Government is in the process of amending the 2002 Mining Policy and 2003 Mining Act. The policy is ready to be presented to Cabinet for approval. Key among the twenty objectives of the Draft Mining and Mineral Policy 2016 is addressing artisan mining and associated miners’ interests. Government recognizes the participation and contribution of Artisans, small- and medium-scale miners (ASM) and therefore the need to formalize their operations to allow them operate legally, alongside large-scale miners.

Artisanal miners’ operations are often nomadic in nature, especially for gold that attracts the largest population often referred to as a ‘Gold Rush’. Artisanal gold mining existing in many parts of the country including Mubende, Kiboga, Kanungu, Buhweju, Rukungiri, Moroto, Nakapiripit districts, among others. Of particular interest in this article is the Namayingo Artisan gold mining site, which started when a family burying a relative stumbled upon gold deposits. Another of interest is a recently gold find in Kalengyere in Buhweju district that led to an exodus of gold hunters into the district.

With the amended mining policy and Act, government intends to control nomadic movement of ASM miners and to organize them into formal groups that operate in an orderly manner.

Mr. Edwards Katto, a Director in Department of Geological Survey and Mines said that ASMs would undergo biometric registration for purposes of identification, regularization and control of entry of alien miners. There is growing evidence that many of the ASMs actually originate from the neighboring countries such as the Democratic Republic of Congo (DRC) and Rwanda. Mr. Katto said this during a policy briefing meeting organized by the Africa Center for Energy and Mining Policy on March 12, 2017.

Mr. Katto further noted that “in his 30 years’ experience he has concluded that ASMs play the role of pathfinders in the mining sub-sector, opening-up unknown or unexplored or unexploited mining areas for the larger and more financially endowed players to come in and invest/exploit the minerals”.

Issue of licences
Licensing of artisanal mining has for a long time been a complicated matter, because many of the artisan miners operate on already existing mining licenses held by other individuals. A group of artisan miners under SingoArtisanal and Small-Scale Miners Association (SASSMA) in Mubende have for the last three years been seeking from the Department of Geological Survey and Mines Location Licenses in Lujinji and Kamusenene in Kitumbi Sub County. Mr. Katto says licenses cannot be issued over an already existing one. He asserts that “the ASMs applied for a license over an existing one, but all the ASM’s issues will be addressed under the upcoming new Mining Act. However, the Artisan Miners argue that the licenses they are seeking to obtain are on locations that should have been surrendered to government as provided in the licensing guidelines, which require a license holder to relinquish up to 50% of the exploration license as they move into a location license for development purposes. Also, the ASMs claim that part of the licenses they are seeking to obtain already expired and/or are nearing expiry under the original holders, thus making them publicly available for take.

There has been a disconnect between the miners, who have largely operated unregulated, and government. A miners’ meeting at Nakudi gold mines in Namayingo District in February this year, turned stormy over the issue of Location Licenses.

The meeting was meant to sensitise artisanal miners on mineral and land rights, and also pitch them to form associations under which they can ably process location licenses.

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**Editorial**

Uganda’s extractive sector is a nascent one, despite being characterized by a multiplicity of mineral resources. The country’s cadaster map shows the diversity of mineral resources that are at various stages of development. The minerals that have for a long time dominated the sector include Copper, Tin, Wolfram, limestone, Gold and Iron Ore. Copper, Tin and limestone were (are) mined at fairly advanced commercial scales, while Gold and Iron Ore were (are) mined at artisanal, small- and medium-scale levels. The slow growth in the mining sector of Uganda has been attributed to a number of factors including a slump in product prices in 1970s to mid-1990s on the international market, political instability that the country experienced over these years; limited infrastructure (e.g. energy, roads & rail) to support the emergence and growth of the sector, among other factors. Recent discoveries of commercially viable oil and gas resources in the Albertine Graben brought the mineral sector to center-stage that now there is a growing interest and investment in the sector, which is good for socio-economic development and growth.

However, the extractive sector is renowned for significant social, economic, environmental and political negative consequences, if it is not properly developed and managed. Many developing mineral resource-rich countries in Africa have been bedevilled with what is termed a “resource curse” characterized by drift-spending that is not based on clear development plans and agenda; skewed attention to the mineral sector at the disadvantage of other economic sectors, especially agriculture, forestry and manufacturing; and abuse to the environment and human rights. Uganda will not be an exception to these African countries, if her emerging extractive sector and its associated benefits are mismanaged.

This newsletter focuses on the theme “Extractives and Human Rights - an Intimate Dichotomy”. Although extractive and human rights are separate contexts that often contradict each other, in practice they are intimate and inseparable and when managed properly can coexist harmoniously. However, what we often see in reality is a clash between human rights and extractive development, which should not be the case. This newsletter presents articles that demonstrate that it is possible to develop an extractive sector whilst respecting human rights in a win-win situation. Of particular interest are the following articles.

The story on “Government Lays-out Strategy to address Artisanal, Small- and Medium-scale Miners’ (ASM’s) Interests” that highlights how government, after many years, is considering recognizing the contribution of ASMs and regularizing them in the country. This comes after recognizing that ASMs employ a significant number of people. “Artisanal and Small-scale Miners” of where the commercially viable mineral can be found. Also, that they make significant amounts of money that is usually not taxed, and that by regulating their commercialization to bring them into the tax-base.

“We are Living a ‘Miserable life’- Rwanda’s IDPs ‘Speak Out’” is a story about ordinary residents in Rwanamugangu village Hoima district that were forcefully evicted and Internally Displaced from land they originally occupied to pave way for the establishment of an oil waste pool and that therefore is freely available for anybody’s “new money” not originating from the traditional tax-base of the country. It also highlights how politicians and government officials “Failure to levy royalty on these commercialized building materials was due to Department of Geological Survey and Mines (DGSM) should levy a royalty on commercial sand mining and stone quarrying among others.”

In the report, Auditor General, John Muwanga, observes that government is losing a lot of money due to unregulated commercial mining of sand, marrum and stone quarrying among others.

He notes that the mining industry plays a central role in the socio-economic development of any country. Mining, he explained provides raw materials for local industries, employment and export earnings.

“Failure to levy royalty on these commercialized building materials was due to Department of Geological Survey and Mines (DGSM) should levy a royalty on commercial sand mining and stone quarrying among others.”

The report recommends that the Department of Geological Survey and Mines (DGSM) should levy a royalty in commercial sand mining and stone quarrying.

Mineral royalty is a payment to government as consideration for the extraction of minerals.

Low Value Minerals include; stones, sand, clay and marrum among others that are used for day to day human needs, but have a high commercial value.

The Auditor General’s recommendations come at a time, when government is in the process of amending the Mining Act, 2003 and the Mineral Policy 2010. One of the issues in the amendment is how to bring commercial exploitation of low value minerals like sand mining, stone quarrying and clay among others under the ambit of minerals.

The 1995 Constitution of Uganda provides that all minerals and petroleum in, on or under any land or water in Uganda are owned by the government on behalf of the state. However, “Levy of mineral fees on commercialized building materials was due to Department of Geological Survey and Mines (DGSM) should levy a royalty on commercial sand mining and stone quarrying among others.”

