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Oil Industry in Uganda: The Socio-economic Effects on the People of Kabaale Village, Hoima, and Bunyoro Region in Uganda

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This thesis examines the socio-economic effects of oil industry on the people of Kabaale Village, Hoima, and Bunyoro region in Uganda. The thesis analyses the current political economy of Uganda and how Uganda is prepared to utilize the proceeds from the oil industry for the development of the country and its people. In addition, the research examines the effects of industry on the people of Uganda by analyzing how the people of Kabaale in Bunyoro region were affected by the plans to construct oil refinery in their region. This field research was done using qualitative methods and the Historical Materialism theoretical framework guided the study. The major findings include; displacement of people from land especially women, lack of accountability from the leadership, and less citizen participation in the policy formulation and oil industry. Ugandans, East Africans and the wider Pan-African world need to re-organize their socio-economic structure to enable people own means of production; participate and form labor organizations. Additionally, there is a need for oil producing African countries to unite and setup and oil fund for resources and investment instead of relying on foreign multinationals or become rentier states.

Key words: oil industry, oil in Uganda, Historical Materialism, Kabaale & Bunyoro regions
OIL INDUSTRY IN UGANDA: THE SOCIO-ECONOMIC EFFECTS ON THE PEOPLE
OF KABAALE VILLAGE, HOIMA, AND BUNYORO REGION IN UGANDA.

By

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BA Uganda Christian University, 2009

Master’s Thesis

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To my dear Maama, brothers and sisters, nieces and nephews, love you!

Dedication to my Dad, Emmanuel Batsikana, thank you for believing in me.
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CHAPTER ONE

1.1 INTRODUCTION

Uganda is a developing African country with a low-level economy, limited industrialization, and dependent on imports. The majority of the population are peasant farmers, engaged in subsistence farming. These circumstances are expected to change as Uganda recently discovered massive deposits of oil, which if extracted, will make the country rank among the highest oil producing countries, not only oil in Africa but also in the world.

Uganda is located in the East African region, where it is bordered by Kenya in the east, South Sudan in the north, Democratic Republic of Congo in the west, Rwanda in the southwest, and Tanzania in the south. Uganda is the world's second most populous landlocked country after Ethiopia. Uganda is also considered a low-income country with a GDP per capita of USD 571.96 (2013 estimate) (World Bank, 2015).

According to international financial agencies Uganda’s GDP growth has been strong, averaging around 5-6 percent per annum since the mid-1990s, but with the addition of revenue from oil, the Ugandan government expects the economy to be transformed from the lower income level to middle income level (MFPED, 2012). Uganda’s population is also one of the fastest growing in Africa with a mean age of 16.5, and this population is projected to grow from 34.8 million in 2012 to almost 90 million by 2037, if it continues to grow at the current rate (MFPED, 2012). Increased population means that there is abundant human resource (labor) as well as an expanding market which are key in boosting the economy. However, the majority of
this population are young (65% are below 30 years) putting a lot of demand on
Uganda’s current economic resources. Thus, Ugandans expect the discovered oil
deposits to relieve this economic pressure as well as propel Uganda into a middle
class economy (Shepherd, 2013).
Map 1. *Map of Uganda, showing Bunyoro Region.*


1.2 BUNYORO REGION - HOIMA DISTRICT

Hoima District which is found in Bunyoro sub-region in South-Western Uganda, of Uganda is bordered by districts of Buliisa the north, Masindi to the northeast, Kyankwanzi in the east, Kibaale District to the south, Ntoroko District to the southwest and the Democratic Republic of the Congo across Lake Albert to the west. Hoima he location of the district headquarters, is located approximately 230 kilometers (140 miles), by road, northwest of Kampala, the capital of Uganda. Five Districts-Hoima District, Buliisa, Kibaale, Kiryandongo and Masindi - constitute the Kingdom of Bunyoro (Bunyoro sub region).
Map 2: showing Bunyoro Sub-region in Uganda


The population of Hoima District was estimated at 573,903 people during the 2014 Census (UBOS, 2014). Agriculture with emphasis on food crops is the backbone of the district economy. Kabaale farmers grow crops like sorghum, beans, peas, tea, millet, tomatoes, onions, but this is also mixed with cash crops like coffee, Tobacco, Tea and Cotton. There is also fishing on Lake Albert which employs several hundred people.
(Doyle, 2006). The discovery of petroleum in the district in 2006, has increasingly attracted people from other parts of Uganda to the district in the many activities related to the oil industry. There is also lot of movement as people are being resettled in neighboring places to give way for oil industry infrastructure. (Biryabarema, 2015: Goffe, Valeriya, 2015).

