The ENERGIZER
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AFIEGO
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EACOP ESIA REPORT: UNDERSTNADING THE ENVIRONMENTAL AND LIVELIHOOD RISKS OF OIL ACTIVITIES IN UGANDA

Women leaders from the Bunyoro oil region after a training on ESIA. The training was aimed at enabling community participation in implementation of ESIAs to promote environmental conservation and community livelihoods amidst oil dangers.

In this newsletter:

- EACOP ESIA report: Implications of weaknesses and gaps
- Pictorial of our activities
- Lobbying
- In the media
- Upcoming events

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Welcome to our August newsletter. On July 23, 2019, Uganda's National Environment Management Authority (NEMA) invited the public to make comments on the Environmental and Social Impact Assessment (ESIA) report for the East African Crude Oil Pipeline (EACOP) project.

The above invitation was made in line with regulations 19 and 20 of the 1998 Environmental Impact Assessment (EIA) regulations.

Following the invitation for comments by NEMA, AFIEGO and our partners reviewed the 3,599 page EACOP ESIA report, compiled and submitted comments to NEMA. We called on NEMA to reject the current ESIA report because of its gaps and weaknesses.

Among others, in our submissions to NEMA, AFIEGO and our partners highlighted the following gaps and weaknesses:

The EACOP ESIA presents a lot of baseless information which merely raises high public expectations with respect to jobs and other economic benefits. The report lacks key information upon which to base the conclusions that jobs and other benefits to communities will be created by the project.

Further, the proposed technique for water and wetland crossings (open trench) has the potential of significant negative impacts, particularly in wetlands. The current ESIA report ignores this fact and to make it worse, it does not give justification or reason why the above proposed technology is acceptable compared to other alternatives. The EACOP will cross or affect several rivers and wetlands.

More so, information on land acquisition challenges and how they will be handled is not addressed by the ESIA report. Yet the project will affect ten districts and will worsen the land challenges in Uganda. The information provided on potential land impacts and proposed mitigation measures in the ESIA cannot provide a basis for NEMA to make any good decision.

Further, the energy/carbon paragraphs in the ESIA report are insufficient: most emission sources are left out, the calculations are not transparent and the projected carbon emissions from the EACOP project seem unrealistically low. In addition, the cumulative carbon emissions of all the oil development projects in Uganda including the Tilenga, Kingfisher, refinery and EACOP have not been presented in the EACOP ESIA report. Yet all the above oil projects must be undertaken at once.

In our **Word from AFIEGO and Partners,** we provide a summary of the comments AFIEGO and our partners submitted to NEMA highlighting the gaps and weaknesses in the current EACOP ESIA report.

We hope that through this newsletter, you the reader and the public will appreciate gaps in the EACOP ESIA report and will use this information to influence NEMA's decisions on the report.

We also hope that a clear understanding of the gaps and weaknesses in the ESIA report will help you and other relevant stakeholders to effectively participate in the EACOP ESIA public hearings. The hearings will be organised by the Petroleum Authority of Uganda (PAU) in consultation with NEMA.

It is noteworthy that the analysis of the EACOP ESIA report was supported by experts from Environmental Law Alliance (ELAW)

USA and the Netherlands Commission for Environmental Assessment (NCEA).

In this newsletter, we also share with you some of the activities we and our partners implemented this month through the **pictorial** section. With Friedrich Ebert Stiftung (FES), we commenced a research study to document the impacts of the oil refinery land acquisition project on the refinery-affected people.

We also participated in a public hearing workshop organised by the Electricity Regulatory Authority (ERA) on UMEME's application for modification of its power supply license. We submitted comments at the public hearing.

In addition, we organised community meetings in the districts of Hoima, Buliisa, Lwengo, Sembabule, Masaka and Kakumiro to empower and document community views on the EACOP ESIA for submission to NEMA.

The above views will also be submitted at the EACOP ESIA public hearings that will be organised by PAU and NEMA.

This month, AFIEGO also participated in the national CSOs' workshop in Kampala to compile comments on the EACOP ESIA report for submission to NEMA.

AFIEGO also participated in the Abuja (Nigeria) Just Energy Conference (JET) which reviewed the work undertaken by Just Energy Transition (JET) partners in Africa. AFIEGO is one of the JET partners.

We also participated in the Annual General Meeting (AGM) of the OilWatch Network in Port Harcourt, Nigeria. The Oilwatch network brings together civil society organisations (CSOs) that promote clean energy.

In the **lobbying** section, you will view the lobby and advocacy letters we disseminated. They include an open letter calling on Minister of Finance to address EITI obstacles before Uganda joins EITI, a letter calling on the Ministry of Energy to repair leaking houses before installing electricity in the houses at the Kyakaboga oil refinery resettlement camp and others.

In **in the media** section, you will view some of 15 newspaper articles written by our staff and partners in the month of August.

We hope you will enjoy the newsletter.

