

To:

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Subject: Asking Industrial and Commercial Bank of China to finance a green and low-carbon future, not the East African Crude Oil Pipeline

October 29, 2021

We, the 61 civil society organisations (CSOs) from Uganda, Tanzania, DR Congo and Kenya, are writing to the Industrial and Commercial Bank of China (ICBC) to share our deep concern about its role as financial advisor and its potential participation in a \$2.5 billion project finance loan for the development of the East African Crude Oil Pipeline (EACOP) project.

We welcome the commitment and ongoing efforts of ICBC to enhance its environmental, social and governance performance, as set out in its 2020 Corporate Social Responsibility reporting, which states that a strategic objective of ICBC is to “Build a world’s leading green bank and grow into an internationally reputed green bank.” Additionally, we recognize the steps the bank is taking to contribute to the goal of China becoming a carbon neutral country by mid-century as pledged by President Xi Jinping last year, and more recently the commitment to step up support for other developing countries in developing green and low-carbon energy.

We hope that the bank’s commitment to become a world-leading green bank will be reflected in the case of the East African Crude Oil Pipeline. Therefore, the undersigned CSOs are asking ICBC not to finance the EACOP and to finance a truly green and low-carbon future instead.

Background to the project

The proposed 1,443-kilometer crude oil pipeline from Hoima in Uganda to the port of Tanga in Tanzania would, if completed, be the longest heated crude oil pipeline in the world. The risks of this project to people and nature in the affected countries, and to the world’s climate, have been extensively documented. These include: significant impacts on local people through physical displacement and disruption to incomes and livelihoods; risks to water, biodiversity and natural habitats; as well as unlocking a new source of carbon emissions that will produce unacceptable climate harm and may contribute to making the project financially unviable in the long-term. ICBC,

South Africa's Standard Bank (which is 20% owned by ICBC) and SMBC are acting as advisors to the EACOP project to help it secure the \$2.5 billion project loan required for construction.

EACOP not in line with the Kunming spirit

Chinese actors can make a significant contribution to protecting crucial forests and biodiversity and a number of important commitments have been made. Just two weeks ago, the UN Biodiversity Conference (COP 15) was hosted by China, taking place in Kunming. The conference opened with President Xi Jinping announcing the launch of the Kunming Biodiversity Fund, a welcome and much needed initiative. The [first draft](#) of the Kunming Post-2020 Global Biodiversity Framework (to be discussed in the second part of the conference) addresses the role of the financial sector in eliminating incentives that are harmful for biodiversity. In addition, the Chinese Banking Association just last week made [a new declaration](#) to support biodiversity conservation and to “strive to avoid and mitigate” negative impacts on nature as a result of their finance.

We consider that any decision to finance the EACOP project would go against these important commitments. The pipeline threatens Uganda's oldest and largest nature reserve, the Murchison Falls National Park, and will impact the Taala and Bugoma Forest Reserves. Nearly 2,000 square kilometres of protected wildlife habitats will be negatively impacted by the EACOP project. Some 500 square kilometres of wildlife corridors for the Eastern Chimpanzee and African Elephant are likely to be severely degraded. In Tanzania, the pipeline will impact or run through key biodiversity areas including the Biharamulo Game Reserve and Wembere Steppe Key Biodiversity Area. The project will also directly impact several Ramsar Wetlands, including the Murchison Falls-Albert Delta Wetland System and a number of Ramsar sites lying west of Lake Victoria.¹

Oil spills from the EACOP pose a particularly worrying risk. About one-third of the EACOP will be located in the Lake Victoria basin, an active seismic area and a source of water and livelihoods for up to 40 million people, and an oil spill in this area could be catastrophic. The EACOP project and associated oil extraction will put major national parks, wetlands, rivers and lakes at risk, as well as threatening the water resources relied upon by millions of people.

We urge ICBC to honour the spirit of the Kunming conference and to acknowledge the serious risks the EACOP poses to crucial forest and biodiversity sites.