1.3 KABALE VILLAGE

Kabale village is found in Buseruka Sub County in Hoima District in Bunyoro and it’s the area earmarked by the government of Uganda for the reconstruction of the Oil Refinery. The village has 17 villages and 13 of these are the area gazetted by the government for the construction of the refinery. The people of Kabale, approximately 87.3% are mainly poor peasant farmers growing food crops and selling the surplus, the remaining few are laborers, small scale traders, and only 1% of Kabaale population are professionals. The basic literacy levels in Kabaale are 71% according to Kabaale Resettlement Action Plan (RAP) 2012.

Kabaale is one of the poor communities in Bunyoro, additionally, Bunyoro is one of the undeveloped regions in Uganda. Therefore, the people of Kabale are some of the poorest among the Ugandan rural poor (RAP, 2012).

In 2012, the Ugandan government, through the ministry of Energy and Mineral Development, earmarked 29 square km of the Kabaale region for the construction of the oil refinery. This meant resettling the residents of Kabaale area to other places. The

---

re-settlement affected thirteen villages out of seventeen in Kabaale parish -a total number of 2473 households\textsuperscript{2}. 90\% of these households depend on land and derive their income from farming (\textit{RAP}, 2012). The shifting meant disruption of their socio-economic lifestyle. The average annual income of Kabaale people is estimated at $ 2537 per annum and even though the people are largely dependent on land, only 63.4\% of the households are land owners, 18.8 \% are co-owners, 10.8\%, squatters, 6.6\% tenants, 0.2\% licensees, and 0.1\% have no information (\textit{RAP}, 2012)

Government commenced the compensation of the 7118 residents in the proposed refinery area that is the 2473 households in Kabaale whose land and property fall within the proposed refinery land in July 2013. According Bashir Hangi, the exercise has been slowed down by the high number of complaints from the affected persons, as well as the strict accountability measures in the process to minimize losses (\textit{International Alert}, 2014).

But this dragged on for so long and the delay affected the people, and after two years 93 families had not yet been resettled (Enanga2014).

"\textit{The over two years of delay by the government to adequately compensate all the oil refinery affected people in Kabaale has exposed the families remaining in the area to untold suffering, and any more delays may result into a disaster no-one can estimate the gravity before the end of 2014}" says Dicken Kamugisha (\textit{Enanga},2014).

\textsuperscript{2}A household in Uganda has an average of 7 people (Source: UBOS 2014 Uganda Population Census Report,2014)

\textsuperscript{3}The abuse of the Refinery Affected People's rights ... - Enangahttps://enanga.org/.../the-abuse-of-the-refinery-affected-people-s-rights-p
<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsistence crop farmers</td>
<td>87.3</td>
</tr>
<tr>
<td>Market oriented agricultural workers</td>
<td>5.6</td>
</tr>
<tr>
<td>Whole sale retailers</td>
<td>1.8</td>
</tr>
<tr>
<td>Professionals</td>
<td>1.1</td>
</tr>
<tr>
<td>Subsistence livestock retailers</td>
<td>1.1</td>
</tr>
<tr>
<td>Fish folk</td>
<td>0.7</td>
</tr>
<tr>
<td>Craft and other related workers</td>
<td>0.7</td>
</tr>
<tr>
<td>Manager senior officials and legislators</td>
<td>0.2</td>
</tr>
<tr>
<td>Others</td>
<td>0.5</td>
</tr>
<tr>
<td>Non response</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Table 1: Occupation of the people Kabaale people

(Source: RAP-2012)

<table>
<thead>
<tr>
<th>Livelihood sources</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsistence farming</td>
<td>1110</td>
<td>90.9</td>
</tr>
<tr>
<td>Animal herding</td>
<td>148</td>
<td>12.1</td>
</tr>
<tr>
<td>Employment income</td>
<td>54</td>
<td>4.4</td>
</tr>
<tr>
<td>Property Income</td>
<td>37</td>
<td>3.0</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>28</td>
<td>2.3</td>
</tr>
<tr>
<td>Family support</td>
<td>22</td>
<td>1.8</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Table 2: Source of livelihood (income) of Kabaale people

(Source: RAP, 2012)
In order to understand the impact of oil industry in Uganda, it is important that we understand the background of Oil industry in Africa as well as that of the East African region where Uganda is geographically situated.

