s urban poor who collect firewood throughout the city (ESD 2003, 17) (see Figure 1.2 and 1.3). Further, while biomass serves as the central source of energy throughout Uganda, it is also an extremely important source of income and livelihood for women.

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14 This information is a result of information collected for the creation of a new Forest Policy introduced in March 2001, and a National Forest Plan finalised in October 2002. These efforts included the identification and inventory of national forest resources including fuelwood and charcoal supplies.
The sale of biomass fuels in Kampala are highly decentralized with neighbourhood kiosks spread all across the city, including in residential areas. The majority of vendors are women who sell to individual customers and other vendors (ESD 2003, 20). Despite this, in Uganda – as in Ethiopia and Kenya – women are generally engaged in the lowest paid, least secure and most arduous components of fuel supply activities (ESD 2003, vi). In rural and urban areas, women and children are also the primary fuel collectors. According to the Ministry of Energy and Minerals Development (MEMD), the average distance traveled to
collect firewood is 0.73 km (2002b). But underscoring the significance of biomass as an energy source and as a source of income in Uganda is the fact that the burning of firewood and charcoal produces extremely negative human health impacts. It is estimated that 22.5 percent of infants between the age of 0 and 5 years in Uganda are infected with acute respiratory tract infections (ARI) (MEMD 2002b). Meanwhile, charcoal consumption continues to increase (Energy for Sustainable Development, 2003, 7).

Much work has gone into investigating interventions to reduce fuel wood consumption, particularly through more efficient and improved cooking stoves. Research, however, has shown that “in many cases, the final amount of fuelwood used by households adopting improved stoves does not necessarily decrease. Rather, households tend to take advantage of the increased efficiency, using the same amount of fuel for additional purposes, such as heating water or cooking larger quantities of food” (ESD 2003, viii). Since the 1960s, in Africa and Uganda, some fuel substitution policies have also been attempted in an effort to reduce the impact of energy demands on forest resources. These policies have mainly come in the form of subsidizing electricity to the poor, particularly in urban areas, and efforts to introduce other fuel sources in urban areas like liquid petroleum gas (LPG) and improved cooking stoves. Despite these efforts, it is clear that “Woodfuel will continue to be the dominant source of energy in Uganda for the foreseeable future. Even if the entire hydroelectric potential in Uganda was fully utilised…wood would still supply more than 75% of the total energy consumption in 2015” (Ministry of Water, Lands and Environment 2002, 97).

Given the dominance of biomass as an energy source in Uganda, it is important to then understand how electricity fits with this biomass-dominated energy profile. This
comparison is important because as I will later note, one of the central concerns of non-
government organizations in Uganda working in the fields of environment and energy has
been the national governments overwhelming policy attention to electricity in the absence of
a national strategy for biomass energy. Given this, one can also ask: if energy sector
improvements are focused on electricity, what are the prospects for increasing access for the
majority of citizens currently reliant on biomass and to the poor?

In recent years, with the assistance of Germany’s Gesellschaft für Technische
Zusammenarebeit (GTZ) the Ministry of Energy and Minerals Development has made
progress in developing and publishing monitoring parameters for the electricity sector.
Nonetheless, while improved monitoring parameters help inform the overall scale of the
challenge in improving access to electricity in Uganda, the absence of more detailed data
such as income-differentiated statistics for poor and non-poor electricity consumers
challenges the ability to provide a complete quantitative overview of the sector (see Karakezi
and Kimani 2004).

1.2.2.1 Electricity in Uganda

As earlier noted, most of Uganda’s electricity comes from two hydroelectric facilities – the
Nalubaale and Kiira power stations (see Figures 1.6 and 1.7). Diesel generators and some
other small hydro facilities also contribute to overall installed capacity, but minimally. The
Government of Uganda places great faith in the hydroelectric potential of the country,
suggesting that 2,000 MW of electricity is potentially available for development, mainly
from the Nile (MEMD 2002a, 14). Despite this, a major impediment to greater supply
continues to be the extremely high level of electricity system losses.
In 2002 the total average system losses – including technical and non-technical (usually theft) – was an astonishing 41.5 percent; generation accounted for 0.4 percent of system losses, transmission 4.4 percent and distribution the remainder at 36.7 percent (MEMD 2002b). The international target for total system losses is 10-12 percent (Karakezi and Kimani 2002, 928). Comparatively, among 13 other countries in sub-Saharan Africa – Sudan, Angola, Ethiopia, Kenya, Eritrea, Malawi, Tanzania, Zimbabwe, Zambia, Lesotho,
Botswana, South Africa – Uganda’s system losses were the highest (Ibid., 928).\textsuperscript{15}

According to revised figures, in 2005 the Commissioner for Energy and Minerals Development explained that the sector was losing 28 percent of the total hydropower generated through non-technical losses (theft) each month (Monitor 2005). This translates into a loss of 45 MW of electricity, which, if billed, would provide an additional UShs 3 billion or US$ 1.75 million per month.

With respect to the total number of individuals and households with access to grid-based electricity,\textsuperscript{16} and using the most complete national statistics available,\textsuperscript{17} in 1999 the total number of Uganda Electricity Board customers was 163,295. Of this number 144,507 were domestic tariffs or households – approximately 89 percent of all consumers. Using Uganda Bureau of Statistics (UBOS) census data, this information leads to the conclusion that in 1999 only 3 percent of all Ugandan citizens had access to electricity.\textsuperscript{18} Assuming that the ratio between domestic, commercial, institutional and industrial consumers in 2001 was the same as 1999, the total number of households with electricity would have increased to 177,185 by 2001 or approximately 3.5 percent of the total population (23,875,655). By January 2002, the Uganda Electricity Distribution Company Ltd. (UEDCL) had added

\textsuperscript{15} This list of countries is also ordered by country with the highest to the lowest percentage of system losses. This means that in 2002 Uganda had higher system losses than countries like Sudan, Angola and Ethiopia.

\textsuperscript{16} ‘Access’ to grid-based electricity refers to an individual household, business or enterprise whose electricity supply is received via a formal transmission network beginning with a point where the electricity is generated, through to a transmission system which then distributes the electricity to individual consumers.

\textsuperscript{17} One significant challenge during my fieldwork was acquiring a baseline set of data relating to such things as total number of consumers, particularly as they are divided between households, industry, institutions and commercial enterprises. While a select set of data was available for some years, a national summary of the distribution of consumers according to consumer category were not available. Hence, this information is an accumulation of the best available data.

\textsuperscript{18} This figure is calculated based on the following information: the 1999 population was estimated to be 22,220,496. The average household size is 4.7 people. Hence, if the total number of domestic tariffs/households in 1999 was 144,507 we can calculate 144,507 households x 4.7 people per household to equal 679,183 individuals with access to electricity. Dividing total number of individuals with access (679,183) by the total 1999 population (22,220,496) a total population with access to electricity in 1999 equals 3 percent of the total population.
20,394 new consumers to the grid of which approximately 18,150 would have been
households. Using the national average of 4.7 individuals per household, these figures
translate into 85,305 new individuals gaining access to electricity in 2001. In August 2004,
there were reportedly 240,000 total electricity customers (Wakabi, 2004). This figure,
however, is hard to verify given the absence of regularly published and updated data by sub-
region. But assuming the ratio of domestic to commercial to industrial users has not changed
over time, and using the national average of 4.7 people per household, in early 2004 it could
be estimated that about 960 000 citizens had access to electricity or about 4 percent of the 25
million citizens in the country. As of June 2006, the number of domestic customers totalled
267,675. Assuming 4.7 people per household, and a country population of 27 million in
2006, the gross percentage of the population connected to electricity has not risen above 5%
since 2002.

Comparing the annual population increase in the country, which was approximately
685,500 per year between 1991 and 2002 (UBOS 2002), with the number of new household
connections completed in 2002, about 18,000 (or about 85,000 individuals), we can
conclude that Uganda has been losing the connection race and will continue to lose for the
foreseeable future. Moreover, since 2001, the marginal increases in electrification levels,
from 3 percent to 4 percent may have arisen almost entirely due to the formalisation of
previously illegal connections following UEDCL’s “Operation Sigma” – a major government
initiative to disconnect illegal consumers. Thus, as Stephen Karakezi and John Kimani note
“there may have been no real new connections. In effect, the utility recorded ‘new’
connections whereas the number of physical connections remained unchanged” (2004, 18).

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19 Sixty percent or more of these new connections are in the Greater Kampala Region (UEDCL designates this
as the Kampala Service Area).
Recently, Uganda has initiated a very important, large, ambitious and optimistic programme to increase access to electricity in Uganda’s rural areas. Named the *Energy for Rural Transformation Programme*, the programme has a goal of increasing rural electrification from the present 2% of the population to 10% by the year 2012. Some, however, are critical of this goal suggesting that in other countries – South Africa, Zimbabwe, and Ghana – in the same or shorter periods of time it was possible to achieve higher increases in rural electrification (Karakezi and Kimani 2004, 19). What is unique about the programme is that it aims to provide electricity to strategic rural nodes or agglomerations where schools, commercial areas, and health centres can be electrified. This strategy intends to maximize indirect access to electricity, as opposed to providing comprehensive, house-to-house service. Despite this rural initiative, the story of electricity improvements in Uganda has historically and today been mostly about extending the national transmission network, increasing generation capacity, and improving the network in urban centres.

Based on national estimates of domestic consumers and specific data for the customer service area encompassing the capital city, Kampala, in 2002, approximately 55 percent of all households with access to electricity in Uganda were located in the Kampala Customer

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20 South Africa recorded an 18 percentage increase in 7 years; Zimbabwe’s rural electrification increased by 19 percent in 8 years, and Ghana’s rural electrification increased by 30 percent in 10 years (Karakezi and Kimani 2004, 19). The authors, however, do not discuss the role that in-country differences might have in influencing Uganda’s target or the achievements in the countries noted. For example, one issue inhibiting easy access in Uganda is the pattern of settlement in rural Uganda. Several times interviewees raised this issue with me.

21 Despite this unique initiative, in a recent article in the newspaper The Monitor, the Commissioner for Energy and Minerals Development, Eng. Paul Mubiru, said “the use of electricity for cooking in rural areas is unachievable in Uganda and most African countries. ‘Biomass accounts for 93 percent of Uganda energy source in rural areas. It will remain the main source of energy for cooking even if [sic] Rural Electrification Programme succeeds’” (The Monitor, February 24, 2005).

22 It is noteworthy that this approach follows a shift in the language used to describe service delivery. Instead of having a goal of ‘universal provision’, the goal today is ‘universal access’, meaning that the service is proximate enough to a consumer so that they can connect to it if they can afford to, and/or can at minimum enjoy the benefits of a service provided to a communal facility like a hospital (see Jaglin 2002)
In relation to the distribution of electricity in Uganda then, Kampala has a disproportionately higher level of access than any other region in the country. The Kampala Customer Service Area (CSA), however, is not the same as the formal District of Kampala – the formal political-administrative boundary of the capital city. The Kampala CSA includes towns outside of Kampala – Mpigi and Entebbe. Therefore, in order to determine the level of access to electricity in the city of Kampala proper – as opposed to what may be termed metropolitan Kampala – one must subtract the domestic consumers in the towns of Entebbe and Mpigi from UEDCL’s Kampala Customer Service Area. When this calculation is done the result shows that of the total number of domestic consumers in the country in 2002 (195,335) just over 50 percent (50.9%) of these were in the City of Kampala (99,598).

Hence, in terms of the gross number of individuals living in households with direct, legal, access to electricity in the City of Kampala, and using a mean household size for Kampala of 3.8, it can be crudely calculated that about 32 percent of individuals in the City of Kampala have legal access to electricity. Based on this data, two observations need to be made.

First, during my research I was unable to find any media or government reports citing this data. Second, the figures challenge the general government position and tone that urban

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23 These figures are not easily available or calculated, but based on inconsistent national data collected during fieldwork and specific data for Kampala, figures estimating ratios of all consumers and estimates of increased numbers of consumers suggest that in 2002 there was an approximate total of 195,335 households (domestic tariffs) with electricity in the country. This total is derived from Ministry of Energy and Minerals Development (MEMD) data for 2001 which identified 177,185 domestic consumers, plus 18,150 new domestic consumers in 2001, equalling approximately 195,335 domestic consumers for January 2002. Using a Uganda Electricity Distribution Company consolidated executive monthly report acquired during fieldwork for May 2002, the total number of domestic consumers in the Kampala Customer Service Area was 107,457. This total, divided by the approximate total for all domestic consumers in the country produces the 55 percent value. Subtracting the domestic consumers for Mpigi and Entebbe (1,002 and 6,897 = 7,899) from the Customer Service Area (107,457-7,899) provides a total 99,598 domestic consumers (households) in the City of Kampala. Together this suggests that in 2002, of the total electricity customers in Uganda, just over 50 percent (51.9) are located in the City of Kampala.

24 This percentage is derived by multiplying the total number of domestic consumers (99,598) by mean household size (3.8) divided by the total nighttime population of Kampala (1.2 million). This calculation does not and cannot account for the number of people associated with a household who have indirect access to electricity.
residents are well connected to electricity. Compared to rural areas, certainly this is the case. But globally, Kampala’s electrification rate falls well below the norm. For example, results from the World Bank’s Living Standards Measurement Study (LSMS) surveys in 15 countries and more than 55,000 households in Asia, the Americas, Eastern Europe and Central Asia, and sub-Saharan Africa, reveal that a surprising 89 percent of urban households had electricity (as compared to 46 percent of rural households) (Komives et al. 2003, 83). Thus, comparatively – 32% in Uganda versus 89% globally – Kampala represents an important global anomaly.

Further information shows that for the average consumer in Uganda, 11 percent of household expenditure goes to electricity. However, for the poorest quintile of consumers, 43.2 percent of household expenditure goes to electricity (MEMD 2002b). In addition, in 2002, the average consumer experienced a loss of power for 38 hours every month (MEMD 2002b). Increases in electricity prices in recent years have also been a central concern in Uganda given that prior to May 2001 electricity tariffs had not increased since 1991, and a great deal of concern was expressed over the impact the increases would have on the average consumer.\textsuperscript{25} Many MPs, some NGOs, business associations, citizens and small and medium-sized business owners, including international firms like the hotel chain Sheraton, protested against the dramatic price increases. They argued that the new tariffs would lead to an increase in illegal connections, a reversion to wood fuels and environmental degradation, and a significant increase in operating costs for businesses that had no time to adjust. They also claimed that the policy was inconsistent with a desire to increase the number of consumers,

\textsuperscript{25} On May 29, 2001, the Electricity Regulatory Authority (ERA) approved the increase of electricity tariffs for domestic consumers by 102 percent, and for small and medium industry by 39 and 65 percent. This meant that for domestic consumers they would be paying just over US 10 cents per kilowatt hour. In Ontario, Canada, we pay CAN 5.0 cents for the first 750 kilowatt hours and 5.8 cents for each additional kilowatt hour (kwh).
and moreover, that this was a policy pushed by the World Bank (Odyek et al. 2001).
President Museveni eventually intervened to help negotiate an 88% increase for individual consumers instead of the 102% originally decided (Musoke 2001), but he also expressed concern that major stakeholders had not been consulted. Museveni also directed his Minister of Energy, Syda Bbumba, to review the tariff increase (East African, 2001). The World Bank’s country programme manager, Robert Blake, along with government officials directly in charge of the energy sector argued that the power tariff increase was necessary because consumers had to meet the full cost of production to enable future investments and to revitalize the sector (East African, 2001). Since then, electricity tariffs have continually been adjusted upwards to pay for the cost of new investments. In June 2006 tariffs were increased by 37% for all categories of consumers, except large industry whose tariffs increased by 58%. In late 2006, owing to the need to add costly thermal generators, the unit price of electricity was increased again making it now the most expensive in the region. Domestic consumers are paying US 24 cents/Kwh. This price, however, does not even reflect the ‘real’ cost in the parlance of commercialization and privatization literature. The Uganda Transmission Company Ltd., subsidizes the price of electricity by US 126 million in 2006 (Monitor 2006). Without the subsidy, at the end of 2006 domestic consumers would be paying just over US 30 cents/Kwh for electricity.

Responding to the then mounting concern about price increases, in 2004 a study commissioned by the Electricity Regulatory Authority (ERA) and conducted by Makerere University’s Department of Social Work and Social Administration evaluated the impact of tariff increases. While not addressing the issues of illegal connections or environmental degradation, the results suggested that generally consumers have been able to afford the tariff
increments and the increases did not reduce consumption as some suggested might happen. What the study also revealed was that with the exception of water, other utilities like rent, transport and telecommunications consumed more of household budgets than electricity (ERA Press Release, December 21, 2004). These results corresponded to a 1999 survey of 2,000 households which showed that prior to the price of electricity increasing, citizens were paying more for batteries and kerosene on a monthly basis than they would have been if they were paying the Uganda Electricity Board rate for grid-connected electricity (ESMAP 1999). “The demand surveys clearly showed Ugandans' ability and willingness to pay for non-grid electricity in the absence of a possibility to connect…” (ESMAP 1999).

This willingness to pay and desire to be connected to electricity in Uganda is again supported by research reviewing access to infrastructure services globally. Kristin Komives, Dale Whittington and Xun Wu show that if the poor have access to services in their communities, they will connect (Komives et al. 2001, 2). More interestingly though with respect to electricity, the research showed that “When a household had the opportunity to connect to the electricity network, the vast majority did so, regardless of their income level” (2001, 16). Furthermore, when faced with a choice between connecting to other infrastructure services (such as water, sewerage, and telephone) households would choose electricity first (Komives et al. 2001, 16, emphasis added). This evidence is important for reinforcing citizen desire for electricity, but does not address one of the central problems in Uganda’s electricity sector: the issue is not how to maintain customers but how to connect new ones when the cost of connecting is so high. “The real prohibitive cost is not electricity, it is the connection cost – we don’t need lifelines [subsidies] we need connections” (Interview, Dr. Frank Sebbowa, January 17, 2003).
According to a Uganda Electricity Distribution Company Ltd. (UEDCL) customer service manager, in 2002, the cost of acquiring an electricity connection from a pre-existing network (a line from a distribution network to a house) was Ushs 97,000 with an additional refundable deposit – upon moving – of Ushs 100,000. Together, this cost would be close to US$ 120. If one needed a pole between a residence and the network an additional US$ 200 would be required. What is more, the connection cost was subsidized by 65%, meaning that the real cost would be three times these figures (Thomas N. Tondo, Interview, April 13, 2002). Uganda’s per capita income in 2004 was US$ 260 (World Bank 2005). Therefore, for an average individual household to establish an electricity connection, a large proportion of annual income or savings would clearly be required.

This data reveals two important issues about electricity access and reform in Uganda. First, consumers that are formally connected to the distribution network have generally been able to manage the increase in electricity tariffs, albeit reluctantly, and have expressed a willingness to pay when there is stability in supply. However, the constant shortage in supply, as evidenced by the rolling blackouts in Kampala and the breakdown of ageing infrastructure frustrates this willingness significantly.\(^\text{26}\) This frustration is also strongly reinforced by the presence of cost-recovery programs like ‘Operation Sigma’ which has tried forcefully to disconnect illegal use of electricity, but has also incorrectly disconnected people who were legitimate customers. Second, and in contrast, what is not clear is how these reform efforts, including efforts to encourage private sector participation and dam construction, relate directly to an improvement and increase in access to electricity generally, and to the poor specifically. As later discussed, the expressed intent of electricity sector

\(^{26}\) My conversations with residents and business owners in the parish of Kasubi in the city of Kampala confirmed this.
reform in Uganda seems inconsistent with both the reality of what is taking place, and inconsistent with international research and policy advice generated in Washington by the World Bank in particular. Specifically, while pro-poor policy interventions for the energy sector are advocated, the policies implemented and the manner in which they are implemented on the ground do not seem to correspond. These observations call into question the benefits of reform that are being communicated publicly and the knowledge that is informing reform efforts.

1.2.2.2 Electricity Sector Reform: An Overview of Challenges

The statistics for Uganda fail to capture many historical events that have had considerable impact on the current state of the country’s energy profile – events which include the civil conflict that damaged much of the national infrastructure prior to the National Resistance Movement’s ascendance to power in 1986. Nonetheless, it should come as no surprise that the national government faced a great deal of internal and external pressure to make widespread changes to the sector in the 1990s following other macroeconomic reforms that were taking place. Formal institutional and regulatory reforms to the energy sector began in earnest in 1999, while other efforts initiating these changes began several years earlier under various donor-sponsored power reform projects. The central impetus for the most recent reforms was the national government, and more specifically, President Museveni’s success in attracting private sector interest in Uganda’s energy sector. Initially this commitment came under the auspices of a ‘Build-Own-Operate-Transfer’ (BOOT) arrangement to construct a dam at Bujagali Falls and Karuma Falls. Formalizing private sector interest, however, quickly required a change to the national regulatory and institutional framework. Up until
the passage of the 1999 Electricity Act, the Uganda Electricity Board (UEB) was the only agent permitted by law to generate, transmit and distribute electricity in Uganda.

Uganda’s turn to the private sector, as I will discuss in Chapters 4 and 5, was not a startling occurrence. Globally, the trend towards privatization of state-delivered services has been widespread. Generally though, public perceptions of privatization are negative and getting worse: “The complaint is that, even if privatization contributes to improved efficiency and financial performance (some question this as well)…it has a negative effect on the distribution of wealth, income and political power” (Birdsall and Nellis 2003, 1617).

Nancy Birdsall and John Nellis point out that globally

…a majority of people surveyed in 2001 in 17 countries of Latin America disagreed with the statement ‘The privatization of state companies has been beneficial…’ and the extent of disagreement was much greater than three years earlier…More than two thirds of 1,600 Russians interviewed in 2001 though that they had lost more than gained from the privatization of state property; only 5% said the opposite. Of Sri Lankans polled in 2000, most thought that privatization had increased poverty and raised the cost of living, and over 60% opposed the privatization of the remaining state-owned firms. In Uruguay, a plebiscite revoked a privatization law narrowly passed by parliament; South African Nongovernment Organizations (NGOs) and community activists have formed an Anti-Privatization League; in Mexico President Vicente Fox has been unable to make any progress on a promise to begin privatization of the energy sector; and in India parliamentary opposition halted (temporarily) the national privatization program in September 2002 (2003, 1617).

Despite the general global concern with privatization, the opening of Uganda’s electricity sector to private companies did not produce mass, nation-wide protests. This is unlike South Africa, for example, where strong union and NGO advocacy has produced mass resistance to privatization and also led to community and NGO participation and dialogue with Eskom, the national supplier (see McDonald and Pape 2002). Compared to Uganda, the

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27 In this thesis, the definition of privatization follows the understanding proposed by Budds and McGranahan (2003) in their article on water privatization: “Privatization refers to the processes that increase the participation of formal private enterprises…[in service]…provision but do not necessarily involve the transfer of assets to the private operator” (2003, 89). Privatization thus includes the full transfer of assets but is not exclusive to this.
number of households connected to electricity in South Africa is significantly higher.\textsuperscript{28} Logically, this high connection level would influence the amount of national protest as more of the aggregate population would be affected by a change in service and pricing. But in Uganda, where only approximately 3\% of the population had access to electricity when reforms began in 1994 and those that had electricity seemed able to manage the price increase, little protest arose. Moreover, as my research will show, there were very few environmental NGOs specifically engaged in policy activities, and even fewer interested or engaged in energy policy or energy reform. For those that were policy-oriented, there were few clear opportunities to engage in policy debates. As a result, the amendments to the Electricity Act in 1999 that permitted private companies to legally generate and distribute electricity in Uganda went ahead with little interruption. (The transmission of electricity in Uganda remains state-run).

At the outset, amendments to Uganda’s Electricity Act were done chiefly to permit AES to sell electricity generated from the Bujagali dam. But subsequently, South Africa-based Eskom Enterprises, subsidiary to Eskom, took over the management of the Nalubaale and Kiira power stations, and in partnership with UK-based CDC-Globeleq has also recently taken over the distribution of electricity under the company name Umeme. Details of the contract between the Government of Uganda and Umeme have not been fully conveyed publicly, but after protracted negotiations with Uganda and the World Bank, and further delay as the World Bank provides financial guarantees for the contract, initial reports stated that the deal would see some US$ 19 million transferred to the Government of Uganda.

\textsuperscript{28} In 1993, prior to the end of apartheid only 36\% of the population had access to grid electricity. Following the 1994 elections, the ANC “made the provision of electricity to the disadvantaged, mostly blacks, the cornerstone of its development policy under the slogan ‘Access to electricity for all’” Davidson and Mwakasonda (2004, 29). Today, the Department of Minerals and Energy estimates that 70\% of South African households are electrified (Ibid., 32).
Furthermore, Umeme is expected to invest US$ 65 million over the next five years. An additional annual rental fee will start at US$ 18 million in the first year (New Vision, January 14, 2005). What is absent from media reports to date is the number of consumers that Umeme is required to connect annually, and the conditions under which they must do so. With the entry of these private firms, and the expectation that one or more new dams will be complete in the next five years, anticipated improvements to Uganda’s electricity sector include: administrative efficiency, reliability and availability of supply, and investments in and expansion of the network. Nonetheless, the experience with reform in Uganda still remains criticized domestically and internationally due to several events.

First, following AES’ withdrawal from Uganda, the Government of Uganda (GoU), the World Bank, and the International Finance Corporation (IFC) continued to seek new investors for Bujagali despite local and international criticism suggesting that alternative sources of energy are available that are less costly, more environmentally benign, and less destructive to a primary tourism site – Bujagali Falls. Examples of alternatives included geothermal energy, more small-scale hydro, solar power, and energy from biomass, such as the burning of bagasse (sugar residue) or using other food or woody residues to make charcoal briquettes. Second, allegations of corruption and bribery involving members of parliament (MPs), the former Minister of Energy and his son, AES, and a series of firms contracted to construct the dam on behalf of AES were at the centre of investigations by the US government’s Department of Justice, the Government of Norway, and the Government of Uganda’s Inspectorate General. Third, criticism continues over the fact that there was no competitive bidding process used in the original allocation of the Bujagali site to AES, and that the renewed efforts to construct the dam seemed to be taking place without public
involvement, participation or scrutiny. Fourth, access to information about the original cost of the Bujagali dam was only gained after a domestic environmental NGO, Greenwatch, challenged the proprietary character of the power purchase agreement (PPA) between the Government and AESNP in court and won. In addition, the World Bank’s economic assessment of the Bujagali project was never disclosed. Fifth, the Electricity Regulatory Authority (ERA), the new quasi-independent regulatory agency overseeing the electricity sector, while gaining praise for being steadfast in its independence from government and for its oversight of the sector, is still in its infancy and is routinely criticised by parliamentarians and civic groups for its decisions, particularly relating to approval for increases in electricity tariffs.\footnote{For example, in January 2004, the Electricity Regulatory Authority went ahead with an increase in electricity tariffs despite an initial (non-binding) directive from the Minister of Energy, Syda Bumba, to halt the process (Eremu and Osike 2003) and then a subsequent statement that the Ministry cannot intervene in pricing due to the Regulatory Authority’s independence.} Lastly, and perhaps most importantly, for businesses and individuals in Uganda there is an overall and simple frustration with the entire reform process itself – it is not understood why it is taking so long to improve service provision, increase supply, and decrease the price of electricity.

In sum, a complex set of factors has converged in the energy sector reform process in Uganda. Multiple interests at international, national, and local levels, government and non-government organizations, international donors, private firms, and Ugandan citizens have and continue to participate in, or at minimum, be influenced by a long, complex, multilevel, and highly scrutinized exercise with important implications for the future use and access to electricity and energy supplies. Considering how these interests interact in a political process builds on research which reflects on how public problems are articulated and resolved by political actors; the knowledge that is included and excluded from political processes; and
how government and non-government organisations from multiple scales relate to the political and policy processes associated with a given reform agenda. In light of these observations, I conclude by explaining my conceptual approach and methodology used for this research.

1.3 Methodology and Outline

The field research for this study took place over a total of eight months spanning one and a half years. A one-month exploratory trip to Uganda and Kenya in June 2001 was followed by six months of fieldwork in Uganda (including three weeks in Kenya) between January and June 2002. I made a third trip to Uganda in January 2003. Results of this research are based on formal semi-structured, in-depth interviews with government and non-government stakeholders as well as primary and secondary documents from local and national government, and national and international non-government organizations and institutions.

Eighty-five formal interviews with government, NGO, community, donors, and private actors were conducted, while an additional fifteen conversations and interactions that were not formal interviews were documented. These additional events include informal, casual, anonymous conversations with lay citizens in my day-to-day experiences in Uganda, and a focus group meeting with 14 NGO representatives active in the energy and environment sectors. As well, in relation to the local context of this research, several visits were made to a parish in northwest Kampala, named Kasubi. During this time, formal and informal conversations with community organizations and citizens in the parish were documented as well as general observations about the community, particularly relating to environmental management and energy use. While I was in Uganda, my research was also supported by affiliation with the Centre for Basic Research (CBR) in Kampala. Three methodological
approaches guided this research – process tracing, interpretive policy analysis and qualitative interviews.  

In terms of the evolution of research activities, I began this study by focusing on understanding the dynamics and ‘culture’ of Ugandan policymaking in the environment sectors in general and the energy sector specifically. As a result of my first trip to the region, I had several contacts within the National Environment Management Authority (NEMA) which I was able to build on once I returned for the central period of fieldwork. This initial trip provided me with a general understanding of the issues surrounding environmental policymaking in the country. As events and information unfolded I was able to begin to identify specific actors beyond those previously chosen for which interviews would be required. At the same time, I also began to develop a better understanding of the activities and corresponding issues at the local level which were, and in many cases were not, informing the evolution of national policy. Hence, I attempted to first establish a general understanding of the intricacies and complexities surrounding national policymaking in the energy and environment sectors in general. Second, I identified key stakeholders that could provide specific information about their role and vision of the policy process and the

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30 With process tracing the researcher explores the chain of events or the decision-making process by which initial conditions are translated into outcomes (Van Evera 1997, 84). This approach allows the researcher to reach the level of the individual actor and provides an opportunity to understand the relationship between actors in a decision process (King et al. 1994, 227). In reviewing the work of Grindle and Thomas (1991), Mick Moore (1993) reminds researchers to be cautious in the extent to which they rely on the personal accounts of decision-makers in historical events given that individual participants in a political process often exaggerate the significance of their own contributions. To address these concerns I corroborated individual accounts with other actors from the same organization and with actors from other groups and organizations who converged in the same policy process. The second approach used, interpretive policy analysis, is particularly relevant for a study of government decision-making because it suggests that policy analysis must go beyond asking what the costs and benefits of a particular policy are, to ask what the meaning of the policy is and for whom it has meaning (Yanow 2000). This approach was particularly important because policy means different things to different groups of actors and therefore one must seek to understand how a policy issue is framed, the details of what it means, which groups hold those meanings, and what conflicting interpretations exist (2000, vi-viii). A third methodological strategy was a ‘snowball method’ of actor identification and interviewing. In this approach, a preliminary set of key informants was identified, who then referred me to other informants in order to establish a wide network of actors participating in the sector of interest.
decisions reached in energy sector reforms. Third, I compared energy use at the local level with national reform strategies, and the relationship between local government and national government coordination in energy provision through focused research on one community in the capital, Kampala. And, finally, based on the information gathered over the first two research periods, I revisited key questions and issues with senior key informants and managers during my last fieldwork period.

1.3.1 What this study is and is not about

As reforms to the energy sector in Uganda are ongoing, this study does not and cannot evaluate the outcomes of reforms. Rather, the study evaluates how choices during reforms, including the sequencing of events, came to be selected, particularly in contrast to alternative options available. Thus, central to this study is an attempt to identify and understand the competing ideas about reform, and how this competition was resolved. This research, therefore, does not attempt to evaluate the specific success or failure of decisions made as they relate to the country’s objectives such as increasing the number of individuals with access to electricity or increasing generation capacity. While historic data combined with completed and ongoing reform efforts allow for some reflection on these issues, a robust post-reform analysis of the changes in quality of electricity service, for example, and numerical changes in total number of consumers as influenced by political decisions will be needed in the years ahead. Similarly, given the infancy of reforms and the problems encountered which slowed reforms, this study is able to make only limited contributions to the growing body of work assessing the long-term impacts of privatization. Instead, it considers the role of private participation in the energy sector, and compares, contrasts and
suggests how other alternatives considered or ignored may or may not complement the
approach being followed, particularly in relation to maximizing benefits to the poor.

Perhaps too ambitiously, this project also set out to understand the relationship
between and among international, national and local interests – private and public – in
c policymaking and service delivery in Uganda. Initially, my intent was to examine and
compare how two energy-related policy processes at the urban level and two at the national
level compared with respect to non-government influence. However, following a short
period of time in Uganda I quickly realized that analyzing discreet policy and decision-
making processes relating to energy and electricity at the local and national levels was not
possible given the complex interrelationship between each. This led to a revised approach: to
understand how the national policy and decision-making process integrated and excluded
interests and knowledge from the local and international level – a focus on the governance of
energy in Uganda.

1.3.2 Outline of Thesis

The remainder of this dissertation is organized into 6 additional chapters. In Chapter 2, I
discuss the conceptual framework I have used to explore the relationship between and among
local, national and international interests in Uganda, emphasizing how this framework is
practically applied in research. In Chapter 3, I provide a political history of energy and
electricity in Uganda and East Africa from the mid 1850s to 1986. In Chapter 4, I focus on
the contemporary story of electricity in Uganda, focusing specifically on the politics of the
reform effort. Here we begin to see the influence of state-society relations on energy policy
and decision-making in Uganda, as well as the contemporary context in which decisions have
been made. With this context in mind, in Chapter 5 I look specifically at the ideas driving
utility sector reform globally, and Africa specifically. Through this review a set of ‘guiding principles’ for sector reform can be generated, as well as a list of conditions researchers and the World Bank suggest are needed for reform to be successful. This chapter closes by comparing the list of suggested conditions for successful reform to Uganda’s reform experience. This comparison is a prelude to Chapter 6, where I examine energy sector reform in Uganda and the associated effort to build the Bujagali dam. Hence, in Chapter 6 I explain how the decisions to reform were made, and the model of reform developed and applied. Two things stand out in this chapter. First, the approach to reform in Uganda persisted despite the absence of the institutional and political conditions deemed necessary for success. Second, this chapter demonstrates the complexity of the energy reform exercise in Uganda, and the extent to which the government and World Bank’s ambition for reform did not match the political, social, and economic character of the country. Chapter 7 concludes this study.
Chapter 2

A ‘Governance Approach’ to Policy Analysis in Uganda: Reconciling The Analytical Utility of a Term

2.0 Introduction

In her 2004 book, Governance, Anne Mette Kjaer notes that a search of ‘governance’ in the Social Sciences Index turned up 1,774 articles between 1986 and 1998. Between 1999 and 2002 the same Index produced 1,855 articles. “In other words, more articles on governance had been written in…three years than in the preceding twelve” (Kjaer 2004, 1-2). What is striking about the popularity of the term is that to date, there is still little agreement over its precise meaning. In part, the absence of a consensus stems from the widely varying applications of the term depending on geographic scale (global to local), intention (explanatory or normative), and institutional focus (state, bureaucracy, community group, corporation, international agency).¹ Despite this, one of the term’s central appeals is that it is more inclusive than the term ‘government’ and describes something much broader: governance integrates and recognizes the activities of a range of state and non-state groups in the process of governing and decision-making, as well as their interrelationships in the management and delivery of services (Kjaer 2004; Hyden 1992; McCarney, Halfani, Rodriguez 1995; Friedmann 1998; Stren and Polèse 2000). As John Friedmann notes, “governance has become a fashionable tag…because of its emphasis in a world of hyper-rapid change, on process…pointing beyond government to all of the collective actors who might be brought into [a] system or region” (Friedmann 1998, vi). The term is also attractive because it reflects the state of transformation that governments around the world find

¹ Various popular prefixes attached to governance include: environmental, urban, local, corporate, and global.
themselves in as they try to adapt to numerous challenges and multiple centres of power (Wolfish and Smith 2000).

For African countries, the notion of governance has taken on particular prominence. In large measure this is because of the World Bank’s ongoing use of the term to emphasize good public management, accountability, transparency, and the elimination of corruption (Smouts 1998, 83). The Bank’s initial use of ‘governance’ came in a report on sub-Saharan Africa in 1989 (Swilling 1997, 4). Since then, the Bank has developed a series of ‘governance indicators’ for almost 200 countries. The indicators, based on several hundred variables measuring perceptions of governance suggests that there is a causal link between ‘better governance’ and ‘better development outcomes’ (see Kaufmann et al. 2004). The Bank’s reference to ‘governance’, however, has also been used programmatically under the guise of ‘governance reforms’, usually encompassing public sector reforms. It is this aspect of the Bank’s use of governance which has raised much concern amongst some Africanist scholars, particularly in relation to the Bank using the term as a vehicle to exercise a political agenda and to reduce the role of the state (see Harrison 2005). But despite this, on the whole, the neutral position is that the Bank’s governance work is state-focused and ‘policy-oriented’ (Doornbos 2001). Running parallel to the Bank’s use of governance, Martin Doornbos suggests that there is a second, parallel stream of ‘governance work’, which he labels as ‘academic’ and which is more society-focused. For others, this simplified dichotomy corresponds to an ‘old’ and ‘new’ version of governance (Peters 2000).

Doornbos suggests that the ‘academic stream’ “has been largely concerned with developing a better understanding of different ways in which power and authority relations are structured in different contexts – thus focusing on different modes of inter-penetration of
state-civil society relations” (2001, 96). He proposes that this second stream arose quickly following adoption in donor circles.\(^2\) At the centre of this approach to governance has been a focus on the relationship between state and society (McCarney et al. 1995a), an acknowledgement of the importance of civic group and individual participation in economic and political decision-making (McCarney 1995b), and a focus on the rules and systems which influence the character of state-society interactions (Hyden 1992). Hence, two related but different uses of ‘governance’ can be generally observed in development studies: a narrower, state-oriented approach emphasizing efficiency and accountability, and a more society-oriented approach focused on the process through which government (national and local) interacts with society. These simplified dichotomies between ‘policy-oriented’ and ‘academic’, ‘state-oriented’ and ‘society-oriented’, ‘old’ and ‘new’ governance research, has produced overlapping but inherently different outcomes in research and practice.

In this chapter I try to make sense of the parallel uses of governance in development studies, and what these uses mean for research. The chapter is not intended to be an exhaustive review of all ‘governance’ literature – this is a book-length task in which others have already engaged (see Kjaer 2004; Hirst 2000). Likewise, while recognizing the significant volume of literature on ‘governance’ in international relations and its similarity to some of the issues discussed in this chapter, to a large extent this literature is not addressed here.\(^3\) This study presumes a level of agreement over the general value of the concept and concentrates on clarifying and strengthening its analytical utility. I wish to highlight the tensions and similarities in uses of governance in development studies and explain the implications of these for research. I suggest that ‘governance’ can and does serve as an

\(^2\) It is important to acknowledge that university-based research on governance in the South existed prior to and parallel to the Bank’s usage, a point I return to later in this chapter.

\(^3\) Some reference to James Rosenau’s work on the subject of ‘governance’ is noted in the second section.
important analytical framework and has the potential to help make sense of the complex policy and political problem presented by energy and electricity in Uganda.

In this chapter then, I begin by reviewing the evolution of governance research generally and specifically in relation to Africa and development. Based on these overviews I then explain how ‘governance’ is conceived and defined. This leads to an explanation of the link between ‘governance’ and policymaking, and what in practice this relationship and approach can reveal.

2.1 Rise of Governance as a Central Concept in Political Science

Since being proposed in the early and mid-1990s, the suggestion that the ‘state is in retreat’ (Strange 1996; Ohmae 1995) has generally been tempered or revised. Today scholars writing about Europe and North America suggest that this view is no longer appropriate (Hirst 2000). Likewise, the suggestion that societies are becoming ‘ungovernable’ or that governments are unable to resolve all the tasks and demands placed upon them due to an overload of the political system through claims, expectations, objectives, and participants has also been tempered (Stehr and Ericson 2000, 9; Pierre 2000, 4). Alternative perspectives now holding general currency in the study of politics is that we are now seeing “less a decline of the state and more a process of state transformation” (Pierre 2000, 5); the state is responding to multiple centres of power (Wolfish and Smith, 2000), is adapting to meet new political and administrative goals (Kettl 2002, 152), and is part of an ‘organizational society’ where “the public-private divide has ceased to be clear or salient” (Hirst 2000, 20). There is recognition that “although ‘government’ in its bureaucratic manifestation may be fading away, the continuing need for government…remains” (Kamarck 2002, 230). Hence, the generally held view is that the state still figures centrally, but the line of inquiry is focused on how it
interacts with private and public actors to achieve collective or public goods (Gilbert et al. 1996, 16). This focus on the process by which governing takes place, has helped give rise to the use of ‘governance’, particularly in political science. But using the notion of ‘governance’ as a vehicle for understanding how government functions in the process of governing is only a first step. For some, a concern exists that the use of ‘governance’ may be so general that it may be considered meaningless and its various applications contradictory (Peters 2000). B. Guy Peters (2000) has been particularly direct about this point, arguing that researchers must be clear about whether they are applying an ‘old’ or ‘new’ vision of governance in research.

For Peters, the ‘old’ or ‘traditional’ version of governance is state-centric and relates to a ‘steering’ conception. If taking this perspective, he suggests that the “question becomes one of the capacity of the centre of government to exert control over the rest of government, and over the economy and society” (Peters 2000, 36). However, if the ‘modern governance’ or ‘new governance’ perspective is adopted

…then the question becomes one of how that centre of government interacts with society to reach mutually acceptable decisions, or whether society actually does more self-steering rather than depend upon guidance from government, especially central government. This leads to an associated question of whether steering decisions made by government can be implemented once they have been made (2000, 36).

Peters goes on to acknowledge that

Both of these approaches raise valid and important questions about governance, but they are substantially different questions. The two versions of governance also imply very different approaches to comparative politics, but when phrased in comparative terms the issues are not as incompatible as they may appear initially. Both approaches make the functionalist

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4 In the case of Africa – often depicted as ‘ungovernable’ and in disorder by the media – the need for governments to make sense of the shifting relationship between state and society is only intensified. This arises particularly in light of the observation that social and economic activities in Africa typically deemed ‘informal’ are growing, while at the same time throughout Africa societies are demonstrating social innovation, entrepreneurialism, and coping mechanisms in the absence of government oversight and a political and economic environment which engenders innovation (see Le Pape 1997; World Bank 2004b).
assumption that society must be governed and then proceed to ask what the source of that governance will be. The functionalist question begins with very broad assertions about whether state or society is dominant, and then the comparison can become more fine-tuned to assess relative contributions of different political structures to governance. Adopting the governance approach simply provides some standard against which to examine behaviour in the public sector, and analyse what has happened. The same type of analysis may be undertaken from other perspectives, e.g. from an institutionalist view...but thinking about governance and governing makes the question of what has happened to policy ideas and proposals all the more evident (Peters 2000, 37-38).

Peters further argues that despite its appeal for policy studies, the most basic problem with ‘governance’ is that the ‘old’ and ‘new’ conceptions are often used simultaneously and in contradictory ways. In addition, each version (old and new) can also be read from a normative and empirical perspective.

For ‘old governance’ this entails first the view that governments are capable of governing (empirical) and second, that “effective government is a good thing” and that the state has some role to play in guiding the “public toward some attainment of the ‘public interest’. The (again largely implicit) assumption is that society can not reach that higher order good on their own, but instead requires the imposition of the authority of the state” (2000, 40). With respect to a ‘new governance’ perspective, Peters notes that there is an added challenge because the society-focused approach can be presented both negatively and positively, each with its own empirical and normative elements. The negative ‘new governance’ perspective advocates that groups, and even individuals, in society do have the capacity to resist government’s interventions. Governments do have legitimate authority on their side, but the public is seen as sufficiently clever and resourceful to escape any regulations that they do not like...[such as] the capacity of industries to avoid regulation, or in the capacity of ordinary

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5 It is worth noting here that Peters refers to the issue of the ‘tragedy of the commons’ and Elinor Ostrom’s (1990) conclusions as another example where institutional mechanisms are needed for imposing solutions, and that “the state and old governance are required to produce better outcomes from social and political activity than would otherwise be possible” (Peters 2000, 40). However, as presented here, it does not appear that this argument is convincing as much of Ostrom’s work also shows that community groups can govern resources themselves and in the absence of the state provided clear institutional rules are in place. Hence a distinction is needed here between the presence of rule systems and the creation and application of those rules in order for Peters’ argument with respect to ‘old governance’ and common-pool resource problems to hold.
citizens to evade taxation…groups in society are portrayed as rather clever, [with] governments tend[ing] to become stereotyped as clumsy and bureaucratic (2000, 41).

In the positive version of ‘new governance’ the position is that “there are resources in society that are sufficiently powerful to shape policy, at both the input and output stages. Networks, communities, and other aggregations of interest organizations that surround policy areas are assumed to be in positions to either shape policy as they see fit, or to assist government in putting policies into effect. In this view the strength, and even dominance, of society becomes an asset of governance…” (2000, 41).

Peters does not conclude by explicitly favouring one approach over another. However, for comparative purposes he does seem to side with the state-oriented, ‘old governance’ approach. This is largely because he believes it makes comparison easier than with the society-oriented approach, which, he suggests defines away some of the more interesting differences or variance between countries or geographic units (2000, 42). For example, Peters argues that a ‘governance approach’ that focuses on society does not permit an understanding of how some governments have shown a great deal of capacity to achieve compliance from society while others have not. Peters’ concluding message is that whichever approach is used there are important normative implications to each (Peters 2000, 51), which researchers must clearly recognize and presumably articulate.

Peters’ concern about how ‘governance’ is used and the normative implications from this use are particularly important for Africa where on one side ‘governance’ has been used as a concept to capture all that is wrong with government, while on the other side it has been used as a vehicle for understanding and capturing the reality of state-society relations (McCarney 2003, 38). While the logic of this difference makes sense given the actors and roles of those applying each, the normative implications of the different uses are significant.
2.2 Governance in Africa and development studies

Governments in the North and South are being confronted by innumerable trends that have an indelible impact on state-society relations and the process of governing. These trends include but are not limited to global and local social movements demanding access to policy and political decision-making processes, decentralization, economic liberalization, electoral reform (Stren and Polèse 2000, 17). But specifically in the context of the South, and even more expressly in Africa where mass poverty and inequality predominate, administrative and financial resources and capacity are low, and services are often provided privately if at all, the political implications of these trends are particularly significant. As a result, ‘governance’ has become a particularly popular concept in the South because it ‘travels well’ and draws attention to the act of governing: ‘governance’ “brings to bear the political dimension and ‘places the interdependence of state and society at the centre of debate’”; it “permits the incorporation of a wide variety of actors and groups in both the formal and informal sectors, as well as local, national, and international groups and agencies” (National Research Council 2003, 358).

The role that ‘governance’ has played in drawing attention to the ‘political dimension’ in developing countries has, however, been treated quite differently in practice and research. The two most striking differences in application occur between the World Bank’s use of the term and university-based researchers – a distinction earlier noted and labeled as ‘policy-oriented’ and ‘academic’ by Doornbos (2001), and Peters’ (2000) distinction between old and new. Below I distinguish between a ‘state-oriented’ and ‘society-oriented’ perspective to governance in the South. While this distinction is not absolute, it points to the degree of attention given to concerns about the efficiency and
effectiveness of state institutions on the one hand, versus the degree of attention given to the character of state-society relations and the incorporation of society into governing activities on the other.

2.2.1 The World Bank and ‘governance’: A state-oriented perspective

The Bank’s role in popularizing ‘governance’ in the South is now well established. Following its first use of the concept, “The force of the Bank’s discourse was eventually taken over by all the co-operation agencies, the United Nations Development Programme (UNDP), and bilateral backers” (Smouts 1998, 83). The ongoing development of first and second-generation quantitative indicators of governance (see Kaufman et al. 2004; Knack et al., 2003) has reinforced the role of the concept as an evaluative and operational tool as well.\(^6\) Goran Hyden and Julius Court acknowledge that “The World Bank has its own interpretation of governance that is of special interest because its official mandate prevents it from dealing with political issues. To cope with this, the Bank distinguishes between governance as an

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\(^6\) The six indicators developed by Kaufmann et al., and pooled to provide an overall estimate of the quality of governance in World Bank data are: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and, control of corruption.
analytical framework and governance as an operational framework” (2002, 18). These two frameworks, have led the Bank to identify three aspects of governance: 1) the form of political regime, 2) the process by which authority is exercised in the management of a country’s economic and social resources for development, and 3) the capacity of governments to design, formulate, and implement policies and discharge functions (Ibid.). According to Hyden and Court, “The Bank professes to confine itself only to the second and third aspects of governance, but it has found itself under increasing pressure from Western bilateral donors to address the first as well” (Ibid.). More specifically, it has been the Bank’s use of governance to capture both the political and administrative change it deems necessary, which has generated the most concern.

From one perspective, the concern has simply, but significantly, been that ‘governance’ has been used as a prescriptive mechanism to push for liberal democratic models in Africa (Swilling 1997, 6). In this regard, problems in Africa are seen as problems of ‘governance’ and therefore ‘governance reforms’ are required: problems of corruption, administration, efficiency are central reasons for deficiencies in service delivery, and therefore fixing the state is paramount. More recently, Graham Harrison (2005) argues that the Bank’s use of ‘governance’ has led to “an impressive profusion of political terms” but has not reflected “nearly as impressive a conceptualization of political change. Rather, the political vocabulary of governance leaves any consideration of the deeper or specific nature of ‘the political’ unexplored” (Harrison 2005, 244). At the core of Harrison’s analysis is the observation that through ‘governance’ the Bank has been engaged in a political ‘project’ to be “realised through a repertoire of reform programmes, focused around – but not exclusive to – administrative/civil service reform programmes” (Harrison 2005, 244). Citing several
supporting studies, Harrison states: “It is generally accepted that the rising profile of administrative reform, civil service reform, capacity building and so on has been driven by donor/creditor initiatives and the rising prominence of governance therein…” (Ibid.). But this is only the start for Harrison. He goes on to argue that the Bank’s governance reforms are embedded in its own theory of political change and ‘theory of the African state’:

…we can identify three approaches that provide intellectual resources for the Bank’s governance operations in African states…rational choice, New Public Management, and institutionalism…these three approaches give us a picture of how the Bank sees African states and the agencies that drive them: projects are executed by ‘champions’, ‘change teams’ or principals, well trained, motivated and paid to implement changes to others’ incentive structures through a modification of rewards and a greater flow of information that also introduces aspects of competition and efficiency to public service. (Harrison 2005, 246-247)

Harrison further notes that the Bank’s use of governance stems from its belief that politics can be treated as positive-sum: “…all agents can gain from governance reform. The unrest generated by reform will be resolved by the benefits of enhanced incentives, training and motivation. Even retrenches will gain from the training and/or redundancy package, and the opportunities that a liberalising economy has to offer…” (Ibid., 247). Comparing what he suggests is the Bank’s ‘theory of the African state’ with other theories – state and class (class-based), post-structuralist (clientelism) – Harrison concludes that:

the success of governance reforms will depend partly on their intrinsic merits and technical virtuosity, but they will also depend on the way these reforms are contested and strategically adopted within altogether different political ‘logics’ to those the Bank relies up on to execute governance reform. To design governance reforms more effectively would require a fuller political consideration of each country…its state culture, the intertwining of public office and private accumulation, and the prevailing ideological reference points that bind elites together. Apart from the fact that the Bank would find this constitutionally very awkward to achieve, an approach of this kind would also profoundly undermine the Bank’s existing theory of political action and replace it with a far broader range of approaches to governance, each historically situated. (2005, 256, emphasis added)

Harrison’s reflections on the Bank’s role in Africa stem from many years of penetrating analysis, along with fieldwork in Uganda, Mozambique and Tanzania. Prior to
the article cited above, he developed his ideas about the Bank and governance in a book titled, *The World Bank and Africa: The construction of governance states* (2004). In this work, Harrison develops his ideas about the Bank’s view of political change in Africa. It is also here that he chooses to label African countries that have had particularly intense relationships with the World Bank as ‘governance states’: “….governance, as a general project of political engineering that has pervaded Africa for at least a decade, has produced a set of governance states…” (2004, 5). Governance, for Harrison, follows the World Bank’s conceptualization – a notion that largely evokes administrative reform. Hence, ‘governance states’ are those that have “internalized the core features of [the Bank’s] governance discourse and practice” (2004, 5) in order to achieve economic stability and growth. While I draw on Harrison’s analysis and share his interpretation of the relationship between global institutions and African states in this thesis, I do not use the label ‘governance state’ to describe Uganda. I find this classification problematic for a number of reasons. First it uses ‘governance’ as an adjective or descriptor of a state rather than a process by which state and non-state interests interact. Second, while the use of ‘governance’ is pervasive in Africa largely because of the Bank, the term is also prominent in other regions of the Global South. This popularity, however, is not a result of the Bank. It is because the term reinforces the interdependence of state and society in politics (see National Research Council 2003, 357-361). Thirdly, owing to the above two points, the term ‘governance state’ simply proves cumbersome.

But whether one agrees with Harrison’s terminology, conclusions, or interpretations, it is clear that the Bank’s ‘governance reforms’ are rooted in a technical ‘state-oriented’ view. The result, according to Doornbos, is that ‘governance reforms’, or reforms developed
to achieve ‘good governance’ have made ‘governance’ a policy metaphor for imposing political conditionalities on recipients, which he suggests, is losing practical consequence and appeal, and has not produced the intended efficiencies and outcomes envisaged (see Doornbos 2001, 107). The point here is not simply to critique all that the Bank has done in trying to evoke reforms under the rubric of improved ‘governance’ – the information here is insufficient to show this. What does need to be highlighted is the underlying normative thrust of the Bank’s use of governance, and the universality of its application – governance and governance reforms focus almost explicitly on mechanisms to produce an improved, effective, transparent, and accountable public service (see McCarney 2003, 33-35). The Bank’s work on governance “stems from a normative platform built on the elements to be striven for in attaining good government” (McCarney 2003, 38).

How then has ‘governance’ been alternatively used? Building on Harrison’s reflections about the need for more historical specificity when thinking about governance and reform, it is important to point out what can be generally described as an alternative ‘society-oriented’ application. To be clear, a dichotomy between a ‘state’ and ‘society’ approach is overly simplified, particularly as many researchers distinguish between multiple uses of the concept. Nonetheless, the identification of a ‘society-oriented’ governance perspective emphasizes how university-based researchers have alternatively drawn “meaning from the reality of civil society-state relations” in the developing world and drawn normative considerations based on this reality (McCarney 2003, 38). In this case, the role of the state is

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7 For example, McCarney (2003) traces the use of ‘governance’ according to three different trajectories, Swilling (1997) suggests that four different positions exist with respect to ‘governance’ in Africa, Kjaer (2004) identifies six different debates or uses of ‘governance’ in political science, Hirst (2000) notes five versions of governance, and Rhodes (2000) distinguishes seven different definitions of governance.
not rejected and remains central. However, the view is that the state will only improve if the realities of social conditions are reflected in political and administrative functions.

2.2.2 A society-oriented perspective

At the same time that the World Bank formally invoked the concept of ‘governance’, the Governance in Africa Program at Emory University was also initiated (McCarney et al. 1995a). Here, leading scholars came together to “consider the notion of governance, debate its definition and discuss the importance of governance issues to the African continent” (Ibid, 94). As McCarney et al. explain, the report from this conference referred to “governance as ‘a broader more inclusive notion than government’ and the ‘general manner in which a people is governed…It [governance] can apply to the formal structures of government as well as to the myriad institutions and groups which compose civil society in any nation” (McCarney et al. 1995a, 94). At the root of this observation was the argument that ‘governance’ as opposed to ‘government’ “does not prejudge the locus or character of real decisional authority” in Africa (Lofchie 1989 in McCarney et al. 1995a 94) and that the where and how of ‘politics’ is not confined to the nation-state (Magnusson 2003; McCarney 2003). Goran Hyden has had a particularly strong influence on the evolution of the concept along this line.

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8 It is important to note that even prior to this, governance was used in development literature. For example, in 1983, Donald Rothchild and Michael Foley wrote “The Implications of Scarcity for Governance in Africa” International Political Science Review, Vol. 4, No. 3, pp. 311-326. In this article, the authors’ concern rested with the issues of capacity and legitimacy and asked what the state can do to help provide more political resources. Despite the use of ‘governance’ in their title, they don’t, however, define or discuss the notion as a concept. They use the term in relation to ‘government’ and its ability to respond to society and deliver policies and programs. Three years later, in 1986, Yash Ghai, most recently the former chairman of the Constitution of Kenya Review Commission, wrote “The Rule of Law, Legitimacy and Governance” International Journal of Sociology of Law, 14, pp. 179-208. Ghai’s article was centrally concerned with the role that law played in the state’s legitimacy, and explained the central role of law in the relationship between an individual’s freedom and participation in the affairs of the state. “The basis of human progress is co-operation, and as co-operation among people increases, so does the scope for conflict” (Ghai 1986, 186) and therefore so does the role of legality in protecting individual freedoms and opportunities.
Hyden’s approach to governance has been built on the notion of regimes and regime structures in Africa. Hyden suggests that a regime refers to the formal and informal organization of the centre of political power and its relations with the broader political community: “A regime is not a set of political actors (although regimes often get associated with specific leaders), but a set of fundamental rules about the organization of the public realm. A regime provides the structural framework within which resources are authoritatively allocated” (1992, 6-7). Hyden’s use of the notion of regime is important as he makes a distinction between government and non-government rules and rule systems, particularly between different scales, and how these rules converge and collide. Hence, the use of ‘governance’ enables researchers to suspend judgement about the exact relationship between political authority and formal institutions in society and to, instead, focus on the process of governing (1992, 6). Hyden’s conception points to an important distinction between the state and society-oriented perspective: instead of focusing on the conditions or structures necessary to produce ‘good government’ (state-oriented), the focus is on the inherent conditions and challenges associated with producing such an outcome (society-oriented).