Editorial team:
Diana Nabiruma
Sandra Atusinguza
Doreen Namara
Balach Bakundane

EACOP ESIA REPORT: IMPLICATIONS OF WEAKNESSES AND GAPS

This Word from AFIEGO and Partners presents a detailed description of the main flaws, gaps and weaknesses identified during the review of the Environmental and Social Impact Assessment (ESIA) report for the East African Crude Oil Pipeline (EACOP) project.

The weaknesses and gaps were compiled by CSOs and communities into a memorandum of comments that was submitted to NEMA on August 30, 2019. As noted in the editorial in this newsletter, the review was supported by our partners. Below are the gaps and weaknesses.

GAPS IN THE EACOP ESIA

The EACOP ESIA report was prepared by Total East Africa Midstream BV and its contractors as part of legal requirements to be permitted to commence oil exploitation in Uganda.

The information below clearly indicates that the current ESIA report contains grave weaknesses and gaps and is therefore not a good tool for decision making. It should be rejected to safeguard our environment and livelihoods.

The readers of this newsletter should access the full EACOP ESIA report from the NEMA website as the newsletter make references to the ESIA.

Below is a detailed presentation of the weaknesses and gaps in the ESIA report.

(a). The economic impact assessment is wrong as it fails to discuss substantial risks

Section 8-11 of the ESIA report is titled economy and presents an assessment of the possible impacts of the EACOP project on the economy. In this section, only the benefits of the project are presented.

Information on pages 8-164 of the ESIA report reads as follows: "The total direct, indirect and induced economic impact of [the] EACOP's Capex on the Ugandan economy amounts to an estimated USD 224 million (UGX 839.8 billion) per annum **for the three-year construction period**, equivalent to 0.9% of 2015 Gross Domestic Product (GDP)."

As regards the project's benefits during operation of the EACOP project, the ESIA notes on pages 8-166: "The total direct, indirect and induced economic effect of EACOP Opex on the Ugandan economy amounts to an estimated USD 54 million (UGX 203 billion) per annum for the duration of pipeline operation, equivalent to 0.2% of 2015 GDP."

These estimates ignore risks of the EACOP project that are well known to investors and the financial community. In 2018, Assaye Risk, a risk management consultancy, with offices in the United Kingdom, Tanzania, and Uganda, published a risk analysis report of the EACOP project containing information that was excluded from the ESIA.

To begin with, the ESIA makes no mention of the substantial debt the Government of Uganda might need to take on to fund construction of the project. The Assaye Risk report states:

"Funding concerns: Uganda's President Yoweri Museveni has promised that the EACOP will achieve all the necessary financing to achieve completion by 2020. Thus far, only Tullow Oil has committed funding for 10% of the project. The majority of funding is set to come from government debt financing which could be problematic given the ongoing deficits which Tanzania (5.3%) and Uganda (4.9%) both have.

Additionally, large scale infrastructure development projects in each of the countries will compete for government finances. Consequently, some financial advisory companies involved with the EACOP, such as Standard Bank, have been sceptical of President Museveni's claims that the project will be completed by 2020.

"As part of a strategy to entice foreign companies to invest in the EACOP, Uganda and Tanzania have agreed that companies involved with the construction of the project will not be subject to Value Added Tax (VAT) or corporate income tax. Whilst it remains a possibility that rising government debts may force the Ugandan and Tanzanian governments to introduce a series of taxes against these companies, the reputational damage this would cause with investors makes this unlikely."

Pages 8-164 of the ESIA reveals that the capital construction costs of the EACOP project is USD $3.5 billion. The possibility that the Government of Uganda would borrow heavily to finance construction of the EACOP entails substantial consequences and risks that are not accounted for in the ESIA.

First of all, the EACOP project might never earn a profit, a fact admitted in the ESIA.

Pages 8-164 of the EISA state: "This government income stream from taxes has not been quantified in the assessment. As an equity partner, the government will derive income from its equity share of the tariff and profits from pipeline operation (or incur losses if the pipeline is not profitable).

The income cannot be estimated based on the currently available information, but it is expected to be positive (i.e., profitable)."

There are several reasons why the Government of Uganda might incur losses from operation of the pipeline, and a main reason deals squarely with the issue of climate change. To address climate change concerns, countries are increasingly focusing on transitioning to electric cars to reduce on carbon emissions. Available information shows that the costs of Electric Vehicles (EVs) is likely to fall and consumer demand will rise.

This year (2019), researchers with the School of Economics and Finance, Queensland University of Technology, published a study about how the transition from internal combustion engine vehicles to electric vehicles (especially plug-in hybrid electric vehicles) has major implications for the profitability of projects like the EACOP.

In their recent study, these researchers concluded:

"From the surveyed recent studies there is the view that there is already an underlying non-subsidised price parity between Electric Vehicles [EVs] and ICVs which will be realised in the market place once economics of scale are achieved. Moreover, there is an emerging consensus that EV costs will continue to fall in line with cheaper battery costs while ICVs will, if anything, increase in cost as fuel efficiency standards are raised.

