Lamu coal power plant
Kenya

Sectors:
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Last update: Nov 30 2020

Project website

Sectors

Location

Website

https://www.amupower.co.ke/

The proposed Lamu Coal Power Station is a 1,050MW coal power plant which would be located on Kenya's Indian Ocean coast, 20 kilometers from Lamu's islands and historic Old Town, a UNESCO World Heritage site. The project sponsor is Amu Power Company. The project is expected to cost USD 2 billion and was initially planned to be operational in 2020.

Impact on human rights and communities

Land rights and local livelihoods The Lamu coal power plant significantly threatens the lands and livelihoods of the Lamu communities.

Lamu is home to the oldest and best preserved Swahili settlement in East Africa, its old town is a UNESCO World Heritage site and has been an epicentre of Indian Ocean trade for centuries. The indigenous and traditional communities of Lamu have managed their lands, natural resources, and cultural traditions for generations - despite several losses due to insecure land tenure and political marginalisation.

According to deCOAlanize, a campaign group committed to stopping the development of coal and coal-related industries in Kenya, states that the ability for Lamu residents to “have a voice in dictating how its land and natural resources are exploited, and how its development proceed, will play a significant role in the continued existence of the Lamu community and its means of livelihood.”

The Lamu coal power plant poses severe risks to Lamu’s delicate marine environment, which many fear will
harm its two most vital industries: fishing and tourism.

**Consultation** The Save Lamu organisation has reported that a proper public consultation was not done for the Lamu coal power plant. Initial consultations were done before the project was fully developed. After these initial consultations, certain components of the project changed. The public was never consulted about these changes. Besides this lack of proper consultation, key groups of stakeholders – such as fishermen – were not consulted in detail.

In 2017, the Save Lamu Coalition wrote an open letter concerning their security, given intimidation and interference that their communities are facing in accessing and sharing information about major development projects in the Lamu community such as the Lamu coal power plant.

**Public health** Ernest Niemi, an economist and president of Natural Resource Economics, who has done studies on coal plants across the world for over 40 years, said operating the power coal plant to produce electricity will be cheap for the developers but expensive as an energy source to consumers and detrimental to the society in general. Testifying before the National Environmental Tribunal in Nairobi in June 2017, the US-based consultant said Kenya will incur a massive health burden coupled with deaths with the operation of the plant. Studies across the world, he said, show that the social cost of running coal-fired power plants exceeds the economic benefits (The Star).

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**Impact on climate**

**Climate change** The carbon dioxide emissions of the Lamu coal power plant would equal the total emissions of Kenya’s entire energy sector. The plant would be one of the worst emitters of greenhouse gases on the entire African content. The plans for the coal power plant contradict the commitments made by the government of Kenya to fight the climate emergency. The plans are also completely incompatible with the Paris Climate Agreement. All fossil fuel expansion is incompatible with the goals of the Paris Agreement and significantly decreases our chances of staying below 1.5°C of global warming.

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**Impact on nature and environment**

The Lamu coal power plant project raises great concerns about its impact on the environment regarding toxic pollution from coal and ash, carbon emissions by the coal power plant and rising sea levels due to climate change. Many of the concerns have not been properly analysed in the environmental impact assessment that was accepted in 2016 (see here and here).

In 2019, the court ruled that Amu Power Company would have to carry out a fresh environmental impact assessment if it would want to proceed with the project. In June 2020, it was confirmed that a new impact assessment is still not done.

**Ecosystem preservation** The informal communal management of land in Lamu is critical to maintaining its remarkably pristine and historically and naturally rich ecosystem, including significant forest cover, biodiversity, coral, threatened species like sea turtles, and 70% of the country’s mangroves - a notable asset for the country and region, and a carbon sink for the world.
Other impacts

The Lamu coal power plant is closely associated with the LAPSSET corridor project. The LAPSSET (Lamu Port-South Sudan-Ethiopia-Transport) project includes an oil and gas pipeline from northern Kenya to the coast, a 32-berth USD 5 billion port at Lamu, and significant additional infrastructure, including highways, railways, and a resort city.

Community groups argue that there has been little consideration of the LAPSSET project’s high potential to irrevocably harm the ecosystem, its biodiversity, and the human communities that depend on it for their lives. In 2012, Lamu communities filed a petition against state and investors over concerns on LAPSSET. In 2018, the court ruled in favour of the communities citing an unprocedural EIA and inadequate mitigation measures. However, since then, the government has not met any of the court’s requirements for consultation, compensation, and refinement of mitigation measures. Instead, they have appealed the decision made by the court.