Undermining Chinese and international efforts to combat climate change

China has recently made a number of important commitments concerning climate change, including President Xi Jinping's recent statement during the UN General Assembly that “China will step up support for other developing countries in developing green and low-carbon energy, and will not build new coal-fired power projects abroad”. In addition, ICBC's commitment to the UN's Principles for Responsible Banking, as a founding signatory, is a welcome step towards aligning ICBC's portfolio towards climate-mitigating, sustainable development in line with the Paris

¹ See BankTrack, [“Crude Risk”](#), November 2020, p. 8

Agreement. We are also encouraged by the bank's efforts to expand "green financing" around the world.

The construction of EACOP will unlock commercial exploitation of multiple oil fields in landlocked Uganda. According to the project's website, the EACOP will carry 216,000 barrels of crude oil per day at 'plateau production.' The emissions from burning that oil would release an estimated 34.3 million metric tons of CO₂ equivalent (CO₂e) per year, an amount that dwarfs the current annual emissions of Uganda and Tanzania combined and is roughly equivalent to the carbon footprint of nearly nine coal-fired power plants.² In economic terms, the pipeline poses the risk of becoming a "stranded asset" as the world's economy moves away from reliance on oil.

In mere days, government leaders, including from China, will come together in Glasgow, Scotland for COP26 with the aim of taking action towards the goals of the Paris Agreement. Support for this major expansion of the fossil fuel industry is difficult, if not impossible, to reconcile with the goals of the Paris Agreement and with China's own commitments to ensure its emissions peak before 2030 and reach carbon neutrality before 2060.

Negative impacts on local communities

In addition to its significant biodiversity and climate change impacts, the project will generate limited benefits for local people, while it is already having a significant impact on communities. As currently planned, the EACOP will pass through 171 villages in Uganda³ and 231 in Tanzania, leading to massive physical and economic displacement.⁴ An estimated 13,000 households across Uganda and Tanzania have lost or will lose land as a result of the pipeline⁵; hundreds of families will need to be resettled; and thousands more will be affected by the associated oil development projects.⁶ In total, 86,000 individuals in Ugandan and Tanzania will be affected by EACOP directly, and this number grows to 140,000 when considering the impacts of the related Tilenga and Kingfisher oil extraction projects as well.⁷

The ongoing land acquisition processes have already caused severe adverse impacts for thousands. Between 2018 and 2019 for instance, Total placed cut-off dates for compensation on the properties of nearly 4,000 households in Uganda whose land is being acquired to develop the pipeline. Through the cut-off date, Total stopped people from using their land to grow income-generating perennial

² From ELAW; Evaluation of the ESIA for the East Africa Crude Oil Pipeline; Aug 2019

³ RAP EACOP Uganda, <https://eacop.com/publication/view/eacop-uganda-rap-executive-summary/>

⁴ Les Amis de la Terre & Survie, "[A Nightmare Named Total](#)", November 2020, p. 4.

⁵ Les Amis de la Terre & Survie, "[Number of people affected by the EACOP project in Uganda and Tanzania](#)", Accessed May 2021.

⁶ Oxfam et al. "[Empty Promises Down the Line?](#)" September 2020, p. 8.

⁷ Les Amis de la Terre & Survie, "[Number of people affected by the EACOP project in Uganda and Tanzania](#)", Accessed May 2021. A further 4,865 households (31,716 people) are affected by the Tilenga oil project ([Tilenga RAP, 2020](#), p138, table) and 680 households (2,949 people) by the Kingfisher oil project ([Kingfisher ESIA, 2020](#)). On average according to Total's documents, one household consists of circa 7.9 persons, meaning more than 140,000 people are directly affected by the EACOP, Tilenga and Kingfisher projects in Uganda and Tanzania in total.

and food crops, and from setting up new developments. To date, the people are yet to be compensated, leaving people impoverished and suffering from food insecurity.

