January 18, 2024

Xue Feng
Executive Director
China Petroleum Pipeline Engineering Company Limited

Dear Mr. Xue Feng

CSO LETTER CALLING ON CHINA PETROLEUM PIPELINE ENGINEERING (CPP) NOT TO SUPPORT THE EACOP PROJECT

We, 21 the Civil Society groups from Uganda, Tanzania, and across the African continent in collaboration with the EACOP host communities, are writing to express our grave concerns with the report regarding the East African Crude Oil Pipeline (EACOP) project, and the role China Petroleum Pipeline Engineering (CPP) might play in developing it. On May 7, 2023, it was reported that the CPP signed a deal with Total Energies[1] for the construction and supply of line pipe for the EACOP.

EACOP project not only has Environmental, Social, and Governance (ESG) implications, but also violates national laws in Uganda, Tanzania, and across the African continent, as well as Chinese policies, and international practices.

Since the pipeline project was announced, it has faced resistance from local and international communities. As of today, 25 large international banks and 23 insurance companies have publicly ruled out support for the EACOP project due to the major and un-mitigable environmental, social, climate, and biodiversity risks. In May 2023, Standard Chartered announced[2] it would not support EACOP, which is estimated to cost $USD 5 billion.

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[1] EACOP financing swings to China as its firms hog deals
https://www.theeastafrican.co.ke/tea/news/east-africa/china-takes-over-eacop-funding-4225018

[2] Standard Chartered refuses financing for controversial $5 billion Ugandan oil pipeline

https://www.banktrack.org/article/standard_chartered_refuses_financing_for_controversial_5_billion_ugandan_oil_pipeline#:~:text=%22Standard%20Chartered's%20decision%20to%20refuse,people%2C%20nature%20and%20the%20climate.

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Contrary to claims by project proponents, Ugandan communities and organizations do not believe that the project will spur economic development. Instead, African communities and organizations believe the project will negatively affect Uganda's major economic activities such as agriculture, clean energy development, and tourism while increasing Uganda's debt burden.

In light of the project's negative impacts, we respectfully request CPP to:

i. Withdraw from the EACOP project and other associated oil projects in Uganda
ii. Engage with the governments of Uganda and Tanzania to promote investments in clean energy and other green economic sectors.
iii. If CPP decides not to withdraw, it must undertake a full assessment based on international best practices of all project impacts, including indirect and cumulative impacts, and withdraw if major impacts are found

We discuss key concerns further below.

Environmental Risks and Threats: The East African Crude Oil Pipeline (EACOP) is set to have a significant impact on a range of ecosystems, including forests, wetlands, mangroves, and the critical Lake Victoria. It's crucial to acknowledge that Uganda and Tanzania heavily depend on these ecosystems, which provide essential resources like food, raw materials, medicinal plants, and sources of income for local communities. The health of our countries' economies is closely linked to the preservation of nature, as sectors such as agriculture, tourism, and fisheries are the cornerstones of our economic stability. Unfortunately, environmental degradation continues due to projects like oil exploration, making it imperative to immediately halt such activities. We should prioritize conservation efforts over initiatives like the EACOP. Furthermore, it's worth noting that the development of fossil fuels often hinders the pursuit of more sustainable alternatives, such as community-based conservation or tourism.

Land rights abuses: The EACOP project is slated to span a distance exceeding 1,443 kilometers, with 296 kilometers of the pipeline route running through Uganda and 1,147 kilometers through Tanzania. On the Ugandan side, the EACOP is expected to traverse 10 districts and an estimated 178 villages, while in Tanzania, it will cross twenty-three (23) districts[3].

[3] The East African Crude Oil Pipeline (EACOP) project

Through compulsory land acquisition, the project will infringe upon the land rights of more than 13,000 households in both Uganda and Tanzania[4]. Within this figure, roughly 200 households in Uganda and 331 households in Tanzania will require resettlement, while approximately 3,200 to 3,500 households[5] in Uganda and 9,513 households in Tanzania will face economic displacement. It is important to note that a significant number of households and communities[6] have not provided their consent for the planned resettlement and have faced obstacles in receiving fair compensation.

