Bunyoro to get Huge Oil Infrastructure

By oil in Uganda Correspondent, Hoima

The oil-rich Bunyoro sub-region is set to get huge infrastructural projects as Uganda prepares to kick-start commercial oil production. According to the Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija, over US$564 million worth investments have been included in the national budget for the 2017/2018 financial year for road construction projects in the Albertine Graben.

"Some of the required money is available in the national treasury, while additional funds will also be secured from elsewhere," the Minister said while closing a Bunyoro Conference on Saturday in Hoima town.

The conference was organized by Bunyoro Think Tank in partnership with Bunyoro Kitara Kingdom and the Advocates Coalition for Development and Environment (ACODE) under the theme "Towards a new Bunyoro: The beginning of a new era".

According to Hon. Kasaija, some of the roads that have been approved for tarmacking include Buhuka-Kabwooya; Buhimba-Kakumiro; Hoima-Biiso-Wanseko; Masindi-Kinyara-Biiso; Kabale-Kiziranz filtering- and Kaseeta-Nyairongo-Kyarushesha road that will join the Buhuka-Kabwooya road.

"The roads have been proposed by the Ministry of Energy and Mineral development as critical infrastructure that will facilitate the transportation of oil production machinery and equipment," the Minister added.

Also planned for tarmacking is a new road that will link Ndaiga Landing site in Kabadi district to Buliisa district running along the Lake Albert shoreline.

Government has prioritized fast-tracking commercial oil production by 2020, which is expected to generate the much needed oil and revenue to support key national priorities, Hon. Kasaija said.

Ironically, people in the mineral-rich Bunyoro region are still grappling with poverty; limited access to finance; low quality education; poor health care and inadequacies in other basic social services.

Insiders in Government say oil revenues are considered key catalysts in Uganda’s quest to achieve middle income status by 2020. Hon. Kasaija who is also the MP for Buyanja county in Hoima lamented that "his ministry is planning to spend over Shs 7 5 trillion to work on roads, railway lines and power stations, but there is one Ugandan company involved in the contracts."

He advised the locals to seize the business opportunities, which oil has brought into the country.

Speaking at the same conference, the Bunyoro Affairs Minister of State Hon. Ernest Kiiza said the region has opportunities of tourism and enterprise development, which should also be harnessed to empower communities.

Ernest added that Bunyoro has huge potential for agriculture and can support a thriving fish sector on Lake Albert and on rivers.

Government has prioritized efforts geared towards enhancing commercial agriculture, fast-tracking formal land registration and promoting local content through the "Buy Uganda Build Uganda (BUBU)" campaign.

While presiding over the 31st victory celebrations for the National Resistance Movement (NRM) which were held at Masindi playground in January 2017, President Yoweri Kaguta Museveni said government had agreed on the contentious issues with oil companies.

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Tanzania Urges Uganda to Fast-Track Oil Pipeline

By Flavia Nalubega

The extractive sector in Uganda, particularly oil discovery brought an aura of excitement among both locals and foreigners. With the plans and predictions for the sector laid forth before us, the sector seemed like a saviour coming down on Uganda to save the long forgotten economy.

According to Uganda Vision 2040, the sector will require massive investments in infrastructure such as access roads, pipelines, refinery, and petrochemical industries among others to ensure that the country benefits wholly from it. These are projected to be a major driver in employment creation and GDP growth.

This 14th edition of the newsletter whose focus is on infrastructural development in the oil sector, brings you an update of the ongoing developments within this nascent industry.

The lead story Oil-Rich Bunyoro to get Huge Oil Infrastructure indicates that US$564 million worth of investments have been included in the national budget for the 2017/2018 financial year for road construction projects in the Albertine Graben. These shall include road construction Some of the roads that have been approved for tarmacking include Buhuka-Kabwooga; Bihimba-Kalumiro; Hoima-Woiso-Wansek; Masindi-Kinyara-Biiso; Kabale-Kiziraminumbi- and Kaseeta-Nyairongo-Kyarushesha road which will facilitate the transportation of oil production machinery and equipment.

Yet another must read article is DRC Interested in Uganda’s Crude Oil Pipeline Project, which elaborates how DRC has already laid plans to use the planned 1,445 km long, 24-inch diameter, heated Uganda-Tanzania pipeline as an alternative route to access the international market for its crude from newly discovered oil resources in the eastern part of the country. This is a plus for the two governments as their infrastructure already has market ahead of time.

And in the mining sector, we bring you stories like the African Union Commission to establish a Geo-data Centre to Boost Investments in Mining Sector. All plans to set up the centre at the Directorate of Geological survey and Mines in Uganda to ensure availability of Geo-Scientific data for mining activities, which in turn will boost returns on investment in exploitation. With available data, our chances of accessing areas with high amounts of minerals are doubled, hence investment in exploration multiplied.

Enjoy this edition.

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Tanzania Government has expressed concern over delays in the development of the Hoima-Tanga crude oil pipeline, Tanzania Minister for Energy and Mineral Development Prof. Sospeter Muhongo has revealed.

Speaking at the launch of the Front End Engineering Design (FEED) study for the East African Crude Oil Pipeline Project (EACOP) in Kampala, Prof Muhongo expressed distress stating that the implementation of the project had been delayed for two months.

“We [Tanzania government] are not happy with the speed at which the project is moving. The FEED studies were supposed to have begun in November 2016, and I hope that Uganda can fast-track this process with the contractors to ensure that it is completed within the time frame,” he noted.

He argued that the land acquisition in Uganda is complex compared to Tanzania, since in the latter; land belongs to government and is vested in the President, making it less strenuous for the project.

“The biggest part of the pipeline will be in Tanzania, something that will make land acquisition for the project easy,” he said.

The FEED study, which is a fundamental step that will provide detailed engineering design for the pipeline will be undertaken over a period of eight months by Gulf Interstate Engineering - a Houston, Texas-based company and is projected to cost US$11.5 (about Shs 42bn).