One of the issues in the amendment is how to bring commercial exploitation of low value minerals like sand mining, stone quarrying and clay among others under the ambit of minerals.

The 1995 Constitution of Uganda provides that all minerals and petroleum in, on or under any land or water in Uganda are owned by the government on behalf of the state. However, Article 244 (5) of the Constitution provides that minerals do not include clay, marrum, sand or any stone commonly used for building or similar purposes.

Recently, a family in Oyam district sued government demanding compensation for a rock the latter blasted for aggregate in farmers’ land valued at Shs 22bn. The case, now at the High Court, Lands Division, is yet to be resolved, but government assures a rock when exploited commercially becomes a mineral and therefore should be owned by government.

Government has embarked on several mega construction projects like Standard Gauge Railway Line and Standard Gauge Railway and Roads. The private sector is also undertaking several construction projects that have increased the demand for construction materials like sand, stones and marrum among others.

In the report, the Auditor General explains that he conducted interviews with officials from DGSM who said they do not control the mining of sand, marrum, clay and stone quarrying used for commercial purposes.

National Environment Management Authority (NEMA), revealed that the authority only issues extraction permits to operate in wetlands and forest reserves, respectively, but did not levy royalties. He also sampled the districts of Toro, Kasese, Bushenyi and Shema where he found the respective districts were not collecting any fees from such activities.

“The interviews conducted with the Director, DGSM, audit established that the DGSM did not regulate the mining of sand, clay, marrum and stone quarrying contrary to the definition of industrial minerals as spelt out in the Mining Act and as a result could not levy royalties on these activities,” the report reads.

“The Levy of mineral fees on commercialized building materials such as licensing and regulation of mining of sand, clay on any other stone to increase government revenue generation. Commercialized industrial building materials remained inappropriately regulated, leading to loss of government revenue and uncontrolled siltation of the lakes for sand mining,” the report reads.

Recently, Members of Parliament on the Natural Resources Committee strongly opposed sand mining in the wetland in Kalungu district. According to Mr. Richard Vvuba, Kalungu District Environment Officer, there are three companies owned by Chinese- Heshaduo Company, Seroma and Lwera Sand Dealers Ltd, that undertake sand mining in Lwera for sampling purposes for different infrastructure projects.

He said that the Chinese companies are using modern equipment and some are operating with a licence from NEMA.

Mr. Vvuba told MPs that the finest sand is exported to as far as Dubai in the United Arab Emirates for glass making while some is also exported to South Africa for construction work.

It is against this background the Auditor General recommended in the report, “The Department of Geological Surveys and Mines should consider regulating and levying mineral fees from commercialized building materials like sand, clay and stone quarrying...”
We are Living a ‘Miserable life’- Rwamutonga IDPs Speak Out

By Preben A. Martensen-Larsen & Flavia Nalubega

Life for the over 200 families (1500 people) formerly Internally Displaced Persons (IDPs) in Rwamutonga, village, Hoima District is characterized by misery and it has been so since they returned in February this year (2017) to a 485 hectares piece of land from which they were previously forcefully evicted.

A recent visit by a team from ActionAid Uganda found a suffering, hungry, humiliated community that sleeps in tattered shelter made of tarpaulin. The crying babies who appeared malnourished were probably crying due to hunger echoed in the environment. The adults appeared to have endured many days of hunger.

In August 2014, families were evicted from their land of over 485 hectares on which they had lived as squatters for years. By virtue of the current Land law, they had become bona-fide occupants of the land and therefore had a legal stake in the land. However, Mr. Robert Bansigaharo and Mr. Joshua Tibagwa both claim rightful ownership of the same land. So, Mr. Tibagwa organized a forceful eviction of the families in preparation for an alleged land-takeover by a US-based firm Mc. Lester Energy Resources that want to establish an oil waste treatment and management facility. In the eviction process, the residents were left homeless and were only saved by a Good Samaritan

No water, food or medicine

Despite having received justice in the Courts of Law and being allowed to return to the land they were previously evicted from, the families face serious challenges of not having food, adequate shelter and medicines. The families returned on land where they had no crops grown; they did not have land to cultivate crops where they were temporarily settled and relied heavily on relief aid and food hand-outs from well-wishers. Many of the water-points on the land they had returned to were unusable. The few medicine shops that were originally available were removed after the eviction, so access to medicines is a challenge.

“Mothers carry their babies on the back the whole day moving from home to home searching for food. There are no smiles here; everyone looks angry, frustrated and lifeless,” said Ms. Gladys Ougyumoti, a resident of Rwamutonga.

Two years after the eviction, hope returned to the evicted families when justice prevailed and the long awaited Court case was ruled in their favour ordering the families to return to their land, thanks to the local leadership, the people’s zeal and support from one of the claimants of the land, Mr. Basingaragoro. The Court ruled that the people were wrongfully evicted and that there was need for fresh negotiations with the rightful landowners. Mr. Basingaragoro acknowledged being the rightful landowner of part of the land and not the entire piece of the land. He accepted the families to return on his part of the land.

The 1st Deputy Prime Minister, Gen. Moses Ali supported the return of the families to the land they previously occupied and stopped the police from any further evictions of the Rwamutonga residents, unless Court states otherwise.

Local Content in the Petroleum Sector: Tanzania advises Uganda to talk less and do more

By Edward Ssekika

Tanzania’s Minister of Energy and Minerals Prof Sospeter Muhongo has urged Uganda to stop endless discussions on local content in the petroleum sector without real action. Prof Muhongo argues whenever natural resources, mainly oil are discovered there is a tendency in African to keep discussing national participation without any real action and warned Uganda against following the same path.

Prof. Muhongo urged Ugandans and Tanzanians to prepare themselves if they are to fully participate in the construction of the Eastern African Crude Oil Pipeline project (EACOP). He said the only sure way of maximizing benefits in the oil and gas sector is through national participation.

“Let us go into the real action rather than discuss local content indefinitely,” said Prof Muhongo. “So Ugandans and Tanzanians should prepare themselves to provide what is needed in crude oil pipeline — the value-chain is long, so each person in the region should find an entry point,” he advised.

The East African Crude Oil Pipeline is expected to transport Uganda’s crude oil via the coastal port of Tanga in Tanzania to the international market. The 1,445 kilometers long heated pipeline is expected to cost US$3.5bn. Prof Muhongo explained that Ugandans and Tanzanians need to prepare themselves adequately to offer the goods and services that will be required as well as take-up the jobs in the construction of the pipeline.

Construction of the pipeline is expected to employ 10,000 people both from Uganda and Tanzania, while only 1,000 – 1,500 people will be employed to manage the pipeline after construction. Mid-level technicians will be required during construction of the pipeline, but their skills must be certified at internationally level.

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10 years down, EITI remains a dream

Government Still Cagy on joining the Global Transparency Initiative

A placard used during a campaign by ActionAid petitioning Gov’t to embrace EITI

By Edward Ssekika

Government is yet to decide on whether or not to join the Extractive Industries Transparency Initiative (EITI), which aims to achieve transparency, accountability, efficient and effective management of the extractives industry.

