World Heritage Dammed

The need to uphold the integrity of the World Heritage Convention in the case of Tanzania’s reckless Selous-Rufiji hydropower project

July 2021
Environmental Investigation Agency

The United Nations Educational, Scientific and Cultural Organisation’s (UNESCO’s) World Heritage natural sites have historically conjured visions of pristine regions of ecological importance which sustain local communities and draw tourists from around the globe.

Until recently, the Selous Game Reserve (SGR), situated in southern Tanzania, evoked exactly these images – roaming herds of wild elephants showing signs of recovery after an intense spate of poaching for the illegal ivory trade, one of the largest populations of wild dogs living alongside black rhino and lush forest stretching as far as the eye could see.

The Rufiji river meanders through the Reserve to feed into the Rufiji-Kilwa-Mafia site, an area protected under an international treaty to which Tanzania is a signatory, the 1971 Convention on Wetlands (Ramsar Convention). It has provided sustenance and income to countless fishers and farmers for generations.

In recognition of these outstanding ecological and biological factors, generating an average $6 million per year in revenue and benefitting from worldwide recognition as a place of outstanding natural beauty, the SGR has been inscribed on the UNESCO List of World Heritage since 1982.

The site’s outstanding universal value meets two of the 10 selection criteria under the World Heritage Convention, namely criteria IX and X which state that a site may be considered for World Heritage status if it:

- (IX): presents outstanding examples representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems and communities of plants and animals;

- (X): contains the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation.

Tanzania has been a Party to the UNESCO World Heritage Convention since 1977, but in 2018 former President John Magufuli bypassed his country’s commitments to international law under the Convention to give the green light for a multi-billion
A $3.5 billion dollar hydropower dam to be constructed in the beating heart of the SGR.

Construction contracts were granted to two Egyptian companies with strong links to their country’s Government, prompting the Director of the World Heritage Centre to remind Egypt, a UNESCO Committee Member, that the UNESCO Convention states that no Party shall “take any deliberate measures which might damage directly or indirectly the cultural and natural heritage ... situated on the territory of other States Party to this Convention”.

Instead of pristine wilderness, the SGR World Heritage Site now presents bleak images of a mass construction site, road expansion, heavy machinery, deforestation, security patrols and an increasingly barren landscape. Although it was heralded by the Government of Tanzania as necessary for the expansion of power generation and industrialisation, independent experts have found no proof the project can meet Tanzania’s development needs. Instead, experts have repeatedly warned that the Rufiji Hydropower Project (RHP) will cause irreversible damage to the SGR’s ecosystem and its Outstanding Universal Value.

As a result, in June 2021 the UNESCO World Heritage Centre and the International Union for the Conservation of Nature (IUCN) concluded the original listing criteria justifying inclusion of the SGR on the list of World Heritage sites had been irretrievably lost due to the construction of the hydropower dam and recommended that the UNESCO World Heritage

“... elephant populations [in the Selous] have unexpectedly not started recovering, strongly, indicating that poaching has likely remained a problem. The population of black rhino, estimated at more than 2,000 at the time of inscription, is likely to be extinct or no longer viable. If there are remaining individuals, they have likely survived in the dense woodlands, including those which will be flooded by the dam.”

- UNESCO, State of conservation of properties inscribed on the List of World Heritage in Danger (June 2021)
Committee strip the SGR of its World Heritage Status. The Committee will discuss whether to adopt this decision when it meets in July 2021; EIA urges world governments to lend their support for delisting the SGR.

Consequences of the dam

The dam involves deforestation and flooding in a significant part of the SGR which will threaten important habitats of biological diversity, including two key range areas for endangered black rhinos and elephants. Habitat loss is a serious concern for these and other species already battling the threat of poachers and traffickers.

Furthermore, the construction of roads to and from the site is fragmenting the SGR, providing easier access for poachers; anecdotal information suggests poaching is already increasing and the UNESCO World Heritage Centre has also noted there are strong indications that elephant poaching continues to remain a problem.

Such fragmentation also increases the probability of introducing invasive species in and around the SGR. The disastrous impact of the dam’s construction

-- IUCN-commissioned 2019 review of the project’s Strategic Environmental Assessment (SEA)
will stretch far beyond the dam and its reservoir and will undermine the high density and diversity of species which makes the SGR an area of outstanding importance for in-situ conservation of biological diversity.  

