



April 5, 2022

To: The CEO,  
Euler Hermes Deutschland AG,  
Germany.

Dear Sir/Madam,

**LETTER TO EULER HERMES AND THE GERMAN GOVERNMENT OVER THE  
EACOP PROJECT**

**1. Introduction**

We, the undersigned, are environmental and human rights civil society groups working to promote environmental conservation, a just transition away from fossil fuels and human rights observance in Uganda, Tanzania and the Democratic Republic of Congo (DRC) among others. We take this opportunity to appreciate you for your countries' environmental conservation, human rights protection, climate change mitigation and just transition efforts both at home and abroad.

Unfortunately, your countries' efforts stand to be undone as we have recently acquired [information](#) that suggests that Euler Hermes has received an application and/or is close to completing an evaluation of the East African Crude Oil Pipeline (EACOP) project. The evaluation is being undertaken with a view of financially supporting the \$5 billion controversial project.

While [15](#) commercial banks and [five](#) insurance companies have said that they will not finance or insure the controversial EACOP project, the available information that we have indicates that Euler Hermes might still be interested in supporting the project.

This is unfortunate and we are calling on both Euler Hermes and the German government to refrain from providing financial support or guarantees to the EACOP project. We discuss why below.

## 2. About the EACOP project and our concerns

The EACOP is a planned 1,443km pipeline that is expected to be constructed from oil fields in Western Uganda to the port of Tanga in Tanzania. The pipeline is expected to transport 216,000 barrels of crude oil per day to export markets at peak production.

If constructed, the EACOP will be the longest electrically heated crude oil pipeline in the world. The EACOP poses immense climate change, environmental, biodiversity and human rights risks as discussed below:

**(a) Human rights violations:** The EACOP project developers, who include TotalEnergies, China National Offshore Oil Corporation (CNOOC) as well as the Ugandan and Tanzanian governments, have perpetrated human rights abuses against the project-affected persons (PAPs). Currently, under the leadership of TotalEnergies, the project developers are acquiring approximately 5,172 hectares of land including [1,109](#) and [4,063](#) hectares in Uganda and Tanzania respectively. This land is being compulsorily acquired from over [86,000 people](#) from over 13,292 project-affected households (PAHs) in [Uganda](#) and [Tanzania](#)[1]. The compulsory land acquisition processes have caused gross human rights violations key among which is putting land use restrictions on the PAHs. For instance, the EACOP-affected households were stopped from using their land to grow perennial food and cash crops since 2018 and 2019. The restrictions continue to date and have resulted in food insecurity, income loss, school drop-outs especially amongst girls and [others](#). Moreover, the project is being implemented through coercive means. PAHs are denied the opportunity to give [informed consent](#) during the land acquisition and those with grievances are either [arrested](#) or threatened with [court action](#) when they seek the project developers' intervention.

**(b) Violation of land laws:** In addition, the project proponents have failed to pay prompt, fair and adequate compensation to the affected households, contrary to Uganda's 1995 Constitution as well as the IFC Performance Standard 5. This violation has not only caused psychological distress and household poverty but will also prevent the PAHs from replacing all the land that they lose, contrary to the IFC Performance Standard 5. Further, complaints of [low compensation](#) rates are rampant. Overall, the quality of life of the PAHs has deteriorated due to the EACOP project and should the project proponents be allowed to displace the tens of thousands of PAHs, the affected people's lives will worsen. It is notable that the social impacts of the project undermine progress towards achieving the Sustainable Development Goals (SDGs), specifically SDGs 1, 5, 8, 10, 14, 15, and 16.