According to Hon. Irene Muloni, Uganda’s Minister for Energy and Mineral Development, the study is expected to identify the actual route and technical designs for the crude oil pipeline as well as the estimated cost for the project.

Hon. Muloni explained that President Yoweri Museveni has issued a directive to her ministry to ensure ‘first oil’ by 2020.

“Due to the presidential directive, both the oil refinery and crude oil export pipeline will be attended to concurrently, and the FEED study shows a clear determination of government to have ‘first oil’ by 2020,” she said.

The East African Crude Oil Pipeline Project (EACOP) is spearheaded by Total E&P Uganda Limited on behalf of the Joint Venture Oil Companies and will see construction of a 1,445 Kilometer, 24 inch diameter heated crude oil pipeline.

Hon. Muloni further stated that preliminary studies have put the cost of crude oil pipeline at US$3.55 billion dollars, but the FEED study is expected to establish the actual cost of the project and hence inform the governments of Uganda and Tanzania as well as joint venture companies to reach a Final Investment Decisions (FID).

According to Mr. Jean – Luc Bruggeman, Total’s Mid-Stream Project Director, the crude oil pipeline once completed, will be the world’s longest heated pipeline and will require six heating stations from Kabaale to Tanga; a heat tracing system; an electrical cable within the pipeline to keep the temperatures at 50 degrees centigrade to enable the oil flow; a fibre optic cable for communications and a high voltage power line.

The Governments of Uganda and Tanzania in partnership with the Lake Albert Upstream Partners (Total, Tullow and CNOOC) last year (2016) opted for the Hoima-Tanga route after conducting a feasibility study for the LAPSSET Corridor.
Oil firms begin RAP planning for production phase

By Oil in Uganda correspondent, Hoima

Oil companies have started conducting studies and consultations to inform the Resettlement Action Plan (RAP) that will form basis for compensation, involuntary displacement and resettlement of persons affected by infrastructure required for oil production in the Hoima and Buliisa districts.

The RAP studies and consultations will also cover the oil pipeline corridor and infrastructure from Hoima to Tanga in Tanzania. The RAP will also guide government and Oil Companies on how they will acquire land for the oil production infrastructure.

While China National Offshore Oil Company (CNOOC) Uganda Ltd has contracted Suvesis, Total E&P Uganda and Tullow Uganda have contracted Atacama Consulting to plan the resettlement of oil infrastructure affected persons.

Uganda’s oil development phase will require acquisition of large chunks of land for temporary access and permanent occupation. Some land is also needed for roads, pipelines, power stations and central processing facilities and other easements.

The required infrastructure will certainly result into involuntary displacement of persons/communities – a reason why Government and the Oil Companies must come up with Resettlement Action Plans for the affected persons/communities.

The RAPs are intended to avoid or minimize involuntary resettlement wherever feasible; avoid forced eviction; mitigate social and economic impacts from land acquisition or restrictions on affected persons’ use of land.

Water Governance Institute has over the last two years been collecting soil and water samples from gold mining and isolation points in Moroto and Mubende districts that are being tested in the laboratory for presence of Mercury, Cyanide, Arsenic, Lead and Aluminium as indicators of pollution. Results derived from these tests shall be shared with the relevant authorities at local and central government levels to form basis for government to respond or act appropriately to mitigate the eminent risks and threats. Also, the data shall form basis for community sensitization and awareness-raising on the levels of pollution and risks/threats associated with the pollution.

The Mining Act 2003 is also generally lax on adherence to environmental and social principles in mining activities, yet communities continue to bear the brunt of the negative effects. First of all, the Act lacks a preliminary section outlining adherence to social and environmental principles. Also, Section 26 and 41 of the same Act that deals with application for an exploration license and mining lease, does not make plans to manage environmental impacts and restoration a compulsory requirement – an indicator that environmental and social impacts as well as planned mitigation and rehabilitation strategies are not taken as important criteria during the decision to allocate mining rights.

It is for this and many other reasons that government chose to revise this Act and draft a new Mineral policy to update the old one of 2001. This is aimed at improving regularization of mining activities in the country for the sustainable exploration, development and production of the country’s vast mineral resources. This process is a historic decision that was long overdue.
Gov’t Against an Oil Monopoly Resulting from Tullow’s Farm-Down

By Edward Ssekika

Officials in the Ministry of Energy and Mineral Development (MEMD) and Uganda National Oil Company (UNOC) are in discussions to consider the approval of Tullow Oil Plc’s farm-down to Total E&P Uganda and Chinese National Offshore Oil Corporation (CNOC). Oil in Uganda can reveal.

In January this year, Tullow Oil Plc announced that it had agreed to a substantial farm-down 21.57 percent of its 33.33 percent assets and interests in Exploration Areas 1, 2, and 3 to Total E&P Uganda B.V. for a total of $900 million. At the time of Tullow’s intended farm-down to Total, Government officials were concerned that such a move would create a monopoly in the oil sector which is against the tenets of the 2008 Oil and Gas Policy.

Speaking at the recently conducted Extractives workshop organized by the Office of Auditor General (OAG) at Audit House Kampala, Mr. Honey Malinga, the Commissioner Petroleum Exploration and Production Department (PEPD), revealed that Tullow’s farm-down to Total could create a monopoly which will not be good for the country. “Government’s policy has always been against creating monopoly in the oil sector. This is one of the issues that we shall be considering before giving Tullow the go-ahead to farm-down. If approved in its current state, the farm-down would consolidate the position of Total E&P Uganda B.V. with a majority and controlling stake of 54.9 percent,” Mr. Malinga argued.

However, before government could approve the Tullow-Total farm-down, CNOC invoked its pre-emption rights for 21.57 percent of Tullow’s stake, meaning that CNOC would also be entitled to purchase 21.57 percent of Tullow’s oil stake. This would mean that CNOC would take an equal share with Total of the Tullow's stake, thus reducing the risk of creating a monopoly in the oil sector.

