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Rampant Corruption Plagues Three Gorges Dam

by Doris Shen

China's government auditors have uncovered widespread corruption on the Three Gorges Dam, a scandal that includes top officials working on both the construction and resettlement aspects of the massive project. In one case, the corrupt official was handed a death sentence.

According to a March 20 article by Agence France Press (AFP), a court spokesman announced on February 25 that the former director of the district land bureau in Fengdu received the death sentence for stealing US\$1.44 million from the Three Gorges Dam project.

The Hong Kong newspaper *Taiyang Daily* reported that the General Manager of Three Gorges Project Corporation has also been arrested. He has been charged with embezzling several billion yuan from project funds intended for purchasing steel from the US.

Reports of massive graft have swirled around the construction of the world's biggest hydroelectric dam on the Yangtze River since construction began in 1994, but it wasn't taken seriously until 1998, when Premier Zhu Rongji vowed to crack down on corruption on the project, which he publicly stated had caused dangerously shoddy construction.

Officials told AFP in January that criminal proceedings had started against 14 officials involved in dam corruption and that others were still being investigated.

A month later the official press revealed that around 100 officials linked to the project had been sanctioned for corruption.

Resettlement Funds Embezzled

The auditing administration has also revealed that local officials embezzled about \$57.7 million in Three Gorges resettlement funds – nearly 12 percent of the total \$487.8 million allotted by the central government for relocating the 1.2 to 1.9 million project oustees.

The Hong Kong newspaper *Ta Kung Pao* reported the following details from the auditor's report in a January 29 article:

- Huang Faxiang, head of the Fengdu County land office, transferred \$3.2 million intended for land compensation into other accounts, from which he pocketed \$1.9 million. Another official in the same office, Chen Lanzhi, embezzled \$609,756 to speculate on stocks. The office accountant, Jiang Haiying, transferred \$24,390 into his personal account.
- Instead of compensating resettlers, officials in Yichang County misappropriated about \$862,000 from the resettlement fund to build office buildings, residential quarters and hotels for their own benefit.
- Resettlement officials in Fuling District used \$412,804 from the resettlement fund to set up a company for their own benefit.
- Rather than spending \$43,915 to relocate schools, Zigui County's education office built office and residential buildings for the benefit of its own officials.

- A bankrupt fertilizer factory in Badong County, which received \$4.1 million from the central government for relocating its operations for the dam, used \$3.1 million of it to pay its debts for the dam, and workers' salaries. The factory then suspended its relocation due to lack of funds.
- Eighteen counties and townships illegally leased a total of 246 hectares to organizations not associated with resettlement.

In other accounts, a Chongqing line court spokesman revealed that an official from the migration bureau was sentenced to life imprisonment last May for corruption. Wang Sumei was convicted of taking money from the bureau's Three Gorges resettlement fund and losing it in extravagant mahjong gambling parties between September 1997 and December 1998. And last year, the Ministry of Water Resources – the agency responsible for flood control and dam building in China – was charged with misuse of project-related funds amounting to \$365.8 million.

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For more on the Day of Action, see page 8.



Day of Action 2000: Protestors at Rasi Salai Dam in Thailand are demanding that the dam be removed.

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As we go to press, activists from around the world were planning a huge protest – the Mobilization For Global Justice – for the April 16 Spring meeting of the World Bank in Washington, DC. IRN activists will be there to press the Bank to stop funding destructive large dams and to give reparations to those harmed by their past projects.

The World Bank has been the largest single source of funds for large dam construction worldwide. Under its stated aim of alleviating poverty, it has promoted and funded dams that have displaced millions of people, caused severe environmental damage, and pushed borrowers further into debt. The Bank has provided more than \$60 billion (in 1993 dollars) for 538 large dams in 92 countries, including many of the world's largest and most controversial projects.

The Bank's portfolio of large dams reads like a primer on the folly of damming rivers. In case after case the benefits have been far smaller than promised, and the costs – in terms of money spent, debts incurred, communities uprooted, fisheries and forests destroyed, and opportunities lost – have been far greater than imagined. While the Bank claims that its operations have improved in recent years, projects such as the Lesotho Highlands Water Project, the Ertan Dam in China and the proposed Nam Theun 2 dam in Laos reveal ongoing social, environmental and economic problems with its large dam portfolio.

Bank-funded large dams have turned more than 10 million people into refugees. In many cases once self-sufficient rural families have been reduced to being migrant laborers or slum dwellers. Despite a policy requiring displaced people to at least regain their former living standards, a 1994 Bank-wide Resettlement Review found only one dam out of the many hundreds it has funded where incomes for all households rose after resettlement. Yet when interviewed, four-fifths of the households considered themselves to be worse off than before resettlement.

For the vast majority of dams it has funded, the Bank simply has no data on the incomes or living standards of displaced people, before or after resettlement. Official estimates of the number of oustees have been notoriously low. Even when a realistic estimate is made, those evicted to make way for dam-related infrastructure and people without land title are often excluded from the total. The 1985 appraisal of India's Sardar Sarovar Dam, for example, overlooked 140,000 farmers who are estimated to lose at least some land to the project's network of canals.

In addition, people who live downstream are often forced to abandon their homes because of loss of fisheries or changes to hydrology which eliminate seasonal floodplain farming. For example, 11,000 people were flooded out by the Manantali Dam in Mali, but half a million farmers downstream are suffering the consequences of the changed flow regime of the Senegal River.

World Bank-funded dams have also wreaked terrible environmental damage, including the submergence of huge tracts of forests, the loss of countless fisheries, the opening of remote areas for resource extraction, and the loss of wetlands and estuarine habitat. Tucuruí and Balbina Dams together drowned 6,400 square kilometers of rainforest in the Brazilian Amazon. Akosombo flooded more land than any other dam in the world, 8,500 square kilometers, around four percent of the area of Ghana.

World Bank dams have also performed poorly economically. A 1996 World Bank investigation found that construction cost overruns averaged 30 percent on 70 hydropower dams funded by the Bank since the 1960s. Another World Bank study reveals that, of 80 hydro projects completed in the 1970s and 1980s, three quarters had costs in excess of budget. Corruption is one reason the costs soar. The recent corruption scandal involving the Lesotho Highlands Water Project is just the latest example.

World Bank power demand estimates are invariably exaggerated, resulting in excess generating capacity when the project comes on line. The \$3.4 billion Ertan Dam in China has been losing more than \$2.4 million a day since it first started producing power. Due to the project's high costs and changes in China's power industry, Ertan's electricity is significantly more expensive than that produced by smaller power stations which have sprung up in the meantime. Demand has also been less than predicted.

Never hesitant to exact loan repayment in perpetuity for projects it has funded (even failed projects), the World Bank has never been forced to pay for the destruction it has caused to millions of people's lives and the environment. We call on the World Bank to make good on past promises, and give reparations to communities harmed by its past dam projects. From the Maya Achi indigenous people in Guatemala to the people affected by Pak Mun Dam in Thailand, dam-affected communities are demanding justice from the World Bank. It's time for the Bank to pay its own debts.

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International Rivers Network is an affiliate organization of Friends of the Earth International.

Public Action Forces Fiat to Drop Brazilian Dam Plans

by Franklin Daniel Rothman

Multinational industrial giant Fiat has withdrawn its plans for construction of the Pilar hydroelectric dam on the Piranga River in Brazil. Fiat's pullout leaves its minority partner in the project, the Canadian aluminum company ALCAN, to decide whether to downscale the project, seek new partners, or abandon it entirely.

Fiat's decision reveals the power of a politically astute movement that successfully transformed the project's public hearings process into a stage for dramatizing their concerns. The movement included local residents opposed to the project, Brazil's movement of dam-affected people (known by its acronym MAB), and technical experts from universities in the region.

In the early 1990s, the Fiat Group, the Italian-based automobile corporation, and ALCAN joined forces and proposed construction of a 170 MW, 67-meter-high dam in Minas Gerais state. Fiat wields considerable political power in the state as a result of its enormous car-assembling plant near the state capital. The project was to be located 13 kilometers from Ponte Nova, a city of 60,000. According to the consortium's plans, 133 farming families would have been displaced.

The consortium's proposal was submitted to a state environmental licensing process. From the time of the first public hearing in 1997, concerns were voiced regarding the project's potential environmental impacts.

Lessons can be learned from the manner in which Fiat/ALCAN pushed the project forward, and the way in which local residents lobbied to successfully reject it. By 1995, the consortium was pressuring farmers to agree to its compensation proposals, despite the fact that state environmental authorities had not even issued a preliminary license for the project. This triggered uncertainties and anguish among residents, and caused many farmers to stop planting or making improvements to their properties.

Scholars at the Federal University of Viçosa met with dam-affected populations to provide information about Fiat/ALCAN's plans. At these early public forums, consortium spokespeople downplayed social and environmental impacts, promised generous compensation, said that the project would bring modernization and progress, predicted

that increased generation of electricity would attract industry and create jobs, and promised that the companies' technical assistance to affected populations would permit them to increase their agricultural productivity, incomes and quality of life.

Support Team Evaluates EIAs

A university support team provided help to affected communities in analyzing the project's Environmental Impact Study (EIA). The team found that the EIA underestimated the project's negative impacts on water quality in the reservoir and the river. The rare and nearly extinct surubi catfish of the Rio Doce would disappear, as would most fish species downstream. During the dam's operation, the increase in sewage received by the Piranga River, combined with a greatly reduced rate of flow (especially in the dry season), would severely aggravate water contamination and increase the incidence of waterborne diseases.

