East African Crude Oil Pipeline (EACOP)  Uganda

Sectors: Pipeline Transportation of Crude Oil

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By: BankTrack, 350.org Africa, AFIEGO & Inclusive Development International
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Project website

Status

Sectors
Pipeline Transportation of Crude Oil

Location

About East African Crude Oil Pipeline (EACOP)
The East African Crude Oil Pipeline (EACOP) is a proposed 1,445-kilometer pipeline that will transport oil from Hoima, Uganda to the port of Tanga in Tanzania.

Approximately 1.7 billion barrels of recoverable oil have been discovered in the Albertine Graben, the basin of Lake Albert, on the border between Uganda and the Democratic Republic of the Congo. Extraction will take place at two oil fields: the Kingfisher field, operated by China National Offshore Oil Corporation Ltd (CNOOC Ltd), and the Tilenga field, operated by Total S.A.

Once extracted, the oil will be partly refined in Uganda to supply the local market and partly exported to the international market via the EACOP. If completed, it will be the longest heated pipeline in the world.

Both the extraction sites and the EACOP pose serious environmental and social risks to protected wildlife areas, water sources and communities throughout Uganda and Tanzania. As such, the project is facing significant local community and civil society resistance.

Latest developments

Presidents meet to sign project agreements in Entebbe, Uganda
Apr 11 2021

Over 260 organisations call on banks not to finance EACOP - new stopeacop.net campaign website launched.
Mar 5 2021
Impacts

Social and human rights impacts

Large scale land acquisition and resettlement: Land acquisition is needed for both pipeline construction and associated infrastructure is necessary on both a temporary and permanent basis, as the pipeline route traverses a number of heavily populated districts in both Uganda and Tanzania. In total, 5,300 hectares of land will be needed for construction and operation of the pipeline, which means that around 14,000 households will lose land. Of these 14,000, roughly 200 households in Uganda and 331 households in Tanzania will have to be resettled, and approximately 3,200 to 3,500 households in Uganda and 9513 households in Tanzania will be economically displaced, which means they will lose land (Oxfam, 2020).

The valuation and compensation process for the land to be acquired for the project has been characterised by delays, insufficient provision of information to communities, harassment and irregularities. Affected people have stated that they had only a basic understanding of the project’s stakeholder engagement process and felt that the project subcontractors had pressured them into signing valuation forms without ensuring their full understanding of this process. They further reported that they did not receive copies of the documents they signed and that they were forced to sign the documents in pencil. Local community representatives also report having been harassed, forced to sign different forms without clear explanation, stamp and sign empty forms, and fill valuation forms using a pencil but sign in ink.

Impacts of delayed compensation: Cut-off dates, after which compensation will not be paid for new permanent developments on land valued and demarcated for the project, were announced between April and June 2019 in Uganda, and between March and September 2018 in Tanzania. Ever since the cut-off dates were announced, affected households live in uncertainty. While growing seasonal crops is allowed, some households are afraid to lose their harvest if they have to vacate the land at short notice. Others have claimed they are not allowed to farm cash crops. Many households have decided to give up on agriculture (Oxfam, 2020 p59). Local organisations report that people are afraid to put up new developments such as graves and latrines on their land.

Two years after announcing the cut-off dates in Tanzania and one year in Uganda, compensation has still not been paid, and there is no certainty around when it will be paid as the process will only recommence once a Final Investment Decision is made. The delays in paying compensation and the restrictions on using the land have severely impacted people's livelihoods and the continuation of everyday life.

Impacts on livelihoods: Oil extraction is expected to have profound impacts on livelihoods, including for those who are reliant on agriculture, livestock rearing, and fishing in Lake Albert, where oil extraction will occur.

