September 20, 2024

Mr. SONG Shuguang
Chairman
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LETTER TO CHINA EXPORT & CREDIT INSURANCE CORPORATION (SINOSURE) EXPRESSING CONCERN OVER FINANCING OF EACOP PROJECT

Dear Sir/ Madam,

As representatives of environmental groups, local civil society organizations, landowners, and residents of affected communities from Uganda and Tanzania, we reiterate our grave concerns that China Export & Credit Insurance Corporation (SINOSURE) may provide financial support East African Crude Oil Pipeline (EACOP). We bring to your attention of the ongoing negative impacts and risks associated with EACOP project in Uganda and Tanzania.

Unfortunately, we have not received a response from your institution regarding our concerns. We kindly ask for a response in order to address EACOP's ongoing environmental and social impacts.

We respectfully highlighted the negative impacts and risks associated with EACOP project in Uganda and Tanzania. The project violates both Uganda's and Tanzania's laws, China's green development and finance guidelines, as well as the principles of the Belt and Road Initiative, European Union's requirements, international norms and standards. Alarmingly, a full and credible environmental and social impact assessment (ESIA) regarding the full scope of EACOP project operations in the districts of Uganda and Tanzania, which is a legal requirement in Uganda and Tanzania as well as in the EU, has not been properly conducted even though operations began six years ago.

Since our letter was sent to you, there have been notable updates regarding EACOP's most recent environmental, social, health and human rights impacts:

- **Forceful and unjust land acquisition.** The developers of the East African Crude Oil Pipeline (EACOP), including TotalEnergies, China National Offshore Oil Corporation, and the governments of Uganda and Tanzania, have been implicated in human rights abuses against the project-affected persons (PAPs). Under TotalEnergies' leadership, the project

is acquiring approximately 5,172 hectares of land including 1,109[1] in Uganda and 4,063[2] in Tanzania. This land is being forcibly taken from over 86,000[3] people across 13,292 project-affected households (PAHs) in both countries. The land acquisition has been implemented through coercive tactics. Many PAHs were denied the right to provide informed consent[4] during the land acquisition process, and those who filed grievances were either arrested[5] or threatened with legal action[6] when they seek the project developers' intervention.

- **EACOP's legal challenge:** The EACOP project is facing a legal challenge at the East African Court of Justice[7]. The East African Civil Society Organisation has filed a case against the governments of Uganda and Tanzania, along with the Secretary General of the East African Community (EAC), requesting an urgent injunction to halt pipeline development. They argue the project violates several key East African and international laws, including the EAC Treaty, the Protocol for Sustainable Development of the Lake Victoria Basin, the Convention on Biological Diversity, and the United Nations Framework Convention on Climate Change. Any financial institution that supports the project could face the same legal and reputational risk challenges that the project proponents face.

Research highlights EACOP's negative impacts: A report[8] published by the Africa Institute for Energy Governance (AFIEGO) highlights the negative impact of EACOP on local communities in Uganda. The research reveals that inadequate and delayed compensation by TotalEnergies has left many families displaced by the pipeline unable to replace their lost land and resources, severely affecting their incomes, food security, and well-being. These findings reflect long-standing concerns from communities in Uganda and Tanzania. For years, residents have warned that the massive oil pipeline, which traverses sensitive ecosystems, would disrupt livelihoods and damage the environment. Unfortunately, their calls for meaningful participation in decisions about their lands and resources have largely gone unheeded. Furthermore, research by Les Amis de la Terre