Through a participatory process, researchers and local residents shared knowledge and observations about the dam's probable impacts, and identified other shortcomings in the EIA, such as gross underestimates of agricultural productivity in the region affected by the dam. While the EIA said the region was suffering from declining agricultural productivity, the support team discovered that the EIA nearly ignored the role of women in agricultural activities, and found evidence of sustained, significant levels of production, domestic consumption and marketing.

The community mobilized for the public hearings, raising critical issues at the initial meeting, and forcing government authorities to schedule an unprecedented second hearing. At the hearing in Guaraciaba in May 1998, critics of the dam argued that the project seriously underestimated the effects of the sharp, daily fluctuation in water levels of the Piranga River which the dam project would cause. The river flows through the center of Ponte Nova, and project opponents

dramatized the danger of the dam bursting and threatening thousands of lives.

Residents made their opposition known at the hearing, where Fiat public relations personnel sat timidly by while community leaders made forceful statements attacking the dam, and children read poetry expressing their feelings for the Piranga River. Dam opponents came equipped with signs reading "Some" (Go Away) or "Fora" (Get Out), which transformed the public hearing into an emotion-packed dramatization of the community's resistance to the dam.

Commission Formed

In 1998, in great part due to the efforts of the local environmental NGO ASPARPI, authorities were convinced to form a commission to evaluate the economic impacts of Pilar Dam. The commission's findings were that local governments would have to expend far more on added infrastructure than they would receive as a result of the dam's construction, countering consortium claims of increased net revenues from royalties and growing industrial development.

Another lesson of the Pilar case was that state and civil society cooperation can strengthen societal control in the process of environmental regulation, contributing to democratization of dam projects and of the state. Local opponents of the project worked to make their concerns known to progressive technocrats of the state environmental protection agency, FEAM, and this alliance shared the common goal of having dam project sponsors internalize social and environmental costs. This, in the end, was the straw that broke the project's back.

With 15 additional hydroelectric dams in various stages of the environmental licensing process in Minas Gerais state, the Pilar experience provides a striking example of how local residents and committed technical experts can have an impact on decision-makers, and together they can stand up to powerful corporate interests proposing destructive dams. ■

Note: World Rivers Review is now available in both Spanish and Portuguese in an e-mail version. To receive either of these, please e-mail a request to Monti@irn.org

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There's No Place Like Home

San Roque Oustees Battle to Survive in Cramped Resettlement Site

by Aviva Imhof

Arzenio Andres is 78 years old. For most of his life he has lived peacefully as a tenant farmer in the foothills of the Cordillera mountains in Central Luzon. He and his family grew rice in the hills. They owned mango, guava, banana and jackfruit trees, and goats, chickens and ducks. For extra income they made charcoal and panned for gold in the Agno River. They led quiet, rural lives.

And then, abruptly, everything changed. Five years ago officials from the National Power Corporation – the Philippine electricity utility – visited Mr. Andres. They told him that he and his family needed to move because the NPC was going to build a dam on his land. They promised him a beautiful house and 20,000 pesos (\$800 at the time) to start their new lives. They said he had two options – either he could move to a government house, or stay and watch his house be demolished. Naturally, he chose to move, and signed a contract which was written in English, a language he didn't understand.

Today, Mr. Andres and 140 other families live in the Camangaan resettlement area near the San Roque Dam construction site. They moved there last August, after being forced to live in a temporary resettlement site for six months. Another 40 families are waiting for their houses to be complete before moving into the resettlement area.

In February this year, I visited the Camangaan resettlement site, together



Photo: Toots/Philippines Daily Inquirer

There is no room for growing food at the Camangaan settlement site.

with Ikuko Matsumoto from Friends of the Earth Japan and activists from the Philippine NGO the Cordillera People's Alliance. We spent a day in the newly created village, interviewing people and listening to their stories.

I had seen pictures of the site before our trip, but nothing could prepare me for the harsh reality of these people's lives. The "village" appears to have been plopped upon the land like an oversized Lego-land, lacking all human touches that normally go into the creation of a community. The small pink, blue and green concrete houses – boxes, really – line the incongruously wide paved road, one next to the other. Each box holds two tiny bedrooms, a small living/kitchen area and a miniature bathroom. There is no land available for the new tenants to grow food or graze animals. It's a resettlement bureaucrat's dream, and a farm family's nightmare.

Some people have sunk into despair as the reality of their new lives finally hits them. Others are angry. Stuck on 200 square-meter lots, with no land and no source of income, families are battling to survive. They wonder why they have been left there to fend for themselves, why the promises

made by project authorities have not been honored, and how they are going to feed and clothe their children.

Development for Whom?

These people are the casualties of a development policy that allows the poor, uneducated and marginalized in society to be swept under the carpet. In this case, development comes in the form of a 200-meter-high dam, a US\$1.1 billion private project with public subsidies. The 345 MW hydropower, irrigation and water supply project is being funded by the Japan Bank for International Cooperation (JBIC) and built by a private consortium including Sithe Energies of the US and Marubeni of Japan. The project is already under construction, and while the company claims that 37 percent of funds have been spent, the work on the main structure is only 4 percent complete.

Although the National Power Corporation stands to gain very little from this project, it is contributing \$400 million toward the cost of the dam (for the supposed non-power components), as well as shouldering all the resettlement, watershed management

continued opposite

Take Action!

You can help the relocated families by writing to the National Power Corporation and the President of the Philippines. Demand that the relocated communities be provided with just compensation, jobs and secure livelihoods.

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President
National Power Corporation
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and other compensation costs. Meanwhile, the San Roque Power Corporation is assured of guaranteed returns on its investment, without assuming any of the social and environmental costs. NPC has promised to buy all the power from San Roque for a price significantly higher than the price Philippine consumers currently pay for their power. Under this scenario, it is no surprise that the displaced get the worst deal.

Life without Livelihood

Being forced to move from a subsistence economy to a cash economy overnight would be difficult for anybody. But finding oneself suddenly in a cash economy with no cash income is a living nightmare. This is the situation that 90 percent of families at the resettlement site are facing.

"Before we moved here, we were far better off. Even though we had smaller houses, we had sources of livelihood," a 39-year-old mother of three told me. "We could eat, grow vegetables, do gold panning. Here we need money to survive but we have no source of income. Life here is difficult."

Because most of these relocated families were tenant farmers, they were entitled to only small amounts of compensation: the cash equivalent of the value of their gross harvest for one year, disturbance compensation of \$187, and money for fruit trees and animals. Yet most people said that they had not yet received all their compensation, and the amounts received were insufficient to sustain their families at the resettlement site. When pressed, the staff from the NPC's Social Engineering Unit in Manila admitted that many people had not yet received everything to which they were entitled.

NPC also promised to give the relocated families priority employment at the dam construction site, yet only around 10 percent have gotten jobs on the project. Every week, people from Camangaan apply at the construction site, but Raytheon, the construction contractors, are now firing workers, not hiring, as the need for unskilled labor has decreased at the construction site. Those who have jobs fear for the future when construction is complete and all the jobs disappear.

Another broken promise is that of livelihood programs for the relocated families. Not one person interviewed could report positively on efforts to help them find new livelihoods in the resettlement area. Several people said that they had been forced to pay up to 13,000 pesos (\$325) for cows, far above the market price of 7,000-8,000 pesos. Others were promised pig- and goat-raising projects, but they have no land to raise animals. Some people were promised 20,000

pesos as initial capital for livelihood programs, but none have received this money. One group of women said that NPC had offered to start a lending cooperative, but the NPC staff told them that they needed to offer their houses as collateral. The women said they are afraid they will lose their houses – their only property – so they are not inclined to join.

Without any form of income, people do not know how they will survive. One man said he fears he might be forced to steal. "I don't want to be a dishonest person, I want

"I feel like we are cows put in a corral. We can't do anything but walk around in circles. We are like cows getting thinner everyday without any grass to eat."

to be a good person," he said, "but if NPC doesn't do as promised, I might have to do bad things."

"We are asking for employment, any kind of employment," said another woman. "My children have no source of livelihood if I die."

Even gold panning, which formerly earned people some extra cash, is now forbidden due to the ongoing construction activities. And after the dam is complete, the reservoir will store the river's gold-laden sediment, so downstream waters will offer nothing for gold-panners.

Without income, people cannot afford to pay their electricity and water bills, and some have already had their services cut off. This is ironic given that NPC's promises of development for the relocated families were based primarily on the fact that they would have access to piped water and electricity. Some families were even led to believe that these services would be provided free of charge.

Said one 66-year-old man, "I feel like we are cows put in a corral. We can't do anything but walk around in circles. We are like cows getting thinner everyday without any grass to eat."

More Woes Downstream

After visiting the Camangaan resettlement site, we visited residents of Barangay Narra, who are also facing relocation. The San Roque Power Corporation is digging up to 1,400 hectares of land in this area to a depth of around 10 meters to take the fill for the

dam, creating a huge hole in the ground. This activity has never been subjected to an environmental impact assessment, nor has an Environmental Clearance Certificate been issued as required by Philippine law. Yet when the Philippine Bureau of Mines and Geosciences issued a Cease and Desist Order last year directing the SRPC to stop its extraction activities, Philippine President Estrada issued an Executive Order overriding the order.

