



*Promoting Participatory and Sustainable  
Development*

21<sup>st</sup> December 2016

**Industry and Commercial Bank of China**

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C/O: Corporate Strategy and investor Relations Department, Credit and Investment Management Department, Internal Control and Compliance Department, Risk Management Committee, Chief Risk Officer, African Representative Office

Dear Chairman Yi Huiman:

We wish to inform you that we have notified Amu Power Company of our concerns regarding the 981.5 MW Net Coal Fired Thermal Power Plant, which is proposed to be developed in Manda Bay, Lamu County. We understand that Industry and Commercial Bank of China (ICBC) is financing this project via a financial service agreement with Power Construction Corporation of China and Electric Power Design Consulting Co., Ltd<sup>1</sup>.

Save Lamu is a community based organization representing over 30 groups across Lamu County. As Lamu County residents, we have concerns regarding the environmental, health, and social impacts of a coal plant being sited in our communities. **In sending you a copy of our letter to Amu Power Company, we would like to inform you of these concerns, and how ICBC will address and manage these important issues.**

In particular, we understand ICBC is obligated to comply with Chinese policies governing overseas investments. First, the Green Credit Guidelines, as promulgated by the China Banking Regulatory Commission, obligates Chinese banks to ensure that “appropriate international practices or international norms will be followed” (Article 21), such as the application of Free, Prior, Informed Consent principles and protection of UNESCO World Heritage sites<sup>2</sup>. Lamu Old Town, located in Lamu County, was inscribed on the World Heritage List in 2001<sup>3</sup>. As you are aware, ICBC and this overseas project fall under the scope of the Green Credit Guidelines. In receiving financial support from the African Development Bank and International Finance Corporation, the project is additionally subject to the AfDB Operation Safeguards and IFC Performance Standards, as detailed in our letter to Amu Power.

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<sup>1</sup> “ICBC Arranges Financing for the Largest Power Plant Project in Eastern Africa”, ICBC News, July 3, 2015.

<http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/ICBC%20Arranges%20Financing%20for%20the%20Largest%20Power%20Plant%20Project%20in%20Eastern%20Africa.htm>

<sup>2</sup> According to the UNESCO 2015 report on Lamu Old Town, “There can be no doubt that a project [Lamu Port – South Sudan – Ethiopia Transport (LAPSET), which includes the construction of the coal plant in Manda Bay] of this scale and scope, in an area as remote and protected as Lamu, cannot help but have profound negative impacts on the heritage”.  
<http://whc.unesco.org/document/135436>

<sup>3</sup> “Lamu Old Town”, UNESCO. <http://whc.unesco.org/en/list/1055>



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Second, the Guidelines for Environmental Protection in Foreign Investment and Cooperation, published by the Ministry of Commerce and Ministry of Environmental Protection, strongly encourage Chinese companies to “develop low-carbon” technologies (Article 4) and “to take full into account of the impacts of their development

and construction as well as production and operation activities on the social environment such as historical and cultural heritages” (Article 9). Currently, we do not believe this project achieves a “‘win-win’ situation of corporate self-interests and environmental protection” (Article 4).

We understand and acknowledge that energy access is important for the future development and growth of Kenya. However, we disagree on the means of achieving energy needs via supercritical coal technologies. The environmental and health costs of coal consumption are well known, and developing an unhealthy reliance on coal power is one which we wish to avoid in Kenya if renewable alternatives are feasible instead. We hope you can commit to investigating the potential of renewable alternatives. As you may be aware, the international community is turning away from coal financing due to its high pollution and high carbon impacts. Even international financiers like the World Bank, US Export Import Bank, European Investment Bank, and the European Bank for Reconstruction and Development are quickly moving away from coal financing coal projects abroad, in addition to OECD export credit agencies<sup>4</sup>. And private banks like J.P. Morgan Chase and Wells Fargo have pledged to restrict support to coal project as well<sup>5</sup>.

This is to say that we take the development of coal power in Kenya very seriously, and so we hope you understand our concerns, especially since the current plant specifications are not considered the best coal technology. **As such, we ask that you consider delaying any financing to this project until Amu Power has completed its due diligence in fully investigating the potential of renewable energy alternatives.**

**Please let us know how ICBC plans on incorporating the principles of the Green Credit Guidelines and Guidelines for Environmental Protection in Foreign Investment and Cooperation in ensuring that your clients uphold their obligation to conduct its environmental due diligence.**

We look forward to seeing how these policies can enrich the impacts of Chinese investment in Kenya.

Please feel free to contact us anytime at: [savelamu@gmail.com](mailto:savelamu@gmail.com)

Sincerely,

Abubakar Mohamed Almudy  
Chairman, Save Lamu

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<sup>4</sup> <http://www.oecd.org/newsroom/statement-from-participants-to-the-arrangement-on-officially-supported-export-credits.htm>

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