

**PARLIAMENTARY SYMPOSIUM  
ON EXTRACTIVES GOVERNANCE**

***“MITIGATING ENVIRONMENTAL CHALLENGES AND  
ENHANCING, TRANSPARENCY AND FISCAL JUSTICE IN THE  
DEVELOPMENT OF PETROLEUM RESOURCES IN UGANDA”***

**PROCEEDINGS REPORT OF THE SYMPOSIUM**

**WEDNESDAY, 7<sup>th</sup> SEPTEMBER 2022 – 8:00 – 4:00 PM**

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## PROGRAM

<b>Time</b>	<b>AGENDA ITEM</b>	<b>RESPONSIBLE PERSON</b>
08:00 - 08:30hrs	Arrival Tea and Registration	PFOG & ACODE
08:30 - 09:00hrs	Session 1	Chair: Hon M. M. Mawanda
	Opening Statements	<b>Mr. Twesigye Bashir</b> , Chairperson, CSCO <b>Mr. Francis Odokorach</b> , Country Director, Oxfam Uganda Country Office <b>Dr. Arthur Bainomugisha</b> , Executive Director, ACODE
09:00 – 09:30hrs	<b>Official Opening of the Symposium</b>	<b>Hon. Peter Lokeris</b> Minister of State for Mineral Development
09:30 - 10:00hrs	<b>Presentation:</b> <i>Progress on key oil and gas infrastructure developments (TILENGA, KingFisher, Refinery, Feeder pipelines, Airport, Oil Roads and EACOP)</i>	<b>Dr. Joseph Kobusheeshe</b> – Director, Environment, Health and Safety and Security, Petroleum Authority of Uganda (PAU)
10:00 – 10:30hrs	<b>Question and answer session</b>	All / Moderator
10:30 – 11:00hrs	TEA BREAK	
11:00 – 11:30hrs	<b>Presentation:</b> <i>Environment and Social Impacts (ESIs) of the key oil and gas infrastructure developments (TILENGA, KingFisher, EACOP) and proposed mitigation measures.</i>	<b>Mr. Arnold Waiswa Ayazika</b> – Director, Environment Monitoring and Compliance, National Environment Management Authority (NEMA)
11:30 – 12:00hrs	<b>Question and answer session</b>	All / Moderator
12:00-12:30hrs	<b>Presentation:</b> <i>Uganda’s first EITI Report. Key recommendations and the role of Parliament.</i>	<b>Ms Gloria Mugambe</b> – Head of UGEITI Secretariat.
12:30 – 12:50hrs	<b>PLENARY: Discussion session</b>	All/ Moderator
12:50 – 14:00hrs	<b>LUNCH</b>	Hotel
14:00 – 14.40hrs	<b>Presentation:</b> <i>Mitigating IFFs and engaging Key stakeholders to improve fiscal justice in Uganda’s oil and gas sector.</i>	Dr. Dan Ngabirano – School of Law, Makerere University
14:40 – 15:40hrs	<b>PLENARY: Discussion session</b>	All/ Moderator
15:40 – 16.00hrs	<b>Closing remarks</b>	Hon. Lee Denis Oguz, Chairperson, UPNIFFT Hon. Wamakuyu Ignatius Mudimi, Chairperson, Budget committee
16:00hrs	<b>Departure</b>	All

## **ABBREVIATIONS AND ACRONYMS**

ACODE	Advocates Coalition on Development and Development
AG	Auditor General
CSO	Civil Society Organization
CSCO	Civil Society Coalition on Oil and Gas
DRM	Domestic Resource Mobilization
DWRM	Department of Water Resources Management
EACOP	East Africa Crude Oil pipeline
EITI	Extractive Industries Transparency Initiative
IFFs	Illicit Financial Flows
IOCs	International Oil Companies
MEMD	Ministry of Energy and Mineral Development
MPs	Members of Parliament
NEMA	National Environment Management Authority
PAU	Petroleum Authority of Uganda
PFMA	Public Finance Management Act
PFOG	Parliamentary Forum on Oil and Gas
PSAs	Production Sharing Agreements
UGEITI	Uganda Extractive Industries Transparency Initiative
UNBS	Uganda National Bureau of Standards
UNOC	Uganda National Oil Company
UPNIFFT	Uganda Parliamentary Network on Illicit Financial Flows and Tax Justice
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
UWA	Uganda Wildlife Authority
WWF	World Wildlife Fund

## **INTRODUCTION**

Several developments have taken place in the petroleum sector in Uganda since the announcement of commercially viable oil and gas resources in 2006. These developments include putting in place enabling policies and legislative frameworks and establishing relevant institutional structures, as well as preliminary infrastructure to support petroleum-extraction activities. Thus, the sector has transitioned from exploration to development phase, which has created a need for various infrastructure changes to support oil and gas production. The key infrastructure includes roads to facilitate land transport, including transportation of construction equipment; preliminary works on the oil refinery; ongoing works on construction of an airport, oil processing and storage facilities, and feeder pipelines; and foundational works related to the East Africa Crude Oil pipeline (EACOP) that is intended to evacuate crude oil to the external market via the coast of Tanga in Tanzania. The EACOP is a 1,445 Km long Pipeline which will run from Hoima in western Uganda to Tanga port in Tanzania, for which tripartite agreements were signed in 2021.

To ensure compliance with environmental and social best practices recommended for the oil and gas industry, the National Environment Management Authority (NEMA) and the Petroleum Authority of Uganda (PAU) have ensured that Oil Companies undertake Environmental and Social Impact assessments (ESIAs) for oil and gas projects before commencement. These assessments guide the necessary measures to mitigate potential adverse impacts on people and nature along the entire petroleum value chain.

Further, in a move to enhance transparency and accountability in the extractives sector, Uganda joined the Extractive Industries Transparency Initiative (EITI) in August 2020 and started EITI implementation in Uganda. The first UGEITI report has been produced, which provides a lot of data on transparency and accountability related to the extractives sector. The report has also identified gaps and made recommendations to enhance transparency and accountability in the sector.

As the Country prepares for first oil, there is need to improve its fiscal accountability to guarantee maximum benefit from the oil and gas sector while also keeping a close eye on other environment-related developments. This can only be achieved if the right revenues are collected and the bulk of it remains in the economy to spur development. However, this is threatened by illicit financial flows (IFFs). If IFFs are not controlled, they could lead to enormous capital flight to the detriment of the Ugandan economy.

In a democratic dispensation, where parliament is the representative Arm of Government, the social contract between citizens and their Members of Parliament (MPs) enjoins the MPs to speak out in defense of the people, their livelihoods, and the environment. In addition, MPs are critical in the prevention of IFFs and ensuring fiscal justice in the extractive sector through playing their legislative and oversight roles. The oil and gas

sector projects in Uganda have reached that stage at which MPs should be positioned to play this watchdog role.

It is against this background that the Civil Society Coalition on Oil and Gas in Uganda (CSCO), in collaboration with the Parliamentary Forum on Oil and Gas Sector (PFOG) and the Uganda Parliamentary Network on Illicit Financial Flows and Tax Justice (UPNIFFT) – and with financial support from Worldwide Fund for Nature (WWF)-Uganda and Oxfam – convened a Parliamentary Symposium on Petroleum governance titled *“Mitigating environmental challenges and enhancing transparency and fiscal justice in the development of petroleum resources in Uganda”*. The symposium was intended to strengthen the capacity of Members of Parliament and civil society to execute their oversight and watchdog roles in the governance of the oil and gas sector.

