



September 21, 2022

Dr. Muhammad Sulaiman Al Jasser,
The President,
Islamic Development Bank (IsDB).



Dear Sir,

**CSO LETTER TO ISLAMIC DEVELOPMENT BANK EXPRESSING CONCERN
OVER FINANCING OF EACOP PROJECT**

We, the undersigned environmental and human rights civil society groups working to promote environmental conservation, human rights observance and a just energy transition in Uganda, Africa and our global allies, salute you.

We are writing to you today to express our grave concerns with the reported role played by Islamic Development Bank (IsDB) in the financing of the East African Crude Oil Pipeline (EACOP) project. On September 10, 2022, it was reported that the IsDB would provide a \$100 million project finance loan for construction of the EACOP. IsDB indicated that the discovery of oil in Uganda gives the country an opportunity to transform Uganda's economy and reduce poverty.

The EACOP is a planned 1,443-kilometre crude oil pipeline expected to be built from Hoima in Uganda to the port of Tanga in Tanzania. The EACOP project developers include TotalEnergies, China National Offshore Oil Corporation (CNOOC) and the Ugandan as well as Tanzanian governments.

Since the pipeline project was announced, it has faced resistance from local and international communities. Over a million people have signed a petition calling for the project to be stopped. Further, on September 15, 2022, the European Union (EU) parliament urged TotalEnergies to desist from developing the project through protected areas and to stop abusing affected communities' rights. Furthermore, on September 20, 2022, TotalEnergies' CEO, Mr. Patrick

Pouyane, was [invited](#) by the Human Rights Committee of the EU parliament to discuss failure by TotalEnergies to implement its due diligence environmental and human rights plan in Uganda. The above arose after local communities engaged key members of the EU parliament.

In relation to finance campaigning, [risk briefings](#) and other [publications](#) showing that the EACOP project is not compliant with the Equator Principles and IFC Performance Standards have been published.

Consequently, 20 commercial banks, 13 (re)insurers and three Export Credit Agencies have said that they will not [finance or insure](#) the controversial EACOP. Notably, the African Development Bank also [refused](#) to fund the EACOP, noting that the bank's priority was renewable energy. Despite the above resistance, the ISDB has committed to providing finance for the project.

This is unfortunate, and we are calling on the IsDB to refrain from providing financial support to the EACOP project. This is because the project is not the type of development that will safeguard Uganda's economic future. The EACOP project stands to further indebt Uganda, worsen the climate change crisis as well as negatively impact Uganda's green and more sustainable industries that employ the majority of Ugandans while contributing the most to Uganda's GDP.

We discuss this further below.

CONCERNS

- a) **Land rights abuses and agriculture:** The EACOP is set to pass through 178 villages in Uganda and 231 in Tanzania. Land for the EACOP is being acquired from [13,161](#) households in Uganda and Tanzania. Between 2018 and 2019, TotalEnergies placed cut-off dates on the affected persons' properties in Uganda. Through the cut-off dates, Total stopped people from using their land to grow perennial food and cash crops, in addition to stopping them from setting up any new developments. Today, some of the affected people are yet to be compensated while still suffering from land use restrictions. While figures on the income losses incurred by the affected people remain unknown to date, the affected communities report that their household incomes declined. The households' inability to fully participate in the economy also affects Uganda's agricultural sector, which contributes [nearly 40%](#) to Uganda's GDP. The majority of the affected households are farmers. Moreover, [research](#) shows that communities that are paid delayed compensation, much like the EACOP-affected people, are unable to replace all their land, undermining their capacity to engage in agriculture. With this, it cannot be argued that the EACOP will inclusively contribute to Uganda's economic development.
- b) **Economic risks of climate change:** African countries, including Uganda, have been disproportionately affected by the climate change crisis, the February 2022 Intergovernmental Panel on Climate Change (IPCC) report confirms. The climate crisis

