

AFRICAN DEVELOPMENT BANK GROUP



REGIONAL DIRECTOR
EASTERN AFRICA RESOURCE CENTRE

Ref: AfDB/EARC/LTR/2015/11/001
Date: 1 November 2015

Mr. Abubaker Mohamed Ali

Chairman
Save Lamu
P.O Box 314-80500
Lamu, Kenya
Email:-info@savelamu.org

Dear Mr. Ali,

RE: CONCERN REGARDING THE AMU POWER PLANT IN LAMU COUNTY, KENYA

This is to acknowledge receipt of your letter dated 1st October 2015 bringing to our attention your concerns on the above mentioned project. The AfDB would like to thank you for your concern over the need to ensure environmentally sustainable development, as well as the need for close consultation with potentially affected stakeholders and communities as well as beneficiaries.

As members of the AfDB project team discussed with your representatives on 13th October 2015, we are in the process of appraising the proposed partial risk guarantee to backstop the Kenya Power and Lighting Company's (KPLC) payment obligations under the Power Purchase Agreement with Amu Power Limited. The associated transmission line will be constructed by the Kenya Transmission Company (KETRACO), and will not be financed under the aegis of this project.

With regard to your request to defer the appraisal process, the AfDB would like to assure you thorough due diligence will be conducted in terms of the environment and social impacts and benefits of the project. The AfDB ensures that it finances projects where analysis of the project's rationale and strategic alternatives in the national context are considered, and the identification of alternative types of technologies for the project is examined. The chosen option shall ultimately be based on technical, economic, environmental and social feasibility and climate risk, including public concerns.

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The Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) for this kind of development are compulsory including the Resettlement Action Plan (RAP). It is worth noting that the AfDB will also go further to ensure that environment and social assessments (ESAs) for the associated projects such as the transmission line are also conducted in line with best practice and AfDB's Integrated Safeguards System (ISS). The ongoing ESIA and ESMP compilation process for this project will be approved by the AfDB Environment and Social Safeguards teams prior to consideration of the project by the AfDB Board. In that approval process, the AfDB shall ensure that all ecological, health and safety, labour, gender and climate change issues have been identified and adequately mitigated; otherwise the project will not be approved.

Public consultation is the cornerstone of all environment and social assessments done for AfDB financed projects. The AfDB requires greater public consultation and participation by communities and local stakeholders that are likely to be affected by its operations. Furthermore such consultation must meet the requirements of being "free, prior and informed" and of achieving broad community support. In this regard, the AfDB has communicated these concerns to the Government of Kenya and Amu Power Ltd. on 14th October 2015. Furthermore, the ESIA review by the AfDB will insist on inclusive community participation in the ESIA while the ESMP will include a stakeholder engagement plan beyond the ESIA process.

Finally, the AfDB would like to assure you of our commitment to work closely with you to ensure that the proposed project is compliant with Kenyan legislation as a minimum and all aspects of the AfDB's ISS requirements. We have attached the ISS for your information.

Yours sincerely,


Gabriel NEGATU

Cc:

Richard Muiru, Chief Engineer (Electrical), Ministry of Energy and Petroleum, Kenya

John Omenge, Chief Geologist, Ministry of Energy and Petroleum, Kenya

Francis Njogu, Chief Executive Officer, Amu Power Limited