The pipeline poses a threat to critical sources of water. Approximately 460 km of the pipeline will be within the freshwater basin of Lake Victoria, Africa's largest lake, which directly supports the livelihoods of more than 40 million people in the region. The pipeline also crosses the Kamugenyi, Wambabaya, Kanywabarogo, and Kifenyi rivers, and the Kijuba and Lwemido swamps in Uganda. In Tanzania, water sources the pipeline will cross include the Kagera, Wembere, Pangani and Sigi rivers, and the water dam in Mperia village.

Oil spills are not unlikely to happen in the future as they have already occurred upstream, leading to the pollution of the water sources so many people depend on. The pipeline poses significant risks of degrading or polluting these water sources where pipes are buried under them. Rather than using horizontal directional drilling to cross watercourses, which is considered industry best practice, Total and its partners have opted for the lowest cost option, open cut trenching, for almost all water crossings.

Impacts on tourism: The region’s thriving tourism sector is a source of livelihood and pride to many in East Africa. This includes the Murchison Falls National Park, Uganda’s largest park and a popular tourist destination, where 40% of Lake Albert’s oil is located. Tanzania, where 1,149 kilometres of the pipeline will be built and operated, is a country heavily dependent on tourism and on its wetland ecosystem for transport, fishing, agro-pastoral activities, hydrological processes and irrigation. For this reason the possibility of a pipeline leak leading to degradation of these key ecosystems, protected areas and wildlife habitats is not only an environmental threat, but a severe socio-economic one as well. Employment benefits brought by the pipeline project (expected to provide a total of 5,000 jobs of which only 300 will be permanent) is far overshadowed by the potential loss of jobs in the tourism sector and the social, environmental and socio-economic costs of disruption of those ecosystems resulting from the project.

Oxfam’s Human Rights Impact Assessment already points to people having limited access to information on employment opportunities or even being denied employment in the initial stages of the project as the companies work through sub-contractors, drivers, and service providers from Kampala, not from local communities.
Gender aspects: Oil extraction often causes disproportionate impacts on women, who often carry the burden of relocation and change in society while not benefiting from new employment opportunities. The gender analysis commissioned by Oxfam describes several possible impacts particular to or more likely to affect women. With regard to income and work, impacts include a potential loss of income when women lose land or when men capture the project benefits and compensation. Oxfam’s Human Rights Impact Assessment of the project documents that “respondents in Uganda felt that women were excluded during land acquisition processes” because community consultations were often conducted at times when women would be unable to attend. In addition, during the valuation of the property, contractors require information from the landowners, who are predominantly men, meaning most women are excluded from receiving money. Other impacts include an increased work burden for women if men find work in the project (instead of working on the land for instance), and a consequential loss of power in the household if men start earning cash wages.

With regard to safety, the project is likely to increase women’s vulnerability to gender based violence and to decrease their ability to move safely in the project areas. These impacts have already been observed in the cases of the West-Africa and Chad-Cameroon oil and gas pipelines. In addition, the project might lead to an increasing in sex work in the project areas. According to ActionAid’s report on the human rights impact of Uganda’s oil sector, the sex trade in Hoima, where extraction at Lake Albert will occur, has significantly increased over the last several years due to the discovery of oil.

Lastly, the conditions at workers’ camps designed for the project might favour the spread of communicable diseases. These diseases might then be spread to the surrounding communities through local workers or contact between workers and the communities. Since women are typically responsible for the care of family members, they are disproportionately exposed to these diseases.

Impacts on cultural rights, including for Indigenous Peoples: Another concern of communities along the pipeline is the loss or destruction of land and structures of spiritual value, such as sacred sites, graves, and cemeteries, and cultural ways of life that are linked to agriculture, fishing, and hunting. These activities rely heavily on access to specific spaces. Communities that are particularly vulnerable to the impacts of the EACOP project are the Barbaig, Sandawe, Ndrobo, Maasai, Akie, and Taturu – indigenous tribes that depend on nature for their livelihoods, and the Bagungu, who identify as Indigenous, who reside in different parts of the Albertine region along the shores of Lake Albert.