Up to 212 families will be resettled from Barangay Narra, yet there is no designated temporary or permanent relocation site for them, so they will have to "self-relocate." Some of the families have nowhere to go. They believe they are entitled to a relocation site with housing but NPC has said they cannot provide for them. They are afraid that with the very small compensation packages offered by NPC, they will have insufficient money to buy replacement land and they will be forced into destitution. This is inconsistent with JBIC guidelines which require full replacement value compensation for land. People said that they are being treated like "chickens being driven away."

Joan Carling, Secretary-General of the Cordillera Peoples' Alliance, said, "The conditions at the resettlement site highlight what a bad project this is for the Philippine people. It speaks of the utter hypocrisy of the dam-builder, and the Philippine government, who claim that this is development for the people. We will continue to fight this project and for the rights of all people affected by San Roque Dam. People are united in their call to let the Agno River flow." ■



Arsenio Andres is finding it hard to make ends meet since being resettled.

Photo: Aviva Imhof

World Bank Proposes Corporate Welfare for AES, World's Largest Power Producer

by Lori Pottinger

The US-based AES corporation, the largest independent power producer in the world with assets of \$11 billion, is currently in line to receive funds from the International Development Agency (IDA), the World Bank division responsible for making loans to the world's poorest nations. IDA is considering a partial-risk guarantee for AES' proposed Bujagali Falls Dam in Uganda, which is also being appraised for loans from the International Finance Corporation (IFC), the private investment arm of the World Bank.

The US\$520-million dam would have serious social and environmental impacts, and would drown the spectacular Bujagali Falls, a site of growing local and international ecotourism. The dam would be built 10 miles below two other large dams, the existing Owens Falls Dam and the Owens Falls Extension Project, now under construction. The Owens Falls Extension Project will solve Uganda's power shortage problem, meaning that the Bujagali project's output will likely have to be exported to make the project economically feasible.

Despite the World Bank's stated mission to reduce Uganda's poverty, the project will do little or nothing to reduce the "electricity poverty" of the majority of Uganda's population, 95 percent of whom are not connected to the national grid. The project's supposed poverty alleviation impacts – a key component if it is to garner IDA funds – are difficult to defend. Critics argue that the Bujagali Dam is not likely to serve the needs of those currently without electricity, because extending the nation's electricity transmission grid will cost huge amounts of money. Even with an extended grid, most Ugandans could not afford the project's power.

The IFC is currently appraising the project, and is expected to decide within 6-12 months whether or not to lend for the project. World Bank documents reveal that the IFC intends to lend AES \$60 million, purchase \$25 million in equity in the project, and facilitate commercial lending through a syndicated loan worth as much as \$70 million.

The project is being used as a "carrot" in the World Bank's efforts to privatize Uganda's energy sector. Because the IFC is simultaneously supporting a major multinational which stands to benefit directly from World Bank sponsored policy reforms, many NGOs

"Future economic prosperity and sustainable water resource management in Uganda will not lie in huge dams. The way forward is the wise use of river-based environmental goods and services; not their extinction through the pursuit of hydropower lunacy."

Uganda NGOs

see Bujagali as representing a real conflict of interest for the Bank.

"The Bank's zeal to support the private sector is translating into socially and environmentally harmful projects that support major multinational corporations but do not solve widespread energy poverty in poor countries like Uganda," says Alex Wilks of the UK-based Bretton Woods Project.

Poorly Chosen Project

Martin Musumba, of the local NGO Save Bujagali Crusade, says, "The real issue in Uganda is not electricity but poverty. Production of more electricity will not reduce use of fuelwood and charcoal until deliberate programs are evolved to reduce poverty and the cost of power." NGOs are pressing for a sustainable fuelwood program and efficiency measures to reduce wastage in the existing system (estimated to have losses of power of 30-40 percent).

Local groups are also urging investors to help Uganda initiate a solar PV program, which could be modeled on Kenya's highly successful experiences. In Kenya, more households get their electricity from the sun than from the national grid, according to *The Economist*. Some 50 local companies now manufacture or assemble PV systems there, according to Daniel M. Kammen of the Energy and Resources Group at the University of California, Berkeley. Unlike the region's big hydro projects, Kenya's solar industry has developed without significant aid, subsidies

or government support, according to Kammen. And unlike grid-dependent big hydropower, solar power actually brings electricity to those without.

As part of its efforts to evaluate Uganda's energy needs, the IFC commissioned the dam-building firm Acres International of Canada to study various electricity-generating options. Acres is currently working on the Owens Falls Extension Project, so cannot be considered unbiased about hydropower for the Nile. Although the full report is not yet available, the executive summary reveals that the only options studied were six dams, including Bujagali.

If the summary is any indication, this report does not address serious wastage in the existing distribution system – an option that would not likely be profitable for AES or the IFC, but would prevent the need to build more dams at this time. Energy efficiency experts say that anything above a 10 percent loss through the transmission system should be recoverable, meaning that Uganda is losing anywhere from 35-55 megawatts (MW) and possibly as much as 70 MW through its existing system (based on its current peak demand of 260 MW and average losses of 30-40 percent).

The Acres report is also dismissive of renewables, despite the fact that solar has proved to be well-suited to the region's electricity needs and wind power is now the world's fastest growing electricity source. "The only alternatives to the hydroelectric projects on the Victoria Nile that would sufficiently meet demand are thermal power plants," the Acres study states. "Other alternatives, such as geothermal, wind, and solar power are not sufficiently developed to significantly contribute to the power supply for the Uganda National Network."

The truly tough question seems to be, who will buy AES' hydropower? The industry publication *Hydropower and Dams* estimates Uganda's energy demand at 320 MW currently. With the 180 MW Owens Falls Dam and the 200 MW Owens Falls Extension (to be completed this year), Uganda appears to have a surplus of power. Bujagali's 270 MW may have nowhere to go, if neighboring countries don't buy the bait. ■

See opposite for a Ugandan NGO's perspective on this project.

The Environmental Corruption of Large Dams

A Letter from Ugandan NGOs to the World Bank

by Martin Musumba, F.C. Oweyegha-Afunaduula & Frank Muramuzi

The following is an edited extract of a letter by Ugandan NGOs fighting the Bujagali Dam. The letter was sent to the World Bank and its private investment arm, the IFC.

We have learned that the IFC has begun appraising the Bujagali project, despite glaring evidence that the project's decision-making process has been heavily polluted by political and business corruption right from the beginning.

This project was effectively cushioned from competition by the politicians in Kam-

pala for reasons best known to themselves. Along the way, there was undue political and corporate pressure on the members of parliament to pass the electricity law and approve the power purchase agreement quickly to favor AES, the preferred power developer.

In Uganda, frequent power cuts are being used by government and AES to justify the Bujagali project. They ignore critical patterns of

power generation, distribution and consumption and the pervading influence of poverty.

The real issue in Uganda is not electricity but poverty. Currently the majority of Ugandans have no money for electricity. The focus, therefore, should be on poverty reduction, not damming rivers for export of power. The market for hydropower is critically small and dwindling because poverty is on the increase.

In Uganda, despite the presence of Owens Falls Dam for over 40 years, fuelwood has remained the main energy source for the majority. The majority of Ugandans cannot afford hydroelectricity, but fuelwood use also has a socio-cultural basis which can no longer be ignored in energy planning.

We are opposed to energy generation that is a product of corrupt policy-making. We are opposed to raising the issues of energy above the issues of poverty. To us, poverty is the greatest of pollutants for Uganda's environment. The World Bank should be putting in place strategies to combat the effects of poverty on the environment and helping to promote environmental democracy, not providing environmental cover to environmentally bankrupt projects.

We think that it does not make sense to erase natural resources that offer multiple services such as Bujagali Falls, only to replace them with projects that are artificial and non-viable socially, culturally and ecologically.

The government of President Yoweri Museveni has unquestioningly embraced full-blown capitalism and corporate guidance of Uganda's economy, including the environmental economy. The result is that environmental aid and economic aid to Uganda, particularly by the World Bank, are more tied to "the free market" than to promoting human rights, environmental security and peace, quality of life, the rule of law and good governance. The emphasis is on growth in the volume and flow of goods and services, at whatever cost.

It seems that despite our protests and articulations against the Bujagali Project, the World Bank and IFC have decided to use the project as a weapon "to motivate reform" in the corruption-packed energy sector in Uganda. The focus of the reforms seems to be "to improve the financial viability of the energy sector," ostensibly by exporting power to Kenya. Nothing else.

What You Can Do

Write to AES and IFC, urging them to preserve Bujagali Falls and invest in energy projects that will help the majority of Ugandans. Such projects might include wind and solar power, and demand-management energy conservation measures. Tell them that because the cost of extending the national electricity grid to those without power (who are mostly in remote rural locations) is prohibitively expensive for Uganda, the AES claim that this project will bring power to the poor does not hold water.

- Explain that the many functions of a freshwater ecosystem like the Nile – as a source of rich fisheries, forests, natural water filters, and reservoirs for ground-water storage – would be destroyed or seriously impaired by the continued damming of the river. Destroying these riverine ecosystems by building more large dams will cause serious problems for Uganda in the long run, at great economic and environmental cost. Tell them that sustainable human development depends on healthy ecosystems. The prudent course, therefore, is to invest in less harmful energy projects.