1.4 OIL INDUSTRY IN AFRICA

Africa currently has some of the fastest growing economies in the world and is expected to continue growing given the abundance of the natural resources and possession of a young vibrant population. Africa’s natural resources which include oil and gas, have been the bedrock of the continent’s economy and continue to represent a significant development opportunity for her people. In 2012, natural resources accounted for 77% of total exports and 42% of government’s revenues (KPMG & Deloitte, 2014)

Africa has a considerable amount of oil and gas resources that can help accelerate growth on the continent if used strategically. According to the BP Statistical Review of Energy:

“Africa’s proven oil reserves have grown by almost 150% since 1980 – increasing from 53.4 billion barrels at that stage to 130.3 billion barrels at the end of 2012”. This is an average annual growth rate of 2.8%, which is the second highest continental growth rate in the world after South America over that period”(KPMG & Deloitte, 2014).

By 2014, there were about 500 oil companies doing hydrocarbon exploration in Africa.

However, Africa’s proven oil reserves remain much lower than other regions; at the end of 2012, Africa accounted for 7.8% of global reserves (KPMG & Deloitte, 2014).
Table 3: Proven oil reserves in the world by 2012 (in Billion barrels)

Source: Oil & Gas in Africa Reserves, potential and prospects of Africa (KPMG& Deloitte, 2014).

As seen in the above charts in Table 1 by the end of 2012, Africa’s proven oil reserves accounted for 7.8% of global reserves, which is much lower compared to regions like the Middle East which has an estimated 62% of global oil reserves. This however is
expected to increase as with the exploration going on there is an estimation of at least 100 billion barrels of oil in offshore Africa waiting to be discovered (KPMG & Deloitte, 2014).

Although new oil and gas resources continue to be discovered progressively, they are not yet fully utilized to benefit African people, indeed, 38 out of 53 African countries are currently net oil importers and this includes big oil producing countries like Nigeria (KPMG & Deloitte, 2014). High and volatile oil prices are thus a challenge for all of Africa; they represent an opportunity to be pursued for exporting countries and an obstacle to be tackled for importing countries.

The major oil producing countries in Africa include; Libya (which has 48.5 billion barrels worth of reserves), Nigeria (37.1 billion barrels), Angola (12.7 billion barrels) and Algeria (12.2 billion barrels). In fact, these four countries held 84.8% of Africa’s reserves at the end of 2013. Other countries with notable proven oil resources are Egypt (3.9 billion barrels), South Sudan (3.5 billion barrels). Other producers include Gabon, Equatorial Guinea, Republic of Congo, and Chad. A number of countries are however emerging and these include Uganda which has discovered 6.5 billion barrels of oil so far, and Kenya, Tanzania, Mozambique and several other countries (Cooke, Goldwyn, 2015).

Oil reserves in Africa have grown particularly quickly since the mid-1990s. The political environments of most African countries have improved since that time, which has made Africa more attractive for foreign oil companies to explore. This also resulted in Africa’s share in global reserves rising from 5.9% in 1993 to as high as 8.6% in 2006,
although this declined to 7.7% recently due to conflicts in large producing countries like Libya, Nigeria and Sudan (KPMG & Deloitte, 2014).

A number of other countries are however emerging, with some of the most exciting prospects being Ghana, Uganda and Kenya. According to data from the US Energy Information Administration (EIA), 12 African countries had proven oil reserves of more than 500 million barrels at the start of 2014 (Cooke, Goldwyn, 2015).

Despite Africa’s substantial oil resources, refining capacity on the continent remains limited. As such, countries like Angola and Nigeria export crude oil, only to import refined oil at a higher cost which wipes away the little foreign exchange these countries would have invested in much needed social services sector.

The large African oil producing countries (Nigeria, Libya, Angola) also have challenges as they largely adopted a ‘rentier model’ of production, which made them abandon other forms of economic production like agriculture and industrial development, to rely only on revenues. The challenge with this ‘business or oil trading model’ is that it largely relies on foreign capital as it is usually the foreign oil companies which invest in the exploration of oil in Africa, with the states only benefitting in charging these companies ‘rents’ and taxes. This deprives the state of other forms of income and leads to continuous dependence on global capital (Le Pere, 2013).