Threats to human rights defenders and journalists: Members of civil society and journalists who speak up about the social and environmental consequences of among others EACOP and the Tilenga project have been intimidated and even arrested on different occasions. Two defenders who testified in the trial against Total in a court in France on December 12th 2019 were harassed upon their return to Uganda. Community leader Jelousy Mugisha was arrested and questioned for nearly nine hours at Kampala Airport. Unknown men attempted to break into farmer Fred Mwesigwa’s house late on the night of December 23 and again the following day. He had to flee his house after these events.

On the 15th and 16th of September 2020, three journalists and six environmental activists were arrested by police in Hoima, Uganda. The journalists and activists had called for public mobilisation against a large-scale sugarcane cultivation in Bugoma Forest on the day the arrests began and they had also warned about the impacts of EACOP and the Tilenga project on the forest. The police department spoke publicly of a “preventive arrest”, stating: “we want to make sure they don’t have that demonstration today”. By September 17th, all of the arrested individuals were again released and ordered to leave the oil region.

Environmental and climate impacts

Biodiversity, wildlife and protected nature areas: Extraction at the oil fields in Albertine Graben will most directly impact the Murchison Falls National Park, posing a serious threat to biodiversity and rare and endangered species. Moreover, important tributaries of the Nile flow nearby. Communities expressed their concerns over the possibility of oil spills and other pollution affecting the river and having impacts as distant as North Africa and leading to an increase in cross-border conflicts.

Nearly 2,000 square kilometres of protected wildlife habitats will be negatively impacted by the EACOP project. Although the official EACOP route starts in Hoima, which lies outside the Murchison Falls National Park in Uganda, a feeder pipeline will be constructed that will run from the Tilenga oil field which is partly situated in the National Park to the EACOP starting point. Another feeder pipeline will encroach on the vulnerable Bugoma Forest Reserve, home to large groups of Eastern chimpanzees. From Hoima, EACOP subsequently runs through the Taala Forest Reserve. The potential loss of forest cover involved in constructing the EACOP is particularly problematic considering Uganda is already losing about 90,000 hectares of forest per year.

In Tanzania, the pipeline will run through even more (protected) areas crucial for biodiversity including the Bharamulo Game Reserve and Wembere Steppe Key Biodiversity Area. Bharamulo Game Reserve hosts a diversity of animals such as lions, buffalo, elands, lesser kudu, impalas, hippos, giraffes, zebras, roan antelopes, sitatungas, sables, aardvarks, and the red colobus monkey. The Wembere steppe is an important place for seasonal birds. In all, some 500km2 of wildlife corridors for the Eastern Chimpanzee and African Elephant are likely to be severely degraded.

Finally, when reaching the Tanzanian shore, two important Ecologically or Biologically Significant Marine Areas (EBSAs), the Pemba-Shimoni-Kisite site and the Tanga Coelacanth site, are at high risk given the huge amount of oil to be transferred offshore at the Tanga Port. These EBSAs host several Marine Protected Areas (MPAs) as well as Mangrove Forest Reserves, and coral reefs and waters with dugongs and sea turtles.

Ramsar Wetlands: Both components of the project will directly impact several Ramsar Wetlands of International Importance. (The Ramsar Convention is an international treaty for the conservation and sustainable use of wetlands.) Extraction will take place within the Murchison Falls-Albert Delta Wetland System, a Ramsar site that plays an important role for wildlife in the National Park and is a spawning ground for indigenous fish species. The pipeline will also run near or through a number of Ramsar sites that lie just west of Lake Victoria, including Mabamba Bay, the Lake Mburo-Nakivale System, the Lake Nabugabo System, the Nabajuzi System, and the Sango Bay-Musambwa Island (SEI/IGSD 2020, forthcoming). Several potential financiers have policies restricting them from financing operations that adversely impact Ramsar sites.

Pollution and waste: The probability of a pipeline oil spill is high, particularly given that about a third of the pipeline is located in the Lake Victoria watershed, an active seismic area. Indeed there are already several accounts of oil spills or seepages in the Albertine Graben region, including one at
the Kiboro hot springs on March 29, 2020.

