ADVOCACY INITIATIVES AND POLICY REFORMS IN EXTRACTIVES GOVERNANCE IN UGANDA
Advocacy initiatives and policy reforms in extractive governance in Uganda
This report highlights the policy and advocacy hits and misses in Uganda’s oil, gas and mining (extractive) sector. The primary sources of information are documentary: reports by local and international civil society organisations (CSOs), journals, published research documents, media articles, academic documents. Secondary sources include interviews with media trainers, CSO actors, government officials, private sector players, academics. The aim is to establish the achievements (hits) and challenges (misses) around advocacy and policy in Uganda’s extractive sector. The report briefly digs into the history of Uganda’s extractives before getting into the policy and advocacy achievements and challenges over the past 10 years.

Introduction
Oil and gas (petroleum) became more prominent after the 2006 discovery of commercial quantities of oil. Minerals on the other hand have been prominent since the 1950s when Uganda was one of the notable global producers of copper from the Kilembe Mines in Kasese District. However, oil and gas attract more attention due to the potential impact to transform the country quickly.\(^1\) As at December 2021, Uganda had an estimated 6.5 billion barrels of oil of which 1.4 billion barrels can be extracted for sale as crude oil and/or refined into products such as petrol. Uganda projects to start producing oil in 2025.\(^2\) On 1 February 2022, TotalEnergies, China National Offshore Oil Corporation (CNOOC), Uganda National Oil Company (UNOC), and Tanzania Petroleum Development Corporation (TPDC) announced that they had reached the Final Investment Decision (FID) for the pre-production phase of Uganda’s oil and the construction of the 1,445-kilometre East African Crude Oil Pipeline (EACOP) from Hoima in Uganda to the seaport of Tanga in Tanzania.

According to estimates, the pre-production phase that involves construction activity will attract up-to $10 billion, an opportunity for the private sector.\(^3\) Uganda’s mineral potential is yet to be fully determined but there is active large-scale limestone mining in north-eastern Uganda and western Uganda.\(^4\) The Kilembe Copper Mines, once one of Uganda’s flagship projects, is inactive since closure in 1977. On the policy front, oil and gas is governed by, The Petroleum (Exploration, Development and Production) Act, 2013; The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013; and the Public Finance Management Act (PFMA) 2015 (as amended in 2021). Mining is governed by the Mining Act, 2003, although a new law was passed in February 2022 — it is yet to be signed by the president.

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3 The Independent, 2022. HISTORIC: Final decision on $10bn Uganda oil project. Retrieved from https://www.independent.co.ug/historic-final-decision-on-10bn-uganda-oil-project/
History of Oil and Gas in Uganda

In 2006, Hardman Resources (acquired by Tullow Oil in 2006) announced that it discovered commercial quantities of oil in the Albertine Graben. The discovery came after years of exploration work by wildcat oil companies like Hardman, and Heritage Oil. After the Hardman Resources discovery, Heritage (acquired by Tullow Oil in 2010) also made a discovery. This set in motion the process of determining how oil could be produced. The government started drafting a national oil and gas policy, the cornerstone of legislation governing the petroleum sector.

TotalEnergies of France (56.66% stake) and CNOOC of China (28.33% stake) are the two main operators of the Tilenga and Kingfisher discoveries where the 6.5 billion barrels are found. UNOC holds a 15% interest in the joint venture partnership (with TotalEnergies and CNOOC) but is not an operator in any of the confirmed discoveries.

The advocacy initiatives around oil and gas started getting visible once there was confirmation of oil in the country. A key milestone was in 2008 when cabinet approved the National Oil and Gas Policy for Uganda. Its overall goal is for Uganda to use “oil and gas resources to contribute to early achievement of poverty eradication and to create lasting value to society.”