### **Objectives of the Symposium**

The overall objective of the symposium was to enhance the capacity of legislators that subscribe to PFOG and UPNIFFT to better deliver on their legislative and oversight roles with respect to extractives development in Uganda. The specific objectives of the symposium are:

- i. To update MPs on the key developments in Uganda’s oil and gas sector, and share emerging issues and concerns in the governance of the sector that may require the intervention of the MPs.
- ii. To share findings and recommendations highlighted in the first Uganda EITI report.
- iii. To discuss how to improve fiscal justice as well as mitigation of IFFs in the oil and gas sector.
- iv. To generate recommendations on how parliament can play a more effective role (legislative, oversight, and representation) in mitigating negative impacts of the sector, promoting transparency and mitigating IFFs in the sector.

## **3.0 PROCEEDINGS OF THE SYMPOSIUM**

The day’s sessions were moderated by Hon. Michael Mawanda Maranga, Member of Parliament for Igara East Constituency (Bushenyi District) who welcomed all participants to the symposium.

### **3.1 Opening Statements**

#### **Mr. Bashir Twesigye, Chairperson, CSCO**

Mr. Twesigye welcomed everyone to the symposium. He mentioned that the symposium is timely, as Uganda moves into the production phase of oil and gas with the signing of the Final Investment Decision (FID) on 1<sup>st</sup> February 2022 by Total, CNOOC, UNOC, and

the Governments of Uganda and Tanzania. He added that there is no doubt that oil and gas production is to happen soon.

He indicated that civil society, and CSCO in particular, has been working hard to ensure that oil and gas production enhances the livelihoods of the people especially the poor and vulnerable communities that live next to the oil and gas infrastructure. He emphasized that CSCO has worked together with state and private-sector stakeholders on a number of policy, legislative, and advocacy processes, to promote good oil and gas governance such as the oil and gas policy of 2008, the upstream and midstream laws, as well as the Public Finance Act, that was passed in 2016. One key stakeholder is the Parliamentary Forum on Oil and Gas which has enjoyed the cordial, constructive and resilient partnerships with CSCO over the years.

Mr. Twesigye indicated that CSCO has also worked closely with the Petroleum Authority of Uganda, Uganda National Oil Company, the oil companies, and other stakeholders, to advance community interests. With the FID already made and oil and gas production activities in high gear, CSCO looks forward to working with all these stakeholders even more closely to ensure success through the steps of the petroleum value chain, such as: monitoring the social, economic and human rights impacts of the oil and gas industry on local communities; ensuring that oil and gas activities do not negatively impact the environment; ensuring that oil and gas activities create a net positive gain for the environment; and ensuring that oil and gas revenues are utilized in the interest of the bigger public good (for Uganda and East Africa).

He concluded his remarks by thanking CSCO members present for working collectively through the CSCO platform. He said that the work of CSCO is supported by grants from members, unilateral and multilateral donor agencies, and individual efforts of employees from member organizations. In particular, he thanked the Democratic Governance Facility (DGF), and the embassies that contribute funding to the DGF, for the fruitful partnership. He also thanked Oxfam and WWF for providing the support that made that day's event possible. Lastly, he thanked individual CSCO members that have contributed resources towards CSCO activities, as their support is indeed very critical to the operations of the coalition. He wished all the participants fruitful deliberations.

**Mr. Francis Odokorach, Country Director, Oxfam Uganda Country Office**

Mr. Francis Odokorach revealed that Oxfam is a global movement of people working together to end the injustice of poverty. This means that Oxfam tackles the inequality that keep people poor. Oxfam envisions a Uganda that is free from extreme inequality and injustice; a society where citizens, particularly women across all age groups, claim and exercise their rights and responsibilities and are able to influence decisions that affect

their lives. One of the country programs is hinged on four thematic goals, which aim to promote women's rights and gender justice, good governance and accountability, resilient livelihoods, as well as enhance preparedness, reduce vulnerability to disaster and ensure an effective response to humanitarian crises. Oxfam aims at giving power to the people to increase their voice in influencing the decisions that affect them.

On 13<sup>th</sup> June 2022, he revealed, Uganda launched its first Extractive Industries Transparency Initiative (EITI) report. The report covers payments and revenues for FY 2019/20 and contextual information along the EITI value chain which is a major milestone in opening Uganda's extractives sector for broader public scrutiny and accountability. The report highlights the legal and fiscal framework, contracts disclosures, beneficial ownership disclosures, contributions of the extractive sector to the economy, local content, and gender among other issues.

Mr. Odokorach noted that the EITI final report was released amidst failure to disclose contracts by International Oil Companies (IOCs) and the Government, contrary to the guidelines of the 2019 EITI Standard that mandates total disclosure of contracts whenever the country joins EITI. As such, he requested the concerned stakeholders ensure full transparency and accountability by permitting contract disclosure in the sector. He added that full support to EITI by the Parliament will not only strengthen government and company systems but also inform public debate, and promote understanding of extractive governance for the benefit of Ugandans. Civil society, he added, is committed to working with all other stakeholders to ensure that EITI is implemented successfully in Uganda.

Oxfam and other partners have worked on the issue of Illicit Financial Flows (IFF) risks in Uganda and, more specifically, the oil and gas sector. These joint efforts have ably identified Illicit Financial Flows (IFFs) risk factors and drew the attention of relevant Ministries, Departments, and Agencies (MDAs) such as the Financial Intelligence Authority (FIA). He appealed to parliament to follow up with respective agencies to ensure that a policy on IFFs is formulated and operationalised via legislations and setting up of a government agency to coordinate this effort. This will reduce financial hemorrhage and redeem the Domestic Resource Mobilization efforts that would help government to finance budget and provide much-needed services to citizens.

The climate change phenomenon cannot be ignored. If there are no efforts to embrace clean energy, developing countries like Uganda are likely to be disproportionately harmed by the floods, droughts, and other weather-related problems spawned by a warming planet and yet mitigation and adaptation interventions are hugely limited. As Uganda prepares to produce oil, and considering petroleum extraction increases greenhouse gas



emissions and accelerates climate change risks, Odokorach advised, there is need for a plan to utilize petroleum revenues to mitigate climate change impacts in the country. Ugandan laws, in particular Public Finance Management Act (PFMA, 2015), stipulate that petroleum revenues will be used for infrastructure development and not recurrent expenditure. Therefore, the PFMA should be reviewed to deliberately stipulate that oil and gas revenues should also be used to finance and scale up of clean energy access in Uganda. Deliberate financing of clean-energy access will also ensure gender equality as women bear the greatest burden of energy poverty—it is their unpaid time and labor that is expended to gather biomass fuels for cooking, collect water or manually process grains and other foods.

Mr. Odokorach concluded his remarks by appealing humbly to MPs present to be the champions of such voices in parliament and ensure that Uganda's oil and gas sector is made very useful to the population. He thanked "Honorable Members" for attending such critical engagements aimed at shaping and contributing to better governance of the extractive sector and help to support improved livelihoods and the development of the economy. He was also grateful to key organizers, i.e., CSCO and the Advocates Coalition on Development and Development (ACODE), as well as WWF for supporting this fruitful and informative engagement.