Available projections also show that manufacturers are likely to invest more in EVs as production costs fall and to meet demands to reduce carbon emmissions.

In essence, the Government of Uganda, which is already saddled with substantial debt, is proposing, via the EACOP project, to borrow billions more for a product (crude oil) that the world will begin to shun five to ten years from now because of the necessity to reduce carbon emissions and because of the lower costs and environmental benefits of electric vehicles.

Under this foreseeable scenario, the EACOP project generates large losses, crippling the ability of borrowers, including the Government of Uganda, to pay back their debts.

Lack of infrastructure: However, the above are not the only financial risks of the EACOP project. The Assaye Risk report identifies two other foreseeable risks including lack of infrastructure and lack of skilled workforce.

With respect to the first risk, the Assaye Risk report states: "Infrastructure and electricity requirements: The project is likely to face delays if insufficient infrastructure surrounding the project is not constructed alongside the building of the EACOP. Tanga port requires the construction of the Handeni-Singida highway to allow for the EACOP construction materials to be transported along the planned route. Furthermore, six pumping stations and a marine storage terminal at Tanga are needed for the crude oil to be transported to international markets. The Ugandan government has announced a 21% budget increase in road infrastructure. However, significant challenges for transporting goods along the EACOP route are almost certain to persist in 2018/19.

Lack of electricity: The Assaye Risk report further states: "The EACOP requires a large input of electricity to be operationally effective. Uganda is spending USD$2.2bn on two hydropower plants which are expected to add 783 MW of power to the grid. Similarly, Tanzania has outlined plans to invest USD$3.6bn, 25% of the total Tanzanian budget, into the Stiegler's Gorge hydropower project. It is possible that funding for hydropower projects could compete with funding for the EACOP, leading to further delays. Whilst competing funding and stable sources of power are areas of concern, the greatest obstacle is likely to be expansion of the electricity distribution network.

Lack of skills: With respect to the lack of a skilled workfoce, the Assaye Risk report states: "Uganda and Tanzania will face challenges in employing local workers with sufficient construction, engineering and electrical qualifications to work on the EACOP. This will result in workers from foreign countries being brought in to work on the project. Without adequate training institutions, local communities will not benefit from EACOP employment.

(b). The climate impact assessment is wrong: Section 8.22 of the ESIA is titled *Climate* and sub-section 8.22.2 of the ESIA is titled *Project Greenhouse Gas Emissions (GHG)*.

This section of the ESIA confines its assessment to only the operational carbon emissions of and reaches the following conclusion on pages 8-370:

"Direct operational emissions in Uganda, once the bulk heaters begin operation, will range between 11–18 ktCO2e/a, which represents around 0.014–0.029% of Uganda's total GHG emissions in 2030. The contribution of EACOP to national emissions is therefore low and will not affect Uganda's ability to meet its emission reduction target published as part of the UNFCCC's Paris Agreement."

The claim that the project's emissions would be 11–18 kilotons of CO2-equivalents per year ktCO2e/a is grossly inaccurate as these emissions do not include indirect emissions, which include emissions from the end use of the products derived from Uganda's crude oil.

As stated in the ESIA, the purpose of the EACOP project is to transport 216,000 barrels per day of crude oil from the Lake Albert area. The crude oil will be refined into transportation fuels and will be used to run cars, adding to global carbon emissions.

Table 8.22-1 of the ESIA states that the EACOP crude blend E1 has a fuel density of 868 kilograms per cubic meter (kg/m3), resulting in CO2eq emissions of 3.14 kg/kg of fuel. End use of the products derived from Uganda's crude oil must be at least this high.

One barrel of the EACOP crude blend E1 has a volume of 0.16 cubic meters (m3) and the purpose of the pipeline is to transport 216, 000 barrels per day. This is equivalent to 78.8 million barrels per year, 12.6 million m3 per year, 10,900 million kilograms per year, or 10.9 million metric tons per year. If combusting one tonne of EACOP crude blend E1 results in 3.14 tons of CO2eq emissions, then indirect emissions of the EACOP project would be at least 34.3 million metric tons of CO2eq emissions per year.

This is 2000 times higher than the operational CO2eq emissions assessed in Section 8.22 of the ESIA.

The Interagency Working Group on the Social Cost of Greenhouse Gases (IWG) has published estimates of the social cost of carbon emissions.

In the methods adopted by IWG, the social cost of carbon is defined as: "[T]he monetized damages associated with an incremental increase in carbon emissions in a given year.

It is intended to include but is not limited to changes in net agricultural productivity, human health, property damages from increased flood risk, and the value of ecosystem services due to climate change."

As previously shown, the indirect emissions of the EACOP project from 2025 to 2029 will be at least 34.3 MtCO2eq per year.