Since 2019, the Tanzanian Government has failed to respond to requests from the Committee to invite a Monitoring Mission from IUCN to the SGR to assess the damage caused by the construction.

In June 2021, and following repeated warnings, the UNESCO World Heritage Centre published a strongly worded recommendation calling for the SGR to be delisted because of the irreversible damage the hydropower project has inflicted on the Outstanding Universal Value of the property.

Only two sites have ever been de-listed in the history of UNESCO and the SGR would become the first African site to be stripped of its World Heritage status.

EIA is concerned that since the inception of the project, the Tanzanian Government has acted in contravention of national and international laws. Both the Environmental Impact Assessment and the Strategic Environmental Assessment were reviewed and rejected by IUCN as unfit for purpose. It is also concerning that the Government signed contracts with construction companies Elsewedy Electrics and the Arab Contractors in December 2018 and that logging for the project commenced about the same time.

The Government’s Strategic Environmental Assessment (SEA) was only issued in April 2019 after the construction site had been handed over to the contractors. Serious concerns also remain about inadequate public consultation regarding the development of the project; indeed, the Government has taken a hard-line approach to any criticism of it. Conservation experts have also rejected the Government’s environmental impact assessments and challenged the viability of the project.

Independent technical reviews of the Government’s SEA, commissioned by IUCN, concluded that it falls “fundamentally short of both international and national guidance”.

The review concludes that alternative locations for the project were only superficially assessed, stating overall there is no environmental, social or economic justification for the Rufiji project and has urged Tanzania to abandon it.

Despite these serious concerns and compelling recommendations to abandon the project, the Government of Tanzania has accelerated the construction of the dam. Construction is now more than halfway complete and the Government has announced its intention to commence filling the reservoir in November 2021.

Throughout, the Government has repeatedly failed to invite the IUCN Monitoring Mission to the site to assess damage in a transparent and accountable manner. The very reasons for which the SGR was classified as World Heritage in 1982 are being systematically wiped out by the RHP.

The 44th Extended Session of the UNESCO World Heritage Committee will take place in July 2021 and will provide a pivotal forum to discuss the status of conservation of the SGR. Inaction at the meeting will set a dangerous precedent that would legitimise future unsustainable exploitation of World Heritage Sites, to the detriment of our environment, communities and shared heritage.

EIA RECOMMENDATION

In light of Tanzania’s flagrant violation of its obligations under the UNESCO World Heritage Convention, EIA strongly recommends that the 44th session of the UNESCO World Heritage Committee adopts the UNESCO World Heritage Centre’s draft decision 44 CO 7A.51 to delist the SGR in order to deter similarly unsustainable projects in future and to maintain the integrity of the World Heritage Convention.
TIMELINE OF IMPORTANT EVENTS


2012: 36th Session of UNESCO World Heritage Committee notes with concern that the approval of any dam within the SGR puts the site in danger (Decision 36 COM 7B.5)

2014: 38th Session of the UNESCO World Heritage Committee inscribes SGR on List of World Heritage in Danger due to rampant elephant poaching (Decision 38 COM7B.95)

2016: 40th Session of the UNESCO World Heritage Committee requests the Government of Tanzania to invite IUCN to the SGR to evaluate the Rufiji project (Decision: 40 COM 7A.47)

2017: Tanzanian Government invites bids on the project

Spring 2018: Tanzania Forest Service announces tenders to cut trees in more than 148,000 hectares of the SGR (estimated at about 2.6 million trees)

22 May 2018: Deputy Minister in Vice President’s office responsible for union and environment states in Parliament that “the government will go on with implementation of the project whether you like it or not. Those who are resisting the project will be jailed.”