Mr. Robert Kasande, the Acting Director of the Directorate of Petroleum (DoP) in the Ministry of Energy and Mineral Development explains that after putting in place a local policy, legal and institutional framework to govern the petroleum sector, government would consider joining the global transparency initiative.

"When we discovered oil, we decided that it was better to first put in a place a policy, legal, institutional and administrative framework to efficiently and transparently manage the extractives industry, especially the oil sector" Mr. Kasande told Oil in Uganda. He added that "We needed to first have oil revenue management policies and laws,". Mr. Kasande further said, "Now that we have the relevant policies, laws and institutions in place, it is time to evaluate whether as a country we are ready to join the initiative."

After the discovery of commercially viable oil reserves in the Albertine Graben in 2006, Civil Society Organizations and other stakeholders have been pushing government to join EITI, as one way of promoting transparency, accountability and proper management of the oil revenues.

The Extractive Industries Transparency Initiative (EITI) is a global initiative that requires member countries to publish via the initiative all revenue receipts accrued from oil, gas and mining operations in the respective countries. It also requires national and international oil, gas and mining companies operating in a given country to publish what they have paid to governments. This used as a mechanism for cross referencing the receipts and payments reported by the various parties.

The initiative is aimed at helping stakeholders, particularly citizens of the countries hosting the mining companies and those where the companies are domiciled to know how much revenue the host country has received; how much has been paid by mining companies to the host country in the form of taxes and other non-tax revenues; and how much mining companies have earned/repatriated

in the form profits and dividends from oil, gas and mining operations. This is a very good mechanism for monitoring movement of revenues and, if well managed, it could help curb the rampant capital flight, illicit financial flows out of countries where mining operations are carried-out; and avoid excessive, wasteful and under-utilisation of natural resources, thus promoting equitable and beneficial economic growth and development of natural resource-rich countries. Without such a mechanism or information disclosure, it would be difficult for stakeholders to know how revenues from the extractive sector are managed.

However, pundits argue that EITI is a foreign designed initiative manipulating a foreign agenda of the developed countries in the northern hemisphere whose purpose is to expose governments of resource-rich countries in the developing part of the world in the southern hemisphere, so that the former could take advantage of the latter. In addition, some officials in the Ministry of Energy and Mineral Development argue that government already has multiple and sufficient transparency and accountability mechanisms that are open to public scrutiny and that there is no need to be part of an international mechanism such as EITI to prove that government is indeed transparent and accountable. These mindsets could be the reason why government is slow to taking action to join the EITI, notwithstanding the fact that the 2008 Oil and Gas Policy requires government to join this initiative.

Weighing in, Mr. Ntegyereize Gard Benda, the Chairperson of Publish What You Pay (PWUP-Uganda) – a civil society platform that promotes transparency and accountability in the extractive sector, argues that joining EITI is a process not a one-off event, so if government is truly interested in joining EITI, it would kick-start and fast-track the process. However, he believes, government is not interested in EITI. "I think government does not want to subject itself to the rigorous international scrutiny involved in EITI process," said Gard. He thinks the Government is on a mission of keeping the oil issues and its associated revenues secret."

Gard explains that EITI subjects the entire extractives industry to greater transparency than what is provided in the Public Finance and Accountability Act, 2015 and other laws – something that some technocrats in the sector and political actors are not interested in.

“Government is keen on releasing extractive sector information selectively, so that citizens only know what government wants them to know,” he explained.

In a communiqué released on February 15, 2017 by a group of Civil Society Organizations led by ActionAid Institute for Energy and Environment (AIEE), CSOs called on government to demonstrate political commitment and join the EITI. In the communiqué, CSOs note that the government has continuously ignored the need to sign to the Extractive Industries Transparency Initiative (EITI) in order to avoid any public scrutiny.

“Signing to EITI would encourage or compel government to disclose information to the public regarding collection and use of oil revenues and how the revenue is spent, making the government accountable. Unfortunately, government does not want public accountability and that's why they have rejected and ignored the calls to join EITI even when it's part of our 2008 Oil and Gas Policy,” said the CSOs.

The reluctance to join EITI is alluded to by the 9 years that have passed since the approval of the 2008 Oil & Gas Policy without government’s decision to join the initiative.

The professor was speaking at the launch of the Front End Engineering Design (FEED) for the East African Crude Oil Pipeline project at Amber House in Kampala on Professor. "We should give preferences to competence and the ability to deliver good quality and on time. It should not be a political decision," he added.

Hon.Irene Muloni, Uganda's Minister of Energy and Mineral Development also urged Ugandans to prepare themselves to seize the opportunities presented by the emerging oil and gas industry. "As government, we have been encouraging people to prepare. We are going to have 150 trucks per day, crisscrossing the country. So, let our masses, the business community prepare ourselves," she emphasized. She said the country will transport a lot of equipment from Mombasa for the construction of the oil refinery and urged Ugandans to seize the opportunity.

Uganda has enacted strong provisions in the Petroleum laws to facilitate national participation also known as local content in the oil and gas sector. In June last year (2016), Hon. Irene Muloni issued the long awaited national content regulations, 2016, in which government ring-fenced certain goods, supplies and services exclusively for Ugandan companies, business entities and individuals.
CNOOC and Total E&P Fight for Tullow’s Farm-Down

By Edward Ssekika

In a new twist to the recent (9th January 2017) Tullow Oil Plc farm-down to Total E&P Uganda BV, another Joint Venture Partner, CNOOC Uganda Limited decided to exercise its pre-emption rights under the joint Operating Agreement (JOA) it signed with Tullow to acquire 60 percent of the assets and interests that Tullow wanted to transfer to Total E&P.

On 9th, January 2017, Tullow announced that it had agreed to farm-down 21.57% of its 33.33% assets and interests in Exploration Areas 1, 1A, 2 and 3A in Uganda to Total E&P Uganda BV. (Total) for a total consideration of US$900 million.

However, in a statement released on Friday, 17th March 2017, Tullow Oil Plc announced that CNOOC expressed interest to take half of the 21.57 percent of the farm-down Tullow was transferring to Total E&P. This was triggered by a provision in the joint Operating Agreement with the three companies that accorded CNOOC a preemptive right over Total E&P to take-up the assets and interests of Tullow, if the latter chose to farm-down.

The statement reads, “CNOOC Uganda Limited has notified Tullow that it has exercised its pre-emption rights under the joint operating agreements between Tullow, Total and CNOOC to acquire 50% of the interests being transferred to Total on the same terms and conditions that were agreed between Tullow and Total”. This includes the amount, structure and conditions that were agreed between Tullow and Total.

Therefore, Tullow Oil Plc will transfer 21.57 percent to both CNOOC and Total. This means out of 21.57 percent interest the company is farming down, Tullow will transfer 10.78 percent to CNOOC and the remaining 10.78 percent to Total. Both Total and CNOOC will jointly meet the US$ 900 million dollars consideration for the farm-down.

“Tullow will now work with Total and CNOOC to conclude definitive sale documentation in relation to the farm-down. Completion of the farm-down is subject to certain conditions, including the approval of the Government of Uganda. Once the farm-down is completed, Tullow will cease to be an operator in Uganda, but will retain a presence in the country to manage its non-operated position,” the statement reads.