In 2014, a precedent had been set during a Tax Appeals Tribunal between Tullow Uganda Ltd and Uganda Revenue Authority (URA) in which Mr. Ernest Rubondo, the then Commissioner Petroleum Exploration and Production Department (PEPD), told the tribunal that government “forced” Tullow to sell 16.7 percent of the interests in the Albertine Graben to Total and CNOC in order to break the monopoly.

Mr. Rubondo testified that the Government of Uganda did not indicate to Tullow who to sell its interests to, but wanted to avoid a monopoly in the Albertine Graben,” the Tribunal ruling reads in part.

Also in the tribunal hearings Mr. Richard Inch, the Head of Tax at Tullow, informed the Tribunal that “Tullow had initially intended to sell only 50 percent of its interests in Exploration Area (EA) 1, 2, and 3A. However, government required Tullow to sell an additional 16.67% of its interests to break Tullow’s monopoly in the sector, before government would grant the necessary consent to Tullow to move forward with operations.” Mr. Inch added that “in a meeting held on February 02, 2010, with Mr. Lawrence Kizza, the Director of Economic Affairs, it was made clear that government would not allow Tullow to sale only 50% of its interests, but also required that there is a single distinct operator for each Production Sharing Agreement (PSA), with each operator holding 33.33% interests before government would grant the consent for Tullow to proceed with further operations. It was then made clear that a monopoly in the oil sector would not be entertained in Uganda.

Mr. Malinga further argued that “if government said no to a monopoly in the oil sector in 2014, then the recent (2017) planned Tullow farm-down should not create the same situation government has been against all the time.”

If the Tullow farm-down to Total E&P and CNOC is approved, Tullow will cease to be an operator in Uganda, but will retain its presence in the country to manage its non-operated position.

Chief Operating Officer at the Uganda National Oil Company (UNOC), Ms. Nabbanja Prosdocima, supports Tullow’s sale to Total and CNOC arguing that it would fast-track Government’s target of having “first oil” by 2020.

“UNOC welcomes the farm-down, because the sale of Tullow’s interests to Total and CNOC is meant to meet the obligations of Final Investment Decision (FID) by the end of this year (2017) and finally enable government reach “first oil” production by 2020,” Prosdocima argued.

Mr. Chris Byaruhanga Musime, the Head of Programs at African Center for Energy and Mineral Policy (ACEMP), said “Tullow’s farm-down was expected and it is no surprise that Tullow has downsized its interests in Uganda.” “There were earlier indications of this since Tullow seemed over stretched, especially by its Ghana operations, and I think it never really anticipated to be a major producer in Uganda,” Chris told Oil in Uganda.

Bunyoro to get Huge Oil …

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“Government has reached a consensus on a refinery, the oil pipeline and its route. The country has put focus on improving on the necessary infrastructure network that will facilitate commercial oil production,” Museveni said. “Uganda is strengthening its roads and other relevant infrastructure in preparation for oil production,” President Museveni added.

He said “The Government is working on the road and railway network from Tororo to Kabale to handle heavy load.” “To facilitate easy movement of equipment that will be used in constructing the oil refinery in Hoima district and the crude export pipeline from Hoima district to Port Tanga in Tanzania, government has selected key roads for tarmacking,” the President added.

The President also emphasized tarmacking of the Kigumba–Hoima-Kyenjojo road works are underway. “This 238 kilometre road links Bunyoro to Tooro region and could be an international route connecting Uganda to the Democratic Republic of Congo (DRC),” He added that “Government is also tarmacking the Mubende-Kakumiro-Kibaale-Kagadi-Nduga road. The road leads to the southern side of Lake Albert, which falls within the Uganda’s oil exploration blocks. In order to raise the required resources to facilitate the construction of such costly infrastructure, Museveni said a 10% cut on all sector budgets has been implemented.

“When oil comes out, this (Uganda’s) begging will stop. We shall have our own totally independent financial base,” Museveni said.

According to the 2014 National population and housing census, Uganda is primarily an agrarian economy where over 80% of the 34.6 million Ugandans are involved in agriculture.

Optimism is high in the landlocked east African country that the petrol economy will spur social-economic transformation in line with the aspirations of the country to attain middle income status by 2020 – notwithstanding the practicality challenge of realizing this target by 2020.

“Even when the prices of oil are down at 50 per barrel, Uganda will have added (2017) $1.2 billion new money in the economy,” Museveni said.

When the oil prices increase, the President said the country could earn up to US$4 billion.
Gov’t Justifies Oil Sector Delays, Casts Doubt on 2020 ‘First Oil’ Target

On Thursday, January 26th, 2017, President Yoweri Museveni issued a directive to the Ministry of Energy and Mineral Development to make sure that they begin to pump oil out of the ground by 2020. The President argued that “We (Uganda) discovered petroleum in 2006 before Ghana, but Ghana moved quickly and began pumping oil before, while we went slowly.” “We must pump our oil from the ground,” Museveni insisted.

However, Mr. Honey Malinga is not optimistic of the 2020 target to produce “first oil”. He asserts that “there is no need to hurry and then tomorrow, you get a challenge. We might say we want oil by 2020, anyway, let us reach there and see,” he explains.

Mr. Malinga argues that the constitution vests the ownership and control of oil, gas and other mineral resources in government for the benefit of all Ugandans, and therefore any decision taken, must take care of the interests of the country. He further explains that “Oil companies have their own commercial interests, which are legitimate, but also government has its own interests, which must be taken into account. Sometimes there is need to balance these competing interests, which could lead to delays in decision-making.”

Government seems to have opted to go slow so that they can get everything right at the very onset of oil production and avoid regretting in the future. A recent scenario associated with the tax waiver enshrined in the Production Sharing Agreements signed with Tullow, exempting the latter from paying tax on the transfer of assets and interests (farm-down) is a case of reference. Due to the tax exemption enshrined in the PSA with Tullow, Government was compelled to negotiate downwards the Capital Gains Tax that Tullow would have paid for the transfer of assets and interests to CNOOC and Total E&P. While it is not clear how such a tax exemption finally got enshrined in the PSA, the outcome of the exemption is that government consequently lost a lot of money (£US250million), which it should have earned when Tullow farm-down to CNOOC and Total E&P.