- (c) **Environmental impacts:** Furthermore, the environmental footprint of the EACOP project is huge. Protected areas such as national parks, game reserves, forests, Ramsar wetlands, lakes, rivers, marine ecosystems at the Indian Ocean in Tanzania and others will be irreversibly affected by the EACOP project. Observers have speculated that in a bid to minimise the project costs, the project proponents designed the pipeline route to cut through state-protected areas that the project proponents don't have to pay compensation for. Per the World Wide Fund for Nature (WWF), the EACOP will pass through nearly [2,000 sq. km](#) of protected areas, [a quarter](#) of which are habitats for endangered species such as chimpanzees and the African elephant. Notably, the majority of the oil which will be transported by the EACOP will be extracted from Murchison Falls National Park (MFNP), one of Uganda's oldest, largest and most visited national parks.
- (d) **Biodiversity impacts:** Already, oil exploration activities in Uganda's protected areas such as MFNP have had negative impacts on biodiversity and community livelihoods. During the public hearing on the Environmental and Social Impact Assessment (ESIA) report on the Tilenga project in November 2018, communities in Nwoya district, which neighbours MFNP in Uganda, reported that since oil exploration activities started in the park, elephants have increasingly raided communities' gardens. To date, the elephants continue to destroy communities' gardens. For instance, in six months in 2021 alone, elephants and other animals destroyed over 3,000 acres of food crops in Nwoya district! In addition, due to oil pressures in the ecosensitive and biodiverse Albertine Graben in Uganda, habitats for chimpanzees such as Bugoma forest are under destruction. The habitat loss has led to increased human-wildlife conflicts with chimpanzees attacking and [killing children](#), whereafter communities have also carried out [retaliatory attacks](#). This has put biodiversity conservation at risk. The EACOP ESIA report aimed at supporting the project proponents to avoid or minimise the project impacts has not been helpful. Communities' livelihoods continue to be destroyed while animals are also killed, despite the ESIA's existence. It is notable that several experts have noted that EACOP ESIA report is inadequate and [not fit for purpose](#).
- (e) **Water and food security risks:** Nearly a third of the EACOP will be constructed through the Lake Victoria basin. Lake Victoria is the second largest freshwater lake in the world and the largest inland freshwater lake in Africa. Up to 40 million people in East Africa rely on the lake to meet their water needs. In addition, the lake provides [39.9%](#) of the fish catch in Uganda. The above make Lake Victoria an important resource for water, food and economic security. It is notable that the fisheries sector, contributes [3%](#) of Uganda's GDP and is one of the country's top foreign exchange earners. Because of the EACOP project, the lake's important water, food and economic security roles are at risk due to potential oil spills.

**(f) Climate change risks:** African countries 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 over 34.3 million metric tonnes of carbon per year at peak production. African countries, whose citizens will not accrue any meaningful economic or other benefits from the EACOP oil, will bear the brunt of the worsened climate crisis.

Notably, Uganda is one of the most vulnerable and least prepared countries to address climate change impacts. The 2021 Notre Dame Global Adaptation Initiative Index for listed Uganda as the [twelfth most vulnerable](#) country to climate change and forty-ninth when it comes to lack of coping strategies.

To avoid the climate change impacts that have already caused deaths, property destruction, loss of livelihoods, droughts and others in Africa, the [2020 IPCC report](#) stressed the importance of strong and sustained reductions in carbon and other greenhouse gas emissions. The EACOP project goes against this advice.

**(g) Cross-border impacts:** Moreover, the EACOP project impacts will not only be felt in Uganda and Tanzania but in Kenya and the DRC as well. Lake Victoria 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 percent ([46%](#)) of the lake is found in Uganda while [54%](#) is found in the DRC. The lake provides employment to millions of fishers in Uganda and the DRC. The lake's important roles including that of providing water to communities including in the DRC stands to be compromised because of oil spills.

**(h) Economic risks:** Uganda has been highly indebted due to borrowing to invest in the EACOP as well as the [oil and gas sector](#) in general. As of October 2021, Uganda's public debt stood at [UGX 73.8](#) trillion (over USD 20 billion). The [Bank of Uganda](#) estimates that the nominal debt to GDP ratio will reach 52.8 percent in this financial year (2021/22). Economic experts have already expressed fear that [Uganda could experience the oil curse](#) due to borrowing for the oil sector. Worse, the climate change impacts arising from the burning of fossil fuels are already hurting the Ugandan economy. These costs are expected to rise with Uganda's Ministry of Water and Environment noting that the climate change costs in Uganda could rise to [10%](#) of Uganda's GDP by 2100. Investing in the EACOP adds to the climate risks African countries like Uganda, Tanzania and the DRC are already facing, and which undermine our resilience to deal with climate impacts. Moreover, the fossil investments in our

countries undermine a Just Transition to renewable energy, of which we have enormous potential and which provides our countries with a sustainable future.

- (i) **Legal and reputational risks:** Due to the violation of Ugandan, East African Community (EAC), French and international laws or treaties by the EACOP project, the project's proponents have been sued in [Ugandan](#), [East African](#) and [French](#) courts. Any financial institution that supports the project could face the same legal and reputational risk challenges that the project proponents face. Moreover, recently, a judge in a UK court case against Total's gas project in Mozambique ruled that UKEF's provision of ECA support to the project was illegal due to not being in line with the Paris Agreement. The EACOP project faces the same risk.

### 3. CONCLUSION

Many industrialised nations including your home countries are advocating for a switch to renewables. Abroad however, your countries' companies continue to push for and invest in dirty energy. This is antithetical to commitments made in the 2015 Paris Climate Change Agreement.

Moreover, at the recently concluded Conference of Parties meeting in Glasgow, (COP26), 34 governments and five international financial institutions including Germany, Italy and others signed a [statement](#) committing their nations to take actions that align their international public support towards the clean energy transition. The countries also committed to stop supporting new unabated fossil fuels by the end of 2022. Supporting the EACOP project will undermine this commitment.

