UGANDA’S OIL PROJECTS: ENVIRONMENTAL & CLIMATE CHANGE RISKS TO PEOPLE, THE ECONOMY MUST BE FACTORED INTO FID PROCESSES

President Yoweri Museveni and his then-Tanzanian counterpart, the late John Pombe Magufuli, signing documents related to the EACOP project. The Final Investment Decision (FID) to enable oil production and development of the EACOP was expected this month (March). It was deferred to April following Magufuli’s death.

While the FID is expected in April 2021, the environmental and climate change risks of the EACOP, Tilenga and Kingfisher oil projects to people and the Ugandan economy have not been adequately assessed.

This assessment must be done before any FID is made.

In this newsletter:

- Oil projects’ FID: Risks to people and Uganda’s economy must be factored into decision-making
- Pictorial of our activities
- Lobbying
- In the media
- Upcoming events
Editorial

Mungulasingo: that’s the Luganda name fo the month of March. The month was named so as in March, farmers bought seeds for sowing at the start of the March to May rains.

The rains must have been considered a blessing, so much so that a month was named to signify their importance.

Fast forward to today: rains bring trepidation in some quarters. This is evidenced by the fact that when the March 2021 rains started, Kampala Capital City Authority (KCCA) issued a statement with a strong warning: the rains were expected to submerge roads and to “collapse aged infrastructure”.

KCCA may not have said it but rain in Kampala and Uganda can mean death. Readers may recall Ms. Cissy Namukasa, an elderly lady, who drowned in an open drainage in Nakawa-Kampala in May 2020. Ms. Namukasa’s remains were only discovered last month (February 2021), nearly a year after she drowned.

In the same month as the KCCA warning, the Petroleum Authority of Uganda (PAU) informed the country on March 22, 2021 that the launch of the Tilenga and East African Crude Oil Pipeline (EACOP) projects that had been expected that day had been deferred to April 2021.

PAU said that the launch was extended to enable Uganda and Tanzania to mourn H.E. John Pombe Magufuli, the fallen president of Tanzania. In April 2021 therefore, it is expected that the Ugandan and Tanzanian governments together with Total E&P will launch the projects and that the Final Investment Decision (FID) for oil production and the EACOP project may be signed.

In the debate surrounding the signing of the EACOP, Tilenga and Kingfisher oil projects’ FID, the reported economic benefits of the oil projects such as unlocking million-dollar investments, job creation and others have taken centre stage. But, do the projects pose only economic incentives and no disincentives?

In our Word from CEO and 25 civil society organisation (CSO) partners, we show that the negative socio-economic impacts of the EACOP, Tilenga and Kingfisher projects could outweigh the reported oil benefits. These impacts therefore need to be critically assessed and public awareness created before any FID is signed.

The Tilenga, Kingfisher and EACOP oil projects pose climate change, environmental degradation, community land loss, water pollution, air pollution and job loss risks among others.

These risks are having and will have a negative impact on the economy as government spends more to address climate change disasters, tourism income reduces and health budgets increase to address fossil fuel air pollution impacts. Other impacts will or could be increased water purification costs, communities being unable to contribute to the economy as they will have lost their farmlands and others. The huge debts incurred to fund oil infrastructure will also bankrupt the country.

An independent assessment to
determine the negative economic impacts of the EACOP, Tilenga and Kingfisher projects therefore ought to be undertaken so that Ugandans make an informed decision as to whether investing in the above oil projects is the best way forward or oil exploitation is a danger and should be avoided. You will read more about the above in our Word from CEO and Partners.

In our pictorial, we bring you highlights of our March 2021 activities. For instance, with our partners, we drafted rejoinders in response to the evidence that was submitted by the Tanzanian government over the case that we filed in the East African Court of Justice (EACJ) to stop the EACOP project dangers.

Further, we supported the documentation of lessons from our just energy transition efforts of 2016 to 2020 to enable other CSOs and stakeholders to learn from our successes and challenges.