[1] EACOP Company (2021); EACOP RAP Uganda: https://www.eacop.com/eacop-rap-uganda/
[2] EACOP Company (2021); EACOP resettlement policy framework Tanzania: https://www.eacop.com/publication/eacop-resettlement-policy-framework-tz-full-report-english/
[3] Amisdelaterre; numbers of individual persons affected by EACOP: https://www.amisdelaterre.org/wp-content/uploads/2021/04/20210407-numbers-of-individual-persons-affected-by-eacop.pdf
[4] STREC (2022); petition requesting the EACOP company to address emerging grievances of EACOP-affected people: https://strecug.org/reports/EACOP-AFFECTED-PEOPLE-OF-GREATER-MASAKA.pdf
[5] AFIEGO (2021); Statement on arrest of Afiego staff: https://www.afiego.org/wp-content/uploads/2024/02/AFIEGO-statement-on-the-arrest-of-its-staff-23-October-2021.pdf?wpdmdl=2608&refresh=624ac1fdf2ba71649066493
[6] The East African (2024); Uganda sues to evict landowners standing in way of regional pipeline: https://www.theeastafrican.co.ke/tea/business/uganda-sues-to-evict-landowners-in-way-of-regional-pipeline--4760650
[7] Natural Justice (2023); CSOs challenge East Africa court of Justice judgement on EACOP: https://naturaljustice.org/csos-challenge-east-african-court-of-justice-eacj-judgement-on-eacop/
[8] AFIEGO (2023); research report on the socio-economic impact of EACOP resettlement activities on the project affected persons: https://www.afiego.org/wp-content/uploads/2024/03/Research-report-EACOP-project-impact-on-affected-people-in-Uganda.pdf?refresh=654b4d5346e4d1699433811&wpdmdl=3174

France[9] emphasizes the grave risks EACOP poses to biodiversity and community livelihoods. The study shows that the project endangers critical ecosystems, such as wetlands, forests, and protected areas in Uganda and Tanzania, which sustain diverse wildlife and provide vital resources to local populations. The pipeline has further restricted communities' access to essential land and water resources, severely undermining agricultural activities, food security, and income generation. The research raises alarms over the long-term environmental damage and socio-economic harm associated with the EACOP project, questioning its sustainability and adherence to global environmental and human rights standards.

- **EACOP's negative impacts on ecosystems and livelihood:** The EACOP threatens to impact forests, wetlands, mangroves, national parks, and other protected areas in Uganda and Tanzania. The Worldwide Fund for Nature (WWF) estimates that nearly 2,000[10] square kilometers of protected areas will be affected. Communities in Uganda, Kenya, Tanzania, and the Democratic Republic of Congo (DRC) depend on these natural resources for agriculture, fishing, tourism, and other livelihoods. Notably, lakes Victoria and Albert, whose wetlands and watercourses have been impacted by EACOP, provide 82.9%[11] of Uganda's fish. The fisheries sector alone earned Uganda $118.6[12] million between June 2020 and July 2021 and provides over 5 million jobs. The EACOP project now poses a serious risk to Uganda's fisheries sector. Any impacts on the lake will affect all the aforementioned East African states. According to Chinese regulations, any Chinese overseas investments which causes negative trans-boundary water impacts is prohibited[13].

We want to highlight that the banks' financing to EACOP is a clear violation of China's Green Finance Guidelines, which requires Chinese banks to ensure their financing does not contribute to environmental harm or social injustice. For example, China's 2022 Green Finance Guidelines[14] stipulate that Chinese banks should 'strictly restrict' credit and investment 'for clients with serious violations of laws and regulations and major risks in ESG aspects' (Article 20). The Guidelines have also clearly laid out steps that banks should take to leverage their financing to ensure their clients are compliant with laws and regulations in host countries, meaningfully mitigate ESG risks, and set up grievance mechanisms for high-risk projects. The responsibility for ensuring that funds

[9] Amisdelaterre (2022); eacop a disaster in the making: https://www.amisdelaterre.org/wp-content/uploads/2022/10/eacop-a-disaster-in-the-making-foe-france-and-survie-oct-2022.pdf
[10] WWF (2017); safeguarding people and nature in the East African crude oil pipeline project: https://wwf-sight.org/wp-content/uploads/2017/07/Safeguarding-Nature-and-People-Oil-and-Gas-Pipeline_Factsheet.pdf
[11] UBOS (2020) statistical abstract: https://www.ubos.org/wp-content/uploads/publications/11_2020STATISTICAL__ABSTRACT_2020.pdf
[12] All Africa; Fish export falling again: https://allafrica.com/stories/202108270685.html
[13] Xinhua, "China updates 'sensitive sectors" for outbound investment," Xinhua Net, 1 February 2018, http://www.xinhuanet.com/english/2018-02/11/c_136967702.htm
[14] Government of China (20220; Notice of the China Banking and Insurance Regulatory Commission on issuing Green Finances Guidelines for the Banking and Insurance industries: https://www.gov.cn/zhengce/zhengceku/2022-06/03/content_5693849.htm

are not directed toward companies that violate environmental and social standards is clearly assigned to the banks. As mentioned above, TotalEnergies and China National Offshore Oil Corporation (CNOOC) have engaged in activities that directly breach these guidelines, as well as other international environmental and social frameworks.