For example, between 2018 and 2019, Total Energies imposed cutoff dates on the properties of affected individuals in Uganda[7]. This unjust use of cutoff dates prevented people from using their land for long-term food and cash crop cultivation and hindered them from initiating new developments. As a result, some families impacted by the EACOP project are now grappling with reduced earnings[8], making it challenging for them to support their families and leading to children discontinuing their education. While the precise extent of income losses suffered by these individuals remains uncertain, reports from the affected communities indicate a decline in their household incomes. This decline in income, coupled with the loss of land and livelihoods

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https://www.pau.go.ug/the-east-african-crude-oil-pipeline-eacop-project/#:~:text=In%20Tanzania%2C%20the%20EACOP%20project,distance%20of%20one%20thousand%20one

[4] Number of people affected by the EACOP project in Uganda and Tanzania
https://www.amisdelaterre.org/wp-content/uploads/2021/04/20210407-numbers-of-individual-persons-affected-by-eacop.pdf

[5] East African Crude Oil Pipeline (EACOP)
https://www.banktrack.org/project/east_african_crude_oil_pipeline/pdf

[6] Our trust is broken; Loss of land and livelihoods for oil development in Uganda

https://www.hrw.org/report/2023/07/10/our-trust-broken/loss-land-and-livelihoods-oil-development-uganda

[7] https://banksandbiodiversity.org/wp-content/uploads/2022/12/FoE_No-Go-Area-2_Nat-Rec-Areas_FIN.pdf; Numbers of individual persons affected by EACOP (amisdelaterre.org)
https://www.amisdelaterre.org/wp-content/uploads/2022/10/eacop-a-disaster-in-the-making-foe-france-and-survie-oct-2022.pdf
https://www.banktrack.org/download/the_east_african_crude_oil_pipeline_new_risk_developments/210809_risksbanksinvestorseastafricancrudeoilpipeline.pdf
https://stand.earth/resources/east-africa-crude-oil-pipeline-fueled-by-rbc/

[8] The East African Crude Oil Pipeline: New risk developments

https://www.banktrack.org/download/the_east_african_crude_oil_pipeline_new_risk_developments/210809_risksbanksinvestorseastafricancrudeoilpipeline.pdf

experienced by affected communities, is likely to have adverse consequences for Uganda's agricultural sector, a major contributor that accounts for nearly 40% of the country's GDP[9].

Climate change costs and risks: The EACOP project presents considerable climate change costs and risks, with projections suggesting that it will result in an annual production of 34.3 million metric tonnes of carbon emissions[10]. This would worsen the problem of climate change, directly contradicting the goals established by the Paris Climate Change Agreement, of which Uganda is a signatory. Moreover, it poses a significant danger to the welfare of Ugandan citizens, who are among the world's most vulnerable populations to the adverse effects of climate change. At a time when Ugandans are already contending with the repercussions of climate change, such as floods, mudslides, landslides, and loss of life, supporting the EACOP project would only intensify these ongoing difficulties.

Trapped in the oil and gas sector: The anticipated operational duration of the East African Crude Oil Pipeline (EACOP) is 25 years[11]. As a result, African communities will endure the long-lasting impacts on climate, environment, society, and biodiversity caused by the project for at least a quarter-century, if not longer. This commitment deepens the reliance of Uganda and Tanzania on fossil fuels, impeding the transition to sustainable and environmentally friendly alternatives. Africa often shoulders outdated technologies discarded by more prosperous nations. Without a collective effort by Africans to promote a just and environmentally conscious shift in energy, there's a risk that other transitioning countries might unload obsolete fossil fuel technologies and practices on Africa, including projects and vehicles reliant on fossil fuels. As African communities and organizations, our goal is to reverse this historical trend, exemplified by the creation of EACOP. This pipeline will bind Uganda and other nations to fossil fuel technology, hindering Uganda's progress in embracing green, renewable technologies crucial for addressing and mitigating climate change.

