



August 25, 2023

## **UGANDAN AND TANZANIAN CSOS RESPONSE TO GERMANY’S CONSULTATION ON THE EXPORT CREDIT GUARANTEE (EKG) GUIDELINES**

### **1. Introduction**

The undersigned are registered Ugandan and Tanzanian civil society organisations (CSOs) working to promote climate action and a Just Energy Transition. We are responding to the consultation being undertaken by the Federal Government of Germany on the Export Credit Guarantees (EKG): Sector Guidelines of the Federal Government for the Energy Sector.

We are participating in this consultation because we work with communities that are faced with energy poverty as well as those that are affected by big hydropower dam projects as well as oil and gas projects. These include but are not limited to the Hoima/Kabaale International Oil Airport, East African Crude Oil Pipeline (EACOP), Tilenga, the Tanzania Liquefied Natural Gas Project and others in Uganda and Tanzania.

The above projects that harm people, the environment and climate are made possible due to financial flows from global north Export Credit Agencies (ECAs). For instance, the UK Export Finance (UKEF) provided USD319M for Uganda’s Kabaale International Airport to support oil extraction activities in Western Uganda. The funding also precludes finances needed for renewable energy projects that would have addressed energy poverty in our countries.

The purpose of our comments therefore is to support the German government to put in place strong guidelines that stop financial flows to overseas fossil fuel projects while promoting renewable energy access to address energy poverty, especially in the global south.

### **2. Overview of comments**

We appreciate the Federal Government for publishing the guidelines and inviting the public, including individuals as well as collectives from the global south, to participate in the consultation. We are however concerned by shortcomings in the guidelines including the following: Exemptions that could prolong the use of or foster development of new gas fired power plants including in developing countries; Exceptions that allow the use of emergency oil-based power generators; Reliance on solutions such as CCS and CCUS that enable the continuation of the fossil fuel era while undermining the much-needed transition to renewables; and Exemptions that could foster

continued investments in natural gas for cooking purposes for developing countries at the expense of more climate friendly solutions.

We recommend that the Federal Government of Germany raises its ambition and excludes the financing of all fossil fuel projects except where renewables cannot be developed or used. We also recommend that the funding that could have been invested in fossil fuels is shifted to renewable energy especially in developing countries to address energy poverty. We explain further below.

### 3. Comments on draft guidelines

No.	Guideline	Comments	Recommendations
1.	<p>Under section B on Fossil fuels (Coal/Oil), the guidelines exclude power plants operated with crude oil or its derivatives if the power plants are meant for emergency generation in the civil and industrial sectors, as well as oil-based power generation in the humanitarian emergencies and as a back-up for mini/hybrid grid systems.</p> <p>This means that projects meant to serve the above purpose could receive financial support from the Federal German Government.</p>	<p>While it is important to meet the energy needs of communities affected by humanitarian and other crises, we are afraid that this exception could be abused, especially where no provision is made to the effect that the exception will only apply if no renewable energy options exist.</p>	<p>The guidelines should provide that the exemption will only apply in humanitarian situations where no renewable energy options exist.</p> <p>Emphasis should also be placed on supporting developing countries such as Uganda and Tanzania that are prone to climate disasters and host refugee populations to increase access to renewable energy especially for rural populations. Developing countries should also be supported to make their electricity grids sturdier, and therefore less prone to destabilization by disasters. This will minimize the need for thermal power.</p>
2.	<p>Under Section C on Fossil fuels (Gas), the guidelines exempt, until the end of 2025, fields already existing or planned in 2021 exclusively for the production of blue hydrogen.</p> <p>This means that projects meant for the production of blue hydrogen that existed or were planned in 2021 could receive financial support from the Federal German Government.</p>	<p>This exemption is a violation of the 2021 Glasgow statement commitments which Germany is signatory to. The spirit of the aforementioned statement was to stop the overseas financing of fossil fuels by the end of 2022.</p> <p>Moreover, blue hydrogen has been criticized for its huge emissions with experts saying it cannot be used except at low percentages in</p>	<p>The guidelines should do away with this exemption.</p>

		<p>the current gas system<sup>1</sup> if the goal of the Paris Climate Change Agreement is to be attained.</p> <p>We suspect that global north countries are encouraging the production of blue hydrogen to meet their own needs at the expense of developing countries' needs. This is against the principles of a fair and just energy transition.</p>	
3.	<p>Under the same section as above under the sub-title, Extraction/Preparation, the guidelines exempt, in special circumstances until the end of 2025, the development of new gas projects if they are for purposes of national security or geostrategic security supply purposes.</p>	<p>These exemptions create a precedence that will support arguments made by developing countries that they need to develop new coal, oil and gas fields for energy security and poverty reduction purposes.</p> <p>These arguments are misleading because available evidence indicates that even when a country is an oil and gas producer, especially in Africa, energy access and security is not guaranteed. This is evidenced by Nigeria, which is one of Africa's largest oil producers yet the country suffers from energy poverty. With 92 million unserved people, Nigeria has the highest population of people without access to electricity in the world<sup>2</sup>. The Democratic Republic of Congo (DRC), which is also an oil producer, has the second highest population with 72 million unserved people<sup>2</sup>.</p>	<p>Germany should provide climate leadership by removing this exception from the guidelines.</p>

<sup>1</sup> Clifford, C. (2022); Hydrogen power is gaining momentum, but critics say it's neither efficient nor green enough <https://www.cnn.com/2022/01/06/what-is-green-hydrogen-vs-blue-hydrogen-and-why-it-matters.html#:~:text=%E2%80%9CThe%20bottom%20line%20is%20that,with%20hydrogen%20are%20more%20fundamental>.