**Dr. Arthur Bainomugisha, Executive Director, ACODE**

Dr. Bainomugisha started by stressing that as an independent public policy research and advocacy think tank, working in the East and Southern Africa sub-regions on a wide range of public policy issues, the core business of ACODE is policy research and analysis, policy outreach, and capacity building. He gave a background of ACODE, and mentioned its focus on environment and natural resources related work. He appreciated Government executive, Parliament, CSCO members, and other stakeholders, for their efforts in this endeavor. He indicated that Uganda has made a milestone, walked a long journey. The quality of the outcome is determined by the process – an environment that enables dissenting voices to interface with each other. Better oil and gas governance in Africa could be realised by using Uganda as an example.

He stated that Uganda's signing up to EITI is fundamental; the boldness of Uganda in signing is commendable as it potentially improves transparency and accountability. He thanked the Parliament of Uganda for promoting accountability and transparency. The fear of the public, he stated, lies in the maintenance of separation of powers, avoiding fusing legislative and Executive powers.

Climate change, he also admitted, is real but "we must ensure that the effects are mitigated. Mitigate the negative effects of oil and gas. We should not destroy our

agriculture!” He ended by thanking everyone for coming to join the symposium, and urged participants for honest and fruitful deliberations.

### **3.2 OFFICIAL OPENING**

#### **Hon. Dr. Peter T. Lokeris, Minister of State for Mineral Development**

The State Minister congratulated Members of Parliament upon being members of the Parliamentary Forum on Oil and Gas and Uganda Parliamentary Network on Illicit Financial Flows and Tax Justice. He thanked ACODE and CSCO for the invite and seamless collaborations with Government and key stakeholders on issues of governance in the oil and gas sub-sector.

He added that the Symposium under the theme “Mitigating environmental challenges and enhancing transparency and fiscal justice in the development of petroleum resources in Uganda” is timely as Government is implementing key agreements in the sub-sector that were signed in 2021 and the commitments announced early 2022 for the three (3) Final Investment Decisions (FIDs). The symposium also aimed at enhancing the capacities of Members of Parliament to better deliver on their respective legislative and oversight roles in the extractives (oil and gas) developments in Uganda.

He emphasized the need for a human-centered approach to promote sustainable utilization of oil and gas resources and urged participants to play a key role in ensuring that oil and gas resources become more of a “blessing” than a “curse” to Uganda. He called upon all actors in the sub-sector to build knowledge required capacities and work together in order to maximize the opportunities and address challenges that may arise along the way. Uganda’s oil and gas exploration efforts have progressed significantly by attracting investment in the sector and the commercial discovery made in 2006 and other discoveries that followed later.

In order for Government to commercialize the discovered resources i.e., 6.5 billion barrels Stock Tank Oil Initially in Place (STOIIP) with about 1.4 billion barrels recoverable, (nine) 9 Petroleum Production Licenses (PPLs) were granted to the oil Companies (IOCs) in 2012 and 2016. Government, working together with the International Oil Companies (IOCs) in 2014, entered into a Memorandum of Understanding (MoU) for the commercialization plan. The Government negotiated the Host Government Agreement (HGA) and Tariff and Transportation Agreement (TTA) with the EACOP Company, the Shareholders Agreement (SHA) and signed in 2021.

Government’s objective in developing infrastructure is to enable commercial oil and gas production is guided by the National Oil and Gas Policy for Uganda 2008, the Petroleum (Exploration, Development and Production) Act 2013, and the Petroleum (Refining,

Conversion, Transmission and Midstream Storage) Act, 2013, together with the attendant Regulations. These frameworks emphasize promotion of valuable utilization of the country's oil and gas resources and the development of suitable transport and storage solutions.

The East African Crude Oil Pipeline (EACOP) Special Provisions Act, 2021 gave effect to the Intergovernmental Agreement (IGA) with Tanzania and the Host Government Agreement (HGA) and hence, the implementation of the EACOP gives emphasis on quality, health, safety, environmental, technical and other standards.

The Guest of Honor also highlighted new developments that support the exploration of oil and gas such: (i) National Environment Act, 2019, which brought in reforms in the environmental management focusing heavily on oil and gas; and (ii) the Public Finance Management (Amendment) Act, 2021, designed to enable the Uganda National Oil Company (UNOC) retain proceeds from the sale of petroleum arising from the State participating interest in the petroleum agreements.

On the Mining side, the new law intends to provide a robust, predictable and transparent legal regime, improve mining and mineral administration and business processes. It also ensures efficient collection and management of mineral revenues, promote value addition to minerals and increase mineral trade. The new law will also address emerging issues such as mineral certification, formalization of artisanal and small-scale miners among others. Finally, the new law will provide for the participation of host communities in the entire decision-making chain of mining meaning, information on licenses, environment and social impact assessments will be provided both at the national and local government levels.

The State Minister emphasized that with a firm legislative framework in place, the oil and gas companies and Government are taking forward major oil and gas infrastructure projects, namely: the Tilenga and Kingfisher projects in the upstream segment, while the EACOP, and the Refinery in the Midstream segment are also under development. The above projects are estimated to utilize an investment of US \$10-20 billion over the next five years (2020-2025). He concluded by stating that the development of Uganda's oil and gas sector has been built on a firm foundation of a good policy, legal and institutional framework and urged key stakeholders to continue working with the Government to achieve timely production. He officially opened the Symposium and wished participants fruitful deliberations.

### **3.3 PANEL SESSION**

#### **Progress on Key Oil and Gas Infrastructure Developments (Tilenga, KingFisher, Refinery, Feeder Pipelines, Airport, Oil Roads and EACOP)**

*Dr. Joseph Kobusheshe, Director, Environment, Health, Safety and Security, Petroleum Authority of Uganda (PAU)*

Dr. Kobusheshe, as the Guest Speaker, shared the Country's progress and status, indicating that Uganda has 21 Oil and Gas discoveries with 88% drilling success rate. It has 6.5 billion barrels with 1.4 Billion barrels of recoverable resources with potential for more discoveries in future. There is a shift in the entities being regulated with new actors on the scene with 9 production licenses and with over 14 fields awarded to Total Energies. Three (03) exploration licenses have been awarded to Armour Energy, RANTO and UNOC. Uganda has 5 Blocks on offer in the second licensing round and 85% of the Albertine Graben remains unlicensed. Findings from explorations, so far, reveal 2 Upstream Development Projects with 230,000 barrels per day (peak production) with Tilenga project at 190,000 barrels per day (peak production) and Kingfisher at 40,000 barrels per day. There are two (02) midstream (commercialisation) projects with a 1,443km-long East African Crude Oil Pipeline from Hoima, Uganda to Tanga, Tanzania, with a transmission capacity of 60,000 barrels per day. This is in addition to the Uganda Refinery Project in Hoima. There is a projection of US\$ 40 billion expected to be invested over the following 25 years of operation and maintenance of the oil and gas fields and other infrastructure.

The Tilenga Project is operated by TotalEnergies with production a plateau of 190,000 bpd; 31 wellpads with 426 wells; feeder pipeline of 95 km, 24". The construction of a 4,000-person capacity construction camp to accommodate their personnel during the construction of the CPF has been realized, and the first drilling rig for the Tilenga project passed technical and endurance tests at the beginning of August 2022. The drilling rig is expected in the country by October 2022 and the site preparation to receive the drilling equipment is currently at 50% and is expected to be completed by October 2022.