If we apply the most recent Central Value (3% discount rate) and converting 2007 dollars to 2018 dollars, **then estimates of the social cost of carbon emissions of the EACOP project would be as follows: $9.62 billion ($46/tCO2eq x 34.2 million tCO2eq/year x 5 years x 1.22).**

(c). Impacts to surface water have not been assessed: Constructing and testing the integrity of an oil pipeline prior to its service requires substantial quantities of water. However, the ESIA reveals that Total East Africa Midstream BV does not know where this water would come from. Pages 2-24 of the ESIA say:

"For hydrotesting, described in Section 2.4.2.2, a hydrotest management plan will be prepared that will identify water sources and discharge options which will serve as the basis for a surface water abstraction permit application to the Uganda Department of Water Resources Management and discharge approvals which may be acquired."

Pages 2-29 of the ESIA further state: "The estimated project water requirements are:

- Construction camps: Portable water -200 m3/day at maximum occupancy (up to 1000 people)
- Construction activities: 100–200 m3/day
- Hydrostatic testing: 16,000 m3 per test section required".

Pages 8-95 of the ESIA further states: "Disposal of the hydrotest water may impact the quality of the receiving water, depending on the waterbody receiving the discharge.

Potential receiving surface locations or water bodies will be identified in the above-noted hydrotest management plan.

Even though the impact is expected to have a transient duration and localised extent, in the absence of a defined receiving water body, the significance of the impact of abstraction is indeterminable."

Unless the entire EACOP project is undermined by the lack of water available for hydrostatic testing, there was no obstacle in the way of Total East Africa Midstream BV preparing and including in the ESIA a hydrotest management plan that identifies surfaces waters from which testing waters would come from and spent testing waters would be discharged.

An ESIA should never conclude that the impact to surface waters is interminable, especially considering the substantial quantities of water needed for testing of the pipeline. Approval of the ESIA without determining the precise location and impact to surface water should be set aside as irrational.

(d). Impacts of hazardous waste disposal have not been assessed: Crude oil pipelines, such as the EACOP, must be cleaned of a scum that accumulates on the inside of the pipeline lest the pipeline eventually clog. Removal of the scum is achieved by a special device, called a "pig".

This is described on pages 9-4 of the ESIA as follows: "A dedicated pipeline integrity management system will be implemented during the commissioning and operations phase. This will include regular preventative maintenance including operational pigging, intelligent pigging and inspection campaigns to monitor the status of the pipeline. Regular pigging will maintain optimal flow by removing wax deposits, and the use of intelligent pigs will provide information on the line integrity and condition of the interior pipeline wall."

Transportation pipeline pigging wastes are classified as a hazardous waste because of benzene, a known human carcinogen, in the waste.

Despite the fact that pigging waste is classified as a hazardous waste, the ESIA for the EACOP acknowledges that Total East Africa Midstream BV has not identified the amount of such waste that would be generated or where it would be disposed.

Lacking specifics of where and how such pigging waste would be disposed of renders the impacts of hazardous waste generation and disposal by the project indeterminable.

Approval of the ESIA without determining the impacts of hazardous waste disposal and generation should be set aside as irrational.

In summary, the section below presents key general weaknesses and recommendations as follows:

- **The ESIA raises high expectations with respect to jobs and other economic benefits** because the current ESIA report lacks key information upon which to base the conclusions that there would be jobs and other benefits to the communities. What happens when the construction phase is ended and many casual workers are laid off? This is also not clearly addressed.

- **The proposed technique for water and wetland crossings (open trench)** has the potential of significant negative impacts, particularly in wetlands. The current ESIA report ignores this fact and to make it worse, it does not give justification or reason why the proposed technology is acceptable compared to other alternatives.

• **The issue of land ownership and how it will be handled is not addressed** by the ESIA as the proposed mitigation measures are too vague to provide a basis for any credible decision. The ESIA does not present evidence for its conclusion that the impacts will be negligible.

•**The energy/carbon paragraphs are insufficient.** Most emission sources are left out, the calculations are not transparent and the outcome seems unrealistically low. In addition, the cumulative carbon emissions of all oil development projects including the Tilenga, Kingfisher, refinery and EACOP have not been presented.

RECOMMENDATIONS

To address the above and other weaknesses of the ESIA report, we recommend that NEMA rejects the ESIA report and declines to issue a certificate of ESIA approval because to do so will destroy the environment and livelihoods.

If they so wish, the developer and lead agency should go back to the drawing board to address all the weaknesses. The new ESIA report and its None-Technical Summary (NTS) should provide a good and easily understandable overview of the most important impacts of the EACOP project and corresponding mitigation measures.

Other **general recommendations** for action include:

• **The Tilenga and Kingfisher feeder pipelines which are upstream developments and entirely subject to local Ugandan regulatory requirements should be done separately** but alongside the EACOP so that the cumulative impacts and mitigation measures are considered separately and collectively since many aspects such as heating, costs, financing, and others are intertwined.

• **The entire EACOP, which is a midstream development and will be subject to Ugandan and Tanzanian regulatory requirements, should have a summary report indicating the transboundary impacts from Kabaale-Hoima** Uganda to Tanga-Tanzania. Isolating the Ugandan section of 296km from that of Tanzania 1,100km is bad practice because there are many things that may happen in one country and will affect the other. Unfortunately, right now, there is no information in the Uganda ESIA report taking about impacts in Tanzania.