History of Mining in Uganda

Significant mining started in the 1950s when the Falconbridge Kilembe Mines started producing copper. Peak production of copper up until the 1970s was about 16,000 tonnes annually, contributing nearly 30% of Uganda’s export earnings. Limestone mining for cement production also took place and exists to-date. The contribution of minerals to exports in FY2020/21 was 42.4 percent, of which the bulk is refined gold. Most of this refined gold is not mined in Uganda. There is small scale mining activity for minerals like tin, iron ore, and wolfram. Additionally, there is artisanal mining for gold in Mubende, Busia and Buhweju. The policy framework for mining is largely driven by the Mining Act, 2003, which replaced the Mining Act, 1964. The advocacy in the mining sector has over the years recommended amending or repealing the Mining Act, 2003, because it doesn’t address several issues including artisanal miner’s registration. Indeed, the recently passed law, once signed by the president and gazetted, will entirely repeal the mining law of 2003. Besides the Mining and Mineral Policy, 2018 replaced the Mining Policy, 2001. The policy goals included attracting investment, promoting value addition, national participation, and revenue generation for the socio-economic transform of Uganda.

The Hits and Misses

For each point, the first paragraph is a hit and the second paragraph is a miss. Where there is just one paragraph, it is either a hit or miss. The purpose of combining both the hits and misses under one theme is to indicate that where there was a gain on a particular issue, there was a miss too as the case maybe. It is also about introducing nuance and complexity — many things do not come to us in blacks or whites.

**Transparency**

On 12 August 2020, Uganda was admitted to the Extractive Industries Transparency Initiative (EITI). This is important because the government had in its 2008 policy on oil and gas committed to joining EITI — a global standard for good governance of oil, gas, and minerals especially in disclosing payments made to the government and received by the same government.10 Once the government committed itself to joining EITI, CSOs through advocacy and engagement ensured that Uganda eventually complied. Entities such as Publish What You Pay Uganda campaigned for Uganda to join EITI.11 In addition, through the entire process until full admission, the Civil Society Coalition on Oil and Gas (CISCO) participated in the stakeholder engagements with the government and private sector players. In 2019, the government established the EITI Multi-Stakeholder Group (MSG) to oversee the admission and implementation of EITI. The MSG has government, CSO, and private sector representation for broad-based consultation. Upon Uganda’s admission, Mr Matia Kasaija, the finance minister, said that EITI would strengthen “tax collection, improve the investment climate, build trust among sector stakeholders and help create lasting value from our mineral and petroleum resources”.12

However, whereas the CSOs got the EITI win, they didn’t get the government to publish the production sharing agreements (PSAs) with oil companies. There were several legal challenges seeking to compel the government to publish the contracts signed with oil companies. In 2009, two journalists — Charles Mwanguhya and Angelo Izama — submitted requests to the ministry of energy and mineral development to release the details of PSAs to the public. Their requests were denied and subsequently they went to court. They lost. This request was made through the Access to Information Act, 2005, that allows the public to submit requests for information from government entities. In 2010, Greenwatch Uganda, a CSO, went to court seeking to compel the government to publish the PSAs. Its case was also thrown out. MPs were able to read the agreements, but without taking pictures of the documents, scanning, or copying them. That made a mockery of the Access to Information Act, 2005.13 According to Global Witness, an international NGO, making the contracts public enables scrutiny to ensure that the government negotiated a good deal.14 On the other hand, the government argues that disclosing these

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10 The Extractive Industries Transparency Initiative (EITI). Retrieved from https://eiti.org/About
contracts poses a threat to national security and would violate confidentiality clauses.\textsuperscript{15} For the champions of transparency, the government’s continued keeping of these documents confidential is a miss.

\textbf{Advocacy}

Through advocacy, several clauses in the petroleum laws were passed with the input of CSOs. Before the passing of new petroleum laws in 2013, several CSOs took the initiative to outline loopholes in the proposed laws so that MPs could debate from an informed point of view. For instance, CSOs advocated better national (local) content promotion so that more Ugandans could benefit from the dividends of oil. MPs were further taken through sessions in understanding the implications of some of the clauses. The advocacy work of locally based CSOs in the Albertine Graben has enabled sensitisation of the people on their right to property. This has ensured that there is adequate, fair and timely compensation of landowners in the area. In the mining sector, the African Centre for Energy and Mining Policy (ACEMP) advocated the recognition of artisanal miners. This category of miners now has a specific \textit{licensing regime} for the first time.