In addition, we organised meetings with community leaders around Bugoma forest to support the collection of signatures for a petition to the president to stop destruction of Bugoma forest. We also organised meetings with leaders from the EACOP-affected districts to discuss how to protect the EACOP-affected people’s land rights.

AFIEGO staff also participated in a webinar for the Green Livelihoods Alliance (GLA) 2.0 partners to discuss integration of gender into the programme that will run between 2021 and 2025.

In our lobbying section, we bring you a letter that 21 CSOs wrote to parliament to halt approval of the $130 million being sought by government for the EACOP processes.

We also bring you a follow-up letter that the Save Bugoma Forest Campaign (SBFC) wrote to the Ministry of Lands to involve the public in the planned boundary opening of Bugoma forest. We also wrote a letter to the National Forestry Authority (NFA) reminding them of the SBFC’s offer to provide pro-bono support for NFA’s legal efforts to protect Bugoma forest.

Furthermore, we issued an open letter to the chairperson of the Kikuube District Physical Planning Committee calling on the committee to stop the violation of the district’s physical plan by Hoima Sugar Ltd.

In in the media section, we bring you some of the articles that were published from our media interviews in addition to articles that staff and our partners wrote. The articles are part of our public education and lobby efforts.

We hope that you will enjoy the newsletter.

Editorial team:
Diana Nabiruma
Balach Bakundane
Patrick Edema
This month was dominated by several issues, key among which was signing of the Final Investment Decision (FID) for the East African Crude Oil Pipeline (EACOP) project.

On March 16 and 17, 2021, Uganda’s minister and state minister for finance respectively engaged parliament’s Budget and National Economy committees to acquire parliamentary approval to borrow $130 million. The money is needed to enable Uganda National Oil Company (UNOC) to fund its equity requirements for the EACOP project and to pay EACOP-related historical costs.

Parliament was informed that the oil companies had made it a requirement for UNOC to provide the above money upfront before the EACOP FID was made.

The EACOP and Tilenga projects were expected to be launched on March 22, 2021.

Scanty information was provided to the public and parliament on the EACOP, Tilenga and Kingfisher oil projects’ FID as government has continued to deal secretly when it comes to oil matters.

Government provides too little information to enable effective citizen and even parliamentary participation in oil processes. Even today, no definitive date on signing of the FID has been provided by government. The public also lacks access to the FID documents.

Parliament refused to approve the money, noting that MPs did not have the EACOP’s FID documents. As such, parliament couldn’t be sure that Uganda was getting the best deal under the EACOP project.

By the time this newsletter was completed, parliament was scrutinizing the EACOP agreements after which a decision will be made as to whether to permit the Ministry of Finance to borrow money for the EACOP processes.

As parliament scrutinizes the EACOP documents shared by government -these documents haven’t been shared with the general public-, we invite parliament to also assess CSOs’ concerns in relation to the EACOP, Tilenga and Kingfisher oil projects.

Specifically, the 25 CSOs that have partnered with AFIEGO to pen this article invite parliament to assess the impacts that the climate change, environmental degradation, compulsory land acquisition, air and water pollution in addition to job risks of the EACOP, Tilenga and Kingfisher oil projects will have on the economy.

The assessment should show whether it is in Uganda’s best interests to pursue the oil projects and sign the EACOP, Tilenga and Kingfisher FID, which is expected in April 2021.
OIL PROJECTS’ RISKS TO PEOPLE, ECONOMY

(a) Climate change and landslide risks: Uganda is grappling with climate change costs and impacts. Extreme weather conditions characterised by heavy rainfall and droughts have been recorded.

These have caused landslides, mudslides, flooding, food insecurity and other disasters. The costs of the above disasters have been high, with the loss of human life being the highest cost paid. Information from Uganda’s 2010 National Policy for Disaster Preparedness and Management, the Red Cross and other disaster management organisations shows that between 2010 and February 2021, 379 people were killed in landslides in Bududa, Sironko, Rubanda and Budibungyo districts among others. A 2019 media report that followed community interviews puts the number of lives lost and those that were unaccounted for following landslides between 2010 and 2019 in the Mt. Elgon region at over 1,000.