- If you own AES stock (NYSE symbol: AES) or are invested in a fund that has significant AES stock holdings, note that fact in your letter and state that as a shareholder, you are interested in seeing AES follow its stated principals of "social responsibility" and "to serve the electric-

ity needs of the world." If they are truly interested in serving Uganda's electricity needs, they will work to find ways to help the majority of Ugandans who cannot afford power from expensive, centralized electricity projects like large dams.

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US

- 1 Environmental poetry reading, Hartnell College
- 2 Candlelight vigils in Santa Clara to support Narmada struggle
- 3 Dissemination of paper on the future of the Mekong River
- 4 "On Our Way to Glen Canyon" celebration for a free-flowing Colorado River
- 5-7 Candlelight vigils in Wisconsin, Pennsylvania and Washington, DC to support Narmada struggle
- 8 Ceremony/Native American blessing of Delaware River
- 9 Letter to Hydro-Quebec protesting plans to dam Churchill River
- 10 Candlelight vigils in Boston to support Narmada struggle

Canada

- 11 Ceremony promoting restoration of the Petitcodiac River
- 12 Education event on inland fisheries, Carleton University
- 13 Event to fight dam on Batiscan River
- 14 Snowshoe along traditional Innu route to protest Hydro-Quebec dam project

Nicaragua

- 15 Teach-in on water situation in Nicaragua & cultural performances

Columbia

- 16 Strategy meeting to strengthen Latin American anti-dam activist network

Bolivia

- 17 Nationwide media campaign on the impacts of dams

Brazil

- 18 Demonstration to demand meeting with Eletronorte on Tucuruí Dam
- 19 March to Castanhão Dam site for reparations
- 20 Letter denouncing companies building Lageado Dam
- 21 Teach-ins & demonstration against the Sacos & Gatos I Dams
- 22 March & rally to demand fair resettlement for Cana Brava Dam
- 23 Women lobby government on Lageado Dam
- 24 Teach-ins on the impacts of Itaipu Dam
- 25 Protest against dams on the Ribeira de Iguape River
- 26 Demonstration for fair resettlement for people affected by Itá Dam

Chile

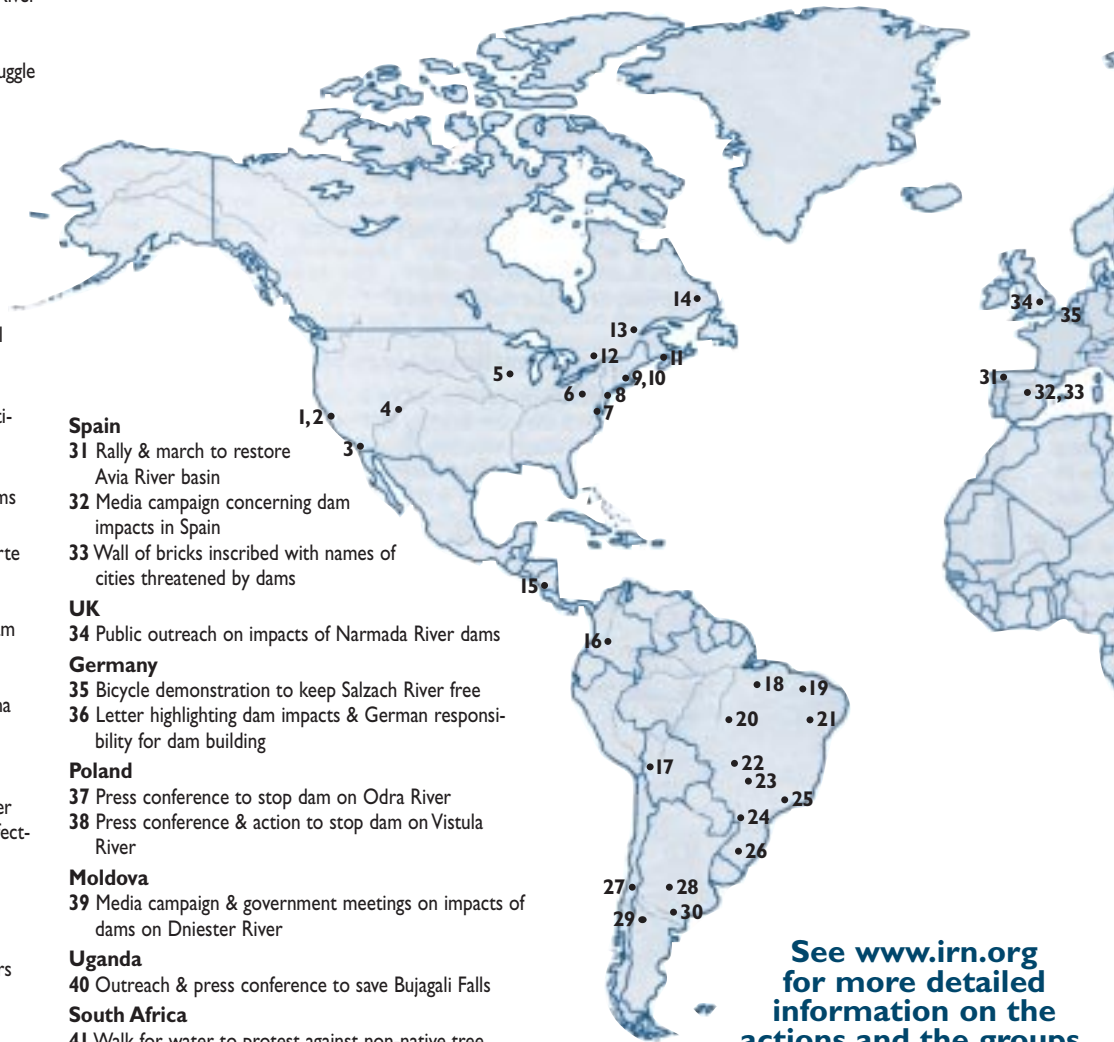
- 27 Event & seminar about Biobío River

Argentina

- 28 Media campaign on threats to Latin American rivers
- 29 Event to fight Segunda Angostura Dam on the Rio Limay River
- 30 Media campaign highlighting Parana Medio Dam

Day of Action for Rivers Sp

"Water for Life, not for Death!" was the cry as activists in 26 countries participated in the International Day of Action on March 14. Nearly 70 actions were held across the world to promote alternative river management strategies and celebrate rivers.



Spain

- 31 Rally & march to restore Avia River basin
- 32 Media campaign concerning dam impacts in Spain
- 33 Wall of bricks inscribed with names of cities threatened by dams

UK

- 34 Public outreach on impacts of Narmada River dams

Germany

- 35 Bicycle demonstration to keep Salzach River free
- 36 Letter highlighting dam impacts & German responsibility for dam building

Poland

- 37 Press conference to stop dam on Odra River
- 38 Press conference & action to stop dam on Vistula River

Moldova

- 39 Media campaign & government meetings on impacts of dams on Dniester River

Uganda

- 40 Outreach & press conference to save Bujagali Falls

South Africa

- 41 Walk for water to protest against non-native tree plantations

See www.irn.org for more detailed information on the actions and the groups.

A ROUNDUP OF THE ACTIONS

In March 14, thousands of people around the world organized actions to speak out against dams, fight for reparations and demand alternatives. From Australia to Uganda, groups worked to spread the word about the impacts of dams and the need for healthy rivers. This year marked the third anniversary of the event, which originated at the First International Meeting of People Affected by Dams held in Curitiba, Brazil in 1997.

A major focal point of this year's actions was dam-affected people's demand for reparations, which are measures taken to repair damages caused by existing dams. In Brazil, over 3,000 people occupied dam sites and launched

protests across the country to demand reparations for people affected by the Tucuruí, Itá, Castanhão and Lageado Dams.

In the Philippines, activists and affected people organized widespread protests to call attention to the intensifying struggle against San Roque Dam on the Agno River.

Groups also used the Day of Action to call for new strategies for river management and meeting energy, water and flood management needs. Members of the Inland Rivers Network in Australia organized a media campaign to advocate the decommissioning the 15-meter-high Wellington Dam, located 400 miles northwest of Sydney. The Australian group