Advocacy has come at a cost for CSOs though. In the last 10 years, CSOs have been harassed by government officials for their advocacy work. There are documented incidents of harassment by security forces especially targeting locally based CSOs that engage people in their villages.\textsuperscript{16} In August 2021, the NGO Bureau — responsible for regulating the operations of NGOs — suspended the operations of 54 CSOs. At least seven of these were involved in advocating accountability, transparency, and rights in the oil and gas sector. In a statement at the time, the Africa Institute for Energy Governance (AFIEGO) said that it had been targeted together with partner CSOs because they “play key human as well as environmental rights protection roles in the oil and gas sector”.\textsuperscript{17} On 15 October 2021, seven staff of AFIEGO were arrested after a police raid on their offices. They were released on police bond on the same day but a week later six of them were rearrested when they showed up at police in compliance with their bond requirements. They were released after three days. AFIEGO has been actively opposed to the construction of the East African Crude Oil Pipeline (EACOP), noting environmental concerns along the 1,443-kilometre route of the pipeline. This opposition has attracted the support of international NGOs that have petitioned several global banks to not finance the estimated 3.5-billion-dollar project.

\textbf{Environment}

Companies in the extractive sector publish and publicise the environmental and social impact assessment (ESIA) plans for public scrutiny. In 2018, TotalEnergies released the ESIA for the Tilenga Project.\textsuperscript{18} In 2020, the ESIA for the East African Crude Oil Pipeline (EACOP) was also released, highlighting the potential impact of the project on the communities along the pipeline.

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route. In these ESIs companies include risk factors and how they plan to mitigate them. For instance, in the Tilenga ESIA, TotalEnergies commits to a waste management plan to ensure sustainable disposal of waste. If TotalEnergies deviates from the plan, then the National Environment Management Authority (NEMA) can step in to penalise the company. And CSOs could campaign around the issue to ensure better outcomes going forward. On the EACOP ESIA, an alliance called #StopEACOP slammed some of the details in the document, noting that there were no wide consultations carried out. Notably, once the ESIs are released, stakeholder engagements take place to discuss the details in the reports. Reports are also condensed into easy-to-understand information for the public.

The challenge for any work around the environment is that any advocacy or criticism of a project in the oil and gas sector can be viewed as economic sabotage. The government has underscored the potential of oil revenue to transform Uganda’s public finances. This leaves the environment at risk of destruction and kicks the climate change effects down the road. This is not a fight the environmental lobby will likely win now due to the potentially large returns oil provides.

Training
The knowledge around Uganda’s extractive sector has grown over the last 10 years. Before 2006-2011, understanding of extractives was limited amongst a handful of people. This has since changed with the availability of academic and non-academic training. On the non-academic front, there have been thousands of workshops and seminars. These have been both in-country and outside the country. The New York-based Natural Resource Governance Institute (NRGI) has over the years trained the media, CSOs, and government officials on accountability, transparency, and revenue management aspects. The African Centre for Media Excellence (ACME) has also facilitated training journalists on various good reporting initiatives that hold the government accountable in the management of oil and mining resources. With this training background, CSOs, the media, and by extension the public can question government policy on the extractive sector management.

Since the discovery of commercial-level petroleum, experts from oil-producing countries and academia have visited Uganda to deliver lectures and provide training to CSOs, the media and government officials. On the academic front, this has also been a hive of activity as more people take on extractives-related courses. Private and public universities and some tertiary institutions now have programmes that target jobs in Uganda’s oil sector. Prior to 2006, programmes that touched on extractives at places like Makerere University were limited to geology in general terms. Around 2010, several universities introduced oil-related academic