Tullow has been in Uganda’s oil exploration and exploitation activities since 2004 and is one of the leading independent oil & gas, exploration and production group that is listed on London, Irish and Ghanaian Stock Exchanges.

Once concluded; CNOOC and Total E&P will each have 44.11 percent stake in Uganda’s so far discovered oil reserves. If CNOOC had not exercised its pre-emption rights, Total would end-up consolidating its position as a majority shareholder with 54.9 percent stake in Uganda’s so far discovered oil reserves.

The Sale and Purchase Agreement is based on the transfer of license interests from Tullow to Total and CNOOC in exchange for cash and deferred consideration to be paid as and when the Lake Albert Development Project reaches a series of key milestones and represents a reimbursement by Total of a portion of the Tullow’s past exploration and development costs.

Tullow was paid US$200 million in cash, out of which $ 100 million will be paid on the completion of the transaction and $50 million at the completion of Final Investment Decision and first oil. According to the statement, $700 million will be paid later and Tullow plans to use this latter payment to fund the its share of costs in the upstream, development project and the associated export pipeline project.

Once, the farm down is approved by government, this farm-down will leave Tullow with only 11.76 percent in the upstream and in the pipeline, which will reduce to 10 percent when the government of Uganda formally exercises its right to back-in. “Once this transaction is completed, Tullow will cease to be an operator in Uganda but will retain a presence in-country to manage its non-operated position,” the statement reads.

Strategy...

From page 1

The eastern region inspector of mines Nathan Mushetyatwa attempted to explain to the curious miners that much as they may own land that endowed with resources, the resources belong to government.

"The land might be yours but the resource belongs to the government," he said, as puzzled miners covered in dust, exchanged quizzical glances. He further explained how they could secure their operations.

"You need to form associations under which you can process Location Licenses to secure your operations. A location license costs a total of Sh2.3m" he said.

At this point all hell broke loose. Some miners walked away grumbling as Nathan and his colleagues looked to the local leaders to make a simple interpretation of it all for the hapless miners.

"The other day the president asked me why Uganda borders are porous. He told me the borders were porous. He wondered why then we should subject artisanal miners to taxes when the gold is being smuggled out," Nathan said.

Mr. Katto also sounded optimistic when asked for comment. "All those issues will be addressed in the amended Act."

While launching the Africa Gold Refinery in Entebbe in February President Museveni seemed to give reprieve to artisanal miners, pledging to waive taxes on the gold they mine so as to boost the sub sector.

"I am going to remove that royalty. The people of Mubende should bring our gold to the refinery. The royalty for those in transit has also been removed. There will be no excuse for anybody not to bring their gold to the refinery," he said.

The president’s directive was informed by disturbing reports of gold smuggling, according to Mr. Katto. The other day the president asked me why Uganda was losing a lot of gold through Botswana and Buria borders. I told him the borders were porous. He wondered why then we should subject artisanal miners to taxes when the gold is being smuggled out.

According to Bank of Uganda 2015/16 statistics gold exports fetched $700 million, a figure that baffled the Central Bank officials.
In Uganda’s oil and gas sector, even though the law on local content holds Ugandans in high esteem, foreigners have access to better deals. The law needs to be enforced if Ugandans are to enjoy more benefits from the sector.
We are Living a ‘Miserable life…

From page 3

We like wild animals We just move from place-to-place in search of food like Baboons. This is further complicated by the fact that people are returning to gardens, which had become bushy and have no food and to a place with no adequate shelter. “Currently, people live in tattered tarpaulins and shelters held in place with sticks and these often get soaked in water; are open to mosquitos and wild animals, since they do not have lockable doors”. When asked what the major issues are in Rwamutonga, Mr. Rashid Amora, a resident, said that they are drinking water with Baboons. “We are living a Baboon life”, He added.

The health of everyone does not brighten-up the day either. Almost everyone is coughing and mosquitos do not spare us either, Rashid said. Malaria is a common disease and can be evidenced, especially among the infants. The Rwamutonga residents reported that it is difficult to access treatment from the health centres. Often the medical officers at the health centres chase them away. “They look at us like dirty filth” people who are homeless. They tell us not to disturb them when we ask for medicine” Ms Lucy Alungat said. “The long distances to the nearest health facility is part of the problem women face” said Gladys Ugumort.

The life we are living here after returning from the temporary settlement camp is not any different. The exception is that we are not receiving relief-aid and food hand-outs from well-wishers now as we used to when in the camp” Ms Alungat said. She added that “life in the camp was better, because people would send us food.

Oil and the future

On the question of Oil and future, Ms. Betty Kosemerwa, a resident who at the time of this interview was found to be breastfeeding her infant son said that it is very difficult to give much thought about the future under the current circumstances. One thing she is certain of is that the discovery of oil will have bad effect on many people in Uganda and the eviction in Rwamutonga is a clear example of this. As the wife of a man whose eyes were injured by tear gas during the eviction skirmishes, she is now the sole bread winner in the home. She is therefore more concerned about meeting the basic necessities of life such as food, shelter, clothes and medicine than worrying about oil or planning ahead. “Proper settlement is more important,” she argued.

Ms Kosemerwa requested civil society to dialogue to convince government that ordinary people, like the Rwamutonga families that were wrongly evicted have rights too over the land. “Government needs to care about how its citizen lives,” she added. ActionAid Uganda’s Project Manager Mr. Ivan Mpagi responded to Ms Kosemerwa’s request stating that they as civil society actors would urge government to play its part. Ivan advised the Rwamutonga residents to pursue a legal course of action to ensure that they receive full justice and regain their land and livelihoods.

Health, Safety Takes Back Seat In Busoga Gold Rush

With red dust all over his body, a short well-built man, probably in his 40s steps out of a 50-foot pit, to speak to Oil in Uganda on his mining journey.

His name is Majid Musisi, Chairman of Nabwala Gold Mining site in Budde, Bugiri district which has over 500 small scale gold miners. Musisi works with his wife, Nekesa Beatrice and together, they brave the pits and tunnels below the ground in search of the ever elusive gold rocks.

“I have been mining gold in this area since 2006, and even though other people have left with the belief that gold is done, I still think we can find more if we dig further into the ground” Musisi says.

In his search for gold, Musisi uses rudimentary tools like a hand-held pick axe, shovels, and hoes. Quickly, he rather adds that he knows that he needs protective gear like a helmet for his head and gloves, nose-masks and gumboots for his hands, nose and legs to protect him from getting into contact with mercury during washing and amalgamation process.

“These protective gears are expensive to buy,” he says, adding that they prefer to use bare hands and purchasing gloves, gumboots and nose-masks will economically take him back.

“If we were using excavators, it would be different,” It is a common sight to find men, women, and children searching for gold from a mixture of soil, water, and mercury. However, while the local miners crave mercury to help them get gold, they are also inviting ill health that could cause death with the same measure.

According to the World health Organization (WHO) exposure to mercury is the biggest cause of health hazards facing Small scale or artisanal gold miners. The UN organization says in a report on the Health effects of Mercury that due to Mercury’s effects, children and populations because it says mercury can be passed from a mother to her unborn child.