• **Other infrastructure such as camps, material storage yards and pipeline coating yards** among others in addition to the main EACOP ESIA report, should be subjected to separate ESIAs as they were not given adequate attention in the scoping report and Terms of Reference (ToR) for the main EACOP study.

AFIEGO PRESENTS KEY ISSUES FROM EACOP ESIA TO SELECTED COMMUNITY LEADERS

On August 5, 2019, AFIEGO organised a community leaders' meeting in Kiziranfumbi sub-county, Kikuube district to discuss and compile views on the EACOP ESIA. Communities were empowered and shared views that formed part of the memorandum of comments that was submitted to NEMA on August 30, 2019.

The communities were also mobilised to participate in the EACOP ESIA public hearings that will be organised by the Petroleum Authority of Uganda (PAU) and NEMA. The dates for the public hearings are yet to be announced.

AFIEGO PRESENTS ON GAPS AND WEAKNESSES IN THE EACOP ESIA TO CSOS AT NATIONAL WORKSHOP

Between August 26 and 27, 2019, AFIEGO and other CSOs organised a national workshop for CSOs to review and compile comments on the EACOP ESIA.

The memorandum of comments that was submitted to NEMA on August 30, 2019 was generated by the above workshop as well as from other local community meetings that were organised in the districts of Kikuube, Hoima, Lwengo, Kakumiro and others.

In the picture is AFIEGO's CEO, Mr Dickens Kamugisha, while making a presentation at the workshop that took place at Esella Country Hotel, Wakiso.

AFIEGO TASKS ERA AND UMEME TO IMPROVE POWER AFFORDABILITY AND RELIABILITY

On August 16, 2019, AFIEGO participated in and made a formal presentation at the public hearing organised by Electricity Regulatory Authority (ERA) on an application by UMEME for modification of its supply license.

AFIEGO questioned ERA and UMEME's capacity to make power affordable and improve the reliability of power supply .

AFIEGO made recommendations to enable lower power prices and improve power supply reliability.

In the picture is AFIEGO's Ms Diana Nabiruma while submitting comments at the public hearing that was held in Kampala.

AFIEGO AND FES CONDUCT RESEARCH ON IMPACT OF OIL REFINERY PROJECT ON AFFECTED PEOPLE

Between August 1 and 16, 2019, AFIEGO in partnership with Friedrich Ebert Stiftung (FES) organized and met over 291 refinery-affected people from the districts of Kiryandongo Kakumiro, Buliisa, Hoima and Kikuube.

AFIEGO and FES are jointly undertaking a research study to assess the impact of the refinery land acquisition and displacements on the affected people.

The findings of the study will help FES and AFIEGO to advocate for reforms in the land acquisition and resettlement policies and practices in Uganda.

AFIEGO IN CONFERENCE TO EVALUATE PROGRESS OF JUST ENERGY TRANSITION PROJECT

Between August 19 and 23 2019, AFIEGO joined her partners under the Green Livelihoods Alliance (GLA) in a meeting to review the work undertaken by Just Energy Transition (JET) partners in Africa. The meeting took place in Abuja, Nageria

During the meeting, the GLA-JET partners assessed progress made and obstacles underming JET efforts in Africa. The partners will work towards addressing the obstacles in the remaining project period.

In the picture is AFIEGO's Ms Diana Nabiruma (standing) during the meeting.

AFIEGO AND GPFOG IN MEETING TO PREPARE FOR THE TILENGA CASE HEARING AGAINST NEMA AND PAU

On August 23, 2019, AFIEGO and the lawyers handling the Tilenga oil project case met at AFIEGO's offices to discuss the case hearing that was scheduled for August 29, 2019 at the High Court Kampala.

AFIEGO and GPFOG want court to cancel the Tilenga EIA certificate that was issued by NEMA for the Tilenga project.

This is because irregularities and violations of the law preceeded issuance of the certificate. The violations will undermine environmental conservation efforts amidst oil dangers.

In the picture are AFIEGO and GPFOG staff. Mr Allan Bariyo (in checked coat), one of the lawyers handling the case, can also be seen in the picture.

Lobbying

This month, AFIEGO wrote an open letter to the Minister of Finance to implement the Public Finance Management Act as a sign of commitment to implement and comply with EITI.

AFIEGO and our partners also submited a memorandum of weakensses and gaps on the EACOP ESIA report to NEMA. Communities we empowered also submitted a memorandum of gaps in the EACOP ESIA to NEMA.

Further, AFIEGO and the refinery-affected people wrote to the Ministry of Energy and called on the ministry to repair leaking houses in the Kyakaboga oil refinery resettlement camp before connecting electricity to houses in the camp. If this is not done, electrocutions during this rainy weather could occur. The ministry had started connecting electricity to the houses when the letter was written.

AFRICA INSTITUTE FOR ENERGY GOVERNANCE

AFIEGO

August 12, 2019

Hon. Matia Kasaija,
Minister of Finance, Planning and Economic Development,
Kampala (U).