Mr. Malinga noted that “the country needs a return on its resources. In a situation like this, it is not a matter of taking decisions, but negotiations. We need a win-win situation and these are the circumstances under which we are having delays,” he argues. Despite the delays, government remains upbeat that the country will begin oil production by 2020, a mission that “seems impossible.”

Expeditite New Mining...

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However, government seems to be moving slowly to put in place this important law and policy amidst major developments in the sector such as the recent establishment of a gold refinery in Entebbe. Although the artisanal and small-scale mining sector is generally portrayed as a traditional, unskilled, unchanging sector by government, in reality, it is a sector that is highly dynamic, responsive and connected to the broader national development. These individuals are the ones that actually locate where the minerals are before the large-scale companies come in and takeover.

Note that, the December 2015 Auditor general’s report on regulation, monitoring and promotion of the Mining sector indicates that artisanal and small-scale mining operations produce over 90% of the national mineral output and employ about 200,000 Ugandans, making them an important player in the economy of the country. Therefore, government should expedite the new law and policy for stronger oversight over the sector and regularise the artisanal and small-scale mining. This will greatly contribute towards ensuring high standards of health and safety for the protection of the local host communities and the environment and bring this category of miners into the mainstream tax bracket.

Mr. Honey Malinga, the Commissioner Petroleum Exploration and Production Department (PEPDP) in Petroleum Directorate, Ministry of Energy and Mineral Development, justified the delays in the oil sector and also casts doubt on the 2020 ‘first oil’ target. Speaking a recent conference on oil and gas organized by Office of Auditor General (OAG), Mr. Malinga explain that delays have been caused by many factors, including for example the following:

- “In 2014, the Ministry thought that the first competitive round of licensing would be concluded within a year, but this was not possible due to unforeseen delays. It is now two years since and we are still negotiating with the Companies.”it is not easy,” he added.

- “In August last year (2016), the Ministry invited four International Oil companies in the company’s first competitive round of licensing to negotiate Production Sharing Agreements for three Oil blocks. The companies are: Armour Energy Limited (Australia) for the Kanywataba block; Walter Smith Petroman Oil Limited (Nigeria) for the Turaco area; Oranto Petroleum International Ltd (Nigeria) and Niger Delta Petroleum Resources Ltd (Nigeria) for Ngassa area.

Government expected to conclude negotiations and award exploration licenses by September last year (2016), but to date the negotiations are not yet complete.”

- “In 2006, Government planned that it would take only six months to have the National Oil and Gas Policy in place, but this process lasted two years, and the policy was finally approved in 2008. After, government started drafting the oil laws, which we thought would last a short time, but it took us five years from 2008 to 2013 to complete the first two petroleum laws.”

- The Public Finance and Accountability Act that regulates the revenue aspect of the oil and gas was finally assented to in 2015.

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At peak production, Uganda shall make US$.2b annually. Invest this money in infrastructure for the benefit of all Ugandans.
DRC Interested in Uganda's Crude Oil Pipeline

The Democratic Republic of Congo (DRC) has formally expressed interest to join the East African Crude Oil Pipeline Project (EACOP), Oil in Uganda has established.

President Yoweri Museveni with President John Magufuli in Arusha during EAC Summit. - Courtesy Photo

By Edward Ssekika

Uganda and Tanzania plans to construct a 1,445 km long, 24-inch diameter, heated pipeline to provide access for Uganda's crude oil to the international market.

Uganda's Minister of Energy and Mineral Development, Hon. Irene Muloni, noted that Democratic Republic of Congo government is considering EACOP as an alternative route to access the international market for its crude from newly discovered oil resources in the eastern part of the country.

"The DRC government has formally expressed interest to join crude pipeline project. They see it [EACOP] as an alternative route for their crude to the market," she said, while launching the Front End Engineering Designing (FEED) for the crude oil pipeline project recently.

Hon. Muloni explained that when they (Uganda and Tanzania team) was inspecting the Tanga port last year (2016), they were joined by an official delegation from the Democratic Republic of Congo's Ministry of Hydrocarbons, and the delegation expressed interest to participate in the crude oil pipeline project.

"This is potential route for them to access the international market," Irene explained. This means DRC government, if admitted will be expected to acquire a stake in the EACOP and pay a tariff of $12 dollars per barrel of crude oil transported through the pipeline.

The Democratic Republic of Congo (DRC) has so far discovered 3 billion barrels of oil around Lake Albert Eastern and part of the country, which neighbors Uganda. However, it is yet to be confirmed how much of the 3 billion barrels is recoverable. It is cheaper for DRC to transport its crude through EACOP, because the Alternative would involve constructing a 6,500 kilometer long pipeline through the vast jungles to the country’s western coastline.

Last year (2016), Mr Giuseppe Cicarelli, the Chief Executive Officer of Oil of DR Congo, one of the companies exploring for oil in Eastern DRC, said access to the least cost option to get crude to the international market is vital to the next round of investment the company is supposed to make.

"Oil of DR Congo is actively working to find viable solutions for the future evacuation of the crude oil from the two blocks it operates block I and II around Lake Albert - having already completed an extensive seismic campaign," Giuseppe said.

DRC's expression of interest follows, President Museveni's recent appeal to his Congolese counterpart, President Joseph Kabila, to consider joining the northern corridor projects, in particular the East African crude oil pipeline.

French Oil giant, Total S.A, is one of the companies exploring oil in northeastern DRC. Total S.A holds 66 percent stake in Block 3 located along Lake Albert alongside with South Africa's Sac Oil.

With Total which holds significant interests in Uganda, DRC and Tanzania, it makes economic sense for the company to push DRC government to join EACOP.

Total has already indicated its willingness to finance to the crude oil pipeline and is likely to be the biggest financier of the crude oil pipeline.

Oil Firms Begin RAP Planning for Production Phase

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to be taken during resettlement of PAPs to mitigate any adverse impacts; ensure adequate compensation for PAP’s losses; resettle PAPs and restore their livelihoods, a copy of the resettlement planning information document reads in part.