Other African scholars writing during and about the 1980s inform Hyden’s work (see for example Rothchild and Foley 1983; Ghai 1986; Wunsch and Olowu 1990). This earlier work was responding to concerns about the centralization of state power in Africa and also employed the notion of governance, albeit variously, to make reference to issues of legality, state capacity, and legitimacy. Peter Ekeh’s (1975) notable characterization of state-society relations in Africa, involving the presence of ‘two publics’ – the primordial (moral) and civic (formal rules of law) – and the way in which these influence and often undermine the
expected protocol for administration and implementation of policies and programs, probably best represents a precursor to governance debates in Africa today. Robert M. Price’s (1975) study of bureaucracy in Ghana is also notable here, as is later but classic scholarship on Africa like Mahmood Mamdani’s *Citizen and Subject* (1996) which explored the impact and intent of colonial rule systems in relation to customary systems.  

Hyden’s attention to issues of capacity and legitimacy in the context of governance has made important the need to question how in fact state legitimacy will be attained (McCarney 2003, 36) and identifies the significance of understanding the process side of governing; that is, how government can carry out a mandate and respond to the expectations and needs of society. And while Mark Swilling has argued that Hyden’s use of governance is too focused on the formal political system, he also concedes that Hyden’s “approach allows us to ask concrete questions about relations of trust and reciprocity, accountability and authority when attempting to understand governance” while also going beyond prescriptive liberal democratic models, or critiques relating to the capitalist system (1997, 6).  

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9 The colonial aspects of these concerns are unique to the study of development, but it is important to acknowledge that the general concern surrounding contrasting rule systems, particularly between local, national and international scales are not. James Rosenau, a prominent international relations scholar, writes that governance is “conceived at a very abstract level as spheres of authority (SOAs) at all levels of human activity – from the household to the demanding public to the international organization – that amount to systems of rule in which goals are pursued through the exercise of control” (1997, 145, emphasis added). Following the 1991 definition of governance provided by the Council of Rome, where the term governance was to denote “the command mechanism of a social system” (Cited in Rosenau 1997, 145), Rosenau adds that governance “encompasses the activities of governments, but it also includes any actors who resort to command mechanisms to make demands, frame goals, issue directives, and pursue policies” (1997, 145). Rosenau later qualifies his explicit emphasis on ‘command mechanisms’, ‘systems of authority’, and ‘systems of rule’ by emphasizing that ‘command mechanisms’ need not be hierarchical or authoritarian, as systems of rules guiding collective behaviour often evolve from the bottom-up, outside and beyond government. (An observation consistent with research on community-based management e.g., Elinor Ostrom’s work on systems of rules that have evolved over periods of time to govern the collective use of open access natural resource systems). Instead, the notion of command mechanisms can be replaced with the concept of “control or steering mechanisms, terms that highlight the purposeful nature of governance without presuming the presence of hierarchy” (1997, 146).  

10 Swilling also, however, suggests that despite Hyden’s attention to society, his approach still puts the formal political system at the centre of ‘governance’ and does not ask what ‘governance’ means for the internal management of African organizations (1997, 6-7).
On the whole, what a ‘society-oriented’ perspective posits is the need to move beyond understanding local and national politics as processes that play out in formal arenas such as elections and bureaucracies, to a deeper analysis of politics that is governed by class, factions, and social ties, and controlled and influenced by other levels of government and institutions (McCarney 2003, 49). In this light, the concept of governance serves as a means to understand how processes, actors, and rules at different scales – local through international – intersect, compete and conflict in political processes (Hyden and Mugabe 1999, 34-38). Like the Bank’s consideration, the state still figures centrally, as well as the quality of state institutions and activities. However, a more society-focused approach to governance suggests that there are no ready-made models of ‘governance’ that can be replicated; ‘governance’ provides a framework of how to work on politics in a way that is responsive to the reality of African society and respectful of the minutiae of everyday life “while not underestimating the role of structure, space, and hegemony” in particular settings (Shami 2003, 80). Using ‘governance’ in this way opens up the possibilities for understanding the complex terrains of practice and power that constitute African politics and political systems today (2003, 80).

This historically-informed, contextually-specific, society-oriented approach to governance is the one used in this research for analyzing energy sector reforms in Uganda. In this respect, and responding to Peters’ conceptualization of ‘old’ and ‘new’ governance, the underlying hypothesis here is that society has something positive to contribute to government functions and activities, and society is an “asset of governance” (Peters 2000, 41). It follows then that a central thrust of this ‘society-oriented’ governance research is to understand how the inclusion and exclusion of society in Uganda’s policy and decision-
making process for energy influenced both the policy process and policy outcomes. This line of inquiry rests on an interest in understanding both the instrumental and intrinsic value of citizen participation in energy sector reforms in Uganda. That is, do citizens or community organizations have practical knowledge that would positively contribute to state reforms (instrumental), and, what is to be gained or lost in terms of politics, policy, and development from incorporating society in decision-making? A society-oriented governance perspective provides a framework under which these questions can be asked. Concerns with the quality of state administration – accountability, transparency, effectiveness etc. – are not ignored, but the quality and character of administration is treated as a function of, or subservient to the character of state-society relations. In large part this is because I am interested in understanding the ‘metaprocesses’ that have shaped the state of energy in the country and influenced the responses to the challenges the sector presents.\(^\text{11}\) How then can this conception of ‘governance’ be defined and applied in practice.

### 2.3 Defining Governance and Applying it in Practice

It was earlier noted that ‘governance’ has been defined in innumerable ways. However, like the distinction between ‘old’ and ‘new’ or ‘state’ and ‘society’ perspectives a simple distinction can also be made between definitions in development literature. One group of ‘governance’ definitions are narrow and focus on technical and managerial capacity; the other group treats governance more broadly and defines it in terms of relations and behavior.

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\(^{11}\) I borrow the notion of ‘metaprocesses’ from Rodney White’s use in *North, South, and the Environmental Crisis* (1993) cited in McCarney (1995b). In this book, White examines the links between technical aspects of the environment and the world of politicians, bureaucrats, community leaders and others (McCarney 1995b, 257). In it, White points to an earlier observation by Rolando Garcia in *Nature Pleads Guilty* (1972): “…Garcia...insisted that global change was not simply an environmental problem for natural scientists to study, but a political problem, in which we had to search for the ‘metaprocesses’ that had brought the world to the position it was in” (White 1993, xiii in McCarney 1995b, 257). Hyden and Court (2002) also suggest that ‘governance’ is a notion best understood as a concept that captures the ‘meta’ level of politics which influence policymaking and administration.
(Hyden and Court 2002, 19; McCarney et al. 1995a; McCarney 2003). Not surprisingly, these groupings coincide with earlier distinctions between World Bank, state-oriented approaches and analytical, society-oriented approaches to the concept.

In 1997, the United Nations Development Programme defined governance as “the exercise of economic, political, and administrative authority to manage a country’s economic affairs at all levels” (Hyden and Court 2002, 18). This definition built on the World Bank’s early definitions. In 1992 the Bank defined governance as “the manner in which power is exercised in the management of a country’s economic and social resources” (World Bank 2000d, xx). In its 1994 report, Governance: The World Bank’s Experience, the Bank moved this conception forward to characterize ‘good governance’: “Good governance is characterized by predictable, open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law” (Ibid.). More recently, the Director of Global Programs of the World Bank Institute defined governance “as the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected and replaced, the capacity of the government to formulate and implement sound policies, and the respect of citizens and the state for institutions that govern economic and social interactions among them” (Kaufmann et al. 2004, 254). From a positive perspective, these later conceptions of ‘governance’ do show greater, albeit limited attention to civil society (McCarney 2003, 34); however, these definitions remain narrowly focused on what governments should be doing and fail “to make a distinction between governance, policy, and administration” (Hyden and Court 2002, 19).
Broader definitions treat governance as a neutral concept “comprising the complex mechanisms, processes, relationships, and institutions through which citizens and groups articulate their interests, exercise their rights and obligations, and mediate their differences” (Cheema 2005, 5). Hyden and Court, building on Hyden’s focus on rule systems and the ‘public realm’, suggest that “Governance refers to the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and societal actors interact to make decisions” (2002, 19). This focus on rules rather than results (Ibid.) is used by some bilateral agencies as well, such as the United Kingdom’s Department for International Development (DFID). In a 2001 strategy paper it uses the term to “mean how institutions, rules and systems of the state – the executive, legislature, judiciary and military – operate at central and local levels and how the state relates to individual citizens, civil society and the private sector” (2001, 11). A stronger emphasis on relations and interactions, rather than rules was even earlier put forward in a definition by Mohammed Halfani, Patricia McCarney, and Alfredo Rodriguez in 1993 when they defined governance as “the relationship between civil society and the state, between rulers and the ruled, the government and the governed” (McCarney 2003, 36). Drawing from these broader conceptions of governance, in this thesis I define governance as the character of relationships, processes, and rules according to which locally and nationally elected and non-elected public officials interact with non-government actors to produce collective goals.

This definition takes what I believe to be important elements of broader definitions of governance – definitions that emphasize relationships, rules and systems of state and non-state interactions – and combines them to produce a definition that points to the actors that are a part of a governing relationship and the systems and processes that define that
interaction. The list of actors includes but is not limited to elected officials, non-elected bureaucrats and advisors, quasi-government agencies, citizens, civic associations, private firms, and international agencies and non-government organizations, all of whom at any one point in time have the potential to have an enduring impact on collective outcomes, particularly in Africa. From this, is it possible to also define ‘good governance’?

Authors writing from both state and society-oriented perspectives have moved beyond defining governance to suggest principles characterizing ‘good governance’. Hyden and Court suggest an ‘entitlements’ and ‘human-rights’ approach for principles of ‘good governance’, which include participation, fairness, transparency, decency, accountability, and efficiency (Hyden and Court 2002, 25-27). Others have also noted these principles in various other ways (World Bank 2000d; McCarney et al. 1995a; Cheema 2005; Hyden and Court 2002). For Hyden and Court, principles of ‘good governance’ that are based on ‘human-rights’ principles have broad appeal because: 1) they avoid treating ‘good governance’ as a synonym for liberal democracy as is commonly done in international development circles; and, 2) given that any measurement of governance is fraught with controversy about what norms should prevail, using human-rights principles with broad international agreement has merit (Hyden and Court 2002, 25-27). “The assumption is that the more governance is undertaken according to these principles… the better it is” (Hyden

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12 The authors suggest that these basic principles should and could constitute good governance: Participation is the degree of involvement and ownership of affected stakeholders; Fairness is the degree to which rules apply equally to everyone in society regardless of status; Transparency is the degree to which decisions made by public officials are clear and open to scrutiny by citizens or their representatives; Decency is the degree to which the formation and stewardship of rules are undertaken without humiliation of or harm to people; Accountability is the degree to which public officials, elected as well as appointed, are responsible for their actions and responsive to public demands; and, Efficiency is the degree to which rules facilitate speedy and timely decision-making (Hyden and Court 2002, 27).
and Court 2002, 27). In comparison to the World Bank’s state specific definition of ‘good governance’, these Amartya Sen (2000) inspired principles are important to note. They represent a useful set of benchmarks to evaluate political processes beyond notions of corruption and efficiency, and which also consider the character and quality of development beyond quantitative indices. In this thesis, however, I do not develop a specific definition of ‘good governance’.

While I believe the principles articulated by Hyden and Court (2002) represent important criteria, I am not concerned with diagnosing the presence or absence of ‘good governance’ principles in Uganda’s energy sector, but in understanding what it is about energy in Uganda which may challenge or deny the emergence of ‘good governance’ in the sector. For example, I want to explain how citizen participation is viewed in Uganda, how ‘participatory approaches’ were used in the political process, and whether participatory processes influenced the policy process and policy outcomes. From this perspective, an opportunity exists to identify the reasons that prevent or challenge the emergence of ‘good governance’ principles in Uganda, and to understand whether energy presents something unique or challenging to policymaking. To conclude this chapter, let us turn to how this definition and conception of governance relates to policymaking.

2.3.1 ‘A governance approach to policy analysis’

A conception of ‘governance’ based on relationships between actors is not new to policy analysts. Some in fact argue that analysts have been engaged in in-depth reflection on the

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13 G. Shabbir Cheema also notes that while statistical analyses do not show direct correlations between the character of the political regime (democratic or authoritarian) and levels of economic development or underdevelopment, political systems that enable political and social participation have an intrinsic human development value (Cheema 2005, 7). “This is because human development is a measure of far more than just economic well-being. It is a process of enhancing human capabilities in a way that expands choice and participation” (Ibid.).
concept of governance for years through the study of policy networks while they analyzed “the implementation of large-scale public programmes in a context marked by the intensive involvement of local interests and private organizations” (Smouts 1998, 83). However, ‘policy network’ and ‘governance’ are not interchangeable terms: While most research on policy networks is done to explain policy outcomes, others recognize that it is the policy network itself – the relationships between actors in a given policy context – that explains both the character of the network and the policy process (John and Cole 2000, 253). A governance approach to policy analysis therefore translates into a focus on the relationships between actors in a given policy context in order to generate a typology of distinctive patterns of power and dependency, and to make a distinction ‘between the included and the excluded’ (Atkinson and Coleman 1992, 200). This “encourages us not only to examine relations between those who enjoy inclusion, but also to examine the characteristics of the excluded”, and to ask “what are the conditions that explain changes in patterns of inclusion and exclusion?” (Atkinson and Coleman 1992, 211-212). As Ade Kearns and Ronan Paddison emphasize, a governance approach to policy analysis suggests that how things are decided and implemented are almost as important as what is done (2000, 849).

For Africanist and development scholars concerns about how policies and projects are executed, how things are decided, and who is included and excluded in decision-making and policymaking has become a central and growing area of focus. Historically, Albert O. Hirschman’s famous book, *Development Projects Observed* (1967) serves as an important

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14 The policy process, policymaking and/or the policy cycle are similar ways of conceiving of the different stages or sub-stages involved in creating policy. The number of stages in any given policy process varies according to interpretations (see Laswell 1956; Jones 1984; Howlett and Ramesh 1995); however, most will concur that the various stages of the process involve some form of policy formulation followed by implementation and then evaluation. It is in the initial stage before implementation that the problem that policy is going to address is articulated based on some projection or estimation of future needs. It is with this initial stage that development scholars are particularly concerned.
precursor to contemporary studies of project implementation. Between 1964 and 1965, Hirschman studied eleven development projects, one of which was Uganda’s first large hydroelectric facility, the Owen Falls Dam. Several important observations emerged from Hirschman’s analysis, particularly in relation to what role the state plays in trying to execute a development project. One of the most intriguing concepts used in his analysis was the principle of the ‘Hiding Hand’.

The Hiding Hand symbolized the invisible or hidden hand that conceals project difficulties from decision-makers until the process is well underway. The principle suggests that project planners often underestimate the costs of projects knowingly and unknowingly, and when confronted by implementation difficulties during the process, must push harder for the project to be completed. Citing another economic historian, Hirschman writes: “underestimates of costs resulting from ‘miscalculation or sheer ignorance’ were, in a number of great and ultimately successful economic undertakings…‘crucial to getting an enterprise launched at all’” (Hirschman 1967, 16). Hirschman also argued that an underestimate of project difficulties is required “so that perfectly feasible and productive projects will actually be undertaken” (1967, 17). Today, contemporary notions of ‘path dependency’ (Pierson 2000) and ‘historical institutionalism’ in policy analysis tie neatly with Hirschman’s notion of the Hiding Hand. In each use, it is understood that the weight of historical decisions and choices push governments into complicated decision-making processes or paths where the potential costs and benefits of projects or institutional forms will be difficult to reverse. As we will see, when a real or projected level of urgency is added to the particular policy path or project undertaking, the weight of prior decisions and the desire to hide risks or costs increases.
Hirschman’s pioneering work remains extremely relevant today. It directed attention to the process through which government and non-government interests work to get a project or reform initiated and accomplished, and the degree to which project proponents must hide or keep secret project details in order to see a project through. But this and later work also took the role of ‘development projects’ and the ‘development apparatus’ as given; they focused on managerial and technical concerns with an interest in trying to figure out what went wrong and how the ‘development apparatus’ could be fixed (Ferguson 1994, 10) without questioning the project or apparatus itself. As a result, other critical work has gone deeper in trying to understand the logic of the social and political conditions which perpetuate certain ‘development projects’ or paths of development, and the outcomes from these processes. One of the most important and lasting contributions to this subject has been James Ferguson’s research in Lesotho, published in *The Anti-Politics Machine* (1990).

Ferguson’s work is very important for contemporary studies of policymaking and reform for two reasons. First, Ferguson made clear that the ‘development apparatus’ does not make “its effects felt only through documents and reports, but also through policy, programs, and most characteristically, ‘projects’” (Ferguson 1990, 74). The rural development project he examined, however, was set up to provide a technical solution to ‘problems’ that were not technical in nature (1990, 87). Thus, the ‘development apparatus’ translated all the “ills and ailments of the country into simple, technical problems and thus constituted a suitable object for the apolitical, technical, ‘development’ intervention…” (1990, 87). At the same time, this approach to development projects also set aside historical, political, and structural factors often at the root of the socio-economic situation in a given country, and often at the root of problems in project implementation. Therefore, as a second point, and connecting to the title
of the book, Ferguson explained how the logic of the development project’s implementation produces unintended political consequences, whereby the power of the government or in the case of Uganda, international development agencies increases, while at the same time depoliticizing the process. At the time of writing, Ferguson explained that this was problematic because if a study concludes that the problems in a given country (Lesotho) are structural and political, agencies like the World Bank could not easily find a way to fit their expertise within the type of transformation that was required, and more importantly, were not in the business of producing political realignments (1990, 69). While the veracity of this observation remains, today, one important difference is that through public sector reform strategies that are couched under the banner of ‘good governance’, international agencies and the World Bank in particular, are understood to be influencing and realigning the political and bureaucratic systems of countries, but through more managerial emphases on transparency, accountability, and efficiency (Harrison 2001; 2005). In this contemporary context, customary ‘development projects’ like the rural development project Ferguson wrote about continue to be implemented, but these are taking place at the same time that complex ‘second-generation’ reforms are being implemented, and while civil society groups become increasingly adept at challenging the state’s policy agenda. As a result, the complexities of what would seem to be straightforward proposals for reform or project implementation have increased by several magnitudes. Hence, it follows that in more recent years, attention to the politics and process of policymaking and reform in the Global South and Africa has increased, both for research and practical purposes.

The ongoing work of Merilee Grindle also stands out for its attention to interaction between state and society in reform, and also the role of individual decision-makers in reform
Observations derived from this work have evolved in the last decade to not only inspire researchers to consider how policy elites function in decision-making environments but to also understand how local interests might be incorporated into the policy process, and to find out if citizens actually have the opportunity to influence state initiatives (Mugabe 1999, 16). Attention to citizen participation stems from the fact that there is considerable evidence showing that including citizens in the development of policy has been successful in improving local conditions. As a result, despite important concerns with development buzzwords like participation (see Cornwall and Brock 2005; Cooke and Kothari 2001; Chipoma 2003), integrating community-based organizations (CBOs), non-government organizations (NGOs), and citizens in policy development is almost universally promoted, including for energy (Hardoy et al. 2001; UNCHS 2001; ESMAP 2000; McGranahan and Satterthwaite 2000; Stephens 2000; Harpham and Allison 2000; Cheema 2005). 16

Increased research attention to policy processes, policymaking, policy reform, and policy implementation, have also gained attention because of the belief that the character of

15 Grindle and Thomas (1991) for example, took an important step forward in the analysis of decision-making and policy processes in developing countries by trying to delve deeper into the ‘black box’ in which decisions were assumed to be made. They challenged the assumption in development studies that narrowly defined self-interest dominated all political action – an assumption that had led to “pessimistic conclusions about the potential for change and the ability for political elites and citizens to conceptualize and act upon some broader vision of the public interest” (Grindle and Thomas 1991, 4). Grindle and Thomas argued that if “all political action is assumed to emanate from a desire to capture the state for personal benefit…then there is little basis for anticipating reasoned dialogue about the content of public policy” (1991, 5). The authors went on to illustrate that policy elites were in fact aware of the pressures and conflicts and capacities that surround them during decision-making, and, therefore, argued that “a systematic understanding of the values, experiences and perceptions of policy elites and the historical, political and institutional context within which they operate is essential” (1991, 5).

16 To emphasize the difficulty with notions of participation, some research suggests that when participation has occurred in policy processes it has most often come at the implementation stage of policy and not at the stage of problem identification and agenda setting – the stage where power over defining solutions is held (Stephens 2000, 107; Mitlin and Thomson 1995). For example, evidence from the implementation of Local Agenda 21 projects suggests that few “have managed to incorporate participation beyond a narrow group of actors in urban areas and rarely to achieve participation in major problem identification” (Dooris 1997 cited in Stephens 2000, 107).
policymaking can tell us much about the nature of politics and policy outcomes in a country (Handley 2005; Keely and Scoones 1999; 2003; Brinkerhoff and Crosby 2002; Olowu 2002b; McGee and Brock 2001; Brock et al. 2001; Mugabe and Tumushabe 1999). Donors have also become more attentive to policy reform processes, largely as a result of growing trends towards ‘evidence-based policy’, ‘local ownership’ of policy, and viewing poor people as active participants or agents of their own development (McGee 2004, 4). These trends, Rosemary McGee notes, however, rest on a set of problematic assumptions about the way the state views policy, chief of which is that policy is developed in a rational linear way (McGee 2004, 5-6).

Despite this, what is increasingly understood, even by some development agencies, is that “it’s time to look beyond the specific content of policies to the critical processes that shape these policies, carry them forward from idea to implementation and sustain them over time” (IADB 2005, 1). How then can this take place in practice?

The above discussion points to the importance of understanding the character of the relationships between actors at multiple levels – local through to international – with particular attention to whether or not the reality of citizen experiences are brought into formal decision-making. The policy literature too points to the role of actors in policy development, particularly citizens and the poor. But, more specifically, the policy literature not only asks how actors participate, but also whether they are able to share their experience and knowledge, and whether ‘opportunities’, ‘moments’ or ‘spaces’ for citizens to share their knowledge, experience, or desires are provided in formal state or donor-led decision-making processes. Together, these observations about governance and policymaking point to three

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17 ‘Evidence-based policy’ focuses on how knowledge gets translated into policy and whose knowledge gets used in policy.
18 The other two problematic assumptions are that non-state actors are willing and able to engage in policy processes, and that state’s are predisposed to enhance representative and inclusive structures and processes, where citizens, including the poor, can express their opinions and wants directly (McGee 2004, 5-6).
important factors that are used to describe and analyze the politics of energy sector reforms in Uganda – *actors, knowledge, and policy spaces*.\(^{19}\) Schematically, the relationship between governance and policymaking introduced in Chapter 1 can be re-presented.

**Figure 2.0: A governance approach to policy analysis**

\[\text{Source: Adapted from McGee 2004}\]

PM = policymaking

\(^{19}\) A great deal of recent literature, particularly, but not exclusively deriving from the World Bank, has focused on developing disaggregated, quantifiable ‘dimensions of governance’ for comparative purposes. The intent has been to understand how different dimensions of the political process produce development outcomes. Hyden and Court (2002) have developed six ‘functional dimensions’ of governance, which have then been further broken down into a total of thirty indicators (five each). These dimensions and indicators were developed for use in a World Governance Survey. As earlier noted, a similar quantitative approach for assessing governance has been well developed by the World Bank Institute (see Kaufmann et al. 2004) and is intended to provide subjective perceptions of governance at the national level and a basis for comparative assessment of countries over time (Hyden and Court 2002, 27-30). While this data will prove interesting for comparative purposes, it does not provide a deep understanding of the interactions between local, national, and international interests in a political process, nor an understanding of why certain perceptions of various governance related issues like participation, for example, are viewed the way they are by respondents at different scales. Other scholars have also developed qualitative ‘dimensions of governance’ for use in social science research. For example, Trudy Harpham and Kwasi A. Boateng (1997) use four dimensions of governance – technical, political, institutional, and cultural – to evaluate urban service delivery challenges. The development of ‘dimensions of governance’ point to a desire to have a more robust understanding of the various factors that interact to influence development outcomes. In this research, I too consider the political process according to dimensions, but dimensions that are broader or more encompassing than those identified here.
This diagram is a slightly amended version of the one developed by McGee (2004), and is inspired by the methodologies used in this thesis and noted in the introduction – process tracing, interpretive and narrative policy analysis. In their studies of ‘poverty reduction policies’ in Uganda and Nigeria, McGee explains that researchers rejected the application of the linear policy model, which existed as a ‘necessary fiction’, and “put more emphasis on the range of levels spanned by ‘policy’, envisaging it stretching from the uppermost levels of governance to the lowest” (McGee 2004, 8). McGee describes this approach as taking a ‘vertical slice’ through the policy process (Ibid.). But given that policymaking does not take place in a vacuum and is a function of a host of factors – culture, political economy, power, history – that influence and encircle state-society interactions locally and nationally, I suggest that a ‘vertical’ approach to policy analysis might be better described as a ‘governance approach to policy analysis’. In this regard, attention is focused on the historical and contemporary factors influencing state-society interactions, which shape policy and decision-making processes. Hence, policy is treated as a dynamic process where the actors, the ‘policy spaces’ in which they interact, and the knowledge they carry, exist and evolve in continuous flux (McGee 2004, 6-9). When the notion of governance is added, the higher order rules and processes that shape the way state and society interact in the policy process are emphasized.

Following the development and explanation of these three factors by McGee (2004, 9-26), actors are understood to be all those in government or outside it who have some potential role or influence in policy and decision-making. This includes elected officials and technical staff, civil-society organizations, donor representatives, and private business. Knowledge is treated broadly to include technical knowledge used for statistical analysis, as
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well as popular knowledge derived from people’s own experiences. McGee identifies two types of knowledge – *produced* and *constructed*. *Produced* knowledge includes knowledge that is produced by certain actors to inform policy, such as household survey data. *Constructed* knowledge can be explicit or implicit and focuses on knowledge generally omitted from policy processes. It includes firsthand knowledge of poverty through direct experience (explicit), as well as discourses and narratives which are often hidden or embedded in policy (implicit). Finally, a *policy space*, is a complex notion that alludes to moments where interactions between actors occur and where the possibility for new policy direction can emerge. Put more simply, a ‘policy space’ can be understood both as a physical location and more abstractly as a moment or opportunity for interaction in policymaking. As McGee explains (2004), ‘policy spaces’ can be both physical sites (meetings) and sustained periods of time (formal consultation processes, conferences) that are institutionalized. A given policy process is also made up of a series of ‘spaces’ which can be closed or open to any number of actors, and can be ‘official spaces’ where some are invited to participate, or more autonomous spaces functioning outside of formal state processes.

Together, these factors and their interaction help capture the complex, non-linear practice of policymaking in Africa – a practice requiring a qualitative and eclectic approach that includes anthropological perspectives relating to the use of language and knowledge, scientific perspectives relating to evidence and fact, and political science perspectives relating to power relations (see Keeley and Scoones 2003, 21-39). Using these factors to analyze and describe the political process surrounding energy reforms in Uganda will help:

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20 While discourses are ways of thinking, and describe a system of values and priorities that marginalize other ways of thinking (see McGee 2004, 13), narratives are stories with a beginning, middle and end, which describe the expected evolution of events even when there is contradictory evidence (see Roe 1991; 1994; Leach and Mearns 1996). Narratives persist, because “they offer convenient ways of simplifying complex processes and set out straightforward options for policy makers” (McGee 2004, 13).
1) provide knowledge about how problems and solutions to the energy sector became framed and dominant, and whether certain actors, knowledge, or spaces were more or less important; 2) explain the evolution and path of decision-making and policymaking; 3) explain whether there is something unique about energy as a policy issue in Uganda; 4) identify the potential costs and benefits of altering future policy processes, particularly in order to respond to pressing concerns around poverty alleviation, energy provision, and trust and reciprocity between state and society; and, ultimately, 5) illuminate the relationship between governance and policymaking in Uganda.

2.4 Conclusion

The World Bank’s ‘governance agenda’ is clearly centred on improving the way government, and more specifically, the public sector functions. A strong anti-corruption agenda coupled with goals of accountability, transparency, and efficiency have historically dominated. Like the ‘society-oriented’ view of governance, the Bank acknowledges the value or role of participation and the value of transparency in relation to better state-society relations. But as will be shown in Chapter 4, the Bank rarely speaks of governance or refers to governance outside the confines of public sector improvements and more widespread, extensive or popular forms of participation are not encouraged. Indeed, in Uganda’s most recent Poverty Eradication Action Plan (PEAP), under the heading ‘good governance’, priority areas for public sector reform dominate: greater integration of finance and planning functions; increasing accountability and transparency through auditing mechanisms and codes of conduct; strengthening monitoring and financial controls; and introduction of new legislation relating to such issues as money laundering and ratification of anti-corruption treaties.
To reinforce a point made early in this chapter, the argument here is not that the Bank’s approach to analyzing governance and public sector effectiveness through quantitative indicators, or its manner of ‘working on governance’ through public sector reform does not have a role to play in improving government effectiveness in Africa or Uganda. The problem with this perspective is that it leaves out the more significant issue about how and why government functions the way it does, and how and why state-society relations evolve the way they do. In the analysis of energy sector reform in Uganda, these contrasting perspectives are significant. For if one were to simply examine the process of reform and the politics of reform with a state-oriented view of governance, one would be left with a set of simple conclusions: 1) that problems with reform stemmed from the inability to raise sufficient international capital to execute the Bujagali dam; 2) that the state electricity enterprise, the UEB, was ineffective and incapable of responding to the country’s pressing electricity needs; and, 3) that corruption within the UEB and between dam contractors delayed project implementation. These are indeed the explanations the World Bank provides. However, when we approach the energy sector reforms from a society-oriented approach, or what I have suggested is a ‘governance approach to policy’ then the complex relationship between politics, policy and administration is revealed. Viewing policy and reform in this way shows that the challenges in energy sector improvements in Uganda are intimately tied to the very approach used to reform, in particular the process by which the reform procedure was envisioned and how this process included and excluded various perspectives in reform.

Before understanding the politics and character of reform generally and for energy specifically in Uganda, it is important to first understand how history factors into current
challenges. Hence, in Chapter 3, I start by identifying the legacy of electricity development in Uganda. This shows how historical decisions and approaches to electricity in the country helped condition the path of reform now being pursued. From this historical context, in Chapter 4, the thesis moves to examine the relationship between state and non-state interests during the macroeconomic and public sector reforms in the post-1986 period. Together, Chapters 3 and 4 provide the context necessary for understanding the contemporary challenges surrounding the energy sector in Chapters 5 and 6.
Chapter 3
A POLITICAL HISTORY OF ELECTRICITY IN UGANDA:  FROM COLONIALISM TO INDEPENDENCE

_Uganda, in the marrow of tropical Africa, may become one of the world's greatest exporters of – electricity._

- John Gunther, 1955

3.0 Introduction

Uganda is physically situated in what is referred to as the ‘interlacustrine’ or ‘between the lakes’ region of Africa (Figure 3.0). This is the region that is surrounded by Lakes Victoria, Kyoga, Albert, Edward and Tanganyika. Comparatively, Uganda’s land mass is relatively small at just under 200,000 square kilometres; this is slightly smaller than the state of Oregon, about one fifth the size of the province of Ontario, and about four-fifths the size of the United Kingdom. The very southern portion of the country lies astride the equator and sits on the northern shore of Lake Victoria. Driven by two long and two short rainy seasons, this location provides a temperate, moist and favourable climate for agricultural production, which remains the most important sector of the economy and chief export at close to 90 percent (Urban Harvest-Kampala 2004, 6).

Given these biophysical conditions, historically and today the Government of Uganda has promoted agriculture and rural development as a central means of economic development. Uganda’s recent national _Plan for the Modernisation of Agriculture_ (PMA) emphasizes this point. But despite economic development being centred on agricultural development.

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1 With respect to the ability to grow agricultural goods, John Hanning Speke, the first European to claim ‘discovery’ of the source of the Nile, while travelling south towards Lake Victoria and remarking on the quality of the cotton-plant in the region wrote that “anything would grow with only trouble of throwing down the seed” (1967, 287).

2 Uganda’s focus on rural development issues has come at some cost to urban poverty and urban-related problems, even in relation to electricity. There remains a sense that urban residents are for the most part well off, which is not accurate.
development, and Uganda’s comparatively strong national GDP growth of 4.7% per year, a growing national debt and increased government expenditures have encouraged the Government of Uganda to turn to (and revisit) the export potential of another resource – hydro-generated electricity.  

Today it is assumed that using Uganda’s water resources for hydroelectric development, most particularly the Nile, is essential for producing or furthering economic and industrial growth, increasing export earnings, and to a lesser extent (as I will later explain) increasing individual access to electricity. Looking back, it is noteworthy that these beliefs and assumptions have existed for well over 100 years. In fact, since the early 1900s Uganda’s colonial and post-independent governments have always made a direct connection between the country’s industrialization and the hydroelectric potential of the Nile. This vision has not gone uncontested, however. Most notably, since the mid-1930s much debate has centred on whether Uganda would have a sufficient number of industrial and individual consumers to consume the volume of electricity produced by large hydroelectric dams on the Nile, and, hence, whether other generation options would be more suitable. What is noteworthy about these historical debates is that they resonate distinctly today. Hence, to understand contemporary debates about electricity in Uganda one must also understand the historical foundation of the country’s electricity sector.

In this chapter the political history of energy and electricity are examined in relation to the pre-colonial, colonial, pre-independence, and post-independence periods. From this historical analysis three central things are revealed: 1) many of the historical political and economic concerns surrounding the original development of the electricity sector in Uganda

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3 Since 1994, Uganda’s external debt has increased from $3 billion to $4.5 billion. It is estimated that 38% of Ugandans today live below the poverty line. These figures were recently reported in The Monitor newspaper (May 13, 2005) based on a report produced by the Uganda Debt Network (UDN). In the report, the UDN said that government expenditures are exceeding GDP which stands at US$6.3 billion per year and GDP growth at 4.7%.
remain strongly present today; 2) the intent and desire to construct a dam at Bujagali Falls has a strong institutional legacy and weight that has been imbedded in Uganda’s electricity system since the early 1900s; and, 3) the evolution of formal political events leading to independence had an important impact on the future evolution of electricity in the country, and its ultimate deterioration.

Figure 3.0: Satellite image of the Interlacustrine Region

This chapter moves quickly from the mid-1800s to 1986, the year President Yoweri Museveni came to power. While a chapter covering this period is long, it is chosen because the story of electricity and infrastructure from Uganda’s independence on October 9 1962 to Museveni’s rise to power can be told rather quickly given the general lack of investment in electricity infrastructure. In the proceeding chapters, particularly Chapters 5 and 6, the contemporary period of energy sector reform and improvement begins.
3.1 The Colonial Origins of Electricity in Uganda

Writing in his 1980 book, *A Political History of Uganda*, S. R. Karugire notes that British imperialism in Uganda was extended in three phases over the last four decades of the 19th century. These phases are not so much distinguished by distinct periods, but by interest groups of Britons who came to Uganda (1980, 55). The first of these groups were the explorers – John Hanning Speke, Samuel and Florence Baker, Richard F. Burton, James Augustus Grant, David Livingstone, and Henry Morton Stanley. It was their explorations of the Nile Basin and their initial encounters with the impressively administered Kingdom of Buganda which helped lead the way for the arrival of the second interest group, the missionaries. One explorer stands out for his influence on the future of electricity in

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4 Karugire also poignantly notes that by the time European powers had become directly interested in Africa they “had developed, almost to perfection, three potent weapons against which the African societies and their way of life could not possibly muster any defence. These were the gun, the bible and the ‘anthropologist’” (1980, 49). These weapons of colonial occupation were made more salient, he writes, by the preceding or simultaneous arrival of diseases like smallpox which ravaged and weakened African populations, thus making colonial occupation and alien rule much easier (1980, 50).

5 It was the missionaries, according to Karugire who were the most important arm of colonialism in Uganda, encouraging the Britain’s eventual push into the country. The initial direction of travel into Uganda was important in this respect. Some British explorers, most notably Samuel Baker, had originally entered present-day Uganda from the north via Sudan. This was a result of Egypt’s (and by extension Britain’s) push southward through the Sudan. It was by this southerly route that Britain hoped to extend its influence, and which Samuel Baker, eventually Sir Samuel Baker, was to eventually take the lead as an employee of Ismail, the ruler of Egypt. Ismail appointed Baker Governor General or Equatoria province – a region that was assumed to include southern Sudan and northern Uganda. Karugire writes that Baker understood this territory to not only include Bunyoro (northern Uganda) but also Buganda – southern Uganda (1980, 57). Hence, in the early 1870s, Baker believed he was to take over these regions by formal annexation, however, relations with the new monarch of Bunyoro deteriorated rapidly. This, along with Baker’s previous interactions with Bunyoro in the 1860s (under his hunting adventures) convinced he and the British that the Kingdom of Bunyoro was sufficiently hostile to thwart future attempts to move southward. This sentiment was further supported by ongoing upheavals in Egypt and Sudan. While Baker’s interpretation of the Bunyoro was incorrect, the misunderstanding was lasting and influential for it led to further movement into Uganda from the south and east (Karugire 1980, 58-59). (Slave and ivory traders had in fact used this route as early as the 1840s, but had never, thanks at the time to Uganda’s central geographic location but which today is thought to be stifling economic growth, attempted to raid this region for fear of not being able to exit the region given the distance to the coast and given the strength of the Bugandan kingdom and inability for foreigners to walk about freely). Hence, by the mid-1970s most formal relations with indigenous Ugandans were established by entering the region via the southwest and in particular, through the Kingdom of Buganda: A kingdom that was routinely described by early explorers (such as Speke in 1862, see Speke’s *Journal of the Discovery of the Nile*) as a ‘well-organised’ and cohesive kingdom, which could not be disrupted.
Uganda, John Hannington Speke. It was Speke’s controversial claim that he had solved one of the great hydro-geographical mysteries of the time – the source of the Nile – that would lay the foundation for the eventual surveying of the Nile Basin Nile, Britain’s establishment of a Protectorate over Uganda in 1894, and the development of future hydroelectric plans for the country. (Figure 3.1 is a sketch of Ripon Falls produced by John Speke – the point where Lake Victoria drains into the Nile. Figure 3.2 is a picture of Ripon Falls today. The difference between 3.1 and 3.2 is a result of the construction of the Owen Falls Dam in 1954).

Figure 3.1: John Speke’s first view of Lake Victoria draining into Nile: Ripon Falls

Woodcut based on Speke’s sketch of Ripon Falls, 1862.

Source: Christopher Ondaatje, Journey to the Source of the Nile
3.1.1 Laying the Foundation for Electricity in East Africa and Uganda: Government or Private led?

The political history of electricity in East Africa illustrates the important relationship between colonial aspirations and economic development. It also shows that the debate between public versus private provision of electricity was alive and well at the turn of the last century. In December 1905, Winston Churchill, then 31, was appointed to his first ministerial post as Parliamentary Under-Secretary of State for Colonies. A short time later, in 1907, Churchill toured East Africa during the parliament’s autumn recess. Writing in his 1908 travelogue *My African Journey*, and in reference to his July 1907 visit to Uganda and the Nile, Churchill keenly debated the role of public and private interests in the development of Uganda’s hydroelectric potential:

As one watches the surging waters of the Ripon Falls and endeavours to compute the mighty energies now running to waste, but all within the reach of modern science, the problem of Uganda rises in a new form on the mind. *All this waterpower belongs to the State. Ought it ever to be surrendered to private persons? How long, on the other hand, is a Government, if not prepared to act itself, entitled to bar the way to others?* This question is raised in a multitude of diverse forms in almost all the great dependencies of the Crown. But in Uganda the arguments for the State ownership and employment of the natural resources of the country seem to present themselves in the strongest and most formidable array. Uganda is a native
State. It must not be compared with any of those colonies where there is a white population already established, nor again with those inhabited by tribes of nomadic barbarians. It finds its counterparts among the great native States of India, where Imperial authority is exercised in the name and often through the agency of a native prince and his own officers.

…In such circumstances there cannot be much opening for the push and drive of ordinary commercial enterprise. The hustling business man – admirably suited to the rough-and-tumble of competitive production in Europe or America – becomes an incongruous and even a dangerous figure when introduced into the smooth and leisurely development of a native State. The Baganda will not be benefited either morally or materially by contact with modern money-making or modern money-makers. When a man is working only for the profits of his company and is judged by the financial results alone, he does not often under the sun of Central Africa acquire the best method of dealing with natives; and all sorts of difficulties and troubles will follow any sudden incursion of business enterprise in the forests and gardens of Uganda. And even if the country is more rapidly developed by these agencies, the profits will not go to the Government and people of Uganda, to be used in fostering new industries, but to divers persons across the sea, who have no concern, other than purely commercial, in its fortunes. This is not to advocate the arbitrary exclusion of private capital and enterprise from Uganda. Carefully directed and narrowly controlled opportunities for their activities will not doubt occur. But the natural resources of the country should, as far as possible, be developed by Government itself, even though that may involve the assumptions of many new functions...Nowhere are the powers of the Government to regulate and direct the activities of the people more overwhelming or more comprehensive (Churchill 1967 (1908), 75-77, emphasis added).

Churchill believed that the Nile represented an untapped opportunity for industrialization in Uganda, and envisioned ‘the gorge of the Nile being one day crowded with factories and industries’ given that he saw there being “power enough to gin all the cotton and saw all the wood in Uganda” (1967, 74). “It would be perfectly easy” he said “to harness the whole river and let the Nile begin its long and beneficent journey to the sea by leaping through a turbine” (1967, 75). These remarks represented a turning point in the history of Britain’s aspirations in Uganda as well as for the entire East African Protectorate.

Tanzania (Tanganyika) and Kenya had both established electricity companies prior to Uganda. According to the Kenya Power and Lighting Company (KPLC), electricity was first established in East Africa by the Sultan of Zanzibar, Seyyeid Bargash, in 1875. Bargash acquired a generator to light his palace and the nearby streets of Stone Town. In 1908, a wealthy merchant from Mombasa, Harrali Esmailjee Jevanjee, acquired the generator and
then transferred it to the coastal city for use by the Mombasa Electric Power and Lighting Company. In the same year, an engineer, Clement Hertzel, was granted exclusive rights to supply electricity to the then district and town of Nairobi, which led to the formation of the Nairobi Power and Lighting Syndicate. By 1922, the two utilities in Nairobi and Mombasa were merged under a new company incorporated as the East African Power & Lighting Company (EAP&L).

By 1932, the EAP&L had also acquired a controlling interest in the Tanganyika Electricity Supply Company Ltd. (TANESCO), which, according to Charles Hayes, author of *Stima: An Informal History of East African Power & Lighting*, was consistent with the company’s plan to move quickly over its Kenyan borders to make power supply truly East African (1983, 315). At the same time, Hayes writes that the Company was also investigating licences for generation and distribution in Uganda, particularly for Ripon Falls, Jinja and Kampala. A lack of financial resources hampered the execution of these early goals, however. As a result, in the early 1920s and 1930s, individual and small private company efforts to develop electricity or acquire generation rights unfolded spottily near towns and trading centres in Tanganyika and Kenya. Efforts to create more integrated and stable electricity generation and supply networks would continue well past independence for both countries, with limited financial resources and hydroelectric generation potential causing ongoing debates over the merits of large-scale versus small incremental investments.

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6 For example, Hayes recounts that in 1936 the Dar es Salaam Electricity Supply Company Ltd (DARESCO) (which the government had a controlling interest) learned that an individual, Franz Bueb, a wealthy German planter in Moshi, had built himself a power station on a nearby river and had quietly secured water rights for 33 years and a five-year way-leave for a transmission line with the intent to supply electricity to the city. Bueb had, however, neglected to secure a distribution licence. As Hayes, writes, whether as a result of Bueb being an unknown entity or whether it was due to DARESCO being on good relations with the government, DARESCO was granted a distribution licence for the Moshi area. The two would eventually have to work together, but not after some difficult legal and political manoeuvring. Bueb did not eventually get much out of the deal as he was interned at the start of the Second World War (Hayes 1983, 322-323).
in generation and distribution systems. As a result, given the apparent vastness of Uganda’s hydro resources, during this period the EAP&L continued to look to Uganda as a potential secure source of electricity.

The history of the EAP&L’s formal presence in Uganda along with its relationship to its predecessor, the British East Africa Company, is not clear but Hayes writes that in 1904 the EAP&L had articulated in a prospectus the possibility of erecting a generating station at Ripon Falls. Three years later, Churchill would reemphasize this possibility but the Uganda Secretariat apparently rebuked EAP&L’s initial interest in the early 1900s (Hayes 1983, 329). While the Secretariat is thought to have considered the early proposal it was not ready to grant a concession to the company at the time (Hayes 1983, 330). This early hesitation to grant licences to the private company seems to indicate one of the first points when questions were being formally raised over the viability and role of private versus government-led development of an electricity supply in Uganda. Nonetheless, the EAP&L would have to wait until the mid-1930s for its proposal to be formally reconsidered.

By 1936, Harold Odam, head of the EAP&L, secured an interview with the Ugandan Governor, Philip Mitchell, to discuss generation and distribution opportunities in the Ugandan Protectorate.\(^7\) At the meeting, Odam proposed to construct three thermal generating stations at Jinja, Kampala and Entebbe in order to immediately service each of the areas with an option to later develop the Nile’s hydroelectric potential near Jinja.\(^8\) As Hayes reports,

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\(^7\) Hayes writes that Odam was able to secure the interview with the Governor as a result of meeting and developing a friendship with Uganda’s Director of Public Works, A. C. Wilmot, on a boat coming back to East Africa (1983, 329).

\(^8\) Thermal generation usually refers to the burning of some fuel like coal and driving generation turbines with the steam that is produced from combustion. Geothermal generation, a form of electricity generation now promoted and used throughout the world, uses the steam naturally produced and vented from under the Earth’s surface to drive generation turbines. Today, thermal generation is not a popular electricity generation option given problems with pollution and cost of fuels. Nonetheless, thermal generation remains the source of a significant volume of electricity production in Africa, particularly in order to meet short-term supply problems.
Mitchell thought Odam’s initial proposal was absurd given that the development of one hydropower source on the Nile could satisfy all electricity needs in lieu of the many small, distributed generation sources he was proposing. What is more, the hydropower source Mitchell had in mind was none other than Bujagali Falls. Odam’s reluctance to embark on the immediate construction of a large hydroelectric facility was due to a concern still debated today in Uganda – the EAP&L was wary of the market for electricity in Uganda, particularly given the absence of industry that would be the largest consumer (Hayes 1983, 330). Odam’s concerns were also consistent with the findings coming out of a 1935 survey of the hydroelectric development potential of the Nile conducted by the future Chairman of the Uganda Electricity Board, C. R. Westlake. Westlake argued that while technically feasible, a large hydroelectricity project on the Nile “would not pay, as electricity consumption both actual and potential, was too low” (Wilson 1967, 2). Despite Governor Mitchell’s ambitions for a large dam he conceded to the EAP&L’s proposal and granted the company licences for thermal generation and distribution in each of the main cities of Uganda. Commercial service became available in Kampala and Entebbe by 1938, and shortly after in Jinja. EAP&L’s monopoly would last less than 10 years, however, during which time Britain’s desire for a much grander hydroelectric project only grew.

3.1.2 The Uganda Electricity Board, Owen Falls Dam, and the Evolution of Electricity Provision in Uganda

At the same time that Westlake was undertaking his survey of the Nile’s hydroelectric potential in Uganda, another equally influential assessment of the economic development opportunities in the country was underway. In 1945 Sir John Hall became Governor of Uganda for example, has just recently (May 2005) acquired a new oil-burning generator to meet supply shortfalls.
Uganda. Hall took up his position at a time of tremendous change within Uganda and globally following the end of the Second World War. His goal was to see Uganda develop a vibrant export sector based on agriculture with as much industry as possible (Wilson 1967, 1). This vision was formally articulated in the 1946 *Uganda Development Plan* produced by Dr. E. B. Worthington. While Worthington’s report did articulate the need for electricity, it did not factor significantly. The explanation for this lack of attention would come a year later with C.R. Westlake’s publication of the *Uganda Electricity Survey*, which Wilson notes “was as much a marketing survey as a technical report” (Wilson 1967, 2). “Westlake’s recommendations, very much in line with the beliefs of the Uganda Governor, Sir John Hall, were presented to and adopted by Uganda’s Legislative Council in July 1947. The prospect was awesome – nothing less than a £22 million plan for harnessing the Nile at its outflow from Lake Victoria Nyanza and the creation of a new authority, the Uganda Electricity Board” (Hayes 1983, 331). The government wasted little time in implementing its vision.

On January 18, 1948, the Uganda Electricity Board (UEB) was formally created as a quasi-independent vertically integrated monopoly to generate, transmit, distribute and supply electricity within Uganda, with a vision to supply the wider East African region. Westlake was appointed as UEB’s first Chairman, which quickly took over for EAP&L. Taking over the EAP&L’s generation and distribution activities in Uganda was facilitated by the fact that the company was encountering serious service delivery problems, with coffee and curing companies writing to the Director of Public Works and Chief Secretary of Agriculture in

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9 There are few formal historical accounts of infrastructure development in Uganda, let alone electricity, outside the work of Gail Wilson and the Economist Intelligence Unit (1957). Wilson undertook an examination of the electricity sector in Uganda in 1960 and 1961 for an MA thesis with the University of London. Her work was later published in a 1967 book titled: *Owen Falls. Electricity in a Developing Country*. Wilson’s account of the period leading to the construction of Owen Falls reveals some important details about the central concerns being debated at the time, most notably, the escalating costs of the project.
1945 to complain about stoppages in production due to power outages (see Appendix 3.0 and 3.1).

Together, Hall and Westlake had produced a vision for the future development of Uganda that rested on a large-scale, government-led plan to develop its hydroelectric resources: a vision that started with the construction of the Owen Falls Dam and an eventual plan to “tame the river Nile for the whole of its 3,850 mile-journey” (Hayes 1983, 331).¹⁰ Not all felt as comfortable or confident with the proposed plan as the two men. When “moving the adoption of the Ordinance setting up the Uganda Electricity Board, the Financial Secretary referred to the scheme as an ‘act of faith’” (Wilson 1967, 2).

3.1.3 Initiating the vision: Constructing Owen Falls Dam

The decision to go ahead with the construction of Owen Falls Dam rested on an emerging belief that the provision of electricity was a service to be undertaken by the Government and not merely a commercial enterprise. The factor determining the financial success of the new dam was quite simple – the electricity produced had to be consumed. However, the vision espoused in Uganda was also that new power schemes should be developed that could supply foreseeable potential demand in lieu of merely meeting existing demand (Uganda Electricity Survey 1947 in Wilson 1967, 2). In his 1967 book, Development Projects Observed, Albert Hirschman described this as the ‘building-ahead-of-demand strategy’ (Hirschman 1967, 68).

¹⁰Hayes writes that the construction of Owen Falls Dam was part of a much larger concept that included the storage of waters in Lake Albert to the northwest and a massive canal to by-pass the swamps of southern Sudan – a physical obstacle to the upstream southward navigation of the Nile. Hayes writes: “The proposal therefore had obvious interest for peoples thousands of miles to the north of Uganda, and as a result of later discussions in Cairo it was agreed that the proposed dam at the Owen Falls would be constructed one metre higher than was necessary for hydro-electric purposes. This would make Lake Victoria Nyanza the world’s largest self-renewing reservoir and would raise its level. All the water that Egypt would need could thus be stored and released, as required, at extremely low cost. The Egyptian government therefore agreed to meet the extra construction costs involved and also accepted the requirement for payment of compensation of lakeside dwellers whose land would be flooded or otherwise affected, round Victoria Nyanza” (Hayes 1983, 331).
Hirschman studied eleven development projects in 1964-1965, one of which was Owen Falls. Regionally, this government-led approach to electricity development was a radical departure from the previous private, small-scale, distributed electricity systems. But globally this new vision was in keeping with emerging trends.

In their pioneering book, *Splintering Urbanism*, Stephen Graham and Simon Marvin investigate the relationship between networks of infrastructure and social and economic conditions in urban areas. The authors draw mostly from experience in the industrialized world but make important observations about the historic and contemporary role of infrastructure development in the Global South. In relation to the year the Uganda Electricity Board was created (1948), Graham and Marvin suggest that this was a period marked by the convergence of two broad phases in infrastructure development [the colonial (1820s-1930s) and neo-colonial (1940s-1980s) periods] and two ‘styles’ of infrastructure provision (2001, 81). In the first period, colonial governments had two objectives: 1) build infrastructure which would support the export of primary products; and, 2) build infrastructure that would service local and colonial elites in order that they could organise production and exert political and administrative control (2001, 82). In the second period, these objectives were reinforced by the dominant development paradigms of the time – modernization and import substitution industrialization – which focused on the production and strengthening of industrial activities, by default in urban areas, in order to produce the assumed trickle down associated with the desired economic and social transformation. This, as we will see in Chapter 6, and as was noted earlier, was consistent with the evolution of electricity services in Uganda where EAP&L first serviced Kampala, Jinja, and Entebbe with independent diesel generators in the mid 1930s to mid 1940s under the assumption that urban areas and industry
would be the chief recipients of electricity in future (see below). So while the decision to move ahead with a single large electricity generation source in Uganda – the Owen Falls Dam – seemed to be a ‘leap of faith’ to some, it was a leap that governments across the world were taking, including Britain.

According to scholars, critics and observers alike (Khagram 2004; McCully 2001; World Commission on Dams 2000), the 1930s marked the beginning of a period of global large dam construction, which escalated after the end of World War II (see Figure 3.3).\textsuperscript{11} The early 1930s also marked the beginning of a period of advocacy for the construction of large dams, starting with the formation of a “transnational professional association” made up of “an array of engineers, builders, and bureaucrats” called the International Commission on Large Dams (ICOLD) in 1929 (Khagram 2004, 6), which is still active today. But by this time, Britain was already well acquainted with the construction of dams both domestically and internationally, including large dams.

At the turn of the last century, Great Britain governed territories containing more than half of the world’s big dams (Khagram 2004, 5). Britain had also completed the construction of the low Aswan Dam on the Nile in 1902, which was subsequently raised twice, reaching a height of 36 metres in 1933.

\textsuperscript{11} There is no agreed upon definition of a ‘large dam’. However, a general guide according to ICOLD is that any dam that is over 15 metres high is considered large, while a ‘major dam’ is one which is higher than 150 metres high, has a volume greater than 15 million cubic metres, reservoir storage of more than 25 cubic kilometres, and/or electricity generation of more than 1,000 megawatts (Khagram 2004, footnote 9, Chapter 1, page 217).
Patrick McCully writes that “British colonialists were the most ardent dam builders outside Europe and North America in the late nineteenth and early twentieth centuries, leaving the mark most firmly on the basins of the Indus, Ganges and Nile” (McCully 2001, 18).

McCully also notes that further upstream on the Nile, Britain had completed the construction of the Sennar Dam in Sudan by 1925 to provide irrigation for the Gezira Scheme, one of the world’s largest cotton plantations at the time, and still operational today (2001, 18). Hence, the decision to move ahead with a large dam in Uganda was consistent with Britain’s experience and vision, and well before construction had begun the colonial government was already planning heavy and secondary industry for the country (Hayes 1983, 332). In the words of Charles Westlake, “Power from this scheme [Owen Falls] will make possible the liberation of the latent riches of Uganda. The industrial development will help to provide funds for education, training, housing and medical services” (Hayes 1983, 332).
Following the formal creation of the UEB two consulting firms – Sir Alexander Gibb and Partners and Kennedy and Donkin – were hired and produced a report promoting Owen Falls as the first choice for Britain’s first large dam in Uganda. Owen Falls was deemed to be superior to the two other locations being considered – Bujagali Falls (which was identified as a first choice for development in the 1920s) and Ripon Falls (which had been considered in the early 1900s) – given its accessibility, the potential to produce more electricity, the ability to better control the Lake’s levels, and a sound geological base (Wilson 1967, 5).