Dear Sir,

CSO OPEN LETTER TO THE MINISTER OF FINANCE: UGANDAN GOVERNMENT NOT READY TO COMPLY WITH EITI
Minister of Finance must implement Public Finance Management Act as a sign of commitment to EITI

The above refers.

On behalf of the undersigned civil society organisations (CSOs) and on my own behalf, I take this opportunity to thank you and your team for the work you are doing to ensure transparency in the management of Uganda's oil revenues.

Such work includes ongoing efforts to enable Uganda become a member of the Extractive Industries Transparency Initiative (EITI). EITI is a global standard that promotes the transparent and accountable management of oil, gas and mineral revenues.

We also appreciate that since 2008, government has collected over USD 1 billion in Capital Gains Tax (CGT) and signature bonuses. It should also be noted that companies have also invested over USD 3.5 billion in oil exploration and may invest up to USD 20 billion before oil production.

It is therefore commendable that in January 2019, cabinet approved the decision on Uganda joining EITI. Today, government has set October 2019 as the month in which the country will formally apply to join EITI.

The undersigned CSOs mobilized by Africa Institute for Energy Governance (AFIEGO) are dedicated to supporting government efforts to ensure that energy policies and interventions benefit the poor and vulnerable including women, youth, elderly, children and others.

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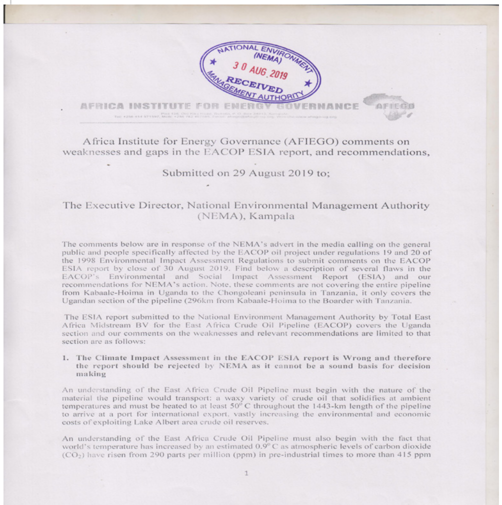

NATIONAL ENVIRONMENT (NEMA) 30 AUG 2019 RECEIVED MANAGEMENT AUTHORITY

AFRICA INSTITUTE FOR ENERGY GOVERNANCE AFIEGO

Africa Institute for Energy Governance (AFIEGO) comments on weaknesses and gaps in the EACOP ESIA report, and recommendations,

Submitted on 29 August 2019 to;

The Executive Director, National Environmental Management Authority (NEMA), Kampala

The comments below are in response of the NEMA's advert in the media calling on the general public and people specifically affected by the EACOP oil project under regulations 19 and 20 of the 1998 Environmental Impact Assessment Regulations to submit comments on the EACOP ESIA report by close of 30 August 2019. Find below a description of several flaws in the EACOP's Environmental and Social Impact Assessment Report (ESIA) and our recommendations for NEMA's action. Note, these comments are not covering the entire pipeline from Kabaale-Hoima in Uganda to the Chongoleani peninsula in Tanzania, it only covers the Ugandan section of the pipeline (296km from Kabaale-Hoima to the Boarder with Tanzania.

The ESIA report submitted to the National Environment Management Authority by Total East Africa Midstream BV for the East Africa Crude Oil Pipeline (EACOP) covers the Uganda section and our comments on the weaknesses and relevant recommendations are limited to that section are as follows:

1. **The Climate Impact Assessment in the EACOP ESIA report is Wrong and therefore the report should be rejected by NEMA as it cannot be a sound basis for decision making**

An understanding of the East Africa Crude Oil Pipeline must begin with the nature of the material the pipeline would transport: a waxy variety of crude oil that solidifies at ambient temperatures and must be heated to at least 50° C throughout the 1443-km length of the pipeline to arrive at a port for international export, vastly increasing the environmental and economic costs of exploiting Lake Albert area crude oil reserves.

An understanding of the East Africa Crude Oil Pipeline must also begin with the fact that world's temperature has increased by an estimated 0.9° C as atmospheric levels of carbon dioxide (CO_2) have risen from 290 parts per million (ppm) in pre-industrial times to more than 415 ppm

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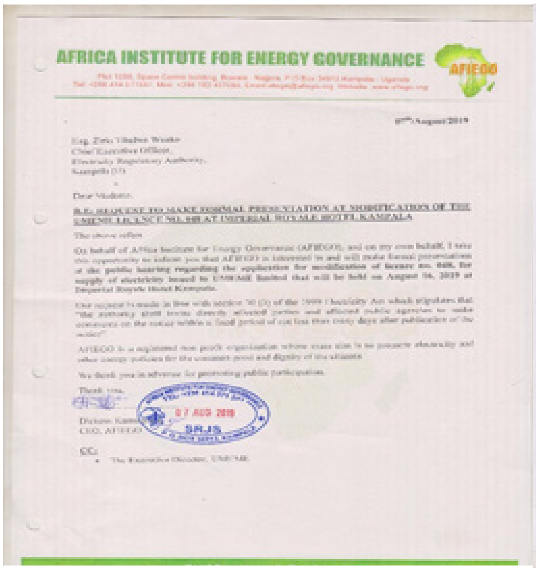


