The war fought inside the insurance market

A climate campaign could not stop Uganda's pipeline at the fence line, so it moved the battlefield to the project's cost of capital. Whether it worked is a question the financing record can now answer — and the answer is uncomfortable for everyone

Reader: international financial-press audience.

The fight over the East African Crude Oil Pipeline was never going to be won at the fence line. More than 100,000 people were displaced or resettled along the route through Uganda and Tanzania, the European Parliament passed an emergency resolution against it, and courts in Paris and East Africa heard the cases [European Parliament, GREEN] — and the pipeline was built anyway. So the campaign did something the environmental movement rarely does: it moved the battlefield. Instead of the route, it chose the money. It went after the banks that would lend and the insurers that would cover, on the theory that a project no one will insure is a project no one will finance, and a project no one will finance does not get built. Joan Martinez-Alier, the Catalan economist who coined the phrase "the environmentalism of the poor," calls these ecological-distribution conflicts — fights over who bears the ecological cost and who keeps the benefit. EACOP's distinctive feature is the terrain: the conflict was fought inside the insurance and lending market, and whether the campaign won is an empirical question the financing record can now answer.

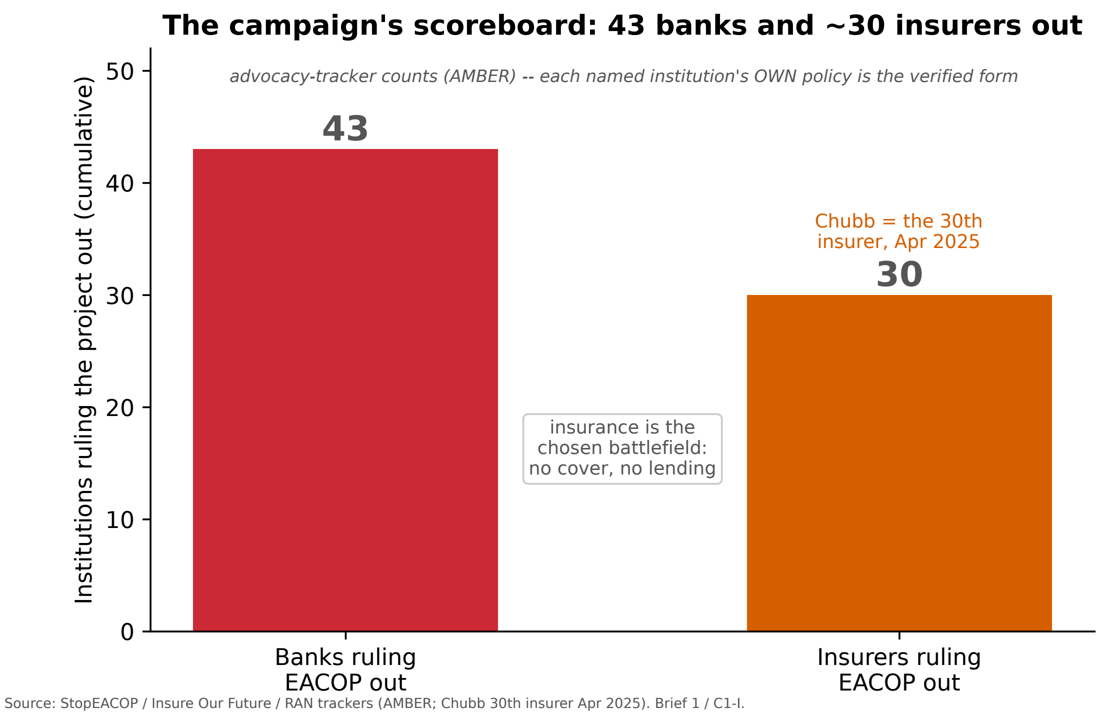

Figure C1-I. The campaign's scoreboard: the running count of banks and insurers ruling EACOP out, to 43 banks and ~30 insurers (Chubb the 30th, April 2025). Advocacy-tracker figures, AMBER — each named institution's own policy is the verified form.