Despite Owen Falls’ technical feasibility there remained much concern over the financial viability and cost of the project, particularly given the rising prices for capital goods and the devaluation of the sterling in 1949 (Wilson 1967, 3).12

The Owen Falls Dam was designed to have an ultimate capacity of 150 MW and was “by far the greatest undertaking in Africa south of the Sahara” (Hayes 1983, 332). (It is noteworthy that given the ongoing energy supply problem in Uganda, in 2006, at its lowest supply potential the country was producing 165 MW). Generating equipment was ordered in July 1948 with arrangements for necessary labour made in the same year. At peak construction 2,500 workers were engaged – 2,000 of them African, 200 Europeans and 123 Asian (Wilson 1967, 6). Located on the west bank of the Nile in Buganda, Hayes writes that all were housed comfortably: “Blocks of flats, bungalows, offices and stores, a new village, shops and recreational facilities were provided. Nothing like it had ever before been seen in

12 Wilson explains that the technical construction of the dam was not going to be difficult, particularly given how well it was documented. “Records of the level of Lake Victoria has been kept continuously since 1896 by the Physical Department of the Egyptian Ministry of Public Works. They confirmed that the flow of the Nile at Jinja was directly related to the level of the lake and was therefore predictable” and there was “no doubt that a steady and reliable flow would be available for the power station” (1967, 4-5). Moreover, under the Nile Waters Agreement of 1929, Britain had agreed to obtain Egypt’s consent for any development of the river. Hence, “With minor modifications the Owen Falls Scheme became part of Egypt’s scheme for ‘century storage’ on the Nile. The dam was designed to one metre higher than was necessary for the electricity scheme alone and it was agreed to restrict [part of the flow] in order to store water in Lake Victoria for Egypt. The Egyptian government financed the extra work and undertook to pay compensation for loss of power” (1967, 5).
East Africa” (Hayes 1983, 331). In order to finance the £400,000 construction of the estate the Uganda government floated loans in London. This effort certainly reinforced the initial evolution and boom of Jinja as a centre of industrial activity and as a point of migration for Africans and non-Africans. In 1949, contracts were awarded to a consortium of private construction firms variously reported as being Danish, Dutch, British and Italian under the name Owen Falls Construction Company. Construction would continue for six more years, but by 1953, a year before completion, the financial records were showing a huge change in estimated costs. According to various accounts (Wilson 1967; Hayes 1983) project costs had reached almost three times the original estimate and twice the revised estimates which had been used in the decision to construct the dam. Hence, Hayes reports that by the time the dam was commissioned, “the scheme had cost £14.7 million compared with Westlake’s original estimate of £4.298 million…Two loans, floated in London, had provided £12 million, and there was also the grant of almost £1 million from the Egyptian government” (Hayes 1983, 334).

Wilson clearly explains that there were no dramatic problems causing the steep rise in costs; the scheme was executed at a time of rising prices and financial difficulties for the pound sterling (1967, 7). Nonetheless, as a result of these financial concerns the need to have an established customer base to consume the electricity before it was produced was reinforced. Hence, partly in response, in 1953 the UEB approached the EAP&L in Nairobi to ask whether they would be interested in purchasing a bulk supply of electricity when the dam was commissioned the next year. According to Hayes (1983) the answer was reluctantly ‘yes’ given the shortage of financial resources available due to conflict in Kenya at the time.

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13 Wilson, however, notes that by the time the construction on the dam completed in 1954 the population of Jinja had decreased by almost two thirds as dam related residents and their dependents would leave.
This decision also paved the way for an important historical event in Kenya’s own history of electricity with the creation of the Kenya Power Company Ltd. The new company would become the purchasing agent for new power and an intermediate agent between suppliers and consumers in the Kenya.\footnote{Hayes, in his history of the EAP&L explains that the company had little choice but to agree to the bulk purchase of power from Uganda, during the period when the Governor of Kenya had just established the ‘Emergency’ prior to the Mau Mau period. Hayes notes that while the EAP&L had little financial resources, it along with the Government of Kenya knew that if they wanted to develop agriculture west of Nairobi they would need 300 miles of transmission lines which they couldn’t afford. Moreover, under its statutory limits, EAP&L could not raise the money required so the government, with the assistance of the Power Securities Corporation, established the Kenya Power Company Ltd to becoming the purchasing agent for new power and to “interpose itself between the consumers and the suppliers of electrical energy and would be partly government-owned. By February 1953 the Kenya Power Company was formally registered in Nairobi as a private limited liability company (Hayes 1983, 333).}

An agreement was eventually signed with Kenya in 1955 for the bulk supply of 45 MW of electricity for fifty years starting in 1958 at a fixed price of 2.9 cents per kilowatt-hour for the duration of the contract. From that point forward, Kenya has remained an essential customer of the UEB despite there being much concern in Uganda about the export of electricity given the shortage of domestic supply.\footnote{In 1958, a third of Owen Falls output was exported to Kenya; by 1959 the figure had risen to 41.1 percent; in 1960, 44.2 percent; and in 1961, 47.8 percent of Uganda’s output was sold to Kenya Power (Hayes 1983, 335).}

The first turbine of the Owen Falls hydroelectric station began turning for tests in December 1953 with the official inauguration of the dam occurring the following year on April 29, 1954. It was a grand event. Queen Elizabeth II, only two years as the sitting monarch, was in Uganda to inaugurate the new dam. The \textit{East African Standard} reported on the events of the day with full journalist colour and intrigue noting how the ‘concrete gleamed in the sun’ (East African Standard 1954a). Another editorial began by expressing the same enthusiasm that the colonial government used to initiate the project:

\begin{quote}
The principal ceremony today, the opening of the great hydroelectric undertaking at the Owen Falls on the Nile [will take place] near the spot…where [John] Speke stood and found the answer to one of the mysteries of the Dark Continent. Near that spot, half a century ago, the great leader of the Commonwealth and Colonial Empire, the stout-hearted defender of civilisation and human freedom, Sir Winston Churchill looked on the tumbling waters at the
\end{quote}
birthplace of the ancient river and visualized what has come about today. The Owen Falls scheme is a triumph of engineering achievement and of faith. It will be to East Africa a great power house, a symbol of inner light which Western Christian civilization and the British people have lit in the minds of millions of Africans. It will give their lives a new direction and purpose for many generations (East African Standard, 1954b).

But as the editorial continues, the author goes on to raise important cautionary remarks, which, looking ahead, painted an ominous warning for the country.

The scheme is based on the assumption that it will stimulate a great and prosperous change in the economy of Uganda, and in a measure of East Africa as a whole by making possible the development of the natural resources of the Protectorate and the industrial undertakings based upon the modern power which it will place in the hands of the civilized men. It has already been a more costly undertaking than was estimated and there is evidence that the conception of progress brought it into being was more optimistic than has yet been realized, or seems likely to be achieved in the early future. The success of the enterprises which it is intended to serve depends on the availability of cheap power, on security of invested capital, on an adequate qualified force of workers, especially Africans, and on stable political policies and objectives which provide a guarantee of long-continuing conditions suitable and necessary for the evolution of an industrial revolution in a continent only yet emerging from its past into the light of the present day.

If the Owen Falls scheme is to give its full value to Uganda and all its peoples, and if industry is to be attracted in adequate measure to justify it, these basic conditions of success must be a policy. The provision of the new source of power is only the beginning. Much hard-thinking – more than has already been given to the requirements of the difficulties – will have to be devoted to the implications of the policy of which the Owen Falls undertaking is the symbol if this great engineering feat is to contribute its full value to Uganda and its peoples and justify its existence and its cost (East African Standard, 1954b).

Charles Hayes points out that the Queen’s remarks at the inauguration paralleled, with more reserve, the Standard’s enthusiasm and concern:

In her speech inaugurating the project, the Queen said that the benefits of modern science had been brought to the enrichment of Uganda, to serve industries which were already in being and others which would be founded as a result of the availability of electric power. She went on: ‘But let us not forget that economic development and the building up of industries are not ends in themselves. Their object is the raising of the people’s standards of living. We welcome this great work because, by increasing the wealth of this country, it enables people – and above all, the African people – to advance…I confidently believe that your children and grandchildren will look upon this scheme as one of the greatest landmarks in the forward march of their land’ (Hayes 1983, 333).

Today, even someone ill acquainted with the political history of Uganda will know that many of the conditions that were being articulated as necessary for the success of the scheme would ultimately not be realized as the concerns were well founded. Starting shortly
after independence in 1962, the stability of the country and its policies would quickly unravel with a disastrous long-term impact on the state’s infrastructure. Moreover, even in the more immediate years following the dam’s completion when economic growth and electricity expansion increased, the expected economic and social transformation that was envisioned and espoused did not materialise. Indeed, during the inauguration ceremony, Westlake, Chair of the UEB, told a distinguished audience: “where electricity is abundantly available, progress in all fields of human activity inevitably follows. A country’s state of development can be measured by the amount of electricity it consumes” (Hayes 1983, 333-334). Given the low level of access to electricity in Uganda today, clearly many factors inhibited the execution of this vision.

3.2 Politics and Electricity in Pre-Independent Uganda: 1954 to 1962

By the end of 1954, three of the Owen Falls’ generating sets were operating, with three others following in 1955 and 1956. The early intent of the scheme was to supply what Wilson describes as the “modern sector of the economy, i.e. the towns and a few major industries” (Wilson 1967, 11). Initially, this meant supplying industry in Jinja and to a lesser extent Kampala, and “the richer inhabitants of these towns” as well as “Entebbe and later Masaka” (Wilson 1967, 9). The distribution systems in the towns were also to be compact and only cover the central areas (Wilson 1967, 9). It, however, quickly became clear that Uganda’s industrial and urban consumer base could not support a project as big as Owen Falls (Wilson 1967, 11) despite the quick rise in the number of electricity consumers following the dam’s construction (see Table 3.0 showing annual percentage growth in revenue and consumption and Table 3.1 for increases in domestic consumption). The UEB had failed to meet one of the conditions deemed necessary for the initial success of the dam –
ensure that enough consumers existed before supply comes on line. As a result, “the Board was forced to look for consumers wherever they existed, and to an increasing extent to carry its operations in to rural areas” where there remained long, unprofitable gaps marked by seasonality of consumption due to seasonal labour and agricultural activities (Wilson 1967, 11-12).

Recognizing that the financial success of the Owen Falls Dam was dependent on adding additional consumers beyond those originally thought necessary by the UEB – industry and urban centres – presented a new set of problems for the company: the pattern of rural settlement in Uganda was distinctly unfavourable to the supply of public utilities. People lived in isolated homesteads linked by “winding paths and by-passed by roads” (Wilson 1967, 11). This pattern was and is fundamentally at odds with the least cost and most technically feasible layout of infrastructure – straight lines delivering utilities to densely populated regions where connections can be made quickly. Up until 1961, virtually all supply lines in Uganda followed roads and therefore the pre-colonial and colonial settlement pattern provided little prospect for mass rural electrification. This observation is striking for another reason, however. Today, the settlement patterns in Uganda remain a formidable challenge in increasing the number of consumers in the country as I will later discuss in Chapter 5 (Lawrence Omulen, interview, January 7, 2003; Paul Maré, interview, January 17, 2003; Arthur Mugyenzi, interview, March 20, 2002; Thomas Tondo, interview, April 13, 2002).\(^\text{16}\) The result, as Hirschman clearly notes, is that rural and low-income Ugandans were not going to be party to the resource expected to transform the country:

\(^{16}\) The settlement pattern is one reason that the current *Energy for Rural Transformation* Project in Uganda is not focused on providing electricity to individual homesteads and villages but electrifying town centres where schools, health clinics and shops are serviced and therefore citizens too, indirectly.
In Uganda, the national electric power agency...undertook to build transmission lines to the various provincial towns or administrative centres as well as to coffee mills, cotton gins, and tea factories. But with power newly available in the towns and with transmission lines conspicuously transporting it overhead through the countryside, many nearby villagers thought that it would be a simple matter to supply them too and so petitioned the UEB. Some of them even went so far as to hopefully hang lightbulbs from their ceilings! Unfortunately, because the farmers' settlements were scattered and their prospective consumption very low, any large-scale extension of the distribution network into the countryside would be totally uneconomical and out of the question for the UEB which to this date [had] never turned a profit. Since, on the other hand, Uganda's so-called towns are little more than administrative and commercial centres almost exclusively inhabited by civil servants and East Indian traders, the UEB's transmission lines served essentially to make the rich and powerful more comfortable (Hirschman 1967, 62-63).

In a short period of time, then, the electricity network expanded dramatically. In 1954 (the date Owen Falls was complete) there was 629 miles of electricity lines but by 1961 there was 2,314 miles. Tables and maps for these periods illustrate this change schematically (see Tables 3.0 and 3.1 and Figures 3.4 and 3.5).

Table 3.0

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<tbody>
<tr>
<td>Consumption (%)</td>
<td>57</td>
<td>78</td>
<td>37</td>
<td>51</td>
<td>25</td>
<td>9</td>
<td>19</td>
<td>62</td>
<td>89</td>
<td>25</td>
<td>15</td>
<td>10</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Revenue (%)</td>
<td>66</td>
<td>80</td>
<td>35</td>
<td>55</td>
<td>32</td>
<td>3</td>
<td>13</td>
<td>31</td>
<td>26</td>
<td>20</td>
<td>11</td>
<td>15</td>
<td>11</td>
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</tr>
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</table>

Source: Wilson, 1967

Table 3.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Units kWh (a)</th>
<th>Consumers (b)</th>
<th>Revenue £ (c)</th>
<th>Units/Cons. (a)/(b)</th>
<th>Revenue/ Cons. (c)/(b) £</th>
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<tbody>
<tr>
<td>1950</td>
<td>5.0</td>
<td>2100</td>
<td>41</td>
<td>2400</td>
<td>20</td>
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<td>8.7</td>
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<tr>
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<td>13.6</td>
<td>4200</td>
<td>110</td>
<td>3300</td>
<td>26</td>
</tr>
<tr>
<td>1953</td>
<td>17.9</td>
<td>4900</td>
<td>154</td>
<td>3700</td>
<td>32</td>
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<tr>
<td>1954</td>
<td>21.4</td>
<td>5800</td>
<td>210</td>
<td>3700</td>
<td>36</td>
</tr>
<tr>
<td>1955</td>
<td>25.4</td>
<td>7200</td>
<td>225</td>
<td>3500</td>
<td>31</td>
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<tr>
<td>1956</td>
<td>30.4</td>
<td>8600</td>
<td>271</td>
<td>3700</td>
<td>32</td>
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<tr>
<td>1957</td>
<td>35.0</td>
<td>10000</td>
<td>315</td>
<td>3500</td>
<td>32</td>
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<tr>
<td>1958</td>
<td>38.9</td>
<td>11600</td>
<td>358</td>
<td>3400</td>
<td>31</td>
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<td>1959</td>
<td>40.8</td>
<td>16100</td>
<td>448</td>
<td>2500</td>
<td>28</td>
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<tr>
<td>1960</td>
<td>41.0</td>
<td>17800</td>
<td>493</td>
<td>2300</td>
<td>28</td>
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<td>1961</td>
<td>39.6</td>
<td>19200</td>
<td>532</td>
<td>2100</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Wilson, 1967
Figure 3.4: Electricity Distribution Network in 1954

Source: Wilson, 1967

Figure 3.5: Electricity Distribution Network in 1961

Source: Wilson, 1967
Prior to Owen Falls the UEB extended the network for strategic and economic reasons in anticipation of the electricity to come from the dam. Hence, on the 1954 network map (Figure 3.4) it can be seen that the southeastern towns of Tororo and Mbale were both connected to the main grid. Tororo was important as it was the source of cement production for the dam starting in 1953, while Mbale and Iganga, like Tororo, were geographically easy to connect and had a sufficient number of domestic and commercial (European and Asian) consumers to support supply. (The only areas supplied with electricity that had a dominant concentration of indigenous Ugandans prior to 1954 were located near Kampala’s city centre – Katwe, southwest of the city centre and Naguru, northeast). Following the dam’s completion, the network was first expanded southwest to the town of Masaka, supplying the trading centres, missions and factories along the way (Wilson 1967, 15). In the town proper, the scheme supplied “African commercial and residential areas, as well as the European and Asian areas” (1967, 15). Masaka was chosen because it was one of the wealthiest coffee growing areas in the country, with four coffee factories nearby. Up until 1960/1961 transmission and distribution networks continued to feed off the main corridor between Masaka and Mbale targeting industries and residential areas with consumers and areas with a high potential for new consumers. Hence, the quick expansion of the network up until the late 1950s was in keeping with the vision and most importantly the financial need of UEB. This quick expansion, however, also produced a difficult technical scenario for the UEB as they soon ran out of easily accessible customers.

Shortly after Owen Falls was commissioned in 1954, two members of the Economist Intelligence Unit came to Uganda on behalf of the UEB to inquire into the future
development of the Ugandan economy. In the terms of reference for its report *Power in Uganda*, the Unit explained that they had four main objectives:

1) To prepare an appreciation of the probable course of economic development in Uganda, and of the stimulating effect which the availability of adequate supplies of electricity has had, and would have on the production of additional wealth in the Protectorate;
2) To estimate in general terms the growth in demand for electricity for all purposes in Uganda over the period 1957-1970;
3) To estimate in general terms the probable offtake [use] from outside the Protectorate;
4) To examine the probable economic and social effects if additional supplies of electricity were not made available from a second station (Economist Intelligence Unit 1957, 1).

From these terms of reference, the Unit produced some very significant conclusions relating to the potential for African households to be connected, for expansion into rural areas, and ultimately, the need to start planning for a new dam immediately. The report notes:

- “The outlook for electricity consumption in the industrial and domestic sectors…rests on the assumption that electricity is in fact widely available”;
- “In spite of the very real benefits to African households which electricity confers, and of the expressed desire of Africans to become consumers, incomes are so low in most districts of the territory that the mass of the rural population must be considered to remain unsupplied within the period under review [1957-1970]…the main domestic potential will probably lie in urban and sub-urban areas”;
- The 1970 estimate for electricity consumption is “significantly in excess of Owen Falls capacity, and would necessitate the operation of additional generation plant [sic] from a date well before this, probably as soon as 1965. *This means that construction work on a second dam will have to commence by 1960 and that preliminary survey work must be undertaken very shortly*”;
- “There can be no doubt of the beneficient effects on an economy such as Uganda’s of industrialization, urbanization and the improvement of domestic living standards. To all of these, electricity is an essential component and pre-requisite, and by economic stimulus it affords it in turn creates new demand for itself. This factor, above all is likely to justify the construction of a second dam”;
- “Developments in India, North Scotland and Ireland, do lend support to the belief that electricity extension schemes provide probably the shortest road to prosperity” (Economist Intelligence Unit 1957, 7-9, emphasis added).

The report’s conclusions provide a striking statement on the way electricity and its expansion were viewed. There was a clear articulation of the assumed relationship between electricity and prosperity, but a recognition that rural areas would not gain from the prosperity electricity might bring for a considerable amount of time. Moreover, the UEB felt that if prosperity was to be achieved, more generation capacity was imminently needed. The
publication of the Economist Intelligence Unit report coincidentally and perhaps fortuitously coincided with the period of extensive growth and expansion of the electricity network (1957 and 1958 particularly). The report, therefore, helped feed the expansionist vision of the UEB at a point of high demand for electricity. But only a short time later, in 1960, these forward-looking plans would confront the reality that “virtually all the potential industrial consumers in southern Uganda had either taken a supply of electricity or were close enough to the mains [central distribution network] to do so if they wished. The same was true of nearly all the gazetted trading centres in the more densely populated areas. The prospect for new consumers (though not for increased consumption by existing consumers) was therefore limited” (Wilson 1967, 19). By 1960 then, the expansion potential had quickly been met, and the Economist Unit’s 1957 argument that “how many industrial and domestic consumers can be connected up…is a technical problem, rather than an economic or a financial problem” (Economist Intelligence Unit 1957, 3) was quickly proving accurate. Despite this, coinciding with the findings of the report and in keeping with its swift action, the UEB commissioned Kennedy & Donkin with Sir Alexander Gibb & Partners to do another survey of the hydroelectric potential of the Nile in 1956/1957. The report produced, Report on Investigations on the Victoria Nile, recommended not only a new dam at Bujagali Falls but also a three-stage development with two more dams downstream from Bujagali.

The preference for a dam at Bujagali Falls was based on earlier analyses of its potential and accessibility, but also a result of an emerging conservation ethic carried by the colonial government and emerging international non-government advocates like the World Wildlife Fund (WWF). Indeed, there was another hydroelectric site with three times the generating potential as Bujagali but if chosen would produce significant ecological
consequences. The site with more generating capacity was located at Murchison Falls, in the heart of Murchison Falls National Park.\textsuperscript{17} The debate surrounding which site to choose for the second dam is notable not only for the environmental concerns it invoked, but also because it would be the first electricity initiative to be debated in the post-independence period in Uganda. For of course the expansion of the electricity network up until the early 1960s was taking place at the same time as rapid political change throughout Africa, and East Africa in particular. Indeed, it was a prominent member of the first political party which sought to reach out to Ugandans countrywide – the Ugandan Peoples Congress (UPC) – who would also preside over the decision to construct a second dam. The member was none other than future president Milton Obote.\textsuperscript{18} But what stands out about the real and planned expansion of the electricity network prior to 1960 was that it evolved in general isolation from national, indigenous pre-independence politics. In fact, even the Economist Intelligence report and the subsequent hydroelectric studies done in anticipation of a second dam are absent of any detailed reflection on the role national, let alone local politics would play in facilitating or negating UEB’s vision. Despite pre-independence political events that would have a lasting legacy in post-independent Uganda – emergence of and competition between formal political parties, ethnic and religious conflict accentuated by colonial policies, the expulsion of the King of the Buganda (Kabaka), and constitutional negotiations – to read historic documents and reports relating to electricity in Uganda one would be forgiven for thinking that the British were going to carry on administering a docile Ugandan

\textsuperscript{17} The origins of Murchison Falls National Park rest with the area north of the Nile being designated a sleeping sickness restricted area between 1907 and 1912 following an outbreak. In 1910, the area south of the Nile was declared the Bunyoro Game Reserve. This was extended in 1928 to include the area north the Nile which together became the Bunyoro and Gulu Game Reserve. On July 3 1952 the area was gazetted as a Murchison Falls National Park (United Nations Environment Program World Conservation Monitoring Centre, no date). Retrieved from: \url{http://sea.unep-wcmc.org/sites/pa/0742p.htm}, June 17, 2005.

\textsuperscript{18} Dr. Milton Obote died in South Africa on October 10, 2005.
population in perpetuity as little reflection on national politics or the transfer of colonial administration is mentioned.\(^{19}\) On the eve of independence in Uganda (1962) and East Africa however, the division between UEB’s plans and national politics would start to vanish.

### 3.2.1 Electricity and independence

By 1960, only five years after making the 50-year agreement with the Kenyan Government, the UEB declared that it was dissatisfied with their arrangement. Uganda was concerned with the price and volume of electricity it had negotiated to supply for such a long term, while Kenya too had concerns with the volume of power it had agreed to purchase as the agreement was interfering with the development of its own hydroelectric resources – lenders, chiefly the World Bank as noted below, did not feel that additional domestic supply was warranted. Moreover, EAP&L, the agent executing the Kenyan side of the agreement, was frustrated with Uganda. Don Small, then head of EAP&L, felt Uganda was “bogged down” and mired in long, drawn-out planning processes unable to execute on plans to increase electricity generation (Hayes 1983, 339). This frustration was made all the more poignant given that EAP&L’s Kenyan network had gone on expanding.

In the late 1950s and early 1960s, the Kenyan government had been investigating opportunities to develop its own hydroelectric scheme on the Tana River at Kitaru (Seven Forks) Falls.\(^{20}\) The plan was complicated because Kenya could not qualify for assistance from the World Bank as a ‘colony’ without British insurance. With independence on the

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\(^{19}\) The number of sources pertinent to a pre-independent political history of Uganda is numerous. For an authoritative and critical political history of Uganda which is frequently cited see S.R. Karigure (1980). In addition, see Cranford Pratt *Administration and politics in Uganda, 1919-1945*. With respect to the legacy of colonialism on local government see Fallers (1965), Burke (1964), and Mamdani (1996).

\(^{20}\) The Tana River begins near Mount Kenya in central Kenya and flows southeast to the Indian Ocean, draining about half along the Kenyan coast.
horizon, the World Bank was however willing to consider supporting the scheme. It is noteworthy that in Kenya at this time indigenous African ministers were slowly being appointed, with one of the first being the new Minister of Power and Communications. Despite this, it was the EAP&L that had asked the Kenyan government to approach the World Bank. Using its own projections, the EAP&L plan was shown to the Bank near the same time that Jomo Kenyatta became chief executive and Minister for Constitutional Affairs and Economic Planning (the office which held the EAP&L proposal). The Bank’s review of the proposal, however, was unfavourable and it rejected the suggested need for the development of a new generating station in Kenya. The Bank believed that Kenya’s domestic supply, combined with current and projected future supply from Uganda was sufficient to support Kenya’s needs. In the World Bank mission’s report from 1962, it stated “We cannot see the justification for proceeding with the Seven Forks scheme at this stage and consider that it should be possible for both electricity undertakings to negotiate an increase in supply of power to Kenya from Owen Falls to their joint advantage” (Hayes 1983, 338). Hence, Kenya would enter independence on December 12 1963 without the financial support to undertake a large independent electricity generation scheme while concurrently being forced to rely on supply from Uganda. The Bank’s decision reinforced the Economist Intelligence Unit and UEB’s desired network expansion and increased generation. But like the UEB, it does not appear that the Bank considered how the political conflicts that emerged during independence in Uganda (9 October 1962) would affect future electricity supplies in Kenya.

S.R. Karigure suggests that the period between 1960 and 1962 was the crucial period in Ugandan politics, largely due to the fact that political parties became much more
entrenched and political demands affirmed. For example, following the Constitutional Committee, political parties agreed with the proposed recommendations while the Buganda government rejected them. At the centre of the controversy was whether the Colonial Office would grant Buganda separate independence and/or concessions unacceptable to the rest of Uganda. Remark ing at the time, Milton Obote, Secretary of the Elected Members of Organisation of the Legislative Council, stated “African nationalism hates small states because this is emergent Africa…it will crush Buganda” (Karigure 1980, 170). This statement was given wide publicity in Uganda with suggestions that Obote and the UPC would crush Buganda if given the opportunity. These events marked the emergence of a growing rift between Buganda and Obote.21 Ultimately, what was evolving was a strong fear in Buganda that Obote would become the head of state when the majority of Buganda believed that the Kabaka should either become head of state or Buganda should secede. The outcome, in the immediate however, was neither.

On the whole, reading about Ugandan politics prior to independence, and particularly in 1960/1961 one is left with the impression that for the most part there was little if any national movement or coalition of interests within the Ugandan Protectorate. Indeed, for the 1961 elections, the Protectorate government passed the Prevention of Intimidation Bill to specifically protect Bagandans who wished to register and vote. “Thus”, Karigure writes, “in Uganda one had the rare, if not unique, spectacle of a colonial government framing a law to protect African voters against the violence of their fellow Africans seeking to prevent them

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21 Karigure importantly points out that it was not only Buganda making demands on the Protectorate, others like Toro District Council in southwestern Uganda were also pushing to secede, but with the Bugandan demands certainly attracting the most attention. As well, there were Baganda publicly articulating a position against the Kabaka. It is interesting to note that Karigure makes reference to “a Mr. Sebana-Kizito” writing to the Uganda Argus to condemn the secession argument. This is noteworthy given that the current mayor of Kampala is John Ssebana-Kizito. While I’m unable to confirm whether it is the same individual, the age of the current mayor along with his political positions seem to coincide.
from exercising a democratic right that colonial government usually granted most reluctantly” (1980, 178, emphasis in original). As a result of district boundary disputes throughout the Protectorate, religious cleavages, and the administrative appointment system within districts, both nationally and within individual regions the country was weighed down by conflict. In retrospect this should not come as a surprise given the strong relationship Britain developed with Buganda historically, as well as the strong presence of other kingdoms within the administrative boundaries of Uganda. Nonetheless, this evidence did not bode well for a smooth post-independence transition.

National general elections were held in July 1961, which the Buganda government strongly and often violently pushed Bugandans to boycott. As a result, only 3 to 4 percent of qualified voters in Buganda are thought to have registered and participated, and these were mainly Democratic Party supporters (Karigure 1980, 179). The UPC did not have much opportunity to organise support in Buganda given its recent formation, therefore the DP won 19 seats in Buganda and 24 outside for a total of 43, while the UPC won a total of 35 seats. Popularly, the UPC had gained more votes but the DP’s electoral victory led to DP party head, Ben Kiwanuka, becoming Uganda’s first Prime Minister. For Buganda and the UPC, concern with the Democratic Party victory was twofold: 1) there was potential for the Catholic dominated DP to form the first national government if they won the new round of general elections following the constitutional conference and preceding independence in 1962; and, 2) reforms might be introduced “which would wipe away the Protestant ascendancy” held within the UPC and Buganda government (Karigure 1980, 180). It was this factor which led to the most significant political event in Uganda prior to independence: the UPC under Obote and the Buganda government, under a new party banner – Kabaka
Yekka (Kabaka alone) – formed a coalition in order to secure victory in the 1962 elections. It is important to also note that it was amidst this period of political change in Uganda, just prior to independence, that the Ugandan Government received a Specific Investment Loan from the World Bank under the title *Electric Power Development Project* (Power I). This project was part of the Uganda Electricity Board’s $14.0 million expansion program, of which $8.4 million was loaned by the Bank. Hence, it is in the midst of Uganda’s growing political conflict the UEB was staying its course and reaching out to the international institution it would rely on throughout its existence for financial assistance.

The DP victory was short-lived as a new round of general elections prior to formal independence would be held in 1962. The coalition between the Kabaka and the UPC ensured that the DP could not win and could not lead the country.\(^{22}\) Despite evidence that voting in Buganda and elsewhere in the country, along with elections to the Luikiiko (Buganda Parliament) were not free or fair (Mugaju 2000; Karigure 1980), in April 1962 the UPC-KY alliance produced a national victory. With 37 seats to the DP’s 24, and 537,598 votes to DP’s 474,256, the UPC-KY alliance formed the first post-independence government. The Governor of Uganda called on Milton Obote, leader of the UPC to become Prime Minister and the Kabaka, President. This marriage of political convenience, however, would not last long. Tensions after the elections were high throughout the country in light of contested district and national results, but also in light of revolts in regions bordering the Congo, demands for secession, and an eventual national state of emergency. But in the

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\(^{22}\) The announcement of this coalition was made just prior to the constitutional conference – the London Conference – held in London, England between September and October 1961. The negotiations leading to this coalition are still somewhat unknown but one of the central assurances resulting from it was the Buganda’s ability to decide whether its representative to the National Assembly was directly or indirectly elected; that Buganda was able to control its civil service without interference from the Uganda government; and, that during the year leading to independence security was controlled by the Governor and not the Prime Minister to ensure that the DP elected PM would not use this power on its political opponents (see Karigure 1980, 183-185).
context of electricity, Obote was also about to inherit the opportunity to continue to shape the country’s infrastructure.

3.3 Electricity in Post-independent Uganda: Civil conflict and network deterioration

In 1964, shortly after independence, Obote would oversee his first two of three initiatives relating to electricity in the country. First, the Uganda Electricity Act would be passed re-establishing the Uganda Electricity Board as the sole provider of electricity in the country, with responsibility for generation, transmission and distribution to consumers. Under law, what this meant was that no other institution could play any role in electricity service provision. This situation would not change until 1999 when a new Electricity Act was passed. Second, a revised supplementary agreement with Kenya was signed to provide it with a bulk supply of 30 MW of electricity for 50 years. Despite these advancements, politically, the fragile power-sharing arrangement between Obote and Mutesa II was growing weaker. Mounting tension between Obote and Buganda, an increasing number of Democratic Party and KY members of the National Assembly defecting to the ruling UPC – creating a de facto one-party state – and widespread concern about mounting corruption (Mugaju 2000) meant that by early 1966, the foundation for two decades of conflict and instability in Uganda were taking root.

In late February 1966, Obote made Colonel Idi Amin army commander. A week later Obote dismissed the President and Vice-President and assumed the functions of the Presidency. One month later, Obote abrogated the constitution and introduced a new ‘revolutionary’ constitution. In response to these movements and fear of further repression, in May, the Lukiko (Buganda parliament) passed a resolution requesting the Government of Uganda to leave the Kingdom. In response, under the leadership of Amin, the Ugandan
Army attacked the Kabaka’s palace and Buganda. The Kabaka escaped to the United Kingdom, where he would die three years later. In September 1967, Obote introduced a new constitution, declared himself President, and abolished all kingdoms in Uganda. A short time later, in 1969, an assassination attempt on Obote would lead to all opposition parties being banned and leaders detained. But amidst this mounting domestic unrest Obote kept his hand in the country’s electricity system.

We can recall that just prior to independence the Uganda Electricity Board had two primary objectives – find a new site to build a hydroelectric dam and connect new customers. We can also recall that these two objectives were in some ways at odds given that the UEB was facing difficulties finding enough customers for its current electricity supply in Uganda, and some studies (Economist Intelligence Unit) suggested that many citizens, particularly rural ones, would not likely receive electricity service in the foreseeable future given the difficulty in extending the network.

Despite this, in light of the assumed relationship between electricity and economic development, UEB’s vision, and studies suggesting that more generation was going to be needed in the near future, the development of a new hydroelectric site was a priority. Studies prior to independence identified six locations for future hydroelectric development.

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23 The Kingdoms of Uganda would not be legally restored until 1993 by an Act of Parliament and then institutionalized in the 1995 Constitution under Museveni.
Chapter 3: A political history of electricity

At the top of the list of sites with the most generating potential was Murchison Falls (Figure 3.6).

Located within Murchison Falls National Park, this tourist attraction was thought to be able to generate 600 megawatts of electricity – over three times that of Owen Falls! Furthermore, it was also located in the less developed north of the country providing an opportunity to establish a generation source in close proximity to poorer northern populations, and limiting systems losses due to long transmission distances from the south. While there were other promising sites in Uganda, none had near the generating potential as Murchison Falls. However, none were located in such a prestigious location either. If a dam were to be built at Murchison, it was estimated that 25 square kilometres of the National Park would be flooded and 90 percent of the river diverted, eliminating the sight Winston Churchill had described as ‘the most remarkable in the whole course of the Nile’ (Hayes 1983, 340). In addition, there was large concern that the dam would negatively impact a rich diversity of animal species in the park as well as conservation efforts relating to the rare white rhinoceros. It was at this point that Obote would raise his influence.

Conservationists argued that the development at Bujagali Falls was a preferable location to Murchison because a ‘small’ hydroelectric facility at Bujagali along with another one at Buyala – only two kilometres downstream from Bujagali (see Appendix 1.0) – would

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24 The other locations and generating potentials were: Bujagali (180 MW), Buyala (240 MW), Kalagala (240 MW), Kamdini/Karuma (246 MW), and Ayago (336 MW).

25 Murchison Falls – the park and watercourse – was home to one of the highest concentrations of crocodile in the world, had large herds of elephant, buffalo, hippopotamus and other ungulates like the Uganda kob, waterbuck and hartebeeste. The area also had black rhinos, giraffe and a rich bird diversity of bird life. Following civil conflict and the war between Tanzania and Amin’s army, the population of most mammals decreased exponentially to the point of near extermination from the area. Slowly, today, these populations are returning.
produce close to the same volume of electricity as Murchison (Hayes 1983, 340). In addition to the conservationist preference for Bujagali, history was on the side of the Bujagali site. The 1957 Kennedy and Donkin study of potential hydroelectric sites had also promoted Bujagali unless it could be shown that a “large block of power of about the capacity of the full Murchison is required in the near future” (Hayes 1983, 340). Moreover, forecasts for electricity consumption in Uganda well into the 1980s were only half of what Owen Falls and Murchison dams would produce combined. Therefore, in the UEB’s 1965 annual report Bujagali was recommended as the next site for development. The Government of Uganda would approve this proposal the following year leading the UEB to begin to look for funds overseas. One of the main sources of funding UEB turned to was the World Bank. But the Bank’s confidence in the UEB was tenuous.

Given Kenya’s earlier request for support to develop the Tana River for hydroelectricity, and now UEB’s request for support to build a new hydroelectric site at Bujagali, the Bank suggested the consideration of a joint scheme. By 1968, joint consultations produced the “Kenya-Uganda Coordinated Power Development Report”. The report provided figures and estimates of the costs of joint and independent development of hydroelectric schemes:

If the countries went it alone Kenya would have to find $US 272 million and Uganda only $US 116. In a joint venture Uganda’s contribution would rise to $US 175 million and Kenya’s would drop to $US 185 million. Whilst the joint scheme (at $US 360 million) was cheaper to finance than would be the independent schemes (at $US 388 million), the coordinated scheme would require a 45 percent greater contribution from Uganda (Hayes 1983, 341).

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26 It is important to note that the notion of ‘small’ hydroelectric facilities at Bujagali and Buyala is somewhat of a misnomer as they are small only in comparison to the facility that would have to be built at Murchison Falls. International convention suggests that a large dam is over 15 metres high (although this is not a terribly useful designation as a dam that is 80 metres high in a mountain valley could cause less ecological change than one that is 5 metres high). The proposed Bujagali dam was expected to be around 20 metres high, therefore not ‘small’ by international convention.
For Uganda and the UEB the choice of joint versus independent network development seemed obvious. Hence, a short time later, independent of Kenya, the UEB announced its decision to develop its resources on its own. To stoke its position UEB also announced that it was going to pursue the construction of the 600 MW Murchison Falls site at the same time as Bujagali. The UEB suggested that the surplus energy from Murchison Falls could be exported to eastern Zaire (DRC) and southern Sudan.

In response, the Uganda National Parks’ executive officer, Francis X. Katete, renewed the argument against construction of a hydro facility at Murchison. With very similar arguments that would re-emerge thirty years later in relation to Bujagali, Katete stated: “Both southern Sudan and eastern [Zaire] have formidable problems to overcome before they can be expected to provide a paying market for the sale of electricity…Besides, the Board’s [UEB’s] current sales of surplus electricity to Kenya are worth half the price per unit compared to the Board’s internal sales. To destroy a sure commodity (tourism) which nets good money (dollars, marks, pounds) in order to provide for dubious power exports does appear unjustifiable” (Hayes 1983, 341). Katete’s argument according to Hayes was that the UEB was “throwing in the Murchison Falls in the hope that it might appear rosier to international financiers’. But [Katete] suggested that conservationists would assist the Uganda Electricity Board if it decided to commission the Bujagali project. ‘This would see the Murchison Falls Park survive into the next century, by which time, hopefully, other forms of electric power production will have been perfected to be competitive with hydro-electric generation” (1983, 341).

There are two things that are striking about Katete’s statements. First, in making the case for the protection of the National Park and its ecological resources, Katete critiques
UEB’s economic rationale for the project. Similarly, he asks why the Government of Uganda would not prioritize the certain financial returns from tourism over the hypothetical returns from electricity exports. Second, Katete alludes to the potential of alternative energy sources being developed that will not require the development of Murchison Falls. As I will emphasize and elaborate in Chapter 6, what is most striking about these points are that they are nearly identical to critiques raised by non-government organizations in Uganda over the national government’s decision to construct Bujagali thirty years later.27

Of course in a short time the debate over hydroelectric development in Uganda would be eclipsed by civil unrest. Until being deposed by Amin in 1971, Obote advocated for the Murchison Falls option. But Amin’s reassertion of military rule, fear, political repression, and civic unrest would mean that no Ugandan would see any further hydroelectric development for twenty years. Amin’s infamous reign and demise (1971-1979) would be followed by five administrations – the Uganda National Liberation Front, the Military Commission, Obote II, the Okellos, and finally the National Resistance Movement in 1986. According to one analyst, “between 1971 and 1986 there was no major development in the power sector” (Engorait 2005, 1).28 Some statistics put this observation into perspective.

In 1968, the Owen Falls Dam was operating at full capacity producing 150 MW of electricity (Engorait 2005, 1). By 1986, the generating capacity of the power station had degraded to 60 MW. In terms of consumers, Uganda’s conflict also had a dramatic effect. In

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27 It is also important to recognize, however, that Katete was not suggesting that no hydroelectric development should take place. Indeed, he was suggesting that Bujagali still be built. This too parallels Uganda today as many non-government organizations clearly explained to me that their chief concern with the Bujagali project was not its ecological impacts but the absence of a process through which informed debate over the project took place.

28 One possible exception to this observation was in 1976 when it is believed that the UEB purposefully cut supply to Kenya, causing much of Nairobi to fall into darkness. Hayes (1983, 342) suggests that this cut was a result of a conflict between Kenya and Uganda. But the supply represented 20 percent of Kenya’s requirement and at a time when Kenya’s own power supplies were being threatened by drought and low water levels.
1971, the year Amin took power, the total number of customers in Uganda was 69,500. And although the number of consumers increased during his reign, in 1979, the year the war with Tanzania ended, there were only 60,918 consumers in the country (Uganda Electricity Board 1996; 1999). The numbers of consumers recovered from 1979 to 1986 but the successive battles with Obote and the Okellos during the National Resistance Movement’s armed struggle not only crippled the electricity system but presented a formidable national economic and social situation when it took control of the country.

Quantitative evidence of the collapse shows that between 1970 and 1980, monetary GDP dropped by 25% - equivalent to a reduction of per capita GDP by about 42%. By 1980, imports and exports had fallen by two-thirds from their peak value of 1972, industrial production had dropped by 80%, the number of vehicles and electricity consumption had fallen to two-fifths of their 1970 value, and state revenues had plummeted. Prices of local manufactures skyrocketed. Inflation resulting from low supply was aggravated by the emission of currency as a means of financing budgetary deficits. The cost of living for low-income workers rose by more than 500% between 1971 and 1977, while the minimum wage rose by 41% over the same period. Five years after Amin’s fall from power, in 1984, real wages were less than 10% of their value in 1971 (Nabuguzi 1995, 197-198).

By 1986, the number of electricity consumers in Uganda stood at 106,450. But two years later the number of consumers dropped again, to 80,795. The essential problem that Museveni and the NRM were confronting was that the increased confidence in the stability of the country meant that businesses and individuals wanted access to power. However, the infrastructure was in such poor condition that demand far outweighed supply requiring regular load-shedding/rationing of power particularly during peak hours. And although a second World Bank financed power project had been approved in 1985 to help rehabilitate the national system – Power II – the state of electricity infrastructure, access, and provision was relatively bleak.

Considering Africa as a whole, the continent generally struggled with the provision of energy resources from the 1970s onwards. Ogunlade Davidson and Stephen Karakezi (1993)
explain that in the 1960s, the development of energy sectors was based on the assumption that with an increased supply of petroleum and electricity, economic growth could be achieved. This misguided assumption (Tendler 1968, 17) and the development plans associated with it, were undermined in the early 1970s with the first rise in oil prices, and as we have read, through civic unrest. Excluding oil exporting countries, the cost of Africa’s oil imports jumped from an average of 10% of export earnings to 20% almost overnight (Davidson and Karakezi 1993, 11). In conjunction with decreasing commodity prices, the increased cost of oil imports caused most countries to rely on external borrowing to pay for rising energy import bills. To respond to these events, countries restricted oil imports and established Ministries of Energy to try to address energy concerns and to coordinate government activities, but lack of clear objectives and appropriate structures made most efforts ineffective (Davidson and Karakezi 1993, 12). In conjunction with drought, concerns over quality and availability of energy sources (oil, gas, fuel wood, charcoal) was becoming obvious, yet countries did not diversify their energy resource base. The result was that countries were in no better position to handle the second rise in oil prices in 1979; oil import bills jumped from an average of 20% of export earnings to 50% for a number of low income countries (1993, 12). With worsening terms of trade from continually falling commodity prices, the debt load of African countries increased dramatically. And even with the eventual decrease in oil prices, countries could not benefit given their weak economic position. Most energy utilities recorded poor performances not to mention losing any interest in renewable energy sources.29 When the domestic situation in Uganda is added to the overall challenge on the sub-continent, it is evident how poor the situation had become.

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29 One notable effort to intervene in this crisis was the organization of the UN conference on New and Renewable Sources of Energy in 1981 in Nairobi, Kenya. However, with little financial support for the
3.4 Conclusion: Understanding History’s Influence on Contemporary Electricity and Politics in Uganda

The foregoing discussion sheds some important light on the historic evolution and development of Uganda’s electricity system. While there has been limited analysis on how pre-independence political and economic factors influenced electricity infrastructure, what can be gleaned from regional studies, primary documents, and political histories of the region reveals the lasting influence of colonial policies and post-independence politics.

From a political perspective what stands out in the case of Uganda is that during the period when the electricity network expanded most rapidly (roughly 1950-1960) and just prior to and following the completion of the Owen Falls Dam (1954), the Uganda Electricity Board seemed to function in relative isolation from the political events leading to independence. For example, I was unable to find any information on the relationship between the King of Buganda, the UEB, and the provision of electricity or infrastructure to the kingdom and its government (an interesting observation given the long-standing relationship between it and the colonial government). What is more, UEB’s and EAP&L’s planning (from what Charles Hayes describes) evolved in relative isolation from the tense political events surrounding them. But what is perhaps most striking about this period is the degree to which the historical challenges surrounding consumer connection and network expansion resonate in Uganda today. (As we will learn in the chapters ahead these include debates over public versus private led development, the appropriate scale of infrastructure investments, and the provision of service to rural and poor consumers.) Certainly, the degree of political and civil conflict that followed Ugandan independence plays a central role in explaining the degradation of the electricity system and low number of consumers. But the initiatives discussed, follow-up activities fell below expectations (1993, 13).
colonial government’s assumptions about the intended outcomes of a rapidly expanded electricity network, along with the isolation of this development from the events surrounding pre-independence politics did little to instill a smooth transition from colonial to post-colonial management of the electrical system. These observations are not helpful in providing solutions to Uganda’s contemporary electricity challenges, but do importantly identify historical factors which influence conditions today.

To conclude, I identify four interrelated themes that emerge from this historical discussion and which resonate distinctly in Uganda’s present situation. These themes are: 1) the debate over provision of electricity for industrialization versus individual welfare; 2) the emergence of a dominant energy ‘narrative’ in Uganda centred on the assumed relationship between electricity and development; 3) the institutional legacy and weight of Bujagali as a preferred site for dam construction; and, 4) the role and influence of national politics.

3.4.1 Electricity for industry or individuals?

One of the interesting consistencies between historic and contemporary dam construction efforts in Uganda is the dual challenge of trying to predict the amount of electricity needed and the number of potential consumers available to pay for what is produced. This was certainly the issue the UEB encountered in 1960 when it found that its quick connection of businesses and European and Asian consumers (along with some African consumers in the urban centres and large trading centres in the southern portion of the country) left it needing to look to rural areas and ‘Africans’ for additional consumers. In Chapter 6, when the debates surrounding the construction of the Bujagali Dam are explored, this issue will again reveal itself as questions about the potential to actually consume all the electricity produced by Bujagali, along with the cost of the electricity produced by Bujagali led some observers to
call into question the Ugandan government’s linking the construction of the dam to more individual consumer access and poverty alleviation. In the pre-independence period in Uganda the issue was never that citizens did not want to be connected to electricity. The issue was whether the managing authority could expand the network technically and financially, and whether consumers, more specifically Africans, could afford to connect to it.

For example, the 1957 Economist Intelligence Unit report noted that “[i]n spite of the very real benefits to African households which electricity confers, and of the expressed desire of Africans to be consumers, incomes are so low in most districts of the territory that the mass of rural population must be considered to remain unsupplied with the period under review [1956-1970]…[and] domestic potential will probably lie in the urban and sub-urban areas” (1957, 8). The report continues by stating that one of the “…fundamental features of the Ugandan economy [which] may be regarded as providing the ‘determinants’ of the future growth in sales of electricity to African households” is the “Africans’ willingness to consume, and pay for, electricity” (1957, 121-122). Given the higher relative value ‘the African’ places on electricity as compared to ‘the European’, the report notes, “the price which the African can be persuaded to pay for these goods may also be much greater than expected, in view of his relatively low income” (1957, 121-122). Hence, the report concludes, “it is evident that the key to long-term expansion in the domestic sector rests with supplying the maximum number of African households” (1957, 133), despite the challenge that rural settlement patterns infer upon this potential drive. These historical remarks highlight the first theme and one of the central debates carried through to Uganda today: what is the relationship between poverty and electricity in Uganda and is electricity a service
and right that the poor should be provided, or is it a luxury good which should be acquired only when it can be afforded?

In the 1957 Economist Intelligence Unit report the answer to this question was clear. The rationale for expanding electricity was not based on right or individual need, but based on corporate financial need and opportunity, and visions for national economic growth. As the Economist Unit notes, ‘the African’ desired electricity but connecting people without their being able to pay or subsidizing the service was not considered. But what is particularly striking about these historic arguments about ‘willingness to pay’ and electricity for industrialization is that they seem set within a broader argument about the relationship between electricity and development; that is, they rest within a trickle-down theory of economic development where industrialization, waged labour, and increased domestic savings are seen to provide people with the financial capital needed to afford the ‘goods’ which will eventually improve quality of life such as electricity. For all intents, this line of thinking is not surprising given that the high period of dam construction and electrical infrastructure expansion in Uganda coincided with the golden era of economic modernization theory. However, when thinking about the implications of this today, it is important to consider to what extent has, and how has this historic vision of electricity as a tool for economic development been carried forward in Uganda. Has the rationale for large-scale infrastructure development been based on the same principles espoused historically? These questions point to the second theme – the presence of a dominant energy narrative in Uganda.

3.4.2 A dominant energy ‘narrative’ or approach

We can recall from Chapter 2, that a development narrative has a beginning, middle, and end, or premise and conclusion, and “revolves around a sequence of events or positions in which
something happens or from which something follows…development narratives tell scenarios not so much about what should happen as about what will happen – according to their tellers – if the events or positions are carried out as described” (Roe 1991, 288). Accordingly, it is reasonable to assert that a dominant energy narrative in Uganda emerged in the 1960s. This narrative was first firmly articulated by Winston Churchill in the early 1900s and then picked up by the Uganda Electricity Board. What should happen was quite simple: make electricity available for industry and economic development and more demand will follow. As the dominant ‘narrator’ of the story, UEB was able to present a convincing vision about what would happen in Uganda if the Owen Falls Dam and subsequent dams were built.

Supporting this narrative was research from international consultants and the World Bank, as well as financial support from the World Bank and the UK’s Colonial Office. The mechanism by which this narrative was to be achieved was the Owen Falls Dam. But as was revealed, this approach quickly ran into problems. Soon after the dam was complete and the network expanding, the technical, social, economic, and political reality of the country challenged the story of what was supposed to happen, revealing that the knowledge or vision feeding the narrative in Uganda was complicated by many other factors. As Hirschman explained, this meant that while UEB needed more consumers, it could not afford to expand the network to reach them, leaving electricity for those already wealthy or in positions of authority (Hirschman 1967, 62-63).

The cornerstone of this emergent energy narrative was the link between electricity and economic development and modernization – a belief that electricity for industrial activity
was to take place before individual access and that individual provision, particularly to Africans, was to be done only out of economic necessity for the company or if the consumer could afford it. As interview data will reveal, this remains the dominant understanding in Uganda today. Historical evidence shows that indigenous Ugandans were prioritized as consumers of electricity only in the context of expanding the network and only if they could afford to pay for the full or indeed a higher price for the service. Hence, there is some important resonance between UEB’s ambitions and approach in the late 1950s and early 1960s and the Government of Uganda’s vision for electricity development today. Equally, the relationship between the dominant narrator of the energy story in Uganda in the colonial and early post-colonial period and other interests remains prominent today. These interests historically and today include international consultants, private firms, the World Bank, local governments, the national government, international finance capital, and domestic and international non-government organizations. The focus on narrative also brings in the debate over who will lead development – the public or private sector. This aspect of the energy narrative in Uganda – perhaps more appropriately considered as a sub-narrative or independent narrative of the energy story – is significant as the pendulum in Uganda began with the private sector, and then swung to the public sector, and is now back to the private sector.

3.4.3 Historic legacy of the Bujagali location

Historical documents and research reveals that Bujagali was identified as a prime site for the construction of a hydroelectric dam in the early 1900s. In fact, in the 1920s it was identified as the best location for a dam in Uganda but due to easier access to the Owen Falls site was downgraded to a second or possible third choice. Hence, in the context of contemporary
debates surrounding the appropriateness of Bujagali as a site for a hydroelectric dam, opponents to the project must recognize the historical weight or legacy that the Bujagali site carries in the overall plan for electricity development in the country. Bujagali has existed on paper and in the institutional history of electricity in Uganda for almost 100 years. As one interviewee explained to me, even if Bujagali was not deemed immediately appropriate for development it will always exist in the minds of government and consultants given its formal presence in historic documents and reports. In political science and development studies this theme has very important resonance for understanding the process surrounding the Bujagali dam.

For political science, arguments about the ‘weight’ of historic decisions on future decisions are framed under the notions of ‘historical institutionalism’ and ‘path dependency’. At the heart of this analysis is the theory that “Each step along a particular path produces consequences which make that path more attractive for the next round. As such effects begin to accumulate, they generate a powerful virtuous (or vicious) cycle of self-reinforcing activity” (Pierson 2000, 253). “This conception of path dependence, in which preceding steps in a particular direction induce further movement in the same direction” Paul Pierson writes, “is well captured by the idea of increasing returns. In an increasing returns process, the probability of further steps along the same path increases with each move down that path. This is because the relative benefits of the current activity compared with other possible options increase over time. To put it a different way, the costs of exit – of switching to some previously plausible alternative – rise” (Pierson 2000, 252). For development scholars, Hirschman’s notion of the ‘Hiding Hand’ parallels contemporary discussion of path
dependency but by focusing directly on the factors influencing individual institutions or decision-makers.

Hirschman uses the notion of a Hiding Hand to symbolize the invisible or hidden hand that conceals project difficulties from decision-makers until the process is well underway. The principle suggests that project planners often underestimate the costs of projects knowingly and unknowingly, and when confronted by the difficulties in implementation that arise during the process, must push harder for the project to be completed. The link between the Hiding Hand and path dependency is that the weight of historical decisions and choices have the potential to push governments into complicated decision-making processes where all the potential costs and benefits of the project cannot be calculated. Adding to this, the urgency of a required outcome from a project in a developing country – electricity – and the weight and influence of external expertise and power pushing decisions in a certain path – consultants international donors – then the link between prior decisions and desire to construct a project at any (hidden) cost is revealed. Hence, as a third theme, it is important in Chapters 5 and 6 to consider what role, if any, history played in making Bujagali a first choice for development. And equally, to understand whether the process of decision-making in Uganda provided opportunity for alternatives to be considered, and what the cost of exiting from the process would have been. These last points about government decision-making points to the fourth theme to carry forward into the remainder of the dissertation – the role of politics in decision-making and the contest between different interests over ideas in decision-making.
3.4.4 National government and non-government influence and control over decision-making

As the above historical discussion revealed, there are few studies that implicitly or explicitly analyze the politics of infrastructure and electricity in Uganda or East Africa. What can be understood is that up until independence, decisions over infrastructure provision were largely independent of the social, economic and political reality of Uganda and Ugandans. For a short time Obote became involved in the debate over a second dam, but this was short-lived after being deposed by Amin. Under Amin, the electricity network deteriorated, and perhaps his only notable interest in the network was as a tool of punishment against Kenya, when it is implied that he instructed UEB to stop supply for a short time. Hence, given the legacy of conflict in Uganda for two decades (the mid 1960s to the mid 1980s) and the fact that no large-scale electricity generation source was constructed between 1954 and 1993 (Owen Falls Extension – Nalubaale), history reveals that successive national governments showed little interest and/or had little ability to influence the expansion and construction of electrical infrastructure. This is despite the Uganda Electricity Board making efforts to maintain and expand the system during these periods. Despite this, other non-government interests did have influence over decisions.

The original expansion of the network in Uganda was dependent on an $8.4 million loan provided by the World Bank’s International Development Association (IDA). This loan, the Electric Power Development Project (Power I), was approved in 1961 and was the World Bank’s first project in Uganda. Regionally, and in contrast, Kenya’s inability to develop one of its own hydroelectric sources during this period was due to the Bank’s argument that there was enough capacity in Uganda to suit Kenya’s needs. Hence, the Bank’s role in infrastructure and electricity in the region is longstanding, and more deeply
influential as we will see in the chapters ahead. The Bank’s decision not to finance Kenya’s
development of the Tana River hydroelectric scheme made Kenya dependent on Uganda’s
electrical resources – which it remains today – while also raising the value of further
developing Uganda’s resources. Indeed, while the Bank’s presence in Uganda is well known
today, the influence it has retained over government decision-making – whether implicitly or
explicitly stated by the Bank – is central to the story of the politics of electricity in the
country. Other non-government interests also had an important historical influence. From
Britain’s early decision to designate Uganda as a Protectorate to secure access to the Nile
waters, to the international consulting firms used to study hydroelectric development options
on the Nile, to engineering firms used to construct Owen Falls Dam and the international
capital raised through bonds to build the dam, to further consulting reports suggesting the
path of future hydroelectric development schemes, to the small but interesting early influence
of international environmental non-government organizations in debates of dam selection,
the influence of external interests on Uganda’s infrastructure runs deep and remains strong.
With respect to political decision-making, the influence of these external interests on both
government decision-making and Ugandan non-government organizations is important to
understand.

The history of electricity in Uganda presented here certainly produces many more
themes of interest than the four identified. But in relation to contemporary debates about
electricity in Uganda and more specifically debate over the Bujagali dam and public sector
reform generally, these four capture a range of issues with much prominence today. In
Chapter 4, the contemporary trends in government-non-government relations in public sector
reform are highlighted, particularly the role and influence of external actors. In Chapters 5 and 6, electricity sector reform and the Bujagali Dam are addressed directly.
Appendix 3.0: Letter of complaint to UEB

The Honorable Chief Secretary
Entebbe.

CAMP LIGHTING.

I have until now refrained from informing your of the many failures of the electric lighting in this Camp which have occurred in the past few months, because I realised that the East Africa Power and Lighting Coy have had difficulties, but the position has now become so serious that I feel I must place the matter before you.

Yesterday Friday 20th, I was warned by the Company that light would be disconnected at 0800 hours in order to install the new underground cable and that it was hoped to complete the work by 1700 hours. Light did not come on in the Camp at approximately 1830 hrs but by 1700 hours had gone off again. At 1930 hours after many unsuccessful efforts to telephone the Company’s local office I finally rang up Mr. Paul in Kampala and was informed that the Cable was faulty and had blown all lines right back to the Gaba Turbines, thus putting the whole of Entebbe and Kampala into darkness. He further stated that whilst he hoped to get light into both towns in a short time it would be impossible to give light to the Camp since the cable was the only available line and it had broken down. Thus the entire Camp and the Veterinary Laboratory remained without power or light through the entire night.