There is also the risk of the accumulation or disposal of hazardous waste. The pipeline will have to be regularly cleaned, and this cleaning generates **hazardous waste containing benzene**, a human carcinogen. This waste will have to be either incinerated, which can generate hazardous air pollution, or be disposed of in storage sites at each pumping station, meaning each pumping station would become a hazardous-waste disposal site.

**Water sources:** The pipeline poses **high risks of freshwater pollution and degradation**, particularly to the Lake Victoria basin, which over 400 kilometres of the pipeline will traverse. In addition, constructing and testing the pipeline requires a significant amount of water. The Tanzanian ESIA mentions several large batches of approximately 16,000 m³ of water will be needed for testing. According to the Tanzania ESIA, the pipeline will pass through several regions that receive little rainfall and are already water scarce further threatening the water availability.

**Climate change:** The EACOP pipeline will carry **216,000 barrels of crude oil per day at ‘plateau production’**. This oil is likely to result in CO2 emissions of over **33 million tonnes** each year, significantly greater than the combined emissions of Uganda and Tanzania, at a time when the world’s scientists are telling us that new fossil fuel developments need to stop if we are to tackle the climate crisis. According to a report from the Carbon Tracker Initiative, several of Total and CNOOC’s projects in Uganda are incompatible with the Paris Agreement.

**Other impacts**

**Limited opportunities for stakeholder participation in ESIA:** Formal opportunities for community members to participate in the impact assessment of the EACOP were **limited in both countries**. The options for stakeholder participation included commenting on the ESIA scoping report, going to public hearings, and reviewing the final ESIA. Consultation periods for the ESIA were very short. In Tanzania the formal consultation period was only 14 days, in Uganda it was 28 days. In addition, despite public hearings and meetings, community members in Uganda as well as Tanzania felt they did not receive sufficient detailed information among others about the environmental and social impacts of the project necessary to engage in meaningful public consultation.

**Governance**

**Bank policies**

The following bank investment policies apply to this project:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Policy</th>
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<tbody>
<tr>
<td><strong>Standard Bank</strong></td>
<td><strong>Environmental and social management system</strong></td>
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<td>**April 26, 2019</td>
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<td><strong>Sumitomo Mitsui Banking Corporation (SMBC)</strong></td>
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<td></td>
<td><strong>Management of environmental risks</strong></td>
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<td>**January 14, 2021</td>
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**Applicable norms and standards**

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<th>Directive/Guideline</th>
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<td><strong>China Green Credit Directive</strong></td>
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<td><strong>Equator Principles</strong></td>
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<tr>
<td><strong>IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts</strong></td>
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<td><strong>IFC Performance Standard 2: Labor and Working Conditions</strong></td>
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<td><strong>IFC Performance Standard 3: Resource Efficiency and Pollution Prevention</strong></td>
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<td><strong>IFC Performance Standard 4: Community Health, Safety, and Security</strong></td>
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<td><strong>IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement</strong></td>
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<tr>
<td><strong>IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</strong></td>
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Updates

Presidents meet to sign project agreements in Entebbe, Uganda

Apr 11 2021
Several agreements were signed today to pave the way for the Final Investment Decision for the EACOP, as the new Tanzanian President Samia Hassan met with Uganda's re-elected President Yoweri Museveni.

According to the Ugandan news outlet Daily Monitor, four agreements were signed. These were:

- two separate Host Government Agreement (HGA) between Total E&P, and the governments of Uganda and Tanzania;
- the Shareholders Agreement, which gives Total E&P a 72% stake in the project; UNOC 15%; Cnooc 8% and TPDC 5%;
- the Tariff and Transportation Agreement between the pipeline company and the shippers of Uganda's crude oil through the pipeline.

Over 260 organisations call on banks not to finance EACOP - new stopeacop.net campaign website launched.