The body count, and what it does not prove

By the campaign's own tally, 43 banks and roughly 30 insurers have ruled the project out, with the insurer Chubb the thirtieth to walk, in April 2025 [StopEACOP / Insure Our Future, AMBER]. Those numbers come from advocacy scorecards, and they should be read as what they are — the campaign keeping its own score, verified only where a named institution confirms its own exit. But the named names are not in doubt, and they are striking: BNP Paribas, Société Générale, Barclays, Standard Chartered, Intesa Sanpaolo. Standard Chartered, long rumoured as a lead-arranger candidate, refused — and Zaki Mamdoo, who coordinates the StopEACOP coalition, framed the refusal as a signal to every institution still on the fence to act in the interest of the people of Uganda and Tanzania [attributable summary, AMBER]. Coleen Scott, of Inclusive Development International, put the same theory in the insurers' language: they should take heed, she argued, as the financial and reputational risks of the project keep climbing [attributable summary, AMBER]. The campaign was explicit that the cost of capital was the target. The question is whether the target moved.

Insurance was the chosen weapon, and it is the sharper one

Of the two markets, insurance is where the campaign concentrated, and the choice was deliberate. A lender can sometimes self-insure or syndicate around a gap; a heated, 1,443-kilometre crude pipeline crossing two countries cannot run without cover, and the cover market is smaller and more concentrated than the lending market. Drive 30 insurers out — Chubb, SiriusPoint, Riverstone, Enstar and the rest — and you do not merely raise a premium, you thin the pool of underwriters willing to quote at all [StopEACOP / RAN, AMBER]. Without insurance, the lenders will not lend; that is the mechanism, and it is why the insurer count, not the bank count, is the campaign's load-bearing number. It is also why the operator's eventual financing close was read, on both sides, as the decisive test of whether the strategy worked.

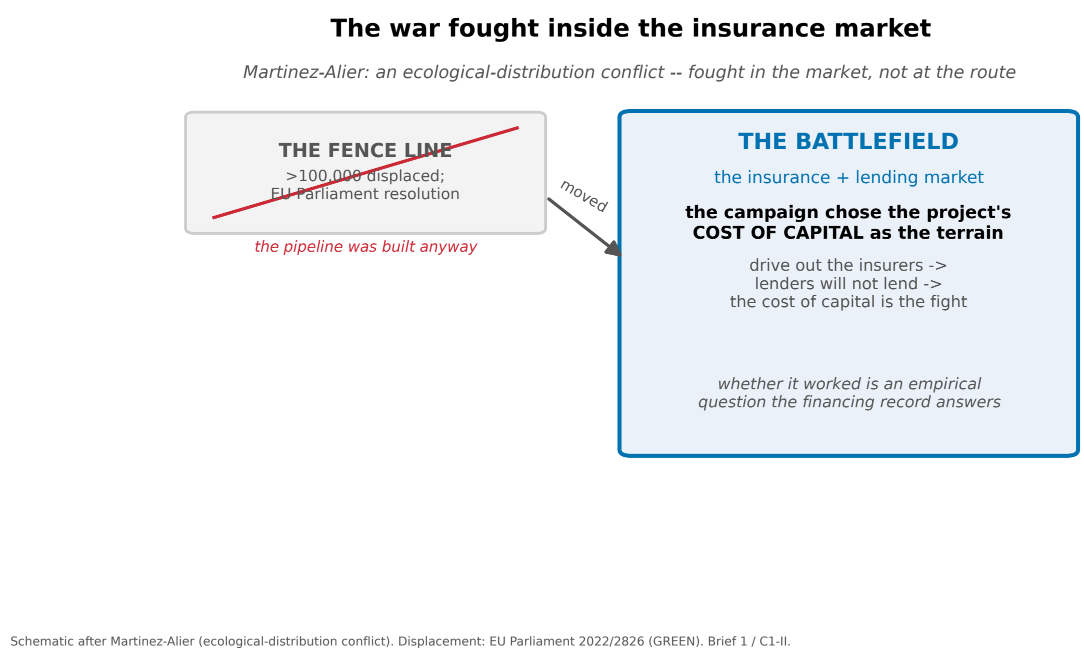

Figure C1-II. The battlefield: the ecological-distribution conflict was fought not at the route but inside the insurance and lending market — the campaign's chosen terrain was the project's cost of capital.

