

## AIFE-UGANDA STATEMENT ON THE SIGNING OF EACOP AGREEMENT.

19/April/2021

### **STATEMENT ON SIGNING OF EACOP AGREEMENTS: UGANDANS DESERVE A SUSTAINABLE ECONOMIC FUTURE BEYOND OIL**

#### **1. Introduction**

African Initiative on Food Security and Environment (AIFE-Uganda) and wishes to register its concern over the signing of three agreements for the East African Crude Oil Pipeline (EACOP) project.

The agreements were signed on Sunday 11<sup>th</sup>/April/2021 at a ceremony at State House, Entebbe in Uganda. The ceremony was participated in by the presidents of Uganda and Tanzania, H.E. Yoweri Kaguta Museveni and H.E. Samia Suluhu Hassan respectively, among other Ugandan and Tanzanian government officials.

Other officials at the signing ceremony included the CEO of Total, Mr. Patrick Pouyanne and representatives of China National Offshore Oil Corporation (CNOOC). Together with the Ugandan and Tanzanian governments, the aforementioned oil companies are the developers of the EACOP project.

The agreements that were signed were the Host Government Agreement (HGA), Tariff and Transportation Agreement (TTA) as well as the Shareholding Agreement (SHA).

The Ugandan government signed all the three agreements. On the other hand, the SHA was signed by all the EACOP project developers, including the oil companies. However, the government of Tanzania has not signed some of the agreements such as the HGA.

Following the signing ceremony, Uganda's Minister for Energy and Mineral Development, Hon. Mary Goretta Kitutu, made a statement to parliament on Wednesday 14<sup>th</sup>/April/2021 in which she said that the signing ceremony marked the launch of Uganda's oil projects. Unfortunately, the minister did not provide information as to why Tanzania is still rejecting to sign some agreements.

**AIFE-Uganda** is to Conserve Biodiversity, mitigate and Adapt to Climate Change with the Aim of improving species diversity for the benefit of people's rights and livelihoods.

**(a) Small-scale farmers' concerns:** Small-scale agriculture is the backbone of Uganda's economy, providing the largest number of jobs and ensuring food and nutritional security. Per the Uganda Bureau of Statistic's [Annual Agricultural Survey of 2018](#), over 7.4 million households in Uganda are engaged in agriculture or livestock rearing; the survey's results were published in May 2020.

Of the aforementioned 7.4 million agricultural households, 66.2% operate less than one acre of land while only 13% farm more than two hectares. Despite holding small hectares of land, these farmers feed the nation and contribute to maize, banana and coffee among other exports. These exports contribute to the foreign exchange earned by Uganda.

Moreover, the agriculture sector, to which the small-scale farmers highly contribute, contributes [24.7% to Uganda's GDP](#). The small-scale farmers also assure Uganda of food sovereignty and sustainable growth, if prioritized and invested in.

**Concerns:** Small-scale agriculture is important for the country. However, this sector is threatened by Uganda's oil development agenda as it is estimated that the burning of Uganda's oil will produce over 100 million metric tons of carbon per year until the oil is exhausted. This will worsen the impacts of climate change. Oil pollution is also a threat to the productivity of Uganda's soils. Moreover, the compulsory land acquisition practices characterized by delayed, under- and unfair compensation take away small-scale farmers' foremost productive asset: land. Small-scale farmers across Bunyoro, Mubende, Gomba and Greater Masaka have lost land or the use of their land through cut-off dates. The launch of oil projects amidst the above gaps is a big threat to small-scale farming and Uganda's continued economic growth. Remember, the oil sector will not employ everyone. It also cannot replace agriculture.

**(b) Fisheries' sector concerns:** Further, Uganda's oil activities are taking place in major lakes and rivers. Under the Tilenga project, an oil pipeline is planned to be constructed under River Nile to transport oil from the oil fields to Hoima. Two-thirds of the EACOP will also be constructed in the Lake Victoria basin. Rivers such as Kafu and wetlands across the ten EACOP-affected districts in Uganda are going to be affected by the EACOP. This is concerning.

This is more so the case because in 2020, Nile Perch in Lake Victoria died in great numbers. Experts explained that pollution led to the fish dying. Plastic and other pollution is also a threat to the survival of fish. Amidst the above, oil pipelines are planned in Uganda's major lakes and rivers.