The consultants who began holding disclosure meetings with communities in Bunyoro sub-region in March have indicated in their 8-page document that the industrial area which will include a central processing facility, operational camps and parking yards will cover the villages of Kaeneyi, Kissimere, Udud II, Kimbamba, Mvale, Agijo, Kirama, Kigunga North-East, Kigunga South-East; and Bikongoro in Buliisa district.

The oil companies plan to conduct this week (1st week of April 2017) aerial surveys using drones to generate photographic record to facilitate subsequent land surveys.

The RAP studies are intended to determine the ownership of the oil-infrastructure affected land basing on title deeds; previous land surveys; verification of titles; confirmation of land ownership; and marking the boundaries of the land required for the oil infrastructure. Also, a legal review as part of the due diligence will be undertaken by a team of lawyers during March and May 2017, and this will be supervised by a representative of the registrar, Ministry of lands as suggested by the resettlement planning information document.

The consultants will hold social-economic baseline and household census surveys in order to determine livelihood restoration needs.

By June 2017, the consultants are expected to have consulted all the project affected communities on compensation packages and resettlement options. After this, a Resettlement Action Plan (RAP) and Livelihood Restoration Plan (LRP) will be produced and shall be disclosed to the public.

The affected persons/communities will be given an opportunity to comment and express their views that will be integrated into the final RAP, which will be submitted to government for approval.

According to Mr. Gloria Sebikari, a Senior Communication Officer in the Petroleum Directorate says Cadastal and asset valuation surveys will be undertaken by the Valuers, Surveyors and Agronomists between April and May 2017 in a process that will be overseen by a valuation surveyor from the Chief Government Valuer's office and a surveyor from the land's Ministry.

A RAP implementation will be undertaken by oil firms and consultants after obtaining government approval.

Government has already formed the Resettlement Advisory Committee (RAC), Chaired by the Ministry of Energy and Mineral Development and comprised of the Ministry of Lands, Gender and Oil Companies. The RAC will provide guidance and direction to the resettlement process and will mediate in conflicts that may arise as a result of the oil infrastructure development project implementation.

Buliisa district will also form a District Resettlement Coordination Committee and Local Community Resettlement Planning Committees.
Artisanal Miners Propose Mining Permits

By Ms. Diana Taremwa

Mubende artisanal Gold miners have proposed to government to issue mining permits instead of the tedious process of securing Location Licenses.

The call was made by Mr. Emmanuel Kibirige, a Gold miner in Mubende and Secretary of Singo Artisanal and Small-Scale Miners Association (SASSMA) at a validation meeting of an Artisanal Mining Mapping Study carried out by Africa Centre for Energy and Mineral Policy (ACEMP) last year (2016).

“There are cases where an individual is holding Location License for a very large area and yet that individual is unable to exploit the whole area. In such a case, Government would issue mining permits on the part that the individual is not using with a clear entry, tenancy and exit strategy for the permit holders,” Mr. Kibirige submitted.

“In addition, there is land usually surrendered to government when an individual moves from an Exploration License to a Location License, such land that becomes vacant could also be considered for mining permits,” Mr. Kibirige added. He further argues that “it is cumbersome and costly to process a Location Licence”. If Government is indeed interested in affirmative action or empowering its citizens and creating jobs for many jobless youth, then this is one avenue that the government could help.

During a visit to Bududa Gold mines in Bududa Sub-County, an artisanal miner Mr. Majid Musisi told the team from Oil in Uganda that efforts to register one such Artisanal group were frustrated, consequently the people gave-up. In Mubende, up to four artisanal and small-scale mining groups, including SASSMA, have not obtained a Location License three years after fulfilling all requirements.

The association spokesman, Mr. John Bosco Bukywa, told Oil in Uganda at a meeting with AAU last year (2016) that they felt government was frustrating the small-scale miners in preference for Medium- and large-scale mining investors.

Mr. Nathan Mushetsya, the Head of Eastern Region Mines Inspector, told Oil in Uganda during a sensitization tour of miners in Busoga that government is in fact looking into the matter, where artisanal miners could be allocated to operate in areas where large-scale mining is not warranted.

Nathan added that “Majority of Ugandans involved in mining is indeed artisanal miners. This issue of location licenses is becoming hectic for them. We are looking at how they can operate legally, say, allocate them a portion on the mineral sites, because this is their livelihood.”

The media portrays artisanal miners as people frustrating would be investors in the mining sector. On December 22, 2016 Daily Monitor wrote that “some License-Holders blamed artisanal mining for delaying exploration work, because investors were not interested in land taken over by artisanal miners.” According to the same article though, artisanal miners operate on just 20% of land licensed for mining.

Asked to comment on the issue of permits, DGSM boss Mr. Edwards Katto told Oil in Uganda that although artisanal miners are considered illegal, it is a term they [DGSM] would not want to use, because the miners are Ugandans too seeking a livelihood. “This is miners’ livelihood and we would not want to call them illegal, even though the law would refer to them as such. Government is amending the Mining Act and policy and all the issues of artisanal miners will be addressed,” Mr. Katto added. “The draft policy and Act documents are with the Minister and Permanent Secretary,” said Mr. Kato.

According to ACEMP’s Artisanal and Small-scale Mining Mapping study, up to 400,000 people are engaged directly in artisanal and small-scale mining, and another one and a half million benefitting indirectly. “The contribution of artisanal mining cannot be understated as it rakes in 90% of most minerals in Uganda” ACEMP report stated. Official annual statistics, however, do not capture metallic mineral exports attributed to artisanal mining, due to lack of formalization and monitoring of every individual in the sector and inadequate data, which has a bearing on the national revenues.

The Mapping Study cites that Uganda’s 2015 official Gold export statistics show just 0.5kg originating from Mubende. It also cites a research by SOMO & CRSS (2016) estimating that 20kg of Gold per month could be produced from Lurabi mining site in Kitumbi Sub-County alone.