What the financing close shows

On 26 March 2025 the project company announced the close of its first external financing tranche — and the roster is the story. The syndicate was Afreximbank, Standard Bank of South Africa, its Ugandan arm Stanbic, KCB Bank Uganda, and the Islamic Corporation for the Development of the Private Sector, the private-sector arm of the Islamic Development Bank in Jeddah [EACOP Ltd, GREEN]. Roughly USD 775m was disbursed [trade press, AMBER]. Read the list twice and the absence is what registers: not one Western commercial bank. The lenders that financed Mozambique LNG in 2020 — the same operator, the same region — are simply not there. China's policy banks, much discussed, committed smaller amounts earlier and are not in the closed tranche either [Table.media, AMBER]. The capital that showed up was African and Islamic-multilateral, with the sponsors carrying more of the bill themselves. For the operator, the close is the rebuttal: the financing was secured, the pipeline is being built, the campaign did not stop it. For the campaign, the same close is a win — because the point was never to stop the pipeline at any cost. The point was to make the cost of capital reflect the carbon, and a project that lost its entire Western banking syndicate and had to be funded by a thinner, more concentrated pool with a fatter sponsor cheque is a project whose capital got more expensive. Both readings are looking at the same list of five lenders.

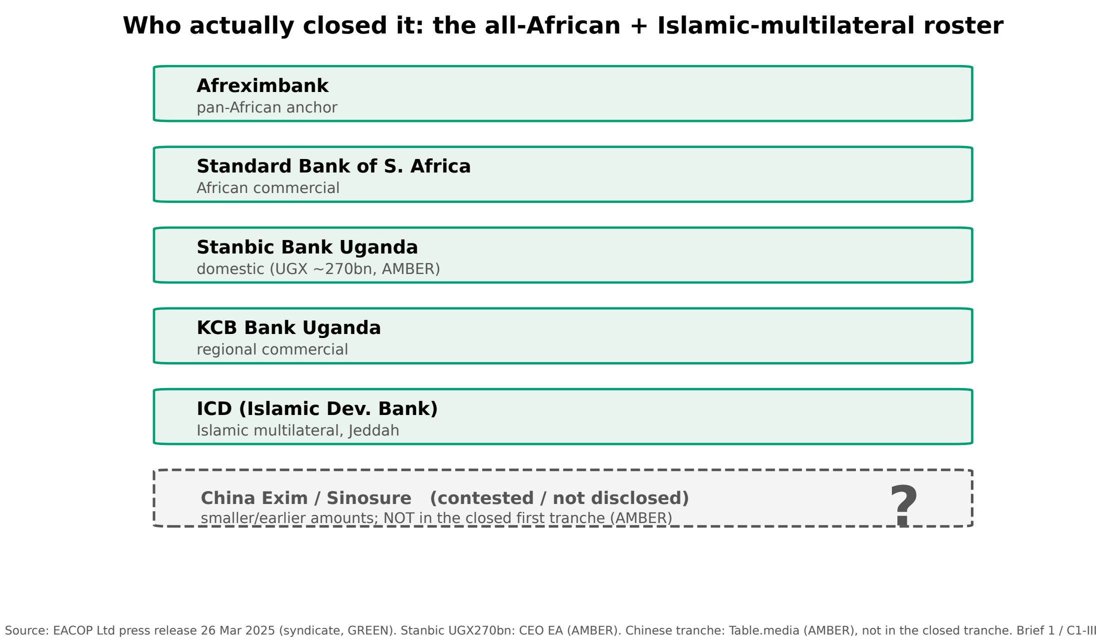

Figure C1-III. Who closed the syndicate: the all-African plus Islamic-multilateral roster that closed EACOP's first external tranche (26 March 2025). EACOP Ltd primary disclosure — the South-South substitution made concrete.

The price you cannot see, and the prices you can

Here the story hits a wall that every honest account of EACOP runs into: nobody outside the deal room knows the interest rate. Project-finance terms are private, and Uganda — downgraded to sub-investment grade by Moody's and Fitch in 2024 — has never issued a Eurobond, so there is no sovereign yield curve to read a spread from. The cost of capital is triangulated, not measured. What can be seen points one way. The pipeline's cost has run to about USD 5.6bn, a 55 percent overrun on the USD 3.6bn estimated before the investment decision, with more than USD 6bn already sunk by the end of 2024 [IEEFA, GREEN]. First oil, slated for 2025 when the partners committed in early 2022, has slipped to late 2026 — about two years — and the first tranche of outside money only closed three years after that commitment [EACOP Ltd, GREEN; IMF, GREEN]. And because the debt came slowly and thinly, the shareholders have had to put in more equity, sooner, than they planned [IEEFA, GREEN]. A cost overrun, a two-year delay, and a bigger sponsor cheque are not a measured premium — but they are the shadow a premium casts, and they all fall on the costlier side of the ledger.