Over dependence on foreign capital breeds conflicts similar to what happened in Libya in 2011. In Nigeria, it led to conflicts as well as environmental destruction. This is

---

4 Rentier model is a model of accumulation (or business) where the dependence on the export of natural resources like oil, diamonds, and lead to the diminishing of other sectors of the economy. Basically a rentier state is a state which derives all or a substantial portion of its revenues from the rent of indigenous resources to external clients.
due to the fact that the international companies always aim at maximizing their profits with no regard to how it affects the states or communities where these resources are found. The rentier states lack of diversified sources of revenue leads to deprivation of the local communities, as they fail to develop alternative sources of income. The ruling classes become the major beneficiaries of the oil revenue as they have access to the state which controls all the resources at the expense of the workers and peasants, particularly in the case of Africa. This in the long run brings about conflicts between the ruling class and the workers and peasants (Sachs and Stigliz, 2007) as it is a current case in most African resource rich countries like Nigeria; and in Libya after 2011, it brought about the intervention of foreign forces and destruction of productive forces in that nation (Campbell, 2013; Ike, Okonta & Oronto Douglass, 2003).

The rentier states also suffer during depreciations of global currencies and commodity prices, for example the current fall of oil prices which started in 2014 has destabilized the Petro–States globally and has caused political uprisings and economic recession. Other examples of political uprisings and economic recession have occurred in Venezuela, one of the largest oil producers in the world, and in Nigeria and Angola (Deloitte, 2014).

African resource rich countries (especially oil) are also prone to conflicts which are often related to poor resource management by the ruling class. This can result in all types of conflicts ranging from political struggles to ethnic-based violence to terrorism such as in Nigeria, Sudan, South Sudan, and the Republic of Congo (Sachs & Stigliz, 2007). However, some African countries have well managed their resources revenue,
using it to put up projects fostering economic development; these countries include Angola, Algeria, and Libya before 2011\(^5\) (KPMG & Delloitte, 2014).

African states which are still at the infancy stages of oil production, like Uganda and other East African countries have these examples to learn from, most significantly how they can manage the oil industry and its revenue, so that it can lead to development of their countries as well as lifting the standards of living of the people, without causing political conflicts, income inequality, or environmental destruction (Sachs and Stiglitz, 2007).

1.5 OIL IN EAST AFRICA

Most East African countries discovered oil and gas in the last 10 years. Like Uganda, they are still mostly at the exploration stage or setting up facilities for oil production, transportation and storage.

The East African Community (EAC) which was re-established in 2000 comprises of Rwanda, Burundi, Kenya, Uganda, Tanzania and South Sudan\(^6\). Among the EAC countries, Uganda has the largest of oil deposits at 6.5 billion barrels \(^7\)(KPMG & Delloitte, 2014).

The petroleum reserves in East African region have increased with the discovery of both oil and gas deposits in the region over the past five years, and the exploration is

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5 Libya was an advanced economy that provided modern social services to the people until up to 2011, when there was a political crisis in Libya that caused war which was led by NATO forces. That left the Libyan President then Col. Gadhafi dead, the country ruined. This war was largely the struggle for the control oil resource revenues (Campbell, 2013).

6 Sudan was a ‘friend’ of EAC until March, 2016 when it was admitted in the community as a full member (Bwire, 2016)

7 More detailed discussion on oil in Uganda, in the next part of this chapter.
still on going as only a small part of the suspected oil deposits have been explored (Deloitte, 2014).

The East African market has also changed, especially after the formation of East African community, as major international companies are becoming involved as well as the smaller companies, thus indicating the industry's confidence in East Africa's immense potential (Kashambuzi, 2011).

Tanzania has substantial offshore gas reserves and its proximity to Asian demand centers offer the potential for liquefied natural gas (LNG) export by the end of the decade, while Uganda and Kenya present opportunities for commercial oil production even sooner than Tanzania (KPMG & Deloitte, 2014). Tanzania is one of the East African countries with large gas deposits so far:

Tanzania’s proven reserves amounted to a mere 6.5 billion m$3$ at the end of 2012, the Tanzanian government raised its estimate of recoverable natural gas reserves from 814 billion m$3$ to 934 billion m$3$ in October 2012, following big discoveries offshore by firms like Statoil ASA, Ophir Energy and BG Group. Following more discoveries in 2013 – including a find of between 56 billion m$3$ and 85 billion m$3$ by Statoil and ExxonMobil in December 2013 – total discoveries to date have risen to almost 1.3 trillion m$3$ (KPMG & Deloitte, 2014).

