

A JUST ENERGY TRANSITION FOR AFRICA?

**THE IMPACTS OF ECAS
ACTIVE IN THE ENERGY SECTOR IN
GHANA, NIGERIA, TOGO AND UGANDA**



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1. INTRODUCTION

❖ Africa is the continent that is most vulnerable to the impacts of climate change.

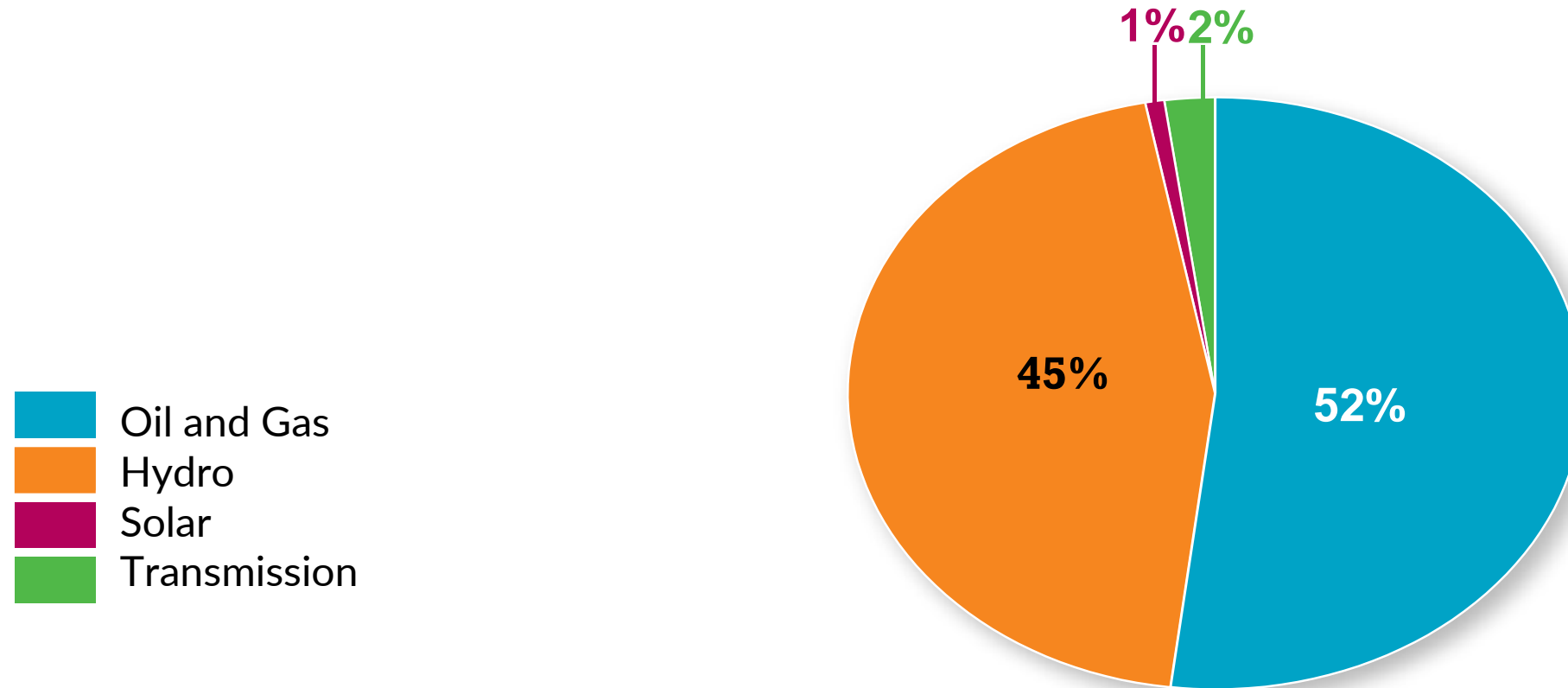
❖ It is ironic that Africa, the continent with the smallest carbon footprint, is bearing a disproportionate part of the burden of the enormous carbon footprint of other continents.

❖ From 2016 to 2018, G20 government-backed ECAs provided 40.1 billion USD annually to support fossil fuel projects, compared to only 2.9 billion USD for clean energy.

❖ ECAs are the worst public finance offenders, providing more support to fossil fuels than development finance institutions and multilateral development banks combined.



ECA support to the energy sector in Ghana, Nigeria, Togo and Uganda by energy source (%) between January 2013 and August 2020



❖ **Since 2015, ECAs have supported the oil and gas sector in the four countries with an amount of 5.6 billion USD and large hydro projects with an amount of 5.3 billion USD.**