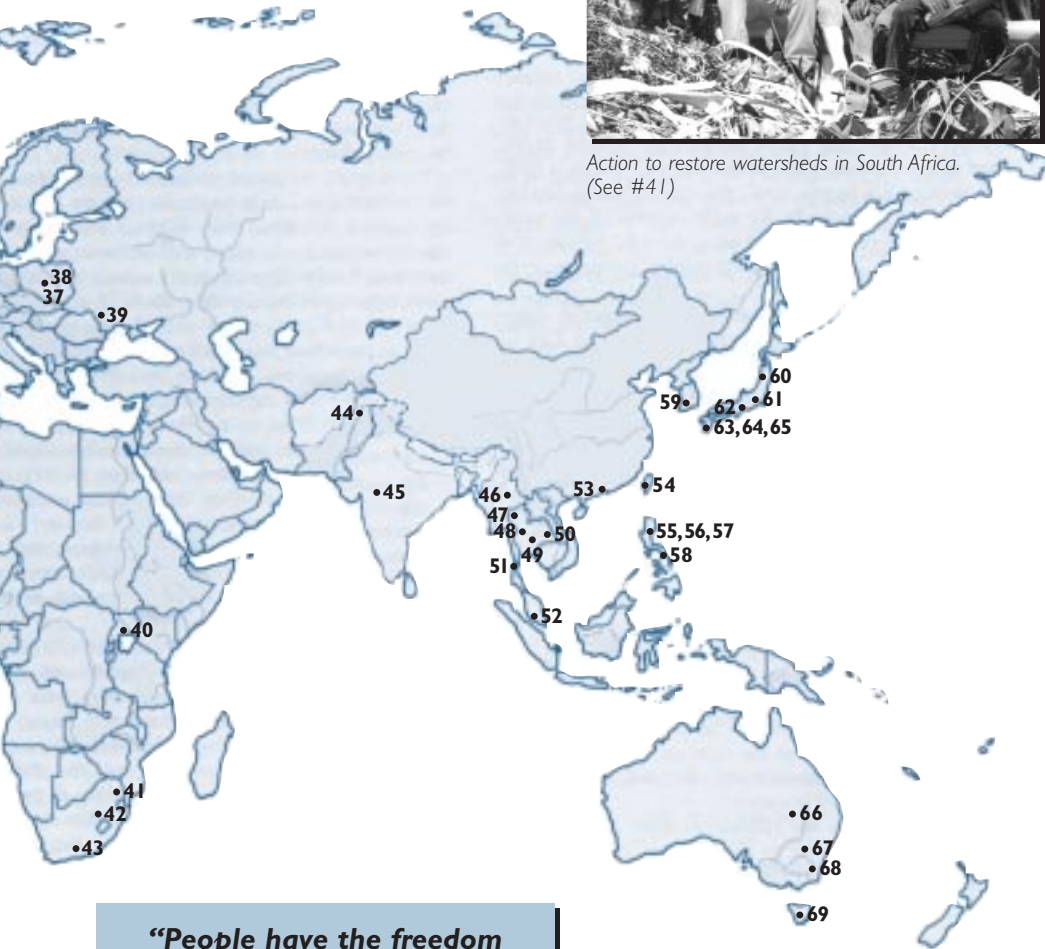
Pedder 2000 organized a ten-day Living Rivers Festival in Tasmania filled with workshops, videos and a blessing of Lake Pedder, whose beautiful pink quartz beaches were inundated by the Huon-Serpentine Impoundment. People celebrated the Franklin River through poetry and music. In Thailand, hundreds assembled on the banks of the Mun, Kok, Yom, Rubror, and Mekong Rivers to pray for their restoration and revival. Hundreds of Thai villagers and activists called for the decommissioning of the World Bank-funded Pak Mun Dam, which has harmed fisheries, and the Rasi Salai Dam, which has been plagued with salinization problems.

Spans the Globe

ries took part in the third annual organized to stop dams, push for



Action to restore watersheds in South Africa. (See #41)



- 42 Education of river guides about dam impacts
- 43 Protest & outreach on Steenbras Dam & dam struggles worldwide
- Pakistan**
- 44 Public hearings on Chotiari Dam impacts
- India**
- 45 Rallies in Narmada Valley to stop dams & demand reparations
- Burma**
- 46 Virtual protest on Internet against dams on Salween River
- Thailand**
- 47 Ceremony to worship Kok River
- 48 Ceremony to worship Yom River & protest Kaeng Sua Ten Dam
- 49 Demonstration demanding decommissioning of Rasi Salai Dam
- 50 Protests calling for decommissioning of Pak Mun Dam
- 51 Ceremony to worship Rubror River & protest Rubror Dam
- Malaysia**
- 52 Education & celebration to stop Selangor Dam
- China - Hong Kong**
- 53 Declaration publicizing destroyed streams
- Taiwan**
- 54 Prayers, story-telling, presentations, & reading of Meinung Anti-dam manifesto
- Philippines**
- 55 Photo exhibit in Baguio City against San Roque Dam
- 56 Gathering of dam-affected people to fight San Roque Dam
- 57 March & rally in Dagupan against San Roque Dam
- 58 Picketing in front of Japanese embassy to protest San Roque Dam
- Korea**
- 59 Rallies to stop dams on Tong, Tallae & Nakdong rivers
- Japan**
- 60 Canoe protest to keep Uchikawa River free from Gassan Dam
- 61 Community celebration of Sagami River
- 62 Petition to stop Tokuyama Dam
- 63 Tree planting on Kuma River to prevent floods
- 64 Paddling to save the Naka River from Kawabe River Dam
- 65 Citizen education in Kumamoto city on Kawabe River Dam
- Australia**
- 66 Declaration on appropriate water management
- 67 Media coverage of fight to remove Wellington Dam
- 68 Launch of healthy rivers campaign in New South Wales
- 69 Living Rivers Festival on river restoration

“People have the freedom not to be persecuted by dams. People against dams, stand up! Oppose dams for our dignity and survival. Oppose dams for people’s freedom. Oppose dams for earth’s justice. Let the rivers run!”

Meinung Anti-dam Declaration, March 14, 2000

In India, hundreds of peasants, laborers and fish workers living on the banks of the Narmada River gathered to express their resolve to fight against the destruction of large dams and emphasize the need to develop sustainable and equitable ways of harnessing water and energy. The colorful rally and public meeting, organized by the Narmada Bachao Andolan and the National Alliance of

People’s Movements, was filled with slogans, songs and resolve.

In Japan, the Association of Fishermen to Preserve the Kuma and Kawabe Rivers planted trees in the watershed in an effort to promote alternative flood management strategies to the Kawabe River Dam. Children and elders planted 1,000 broad-leaved trees on the steep mountainsides lining the Kuma River. This dam would inundate four dams, resulting in a net loss of power.

Around the world, innovative protests were organized to demand healthy, free-flowing rivers. North American Innu people took a snowshoe trip along a traditional travel route to show their determination to hold on to their homeland and

to protect it from future threats. In Nicaragua, students, scientists and NGOs organized a public forum on the state of the nation’s rivers and lakes and to discuss plans to build an industrial waterway on the San Juan River. And activists from different regions and ethnic communities in Taiwan gathered to protest the Meinung Dam. They released a large balloon in the air to visualize the height of the proposed dam, read a Meinung anti-dam manifesto, held a storytelling contest to “subvert the dam myth,” and dropped an “International Day of Action Against Dams” banner over the Meinung River.

Susanne Wong & Elizabeth Brink

Day of Action Rally Launches Effort to Restore the Colorado River

by Elizabeth Brink

A major campaign has been launched to decommission Glen Canyon Dam, with the goal of restoring the Colorado River. The Moab, Utah-based Glen Canyon Action Network (GCAN) is leading the charge, and has set out to build a people's movement "on their way to Glen Canyon," whose magnificent red-rock canyons were drowned with the filling of the dam in the 1960s. The movement's first public event was a Restoration Rendezvous, which revolved around the March 14 International Day of Action Against Dams.

"This is a significant step for Glen Canyon, the Colorado River and rivers throughout the world," said GCAN Executive Director Owen Lammers at the March events. (Lammers is IRN's former executive director.) "A people's movement is now forming to embark on a restoration journey unparalleled in the history of river management. Starting with Glen Canyon and working up and down the watershed, this effort will promote water, energy, agriculture and restoration policies that will ensure the long-term health and integrity of the Colorado River."

Construction of Glen Canyon Dam began in 1957 and was completed in 1964. The dam is 216 meters high, and has a total storage capacity of 27,000,000 acre-feet, making the reservoir the second largest man-made impoundment in the western hemisphere (one acre-foot can cover an acre in a foot of water). The dam currently generates 1,300 MW of electricity when fully operational – enough power for about 350,000 homes, or about three percent of the supply in the six states it serves.

It's not just the management of the Colorado River that decommissioning proponents want to change, but also how we think about and interact with our environment. That idea was powerful enough to draw some 400 people to a teach-in at the Flagstaff campus of Northern Arizona University (NAU) on March 13, and 250 people to the dam site, two hours north in Page, on March 14.

Ken Sleight, long-time advocate of a restored Glen Canyon, opened the teach-in by interweaving personal history with that of the canyon and the dam. He told of boating this stretch of the Colorado before the



Hundreds celebrate the possibility of decommissioning Glen Canyon Dam.

dam, and described participating in five previous rallies for a restored river held at Glen Canyon Dam. At a concert later that evening, folk singers Peg Millett and Bill Oliver revved up the crowd with anti-dam songs with lyrics such as "drain it, reclaim it, unplug it and un-name it." Former Hollywood starlet-turned activist Katie Lee followed, entertaining the crowd with her personal anecdotes and slides of the pre-dam Glen Canyon she knew and loved so well in the 1950s and '60s.

David Brower, who founded the environmental groups Friends of the Earth and Earth Island Institute, was the keynote speaker at the event at the dam. Brower stood on a "stage" made on the bed of a pickup truck which had belonged to Edward Abbey, author of the classic desert novel *The Monkey Wrench Gang*, in which Glen Canyon Dam is demolished. Brower focused on issues of the dam's water loss through evaporation and seepage, discussed the need for sustainable economies, and described his personal hikes with his family through the canyon before the dam. Brower insisted that the appropriate question is not "will we drain the 'lake,' but will we drain it in time," alluding to serious safety concerns and the near failure of the dam in 1983.