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20 ACTU Environment (2020). #StopEACOP Alliance Statement in Response to Total’s Recent Disclosures. “Many of the company’s claims directly contradict what is occurring on the ground, and others are refuted elsewhere in the company’s own documentation. Other concerns, such as the massive climate impacts, are completely ignored.” Retrieved from https://www.actu-environment.com/media/pdf/news-37370-stop-eacop.pdf
23 NRGI. Retrieved from https://resourcegovernance.org/learning/training
programmes. In 2013, the Institute of Petroleum Studies Kampala was established and is affiliated with Uganda Christian University, Mukono. In 2009, three years after the discovery of commercial quantities of oil, the government established Uganda Petroleum Institute in Kigumba. UPIK has since been transformed into a fully-fledged university delivering petroleum-related courses. TotalEnergies introduced a university scholarship scheme at the International French Petroleum Institute on technical courses in the extractives. Before Tullow’s exit from Uganda, it ran an annual scholarship scheme in graduate programmes at several universities in the United Kingdom. (Tullow sold its 33.33% stake in the Uganda oil projects to TotalEnergies in 2020). Beyond tertiary-level oil-related programmes, oil companies also run bursary schemes in the oil-producing regions for secondary school education. In January 2022, to deal with supply gaps and create a pool of potential candidates to work with TotalEnergies on the Tilenga Project, the company launched a nine-week Massive Open Online Course (MOOC). According to TotalEnergies, the Tilenga MOOC is aimed at identifying, recruiting, training and developing 120 Ugandans so they can participate in the oil and gas sector.

Whereas Ugandans have better understanding of the extractive sector because of academic training, the challenge is jobs being available once they graduate. Uganda faces a two-pronged challenge with the graduates. First, is the lull between 2013 and 2019 when there was limited activity in the sector that led to layoffs and a freeze on hiring workers. Second is that for some of the jobs, like welding, there is a certification process required and that is not easily available. A 2014 Industrial Baseline Survey (IBS) conducted by the oil companies estimated that at the peak of construction of oil infrastructure about 13,000 direct jobs and 150,000 indirect ones will be available. However, only 25 percent of the jobs will be for the unskilled. For several CSOs and academics, getting the unskilled labour ready for the oil and gas opportunities is a miss.

Research
In the last 10 years, there has been a spike in research by academics, international agencies, economists, and CSOs on the extractive industry in Uganda. The findings have sometimes informed policymaking. In 2015, the Oxford Institute for Energy Studies published a paper on the bargaining Uganda had to make on taxes, contracts, and oil-related infrastructure while navigating the politics of the day. NRGI in 2014 published research findings analysing the Public Finance Management Bill, suggesting the best model for petroleum revenue management. In 2018, UNDP published research on development minerals in Uganda of which some recommendations are included in the recently passed mining law. At national

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26 The Independent (2021). Lack of Certified Skills to Deny Ugandans Jobs in Oil and Gas Industry. “He says such jobs that need highly specialized skills include hoisting and lifting, welders, civil technicians, craftsmen, machine operators, and heavy-duty truck drivers, among others and these require international certification”. Retrieved from https://www.independent.co.ug/lack-of-certified-skills-to-deny-ugandans-jobs-in-oil-and-gas-industry/
Advocates Coalition for Development and Environment has over the years conducted extensive research on accountability, transparency, and the environment.

Private Sector Participation
The private sector not only participates in the day-to-day execution of projects for TotalEnergies and CNOOC but also in policymaking, advocacy, research, and training. The Uganda Chamber of Mines and Petroleum (UCMP) has in the last 10 years represented private sector interests of both local and international companies. UCMP has lobbied and had its input in the petroleum and mining laws. It has also ensured that there is constant discourse about extractives through organising the Annual Mineral Wealth Conference and the Annual Oil and Gas Convention. Through these events, UCMP invites high profile international companies interested in Uganda as an investment destination. Additionally, some of the international guests also provide input on what government policy should look like if Uganda is to be an attractive investment destination. These same platforms also enable private sector engagement with CSOs. For instance, at the 2016 Mineral Wealth Conference, whereas UCMP decried the underinvestment in the mining sector, one of the sponsors, the Democratic Governance Facility (DGF), ensured some of the presenters highlighted the human rights issues in Uganda’s mining sector. Prior to the discovery of commercial quantities of oil, the private sector approach was at individual level with limited influence on policy. With the 2010 founding of UCMP, the private sector can now engage the government with one voice on policy or other issues. For example, UCMP has often presented recommendations on several proposed laws to committees of Parliament.