And yet at gold mines in Namayingo district, eastern Uganda, mercury is one of the vital possessions every miner must have. The liquid chemical is highly sought after as they apply it during the process to extract gold from dust dug ground from the Gold rocks in the mines.

Dr. Joseph Gyagenda of Nsambya hospital last year told Oil in Uganda that mercury was a heavy metal that could not easily be absorbed by living organisms, including humans and could cause permanent mental disability and a range of other conditions.

A walk around Nabwala mining site, deep open-abandoned pits are littered all over the place; often with no kind of forewarning of probable accidents and some pits obstructed by thickets.

Because of the rudimentary methodology, mounds of tailings stand at several meters high overlying on the edges of the pits that are sometimes more than 50 feet deep.

On a rainy day, accidents are imminent as the loose earth simply collapses into the pit, nostalgic Labunga Ronald states.

When digging tunnels into the ground, there are no re-enforcements on the walls of the tunnels. This, according to Batambuze Methodseh, the Community Development officer of Budhaya Sub-county can make the walls collapse during the rainy season.

According to Musisi, four people have lost their lives after pits collapsed on them. In Nsango B gold mining site in Namayingo district, two people lost their lives in the same way in 2015.

“People here just mine and if they find no gold, they abandon the pit and start digging another one without filling the hole created,” Musisi narrates, adding that even storage of tailings has become a challenge in the area.

In Uganda, artisanal and small-scale mining has for years been recognized as illegal and there is no regulatory framework that governs them. This has also created loopholes on the chocks and balances since the safety measures cannot be enforced.

According to the Acting Community development officer Bugiri District Shafic Butanda, the district has not taken interest in gold mining in the district.

“Gold mining is a new thing, so politicians in the district have not shown interest in it and we are forced to reach out to the central government to take up the issue of regulating small scale miners” he told Oil in Uganda.

The visit to Busoga revealed that artisanal mining, just like other areas around the country is a source of livelihood for many Ugandans. A recent study estimates that over 400,000 people in Uganda who are directly engaged in the activity and additional 1.5 million benefitting indirectly.

This is a part one series of the gold story in Uganda. In the subsequent part, we visit the Mubende mines whose operations are comparatively at a more sophisticated level.
CSOs Call for an End of Secrecy in Oil Deals in a Petition to Parliament

By Edward Ssekika

A group of Civil Society Organisations (CSOs) working in the areas of Oil Governance and Transparency have jointly implored government to end the rampant secrecy in the oil sub-sector. In a petition to the Parliamentary Committee on Commission Statutory Authorities and State Enterprises (COSASE), the CSOs argue that the increased secrecy in the petroleum sub-sector is likely to trigger an ‘oil curse’. The petition arose from a controversial payment of Shs. 6.0 billion to 42 government officials using money accrued from a court case between Government of Uganda and Heritage Oil & Gas Company in London in 2012. The officials are claimed to have contributed significantly to Uganda’s winning of the case in the London Courts and therefore were awarded a financial token of gratitude of the said amount in what was dubbed “a Presidential-Handshake”. The award triggered heated debate and outrage among the general public questioning the manner in which the ‘Presidential-Handshake’ was arrived at and executed. Consequently COSASE was commissioned to investigate the controversial payment. The controversial Presidential Handshake also encouraged CSOs to investigate further additional cases of financial mismanagement by government officials related to oil and other sectors. It is in this regard and as part of civil society contributing to financial token of gratitude of the said amount in what was dubbed “a Presidential-Handshake”. The award triggered heated debate and outrage among the general public questioning the manner in which the ‘Presidential-Handshake’ was arrived at and executed. Consequently COSASE was commissioned to investigate the controversial payment. The controversial Presidential Handshake also encouraged CSOs to investigate further additional cases of financial mismanagement by government officials related to oil and other sectors. It is in this regard and as part of civil society contributing to investigation to the investigation that the CSOs jointly submitted a petition to COSASE on Monday 27 February, 2017.

The 6 page petition dated February 14, 2017 addressed to COSASE Chairman, is signed by 15 CSOs under their umbrella body – Oil Governance and Transparency Alliance (OGOTA). The CSOs include Action Aid Uganda (AAU); Federation of Uganda Women Lawyers (FIDA); Global Rights Alert (GRA); Great Lakes Institute for Strategic Studies (GLISS); Transparency International Uganda (THI); Anti Corruption Coalition Uganda (ACCI); Oxfam International Uganda; and Uganda National NGO Forum, among others.

“We [CSOs] believe that in spite of the continuous assurances by government of Uganda officials that oil will not become a curse, the level of secrecy with which government is transacting businesses with regard to oil and gas resources is the very definition of an oil curse,” the petition reads in part.

The Committee chaired by Hon. Abdal Katuntu (Bugweri MP) is investigating the payment of 6.0billion shilling to 42 government officials; their respective roles and contributions towards the realization of the commencement of oil production by Uganda.

According to Mr. Andrew Karamagi, a Project Manager at Action-Aid Uganda, “the Chairperson of the COSASE Committee Hon. Abdu Katuntu noted that fresh leads and important questions had been raised and that the Committee was going to issue fresh summons to government officials and heads of agencies who had already appeared, so as to shed more light on the matters raised.”

$157 Million Dollars Lost

The petition also cites that government lost Uganda Shilling 154billion (US$157 million) in Capital Gains Tax (CGT) in 2015 due to compromises and negligence by the rewarded government officials. The case arose out of a Uganda Shilling 10.4 trillion (US$2.9billion dollars) farm-down in 2010 by Tullow to Total E&P; Uganda

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Land Acquisitions for Oil Infrastructure Raises Ministry’s Budget to Shs 3trillion

By Edward Ssekika

The budget for the Ministry of Energy and Mineral Development has been increased from Shs. 2.4 trillion this financial year (2016/2017) to Shs 3trillion in the next financial year 2018/19 due to planned infrastructure needed to service the petroleum sector. As a result of these adjustments, Government plans to increase overall spending from 25.6 trillion this financial year to Shs 30.2 trillion in the next financial year, according to the National Budget Framework Paper (NBFP) reviewed by Oil in Uganda. This increase in spending in the petroleum sector is intended to fast-track efforts to realize “first oil” production by 2020 – whether this is going to be achieved remains to be seen. The President has directed that every ministry contributes 10% of its budget to this infrastructure development, meaning a cut in other sectors’ goods and service delivery.

Budget Framework Paper attributes the increase in the budget to the required infrastructure and associated institutional frameworks in the petroleum sector and costs related with land acquisitions; construction of feeder pipeline for crude oil in the production areas; Central Processing Facilities (CPF); Multi-Purpose Finished Product pipeline from Hoima to Buloba in Kampala; the crude oil export pipeline; storage facilities and other attendant infrastructure. The Minister of Energy and Mineral Development, Hon. Irene Muloni has also said the President issued a directive to her ministry to take all steps towards the realization of the commencement of oil production by 2020.