Transboundary Water Impacts of the EACOP Project: Furthermore, the ramifications of the EACOP initiative will not be confined to the borders of Uganda and Tanzania alone, as they will

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[9] Agriculture
https://www.pwc.com/ug/en/industries/agriculture.html

[10] East Africa Crude Oil Pipeline: Fueled by RBC
https://stand.earth/resources/east-africa-crude-oil-pipeline-fueled-by-rbc/

[11] East Africa crude Oil Pipeline: EACOP lifetime emissions from pipeline construction and operations, and crude oil shipping, refining, and end use
https://climateaccountability.org/wp-content/uploads/2022/10/CAI-EACOP-Rptlores-Oct22.pdf

have far-reaching effects on all East African nations, primarily owing to concerns about shared water resources. An illustrative case in point is the Lake Victoria basin[12], a body of water jointly shared by Uganda, Kenya, Tanzania, the Democratic Republic of the Congo (DRC), Burundi, and Rwanda. Any adverse consequences on the lake, such as pollution, reduced access for fishing, deterioration of water quality, and related issues, will have a direct and significant impact on all the countries mentioned above. Additionally, a portion of the oil to be transported via the EACOP will originate from Lake Albert. Lake Albert, Uganda's second-largest lake and the seventh-largest in Africa, is a resource shared between Uganda and the DRC. Uganda possesses 46% of the lake's surface area, while the DRC holds the remaining 54%. This lake sustains the livelihoods of millions of fishermen in both Uganda and the DRC and also serves as a crucial water source for communities in the DRC. However, this water supply may be jeopardized due to an increased risk of oil spills.

Violations to Ugandan law and regional African agreements:

The developers of the EACOP project in Uganda and Tanzania have breached multiple laws within the country and the regional agreement in the East African region. Such violations include the infringement of the Uganda constitution and the Treaty for the Establishment of East African Community.

Ugandan Constitution: The EACOP project violates article 26 of the 1995 Uganda Constitution. The article provides that for any possession or acquisition of land must be necessary for public use and it must be authorized by a law which provides for prompt, adequate and timely compensation. However, this has not been the case, as noted above.

Treaty for the Establishment of the East African Community: The EACOP project violates the spirit and letter of Articles 5 (3) (c), 8(1) (c), 111 (1) (b) & (d), 111 (1) & (2), and 114 (1) of the Treaty for the Establishment of The East African Community (EAC) on the protection of the environment. The above articles obligate the EAC partner states to mutually cooperate in the environmental field.

Protocol for Sustainable Development of Lake Victoria Basin: Under Articles 4,5,12, 13 and 14 of the Protocol for Sustainable Development of Lake Victoria a 1999 regional requirement

[12] Transboundary water governance and water conflicts in the Lake Victoria Basin: an adaptive and integrative management approach https://www.ajol.info/index.php/ijbcs/article/view/224217#:~:text=Lake%20Victoria%20Basin%20is%20a,creates%20conflicts%20among%20the%20users.

developed by Kenya, Tanzania, and Uganda to fairly and effectively manage the resources of Lake Victoria. According to the protocol, projects which are likely to have a significant impact on the Lake Victoria basin, such as the EACOP, must undertake environmental impact assessments through a process of public participation by the EAC Secretariat, and approved by the EAC Council. However, EACOP project proponents failed to involve the EAC Secretariat in the development of environmental impact assessment for the project, and also failed to obtain approval from the EAC Council, despite it being a requirement under the Protocol.

Violations of international norms and standards:
If developed, EACOP will violate at least five international norms and standards.
Violating protected areas, such as World Heritage and Ramsar sites: For instance, EACOP's proposed route will negatively impact a number of protected areas, including the Ngorongoro National Park, a World Heritage site, as well as the Murchison Falls-Albert Delta Wetland System, a designated Ramsar site[13].

Violating the Paris Agreement: As a fossil fuel project with significant estimated emissions, EACOP will also violate the **Paris Agreement**, of which China, Tanzania, and Uganda have signed.

Violating the free, prior, informed consent rights and best practices of Indigenous and affected communities: The ongoing compensation, resettlement, and land conflicts highlight the project proponents', including the Ugandan and Tanzanian governments', failure to consult affected communities based on **free, prior, informed consent (FPIC)**[14], which is a unique right guaranteed to Indigenous Peoples under international law, and considered a best practice for engaging with impacted communities.