When the rigs arrive in the country, they will be assembled and tested before commencing drilling during December 2022. Detailed engineering, procurement and construction management studies for the Tilenga project, currently are being undertaken by McDermott and Sinopec in London, UK. The overall progress of these studies is about 25%, and completion is expected during July 2023 as the estimated investment cost is US\$ 4-5 billion.

Uganda expects over 160,000 jobs: 14,000 of them direct; 42,700 indirect; and 105,000 induced. It was noted that as at the end of May 2022, 5,070 persons of whom 4,805 (95%) are Ugandans, were employed in the sector. Of the 4,805 employed in the sector, 389

persons were from the host communities. In terms of provision of goods and services, *specialized services* are highly technical and capital-intensive services like well logging services, rig hire, drilling services. *Professional services* like, Civil Engineering & Construction, camp management, land acquisition, and environmental services. *General/Non-specialized services* include supply of food items and construction materials, among others.

In the last 5 years, Dr. Kobusheshe revealed, approximately 90% of the procurements have gone to Ugandan companies (estimated at US\$ 1,227,701,788 out of US\$1,350,061,360). 20% of this \$1.2 billion went to Ugandan companies with Ugandan ownership. Approx. 73% of the companies involved in supplying the sector have been Ugandan companies (460/624). Approximately US\$ 988,658 out of US\$ 1,227,701,788 has gone to the community economy through provision of goods and services. Joint ventures are enhancing participation of Ugandans in provision of goods and services for the oil and gas sector.

### **Environment and Social Impacts of the Key Oil and Gas Infrastructure Developments and Proposed Mitigation Measures**

*Mr. Arnold Waiswa Ayazika, Director-Environment, Monitoring and Compliance, National Environment Management Authority (NEMA)*

Mr. Arnold Waiswa Ayazika revealed that the Albertine Graben is located in western Uganda, the most prospective area for oil and gas resources gifted with unique physical features such as Mt. Rwenzori, R. Nile, Lake Albert Transboundary resources; Lake Albert and Edward; and rich eco-region for vertebrates in Africa. The Albertine Graben is home to 14% of all African Reptiles; 19% of all African Amphibians; 35% of African Butterflies; 52% of all African birds; 39% of all African mammals; 14% of all Africa's plants and over 400 fish species. The region has high levels of endemism and highly threatened species include 35 mammal species; 25 bird species; 16 amphibian species and 40 plant species making 70% of all Uganda's protected areas located in the Albertine Graben. Uganda, therefore, is witnessing an overlap of oil and gas and bio-diversity-rich areas such as Murchison Falls National Park (NP); Kabwoya wildlife reserve (WLR); Queen Elizabeth NP; Bugungu WLR; Toro-Semiliki WLR and some forest reserves, all of which call for sound environment management.

The Policy and Legal frameworks, such as the National Environment Management Policy (1994) and the National Oil and Gas Policy (2008), are very elaborate on the protection of the environment and environmental conservation and policy objective 9 clearly states that oil and gas activities shall be undertaken in a manner that conserves the environment and biodiversity. The National Oil and Gas Policy, 2008, recommends the upgrade of the

relevant environment and biodiversity legislations to address oil and gas activities; strengthening institutions with the mandate to manage the impact of oil and gas activities on environment and biodiversity; as well as development of physical master plans, environmental sensitivity maps, and oil spill contingency plans, for the oil and gas producing region and any transport corridors.

The Constitution of the Republic of Uganda, 1995, equally provides for sustainable management of natural resources such as minerals, forest reserves, wetlands, rivers and lakes, held in trust by Government on behalf of the people of Uganda who have right to clean and healthy environment. Additionally, the National Environment Act, which is the overall framework law on environment, clearly provides for the right to a clean and healthy environment and associated obligations to maintain a healthy environment through Environmental Impact Assessment and Environment Audit process; Environmental monitoring; self-monitoring and record keeping; permits and licenses; as well as restoration orders supported by Regulations under the same law. Other laws that support the protection of environment include Uganda Wildlife Act; Water Act; Land Act; and Physical planning Act 2010.

In terms of environmental impacts of the industry, Mr. Waiswa-Ayazika indicated that the oil and gas industry has the potential for a variety of impacts on the environment though the 'impacts' depend upon the nature of the process, the size and complexity of the project, the sensitivity of the surrounding environment, and subsequently the effectiveness of planning, technology, pollution prevention, and impacts mitigation and control techniques. As such, the impacts described in this section are potential impacts and, with proper care and attention, may be avoided, minimized or mitigated. These include: water pollution and air pollution, such as through gas flaring, industrial processing, heating, fuel -un machinery. As for ecosystem health impacts, he highlighted vegetation clearance and destruction of habitats; micro watershed hydrologic dynamics, water quality issues, as well as lowering of the water table, which greatly affect groundwater storage capacity affect local hydrology and plant life, especially those with short rooting depths. these activities also impact on wildlife; cause land/soil degradation; fuel landscape dereliction and aesthetics. The other environmental impacts include: noise, vibration, and light associated with drilling activities; waste generation (domestic and hazardous waste e.g. drilling waste, chemicals); increased traffic (personnel and vehicle movements) and resulting possible accidents and emergencies (e.g. blow out, spills of hazardous materials such as chemicals/oil), and increased demands on natural resources (water, energy) due to population changes/increases in the area.

The NEMA *Director for Environment Monitoring and Compliance* also discussed mitigation measures, such as EIAs for all projects and subsequently EAs; limiting the

footprint of oil and gas activities (such as drilling pads, access roads, camps); avoidance of sensitive locations; monitoring biodiversity in liaison with the Wildlife Authority; management of traffic (via speed limits); timing of activities to avoid harm to other activities and lining areas of potential spills; good chemical storage and fuel storage areas; improving resource use efficiency (recycle of drilling muds, water, murrum); improving the technology; and restoration of degraded sites. To counterattack these effects, it was pointed out that waste management is as key as self-monitoring.

Possible interventions by Government were equally shared:

- Strategic Environment Assessments;
- Environmental sensitivity atlas for critical areas;
- Environmental Monitoring plans;
- Environmental laws and Regulations reviewed/developed;
- Environmental Baseline study for oil and gas;
- Routine inspections and monitoring by NEMA and LAs;
- National Oil Spill Contingency plan developed and capacity building (Districts & Lead Agencies) especially to incorporate oil and gas issues in their plans;
- General Management Plans for QENP and MFCA that incorporate oil and gas issues;
- Forest Management Plans for selected Forest Reserves in the Albertine Graben;
- Fisheries frame surveys on Lake Albert & Albert Nile to establish the fisheries baseline;
- Department of Water Resources Management (DWRM) developed a compliance and enforcement strategy;
- Uganda National Bureau of Standards (UNBS) is in the process of updating or developing standards for the petroleum sector;
- Ministry of Lands Housing and Urban Development has developed different physical plans for the area;
- Compliance monitoring by Regulators such as NEMA, UWA, PAU, DWRM, which undertake regular monitoring visits.

**The Role of Parliament:** appropriation of funding and as such, more funds should be appropriated instead of budget cuts; Legislation, therefore review of certain regulations or even development of new ones to strengthen oversight function would be ideal.

Amidst challenges such as human resources, institutional framework and legal and regulatory frameworks need to be strengthened further. The speaker concluded by suggesting that harmonized development of the sector will require that requisite technical personnel and the appropriate legal frameworks and institutional infrastructure be rendered coherent to support these developments as well as the various stakeholders,

including local governments, be enabled to prepare, plan and manage the environmental and social impacts likely to be generated by the sector.