The exploration in Tanzania is still on-going, therefore more gas deposits are expected to be found. By 2012, the government had signed 26 production sharing agreements with 18 exploration companies, which illustrates the strong investor interest. In August, 2013, the Tanzanian energy and minerals ministry said that the country’s natural gas reserves are expected to reach as much as 5.7 trillion m$3$ by 2015 (KPMG & Deloitte, 2014).
“According to the ministry of Energy and Minerals, natural gas reserves discovered in the country increased by 18 per cent to 55.08tcf in April 2015, from 46.5tcf in June 2014” (Mwangonde 2016).

Kenya has substantial oil deposits and much more is being discovered as exploration continues. In January 2014, Tullow announced that it had made further oil discoveries in northern Kenya. These discoveries, along with other recent finds made in 2013, raised the company’s estimate for discovered resources in Kenya, from 300 million to 600 million barrels of oil (Deloitte, 2014).

In 2015, more tests done by Tullow Oil Company showed recoverable resources could be up to 750 million barrels. The British exploration firm had previously estimated the country's recoverable oil at 600 million barrels (Wairimu, 2016). Tullow, one of the companies currently doing the exploration in Turkana said, South Lokichar appraisal indicates a potential to increase the oil output to an upside of one billion barrels (Wairimu, 2016). With these discoveries, Kenya has the only operating refinery within the EAC, of 8000bpd and is planning to construct a pipeline from Lokichar to Lamu, which will transport its oil to the refinery on the coast (Deloitte2014:Wairimu,2016).

Even though oil is proving to be a source of mistrust between the East African countries, especially when it came to the decision to change the oil pipeline route from Hoima to Lamu in Kenya as earlier agreed to Hoima Tanga in Tanzania. It should be noted that it is the economic issues that brought about the collapse of the East African Community, before in 1970’s. However, disagreements notwithstanding, the EAC countries still pledge to work together on current and future infrastructural programs (MEMD, 2016).
East African Countries currently share infrastructure like roads, railway, and ports, and they are also planning to construct more projects jointly like the oil refinery and pipelines. Apart from that they share other structures and institutions as a Regional body, the East African Community (EAC) (Kashambuzi, 2011).
1.6 OIL IN UGANDA

Petroleum exploration in Uganda dates back to the early 1920s, when oil seepages were first reported, but intensive exploration work commenced in the 1980s. Aeromagnetic data in 1983 confirmed the existence of sedimentary basins in the Albertine Graben\(^8\). This was followed by the enactment of the Petroleum Exploration and Production Act in 1985. The act led to the licensing of international companies to undertake seismic surveys and drilling.

In the first five years of this century, there was increased licensing and exploration activity. In 2006, Uganda confirmed the existence of commercially viable oil deposits in the Albertine Graben, explored by Australia’s Hardman Resources and UK’s Tullow Oil. This set in motion the scramble to explore and extract oil in Western Uganda. To date, the Albertine Graben is subdivided into exploration areas. Of these 10 exploration areas, the government of Uganda has licensed five, both onshore and offshore in and around Lake Albert, to oil exploration companies (Baineomugisha, et al., 2006)

According to the Ministry of Energy and Mineral Development (MEMD), 66 exploration and appraisal wells have been sunk, of which 59 were successful. It is estimated that 6.5 billion barrels of oil have been discovered, of which 1.5 to 2 billion

---

\(^8\) The Albertine Graben in which oil has been discovered in Uganda is located in the western part of the country, mainly in Masindi, Kibale and Hoima district around Lake Albert which forms the northernmost part of the western arm of the East African Rift Valley. It is situated at the Uganda and Congo border further stretching to the border with Sudan
barrels are recoverable (MEMD, 2015). It is postulated that Uganda’s oil deposits will be the largest onshore discovery made in sub-Saharan Africa in at least 20 years. The Ugandan reserves are the fourth-largest in Africa following Libya, Nigeria, Angola and Algeria. (Ojambo and Bakhsh, 2013). Some of the largest oil fields are located in the Kaiso-Tonya area in Hoima District. This area has been selected to be the location of Uganda’s only oil refinery (Ladu, 2013). The strategy is to build a refinery that meets the petroleum products needs of Uganda and its regional neighbors and to export the rest of crude oil production via a pipeline to Kenya’s Port of Lamu (Ouga, 2014). This has changed now as Uganda chose the Tanzanian route over Kenyan (MEMD, 2016).