Subpar environmental impact assessments: EACOP has also attracted controversy due to its **subpar environmental impact assessments.** According to the Netherlands Commission for Environmental Assessment (NCEA), for example, their independent analysis found that the project's assessments were biased in stressing positive impacts, while minimizing negative

[13] East African Crude Oil Pipeline and Protected Areas: StopEACOP!
https://savevirunga.com/2021/09/20/east-african-crude-oil-pipeline-and-protected-areas-stopeacop/
[14] Free, Prior and informed Consent
https://www.fao.org/indigenous-peoples/our-pillars/fpic/en/

impacts[15]. NCEA found that the assessment was not robust, comprehensive, or transparent, which are considered key components in ensuring credible, accurate EIAs[16]. The lack of a credible, accurate, and robust EIA further emphasizes the need for any new project developer, such as CPP, to be aware in accurately evaluating and anticipating any potential environmental, social, climate, and biodiversity impacts, so as to avoid unnecessary financial, operational, and reputational risks.

Violations to Chinese policies and regulations: A major principle of China's policy framework in regulating overseas activities is complying with local law and adhering to international norms and standards. However, it is clear that EACOP is in violation of both local law, regional requirements, and international norms. This guiding principle is common in key Chinese policies, most notably in the **Opinions on Jointly Promoting Green Development of the Belt and Road**[17] and **Guidance on Promoting Green Belt and Road**[18]. Due to EACOP's serious and potentially irreversible environmental, social, biodiversity, and climate impacts, as referenced above, the project would violate a number of other Chinese policies due to its negative biodiversity, climate, environmental, social and governance.

For instance, the **Guidelines for Green Development in Overseas Investment and Cooperation**[19] obligate Chinese companies to "to conduct environmental assessments and due diligence for a proposed project in accordance with international practices to identify potential environmental risks" as well as "push for prevention of ecological risks".

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[15] Netherlands Commission for Environmental Assessment, "Advisory Review of the Environmental and Social Impact Assessment for the East Africa Crude Oil Pipeline (EACOP)", 2019.
https://www.eia.nl/docs/os/i72/i7228/7228_advisory_report_eacop_uganda_27_june_2019.pdf

[16] Netherlands Commission for Environmental Assessment, "Advisory Review of the Environmental and Social Impact Assessment for the East Africa Crude Oil Pipeline (EACOP)", 2019.
https://www.ciel.org/wp-content/uploads/2022/06/OCI_CIEL_EACOP_2022_vFINAL.pdf

[17] Opinions on Jointly Promoting Green Development of the Belt and Road
http://en.brigc.net/Media_Center/Updates/Green_Belt_and_Road/202204/t20220408_130595.html

[18] Guidance on promoting green belt and road
https://english.mee.gov.cn/Resources/Policies/policies/Frameworkp1/201706/t20170628_416864.shtml

[19] Notice by the Ministry of Commerce and the Ministry of Ecology and Environment on Issuing the "Green Development Guidelines for Overseas Investment and Cooperation"
https://www.clientearth.org/media/jufbkljf/green-development-guidelines-for-overseas-investment-and-cooperation.pdf

In another example, the **Guidelines for Ecological Environmental Protection in Foreign Investment Cooperation and Construction Projects**[20] obligates Chinese entities to conduct biodiversity surveys, and if high biodiversity risks are identified, the company must justify its decision for the project site and consider alternative locations (Article 6). It also requires companies to make efforts to address climate change, and "actively participate in low-carbon and carbon sink projects" (Article 17). As an oil project, EACOP would inherently exacerbate climate issues, and due to its location and route pathway through numerous protected areas and biodiversity hotspots, would likely cause negative biodiversity impacts, which is already well documented. Furthermore, the policy expects that companies "Actively strengthen communication with potentially affected communities, the public, and listen to opinions and suggestions" (Article 23). As impacted African communities, we hope CPP will adhere to these Chinese policies in listening to our concerns, as well as take actions to ensure it is in compliance with relevant Chinese policies.