**Concerns:** Experiences from countries such as Nigeria show that oil spills are almost unavoidable, especially in African oil-producing countries. Despite this knowledge, the Ugandan government allowed oil pipelines to be built in catchments for lake and rivers and is now telling companies that they can launch their projects. There are no assurances that fisherfolk, who contribute 3% to Uganda's GDP and 12% to the

agricultural GDP, will be protected amidst Uganda's wild oil exploitation plans. This is more so the case as plans such as the oil spill management plan for the Tilenga, Kingfisher and EACOP oil projects among other critical mitigation plans aren't in place yet.

**(c) Food security:** With the threats to agriculture and fisheries, food security in Uganda is at risk. Uganda was able to remain self-sustaining during the COVID-19 pandemic as small-scale farmers, livestock keepers and fisherfolk fed the nation. However, with the increased landlessness, climate change and other risks posed by Uganda's oil dreams, this sustenance is at risk.

**(d) Natural resources and forestry concerns:** Everyone appreciates the role trees play in both the natural economy and in ecology maintenance. Trees provide products such as wood and others. Forests also play roles such as rainfall formation, soil fertility maintenance, carbon capture and others. Nature-dependent communities and economies such as Uganda need forests to survive.

However, oil roads and the Tilenga, Kingfisher as well as EACOP oil projects have directly or indirectly affected the conservation of forests and forest landscapes such as Budongo, Bugoma, Taala, Wambabya, Murchison Falls National Park (MFNP) and others.

This is unfortunate. This is more so the case because adequate information on the value of forests and forest landscapes including the value of below-ground flora and fauna isn't provided in the Environmental and Social Impact Assessment (ESIA) reports to enable clear understanding of the full value of forest resources that stand to be destroyed.

When sustainably used, forestry resources are renewable and can serve generations of Ugandans. However, oil and gas resources are exhaustible, necessitating the conservation of our forest resources that will serve Ugandans for generations.

**(e) Tourism:** In relation to the above, tourism, one of Uganda's flagship economic activities is at risk because of Uganda's oil dreams. Major national parks such as MFNP, Kabwoya Game Reserve and others have become the playground for oil activities. Even Queen Elizabeth National Park (QENP) could become a plaything for oil companies as government put Ngaji oil block, which is found in the park and Lake Edward, up for bidding in May 2019.

Tourism contributes nearly [10% to Uganda's GDP](#) and is responsible for 23% of Uganda's exports as well as earnings of as much as \$1.6 billion. The tourism and travel sector also employs 667,000 people in Uganda. These earnings and jobs have been put at risk as oil drilling, increased vehicular traffic, opening up MFNP and other econsensitive areas to poachers through road construction and others have put and will continue to put biodiversity at risk.

**(f) Compromising clean energy access:** In addition to the above, Uganda's oil dreams have put clean energy aspirations at risk. The Ugandan government has previously said that some of the oil produced in Uganda will be used to produce thermal power for use by Ugandans. This is dangerous. At a time when other countries are cleaning up their energy systems, Uganda should not be promoting the use of thermal power.

## 2. Recommendations

Harnessing the power of diverse and sustainable sectors, rather than waiting on unlikely returns from risky oil development, will strengthen Uganda's economy and spur long-term sustainable and inclusive economic development. AIFE-Uganda therefore recommends that the following be done:

- (i) **All stakeholders involved in the EACOP and other related oil activities must stop risking Uganda's major economic activities such as agriculture and tourism.** Exploitation of oil and other extractives remains the biggest cause for the increasing climatic change troubles that our countries and the world are facing today.
- (ii) **Instead of oil investments, the governments of Uganda and Tanzania must invest in and grow the existing green industries** that already offer sustainable economic livelihoods to communities. From tourism to organic agriculture, there are existing and thriving industries that offer real opportunities to employ Ugandans and stimulate economic growth. These green sectors will sustain humanity and our economies forever.
- (iii) **Further, now is the time to lean into Uganda's innovative and expanding clean energy industries** not only create quality jobs, but also position Uganda as an economic leader in the region. By leading the region in a transition to clean renewable energy, we can also expand access to clean energy for every household, especially the poor, women, youth and others, further catalyzing our economic development, providing better education to our youth, promoting gender equity and building healthier, safer communities.
- (iv) **Development partners should support Uganda and Tanzania to invest in the above industries of tomorrow** as opposed to the oil and gas sector.
- (v) **Oil companies must stop their greed for profits and instead support Uganda, Tanzania** and the entire region to transit to clean renewable energy that holds our future.