Tribal elder Thomas Morris, who is President of the Diné Medicine Men's Association, performed an invocation in his native Navajo language, and spoke of how the submersion of sacred sites has negatively impacted his people. Ryan Sandoval, from the Office of the President and Vice-President of the Navajo Nation, explained that he was observing the activities and studying the concepts in order to report knowledgeably back to the tribal government.

Juliette Majot, Executive Director of International Rivers Network, spoke of her journey "on the way to Glen Canyon," which included encounters with people around the world who support the growing movement to free rivers from dams. "Decommissioning Glen Canyon Dam sends a signal to the world that it is possible to restore our rivers and watersheds, even where large dams now stand in the way," said Majot. "There is real greatness in doing so during our lifetime, in recognizing the mistakes we've made and meeting the challenge to correct them. People all over the world who are fighting to save their communities and rivers will join this campaign because it is in their interest to do so. In a way, we are all on our way to Glen Canyon."

continued opposite

Photo: Juliette Majot/IRN

Canadian Dam to Be Decommissioned

by Elizabeth Brink

Restoration of salmon on Canada's west coast is the objective of a deal to demolish a large dam on the Theodosia River, north of the town of Powell River. The Theodosia Dam, measuring 8 meters high and 125 meters long, will be the largest dam to be dismantled in Canada. The provincial government of British Columbia made a deal with a dam owner to restore the river's water flows, government officials announced on February 28, 2000.

Water flows will be restored to the Theodosia River through an agreement reached by the province and Pacifica Papers Inc., which diverts water from the river to generate hydropower for its paper mill. The dam, 12 kilometers from the mouth of the Theodosia River, diverts about 70 percent of the river's natural flow

to the Powell Power Plant. The Theodosia River diversion has been active and licensed through the province since the dam was constructed in 1956.

Before the dam, the river was alive with 100,000 pink salmon, 50,000 chum salmon, and 10,000 coho salmon. By contrast, estimates for 1999 show a complete loss of pinks, about 2,000 to 3,000 chum, and a few dozen coho. The agreement calls for an adaptive water management plan to be developed that decommissions or removes the Theodosia Dam to restore the natural ecosystem downstream.

"This agreement is a progressive example of how our province can restore rivers through adaptive management. It will do much to repair one of the region's great salmon rivers," said Mark Angelo, Rivers Chair of the Outdoor Recreation Council,

one of the leading members of the Save the Theodosia Coalition, which fought for decommissioning the dam.

There are over 2,000 dams in British Columbia, of which an estimated 300 have either outlived their usefulness all together, or provide only marginal benefits while continuing to cause major environmental problems. "No dam was meant to last forever – they do age and, eventually, outlive their usefulness. When that occurs, I believe we have to look at the decommissioning or dismantling option in an effort to restore habitat," stated Angelo at a February 28 press conference on the project.

The removal of the dam may set a precedent for the removals of more large-scale dams in the future, according to Angelo. Many dams are routinely removed in the province, but none of this magnitude to date. ■

Glen Canyon continued

Brower and the indigenous leaders led attendees at the event to sign the "Glen Canyon Declaration," presented by GCAN President John Weisheit and Phil Williams, President of International Rivers Network. Nearly 200 of those present came forward to sign the declaration, forming a long line that snaked into the dam's huge parking lot. The declaration calls for decommissioning Glen Canyon Dam and restoring the Colorado River watershed.

Recreational Users Object

Media coverage of the event was extensive, generally focusing on the controversial nature of the campaign. The Friends of Lake Powell organized a simultaneous event across the reservoir, where residents of Page, Arizona – a town that derives its livelihood from the existence of the dam – made their emotional pleas to save "their lake." The dam was built for water storage and hydroelectric power generation, but the argument most often offered by dam preservationists is the potential loss of income from recreational tourists. Lake Powell attracts 2.5 million people annually. The value of the houseboats alone that utilize the reservoir is estimated at some \$190 million.

But the environmental costs of a desert reservoir filled with power boats are huge. In an area where water is precious, an estimated 1.5 million acre-feet per year is lost

annually due to evaporation from the reservoir and seepage into the surrounding Navajo sandstone. Moreover, an enormous amount of water is wasted through inefficient irrigation projects supplied by the reservoir. GCAN asserts that implementing more water-efficient irrigation practices could free up as much as five million acre-feet a year, and currently available energy conservation and efficiency programs could easily replace the power lost from a decommissioned Glen Canyon Dam. While decommissioning would mean the loss of revenue from visitors to the reservoir, GCAN argues that the dam was not constructed for recreational purposes, and should not be maintained solely to preserve them.

The Glen Canyon Declaration offers one alternative for the town of Page: "The Bureau of Reclamation should establish a federal laboratory to serve as the nation's primary research facility for river and riverine habitat



Native American elders sign the Glen Canyon Declaration.

Photo: Juliette Major/IRN

restoration, and give strong consideration to locating this facility in the town of Page, Arizona." As part of its future efforts, GCAN will push to have such an international center for river restoration established in Page.

GCAN invites friends and colleagues around the world to sign on to the Declaration, which can be found on their Web site (www.drainit.org), or at the organization's new ice cream parlor, The Restoration Creamery, recently opened in Moab, Utah. The creamery's mission is to devote its profits to draining "Lake" Powell, one scoop at a time. ■

SHORTS

A test of an emergency siren system to warn of a dam failure sent panicked residents near California's Casitas Dam rushing for higher ground in January. People within a nine-mile area of the Ventura River valley heard blaring sirens late Saturday afternoon and a voice from a loud speaker declaring: "This is an emergency. Head for high ground. You have one hour." Those who fled did not hear the beginning of the message, which stated it was only a test. In the ensuing rush to escape, people trampled fences, filled nearby streets and jammed emergency phone lines.

The Aquatic Cellulose International Corp, whose purpose is to acquire rights to harvest timber inundated by dams, announced last year that it had harvested its first log on a dam in Brazil. The company states, "there are 38,000 dams and waterways around the world that are potential recovery sites for our exclusive robotic recovery system."

The world's tallest pair of offshore wind turbines will be raised off England's northeast coast later this year by an Anglo-Dutch consortium with high-minded ambitions. The partners, which include UK generator PowerGen Plc and oil giant Royal/Dutch Shell, hope the pilot scheme in Northumberland will trailblaze investment in western Europe's richest source of wind power – the North Sea. Energy Minister Helen Liddell recently directed all UK electricity supply companies to source 10 percent of their needs from green sources by 2010.

Alcoa Inc., one of the world's largest aluminum producers, agreed in mid-March to pay \$8.8 million as part of a settlement of claims against the company for polluting the Mississippi River Basin. The agreement also requires Alcoa to reduce its output of hazardous waste. Alcoa was found to have violated multiple requirements of its Clean Water Act permit regulating discharges from the company's Warrick facility into the Ohio River, which feeds the Mississippi River.

News Briefs



UPDATES

LESOTHO: In recent months, agents of Lesotho's National Security Service have repeatedly harassed a man who lost his land to Katse Dam. Benedict Leuta says the visits by the police began shortly after he returned from an NGO-sponsored meeting for dam-affected people, at which he presented a paper on the effects of Katse on his community. On their first visit to Leuta on November 19, the police seized documents he had brought back from the hearing.

"My hands were shaking because I was so frightened," Leuta said. The agents asked about the meeting (which gathered testimony for the World Commission on Dams from dam-affected people in Southern Africa), and demanded he hand over documents from it. The agents returned the documents the following week without explanation. Since then, the police have repeatedly visited Leuta, most recently in late March. Other community leaders report similar harassment in the years during Katse Dam's construction. Several residents, who asked not to be named, allege that security agents would frequently interrogate them after they attended meetings of local advocacy NGOs.

NGOs wrote a letter about the police visits to Makase Marumo, the chief executive of LHDA (the parastatal in charge of the dam), asking him to use LHDA's "significant influence to stop these visits from taking place in the future." Marumo responded that "issues of national security have always remained the responsibility of the national security agencies," and stated that LHDA had nothing to do with the police visits. World Commission on Dams chair Kader Asmal also declined to use his influence in the case. Asmal was, until the recent elections, South Africa's Water Minister, and his department was actively involved in the Katse project.

The Lesotho NGO Transformation Resource Centre calls the harassment "nothing less than intimidation and a violation of Leuta's human rights."

JAPAN: The government said in January it will proceed with plans to build a dam across the Yoshino River in Shikoku even though 90 percent of voters opposed the project in a local plebiscite. According to official election results, 102,759 people opposed the 100 billion yen national project, calling it "bad for the environment" and "a waste of taxpayers' money." The plebiscite, which was the idea of a civic group, was Japan's first direct ballot on a major central government public works project. After the vote, both the prime minister and the governor said they will continue to promote the project. However, Construction Minister Masaaki Nakayama indicated that his ministry is ready to review the project through further talks with the parties involved.

Meanwhile, Yukio Hatoyama, president of the largest opposition party, the Democratic Party of Japan, criticized the government's reaction to the plebiscite result, insisting that Tokyo immediately freeze the project. "A country does not exist for the sake of its government or the construction ministry. It exists for the sake of its people," Hatoyama said.

Under the ministry's plan, an existing 250-year-old stone dam will be replaced. The ministry says the current dam would be of little help in the event of a major flood. However, opponents of the project maintain that the new dam will destroy the river's ecosystem.