During the month of April only the following breakdowns have occurred:–
April 3rd. Complete breakdown at 0800 hrs, No light in Hospitals, Staff quarters, Veterinary Labs etc.
April 4th. Breakdown continued until 1915 hrs when new transformer is installed.
April 6th. Breakdown 0900 hrs to 0905 hrs.
April 7th. Breakdown 0100 hrs - through night.
April 20th. Light off from 0800 hrs all through night.
April 21st. 0900 hrs light still off.

It is hardly necessary to stress the security reasons which make the lighting of this Camp a matter of paramount importance but it might be as well to mention that the E.A.P.L. Coy draws an income of over £1000, per annum for the lighting of this Camp and that that fact alone should weigh with them in endeavoring to see that the lighting supply is reasonable efficient.

The Veterinary Research Laboratory is also suffering from these breakdowns and I understand that many important and urgent experiments have been ruined completely owing to these lengthy and frequent breakdowns.

Camp Commandant.  

Copy to: Electrical Engineer, P.W.D, Kampala.
Appendix 3.1: Letter of complaint to UEB

The Honourable the Chief Secretary,
Entebbe.

I have the honour to attach a copy of a letter dated 15th February, 1945 from the Deputy Coffee Controller concerning the effect of the faulty electric lighting system in Kampala on the output of the Kampala Coffee Curing Works, and would be grateful for any action that can be taken to improve the present state of affairs.

S. T. Martin
Director of Agriculture

Appendix 3.1 Reprinted

Department of Agriculture
P.O. Box 2, Entebbe

3rd March, 1945

The Honourable the Chief Secretary, Entebbe.

I have the honour to attach a copy of a letter dated 15th February, 1945 from the Deputy Coffee Controller concerning the effect of the faulty electric lighting system in Kampala on the output of the Kampala Coffee Curing Works, and would be grateful for any action that can be taken to improve the present state of affairs.

S. T. Martin
Director of Agriculture
Chapter 4

PUBLIC SECTOR REFORM, PRIVATIZATION, AND POLICYMAKING IN UGANDA: TRENDS, ACTORS AND PROCESSES

4.0 Introduction

When Yoweri Museveni and the National Resistance Movement (NRM) came to power in 1986, they “inherited a country whose economy was in ruin and whose political and administrative institutions were in tatters: the infrastructure was dilapidated…social services particularly health and education, were in a sorry state; inflation was running at over 120 per cent annually; government was running a large budget deficit due to financial indiscipline; the country had a serious balance of payments problem, which was compounded by over-reliance on coffee exports for foreign exchange earnings; the exchange rate was overvalued by almost ten times the market rate; and income per capita was only 59 percent of its 1971 level” (Kiyaga-Nsubuga 2004, 89). In response, in 1987 the government announced its Economic Recovery Programme. External support for the programme marked the beginning of President Museveni’s long relationship with the World Bank and International Monetary Fund under the auspices of a “series of consecutive and sometimes overlapping structural adjustment loans” (Dijkstra and Kees van Donge 2001, 842). At the heart of the post-war effort to address the country’s economic and social problems was the view that long-term stability laid in successful economic reconstruction, as well as incorporating the diverse armed groups into the army and political leadership (Kiyaga-Nsubuga 2004, 90).

Since the late 1980s, there is a sense that Uganda’s ‘relative’ political stability and prudent macroeconomic reforms have created “one of the better investment climates and the
most liberal trade regime[s] in the region” (World Bank 2005).\(^1\) Other praise reinforces this view, with suggestions that maintaining economic discipline while continuing to place anti-poverty and sector policies in the country’s macroeconomic framework has the potential to produce great long-term stability (Kasekende and Atingi-Ego 1999; Muhumuza 2002). While some have questioned the veracity or authenticity of the country’s economic success (Tangri and Mwenda 2001; Andrew Mwenda, interview, January 17, 2003), the near 6% annual economic growth in the last two decades generally produces few critiques in relation to macroeconomic performance. General achievements in increasing access to primary education, HIV/AIDS prevention, and poverty reduction in the 1990s reinforce these economic accomplishments (Kappel, Lay and Steiner 2005; Hickey 2005, 997). At the same time, in recent years the durability of Uganda’s economic success in the 1990s has been questioned, along with the legacy and character of the country’s political regime. More specifically, scholars have raised serious concerns with the character of President Museveni’s rule, the role of international donors in Uganda, and the legacy of Uganda’s early economic and associated public sector reforms on state-society relations and approaches to policymaking. In this chapter, Uganda’s post-1986 economic and public sector reforms are put in historic and political context, with the interaction between government and non-government actors in reform and policymaking emphasized. The rationale for focusing on both reform and policymaking is that the policymaking process “is an important channel through which donors may influence the reform process” (Therkildsen 2000, 65).\(^2\)

\(^{1}\) The word ‘relative’ is used because Uganda has been widely accused of producing instability in other countries, most notably the Democratic Republic of Congo and Sudan. Domestically, the ongoing and devastating instability in Northern Uganda surrounding the Lord’s Resistance Army (LRA) certainly raises serious concerns about a suggestion that Uganda is a ‘stable’ regime.

\(^{2}\) Based on his observations about public sector reform in Tanzania, Therkildsen writes: “The precise influence of donors on specific reform measures is difficult to ascertain. Many Tanzanian observers inside and outside government regard the donors’ political and financial influences on the reforms as intrusive...In contrast, many
The chapter is organized into four sections. In the first section I lay out general observations about Uganda’s early success with reform and how these contrast with ongoing concerns with the political system. This section provides context for the discussion in the remaining chapter. In the second section I examine Uganda’s post-1986 reconstruction efforts in relation to both economic and public sector reform. Here, the character of reforms and key actors in reform are elucidated. This section pays particular attention to the relationship between international donors and the national government in the 1990s, and how this manifested itself in reform procedures, particularly in relation to early privatization efforts. In the third section, I consider the ongoing privatization and public sector reform initiatives in contemporary Uganda. Based on interviews with members of Uganda’s Privatisation Unit and the Ministry of Public Service, concerns and challenges with current trends in public sector reform are identified. Given the important relationship between politics, policy ideas, and reform, in the fourth section of this chapter the character of national policy and decision-making is examined. This last section concludes with a discussion of forest sector reform. The forest sector is profiled because civil servants and NGOs I spoke with suggest that the forest sector reform process, which includes the creation of a new policy and law, is one of the more inclusive processes in recent years, and therefore serves as an important reference point to compare early reforms and the energy sector reforms in Chapter 6.

By examining the macroeconomic and public sector reforms in the post-1986 period, along with trends in national policymaking, the key actors, along with the knowledge and outside observers take a rather benevolent view of donor involvement in public sector reforms…[stating] that since there is broad agreement about the reforms to be implemented, the key issues concern a country’s political commitment and administrative capacity to carry them out…Generally, however, some prompting will be required to encourage commitment. In an African context this is most often provided through external pressure from donors” often through the policymaking process (2000, 64-65).
priorities they held, start to be revealed. At the same time, the character of the reform efforts and the legacy of these achievements, particularly on systems of policymaking, are explained. More directly, the chapter reveals important national trends in state-society relations during reform (with respect to the actors driving reform and the process by which reform was deliberated), which prove very significant for explaining the problems in Uganda’s energy sector. Two central conclusions are presented in this chapter.

First, while Uganda’s early reform efforts produced important economic outcomes, attention to the process of achieving these outcomes was largely ignored. While this is not surprising given the poor state of the country’s affairs following the protracted civil conflict, it set an important precedent, whereby reform and policymaking have largely been activities controlled and directed by a small group of interests – donors, the President, and presidential advisors – and where civil society organizations and non-government organizations have largely been enlisted to help support and/or affirm the national government’s initiatives. In recent years the process of reform and the participation of civil society organizations (CSOs) in that process has gained more attention as a result of donor demands, but it remains that donors lead and push the call and design for reform, and the national government is antagonistic to non-government interests wishing to debate or challenge the reform agenda.

Second, it follows that there is also an important correlation between the degree of potential controversy or risk in reform and the degree of transparency and deliberation in the reform process. That is, for reforms that are thought to be less controversial there is more access to information and dialogue; for those that have a higher degree of potential controversy, not surprisingly the space for dialogue is limited or more closed. And while
some may suggest that this observation is self-evident, its significance rests in the implications that follow from it for state-society relations and future reform.\(^3\)

Given the character of the energy sector in Uganda – the need for large-scale investments, private participation, increasing tariffs – the national context presented in this chapter reveals the historic and contemporary trends in donor-state relations and policymaking nationally that were also encountered and exacerbated in the energy sector. These national trends help situate and frame the energy sector reform process discussed in detail in Chapter 5 and 6, also providing important points for comparison.

### 4.1 The Politics of Reform in Uganda: An Overview

While the success of Uganda’s macroeconomic reforms in the early to mid-1990s generally go unchallenged, Ugandan scholars have increasingly voiced concern over the apparent privileging of economic reform over political rights and freedoms. Indeed, recently, some commentators have suggested that after the 2001 Presidential elections, the Movement “morphed into an old-style one-party state…that resolves around one man and his followers. The NRMO [National Resistance Movement Organization] is Museveni, and Museveni is the NRMO. In the process, institutions that once held out the promise for democratization have been weakened. Parliament, local government, the courts and any organizations that might evolve into meaningful institutions of countervailing power to the executive, have come under varying degrees of pressure to support Museveni” (Barkan 2004, 4). Accompanying these concerns are data suggesting that the percentage of the population living in poverty in

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\(^3\) In April 2006, an independent reporter writing a magazine article about electricity in Uganda interviewed me. When I shared this observation the reporter categorically stated that this was axiomatic. While I agreed, and said that indeed it was not unique to Uganda, to dismiss this observation as self-evident misses a key point – the implications of a decision-making system that is closed or antagonistic to debate in a country where state-society relations are still uneasy has significant implications that cannot be dismissed, as will be revealed in Chapter 6.
Uganda is increasing. Between 1992 and 2000 poverty decreased from 56 to 34 percent – a significant achievement; however, between 2000 and 2003 income poverty rose to 38 percent (MFPED 2005 xv; Tripp 2004, 20).

Accompanying these concerns are questions about the role and influence of multilateral and bilateral donors in accentuating these mixed trends. In particular, attention has been focused on the reasons that donors were less critical of Uganda’s no-party political system (Harrison 2001; Dijkstra and Kees van Donge 2001; Muhumuza 2002), thus holding it “to a different standard than many other African states” (Tripp 2004, 19) and “leaving the momentum for political reform in the hands of Ugandans” (Ibid., 23). For example, Graham Harrison explains that Uganda was only criticized mildly for its no-party democracy, even though the general political direction that it was taking was towards a single-party state: “The situation in Uganda can be compared with the conditionality politics of its neighbour Kenya, where the governance agenda is constantly reinforced and invigilated through the threat or execution of the withdrawal of external funding” (2001, 659). Harrison goes on to say that this is “[m]uch to the chagrin of Kenyans, who find it unjust that Kenya has gone through the pains of transition to multipartyism but is still less favoured than the ‘no-party’ state of Uganda” (659). In recent years “donors have more frequently and more openly

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4 Hickey (2005, 998) explains that following sustained guerilla warfare and the National Resistance Movement’s taking power in 1986, the regime governed under the auspices of a ‘no party-democracy’. “This system aims to incorporate three key elements, namely parliamentary democracy, popular democracy, and a decent standard of living…However, this attempt to combine representative and participatory forms of democracy in ways that reduce poverty has come under increasing pressure in recent years. Political party activity is closely circumscribed in Uganda, with all elections contested on the basis of individual merit. While some argue the NRM effectively operates as a single-party state, it is more accurate to characterize Uganda’s political system as a ‘hegemonic party system,’ whereby ‘political supremacy (is) exercised by a single organization, with smaller opposition groups not able, so far, to put up any significant challenge’.” The no-party system has recently been disbanded, however. Recent amendments to the Constitution now permit electoral candidates to stand as representatives of political parties. This preceded the Presidential and parliamentary elections in March 2006.
expressed disquiet at the slow nature of progress towards democratic governance” in Uganda (De Coninck 2004, 61), but have never initiated the same degree of censure as in Kenya.

Of all bilateral and multilateral donors operating in Uganda, one figures most prominently – the World Bank. Outspoken, yet controversial Ugandan journalist, Andrew Mwenda, describes the relationship between the Bank and Uganda as a ‘marriage of convenience’: “The World Bank needs Uganda as much as Uganda needs the World Bank” (Mwenda, interview, January 17, 2003). Similarly, a bilateral donor representative with whom I discussed the World Bank’s role in energy sector reforms confidentially, yet light-heartedly remarked: “people refer to Uganda as the Pearl of Africa, but some people say that Uganda is the Pearl of the World Bank” (Anonymous interview, European donor representative, March 18, 2002). Others have argued that Uganda has served as a “fertile ground on which test new approaches” relating to poverty alleviation and economic development (De Coninck 2004, 60). Why are these perspectives important to introduce when considering reforms generally and energy specifically?

First, close to 50% of Uganda’s national budget is financed by donors, with the World Bank the largest (East African, 2005b; USAID 2005). Therefore, it is important to understand the character of the donor-state relationship and how this relationship has influenced politics and decision-making, and reform choices. But more critically, given Uganda’s early success with reforms and donor support in these efforts, one can also ask why energy reforms have failed to achieve the same success given Presidential and donor support. This is particularly important in light of the important relationship between economic

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5 A 2006 press report notes that external donors “finance up to about 48 percent of the country’s annual budget” (Monitor 2006a).
performance and energy sector performance. If firms and households in Uganda have been seeking better electricity service amidst a growing economy, and early public sector and economic reforms are generally held to be successful, why has energy sector reform been so difficult? If for the time being we accept current arguments that political decision-making and authority in Uganda have become increasingly concentrated in the office of the President, that Museveni is a champion of energy sector reforms and dam construction, and that donor support in Uganda has remained strong, particularly for reforms important to economic growth, the logical hypothesis would be that significant improvements in Uganda’s energy sector should also have been realized. As explained in Chapter 1, however, we know that this is not the case. Therefore, it is important to examine the history and context of reform in Uganda to understand the underlying characteristics of success, and the roles of various interests in this success. This provides an important backdrop to compare and contrast energy reform and reaffirms the importance of understanding the process of reform in Uganda, particularly the process of identifying problems and solutions in policy, the actors debating and making policy decisions, and the relationship between historical reform efforts and contemporary practices.

4.2 Uganda’s Early Path to Recovery: Macroeconomic and Public Sector Reform

When the National Resistance Movement first took power, Museveni initially took a stand against International Financial Institutions (IFIs) (Kjaer 2004a, 396), stressing “their

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6 One of the interesting characteristics of electricity is that the sector’s performance can both undermine and be undermined by poor economic performance. In the latter case, Ranganathan writes, “one of the key bottlenecks preventing the development of the power sector turns out to be the economy” (1998, 5). Given that electricity cannot be stored, if demand decreases due to poor economic conditions then a power company is paying for electricity generation that is not consumed. Leaving aside potential losses due to theft and technical problems, financial losses can be compounded by the devaluation of a currency in a weak economy. But the more common relationship between energy and economy is the reverse: Poor energy supply undermines economic productivity.
complicity with the Obote II regime and their role as agents for external intervention” (Harrison 2001, 662). Imposing policies running counter to liberal-economic orthodoxy - price and foreign exchange controls to curb inflation – enforced his position (see Kjaer 2004a). These initiatives, however, did not produce the desired results and inflation accelerated. As Anne Mette Kjaer explains, this meant that Museveni became convinced of the need for structural adjustment: “The turning point was the president’s launching in 1989 of a debate under the auspices of the Presidential Economic Council, and under his direct Chairmanship. The most important outcome of the debate was…the shift in the position of the president, who had thus far straddled the divide between market and anti-market forces, to the side of the reformers” (Kjaer 2004a, 396). The decision to move the economy towards a market-liberal framework has since raised questions for researchers about an apparent compromise by Museveni: in exchange for donor acceptance of the president’s ‘no-party’ political system, Uganda would permit, amongst other things, a dramatic reduction in the state’s economic controls.

In a 2005 editorial, Andrew Mwenda openly states the leading hypothesis around this compromise: “Museveni needed money as a political resource to consolidate power; Uganda needed stability and economic recovery, donors needed a country where they could pursue economic policies favourable to international capital, but which they also thought they could produce an ‘economic success story’ in an otherwise distressing African continent…In other words, what was good for Museveni to consolidate his power was coincidentally good for Uganda, but also good for the donors who were searching for an African success story” (Mwenda 2005). The result? “Museveni gave donors almost complete control of the economic policy making process, and in return the donors allowed him a free hand to pursue
his preferred political and security machinations like banning political party activities in the
country and pursuit of military adventures at home and in the region” (Mwenda 2005).\footnote{These remarks were written in response to the November 2005 arrest of Col. Kizza Besigye. Besigye returned to Uganda to stand as the Forum for Democratic Change (FDC) presidential candidate, after self-imposed exile for four years. At the time Mwenda wrote this commentary, Besigye was remanded in Luzira Prison on counts of treason and rape in Uganda’s High Court, as well as on counts of terrorism and illegal possession of firearms before the military General Court Martial. Mwenda’s discussion about the historic relationship between Museveni and donors stems from his contention that the state of political affairs in Uganda, is a result of donor complicity.} Not surprisingly, Museveni would passionately disagree with Mwenda. Quoting from his 1997 autobiography, Sowing the Mustard Seed, Kjaer notes Museveni’s position: “We did not adopt market economics as a consequence of pressure, but because we were convinced it was the correct thing to do for our country. If we had not been convinced, we would not have accepted it” (Kjaer 2004a, 396). Goran Hyden (2006) has also recently commented on Museveni’s decision to reject his earlier intellectual leanings towards socialism. While Hyden acknowledges that there is no way of fully knowing why Museveni embraced market liberalism – weighing political ambition against the recognition that socialism had run its course – he argues that what is clear is that Museveni “initially conceded considerable autonomy to economists and technocrats who were free to design neoliberal economic policies that reduced state involvement and encouraged private investments” (2006, 131). Thus, it was clear that Museveni wanted to “make a break from the past” (Hyden 2006, 132).\footnote{Hyden also suggests that because of his early ideological orientation towards socialism, Museveni could be described as a “Marxist in neoliberal clothing” (2006, 132).} Whatever the explanation for Museveni’s decisions – an agreed-upon compromise or not – the presence of this debate helps illustrate the tone and direction in which early reforms were evolving in Uganda: apprehension and concern over the political and social rationale for reforms alongside clear understanding that economic improvement was needed, and that donors, Museveni, and Museveni’s confidants were leading the way.
4.2.1 Architects of Early Economic Reform: Donors, the President, and the Ministry of Finance

The second anniversary of the National Resistance Movement-led government fell on January 26, 1988. Celebrations took place throughout the capital city, Kampala. In the words of Mahmood Mamdani, these celebrations were to mark peace and security, but not economic well-being (Mamdani 1988, 1155). Museveni’s initial Economic Recovery Programme had not reduced inflation, and in Mamdani’s eyes, was no different than Amin’s ‘Action Programme’ or Obote’s ‘Rehabilitation Programme’ (Mamdani 1988, 1163). The World Bank had supported the government’s early reform efforts with its first Economic Recovery Credit (1987-1989), but despite continued economic growth the poor stabilization results produced an evaluation of ‘unsatisfactory’ (Dijkstra and Kees van Donge 2001, 843). Thus by 1989, a second credit was provided (1990-1992) but produced little better result in the eyes of the Bank.

According to A. Geske Dijkstra and Jan Kees van Donge, up until 1992 the relationship between Uganda and donors had remained uneasy; macroeconomic stabilization had proven elusive despite increased and leniently provided aid (2001, 842-843). During the period 1987-1992, donor demands for privatization of parastatals and further devaluations were debated within Uganda but resisted (2001, 843). By 1991, donor frustration was escalating and came to a head when Uganda refused to address concerns surrounding foreign currency and exchange rate controls. Dijkstra and van Donge note that this culminated in some donors severing aid. Despite reduced income, the Ministry of Finance did not cut expenditures, producing a budget deficit leading to an upsurge in inflation. Making matters worse, the IMF suspended programme aid and other donors demanded “firm control of
government expenditure and full liberalization of the exchange rate” (2001, 843). According to Michael Twaddle and Holger Bernt Hansen, at this point, only two realistic options were open to Uganda: accept donor advice quickly, or accept it less quickly (Twaddle and Hansen 1998, 7). Museveni chose quickly.

Museveni reshuffled his cabinet, “removing a hostile finance minister under advice from the IMF” (Harrison 2001, 663) and appointed a proponent of fiscal discipline, Mr. Emmanuel Tumusiime-Mutebile as Permanent Secretary (PS) (Dijkstra and Kees van Donge 2001, 843). Tumusiime-Mutebile had already been the PS of the Ministry of Planning and Economic Development. The two ministries were merged to create the Ministry of Finance, Planning and Economic Development (MFPED). Under the new PS, a cash budget was introduced so that expenditures did not exceed the sum of revenues and foreign grants and loans, and the relationship between donors and the government grew more cordial (Ibid.). From 1992 onward the ‘Ugandan economic miracle’ started to take shape.

On the surface, gross poverty levels decreased substantially through the 1990s, and economic growth was one of the highest on the continent (Tripp 2004, 20) averaging 6.5% per year since 1991/1992 (MFPED 2004, xvi). However, stemming from increasing poverty levels between 2000 and 2003 – a fact acknowledged by the national government – recent research examining Uganda’s economic growth has started to question the potential for success in the 1990s to be sustained or repeated. Sam Hickey points out that since 1997 growth has been highly uneven in terms of distribution, “was urban-biased, benefited the richest 10% to more than double the extent it benefited the poorest, and did nothing to ameliorate the regional inequalities” (2005, 997). Hickey goes on to note that “As elsewhere...such unequal patterns of growth are likely to exacerbate the high level of
intractable poverty in Uganda…chronic poverty is disproportionately and unequally experienced by those living in rural areas (91.9% of the chronically poor) and in the conflict-affected North (30.1%), where nearly 40% of the population are experiencing chronic poverty” (2005, 997). These figures are exacerbated by a lack of access to key assets like health and land, and unequal gender relations (2005, 998).

Despite this evidence, it is still generally held that Uganda’s future economic success remains dependent on ongoing donor support in the form of program aid, which has helped to balance the budget and support growth (Dijkstra and van Donge 2001, 860). In addition, it is also commonly understood that Uganda’s early and future economic success is dependent on ‘ownership’ of reforms (Kjaer 2004, 394; Dijkstra and van Donge 2001, 844). President Museveni publicly expressed commitment to stabilization, public sector and economic reform, and the privatization of parastatals in the early 1990s. These commitments, along with the commitment of central figures within the administration were good indicators of leadership and ownership in Uganda according to donors. The most important of these figures was Uganda’s Permanent Secretary of the Ministry of Finance, Planning and Economic Development (MFPED), Emmanuel Tumusiime-Mutebile.

In Africa generally, and Uganda specifically, the role and significance of the Ministry of Finance is unparalleled. In his research on administrative reform and post-conditionality politics in Uganda and Tanzania, Graham Harrison describes the Ministry of Finance in both countries as ‘hegemonic’ (2001, 664). The Ministry of Finance “serves as a conduit between

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9 Tripp (2004, 20) writes that “Much of [Uganda’s] growth has been underwritten by donors, whose transfers have multiplied more than eightfold in the decade following the NRM takeover, reaching $819.5 million annually in 2000. The majority of foreign transfers after 1997 were private ones, which increased dramatically after 1995, reflecting a growing confidence in Uganda’s economy.”

10 This point is reaffirmed by arguments that Uganda’s success in reducing the prevalence of HIV in the country was also a result of Museveni acknowledging the problem early on and drawing national attention to the issue.
the state and the donor/creditors. In both Tanzania and Uganda, all agreements for project and programme funding are signed with the Permanent Secretary of the Ministry of Finance, regardless of the ‘target’ ministry” (2001, 664).\(^{11}\) Indeed, according to Harrison, the Ministry of Finance in Uganda has a disproportionate degree of power:

…the Ministry of Finance has received a disproportionate amount of training and technical assistance, that is externally-funded posts for experts (almost always expatriates). Donor assistance allowed MoFPED to establish an Economics Masters degree course at Makerere University, taking in twenty employees per year; donors have funded research groups within MoFPED with a view to improving the technical competence of economic planning and policy-making; and the World Bank and UNDP have introduced incentive schemes into MoFPED to enhance performance and motivation…Within other ministries, the perceived expertise within the Ministry of Finance gives it an image of power which is reinforced by the larger and better maintained premises and the high level of computerization of the ministry (2001, 665).

As the lead bureaucrat, the Permanent Secretary in East Africa is also unequalled.\(^{12}\)

Now the Governor of the Bank of Uganda, Tumusiime-Mutebile’s role as Permanent Secretary in the Ministry of Finance during the 1990s is well known. Emphasizing both the significance of the position and importance of the ministry, a Uganda-based USAID official interviewed by Harrison made this remark about Tumusiime-Mutible: “when he left Kampala, all the donors panicked because all of their projects went through him” (2001, 665). Adding to the power of the Ministry of Finance, the accounting officers of all other ministries (those who control the budgets) “are centrally appointed by the Secretary of the Treasury [also the PS of Finance]. This makes all ministries constantly aware of the power of the Ministry of Finance and its central concern – fiscal prudence” (Harrison 2001, 666).

Hence, along with donor support, the President, the Presidentially-appointed permanent secretaries, the Ministry of Finance, and MFPED-appointed accounting officers represented a

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\(^{11}\) Harrison explains that the reason for this relates to the “ascendance of monetarism within the state, that is, the overriding concern with budgetary expenditure and the more effective raising of taxes” (2001, 664).

\(^{12}\) In Uganda, Kenya and Tanzania, the chief bureaucrat for each Ministry is generally titled the ‘Permanent Secretary’. Elsewhere in Africa, this position is similarly titled ‘Director General’, ‘Chief Executive Officer’ (CEO) or chief ‘Accounting Officer’.
close-knit group of actors guiding and owning early economic reforms. Macroeconomic reform did not exist in isolation, however. Museveni’s early commitment to reducing the size of the public sector, along with the privatization of parastatal companies were also central to Uganda’s early economic strategies (Kjaer 2004a, 397).

4.2.2 Post-1986 Public Sector Reform (PSR) and Privatization

In 1989, alongside the establishment of the Presidential Economic Council, President Museveni appointed a Public Service Review and Reorganisation Commission (PSRRC). In an article comparing public sector reform (PSR) in Tanzania, Kenya and Uganda, Anne Mette Kjaer, recounts that one of the members of Uganda’s PSRRC said that Museveni “personally made it clear that he desired far-reaching suggestions rather than merely proposals for minor adjustments” (Kjaer 2004a, 397). After meeting initial resistance within the Ministry of Public Service, as with the Ministry of Finance, Museveni took personal control and reduced the number of ministries, appointed a new Minister of Public Service, and appointed an ‘Implementation and Monitoring Board’ (Ibid.). Initially, public sector reform progressed quickly with 150,000 retrenchments, large-scale pay reform and major financial and functional decentralisation measures: “The civil service reform programme was clearly perceived as part of a wider rebuilding project which the NRM government had undertaken, consisting of structural adjustment, decentralisation, constitutional and electoral reform…a rebuilding project which was the whole raison d’être of the NRM regime” (Kjaer

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13 Explaining Museveni’s role in reforms, Kjaer quotes a member of the reform commission: “In a surprising and swift stroke of the pen, President Museveni reduced the numbers of ministries from 32 to 21 in 1992...This action by the president was a strong message to the conservative mainstream of the civil service. If ministers could be removed from office to promote efficiency and economy, then similar retrenchment had to be carried out at all lower levels of the government. It opened the gate. 11 out of 32 permanent secretaries were removed” (Katorobo 1996 in Kjaer 2004, 397).
Hence, a central part of structural adjustment in Uganda was PSR and state divestiture from public enterprises (PEs) or parastatals - privatization.

In the late 1980s, donors had been pressuring for the privatization of PEs in Uganda (Dijkstra and van Donge 2001; Tangri and Mwenda 2001; Tukhabewa 1998). Initial resistance to donor arguments for privatization subsided in the early 1990s. At this time, Uganda had 156 PEs, many operating at a loss, with low productivity, and were characteristic of PEs in developing countries – they performed poorly (Tukhabewa 1998; Nellis and Kikeri 1989). Privatization, therefore, became an important component of structural adjustment in Uganda and was formally introduced by the NRM in 1991 under the auspices of a policy for public enterprise reform and divestiture (PERD), and under the guidance of the newly formed Public Enterprises Reform and Divestiture Secretariat (PERDS). In 1992, a list of 40 PEs to be divested was released, including large parastatals relating to banking, insurance, railways and telecommunications (Tangri and Mwenda 2001, 118). All parastatals were classified under five categories – retain, majority share, minority share, fully divest, liquidate. In 1993, the Uganda Electricity Board (UEB) was classified a Class 1 enterprise, to be retained.

In light of this study’s interest in the process of policymaking and reform, it is important to note that this initial round of privatization and divestiture began prior to the passage of legislation supporting it. Hence, while the initial process was consistent with a linear model of policy making – identify problem, develop a policy outlining intended
actions, create necessary regulation or legislation to execute policy – the final stage of this model, implementation, began prior to the necessary legal framework being in place to execute the policy. This tendency repeated itself in other sectors, including forestry and energy, as I will later explain. As a result, several issues and concerns arose in the early period of privatization, particularly surrounding the poorly communicated rationale for privatization, along with transparency, corruption, and ownership of reforms.

Critics of Uganda’s early privatization process suggest, “little was done to educate the public about the policy of privatization and its potential benefits” (Tangri and Mwenda 2001, 118). Geoffrey Tukhabewa’s (1998) earlier writing on privatization in Uganda supports this point. He suggests that the lack of a proper communication strategy and citizen participation in the privatization policy in fact led Parliament to suspend the sale of PEs in early 1993. It was only after a closed session of Parliament that the law passed (1998, 65). In addition, Tagri and Mwenda (2001, 119) note that Members of Parliament (MPs) also “expressed concern that state companies were being undervalued and sold at low prices; that deals were being conducted hurriedly and less than transparently; and that issues relating to the indigenization of the economy were not being heeded.” The authors provide several examples where parastatals were sold to MPs and Museveni confidants, such as his brother Salim Saleh, at prices below expected value, and then sold again at higher prices.16 Tukhabewa notes that following these initial difficulties the national government belatedly “embarked on a propaganda campaign through advertisements in the newspapers, radio and a

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16 This example relates to the attempted sale of the Uganda Commercial Bank (UCB). The UCB was originally privatized in 1998. However, shortly afterwards it was discovered that there were several suspicious arrangements in the sale including one company acting as a front for another, with which Salim Saleh was associated. By 1999, the Uganda government was taking steps to repossess UCB, following further discovering that the newly privatized UCB was giving unsecured loans to companies associated with the new owner of the bank, Greenland Investments (GIL) (see Tangri and Mwenda 2001, 125).
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“drama group” to persuade the public that privatization has been and will be beneficial, producing better jobs, education and health (1998, 65). Despite the initial push, privatization of state-owned enterprises was hardly implemented until 1995, and was then carried out slowly (Dijkstra and van Donghe 2001, 843). At the same time, Dijkstra and van Donge remind us that placing faith in the ability of the President and permanent secretaries to own and drive reforms also creates a potentially ‘fragile’ scenario whereby a small number of individuals own the knowledge for change (2001, 845). For if the chief decision-makers and drivers of reform are the President and non-elected officials – senior presidentially-appointed bureaucrats and donors – and there are limited opportunities for other interests to influence decision-making, it is also important to acknowledge the impact this might have on the type of knowledge considered and generated in decision-making, in addition to concerns surrounding accountability and state-society relations.

As a result of concerns with delays in the privatization process and corruption, at the 1998 Consultative Group meeting in Kampala, donors asked President Museveni to take personal charge of privatization (Dijkstra and van Donghe 2001, 843). At the same time others reasserted that Uganda’s early experience with privatization showed a need for transparency and better communication of policy to Ugandan citizens (Tukhabewa 1998, 65). Four years after Tukhabewa’s observations, my conversations with civil servants engaged in public sector reform and privatization showed that concerns over transparency, communication, and speed remained prominent.

4.3 Contemporary Public Sector Reform and Privatization: Some assessments

In 2002, Mr. Emmanuel Nyirinkindi was Director of the Utility Reform Unit, Ministry of Finance, Planning and Economic Development. In our interview, he acknowledged that MPs were not, and have not been very good at communicating the rationale for privatization in Uganda. Furthermore, those most knowledgeable about reforms, public servants, are restricted from speaking out publicly (Interview, May 14, 2002). Mr. Nyirinkindi further explained that in Uganda the public perception of privatization of state owned utilities is that government has got a raw deal, corruption is rife, that proceeds from sales cannot be found, and that government does not receive enough money for the enterprises – observations consistent with other national experiences with privatization (see Birdsall and Nellis 2003).

On the point of revenue from the sale of public firms, Mr. Nyirinkindi emphasized that part of the problem is that the value of corporations in Uganda is understood differently than in the West. In Uganda, the physical assets of corporations are valued more than the perceived market value. The Ugandan public, therefore, “has very high but very unrealistic expectations of what’s achievable when selling public enterprises” (Interview, May 14, 2002). Moreover, he explained, 90% of Uganda’s public enterprises were carrying massive debts undermining the value of the enterprises. As a result, Mr. Nyirinkindi suggested that the government incurs strong criticism when the public does not understand the chief purpose of selling – relieving the government of the financial burden of the enterprise. In the course of our conversation Mr. Nyirinkindi also showed me a document comparing Uganda’s divestiture process to other sub-Saharan African countries in relation to total number of sales and value gained from sales. The report suggested that comparatively, Uganda was doing quite well with respect to financial returns and total number of privatizations, despite public
perceptions to the contrary. What the evidence reveals and Table 4.0 shows, is that compared to a select group of African countries, the number of privatizations and the revenues received in Uganda are relatively low (see Appendix 4.0 for a list of privatizations in Uganda from 1992-2002, along with proceeds from those transactions). But compared to Kenya and Tanzania, Table 4.0 shows that Uganda has received a higher average return on transactions. Hence, from the perspective of the Ministry of Finance, while the privatization process has had difficulties, the central issue confounding the process has been a problem of communicating the intent of the process to both citizens and elected officials – a problem undermined by the unwillingness of elected officials to communicate the rationale for reform publicly.

### Table 4.0: Proceeds from privatizations in select African countries, 1988-2003

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of privatizations</th>
<th>Total Proceeds (US$ Million)</th>
<th>Average Proceeds per Transaction (US$ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>73</td>
<td>266</td>
<td>3.6</td>
</tr>
<tr>
<td>Kenya</td>
<td>100</td>
<td>274</td>
<td>2.7</td>
</tr>
<tr>
<td>Tanzania</td>
<td>107</td>
<td>351</td>
<td>3.3</td>
</tr>
<tr>
<td>Mozambique</td>
<td>165</td>
<td>194</td>
<td>1.2</td>
</tr>
<tr>
<td>Ghana</td>
<td>104</td>
<td>954</td>
<td>9.1</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>54</td>
<td>595</td>
<td>11.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>83</td>
<td>1150</td>
<td>13.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>25</td>
<td>4836</td>
<td>193.4</td>
</tr>
<tr>
<td>Zambia</td>
<td>86</td>
<td>820</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Source: World Bank Privatization Database

Privatization and public sector reform remain priorities in Uganda. To date, 122 government enterprises have been privatized with 30 still remaining. The outstanding enterprises include such prominent parastatals as the Uganda Railways Corporation, the National Housing and Construction Corporation, and the National Water and Sewerage Corporation (NWSC) (East African 2006). With respect to this latter enterprise, it is interesting to note that in our January 2003 interview, David Ssebabi, Team Leader for the
Utility Reform Unit in the Privatisation Unit, explained that they were then preparing for its privatization. Yet, in early 2006, the NWSC had still not been privatized. Mr. Ssebabi also noted that they were closely monitoring the experience with the electricity sector and being ‘very cautious’ as a result of the challenges faced in electricity (Interview, January 8, 2003). Moreover, he explained that while most actors were on board with the proposal to divest from the NWSC, they had not yet received support from the Ministry of Finance.

International evidence of water privatization efforts in low and middle-income countries in Africa, Asia and Latin America also suggests that private companies are now more careful about engaging in the water and sanitation sectors, “due to a combination of underestimation of risks, overestimation of profits and problems with contracts in some cases” (Budds and McGranahan 2003, 111). Another recent event will likely further delay if not complicate divestitures. The World Bank recently announced that they would no longer finance the Privatisation Unit’s (PU) activities.

The World Bank had been financially supporting the PU since its creation in 2001. While the Bank has publicly stated that it is no longer supporting the PU because program funding for the unit had lapsed, media reports suggest that political interference, lack of transparency and the slow pace of divestiture are key reasons for the Bank’s decision (East African, March 14, 2006). With respect to political interference, the East African newspaper cites several recent events. In March 2006, for example, President Museveni publicly proclaimed that the Unit should award the concession of the Kinyara Sugar Works to a domestic firm rather than an international one (Ibid.). This follows another incident where the President publicly proclaimed that the Dairy Corporation Ltd. should be sold to a Thai company, and the earlier mentioned example of the Uganda Commercial Bank, and
Museveni’s brother. Whether or not these reports are accurate, they reinforce the perception that political interference is a central challenge to the Unit’s goal of executing transparent and objectively evaluated concessions. The PU aims to continue its work and has stated that it intends to complete the remaining divestitures by 2007. Moreover, the Bank’s termination of funding for the PU does not indicate a change in its mindset. Its support for public sector reform and privatization remains prominent in other ways.

In 2005, the World Bank committed another $150 million to Uganda’s Poverty Reduction Support Credit (PRSC4) – its fourth. The PRSC is financing the third revision to Uganda’s Poverty Eradication Action Plan (PEAP). Amongst the many other issues identified in this national planning document, the ongoing challenge of public sector reform in Uganda, the need to further reform, and the relationship between reform and sector strategies are prominent:

There are signs of improvement in public accountability, but perceptions about corruption remain a concern. Better monitoring and financial controls are being introduced…At a local level, cooperation with CSOs [civil society organizations] and the public will be promoted. Government will also expand public information strategies in all sectors. Public sector reform will strengthen performance management through implementing ROM [results oriented management], enhance [sic] capacity in the context of sector strategies…and strengthening efficiency and cost control (MFPED 2004, xxii).

Reinforcing the Bank’s use of the term governance, under the heading ‘good governance’ the 2004 PEAP goes on to list several priority areas for public sector reform, including: greater integration of finance and planning functions; increasing accountability and transparency through auditing mechanisms and codes of conduct; strengthening monitoring and financial controls; and introduction of new legislation relating to such issues as money laundering and ratification of anti-corruption treaties. Uganda’s third five-year World Bank-funded Public Sector Reform Programme (2002-2007) will also make these issues a priority, particularly in light of the fact that the public sector deficit has risen from 6% in 1997/8 to over 12% in
2001/2 (MFPED 2004). Hence, while public sector reform remains consistent with the World Bank’s governance agenda in Uganda, and thus remains a clear national and donor priority, some senior civil servants wonder when Uganda will stop and evaluate the impact of reforms and reform choices (Interview, senior civil servant, Ministry of Public Service, May 23, 2002).

4.3.1 Concerns with Privatization and Reform Agenda

One of the consistent ways that sector reforms have been undertaken in Uganda is to move service delivery and regulatory functions outside government, usually under regulatory authorities or semi-autonomous agencies. This approach, what some refer to as an ‘executive agency model’ (Therkildsen 2000), was intended to leave government with policymaking responsibilities while revenue generating and service provision activities were to be done at an arms-length from government. According to one anonymous source, however, “there is not much known about how they [independent authorities] are doing in Uganda” (Interview, senior civil servant, Ministry of Public Service, May 23, 2002). Using the example of the Uganda Revenue Authority (URA), a senior civil servant with the Ministry of Public Service explained that the revenue the URA had collected had decreased while its operating costs had increased. URA also recently registered a 5 billion shilling loss for one financial quarter (Monitor 2006). Therefore, despite it being established in 1991, “it’s not known whether the URA is adding any value” (Interview, senior civil servant, Ministry of Public Service, May 23, 2002).

In addition, despite the intent of separating policy functions from service delivery and management functions, other regulatory authorities like the National Environmental Management Authority (NEMA) have in fact been given specific responsibility for policy
development (Interview, Festus Bagoora, NEMA, February 28, 2002; Eugine Muramira, NEMA, March 5, 2002). As a result of this situation, there are functional overlaps and problems of accountability, and responsibility for roles are not clear or consistent (Interview, senior civil servant, Ministry of Public Service, May 23, 2002). In the case of NEMA, the independent authority is seen as “a bit schizophrenic” because it crosses so many roles (Interview, Dr. Mike Harrison, May 28, 2002). On the whole then, one assessment of the relationship between divestiture and public sector reform is that “it was not very well thought through” (Interview, senior civil servant, Ministry of Public Service, May 23, 2002). These observations have some important resonance with other experiences in East Africa.

In his article on public sector reform in Tanzania, Ole Therkildsen (2000) makes several important observations about the relationship between the intent and strategy of reform versus the outcomes of reform. Perhaps most in line with the interview data above, Therkildsen writes: “It is hard to escape the conclusion that we seem to know more about what does not work in the public sector in a poor donor-rich country…than we know about how to improve and sustain performance under present and foreseeable economic, administrative and political conditions” (2000, 70). Therkildsen observes that in the 1980s, Tanzania suffered from ‘projectitis’, when more than 2000 development projects – mostly donor-funded – appeared in the budget (2000, 62). Now, he suggests that ‘reformitis’ is emerging; that is, a multitude of mostly donor-funded reforms are implemented or under preparation at the same time. In Uganda, we see a similar situation.

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18 This observation was reinforced by the fact that at the district level, District Environment Officers are supposed to be overseeing regulation but are also planting trees, hence, they are seen as a regulating agency but also doing operational work.
Between the years 2000 and 2005 the World Bank was financing 57 different projects (see Appendix 4.1). This number includes projects that were approved during the 2000-2005 period, or that would close during this period, hence, projects which the Government of Uganda was administering. With the exception of three projects that were grants, the remaining 54 were IDA loans totalling just under US$ 3 billion. What is important to note when considering these numbers, is that they do not factor in the range of other bilateral agencies with projects in Uganda, which would include Denmark, Norway, Sweden, the UK, the United States, and Germany to name a few. As Therkildsen notes with respect to Tanzania, there is a strong propensity for donors to support many reforms at the same time. As I will explain in Chapter 6, this observation presents serious challenges to small government agencies in Uganda, particularly the Ministry of Energy and Minerals Development (MEMD). Based on his research, Therkildsen makes several other important observations: 1) reform seems to breed further reform; 2) donors are directly involved in all public sector reforms yet it is difficult to ascertain the precise or direct influence of donors; 3) it is difficult to identify strong domestic support for reform; 4) there is no clear evidence of service improvements following reform, particularly under an ‘executive agency model’; and, 5) it is mainly political-administrative elites that seek to influence the reform process and not various interest groups (Therkildsen 2000). It would appear that all of these observations resonate with historical and interview data in Uganda.

The early and present period of economic and public sector reform in Uganda suggests that a small collection of actors – the President, president-appointed civil servants, and donors – played a dominant role in initiating and driving reform. The actors

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19 This information is derived from the World Bank project database.
20 As another example of high administrative burden, in the period 1991/92-1993/94 the World Bank required 86 policy reforms in Uganda as part of its conditional lending (Harrison 2001, 668).
participating, and, hence, the knowledge and ideas deliberated were restricted, and the ‘spaces’ for dialogue, particularly for non-government interests, were also limited. As a country emerging from almost two decades of conflict, it should not come as a surprise that decisive action was needed and taken to improve domestic conditions. Indeed, as Mahmood Mamdani wrote in 1988, “There is nothing unusual about a regime calling upon the nation to unite – behind it!” (1988, 1179). However, Mamdani goes on to argue that “…the key question is not that of pace, of moving fast or slowly, of being patient or impatient; the question is of direction and method” (Ibid., emphasis added).

In the early going, Uganda’s economic success resulted in it being viewed as a ‘good performer’ (Dijkstra and van Donghe 2001, 841). Along with this observation came the recognition that unlike in other countries, in Uganda “donors…evaluated outcomes rather than processes” (Ibid., emphasis in original). But evidence also suggests that donor influence does not just manifest itself through the power of money and by observing the implementation of technical policy prescriptions (Harrison 2001, 670). Like Mamdani, Graham Harrison argues that it is also important to recognize the influence of donors on the process and methodology of reform: “With donor funding comes a new set of regulations concerning the technique of the policy process” (2001, 670). Moreover, donor-state relations are too intimate and interrelated to be understood as a dichotomy: “Donors do not just impose conditionalities; they also work in routinized fashion at the centre of policymaking. Donor-funded technical assistance introduces not new policies but new methodologies of policy design” (Ibid., 671). Attention to the method of reform points to the significance of understanding the relationship between reform and policymaking – the means by which donors can and do influence reform.
4.4 Policymaking and the Policy Process in Uganda

Just as Uganda’s post-1986 reforms demonstrate an important and unique relationship between the national government and donors, so too does the manner in which policymaking has evolved in the country. On one level, “the post-1986 Ugandan state has been characterised by the increased participation of a range of policy actors…[which] include, central government, local government, civil society organisations, donors and poor people themselves” (Ssewakiryanga 2004, 74). On another, there is a general observation in East Africa that interest groups have rarely tried to influence reform processes (see Therkildsen 2000). On the surface, these two perspectives seem to be contradictory. How can there be increased participation in policymaking without influence? To answer this, the relationship between civil society organisations (CSOs) and the state in Uganda needs to be historically situated, and the notion of ‘participation’ in policymaking unpacked.

4.4.1 National Policymaking in Uganda: Historical Context

During the colonial period, export crop grower cooperatives were the first dominant civil society organisations. The colonial government initially encouraged the development of such organisations and their predecessors such as mission-established hospitals and education establishments, as well as philanthropic and trade associations (De Coninck 2004, 52-53). The colonial state also, however, regulated these organisations, “forging a symbiotic relationship with civil society, whose characteristics are still much in evidence today” (Ibid., 52). Shortly after World War Two the colonial government’s relationship with CSOs changed. Nationwide unions were banned in 1952 following the increased political activism of unions, trade associations and cooperatives. Thus the colonial period was marked by guarded and regulated openings and cooperation with civil society organisations.
According to John De Coninck, little changed following independence, with the cooperative movement, for example, expanding at the same time as becoming bureaucratized, and “distinctions between civil society and business and between civil society and state becoming more blurred” (2004, 54). The economic regression, civil and political conflict, and repression that characterized the country during the Obote I and Amin periods led civil society organisations to operate narrowly in health and charitable activities; at the same time, following the ouster of Amin, the Obote II period (1980-1985) also saw the entry of international NGOs focused on relief in the northeast region of Karamoja and international donor agencies under the guise of Uganda’s first structural adjustment programmes (Ibid., 55-56).

The National Resistance Movement’s ascendancy to power in Uganda ushered in a new era for civil society organisations. Alongside the emerging economic and public sector reforms,

This period of reconstruction provided a space for the emergence of indigenous civil society organisations, symbolised by the creation of an umbrella organisation, the Development Network of Indigenous Voluntary Associations (DENIVA). With social service delivery still beyond the capacity of government with donor funding to NGOs in Uganda no longer compromised by political instability, a laissez-faire attitude by government towards NGOs characterised the late 1980s and early 1990s, so long as they had no political agenda…This era of growth for civil society organisations, with most engaged in service delivery, accelerated as the World Bank and other donors forced fiscal orthodoxy upon government. Seen as ideologically preferable to state delivery, CSOs were considered less corrupt and closer to the people. This was the heyday of NGOs. Generously funded, they could act with impunity and without reference to government policies…This era also established two important dimensions of civil society in Uganda: firstly, the lasting association – even equation – of ‘civil society’ with NGOs, while its other components, trade unions and co-operatives, were being undermined by structural adjustment, liberalisation and retrenchment; and secondly, the tendency for NGO growth to be driven by the availability of donor funding rather than the need to provide a direct answer to specific locally rooted social or political imperatives (De Coninck 2004, 57-58, emphasis added).

The early NRM period thus saw a situation where CSOs were by default agents of development and assistance while the national government tried to get its house in order.
Donors and international NGOs, eager to assist following years of problems, were happy to support CSOs. Hence, an explicit role for civil society emerged: NGOs and community-based rural organizations were relied upon to supplement government’s capacity to implement projects directed at the poor (Twaddle and Hansen 1998 in De Coninck 2004, 59). De Coninck goes on to explain that as the state started to reassert itself at the local level, particularly through salaried and bureaucratized local councils (Resistance Councils at this time), national poverty and adjustment policies were introduced that started to redefine the role of the state: The “bonanza years for NGOs were over. The latitude for their involvement in service delivery was narrowing while donors were reconsidering the funding of such activities through NGOs” (2004, 60).

As a signpost for the change in NGO activity, the 1989 introduction of the Non-Governmental Organization Registration Statute stands out. This statute required all NGOs to register with the National Board for Non-Governmental Organisations based in the Ministry of Internal Affairs. “In addition to approving applications, the Board was to guide and monitor organizations in carrying out their activities and could revoke a certificate of registration if the organization failed to operate in accordance with its constitution and if such revocation was considered in the public interest” (Tripp 2000, 61). The National Board’s membership and regulations suggested a high degree of suspicion surrounding NGOs, but the NRM remained accommodating for the most part, largely due to its inability to enforce rules and monitor activities. The Board also had weak coordination and planning capacity (see Tripp 2000, 61-62; Dicklitch 2001). As a result, NGO accommodation was a default outcome rather than an expressed position (Tripp 2000, 61). Moreover, because of weak

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21 The National Board was made up of members of nine Ministries and one member from the Office of the Prime Minister, the Internal Security Organization (ISO) and the External Security Organization (ESO).
internal coordination and planning, “NGO agendas tended to be donor-driven and Ugandans consequently had little negotiating power” (Ibid., 62). Despite the early rise in number and influence of NGOs, the de-registration of a handful of NGOs, along with the delay and near denial of registration for others reinforced the position that ‘political’ activities would not be accepted (Dicklitch 2001, 35). Hence, even though NGOs were tolerated, the NRM was ready and willing to limit their autonomy if there was “the slightest possibility that they might prove to be too much of a challenge” (Tripp 2000, 63).

One of the outcomes of these conditions is that most Ugandan CSOs have by choice and necessity worked with the state and donors, rather than challenging their activities and policy choices.22 “The Movement system of government, with its rhetorical and structural focus on inclusion and decentralisation, has subsequently shaped a political landscape where the dividing line between state and non-state actors is blurred” (Brock 2004, 95). The role of donors in this blurring has been central. In the mid-1980s and early 1990s donors were promoting and supporting NGOs as important agents of poverty reduction and development activities. While this has not changed, and the number of NGOs in Uganda has steadily increased since the early 1990s,23 concerns with corruption, accountability, poverty, and the desire to see a multiparty system led donors to promote a new role for NGOs: holding government accountable (De Coninck 2004, 62). This current situation has placed Ugandan CSOs in an extraordinarily awkward or difficult situation: donors increasingly want NGOs to monitor government activities – even though they are not yet sophisticated enough to monitor compliance and ensure accountability (Interview, Godber Tumushabe, ACODE,

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22 Some notable exceptions to this observation are the Uganda Debt Network and the Uganda Law Society.

23 Barr et al. report that as of December 2000, approximately 3,500 NGOs were registered with the NGO Registration Board. “However, not all of these are operational…of the 1,777 registered NGOs with headquarters in Kampala, only 451 or 25% could be traced. In contrast, in the rural districts, 41% could be traced” (2005, 662).
March 4, 2002) – thus encouraging them to be engaged in political activities that are clearly at odds with a government intolerant of challenge.

4.5 Contemporary Policymaking

One way that donors have tried to mediate what we might gently call ‘Uganda’s policymaking quandary’ is to encourage local and national governments to open decision-making and policymaking processes to CSOs, as well as to encourage government to invite CSOs into forums where policies are presented. As Karen Brock explains: “…external actors have…catalyzed opportunities for participation of civil society actors in the policy process, often by encouraging government to create invited spaces for participation. The resultant expansion of spaces for participation was contiguous with a sharp growth in the number of civil society organisations since the 1980s and has resulted in a dramatic increase in the range and variety of actors who participate in the policy process” (Brock 2004, 95). Brock goes on to write, “While this phenomenon of invitation to CSOs is relatively new, it is already the dominant mechanism for their participation in the policy process at the centre, whether in a task force, a budget conference or a sector working group” (2004, 103). Brock’s observations are consistent with the information revealed in my interviews with NGO representatives and civil servants.

4.5.1 Current Trends in Policymaking: A view from NGOs and Civil Servants

In April 2002, I organized a meeting with representatives of fourteen different environmental NGOs working locally and nationally in Uganda. The meeting took place in the offices of the Joint Energy and Environment Programme (JEEP), a Ugandan NGO established in 1983, working in such areas as energy conservation, natural resource conservation, environmental
education and alternative fuels. Located in the Kampala suburb of Kabalagala, we sat around a long small table, with the busy sounds of Gaba Road coming through the open windows and echoing in the concrete building. I had organized the meeting to find out how civil society organizations (CSOs) understood policy and policymaking in Uganda. In exchange for their time, prior to our discussion I made a short presentation on the Kyoto Protocol and opportunities for Uganda under its various mechanisms.

I began the meeting by asking the important, yet rather awkward question: “What is policy in Uganda?” Understanding what is meant by the term ‘policy’ has important theoretical and methodological weight in policy studies literature, and increasingly in policy analysis in Africa. In their book *Understanding Environmental Policy Processes*, James Keeley and Ian Scoones explain how the traditional starting point for defining policy is that it “comprises decisions taken by those with responsibility for a given policy area, and these decisions usually take the form of statements or formal positions on an issue, which are executed by the bureaucracy” (2003, 22). “Conceived in this way, policy is a product of a linear process moving through stages of agenda-setting, decision-making and, finally, implementation” (Ibid.). The authors, however, continue with the now important recognition that in practice, policy is ‘notoriously difficult to define’ and is an inherently political process that does not evolve in a linear manner from a single decision – policies often consist of broad courses of action (or inaction) or “a web of interrelated decisions that evolve over time

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24 Given the connection between energy and environment in Uganda, the meeting was dominated by organizations working on environment-related issues. The attendees were: Joseph Munlindwa, Uganda Environment Education Foundation; Simon Sentam, JEEP; Geoffrey Kamese, National Association of Professional Environmentalists (NAPE); Frank Muramuzi, NAPE; Richard Kimbowa, JEEP; Morten Heise, JEEP; Thomas Bakyayita Kentos, Uganda Biodiversity Network; Tolit Olwor-Aiya, National Facilitator Rio+10 and Development Communication Consultant; Ahmed Salim Kafeeco, Rescue Mission Planet Earth Uganda; Joyce Tabingway, Environmental Journalists Association of Uganda; Timothy Byakola, Climate and Development Initiatives; Adiko Yayeri, Rural Development Media Communications for Sustainable Development (RUDMEC); Sarah Kisolo (RUDMEC); Michale Mutumba, JEEP.
during the process of implementation” (Ibid.). Citing the work of well-known policy scholars such as Hill (1997), Lindblom (1959), and Kingdon (1984), Keeley and Scoones suggest that the policy process can be characterized in three broad ways. First, policy can be understood in a linear manner that is focused on decisions and the rational behaviour of decision-makers and policy implementers (bureaucrats). Second, policy can be understood as an ongoing course of action that results from bargaining between multiple actors over time – the incrementalist, ‘science of muddling through’ perspective, where policy entrepreneurs and policy windows resonate. A third perspective, is one that is attentive to issues of power – something on which the other two approaches remain silent (Keeley and Scoones 2003, 23). In this approach, one consistent with a focus on the character of relations between state and non-state interests, the relationship between knowledge, power and policy are at the centre of analysis. How then do various government and non-government interests in Uganda understand policy?

For one member of the focus group, Tolit Olwor-Atiya, the answer to ‘what is policy in Uganda’ was clear: “the definition of policy in classical politics doesn’t apply” (Focus group, April 12, 2002). Olwor-Atiya explained that government policy often begins with consultants and is donor-driven. After the policy is drafted CSOs are then invited to participate in a workshop to discuss the policy and comment on it. Hence, in most cases policy is usually drafted by interests with no knowledge of CSOs, and CSOs are given limited time to comment and reflect on policy proposals. Timothy Byakola gave an example of a policy review workshop he was invited to attend. The intent of the workshop was to discuss a new policy surrounding ‘engendering programs’. The policy document was 250 pages long, the workshop participants had never seen it, and they were supposed to review
and comment on it before the end of the day at 4pm. One of the key comments from this experience was that NGOs are typically brought in too late, and have to find ways to get involved on their own. “Where do policy ideas come from?” I asked. It was unanimously agreed that policy ideas come from donors. But despite this point of agreement, there was not agreement on the extent to which government needed to go to invite CSOs to participate in policy development. Morten Heise, a Danish national who had been working with JEEP for some time and was living permanently in Uganda, remarked that there are over 3,500 NGOs in Uganda, and therefore asked what government was supposed to do – invite all of them? While the group acknowledged that the number of interests made it difficult for government, it should be doing all it can to invite participation in policy development – an observation, however, that is not necessarily consistent nationally. How do the perceptions of NGOs based in Kampala correspond with the views of Ugandan civil servants?