The 2026 oil shock cuts both ways

Any account that stopped there would be cheating, because the window closes on a confounding event. In the spring of 2026, war around the Strait of Hormuz sent Brent crude to USD 138.21 on 7 April, its high for the period, before it fell back the next day and settled near USD 97 by June [FRED, GREEN]. A higher oil price flatters EACOP's economics and may have helped pull substitute finance in just as the deal closed — which would make the campaign's "we raised their cost of capital" claim look weaker, not stronger, at exactly the wrong moment. But the same spike fed the volatility-and-transition story the divesting institutions used to justify leaving in the first place. It points in two directions at once, and the honest move is to name it rather than net it out. Two things bound it: Brent had already given most of the spike back by June, and the analysis that finds the project marginal rests on a lower long-run price, not the war premium. The shock is a live confound on the late window, not a verdict.

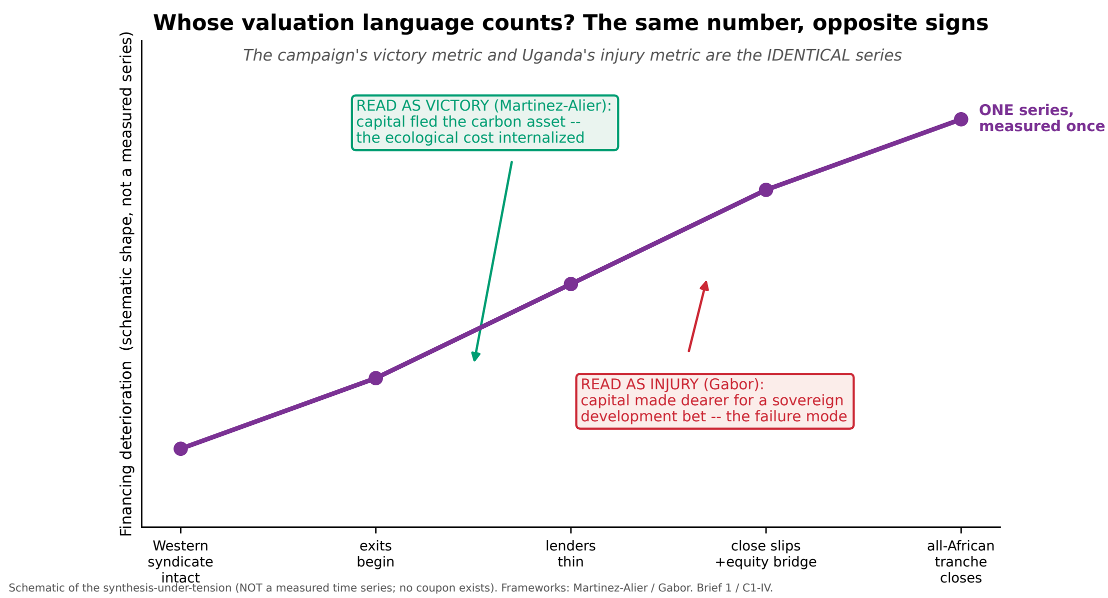

Figure C1-IV. One series, two readings: the same financing deterioration is the campaign's victory metric (capital fled the carbon asset) and Uganda's injury metric (capital made dearer for a development bet). Whose valuation language counts is the unsettled question.

The same number, read two ways

This is the part that makes EACOP unusual, and it is worth stating plainly. The deterioration in the project's financing — the lost Western syndicate, the two-year slip, the fattened equity bridge — is, read one way, the campaign succeeding: the ecological and human cost finally showing up as a cost of capital, the polluter made to pay in the currency of finance. Read the other way, it is a low-income country being charged more to build the one large asset it owns a stake in, by a capital market that has decided, on its behalf, which energy futures are fundable. The campaign's victory metric and Uganda's injury metric are not two correlated series. They are the same series, measured once. Which sign it carries is not something the numbers decide — it is a judgment about whose valuation counts, the climate's or the developing borrower's, and that is precisely the conflict Martinez-Alier says these fights are really about.