“We are putting in all the necessary efforts to achieve production, refining and export of oil resources for socio-economic development by 2020 as directed by the President,” Muloni said in defense of the budget. The Ministry of Energy and Mineral Development plans to have all the necessary petroleum institutions such as the National Oil Company (NOC) and Petroleum Authority (PA) functioning at 100% before oil production starts. Currently, the NOC has a fully-constituted board of directors and a Chief Executive Officer (CEO), although the technical positions are yet to be filled. On the other hand, the Petroleum Authority, has a Board of Directors;Executive Director (Mr Ernest Rubondo) and recently five technical directors were appointed.

Mr. Dzith Abeinomugisha, formerly an Assistant Commissioner in the Petroleum Directorate, was appointed Director in charge of Exploration; while Ms. Peninah Aheebwa was appointed Director Technical Support services. Ms. Aheebwa is formerly a Principal Petroleum Officer for Planning in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services. Ms. Aheebwa was formerly an Assistant Commissioner in the Petroleum Directorate. Mr. Alex Nyombi also formerly with Petroleum Directorate is the new Director for Technical Support services.

With the increased budget support, government expects that all the technical staff should be recruited and the institutions fully operational in the next...continued on page 11
Less than two years after it was officially incorporated, the Uganda National Oil Company Ltd (UNOC) is struggling to raise funds to finance its operations – something that could hamper its investment plans. Ms. Proscovia Nabbanja, the Chief Operations Officer in charge of Upstream at UNOC, says that the company urgently needs funds in order to execute its mandate. "Right now, financing is our biggest challenge," she says.

UNOC was formally incorporated in June 2015 as a private company wholly owned by the state to manage the country’s commercial interests and state participation in the petroleum sub-sector. The company is established by section 42(1) of the Petroleum (Exploration, Production and Development) Act, 2013, as a private company, wholly owned by the state to manage the country's commercial interests and state participation in the petroleum sub-sector. The company has two shareholders; the Ministry of Finance, Planning and Economic Development, who owns 49 percent shares on behalf of the Ministry, and the Minister of Energy and Mineral Development with a majority share of 51 percent on behalf of the Ministry. Therefore, currently the shareholders are: Hon. Irene Muloni and Hon. Matia Kasaija in their respective capacities as Ministers of Energy and Finance. However, neither the Petroleum (Exploration, Production and Development) Act, that establishes the company nor the Public Finance Management Act, 2013 spells out how the NOC is to be financed.

Section 43 of the Petroleum (Exploration, Production and Development) Act, 2013, provides the National Oil Company (NOC) with the functions of managing business aspects of State participation; developing expertise in the oil and gas industry and to participate in accordance with the terms of petroleum agreements, in joint ventures in which the company holds an interest on behalf of the state; among others.

Ms. Nabbanja says in order to take its place as an Oil Company, UNOC has joined the Joint Venture Oil Partners – Total, Tullow and CNOOC – and thereby taking care of government's participating interests. Section 53 (2) (c) of the Petroleum Upstream Act, empowers the NOC to make direct applications for exploration license to the minister for enhancement of participating interests of the State.

"UNOC can identify areas where there is no license and ask the minister to grant an exploration license for a block. We hope to get partners and engage in oil exploration and production, though, it is hard to get investment partners due to fall in international oil prices," she said.

Mr. Emmanuel Katongole, the Chairman of the National Oil Company

By Edward Ssekika

Financial Crisis Hits Uganda
National Oil Company

By Edward Ssekika

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Ms. Nabbanja emphasized that financing their biggest challenge. Currently UNOC is being treated like a Ministry, yet it is private limited company, we can't respond to cash-call for investment. We are dreaming big, but without financing, it is a big problem.

"Our shareholders are ministries, for example, if UNOC is to respond to a cash-call of US$3 billion dollars to invest in the East African Crude Oil Pipeline, it may not be in position to quickly raise the money". There are many questions as to how the NOC will be financed. It is not clear whether financing will be released through normal national budget financing with a release every quarter. This is going to a big legal challenge, since the company is a private entity, even though it is solely owned by government" she explained.

Recently, Mr. Emmanuel Katongole, the Board Chairman of UNOC, told Oil in Uganda that UNOC requested for a budget of Shs20 billion for this financial year 2017, but only Shs5 billion was provided revealing that the company has a funding gap of 75 percent of the required funds.

Ms. Nabbanja says the company is struggling to recruit even core staff due to financial challenges. Currently, UNOC has five core staff members; Dr. Josephine Wapakhabulo (CEO), Peter Mulissa (Corporation Secretary), Dr. Michael Nkambo Mugerwa, General Manager of Uganda Refinery Holding Company Ltd, and Mr. Emmanuel Bugaga, among others. Recently, the company revealed that it had formed two subsidiaries, namely, Uganda Refinery Holding Company Ltd and the National Pipeline Company Ltd, to take a stake in the oil refinery and the East African Crude Oil Pipeline, respectively. These government owned companies are being developed in a dispensation when government had divested itself from doing business in favour of a private sector-led development with the argument that “government does not know how to business”. Questions are being asked why government is now backtracking on its earlier position of divestment and why it should not just regularizes involvement in business. There is growing evidence worldwide that governments cannot completely divest themselves from doing business these cases inclusive.

The NOC is developing a strategic plan, with an eye on vision together with an investment plan. The NOC shall identify opportunities for direct application and joint participation and acquire explorations licenses. The NOC's plan is to transit from joint partners to being independent oil companies with own financing. Nabbanja, explained.

WHICH OPTION?

In a policy brief titled, “Financing Options for the Uganda National Oil Company, 2015” by Thomas Lassourd, an economic analyst with Natural Resource Governance Institute (NRGI) argues when production starts, the UNOC will require to invest more money in the sector.

“...UNOC will own up to 40 percent in the oil refinery depending on other EAC governments’ ownership. With investment costs estimated at $4.3 billion dollars and a debt level of 70 percent, this would imply that the UNOC would need to finance a share of $US$516 million dollars between 2015 and 2017/18. A participation in the investment of the export pipeline to the East African coast would likely imply costs in the same order of magnitude,” Thomas argues. This much more than what was requested by the NOC in this year's funding request.

"Beyond the initial investment costs, transport and refining infrastructure will require maintenance and upgrades. If the NOC is a significant partner in these ventures, it would have to contribute to such costs, which could amount to tens of millions of dollars annually and severely reduce the profits of the NOC. If maintenance costs are not covered, this could lead to underfunding and deterioration of infrastructure.

Thomas further argues that funding UNOC from the Consolidated Fund, as the case is likely to be, creates its own challenges. Such a funding model of waiting for quarterly releases from the Consolidated Fund creates great uncertainty and might discourage a company from making key investments, especially those on a “cash-call” basis and may make it difficult to hire high quality personnel.

"Delays in the budget process can lead to temporary illiquidity and structural shortages, which can lead to insolvency. Even if delays do not lead to insolvency, a lack of funds can hamper the operations of the UNOC.

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Joint Venture Partners Launch FEED Studies for Nwoya and Buliisa Oil Fields

By Edward Ssekika

Uganda’s Joint Venture Oil Partners (JVPs), Total E&P Uganda BV, Total and CNOCO have launched Front End Engineering Design (FEED) studies for Nwoya and Buliisa oil fields as part of the plan to fast-track the realization of oil production by 2020. This was done on Tuesday, February, 14, 2017 at the Sheraton Hotel in Kampala. The FEED studies were officially launched by the Minister of Energy and Mineral Development, Hon. Irene Muloni. She implored Oil Companies to work towards realizing the year 2020 target of commencing oil production.