## **Uganda's first EITI Report – Key Recommendations and the Role of Parliament**

*Ms. Gloria Mugambe, Head of UGEITI Secretariat*

Ms. Gloria Mugambe revealed that the Extractive Industries Transparency Initiative (EITI) is a global Standard to promote the open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate, and enhance trust. In short, EITI is built on two principles i.e., transparency and accountability. The EITI Standard sets out the requirements that countries need to meet to be recognised, first as ***EITI member countries*** and subsequently as ***being compliant***. The EITI standard encourages countries to make use of existing reporting systems for EITI data collection and make the results transparent at source. The 2019 Standard introduced new aspects on environmental, social, and gender impacts. It also requires disclosure of the identity of the real owners – the 'beneficial owners' – of the companies that have obtained rights to extract oil, gas and minerals, starting from 2020.

Uganda was admitted to the EITI in August 2020 as a member country. The Uganda EITI National Work plan 2020–2024, has three objectives:

- to enhance transparency in the extractives sector to promote good governance and accountability in the management of extractive revenues;
- to strengthen revenue management and accountability with a view to ensure effective collection, optimisation and allocation of revenues; and
- to build the operational and technical capacity of the Multi-Stakeholder Group (MSG) and the Secretariat to ensure that EITI is effectively implemented.

The EITI requires that the data used must be certified by the Auditor General who is responsible for providing independent oversight of Government mineral operations through financial, compliance, value-for-money and other management audits, to ensure that the data is robust and authentic.

EITI Uganda is required to prepare a report annually but it must be assessed by EITI International for validation purposes which is done through engaging different stakeholders including Parliament of Uganda. The key area for EITI is the mining sector in Uganda which is largely dominated by small to medium scale exploration companies. Mining of gold, tin, wolfram and coltan is dominated by artisanal miners. The sector also has a limited number of large-scale producers of limestone and pozzolanic materials for



cement manufacture. The mineral resources in Uganda can be divided into metallic and non-metallic minerals (industrial or construction materials).

Among other minerals, Gold is the main traded precious mineral in Uganda, comprised of mainly artisanal and small-scale miners (ASMs) who face various challenges, including limited capacity to process the gold further. The artisanal gold mining sector in Uganda is predominantly informal, with an intricate chain of stakeholders who include landowners, tenants, miners, and traders.

In terms of the extractive sector contribution to GDP, according to Uganda Bureau of Statistics (UBOS), the mining and quarrying sector accounted for UGX 2,266.31 billion in the FY19-20 which represent 1.62% of the national GDP on current basic prices, including 1.17% from formal sector activity and 0.46% related to informal sector activities. The contribution of the mining and quarrying sector to GDP has decreased compared to the prior year contribution (1.72%). The oil and gas sector was still at the exploration and pre-production stage during FY 2019-20, and, therefore, there was no significant contribution of the oil and gas sector to the GDP. Based on the information received from the Directorate of Geological Survey and Mines (DGSM), the exports from the mining sector during FY 2019-20 amounted to UGX 2.598 billion and constituted 0.018% of total exports of the country. Therefore there is need to fully, effectively, and comprehensively capture the contribution of the mining sector to the country's GDP.

Whereas the country has experienced a sharp increase in gold exports since 2016, as demonstrated in the figures above, there have been significant discrepancies between the gold production figures reported by the DGSM, in the MEMD, and the actual exports of gold reported by the URA. As such, both the DGSM/MEMD and URA need to put in place a mechanism for sharing production and export data to ensure better monitoring of mineral (production and) trading activities in the country's minerals sector.

Environmental and social concerns were also noted in the extractive sector projects as follows:

- large scale clearing of vegetation as well as wildlife habitat fragmentation and disturbances as most of the extractive resources are found in wildlife protected areas;
- soil disturbance and soil erosion;
- increased traffic: personnel and vehicle movements;
- waste generation (construction debris, domestic waste, hazardous waste including drilling waste and chemicals);
- increased noise generation and hence noise pollution;
- light and aesthetics impacts;

- discharges and emissions affecting air quality;
- social impacts e.g.: resettlement owing to the size of the land requirements, the permanent and nature of infrastructure and the influx of people into the mining areas;
- waste management challenges as the country did not have enough capacity to handle petroleum waste;
- increased demands on resources (water, energy) and pressure on social amenities in the mining regions;
- chemical pollution of soil and water bodies (especially from mercury and cyanide in gold mining and influx and the challenges that come with influx such as changes in social cohesion and socioeconomics.

The Speaker highlighted the following recommendations:

1. mainstreaming and systematic disclosure of EITI data as Government Agencies should set up an open EITI database in their systems;
2. public disclosure of the register of licenses;
3. public disclosure of contracts and licenses in Petroleum and Mining Sectors;
4. improving data quality and assurance;
5. provision of accuracy of export data; and
6. public disclosure of beneficial ownership information.

### **Mitigating IFFs and engaging Key Stakeholders to Improve Fiscal Justice in Uganda's Oil and Gas Sector**

*Dr. Dan Ngabirano, School of Law, Makerere University*

Dr. Dan Ngabirano stated that Uganda is undergoing enactment of modern petroleum laws, focusing on sector regulations, environmental safeguards, health and safety, rights of affected communities, local content & competitive licencing, all of them supported by the establishment of institutional structures, such as PAU, NOC, Directorate of Petroleum. In place are also the public finance management laws for oversight, financial controls Petroleum Fund, PRIR. However, the country still grapples with wide discretion of the minister in the laws as well as challenges related to safeguarding revenues from external leakages and ensuring that IOCs pay a fair share of revenues under the law. These loopholes increase the risk of Illicit Financial Flows (IFFs).

He mentioned that Countries with highest IFFs in Africa include South Africa, Democratic Republic of Congo, Ethiopia, among others. "We need to be concerned because of the intensity and frequency of IFFS, which undermines DRM, affects public goods and services delivery, undermines fundamental rights, erodes and/or short-circuits international commitments in human rights, sustainable development goals, as well as

unfair tax burdens/regressive taxation where multinational companies (MNCs) benefit at the expense of local small and microenterprises (SMEs) leading to conflicts within the industry.

Potential sources or drivers of IFFs in Uganda's petroleum sector are as follows: commercial – 65%; corruption - 5%; and crime – 30%. It was noted that all three potential sources of IFFs exist in Uganda's petroleum sector. Whereas commercial drivers are **DTA abuse** for instance, Uganda has 10 DTAs and negotiating an 11<sup>th</sup>; Tullow, Total & CNOOC own Ugandan operations through subsidiaries in the Netherlands – Heritage attempt to redomicile operations; Why the Netherlands – dividends exempt and 10% withholding tax on interest; Cf with UK DTA- dividends and interest subject to 15% withholding taxes; same at ITA and from EA 1 alone, Uganda likely to lose USD 287 in withholding taxes , **unequal PSAs** as they define interests & obligations of both host Governments and IOCs; IOCs enjoy unmatched leverage in negotiation; technical expertise, financial muscle and information asymmetries; bribery of officials in negotiation in corrupt rife countries; source of IFFs - nonpayment, payment of less revenue, payment on bribes on offshore accounts; risk - oil agreements remain secret; platform analysis – Kurdistan and DRC deals and stabilization clauses and tax exemptions, and **BEPS** including domination of trade by multinationals; related entities – belong to same group or common ownership; aggressive tax planning and avoidance; abusive transfer pricing – price manipulation; shift of profit from source to low or no tax jurisdictions/haven; trade mis invoicing & mispricing; self-declaration; cost recovery ineligible, misallocated, inflated costs; EA 1- inflation by USD1 could result into USD 0.73 revenue loss; and shift from upstream to midstream - EACOP Cos 10 tax holiday & exemptions.