A local daily on October 21st, 2016 stated that Bank of Uganda officials were baffled by the US$700million equivalent of Gold exports from Uganda that did not match the 2015/16 statistics in the Bank’s record and Gold production sites in Uganda. The Bank officials were not aware of the origin of these Gold exports. It is possible that much of the Gold exporter from Uganda originated somewhere else such as the Democratic Republic of Congo or South Sudan. There is need to follow-up on this to ascertain the origin of Uganda’s Gold exports to avoid Uganda being a conduit for conflict or smuggled minerals.

AU to Establish a Geo-Data Centre to Boost Investments in Mining Sector

By Edward Ssekika

In a bid toensure availability of Geo-Scientific data for mining activities, the African Union Commission (AUC) is to set-up a Geo-Data Centre for the East African region at the Directorate of Geographical Surveys and Mines (DGSM) at Entebbe. This was revealed by Mr. Frank Mugenyi, the Senior Industry Advisor for the Department of Trade and Industry during an AUC validation tour in Busoga that government is in fact looking into the matter, where artisanal miners could be allocated to operate in areas where large-scale mining is not warranted.

Mr. Mugenyi noted studies have shown that, with geo-data, returns on investments in exploration in Africa could result in a multiplier effect of 1:2. This means that for every US$1.0 investment in exploration, the country will generate US$2.0 in returns across the broader economy.

“Therefore making geo-data readily available and accessible to government, industry and other stakeholders, not only enables effective decision-making, but helps create more value and generate more revenues along the minerals’ value chain,” Mugenyi said. The centre will make geo-data readily available to potential investors in the mining sector.

“According to the Africa Mining Vision, the Africa Union Commission recognizes that geo-data provides a foundation to facilitate inclusive and sustainable economic growth by stimulating industrial and inward investment,” he emphasized.

Mr. Mugenyi, however, pointed out that “exploration is a complex, risky and highly costly venture that requires a multi-stakeholder collaboration and coordination, hence the need to build confidence and enhance trust between the public and private sector in order to attract investment.”

The theme was guided by the aspirations of the Agenda 2063, the principles of the Africa Mining Vision and within the framework of Africa Minerals Governance Framework. The workshop attracted key stakeholders from across Africa in order to examine innovative ways within which geo-data (geo-scientific data) can be generated, managed and used to contribute to social and economic structural transformation, wealth creation, and poverty reduction.

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Highlights of the Oil Cash Bonanza under Parliamentary Probe

By Edward Ssekika

For the last two months (February-March 2017), Parliament’s Committee on Petitions, Statutory Authorities and State Enterprises (COPASA) has been investigating the Oil-In Uganda (OIL) award to 42 government officials as a reward for winning an oil-tax case both locally and at international arbitrations between Government of Uganda and Heritage Oil & Gas Company—a company that formerly operated in Uganda. The reward that popularly became known as “Presidential Golden Handshake” triggered an uproar from a wide-section of the public that questioned the rationale, legality and manner in which it was executed.

The Parliament’s Committee Chaired by Bugwaw, MP, Hon. Abdul Katuntu, is finalizing its work and is soon expected to table its findings to the House. The Committee has already interfaced with the beneficiaries of the award and other officials from Uganda Revenue Authority (URA); Ministry of Justice and Constitutional Affairs; Ministry of Finance, Planning and Economic Development; Ministry of Energy and Mineral Development; Bank of Uganda; Inspectorate of Government; Tax Appeals Tribunal; and Civil Society Organizations (CSOs), among others. The beneficiaries explained to the Committee their respective roles in the oil case and their perspectives to the award. Some of the beneficiaries described the payment religiously as being “God sent.”

Some analysts have argued that the “Presidential Golden Handshake” is a confirmation of how oil revenues might be put to waste.

Responses from Some of the Beneficiaries of the “Presidential Golden Handshake”

When he appeared before the Committee, Mr. Joseph Angora, one of the beneficiaries from Uganda Revenue Authority said that his role was to file pleadings (court documents) in the Tax Appeals Tribunal. Mr. Angora told the Committee that he did not know that he was going to be rewarded, but was surprised to find money on his account. “They asked for my account number, I did not know why they were asking for it and I was surprised when I found Shs29 million on my account,” Joseph said.

Mr. Radin Goloba, another official from the URA that appeared before the Committee, said he “tapped into the opportunity of being close to Ms. Allan Kagina, the former Commissioner General of URA.” Mr. Goloba added that he “tapped into the blessing”, but was unsure whether it was legally right. Is it right legally, I don’t know,” he told the Committee. He also could not clearly explain his role in the oil case.

Ms. Rose Adukan, URA’s office typist was paid Shs 29.5m for typing pleadings and other documents.

Mr. Paul Ojambo was also paid Shs 29m for photocopying court documents. When pressed to explain how extra-ordinary photocopying court documents was from his routine work, he replied, “I would leave office very late and the pleadings were also confidential, and I ensured that only persons authorized would get copies of the pleadings.”

Ms. Kagina (former IRRA Commissioner General) said she “provided leadership and selected the winning team,” while Ms. Doris Akol, (current URA’s Commissioner General) “initiated and supervised the payments of the reward.” They both defended the reward arguing that it was well-deserved.

Mr. Ernest Rubondo, the Executive Director of the Petroleum Authority, accompanied by the Minister of Energy and Mineral Development, Hon. Irene Muloni; Mr. Honey Malinga, the Commissioner PEPD; and Mr. Fred Kabagambe Kalisa (former Permanent Secretary and now Senior Presidential Adviser on Oil and Gas) of the same ministry had unique statements. Ernest, who said his role was to advise the Minister, defended the reward arguing that “they did exemplary work worth rewarding.”

“We did extra-ordinary work and under pressure due to the magnitude of the case we were dealing with,” Ernest added.

Mr. Honey Malinga, the Commissioner in the then Petroleum Exploration and Production Department (PEPD) now a Petroleum Directorate in the Ministry of Energy and Mineral Development, told the Committee that he used to “prepare witness statements.” When pressed to explain how many witness statements he prepared to justify his receiving the reward and considering that he was not a lawyer, he said he “prepared one witness statement.”