(b) Flood risks: Floods that have been linked to climate change have also led to the loss of lives. Kasese district has suffered severe flooding and in May 2020 alone, 11 people were reported dead following flooding after River Nyamwamba burst its banks. Over 100,000 people were affected by the flooding.

Yet Kasese isn’t the only district to be affected. In December 2019, government reported that floods had affected the eastern, central and northern regions of Uganda among others. The floods destroyed public infrastructure such as the road near the Pakwach bridge, touristic sites such as the viewing rocks at Murchison Falls and others.

Further, preliminary assessments by government showed that 165,000 people in Eastern Uganda were either displaced or affected by floods. In the same region, 141,500 hectares of crops were destroyed. Assessments in other regions hadn’t been undertaken by the time the aforementioned December 2019 report was produced by government.

Government said that it released UGX 20 billion to handle the disaster, an amount that the country could ill-afford considering the many competing needs.

Climate change costs of the EACOP: AFIEGO and our partners have previously reported that when used, the oil transported by the EACOP project will result in the production of over 34.3 million metric tonnes of carbon per year.

Combined, the EACOP, Tilenga and Kingfisher oil projects will produce more carbon emissions. When this carbon is produced, Uganda’s climate change problems such as landslides, flooding, increased disaster spending and others could increase.

Unfortunately, in the ongoing discussion on the reported economic benefits of the EACOP, Tilenga and Kingfisher oil projects, the climate change costs of the projects and how they will impact people and Uganda’s economy isn’t being discussed. This means that Uganda
could sign the FID for oil projects whose climate change costs could be high. This must be avoided.

(c) Environmental destruction risks: Furthermore, AFIEGO and our partners have severally written about the environmental resources that stand to be destroyed or degraded because of the EACOP, Tilenga and Kingfisher oil projects. Overall, over 30 eco-sensitive resources such as lakes Victoria and Albert, River Nile, Budongo and Taala forests, Nabajuzi and other wetlands, Kabwoya and other wildlife reserves, Murchison Falls National Park and others are at risk because of the oil projects.

The environmental risks posed by the projects will hit Uganda economically as the above resources provide services that support economic activities such as agriculture, fishing, tourism and others.

While the total economic value of all the eco-sensitive resources affected by the EACOP, Tilenga and Kingfisher oil projects is unavailable, a 2017 Economic Valuation study of the Murchison Falls Conservation Area (MFCA) and Budongo forest offers some insight into what stands to be lost.

The assessment by Uganda’s National Environment Management Authority (NEMA) and UNDP showed that the value of the above-mentioned two areas was over USD 60 billion (UGX 114 trillion). This value will be degraded due to deforestation and ecosystem degradation caused by the oil projects. Parliament shouldn’t allow government to rush to borrow funds and make the oil projects’ FID without knowing the full environmental economic costs of the EACOP, Tilenga and Kingfisher projects.

<table>
<thead>
<tr>
<th>Ecosystem products/services</th>
<th>Value of the service/product (Usd)</th>
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<tbody>
<tr>
<td>Timber stock</td>
<td>146 billion</td>
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<tr>
<td>Non-timber products (mainly wood)</td>
<td>4.81 billion per yr</td>
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<tr>
<td>Non-wood Forest products</td>
<td>5.425 billion per yr</td>
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<tr>
<td>Medicinal and pharmaceutical</td>
<td>2.21 billion per yr</td>
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<tr>
<td>Soil erosion control</td>
<td>132.1 billion per year</td>
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<tr>
<td>Tourism</td>
<td>116.4 billion in 2008</td>
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<tr>
<td>Carbon sequestration and storage</td>
<td>3.75 billion per yr</td>
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<tr>
<td>Option, bequest and existence</td>
<td>36.4 trillion</td>
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<tr>
<td>Relocation and rehabilitation</td>
<td>114,455 trillion</td>
</tr>
<tr>
<td>Watershed protection and catchment</td>
<td>26.5 billion</td>
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<tr>
<td>Research and education</td>
<td>47 million</td>
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<td>Costs to the community</td>
<td>2.5 billion per yr</td>
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<tr>
<td>Opportunity costs for MFCA</td>
<td>4.8 billion per yr</td>
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<tr>
<td>(livestock husbandry)</td>
<td></td>
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<tr>
<td>Opportunity costs for IFCSR</td>
<td>20.4 billion per yr</td>
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<tr>
<td>(sugar cane option)</td>
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<tr>
<td>Income of the MFCA</td>
<td>2.3 billion (2008)</td>
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<tr>
<td>Oil reserve</td>
<td>Value not yet established</td>
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(d) Water and air pollution threats: On March 23, 2021, the media published sobering research findings. The 2018 findings showed that air pollution arising from the burning of fossil fuels such as petrol, diesel and coal caused an estimated 30% deaths in East Asia and 16% in Europe as well as some parts of the U.S. In South America, 7.8% deaths were attributed to air pollution, 3.7% in Africa and 3.2% in Australia as well as Oceania.
The above deaths were more than those caused by malaria and smoking put together. Fossil fuel air pollution triggers or worsens respiratory and heart diseases, resulting in death in some people.