has been largely caused by the burning of fossil fuels. When burnt, the oil transported by the EACOP will result in the production of up to 34.3 million metric tonnes of carbon per year for 20 to 25 years. Climate change is a challenge to Uganda's economic growth. Uganda's Updated Nationally Determined Contributions (NDCs) of September 2022 identify the agriculture, energy, tourism and other sectors as being some of the most vulnerable to climate change. The above economic sectors are some of the biggest, employing over 70% of Uganda's labourforce. Because of the climate change risks of the EACOP, the project is putting the livelihoods of over 70% of Uganda's labourforce at risk. Moreover, Uganda's Ministry of Water and Environment notes that the climate change costs in Uganda could rise to [10%](#) of Uganda's GDP by 2100. Because of the climate change risks it poses, the EACOP is a threat to Uganda's economic development.

- c) **Biodiversity impacts and tourism:** Oil exploitation activities are expected to take place in Uganda's protected areas, such as Murchison Falls National Park (MFNP). The park is one of Uganda's oldest, largest and most visited. By virtue of this, it can be argued that the park substantially contributes to Uganda's tourism earnings, which peaked at [\\$1.6 billion](#) in 2018. These earnings are nearly as much as the \$2 billion expected to be earned from Uganda's oil. However, while investment of up to \$20 billion is needed for Uganda to earn the above oil revenues, less than 1% of Uganda's national budgets are allocated to the tourism sector. This means that even with low investment, the sector earns the country good revenues. In Uganda's [National Development Plan III](#), the Ugandan government identified tourism as one of the country's priority sectors, noting that the sector remains one of the best performing.

The Ugandan government set targets of increasing the tourism sector's earnings to \$1.862 billion and the share of GDP to 8.5% by 2024/2025. With climate change, biodiversity destruction and other oil-induced negative impacts being seen however, these goals have been put at risk. So have the jobs of the over 667,000 people that were employed in Uganda's tourism and travel sector prior to the COVID-19 pandemic.

- d) **Threats to clean energy aspirations:** It is also notable that development of the EACOP and related oil projects is a threat to Uganda's clean energy aspirations, and the country's ambitions to reduce its greenhouse gas (GHG) emissions by 24.7% by 2030. The above is because oil and gas production would likely hamper energy transition efforts as Ugandans will need to provide a market for the country's oil and gas. Furthermore, Uganda's energy sector is one of the most vulnerable to climate change impacts, with hydropower dams, which are the country's biggest energy sources, being put at risk of silting, dry conditions and other risks. To guarantee Uganda's energy security and, therefore, economic development, it is important to promote clean energy use in the country.