27 June 2018: Tanzanian Government confirms it will carry out a Strategic Environmental Assessment of the project

October 2018: Tanzanian Government publishes IUCN-requested Environmental Impact Assessment for the project

12 December 2018: Elsewedy Electric signs a $500 million loan agreement with Afreximbank to finance the Rufiji and other projects

12 December 2018: Tanzanian Government signs contract with two Egyptian contractors (Elsewedy Electric and The Arab Contractors)

December 2018: Logging starts, as confirmed by the Tanzania Forest Service

7 January 2019: Work commences on the Strategic Environmental Assessment

February 2019: Independent expert report concludes that the eventual cost of dam ($9.85 billion) will far exceed stated budget ($3 billion)

February 2019: The construction site is handed over to the contractors

February 2019: First tourist lodge, the Azura Lodge, is forced to close due to logging in the SGR

8 March 2019: Satellite images confirm deforestation and construction of roads and buildings in project area

April 2019: IUCN issues critical review of the Government’s Environmental Impact Assessment, concluding it ‘falls considerably short [and] is therefore not appropriate for a large-scale development like the Stiegler’s Gorge hydropower project’
April 2019: Government publishes Strategic Environmental Assessment for the project

April 2019: CRDB Bank and United Bank for Africa (Tanzania) issue $737.5 million guarantees to contractors Elsewedy Electric and the Arab Contractors for execution of the hydropower dam.

30 June – 10 July 2019: 43rd Session of the World Heritage Committee meeting decides to retain SGR on the List of World Heritage in Danger due to ongoing deforestation linked to the construction of the dam. The Committee expresses utmost concern that “the State Party has started the works ... prior to the completion of a Strategic Environmental Assessment (SEA)”. The Committee also urges Tanzania to invite a monitoring mission to the SGR without further delay”, and “decides ... to apply the Reinforced Monitoring Mechanism to the property” in light of the declining state of conservation of the SGR (Decision : 43 COM 7A.16)

November 2019: IUCN publishes independent review of the Government’s Strategic Environmental Assessment and concludes the SEA is completely inadequate, failing to meet basic standards for carrying out such assessments

January 2020: CDC Group divests from CRDB Bank

30 January 2020: Tanzania submits the Selous Game Reserve State of Conservation Report to the UNESCO World Heritage Committee and states it “acknowledge[s] receipt of SEA’s independent review comments and commits itself to review and submit to WHC the revised SEA report in the course of 2020”

May 2020: Norges Bank divests from Elsewedy Electrics, stating concerns over Rufiji project

September 2020: Trustus Capital Management divests from Elsewedy Electrics, citing concerns over sustainability of Rufiji project

October 2020: Tundra Fonder divests from United Bank for Africa, stating concerns over non-responsiveness regarding ESG compliance, including the Rufiji project

November 2020: Diversion of the Rufiji River is completed, followed by ceremony attended by Tanzanian Prime Minister Kassim Magaliwa and Egyptian high-level officials including Dr Mohamed Shaker, Minister of Electricity and Renewable Energy, and Dr Asim Al-Jazzar, Minister of Housing, Utilities and Urban Communities

March 2021: Tanzanian President John Magufuli dies of suspected heart failure amid COVID-19 pandemic, replaced by Samia Suluhu Hussein

April 2021: Construction of dam reaches 45 per cent

May 2021: Tanzanian Government announces plans to start filling the reservoir in November 2021

May 2021: Tundra Fonder AB divests from Elsewedy Electrics, stating concerns over Rufiji project

June 2021: UNESCO World Heritage Centre publishes recommendation to delete the SGR from the list of World Heritage in light of the Rufiji hydropower project

16-31 July 2021: 44th Extended session of the UNESCO World Heritage Committee
Responsible finance

The construction of the Rufiji Hydropower project has underscored the need for greater scrutiny in the financial investment sector.

Over the course of EIA’s research, it has emerged that several international financial institutions hold shares in the construction companies and/or the banks financing the RHP. As shareholders in these companies, investors are supporting the project through their financial ties to the parties involved.

EIA has engaged the lead construction company and major banks involved in the project, as well as a number of their investors, to campaign against their direct or indirect involvement in and contributions to the project and to promote best practice in responsible investment, including increased engagement with civil society organisations.

Who’s who?

The Tanzania Electric Supply Company Ltd (TANESCO) is leading the construction project, backed with bank guarantees from multiple banks, including United Bank for Africa, CRDB and Afreximbank.