KENYA: People affected by the Sondu-Miriu hydroelectric dam, now being built with financing from Japan, have released a declaration of concerns and demands about the project. The declaration deplors "the secretive manner in which the project has been imposed on us, without meaningful consultations and lack of access to project documents; the improper valuation of our land by the project proponents; the paltry amounts of money given as compensation for our land and homes," and other problems.

In late February, local police broke up the meeting to launch the declaration, which was being held near the dam-site. In front of a crowd of 1,000 people, the police arrested

at gunpoint 16 community advocates, six local journalists, four foreign journalists reporting for *Asahi Shimbun* and Kyodo news agencies, two ActionAid officials, an Oxfam official and researcher Argwings Odera, who is researching the dam's impacts for African Water Network. Those detained were held at a nearby police station before being released without charge. It was the second time that police made arrests of people concerned about the dam.

The declaration describes the "tedious and confusing payment procedure" for compensation, which is negotiated with contracts they cannot read, and the lack of a water supply for villagers who used to use the river.

"Our livestock have died as a result of drinking from the river's polluted waters while indigenous fish species like Okoko and Ningu are disappearing as a result of the oils and waste water dumped into the river. Our springs and streams have also vanished" because of the construction.

The declaration's demands include that the project developers assess the environmental, social and economic effects of the project, giving "adequate opportunity for review by independent experts." They request "urgent measures be taken to ensure that we regain forthwith our former incomes and be direct beneficiaries of the project for which we have sacrificed our own homes and land." They ask for an updated compensation plan and compensation for landless people affected by the project. And they demand adequate water supply.

A BETTER WAY

INDIA: The Indian government has evaluated the country's wind energy potential at 45,000 MW and identified 177 sites for wind development, reports *The Hindu*. "The next century belongs to renewables," said M. Kanappan, India's Minister for Non-Conventional Energy Sources. The Ministry is preparing a policy statement that could include a goal of generating an additional 15,000 MW from a non-conventional source" by 2012, reports the newspaper – an increase to 8 percent from the present 1.5 percent of renewable energy in the country's electricity mix. According to the industry group American Wind Energy Association India has an estimated 1,077 MW of wind energy generating capacity currently.

US: The Clinton administration in late March proposed new steps to promote renewable energy, including a tax package that will promote greater energy efficiency and renewable energy. The plan is being

proposed as an alternative to the suggestion by Republican Senators to open the Arctic National Wildlife Refuge to oil and gas drilling. He also asked Congress to fully fund his \$1 billion request for accelerated research and development of efficient energy technologies.

The tax package would include incentives for renewable energy and energy efficiency. Clinton wants tax credits for electric, fuel cell and hybrid vehicles through an extension of the current tax credit for these vehicles. Current legislation provides a 10 percent credit which will phase out by 2005. Clinton's proposal would extend the tax credit at its \$4,000 maximum level through 2006, and provide a credit of up to \$3,000 for hybrid vehicles. It would also include a tax credit for new energy efficient homes of up to \$2,000 and tax credits of up to 20 percent for equipment such as electric heat-pump water heaters, natural gas heat pumps and fuel cells.

"The strong performance of our economy over the past year, despite oil price rises, underscores the dramatic improvements in energy efficiency and reliability over the past quarter century," says the statement released March 18. "Increased energy efficiency ... has helped insulate the economy from these short-term market fluctuations," the White House stated.

The US consumed 15 barrels of oil for every \$10,000 of gross domestic product in 1974. That level has dropped to only eight barrels of oil for the same amount of economic output, and Clinton says "we can do even better."

Clinton has also proposed a tax credit for new solar energy systems – \$2,000 for rooftop photovoltaic solar systems and \$1,000 for solar water heating systems. The President also wants an extension of the production tax credit for wind turbines, and tax credits for biomass and landfill methane energy production.

Not everyone is happy with the push for renewables. An association of US hydroelectric companies objects to cuts in federal research spending for hydropower. "To leave hydropower funding flat, while the renewables budget is up 32 percent, reveals the truth about where this administration stands on hydropower issues," says Linda Ciocci, executive director of the National Hydropower Association (NHA). The Clinton administration has requested \$5 million for hydropower funding in the fiscal year 2001 budget for the Department of Energy (DOE) – \$2 million less than last year's request.

DIRTY BUSINESS

US: Taxpayers will pay more than \$26 billion in the next five years for polluting energy programs that benefit the oil, gas, coal, and nuclear industries, according to a new report by a coalition of taxpayer and environmental groups.

The report, "Paying for Pollution: How Taxpayers Subsidize Dangerous and Polluting Energy Programs" by the Green Scissors Campaign, calls for the elimination of big tax breaks for the oil and gas industry, special programs to assist nuclear power utilities, and research programs for coal consumption. Green Scissors is led by the Washington, DC-based groups Friends of the Earth, Taxpayers for Common Sense and the US Public Interest Research Group.

"Our tax dollars are pumping up the pockets of polluters," said Erich Pica of Friends of the Earth. Many of the companies that benefit from the Department of Energy's (DOE) fossil fuel and nuclear programs are large corporations responsible for polluting air and water, and threatening public health. In 1997 alone, the report states, the coal industry mined over 900 million tons of coal that, when burned, contributed 51 tons of mercury and two billion tons of carbon dioxide into the air and water.

Many of the subsidies to the oil, gas, coal and nuclear industries are outdated and were instituted decades ago during wartime or economic depression to increase economic development, the coalition says. The beneficiaries of these tax breaks and subsidies are some of the largest, most prosperous corporations in the nation, earning a net income of \$29.8 billion in 1997.

The companies identified in the report as benefiting from a subset of federal energy programs (such as the Fossil Fuel Research and Development Program, the Clean Coal Technology Program the National Ignition Facility and the Nuclear Energy Research Initiative) made \$39 million in Political Action Committee (PAC) and soft money contributions to congressional campaigns from 1993 to 1999, and received an estimated \$7.3 billion in subsidies – 186 times more than they contributed.

For seven years, the Green Scissors coalition has targeted energy programs that both waste tax dollars and contribute to health and environmental problems. Since 1994, the Green Scissors Campaign has helped to cut \$17.4 billion from these wasteful and polluting projects. Polluting energy programs that were not cut have cost taxpayers at least \$26 billion in the last seven years.

Army Corps of Engineers Entangled in Corruption Scandal on Mississippi River Projects

by Lori Pottinger

A federal agency for “whistle blowers,” the Office of Special Counsel, said in early February that it found “substantial likelihood” that the US Army Corps of Engineers broke laws and squandered millions of dollars in its study of transportation projects on the upper Mississippi River. Senator Tom Daschle (D-SD) said the recent revelations “suggest cost-benefit analyses rigged to justify billion-dollar projects, disregard for environmental laws, and a pattern of catering to special interests.”

At issue is a seven-year, \$50 million study by the Corps to determine whether doubling the size of many locks on the upper Mississippi River to improve barge traffic would be economically justified. The study was pushed by huge agricultural companies, including Archer Daniels Midland, Cargill and ConAgra, all of whom stand to benefit from faster barge traffic.

An affidavit filed with the Special Counsel by Donald Sweeney, an Army Corps economist who worked on the study, details an aggressive, year-long effort by top Corps officials to ignore and distort its own economic analysis in order to justify spending \$1 billion for expanded barging on the Upper Mississippi River. Sweeney wrote a study for the Corps that showed the locks project may not be cost-effective. After presenting it to the top brass at the Corps, he was reassigned and the project given to another employee with less experience.

Sweeney’s allegations are backed up by several witnesses and a trail of emails and paper files which reveal that senior Corps managers directly ordered the study team to figure out a way to make the project seem cost-effective.

Biologists say that more barging would further the decline of the Mississippi River system and its more than 200,000 acres of wildlife refuges. One of the refuges that could be affected by the project currently draws more visitors in a year than Yellowstone National Park.

Just Say Yes

According to a memorandum describing a December 1999 meeting of top Corps’ officials from Mississippi River states, project managers were “encouraged not to take no for an answer” when investigating new projects, as a way of building up the Corps’ proj-

“We need a Corps that balances economic development and environmental protection as required by its mandate – not one that ignores environmental laws as it chooses. History does not offer much room for confidence that the Army Corps of Engineers can meet these standards under its current management structure.”

Sen. Tom Daschle

ect list and budget. The environmental group Environmental Defense says the memorandum raises serious questions because this same Corps division is considering projects that would drain 100,000 to 200,000 acres of wetlands.

Reportedly, the Corps’ military leaders also developed a strategy to increase the agency’s budget by more than 50 percent over the next five years. “Program Growth Initiative” set a goal of obtaining a \$6.2 billion budget by 2005. “If that goal is met, we are all going to be very busy,” states one candid internal memo. The agency’s current budget is \$4 billion.

On February 15, the Pentagon launched a probe into possible high-level misconduct. Army Secretary Louis Caldera responded by requesting a review of the study by the National Academy of Sciences.

In early March, environmental and taxpayer groups called for a halt to the navigation study pending inquiries into whether data was skewed to justify costly lock upgrades, reports the Minneapolis *Star Tribune*. And on March 28, Senator Daschle introduced legislation that would authorize a review of the Army Corps of Engineers’ operations and management.