AFRICA INSTITUTE FOR ENERGY GOVERNANCE

AFIEGO

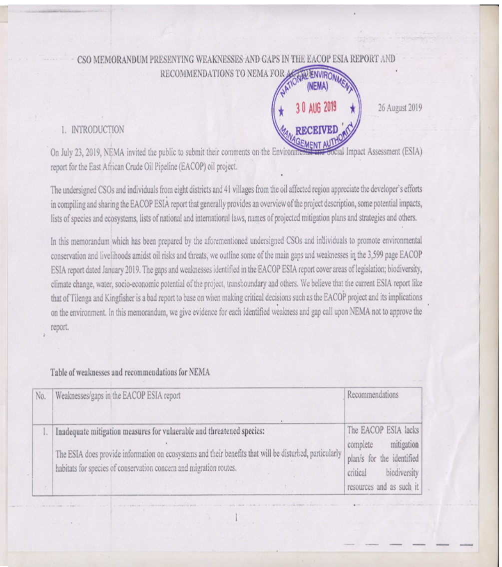
Dear Madam,

The above refers

Thank you,

07 AUG 2019

CC:



CSO MEMORANDUM PRESENTING WEAKNESSES AND GAPS IN THE EACOP ESIA REPORT AND RECOMMENDATIONS TO NEMA FOR ACTION

NATIONAL ENVIRONMENT (NEMA) 30 AUG 2019 RECEIVED MANAGEMENT AUTHORITY

26 August 2019

1. INTRODUCTION

On July 23, 2019, NEMA invited the public to submit their comments on the Environmental and Social Impact Assessment (ESIA) report for the East African Crude Oil Pipeline (EACOP) oil project.

The undersigned CSOs and individuals from eight districts and 41 villages from the oil affected region appreciate the developer's efforts in compiling and sharing the EACOP ESIA report that generally provides an overview of the project description, some potential impacts, lists of species and ecosystems, lists of national and international laws, names of projected mitigation plans and strategies and others.

In this memorandum which has been prepared by the aforementioned undersigned CSOs and individuals to promote environmental conservation and livelihoods amidst oil risks and threats, we outline some of the main gaps and weaknesses in the 3,599 page EACOP ESIA report dated January 2019. The gaps and weaknesses identified in the EACOP ESIA report cover areas of legislation; biodiversity, climate change, water, socio-economic potential of the project, transboundary and others. We believe that the current ESIA report like that of Tilenga and Kingfisher is a bad report to base on when making critical decisions such as the EACOP project and its implications on the environment. In this memorandum, we give evidence for each identified weakness and gap call upon NEMA not to approve the report.

Table of weaknesses and recommendations for NEMA

No.	Weaknesses/gaps in the EACOP ESIA report	Recommendations
1.	**Inadequate mitigation measures for vulnerable and threatened species:** The ESIA does provide information on ecosystems and their benefits that will be disturbed, particularly habitats for species of conservation concern and migration routes.	The EACOP ESIA lacks complete mitigation plan/s for the identified critical biodiversity resources and as such it

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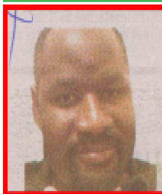
In the media

This month, staff and research associates wrote over 15 newspaper articles which were published in the leading newspapers including the New Vision, Daily Monitor, The Observer, Earthfinds magazine and others.
Some of the published articles are captured below.



Oil sector: Without law, joining transparency body won't help

DENIS AGABA > GAS SECTOR

In March 2019, cabinet approved the proposal to officially join the extractives international body known as the Extractives International Transparency Initiative (EITI). This is an international body that was formed by former British prime minister Tony Blair in 2003 to promote transparency and accountability in governments in the management of oil resources. The government followed this by instituting a Multi Stakeholder Group (MSG) as one of the requirements to towards joining the initiative as a candidate country.

Uganda is now at the level of candidate country and intends to formally apply for consideration in October, after which it will be reviewed and formally be admitted into the body as a compliant member state. Whereas we all appreciate the commitment as a good step in the right direction, we should not be excited that a voluntary commitment without an enabling law will compel government to toy the line as many examples among African countries have shown as many countries, especially African countries, continue to misuse and plunder public resources mainly from oil and gas to benefit a few, being EITI members notwithstanding.

Many developing countries have joined EITI simply because they do not aim at solely promoting accountability of oil revenues, but want to leverage political acceptability and be seen as transparent while public resources are misused. Most of the states in Africa joined EITI after president George Bush instituted what is known as the Millennium Challenge Corporation in 2004 to attract large US grants that was benchmarked on a country's performance indicators, including good governance. This also determined a country's access to international aid in terms of loans and grants from international agencies such as IMF and the World Bank.