In February 2015, the Uganda government picked Russia’s Russia Technical Services Global (RT Global), to construct the Oil Refinery, the work was expected to begin in the Second half of May, 2015 but other projects in the area were in progress (MEMD, 2015).

1.7 STATEMENT OF THE PROBLEM

Between 2000 and 2009, a considerable amount of oil deposits, estimated at 6.5 billion barrels, was discovered in Lake Albert and on the shores of the lake, in Hoima District and neighboring Districts of Bunyoro Region (MEMD, 2015) and in order to extract these oil deposits, a lot of infrastructure is proposed in that area which include; an oil refinery, oil pipeline, roads, among others. The oil refinery is planned in Kabaale

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9 By the time of writing this paper was May, 2016, work has not yet started.
Village, Buseruka Sub-county, in Hoima District, approximately 40 kilometers (25 miles) west of Hoima (Nakazzi, 2011).

In addition to the refinery, a new airport, a road network within the community, a tarmac road linking the new development to Hoima and a hospital are also planned to be constructed. Also in the pipeline is Nzizi Power Station, a 52MW thermal power plant which will use both natural gas and heavy fuel oil as raw materials. Two intake pipelines and one distribution pipeline, all with a total construction bill of over US$200 million, are also planned to bring crude from the oil fields to the new refinery and to distribute the finished products to a new terminal in Buloba, in the western outskirts of Kampala (Downstream, 2013).

The Hoima-Kaiso-Tonya road, which connects Homa, Kaiso and Tonya along the eastern shores of Lake Albert passes through Kabaale Village, Buseruka sub-county, in Hoima District, where Uganda Oil Refinery is planned to be constructed (New Vision, 2011). As mentioned before, on 17 February 2015, the Ugandan government announced that the consortium led by Russia's RT Global Resources has won the bid to build the refinery (MEMD, 2015). Construction was expected to commence during the second half of 2015, but it has not yet began by the time of writing this thesis – March to April, 2016. Nevertheless, as a result of all these projects, there is an increased economic activity in the area. Hoima town which is near Kabaale Township, has been upgraded to Municipality status, due to increased infrastructure to handle the new businesses and new residents. (Kwesiga, 2009). Land prices, rental rates and other real
estate costs in the area have gone up in the recent past, as demand for real estate in the town and surrounding areas has increased (Biryabarema, 2015).

1.8 OBJECTIVES
The objective of this research was to find out how Kabaale village people been transformed by the oil industry projects; economically and socially. How this transformation will affect Uganda, and facilitate the East African Regional integration.

1.9 SIGNIFICANCE OF THE RESEARCH
Existing literature shows that there is little or no research done in analyzing the socio-economic effects of Oil Industry infrastructure on the people of Kabaale Parish. The only research I have come across explains the effects of oil exploration and the infrastructure in the Albertine Graben generally, and it was done in 2013 (International Alert, 2013)

This study “Governance and Livelihoods in oil Rich Albertine Graben” done by International Alert (2013) is the most current research on governance and transparency in Uganda’s oil sector, was carried out three years ago, it made recommendations to the government on how to improve, which include; the government should ensure that concrete strategies for transparency, in line international best practice on oil and gas governance–are enshrined in the new legislative framework for oil, that is transparency in new contracts and licenses; institutional mechanisms for revenue collection and management; transparency in the management of the Uganda oil fund to be set up;
and clarity on the respective roles and responsibilities of different oversight agencies (International Alert, 2013).

In the last three years a couple of projects have been going on in the oil sector; surveying and constructing the oil refinery, construction on the oil pipeline which is underway, more licensing of investors in oil production, tax disputes between the government and the oil companies, and most of these are in Kabaale. Therefore, this research intends to fill the gap in the existing research by exploring how the people of Kabaale are affected by these projects. The findings will be significant to the leaders and policy makers, Government, investors, local leaders, and other stakeholders both locally and internationally, to make informed decisions while planning for Kabaale, Hoima and Uganda at large especially as far as Oil Industry is concerned (MEMD, 2015).