- e) **Environmental risks and fisheries:** We are concerned that IsDB's financing of the EACOP will harm environmental conservation efforts. The EACOP is set to affect forests, wetlands, mangroves, national parks and others in Uganda and Tanzania. The Worldwide Fund for Nature (WWF) [estimates](#) that nearly 2,000sq. km of protected areas will be affected by the EACOP. Communities in Uganda, Kenya, Tanzania and the Democratic Republic of Congo (DRC) rely on these natural resources to make a living through agriculture, fishing, tourism and others. In fact, lakes Victoria and Albert, whose wetlands and watercourses have been affected by the EACOP, provide [82.9%](#) of the fish in Uganda. Further, the fisheries sector earned Uganda [\\$118.6 million](#) between June 2020 and July 2021. The lakes also provide some of over [5 million](#) fisheries sector jobs in Uganda. The EACOP has put Uganda's fisheries sector at risk.
- f) **Burgeoning public debt:** Uganda has become highly indebted due to borrowing to invest in the [oil and gas sector](#), among others. By June 2022, Uganda's public debt stood at [Shs. 79 trillion](#) (\$20.8 billion) and by the same period, Uganda's debt to GDP ratio was projected to rise to [51.6%](#). Uganda's 2020 Debt Sustainability report indicated that Uganda's debt had burgeoned due to borrowing to invest in the oil, gas and infrastructure sectors, among others. Economic experts have already expressed fear that [Uganda could experience the oil curse](#) due to borrowing for the oil sector. By lending Uganda money for the EACOP, therefore, the IsDB is increasing Uganda's unsustainable debt burden. This will have a huge negative impact on the lives of Ugandans and the country at large.
- g) **Cross-border impacts:** The EACOP project impacts will not only be felt in Uganda and Tanzania but in Kenya and the DRC as well. Nearly a third of the EACOP is going to be developed in the Lake Victoria basin. The lake is shared by Uganda, Kenya and Tanzania. Any impacts on the lake will affect all the aforementioned three East African states. Further, some of the oil that will be transported by the EACOP will be extracted from Lake Albert. Lake Albert, which is Uganda's second largest lake and Africa's seventh largest, is shared between Uganda and the DRC. Forty-six per cent ([46%](#)) of the lake is in Uganda, while [54%](#) is in the DRC. The lake provides employment to fisherfolk in Uganda and the DRC. The lake's important roles, including that of providing water to communities, stand to be compromised because of oil spills.
- h) **EACOP is being challenged at the East African Court of Justice:** Natural Justice-Kenya together with CEFROHT-Uganda and Africa Institute for Energy Governance-Uganda, among others, filed a court case against the governments of Uganda and Tanzania as well as the Secretary General of the East African Community (EAC) requesting an urgent injunction to halt development of the pipeline. The above parties argue that the project violates key East African and international laws or treaties. These include the EAC Treaty, Protocol for Sustainable Development of the Lake Victoria basin, Convention on Biological Diversity and the United Nations Framework Convention on Climate Change.

Others include the African Charter on Human and People's Rights and the African Convention on Conservation of Natural Resources. According to the case proponents, the EACOP project will have grave environmental, biodiversity, climate change, social and economic impacts.

OUR CALL

We believe that claims that investment in the EACOP will drive economic development in Uganda are misleading. Any economic benefits from the project will be far outweighed by the project's potential negative impacts on Uganda's most prosperous green economic sectors. We are therefore calling on IsDB to do the following:

- i. Cease any IsDB involvement in the financing of the EACOP and other associated fossil fuel projects. We are also requesting that IsDB publicly communicates its decision on refraining from financing the EACOP project.
- ii. Support the governments of Uganda and Tanzania with finances to invest in clean energy and other green economic sectors such as agriculture, fisheries and tourism.
- iii. Support the Ugandan and Tanzanian governments with finances to address climate change impacts.

SIGNATORIES

1. African Initiative on Food Security and Environment -Uganda
2. Centre for Environmental Research and Agricultural Innovations -Uganda
3. Youth for Green Communities -Uganda
4. Strategic Response on Environment Conservation -Uganda
5. Africa Institute for Energy Governance -Uganda
6. East African Crude Oil Pipeline Host Communities -Uganda
7. Be Empowered -Uganda
8. Fridays for Future -Uganda
9. South Western Policy Advocacy -Uganda
10. Environment Governance Institute -Uganda
11. Community Transformation Foundation Network -Uganda
12. Women for Green Economy Movement -Uganda
13. Tasha Research Institute Africa -Uganda
14. Buliisa Initiative for Rural Development Organisation -Uganda
15. Centre for Citizens Conserving Environment & Management -Uganda
16. Mzalendo Halisi Foundation -Kenya
17. Kongamano La Mapinduzi Movement -Kenya
18. Power Shift Africa -Kenya
19. Natural Justice -Kenya
20. Lamu Women Alliance -Kenya
21. Kenya Environmental Action Network -Kenya
22. ActionAid International Kenya