Norms & standards

Applicable norms and standards

- Principles for Responsible Banking (PRB)
- UNESCO World Heritage Convention

Brief history

In 2013, the Government of Kenya initiated plans for developing the Lamu Coal Power Plant. The proposed plant was scheduled to generate 1,050 megawatts of coal-fired thermal power on 865 acres of land at Kwasasi, Lamu County.

In January 2014, the Government of Kenya invited bids from private developers to build, own, and operate the power station. In September 2014, the development rights were awarded to Amu Power Company, a consortium consisting of Gulf Energy, a Kenyan energy generating company, Centum Investments, a private equity firm, headquartered in Nairobi, with investments in Kenya and Uganda, as well as Chinese companies, China Huadian, Sichuan Electric Power Design and Consulting Company, and Sichuan No 3 Power Construction Company.

In September 2016, the National Environmental Management Authority (NEMA) issued an environmental license to Amu Power Company allowing it to start constructing the coal power plant. Several local groups opposed this decision and asked the tribunal to cancel the license awarded, as the plant is likely to have negative impact on human and marine life. Besides that, the groups stated that the plant developers did not consult the community during their study.

In June 2019, the National Environment Tribunal (NET) of Kenya cancelled the license previously granted to Amu Power Company. Amu Power will have to carry out a fresh environmental impact assessment if it wants to proceed with the project. Amu Power
Company has appealed the court's ruling that revoked its license.

In July 2019, UNESCO called upon the Kenyan government to review its plants to build its first coal power plant on a world heritage site.

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### 2020

**Nov 16 2020 | Industrial and Commercial Bank of China withdraws financing from the Lamu Coal Plant**

Read more [here](#).

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### 2020

**Jun 5 2020 | World Heritage Watch's report addresses Lamu communities' concerns**

On June 5 2020, the World Heritage Watch published its 2020 report. In the report, Lamu communities document the inability of court injunctions to protect their World Heritage site.

The World Heritage Report documents how Lamu communities have filed petitions in court in 2013 and 2015 against state and investors over concerns on LAPSSET and the Lamu coal power plant respectively. In both cases, the communities got favorable judgments. Despite these favorable court decisions, investors have appealed the decisions in both cases, with damning repercussions especially in the former case where 4,600 fishermen in Lamu County affected by the LAPSSET project are yet to receive their compensation as ordered by the court in 2018.

The World Heritage report also reveals that the Kenyan government has not met the requests made by the UNESCO World Heritage Committee in July 2019 for it to: (1) revise its Strategic Environmental Assessment report of the LAPSSET project, (2) carry out a fresh Environmental Impact Assessment for the Lamu coal power plant, and to (3) do a Heritage Impact Assessment and Environmental Impact Assessment for the Lamu coal project that considers the impacts on the Outstanding Universal Value (OUV) of Lamu Old Town.

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### 2019

**Jul 10 2019 | UNESCO wants Kenya to review its plans to build Lamu coal power plant**

UNESCO has called upon the Kenyan government to reassess the impact that the coal-fired power plant would have on the heritage and natural environment of Lamu. The Kenyan officials have until February 2020 to submit a report, with the committee considering the possibility of putting Lamu on the List of World Heritage in Danger.

The decision from UNESCO shortly follows the decision from Kenya’s National Environmental Tribunal to halt the plans to build the coal plant, and also comes just days after environmental activists said that Kenyan officials were attempting to weaken Lamu’s status as a heritage site: proposed amendments to a draft document on UNESCO’s site included the removal of considerations of the impact of the coal power plant on Lamu.
**Jun 27 2019 | Kenyan court cancels permit for the Lamu coal power plant**

The National Environment Tribunal (NET) of Kenya has cancelled the licence previously granted to Amu Power, the developer of the controversial Lamu Coal Plant, citing the lack of effective public participation and social and environmental risks among other reasons (350.org).

**2017**

**Jul 4 2017 | Petition filed at the Environment & Land Court of Kenya**

The petition essentially asks for the court to determine whether or not the Energy Regulatory Commission has granted an Electricity Generation Licence to Amu Power Company Limited to build the proposed 1,050 MW coal fired electric generating unit and to make full disclosure of the secretive Power Purchase Agreement (PPA) into which it entered.