Revenue Management
In the oil and gas policy of 2008, the government committed itself to a sustainable framework to manage petroleum revenues. This led to the formulation in 2012 of the Oil and Gas Revenue Management Policy. In it, the government acknowledges the challenges of managing oil revenue such as the Dutch disease, volatility of oil prices, and the fact that the resource is finite. It also provides the government a framework on revenue sharing with the oil companies and with the communities in the oil-producing region. The policy also informed the sections in PFMA that relevant petroleum revenue management. So in the last 10 years, the government moved from a policy document on oil revenue management to an actual law. The PFMA replaced the Public and Accountability Act 2003 that did not include a legal framework on how to manage oil and gas revenue. The Civil Society Budget Advocacy Group (CSBAG), a CSO, notes that the PFMA “strengthened accountability and transparency in the use of public resources through increased Parliamentary oversight over the Executive, restored credibility and predictability of the national budget given a new financial reporting calendar and alignment of budget preparation, implementation and oversight, operationalized the Contingencies Fund as per Article 157 of the Constitution and regulated all government revenues including Petroleum Revenue.” One of the highpoints in the PFMA is the audit of the Petroleum Fund (PF) — a fund where all petroleum-related revenue is deposited — with findings published by the Ministry of Finance and tabled in Parliament.

In 2021, however, the government amended the PFMA to allow the Uganda National Oil Company (UNOC) to retain a portion of the petroleum revenue before depositing the remaining in the PF. CSOs viewed this as problematic because it erodes accountability safeguards in the management of public money. The government defended the move saying that it allows UNOC — the entity representing the government’s commercial interests in the petroleum sector — to meet its financial obligations quickly by avoiding going through the lengthy process of parliamentary approvals (appropriations) each time it needs cash. The amendment is a red flag.

Policy and Regulation
In 2013, Parliament passed two key laws on petroleum based on the 2008 oil and gas policy. The Petroleum (Exploration, Development and Production) Act and The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act. These advanced the legal framework on licensing, regulations, and national participation (local content). Everything from health and safety, competitive bidding, waste management, land acquisition, institutional arrangement was addressed. The process was inclusive with various consultations generating many recommendations, several of which were incorporated. This participatory approach is coming to define policymaking in the extractive sector. Before the tabling and passing of the Mining and Minerals Bill, 2021 in Parliament, there was a consultative process of three years.

Institutional Capacity
In part because of the 2013 laws, the Ministry of Energy and Mineral Development was restructured with departments turning into directorates to improve institutional performance. The Department of Petroleum became the Directorate of Petroleum whereas the Department of Geological Survey and Mines was renamed the Directorate of Geological Survey and Mines (DGSM). Two new institutions were created: the Petroleum Authority of Uganda to cater for the regulation of the sector and UNOC to do business on the government’s behalf. The regulation function was taken out of the Directorate of Petroleum so that it focuses on policy formulation, licensing, and marketing Uganda’s oil and gas potential. Under the directorate are the departments of petroleum exploration, development and production; midstream; and petroleum supply and distribution. DGSM also has three departments — geological survey; mines; and geothermal resources (created to lift the profile of geothermal energy and attract investment). The increasing capacity of these entities should ensure Uganda gets a good deal the exploitation of the resources.

Digital Transformation
In 2014 the government, with funding from the World Bank, completed the aeromagnetic survey of Uganda’s mineral potential except for the Karamoja sub-region. The survey revealed that Uganda had uranium, tin, coltan, rare earth elements, nickel, copper, gold, limestone, and clay among others. With the availability of this data, DGSM launched a mining cadastre, an interactive online map of mineral deposits in Uganda and the license holders in the specific areas. This map enabled the public to access the basic information on mineral deposits in Uganda and the entities that have different types of licences. In 2019, the DGSM took this a step further and upgraded the cadastre to include online applications, online payment, online report

submission, and updating of contact details. This process, according to DGSM, has efficiency gains and also reduces the need for physical interaction that can lead to corrupt tendencies.