Recalling these commitments, the French Minister of Environment [recently confirmed](#) there will be no new export credit guarantee for oil projects by the end of 2022 and that France is not giving any financial support to EACOP. Germany should do the same.

We, therefore, call on you as representatives of your governments and ECAs to not provide ECA support to the EACOP.

Specifically, we call on you to:

1. Align foreign trade policies with the 1.5C Paris Agreement target and the SDGs. This entails putting an immediate stop to support to any fossil fuel projects as well as stopping any ECA clean energy support that benefits multinational corporations over local populations.
2. Adhere to the highest standards of transparency. Provide data in relation to all ex-ante category A (high-risk) projects and all promises of cover and ex-post ECA projects on the ECA's website. Publish detailed announcements of projects under consideration at

the moment of receiving the application. Information should include: type of energy, value of the insurance, project owner and a detailed project description. Publish detailed CSR due diligence reports and monitoring plans. Ensure the environmental and social audits are undertaken in accordance with international laws, regulations and best practices.

## **Signatories**

1. Environment Governance Institute -Uganda
2. Centre for Citizens Conserving Environment management (CECIC) -Uganda
3. Fridays for Future-Uganda
4. Youth for Green Communities (YGC) -Uganda
5. African Initiative on Food Security and Environment (AIFE) -Uganda
6. Africa Institute for Energy Governance (AFIEGO) -Uganda
7. Tasha Research Institute Africa -Uganda
8. Oil and Gas Residents' Association (ORGHA) -Uganda
9. East African Crude Oil Pipeline Host Communities (EACOPHC) -Uganda
10. Oil Refinery Residents Association (ORRA) -Uganda
11. Women for Green Economy Movement Uganda (WoGEM)- Uganda
12. South Western Institute for Policy and Advocacy (SOWIPA) -Uganda
13. Friends with Environment in Development - Uganda
14. Forum Global Des Chercheurs D'alternatives -DRC
15. Forum Des Engagés Pour Le Développement Durable -DRC
16. Justice Plus -DRC
17. Club Des Amis De L'environnement -DRC
18. Association Des Mamans Pour La Lutte Contre Les Traumatismes -DRC
19. Association Des Filles Mères -DRC
20. Association Cooperative Vie Future -DRC
21. Action Humanitaire Pour Le Développement Durable -DRC
22. Charity Destress Children -DRC
23. Programme D'action Pour La Communauté De Développement -DRC
24. World Peace Protection -DRC
25. Collectif Des Paysans De L'ituri Pour Le Developpement Integral -DRC
26. Federation Des Comites des Pêcheurs Du Lac Albert -DRC
27. Seconde Chance -DRC
28. Fondation Des Jeunes Entrepreneurs De L'est Du Congo -DRC
29. Forum Pour La Promotion De La Protection De L'environnement Et Développement Durable -DRC
30. Innovation Pour le Développement et La Protection de L'Environnement -DRC
31. Alerte Congolaise pour l'environnement -DRC
32. Association des Exploitants miniers Artisanaux pour la Pacification et la Reconstruction de l'Ituri -DRC
33. L'Observatoire d'Etudes et d'Appui à la Responsabilité Sociétale et Environnementale (OEARSE) -DRC

34. Réseau Haki na Amani (RHA) -DRC
35. Cadre de Concertation de la société civile de l'Ituri sur les Ressources Naturelles (CdC/RN) -DRC
36. Centre de Recherche sur l'Environnement la Démocratie le Droits de l'Homme (CREDDHO) -DRC
37. Les Amis de la Terre -Togo
38. A Rocha Ghana - Ghana
39. Alliance for Empowering Rural Communities - Ghana
40. AbibiNsroma Foundation - Ghana
41. 350 Ghana Reducing Our Carbon - Ghana
42. Laudato Si Movement -Africa
43. Green Climate Campaign -Africa

### **Signed in solidarity with African CSOs**

44. Both ENDS
45. BankTrack
46. Just Finance International
47. 350.org
48. Notre Affaire à Tous
49. Friends of the Earth, US
50. Le mouvement
51. ReCommon
52. Reclaim Finance
53. Uplift
54. GreenFaith International
55. Friends of the Earth, Japan
56. Parents for Future, Berlin
57. Urgewald, Germany
58. Amis de la Terre France / Friends of the Earth France
59. Milieudefensie/ Friends of the Earth, Netherlands
60. Rettet den Regenwald / Rainforest Rescue
61. Attac, France
62. Inclusive Development International
63. Youth for Climate -France
64. Fossilvrij -Netherlands

### **CC**

- The German Minister of Economy
- The German Minister of Finance and Development
- The German Minister of Foreign Affairs
- The German Embassy, Uganda

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[1] Daily Monitor (February 9, 2022; p.29). *Construction of EACOP project to start in 2023.*