Forests, which purify air, are important for countering this fossil fuel pollution. So does a reduction in the burning of fossil fuels.

The aforementioned research, which shows that between over 8 to 10.2 million premature deaths resulted from fossil fuel air pollution, notes that economic and health costs of $2.9 trillion can be avoided if fossil fuel pollution is dealt with.

With burning of the oil produced under the Tilenga and Kingfisher oil projects, these costs will not be avoided. They will have to be met, including in Uganda.

Unfortunately, the economic costs of the fossil fuel air pollution by the Tilenga, Kingfisher and EACOP oil projects is unknown.

The economic costs of polluting Lake Victoria, Lake Albert, River Nile and other water sources also remains unknown yet Uganda is seeking to make the oil projects’ and EACOP FID based on the economic promises of oil. This trap must be avoided.

(e) Jobs risks: Furthermore, the number of jobs that are at risk due to the EACOP, Tilenga and Kingfisher oil projects hasn’t been publicly shared. Due to the land acquisition and potential climate change impacts of the projects however, it can be surmised that agricultural jobs stand to be lost. Over 70% of the working population in Uganda is engaged in agriculture and this population is at risk. Further, tourism stands to be affected as biodiversity in forests and national parks will be negatively impacted by the oil projects. Over 600,000 people work in the tourism and travel industry and their jobs are at risk. Furthermore, the livelihoods of the 2.6 million people majority of whom are youth and women who work in the fisheries industry in Uganda stand to be affected by the oil projects due to oil pollution and other risks.

RECOMMENDATIONS

Information on oil developments in Uganda remains a secret affair with government guarding critical information. Further, for over 15 years, government and oil companies have fed Ugandans on speculations about oil being a blessing yet all signs show that the way things stand today, oil will destroy our country. This should be avoided by doing the following:

i. Government should stay signing of the EACOP, Tilenga and Kingfisher FID until independent analyses of the full economic costs that will arise from the climate change, environmental, health, social and job losses risks of the projects have been assessed, publicly disclosed and discussed.

ii. Further, parliament, led by the Speaker and with the support of the committees on the National Economy and Natural Resources, should compel government to undertake the above analyses.

iii. Parliament should not pass any budget requests for the EACOP and other projects until the above analyses have been undertaken to show the economic viability of the EACOP project in light of the above costs.

iv. Finally, citizens should compel their MPs and government to act on the above recommendations.

By CEO and 25 CSO Partners
March 5, 2021

AFIEGO organised an engagement with youth clean energy champions to highlight just energy transition (JET) efforts that are needed to enable youth access to clean energy.

The youth also received photo story calendars to enable them understand the JET needs. AFIEGO continues to work with youth leaders to promote clean energy access in Uganda.

March 17-19, 2021

AFIEGO supported the documentation of lessons gained by women clean energy champions and CSOs in Kasese district. With AFIEGO’s support, the women champions and CSOs promoted clean energy access and use between 2016 and 2020.