In 2018, TANESCO awarded the construction contract to The Arab Contractors and Elsewedy Electrics, both Egyptian companies, split 55 per cent and 45 per cent respectively. Sinohydro, a subsidiary of PowerChina, was subsequently awarded a subcontract to contribute to the project.

Astoundingly, a number of investors in the above companies are signatories to the UN Principles of Responsible Investment (UNPRI), which promote initiatives that protect World Heritage Sites. Furthermore, many have also adopted clearly defined environmental and social governance policies of their own. Indeed, investors such as ICBC Credit Suisse and Standard Chartered have even specifically committed to refraining from funding projects that undermine UNESCO World Heritage Sites.

Above: Despite strong recommendations to abandon the project, Tanzania has bulldozed ahead with the project which was also made possible due to support from a number of banks and investors.
EIA is concerned that investors are directly/indirectly supporting the RHP and, by extension, the destruction of a UNESCO World Heritage site. EIA believes these investments contradict investors’ own commitments to sustainability at a time when COVID-19 has increased environmental awareness worldwide.

In a demonstration of best practice in responsible finance, Norges Bank, Trustus Capital Management and Tundra Fonder recently divested their shareholdings in El Sewedy Electrics on grounds that the construction company was contributing to, or was itself responsible for, serious environmental damage in the context of the Rufiji Hydropower Project. Examples of EIA’s financial investor outreach are set out below.

EIA has pushed for investors to divest their shares in light of the damaging Rufiji project and have urged them to commit to greater environmental protections - details are included in Table 1 below. Investors who have engaged in extensive dialogue with EIA and who actively reviewed their shares are logged as ‘proactive response’. Investors who engaged in brief dialogue with EIA are logged in Table 1 below as ‘good response’. Investors who acknowledged EIA’s letters and dismissed our concerns are logged as ‘poor response’. Investors who did not respond to EIA letters are logged as ‘no response’.

EIA RECOMMENDATION

To promote responsible investment and ensure long-term protection of world heritage, EIA urges the UNESCO World Heritage Committee to adopt a decision encouraging financial institutions to adopt and implement commitments to refrain from directly or indirectly financing projects that could adversely impact UNESCO World Heritage Sites.”
Table 1: Since Summer 2020, EIA has engaged with a number of investors identified through open-source research as holding shares in the construction companies and/or banks financing the project.