“We gave the joint venture partners up to the end of this year to make a Final Investment Decision (FID) – a decision on whether to invest or not in our country,” Irene said. So, we expect them [oil companies] to have made a FID by 31st December, 2017. This is a condition for the award of production licenses,” Hon. Muloni said.

“Joint venture partners have invested over US$3 billion dollars over the last 10 years. So they too are keen on recouping their investment and everyone is asking government why it is taking us so long to get oil out of the ground,” Irene said. Therefore, FID by the end of 2017, and first oil by 2020, must become a reality,” she emphasized.

Front End Engineering Design (FEED) studies will cover Exploration Area 1 (EA1) and Exploration Area 2 (EA2) in Nwoya and Buliisa respectively. The FEED studies are expected to come with all the necessary technical and financial aspects of the oil fields including how production will be done; costs estimates and implementation timelines for the production phase.

Mr. Adewale Fayemi, the General Manager of Total E&P and Uganda BV, while representing the joint venture partners, explained that FEED studies will allow the joint venture partners to make a Final Investment Decision (FID) before the end of this year: “It [FID] will be office-based work with field visits,” he said. He added that 3 international companies, namely; Chicago Bridge & Iron Company (CB&I) from USA; Technip (USA) and Flour (France) have been selected to bid for the FEED assignment, which will be done in three phases. The first phase will be a competition where all three companies will be involved in developing study; engineering and construction designs. The second phase of the bid process will involve evaluating the designs and selecting 2 companies that will have come-up with the best designs, costs and implementations schedules. The third phase of the bid process will involve selection of the one best company to undertake the Engineering, Procurement and Construction (EPC) contract. Flour of France partnering with China Petroleum Engineering and Construction Corporation (CPECC) from China in the bid.

“This is a milestone in the country’s journey towards oil production. In addition, a call for tender is currently being prepared for enabling infrastructure design work Mr. Adewale said. He added that “it is expected that the infrastructure contracts shall be awarded in May, 2017.” The enabling infrastructure works are required ahead of major engineering and construction work including local access, site preparation, fencing and similar tasks for which Ugandan companies are expected to be involved.

The FEED studies will not include the Kingfisher area. In 2013, government awarded CNOC Limited joint venture license for Kingfisher area. According to Mr. Adewale, the Front End Engineering Design (FEED) study for Kingfisher will also be launched soon.

The FEED studies will include designs for trunk pipelines (crude feeder pipelines), Central Processing Facilities (CPFs) and other attendant infrastructures. The Central Processing Facility (CPF) is the most critical infrastructure and is likely to be among the first infrastructure to be constructed. When oil is pumped from the ground, it is normally mixed with impurities like water, gases among others, which must be removed or separated from crude oil before it is sold or processed. This separation is done by the CPF so it is serves as the “first refinery”.

Exploration Area 1 and 2 will require at least one CPF which will be located in Buliisa district. Mr. Adewale said the Buliisa CPF will have capacity to produce 200,000 barrels per day The Buliisa CPF will be served by another CPF on 1.5km long (1.5km) and 2.0km wide area and will be connected to storage facilities. The Kingfisher area will also be serviced by another CPF with capacity to produce 30,000 barrels of oil per day. Initially, the country is projected to produce 230,000 barrels of crude oil per day from which 30,000 barrels will be channelled into a refinery and the remaining 200,000 barrels will be exported through the East African Crude Oil Pipeline through the Tanga Port in Tanzania.

CSOs Call for an End of Secrecy in Oil...

From page 8

BV and CNOCO Limited, a sale that attracted a CGT of US$467million. At the time, Tullow objected to the CGT assessment before the Uganda Tax Appeals Tribunal (TAT), but lost the case. The tribunal ordered Tullow to pay government US$407 millions (1.4trillion shillings) in Capital Gains Tax.

Dissatisfied with the ruling of the Tribunal, Tullow filed an appeal in the High Court of Uganda and also at the International Center for Settlement of Investment Disputes (ICSID) based in Washington DC. But before the appeal could be concluded at the High Court in Uganda, URA entered into a consent agreement with Tullow on 19th June, 2015 in which they agreed to a CGT payment of only US$250 million, instead of US$407 million. As a result of the consent agreement, the case at the ICSID was terminated. Consequently, government lost the balance of US$157 million. CSOs faulted URA and government for having entered into a consent agreement that resulted in country losing US$157 millions in tax.
Annoyed by the county's delay to start oil production, President Yoweri Museveni has ordered a budget cut of 10 percent on all ministries and department's budgets in the next financial year 2018/19 in order to save funds to finance the much needed oil infrastructure. The oil infrastructures are critical in having 'first oil' by 2020.

"We must pump our oil from the ground. We discovered petroleum in 2006 before Ghana. They moved quickly and begun pumping, but we went slowly for a reason," Museveni said. The oil sector has been dogged by numerous delays and shifting deadlines for first oil.

"Oil companies were playing, but now we have deadlines for 'first oil'.

Infrastructures. The oil infrastructures are critical in the movement of people, goods, machinery and other equipment for the oil industry. Three airstrips, namely Kyabasambu in the Kingfisher Discovery Area, Pakuba in Nwoya, and Bugungu in Buliisa District will be upgraded. There are also plans to construct a gas processing facility for the already discovered gas and associated facilities, though these will require permanent land take by government thereby calling for compensation and displacement of the landowners. In order to amicably manage the displacement impacts, tripartite agreement between landowners on one hand, and JV partners and government, on the other hand, have been planned.

"Our commitment is that petroleum activities will only commence on the land after full compensation has been made and the land has been vacated by the landowner," the report reads.

For temporary land-take, for instance mobile camps, JV partners or operators will enter into tenancy agreements with the people affected by the project, and it will be handed back to owners after the agreed period.

Some land, on which certain restrictions will be placed, for instance within the infrastructure corridor or within the safety buffer zones, will be developed later.

There are also plans to construct a gas processing facility for the already discovered gas and associated facilities, though these will be developed later.

While it is not exactly clear how many people will be displaced by the entire oil infrastructure, the numbers are expected to be in the thousands. Already more than 1700 households have been displaced in Kabaale area by the refinery. Some people might not be displaced, but will have their economic activities such as fishing and agriculture restricted, which may negatively affect their livelihoods.

The displaced persons are advised to form themselves into associations that can engage with government and Oil Companies to address their rights and plight.

"To implement these projects, government has undertaken a 10 percent cut on all sector budgets to fund these projects. Please, I don't want argument on this issue," the President said. According to the National Budget Framework Paper, the Ministry of Energy and Mineral Development's budget for the next financial year is expected to shoot up from Shs 2.4 trillion to Shs 3 trillion.

The President also ordered the Prime Minister, Dr Ruhakana Rugunda to restrict civil servants foreign travels so as to save money and concentrate on the oil infrastructures.

The president said works on Kigumba-Masindi-Hoima - Kapadi - Rwenjo and Mubende - Kamwong - Kapagi - Nalwaka road have started. The Kabaale- Nindo - Nyamasheke is also proceeding to link with Rakai and Tanzania. Government is also working on the Hoima-Bisira-Uwaseko road, he said.

