

AFIEGO's Weekly Energy News Roundup (April 27-May 1, 2020)

CSO communique and press statement on planned Tullow-Total sale

Twenty-three (23) Ugandan civil society organisations (CSOs) have issued a communique and press statement following last week's news in which Total revealed that negotiations to buy Tullow Oil's entire assets in the Lake Albert oil project had been concluded.

Total will buy Tullow's assets in the Lake Albert project at \$575 million. The sale will fetch Uganda \$14.6 million in taxes. This is a decline of \$152.4 million from the tax of \$167 million that had been assessed by Uganda's government in the sale between Tullow, Total and CNOOC that should have been concluded last year.

Through the communique and press statement, the CSOs are calling for the following among others:

- That the Ministry of Energy, parliament and Ugandans should not accept a sale in which they are losing taxes;
- That government should wait until oil prices are conducive and the Coronavirus pandemic is over before approving any sales;
- That transparency must be promoted to avoid bad deals;
- That government must wait until the court cases against Total are concluded.

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[Press statement](#)

Watch out, Ugandans, Tullow stake sale to Total is stinking

Total has announced that the company is set to acquire Tullow's 33.33% stake in the Lake Albert oil project at a price of \$575 million. Of this, \$500 million is expected to be paid immediately after the sale is acquiesced to by Uganda's government, Tullow's shareholders and other parties. The remaining \$75 million will be paid after the Final Investment Decision (FID) has been made.

Tullow is also expected to earn "conditional payments linked to production and oil price, which will be triggered when crude oil prices are above \$62/bbl".

When companies sell their oil and gas assets before production has even begun, they may turn a profit long before the host country can collect the tax revenues typically associated with production. The prospect of an immediate upside for the industry with uncertain or delayed benefit for countries has sparked a debate over capital gain taxes.

Uganda is expected to earn \$14.6 million in tax from the sale. This is \$152.4 million less than the Capital Gains Tax (CGT) of \$167 million that Uganda Revenue Authority (URA) had assessed on the sale of 21.57% of Tullow's stake to Total and CNOOC in 2019.

While Tullow may profit on future conditions if more payments are made, it will be extremely difficult for government to collect taxes on the unknown. I think the companies are conniving against government. If we recall, when Tullow disagreed with government on the issue of the \$167million taxes, Total suspended operations without even warning government.

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DRC environmentalists and fishermen tell Ugandan govt not to implement Kingfisher ESIA certificate or make decision on EACOP ESIA

Civil society organisations (CSOs) belonging to Dynamic Community for Environmental Protection in the Albertine Rift (DYCOPERA) and fisherfolk from the Democratic Republic of Congo (DRC) have called on the Ugandan government to stay implementation of the Environmental and Social Impact Assessment (ESIA) certificate of approval for the Kingfisher oil project until they have been consulted and their consent obtained on the Kingfisher ESIA.

The CSOs and fisherfolk have called on the Ugandan government to work with the DRC one to ensure that they are consulted for consent on both the above-mentioned ESIA and that of the East African Crude Oil Pipeline (EACOP) oil project.

The CSOs and fisherfolk made the calls following the handover of the Kingfisher oil project's ESIA certificate of approval to the project developers recently.

The certificate, which was issued by Uganda's National Environment Management Authority (NEMA), allowed the Kingfisher project developers to conduct oil activities that activists say could negatively affect Lake Albert, which is shared with the DRC.

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Pandemic: Less air pollution means thousands fewer die

There will be 11,000 fewer deaths in European countries under coronavirus lockdown due to a sharp drop in fossil fuel pollution during April, according to research released Thursday. Measures to halt the spread of coronavirus have slowed the region's economies to a crawl, with coal-generated power falling by nearly 40 percent, and oil consumption by a third.

"This will result in 11,000 avoided deaths from air pollution," said lead author Lauri Myllyvirta, senior analyst at the Centre for Research on Energy and Clean Air (CREA).

Globally, oil use has declined by about the same amount, with drops in coal consumption varying by region. An unintended boon of shuttered factories and empty roads has been more breathable air. Levels of nitrogen dioxide (NO2) and small particle pollution known as PM2.5 — both toxic by-products burning coal, oil and gas — fell 37 and 10 percent, respectively, according to the findings.

"The impacts are the same or bigger in many other parts of the world," Myllyvirta told AFP. "So we are looking at an even larger number of avoided deaths."

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Future pandemics will be deadlier if we don't change our behaviour, leading scientists say

Future pandemics are likely to be more frequent, deadly, and will spread more rapidly, unless we stop the widespread destruction of our environment, a group of four leading scientists say.

"There is a single species that is responsible for the COVID-19 pandemic -- us," the group said in a guest article published on the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)'s website.

"We have a small window of opportunity, in overcoming the challenges of the current crisis, to avoid sowing the seeds of future ones."

Professors Josef Settele, Sandra Diaz and Eduardo Brondizio and Dr. Peter Daszak drew on research from their IPBES Global Assessment Report of last year which concluded 1 million species of plants and animals are at risk of extinction in coming decades.

A perfect storm for disease: "Rampant deforestation, uncontrolled expansion of agriculture, intensive farming, mining and infrastructure development, as well as the exploitation of wild species have created a 'perfect storm' for the spillover of diseases from wildlife to people," the scientists said.

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Upcoming events

May 8, 2020; Bunia-DRC: Support CSO groups to engage their provincial leaders and hold a debate on promoting clean energy in the Albertine Rift

May 11-12, 2020; Kasese: Hold radio talk shows on the need for Uganda to put in place a solar energy policy

Coronavirus: AFIEGO continues to call on communities and stakeholders to stay safe through following the Ministry of Health and World Health Organisation's guidelines.

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