improve transparency. This is provided for under the Domestic Resource Mobilisation Strategy (FY 2019/20-2023/24).

OIL AND GAS SECTOR

The oil and gas sector was still at the exploration and pre-production stage during the FY 2020-21 and, therefore, there was no significant contribution of the oil and gas sector to the GDP. The Directorate of Petroleum and the Petroleum Authority of Uganda (PAU) have confirmed that there was no oil and gas production during the fiscal year 2020-21.

The development of the upstream and midstream projects is expected to lead to an investment of approximately $15b in a period of five to seven years. In the downstream segment, the investment is estimated at $1.5b per year as of 2021.

As the country gears towards the production and value-addition of the confirmed petroleum resources, it is presented with an opportunity to also address the insecurity of supply of petroleum products in the country as this has been a long-standing problem. Uganda is a net importer of petroleum products, 95% of the products are sourced through Kenya and 5% through Tanzania. Uganda’s petroleum resources are estimated at 6.5 billion barrels of Stock Tank Oil -Initially-In-Place (STOIlP), of which 1.4 billion barrels are estimated to be recoverable. In addition, gas resources are currently estimated at 500 billion standard cubic feet (BCF).

There is potential for additional resources in the country expected from the 60% of the Albertine Graben that is unexplored and Moroto-Kadam, Lake Kyoga and Hoima basins that are yet to be explored.

The first commercial discovery in Uganda was made over the Mputa field in 2006. This discovery created great interest in exploration in the country. To date, 21 oil and gas discoveries have been made in the country out of the 31 prospects drilled, putting the prospect success rate in the Albertine Graben at 68%. At least 121 exploration and appraisal wells have been drilled, with 106 wells encountering oil and/or gas, which is an unprecedented drilling success rate of over 86%.

LEGAL FRAMEWORK OF THE OIL AND GAS SECTOR

There are several pieces of legislation which provide a conducive environment for exploration, production and development of oil and gas resources. They aim to promote a transparent, accountable and environmentally responsible oil and gas sector.

The Government set up the Petroleum Fund in the Bank of Uganda, where revenues from petroleum activities are deposited as part of the Public Financial Management Act 2015 and the National Oil and Gas Policy of 2012. The audited financial statements of the Petroleum Fund for the FY 2020-2021 show that a total of sh82.7m has been deposited into the Fund since its inception in March 2015.

Subsequently, sh580.3m (70.4% of the total deposits) was transferred to the consolidated fund for annual budget support.

MINING EXPLORATION HISTORY IN UGANDA

Large-scale mining in Uganda commenced in the 1970s with the establishment of Kilembe Mine as a large-scale mine, producing over 21,000,001 tonnes of blister copper, as well as cobalt, phosphates and limestone. Several mining activities were also focusing on extracting tungsten, tin, beryllium, niobium, tantalum and gold in operation. Precious minerals and base metals continue to be exploited informally.

The period after 1986 was marked by an improvement in international commodity prices and a favourable business climate in Uganda which made mining a viable investment. As a result, many mining companies applied for licences in the mining sector.

Furthermore, several mineral occurrences led to the discovery of minerals that have since been mined and/or processed. Others remain in exploration phases. Today, the mining sector in Uganda has a limited number of large-scale producers of limestone and pozzolanic materials for the manufacture of cement.

NATIONAL LOCAL CONTENT

The Constitution of Uganda vests all minerals and petroleum in the Government on behalf of Ugandans. The Constitution of Uganda mandates that all natural resources belong to the Government on behalf of Ugandans. The legal and regulatory framework for mining, oil and gas in the country places obligations on companies to offer job opportunities to Ugandan citizens, prioritise them in public procurement, ensure skills and technology transfer and involve nationals in developing and implementing local content plans. These provisions are helping in socio-economic development in Uganda.

Buy Uganda Build Uganda is a policy geared towards promoting use of locally-manufactured goods and use of local skills/personnel. This policy has been more embraced in the petroleum sector and being developed in the minerals sector.

The National Oil and Gas Policy 2018 sets out how Uganda aims to use the country’s oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society. Objective seven of the policy is to ensure optimum national participation in oil and gas activities and objective eight advocates support to the development and maintenance of national skills and expertise.

The Petroleum (Exploration, Development, and Production) (National Content) Regulations, 2016 defines “national content” as using Ugandan local expertise, goods and services, companies, citizens, registered entities, businesses and financing in petroleum activities.

It includes the significant combined value added or created in the Ugandan economy through the use of Ugandan human and material resources for the provision of goods and services to the petroleum industry.

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