<sup>2</sup> Power for All (2022); 733m-people-without-access-electricity-globally-2022-sdg7-tracking-progress-report: <https://www.powerforall.org/insights/impact/733m-people-without-access-electricity-globally-2022-sdg7-tracking-progress-report>

4.	On transport and storage under section c, the guidelines also provide exemptions, in special individual cases until the end of 2025 for transport and storage facilities necessary for the implementation of a new gas project ... or an existing gas project	This exemption will encourage the continued proliferation of gas at the expense of renewables. Yet the Inter-Governmental Panel for Climate Change (IPCC) has indicated that gas is the third most carbon-intensive method of electricity production <sup>3</sup> . The development of new gas projects, unless no other alternatives exist, should therefore be avoided.	Germany should provide climate leadership by removing this exception from the guidelines.
5.	Under section c on natural gas fired power plants, exceptions are made for retrofitting existing power plants with CCS or CCUS with Best Available Technology (BAT) with evidence of the permanent fate of the captured. They are also made for new power plants or significant expansion for power plants with CCS or CCUS with Best Available Technology (BAT) with evidence of the permanent fate of the captured.	This exemption will encourage the continued proliferation of gas at the expense of renewables.	Germany should provide climate leadership by removing this exception from the guidelines.
6.	The guidelines also provide the following exemption: In developing countries: using natural gas for cooking when no renewable alternatives are available	Africa has abundant renewable energy with available information indicating that 39% <sup>4</sup> of the world's renewable energy is found on the continent. Per the International Renewable Energy Agency (IRENA) however, in 2018, only 20% of the electricity generated from Africa was from renewable sources <sup>5</sup> .  Africa's renewable energy potential should be invested in with solutions such as solar cookstoves, energy saving cookstoves and others that are more easily accessible and more culturally-	The guidelines should provide that the exemption will only apply in situations where no renewable energy alternatives exist.

<sup>3</sup> Global Witness (2021); *Why natural gas is dangerous for the climate*: <https://www.globalwitness.org/en/campaigns/fossil-gas/why-natural-gas-is-dangerous-for-the-climate/>  
<sup>4</sup> ReliefWeb (2022); *Africa has 39% of the world's clean energy potential, it doesn't need gas speculators*: <https://reliefweb.int/report/world/africa-has-39-worlds-clean-energy-potential-it-doesnt-need-gas-speculators#:~:text=%22Africa%20has%2039%25%20of%20the,that%20has%20wrecked%20our%20climate.>  
<sup>5</sup> IRENA (2021); *The Renewable Energy Transition in Africa*: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/March/Renewable\\_Energy\\_Transition\\_Africa\\_2021.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/March/Renewable_Energy_Transition_Africa_2021.pdf)






	appropriate being invested in instead of encouraging gas developments.	
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#### 4. CONCLUSION




Once again, we appreciate the Federal Government for giving us an opportunity to participate in this consultation. We hope that our comments will be duly considered to promote climate action and clean energy access especially amongst global south populations. Should the Federal Government require any further follow-up on these comments, the government can contact the signatories below through Africa Institute for Energy Governance (AFIEGO) on [afiego@afiego.org](mailto:afiego@afiego.org).

We request that you keep the signatories to these comments confidential to protect the safety of the signatories. CSOs in Uganda and Tanzania operate in a repressed civic space and face reprisals for speaking against fossil fuel projects.

#### SIGNATORIES

No.	Organisation's name	Country	Logo
1.	Africa Institute for Energy Governance	Uganda	
2.	African Initiative for Food Security and Environment	Uganda	
3.	Youth For Green Communities	Uganda	
4.	Population and Development Initiative	Tanzania	
5.	Organization for Community Engagement (OCE)	Tanzania	

6.	Partnership For Green Future (PGF)	Tanzania	
7.	Center for environmental research and Agricultural innovations (CERAI)	Uganda	
8.	Oil Refinery Residents Association (ORRA)	Uganda	
9.	Tasha Research Institute Africa (TASHA)	Uganda	
10.	Women Against Poverty (WAP)	Tanzania	
11.	Guild Presidential Forum on Governance	Uganda	

12.	African Institute for Climate Action and Justice Limited	Uganda	
13.	Environment Governance Institute Uganda	Uganda	
14.	Women for Green Economy Movement (WoGEMUGANDA)	Uganda	
15.	Centre for Citizens Conserving Environment	Uganda	
16.	East African Crude Oil Pipeline Host Communities	Uganda	