Amidst an increasing and unsustainable debt burden⁸, the value of Uganda's oil reserves has fallen by some 70% over the past five years as oil prices have fallen.⁹ This value will fall further under current plans for a low-carbon transition. The project also risks driving Uganda and Tanzania deeper into unsustainable debt as the two countries borrow to invest in the EACOP project.¹⁰

Because of its impacts, the project is facing widespread and growing opposition locally and internationally. In November 2020, in Uganda for instance, 877 petitioners - including 810 directly affected people - signed a petition to the EACOP project developers calling on them to prioritise environmental conservation and community livelihoods over the EACOP project.¹¹ In 2020, a petition calling on Total to halt the project gained over one million signatories.¹² Even before it is constructed, the EACOP thus largely lacks a "social license to operate".

A call for ICBC to finance a just transition

Contrary to what proponents argue, we do not consider that the EACOP will "unlock East Africa's potential". East Africa needs energy security based on widespread rollout of renewables and the clean jobs that come with it, and its natural heritage needs to be protected. At this critical juncture, governments, financial institutions and the energy industry must be squarely focused on the task of managing a just transition to a low-carbon future. African countries should not be left behind as others transition. This is especially important given Africa's extreme vulnerability to climate change. Certainly, no government, financial institution, company or investor that cares for Africa and humanity's wellbeing should support projects that will lock the continent into fossil fuel projects that are likely to become stranded assets.

Approval of the EACOP project without scrutiny of the consequences of the above risks and both the direct and indirect costs exposes all stakeholders to serious risk. Therefore, the undersigned CSOs from Uganda, DRC and Kenya are calling on ICBC not to move forward with financing this project. Instead, we call on ICBC, alongside other Chinese financial institutions, to work with Chinese and local stakeholders to seek opportunities to finance genuine renewable infrastructure to help meet the East African region's energy needs in a clean and rights-compatible manner in the decades to come.

We note in your 2020 Corporate Social Responsibility Report, under the heading of "Social Responsibility Communication", that ICBC pays "great attention to communication with

⁸ <https://www.monitor.co.ug/uganda/news/national/each-ugandan-now-owes-shs1-5m-as-national-debt-hits-shs65t-3376968>

⁹ Climate Policy Initiative, "[Understanding the impact of a low carbon transition on Uganda's planned oil industry](#)", December 2020

¹⁰ From The East African, "[Uganda refinery too costly, likely to lower value of regional pipeline - CPI](#)", 16 December 2020

¹¹ Africa Institute for Energy Governance (AFIEGO), "[Petition to Total, CNOOC and other oil companies](#)", 9th November 2020. A separate December 2020 petition focused on the Tilenga project was signed by 1,440 project-affected people.

¹² Avaaz, "[Stop this Total Madness](#)", accessed February 2021

stakeholders”. However, we have not yet received a response to our previous communications with the bank. We would welcome the opportunity to establish a dialogue with ICBC on this matter, and look forward to your response.

Signatory organisations:

Uganda

Guild Presidents’ Forum on Governance, Uganda

Africa Institute for Energy Governance (AFIEGO), Uganda

Association of Oil-affected Youth, Uganda

Center for Constitutional Governance (CCG), Uganda

Center For Food and Adequate Living Rights (CEFROHT), Uganda

Centre for Energy Governance, Uganda

Centre for Sustainability Innovation and Research (CSIR), Uganda

Citizens Concern Africa (CICOA), Uganda

Environmental Governance Institute, Uganda

Graffen Organisation, Butimba, Uganda

Guild Presidents' Forum on Governance (GPFOG), Uganda

Karambi Action for Life Improvement, Uganda

Kwataniza Women’s Organisation, Uganda

Oil Refinery Residents Association (ORRA), Uganda

South Western Institute for Policy and Advocacy (SOWIPA), Uganda

Twimukye Women’s Organisation, Uganda

World Voices Uganda, Uganda

Youth for Green Communities, Uganda

African Initiative on Food security and Environment, Uganda

Friends of Nature, Uganda

Friends for Environment and Development, Uganda

Tanzania

Lawyers' Environmental Action Team (LEAT), Dar es Salaam, Tanzania

Foundation for Environmental Management and Campaign Against Poverty (FEMAPO), Tanzania