In a speech before Congress, Sen. Daschle said, “We need a Corps that balances economic development and environmental protection as required by its mandate – not one that ignores environmental

laws as it chooses. History does not offer much room for confidence that the Army Corps of Engineers can meet these standards under its current management structure.” The review Daschle proposes would look at the Corps’ compliance with environmental laws in the design and operation of projects; the quality and objectivity of the agency’s scientific and economic analysis, and the appropriateness of the agency’s size, budget and personnel.

Lawsuit Over Dams

In related news on the huge agency, Environmental Defense and American Rivers warned the Corps at the end of March that they may be forced to file a lawsuit in 60 days to protect threatened species from Corps projects. Two birds, the interior least tern and the piping plover, and a fish, the pallid sturgeon, are threatened by dam operations designed to support barge navigation between Sioux City and St. Louis, the groups say.

The groups are asking for alterations to dam releases, which they say could be made without hurting farmers and still ensure flood control and water supply downstream.

“The Corps has consistently failed to implement or even consider dam reforms that satisfy the Endangered Species Act,” said Chad Smith, director of American Rivers’ Missouri River Field Office. Spring dam releases must be increased to create sandbars used by the terns and plovers for nesting, and to serve as a reproductive cue for the pallid sturgeon. In the past decade, the Corps has met reproductive goals for terns and plovers only once, and there has been only one reported case of sturgeon spawning. The Corps has been reviewing dam operations since 1991 but has not yet proposed reforms that would meet the needs of federally protected species, according to a recent letter from the US Fish and Wildlife Service.

Smith said, “The needs of the Missouri River basin have changed since the dams were built. If the Corps is not willing to meet the needs of the basin, we will have no choice but to put the fate of the Missouri River in the hands of a judge.” ■

Environmental Defense has posted Sweeney’s affidavit and supporting documents on its website (<http://www.edf.org/programs/ecosystems/mississippi/>).

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The ministry was reportedly diverting funds into real estate and stock markets.

And a February 29 article in the Hong Kong *Commercial Daily* said that a top executive with the largest Three Gorges dam sub-contractor was fired in January for his decision to buy second-hand, dilapidated construction machinery for the project. Dai Lansheng, the former general manager of the Three Gorges Industrial Company, is also under investigation for graft and embezzlement of state funds. Engineers and workers at the dam site complained that the machinery didn't work properly and kept breaking down, which meant costly repairs and delays while workers tried to find spare parts. The construction teams using Dai's machinery saw their unit costs increase by 20 percent.

Who Will Buy the Electricity?

Corruption is one reason the project's costs have spiraled, from original estimates of \$8 billion to the current ballooning budget of \$24.5bn. Official estimates put the final cost at over \$30bn, but some experts predict it could rise as high as \$75bn.

As project costs rise, so does the cost for its electricity. In a changing China, where demand is not growing as fast as predicted at the same time that cheaper, more flexible energy alternatives are arising during the time it takes to build large dams, there is serious concern that the market will not absorb Three Gorges' electricity.

If demand for power from Three Gorges falls significantly short of predictions after it goes online in 2003, the project may have to be scaled back, since revenue from power

production from this phase was supposed to finance the remainder of construction (planned for completion by 2010).

Such a development could hamper efforts to raise foreign financing for the dam, putting pressure on the government to fund the \$5.5bn Beijing had initially hoped would be financed by foreign lending and international capital markets.

Yuan Guolin, who until January was the deputy general manager of the Three Gorges Project Development Corporation, said a review was needed on whether the project could sell all its output after it began power generation.

Yuan, now a delegate to the Chinese People's Political Consultative Conference in Beijing, said one potential problem was that authorities in the 10 provinces and municipalities supposed to be customers of the Three Gorges project were planning their own power stations – which would provide a ready source of tax revenue for the local authorities.

He also expressed concern over the unprecedented technical challenge facing engineers who will have to install project generators and turbines bought from 19 factories in seven countries, which may have difficulty functioning together.

Another Chinese mega-dam, the World Bank-funded Ertan Dam in southwest China, provides a perfect example of financial problems besetting large dams in China. Ertan has been losing money since it went online in 1998 (see *WRR*, Dec. '99). *The South China Morning Post* reported in early March that Ertan still has no buyers

for 60 percent of the power it produces. Li Dehou, who oversees the project, said the plant was offering discounts to industrial and residential users in an effort to sell more of its output.

According to the *Financial Times* (Mar. 10, 2000), Chongqing, the largest city in Sichuan, had agreed at Ertan's inception to take 32 percent of the dam's output but now only takes about 14 percent. Chongqing has its own power stations which generate electricity more cheaply than Ertan and which yield tax revenue for the municipal authorities.

Li told the *Financial Times* that Ertan's best hope for the future was to try to sell its output to China's eastern provinces, but he did not say how this could be done or whether such an approach would present another source of competition for Three Gorges Dam. ■

What You Can Do

Visit www.floodwallstreet.org, IRN's new web site, and sign a petition calling on Wall Street investment banks to stop financing the Three Gorges project. Also, if you are a Discover or Citibank credit card holder, or a customer of Merrill Lynch, Morgan Stanley Dean Witter, Chase Manhattan Bank or Citigroup, write a letter expressing your concerns about their financial involvement in Three Gorges Dam (see web site for contact info).

Letter from Uganda continued from page 6

Unanswered Questions

Many questions need to be asked about this project before the process gets out of hand or becomes a matter of course.

Why, despite the existence of its Environmental Division, does the World Bank continue to be more attracted to funding proven environmentally, culturally and ecologically destructive projects in the poor regions of the world?

How does the Bank marry its environmental policy initiatives and investment strategies on the ground? Why has this not been reflected in the energy sector in Uganda?

Why have the World Bank and IFC not moved more aggressively towards efficiency measures or true renewable resources (not hydro, but solar, wind, etc.)?

In Uganda, Owens Falls Dam, now near the end of its life (45 years), is cracked and silted and qualifies for deconstruction. The World Bank ignored this in its energy plan for Uganda and instead emphasizes construction of new dams. Will the IFC's analysis of the Bujagali project include the cost of dam decommissioning?

If the Bujagali project proceeds, will the World Bank and IFC take responsibility for the environmental, ecological, cultural and social disruptions and decay that will ensue in its wake?

When will the World Bank learn to say "no" to environmentally, ecologically and culturally destructive projects? Why continue having Environmental Division if "NO" is not even a remote possibility to such projects?

Questions like these should be part of a strategy of re-thinking the role of the World Bank and IFC in environmental governance and the energy restructuring process in Uganda and elsewhere in the poor regions of the world.

We shall be very happy if some of our views are used in rethinking of the mission of the Environmental Division of the World Bank in view of increasing conflicts between the "profit motive" and people's craving for "real development" which embraces human rights, environmental security and ecological and cultural integrity. ■

M. Musumba is the founder of The Save Bujagali Crusade. The other authors are with the National Association of Professional Environmentalists.

US Company Signs Deal for India's Maheshwar Dam

by Susanne Wong

On March 27, New York-based Ogden Corporation became the latest multinational company to test the waters of India's controversial Maheshwar Dam in the Narmada Valley. While visiting India as part of President Bill Clinton's state visit, Ogden signed a memorandum of intent to develop the 400-MW Maheshwar Dam. At press time, 125 organizations from 27 countries had signed on to a letter to the company urging it to withdraw from "a project which is based on the destruction of local peoples' livelihoods." (For letter, see www.irn.org)

The NGO sign-on letter to Ogden Corporation CEO and President Scott Mackin states, "NGOs will not hesitate to inform the shareholders and other stakeholders of Ogden Corporation about the social, environmental, legal and financial risks of the Maheshwar project."

Ogden has no experience with large dam projects. The Indian company in charge of the project, S. Kumars, is a textile firm with no previous experience in dam building.

The dam's serious financial risks and the intense opposition to it caused US power utility PacifiCorp to back out of the project in 1998, and German utilities Bayernwerk and VEW Energie to pull out in April 1999.

Electricity generated by the dam will cost 4-5 times more than other electricity generated in Madhya Pradesh state and will be prohibitively expensive for local consumers. The Madhya Pradesh Electricity Board (MPEB) has guaranteed the project developers a return on equity of 16 percent for the next 35 years, whether or not the expected amount of power is produced. As the MPEB is on the verge of bankruptcy and cannot afford this annual payment, it has proposed to cut subsidized connections for the poor and substantially increase tariffs.

When news of Ogden's interest in the Maheshwar Dam was first reported in the Indian press in late 1999, local people facing displacement wrote to the company insisting that Ogden representatives visit the affected villages before deciding on the investment. This February, nearly 300 elected representa-

tives of the affected area sent Ogden a resolution opposing the project. Ogden has not replied to either letter.

The project is fiercely opposed by the Narmada Bachao Andolan. The Maheshwar Dam would displace more than 35,000 farmers, wage laborers, fishers and craftspeople in 61 villages and submerge about 1,100 hectares of rich agricultural land. Independent investigations have found that resettlement planning for the project is totally inadequate and that no land is available for resettlement as required by law.

People affected by the dam are determined that they will never let it be built. Over the past two years, thousands of farming families have occupied the dam site nine times, barricaded all roads leading to the dam for three months, and held mass demonstrations and hunger strikes opposing the dam.

"In the coming months we will intensify our struggle at the state, national and international levels. We will succeed in stopping the destruction of this rich area," says Chittaroopa Palit of the Narmada Bachao Andolan. ■

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