Dr. Ngabirano recommended:

1. expediting ongoing double taxation agreements (DTA) renegotiations;
2. urgent renegotiation of existing production sharing agreements (PSAs);
3. enhancement of capacity and ability of Uganda Revenue Authority, Inspectorate of Government, Bank of Uganda, Office of the Auditor General, Financial Intelligence Authority to detect IFFs; renewed anti-corruption efforts;
4. enactment of a dedicated law for EITI operationalization;
5. immediate publication of past, existing and all future PSAs;
6. adoption of appropriate metering & signature certification mechanisms;
7. set norm prices for oil and gas products;
8. enactment of beneficial ownership regulations to establish underlying ownership of legal persons and companies to embrace principles of responsible business and respect environment and social standards.

## CALL TO ACTION

1. **Publicize PSAs to the public.** It is not proper to publicize the amendments and not the contracts. Immediate publication of past, existing & all future PSAs
2. **Open database** with all the information about the extractives sector open to the public, including creation of a database and **registration of beneficial owners of the companies** in the mining sector
3. **Financing:** Increase in the budget for UGEITI activities; Increase in budget for NEMA; etc.
4. **Use UGEITI Report/Findings:** Parliament called upon to use UGEITI report to hold Government to account.
5. **Political will and bureaucratic commitment:** Transparency and accountability should be taken as a major priority in the extractives sector through dialogue, data and disclosure.
6. **Negotiations:** Expedite ongoing DTA renegotiations
7. **PSAs Renegotiation:** Urgent renegotiation of existing PSAs
8. **Capacity Building:** Enhancement of capacity and ability of URA, IG, BOU, OAG, FIA to detect IFFs
9. **Fight Corruption:** Renew and strengthen anti-corruption efforts
10. **Legally operationalise EITI:** Enact a dedicated law for EITI operationalization
11. **Certification Mechanisms:** Adopt appropriate metering and signature certification mechanisms
12. Set norm prices for oil;
13. enactment of beneficial ownership regulations to establish underlying ownership of legal persons
14. **Business Culture:** Companies should embrace principles of responsible business and respect environment & social standards.
15. **Legislative Representation:** MPs present to be the champion of voiceless in parliament and ensure that our Oil and gas sector is very useful to the population.
16. **Parliamentary Oversight:** Ask parliament to follow up with respective agencies to ensure that a policy on IFFs is formulated and set up an government agency to coordinate this effort.
17. **Legal Reviews:** PFMA should be reviewed to deliberately stipulate that oil revenues should also be used to finance and scale up clean energy access in Uganda.
18. **Advocacy (and lobbying):** Support calls that ensure the revenues from the oil and gas sector as stipulated in the Public Finance Management Act ( PFMA, 2015) that petroleum revenue will be used for infrastructure development and not recurrent expenditure

19. **Civic Engagement:** There is need to have more communication and community engagements on the social economic benefits of the extractives sector both in theory and practice.

#### 4.0 PLENARY DISCUSSIONS

##### 4.1 AUDIENCE SUBMISSIONS

- ✓ *Funding for EITI:* One major responsibility of the EITI MSG [multi-stakeholder group], that is supposed to oversee implementation, is to produce annual reports. It is very important as it is the gist of the EITI. But the EITI Secretariat have the basket begging around to be able to produce the country report. If we want to support EITI in this Country, there are fundamental aspects that must be financed by Government to stop the culture of begging to produce our own report.
- ✓ *Petroleum and Energy Access:* How will exploitation of oil and gas resources help Uganda to improve energy access? Our laws are quite silent on how oil resources can help us improve energy access since our energy transition levels are still down. How are stakeholders going to help to make sure that the oil and gas resources help to improve energy access? How well is this issue integrated in most of the upcoming reviews, especially oil and gas policy and laws, including review of the finance management act?
- ✓ *Infrastructure and Access:* There is one key road that is connecting from Kabwoya to the oil well of Kingfisher, and it gives hard time to companies working in those areas especially CNOOC and they have been complaining about it. I think our responsibility, as leaders and Government, is to work on that particular road as I have tried my best to raise this issue but keeps falling on deaf ears. Again, the whole of Kingfisher area where there are oil wells; it is not connected to the national grid. It is something that is surprising to so many of us.
- ✓ *Developments vs. Conservation:* There is a dam called Kabalega in Buseruka Sub-County. As we talk now, it generates zero megawatts yet it used to because all the small rivers which used to feed into the main river were encroached on and yet NEMA cleared these projects: for instance, NEMA cleared 22 square miles of Bugoma forest in Kikuube for an investor to grow sugarcane in part of Bugoma forest, and, as we talk, almost there is no Bugoma forest! There is no doubt that NEMA has not done enough and yet you have a department of environment in every district in Uganda but NEMA has consistently refused to support the District Department of Environment to manage such activities at district level!
- ✓ *Citizen involvement:* One of the roles of PAU, as indicated by the Presenter, is regulation and in particular to regulate the potential negative impacts of oil and gas activities to the resident stakeholders: How do you regulate the negative impacts upon the resident stakeholders when they are not brought on board at key strategic actors to voice out their concerns? Since the rest of the stakeholders will leave

except resident stakeholders, planning, implementation and monitoring, we need to engage them.

- ✓ *Over-Centralization of Extractives Industry:* NEMA is complaining that there is understaffing and yet the biggest challenge we have faced as Local Governments is the highly centralisation of this industry: So, how do you complain as being under-resourced, in terms of recruitment, yet you have the Local Government staff who are supposed to play a key role in this industry for sustainability and they are not engaged at all? I did not hear any single mention on how you plan to build their capacity in terms of retooling them and giving them information: How do we continue to talk about the roles of Local Government when we are not talking about the appropriation of resources, apart from the traditional resources appropriated to them, to enable them participate fully in these activities?
- ✓ *Up against the EU's position on the EACOP:* It is sad that there are many countries in the world that have done pipeline projects but when Uganda wants to do one, the world is up in arms! How difficult is it for us to make our oil and gas sector carbon neutral?
- ✓ *Funding vs. Contribution to the Economy:* On the issue of funding for environment, being aware that NEMA contributes so much in terms of economy, it's time to document how much NEMA contributes to the economy so that we can put a case for an increase in NEMA's budget. The non-tax revenue we get from the work of environmental management, we must clearly see that value to be able to be able to negotiate NEMA's budget increase.
- ✓ *Project Funds vs. local investments:* Under Tilenga project, we noted billions of USD to be invested in this project, please bring us to speed to understand: of these monies, how much will be invested in Uganda?
- ✓ *Reach & Stretch of Sector Activities in the Graben:* In the initial designs of the oil projects in the Albertine Graben, the communities were supposed to be protected and was justified when one looked at the future effects of the oil exploration especially West Nile. PAU seems to have over-narrowed itself to either a district or looks at West Nile Graben to be Pakwach District yet there neighboring districts within that sub-region where there is no focus, thus making these communities uncomfortable and as such, please consider these communities to be neglected.
- ✓ *Agreements before Legislations vs. Post-hoc Legislative Changes:* The Director at NEMA has highlighted that we need to enhance our legislation. One of the challenges that we face as Parliament is that Government reached agreements with a number of companies before a number of regulatory frameworks were put in place, making it difficult for Parliament to enhance the laws. For example, the local content law we passed yesterday: what happened is that the oil sector was excluded from that law. Why? The argument is that if we include the sector, it is going to result in breaches because we had already committed to the oil

companies. ***How do you expect Parliament to play an enabling role when there are all these limitations? How are we going to navigate?***