We again ask that the China Export & Credit Insurance Corporation (SINOSURE) to not finance the EACOP project, or other associated fossil fuel projects in Uganda and Tanzania. We are also requesting that the SINOSURE publicly communicate their decision on refraining from financing the EACOP project.

Given the longstanding poor environmental and social performance of EACOP project, we further encourage the SINOSURE to suspend, cancel, or require immediate repayment of any current or planned funds disbursed to the EACOP developers and all its subsidiaries. In the wake of EACOP's harmful impacts coming to light, several leading banks, underwriters, insurance companies and investors have publicly declared that they would withdraw involvement in this project. In financing the project, the SINOSURE bear responsibility for ensuring its funds do not support companies that violate environmental and social standards.

Instead of extracting resources from Uganda, China should be encouraging the Ugandan and Tanzanian governments to protect its natural heritage, landscapes, and the people who depend on them. As the climate and biodiversity crises worsen, so has the magical thinking that fossil fuels, a historic driver of today's crises, is somehow part of the solution.

China, with its hefty string of World Heritage sites, can and should support the Ugandan and Tanzanian governments to nominate its African Great Lakes. If they do, their companies and banks investing in EACOP will be forced to think twice. And so will the Ugandan and Tanzanian governments.

We welcome an opportunity to discuss our concerns with your staff. To contact the undersigned, please email our representative, Strategic Response on Environmental Conservation at info@strecug.org or ckabaale@strecug.org

Sincerely,

Cirrus Kabaale,
CEO, Strategic Response on Environmental Conservation

SIGNATORIES

1. Strategic Response on Environmental Conservation (STREC)
2. Centre for Citizens Conserving Environment &Mgt (CECIC)
3. Center for Conservation and Ecoenergy Initiative (CCEI)
4. Alerte Congolaise pour l'environnement et les droits de l'homme, ACEDH, DR Co ngo
5. African Initiative On Food Security and Environment (AIFE)
6. African Institute for Climate Action and Justice Limited(AFICAAJ)
7. Coalition des Organisations de la Société Civile pour le Suivi des Réformes et de l'Action Publique, CORAP - DR Congo
8. The Women Support Initiative (TWOSI)
9. Be Empowered
10. Women in Renewable Energy Initiative -Uganda
11. Africa Centre for Sustainable Alternative (ACSA)
12. Initiative for Green Planet (IGP)
13. Tasha Research Institute Africa (TASHA)
14. Synergie des Jeunes pour le Développement et les Droits Humains, SJDDH/RDC
15. Center for Environmental Research and Agricultural Innovations (CERAI)
16. East African Crude Oil Pipeline Host Communities (EACOP HC)
17. Greater Masaka Youth for Green Initiative (GMYGI)
18. Women Natural Resources Action Initiative
19. Kingfisher Host Community Network
20. EACOP Host Community Network
21. Bunyoro Youth for Green Initiative

22. Stride for Green Initiative (SGI)
23. Cadre de Concertation de la société civile de l'Ituri sur les Ressources Naturelles (CdC/RN) - DR Congo
24. Forum des Engagés pour le Développement Durable (FORED) DR Congo
25. Association d'Entraide pour le Développement Intégral de la Femme (AEDIF) DR Congo
26. Association des Filles Mères (AFEM) DR Congo
27. Réseau des Organisations pour la Conservation et la Protection de l'Environnement (REOCOPE) DR Congo
28. Forum pour la paix l'environnement et le développement (FOPED) DR Congo
29. Rassemblement des personnes handicapées pour le développement intégral (RPDI) DR Congo.
30. Forum pour la paix l'environnement et développement (FOPED).
31. Rassemblement des personnes handicapées pour le développement intégral (RPDI).

CC

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