25 Frederick Golooba-Mutebi has produced some important research on Uganda, which challenges the presumptions of popular participation. Based on research in several villages and districts in rural Uganda, he writes: “Spurred on by the widely held belief that top-down leadership and policymaking and implementation have failed to promote development and better the lives of poor people, proponents of popular participation claim that the way to improve the lives of the poor is through giving them a voice not only in politics, but also in policymaking and implementation. This view may be justified. However, the notion that poor people want and have the ability to participate and that once avenues for participation exist they will take part in activities that may or may not improve their lives, is questioned… Participation had taken place during the early years of the local council system, for specific historical reasons. Thereafter, fatigue had set in and people had gone back to being normal human beings concerned more with the mundane issues of daily life than with participation in public affairs and actively playing watchdog over their leaders. The implicit assumption underlying the emphasis laid on participation in the local government system, namely that members of the public wanted, had the ability to and would participate actively and collectively in public affairs at all times was therefore farfetched…In a context where political culture dictates obedience and deference towards people in positions of power and authority, years of oppressive rule have rendered avoidance of politics the sensible way to ensure personal safety and survival…chances that popular participation could serve as an effective tool for policymaking and implementation, and holding leaders to account were necessarily limited” (2004, 301-302). Based on these observations, and further interview data in Chapter 6 where respondents suggest that President Museveni needs to be more ‘dictatorial’ in policymaking in order to achieve policy goals, in Chapter 6 and the conclusion to this thesis the arguments Kampala-based NGOs put forward for more participation will be considered.
Between March and April 2002, I spent a good deal of time trying to understand how various state and non-state interests viewed policy and policymaking in Uganda. Given my focus on environment and energy issues, the perspective of civil servants working in the National Environmental Management Authority (NEMA) were particularly instructive. In March 2002, Charles Akol was the District Support Coordinator in NEMA. After I told him about my general interest in understanding how the policy process worked in Uganda his first remark was that we would have to begin by defining ‘policy’. Mr. Akol defined policy as a set of guidelines, strategies and/or objectives for achieving something (Charles Akol, Coordinator, NEMA, interview March 7, 2002). He went on to suggest that policy can come as a result of three things: a formal process of creating policy; guidelines or a framework for doing something; and, lastly, “policy can derive from pronouncements by senior levels of government or people in high positions – when the President says a major focus is poverty eradication then that will be imbedded in and be a central part of policy” (Ibid.) Where does the motivation to change policy come from? Eugine Murimara Director of Policy, Planning and Information at NEMA, clearly stated “this is usually donor driven” (Eugine Muramira, Director, NEMA, interview, March 5, 2002). Muramira went on to describe how policy development is usually part of a more comprehensive package of reforms. For example, a concept paper would be produced by the lead agency for the reengineering of a whole sector, then a sectoral plan would be developed, and then legislation (Eugine Muramira, Director, NEMA, interview, March 5, 2002). Mr. Muramira also noted that the policy development process is very consultative (Eugine Muramira, Director NEMA, interview, March 5, 2002). An observation reiterated by others within NEMA (Dr. Festus Bagoora, NEMA, February 28, 2002).
Mr. Akol’s reflections on consultation were particularly instructive, in part because the words participation or engagement – notions invoking a more substantive role in the policy process – were never used. He noted that the role of and need for consultation in Uganda is well known. “Consultation can also serve as a sensitization process and as capacity building; it readies or prepares them [local government or NGOs] to implement” (Charles Akol, Coordinator, NEMA, interview March 7, 2002). He went on to note that consultation should be an effort to help people understand policy, but also that the cost of doing consultation can often be quite high and serve as a deterrent. I asked him if he could give me an example of a time when the cost of consultation did serve as a deterrent, but he did not want to disclose one. Mr. Muramira’s perspective on civil society’s participation in policy was much more pointed. When I asked about the role of civil society or influence of civil society in environmental affairs in Uganda, he stated: “civil society can easily be hijacked and captured” (Eugine Muramira, Director, NEMA, interview, March 5, 2002). I then asked if he could think of any NGOs that have been effective at influencing decisions or policy processes, and he stated that he could not think of any that have made an impact and that they generally “rise and shine and fall – they are not trustworthy”. Mr. Muramira went on to suggest that Ugandan NGOs are not comprehensive enough, and lack technical capacity. Finally, I asked whether the general public has made any contribution to policy development during consultations: “The public has done very little” and “usually don’t add anything new”. Nonetheless, he noted, there is a need to consult – a need, however, that is greatly influenced by the objectives of the policy: “The urgency of the issue is also critical; if it is deemed urgent than it will be rushed through” and the value attributed to consultation
will diminish (Charles Akol, Coordinator, NEMA, interview March 7, 2002). The complexity associated with the policy also impedes its implementation.

As the District Support Coordinator for NEMA, Mr. Akol was particularly knowledgeable about the challenge of translating national policy to the local level. At the District level, he explained that currently there are limited policy formation processes. NEMA has worked with Districts to develop guidelines to try and integrate national policy into local policy but local government, he said, has a hard time with this. The other problem in Uganda is that “everyone is developing guidelines”. Mr. Akol used the example of energy to highlight this point. “Energy touches everything so if there are guidelines for forestry, energy, water, agriculture etc. than it is very difficult.” He went on to suggest that policy made at the national level and its translation to the local level should diagrammatically resemble a V – broad policy at the national level should be harmonized so that policy at local level is simplified. However, he said that it is often very costly to make policy simple: “How easy policy is understood effects its implementation.”

On the whole, interviews with civil servants and NGOs working on environmental issues were consistent with respect to the way participation in policymaking takes place and the motivations for policy development. Three points warrant further attention. First, ‘participation’ is generally understood as a consultation and ‘sensitization’ process, which NGOs are invited to in order for them to understand what government is about to do. As a result, NGOs working at the national level must spend a considerable amount of time staying abreast of opportunities to participate in national discussions. The outcome of this is that CSOs in the capital city

...seem to be at the level of actively pursuing the single goal of getting their people onto seats in meetings or committees; and reactively responding to any invitation issued to take part in any public forum which might afford profile to the organisation or the issue on which
it works. These activities are pursued with apparently little analysis of the impact that they might have: an all-consuming fixation with what might be termed ‘the politics of presence’ rather than the politics of influence (Brock 2004, 103).

The fact that NGOs are looking to be present at policy forums is not surprising given that the majority of NGO funding comes from international sources and thus are often “preoccupied with accountability to their donors” (De Coninck 2004, 63). Abigail Barr et al., in the conclusion to an article on the Ugandan NGO sector argue that NGOs are quite entrepreneurial, that they are led by educated individuals interested in attracting international aid, that they are generally enhancing the wellbeing of their beneficiaries, and that they are generally well perceived in the country (2005, 676). However, the authors also note that Ugandan NGOs are also operating as “subcontractors for international donors” (Ibid.). Therefore, being present at policy forums provides important opportunities to demonstrate engagement in issues, to promote individual work, and also to network and seek out additional opportunities. Hence, for NGOs, the ‘politics of presence’ is crucial.

As a second point, when asked how policy evolves, civil servants, NGOs, and donor representatives describe both an ‘ideal’ and a ‘real’ path in Uganda. What is interesting is that those who control the policy process – donors and civil servants – describe a linear path of policy development, although fully recognizing that in practice it never evolves this way.

26 In 2001, Barr et al. found that of the 199 NGOs randomly surveyed, more than 90% of the grants received came from international sources. This percentage includes international NGOs, UN-affiliated organizations and bilateral donors. From highest to lowest the grants received are: international NGOs (54%); bilateral donors (35%); local government (6.5%) UN organization (2.5%); other Ugandan NGOs (1.2%); and national government (0.8%). Moreover, on average, international grants represent approximately 70% of total NGO revenue. The authors also note that very little NGO revenue is derived from members and non-members, that the majority of funding is allocated to a small number of NGOs, and that few NGOs surveyed have access to credit or have borrowed money to support work (2005, 665-667). Barr et al. also indicate that the majority of Ugandan NGOs hear about the availability of grants directly and formally from granting agencies. Forty percent of NGOs submit grant requests in partnership with local governments. In addition, “Reporting requirements to granting bodies are highly variable. Sixteen percent of grant recipients declare having no reporting requirements at all...The most common type of requirement is a final report, cited by half of recipients” (Barr et al. 2005, 671). “NGOs are also subject to direct monitoring. Nearly 80% of surveyed NGOs are visited every week, but the average number of visits is five per year...These survey results suggest that grant recipients are subjected to a fairly high level of monitoring by granting bodies” (Ibid.).
This evidence is consistent with Rosemary McGee’s findings that the linear path of policy development exists as a ‘necessary fiction’ for policymakers and civil servants in Uganda:

Although patently removed from real life, it [the linear model] is surprisingly alive and well in policy, development and political circles, and even in many policy actors’ own accounts of what kind of process they themselves are involved in. The great majority of people we interviewed, when asked, ‘What is policy?’ gave some version of this linear model. However, when they were asked about the processes that put policies into effect, their descriptions plainly contradicted the linear model. This suggests that the model lives on as a necessary fiction held onto either consciously or subconsciously as a default option, or because few perceive any need to construct alternatives. One reason is that it assigns tangible, definable roles, relatively easily understood and narrated, whereas a model based more closely on real life would be characterised by indistinct roles, blurred boundaries and a high degree of insecurity among most policy actors about the part they play (McGee 2004, 7-8).

What is so striking about the fictional path of policy is not that it is communicated – it is communicated because it simplifies complex proposals – but because of the frustration that transpires when that linear path is not followed, as is common with controversial or complex proposals requiring the input of many interests and multiple initiatives. This observation is especially significant for energy reform in Uganda, given the frustration expressed by President Museveni over delays in the construction of the Bujagali dam. Again, both civil servants and NGOs clearly recognize that policy does not evolve in a linear manner but donor representatives and civil servants still describe it this way.

Thirdly, the motivation for policy reform is most often donor driven, and the degree and opportunity for participation in policy and reform debates, along with the ability to access information on policy issues, is dependent on the issue at stake. One prominent environmental NGO in Uganda working on policy issues, Advocates Coalition for Development and Environment (ACODE), reinforces these findings. In a 2002 report on access to information and participation in decision-making in Uganda, ACODE found that information on and participation in social sector policies such as health were much more
accessible than those relating to the economic sector (ACODE 2002). Or as De Coninck notes, there are clearly subjects and issues which are not open for debate or for which the national government does not provide or provides only limited invitations, like defence issues (2004, 68). ACODE’s research found two other issues of note: 1) sub-sectors that have a higher degree of foreign company involvement or foreign investment like mining and energy are less likely to have opportunities for public participation; and, 2) the degree of NGO or donor involvement in a sector or issue correlates with opportunities for participation and access to information. This means that a high number of NGOs working on an issue or sector translates into greater opportunities for participation, and similarly, if an issue or sector receives a lot of donor support, opportunities for participation and access to information also increase. As Godber Tumushabe, Executive Director of ACODE explained, “Processes for participation are most often because donors make this a pretty explicit requirement” (Interview, March 4, 2002). However, he also suggests that the political costs of participatory processes are not very high because there are minimal fallouts from the types of processes currently seen in Uganda: “people can participate in processes and never really influence the decisions that are being made.” Moreover, government and donors count consultations which are better described as ‘information sessions’ as participatory processes. Despite these concerns, most NGOs and environment-associated civil servants I spoke with routinely pointed to one recent policy reform process they considered to be open: the national forest policy and forestry sector plan.

Consistent with Tumushabe’s remarks about the relationship between opportunities for participation and civil society and donor involvement, according to Uganda Forest Working Group records, there were approximately 50 CSOs engaged in forestry related
activities in the country (ACODE 2002, 35) and the architect and chief financial supporter of the reform process was UK’s DFID. Before concluding this chapter then, it is worth briefly considering how the above general information about policymaking and participation played out in this well-regarded case.

4.6 The Case of Forest Sector Reform and Policy

The relationship between forestry and energy in Uganda is significant. With 95% or more of Uganda’s population relying on woody biomass for energy needs, the two can hardly be disaggregated. Indeed, Chapter 5 explains how reforms to the energy and forestry sectors took place in parallel. Dr. Mike Harrison, a Forestry Development Advisor in the Forest Sector Coordination Unit, explained that in 1998 cabinet had decided to divest from the Forest Department and create new legislation, but there was donor pressure to do this systematically (Interview, Dr. Mike Harrison, March 28, 2002). This stemmed from the fact that previous reform processes had not been systematic or comprehensive. His example was the process relating to the Land Act. Immediately following its creation it had to be amended.

Donors have shown concern about the sustainability of woody biomass in Uganda since the early 1980s (Energy for Sustainable Development 1995, 8). This is in addition to discussions to improve charcoal production since the late 1960s.\(^{27}\) However, according to an

\(^{27}\) Josh Mabonga-Mwisaka, is the Manager of the Uganda Renewable Energy Association (UREA). He explained that in the late 1960s there was a lot of activity around charcoal production in Uganda (Interview, March 19, 2002). Urban populations realized that it was a much cleaner fuel to burn than firewood and the clearing of land for charcoal production was also beneficial for agricultural production. Programmes for land clearance and charcoal production were also used for tsetse fly control. Between 1969-1970, Mabonga-Mwisaka noted, “the Forest Department was on track to make charcoal a big industrial endeavour. Feasibility studies were done by a British and German consulting company; the prognosis was that a charcoal industry was very attractive, and the government started looking for investors.” With the advent of Amin’s rule, the initiative quickly died and would not re-emerge until the mid 1990s when the UREA was created. However, even at this
independent assessment of woody biomass derived energy supplies in 1995: “Numerous, generally uncoordinated, programmes and activities have been funded over the past fifteen years in the field of improved household and institutional charcoal and wood stoves, studies on improving commercial, industrial and institutional energy use, substitution of electricity and petroleum products for biomass, among many others in an attempt to reduce biomass energy demand” (ESD 1995, 8). For the forest sector as a whole, the new Ugandan constitution introduced in 1995, represented the beginning of change. “The new constitution brought about widespread reform across government, including proposals for the abolition of the old Forestry Department and creation of the new Ministry of Water, Lands, and Environment (MWLE). The Forestry Department had lost the public trust and was not seen to be carrying out its mandate of policy, regulation, management and services covering all forests. It was also operating under outdated policy and legislation” (DFIDa, no date). Like other reforms in Uganda, the decision was to move forest management and regulation away from government to an independent authority, the National Forest Authority.

According to one independent forestry consultant, the reason for needing this arms-length arrangement was simple: “The reason there is a need for a Forest Authority is to get it away from government – there is a strong need to have something independent and immune from political influence” (Interview, independent forestry consultant, March 1, 2002). He further explained that in the 2001 national elections many leaders told constituents that forest reserves were open and people could cut down what they wanted to; in short, “corruption and pay-offs at the local level [were] rampant”. Further, in 1999, the top eight people in the Forest Department were indicted for corruption. In the end, all were given a ‘slap on the time, Maboga-Mwisaka said, “politicians didn’t see the role of biomass.” In 2002, the UREA had 43 member companies, most working in the area of solar panel technology.
wrist’, suggesting that if these people went down they were going to take bigger fish down with them – the “forces of darkness were raging” (Interview, Dr. Mike Harrison, March 28, 2002). Dr. Harrison explained the rationale and process of reform. “The politics of it [forest sector reform] were really important…there were a lot of fingers in the pie…[and therefore] needed to get the reform process outside the Forest Department” (Interview, Dr. Mike Harrison, March 28, 2002). Harrison explained that the Forest Department had been reviewed many times without change – “there was a need to systematize the review process.” Hence, in 1999 the National Forest Programme was initiated with multi-donor support (but centrally led by DFID and GTZ). The initial activity was supposed to be a forest sector review (FSR), which would inform a new policy, law and then plan. However, due to very significant challenges in compiling accurate data, and what that data might reveal (e.g., more volumes of timber being harvested than was legally permitted) the review took much longer than expected, and in fact, the new policy and plan for the sector were published prior to the completion of the sector’s review.

Accordingly, Dr. Harrison explained that a systematic process would have been to review the sector, then create a policy, then the plan, then create legislation to support the policy and plan (Interview, Dr. Mike Harrison, March 28, 2002). However, there was a lot of pressure to ‘fast-track’ the process and role it all into one, this he explained was because it was generally felt that you will only get “one bite at the cherry with Parliament – one shot to pass” the proposed changes. Hence, he explained they “had to defy the logic of the process” and develop the legislation and policy in parallel – a fact similar to the early privatization process. There is another component to the rationale for fast-tracking, however, one that is consistent with Therkildsen’s observations about reform: it was the Public Service
Commission and the Ministry of Finance who decided that the Forest Department should be shut down and replaced with the National Forest Authority (NFA), and it was they who set the terms for when the NFA had to be financially viable once established – four years (Interview, Sven Larson, National Forest Authority, March 14, 2002). In turn, the Forest Secretariat had to take the four-year financial timeline and work backwards to figure how many staff to cut (1100 to 400). This was a particularly difficult task given that the decision to create the independent authority was made prior to a sector review, a policy, a plan, or legislation (Interview, Sven Larson, National Forest Authority, March 14, 2002). Again, this observation is consistent with Uganda’s early foray into privatization, where the process of identifying and selling parastatals began prior to legislation being in place to do so. Nonetheless, in contrast to the criticisms of the early privatization process the forestry reform process did provide many more opportunities for CSOs to learn about the changes.

The Forestry Secretariat organized nation-wide district meetings in 1999. The consultation process was promoted by the Secretariat and by default donors. As Harrison explained: “outside donors come in and act as a catalyst” (Interview, Dr. Mike Harrison, March 28, 2002). Dr. Harrison also attributed the reform process to the ‘participation culture’ President Museveni had established in Uganda: “this is why donors like him – he embraces participation, poverty reduction, and decentralization”. Harrison further explained that while “the process [and input from public] didn’t add much to the content [of the policy]”, former reviews had no openness and were opaque. Therefore, while people were sceptical of being consulted, in his opinion, they seemed pleased to be asked. Prior to appreciation, the process and draft policies encountered harsh criticism in public meetings, particularly from forest department staff. As a DFID ‘learning note’ about the process
expresses: “Antagonists used public consultation as an opportunity to denounce the changes in general. The 1st Consultative Conference in particular saw lots of open criticism, even from senior FD [Forest Department] staff at the time. The criticism was of the draft policy and also of the wider changes, including donor priorities…The resistance reflected the general mood of insecurity in the FD and the fact that they felt disempowered and disengaged in the change process in general, particularly with regard to the proposed new National Forest Authority” (DFIDb, no date).

Having received public comments on the proposed changes, a draft policy was complete in February 2000 and went forward to the Ministry of Lands, Water and Environment (MWLE). The Ministry reviewed the proposal for four months and made only minor changes. The policy then went to cabinet, where, Harrison explains, bureaucratic inertia further held it up – issues like what colour of paper to use and whether ‘secret’ should be on every page were some of the issues being debated (Ibid.). By March 2001 the Forest Secretariat received cabinet approval, but then time was spent figuring out how to launch the policy: “this process was fraught with politics” figuring out “how to make it high profile”. A year later, in March 2002, the policy was launched at the National Conference Centre in Kampala, an event which I attended. The title of the conference was the “Forestry Consultative Conference”. The main conference auditorium was full of hundreds of individuals, and presentations were made by the Minister of Finance, Minister of Environment, and several other sitting Members of Parliament. For Harrison, while the launch did not matter very much, it did give public attention to something that many people had been engaged in for some time. The participation and attendance of key Ministers and MPs also provided weight to the event. Throughout the day, attendees were able to raise
questions about the policy which was being presented, however, no substantial discussion took place, and some showed frustration at having no further opportunity to influence the policy outcome. This fact is not lost on government policy actors. Charles Akol noted how Uganda often uses ‘workshops’ as another means to create policy (Charles Akol, Coordinator, NEMA, interview March 7, 2002). Mr. Akol explained that these meetings are usually framed as ‘consensus-building’ workshops, combining lots of stakeholders and resource users in the case of forestry. However, he noted that the setting often “does not provide equal opportunity for feedback”. In the context of the Forestry Conference, Mr. Akol recognized that if a resource user from a rural village came to the meeting they would not participate given the intimidating environment.

While the outcome of the forestry reform process is still too early to judge, it is generally perceived to be one of the best consultative processes seen in Uganda in recent years, particularly relating to environmental issues. NGOs I spoke with pointed to the regional workshops, working groups, and opportunities to comment as important opportunities to contribute to the reform process. Perhaps more importantly, the forestry reform process highlights the value NGOs put on being able to participate, even in a limited manner. Hence, even while NGOs recognize that the process was not ideal, it represented a strong improvement over past efforts. As we move ahead to talk about the energy reform process in the next two chapters, it also noteworthy that as one of the more successful environmental sector reviews, the forest review process took between five and six years of formal work to produce a new administrative apparatus (the Forest Authority), a new policy, plan, and legislation. A period that was much longer than anticipated, a path of policy
development that was in no way linear, and a process riddled with conflict, tension and negotiation.

The forestry reform process also resembles other national policy and reform experiences in that it was clearly donor driven. Given the historical context presented earlier, this is certainly not surprising. In the case of forestry, there is no question that the forest sector was in disarray and needing reform: forest permits and access rights were routinely used for political and economic gain. However, for some researchers, the donor-led reform agenda, even if producing technical and administrative improvements, leads to serious concerns relating to the relationship between donors, the state, and citizens. Donor-led reform agendas produce “a scenario of ‘donor citizens’ participating in the management of a donor-driven country through processes where they use the power of their finances to create knowledge, to open and close spaces for the making and shaping of…policy” (Ssewakiryanga 2004, 78). “Taken to its extreme”, Richard Ssewakiryanga writes,

this scenario may be seen as the emergence of a parallel state in which donors and selected central government policy actors claim their entitlements to define Uganda’s route to development…in doing so, they [donors] frequently have more influence on the way the Ugandan state functions than do its domestic citizens….Indeed, the relationship between donors and central government actor is now a very intimate one, to the extent that sometimes a distinction between donor and government positions on a policy become indistinguishable (2004, 78).

For the future of state-society relations in Uganda, this observation has important implications. If reform and policy development is the chief domain of donors, and the opportunities for consultation or participation are donor driven, who is accountable when the outcome of reform procedures are poor; when opportunities for participation are not granted; and, where an authority not directly accountable to a citizenry controls policy decisions and opportunities for participation? In the case of energy, the outcome seems to be that while the energy problem persists, various government and non-government actors charge each other
for being responsible for poor outcomes, state-society relations degrade, and domestic non-government organizations use international mechanisms and strategies to be heard.

4.7 Conclusion

This chapter has painted a broad picture of reform and policymaking in Uganda. In doing so, the character of the relationship between the various actors pushing and driving reform and policymaking has been emphasized. This emphasis is not to reduce or ignore the significance of Uganda’s achievements to date, but to recognize that those achievements are a product of a particular approach and method of reform and decision-making. Drawing from several general and more specific examples – macroeconomic reform, public sector reform, privatization, forestry – some important national trends start to emerge relating to the method of reform, the actors driving that reform, the factors explaining success, and factors challenging success. The categories used for understanding reform and policymaking in Uganda – actors, knowledge, and spaces – help organize these trends.

4.7.1 Actors

The discussion in this chapter indicates that a small handful of actors drive reform and policy choices, with donors sitting at the centre. Despite the disagreement over the degree of influence of multilateral and bilateral agencies in Uganda’s early reform initiatives, it is clear the role of donors has been and continues to be substantial and dominant. Ssewakiryanga writes: “Donors on the Ugandan policy scene are…not just funders but actors who contribute to various policy processes and are also very aware of the power that they wield in shaping policy” (Ssewakiryanga 2004, 83). Graham Harrison pushes this observation further: “rather than conceptualizing donor power as a strong external force on the state, it would be
more useful to conceive of donors as *part of the state itself*. This is not just because so much of the budgeting process is contingent on the receipt of donor finance, but also because of the way programmes and even specific policies are designed and executed” (2001, 669). An interview with Andrew Mwenda affirms this point: “The World Bank is the most powerful government department” (Interview, January 17, 2003).

The extent to which the World Bank should be understood as a part of government will be made clearer when discussing the electricity sector. In the immediate, this is a view that evidence in this chapter suggests is accurate. This observation also has important implications for understanding ‘governance’ in Uganda. When the role of donors is considered from the perspective of a state-oriented perspective of ‘governance’, the Bank’s influence and authority can be understood simply as an external agent helping to guide and improve public sector management and government effectiveness vis-à-vis the creation of independent quasi-government authorities, and the privatization of parastatals. This focus on improving public management is being pushed with a clear intent to produce a better state and what Graham Harrison suggests is the World Bank’s conception of the evolution of an African state (Harrison 2005). However, when we consider the role of the World Bank and other donors in Uganda from a relational perspective to governance, we see that donors in Uganda are instrumental to the character and quality of state-society relations. Hence, donors help promote state reform initiatives that treat participation as important, but only insofar as to produce buy-in to the reform agenda. This is achieved by extending invitations to NGOs to participate in policy development and most often in situations where the potential for controversy is minimal. As a result, despite donors assuming a role as external influences working to create more participatory processes and by default better state-society relations,
donor arguments that NGOs must operate as forces of accountability, and/or contribute to policy debates are unrealistic in the current political context because few organizations are willing to risk challenging policy or reform proposals. This is because: 1) the national government is extremely unsympathetic to challenges from NGOs, particularly those that might derail reform procedures; and, 2) as donors usually initiate reforms and calls for participation in policy or reform, and NGOs are reliant on donors for program funding, there are few NGOs that can risk being on bad terms with donors if they need financial support or want to participate in future policy debates. Hence, donors are intimately involved in not only pushing a reform agenda and pushing for greater participation in policymaking, but also in defining and shaping the character of state-society relations, and, hence, governance in Uganda through their authoritative activities.

President Museveni has also clearly played a commanding or dominant role in Uganda, with donors in fact requesting him to take the lead. While Uganda’s successes are undoubtedly a result of Museveni’s leadership and ownership of reforms, from the perspective of policy development and policy assessment, Museveni’s role as chief policy champion presents concerns. For Godber Tumushabe the major issue is that the President is usurping the role of technical agencies in assessing policy and proposals: “If you are an investor you go straight to State House then work down the chain of agencies; so much pressure accompanies this” (Interview, March 4, 2002). This observation suggests that the paramount role of the President in Uganda undermines the policy capacity of civil servants and their agencies, and does not help deter the view that reform and policy initiatives are the result of objective analysis: policy “decisions must be made by competent actors, not by
need for political expediency…There is a need to open up the decision-making process so that it is risky for politicians to make controversial decisions” (Ibid.).

As the principal public organization responsible for the monetary and financial management of the country’s affairs, the Ministry of Finance, Planning and Economic Development is also central. It follows that the Minister and Permanent Secretary of the MFPED also had a central influence. Less recognized in this early period is the influence of Uganda’s Parliament. Parliament was recognized to have played a prominent role in scrutinizing the pace of reforms, particularly privatization, to the frustration of many. As will be shown with the energy sector, interviews with donor representatives and civil servants affirm the significant role that Parliament has in reform procedures, particularly in relation to its ability to delay passage of laws necessary for reform. Parliament, in addition to the courts take on more prominence in the next chapter, as their roles in scrutinizing reforms have increased in recent years.

4.7.2 Knowledge

Given the heavy emphasis on macroeconomic reform and austerity measures in Uganda it should not come as a surprise that the knowledge driving early economic reform seems to coincide with the dominant liberal economic orientation applied and promoted in Africa. Equally, the Bank’s emphasis on public sector reform as a type of ‘governance reform’ is also demonstrated. Despite this, specific data supporting an argument that the knowledge driving reform in Uganda was carried by a certain set of interests is not easy to discern – a link that is much more easily made in energy. The analysis of reforms undertaken does suggest, however, that those reforms that were promoted and applied are consistent with the knowledge and ideas of international donors, particularly the World Bank. Perhaps more
indicative is the fact that civil servants and elected officials that were intransigent to reforms were removed and replaced by individuals willing to lead reform in the early post-1986.

In the late 1990s and early 2000s this chapter also shows that in practice invitations to share knowledge or to comment on government/donor proposals are increasing, largely due to donor requirements. These invitations, however, are not the same as processes being open to deliberate or seriously to consider knowledge or ideas generated by civil society in Uganda. While environmental NGOs and civil servants suggest that the forestry reform process represents an important improvement in the degree to which the political authorities controlling and driving reform (government and donors) will listen to the ideas of civil society, all actors interviewed clearly suggest that these processes are largely information sessions and opportunities to create buy-in from society. The point here is not to demean the importance of opportunities for civil society to be heard – something that historically has not taken place. But it does raise important questions about how ideas that challenge reform proposals or question the evidence or dominant knowledge of political authorities gets deliberated or taken into account. The evidence in this chapter is not sufficient to argue that Ugandan civil society has put forward alternative ideas for reform that were ignored by political authorities. Instead, what it demonstrates is general national trends for how reform and policymaking ideas from civil society would be and have been incorporated. The evidence suggests three things: 1) civil servants and donors feel that environmental NGOs in Uganda have little capacity to produce technically proficient proposals or ideas; 2) civil servants and donors do not feel they have ever learned anything new from civil society; and, 3) the current ‘invitation culture’ in Uganda affirms that opportunities for civil society to put forward new ideas or to challenge government/donor proposals are limited, and to challenge
proposals risks censure. These tendencies are not unique to Uganda and illustrate a natural
government tendency to push through reforms when they are controversial. However, these
tendencies are particularly problematic in Uganda given the historically tense relationship
between various constituencies in the country; because of the complexity of the reforms,
programmes, and policy initiatives being implemented which increasingly require support
and/or garner attention from a broader range of interests inside and outside the country; and,
because it appears that the World Bank has not changed its approach to project
implementation or indeed learned from its past mistakes. As a result, with respect to reform
and policymaking, Ugandan civil society appears to be in a catch-22 situation, where on one
level they are encouraged to participate, but only insofar as that participation does not
undermine the overarching goals and/or undermine the publicly communicated linear path of
improvement. As we move ahead, we will see how this pattern has presented a very
significant problem in the energy reform process. It also suggests that in the case of energy
in Uganda, the World Bank continued to apply an old model or approach to ‘participation’,
whereby the methods used to allow ‘consultation’ and ‘participation’ would be better
described as information sessions.

4.7.3 Policy ‘spaces’/opportunities

Of the three factors providing insight into the character of reform in the post-1986 period, the
most difficult to characterize are the ‘spaces' in which decisions were made, and dialogue
over reforms conducted. References to donor consultative dialogues are noted in the
literature, however, as the example of the process surrounding the passage of the first
privatization legislation revealed, even Parliament was closed in circumstances of serious
debate. Hence, it is not too much to suggest that the early reform period was generally an
affair of limited citizen or non-government influence or opportunity for participation. Given the extremely poor state of the country’s political, social, economic and physical affairs after twenty or more years of conflict, again, this should not come as a surprise. The significance of this observation, however, rests in the legacy it has left with respect to the process of reform and state-society relations in reform and policymaking. The process and success of early economic reform established two precedents: 1) national reform happens more easily in the absence of debate or dialogue and when a small and select group of interests drives reform; and, hence, 2) the process of reform is secondary to the intended outcome of reform, particularly as the potential controversy surrounding a reform is low.

To conclude, the evidence presented here regarding Uganda’s reform and policymaking experience suggests 6 central issues. First, controversial reform, whether successful or not, has most often been a closed process with limited opportunities for participation or debate. Second, when participation in policymaking does occur, it is usually a result of donors arguing for it or orchestrating it themselves. Third, a small ensemble of actors drives and initiates reform, with donors taking the lead. Fourth, environmental NGOs in Uganda are heavily reliant on invitations to participate in policymaking, and even when participation comes in the form of consultation or information sessions, NGOs appreciate the opportunity, but fully recognize that they have limited ability to influence reform or policy decisions as they are largely already made. Fifth, sector reform in Uganda cannot be isolated from other reforms taking place in the country, as they are overlapping and synergistic – a point complicated by the fact that World Bank country office representatives are evaluated largely according to the amount of programme funding they can arrange (Harrison 2001, 671), and therefore have an incentive to increase not decrease the number of reforms.
Finally, civil servants and government communicate reform and policymaking in an idealized linear path despite knowing that in practice this is a ‘fiction’ that does not take place. The outcome of this ‘fiction’ is that when reform or policymaking does not follow the desired path the processes will take much longer than expected and policy champions will become frustrated with delays. When we consider that the energy sector reforms and dam construction efforts have been characterized by government frustration with ongoing delays over review processes – most often donor required – and NGO demands for access to information and better debate over the economic aspects of the project, we begin to see how the reform and policymaking trends identified in this chapter relate to the energy sector.
## Appendix 4.0: Public Enterprises Privatized, Uganda 1992-2002

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SECTOR</th>
<th>NAME</th>
<th>PROCEEDS (US$ MILL.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Energy</td>
<td>Shell (U) Ltd.</td>
<td>11</td>
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<tr>
<td>1992</td>
<td>Manufacturing &amp; Services</td>
<td>East African Distilleries Ltd.</td>
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<tr>
<td>1992</td>
<td>Financial</td>
<td>Uganda American Insurance Company</td>
<td>/</td>
</tr>
<tr>
<td>1993</td>
<td>Manufacturing &amp; Services</td>
<td>Lake Victoria Bottling Co.</td>
<td>6</td>
</tr>
<tr>
<td>1993</td>
<td>Other</td>
<td>Agricultural Enterprises Ltd.</td>
<td>13</td>
</tr>
<tr>
<td>1993</td>
<td>Other</td>
<td>Uganda Securiko</td>
<td>/</td>
</tr>
<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Blenders (U) Ltd</td>
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<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Hotel Margherita</td>
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<tr>
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<td>Mt. Moroto Hotel</td>
<td>0</td>
</tr>
<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Rock Hotel</td>
<td>0</td>
</tr>
<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Steel Corp. of East Africa</td>
<td>/</td>
</tr>
<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Uganda Cement Company</td>
<td>21</td>
</tr>
<tr>
<td>1994</td>
<td>Manufacturing &amp; Services</td>
<td>Uganda Tea Corp.</td>
<td>/</td>
</tr>
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<td>1994</td>
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<td>White Horse Inn</td>
<td>1</td>
</tr>
<tr>
<td>1994</td>
<td>Other</td>
<td>TUMPECO</td>
<td>1</td>
</tr>
<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Acholl Inn</td>
<td>/</td>
</tr>
<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Hilltop Hotel</td>
<td>/</td>
</tr>
<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Kampala Auto Centre</td>
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<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Lake Victoria Hotel</td>
<td>3</td>
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<tr>
<td>1995</td>
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<td>Lira Hotel</td>
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<td>Mt. Elgan Hotel</td>
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<tr>
<td>1995</td>
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<td>Mweya Safari Lodge</td>
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<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Nile Hotel Complex</td>
<td>29</td>
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<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Republic Motors</td>
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<td>Sorol Hotel</td>
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<tr>
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<td>Manufacturing &amp; Services</td>
<td>Tororo Cement Works</td>
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<td>Manufacturing &amp; Services</td>
<td>Uganda Meat Packers Ltd</td>
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<td>Uganda Motors Ltd.</td>
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<tr>
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<td>White Rhino Hotel</td>
<td>0</td>
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<tr>
<td>1995</td>
<td>Manufacturing &amp; Services</td>
<td>Winits (U) Ltd</td>
<td>0</td>
</tr>
<tr>
<td>1995</td>
<td>Financial</td>
<td>Uganda Hire Purchase Co.</td>
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<tr>
<td>1995</td>
<td>Other</td>
<td>Uganda Fisheries Enterprises</td>
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<tr>
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<td>Energy</td>
<td>Agip (U) Ltd</td>
<td>2</td>
</tr>
<tr>
<td>1996</td>
<td>Energy</td>
<td>Total (U) Ltd</td>
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<td>African Textile Mills</td>
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<td>Manufacturing &amp; Services</td>
<td>Kibimba Rice Co. Ltd</td>
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<td>1996</td>
<td>Manufacturing &amp; Services</td>
<td>Masindi Hotel</td>
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<td>1996</td>
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<td>Motorcraft and Sales Ltd</td>
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<td>1996</td>
<td>Manufacturing &amp; Services</td>
<td>Printpak (U) Ltd</td>
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<td>Manufacturing &amp; Services</td>
<td>Uganda Grain Milling Co.</td>
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<tr>
<td>1996</td>
<td>Financial</td>
<td>Stanbic (U) Ltd</td>
<td>7</td>
</tr>
<tr>
<td>1996</td>
<td>Other</td>
<td>Foods &amp; Beverages Ltd.</td>
<td>1</td>
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<tr>
<td>1996</td>
<td>Other</td>
<td>Fresh Food Ltd</td>
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### Table: Privatization of Companies in Uganda, 1996-2002

<table>
<thead>
<tr>
<th>Year</th>
<th>Sector</th>
<th>Name</th>
<th>Proceeds (US$ mill.)</th>
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<tr>
<td>1996</td>
<td>Other</td>
<td>ITV Sales Assets</td>
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<td>1997</td>
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</tr>
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<td>1997</td>
<td>Financial</td>
<td>Stanbic Bank</td>
<td>7</td>
</tr>
<tr>
<td>1997</td>
<td>Financial</td>
<td>Uganda Commercial Bank</td>
<td>5</td>
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<tr>
<td>1997</td>
<td>Other</td>
<td>Coffee Marketing Board Limited (CMBL)</td>
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<td>1997</td>
<td>Other</td>
<td>Comrade Cycle (U) Ltd</td>
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</tr>
<tr>
<td>1997</td>
<td>Other</td>
<td>Lango Development Corporation</td>
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<td>1997</td>
<td>Other</td>
<td>Uganda Meat Packers</td>
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</tr>
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<td>1998</td>
<td>Financial</td>
<td>Barclays Bank</td>
<td>4</td>
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<td>1998</td>
<td>Financial</td>
<td>Uganda Commercial Bank (UCB)</td>
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<td>1999</td>
<td>Manufacturing &amp; Services</td>
<td>BAT (Uganda), Ltd.</td>
<td>7</td>
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<td>Servislo Hotel</td>
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<td>2000</td>
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<td>UTL Company</td>
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<td>2001</td>
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<td>Apollo Hotel Corporation</td>
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<td>2002</td>
<td>Financial</td>
<td>Uganda Commercial Bank</td>
<td>19</td>
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<tr>
<td>2002</td>
<td>Infrastructure</td>
<td>UEGC (Uganda Electricity Generation Company)</td>
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**Total**: 265

## Appendix 4.1: World Bank projects in Uganda, 2000-2005

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>APPROVAL</th>
<th>CLOSING</th>
<th>PROJECT COST</th>
<th>IDA COMMITMENT</th>
<th>IMPLEMENTING AGENCY</th>
<th>STATUS</th>
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</thead>
<tbody>
<tr>
<td>Private Sector Competitiveness II</td>
<td>2-Sep-04</td>
<td>31-Jul-10</td>
<td>72.5</td>
<td>70</td>
<td>Ministry of Finance, Planning and Economic Development (MOPPED)</td>
<td>Active</td>
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<tr>
<td>UGANDA: National Roads Management Reform Project (NRMRP)</td>
<td>N/A</td>
<td>N/A</td>
<td>80</td>
<td>72</td>
<td>Road Agency Formation Unit (RAFU)</td>
<td>Pipeline</td>
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<tr>
<td>Second Economic and Financial Management Project-Supplemental Credit</td>
<td>4-Nov-03</td>
<td>N/A</td>
<td>17.24</td>
<td>14.6</td>
<td>MOPPED, Uganda Bureau of Statistics (UBOS), GDL</td>
<td>Active</td>
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<td>Kampala Institutional and Infrastructure Development Project</td>
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<td>35</td>
<td>32.9</td>
<td>Kampala City Council (KCC)</td>
<td>Pipeline</td>
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<td>Canceled-UG-Bujagali Hydropower GU(FY02)</td>
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<td>115</td>
<td>115</td>
<td>AES, private sponsor</td>
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<td>Second Local Government Development Project</td>
<td>29-May-03</td>
<td>30-Jun-07</td>
<td>165</td>
<td>125</td>
<td>Ministry of Local Government (MOLG)</td>
<td>Active</td>
</tr>
<tr>
<td>Protected Areas Management and Sustainable Use GEF</td>
<td>9-Jul-02</td>
<td>31-Dec-07</td>
<td>8</td>
<td>0</td>
<td>Ministry of Tourism, Industry and Trade (MOTIT)</td>
<td>Active</td>
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<tr>
<td>Lake Victoria Environmental Management Project - Supplemental Credit</td>
<td>9-Jul-02</td>
<td>N/A</td>
<td>4.64</td>
<td>4.5</td>
<td>Ministry of Lands, Water, and Environment (MLWE)</td>
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<td>Financial Sector Strengthening</td>
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<td>11.7</td>
<td>Bank of Uganda (BOU)</td>
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<td>Poverty Reduction Support Credit 4</td>
<td>2-Sep-04</td>
<td>30-Sep-05</td>
<td>150</td>
<td>150</td>
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<tr>
<td>Third Poverty Reduction Support Credit</td>
<td>9-Sep-03</td>
<td>30-Sep-04</td>
<td>150</td>
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<tr>
<td>THIRD PHASE OF THE ROAD DEVELOPMENT PROGRAM</td>
<td>2-Sep-04</td>
<td>31-Dec-09</td>
<td>133</td>
<td>107.6</td>
<td>Ministry of Works, Housing and Communications (MOWHC) and RAFU</td>
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<tr>
<td>Decentralized Service Delivery: A Makerere University Training Pilot Project</td>
<td>26-Mar-02</td>
<td>31-Dec-06</td>
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<td>23-Jul-02</td>
<td>30-Jun-03</td>
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<td>Supplemental Credit to the Structural Adjustment Credit Project (03)</td>
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<td>Second Environmental Management and Capacity Building Project</td>
<td>20-Mar-01</td>
<td>31-Dec-06</td>
<td>24.1</td>
<td>22</td>
<td>MLWE</td>
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<td>Regional Trade Facilitation Project - Uganda</td>
<td>3-Apr-01</td>
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<td>60</td>
<td>20</td>
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<td>Energy for Rural Transformation Project</td>
<td>25-Mar-03</td>
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<td>75</td>
<td>0</td>
<td>Multiple ministries</td>
<td>Active</td>
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<td>HIV/AIDS Control Project</td>
<td>18-Jan-01</td>
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<td>47.5</td>
<td>Multiple ministries</td>
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<td>Energy for Rural Transformation Project</td>
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<td>31-Aug-06</td>
<td>12.12</td>
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<tr>
<td>Uganda Third Power Supplemental</td>
<td>20-Jan-00</td>
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<td>Protected Areas Management and Sustainable Use Project</td>
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<td>30</td>
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<td>Second phase of the road development program</td>
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<td>30-Jun-06</td>
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* Grant: 12.2 million; ^ Grant: 9.8 million; " Grant: 4.0 million

Chapter 5

THE LOGIC OF UTILITY SECTOR REFORM IN AFRICA:
UNPACKING THE CONDITIONS FOR SUCCESS

5.0 Introduction

Since the 1960s, power industries in Africa have most often been national enterprises, in a
monopoly situation, in charge of providing public electricity service (Girod and Percebois
1998, 22). The three segments of energy service delivery – production/generation,
transport/transmission, and distribution – have been vertically integrated, with supervision
and regulation supported by public ministries or quasi-independent regulatory agencies. The
rationale for this monopoly arrangement stemmed from the belief that public utilities had to
support national development and the cohesion of society through the distribution of an
important public good – electricity (1998, 22-23). A fall in sales of electricity during the
1980s following economic decay in sub-Saharan Africa, however, found most utilities unable
to expand or provide consistent service and unable to maintain equipment and infrastructure.

A great deal of blame for energy sector problems can be attributed to dismal economic
conditions and financial constraints but problems are also frequently attributed to the quality
of administrative oversight for the sector.

Beginning in the 1980s, private sector proponents argued that public utilities in Africa
lacked internal motivation, had little management autonomy, and were vulnerable to political
interference (Girod and Percebois 1998, 24). It was also argued that public utilities had no
motivation to look for greater efficiency, while at the same time were able to transfer costs
resulting from poor management to the national pocketbook and to finance investments using
other government funds (1998, 24). This situation prompted calls for restructuring,
reorganization, and the general reform of energy sectors in order to improve and increase
service delivery (Girod and Percebois 1998; UNCHS 2001; ESMAP 2000; Wereko-Brobby 1993; Turkson 2000; Davidson and Sokona 2001). But more specifically, these concerns led reformers to focus on the creation of new institutions and institutional incentives that would promote substantial investment in, and expansion of energy infrastructure (UNCHS 2001, 143), while at the same time reducing political interference in the management of the sector.

The World Bank has been a central advocate of and force behind public sector reform in Africa. The Bank has also been “the main architect of energy sector reform and liberalization” in developing countries (Vedavalli 2007, 78). In general terms, the Bank has advocated for change under the suggestion that an ‘accountability framework for service delivery’ is required (World Bank 2004). In promoting and instilling this approach, Bank documents suggest six network utility and electricity specific reform actions that are needed:

1) Oblige enterprises to operate according to commercial principles;
2) Introduce competition in order to improve sector performance in terms of efficiency, customer responsiveness, innovation and viability;
3) Restructure the electricity power supply chain to enable the introduction of competition;
4) Privatize the unbundled electricity generators and distributors under dispersed ownership, because competition is unlikely to develop properly between entities that are under common ownership – whether state or private;
5) Development of economic regulation of power market that is applied transparently by an agency that operates independently from influence by government, electricity suppliers and consumers;
6) Focus government’s role on policy formation and execution while giving up the roles of operator and investor with divestiture of state ownership in generation and distribution. (Bacon and Beasant-Jones, 3-4)

At the centre of these suggested actions is the proposal that increasing the role of private, for-profit companies in electricity provision will be beneficial and needed. But when this argument is put in the context of the historic way that countries developed national infrastructure systems, we can see the uniqueness of this proposal. For when industrialized countries developed their infrastructure networks they most often relied on a vertically integrated model of electricity service delivery (see Graham and Marvin 2001). Recognizing
this contradiction, the World Bank asks: why should developing and transition economies take on this new approach? (World Bank 2004, 4). “The simple answer” the Bank writes, “is that the new model, implemented correctly, offers benefits too big to ignore – for governments, operators, and consumers. The primary virtue of unbundling is that it promotes competition, ensuring that firms provide their services at efficient prices” (Ibid., emphasis added).

What then is the record of utility and electricity sector reform in Africa to date? Is there an appropriate model for reform or principles to guide reform? Can a list of ideal domestic conditions be identified, which, if present, would help ensure success? Drawing on globally comparative literature, in the following sub-sections these questions and issues are addressed. This information provides important theoretical and anecdotal evidence for the analysis of Uganda’s energy reform experience in Chapter 6.

This chapter begins by placing policy and electricity sector reform in its appropriate international context. Here I identify theories and arguments supporting utility unbundling and privatization, along with the domestic in-country conditions and processes that researchers and advocates suggest are needed to make reform successful. Given the prominent role of the World Bank in Uganda, this section draws heavily but not exclusively from the Bank’s research and arguments. In doing this, a list of ideal domestic conditions needed for successful reform can be generated. With this information in hand, the chapter ends by presenting a table comparing the conditions of an ideal approach to utility sector reform with the experience in Uganda. This information provides a prelude to understanding Uganda’s energy reform experience.
The chapter demonstrates that of the many ‘guiding principles’ and ‘critical factors’
advanced for successful reform in Africa, necessary political, institutional, and procedural
ones have received the least amount of attention. This does not, however, result in a simple
argument that more time and attention to state-society relations is needed, or that more
deliberative reform processes are needed. What is revealed is that the conditions suggested
for successful reform are enormously ambitious and do not match the political, social, and
economic reality in Uganda or most countries in sub-Saharan Africa. This situation places
international donor agencies, national governments, and civil society organizations in an
extremely complex political scenario at the same time that the imperative for improved
energy services increases exponentially.

5.1 Electricity privatization: An overview of issues and outcomes

With respect to efficiency, administration, and finance, research suggests that positive
outcomes can occur over time with utility privatization: private owners receive good
financial returns, there is improved technical and operational efficiency, and the state reduces
its administrative and financial obligations (Birdsall and Nellis 2003). In addition, there is
some evidence that over time, network expansion and increased access to services to the
urban poor does occur, with less favourable results for the rural poor who are often left out.
Analysts and advocates of privatization also suggest that these outcomes, combined with a
demonstrated commitment to reform, can help sustain a larger process of market-enhancing
economic reform in countries (World Bank 2003; Komives et al. 2001; Centre for Global
Development 2003; Birdsall and Nellis 2003). Despite the potential for these achievements,
however, the social impacts from utility privatization are much less favourable and less
known.
Recent research has begun to consider the social dimensions of privatization and utility sector reform. Nancy Birdsall and John Nellis write: “most privatization programs list as an objective maintaining or improving distributional equity...[but] almost all privatization programs have done much more to enhance efficiency than equity” (Birdsall and Nellis 2003, 1623). But research on the impacts of utility privatization also depends heavily on data from transitional economies of the former Soviet Union and Eastern Europe (2003, 1627). To date, research has predominantly left out other regions, particularly Africa, where there is very little known (Birdsall and Nellis 2003, 1627). “In most countries electricity reform is still too recent to assess its effects on social welfare. Only a few countries have time-series data of sufficient length to permit meaningful empirical assessments” (World Bank 2004, 167).

Assessments of electricity reform that have occurred in the Global South are more common for Latin America where electricity reform began in the early 1980s, starting with Chile. The Chilean approach to privatization and market competition, for example, served as a model for several other Latin American countries such as Peru and Bolivia. However, the blackouts and public demonstrations that followed the drought of 1998-1999 in Chile have been traced to incompatible incentives for market participants (Millan and Von der Fehr 2003, 4). Jaime Millan and Nils-Henrik Von Der Fehr argue that this episode, together with the failure to transfer efficiency gains to consumers, ignited a political crisis in Chile that led to a major overhaul of the Chilean electricity legislation (Ibid.). Other authors also note the problems that befell the Chilean model (Hira et al. 2005; Wamukonya 2003), while acknowledging that prior to 1998 transmission losses decreased and the number of consumers increased. But comparing these experiences to Africa remains difficult. In part,
this is a result of the infancy of electricity sector reform in most sub-Saharan African (SSA) countries (Vedavalli 2007).

In SSA, most countries remain in the midst of reforms, where outcomes to date are hard or too early to assess. Research that has been done tends to provide broad overviews of country reform experiences. What is known is that at one end of the reform spectrum there are countries that have privatized public companies completely (Côte d’Ivoire, Guinée, and Mali). At the other end there are countries that have maintained a predominantly vertically integrated monopoly (Angola, Botswana, Ethiopia, Eritrea, Malawi, Niger). In most other countries, in recent years some type of reform has occurred to facilitate vertical de-integration and/or contractual service arrangements in order to encourage and permit private investment, and to promote various degrees of private competition. A long list of countries fitting this category include: Benin, Burundi, Burkina Faso, Cameroon, Congo, DR Congo, Ghana, Kenya, Madagascar, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia, Zimbabwe (see Girod and Percebois 1998; AFREPREN/FWD 2005). A majority of countries south of the Sahara, therefore, are engaged in some type of sector reform. But all along, state power companies have historically and continue to “manifest great reticence in engaging themselves in uncertain experiences and they are conscious of important difficulties that they will have to overcome to establish durable reforms” (Girod and Percebois 1998, 27). In their 1998 review of power sector reforms, Girod and Percebois consider the difficult situation in which governments find themselves:

Between maintaining the situation of public monopoly and privatizing the power companies, the governments of many countries are still seeking other channels better adapted to the
African reality while preserving national cohesion and social stability. They prefer intermediate positions rather than confronting hostile public opinion... [Furthermore] it is inconceivable for many African decision-makers that the distribution of electricity may be treated in the same commonplace way as other products, meaning that the States abandon their responsibility in its supply as a public service... most hesitate in engaging in a process that they fear they cannot control; the institutional transformations which solutions of privatisation would lead to include too many destabilising elements and it is preferable to explore other directions better adapted to national realities. (1998, 28-29)

It is noteworthy that political considerations relating to the public’s palatability for change are at the heart of concerns. Despite this, the political implications of reform have received very little attention and the pace of reform has not slowed. Indeed, surveys of country experiences suggest that reforms have been proceeding without knowledge about reform impacts (Wamukonya 2003, 1282).

Historically, initial utility reform efforts in Africa concentrated on internal organizational change (Nellis 2003). However, in most cases these efforts “produced no, modest, or unsustainable improvements. Financial losses mounted. They led to further deterioration in service quantity and quality and increased burdens on the government budget” (2003, 6). We can recall from Chapter 4 that senior civil servants in Uganda’s Privatization Unit also point to the financial burden of state-owned enterprises (SOE) as a central rationale for reform and privatization. Hence, the initial, central argument for utility sector reform and the move away from the public sector stemmed from financial problems, and associated administrative concerns (Nellis 2003). In turn, it was common that the IMF would initially cut budgetary support to SOE as debts were incurred but not serviced (Ibid.). Following the IMF’s identification of the problem and insistence for improvement, the World Bank became more involved in terms of the design of reform and privatization, and

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1 Girod and Percebois note that the only exception observed at the time of their writing was Côte d’Ivoire “where reforms were prepared in less than six months and in total secrecy” (1998, 28).
implementation. “In many, probably most African countries the principal motivation for privatization has been to placate IFIs” (Nellis 2003, 6).

In his recent book, *Energy for Development*, Rangaswamy Vedavalli, former World Bank Principal Economist and Manager of Energy Operations, supports the position that the Bank was the dominant architect of reforms and advocate for more private sector involvement in energy (2007). This perspective is strongly supported by other critics as well (Peet 2003; Stiglitz 2002). Thus, by the early 1990s, “…industrialized countries, multilateral institutions such as the WB and the IMF and NGOs…began to emphasize the inevitability of developing countries to adopt a free market system and to liberalize their economies to facilitate public and private investment in energy” (Vedavalli 2007, 56). In a policy paper prepared in 1993 and titled “The World Bank’s Role in the Electric Power Sector”, the Bank noted that it was changing the way it did business in energy. As Vedavalli explains, the Bank and its borrowers could not keep using a ‘business-as-usual’ approach to lending when power utility performance was deteriorating; “…the future role of the Bank in the power sector is that of facilitator to require developing countries to pursue pricing and institutional reforms to attract private investment” (2007, 56).

The turn to the private sector was not simply an ideological conviction. The promotion of the private sector and the unbundling of state monopolies followed the wave of liberalization of electricity markets in the US and UK, as well as other countries like Germany, Poland, the Czech Republic, France, Austria, Sweden, Hungary (Vedavalli 2007, 30). Moreover, the promotion of the private sector was a response to the investment in infrastructure desperately needed in developing countries generally, and Africa specifically. In the mid-1990s the World Bank estimated that total investment requirements for the power

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2 The NGO of reference is the World Energy Council (WEC).
sector in sub-Saharan Africa was $18 billion; utility and domestic sources could fund $5 billion, multilateral sources could provide $3 billion, leaving the private sector and other non-customary sources to provide the remaining $10 billion (Gutierrez 1996 cited in Turkson and Wohlgemuth 2001, 135). More recently, Vedavalli suggests that Africa needs to mobilize financing of $30 billion per year until 2030 in order to meet minimum commercial electricity access (2007, 15). But these figures are terribly difficult to confirm and vary significantly depending on the time period being considered and the rates of electrification aspired for. The International Energy Agency (IEA), for example, projects that sub-Saharan Africa (SSA) requires $7 billion a year in investment solely for new power generation capacity.\(^3\) Based on 1990 rates of electrification, with this annual investment, the IEA estimates that the rate of electrification in SSA could double by 2030, reaching almost 50% of the region’s population (Vedavalli 2007, 348). But this also means that it will take all of the twenty-first century to electrify the entire region (Ibid.). Leaving aside the institutional and political challenges confronting such improvements, and the assumption that the private sector is interested in investing in Africa, the scale of the investment challenge in SSA is easily revealed when simply considering the scale of the technical requirements needed:

Developing countries require investment in electric power sector to install additional generation capacity, to extend the electricity grid in urban areas, to expand transmission and distribution, to install mini-grids in medium-sized settlements, to decentralize installations providing thermal, mechanical and electric power to rural areas and to maintain and upgrade existing electricity infrastructure. (Vedavalli 2007, 348).

To overcome the fears inherent in widespread reform while still providing room for desperately needed investment, most African governments – whether by choice or by requirement – accepted that sector reform would entail private firms playing a central role in service provision. Thus, independent power producers (IPPs) were invited into energy and

\(^3\) In comparison, the IEA estimates that South Asia requires over $10 billion per year.
other utility sectors with the expectation that they would help expand services, construct new facilities, and improve operational efficiency. But in contrast to other regions, poor network infrastructure quality, low electricity supply, low levels of connections, and high poverty has meant that there is sometimes low or extremely cautious investor interest in African network utilities. As a result, in addition to changes in administration, regulation, and tariff structures, strong incentives have often been needed to attract private firms.