- ✓ *Secroral Developments and Flooding:* Two, we have already seen the impact of the oil infrastructure in the Albertine Graben, for example the road from Pakwach to Masindi and Buliisa. There has been a natural drainage where every time it would rain heavily, water would find its way. Now because of the road that has been done there, the drainage was done poorly and now we have a situation twice that area has been flooded and the whole of West Nile gets cut. There is a big risk that, one day, you will have an Island across the other side. How do you respond to that because a lot of people's lives are getting affected? How do you intend to deal with such (already-visible) negative impacts?
- ✓ *Dangerous Pollution Levels in Uganda:* The Dr from PAU has highlighted that Uganda has very little fossil fuels foot print on environment: whereas that [may be] true, *Uganda has also been highlighted in global assessments of air quality as one of the most polluted cities in the world to the extent that our pollution levels are six times more than world health organization safe standards.* And now that we are largely dependent on biomass as the only source of energy, given that its less than 20% of the population has access electricity, how are you going to reconcile this and ensure that the end of poverty you have talked about is indeed ended?
- ✓ *IFFs dangerous to the extractives industry:* As the Chair of the Parliamentary Network on Illicit Financial Flaws, I would like to observe that all this excitement about oil and gas, and other extractive resources we have, will be short-lived if we have not dealt with the issues of illicit financial flaws.
- ✓ *Levels of Employment of Ugandans (Quality of Jobs & Local Content):* The Dr from PAU has showed us how Ugandans have been employed: we want to know these Ugandans are employed at what level? If you have organizational structure, where are the Ugandans? You may find Ugandans are employed as casual laborers, clearing bushes, cleaners. We need to look at the chart and tell how many are employed in strategic positions? Again does the employment reflect national character? And this is a national resource.
- ✓ *Local Content & Participation:* On procurement, the Dr from PAU indicated that procurement has been done by Ugandans. What are they procuring? Which goods and services as you stated? Please show us what these Ugandans are procuring and how this is improving their lives.
- ✓ *Host communities* – You said that some funds have been spent. How have these host communities benefited? We expect you to show how it has improved the standards of living for host communities.
- ✓ *MNCs vs. weak local companies:* In your presentation, you have indicated bringing on board the giant companies against local companies. How are the local companies protected?

- ✓ *NEMA doing monitoring!* There is no evidence to show that monitoring is taking place since no report has been submitted to Parliament about the same.
- ✓ *Investment in clean energy:* I just wanted to know whether this is very well integrated in our Vision 2040 and whether you have plans of mid-term review to increase this investment in clean energy as a target to replace future exhaustion of these oils.
- ✓ *Urban environmental destruction:* NEMA is located in Kampala. It is in the face, the eyes, and the laws of Kampala and other urban centers. And it is where the destruction of environment starts! I am afraid that the same culture may spill over to the oil and gas areas given its presence there.
- ✓ *Agriculture vs petroleum revenues:* how are the revenues from this oil sector targeting to make sure that what we used to call our comparative advantage called agriculture where majority of population lies and invests is going to be developed so that in future we will be the food basket of the entire region.
- ✓ *Loyalties:* according to the presentation about 7 billion plus was given to number of local Governments as loyalties but we have got cases where local Governments also complain that they don't get what they deserve. What's your take?
- ✓ *Vested interests:* Key people in the Government have conflict of interest in the mining sector and therefore recommend that the next EITI report should name and shame such government officials and companies of that nature.
- ✓ *Corruption:* The greater part of mining, there is corruption where there is middle men that thrive on the communities because of lack of information. Empowering the communities to negotiate for themselves will actually will actually eliminate middle men that take advantage of them.
- ✓ *Representativeness of EITI Structures:* Does the multi-sector group for EITI include representatives from the local Government?
- ✓ *AG not Auditing Sector:* The office of the Auditor General is validating an application on the citizens' feedback platform but during the validation process, we have realized there is no petroleum and mining sector. We therefore recommend that PFOG once reached out, should recommend to the AG to include petroleum and mining sector on its citizen feedback reporting.
- ✓ *MPs as District-Level Environmental Actors:* Every Member of Parliament present here is legally mandated to be part of the District Environment and Natural Resources Committees, but in the Albertine region some of these committees are lamenting of the inadequate facilitation which is also provided for under section 29 (1) of the national environment act stipulates that Parliament shall each financial year appropriate funds for the purposes of financing environment and natural resources programs at district up to sub-county level. It is our request from CSOs that this coming financial year, Parliament should do the needful.



- ✓ *Accountability for Extraction Activities:* When you look at the contribution of the region to GDP only covers the percentage got from livestock sales. How long should exploration take? Who is responsible for setting that deadline? How best can we account for the minerals that are going nowhere? It took three years for the people of Kaabong to stop what is known as a gold mining route when one of the miners was killed. Every day the plane was taking gold for three years. If it is testing the minerals, how long should it take?
- ✓ *Royalty Sharing Issues:* A slight rejoinder about the issue raised on royalties: it is true that around 7 billion was organized in the year 2019/2020 and aware of the sharing arrangements in the Mining Act where 20% goes to the sub-national share members i.e., local Governments (sub-county, districts and the land owners), and then 80% remains at the center. I have two main contestations related to that royalty scheme: First, in terms of mobilizing royalties, we are not sure of how much royalty is actually generated. Even if you asked Ministry of Energy and Mineral Development, no one can tell how much is generated from marble coming from Kalamoja on a daily or monthly basis as most of these companies are not inspected as they only have to file returns and the returns will speak whether they are able to pay how much royalty and that can be a problem because we cannot ascertain volumes of production. Second, according to research, Karamoja region is not receiving any single royalty from gold and we know it is one of the leading producers of gold simply because there is no any company that is mining gold in Karamoja that is licensed (as much of the mining is undertaken by unlicensed companies and artisanal miners). Until when shall Karimajong be robbed of their resources without anything going to them?

## 4.2 RESPONSES

- ✓ The EITI Secretariat is supposed to produce reports and they must be open in what is being done. However, we are not frugal in the mining now as the Secretariat is starting to work.
- ✓ Regarding the oil and gas policy, how is the country assessing new innovations such as e-mobility. This has come and that's why there is new rush for the elements which we will use to produce things which will not cause greenhouse gas emission effects. We are cautiously following international debates on energy transition, for instance we have got uranium which is a source of nuclear energy which can help in to generate power.
- ✓ On financing EITI, as Government, we are considering financing the Secretariat.
- ✓ The National Environment Act, 2019, has an environmental fund and 70% of the money collected by NEMA goes to the consolidated fund. It is our humble appeal that Government considers having a big percentage of it remain with NEMA to facilitate its work.

