About Lamu coal power plant
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.

Latest developments

<table>
<thead>
<tr>
<th>World Heritage Watch's report addresses Lamu communities' concerns</th>
<th>Jun 5 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNESCO wants Kenya to review its plans to build Lamu coal power plant</td>
<td>Jul 10 2019</td>
</tr>
</tbody>
</table>

Why this profile?
The proposed Lamu coal power plant will negatively impact the local economy, the environment as well as local people's health. The construction of the plant will affect Lamu’s delicate marine environment which will impact the most important industries of the town: fishing and tourism. The Lamu power plant will also be one of the worst emitters of greenhouse gases on the entire African continent, and exceed all of Kenya's existing emissions from fossil fuel plants. The operation of the plant will also bring about massive health problems throughout Kenya.

What must happen
The Lamu coal power plant threatens one of the world’s greatest natural and cultural sites and is completely incompatible with the Paris Climate Agreement. The Paris Climate Agreement goals require a managed decline of fossil fuel production. The construction of new coal-fired power plants is not compatible with such a managed decline. Banks must immediately stop financing new coal-fired power plant developments anywhere in the world. As such, ICBC should steer clear of financing this project.

Issues

Human rights and social issues

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).

Environmental issues

The Lamu coal power plant project poses 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.

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 continent. 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.

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 issues

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.
Governance

Applicable norms and standards

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

Updates

World Heritage Watch’s report addresses Lamu communities’ concerns
Jun 5 2020

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 LAPSSSET 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.

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

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.

Kenyan court cancels permit for the Lamu coal power plant
Jun 27 2019

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).

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

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 to make full disclosure of the secretive Power Purchase Agreement (PPA) into which it entered.

Coal-fired plant gets greenlight from ERC
Feb 27 2017

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).

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

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.
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.

**Banks**

<table>
<thead>
<tr>
<th>Banks</th>
<th></th>
<th></th>
</tr>
</thead>
</table>
| **Industrial and Commercial Bank of China (ICBC)** China |  | profile
| Debt – project finance | USD 1.5 billion | July 2016 |
| ICBC provided two term loans to the Lamu coal power plant, with a combined worth of USD 1.5 billion. |  | source: Global Energy Monitor [link](#) |

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.

**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**

<table>
<thead>
<tr>
<th>Project sponsor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amu Power Company</strong> Kenya</td>
<td></td>
</tr>
</tbody>
</table>

**Other companies**

<table>
<thead>
<tr>
<th>Other companies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Centum Investment Company</strong> Kenya</td>
<td></td>
</tr>
<tr>
<td><strong>China Huadian Group</strong> China</td>
<td></td>
</tr>
<tr>
<td><strong>Gulf Energy</strong> Kenya</td>
<td></td>
</tr>
<tr>
<td><strong>Power Construction Corporation of China</strong> China</td>
<td></td>
</tr>
<tr>
<td><strong>SEPCO III</strong> China</td>
<td></td>
</tr>
<tr>
<td><strong>Sichuan Electric Power Design &amp; Consulting Company</strong> China</td>
<td></td>
</tr>
</tbody>
</table>