The lessons, which were documented through film, will support other women and youth to learn how they can promote clean energy.

March 26, 2021

AFIEGO and our partners under the Save Bugoma Forest Campaign (SBFC) organised meetings with leaders from communities surrounding Bugoma forest in Kikuube district.

The meetings facilitated planning for the collection of community signatures for a petition to the president of Uganda to save Bugoma forest from sugarcane and oil threats.

March 5, 2021

AFIEGO and our partners who filed a court case in the EACJ to stop the EACOP dangers received a response from the Tanzanian government. AFIEGO worked with our partners to draft a rejoinder to the response. The rejoinder is going to be filed.

Expert evidence from ELAW-US, Oil Change International (OCI) and others on the EACOP dangers has also been collected.
March 25, 2021

AFIEGO organised meetings with community leaders from the EACOP-affected Kikuube district. AFIEGO and the leaders planned for community engagements to support EACOP-affected communities in Holma, Kikuube and Kakumiro districts to defend their land and environment rights.

March 30, 2021

AFIEGO joined our partners under the GLA 2.0 programme for a webinar to support the integration of gender in the 2021-2025 GLA 2.0 programme.

AFIEGO staff shared lessons on mainstreaming gender into partners’ work. AFIEGO shared the lessons gained during the GLA 1 programme of 2015-2020.

AFIEGO staff also learnt from the other partners.

Panel discussion
This month, AFIEGO and 20 other CSOs wrote to parliament to halt approval of the $130 million being sought by government for the EACOP processes. AFIEGO and our partners also wrote a follow-up letter to the Ministry of Lands to involve the public in the planned boundary opening of Bugoma forest. We also wrote a letter to NFA reminding them of our and our partners’ offer of pro-bono support to NFA’s legal efforts to protect Bugoma forest.

Furthermore, we issued an open letter to the chairperson of the Kikuube District Physical Planning Committee. We called on the committee to stop the violation of the district’s physical plan by Hoima Sugar Ltd.

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In the media

This month, staff, research associates and youth champions wrote newspaper articles that were published in the leading newspapers. The media also published articles from the media interviews we held this month. Some of the published articles are captured below.

Total not upfront about Tilenga, oil pipeline projects

Implement physical plans to save wetlands

Amend Electricity Act to curb power theft

Compensate Kibo oil spill victims

Free connection alone won’t increase access to electricity
Upcoming events

April 5-9, 2021: Kikuube: Community sensitisation meetings to save Bugoma forest from oil and sugarcane threats

April 6-9; 2021; Hoima and Kikkube: Meetings with district, cultural and religious leaders to support efforts to save Bugoma forest

April 6-9 2021; Greater Masaka: Community sensitisation meetings on the EACOP project

April 6-9, 2021; Greater Masaka: Meetings with district leaders to discuss the EACOP project

April 12, 2021; Greater Masaka and Kampala: Launch of briefing paper on prospects and risks of the EACOP project

April 13, 2021; Kampala: Meeting with MPs to discuss EACOP project risks

April 12-16; 2021; Hoima, Kikuube and Kakumiro: Community sensitisation meetings on the EACOP project

April 19-23, 2021; DRC: Community sensitisation engagements on impacts of oil activities on Lake Albert

April 5-30; 2021; Greater Masaka, Bunyoro and Kanungu: Community film screenings on oil impacts

About Africa Institute for Energy Governance (AFIEGO)

Africa Institute for Energy Governance (AFIEGO) is a public policy research and advocacy organisation dedicated to influencing energy policies to benefit the poor and vulnerable. Based in Kampala, Uganda, the organisation was born out of the need to contribute to efforts to turn Africa’s clean energy potential into reality and to ensure that the common man and woman benefits from this energy boom. Through lobbying, research and community education, AFIEGO works with communities and leaders to ensure that clean energy resources are utilised in a way that promotes equitable development, environmental conservation and respect for human rights.

Our Vision
A society that equitably uses clean energy resources for socio-economic development

Our Mission
To promote clean energy policies that benefit poor and vulnerable communities