**Feb 27 2017 | Coal-fired plant gets greenlight from ERC**

The Energy Regulatory Commission (ERC) has approved the construction of Kenya’s first coal-fired power plant in Lamu after rejecting objections to the project by a community-based organisation (source DailyNation).

**2016**

**Aug 10 2016 | Lamu County puts coal-fired power plant on hold**

The Lamu County Assembly has rejected an environmental and social impact assessment report by investors on a proposed Sh200 billion coal-fired power plant. The assembly wants the project owners to come up with a resettlement plan for residents who will lose their land to the project.

**Jul 17 2016 | Standard Bank to finance Centum’s USD two billion coal plant**

South Africa’s Standard Bank has signed a deal to finance a USD two billion (KES 200 billion) Centum Investment-backed coal plant in Lamu. The Johannesburg-based lender says it has teamed up with Industrial & Commercial Bank of China Ltd (ICBC) to fund the project which is backed by a consortium of local firms under the investment vehicle Amu Power Company (source Business Daily Africa).

**Financiers**

The project is valued at USD 2 billion and will be financed through debt of USD 1.5 billion and shareholder equity of USD 500 million (Business Daily). According to Global Energy Monitor, ICBC provided the USD 1.5 billion in debt. The shareholder equity is provided by Gulf Energy and Centum Investment Group.
Standard Bank is listed as co-financier of the project, as based on several statements in the press (here and here and here) and in Standard Bank's annual report 2015 (page 47). However, in a meeting with South African civil society groups at their Johannesburg offices on 11th September 2017, Standard Bank denied that it is involved in the project. In October 2017, Standard Bank confirmed that it will not finance the proposed coal-power plant in Lamu.

In August 2017, it was reported that the African Development Bank (AfDB) was considering to finance the construction of the Lamu power plant. However, in November 2019, Reuters reported that AfDB would not finance the plant and that it has no plans to finance new coal plants in the future.

In November 2020, Save Lamu learned that the Industrial and Commercial Bank of China (ICBC) decided not to finance the Lamu coal plant due to cited environmental and social risks with the project.
Related companies

The project sponsor is Amu Power Company, a special purpose vehicle consisting of a consortium of companies: Gulf Energy (co-sponsor), Centum Investment Group (co-sponsor), China Huadian, Sichuan No 3 Power Construction Company and Sichuan Electric Power Design and Consulting Company. Amu Power Company contracted the Power Construction Corporation to develop the coal power plant.

Project sponsor

Amu Power Company Kenya

A PHP Error was encountered

Severity: Notice

Message: Undefined property: stdClass::$sponsor_comp

Filename: project/companies.php

Line Number: 10

Backtrace:

File: /home/btwebhost/www/btcI3/application/views/sections/project/companies.php
Line: 10

Function: _error_handler

Line: 366
A PHP Error was encountered

Severity: Notice

Message: Undefined property: stdClass::$companies

Filename: project/companies.php

Line Number: 10
Backtrace:

File: /home/btwebhost/www/btcI3/application/views/sections/project/companies.php

Line: 10

Function: _error_handler


Line: 366

Function: view


Line: 106

Function: lv


Line: 161

Function: view

File: /home/btwebhost/www/btcI3/application/controllers/Main.php

Line: 333

Function: content


Line: 321
A PHP Error was encountered

Severity: Warning

Message: Invalid argument supplied for foreach()

Filename: project/companies.php

Line Number: 11

Backtrace:

File: /home/btwebhost/www/btcI3/application/views/sections/project/companies.php
Line: 11
Function: _error_handler

Line: 366
Function: view

Line: 106
Function: lv

A PHP Error was encountered

Severity: Warning

Message: Invalid argument supplied for foreach()

Filename: project/companies.php

Line Number: 11

Backtrace:

File: /home/btwebhost/www/btc3/application/views/sections/project/companies.php
Line: 11
Function: _error_handler

A PHP Error was encountered
Severity: Notice

Message: Undefined property: stdClass::$sponsor_comp

Filename: project/companies.php
A PHP Error was encountered
Severity: Warning

Message: count(): Parameter must be an array or an object that implements Countable

Filename: project/companies.php

Line Number: 30

Backtrace:

File: /home/btwebhost/www/btc3/application/views/sections/project/companies.php
Line: 30
Function: _error_handler

Line: 366
Function: view

Line: 106
Function: lv

Line: 161
Function: view

File: /home/btwebhost/www/btc3/application/controllers/Main.php
Line: 333
Function: content

Line: 321
Function: require_once