DR Congo

Action Humanitaire pour le Developpement Durable (AHDD), DR Congo

Alerte Congolaise pour l'Environnement et les Droits de l'Homme (ACEDH), DR Congo - Olivier NDOOLE, Coordonnateur

Association Cooperative Vie Future (ACOVEF), DR Congo

Association des Filles Meres (AFM), DR Congo

Association des Mamans pour la Lutte Contre les Traumatismes (AMALUT), DR Congo

Centre d' Education pour la Protection de l'Environnement et Développement durable (CEPED), DR Congo - Mr. Eddy KAMBALE SIWAYITIRA, Coordinator

Centre de Recherche sur l'Environnement, la Démocratie et les Droits de l'Homme (CREDDHO), DR Congo

Charity Destress Children (CDC), DR Congo

Club des Amis de l'Environnement (CAE), DR Congo

Collectif des Paysans de l'Ituri pour le Developpement Integral (CPIDI)

Environnement Saint et Durable pour Tous (EST), DR Congo - Pascal MUKO, Coordonnateur

Fédération des Comités des Pêcheurs du Lac Albert (FECOPELA), DR Congo

Fédération des Comités des Pêcheurs Individuels du Lac Edouard (FECOPEILE), DR Congo - Josué KAMBASU KATSUVA MUKURA, Secrétaire Général

Fondation des Jeunes Entrepreneurs de l'Est du Congo (FEJEC), DR Congo

Forum Global des Chercheurs d'Alternatives (FGGA), DR Congo

Forum des Engages pour le Developpement Durable (FORED), DR Congo

Forum pour la Promotion de la Protection de l'Environnement et Developpement Durable (FOPED), DR Congo

Foyer de Développement pour l'Autopromotion des Pygmées et Indigènes Défavorisés (FDAPID), DR Congo - VICAR BATUNDI, Coordonnateur

Great Actions for Development (GAD, DR Congo

Innovation et Formation pour le Développement et la Paix (IFDP), DR Congo - DR-Congo, Mr. Julien Mutiki Mwenyemali and Mr. Floribert Cirhuza, Coordinators

Innovation pour le Développement et la Protection de l'Environnement (IDPE), DR Congo - Mr. Bantu Lukambo, CEO

Justice Plus, DR Congo

Organisation Santé et Développement (OSD), DR Congo

Programme d'Action pour la Communauté de Développement (PADEC), DR Congo

Programme d'Intégration et de Développement du Peuple Pygmée au Kivu (PIDP), DR Congo - Diel Mochire, Coordonnateur

Réseau des Organisations pour la Conservation et la Protection de l'Environnement (REOCOPE), DR Congo

Seconde Chance, DR Congo

Strong Roots Congo, DR Congo - Mr. Dominique Bikaba, Director

Synergie de Jeunes pour le Développement et les Droits Humains (SJDDH), DR Congo - Samson RUKIRA, Coordonnateur

Synergie des Ecologistes pour la Paix et le Développement (SEPD), DR Congo - Paul LUGHEMBE, Coordonnateur

UKINGO WETU, DR Congo - Jacques TCHOMBA, Coordonnateur

VIRUNGA YETU, DR Congo - PAPY MUYUMBA, Coordonnateur

Volontaire Environnemental Sans Frontière (VESF), DR Congo - Jeannot MAKALEKALE, Coordonnateur

World Peace Protection (WPP), DR Congo

Kenya:

Global Catholic Climate Movement, Kenya - Prince Papa, Africa Program Coordinator

Jamaa Resource Initiatives, Kenya - Maurice Ouma Odhiambo, Executive Director

Power Shift Africa, Kenya - Mohamed Adow, Director

350Africa