In Latin America there is evidence that privatisation may have provided a positive signal to investors...However, for many developing countries (eg in Africa) lack of investor interest has been a common feature of privatisation programmes. Instead of encouraging investment, privatisation has left governments offering increased concessions to entice investors to acquire their assets – often to meet donor requirements. (Bayliss 2002, 6)

Interestingly, Bayliss goes on to use AES’ requests for special consideration in Honduras and Uganda to support her observations:

…the American firm AES has made a request to the government of Honduras to be allowed to operate under free trade zone conditions for the construction of its power generation plant, which would make it exempt from all types of general taxes, income tax and other charges…In Uganda, AES asked the Ugandan Government to guarantee prompt reimbursement of its value added tax (VAT) claims by the Uganda Revenue Authority (URA) during negotiations for the Bujagali power plant. (Bayliss 2002, 6)

Bayliss also notes that sometimes lack of investor confidence has become a major stumbling block in privatization. “Transactions have been painfully slow. Enterprises which have been in a limbo state of ‘being privatised’ for several years have rapidly declined” (Bayliss 2002, 6).

Adding to the challenge of finding interested investors, governments have also had to grapple with the implications of consumer price increases. Government monopolies have historically kept prices below ‘cost-recovery’ levels – prices which have not reflected the cost of maintaining, let alone expanding the infrastructure network or increasing generation
sources. Hence, price increases reflect not only the current cost of service provision, but also the cost of fixing or replacing infrastructure that has been neglected historically; the cost of future infrastructure investments in such things as generation facilities; and, the defining difference between a public and private corporation, a firm’s profit. Inequity in service provision will also often increase following privatization because the removal of subsidies, which generally favoured wealthy users who can afford tariff increases, disproportionately impact the poor as private firms often vigorously collect arrears and end illegal connections. Unemployment has also usually increased as public enterprises reduce their workforce dramatically. In short, the range of technical challenges faced when restructuring and/or privatizing are many. But it remains that one of the most difficult challenges in reform and privatization is overcoming the political challenges that arise.

Historically, the strongest resistance to privatization has come from within the state bureaucracy owing to reductions in numbers of employees and sometimes also salaries (see van der Walle 1989; Batley 2004). The speed at which privatization has been promoted, and the manner by which it has been implemented has also produced discontent – a point to which we turn to shortly. But in recent cases, civil society’s resistance to privatization has been increasingly prominent. For weaker political economies, like many in Africa, this is because “…the bureaucratic arena is itself politicized and inter-connected with societal interests; it is where power, employment and patronage are concentrated so the stakes are

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4 The concept of cost recovery, as David McDonald (2002) writes, can be understood quite simply as “the recovery of all, or most, of the cost associated with providing a particular service by a service provider. For publicly owned service providers, this may or may not include a surplus above and beyond the cost of production, whereas for private-sector providers it necessarily includes a surplus (i.e., profit). In either case, the objective is to recoup the full cost of production” (McDonald 2002, 18). McDonald writes that there are many problems associated with this concept and approach which will be further considered in the context of Uganda later. But, “At best” McDonald writes (and elaborates in detail in the book) “cost recovery models are an approximation of real costs” (2002, 19).
high” (Batley 2004, 35). The role of labour unions, anti-privatization groups, and community organizations in South Africa stands out as an exceptional example supporting Richard Batley’s observation. More recently, Nigeria’s National Union of Electricity Employees (NUEE) threatened “to throw the whole nation into darkness” if moves to privatize electricity continued (Ajayi 2006). But South Africa and Nigeria do not necessarily serve as useful points of comparison to most other African countries given both the comparative strength of civil society organizations in both countries and the character of their electricity sectors.

The World Bank, amongst others, acknowledges the strong global anti-privatization sentiment that exists and keeps growing due to price increases, job reductions, and the high profits of firms that have improved operating performance (World Bank 2004; Birdsall and Nellis 2003). “But these adjustments” the Bank writes, “have been necessary for privatization to achieve its public interest objectives” (World Bank 2004, 6). In order to address the range of distributional problems that arise with privatization, greater attention to the process of reform has been promoted. Birdsall and Nellis suggest governments, and those that assist them, “…should invest more upfront attention and effort in the creation and strengthening of regulatory capacity, and less in organizing quickly transactions [sic]. This

5 Several organizations representing unionized employees as well as non-government organizations in South Africa have played a prominent role in privatization debates, protest and advocacy. The organizations include: the Congress of South African Trade Unions; the South African Municipal Workers Union; the Soweto Electricity Crisis Committee; and, the Anti-Privatisation Forum. For further details on privatization of water and energy in South Africa see (Bond 2002; McDonald and Pape 2002; Smith 2004).

6 South Africa has one of the highest electrification rates in sub-Saharan Africa at 70% (Davidson and Mwakasonda 2004, 29). The size of the major electricity utility in South Africa, Eskom, and the financial resources it can leverage, combined with the size and coverage of the electricity network in the country, all make comparisons to other countries, Uganda included, very difficult. These points were clearly reinforced to me by Paul Maré, the current General Manager of Umeme, the private electricity distribution company that took over distribution in Uganda in March 2005. In October 2006, Nigeria’s generating capacity was approximately 4300 MW, with upwards of 4 million consumers (see Olukoju 2004). This dwarfs Uganda’s 200 or so megawatts of capacity, and 295,000 consumers.
means taking the time to lay the required institutional foundations” (2003, 1628). The authors cite the UK’s experience in privatizing its electricity industry as an example. “In the United Kingdom it took five years for the regulators of the privatized electricity industry to master the skills needed to squeeze out benefits for the average consumer…If that is the case in an OECD setting, what can one reasonably expect from new regulators in developing and transition countries?” (2003, 1628).

Birdsall and Nellis further note that governments should not ignore equity problems assuming that they are unavoidable and the “temporary price to be paid when putting assets back to productive use” (2003, 1629). Indeed, in addition to the economic and social benefits of a well-designed reform process that is cognizant of distributional impacts, they also highlight the potential political benefits that may arise. The authors write that minimizing and countering the real and perceived unfairness of privatization “is worthwhile, so as to preserve the political possibility of deepening and extending [future] reforms…a democratic government cannot implement reform when masses of people are in the streets attacking that reform, and, of course, no government can enact reform if it is not in power” (Birdsall and Nellis 2003, 1629).

Anti-privatization advocates may find deep fault with this rationale – one that rests on deepening or furthering reforms that are promoted by external actors and that reinforce a neoliberal orthodoxy. But in the absence of improved electricity service, street-level protests against privatization (to date still rare), a strong civil society willing and able to counter privatization, and/or a strong counter-narrative to reform and privatization that is as equally compelling to those with power and authority, raising procedural concerns will likely remain one of the central ways that civil society organizations in African countries can challenge and
potentially delay reforms. As I will highlight in Chapter 6, it was indeed formal procedural channels that domestic civil society groups in Uganda used to challenge the construction of the Bujagali Dam.

It is from these procedural observations that the importance of understanding how politics shapes reform decisions emerges. Hence, we return to two important issues: What guiding principles and conditions does the literature suggest are needed to achieve reform success, and to what extent are technical, institutional, and regulatory principles balanced with procedural and political ones? Let us consider the answers to these two questions before comparing them to Uganda’s energy reform experience.

5.2 Sector reform and privatization: Guiding principles and conditions for success

As one of the central advocates of market competition and private sector participation in Africa, when considering whether there are a set of guiding principles for reform or a set of ideal domestic conditions for success, the World Bank’s publications serve as an important reference point.

In the early 1990s, the Bank’s policy papers cited “distorted energy-pricing policies, inappropriate control and regulation of energy enterprises and protection of energy-using industries from competition” as factors driving reform (Vedavalli 2007, 57). “Other legal, institutional and information barriers to efficient market operations also needed to be addressed” (Vedavalli 2007, 57). In turn, in the early 1990s the Bank encouraged developing countries to reform their energy sectors by adopting four basic principles: 1) energy pricing to promote competition; 2) transparent regulation; 3) commercialization, corporatization or privatization of energy services combined with institutional reform and restructuring; and, 4) private investment (Ibid.). A decade later, these broad principles would be refined to help
establish a set of guiding principles for energy sector reform and private participation in electricity provision.

In a 2002 Energy and Mining Sector Board Discussion Paper, R. W. Bacon and John Besant-Jones identified four principles for successful energy sector reform, which paralleled earlier suggestions: 1) the formation and approval of a power policy that provides broad guidelines for the sector; 2) the development of a transparent regulatory framework; 3) the unbundling of the integrated structure of the power supply; and, 4) divestiture of the state’s ownership, at least for generation and distribution (2002, 4). Two years later in a 2004 report, Reforming Infrastructure: Privatization, Regulation and Competition, the Bank debated the merits of reform and private sector participation. At the same time, the report reasserted principles that make reform, unbundling and private sector participation successful (2004, 4-8). While regulatory efficacy was highlighted again, proper sequencing of reform was also added: Restructuring to introduce competition should occur before privatization, and regulations should be in place “to assure potential buyers of both competitive and monopoly elements” (World Bank 2004, 8). Together, the Bank’s 2002 and 2004 policy papers present a set of similar and overlapping guiding principles which create a framework for energy sector reform, unbundling, and private sector participation. Table 5.0 presents these principles.
Table 5.0: Guiding principles for energy sector reform, unbundling and privatization

<table>
<thead>
<tr>
<th>GUIDING PRINCIPLE</th>
<th>DESCRIPTION</th>
</tr>
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<tbody>
<tr>
<td>Formation and approval of a power policy</td>
<td>As a first step, a power policy is needed to provide direction to the sector and to sector reform. It is assumed that it will articulate the direction of reform, including priorities and sequencing.</td>
</tr>
<tr>
<td>Proper sequencing</td>
<td>Sector restructuring should be in place prior to the entry of private firms so that regulation and organizational responsibilities are defined, and sector oversight and management is functioning.</td>
</tr>
<tr>
<td>Transparent regulatory framework and efficacy</td>
<td>Clear regulation and regulatory authority is needed to define roles and responsibilities of various sector actors. In the absence of clear regulation investor interest may be reduced and/or the potential risk of entry high. Rules and the authority overseeing rules governing the sector should be finalized and established prior to unbundling and private sector entry.</td>
</tr>
<tr>
<td>Unbundling the vertical structure of power supply, divestiture of state’s ownership, and institutional restructuring</td>
<td>The monopoly power company should be unbundled to create separate independent companies (generation, transmission, and distribution). This should be followed by the last step in privatization is to divest from the newly independent state-owned companies.</td>
</tr>
<tr>
<td>Proper pricing</td>
<td>Prices should reflect ‘real cost’ of service provision, including investments in maintenance and expansion of service delivery. Subsidies should be carefully employed in order to maintain the necessary ‘revenue base’.</td>
</tr>
<tr>
<td>Secure private investment</td>
<td>Private sector capacity to take over unbundled commercial enterprises (if being pursued) should be secure and guaranteed. Contractual agreements and rules must also be clearly established, with mechanisms in place to ensure application of rules and amendment to rules.</td>
</tr>
</tbody>
</table>

Sources: World Bank 2004; Bacon and Besant-Jones 2002; Vedavalli 2007

While these principles establish a framework for reform, they do not translate into a recipe for public sector unbundling or private sector entry, or a recipe for success. The Bank in fact offers cautionary remarks about restructuring, which may seem more nuanced than critics expect:

There is no universally appropriate model for restructuring network utilities. And the fact that state ownership is flawed does not mean that privatization is appropriate for all infrastructure activities and all countries. Before state ownership is supplanted by another institutional setup, it is essential to assess the properties and requirements of the proposed alternative – taking into account the sector’s features (its underlying economic attributes and the technological conditions of its production) and the country’s economic, institutional, social, and political characteristics…

In electricity, wholesale competition has worked well in industrial countries because of excess capacity, moderate demand growth, and the availability of natural gas…In contrast, electricity markets in many developing countries face capacity shortages, enormous excess
demand, and periodic blackouts. Thus electricity restructuring and privatization are more problematic and dependent on administrative ability. (World Bank 2004, 8-9)

In turn, underlying these guiding principles are a set of domestic conditions that the Bank and other researchers argue will impact the success of reform.

The World Bank (2004) and Vedavalli (2007) highlight the importance of market size. According to the Bank, a large market size and a high density of current or potential electricity consumers creates the potential for many private operators to function simultaneously. This establishes the conditions for both active and potential competition. The Bank also notes the importance of a mature, well-developed set of network facilities, i.e., a sound infrastructure network. The presence of good infrastructure facilities reduces the complexity of private firms providing services as the potential incentive problems associated with negotiating both service requirements and infrastructure investments are avoided. Vedavalli suggests four additional conditions that make reform successful: 1) sound reform design; 2) strong macro-financial and energy sector linkages; 3) the political capacity and support to execute reforms; and, 4) sound institutions capable of managing and implementing reform (2007, 330-335).

With respect to reform design, Vedavalli argues that the establishment of improved pricing, regulation and commercialization are important for attracting private investment and improving efficiency, but alone these are insufficient for reform success. Reform design has to consider the reform ‘in the round’; that is, all of the conditions necessary for success. In addition, sound linkages between the domestic macro-financial environment and the energy sector are also significant given that a weak financial sector can undermine public and private investments in energy or undermine confidence in the economy. These two conditions approximate those also identified by the World Bank. The two other conditions for success
Vedavalli highlights, however, differ in emphasis significantly because they make an explicit reference to ‘politics’ and a government’s political commitment to “effective policy implementation” (Vedavalli 331-332).

For Vedavalli, what is at issue is how governments manage the decision of ‘diving in’ to reforms versus gradually and incrementally ‘getting wet’ (2007, 332). As he explains with reference to the energy reform experience of developing countries to date: “[I]n the absence of an effective regulatory structure, other public objectives such as universal service and increasing access to energy at affordable prices could not be achieved. Consequently, public support for the continuation of reform was undermined…The reason is…guidelines evolve with experience and judgement and are shaped by the political economy, commitment, and the role and effectiveness of reforming institutions” (2007, 332). The Bank is certainly cognizant of the impact domestic politics and reform processes have on reform outcomes. The concern is whether in advocating and leading reform the Bank treats the political and procedural conditions in reform sufficiently to achieve success – a problematic and complex question that we will return to shortly. In the meantime, it is important to recognize that policy and energy-specific literature goes well beyond these general remarks about politics and process to identify other conditions necessary for success when reforming.

On one level, the decision to reform and/or restructure an energy delivery system is straightforward. While various options exist for the structure and organization of an electricity market, one of the chief requirements of reformers is to decide what it will take to create an institutional environment with strong incentives for innovation in the delivery of energy services that meet the needs of users (Turkson 2000, 23; ESMAP 2000, 5). Given, as I will show, that in Uganda the decision to reform was decided in large part because of World
Bank requirements, the issue that remained was how to achieve the goal – what process would be followed to reach the desired end point. As was discussed in Chapter 2, “if policy is a process, then successful policy outcomes depend not simply upon designing good policies but upon managing their implementation” (Brinkheroff and Crosby 2002, 6).

For utility sector reform generally, it is well recognized that unbundling and privatization can be difficult political actions owing to public discontent with reform outcomes, most notably relating to increases in price, and also because of bureaucratic resistance. But policy literature goes further in explaining why policy change in developing countries is often difficult:

1. The stimulus for policy change often comes from sources outside of government;
2. Policy change decisions and policy reform is controversial and, thus, highly political;
3. Those most actively involved in the formulation of policy change tend to be technocrats and political tradeoffs are generally not factored into policy formulation;
4. Reformers are frequently new to government and unfamiliar with the environment for policy formulation;
5. The resources needed to carry out policy change either do not exist or are in the wrong place, requiring reallocation; and,
6. Policy change requires that government organizations adapt and modify to new tasks. (Brinkheroff and Crosby, 2002, 18-21)

The character and complexity of the policy issue also figures significantly in the challenge of change. For example, there are dramatic differences between first-generation policy reforms that can be accomplished in a ‘stroke-of-the pen’ such as currency devaluation, versus second-generation reforms which require longer-term institutional and social policy changes such as civil service reform and privatization (Brinkerhoff and Crosby 2002, 22). Hence, “In terms of implementation, a general consensus exists that there is a quantum leap in difficulty and complexity between the first and second generations of policy reform” (Brinkheroff and Crosby 2002, 22). Owing to the difficulty in ‘second-generation reforms’, Brinkheroff and

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7 Here we should be reminded of the recent work of Thomas Homer-Dixon which highlights the existing and increasing gap between the problems society has created and the ability and capacity respond (see Homer-Dixon 2000; 2006)
Crosby suggest a continuum of tasks needing to be followed to ensure success. Table 5.1 presents these in three categories, moving from policy to program to project implementation.

Table 5.1: Continuum of Policy Implementation Tasks

<table>
<thead>
<tr>
<th>POLICY IMPLEMENTATION</th>
<th>PROGRAM IMPLEMENTATION</th>
<th>PROJECT IMPLEMENTATION</th>
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<tbody>
<tr>
<td>(emphasis on strategic tasks)</td>
<td></td>
<td>(emphasis on operating tasks)</td>
</tr>
<tr>
<td>• Legitimization</td>
<td>• Program design</td>
<td>• Clear objectives</td>
</tr>
<tr>
<td>• Constituency building</td>
<td>• Capacity building for implementers</td>
<td>• Defined roles and responsibilities</td>
</tr>
<tr>
<td>• Resource accumulation</td>
<td>• Collaboration with multiple groups and organizations</td>
<td>• Plans/schedules</td>
</tr>
<tr>
<td>• Organizational design and modification</td>
<td>• Expanding resources and supports</td>
<td>• Rewards and sanctions</td>
</tr>
<tr>
<td>• Mobilizing resources and actions</td>
<td>• Active leadership</td>
<td>• Feedback/adaptation mechanisms</td>
</tr>
<tr>
<td>• Monitoring progress</td>
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</tbody>
</table>

The infancy of the electricity reform process in Uganda, the problems that have emerged, and our interest in the interaction between state and non-state actors in the process suggest that it is important to pay particular attention to the early tasks in policy implementation where the relationship between state and non-state interests start to be defined. Based on Brinkerhoff and Crosby’s continuum, and other notable analyses of policy implementation (Grindle and Thomas 1991; Mazmanian and Sabatier 1989; Sabatier and Jenkins-Smith 1993), the early stage of implementation suggests that several key issues deserve attention.

First, decision-makers must assert that the proposed policy is necessary and vital (legitimization). Second, a constituency of interests must see the value of the policy change and play a part in marshalling support for that change (constituency-building). To build a constituency of support, the new policy or policy change “must be of sufficient importance to overcome or at least neutralize the forces opposing implementation” (Brinkerhoff and Crosby 2002, 27) – a view that can also be understood through the lens of policy narratives.\(^8\) Third,

\(^8\) It should be added that from a different perspective, this act of constituency-building can also be understood from a policy narrative perspective; that is, the proposed policy must be sufficiently robust and convincing –
a new policy requires that sufficient human, technical, material and financial resources be allocated to see the change or policy through (resource accumulation). But in addition, these resources must be mobilized in an appropriate manner so that progress is obvious and success can be communicated to constituents (Ibid, 30). Finally, organizations often must change or be modified to respond to the new policy. This is often a very difficult task owing to bureaucratic resistance to new models, and due to the historic ways that management and responsibility have been organized. As has been described in Chapter 4 and will be shown below, owing to the difficulty in changing internal organizational structures and the legacy of existing organizations, the common approach used in African countries today is to create new independent or quasi-independent organizations. The rise of independent regulatory authorities (executive agencies) is strong evidence of this approach. Therefore, from general theories of policy change and implementation four general requirements relating to the early stages and process of policy change and/or reform can be identified: 1) legitimization; 2) constituency building; 3) resource accumulation and mobilization; and, 4) organizational design or modification. Moving from the general to the specific, three additional conditions for successful reform can also be added, which are more attentive to the importance of addressing environmental and social concerns in the process of reform.

1) **Intergovernmental, inter-institutional and inter-organizational cooperation and partnerships:** It is argued that lasting changes to infrastructure services can most reliably be achieved through the combined efforts of grassroots groups, government and private actors; this means fundamental changes to the structure of intergovernmental relations to emphasize a differentiation of roles and reallocation of functions among actors in the same territory (UNCHS 2001, 142-146). This means paying more attention to how NGOs and CBOs can play a role in monitoring and service provision, and situating service delivery within multilevel, polycentric institutional arrangements (ESMAP 2000, 105; Ostrom et al. 1993).

2) **Participation in decision-making and service delivery:** Some experiences with energy reforms emphasize that the process is still donor driven and limited public input is allowed (Karakezi and
Many argue that the weighting of different criteria such as access, environment, and health should be open to public scrutiny and comment (Mackenzie and Christensen 1993; McGranahan and Satterthwaite 2000; Harpham and Allison 2000). The importance of participation in the political process also relates closely to the role of non-state actors in service monitoring and delivery. In several countries, the long-term goal is to establish locally regulated energy companies in urban and rural settings and community based generation and distribution systems that follow the theory of ‘distributed generation’ (Mugyenzi 2000; Davidson and Karakezi 1993; see Turkson and Wohlgemuth, 2001).

3) **Human health, environment, equity and gender:** Improving energy services in SSA presents a significant burden to countries: how to protect the environment and human health while still promoting economic growth (Wereko-Brobby 1993). In essence, the issue is about whether the development of modern energy services will further underdevelopment through worsening human health, pollution, or land degradation (Stephens 2000). This is particularly significant because as the demand for electricity is not keeping up with supply and the cost of electricity increases, electricity becomes an untenable service for the most vulnerable populations forcing them to continue, or in some cases revert back to using fuelwood and charcoal (UNCHS 2001; Davidson and Sokona 2001). In turn, human health, particularly that of women and children can be severely compromised by indoor air pollution resulting from the burning of fuelwood and charcoal (World Bank 1993; Davidson and Sokona 2001; McGranahan and Satterthwaite 2000; Fiiil-Flynn and SECC 2001; Hardoy et al. 1992; Hardoy et al. 2001).

It is notable that the emphasis on civil society participation and environmental and social concerns emerging from this list is consistent with other recent analyses of energy-related decision-making processes. For example, in its two and a half year independent review of global dam construction practices, the first strategic priority the World Commission on Dams recommended when considering the construction of large dams is ‘gaining public acceptance’ through decision-making processes that “enable informed participation by all groups of people” (WCD 2000, 215). And while the World Bank

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9 Several definitions of ‘distributed generation’ (DG) circulate in the energy community, but in essence it describes a small-scale power generation and distribution centre run by utilities, utility customers or third parties that provides electric power to users from a source closer than a centralized system (see Turkson and Wohlemguth 2001, 136). The benefits and feasibility of DG are not clearly evident yet, but in principle they allow the use of a diverse number of technologies (potentially renewables) and are therefore flexible sources of power compared to centrally generated and bulk-transmitted power; DG systems are not saddled by the complexities of operation and maintenance of a central system (2001, 136).

10 The movement from the use of one energy source to another is usually discussed in relation to an ‘energy ladder’. At the bottom of the ladder would be biomass sources like firewood and charcoal and at the top would be electricity. Hence, as wealth increases, it is assumed that individuals climb an ‘energy ladder’ until they reach electricity.

11 The World Commission of Dams was established in May 1998. Owing to strong criticism about its dam construction practice, in 1994 the World Bank’s Operations Evaluation Department (OED) announced it would review the large dams it had funded. The report it produced in 1996 suggested that 74 percent of the large dams
reluctantly supported the WCD’s mandate, it remains that the Bank’s publications on energy and public sector reform still place most emphasis on regulatory and technical issues. Moreover, to date, evidence also suggests that the Bank’s energy sector reform practices in Africa (as opposed to general policy documents) have not been very mindful of social, environmental and political concerns. But given the World Bank’s stated, yet problematic mandate of political impartiality, asserting that it does not pay adequate attention to domestic politics produces a very challenging scenario both for future reform and for analysis.

Citing different cases, researchers have categorically stated that the Bank has demonstrated a “blind trust in privatization” (Pineau 2002, 1011), has allowed little public input (Karekezi and Mutiso 2001) and has neglected environmental concerns and renewable energy technologies (AFREPEN 2005). Njeri Wamukonya also notes that in the early 1990s, the World Bank stated that reform should be a gradual process with the pace dependent on the sector’s capability to manage reform (2003, 1282). Citing other studies, she says there is a recognized need to “slow the pace…out of concern that it is extremely politically difficult to change reform structure or rules after the process is underway.”

It had funded were ‘acceptable or potentially acceptable’. This finding was critiqued by many international NGOs, in particular the International Rivers Network (www.irn.org). To announce its findings, the World Bank arranged to co-host a workshop with the World Conservation Union (IUCN). IRN, however, received a leaked copy of the report and in its review argued that the OED had “wildly exaggerated the benefits of the dams under review, underplayed their impacts, and displayed deep ignorance of the social and ecological effects of dams” (McCully 2001, xx). As a result, IRN and other organizations demanded that an independent international review of large dams occur. Hence, from the meeting in Gland, Switzerland, originally intended to share the OED’s findings, an agreement was reached that dam builders and their critics would “work together to review the development effectiveness of large dams and to establish internationally accepted standards that would improve the assessment, planning, building, operating and financing of these projects” (Ibid.). A Reference Group was created to oversee the establishment of the review. The Reference Group reached agreement that Kader Asmal, South Africa’s water minister, would chair the Commission, but over the next few months there was concern that the Commission would collapse owing to disagreement over who else would sit as commissioners. Agreement between dam industry representatives and dam-affected people was eventually reached, and in February 1998, the World Commission on Dams was launched (see McCully 2001; WCD 2000; Conca 2006; and www.dams.org for more details). The recommendations produced by the 12-member international Commission were the outcome of regional consultations that included 1400 individuals from 59 countries, 947 submission from 80 countries, 17 Thematic Reviews, and 100 commissioned and peer reviewed papers. Such notables as Professor José Goldemberg and Medha Patkar (Struggle to Save the Narmada River) were members of the commission.
“Nevertheless,” she continues, “these [sic] cautionary advice is not reflected in practice” (2003, 1282). Using the cases of Mauritania, Zimbabwe, and Lesotho as examples, and the time the Bank allocated to execute reforms in each country – 4 years, 3 years, and 5 years respectively – Wamukonya states that the project plans the Bank prepared ran contrary to its ‘gradual reform’ policy position. In contrast, more industrialized countries such as the UK, Australia, Spain, and Chile used a much slower pace of reform, ranging from eight to ten years (2003, 1282-283).

Together, this evidence reinforces the view that the Bank’s primary concern in reform is achieving technical outcomes, with much less attention to the process of achieving those outcomes, and, therefore, to the domestic political or social implications of such an outcome. Indeed, the political challenges emphasized in the policy change literature, such as legitimization and constituency building seem to be absent from the Bank’s reform agenda. My review of electricity reform in Uganda confirms these observations, thus raising important questions about the rationale for the Bank’s approach and its sensitivity to the difficulties its approach produces. But at the same time, to simply say that the Bank does not pay adequate attention to the political process and the social and political implications of its reform agenda does not adequately characterize the complex domestic situation which the Bank operates in and at the same time helps create. Here we see a complex and significant dilemma arising over how reform and development projects should be undertaken. This

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12 Evidence also suggests that the IMF has approached the privatization of utilities in the same way. Citing Côte d’Ivoire’s experience in the privatization of its telephone service Joseph E. Stiglitz writes: “…the telephone company was privatized, as is so often the case, before either an adequate regulatory or competition framework was put into place” (2003, 56). Stiglitz goes on to comment on the IMF’s rationale for privatizing quickly: “The IMF argues that it is far more important to privatize quickly; one can deal with the issues of competition and regulation later…There is a natural reason why the IMF has been less concerned about competition and regulation than it might have been. Privatizing an unregulated monopoly can yield more revenue to the government, and the IMF focuses far more on macro-economic issues, such as the size of the government’s deficit, than on structural issues, such as the efficiency and competitiveness of the industry” (2003, 56).
Chapter 5: Utility sector reform in Africa

dilemma parallels James Ferguson’s observations about the development apparatus in Lesotho discussed in Chapter 2.

Ferguson (1990) showed how the logic of a development project’s implementation produces unintended political consequences, whereby the power of the government increases, while at the same time depoliticizing the process. At the time of writing, Ferguson explained that this was problematic because if a study concludes that the problems in a given country (Lesotho) are structural and political, international development agencies like the World Bank could not easily find a way to fit their expertise within the type of transformation that was required, and more importantly, were not in the business of producing political realignments (1990, 69). While the veracity of this observation remains, today, one important difference is that through public sector reform strategies that are couched under the banner of ‘good governance’, international agencies and the World Bank in particular, are understood to be influencing and realigning the political and bureaucratic systems of countries, but through more managerial emphases on transparency, accountability, and efficiency (Harrison 2001; 2005). In this contemporary context then, customary ‘development projects’ like the rural development project Ferguson wrote about continue to be implemented. But these projects are taking place at the same time as a multitude of other political changes: complex ‘second-generation’ reforms are occurring; civil society groups are becoming more adept and competent in policy analysis and at challenging the states policy agenda; citizens are becoming accustomed to more opportunities to participate in a political process; and governments are frustrated and antagonistic to internationally mandated reform and/or review processes that seem to slow down desired outcomes. As a result, the complexities of what would seem to be straightforward proposals for reform or project implementation have
increased by several magnitudes, not least because of the long list of technical and political conditions deemed necessary to execute all or even some of the basic principles or tenets of energy sector reform identified earlier in Table 5.0: formation and approval of a power policy; proper sequencing of reform; transparent regulatory framework and efficacy; unbundling of and divestiture from vertical structure of power supply; proper pricing; and secure private investment. Table 5.2 presents the conditions that are recommended to achieve successful implementation of these principles.

Table 5.2: Recommended conditions for successful policy change, sector reform, and project implementation

<table>
<thead>
<tr>
<th>RECOMMENDED CONDITIONS</th>
<th>DESCRIPTION</th>
</tr>
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<tbody>
<tr>
<td>Large dense market</td>
<td>A high number and density of current and potential future consumers creates the potential for many firms to operate simultaneously, and in theory, to compete and reduce or keep prices low.</td>
</tr>
<tr>
<td>Good quality infrastructure</td>
<td>The presence of a good quality infrastructure network makes it more attractive for private firms to enter a market. A sound network reduces the complexity in negotiating a private firm's entry into a market, as costs associated with network repair, maintenance and expansion are less prominent.</td>
</tr>
<tr>
<td>Sound reform design</td>
<td>The entire reform process, including its technical components and sequencing must be well mapped out before proceeding with reform.</td>
</tr>
<tr>
<td>Strong macro-financial and energy sector linkages</td>
<td>A strong macro-financial sector is needed to provide confidence in private and public investments, and to limit financial risk.</td>
</tr>
<tr>
<td>Political capacity to execute reforms</td>
<td>A government implementing a reform or project must have political legitimacy and/or the capacity to manage the outcomes from its decision.</td>
</tr>
<tr>
<td>Sound institutions capable of managing and implementing reform</td>
<td>Institutions must exist and have the human and technical capacity and sustainability to manage and implement the reform for its duration.</td>
</tr>
<tr>
<td>Policy legitimacy</td>
<td>Decision-makers must demonstrate that the proposed policy, policy change or project is necessary and vital</td>
</tr>
<tr>
<td>Constituency-building</td>
<td>A constituency of support of sufficient importance, strength, or number must exist to help overcome challenge.</td>
</tr>
<tr>
<td>Resource accumulation and mobilization</td>
<td>Sufficient resources (human, technical, financial, material) must exist to see the policy through, and maintain its progress.</td>
</tr>
<tr>
<td>Organizational change</td>
<td>Bureaucratic structures and/or arrangements must change to respond to the policy, project or reform</td>
</tr>
<tr>
<td>Intergovernmental, inter-institutional, and inter-organizational cooperation</td>
<td>Need to (re)consider the roles of and relationships between various government and non-government organizations in the delivery of energy services to determine the potential for cooperation and partnerships.</td>
</tr>
</tbody>
</table>
**Popular participation in decision-making**

Overall assumption that strong(er) efforts are needed to involve citizens and non-state interests in various aspects of energy reform. Various points for participation in decision-making, policymaking, service delivery, monitoring, and regulation.

**Integration of health, environmental gender, and equity concerns**

Reform must carefully and directly integrate concerns relating to human health and environmental quality in order to ensure the long-term sustainability of the sector.

Assuring that most of these conditions transpires in a reform process is a daunting challenge and demands a great deal from whoever is driving the process – government or international donor. As South Africa’s 1998 White Paper on Energy Policy cautiously noted a decade ago, despite the appeal of integrated, multi-interest planning for energy, this goal suffers “…from the same drawbacks as other ideal models, in that it requires an enormous amount of data and analysis to implement” (Republic of South Africa, 1998). The report continues: “For various reasons South Africa has very limited energy data and, furthermore, very limited capacity to perform this sort of policy analysis.” If the observation about limited capacity was made in the context of South Africa, a country generally recognized for having one of the more inclusive and sophisticated national policymaking processes in the sub-continent, it should not be surprising that this is equally or more difficult for other African countries, including Uganda.

Capacity to manage and/or coordinate multi-interest participation is also extremely difficult. As Anil Hira, David Huxtable and Alexander Leger bluntly explain in their globally comparative study of citizen participation in electricity regulation: “…including the public on a large scale is messy” (2005, 57). For these authors, participatory processes can require major expense and effort in public education; when processes are done poorly, sometimes only the most interested consumers end up participating (therefore, distorting public input); and, from a political perspective, including the public has the potential to “expose different factions and ideas”, and generally make controversies more intractable
These sentiments are consistent with general policy analysis, which notes the high potential for problematic outcomes if policy managers do not put considerable time into identifying the goals of participation while at the same time answering questions about how participation will be managed, determining who can participate, and when in the decision-making process participation will occur (see Brinkheroff and Crosby 2002). These observations also build on literature (discussed in Chapter 2) that documents the problems with blind and superficial endorsements of ‘participation’ and ‘participatory approaches’ (see Cooke and Kothari 2001; Cornwall and Brock 2005). Therefore, to reiterate from earlier in this thesis, while “participation is not a panacea for implementation success” the general sentiment remains that “participation is helpful, even essential” as a threshold condition (Brinkheroff and Crosby 2002, 52). Despite this, in the name of speed and financial well-being it remains that technical concerns continue to dominate reform experiences.

To date, energy reforms that have taken place are acknowledged to have marginally contributed to the sustainability of power sectors by bridging short-term generation shortfalls and enhancing the financial health of state-owned power utilities (AFREPREN 2005, 117). African energy analysts argue, however, that separating technical conditions from political conditions in future reforms will re-enforce ongoing concerns with the long-term sustainability of energy sectors, namely: that public discontent will increase if unable to provide input and therefore further slow reform; that investments in a diverse range of energy sources, including renewable energy sources will remain minimal; that rural and urban poor populations will remain without electricity for decades to come; and, that electricity will remain costly in the short, medium, and long-terms (AFREPREN 2005).
Given the information presented in this chapter and in advance of the detailed analysis presented in the next chapter, before concluding it is worth comparing Uganda’s general reform experience with the recommended conditions for success. This provides a prelude to the information to come and provides some important context about the post-1986 experience in Uganda.

5.3 Comparing theory to practice: A prelude

When the conditions for successful reform are compared with the experiences in many African countries we see that the relationship between theory and practice begin to diverge. For example, in Uganda, as I will note in detail in the next chapter, other than the capital city of Kampala, which is the overwhelmingly dominant, primate urban centre, and perhaps a select group of other very small urban centres like Gulu, Lira, Jinja, Mbale and Mbarara, the electricity market is small and not at all dense. Furthermore, the quality of infrastructure is poor owing to years of neglect and conflict.

With respect to other conditions such as those relating to regulatory capacity, we shall see that indeed, in keeping with recommended conditions, Uganda’s Electricity Regulatory Authority (ERA) was established prior to the distribution and generation companies being privatized. Nonetheless, independent power producers were being actively solicited several years prior to the ERA’s establishment. Moreover, with respect to the sequence of reforms, evidence shows that much like the experience with other sector reforms described in Chapter 4, several reform activities were carried out simultaneously in the electricity sector raising

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13 The 2002 census shows that Kampala is the largest urban centre by a factor of more than 10. Kampala’s population in 2002 was 1.2 million. The next largest city was Gulu with 113,144, Lira with 89,871, Jinja with 86,520, Mbale with 70,437, and Mbarara with 69,208. Accordingly, the notion of ‘primacy’ or a ‘primate city’, which is used in geography and demography, accurately describes Kampala’s status in Uganda; it is by far the largest and most dominant city in the country in terms of economic productivity and population size.
questions about reform design and political and institutional capacity. For example, a
majority of sector reform initiatives were complete prior to a sector policy being in place.
This point was not lost on members of Uganda’s Parliament, for in late August 27, 1998,
during the Electricity (Amendment) Bill’s second reading, Mr. Bennedict Mutyaba,
Chairperson of the Sessional Committee on Natural Resources, stated:

…the Committee, like I would think all MPs, supports the policy of liberalisation of power
generation…[but] you do not start with the law and go to the policy, you start with the policy,
and Members, we have not seen the policy. I do not know whether there is any Member here
who has seen the policy on power generation. (Hansard, Government of Uganda, Thursday,
August 27, 1998, 4732)

Mr. Mutyaba’s remarks highlight procedural concerns that have mired Uganda’s electricity
reform process. Comparing theory to practice more succinctly, Table 5.3 presents the
recommended conditions for reform success and briefly evaluates whether those conditions
were present in Uganda. The conditions identified in Table 5.2 are listed along the left hand
column, followed by an evaluation of their presence in Uganda, and a brief explanation of
that evaluation.
Table 5.3: Recommended conditions for successful reform compared to Uganda’s reform experience

<table>
<thead>
<tr>
<th>RECOMMENDED CONDITION</th>
<th>EVIDENCE IN UGANDA (YES, NO, PARTIAL)</th>
<th>EXAMPLES EXPLAINING ASSESSMENT OF EVIDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large dense market</td>
<td>No</td>
<td>• Market density is very low, with the exception of Kampala, and a handful of small urban centres.</td>
</tr>
<tr>
<td>Good quality infrastructure</td>
<td>No</td>
<td>• Poor network, requiring high investment, repair and maintenance.</td>
</tr>
<tr>
<td>Sound reform design</td>
<td>Partial</td>
<td>• Vertical unbundling completed successfully.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Monopoly was unbundled prior to formal entry of private investors, but private investors fully operational prior to unbundling and had significant influence over the pace and character of the reforms.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Power policy created three years after formal unbundling of sector, and eight years after negotiations for dam underway.</td>
</tr>
<tr>
<td>Strong macro-financial and energy sector linkages</td>
<td>Partial</td>
<td>• Divestment and privatization of distribution and generation concessions take place, but delayed regularly owing to problems in executing financial closure on Bujagali dam and owing to perceived financial risk of project.</td>
</tr>
<tr>
<td>Political capacity to execute reforms</td>
<td>Partial</td>
<td>• President is ‘policy champion’ for Bujagali and sector reforms; he had close personal relationship with AES, original private firm building dam, and had strong support from US government and other bilateral and multilateral donor agencies to fulfill the project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capacity is compromised by hostility towards any individual or group questioning Bujagali project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capacity is challenged by the procedural requirements of international agencies.</td>
</tr>
<tr>
<td>Sound institutions capable of managing and implementing reform</td>
<td>Partial</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>• Electricity Regulatory Authority (ERA) established in 2000, and begins operating in 2001. Has performed very well since being established, particularly given state of the sector.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ERA, however, established in the midst of, and after many of the negotiations and decisions over private sector entry made. Hence, regulatory environment for electricity and private sector evolved after investor interest had been established and was underway.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rules and authority established, but government challenges authority of ERA and/or contradicts its decisions, and capacity of ERA respond to scale of challenge limited.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Policy legitimacy</th>
<th>Partial</th>
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</thead>
<tbody>
<tr>
<td>• Rationale for privatization and Bujagali not well communicated, and expected outcome of privatization and Bujagali not well communicated.</td>
<td></td>
</tr>
<tr>
<td>• Citizens and domestic firms accepting or indifferent to rationale, but with citizens expecting to receive direct benefits from reform and dam construction when benefits will only directly accrue to industrial and commercial enterprises, and the small population currently with electricity.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Constituency-building</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Private and public sector support, but domestic civil society organizations and citizens, particularly environmental NGOs not part of a supportive constituency.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Resource accumulation and mobilization</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ministry of Energy and Minerals Development (MEMD) overwhelmed by international donor demands in reform process and project development.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Organizational change</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ERA and MEMD working ambitiously to reorganize to respond to challenges and demands, but organizational capacity weak.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Intergovernmental, inter-institutional, and inter-organizational cooperation</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• With the exception of changing regulation to allow private companies to sell electricity to the national grid, little thought or analysis given to role of community organizations, NGOs or local governments as partners in electricity service delivery.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Popular participation in decision-making</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Very weak efforts to include domestic civil society organizations in substantive debates about reform, policy, and decision-making – this includes private firms and environmental NGOs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Integration of health, environmental, gender, and equity concerns</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Legitimacy of Bujagali partly rested on minimal environmental impacts, but sector reform did not address or articulate impacts of privatization on environmental resources and human health, particularly women and children and those dependent on biomass.</td>
<td></td>
</tr>
</tbody>
</table>
Mixed results are observed when examining this initial evaluation of Uganda’s reform experience. On the whole, most conditions were partially fulfilled. In particular, several of the more technical conditions such as the creation of a regulatory and institutional structure and framework, and the unbundling of the vertical monopoly were partially fulfilled. The partial or full achievement of these technical requirements is not surprising given that this is what the World Bank has historically emphasized in reform and given the emphasis on public management stemming from its use of ‘governance’. At the same time, we also see that the presence of other conditions relating to institutional and political capacity were less apparent. With respect to the rationale for privatization, what is also striking is that two key factors the Bank suggests are needed for successful privatization – a large dense market and good quality infrastructure – were not present in Uganda.

Given prior descriptions of Uganda’s electricity market and the quality of its infrastructure network, this brief assessment produces questions about how and why reform evolved the way it did when conditions deemed necessary for success were not present or were only partially evident. Equally, given political, social and economic conditions in the country, one has to also raise questions about how the national government and bilateral and multilateral agencies came to the decision that Uganda had sufficient capacity to execute the reform plan. My interviews confirm the relevance of this question.

One bilateral donor representative working on energy and forestry issues and speaking about ‘resource accumulation and mobilization’ explained that more resources have gone into supporting the new Electricity Regulatory Authority (ERA) than have gone into supporting the Ministry of Energy and Minerals Development (MEMD), the government department responsible for coordinating electricity and energy policy. Indeed, he explained
that one of the biggest challenges in the energy sector is MEMD’s lack of capacity. He said that there is a disconnect between the support for MEMD and the volume of work they are expected to accomplish; their “absorptive capacity is quite limited” (Interview, Philippe Simonis, Lead Energy Advisor GTZ, March 18, 2002).

In 2002, the electricity division of the MEMD only had three employees, despite the number of activities they were engaged. Philippe Simonis, the Lead Energy Advisor for GTZ, also explained that during the creation of the Electricity Act, the Commissioner responsible for electricity worked non-stop on the Act for two months, but was routinely interrupted by calls from Members of Parliament wanting information on their bills or giving suggestions. In addition to domestic demands, the World Bank had five separate energy teams visiting Uganda during the lead up to and during reform. In some cases, teams of fifteen World Bank staff or consultants were visiting Uganda every two months, requiring time and information from the MEMD employees. In short, the reform agenda placed enormous strain on key government departments with limited capacity and experience to execute them. In our interview, David Mwangi, Chief Manager, Planning, Research and Performance Monitoring, Kenya Power and Lighting Company, said that he would really like to know how Uganda came to its decision to split up the utilities: “I don’t know how they came to the decision to split up UEB so fast” (Interview, April 26, 2002). In Chapter 6, I try to answer these questions.

5.4 Conclusion

Following the lead of industrialized countries, historically countries in sub-Saharan Africa established or inherited national monopolies to generate, transmit and distribute electricity. However, the poor performance of electricity providers in terms of finance, maintenance, and
expansion in the 1980s, coupled with poor terms of trade, increased fuel prices, and poor macroeconomic performance, facilitated a review and change in the way that international donor agencies were going to support infrastructure provision, management, and oversight.

By the early 1990s, international development agencies, particularly the World Bank, were unwilling to continue to support a ‘business-as-usual’ approach and began to formulate new plans for reforming energy sectors. The imperative to reform responded to a core belief: the public sector was unable to fulfill service demand and the government had done a poor job overseeing and managing service provision. As a result ‘general principles’ were promoted to guide reform. These principles emphasized the need for improved regulation, the unbundling, commercialization and/or privatization of the generation and distribution functions, changes in pricing, and the promotion of a competitive electricity market attractive to private firms.

Initially, to implement these principles it was recognized that a careful and gradual approach was needed. And throughout the 1990s and the early 2000s, World Bank policy documents continued to present the imperative for reform and privatization with some caution, noting the importance of institutional capacity to execute reform successfully. The reality on the ground, however, appeared quite different.

In many African countries, the reform plans designed and promoted by World Bank teams had very short time frames for execution. This was despite the experiences of industrialized countries that had gone through similar reforming trends and taken much longer to learn and execute reforms, and despite a very significant difference in the capacity of governments and institutions in Africa to execute the reforms. Moreover, given that many countries in SSA were in the midst of reforms or just commencing, there was very little
knowledge available or lessons to be learned to guide countries. In short time then, researchers studying energy provision and energy sector reform started to and continue to raise serious concerns about the lack of attention given to the political, social, and procedural conditions deemed necessary for successful reform and the long-term sustainability of energy sectors. These concerns are contrasted with the ongoing emphasis development agencies give to more technical aspects of reform, such as pricing, creating attractive conditions for private sector entry, and strengthened regulatory environments. From the broad surveys that have been done, these observations appear to be accurate – technical reform conditions seem to be prioritized while political, social and environmental conditions for success are given less attention. But while this assessment seems to be accurate, at the same time it fails to highlight the political complexity of the reform path being promoted and the role that national governments, civil society organizations, and international donor agencies play in creating this complexity and making the reform exercise so difficult.

In the 1990s, international donor agencies had grown tired of financing reform efforts that produced poor results. Hence, as we will see in the following chapter with Uganda, the imperative for dramatic change was high. This imperative or desire for dramatic change, however, cannot be isolated from the broader political and socio-economic events taking place in the 1990s in African countries and in Uganda specifically. Reform to the energy sector was only one of hundreds of macro and micro changes taking place, many of which were overlapping and interrelated. For example, as discussed in Chapter 4, while reforms to the energy sector were taking place in Uganda, so too were the introduction of regulatory authorities for national environmental management and forestry. Higher-order national initiatives relating to the civil service, privatization, capacity building, and corruption also
drove sectoral changes. At the same time, the number of civil society organizations continued to increase, and their analytical capacity, policy know-how, and international connections helped them to more confidently assert their concerns about national reforms. Added to this mix are national governments that for better or worse have their own political and social development goals, and who are expected to lead the implementation of a host of complex reforms despite uneasy state-society relations and weak institutional capacity. In short, while the imperative for reform was clearly evident, the reforms were to take place in a setting of profound social, economic, environmental, and political change – change that is unprecedented in most African countries owing to the profound mix of domestic and international factors working simultaneously through, on, and in national and local governments.

The question that remains is to what extent international agencies factor these changes into reform proposals, and if they do not, why. It is my contention that to appreciate the challenges in improving the energy sector in Uganda one must understand the relationship between the goals of reform and the political change in the country. To do this, there is a need to understand the relationship between state and non-state actors in reform. More specifically, there is a need to understand the character of the reform experience in relation to how reform decisions and priorities were reached, who was involved, and how government capacity was understood or taken into consideration. Hence, it is to Uganda’s experience with reform we now turn.
Chapter 6

THE BUJAGALI DAM AND SECTOR REFORM:
UNBUNDLING UGANDA

6.0 Introduction

While nearing the end of my fieldwork, I frequently returned to the town of Jinja. About 70 kilometres east of the capital city, Kampala (see Figure 6.0), Jinja is a focal point in Uganda’s electricity sector. It is here that the Nalubaale (Owen Falls Dam) and Kiira (Owen Falls Extension) power stations are located, and where the Nile drains from Lake Victoria. Jinja is also the administrative centre for the management of hydroelectric generation activities in Uganda.

In 2001, the Uganda Electricity Board, the public monopoly, was unbundled creating the Uganda Electricity Distribution Company Ltd. (UEDCL), the Uganda Electricity Transmission Company Ltd. (UETCL), and the Uganda Electricity Generation Company Ltd. (UEGCL). As UEGCL’s main functions were the operation and maintenance of the two main hydroelectric generating stations in Uganda, the company was based in Jinja. In 2003, under the auspices of the sector’s privatization strategy, Eskom Uganda Ltd., a subsidiary of South Africa based Eskom Enterprises, was awarded a twenty-year

Figure 6.0: Map of Uganda, Kampala and Jinja

Source: Google Earth, 2006
generation concession for the two hydroelectric facilities. Up until 2003, AES Nile Power (AESNP) also had a main office on the perimeter of the Jinja town centre. At this location, AESNP coordinated onsite activities for the proposed Bujagali Dam, which was to be constructed about 10 kilometres northeast from the town, and about 8.5 kilometres from the Owen Falls complex (see Figure 5.1). On this trip in late May, I was returning to meet with members of AES’s eleven person team of ‘Community Interaction Officers’. The purpose of the meeting was to learn about the responsibilities and activities of the team in the lead up to the construction of the dam.

On the morning of my meeting I made my way to Kampala’s Old Taxi Park to catch the Kampala-Jinja commuter bus. Walking through the maze of share taxis, I arrived at the location where the mini buses assembled and waited for each seat to be filled before departing. My timing was fortunate. One bus had just pulled away and the next in line was just filling up allowing me some choice of where to sit. I chose the far back corner granting me direct access and control of a window – something I had come to appreciate in my bus travels. As the bus pulled out and made its way eastward on Jinja Rd., I began speaking with the man sitting cosily beside me – an arrangement by necessity, not choice.
Our conversation started with simple pleasantries. My companion explained that he permanently lived in Jinja but often commuted to Kampala for work. We both nervously observed that the volume of truck traffic seemed particularly high that morning. He then asked why I was in Uganda. After explaining that I was studying the reforms to the electricity sector, our conversation became livelier. My companion wanted my opinion on two issues: why does Uganda have load shedding when it has so much potential for electricity generation; and, given the existing and available potential supply of hydro-generated electricity, why is the price of electricity so high? “Why isn’t UEB [Uganda Electricity Board] producing more electricity from Owen Falls?” he asked. He suspected that the dam was not producing to its full potential. He went on: “I don’t understand why they chose to build at Bujagali…tourists from Canada come to see the falls!” He accepted that the government was going to build the new dam, but he did not understand why it was taking so long to start construction.

In response to his questions, I explained that one thing that was causing the delay was the difficulty in securing financial support for the project. Foreign governments and export credit agencies were concerned about the financial viability of the project, principally whether the Transmission Company (retained by the Government), would be able to sell the electricity that the private company generated at Bujagali, and by default, whether there were enough consumers to purchase the electricity produced.\(^1\) Bearing in mind the challenge I had explaining briefly how a power purchase agreement (PPA) worked, my companion was not impressed with this initial explanation: ‘people who want power in Uganda don’t have it

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\(^1\) As I will later explain, part of the controversy over the project was the details surrounding the power purchase agreement (PPA) between the government and the private power producer. The PPA guarantees that the government will pay the power producer a set fee, whether or not the electricity that the government-owned Transmission Company purchases can be sold and distributed to the consumer.
because of load-shedding, and Rwanda, Tanzania, the Congo and Kenya all need the power’. Thus, he was suggesting that there was indeed a large market for consumers. I also explained two other issues.

First, there was controversy over the fact that people did not know how much Uganda was going pay for the electricity AES generated at Bujagali, and that the consumer tariff would continue to increase. This comment produced a particularly strong response. Without my prompting the man argued that the high price of electricity was responsible for people degrading the environment in order to access lower-cost firewood and to produce charcoal, which was in high demand. He repeated that he could not understand why electricity cost so much, particularly given that ‘you need water to produce electricity and Uganda has so much’. Second, I explained that there was concern about ‘country risk’; that is, uncertainty about the political stability of the country, and the impact that an unstable political environment has on investor interest.

Figure 6.2: Map of Jinja, Nile, and current and proposed dams
Our conversation ended rather abruptly as the share-taxi passed over the Owen Falls Dam and approached the location where I had to disembark to reach the AESNP offices. I was sad to say goodbye, not least because of my companion’s genuine interest in speaking with me, but also because his questions and comments underscored some of the central issues that I had learned over the course of my research. In particular, his comments affirmed two simple, yet central points: 1) the public has poor knowledge of the reform process, reform choices and reform delays; and, 2) there is a significant disconnect between the public’s expectations about reform outcomes and donor and government goals and expectations, particularly in relation to the price of electricity and access to electricity for those not yet connected.

What was equally significant about my companion’s comments was that they were repeated frequently during my research, even when the focus of a conversation or interview was not intended to be about electricity. In more than one interview, mid-level or senior civil servants with no direct connection to the electricity sector became highly animated, visibly frustrated, and emotionally charged when the issue of electricity arose. Most expressed frustration over the ever-increasing price of electricity and continuing poor quality of service provision. They stated that they did not understand what the government was doing with the sector. Most also shared a personal story about having their electricity service disconnected, or a relative having their electricity disconnected due to a dispute over lack of payment or meter tampering – an event I too experienced first hand.\(^2\) At the same time, when I told others more intimately connected with the electricity sector about the frustration people were

\(^2\) One day I arrived home to the house where I was renting a room to find representatives from the Uganda Electricity Distribution Company Ltd. (UEDCL) in heated debate with the owners of the house. UEDCL claimed that the electricity meter had been tampered with – a common occurrence in the city – when in fact it was just an old meter.
expressing, they suggested that this was indicative of a larger problem in the country. Tobias Karekaho, a senior consulting engineer with Norplan – the company developing a second dam, Karuma – and a former manager in UEB said: "…people feel that as a middle class with good jobs and an education that they should be entitled to power [electricity]” (Interview, May 27, 2002). He further noted, however, that in Uganda electricity is not for the poor, yet “people in power have tried to tell people that they deserve it and MPs tell them that they’ll get it for them.” The question he said, is whether “government is prepared to talk about reality; the debate is between realism and fiction. If the issue is feasibility, then we are not talking about power [electricity] to the poor. Are we looking at the reality or what’s being communicated?”

In this chapter, I take up the confusion and problems that have been encountered in Uganda’s electricity sector reforms and analyze the challenges surrounding efforts to improve the sector in the post-1986 period. As my introductory comments suggest, the post-1986 period is complex and multilayered. But what is less apparent from the above but likely not surprising given the discussion in Chapters 3, 4 and 5 is that the confusion and complexity associated with Uganda’s reforms are not simply a function of domestic state-society relations and poor communication between citizens and government. I argue that the reasons that electricity sector reform has been so difficult in Uganda stem from how international actors have influenced the path and process of reform, how the model of reform has been implemented, and how the national government has responded to domestic and international concerns surrounding the Bujagali dam.

Suggesting that the implementation of a so-called ‘development project’ or reform process is difficult and complex is certainly not new (see Hirshman 1967; Flyvberg 2003).
Equally, suggesting that the added influence and prominence of international organizations, foreign governments, and international firms in a reform process makes the political stakes and challenges higher is also not new. As Hirschman wrote in 1967: “…all projects are problem-ridden; the only valid distinction appears to be between those that are more or less successful in overcoming their troubles and those that are not” (1967, 3). Hence, this chapter helps to reveal how the interaction and influence of international interests in a domestic process unfolded in the case of Uganda, and to explain the consequences of this influence politically and with respect to electricity provision. In short, what this chapter reveals is the ongoing messiness of project and program implementation, and the relationship between this messiness and domestic politics. More specifically, it explains how the complexity of the reform exercise did not match the political and institutional capacity in Uganda. I do not argue that the reform process is the sole reason for the problems in Uganda. But I do argue that the character and process of reform and associated dam construction efforts have had significant, demonstrable impacts on domestic state-society relations, the character of governance and policymaking, and future energy and electricity provision in the country.

This chapter begins by explaining the state of the energy sector post-1986. This section explains how Uganda’s ‘energy’ needs were understood and what the international community suggested as necessary changes. In this section I also explain how attention to renewable sources of energy were largely ignored in this early post-conflict period. The chapter then explains how and why public sector electricity provision under the Uganda Electricity Board (UEB) was eventually rejected, with a turn to the private sector for distribution and generation. Here I explain how the rationale and decision for electricity unbundling was reached, and the process unfolded. Central to this explanation is the desire
to construct a new large hydroelectric dam on the Nile – the Bujagali dam. As I will explain, the national government and World Bank’s desire to construct Bujagali and the process surrounding the dam was a central reason for reforms unfolding in the manner they did, and by default, the problems encountered. The chapter concludes by assessing the political implications of the Uganda’s reform experience, as well as the implications for electricity and energy provision in Uganda and future reform.