ECA support to the energy sector in Ghana, Nigeria, Togo and Uganda between 2013 and August 2020 (in millions USD)					
	Oil and Gas	Hydro	Solar	Transmission	Total
Ghana	1,112				1,112
JBIC, Japan	508				508
UKEF, United Kingdom	400				400
ECIC, South Africa	204				204
Nigeria	8,087	5,898	0.2		13,985
EXIM Bank of China	500	5,898			6,398
Sinosure, China	2,380				2,380
KEXIM, South Korea	1,910				1,910
K-SURE, South Korea	1,495				1,495
SACE, Italy	750				750
Atradius DSB, The Netherlands	204		0.2		204
Ekspportkreditt Norge, Norway	400				400
GIEK, Norway	400				400
UKEF, United Kingdom	22				22
US-EXIM, United States	26				26
Togo		270			270
EXIM Bank of China		270			270
Uganda	309	1,994	114	297	2,714
EXIM Bank of China		1,918		297	2,215
UKEF, United Kingdom	309		114		423
Atradius DSB, The Netherlands		73			73
SACE, Italy		3.4	0.1		3.5
Total	9,508	8,162	114	297	18,081

4. COMMUNITY IMPACTS OF ECA-SUPPORTED FOSSIL FUEL PROJECTS

- ❖ The Kabaale International Airport project in Hoima District has displaced 7,118 people, mostly subsistence farmers and fishers, from their land.**
- ❖ Another 4,600 people across Uganda were forced off their lands in preparation for the EACOP.**
- ❖ Ghanaian Fishers face a huge decline in fish catch, which they attributed to the artificial lighting system used by the oil vessels that attracts fish to the oil and gas fields.**
- ❖ Frequent gas flaring at the NLNG plant pollutes the air, with a tremendous impact on the area's ecology and on human health.**
- ❖ Marine life has been affected by the pollution of the ocean.**
- ❖ In Ghana, the drilling of the sea beds at the OCTPP cuts seaweeds, which are washed to the shore.**



COMMUNITY IMPACTS OF ECA-SUPPORTED HYDRO DAM PROJECTS

- ❖ **A major issue in many large hydro dam projects is the lack of proper information provided to affected communities.**
- ❖ **In Uganda, this led to social unrest when communities protested against project contractors of Karuma Hydropower Station.**
- ❖ **The construction of Isimba Hydroelectric Power Station put an end to people's income from tourism.**
- ❖ **In Nigeria, the development of the Mambilla Hydroelectric Power Station will cause displacement of up to 100,000 people.**
- ❖ **Zungeru Hydropower Dam in Nigeria has already caused deep disappointment amongst community members over how the issues of resettlement and compensation were handled.**
- ❖ **In Togo, communities are raising concerns about the land that will be expropriated for the construction of the Adjarala Hydropower Plant, which means the loss of their key source of livelihood (e.g. food crops).**



Opportunities for Renewable Energy

- **There is a huge opportunity for renewable energy generation in Africa, which will support a higher standard of living for a large part of current and future populations across the continent.**
- **Nigeria has set a target to achieve 16% of its electricity consumption from renewable sources by 2030.**
- **Togo wants to develop its renewable energy potential by producing nearly 200 MW of electricity based on renewable energies in 2023.**
- **Ghana has set the policy target of scaling up renewable energy penetration by 10% by 2030.**
- **Uganda’s Vision 2040 sets ambitious targets for exploiting the untapped clean energy potential to a tune of 40,000 MW by 2040.**

	Ghana	Nigeria	Togo	Uganda
Solar	4-6 kWh/m ² /day	4-6.5 kWh/m ² / day	4.5 kWh/m ² /day	5-7 kWh/m²/day
Wind	2,000 MW	Varies from potential for water pumping to rural electricity generation	25.2 MW for the first plant	For small-scale electricity generation
Geothermal				450 MW

Conclusions

❖ ECAs insured energy projects in the four countries with a total insured value of approximately 18 billion USD in the period between January 2013 and August 2020.

❖ South-Korea was the biggest supporter of oil and gas projects in the 4 studied countries with a total insured value of 3,4 billion USD.

❖ European-based ECAs including UKEF (United Kingdom), Atradius DSB (The Netherlands), Eksportkreditt Norge (Norway) and SACE (Italy) mainly provided fossil fuel-related support in the four countries.



❖ The socioeconomic impacts range from land grabbing, displacement, loss of livelihoods and increasing poverty to gender impacts (e.g. teenage pregnancies and SGBV), local conflicts, militarization and growing instability.

❖ The environmental impacts that equally affect communities in and near project areas, range from the pollution of land and water to the destruction of biodiversity and the disruption of vital ecosystems.

❖ These impacts indicate that ECA support contributes to undermining progress towards achieving the SDGs.

❖ A shift to renewable energy in countries in the global South is urgently needed.



Recommendations

- ❖ **Developed nations must exclude ECA support to all fossil fuels (including fossil gas), associated facilities and large hydro plants, and align foreign trade policies with the 1.5C Paris Agreement target and the SDGs.**
- ❖ **Stop any ECA support that benefits multinational corporations over local populations, by causing violations of human and indigenous peoples' rights and their cultural values and customs, displacement, loss of income, ill-health, environmental degradation and (gender-based) violence. Ensure that all EC support is aligned with the SDGs.**
- ❖ **When supporting renewable energy projects, ECAs should apply a Just Transition approach by embracing the following key values: respecting human rights and do no harm principles, promoting equitable, inclusive and community-led renewable energy development, and building resilience with an intersectional and gender perspective.**





THANK YOU