23. Jamaa Resource Initiatives -Kenya
24. Friends of Lake Turkana -Kenya
25. Forum Global des Chercheurs D'alternatives -DRC
26. Forum des Engages pour le Developpement Durable -DRC
27. Justice Plus -DRC
28. Club des Amis de L'environnement -DRC
29. Association des Mamans Pour la Lutte Contre les Traumatismes -DRC
30. Great Actions for Development -DRC
31. Association des Filles Meres -DRC
32. Association Cooperative vie Future -DRC
33. Action Humanitaire pour le Developpement Durable -DRC
34. Charity Destress Children -DRC
35. Organisations Santé et Développement -DRC
36. Programme d'action pour la Communauté de Développement -DRC
37. World Peace Protection -DRC
38. Collectif des Paysans de l'ituri pour le Developpement Integral -DRC
39. Federation des Comites des Pecheurs du Lac Albert -DRC
40. Seconde Chance -DRC
41. Foundation des Jeunes Entrepreneurs de l'est du Congo -DRC
42. Forum pour la Promotion de la Protection de l'environnement et Developpement Durable -DRC
43. Reseau des Organisations pour la Conservation et la Protection de L'environnement -DRC
44. Appui aux Initiatives Communautaires de Conservation de l'Environnement et de Développement Durable -DRC
45. Reseau des femmes potentiellement engagees (RFPoPEE) -DRC
46. Initiatives pour le Changement, Paix et Developpement -DRC
47. Association de Développement Agricole Éducatif et Sanitaire de Manono -DRC
48. Syndicat Chrétien des Travailleurs du Congo -DRC
49. Union des Femmes opprimees -DRC
50. Solidarité pour la Protection des Droits de l'Enfant en sigle -DRC
51. Femme Africaine pour la Paix et le developpement -DRC
52. Carrefour d'Opinion sur la Protection de l'Environnement -DRC
53. Association Lueur d'Espoir pour le Développement Durable
54. Association des Jeunes Engages Contre Le Changement Climatique
55. Association des Jeunes Épanouis en Action
56. Centre d'Etudes et
57. D'Expérimentations Economiques et Sociales de l'Afrique de l'Ouest - Association Internationale
58. Nigerian Coal Network -Nigeria
59. Lekeh Development Foundation -Nigeria
60. Rainbow Watch and Development Centre -Nigeria
61. Yeraba Women Foundation
62. Care For Environment -Cameroon
63. Colibri -Cameroon
64. Association Éveil de l'Est Cameroun
65. Green Development Advocates -Cameroon

66. Génération Consciente pour l'Environnement et la Culture -Cameroon
67. Action for Sustainable Development in Africa (ASDEVA)
68. GLF Ouagadougou (Global Landscape Forum -chapter)
69. Réseau des associations pour la protection de l'environnement et la nature -Senegal
70. Action Solidaire International -Senegal
71. Network Movement for Justice and Development -Sierra Leone
72. South Durban Community Environmental Alliance -South Africa
73. The Southern African Faith Communities Environment Institute -South Africa
74. Just Share -South Africa
75. Nu -Climate Vision - South Africa
76. Arab Watch Regional Coalition
77. Alliance for Empowering Rural Communities
78. Laudato Si Movement Africa
79. Oil watch Africa
80. 350 Africa
81. Pearls Care Initiative
82. Waterberg Women Advocacy Organization (WWAO)
83. Africans Rising
84. Africa Center for Energy and Environmental Sustainability
85. Association des Jeunes Engagés contre le Changement Climatique -Togo
86. 350 Côte d'Ivoire
87. 350 Ghana Reducing Our Carbon -Ghana
88. AbibiNsroma Foundation -Ghana
89. Women Defenders Hub
90. Urgewald -Germany
91. Indian Social Action Forum -India
92. Justice Institute Guyana
93. Growthwatch
94. BankTrack -Netherlands
95. 350.org
96. Friends of the Earth France
97. WoMin African Alliance
98. Community Initiatives for Sustainable Development
99. Reclaim Finance
100. Rettet den Regenwald -Germany
101. Inclusive Development International (USA)
102. Friends of the Earth -US
103. Environmental Defender Law Center (USA)
104. Center for International Environmental Law (USA)

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- The General Manager, Islamic Development Bank, Kampala