According to **China's List of Sensitive Sectors for Overseas Investment**, published in 2018 by China's National Development and Reform Commission, the development and utilization of cross border water resources is prohibited[21]. EACOP's impact on Lake Victoria will likely lead to negative impacts by triggering and exacerbating water conflicts in Ugandan, Kenyan, Tanzanian, and DRC communities, including impacts on fishing and freshwater supply, in addition to pollution and waste management risks. Over 40 million people rely on Lake Victoria for their livelihoods[22]. Territoriality regarding fishing and water resources is especially contested, in which Uganda, Kenya, and Tanzania were nearly brought the neighboring countries to the brink of war in 2009[23].

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[20] Notice on Issuing the "Guidelines for Ecological Environmental Protection of Foreign Investment Cooperation and Construction Projects"
https://www.followingthemoney.org/wp-content/uploads/2022/07/2022_MEE-MOFCOM_Guidelines-on-Ecological-Environmental-Protection_E.pdf

[21]境外投资敏感行业目录
https://www.world-energy.org/uploadfile/2019/0917/20190917035828661.pdf

[22]Uganda strives to save Lake Victoria to provide clean water
http://www.xinhuanet.com/english/2019-01/14/c_137743230.htm

[23] The Nature of Lake Victoria Transboundary Disputes and Economic Security Management between Kenya and Uganda
https://www.scirp.org/journal/paperinformation.aspx?paperid=119748

Violation of Chinese green finance policies: Lastly, it is important to note that due to the violation of local laws and international norms, any Chinese bank involved in EACOP would likely violate key Chinese bank regulatory policies, such as the **2012 Green Credit Guidelines[24], 2014 Key Performance Indicators on Green Credit[25], and the new 2022 Green Finance Guidelines[26]**. This means that any Chinese bank that is found to be connected to CPP and the EACOP project would also fail to comply with relevant Chinese bank policies.

Conclusion

The development of oil and gas should be reconsidered in African countries, prioritizing a shift towards renewable energy sources. China has also supported prioritizing and emphasizing the need to shift to a low carbon economy which respects the development objectives of not only host country governments, but also affected communities. Chinese actors should play a crucial role in advocating for this transition, instead of investing in technologies which lock Africa in to high carbon, high risk fossil fuels. As such, we hope CPP will seriously reconsider its involvement in EACOP.

We would welcome CPP's response to our concerns. Please contact:

Cirrus Kabaale, Chief Executive Officer

Strategic Response on Environmental Conservation (STREC)

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Signatories

1. Strategic Response on Environmental Conservation (STREC)-Uganda
2. National Association of Professional Environmentalists (NAPE)-FoE Uganda
3. Centre for Citizens Conserving Environment &Management (CECIC)-Uganda

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[24] http://www.cbrc.gov.cn/EngdocView.do?docID=3CE646AB629B46B9B533B1D8D9F F8C4A

[25] http://www.cbrc.gov.cn/EngdocView.do?docID=C5EAF470E0B34E56B2546476132CCC56

[26] Guidelines in place to support green finance https://english.www.gov.cn/policies/policywatch/202206/08/content_WS629fe148c6d02e533532bd53.html

4. African Initiative on Food Security and Environment (AIFE)- Uganda

5. The Women Support Initiative (TWOSI)- Uganda

6. Women in Renewable Energy Initiative - Uganda

7. Center for Conservation and Ecoenergy Initiative (CCEI)- Uganda

8. Cadre de Concertation de la société civile de l'Ituri sur les Ressources Naturelles (CdC/RN) - DR Congo

9. Forum des Engagés pour le Développement Durable (FORED) DR Congo

10. Association d'Entraide pour le Développement Intégral de la Femme (AEDIF) DR Congo

11. Association des Filles Mères (AFEM) DR Congo

12. Réseau des Organisations pour la Conservation et la Protection de l'Environnement (REOCOPE) DR Congo

13. Forum pour la paix l'environnement et le développement (FOPED) DR Congo

14. Rassemblement des personnes handicapées pour le développement intégral (RPDI) DR Congo.

15. Center For Environment Research and Agricultural Innovations (CERAI)-Uganda

16. Be Empowered

17. Africa Centre for Sustainable Alternatives (ACSA)

18. EACOP Host Community Network

19. Youth for Green Communities (YGC)

20. Coalition des Organisations de la Société Civile pour le Suivi des Réformes et de l'Action Publique, CORAP - DR Congo

21. East African Crude Oil Pipeline Host Communities (EACOPHC)