6.1 Energy in post-1986 Uganda

We can recall from Chapter 3 that between 1971 and 1986 there were no major developments in the electricity sector; Museveni’s rise to power coincided with a historically low period in the generation, provision, and reliability of electricity service provision in the country. In 1968, the Owen Falls Dam was operating at full capacity, generating 150 MW of electricity. In 1986, its generating capacity had dropped to 60 MW. The number of electricity consumers in Uganda stood at 106,450 in 1986, but two years later the number of consumers had dropped to a low of 80,795 – a number reminiscent of the 1970s (UEB 1996). The essential problem that Museveni and the NRM were confronting was that they had inherited an infrastructure network that was very poor. But owing to the new stability in the country, demand for electricity was increasing rapidly, outpacing supply. This produced the oft-repeated cycle of power rationing/load-shedding that has plagued Uganda, Kenya and Tanzania. In the midst of this situation, the World Bank remained directly and prominently involved in Uganda’s electricity sector.
In 1983, the year of its creation, the Energy Sector Management Assistance Programme (ESMAP) studied Uganda’s energy sector. ESMAP advanced five electricity-specific recommendations:

1) Owing to the poor quality of infrastructure, immediately prepare and conduct a feasibility study for the repair of the Owen Falls Dam and existing transmission and distribution networks;
2) Develop a least-cost, long-term sector development program to respond to the anticipated shortfall in supply that was expected in 1988 and 1989, examine long-term demand potential in Uganda, and revisit and review hydroelectric development schemes for the Nile;
3) Owing to the role of electricity in economic growth, and in keeping with historic trends, extend Uganda’s transmission and distribution network to all major towns and replace diesel generating stations;
4) Develop a second hydropower station for the purposes of exporting power, but only if commitments from purchasers can be guaranteed, and adjust current export power rates to Kenya; and,
5) Increase tariffs as soon as possible but also introduce a ‘lifeline’ tariff.4

In turn, these recommendations would provide a significant foundation for all future energy projects in Uganda, particularly those led by the World Bank. Given this list and current global attention to renewable energy it is important to note that in ESMAP’s report fuelwood, renewable energy, and energy efficiency were also recognized (ESMAP 1984, 15-22). But much to the dismay of long-time renewable energy advocates in Uganda, throughout the 1980s and 1990s the Bank and national government’s energy initiatives have focused almost exclusively on electricity generation and supply initiatives. Thus, while it is important not to conflate energy and electricity, there has been very little time or resources dedicated to non-electricity specific energy improvements since Museveni came to power – a trend that is only

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3 ESMAP was created in 1983 under the joint sponsorship of the UNDP and World Bank in a response to the global energy challenges that were emerging. ESMAP is a technical assistance program which provides policy advice on sustainable energy development to governments in developing and transition economies. ESMAP also strives to facilitate the transfer of technology and knowledge. ESMAP is supported by its two co-sponsors and development agencies in industrialized countries (see www.esmap.org).
4 A lifeline tariff is also known as a ‘social tariff’ or ‘increasing block tariff’. In this system, the first volume (block) of a service used (usually water or electricity) is provided at a lower, subsidized price, or sometimes for free. As the volume of consumption increases and passes a specific volume, the price of the good increases. Therefore, poorer consumers or households that consume a small volume of a service are supposed to benefit.
now changing, in part due to the harsh reality that it will be several decades before anything near a majority of households in Uganda has access to grid-based electricity.

Josh Mabonga-Mwisaka, the Manager of the Uganda Renewable Energy Association (UREA), explained that just prior to Amin’s takeover, the Forest Department was moving to make charcoal a significant economic endeavour. After Amin, however, biomass did not again emerge until the mid-1990s. But even then, he said, “politicians didn’t see the role of biomass…it just wasn’t a priority!” (Interview, March 19, 2002). As evidence of this, in 1998 Kakira Sugar Works (owned by the Madhvani Group) studied plans to install a 30 MW electric power production plant using bagasse as fuel. (Bagasse is the biomass that remains after sugarcane stalks are crushed.) At the time, the bagasse was burnt in the open. It was estimated that the plant could have been operational in two years, providing all of the electricity the sugar factories needed, and selling the excess to the UEB. Government, however, had little interest in the initiative, and a 7 MW plant was produced powering only the factory. The explanation for government disinterest in this ‘energy from biomass’ initiative largely stems from the fact that the government was focused on the development of the Bujagali project (see Nordic Consulting Group 2006). Owing to the supply problem the Government currently faces, it has resumed negotiations to expand the current bagasse plant and to develop co-generation facilities in future. Nonetheless, the new plant is expected to expand to only 16 MW, instead of the original 30 MW (Ibid.).

An example from the capital city, Kampala, also provides an important example of how biomass energy has been ignored. During my fieldwork, I was introduced to an organization named Uganda Youth Voluntary Efforts in Afforestation and Environmental Protection (UYVEAEP). UYVEAEP is notable for having led the development of an
innovative community programme that combines community waste collection, management and energy. UYVEAEP’s operations are based in the Parish of Kasubi, Rubaga Division, in the northwest corner of the District and City of Kampala. This is one of poorer and denser parts of the city, which has suffered from poor waste management and drainage problems. The members of UYVEAEP included a doctor with a clinic in the parish, several young men and women, some with university education, and several volunteers (Figure 6.3).

Originally UYVEAEP began trying to plant more trees in several zones of the parish. In a short time, however, they realized that the problem of waste management and collection was a major problem in the area, and turned their attention to a community waste management effort. Two other organizations provided UYVEAEP with some small funding to support their efforts. The Shell Uganda Foundation provided funding for coveralls and equipment and Living Earth Uganda, a national environmental NGO, provided funding for UYVEAEP to rent a small plot of land in the parish, which would be used to create a community ‘waste management centre’ or demonstration plot (Figure 6.4).
UYVEAEP was also in regular contact with one Kampala City Council employee who provided moral support and strategic advice.

Through this initiative, UYVEAEP rapidly expanded its activities. Soon it was providing twice-weekly door-to-door household waste collection for residents in three of the nine zones of the Parish. Residents paid a small fee to have their waste collected. The money went to the twenty youth volunteers who were involved in the waste collection. Residents would also independently bring waste to the ‘waste management centre’, where the waste would be sorted into organic and inorganic material. This practice removed two of the most problematic waste streams in the city – food waste and plastics, particularly plastic bags which blocked drainage channels and were repeatedly blamed for causing flooding within the city. UYVEAEP did two things with the organic waste: 1) it began composting in the hopes of producing fertilizer; and, 2) it used the matooke peels (like bananas) to manually create charcoal briquettes. Figure 6.5 shows the evolution of this waste collection process from drop-off to the creation of charcoal briquettes.
Figure 6.5: Process used to make charcoal briquettes from matooke (banana) peels

<table>
<thead>
<tr>
<th>Step 1: Banana peels are dropped off</th>
<th>Step 2: Peels are dried in sun and then crushed</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Step 1" /></td>
<td><img src="image2" alt="Step 2" /></td>
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<table>
<thead>
<tr>
<th>Step 3: Peels are burned and mud is added</th>
<th>Step 4: Charcoal and mud are formed into balls and dried creating briquettes</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3" alt="Step 3" /></td>
<td><img src="image4" alt="Step 4" /></td>
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The community initiative was impressive for a number of reasons. First, it addressed a pressing waste management problem in the city—collection problems. In 2003, the Kampala City Council (KCC) did provide waste collection. But collection was only from various large garbage skips spread throughout the city, which residents had to walk to dispose their waste. Owing to the need to walk to the skips, and the poor conditions of the skips, residential waste in the city was often burned or dumped instead (Figure 6.6 and 6.7).

UYVEAEP was so successful in its waste management efforts that the KCC demanded that UVEAEP halt its activities because even while sorting the waste it collected, it was filling up the nearby skips too quickly for the KCC to empty them. Second, UVEAEP was employing many youth, particularly young men, who otherwise had no work. Third, UVEAEP was taking a form of biomass—matooke—widely used in southern Uganda and forming a large component of the urban waste stream, and turning it into a very good alternative, reliable energy source, that could easily be used in common charcoal stoves. Moreover, the quality of the briquettes was confirmed by UYVEAEP, local residents, and individuals I knew and asked to try it in their own charcoal stoves. Given that 95% or more of Uganda’s national population relies on biomass for cooking, that the availability of woody tree biomass is declining, and the technology to
produce briquettes from biomass waste is simple and easily replicable, this type of community endeavour offers a unique opportunity to address multiple urban concerns relating to human health, environmental quality, and social and economic well-being. Therefore, the question arises, were UYVEAEP’s activities supported and replicated? As one might guess, the outcome of this story was not a positive one.

I left Uganda in May 2002 and returned approximately six months later in January 2003. In that time, UYVEAEP’s waste management activities declined dramatically. Three primary reasons explain this. First, Living Earth Uganda no longer had funds to support UYVEAEP. As a result, UYVAEP could no longer maintain the rented demonstration plot and it deteriorated. Residents, however, were still dumping their waste in this location after UYVEAEP’s collection activities ceased. Moreover, while I was touring the parish with members of UYVEAEP in January 2003, local residents asked the NGO whether it was going to start waste collection again. UYVEAEP continued to exist and Living Earth Uganda tried to get them involved in demonstration activities in other parts of the city, but Living Earth was partnered with the KCC and when deciding on future urban environmental initiatives, the KCC did not choose Kasubi as a project site nor did they choose to have UYVEAEP involved. In fact, the Kampala District Environment Officer, Mr. Rwandume Mugizi, who had provided advice to UYVEAEP, suggested that decentralization was in fact partly to blame for UYVEAEP’s problems. Elected officials representing Kasubi told Mr. Mugizi that in assisting UYVEAEP he was interfering in Rubaga division’s responsibilities (Interview, January 15, 2003). Another important reason for UYVAEP’s activities deteriorating was the KCC’s decision to privatize waste collection in the city. (To date, the respective roles of the public and private sectors in waste management in Kampala remain
prominent concerns). In 2003, municipal waste collection was supposed to be privatized with no consideration of alternative approaches to waste management like the community effort UYVEAEP was engaged.

The final prominent reason UYVEAP’s activities deteriorated stems from the national government’s disinterest in supporting the organization’s activities. This was despite bilateral donors expressing clear interest in promoting the use of biomass for charcoal. In March 2002, I attended a workshop on charcoal briquette technology held at the Forest Secretariat Offices in Kampala. There, NGO representatives and government officials and individual donor representatives working in forestry and energy discussed the need to expand charcoal briquette making activities from biomass. To that point, however, they had only supported projects outside the capital city, and only discussed rural populations that had adopted charcoal briquette-making activities due to a shortage in woodfuel. Later, in May 2002, I met with the Ministry of Environment and Energy’s Assistant Commissioner for New and Renewable Energy, Mr. Godfrey Ndawula. When I asked Mr. Ndawula about his knowledge of UYVEAEP’s activities, he was not very interested and was not impressed with the briquettes the group had produced. Nonetheless, he acknowledged that the use of charcoal in cities was increasing at about the same rate as urbanization – six percent (Interview, May 23, 2002). In our interview I asked whether it was frustrating that biomass had received so much less attention than electricity. He said that historically, energy in Uganda has always been about petroleum and electricity, and that biomass was not considered in relation to energy until the mid-1990s. Despite this, he acknowledged, “it is still an uphill battle to get government to focus on it… there is a lot of bias into hydro.” In turn, government disinterest in biomass has also translated into private sector disinterest.
Of the 43 private companies the Uganda Renewable Energy Association (UREA) represented in 2002, most were focused on solar power, with little interest in charcoal or biomass as an energy source. In addition to the potential energy and environmental benefits from more attention to energy from biomass sources, Mr. Mabonga-Mwisaka, head of the UREA, argued repeatedly during our interview that a well-organized charcoal industry could serve as an important source of income and employment, particularly for the number of young ‘boys’ in the country. And what about the government’s desire to construct the Bujagali Dam? Mr. Mabonga-Mwisaka laughed when asked. He said he knew Bujagali would provide the government with export earnings, but he wondered how it was going to help with poverty. Other non-government officials echoed these sentiments. Hence, together, the examples of the Kakira Sugar Factory, and UYVEAEP and UREA’s experience help illustrate the extent to which energy in Uganda has been equated with electricity, and furthermore, begins to hint at the institutional and ideological weight behind the development of large hydroelectric facilities like Bujagali.

In recent years, the national government and some donors have returned to biomass and non-electricity specific energy interventions. The Forestry Department did in fact conduct a National Biomass Study in 1989, with little outcome. Recent reforms to the forestry sector have also highlighted the role of biomass. However, in relation to biomass playing a central role in Uganda’s energy improvement strategy, things are only slowly changing. Uganda’s 2002 Energy Policy recognized the importance of biomass energy supplies, and in the same year the Ministry of Energy and Minerals Development (MEMD) produced a draft biomass energy strategy. Germany’s GTZ is now taking the lead in
supporting work on biomass energy under the auspices of the Energy Advisory Project launched in 2003.

The turn to biomass energy is long overdue, particularly given the ongoing problems with electricity supply and distribution. Phillipe Simonis, GTZ Technical Advisor, said that when he arrived in Uganda in 1999, he wanted to start work on biomass right away but the focus was on the electricity sector and reforms to the sector. After the power sector reforms, he said it was understood that the Energy for Rural Transformation project was next, followed by the Petroleum Bill and then biomass. This agenda, he said, was donor driven; the whole process was donor driven: “electricity first, biomass second” (Interview, May 20, 2002). Given the significant role of electricity in economic development and the poor state of Uganda’s sector, few would question this prioritization from a macro-level perspective. However, when we consider this from the perspective of fulfilling the energy requirements of the population, particularly the poor, in the midst of Uganda’s multi-year electricity reform and development plan, it is obvious that the vast majority of citizens will not be benefiting from these initiatives in the short to medium-term. One of the central reasons that explain why attention to biomass has constantly been delayed is the assumption that power sector reforms would move quickly, thus allowing the development of a biomass strategy shortly thereafter. Given the problems that have befallen Uganda’s reform efforts and given that most Ugandans depend on biomass energy for some if not all of their energy needs, in retrospect it is now easy to question the rationale for biomass playing such an insignificant role in Uganda’s contemporary approach to energy. But it is not enough to simply say that electricity sector reforms dominated government attention. One must also consider the role that different actors and interests played in formulating and prioritizing energy initiatives in
Uganda. When this issue is considered, the World Bank’s dominant role in energy and electricity interventions emerges.

Following ESMAP’s 1983 study, the World Bank sponsored three multi-million dollar sector-specific reform and improvement projects: Power II was approved in 1985 for US$28.8 million; Power III was approved in 1991 for US$125 million; and, Power IV was approved in 2001 for US$62 million. To varying degrees Power II and III each focused on pricing, sector coordination, management, planning, rehabilitation, expansion and upgrading; at the same time, the role of the state in electricity provision was also accepted in the project designs (World Bank 2001, 35). This commitment to public electricity provision was reaffirmed in 1993 when the Government of Uganda, under the auspices of its policy for public enterprise reform and divestiture (PERD) programme, released a list of 40 public enterprises to be divested including large parastatals relating to banking, insurance, railways and telecommunications (Tangri and Mwenda 2001, 118). All parastatals were classified under five categories – retain, majority share, minority share, fully divest, liquidate. The Uganda Electricity Board (UEB) was classified a Class 1 enterprise, to be retained, though this classification would be short-lived. In six years a new Electricity Act would be passed paving the way for the unbundling of the UEB and showing a reverse in support for the state-run company. What happened during this period to invoke this change? How did the decision to turn to privatization and the construction of the Bujagali dam emerge in these

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5 These projects have been complemented by other energy-related and institutional capacity-building initiatives. Examples of other projects include: power project supplements, financial guarantees and technical assistance for the Bujagali dam, a privatization and utility sector reform project, poverty reduction strategy papers, poverty reduction support credits, an environmental management and capacity building project, the Energy for Rural Transformation Project, institutional capacity building projects, a forestry rehabilitation project, and most recently, a thermal power generation project (to respond to the current crisis).

6 Power I, launched in 1961, was the World Bank’s first project in Uganda. The $8.4 million project focused on expanding Uganda’s existing electricity network.
deliberations? And, ultimately, are these reform decisions and the process of these reforms tied to the current sector problems?

To answer these questions two things need to be highlighted. First, we must recall the historic trends in privatization and the privatization process in Uganda discussed in Chapter 4. Here, we learned of competing perspectives on the success of Uganda’s early privatization experience. From the perspective of civil servants, the belief was that government was doing very well and that the chief problems with privatization rested on the fact that government and elected officials were not openly communicating the rationale for privatization – chiefly, to rid government of the financial burden of poor performing companies. Moreover, these same individuals acknowledged that while privatization was largely supported within the bureaucracy and government, the reason for privatization was donor demands. In contrast, those critical of the privatization exercise noted their frustration with the government communicating poorly its intentions and the poor opportunities offered to participate in reform decisions. These issues are in addition to the ongoing concerns with questionable sales of public assets.

It follows that the second issue needing to be highlighted is the relationship between the above trends in the privatization of public enterprises in Uganda and the process of reforming the electricity sector, which importantly includes efforts to construct the Bujagali Dam. By connecting these two elements, an appreciation for how historical, ideological, political, and procedural factors converged to impede a quick and ‘clean’ reform process emerges. More specifically, what is revealed is that while World Bank documents largely attributed the problems with the electricity sector to public management concerns and to technical and financial problems, this assessment was incomplete. The desire to construct
the Bujagali dam quickly in order to address Uganda’s power supply problems meant that alternative reform options were not seriously debated. Historic rationales for building Bujagali were relied on as justifications for the project, and the success of reform became dependent on the quick execution of the dam.

6.2 From public to private: The rationale for change

The designation of the Uganda Electricity Board (UEB) as a Class 1 enterprise – an enterprise to be retained – is significant in the context of historic reform trends in Uganda. We can recall from Chapter 3 that Uganda embraced the macroeconomic adjustments advocated by international donors in the early 1990s. Put in this context, the World Bank’s willingness (for a very short time it would turn out) to provide tacit support for the government’s role as a provider of electricity is significant. Nonetheless, soon after the UEB was designated an enterprise to be retained, the Bank changed its perspective.

There is little question that in the mid-1990s the UEB was performing poorly. Several factors illustrate this. First, from the perspective of economic productivity, survey results in the late 1990s and early 2000s show that poor electricity provision was enormously problematic for private firms. For example, a 1998 Private Investment Survey revealed that on average, Ugandan “firms were losing an estimated 90 operating days a years from unreliable power supply. These losses translated into high costs of production and therefore reduced the competitiveness of the private firms. The same survey found that as many as 70% of the large firms, 44% of the medium-sized firms and 16% of the small firms own a power generator” (Engorait 2005, 3). A 2001 edited book presented the survey results in more detail. Ugandan enterprises identified the reliability and adequacy of electricity as the leading, and only ‘major’ infrastructure constraint to investment compared with other
infrastructure (Reinikka and Svensson 2001, 220-224). With respect to the UEB’s capacity or success to provide individual households with electricity, the results were equally poor.

The total number of new consumers between 1993 and 1999 was less than 50,000 (UEB 1999), and in 1994 and 1995 the number of consumers dropped below 1993 levels demonstrating the inconsistency in electricity supply and consumer provision. Several government ministries were also notorious for not paying their electricity bills, most notably the Ministry of Defence and the National Water and Sewerage Corporation (NWSC).

Furthermore, it was well known that several Members of Parliament had not paid their electricity bills for years. One former UEB employee explained that prior to 1999, there was a dangerous trend in government and the civil service: the higher you rose in public office the more people felt they were entitled to free services. The most illuminating anecdote recounted to me was how a UEB customer service manager managed to disconnect a very senior Minister over non-payment of his electricity bills.

The UEB wrote to the Minister several times requesting that he pay his bill. In the final notice sent by the UEB, they said that they ‘realized the Minister must be very busy’ but if he did not pay in 48 hours he would be disconnected. In the absence of payment, the UEB sent their field staff to the Minister’s house to disconnect him but were refused entry by the Minister’s high-level security detail. In turn, the Customer Service Manager instructed the field staff to go to a nearby embassy to say that they needed to check a connection. Once on the embassy grounds they cut the connection to the Minister’s house. As the story goes, once the Minister came home and found himself without electricity he called the Minister of Energy, who called the Area Manager, who then called the Customer Service Manager, with
the result that eventually the disconnected Minister was on the phone with the service manager.

At first, the Minister was very rude and said that he ‘didn’t want to talk to some small person’ and ‘that he shouldn’t be treated like a villager.’ In response the service manager explained that ‘we treat everyone the same here’; ‘everyone has one account number’, he replied. After a three-hour conversation with the service manager, the Minister calmed down, but not before threatening to have him fired. The service manager had to explain that whether he was employed or not was not the issue, the Minister had not paid his bill. In later conversations, the Minister told the Customer Service Manager that he did not make a lot of money as an MP and that he always had people asking him for money. Nonetheless, the Minister agreed to pay, and from that point forward paid regularly! Thus, a former UEB employee who left on his own accord told me: “…staff in UEB are not the most efficient, but the external environment is worse than the internal.” Indeed, in light of this and several other illuminating anecdotes I witnessed firsthand, the Kampala Customer Service Manager said he ‘feared for the private sector investor.’

In addition to the problems with the external environment, the UEB also suffered from a problematic billing system – many managers approached the need for internal improvement inconsistently or were hostile to internal

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7 In truth, the UEB had a title for such individuals – ‘sensitive accounts’. The quintessential ‘sensitive account’ is the President’s residence, State House. If the lights go out staff must produce a lengthy note of explanation. Other ‘sensitive accounts’ include MPs, embassies, Ministries, local governments, parastatals, and ‘sensitive industries’ like radio and television.

8 This information was recounted during a marathon, 4.5 hour interview. On several occasions I had tried to interview the Kampala Customer Service Manager, Thomas Tondo, but on each occasion there were far too many people waiting to talk to him. He suggested I return on Saturday at 11am when he was usually less busy, and at best, two hours before the office closed at 1pm. I arrived at 11am, and for the next two hours, sat beside his desk. I had the chance to ask a few questions during the time before the office closed at 1pm, but for the most part sat and listened as Mr. Tondo was constantly having to address new customer problems or staff questions. In terms of the types of issues he had to address, they included: an MP who had his power disconnected; an owner of a Kampala ice cream store whose power had been disconnected, but who claimed he had paid, and was there to show his receipts; and a woman who claimed that the bill for her house was for the former tenant who had died, but after some investigation, it was determined that she was indeed the tenant.
improvements. In the mid-1990s, the UEB’s performance was so poor that it was pejoratively known as the Uganda Enzikiza Board – in Lugandan, enzikiza means darkness.

As a result of the UEB’s poor performance, and just two years after it was designated a Class 1 enterprise to be retained, interviews with several senior civil servants confirmed that ‘a dialogue’ took place in 1995 at which time reform and restructuring were agreed. This dialogue was formalized in an internal UEB report in 1996, which recommended restructuring and divestment. This was followed by the creation of a ‘Committee on Divestiture’, and eventually a 1997 Strategic Plan. In 1998 the Strategic Plan was formalized, laying out a plan for the divestment and restructuring of the UEB and the eventual passage of the 1999 Electricity Act. But in keeping with historic trends in Uganda’s privatization experience, during this period (1995 to 1998), reform leaders acknowledged, “there wasn’t a lot of external participation in producing the Strategic Plan” (Personal communication, Emmanuel Nyirinkindi, May 14, 2002). As the Strategic Plan was the document guiding privatization of electricity in Uganda, the absence of public input is notable, but not surprising. Even private sector energy proponents agree on this point. Mr. Lawrence Omulen, Managing Director of Norplan Ltd., a Consulting and Engineering firm, explained that one of the problems in Uganda has been that its privatization processes have not been transparent, including the energy sector. He said he “knows that the [Energy] Minister is uncomfortable with the privatization process because she hasn’t been open about it” (Personal communication, May 22, 2002).

Since the mid-1990s, donors had been asking for quantitative indices of financial and service delivery improvements in the UEB, which it was unable to provide. The most glaring illustration of these problems comes from the ratio of anticipated revenue to revenue
collected. In the 1990s, at times the UEB was collecting just fifty percent of the revenue it was owed. Beginning in 1996, the UEB (and later Uganda Electricity Distribution Company) also tried multiple ‘operations’ or ‘task forces’ to disconnect illegal consumers. Various titles ‘Operation Thunder’, ‘Omega’, then ‘Sigma’ these programs were launched because of high systems losses, poor revenue collection, and theft. Each program did prove effective at disconnecting many illegal consumers, but in the words of one senior manager, ‘Operation Sigma’ was “a propaganda thing for them”. Weekly updates on Operation Sigma’s progress were published in the newspaper, emphasizing this point. Moreover, it was rumoured that a recently appointed UEDCL manager was financially rewarded for each illegal cut-off Operation Sigma performed. None of these initiatives, however, was a serious attempt to improve the public utility. In the end, it was acknowledged to me that Operation Sigma was really an effort to improve the UEB’s records prior to its privatization. On the whole then, the public view of the UEB was very poor. Indeed, in the words of the World Bank country program manager, Robert Blake, the UEB was “dysfunctional” and “unreformable”; its operational efficiency was almost worst in the world. “It was amazing; the UEB was not even able to satisfy 5% of the population using electricity” (Personal communication, May 5, 2002).

In our interview, Robert Blake emphasized that the government was unable to mobilize new funds for network expansion or improvement and the UEB could not do anything about unpaid bills from other Ministries. He explained that ultimately donors were unwilling to provide more funding for the sector unless dramatic change came about. Divestiture was the antidote deemed most appropriate by the Bank, but in the early going the government still entertained the idea of partial ownership. This notion was short-lived,
however, owing to problems with previous privatization efforts where the government tried to maintain partial ownership, and more tellingly, because when the government solicited interest in the distribution and generation components of electricity under partial government ownership no firms were interested (Personal communication, Emmanuel Nyirinkindi, May 14, 2002). In the end, it is clear that the UEB had serious performance problems. But these problems do not alone explain the turn to privatization. The other central reason for the decision to cede the distribution and generation companies to private firms was the complementary desire to build the Bujagali dam. Confirming this, Emmanuel Nyirinkindi said: “The traditional lender [World Bank] and Bujagali were the drivers of this process” (Ibid.). Hence, public sector reform was part of much more complex and ambitious vision for sector change reminiscent of the colonial period and the construction of the Owen Falls Dam. This time, instead of creating a state enterprise to build a large dam and develop a national electricity network, the state enterprise would be dismantled to facilitate the private construction of the nation’s electricity distribution network and generation facilities. The logic of simultaneously combining restructuring, privatization and dam construction rested on three observations.

First, the UEB, due to a combination of internal and external problems, could not perform its electricity distribution functions. Second, the UEB was unable to reduce significantly system losses. Third, few private companies would invest in the construction and operation of a large infrastructure project unless its profitability could be guaranteed. For electricity generation projects, this guarantee often takes the form of a ‘take or pay arrangement’ whereby a government must agree, usually under the auspices of a ‘power purchase agreement’, to pay for a set volume of electricity, at a set rate, over a set period of
time, whether it can use the electricity generated or not. Given this arrangement, UEB’s record, and donor skepticism about UEB’s potential to change, in the words of World Bank country program manager, Robert Blake: “[I]f you accept this then restructuring falls out naturally” and the need to create the domestic conditions necessary to attract independent power producers to the generation and distribution components of electricity is revealed (Personal communication, May 5, 2002). Thus, the Bank and Museveni moved forward with a vision that required a bold set of ‘meta-undertakings’ to occur simultaneously: the restructuring and unbundling of the UEB; the development and implementation of a new Electricity Act and regulatory framework; and the construction of the Bujagali dam. I use the notion of a ‘meta-undertaking’ to highlight that under each of these broad sector reforms were several individual processes such as multiple environmental impact assessments in the case of the dam.

In a country with a very small market of existing electricity consumers, very poor infrastructure quality, and weak organizational and regulatory capacity, this agenda was extremely ambitious, and its success highly dependent on the careful, consecutive, and successful execution of each reform action. Most critical of all for the distribution concession was the guarantee that there would be sufficient electricity supply. For if the supply of electricity cannot be guaranteed because it is uncertain or unstable, negotiations with a private firm taking over the distribution system will be extremely difficult. Acknowledging this challenge, Robert Blake, noted: “After [the need for reform is] decided, then it becomes much more complicated and timing and sequence is important – you need to figure out how the pieces fit together.” Putting it in more specific context with respect to the Bujagali dam, one northern European donor representative carefully explained that while the
construction of Bujagali was not dependent on privatization, successful privatization had become dependent on Bujagali. Indeed, he said: “Bujagali is instrumental to privatization…without [it] the whole restructuring of the sector would collapse” (Personal communication, Hans Venvick, First Secretary Development, NORAD, May 29, 2002).

Hence, in the next section I examine the Bujagali dam as it relates to energy sector reform in Uganda. In this regard, it is important to note that I do not analyze the merits, controversies, and debates surrounding the dam in as much detail as is available. This is because I am centrally concerned with how the dam was imbedded in the energy reform process, as opposed to studying the dam as an independent event. A future independent study of the Bujagali project will certainly be warranted. In the meantime, other studies of the project (Linaweaver 2003; Esty and Sesia 2004) as well as World Bank documents and NGO analysis, particularly the International Rivers Network (IRN) (www.irn.org), offer more detailed analysis of the project.

6.3 Bujagali and privatization: Too much, too fast?

Bujagali was identified as a prime site for the construction of a hydroelectric dam in the early 1900s. In fact, in the 1920s it was deemed the best location for a dam in Uganda but due to the Owen Falls site being easier to access, Bujagali was downgraded to a second or third best choice. A consultant’s report suggested Bujagali again in 1957, but the dam was never initiated. The site’s priority
re-emerged in a new study in 1986, at the same time that Museveni came to power. It is noteworthy that several of the same consultants who produced the 1957 study recommending Bujagali also prepared the 1986 study. Four years later, Acres International Ltd., suggested that Uganda first expand Owen Falls and then build at Bujagali. A follow-up study by Acres in 1991, titled the ‘Bujagali Hydro-Electric Project Pre-Investment Study’ reinforced the prominence of the project. Hence, in the context of contemporary debates surrounding the appropriateness of Bujagali as a site for a hydroelectric dam in Uganda, given that the development of the site had been discussed for almost 100 years, it is important to recognize the historical weight and legacy of this locale in the institutional memory of the government and its plans for electricity development. Therefore, any effort to challenge the merits of the Bujagali site would have to be exceptionally strong and go beyond just pointing out potential problems. Counter-arguments or indeed counter-narratives would have to demonstrate that the cost of developing a new site would be less than the cost of abandoning Bujagali, taking into account the time and money already invested. When put this way, and pre-empting the details to come, opponents to the Bujagali project faced an enormous challenge. For we can recall how Paul Pierson explains this matter: “Each step along a particular path produces consequences which make that path more attractive for the next round. As such effects begin to accumulate, they generate a powerful virtuous (or vicious) cycle of self-reinforcing activity” (Pierson 2000, 253). Hence, “…the probability of further steps along the same path increases with each move down that path. This is because the relative benefits of the current

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9 In 2002 Acres International, a Canadian company, was charged with bribery in relation to its involvement in the Lesotho Highlands Water Project (LHWP). Acres was found to have made over $2 million in payments to project officials, and was subsequently sanctioned by the World Bank in 2004, halting Acres’ ability to bid on World Bank related contracts for three years. Another engineering firm was also later found guilty of bribery in relation to the LHWP. The World Bank’s Sanctions Committee found Lahmeyer International, a German firm, guilty of bribing the LHWP’s Chief Executive – the individual responsible for awarding contracts.
activity compared with other possible options increase over time. To put it a different way, the costs of exit – of switching to some previously plausible alternative – rise” (Pierson 2000, 252).

Bujagali’s attractiveness as a project rested on several factors, which I will briefly itemize. First, owing to the history of the project noted above, Bujagali was well known and imbedded in the institutional memory and priorities of the country. Second, in comparison to other large dam projects, the number of households and individuals requiring resettlement was low, as the immediate area affected by the dam was not densely populated.10 Moreover, despite the fact that AES and the Government of Uganda began relocating households prior to the project’s approval, there was very little open resistance to, or mass protest against the project. Third, the Bujagali site was also considered a good location owing to the topography of the region. The banks of the Nile were steep, affording an easier construction effort, and an island at the proposed dam location would allow the river’s flow to be more easily redirected during construction. Fourth, according to the World Bank’s 2001 Project Information Document (PID), the Bujagali dam has also been the subject of many analyses relating to project cost, environmental impacts, cultural, and socio-economic impacts, which supported its development.

With respect to the project’s cost in comparison to other hydroelectric options, at $500 million, the project was deemed to be the “least cost hydropower project” (World Bank 2001a). According to the Bank’s report, large-scale hydropower was also “the most viable alternative for electricity generation.” Government and Bank studies also suggested the dam would not impact the area’s natural habitat negatively. It was recognized that there would be

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10 The Bujagali dam would physically displace 101 households (714 individuals). The total number of households affected (small to significant loss of land) by the dam facility was 1,288 (8,700 people). In addition, 326 households (1,522 individuals) would be displaced by the transmission lines for the dam.
some minor disturbances or changes to fish ecology, but on a macro-scale, studies suggested that none of the nine downstream countries would observe any changes in the ‘discharge pattern’ of the Nile. Culturally there were some important concerns.

The Bujagali Falls has a high religious significance to the 2.5 million Busoga, who “believe that their spirits reside in the churning waters at the Bujagali Falls” (Inspection Panel 2003, 84). Owing to the fact that the dam would inundate the falls, debate and discussion surrounding ‘moving’ the spirits took place for some time, and dispute over whether the chief priest and spirit medium, Jaja Bujagali, had agreed to ‘relocation’. Finally, with respect to socio-economic impacts, the central issue gaining attention was the loss of tourism revenue from visitors to the site and to two whitewater rafting companies that ran trips over the Bujagali Falls. This overview is extremely simplified and does not do justice to the number of processes and volumes of reports developed to study the site’s potential. But at the same time, the most critical issue is not the details of these studies; it is how they were used to move Bujagali ahead in lieu of other alternatives.

The first formal steps to initiate construction on Bujagali began in 1994, when the South Africa-based Madhvani Group of companies approached US-based AES International about building the dam. That same year, President Museveni signed a Memorandum of Understanding with AES and Madhvani giving them first right of refusal to build. Together, AES and Madhvani established the company, AES Nile Power (AESNP). It is noteworthy that neither company had ever constructed a dam before. AES was not the only independent power producer (IPP) in Uganda considering electricity generation sites at the time. A Norwegian company, Norpak Ltd., a subsidiary of Norwegian-based utility company, Adger Energi AS, was also granted the right to develop a dam at another favoured site in northern
Uganda, Karuma Falls. (For a short time in the mid-1990s, Enron was also in Uganda.) In each case, no competitive bidding process was undertaken. Museveni’s word and strength of character solidified the agreements. According to one private sector source, “Museveni took a brave stance”; he took the reports on the hydroelectric capacity of the Nile and “hawked them around the world” ultimately resulting in AES and Norpak’s commitments. In contrast, a member of one of the domestic NGOs most critical of Bujagali, the National Association of Professional Environmentalists (NAPE), described the absence of competitive bidding as the “silent ‘Scramble for the Nile’”. From either perspective, by the mid-1990s, private sector interest in Uganda’s hydro-generation sites was high, with Bujagali slated to be the first site for construction, followed by another dam at Karuma Falls.

The Government of Uganda’s initial desire was to construct the Bujagali and Karuma dams at the same time. Together, the two projects would add approximately 350 MW of electricity to Uganda’s grid, thus doubling the volume of electricity then available. Given the inability to store electricity and the absence of a large enough domestic network and established export market for this volume, the Bank felt that together both dams would add too much electricity at once. In a presentation at the World Bank’s 2006 Energy Week, Uganda’s Energy Minister until 2006, Honourable Syda Bbumba, paraphrased the Bank’s position this way: “Uganda’s macro-economic stability would be overturned by such massive investments. So, our development partners forced us to settle for one project [Bujagali]... Did Uganda have the demand to warrant even one project of 250 MW? On this, unending studies were carried out by the World Bank Group” (Bbumba, presentation, World Bank Energy Week, March 6, 2006). The other rationale given for beginning with Bujagali
was that the project was further along than Karuma. But on this point, consultants working on the development of the Karuma project disagree.

Mr. Lawrence Omulen, the Managing Director of Norplan Ltd., the firm working on behalf of Norpak Ltd to prepare for the construction of Karuma, noted that AES was in Uganda in 1995, but Norplan was in Uganda by 1996 working on the Karuma project. Karuma, located in north-central Uganda, would be a much smaller dam than Bujagali, at 100 MW as opposed to 200 to 250 MW. Mr. Omulen explained several reasons why Karuma was a better project than Bujagali: the number of people that would lose their land and have to be displaced was lower for Karuma (200 people) versus Bujagali (700); the hydrological risk – the risk that the supply of water needed to generate the expected electricity output would be unavailable – was virtually zero; the dam’s proximity to northern Uganda was very advantageous owing to poor access and poverty in the north, and the decreased transmission losses resulting from the electricity having to travel a shorter distance; and, in contrast to criticisms of AES (noted below), Karuma had always been very open about the cost of its project and the price of electricity it was expecting from the sale of electricity generated. Moreover, Norplan had completed all of the required studies it needed to before Bujagali, and despite the usual controversy around such practices, had also compensated and resettled all of the population surrounding the Karuma site prior to AES doing so for the Bujagali site. But while Mr. Omulen’s perspective is intrinsically biased given his role in the development of the Karuma project, it is noteworthy and central to emphasize that opponents to the Bujagali dam were not against the Karuma project. For example, when I asked Martin Musumba, member of the small organization, Save Bujagali Crusade, if he would support Karuma as the first dam project in Uganda, he replied: “I would endorse that” (Martin
Musumba, Save Bujagali Crusade, May 9, 2002). This perspective is important to highlight early on, for the national government’s frustration with ‘environmental groups’ was mostly related to groups who opposed Bujagali. Indeed, Syda Bbumba wrote in her presentation: “Bujagali became a subject of demonisation by environmental groups which had another agenda. This debate was allowed to derail the implementation of the project for seven years to the point where the developer, AES, which was also experiencing a financial squeeze at the time, decided to withdraw.” Before considering the project specifically, how did it become imbedded in the reform process, and what was the interplay between the World Bank, other donor agencies, and domestic and international NGOs in the evolution of Bujagali?

6.3.1 Bujagali and reform: Understanding and explaining delays

The debate over constructing Bujagali or Karuma did not last a long time. Once Bujagali had been prioritized, the Government focused its efforts on establishing the institutional and legal conditions necessary for international firms to generate electricity in the country. Since the Uganda Electricity Board’s (UEB) creation, it was the only company legally permitted to generate, transmit, and distribute electricity in the country. And while parliamentary debate suggests there was some controversy over whether the Electricity Act had to be amended in order to permit new companies to generate electricity, an amendment to the legislation was pursued and by 1999 a new Electricity Act had been put in place. Then in 2001, the UEB was split into three separate companies, with distribution and generation being prepared for privatization. Complementing this legal reform was the internal resistance to change within the UEB, which I noted earlier. Nonetheless, a slowdown in project development did not arise. Rather, at the same time that AES and Norpak were developing their hydroelectric
projects, they were also working and providing advice to government agencies in amending, changing, and adding institutional and legal frameworks tied to electricity initiatives. For example, during the late 1990s the National Environmental Management Authority (NEMA) was developing its own legislation for environmental assessment procedures while AES was planning Bujagali – a project that would eventually be scrutinized using the EA legislation.

Senior members of Norpak also told me that they held workshops with MPs to explain power purchase agreements. Moreover, while AES was pursuing the largest private sector investment in Africa (approximately $550 million), and Norpak was waiting to start construction on Karuma, three principal government agencies relating to energy issues – Forestry, Energy and Environment – were all undergoing significant reform and change. What makes these events all the more interesting is how the World Bank Group became involved in Bujagali.

In 1991, the Bank’s third power project in Uganda “Power III” was approved. Owing to poor electricity supply and poor infrastructure quality, one of the central components of this project was the addition of an extension to the Owen Falls Dam in order to add upwards of 200 MW. The extension, Kiira, was not complete until 2000 – a period of time much longer than anticipated.\footnote{Despite its completion in 2000, additional generation units were being added well past this date owing to the fact that the extension only added 100 MW to the grid initially.}

The delay in initiating the extension project spurred the Government of Uganda to look for other generation options at the same time that Kiira was under way. Hence in the midst of work on the extension, in 1994 the government turned to Bujagali and in the same year guaranteed the site to AES. Some time shortly after this, AES asked the World Bank to provide direct financing for the project and to help with additional financing. According to
individuals within the National Environmental Management Authority (NEMA), however, the IFC began reviewing the project without their knowledge. Around this same time (1995/1996) we can recall that the dialogue over the unbundling of the UEB was also formally underway. Subsequently, in 1997, the Government of Uganda requested a Partial Risk Guarantee from the IDA to support the development of Bujagali.

Bearing in mind the earlier discussion of the timeline associated with the unbundling of the UEB, there is clearly strong evidence to suggest that the World Bank was formally involved or at minimum had direct knowledge of the development of the Bujagali site prior to or at the same time that it began requiring the UEB to be unbundled. Events and documents show that the Government and most directly the President were taking a prominent lead in the development of Bujagali. An unprompted remark by AES’ public relations representative in a 2002 conversation reconfirmed the general feeling that Bujagali was as much a World Bank project as it was a Government of Uganda project. The representative said: “…the World Bank is really the proponent of the project” and was taking the lead in negotiations with export credit agencies to coordinate the project’s financing (Interview, Sarah Birungi, March 21, 2002). Thus the Bank played a central role in blending public sector reform goals with private sector advocacy and infrastructure construction. The extent of this role is revealed further when we look at NGO concerns with the project, along with the problems encountered.

Domestic civil society organizations began to question publicly the rationale behind the construction of the Bujagali dam in 1998. In the early going, two organizations took the most interest in the project: the National Association of Professional Environmentalists (NAPE) and the Uganda Wildlife Society (UWS) – both domestic environmental NGOs.
NAPE was established in 1997. In 2002/2003, it had 6 permanent staff and 65 registered members. Members required a diploma or a degree in environmental science. An Executive Director, Frank Muramuzi, led the organization. The Uganda Wildlife Society (UWS), established in 1993, is also a membership organization, then with 9 permanent staff. Both organizations are based in Kampala and have been involved actively in environmental policy development and advocacy.

In 1998, NAPE visited the Bujagali site and spoke with some of the residents who were going to be resettled. NAPE Executive Director Frank Muramuzi, and NAPE representative, Geoffrey Kamese, suggested that despite the general perception that the local community was in support of the project, “the people that challenged the dam were suppressed” (Interview, March 11, 2002). The extent of discontent, however, is hard to determine given the fact that by this point AESNP was already engaged in environmental and community assessments, was speaking to affected-residents, and was thus bringing out expectations of resettlement and compensation. This same year, the UWS organized a workshop to discuss the Bujagali project as there was mounting concern that Parliament was being pressured to approve the Power Purchase Agreement (PPA) before the environmental assessment of the project was complete and approved. One year later, in 1999, the Berkeley, California-based International Rivers Network (IRN) became engaged in the Bujagali project and the influence of domestic NGOs on the Bujagali process became more pronounced.

Created in 1985, IRN is one of the most important transnational anti-large dam advocates. IRN facilitates communication between dam-effected communities and international actors, and has “sufficient technical and analytical capacity to credibly challenge and interpret claims about the costs, benefits, and effects of large dams” (Conca
2006, 176-177). As a result, reaching out to IRN was a very important decision on the part of Ugandan environmental NGOs.

NAPE and one other small, unregistered Ugandan group, Save Bujagali Crusade (SBC), approached IRN for assistance owing to the NGO’s prominent global role in advocating against large hydroelectric dams and for the protection of river systems.12 Neither advocacy group received direct budgetary support from IRN, but they were now connected to an international NGO that had an important international profile, intimate knowledge of the World Bank and the dam-building industry, and connections to information that they could not easily access on their own. One of the most important connections in this respect was the Washington-based Bank Information Centre (BIC) (http://www.bicusa.org). The BIC provided access to World Bank documents and also ensured that the NAPE and SBC were present at World Bank stakeholder meetings held in Washington DC and international meetings of the World Commission on Dams (Linaweaver 2003, 291). The connection with IRN also raised the profile of NAPE in Uganda (Ibid), which was the lead anti-Bujagali group in Uganda and one of the few that made Bujagali their primary focus. Other NGOs like UWS, Advocates Coalition on Environment and Development (ACODE), Joint Energy and Environment Program (JEEP), and Living Earth Uganda, also make ecological issues – as distinct from health and agriculture – areas of primary attention and advocacy. But very few other domestic organizations focused on electricity or energy as a dominant program or policy issue. Moreover, it is important to note that NAPE and SBC’s attention was focused on the dam, and not electricity as a service or privatization as a practice.13 This is important

12 SBC was established in 1998. It is not a registered NGO in Uganda. Instead, it functions as an umbrella coordinating group that includes community-based organizations.
13 In their random survey of 199 urban and rural NGOs in Uganda, Barr et al. (2005) found that just over 20% identified some environmental issue or environmental service issue (water and sanitation) as an area of focus.
to keep in mind when reflecting on the strategies of Ugandan advocacy groups. For if NAPE, SBC, and others had framed their concerns around energy and electricity, the experience of other advocacy groups in sub-Saharan Africa such as the Movement for the Survival of the Ogoni People (MOSOP) in Nigeria, suggests that they would not have been as successful in gaining international attention (see Bob 2004). This is because of how important it is that a ‘fit’ exists between domestic NGO concerns and the purpose and focus of international NGOs. If a fit does not exist, then international NGOs will be reluctant to invest time and limited resources into a domestic situation which they are unlikely to influence or which is unlikely to help advance their own international campaigns. As is well known, few if any international NGOs have made a prominent name for themselves arguing against privatization in Africa or arguing for greater access to electricity. Nonetheless, given the connection between Bujagali and electricity sector reform and privatization, even if NAPE had made energy and electricity its central concerns, Bujagali would remain a strategic focus in its advocacy given that a delay in Bujagali would have significant repercussions on the electricity sector reform agenda as we now know.

Originally, the central concerns NAPE and SBC advanced about Bujagali were the dam’s social and ecological impact on the river system. But in a short period, and with the advice and support of IRN, the central concerns that came to dominate and proved most contentious related to the project’s purpose, the project’s cost, access to and disclosure of information, and adequate assessment of alternatives. The refinement of these concerns and the increased sophistication of their advocacy and analysis were observable over the two
years that I interacted directly with NAPE during my fieldwork, and even to a greater extent today.\footnote{Indeed, demonstrating their lead role in debates about dams in Uganda, in October 2004, NAPE was chosen as the Secretariat for the Uganda Dams Dialogue, with the Ministry of Water, Lands and Environment the Chair. The dialogue process was funded by UNEP, and its was published in November 2006. The Dialogue is a model that has been used in other countries in Africa, such as Nigeria, South Africa, Togo and Ghana, and builds on the work and recommendations of World Commission on Dams. Its purpose was to review the World Commission on Dams report in the context of “Uganda’s policy, legal and regulatory framework concerning dams planning, development and management in order to identify conformities, gaps and needs. The study was aimed at generating consensus on dams and development issues and make [sic] recommendations to strengthen decision-making regarding dams and development in Uganda” (Uganda Dams Dialogue 2006, x). “The Steering Committee was comprised of the Ministry of Water and Environment (MWE) as the Chair, Ministry of Energy and Mineral Development, Mukono District (LC V Chairman), Jinja District (LCV Chairman), Local Governments (Jinja Municipality) Directorate of Water Development, Nile Basin Initiative (NBI), Nile Basin Discourse (NBD), Ministry of Finance Planning and Economic Development (MoFPED), Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Water Resources Department, Buganda and Busoga Kingdoms representing cultural institutions, dam-affected people, Eskom, Green Watch, IUCN–The World Conservation Union and NAPE. The NAPE provides Secretariat to the UDD Steering Committee. The Steering Committee is the lead decision-making organ of the Forum. Observers to the Steering Committee currently include the World Bank, German Technical Cooperation (GTZ), and UNEP-DDP” (Uganda Dams Dialogue 2006, 2).}

One of the first concerns that NGOs highlighted related to the intent of the Bujagali project and its beneficiaries. They argued that the primary purpose and benefits of the project were never accurately communicated. While government officials publicly stated that the project was a poverty reducing measure, the reality, as interview data with NGOs, donors, and government officials confirm, was not to supply electricity to individuals but to fuel industrialization. Thus the ‘poverty impact’ of the project rested on a long-term trickle-down theory of economic development. This model, in and of itself, was not the central problem. The issue was that Ugandan citizens, perhaps naively but honestly, believed that the dam was going to benefit them directly: a point confirmed by my informal conversations with lay citizens. Moreover, as Stephen Linaweaver (2003, 288-290) highlights, the Busoga kingdom, the kingdom on the east of the Nile near Jinja, felt that the local district government had not been properly consulted and that AES representatives had made false
promises to give them free electricity, free hospitals, and free education. The Busoga’s concerns were informed by their historical experience with dam construction in Uganda. Following the construction of Owen Falls in 1954, the Busoga were also promised electricity, which they never received.

The second central concern of NGOs related to the cost of the project and the cost of future electricity. As I highlighted at the start of this chapter, for many citizens the assumption was that the cost of electricity would decrease with the completion of the dam. The reality, however, again not communicated, was that the price of electricity would increase dramatically in order to pay for the project, the transmission infrastructure, and the favourable return AESNP was to receive on its investment. Indeed, even those supportive of the dam and intimately aware of Uganda’s electricity sector acknowledged what was a stake: “AES is not bringing anything to Uganda and that all this talk about a $550 million investment is rubbish – AES will make a lot of money in Uganda” (Interview, Paul Maré, former Managing Director Uganda Electricity Board, now Managing Director Eskom Enterprises Uganda, January 17, 2003). At the centre of concerns surrounding the project cost, and one of the most contentious issues surrounding Bujagali, were the financial details written into the Power Purchase Agreement (PPA) between AESNP and the Uganda Electricity Board, as well as the conditions imposed on the GOU that were imbedded in the Implementation Agreement (IA) with AESNP. At the centre of debate was whether the PPA should be made publicly available.

15 (This information is drawn from Peter Bosshard’s review of Power Purchase Agreements – a paper prepared for the International Rivers Network, www.irn.org, in November 2002). A PPA is a long-term contract for the sale of electricity to one buyer. In the case of Uganda, the seller was AESNP and the buyer was originally UEB, then UETCL. PPA’s usually run for 20 to 30 years, during which time the private investor expects to receive an agreed and regular return on their investment. PPAs also stipulate other necessary agreements, such as dispute resolution mechanisms and agreements relating to failure of payment. The intent of a PPA is to minimize the private sectors risk in investment. In the case of hydroelectric dams, this risk could include
NGOs argued that because the PPA was negotiated with the Government of Uganda, it was a public document that should be made available, particularly owing to the fact that the details of the agreement were not disclosed. At one point, however, government officials explained to me that the PPA contained proprietary information, and therefore could not be disclosed. At another time, this latter view was held up, but I was also told that the PPA had been made available to Members of Parliament in the 6th Parliament and was available in the Parliamentary Library. World Bank country program manager, Robert Blake, reinforced the argument that it had been made available to the 6th Parliament. However, I went to the Library on several occasions never to find the document available. Hans Venvik, First Secretary Development, NORAD, explained that MPs did have access to the PPA, but that it was a condition of Parliament that it not be disclosed to anyone on the ‘outside’. Eventually, however, this debate turned moot. A Ugandan NGO, Greenwatch, went to the High Court and challenged AESNP and the government’s argument that the PPA was proprietary. The Ugandan High Court ruled in favour of making the agreement public, but even prior to the High Court’s decision, a copy of the PPA had been leaked to several civil society groups.

The outcome of the document’s availability meant that the financial conditions of the agreement were now disclosed. With this information available, NAPE shared the PPA with IRN, and IRN sent the PPA and the IA to the India-based Prayas Energy Group for technical
decreased water supply or construction problems. In addition, PPAs ensure stability in the investment return over the course of the agreement (in Uganda the PPA was for 30 years) whereby the annual payments and tariffs remain relatively stable for the course of the agreement. This is to protect against such things as economic change, decreased demand for electricity, or political change or insecurity. As Peter Bosshard explains “Private investors are often not prepared to accept these substantial risks…projects will only go ahead if governments are prepared to assume them. So-called take-or-pay clauses require the ‘off-taker’ (the utility buying the power) to pay for a pre-determined amount of electricity from a hydropower project even if the plant is unable to generate this amount because water flows are inadequate, and even if there is insufficient demand for the power from consumers… Power Purchase Agreements also define the prices a utility has to pay for the power produced by the project, or rather for the project's capacity to generate power. The prices are supposed to reflect the distribution of risks between the government and the sponsor. They need to cover the debt service for project construction, the operation and maintenance costs, taxes, and the return on the investor’s equity.”
analysis and assessment. From its 35-page assessment and review, two broad conclusions about the PPA are worth citing:

The World Bank analysis of the PPA…is substantially weak. At times it contradicts the actual provisions of the PPA. It also fails to highlight key issues such as the high capital cost of the project, the risks of possible high debt cost, the risk of very low liquidated damages to UEB in case of construction delays…The PPA is also substantially unfavorable to UEB and the Ugandan government on several other accounts. For example, the PPA requires the government to restructure UEB, limits the control of UEB and the government on the financing and other contracts of the project, and grants AESNP a right of first refusal even after UEB has repaid all the equity, including returns, of the project. (Prayas Energy Group 2002, 29)

Added to this, Prayas further revealed the extent to which the Bujagali project was driving UEB’s reform and unbundling.

Under the heading “Conditions imposed on the government”, Prayas explained that the IA in the PPA required the government to accept certain obligations. “First, the IA require[d] GoU to prepare and complete an implementation plan for either the privatization or capitalization of UEB, and the commencement of such an implementation plan. This first provision shows a clear belief that privatization is essential for an improvement in performance of the sector” (2002, 12-13). The second important obligation related to the government’s capacity to enter into a new Power Purchase Agreement with other firms.

“According to the IA, GoU / UEB are prevented from entering into any new PPAs or IAs for other projects until AESNP attains Financial Closure, unless they can expressly and independently evidence that such new projects are financially sustainable without affecting GoU / UEB's ability to sustain the Bujagali project” (2002, 12-13). According to Prayas, in theory, this provision makes financial sense. But this obligation can also produce a serious problem. If there is a delay in the implementation of Bujagali owing to any number of factors like a contractual dispute the government is unable to sign a new PPA for another project. As
Prayas writes, “[T]his is extremely risky… and could have serious implications for the future power supply scenario in Uganda” (2002, 13). Later in its report, Prayas writes more critically: “It is deplorable that IPPs force such policy decisions on developing country governments. It is even more deplorable that the World Bank actively supports and encourages such provisions and projects” (Ibid., 26). Whether one shares the same degree of disdain for this practice as Prayas, the conditions in the Implementation Agreement clearly illustrate the extent to which the unbundling of the UEB was directly tied to Bujagali, and was endorsed by the Bank.

As the above information would suggest, there were also serious concerns about access to information and transparency, along with the character and opportunity to participate in the dam’s assessment and review process. Here a strong debate once again arises. On one hand, the Bujagali review process, particularly the Environmental Impact Assessment process was deemed an international best practice; it was thorough, expensive, and seemed to comply with World Bank and Government of Uganda requirements (see Linaweaver 2003). In contrast, the issue is not how many times consultation took place, but the quality of participation. One public meeting held in Jinja in 1999 demonstrates this point.

The meeting was a raucous event described by pro-dam and anti-dam groups as ‘havoc’, a ‘terrible situation’ and ‘very mismanaged’. Proponents and opponents of the project charged each other with buying off and paying off participants. Moses Isooba, with the Uganda Wildlife Society (UWS) at the time of the Jinja public meeting and now the Research Director for the Uganda Community Research Development Network, said that AES and the government thought that the concerns raised by NAPE, UWS, and Greenwatch were in opposition to the project. “No!” he said, “this was about the process and procedural
issues; but, asking procedural questions meant opposition to the project” in the government and AES’ eyes (Interview, March 11, 2002). Mr. Isooba went on to say that the World Bank stated that they had “never seen someone consult like AES,” and that this was one reason why they passed the project. But with respect to the consultation process between AES and the dam-affected communities and the content of these consultations, Mr. Isooba said that questions about procedure, alternatives, access to information, and project costs “aren’t questions that my mom and dad will ask from the village.” Mr. Isooba stated categorically that Ugandan NGOs were not anti-dam; they “need the procedure to be properly scrutinized.”

In addition, with respect to the factors addressed in the EIA, it is important to note that this process was restricted to social and ecological issues. Scoping an EIA in this way works if there is an alternative means for the public to participate in the economic review of the project, but the EIA did not address project costs, and there was no similarly ‘thorough’ ‘best practice’ for the economic analysis.

A final central concern was whether a thorough analysis of alternatives to Bujagali had been done. On this point, NGOs pointed to the Karuma dam and geothermal power sources. With respect to the Karuma project, the ecological and social impacts from this dam project were much less than Bujagali. Karuma is also located in northern Uganda. Therefore, in comparison to Bujagali and with respect to electricity transmission losses and increasing access to electricity, if the goal was to provide grid-based electricity to households and businesses in northern Uganda, Karuma’s closer proximity to northern settlements would help reduce transmission system losses and increase the potential to increase northern access to electricity. The unit price of the electricity generated from the Karuma was also going to be less than Bujagali. However, it was acknowledged in interviews with NORAD
representatives and also by Stephen Linaweaver’s research that one of the reasons why Bujagali trumped Karuma was because of the intense lobbying effort put forward by the US Ambassador at the time. Linaweaver reports that in his effort to quiet dissenting MPs, President Museveni told Parliament: “the US government had warned that a failure to approve the dam would threaten Uganda’s relationship with the world’s only superpower” (2003, 293). Moreover, as noted above, the Bujagali Implementation Agreement required financial closure on Bujagali before the government could begin negotiations with other IPPs. Therefore, even if the Government of Uganda wanted to start Karuma, it was unable to under the conditions written into the power purchase agreement with AESNP. In addition to Karuma, Ugandan NGOs put forward one other alternative to Bujagali.