Mar 5 2021
On 1st March, 263 community and not-for-profit organisations from around the world urged the CEOs of 25 banks not to participate in loans to fund the construction of the world's longest heated crude oil pipeline. In an open letter, organisations from 49 countries, including 122 African-based organisations, detail the immense threats that the 1,445-kilometer-long East African Crude Oil Pipeline (EACOP) would pose to local communities, water supplies, and biodiversity in Uganda, Tanzania, Democratic Republic of Congo and Kenya.

The open letter was launched alongside a new campaign website for the global #StopEACOP coalition - stopeacop.net. The website will keep track of financial institutions, investors and insurers that have ruled out support for the project and will serve as a campaign hub for further public actions targeting the project's developers and financial backers.

Read our news release here.

Ugandan ESIA approved as research suggests deteriorating economics for Uganda's oil

Dec 4 2020
The Environmental and Social Impact Assessment (ESIA) for the Ugandan section of the EACOP was approved by Uganda's National Environmental Management Authority (NEMA) on 3rd December. See NEMA's press announcement here.

The approval comes despite an independent review of the ESIA concluding that a great number of the key concerns raised in its previous advisory report have been insufficiently addressed. There had been no public consultation for the ESIA for the Tanzanian section of the pipeline, as this is not required by Tanzanian law.

The approval followed the release on 2nd December of a report by the London-based Climate Policy Initiative, analysing the impact of a low carbon transition on Uganda's planned oil industry. The report's key finding is that "since Uganda signed an initial agreement in 2013, the value of Uganda's oil reserves has fallen more than $40 billion or over 70% to $18.1 billion. Under a low-carbon transition aligned with the goals of the Paris Agreement, the value of the oil would drop further, to 88% of its value seven years ago."

Also on December 2nd, UK Export Finance (UKEF), the country's Export Credit Agency, revealed in response to a parliamentary question that it had been approached regarding finance for the EACOP project, but no decision has yet been made. The French, German and Italian ECAs are also reported to have been approached ($).
Four African NGOs challenge EACOP by filing a case at the East African Court of Justice

Nov 24 2020

On November 6 2020, Centre for Food and Adequate Living Rights (CEFROHT) and the Africa Institute for Energy Governance (AFIEGO) both based in Kampala; the Nairobi-based Natural Justice-Kenya and the Center for Strategic Litigation based in Zanzibar filed a case at the East African Court of Justice asking the Court to order Uganda and Tanzania to ensure that, “prior to any similar project, the following are conducted; climate change impact assessment; Human rights impact assessment; and meaningful, effective and transparent public consultations ensuring robust community and broad public participation.” According to the organisations, the EACOP project is yet to conduct an environmental and social impact assessment as required by both the East African Community Treaty and other international laws. The organisations want the construction of the pipeline stopped until the matter is heard and determined.

Government of Tanzania and Total sign pact to initiate Host Government Agreement for EACOP

Oct 27 2020

On the 26th of October, the government of Tanzania and Total signed a pact to initiate the Host Government Agreement (HGA). This brings the project one step closer to reaching a Final Investment Decision. Negotiations between senior government technocrats and representatives of Total lasted three weeks and covered among other things project authorizations, land rights, health and safety, the environment and labour standards. Other pending agreements are the Shareholders Agreement (SHA), Ports Agreement (PA) and Land Lease Agreement (LLA).

Journalists and activists arrested

Sep 17 2020

Three journalists and six environmental activists were arrested by police in Hoima, Uganda, on 15th and 16 September 2020. They had come to denounce the destruction of one of the country's largest forest reserves and the risks posed by the development of the oil industry in Western Uganda, including the EACOP pipeline. BankTrack joined with international calls for the release of all those arrested. All have now been released. Read more.

Host Government Agreement with Uganda signed; CSOs call for prioritisation of conservation and livelihoods

Sep 15 2020

The government of Uganda has signed a Host Government Agreement (HGA) with TOTAL for the East Africa Crude Oil Pipeline project (EACOP). The agreement was reported on Monday 14th September. An agreement between Tanzania, Uganda and TOTAL to fast-track remaining agreements was also signed on the preceding Sunday. Tanzanian authorities have been given one month to reach the HGA with Total, according to The Citizen.