Mr. Fred Kabagambe Kalisa said if he had been consulted before about the payment, he would have preferred a non-monetary recognition.

Although the Minister did not benefit from the reward, she appeared before the committee to account for her ministry’s role in the oil case.

Ms. Veronica Namwewenge, an Office Attendant in the Solicitor General’s Office, received Shs 35m for servicing tea and organizing the boardroom for meetings. She was later to be renowned as the “Golden Tea Girl”. This was perhaps the most intriguing and baffling of the payments in the reward. When asked to explain her role in the case, she said, “she used to come early prepare the board room and tea. The meetings used to take the whole day.” She “could supervise whenever they bring lunch for the meeting”, “I made sure I supervise lunch for them and the people who brought the lunch.”

Drama issued when office attendants who photocopied documents for the oil case and were beneficiaries to the reward could not clearly explain their roles and could not even remember the meetings they participated associated with the oil case.

Lawyers’ Justification of the Reward

IRRA’s legal team led by Mr. Ali Sekeketau justified the reward saying “the case was the first of its kind and therefore, they did extraordinary research and negotiations that warranted the payment.”

The Inspector General of Government (IGG) Justice Irene Mulyagonja faulted the reward arguing that “there is no law that provides for the rewarding system of government officials.”

Probe Committee Seeks More Time

The Parliamentary Committee probing the oil cash bonanza requested for more time to finalize its work including talking to lawyers that the country hired for the Court Case in London as well as writing the report.

As the country, waits for the probe report, the role different beneficiary played and the amounts that were paid out is more than meets the eye.
Petroleum Refinery Affected Persons to be Resettled Beginning February 2017

By our Hoima Correspondent

Government is slated to begin resettling 75 oil refinery affected families in February 2017 to pave way for the construction of the refinery in Kabaale parish, Buseruka sub-county Hoima District, revealed Mr. Francis Elungat, the Land Acquisition officer Ministry of Energy and Mineral Development.

In June 2012, government acquired a 29 square kilometre piece of land covering 13 villages in Hoima District, which would consequently involuntarily displace 7,118 people.

The families are to be resettled on a 533-acre piece of land in Kyakabooga village in Buseruka sub-county Hoima District where a resettlement village has been built by government. Kyakabooga is 3kms off Bisenyi trading centre located along Kaiso-Tonya road and is 20 kms away from Kabaale parish where the refinery will be located.

Mr. Elungat said that government would begin by handing over 46 completed houses to the affected families that originally had houses on the affected land in February and also provide food supplies to the families for the next six months.

"Each family has been promised a cow, two goats, 10 kilograms of maize seedlings, a machete, hoe and other domestic tools," Mr. Elungat revealed, adding that these supplies are meant to sustain the families up the time when they will be self-relying.

"The other 29 families that did not have houses on the affected land will also receive land titles of their lands in this same area," he added. This resettlement is being done on a land-for-land basis for those project affected persons that opted to be resettled.

According to Elungat, each family will be allocated a piece of land the same size as the one they previously owned in the refinery area.

"We are giving a minimum of one acre even for those who had less than an acre and each resettled family will have two land titles; one for the house and another for the farmland," he noted.

Mr. Elungat further said that 29 families will be resettle in a land for-land arrangement in Buseruka sub-county in the oil-rich Hoima region of Uganda.

African Union Commission to...

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Mr. Richard Kajjaka, the Vice President of the Uganda Chamber of Mines and Petroleum welcomed the establishment of the Centre. "While Africa has always been endowed with rich natural resources, the continent has not fully benefited from them due to an assortment of factors. One of the major bottle necks is the limited availability of geo-data to guide policy and investment," Kajjaka noted.

It is because of this gap that the African Union Commission has initiated this geo-data compiling effort. The Africa Mining Vision (AMV) is a flagship of the Agenda 2063 recognizes resources' geo-data as an imperative for countries to strengthen their positions when negotiating complex agreements in extractive sectors.

The workshop attempted to find concrete solutions to Africa’s geo-data shortfalls and drew expert participants from member states and institutions across Africa, Britain and Canada. Discussions were centered on: Data requirements, Data Management and Technology Innovation, a business case for a public-private-partnership (PPP) Model and Capacity Building.

The centre will be a regional pilot project for the Eastern African region with the portal to be hosted by Uganda. The pilot project, which will be under the auspices of AU, will be conducted in a collaborative partnership involving the British Geological Survey (BGS); Geo-soft of Canada with the Uganda Geological Survey and the Uganda Chamber of Mines and Petroleum. This will be based on a Public-Private-Partnership (PPP) Business Model for generating, management and ownership of geo-data by participating countries and it’s expected to be piloted in other African countries.

Mixed feeling over house design

The completed houses seen by Oil in Uganda each have one sitting room, three bed-rooms, an inside bathroom, and a kitchen. Outside facilities such as outside kitchen area, pit latrine and bathrooms have been provided for.

The houses will also be connected with hydroelectric power. Government has also built a seven classroom block about 200 metres away from the resettlement village and Buseruka health centre which is about 5 kilometres away, has been expanded and upgraded as part of the Resettlement Action Plan implementation to cater for the medical needs of the families.

Despite the houses being built in an urban-like setting, some of the families to be resettled have expressed concerns over the designs.

Mr. Ephraim Turyatunga, 47, says Government promised them a 3-bed room house which has a kitchen, toilet, a sitting room and a store. However, looking at the houses built, Mr. Turyatunga says, the kitchen is very small and no store has been provided.

He argues that his family is comprised of 15 people who may not fit into the three bed room house. "I stay with my father, mother and two of my married sons and their families. Will we all fit in that small house?" he questioned.

"Even the food package which government is providing for is not going to be enough to feed my family," Mr. Warom Gura, 50 and a resident of Nyahaira village says he is no longer interested in being relocated.

"That small house they are giving us in Kyakabooga will not be enough for me since I have a family of 12 people," he stated.