Inclusive Mining Regime
In 2020, artisanal miners were evicted from the Kassanda gold mines in Mubende District by the army and the Mineral Protection Unit of the Uganda Police. Thousands of artisanal miners bear the brunt of such evictions because they do not have security of tenure on the land they are occupying. Often, they occupy lands licensed to formal mining companies. In Mubende, two companies – AUC Mining and Gemstone – with exploration licences complained about the “invasion” of artisanal miners. As a result of such complaints, artisanal miners have faced harassment. Besides, they have limited or no legal protection. In the last 10 years, advocacy has been ramped up by CSOs to recognise artisanal mining. They have organised some of the artisanal miners into associations that can form a small-scale company that is eligible to apply for a licence. Estimates by the Platform for Extractive Industries Information (Plexii) indicate that there are at least 256,000 artisanal miners in Uganda, of which 35% are women. As already noted, the new mining law allows artisanal miners to apply for a licence. It also defines the difference between artisanal miners and small-scale miners. CSOs continue to work with artisanal miners to educate them about upcoming laws and regulations, the dangers of using mercury, and some of the important health and safety measures they can implement.

Community Empowerment
Land rights remain a contentious issue in Uganda and the poor are especially vulnerable. The extractive industry requires land for exploration and extraction of the resources in the ground. Often these resources are found in rural areas where exploitation could take place. In 2014, hundreds of residents in Rwamutonga in Hoima District were evicted by a private company to pave way for the construction of an oil waste treatment facility. The community did not have the resources to pursue any legal action. With the help of Civic Response on Environment and Development, a non-profit organisation, the residents filed a suit against the person who had evicted them. Advocacy by Global Rights Alert, another CSO, amplified the issues facing the evicted residents. On two occasions, the courts ruled in favour of the evictees, which eventually led to them to get back to their land. With the work of CSOs, community empowerment is taking shape and has enabled people to understand and advocate their rights. They are getting organised as well. In the Albertine, there are associations like the Oil Refinery Residents Association. With support of national CSOs, residents of Rupa Sub-county in Moroto District formed a community development trust (Rucodet) in 2017 to protect land rights and access to mining sites as artisanal miners. Rupa has minerals such as gold, marble, and limestone which are exploited by companies licensed by the central government.

National (Local) Content
In 2012, the Association of Uganda Oil and Gas Service Providers (AUGOS) was founded by eight indigenous companies to represent the interests of Ugandan suppliers in the oil and gas supply chain. AUGOS has been able to advocate interests of local businesses at international

32 Parliament of Uganda (2020). We were Wrongfully Evicted – Kasanda Residents. Retrieved from https://www.parliament.go.ug/news/4551/we-were-wrongfully-evicted-kasanda-residents
conferences and in the policy formulation process. For instance, international oil companies looking for logistics companies do not have to put out international tenders at the start. Several Ugandan companies like Transtrac Limited and Threeways Shipping have the experience and equipment to carry out some of the logistics work for oil companies. Partly because of AUGOS’s lobbying, the government through PAU ensures that tenders put out by oil companies (TotalEnergies, CNOOC, UNOC) or others they contract adhere to the Upstream National Content Regulations, 2016, and the Midstream National Content Regulations, 2016.

Despite the win, AUGOS’ members felt the crunch of the 2013-2019 limited activity in the oil sector. Several members saw their large equipment including trucks and cranes lie idle. Several job losses, threats of liquidation, and failure to pay bank loans affected Ugandan companies that had specifically invested for the oil and gas contracts. Besides, the cost of money in Ugandan banks remains high, prohibiting local businesses from competing favourably, breaking even, and scaling up investments. Whereas regulations are in place to ensure affirmative action of Ugandan-owned companies, the finance risk remains too high should activities slowdown again. With the recent announcement of Final Investment Decision likely to unleash billions of dollars, the opportunity for AUGOS’ members is here for them to recover from the slump of 2013-2019.

**Conclusion**

The last 10 years have propelled Uganda into a prospective oil-producing country and mining destination. Over the same period, advocacy on accountability, transparency, law reform, environment, and human rights has been amplified to a point where indeed the government has listened to a large extent. The policy reforms in the extractive sector are an indicator of Uganda’s intention to attract international players and also prepare for scrutiny both internal and external. The years ahead will tell whether the progress made can last.

*This ACME report is made possible with support of the [Natural Resource Governance Institute](https://www.naturalresourcegovernance.org)*

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