"When oil comes out, this nonsense of begging will stop. We shall have our own totally independent financial base. Even when the oil prices drop, US$50 per barrel, we shall have additional US$ 2.5 billion of new money; and when it improves, we shall have at least $6bn," Museveni emphasized.

While all these efforts are well intention to realizing the plan of reaching first oil by 2020, they are dulled with the practicality of putting this infrastructure within the expected timelines. Considering the enormity of the task and culture in public service, it seems practically difficult to realize this aspiration. The President will grapple with the rampant corruption that has bedeviled the infrastructure sector, and balancing social service delivery.
Oil Infrastructures to Displace Thousands in Hoima, Buliisa and Nwoya Districts

Thousands of hectares of land needed to pave way for construction of Central Processing Facilities (CPFs), well pads, feeder-pipelines, water-intake stations and camps, among others.

By Edward Ssekika

As the country moves into the production and development phase of oil, thousands of people in the oil frontline districts of Hoima, Nwoya and Buliisa are facing involuntary Development Induced Displacements (DIDs) to pave way for the construction of critical oil and gas infrastructures.

According to the Land Acquisition and Resettlement Framework (LARF), critical oil infrastructures require huge chunks of land, which inevitably will lead to massive displacements of people, which could negatively affect peoples' livelihoods, if not properly handled.

The LARF Report was prepared after series of studies by Joint Venture Partners – Total, Tullow and CNOOC in collaboration with the Ministries of Energy and Mineral Development and the Ministry of Lands, Housing and Urban Development.

The 161 pages LARF Report released in January 2017, explains in detail the infrastructures expected to be built in the Albertine Graben, mainly the districts of Hoima, Nwoya and Buliisa. The critical infrastructures include; the Central Processing Facilities (CPFs); oil flow-lines; feeder-pipelines; water-intake stations; well-pads and permanent as well as temporary camps, among others.

'FIRST REFINERY'

One of the critical oil infrastructures is Central Processing Facilities (CPFs). Originally, the Ministry of Energy and Joint Venture Partners (JVP) had planned to construct three CPFs two in Hoima (i.e. east the Kingfisher Discovery Area (EA) & at the Kaiso-Tonya area) and one in Buliisa.

However, in a bid to minimize the project footprint, the Kaiso-Tonya CPF was abandoned. Mr. Adewale Adegba, the General Manager, Total E&P Uganda BV, explains that the current plan is to have only two CPFs – one in Kingfisher Discovery Area in Nyagwali, Hoima district and another in Buliisa district. Oil from the ground is usually mixed with debris, water and other impurities. Therefore, the main purpose of CPF is to stabilize the crude, separate the different fluids, and remain with pure crude oil.

Mr. Adegba says that the Buliisa CPF is expected to occupy at least a length of 1.5 kilometers and a width of 2 kilometers piece of land. However, the LARF report reveals that the Buliisa CPF and its associated facilities will be built on an estimated 260 hectares of land, while the Kingfisher CPF will be built on a 40 hectares piece of land. This means, the CPFs alone, will require at least 300 hectares of land.

"Each CPF area will be fenced-off with controlled security access. The area will include camps for staff and contractors. Outside the restricted area, there will be a buffer zone where certain land-use limitations will be placed as a safety measure. For instance, settlements might be prohibited within the buffer zone to protect people from noise, radiations and other health concerns. "The size of the buffer area will be determined through the Environmental and Social Impact Assessments (ESIA), detailed engineering and Resettlement Action Plan (RAP) studies," the report reads. The buffer is a safety and security area along the perimeter fence to avoid the construction of buildings in the immediate vicinity of the well-pad or CPFs and to prevent the risk of fire-propagation in case of vegetation burning," the report reads.

The report adds that the physical and economic displacement within the enclosed area will be permanent, and land acquired within the area will be transferred to Government. Displacement may be caused by the development of permanent infrastructure, as well as temporary construction activities. However, physical displacement will be avoided as much as possible.

The Buliisa CPF is expected to stabilize crude oil from Buliisa and Nwoya districts in Exploration Areas EA1 and EA2 while the Kingfisher one will stabilize crude from Kingfisher discovery area and Kaiso-Tonya.

NETWORK OF PIPELINES

In addition to CPFs, the Albertine Graben will also be punctuated by overlapping network of pipelines. According to the plan, there will be network pipelines (also referred to as flow-lines), which will connect the well-pads or production-wells to the CPFs. Then, feeder pipelines will transport crude oil from the CPFs to the delivery point near the government refinery in Kabale village, Hoima district, where some crude will be channeled to the refinery and the rest to the East African Crude Oil Pipeline for export. "The length of pipeline from Buliisa CPF to the delivery point at Kabale is estimated at approximately 100 kilometers and the length of pipeline from the Kingfisher CPF to the refinery is estimated to be 50 kilometers," the report reads in parts.

The Minister of Energy and Mineral Development Hon. Irene Muloni, while launching the Front End Engineering Design (FEED) for Nwoya and Buliisa oilfields recently, said in order to minimize the project footprint in a fragile ecosystem, all pipelines will be buried. "All pipelines are expected to be buried with registered conditional turf, right of ways restricting land-use to varying degrees."

In the two main projects, that Kingfisher Discovery Area and Exploration Area EA1 and 2, an approximated 400 kilometers of flow-lines will be laid together with fibre-optic cables within a Right-of-Way of 30 meters wide.

The Minister of Energy and Mineral Development Hon. Irene Muloni explained that due to the demands of routine inspection, maintenance and repairs, the pipelines corridors will have restricted land-use. For instance, no buildings or cultivation will be allowed within this corridor, but the land may be used for grazing.

PRODUCTION WELLS

Other critical infrastructures likely to displace hundreds of people are production-wells. According to the LARF report, the Kingfisher Discovery Area is planned to have four well-pads each with multiple wells that will be operational throughout the existence of the project. The purpose of having multiple production-wells and injection-wells on one well/production-pad is to reduce the infrastructural footprint and to consolidate the land impacts to larger, but fewer sites.

In the EA1-EA2 north project, more than 40 well-pads will be developed and approximately 30 of these will be located within communities. Each well-pad will occupy between an estimated 2 and 3 hectares of land, depending on well-pad design, and will be fenced-off. Land within the perimeter will be permanently acquired by the project and ownership will be transferred to Government.

In Buliisa and Nwoya areas this means a total of 120 hectares of land will be required for well-pads alone.

WATER-INTAKE STATIONS

Oil production will require a lot of water. Water will be injected into the ground to push oil out of the ground. In order to make use of Lake Albert water in a sustainable way, JV partners will construct two water-intake stations on the shores of the lake: one in Buliisa and another at Kingfisher Discovery Area in Hoima.

A water-intake station will be constructed on an estimated one hectare piece of land. Water will be pumped from the lake into the water-intake or abstraction system that will be linked by pipes to the CPF and production-wells. The water-intake facility will also be fenced-off with a small additional safety buffer. Due to the locations of the water-intake facilities, they could obstruct peoples' access to...