According to the Hoima district physical planner Mr. Robert Mwanguhya, the construction of resettlement houses delayed due to the numerous bureaucratic consultation processes between government, consultant and the project affected persons.

"Government had initially wanted to build a house in the respective land of each relocated family, but the plan was opposed by the affected families on grounds that they wanted to maintain social ties with neighbours," he said.

"We changed the plan to suit the proposals of the families. Now they are shifting goal posts but it is too late," Mr. Mwanguhya added.

According to Mr. Dennis Obbo, Ministry of Lands spokesperson, in 2015 a team of physical planners conducted a topographic survey that informed the physical planning that was participatory.

The families have waited for resettlement for over 4 years since government commenced the implementation of the Resettlement Action Plan (RAP)

Oil in Uganda has also learnt that Strategic Friends (RAP) have already briefed the refinery-affected persons about the impending relocation exercise.
Better Artisanal and Small-Scale Mining in Uganda

By Robert Mwesigye

In July 2015, a group of artisanal- and small-scale miners from Singso Artisanal and Small-Scale Miners Association (SASSMA) of Mubende district, with facilitation from ActionAid Uganda, visited Geita Gold mines in Tanzania for lesson learning and experience sharing.

Prior to this visit to Tanzania, accidents in Gold mining pits were common occurrences. Now two years after the Geita Gold mine visit, an accident in Gold Mining pits in Mubende is a thing of the past.

Mr. Mark Jjombwe, the SASSMA Chairperson, said “We have not had a single accident since we went for that trip in Tanzania. Securing Gold pits with struts are the best things we learnt from Geita; and fort that, we shall forever be grateful to ActionAid.”

“ActionAid has elevated us and made us much better miners today and we shall forever be grateful” Mark added. Mr. Kawuma Ivan, another member of the association, says “they now carry out responsible mining, because of what they learnt at Geita.”

“At one time I dug three pits in a year. When I would get to a certain depth, I would abandon that one. In fact, when I shared my experience with a miner in Tanzania, he told me I must be very rich,” narrates Mr. Kawuma, who has worked in the mines for now seven years.

Nowadays, a person digs a pit, develops and works it over a longer period of time, unlike in the past when we would abandon the pits after a few attempts of digging. We are now able to dig pits which are more than 250 feet deep. This never used to happen, because of the risks associated with deep pit collapse,” Mr. Kawuma explains. He added that “recently a miner who has been working his pit for three years and had reached 400ft deep stumbled upon sizeable gold deposits at Lujinji village in Mubende district. This was an encouraging discovery that suggested that there is more gold in the deeper seams of the earth. The man is now the talk of the mines.” This man actually learnt from us after we returned from Tanzania. He came and saw how we were securing the pits and did the same. He would not have managed to go that deep had it not been the case,” Mr Kawuma explained.

Mr. Jjombwe, however, revealed that most of the overalls are now worn out due to the nature of work they do. Mr. Emmanuel Kibirige reported that he had managed to find better quality gloves.

Also in 2016, the Women’s League of SASSMA benefitted from a waste recycling training conducted by Makerere Women’s Development Association (MAWDA) facilitated by ActionAid. The women were taught how to make briquettes for alternative income generation. However, Ms. Robinah Ryakaihara, the Women’s League Chairperson noted that the briquettes they were taught to make were of poor quality and did not have market, so she requested Action Aid to organize another capacity enhancement training. On the other hand, Mr. Kibirige argued that ActionAid had done their part of “showing the women the way and therefore the responsibility for improvement lay with the women.”

Mr. Ivan Mpaji, the ActionAid Extractives Governance Project Manager, explained to the Association members that their mandate was to empower people to be sustainable and therefore would have to chart a way forward regarding the additional training issue. “As ActionAid we cannot do everything. We organized the training and you people got the knowledge, so you will have to better yourselves by finding a better product. Soon we shall be delivering the briquette making machines that we promised. The rest will be up to you,” Mr Mpaji added.

The issues were raised during a meeting in preparation for ActionAid funding partners who will be in the country to tour the projects they support.

Those in attendance were five leaders of the Association, including the chairperson, secretary, and Women’s League chairperson and two members. ActionAid Uganda was represented by the Extractives Governance Acting Manager and Project Officer.

Role of Local Government Officials in ASM Mining Streamlined

District Natural Resources and Environment officers have been brought on board to engage artisanal, small- and medium-scale miners and communicate Central Government position on a number of key issues that affect ASMs and local government officials in regard to ASM.

The move comes at a time when government is in the process of amending the 2001 Mining Policy and 2003 Mining Act. A draft Mining and Mineral Policy 2016 is with the Permanent Secretary of the Ministry of Energy and Mineral Development for review and will soon be tabled before Cabinet.

Government is working towards formalizing ASMs through registration, licensing and regulation. This is also intended to promote ASMs’ coexistence with other mineral rights-holders in the country.

During a training workshop for selected Natural Resources and Environment Officers from Wakiso, Kampala, Mpigi, Mukono, Mubende, Bugiri and Ibanda, Mr. Don Binyina, the Executive Director of Africa Centre for Energy and Mining Policy, noted that these local government officials are crucial in addressing the challenges in the mining sub-sector.

“You will be the people to sensitize artisanal, small- and medium-scale miners and communicate government position on key issues concerning the sector,” said Mr. Binyina while training the officers on “The law on Access to Land for Mineral development.”

Don noted that the time to bring the local government officers at the forefront of addressing challenges in the mining sub sector was nigh. He explained that “The Directorate of Geological Survey and Mining has inefficiencies - they are understaffed with Mining Inspectors not adequately facilitated to traverse the whole country. We therefore urged government to work with you the local government officials.”

Mr. Binyina also dwelt on the importance of the Gold mining districts, saying “there is a big disconnect in the way the government position on key issues concerning the sector is communicated to you the local government officials.”

At one time I dug three pits in a year. When I would get to a certain depth, I would abandon that one. In fact, when I shared my experience with a miner in Tanzania, he told me I must be very rich,” narrates Mr. Kawuma, who has worked in the mines for now seven years.

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