<table>
<thead>
<tr>
<th>Name of financial institution</th>
<th>Invested in</th>
<th>CSR commitments</th>
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<tbody>
<tr>
<td>Norges Bank Investment Management</td>
<td>United Bank for Africa</td>
<td>Ministry of Finance’s Council on Ethics assesses Norges and makes recommendations for exclusion and observation for investments that ‘contribute to violations of fundamental ethical norms’</td>
</tr>
<tr>
<td>Norges Bank Investment Management</td>
<td>Elsewedy Electric</td>
<td>Same as above</td>
</tr>
<tr>
<td>Tundra Fonder AB</td>
<td>United Bank for Africa</td>
<td>Signatory to UNPRI and ESG policy specifies the company does not invest in companies that violate international conventions on environment</td>
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<td>Trustus Capital Management BV</td>
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<tr>
<td>Standard Chartered</td>
<td>Afreximbank</td>
<td>In 2018, committed to not providing financial services to clients which “have operations that adversely impact upon the Outstanding Universal Value of UNESCO World Heritage Sites”</td>
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<tr>
<td>CDC Capital Partners (CDC Group)</td>
<td>CRDB</td>
<td>Adopted a detailed Code of Responsible Investing, including sections dedicated to Biodiversity Conservation and protection of cultural heritage</td>
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<tr>
<td>BlackRock Investment Management UK (Ltd)</td>
<td>United Bank for Africa</td>
<td>Commitments to integrate ESG in BlackRock’s practices</td>
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<tr>
<td>BlackRock Fund Advisors</td>
<td>United Bank for Africa</td>
<td>As above</td>
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<tr>
<td>BlackRock Fund Advisors</td>
<td>Elsewedy Electric</td>
<td>As above</td>
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<tr>
<td>BlackRock Fund Advisors</td>
<td>PowerChina</td>
<td>As above</td>
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<tr>
<td>The Vanguard Group, Inc</td>
<td>Elsewedy Electric</td>
<td>Commitments to integrate ESG in Vanguard’s practices</td>
</tr>
<tr>
<td>The Vanguard Group, Inc</td>
<td>PowerChina</td>
<td>As above</td>
</tr>
<tr>
<td>ICBC Credit Suisse Asset Management Co, Ltd</td>
<td>PowerChina</td>
<td>2018 CSR report states Credit Suisse’s policies include “the prohibition of financial services for operations in protected areas such as UNESCO World Heritage sites”</td>
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<tr>
<td>Change Global Frontier Market</td>
<td>CRDB</td>
<td>Signatory to UNPRI</td>
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<tr>
<td>Robeco Institutional Asset Management BV</td>
<td>Elsewedy</td>
<td>Signatory to UNPRI</td>
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<tr>
<td>Quoniam Asset Management</td>
<td>Elsewedy</td>
<td>Signatory to UNPRI</td>
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<tr>
<td>Amundi Asset Management SA</td>
<td>United Bank for Africa</td>
<td>Signatory to UNPRI</td>
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<tr>
<td>Legal &amp; General Investment Management</td>
<td>United Bank for Africa</td>
<td>Signatory to UNPRI</td>
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<tr>
<td>Engagement with EIA</td>
<td>Status of investment</td>
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<tr>
<td>PROACTIVE RESPONSE</td>
<td>Invested, pending review</td>
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<tr>
<td>PROACTIVE RESPONSE</td>
<td>Divested, citing concerns with sustainability of the Rufiji project</td>
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<tr>
<td>PROACTIVE RESPONSE</td>
<td>Divested, citing non-responsiveness by UBA relating to concerns over ESG including in relation to the Rufiji project</td>
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<tr>
<td>PROACTIVE RESPONSE</td>
<td>Divested, citing concerns about the Rufiji project. Tundra Fonder also engaged proactively with EIA to try to provide us additional information about the project</td>
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<td>PROACTIVE RESPONSE</td>
<td>Invested, pending review</td>
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<tr>
<td>PROACTIVE RESPONSE</td>
<td>Invested, although actively engaged with Afreximbank</td>
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<tr>
<td>GOOD RESPONSE</td>
<td>Divested. Reasons for divestment not made public</td>
<td></td>
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<tr>
<td>NO RESPONSE</td>
<td>Invested?</td>
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Conclusion

For years, UNESCO has repeatedly warned against the construction of the hydropower dam in the heart of one of Africa’s largest remaining wilderness areas.

Tanzania’s continued flagrant violation of its obligations under the Convention and of the various recommendations of the Committee must be taken seriously.

EIA strongly recommends that in order to maintain the integrity of the UNESCO World Heritage Convention, the World Heritage Committee should adopt draft decision 44 COM 7A.51 at the 44th Committee meeting to delist the SGR, as recommended by the World Heritage Centre.

Such decisive action would hold the Government of Tanzania accountable for its irresponsible actions and deter similarly unsustainable projects in the future.

Failure to adopt the decision would not bode well for the international community’s efforts to protect UNESCO sites and presents an uncertain future in which World Heritage Sites become acceptable areas for unsustainable projects which could destroy and irreversibly damage their universal value.


8. UNESCO WHC, State of conservation of properties inscribed on the list of World Heritage in Danger, WHC/21/44.COM/7A.Add. [online]. Available at: https://whc.unesco.org/archive/2021/whc21-44com-7A.Add-en.pdf [Accessed 22 June 2021].


25. As confirmed in personal comms with the CDC group, though reasons for divestment were not given.


37. Accurate as of research commissioned by EIA in summer 2020. Given the failure of certain investors to engage with EIA, the status of their investments may have since changed.


39. Tundra Fonder, Sustainable [online]. Available at : https://www.tundrafonder.se/en/sustainable-2/#:~:text=Like%20all%20of%20Tundra%27s%20funds,have%20been%20communicated%20to%20Tundra [Accessed 16 June 2021].

40. Tundra Fonder, Sustainable [online]. Available at : https://www.tundrafonder.se/en/sustainable-2/#:~:text=Like%20all%20of%20Tundra%27s%20funds,have%20been%20communicated%20to%20Tundra [Accessed 16 June 2021].


47. Accurate as of November 2020.