Following the news, 15 local civil society organisations including Africa Institute for Energy Governance (AFIEGO), the Oil Refinery Residents Association (ORRA) and the African Initiative on Food security and Environment have delivered an open letter to the presidents of Uganda and Tanzania. The 15 CSOs remind the presidents of the economic, environmental, climatic and social risks and threats of the EACOP and call on them to prioritize environmental conservation and community livelihoods over the EACOP.

Oxfam and FIDH publish new Human Rights Impact Assessments of EACOP and related oil extraction projects

Sep 10 2020

Two new community-based human rights impact assessments were published today by Oxfam, the International Federation for Human Rights (FIDH) and partners on EACOP and the related oil extraction projects. The new reports highlight serious, ongoing challenges and future risks linked to these projects. Both reports offer community-driven recommendations urging oil companies and governments, who are on the verge of making their final investment decision, to take urgent measures to avoid a human and environmental disaster.

- **Empty Promises Down the Line? A Human Rights Impact Assessment of the East African Crude Oil Pipeline**, authored by Oxfam, Global Rights Alert (GRA), the Civic Response on Environment and Development (CRED), and the Northern Coalition on Extractives and Environment (NCEE), assesses the impacts of the EACOP pipeline. It concludes that neither the government of Uganda nor Tanzania appears to have adequately fulfilled its human rights obligations, and highlights that significant human rights and environmental risks remain and must be addressed.

- **New Oil, Same Business? At a Crossroads to Avert Catastrophe in Uganda**, authored by FIDH and the Foundation for Human Rights Initiative (FHRI), reviews the past and present impacts of construction and exploration activities and future upstream oil extraction sites in Uganda.

The two independently-conducted assessments are summarised in the joint publication, Oil in East Africa. Communities at Risk.

CNOOC opts out of Uganda pre-emption

May 28 2020

CNOOC Uganda will not pre-empt the sale of Tullow Oil’s stake in Lake Albert to Total.

Tullow announced the Chinese company’s decision, saying that this paved the way for an agreement on tax. Total and Tullow announced a deal had been struck on April 23. The French company was to pay $575 million for Tullow’s 33.33% stakes in Blocks 1, 1A, 2 and 3A and the East African Crude Oil Pipeline (EACOP). Tullow is the operator of Block 2. CNOOC had pre-emption rights for a 50% stake of Tullow’s sale. The Chinese company’s decision not to become involved allows the deal to go ahead as set out, with no changes to the transaction or timeline, Tullow said.

The deal should be completed in the second half of the year.
Total acquires Tullow entire interests in the Uganda Lake Albert Project

Apr 23 2020

Total and Tullow have entered into an Agreement, through which Total shall acquire Tullow’s entire interests in Uganda Lake Albert development project including the East African Crude Oil Pipeline. The terms of the transaction have been discussed with the relevant Ugandan Government and Tax Authorities and agreement in principle has been reached on the tax treatment of the transaction.

Under the terms of the deal, Total will acquire all of Tullow’s existing 33.3334% stake in each of the Lake Albert project licenses EA1, EA1A, EA2 and EA3A and the proposed East African Crude Oil Pipeline (EACOP) System. The transaction is subject to the approval of Tullow’s shareholders, to customary regulatory and government approvals and to CNOOC’s right to exercise pre-emption on 50% of the transaction.

African Development Bank strongly rebuts claims that it plans to provide financial support to the East African Crude Oil Pipeline Project

Apr 22 2020

The African Development Bank (AfDB) has publicly responded to the letter sent by a coalition of civil society organisations asking the bank not to fund EACOP. In their response, the AfDB denies that it ever considered funding the East Africa Crude Oil Pipeline. The announcement of the AfDB in which they clearly say no to this disastrous project and emphasise its commitment to aligning its energy investments with the Paris Agreement presents another blow to the oil companies behind EACOP and a win for the planet and the people of Uganda, Tanzania and DRC.