- ✓ There is an ongoing visit in the oil and gas areas by the Executive Director of NEMA and the Executive Director of UNRA to establish the cause of flooding in areas where roads were constructed.
- ✓ Regarding submission of reports, NEMA reports are available and we are ready to submit them to any committee of Parliament when called upon.
- ✓ Kabwoya Kingfisher road: we are working very closely with UNRA in identifying and implementing the critical oil and gas roads program; and, indeed, a number of these roads have been completed or are on schedule. The road you mentioned, the Kabwoya-Buhuka, around 43 kilometers, is one of those that have been identified to support oil and gas activities. The recent report we received from UNRA is that the procurement of that contractor to undertake works on that road is currently ongoing.
- ✓ Regarding the issue of Kingfisher area not being connected to the national grid: I would not have the authority to speak about it but with the opportunities with the Kingfisher project coming, which will include generation but also construction of the high power transmission line between the project and industrial area in Kabaale refinery, that should bring electricity closer to the national grid providing electricity to the communities.
- ✓ As you are aware, turning projects into carbon neutral is not something you can achieve in one day. It is an achievement that is made over several years. I think worldwide, countries have pronounced themselves on that carbon neutral promised by 2050. The target has been reducing emissions, and, as a country, we are committed to reduction of half of our emissions within the next 15 years in line with the global goals of achieving carbon neutral by 2050: Uganda is not any different.
- ✓ Regarding the monies being retained in Uganda: I gave some statistics on this in my presentation, where I indicated that 1.2 billion USD has gone to Ugandan companies and this was a period of low working activity. I emphasized our strategic areas where Ugandans and Ugandan entities have the biggest potential to contribute in 18 ring-fenced areas, including civil works, food supply, construction materials, hospitality etc. In the highly specialised areas, the strategy here is to ensure as much value retention as possible. We are using the unbundling of strategy to make sure that as much value is retained which is approximately around 30% but working hard to see how this can further be increased.
- ✓ The comment made about the flooding in relation to the new road in northern Uganda: in my view the construction of that road and works in that area is going to improve the situation as the area has always had issues of flooding. I have worked in that area for the last twenty years and I always know that during the rainy season it always experiences flooding.

- ✓ We need a lot of help from Parliament and I wish to be invited; we are ready to make a presentation on that issue when invited to update you on the progress of oil and gas projects.
- ✓ The capacity of Ugandans over the last 15 or so years, since the first commercial discovery, has been built. We now have Ugandans who are well equipped with skills and knowledge to competently manage oil and gas projects.
- ✓ Regarding the socioeconomic benefits of the oil and gas projects, as PAU we are very happy to be invited to speak about this subject and we will share with you how Ugandans are benefiting from these projects. We can share how many are at managerial level, how the host communities are benefiting, among other key issues.
- ✓ A comment about having good laws that consider beneficial ownership and transfer pricing: This is true specifically for beneficial ownership. As I mentioned as early as last week, there was an amendment of the Companies Act, to mandate all companies across the board, including those in the extractives industry, to provide [information about] beneficial ownership. The law now requires all companies to submit that list to the URSB. Of course that is not as good as having a central registry because then having a central registry means that URSB will have that kind of mandate but certainly much better than companies retaining these beneficial ownership. To that extent we can comfortably say that beneficial ownership is beginning to take shape. The issue of transfer pricing is more of capacity building, where we have just 10 people that have to open up all these transactions in all aspects not just in the oil and gas sector. The legal framework is quite good but the issue is the capacity. I think it is now the responsibility of Parliament to ensure that this capacity is enhanced.
- ✓ In the next EITI report, we will try to track the royalties that were sent in the reporting period that we will be covering 2020/2021, so that we will be able to get specific information on which District received and how much they received.
- ✓ The development of the beneficial ownership register will be able to see who the ultimate beneficiaries are and it will reveal enough, so that the public can demand why these people involved in areas where they have conflict of interest.
- ✓ We agree that communities should be the beneficiaries of data and information.
- ✓ Local Government representation on the multi-sector group is under discussion, and we think it will be resolved soon in the shortest time possible. I completely agree that local Governments should be represented.
- ✓ Regarding the enforcement of EITI reports: the assessment is done by EITI International and if Uganda is found to be lacking or falling short of standards, there are penalties that can take place: the Country can be suspended from EITI and of course that does not send a good signal internationally. It demonstrates that you have fallen short and not adhering to international principles of transparency and

accountability which does not send a good signal. As such, we should endeavor that doesn't happen to Uganda.

## **5.0 CLOSING REMARKS**

### **Hon. Lee Denis Oguz, Chairperson of Uganda Parliamentary Network on Illicit Financial Flows and Tax Justice**

He thanked ACODE and PFOG and other partners for organizing this important symposium. This is to confirm that natural resources in this country will remain nothing if they cannot translate into increase domestic resources for delivering services to the people. This platform has helped to build our capacity, enrich our knowledge of the best practices and after here, we should be able to play a key role to ensure our resources are put to use. I want to observe for us to deal with all the gaps which were highlighted here especially combating IFFS, we need political support which must be mobilized and advocated for. To get this political support, there is need to educate political players on these new disciplines. The way IFFS manifests, it keeps modifying, multinationals keep adapting to different environments and sometimes very aggressive so for us to curtail all this we must enrich our knowledge and this is the gap the private sector and civil society organisations having been helping to us achieve.

## **OFFICIAL CLOSING REMARKS**

### **Hon. Wamakuyu Ignatius Mudimi, Member of Parliament for Elgon County in Bulambuli District, Deputy Chairperson, Budget committee**

The Honorable Member of Parliament thanked everyone who attended the symposium and also share ideas. In the same vein, he thanked the presenters for excellent presentations in respect to the extractives sector in Uganda. He also thanked the moderators and organisers of the symposium. He was happy that the outcome of the symposium will go a long way in enriching the oil and gas sector in Uganda. The discovery of petroleum reserves in Uganda has created new economic opportunities as well as new challenges for environment management and biodiversity conservation. During the estimated years of useful production, significant revenues for Government will be generated and this call for transparency by all stakeholders in various sectors including Members of Parliament who carry out the oversight role in the private sector.

He continued to say that Government Institutions like NEMA, Wild Life Authority should fulfill their mandates on the frontline of environmental management and protection of biodiversity during the exploration and production of oil and gas in Uganda as these requirements for prudent and effectiveness of regulations and institutions to ensure lasting benefits to all citizens of this nation from the petroleum sector both today and future generations. To achieve this, there is need to establish governance framework that

allows for effective resource management and regulation as well as a predictable fiscal regime. Good petroleum governance requires a long term vision which is realistic and has an understanding of the resource base. Therefore as Members of the eleventh Parliament, with support from the different stakeholders we need to come up and revise the existing regulations and processes to ensure good governance in the petroleum sector. He encouraged all parties in the petroleum sector like Ministry of Energy and Mineral Development, civil society, to commit to free and open dialogue about the petroleum sector as this will take away room for suspicion and lead to sustainable gains from the sector for the current and future generations in terms of social services delivery an infrastructure development in Uganda. He was grateful to those who have been in the organization and planning of this important symposium mostly CSCO, ACODE, WWF, PFOG, OXFAM whose contribution is highly valued and looks forward to seeing you organization such symposium to equip members of Parliament with updated information regarding the petroleum sector. He promised that the recommendations from this symposium will be worked upon for the betterment of the sector and he formally declared the symposium closed.