NGOs argued that upwards of 400 MW of geothermal power was available in Uganda and that studies done in the early 1990s on geothermal had been disregarded. On the subject of geothermal, World Bank country program manager, Robert Blake, said that the Bank did look at geothermal power, but that the cost of developing it was ‘very high’ and “no one had proved otherwise.” He said that the Bank was not convinced they could produce geothermal efficiently, while the choice of Bujagali was “a no brainer. If the costs of geothermal are less than Bujagali then forget about it; go with geothermal.” But reinforcing earlier comments about increasing returns, Blake explained that the cost of preparing a geothermal project had to be weighed against the money already invested in the Bujagali dam. He said that the project proposal for Bujagali was already complete after having been studied for some time, so the cost of geothermal had to take into account the cost of preparing a new project proposal, in addition to the project itself.
Owing to the number of concerns raised by IRN and NAPE, in 1999 Parliament and the World Bank delayed a decision on the dam. The height of conflict, however, emerged in 2001. AESNP began compensating dam-affected communities prior to World Bank financial approval, and prior to AESNP having the necessary $115 million equity it needed to move ahead with the project. Owing to these and the above noted concerns, and after writing to World Bank management and receiving an unsatisfactory response, in July 2001, seven individuals – one from NAPE, two from Save Bujagali Crusade – filed a complaint with the International Finance Corporation’s (IFC) Compliance Officer and the World Bank Inspection Panel. (The Inspection Panel is the independent body established in 1993 by the World Bank Executive Board owing to the protracted controversy over its financing of the Sardar Sarovar Dam in India.) The request for inspection focused on several Bank operational policies the NGOs felt had been contravened, particularly in relation to environmental and economic factors. The request for inspection was made four months prior to the date when the Bank Board was expected to vote on the project for approval. The Bank management responded to the issues raised in the Inspection Panel request, but the NGOs were again not satisfied with the response. Subsequently, in early October 2001, the Inspection Panel recommended a full investigation of the allegations and at the end of the month the Bank’s Board of Executive Directors approved the recommendation authorizing the Inspection Panel’s investigation. The Inspection Panel began its investigation shortly thereafter.

Frustrated with ongoing delays, at the same time that the Inspection Panel was approved, President Museveni was also taking action to try to ensure that the Bujagali Project would continue. In October 2001, President Museveni also wrote to World Bank President,
James D. Wolfensohn, to request the Board make a decision prior to the conclusion of the Inspection Panel’s review (Linaweaver 2003, 292). This was a culmination of President Museveni’s influence on the Bujagali project starting with the allocation of the Bujagali site to AES, the clear understanding in government ministries that that support for the Bujagali project had come down from the executive, and that without the President’s intervention the project would not have come as far as it had (Ibid., 293). It followed that on December 28, 2001, the Bank Board went ahead with its decision on the partial risk guarantee for the project, approving it, and in effect muting whatever findings the Inspection Panel might produce.\(^\text{16}\) Shortly after, on January 24, 2002, less than a month after World Bank Board approval, the groundbreaking ceremony was held with the clear assumption that the project was now moving ahead. But, one year later, estimating a loss of US $75 million, and amidst allegations of corruption involving project sub-contracts, AES withdrew from Uganda and the Bujagali project temporarily fell apart.

**6.3.2 Problems in implementation: Ambition, conditions, and complexity**

In its 4-page, October 2005, Project Completion Note, the World Bank suggested three reasons for the project’s failure: 1) withdrawal of export credit agency support due to the high level of perceived country and business risk in January 2002; 2) ongoing investigations and allegations of minor corruption involving one of the construction contractors; and, 3) the deterioration of the private sponsor’s (AESNP) global financial situation, following Enron’s collapse and a loss of confidence in high risk global energy undertakings (World Bank 2005b). Together, the basic reading of the problem was financial and technical. Moreover, at the end of the Note, under the heading “Lessons Learned”, the Bank writes that for any

\(^{16}\) The rationale for not halting a decision rests on the fear that groups will use or abuse the Inspection Panel process to delay projects.
new generation project, the Bank will take note of the Inspection Panel report and
Management’s response to the report, along with the importance of: 1) a robust financing
plan; 2) “a transparent and competitive process for the selection of the civil works and
electro-magnetic equipment contractors” (a reference to the corruption charges against a dam
sub-contractor); and, 3) “ensuring the efficient operations of the power sector’s distribution
business including improved quality of supply and access” (Ibid., 4). But absent from these
explanations or lessons, and buried within the statement that “the Bank take note of the
various issues raised by the Inspection Panel” was any specific reference to the host of
procedural problems encountered in the dam building exercise, the level of complexity
associated with sector reforms, and the demands the reform placed on the government and
civil service.

Financial problems were clearly instrumental in the dam’s initial delay. But pointing
to the problems with Bujagali as largely technical and financial as the World Bank has, or
critiquing the Ugandan Parliament or domestic or international NGOs for undermining
Bujagali (see Mallaby 2004) pays insufficient attention to the process of dam construction
and the sector reforms in which it was imbedded. Indeed, in the Inspection Panel’s 2002
report on Bujagali, many of the central concerns raised by Ugandan NGOs were confirmed,
particularly in relation to the economic analysis of the project, disclosure of information,
cumulative environmental impacts, assessment of alternatives, and public participation
efforts (see Inspection Panel 2002; World Bank 2003).

The panel found the Bank violated five Operational Procedures and Directives, including OP
4.01, Environmental Assessment, and found the Bank was lacking sound financial and
economic analysis of the project and analysis of other power alternatives, such as geothermal.
(Linaweaver 2003, 292)
What is more, given this study’s attention to sector reform more broadly, and the role that Bujagali played in that reform process, the Inspection Panel’s findings in relation to the electricity distribution concession are even more revealing. The Panel wrote that another area of concern

…relates to the privatization and performance of the distribution concession. It is clear that the performance of the distribution sector is likely to play a significant role in the ability of the Bujagali project to deliver sustainable benefits…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 risk associated with the Project. Correspondingly, therefore, there are some difficult issues: tariffs have to be low enough to be affordable but sufficiently high and sustained to make it worthwhile for a profit-making entity to commit to collecting them. In the Panel’s view, an indication of a thorough examination of the institutional risk of a delayed or underperforming privatization of the distribution system, and its impact on the robustness of the Project’s affordability is missing from the [Bank’s] economic appraisal…although this was needed for full compliance with [Operational Policy 10.04: Economic Analysis of Projects] (Inspection Panel 2002, xviii).

Reinforcing these findings, in a 2003 interview with the then Managing Director of Eskom Enterprises, and now the General Manager of Umeme, the new private distribution company, Paul Maré said that when project financing for Bujagali became questionable in 2001, “the concessions were thrown into a loop” (Interview, January 17, 2003). This further delayed the concessions, investments in the entire infrastructure network, and any hopes for improved and increased access to affordable electricity. A November 2006 story in the Monitor newspaper further highlighted the impact that power supply problems have had on the distribution concession and the relationship between Bujagali and sector reform.

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17 In 2005 Eskom Enterprises – the entrepreneurial wing of the state-owned South African electricity company Eskom – deepened its presence in Uganda. Under the company name, Umeme, UK-based Globeleq (owned by the CDC Group) and Eskom Enterprises assumed joint control over UEDCL under a 20-year concession. In the original arrangement, Globeleq owned 56% of the new company and Eskom Enterprises 44%. It has, however, been recently reported that in 2006 Globeleq assumed 100% of Umeme’s shares, with Eskom pulling out of Uganda’s distribution service (East African 2007). In February 2007, the East African also reported that Globeleq will be selling its interests in twenty electric power projects in Africa, including Umeme, adding further confusion to the concession.
On March 1, 2005, Umeme officially took over the Uganda Electricity Distribution Company Ltd. The government was set to receive over US$350 million from the transaction – the highest return on any privatization concession in the country to date (Monitor 2006). Other financial details of the agreement included a $1.4 million transaction fee, an annual rental fee of $18 million for use of UEDCL’s assets, and an obligation to invest a minimum of $65 million in the distribution system over five years to upgrade the physical infrastructure, billing system, and customer support services. Umeme was also expected to make a minimum of 20,000 annual connections over the next five years. But owing to the ongoing uncertainty in Uganda’s electricity sector following the collapse of Bujagali and the low water levels that were producing enormous losses in generation capacity, and as a demonstration of the World Bank’s commitment and/or need to continue to support the reform plan in Uganda, Umeme’s original commitments were maintained because of the first ever application of a World Bank Partial Risk Guarantee (PRG) to a utility regulatory system (see Eberhard 2005). The PRG “provides support for potential loss of regulated revenues resulting from a ‘guaranteed event’…These include non compliance by the regulator of the pre-agreed tariff framework, full pass-through of the bulk electricity tariff supply from UETCL…and timely adjustments of tariffs” (Ibid., 33). The PRG also addressed non-payment of government agency electricity bills and ensured provisional payments pending dispute resolution during a period of ‘contract stress’. According to Anton Eberhard, in a presentation made at the World Bank’s 2005 Energy Week, titled “Good Fences Make Good Neighbours”, the CEO of Globeleq (then the majority partner in Umeme) said that the provisional payment feature of the PRG was ‘deal-clinching’ (Eberhard 2005, 33). But despite the role of the PRG in promoting desperately needed investment, the ongoing power...
supply problem in Uganda led Umeme to review and reconsider its capacity to achieve the goals originally laid out in its investment. In November 2006, Umeme applied for a review of its operating license and a restructuring of its concession agreement because the lack of guaranteed supply inhibited Umeme’s potential to achieve the distribution goals established in its concession agreement, thus further confounding the reform exercise.

In a demonstration of the Government’s commitment to construct Bujagali, in early 2004, a second call for tenders to construct the dam was issued. One year later, in May 2005, the government announced that the firm Industrial Promotion Services (IPS), a member of the Aga Khan Fund for Economic Development (AKFED) – the economic development arm of the Aga Khan Development Network (AKDN) – along with its partner company, US-based Sithe Global, successfully outbid five other companies to win the new contract to construct the dam. In late May 2007, the new company Bujagali Energy Ltd., began construction on the project. The cost of the project is now estimated to be over $750 million. At the same time, Norpak’s plans to construct the Karuma dam are well underway. But despite this renewed effort to construct both dams, the failure of the original Bujagali project still invokes strong and critical feelings from those supportive and intimately involved with the original project and sector reforms. These feelings centre on the type of reform promoted by the World Bank, how reforms were implemented, and the relationship between general policy prescriptions and Uganda’s on-the-ground reality.

In 2006, former Minister of Energy and Minerals Development, Syda Bbumba, presented a keynote address in the plenary session of the World Bank’s Energy Week. In her remarks, Bbumba criticized the Bank’s approach in Uganda (Bbumba 2006). Bbumba suggested that in implementing reforms, there must be a recognized transition process, and
that resources should be allocated for both market-oriented reforms and public sector delivery efforts. Moreover, based on Uganda’s experience trying to establish new distribution concessions in areas of high and low demand, she emphasized that there was no private sector interest in areas of low demand, and therefore the public sector must play a role. Hence, in her view public and private provision of electricity are not mutually exclusive. In perhaps her most critical remarks about the reforms, Bbumba’s presentation slides state:

As we went about implementing the reforms, it was assumed that we could break away from the traditional public sector delivery and go straight into private delivery models…Our experience to date has proved this assumption wrong…The only conclusion that can be drawn is, therefore, that there is a need to re-examine and redesign the strategies and the programmes that we have put in place with the help of our development partners, basing them on the realities of each reforming country other than the ‘one-size-fits-all’ prescription, which, apparently, is now being applied.

Striking as these remarks are, let us not be naïve and think that the problems and challenges in Uganda have gone unnoticed within the Bank. Indeed, the Bank’s own evaluations during the height of controversy surrounding the dam point to critical procedural concerns, and coordination problems between Washington and resident staff.

In a 2001 Operations Evaluation Department report titled, “Policy, Participation, People”, it is noted that “against the framework of [an] impressive list of achievements and strengths” the Bank also has weaknesses “switching from macroeconomic to sector and thematic reform” and, most crucially,

…that IDA’s project implementation suffers from poor design and sequencing, rigid and confusing procedures (particularly for procurement and disbursement), frequent changes in task managers, injudicious reliance on project implementation units, and poor monitoring and evaluation…The resident mission lacks the requisite procurement and sectoral expertise and decisionmaking power because task managers in Washington generally make decisions. (World Bank 2001b, 40)

In 2006, on behalf of the Norwegian Agency for Development Cooperation (NORAD), the Nordic Consulting Group (NCG) evaluated the bilateral agency’s energy
The report also examined the impact of the World Bank’s reform strategies in Uganda. Its assessment is critical and speaks directly to the problems that have followed from Bujagali’s initial failure, and the risk associated with linking state sector reform to Bujagali. In its overall assessment, NCG first notes the ongoing problems in Uganda’s energy sector. It then speaks directly to the problems the Bujagali project has brought to the sector overall. In light of its currency and frankness I will paraphrase some of the report’s key findings:

1) The current power crisis has led to a dramatic reduction in production capacity and an increasing gap between demand and supply. The target of electrifying 10% of the rural population by 2010 will most likely not be achieved.

2) While the aim of the reform process was to promote a commercially viable sector with limited requirements for state subsidies, the current situation is the opposite. Recent estimates suggest that the GoU will be required to provide direct and indirect subsidies to the tune of USD 420 million over the next 4 years to support a tariff below prohibitive levels for the consumers.

3) While technical efficiency has improved, overall efficiency varies significantly from one year to another without a clear trend and total system losses remain high (35 – 40%). The private sector response to the new regulatory environment has so far been very limited with few projects considered by even fewer potential investors. Delays in negotiations over large-scale investment projects like Bujagali for which the GoU and donor/IFIs have shown a particular preference, may partly serve to explain the limited response by the private sector for other investments.

4) Numerous sector studies in the 1990’s pointed to the fact that Uganda has a largely untapped hydropower potential which could generate significant export revenue for the country. However, Uganda is now in a situation where it has to invest in high cost thermal power to compensate for some of the domestic supply losses.

5) The GoU now faces a situation in which few of its targets for the sector reform will be met, and the power sector will demand a record high share of scarce public funds initially intended for other priority expenditure. It has led to a reduction rather than increase in access to power and has had adverse impacts on rural access, contrary to its strategy.

6) With the commissioning of Bujagali a considerable surplus of electricity was expected and the Government was reluctant to enter into other Power Purchase Agreements. Instead of spreading the risk, a lot was “put into one basket”, and when this did not come out as expected, there was little to fall back on. (NCG 2006, 1-2, emphasis added)

This assessment, combined with the frustrations of Uganda’s former Energy Minister clearly point out the importance of sound reform design. The World Bank’s own assessment

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18 Since the early 1990s, NORAD, along with GTZ, has been one of the principal bilateral donors working on energy issues in Uganda. Between 1997 and 2005, NORAD contributed approximately US$54 million to 25 electricity projects (Nordic Consulting Group 2006, 1).
of the challenges it has faced in sector reform in Uganda, combined with NGO frustrations with the absence of substantive debate in reform further illuminates the importance of treating all the conditions for successful reform carefully. But together, all of these assessments highlight a much simpler point: Uganda’s energy sector reform plan was enormously complex, ambitious, and risky. The reform model seems to have been prepared with an enormous degree of optimism about the presence of ‘winning reform conditions’. These conditions, as we have learned, were not present, particularly those conditions crucial to seeing reforms through: institutional and political capacity. In the absence of many of the conditions deemed necessary for success, how do we account for the model of reform chosen and the belief that the linear path it was expected to follow could be followed? Put differently, why did the GoU and the World Bank promote a high-risk reform agenda that was contingent upon a successful, linear path of change that in most circumstances, and in Uganda’s past experience certainly, has not proven achievable?

6.3.3 Explaining reform choices

Uganda’s domestic environment did not seem conducive to the ambitious reform agenda being pursued. Therefore, we need to consider the reasons why the model of reform persisted in the face of so many challenges. I suggest four factors help explain the ambitious reform agenda pursued: 1) World Bank frustration with previous reform outcomes and the prominence of similar approaches to reform in the country and outside; 2) domestic political leadership; 3) the historical influence of Bujagali as a preferred generation option; and 4) the privileging of technical concerns by those actors driving reform.

First, the World Bank had been actively involved in Uganda for decades and was eager to see the sector improve. Owing to the inadequate results of many previous projects,
it was therefore ready to engage in a dramatic shift in its approach. Moreover, Uganda’s electricity sector and electricity supply was very poor, and change was certainly needed. Therefore, when the ‘opportunity’ to couple the Bujagali dam with sector-wide reforms presented itself the Bank seized on it. But the electricity sector, like policymaking generally, does not exist in a vacuum. Energy sector reforms paralleled and complemented many of the Bank’s other reform programmes and projects, particularly relating to economic growth, public sector reform, and improved ‘governance’. Survey results in the late 1990s clearly showed that businesses in Uganda were suffering from poor electricity service provision. Therefore, if the Ugandan ‘economic miracle’ was to continue, access to a reliable electricity supply was paramount. Furthermore, the Bank’s vision for the energy sector fit with other sector reforms taking place in the country. These reforms were also centrally focused on the promotion of ‘good governance’, which included attention to accountability and anti-corruption. Hence, on one level, given their synergy it makes perfect sense that energy sector reforms would coincide with other macro and micro-level reforms. But on the other hand, the ambition for improvement in Uganda rested on the assumption that domestic institutional, financial, social, and political conditions existed to support such change. And if the conditions were not present, it seems reformers intended to manufacture the necessary conditions as they went along and without slowing the process.\footnote{As evidence of this, while the Electricity Regulatory Authority (ERA) has received praise for its independence from government and willingness to make difficult decisions surrounding tariffs, it did not become operational until March 2001 – just one month prior to the UEB being formally unbundled and seven years after AES began operations in Uganda.} It was also assumed that the content, direction, and assumptions behind the proposed plan would not be challenged seriously in a manner sufficient enough to delay implementation. Hence, like other reform processes in Uganda, attention to the outcomes or outputs of reform dominated, while the
necessary inputs were not prioritized. But as these last points suggest, we must also be careful not to simply raise concerns about the role of the World Bank as an external agent acting on Uganda. As Harrison (2001) has highlighted, it is important to understand international agencies as working through and with governments in a ‘qualitatively different way’. Given this, we must recognize the role of domestic political leadership in the pace and character of reforms.

President Museveni clearly played a dominant role in promoting the dam initially and throughout. This support would prove necessary, and as a second point, suggests that the personal character and reputation of Museveni is a key factor which can explain why reforms persisted at the pace and in the manner they did, why international donors invested confidence in Uganda’s ability to execute reforms, and why Uganda’s reform experience is unique. The United States government was also involved on behalf of AES. Together, these two project advocates proved to be forceful domestically, and one can safely assume that they were persuasive with the World Bank Board as well.

Thirdly, we must return to Albert Hirschman’s notion of the ‘Hiding Hand’, James Ferguson’s reflections on the ‘development apparatus’, Paul Pierson’s work on the notion of ‘path dependency’, and Emery Roe’s development of the role of ‘narratives’ to understand how and why development projects perpetuate in the midst of challenges. For Hirschman, project implementation success was often only possible when proponents hid the project costs from scrutiny. In a similar vein, Ferguson argued that part of the reason that ‘development projects’ and the ‘development apparatus’ evolve the way they do – even when the rationale for a project is based on false information – is because project proponents set aside historical, political, and structural factors often at the root of the socio-economic
situation in a given country, and often at the root of problems in project implementation. Therefore, by emphasizing apolitical and ahistoric factors, and thus focusing on technical matters, according to Ferguson, the process becomes ‘depoliticized’ at the same time that project proponents increase their power. An increase in power results from project proponents and ‘experts’ having a near monopoly on the technical details of the project, while the process becomes ‘depoliticized’ because the technical project details such as the future price of electricity and the cost of the project go undisclosed or only partially disclosed, or they are simply less controversial, e.g., will fish habitat be destroyed – yes or no? But given that it is technical project details which are usually the subject of attention in project implementation, it becomes extremely difficult for lay citizens or civil society groups to counter the arguments in favour of a project, particularly in the absence of strong evidence to suggest an alternative to the dominant approach. Added to this is the recognition that the further you move down a particular project or reform path, the harder it is to reverse that path because the “the costs of exit…rise” (Pierson 2000, 252). We read about this in Chapter 5 when Njeri Wamukonya (2003) observed that energy sector reforms have been proceeding without knowledge about reform impacts. How then do these observations relate specifically to events in Uganda?

First, we need to recall that the Bujagali dam was proposed in the early 1900s. Therefore the project had a strong institutional history and weight in the context of energy and industrial development. Throughout the 20th century, many studies on Uganda’s hydroelectric potential continued to discuss and emphasize Bujagali. As a result, Bujagali was always part of the energy ‘development apparatus’ in the country. Hence, following the logic of ‘path dependency’, ‘increasing returns’, and ‘development narratives’, any argument...
against Bujagali would have to be extremely convincing and would have to overcome the historic attention to the dam – attention that was entrenched in the knowledge of domestic institutions and multilateral and bilateral agencies. The time, money, and expertise invested in the project historically must also be recognized as a factor making the cost of exiting from Bujagali high. So history explains the prominence of Bujagali, but it does not explain the ongoing commitment to and confidence in the project, or how it became imbedded in the broader sector reforms. In this respect, the approach I advanced for analyzing policymaking in Africa in Chapter 2 – a governance approach to policy analysis – is worth returning to.

We can recall that the approach has three components – actors, knowledge, and spaces or opportunities for deliberation. The rationale for this approach rests on the recognition that common tools used in policy analysis such as ‘policy communities’, ‘policy networks’, or a focus on ‘ideas, interests, and institutions’ do not capture the complex, non-linear practice of policymaking, and also the challenge of identifying and distinguishing between discreet communities of actors in policy processes. Applying this ‘governance approach’ to the events in Uganda’s energy sector reform helps to further understand the problems encountered and brings into play the above observation about the role of technical knowledge in project deliberations.

With respect to the actors included and excluded in reform decisions, in Chapter 4 we learned that in Uganda, historic decisions to privatize public firms did not include domestic non-state interests. This trend was repeated in the energy sector. The decision to unbundle the Uganda Electricity Board was made without public involvement or scrutiny. Thus government officials, bilateral and multilateral agencies, and technical experts were responsible for the initial decision. The initial decision to allocate the Bujagali Falls site to
AESNP was also made independently, and was largely the result of one dominant actor – the President of Uganda. Initially, it was not clear that the allocation of the Bujagali site was tied to the unbundling of the UEB and the privatization of the generation and distribution companies. However, we later learned that the World Bank was instrumental in connecting these two components of reform. The Bank provided advice and project support to AES and the GoU shortly after the two signed a memorandum of understanding in 1994, and was also involved in development of a formal Strategic Plan for energy sector unbundling in 1996.

Thus, when NGOs in Uganda began to take an active interest in the Bujagali project in 1998 and 1999, AES, the GoU and the World Bank had already been working on the project for five years. Moreover, the unbundling of the UEB – a key requirement for Bujagali to go ahead – took place the same year NGOs began campaigning actively. Subsequently, opportunities for public input increased, but the praise bestowed on these opportunities is exaggerated when we acknowledge three key facts:

1) Preparations to begin construction on the Bujagali project were well underway at the same time that the UEB was being unbundled and prepared for privatization;

2) Despite Robert Blake’s statements suggesting otherwise, alternatives to Bujagali were not seriously considered in large part because the power purchase agreement between the GoU and AESNP stipulated that the GoU had to have AESNP’s consent to pursue other large generation agreements and was also committed to privatization; and,

3) Opportunities for public participation that were provided did not permit meaningful deliberation on substantive and controversial aspects of the Bujagali project and reform such as the future price of electricity, the cost of the project, the project proponent’s economic analysis of the project, and how citizens of Uganda were going to directly benefit from the project and reforms.

In short, the most controversial aspects of the reform exercise and project development were never publicly deliberated. These issues were only scrutinized and discussed after domestic non-state actors gained access to project details outside formal channels, and in the midst of project implementation. At the implementation stage, however, it is extremely difficult to
make a meaningful contribution to the process and even more difficult to alter the process. As discussed in Chapter 2, this is because the most important stages of policymaking are said to be early on when problems are identified, agendas are set, and power over defining solutions is most critical (Stephens 2000, 107).

On my last trip to Uganda in January 2003, I returned to visit with members of NAPE – the environmental NGO that had probably invested the most time scrutinizing the Bujagali project and had received the harshest criticism by project proponents. The members I spoke to were in very good spirits. A few months earlier, AES had announced that it was going to further delay the commencement of the project until it resolved financial difficulties. In December 2002, the details of the Power Purchase Agreement were finally revealed and the analysis of the agreement proved quite damning due to the issues earlier highlighted. In light of these events, at the end of our conversation, Frank Muramuzi, NAPE’s Executive Director, asked me whether I thought the project was in jeopardy and whether it might die. Given the amount of time and effort NAPE had invested in scrutinizing the project, I was reluctant to say what I felt for fear of crushing their optimism. But my research, observations, and interviews with government and multilateral and bilateral representatives gave me little choice: My gut feeling (in 2003) was that the project would still go ahead. The World Bank, the national government, and the President had invested too much time and too many resources in the project not to see it through.

6.4 Conclusion: Implications from path of reform

This chapter began by reflecting on the history and results of utility privatization globally and Africa generally. It also considered what the literature on policy change, and public and utility sector reform in the developing world and Africa suggests are ideal conditions and
processes to be followed once the decision to reform is reached. Comparing this ‘theory’ to ‘practice’ in Uganda showed that a number of the domestic conditions that were deemed necessary for successful reform were absent, therefore raising several questions about the rationale for reform. The chapter went on to explain how Uganda’s reform exercise evolved and why.

From the outset it was clear that the UEB had serious service delivery problems. While many of these problems were connected to problems within the UEB, the influence of the external environment, particularly the political environment was also recognized to have an enormous influence. Senior government leaders deemed their access to electricity a right, and MPs regularly told their constituents that they should and would receive access to electricity. These messages were delivered despite the UEB’s and eventually the UEDCL’s efforts to change this mindset, as well as the clear message from public and private interests in the electricity sector that for a long time to come electricity was going to be an expensive privilege and definitely not a right. Owing to historically poor reform outcomes, donors, in particular the World Bank, were unwilling to continue to support the sector in the absence of deep change. Hence, they did not just commit to managerial change or the unbundling of the UEB. UEB’s problems and the generation needs of the country became an impetus for a much more ambitious reform agenda, which brought together the unbundling of the monopoly, the desire to construct a new large hydroelectric dam, new regulatory oversight, and the participation of private firms. In turn, the reforms to the electricity sector were not simply about trying to achieve gains in efficiencies and improved service delivery. They bound together, and became contingent upon the successful completion of several other
regulatory and institutional changes that were contractually and legally required, but also
dependent on political and institutional capacity and legitimacy that was absent.

From a technical perspective, many of the suggested conditions for successful reform
were partially fulfilled. But from a procedural and a process-oriented perspective, the World
Bank and GoU paid much less attention. Put differently, in the quest to complete an
ambitious and high-risk reform agenda, many political, institutional, and procedural
requirements deemed necessary for successful reforms were left wanting. Indeed, external
and internal reports and reviews, even by the World Bank itself, confirm the various ways in
which procedural concerns were not addressed or were ignored, and how problems in
Uganda were tied to these procedural concerns.

Energy sector reform in Uganda has been a bold initiative and some might suggest a
bold experiment. The World Bank’s first-ever partial risk guarantee for a distribution
concession was recently extended in Uganda, which suggests that unique and experimental
practices are still in vogue. Given that so many negative events simultaneously converged to
push Uganda into its current electricity crisis, and given the evidence that sequencing and
procedural factors played a central and dominant influence in the reform problems, it would
seem that there is very good reason for the GoU and the World Bank to carefully consider
both the instrumental and intrinsic value of a more careful process.

Instrumentally, reforms have clearly not produced the intended outcomes with respect
to electricity provision. Moreover, if the World Bank and the GoU intend to carry out future
reforms, particularly for such contested services like drinking water, then the Bank must
revisit its proposed processes of reform unless it is willing to take ownership of the problems
that might materialize if things do not go as planned. From the perspective of intrinsic value,
the argument for a process that is more deliberative cannot rest on superficial and problematic statements that more participation or more openness is better. There is clear evidence for why the quality and character of state-society relations is important. One of the reasons export credit agencies were unwilling to support the Bujagali project initially was the view that the project was a financial and political risk, i.e., that there was uncertainty in the future political stability of the country. NGOs in Uganda, however few, are quickly gaining the knowledge and experience needed to challenge government and donor decision-making through formal and informal channels. Therefore, from a purely rational perspective, and whether one supports privatization or public sector reform or not, it is indeed in the government’s and the World Bank’s best interest to pay careful attention to procedural matters and to carefully assess the presence or absence of the institutional and political conditions necessary for success. But in saying this, we must also be careful not to make propositions that are simply intended to produce ‘better’ development projects.

‘Better’ projects are certainly needed in Uganda, but like James Ferguson’s observations almost two decades ago, we must also understand the social and political conditions that perpetuate projects and paths of reform and recognize the political and social outcomes these paths produce. Development projects, policymaking and reform are messy processes. Their messiness, I contend, has increased owing to the profound political, social, and economic change that is taking place in Uganda, particularly with respect to the changing role and influence of non-state actors. As a result, in future, the World Bank and the GoU must recognize that for all intents and purposes the models of reform they are promoting and implementing are not just technical endeavours with specific measurable outcomes. They are political processes; processes of political change that have the potential to shape the character
of state-society relations, to shape the character of governance, in innumerable ways. Recognizing this and changing reform practices to adapt to this reality does not make ‘development’ any easier. But owing to the political, social, economic, and environmental character of Africa and Uganda, this is the day-to-day reality of policymaking and reform. This reality must be carefully scrutinized and carefully considered before initiating projects or reforms if ‘development projects’ are to produce the benefits so desired and intended.
Chapter 7

CONCLUSION: ELECTRICITY SECTOR REFORM AS POLITICAL PROJECT

Iraq produced only half the electricity that it required. It would take four years and billions to build generating stations to meet the shortfall. The only neighbor prepared to provide large amounts of electricity was Iran, and there were strategic reasons not to make Iraq dependent on Iran...In Maysan, people pulled down electricity pylons with tractors: one pylon would usually bring down a dozen others as it fell. They then cut the copper wire, smelted it, and sold it in Iran. They made ten thousand dollars from eighty pylons, which cost us ten million dollars to repair. It is very difficult to restore basic services in someone else’s country. Four years after the invasion of Kosovo and two years after the invasion of Afghanistan, the international community had still not provided adequate electricity in Pristina or Kabul.


7.0 The problem with electricity, the problem with reform

Throughout the world, governments are trying to determine the best model for providing and increasing access to reliable electricity services. Whether countries are experiencing profound social and political transformation (like those highlighted in the quote above), are poor but relatively stable, or are industrialized, few are able to avoid international and domestic pressures to (re)evaluate their approaches to electricity services given their political, institutional, and economic conditions. Famous North American examples of severe electricity supply problems, such as California in 2000, or the Northeast blackout in 2003, have illustrated the fragility of industrialized society’s dependence on electricity. But these events also sharply demonstrate how the structure, regulation, institutional design, management, and reform of networked utilities influences service quality and reliability. The pressure towards reform is intensified by the increasing global demand for electricity, the link between energy consumption and climate change, the cost of new large generation sources, and questions about the appropriate role of public and private companies in service
delivery. These issues are almost universal, but are particularly significant in the South and in Africa where the role and merit of large electricity generation facilities, particularly large dams, remain contested. Current or proposed dams, like those on Brazil’s Madeira River, China’s Three Gorges Dam, India’s Sardar Sarovar Project, the Lesotho Highlands Water Project, or the massive 39,000 MW Grand Inga project proposed for the Congo River in the Democratic Republic of Congo, ensure that debates over electricity provision and development will remain prominent for decades to come.

As this thesis has highlighted, sub-Saharan Africa is also deeply engaged in the global debate over ideal models of electricity provision and reform. These debates are intense in those countries that have extreme supply problems such as Zimbabwe and Uganda, but also in countries that were once thought to have comparatively good systems. In 2007, Ghana, for example, was analyzing causes and remedies for its electricity supply problems (Accra Mail, 2007).

Historically, poor performance in Africa’s energy sectors has been linked to high state intervention (Karekezi and Kimani 2002, 926). This view, coupled with unsatisfied demand for electricity, donor fatigue and frustration, and global liberalizing trends promoting the private sector’s ability to provide least cost services, saw electricity sector reform and the promotion of the private sector take on a new level of urgency and frequency in the early 1990s. In 2002, over twenty African countries were initiating some form of power sector reform (Karakezi and Kimani 2002). These reforms reflected a “profound questioning of the rules and principles set down in the early 1960s to organise and run the electricity sector” (Karakezi and Kimani 2002, 928-929). It followed that these historic rules and principles were replaced by new principles, which emphasized structural change and/or ownership
change (2002, 926). In practice, these principles would lead to two potential outcomes: vertically-organized state monopolies would be unbundled into separate business units (generation, transmission, and distribution), which could then be more easily privatized.

The theoretical arguments for unbundling and privatization are persuasive: re-regulation provides opportunities for private sector entry and reduced political interference in pricing and service delivery; and private sector entry, in turn, provides much needed investment, network expansion, and reduced tariffs through competition with public and other private companies. According to the World Bank, the application of these principles should lead to success if certain institutional, financial, regulatory, procedural, demographic, and political conditions are also simultaneously present. But while these principles make sense in theory, their applicability to the sub-continent have not been well proven and the conditions necessary to support their implementation have also been absent.

It is very difficult to find an example of a sub-Saharan country that has reaped the anticipated benefits of reform when following the principles promoted by the World Bank. In his analysis of the problems with the reform and privatization of the electricity sector in Cameroon, Pierre-Olivier Pineau reminds readers that the IMF-World Bank reform, based on the premise that privatization could solve the country’s electricity problems, “goes against all the historical evidence that shows that the state has an essential role in the sector’s development” (2002, 1009). Pineau uses South Korea’s public monopoly, the Korean Electric Power Corporation (KEPCO), as an example. In 1965, Korea’s primary domestic energy source was wood, and its electricity generating capacity was about 769 megawatts (MW) – an amount similar to Cameroon at the time of Pineau’s writing. By borrowing money from the international market, and independently building new generation sources,
the public company increased generating capacity to 13,115 MW by 1983 - a 17% annual increase. Owing to a host of differences in international and domestic conditions, we cannot use this example as proof that private-sector-led infrastructure development will not work. It does, however, suggest important questions about the appropriateness of the reform principles being promoted in many African countries including Uganda, and, to again quote Pineau, the World Bank’s ‘blind faith in privatization’. Other evidence in sub-Saharan Africa reaffirms the need to carefully reconsider the suitability of the electricity sector reform principles being promoted.

Stephen Karakezi, the Executive Director of the Nairobi-based African Energy Policy Research Network (AFREPREN), has been writing about energy issues in Africa for over two decades and is one of the leading experts on energy sector reform on the continent. In an effort to update my initial findings and to fill a void in evidence about ‘reform successes’ in Africa, in 2006, I wrote to him and asked him if he could provide me with any examples of countries that have successfully implemented all of the reforms advocated by the World Bank. In response, he wrote:

While most countries have now implemented some reform options, none has successfully implemented all of the key reform options. One useful lesson to note is that countries with successful electrification programs in the region have had a limited number of reforms (Mauritius, Botswana, South Africa, and North African countries) – the lesson seems to be “go slow on reforms”. Possible exceptions on this category are Kenya and Ghana, but they all have low rural electrification levels or power capacity shortage (Email correspondence, December 12, 2006, emphasis added).

Given the extent and speed of energy sector reform in countries, and the poor or mixed results they have produced so far, it is not surprising that reforms have generated significant controversy (Karakezi and Kimani 2002, 929).

On the other hand, none of this general evidence suggests that a return to ‘business-as-usual’ approach to energy services is feasible. We can recall that in Uganda, internal
bureaucratic problems certainly riddled the UEB. But at the same time, observers also remarked that the external political environment was worse than the internal environment. The problems with reform, therefore, highlight the importance of looking inside the domestic process to understand what knowledge is driving reform, who is leading reform, how they are leading it, and why. The evidence from sub-Saharan Africa also suggests that it is important to determine whether the domestic conditions deemed necessary for successful sector reform are absent or present before reform gets underway. If these conditions are not present, one must critically assess the implications of moving ahead with reform. These observations bring us back to events in Uganda and highlight the original rationale for this study.

7.1 Uganda in regional perspective

From a global perspective, the controversies and challenges surrounding Uganda’s reform experience do not seem terribly unique. But from another perspective, we must recognize that the problems encountered in its energy sector reform experience are profoundly important to the millions of Ugandans that will not gain access to electricity for decades to come, to the government and civil servants trying to improve the sector, and to the World Bank, which has promoted such an ambitious reform exercise in the country. Uganda’s experience is also of great importance to its immediate neighbours who have been anticipating additional electricity supply from Uganda for some time. In both Kenya and Tanzania, electricity sector reforms have been less ambitious and the state has maintained a more prominent role in the sector.¹ And while neither country has produced an approach to

¹ The Government of Tanzania wholly owns the Tanzania Electricity Supply Company Limited (TANESCO). In 1997, it began to investigate the privatization of TANESCO in order to improve system reliability and increase access. Two years later, in 1999, the Government approved an electricity industry policy and restructuring framework, which was supposed to prepare TANESCO for privatization. Studies on sector and corporate restructuring followed, with a new Electricity Bill being prepared in 2007. Prior to this, in 2002, a
be envied immediately by Ugandan reformers, the experience of these neighbouring countries shows that reform ‘experiments’ continue in the region, and that no ‘best practice’ has yet emerged. These general observations also highlight the need for a future comparative analysis of reform experiences in the three East African countries. A comparison between Uganda and another African country of a similar size and political and institutional legacy – such as Ghana – would also be valuable. This type of comparative work is needed in order to draw inferences about the variation in reform approach and outcomes, and to understand how international pressures and actors function differently in each political setting. For the time being, and repeating James Ferguson’s rationale for his single country study of Lesotho, it remains that this thesis has tried to avoid making grand or general claims about the way public sector and electricity sector reform functions in other settings (see Ferguson 2005 [1990], 257). Instead, I have tried to present carefully a single case of electricity sector reform in Africa, which in future will hopefully provide a foundation for comparison. This study has explained how historical and political trends in South African management contractor, NETGroup Solutions, was appointed to help improve the performance of TANESCO. Under controversy, in 2006, NETGroup’s contract was not renewed for failing to improve TANESCO’s performance. NETGroup claimed that ongoing financial and service delivery problems were a result of management interference. Performance problems were compounded by the high cost of generating power. Either way, the Minister of Energy and Minerals said: “We have given the [TANESCO] Board the mandate to employ anybody. But we have said no to hiring a new foreign management firm” (Daily News 2006). Owing to this experience, TANESCO appears to be trying another government-led approach to service delivery improvement. It has returned to a decentralized organizational structure it discontinued in 1999, in order to give more powers to regions and districts. Like Tanzania, electricity sector restructuring in Kenya began in 1997. As is now common, a new regulatory board was introduced to approve contracts for electricity generation and sale of electricity, to set and review tariffs and enforce regulations. At the same time, the government-owned Kenya Power and Lighting Company (KPLC) maintained control and ownership of the transmission and distribution networks and services, while the KPLC’s generating functions were passed onto a new public company, the Kenya Electricity Generation Company Ltd (KenGen). KenGen now manages all public generation facilities and produces eighty percent of Kenya’s electricity. But it also competes directly with four other Independent Power Producers. The Government of Kenya owns 70% of KenGen’s shares. Paralleling Tanzania’s management contract experiment, and owing to ongoing performance problems, in 2006 the World Bank sponsored a management services contract for KPLC under an institutional and capacity building programme (East African 2006d). A Canadian company, Manitoba Hydro International, is now managing KPLC’s transmission and distribution monopoly having beat out the Energy Supply Board International of Ireland and Union Fernosa of Spain for the contract.
Uganda, particularly in relation to policymaking and public sector reform, have helped shape the current state of electricity provision in the country. While this story of reform has documented the historic and contemporary challenges associated with electricity and infrastructure in Uganda, it has also explained important conceptual and practical insights relating to state-society relations in Uganda and the politics of reform.

7.2 Governance and the politics of reform

This thesis began by arguing that there is a need to understand policymaking and public sector reform in Uganda in a ‘qualitatively different’ manner than has been done in the past. This observation stemmed from both historic and contemporary analyses of reform and donor interventions in Uganda. By applying a ‘governance approach’ to the study of policymaking and reform, an approach that emphasizes the relationship between actors in a particular process, the knowledge that is included and excluded from a process, and the spaces or opportunities for deliberation to occur, I argued that the complex, multilevel character of politics and policymaking in Uganda can be better illuminated. This approach offers a lens through which we can view the power relations in a given process and a means to understand how certain ideas and approaches come to dominate at the exclusion of others. Hence, a ‘governance lens’ directs attention to the politics and power dynamics of state-society relations and focuses attention on the conditions present when actors interact, how that interaction is structured when it does take place, and why it is structured in a particular way.

Applying this approach to Uganda’s energy reform experience we learned about the dominant role of two actors – the World Bank and President Museveni. The presence of these actors, their relationship, and how and under what conditions Ugandan civil society organizations were permitted to interact with them helped us understand the persistence of
the model of reform being promoted, even in the absence of the necessary conditions the dominant actors said were needed. In turn, the World Bank and other bilateral donors constructed a process that limited the opportunity for civil society organizations to comment on the most controversial elements of the Bujagali dam and reform, producing a largely technical and apolitical reform exercise.

This analysis, I argue, does not independently explain why electricity sector reform in Uganda encountered problems. But there is a long list of institutional, procedural, and political factors that challenged reform: the Ministry of Energy and Minerals Development was understaffed and overwhelmed with responsibilities during reform and dam construction; one of the reasons export credit agencies originally cited for not financing the Bujagali project was ‘political risk’; other external reviews cited the high degree of risk associated with the model of reform being followed; the World Bank Inspection Panel confirmed that the World Bank violated several of its own operational policies surrounding assessments of alternatives and access to information; and civil society organizations were labelled falsely as ‘anti-development’ and ‘economic saboteurs’ when they were in fact arguing for a more transparent process. Hence, institutional and political conditions cannot be discounted as important intervening factors in Uganda’s reform process, and attention to their role in future reforms must be prioritized. Using a ‘governance lens’ to study policymaking and reform emphasizes the character of the relationship between state and non-state actors, and helps to explain how the character of these relations influences reform outcomes. Equally, a governance approach shows that electricity sector reform cannot just be treated as a technical process; it is a political process which defines access to services and participation and exclusion in national debates.
7.3 The politics and process of policymaking and reform

Historically, public sector reform and privatization in Uganda have been announced and executed by the national government with little prior debate or discussion. At the same time, however, the number of civil society organizations (CSOs) in Uganda has increased, particularly those focused on policy and advocacy in contrast to service provision. For a long time, CSOs accepted that their only opportunity to participate in policy discussions was through an invitation to donor-sponsored events. Despite the lack of time or opportunity to debate the substance of the policies or programs being proposed, most organizations accepted that being invited to sanctioned events was the only opportunity they would have to demonstrate their engagement with the issue, and more pragmatically, to network with foundations, bilateral agencies, or international non-government organizations who typically organize participatory events and serve as sources of potential external funding. As the case of forestry demonstrated, at times these processes have been applauded. But at the same time CSOs still recognize that these processes are ‘donor-led’ and understand that as the level of risk or controversy surrounding a policy issue or reform increases, the opportunity for deliberation and influence decreases. From one perspective, these observations suggest that policymaking processes in Uganda are evolving through learning and the transfer of knowledge from international organizations. But from another perspective, the changing character of policymaking and reform in Uganda must also be seen as an evolving political project that is driven by donors. As a result, the process carries with it significant political consequences and challenges.

Through the promotion of participatory policymaking and/or reform exercises, donors are increasing the complexity and challenge of policymaking and reform, as well as
increasing the tension between the state and society. Over the last decade, donors in Uganda have helped instil an expectation amongst CSOs that policymaking and reform processes should be participatory. Ugandan civil servants also recognize that policymaking must have some consultative element, even though in my conversations with National Environmental Management Authority (NEMA) staff, their enthusiasm for consultation was low, the benefits they thought derived from consultation were also low, and their promotion of participatory processes was largely only a function of donor requests or requirements. For the benefit of improved state-society relations, the emerging ‘culture of participation’ in Uganda is significant, particularly owing to the ongoing political tensions in the country and due to past problems with reforms that have not been very open. But when confronted with a development dilemma as profound, vexing, and urgent as electricity, the national government and President’s willingness and patience to support deliberative, participatory, and transparent processes – processes that could initially slow or change the preferred path of development – has been severely challenged. In the case of the Bujagali dam, the President openly and forcefully criticized CSOs that raised questions about the dam as ‘enemies of the state’ and ‘economic saboteurs’, and threatened to ‘open war on them’. He also criticized the World Bank – Uganda’s largest donor – for ‘listening to too many people’. Further, he described the entire process leading to the dam’s construction as a ‘circus’. While the intent of President Museveni’s circus analogy was to invoke an image of a chaotic process, it parallels the electricity reform process in other ways.

Historically, circuses had several simultaneous acts. In Uganda, the electricity reform process was indeed circus-like. Several processes relating to dam construction and public sector reform were being carried out simultaneously. A Ring Master or Master of
Ceremonies has also typically orchestrated the many activities or routines in a circus. Who then is the Ring Master in Uganda? Herein lies a central issue. Government and non-government interests all acknowledge that the World Bank was the actor driving reforms, and as we later learned, the Bank was also pushing for the construction of the Bujagali dam. As an advocate and architect of the reform process in Uganda, the World Bank fuelled the President and national government’s expectation that the electricity reform process and dam construction effort could be undertaken quickly and simultaneously, and that citizens would enjoy the benefits of reform and privatization. But this message ran in strong contrast to global experiences in electricity sector reform, which show that electricity is a complex non-linear policy issue that is tied to many other sectors. It is a type of ‘second-generation’ reform that requires a great deal of time, commitment, and constituency building to achieve success.

In promoting a high-risk reform process, the Bank also contravened its own knowledge, experience, and operational policies. The Bank advocates transparency and accountability in public sector reform, and promotes institutional practices and programs relating to civic engagement, social accountability, and participatory monitoring and evaluation. Its operational policies also mandate it to follow and endorse a set of procedural and technical review requirements for projects. Through these policies and practices, the Bank plays a dominant role in shaping domestic politics in Uganda. It helps define how the state implements projects, policies and reforms, and how it engages with non-state actors. Yet in Uganda’s dam construction and reform efforts, the Bank promoted a process that paid less attention to the procedural and political conditions deemed necessary for the success of the reform exercise, and moved ahead with a very ambitious, high-risk process, particularly
in relation to the most controversial and contentious parts of the project. But why do these less tangible, non-technical conditions matter so much?

In the conclusion to Chapter 6, I discussed the intrinsic and instrumental value derived from an emphasis on procedural and political conditions in reform. These observations follow the decades-old work of Albert Hirschman who highlighted the importance of the ‘indirect effects’ of project implementation. For Hirschman, the ‘indirect effects’ of project implementation are hard to quantify, but their absence or presence can be felt in the short and long-term. Using the example of a paper mill in Pakistan that required Bengali and non-Bengali groups to cooperate, Hirschman explains the importance of ‘indirect effects’: “…an intangible benefit of the mill…would consist in the improved relationship between the two human groups whose isolation from one another and mutual diffidence [was] one of Pakistan’s major problems in consolidating its nationhood” (1967, 163). Hirschman, therefore, shows how certain inputs or indirect effects of a cooperative process also serve as conditions for project success. Hence, while the presence of indirect effects or conditions bring “benefits that are perhaps difficult to evaluate, their absence inflicts penalties that are anything but nebulous” (1967, 163, emphasis in original). Turning back to Uganda, we see an important connection between Hirschman’s observations about indirect effects or inputs into a project, and the lack of attention to the political and institutional conditions necessary for reform success in Uganda.

The World Bank and the national government tried to implement a project and reforms in the absence of the domestic political and institutional conditions they deemed necessary. In turn, the complexity of the reforms did not fit Uganda’s social, political and economic character. An ambitious reform agenda was being implemented in a domestic
setting that was and remains in the midst of profound change – change which the World Bank and other bilateral donors are promoting and certainly helping shape – and that in comparison to historic reform efforts, is increasingly scrutinized and influenced by international interests. This has not only had a significant political impact as state and non-state interests continue to debate the Bujagali project and character of the reform process, but also on the issue at the centre of the whole exercise – improved access to electricity. Thus, in terms of its economic, social and technical dimensions, but in particular its political dimensions, it would seem that the complexity of energy was not adequately reflected in the World Bank and national government reform agenda. The reasons for this complexity are many.

First, all humans need energy, and most presumably would like to climb the ‘energy ladder’ to reduce the amount of work needed to acquire the energy needed for household and economic activities. Second, all forms of energy, but particularly networked electricity are highly visible and thus by default, political. It is easy to see when a household or firm has access and when another does not. This visibility ‘politicizes’ the service greatly, as the have and have-nots are obvious and contested. Third, the cost of energy, particularly electricity, is high. As a result, there is disagreement over whether electricity should be considered a luxury good or a necessary good for individual or household well-being. Moreover, while in monetary terms the cost of electricity is high, one must also consider the many types of costs associated with dependence on other forms of energy. For example, as the majority of people in East Africa depend on firewood and charcoal for cooking, one must consider the multiple costs involved in this form of energy, including deforestation, human labour, and human health impacts from poor indoor air quality. Fourth, energy is a complex
issue because it crosses multiple sectors and requires both macro and micro level interventions. While Uganda’s early success with macroeconomic reform is praiseworthy, compared to energy, these ‘first-generation’ reforms were quite easy to execute, as they were largely dependent on executive decisions, international donor support, and Ministry of Finance execution. In contrast, reforms to sectors like energy must include the participation of multiple government bureaucracies, multiple levels of government, domestic and international private firms, international organizations, civil society organizations and citizens in order to be successful. Hence, the character of support or ‘constituency building’ needed, and the level of coordination and capacity required by a second-generation reform like energy far exceeds what was required in Uganda’s early reform period.

In retrospect, it does not seem that the national government or the World Bank fully anticipated the challenge that energy reforms would present as both assumed that the old, more closed approach to project implementation and reform could be applied. Furthermore, it also seems to have been assumed that President Museveni’s charisma and international and domestic popularity were sufficient to see the Bujagali project and associated reforms executed. But owing to the multi-level and multi-sector character of energy, there was a need to build better bridges with new and existing civil society organizations and constituencies – both those already supportive of the President but also the increasing number of organizations willing to challenge the old style of reform and decision-making. While it is understandable that the government, President, and World Bank would prefer to rely on superficial participatory approaches, the changing social and political character of Uganda, inspired by the policies and programmes of international organizations, do not and will not easily permit this style of decision-making to occur.
Finally, in the context of electricity provision, perhaps one of the most direct and tangible outcomes from underestimating the complexity and risk of the reforms implemented was the number of other energy sector interventions that were delayed, sidetracked or not pursued. The pursuit of Bujagali, and the associated reforms required to support the project, dominated the time and resources of the Ministry of Energy and Minerals Development, thus impeding its ability to independently or collaboratively pursue or promote other smaller scale, distributed, decentralized energy interventions such as more small-scale hydro projects, improvements to the biomass energy industry, or transforming the market for other renewable energy technologies like solar power.

7.4 Conclusion: Reconciling ambition with political and social change

Lately, Uganda’s electricity supply problem has been described as a ‘crisis’. In light of this situation, from an historical and a procedural perspective this thesis has tried to explain how models of public sector reform in Uganda have emerged, and how that emergence and mode of implementation connects to sector performance. At the same time, the thesis has examined the political and social effects of reform. Based on the evidence presented, at its simplest, we have learned that Uganda is at the centre of an incredibly ambitious reform experiment. The experiment is driven by a strong belief that the public sector – with the exception of transmission – no longer has a role to play in electricity service delivery; that the private sector’s ability to produce more positive electricity service delivery outcomes are dependent on the successful and simultaneous achievement of a host of other complex reforms; and that the benefits of reform will eventually trickle down to citizens through economic growth. In addition, we also learned how the mode of project implementation and
project development has important direct and indirect effects on political and social conditions in the country.

It is too early to tell whether in the long-term electricity sector reform in Uganda will produce the positive outcomes anticipated. In the short and medium-term, however, this experiment has not yet produced the benefits anticipated and in fact seems to have undermined the sector’s performance significantly. Indeed, technical and financial factors have been instrumental to the problems encountered in dam construction and reform. But focusing on these factors to explain Uganda’s energy crisis leaves out many questions about whether the interventions the World Bank has promoted are the best options for improving electricity provision, and about the social and political implications of the Bank’s reform model.

In many corners of the World Bank it is clear that these concerns are being debated and that faith in the private sector does not reign supreme. Nonetheless, in Uganda, like other electricity reform experiences in sub-Saharan Africa, it seems that the Bank has demonstrated a strong faith in the ability of the private sector to alleviate Uganda’s electricity problems, with little regard for the implications of the mode of pursuing its end goals. These implications include a heightened degree of tension and suspicion between the state and civil society organizations concerned with the Bujagali dam, despite the fact that NGOs are not universally ‘anti-dam’; they include external concerns with the long-term political stability of the country, and subsequently the financial risk of supporting high-risk projects; and, most rationally, they imply a potential challenge of pursuing future projects or reforms in a tense political environment.
It seems clear that dam and reform advocates must come to terms with the fact that the days of implementing projects and reforms with minimal or superficial oversight are waning. At the same time, the need for improved social and economic well-being remains no less urgent. These two scenarios do not often complement one another and present a deeply challenging political and policy setting which is increasing the challenge of social development in Uganda. But owing to the high influence of international and bilateral organizations in Uganda, the conditions which agencies require and promote in project development and implementation, and the increased number of civil society organizations scrutinizing state and donor programs, there is a very high need to reconcile these conditions with the ambition and urgency for reform. For in the absence of a thorough and holistic analysis of the need, mode, and/or potential effects of a particular project or reform, the risk of failure will increase as the reform proceeds. And in the face of problems, more political and financial capital will be needed to execute the project, while the social costs of delay or failure will increase and be felt most directly by those businesses and individuals still waiting for the benefits of reform.

These observations are not presented to paint a sceptical picture of the future of electricity in Uganda, or to discount the progress that has been made in state-society relations, particularly in the context of reform and policymaking. Instead, these observations are presented to encourage future policy analysts to carefully consider whether big problems necessarily require big solutions. Better outcomes may be achieved through smaller scale investments and processes that embrace the always difficult, but clearly significant deliberations between state and non-state interests in Uganda.
7.5 Postscript: Status of Bujagali Project

In a demonstration of the Government’s commitment to construct Bujagali, following AES’ withdrawal from Uganda in August 2003, the Government of Uganda reissued a call for tenders to construct the Bujagali dam in early 2004. In May 2005, the government announced that the firm Industrial Promotion Services (IPS) – a member of the Aga Khan Fund for Economic Development (AKFED), the economic development arm of the Aga Khan Development Network (AKDN) – and its partner, US-based Sithe Global, had successfully outbid five other companies to win the new contract to construct the dam. The new company they created was named Bujagali Energy Ltd (BEL).

The World Bank’s commitment to the Bujagali project has not waned. In April 2007, the World Bank Group approved US$360 million in loans and guarantees for the project (Bujagali II) – $130 million in loans to BEL from the IFC; a partial risk guarantee of up to $115 million from the IDA; and an investment guarantee of up to $115 million from MIGA. Financial support for the project is also coming from the African Development Bank ($110 million) along with the European Investment Bank and the German Bank for Development. The new total estimated cost of the project is US$799 million. Up almost US$300 million from the original project cost, Ministry of Energy sources report that the increased cost is a result of higher prices for oil, cement, steel, iron, and consultancy services (Mugirya 2007).

The evolution of the second Bujagali project has not gone without renewed controversy. The National Association of Professional Environmentalists (NAPE) continues to take the lead in voicing concerns about the project. Their central concerns remain the cost of the project, the potential rise in future electricity tariffs as a result of the cost of the project, and hydrological concerns surrounding drought and climate, fisheries and protected
land. Moreover, NAPE has continued to take its concerns to the World Bank and other project financiers. Senior Bank officials have responded to these concerns openly and directly. Michel Wormser, World Bank Sector Director for Sustainable Development, Africa Region, has stated: “The World Bank Management remains committed to the successful implementation of this project including the appropriate application of relevant environmental and social safeguards…The project is critical to Uganda’s economic development and we will continue to work with the Government to ensure that this project meets high standards” (Kasita 2007). In the same interview with Ugandan media, Wormser said: “The project’s approval reflected a shared view by management and the board of the critical importance of providing a new source of electricity expeditiously to Uganda and confidence that thorough economic, environmental and social due diligence has been undertaken to identify and realise that source” (Ibid). As one indicator that the Bank has learned from some of the transparency problems encountered in its original dam construction effort, a comprehensive website exists that is dedicated solely to the Bujagali project (www.worldbank.org/bujagali). On this site all current project documents or a statement about where documents can be found is provided. Bujagali Energy Ltd., the private project sponsor, has also established its own comprehensive website (www.bujagali-energy.com). It is noteworthy that within the ‘About Us’ section of the website it says: “Bujagali Energy Ltd is not associated with AES Nile Power Ltd (AESNP), the previous sponsor of a similar proposed project in Uganda.” As of early September 2007, the physical construction of the dam had begun. The World Bank and BEL both state the project will be commissioned in 2011.
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<td>Aine-Omugisha, Alex</td>
<td>Programme Facilitator, Living Earth Uganda</td>
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<td>Akol, Charles</td>
<td>District Support Coordinator, National Environmental Management Authority (NEMA)</td>
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<td>Anonymous</td>
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