> **Money given out.** The Shs6b presidential handshake given to 42 government officials in August 2016 shows that national laws will not be respected.

This partly explains why poor, but resource-rich countries like DR Congo, Nigeria, and Guinea, among others in Africa that joined, are more corrupt and oil revenues have not trickled to benefit the masses despite being members of EITI. Research has also shown that such countries that depend on aid are the ones that are eager to join yet rich-resourced countries that depend less on foreign aid such as Norway, Canada and USA are not EITI compliant states.

Recently, the State Minister for Minerals, at a symposium on multi stakeholder dialogue organised by ACODE, revealed that joining EITI will curb corruption and ensure transparency in the mining oil sector what the minister forgets is that, everyday there are tales of corruption spread across.

For instance, how will EITI stop a government that withdrew Shs200b from the Petroleum Fund in March 2019 without Parliament's approval to finance the 2018/2019 Budget deficit, yet this was in total contradiction to Section 58 of the PFMA enacted in 2015 . This further violated Section 59(3) of the PFMA, which provides that oil revenue will only be used for infrastructure and other development purposes only.

The Shs6b presidential handshake given to 42 government officials in August 2016 shows that national laws will not be respected when it comes to using oil revenues for consumption. This contravened Section 59 of the PFMA, clearly demonstrating that, our government has no respect for her established laws. Such a government cannot be trusted to comply with EITI principles which are voluntary in nature. Whereas Uganda enacted the Access to Information Act, most of the oil agreements have remained secretive hiding under non disclosure clauses.

Going forward, therefore, is to appeal to government to not only enact an EITI Law, but also respect and implement the available laws and regulations if joining EITI is to promote transparency and accountability in the management of extractive resources.

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LETTER OF THE DAY

We must conserve our wetlands

The EastAfrican paper

On EACOP, the law has been breached yet again; shame!

THE ENVIRONMENT social impact assessment report on EACOP, which shows that the pipeline will pass through rivers, swamps, wetlands and other water ecosystems, has not indicated the possible destabilisation of water flow, contamination and the effect on the communities downstream.

Such assessments offer no guarantee of safety. In constructing an oil pipeline, there are negative impacts beyond their own borders such as the oil spills experienced in Nigeria, Mexico, and the US. Uganda is no exception.

The Tilenga, Kingfisher and EACOP oil projects are located in critical biodiversity shared between Uganda, DRC and Tanzania. Impacts will be felt across borders.

Regulation 22 of the 1998 EIA regulations provides that where a project is controversial or has transboundary impacts, the lead agency must organise public hearings. Have they? Have they adhered to the 2007 Uganda-DRC Ngurdoto Agreement for harmonious exploitation of transboundary resources? Is this not a breach of Uganda's 1998 EIA regulations and 1999 EIA public hearing guidelines?

Cyrus Kabaale
Research Associate, Africa Institute for Energy Governance

New Vision 15/8/2019

NDP III: Focus on lower power tariffs

EDITOR: The current five-year National Development Plan (NDP II) will expire in December 2020 and as such, various stakeholder consultations both at the local and national level are going on to come up with a new NDPIII. Uganda has positioned herself through policies, strategies, programmes and plans to move from a low-income country to middle-income status.

Among the strategies to transit to a middle-income country is through industrialisation, which is feasible, if the cost of doing business is reduced while ensuring lower and affordable electricity tariffs both for industrial and domestic consumers.

The Ministry of Energy and Mineral Development developed the rural electrification strategy with the principal objective of increasing rural electrification from about 7% to over 26% by the year 2020. However to date, statistics indicate that less than 10% of the rural populations have access to electricity.

When Uganda formulated the power sector reforms, it was hoped that the tariffs would reduce as a result of efficiency gains and huge investment in the energy sector which is still not the case. Citizens continue to decry the high power prices.

High power tariffs disincentivises job creation, stifles access to information and retards health plus education achievement. It is, therefore, urgent that the Government considers reducing electricity tariffs that is essential for revitalising the industry.

Dan Denis Agaba, Kampala
AFIEGO Research Associate

Upcoming events

September 4, 2019; Kampala: Submission of comments to ERA on renewal of Jacobsen's power plant license

September 10, 2019; Kampala: Uganda-DRC exchange meeting on EACOP, Kingfisher & Tilenga ESIA reports

September 12, 2019; Mubende and Ssembabule: Community sensitisation meetings on EACOP ESIA report

September 20, 2019; Kikuube and Hoima: Radio talkshows on EACOP ESIA report

September 23, 2019; Kampala: Fifth case hearing for the oil refinery-affected people

September 30, 2019; Kasese: Community meeting to review impact of film screenings on clean energy

About Africa Institute for Energy Governance (AFIEGO)

Africa Institute for Energy Governance (AFIEGO) is a public policy research and advocacy NGO 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 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 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 energy resources for socio-economic development

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