Oil spill in the Albertine Graben region

Apr 16 2020

On March 29, during the drilling of a well at Kibiro hot springs in the Western District of Hoima, there was a blow-out resulting into an uncontrolled discharge of gas, drilling fluids, geothermal fluids and sediments. According to the Ministry of Energy, a small amount of oil was also detected on the sediments but this did not affect the ecology and aquatic species. It is not the first time oil seepages are registered in the Albertine region and residents fear that the spill poses a risk to their livelihood and health and threatens the hot springs.

Ugandan government close to deal with Total and partners

Mar 11 2020

A new wave of talks were initiated to seek agreement on the sale of Tullow shares to the joint venture partners Total E&P, and China National Offshore Oil Corporation (CNOOC). A $900 million deal for Tullow Oil to sell 21.5% of its stake in the project to its partners expired last year following long delays over agreeing fiscal and commercial terms with the government. According to Sarah Opendi, the Minister of State for Mineral Development, Tullow “promised to finalise the process with joint venture partners in three weeks before the FID is signed”. Other agreements that still need to be signed before reaching a FID are The Host Government Agreement (HGA), The Shareholding Agreement and The Tariff and Transport Agreement.

Tanzanian part of EACOP ESIA approved

Feb 6 2020

The National Environment Management Council (NEMC) of Tanzania has endorsed the Environmental and Social Impact Assessment (ESIA) for the Tanzanian part of the East African Crude Oil Pipeline (EACOP). While its Ugandan counterpart the National Environment Management Authority Ugandan (NEMA) already approved the ESIA’s for the Tilenga and Kingfisher oil fields that will provide the oil going through the pipeline, approval of the ESIA for the Ugandan portion of the pipeline is still pending.

TOTAL suspends work on EACOP after collapse of deal with Tullow

Sep 5 2019

All work on EACOP has been suspended after Tullow Oil’s plan to sell a stake in the project to Total and CNOOC was called off last week. “All East African Crude Oil Pipeline (EACOP) activities including tenders have been suspended until further notice because of the collapse of the deal,” an official told Reuters.

Highly critical independent review of EACOP ESIA published

Jul 16 2019

The Netherlands Commission for Environmental Assessment (NCEA) has carried out an independent quality review of the Ugandan part of the Environmental and Social Impact Assessment (ESIA) of the East African Crude Oil Pipeline (EACOP) project, following a request from the Ugandan National Environmental Management Authority (NEMA). The NCEA concluded that “the ESIA report does not yet provide enough information for sound decision making”, citing exaggerated claims about jobs and other economic benefits; significant potential negative impacts to wetlands due to open trench water and wetland crossings; unsubstantiated claims of negligible impacts on land ownership; and insufficient treatment of energy/CO2 impacts. NCEA also notes that the cumulative CO2 emissions of all oil development projects (Tilenga, Kingfisher, Refinery, EACOP etc.) have not been presented.
International Call on Banks: Don’t finance the East Africa Crude Oil Pipeline

Jun 3 2019

In May 2019 a coalition of African and international organisations wrote to South Africa’s Standard Bank and Japan’s Sumitomo Mitsui Banking Corp (SMBC) calling on the banks to withdraw from financing the East Africa Crude Oil Pipeline. Download the letter here. The letter was raised in a question by JustShare at Standard Bank’s AGM, with the bank’s CEO Sim Tshabalala responding that the bank would meet with local people opposed to the pipeline. The question and response were reported here.

Standard Bank CEO challenged on EACOP at bank AGM

May 31 2019

Moneyweb reports:

“Environmental activist Greer Blizzard of Just Share pointed out that Standard Bank is one of the lead arrangers for a US$2.5 billion loan to support the East Africa Crude Oil Pipeline through Uganda and Tanzania, which the bank claims will unlock East Africa’s potential. However, the oil to be transported through this pipeline will emit more carbon than the whole of Uganda and Tanzania currently does each year. Thousands of people will be displaced, and the pipeline will run for several hundred kilometres though the Lake Victoria Basin, putting the drinking water of millions at risk.