The Ugandan voices feel the bind directly. Dickens Kamugisha, who runs the African Institute for Energy Governance in Kampala and is no friend of the project, named the catch that survives the pivot: even funded by African and other non-Western banks, he has argued, TotalEnergies remains a European company, and "there is no way we are going to escape their influence on this oil project" [verbatim via search, AMBER pending a reachable primary]. President Yoweri Museveni reads the campaign itself as the imposition — accusing Western governments of neocolonialism and asserting Uganda's right to develop its resources on its own terms [attributable summary, AMBER]. Neither voice fits the clean climate-victory frame, which is why an honest account has to carry both.

The comparators

EACOP's terms are clearer next to the projects running the same experiment. Mozambique LNG is the control: same operator, financed in 2020 with USD 14.9bn from 31 institutions and a full slate of Western export-credit agencies — closed *before* the divestment wave hardened. On its 2025 restart, the same company proceeded without UKEF and Atradius and had its sponsors cover about 10 percent of the financing as extra equity [TotalEnergies, GREEN]. The same operator, five years apart, shows the very deterioration EACOP is accused of — and a caution that Mozambique's own long delays were not caused by any campaign. Niger–Benin shows what the alternative costs: a CNPC-built line financed by a Chinese loan at around 8 percent, plus a USD 400m advance repaid in oil, the kind of collateralized, offtake-linked deal that comes with control attached [AidData, GREEN; rates AMBER]. Chad–Cameroon, two decades ago, shows the older bargain — World Bank money with governance strings Chad threw off. The menu Uganda faced was no-strings Chinese policy finance, a covenant-light African syndicate, or nothing.

For Uganda the stakes are not abstract. The pipeline is the spine of a first-oil economy the IMF expects to start producing in late 2026, and the campaign did not stop it — it changed who holds the claims on the first barrel and on what terms. A country that lost its Western lenders and was funded by a thinner pool has not been spared the project; it has been handed a dearer, more concentrated, more collateral-hungry version of it. The boom is coming. The question is how much of it Uganda will own.

The skeptical view

There is a serious case that this reads too much into the financing. The most-cited finance research on divestment — Jonathan Berk and Jules van Binsbergen — finds that pulling capital out barely moves a target's cost of capital, because someone else simply buys the asset; on their numbers it would take some 84 percent of all capital suppliers to divest to lift the cost of capital by a single percentage point [Berk–van Binsbergen, GREEN]. By that logic the African and Islamic lenders who closed the deal may charge about what the departed Western banks would have, and the delays and overruns may owe more to ordinary execution trouble and a weaker post-2022 oil price than to any campaign — one analysis found most of the project's value had already eroded before the investment decision [via IEEFA, AMBER]. The honest conclusion is not that the campaign achieved nothing — an all-African syndicate and a two-year slip are too clean for that — but that its share of the damage is genuinely unknown, a mix of divestment, execution, and price that the public record cannot pull apart. The campaign moved the cost of capital; by how much, against everything else moving at the same time, no one can yet say.

Three things to watch

1. **The next financing close.** Whether a second, larger tranche brings China's policy banks in at scale, or confirms the African and Islamic-multilateral lead — the clearest sign of who is really funding the pipeline, and the manifesto's threshold event, already partly triggered.
2. **The first-oil date.** Whether production starts on the late-2026 schedule or slips again — every further delay is more cost carried by the sponsors before a barrel is sold.
3. **The terms, if they ever surface.** Whether any disclosed EACOP interest rate or tenor can be read against the Niger–Benin 8 percent and the Mozambique 2025 equity share — the only way the unobservable cost of capital ever gets a number.

Sources: EACOP Ltd; IEEFA; IMF (PR 26/017, via Wayback); FRED (Brent); European Parliament; StopEACOP / Insure Our Future / RAN; BankTrack; TotalEnergies (Mozambique LNG); AidData; Berk & van Binsbergen. Named voices (Kamugisha, Museveni, Mamdoo, Scott) are carried as attributable summaries pending reachable primaries. Full provenance in `references.md` and `citation_ledger.jsonl`.