A coalition of African and international environmental activists recently wrote to the bank urging it not to proceed with financing the project. They point to several studies showing major opportunities for financing renewable energy infrastructure which would meet the region’s energy needs in a clean and rights-compatible manner, which would represent a much less destructive use of the bank’s finances.

“Will the bank agree to meet with local people and listen to their concerns about the East Africa Crude Oil Pipeline?” asked Greer.

Tshabalala said he would, adding that the bank supported the Task Force on Climate-related Financial Disclosures (TCFD), joining more than 500 organisations around the world committed to improving climate-related disclosures.

Tullow and Ugandan government agree on tax payments over Tullow’s farm-down

Feb 27 2019

Tullow agreed to pay $167m capital gain tax to the Uganda Revenue Authority for its farm-down in the East African Crude Oil Pipeline. In January 2017, Tullow signed a sale purchase agreement to sell 21.57% of its 33.33% share to CNOOC (China National Offshore Oil Company) and Total E&P. Tullow bargained over tax for almost two years with the Ugandan government until it found an agreement in February.

EACOP financial deal expected by June 2019

Feb 20 2019

Stanbic Bank Uganda and Sumitomo Mitsui Banking Corp expect to raise USD 2.5 billion funding for the 1,455km East Africa Crude Oil Pipeline by June 2019. The remaining 30% of the total costs of the pipeline (USD 3.5 billion) will be provided by the equity investors in the project. The banks previously planned to raise $2.5 billion.

The Environmental Social Impact Assessment (ESIA) report for the pipeline has been finalized and handed over to the National Environmental Management Authority (NEMA). A summary can be found here. Meanwhile the governments of Uganda and Tanzania have agreed on several issues but will still need to decide on arbitration. Production is likely to start in 2022.

Financiers

The EACOP is expected to cost at least USD 3.5 billion, 30% of which will be provided by the equity investors in the project. The remaining USD 2.5 billion will be provided via project finance loans.

Three banks are understood to be involved as advisors: Sumitomo Mitsui Banking Corporation of Japan; Stanbic Bank Uganda (local subsidiary of South Africa’s Standard Bank); and ICBC of China. According to The Citizen, Stanbic is advising Uganda and Tanzania, Sumitomo Mitsui is advising Total E&P, and ICBC is advising CNOOC. Stanbic and Sumitomo Mitsui are also understood to be acting as joint lead arrangers for the project loan, according to Reuters.

In November 2020 Upstream reported that Total and the host governments “are looking to largely finance the pipeline through European export credit agencies (ECAs), most likely from France, Italy, Germany and the UK.” The UK ECA, UK Export Finance (UKEF), was approached to finance the project but ruled out finance in March 2020.

Recent financiers of CNOOC and Total include:

- Agricultural Bank of China
- ANZ
- Bank of America
- Bank of China
- Barclays
In April 2021 the Shareholders’ Agreement for the EACOP was signed. Total E&P owns a majority 72% stake, followed by the Ugandan National Oil Company (UNOC) with 15%, CNOOC with 8%, and the Tanzania Petroleum Development Corporation (TPDC), the national oil company of Tanzania, with 5%.

Related companies

Project sponsor

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Severity: Notice
Message: Trying to get property 'title' of non-object
Filename: project/pdf.php
Line Number: 90
Backtrace:
Line: 90
Function: _error_handler
Line: 160
Function: view
File: /home/btwebhost/www/btci3/application/controllers/Main.php
Line: 293
Function: content
Line: 315
Function: require_once

Other companies

Tanzania Petroleum Development Corporation (TPDC) Tanzania, United Republic of Tanzania
TDPC owns 5% of the project equity.