1.10 RESEARCH QUESTIONS

This research investigated the following areas:

1. How is the oil industry affecting the transformation of the people and the economy of the oil rich area of Bunyoro, economically, socially and politically?

2. How is the growth of the oil industry affecting the transformation of Uganda and the East African regional integration?
1.11 CONCEPTUAL FRAMEWORK AND METHODOLOGY

I conducted this research using the historical materialism (Mamdani, 1976) theoretical framework, by analyzing the class relations of the people of Kabaale Hoima and how the oil industry and the related projects are affecting the people and their modes of production.

Secondly, how is it affecting Uganda at large, and the East African integration?

Historical materialism by Karl Marx explains that in most cases especially in undeveloped economies like Uganda, the ruling class controls the means of production and the state. And the state provides institutions for the regulation and controlling conflict between the ruling classes and the appropriated classes which include workers, peasants, on behalf on the ruling class (Mamdani, 1976).

This theory will help me understand whether the oil production in Uganda will the ordinary Ugandans will benefit or will be exploited since most of whom are subsistence farmers and workers (appropriated class); or whether it will benefit the ruling class and the politicians, plus the International Oil Company investors, who are financing the exploration and other investments in the oil industry. It should be noted that the majority of Ugandans 70-80% are subsistence farmers and small scale workers or retail traders, who mostly depend on land production, about 15% are professionals and entrepreneurs, politicians and military officers - these form the middle class; and the ruling class is composed of top politicians, the top military and their close relations.
1.12 RESEARCH METHODS

The research methods I used are:

a) Semi structured interviews

b) Participant observation

Some of the Questions asked during the interviews

The questions asked were open ended aimed at identifying the age, gender, and occupation of the respondents, so as to ascertain how different age groups, gender and people of a different occupations area affected by the new developments in the area brought about by the oil industry. Each respondent was questioned individually so as to get a clear picture and avoid bias for example and give each respondent a chance to speak freely without fear of being judged for example as the local leaders were among the respondents.

As for the occupation, ordinary local farmers are the most affected by the new projects which affect land settlements, unlike say the educated or professional teachers or politicians. So the questions were designed in such a way so that it can bring out all those differences.

The interviews were also semi-structured in order to allow flexibility within different respondents as the case may be.
Another question sought out the income levels of the respondents for the last two-five years, because the socio-economic effects of the new developments between the rich and the poor are different. Even among the different economic classes, different groups; women and men, girls and boys are affected differently.

**Participant observation.**

I attended workshops as well as participate in other activities related to oil industry and Bunyoro region both in Kampala and Hoima. In Kabaale I attended the local village meetings that discussed the welfare of the displaced people of Kabaale and their children’s affected education. Another meeting was part of the open consultation regarding the petition for compensation of the people whose land was earmarked for the construction of the refinery, but were never compensated. During those gatherings, I met with stake-holders and shared information on what is currently going on in the oil industry. This included new development projects and reports from the people living or working in the area.

**1.13 THE EXTERNSHIP RESEARCH**

This research was carried out in Kabaale, Hoima district in Bunyoro with the assistance of Africa Institute for Energy and Governance Hoima Branch, under the supervision of Mr. Dickens Kamugisha, Executive Director.

It was conducted between June–July 2015. I selected the research participants depending on my primary investigation. The participants were 12 (twelve) in total and they included; the Kabaale local residents and the local leaders of Kabaale and
Hoima District, the Civil Society Organization leaders who have projects related to Oil in Hoima. The others were Members of Parliament working on the Natural resources committee, media and other researchers in the oil industry.

The research participants provided the real picture of what is currently going on in the oil industry especially how the government policies on the projects are affecting the people in Bunyoro and Uganda at large. Talking to people helped me assess how oil industry projects are affecting people’s lives, especially the local people’s resettlement, environmental conservation, employment, welfare, the high cost of food, migrations of foreign workers and others.

Before travelling to Kabaale, Hoima, I did research in the African Institute for Energy and Governance (AFIEGO) offices by studying the current nature of Hoima, the culture of the people, the projects taking place and how they are affecting the people there. I attended a workshop in form of a debate competition involving students from 25 Universities in Uganda, organized by Center for Constitutional Governance (CCG) and AFIEGO in Kampala. The theme of this debate was oil in Uganda how are the youth of Uganda positioned to benefit from the opportunities generated by the extractive Industry.

In Hoima, I attended a workshop organized by AFIEGO to explain the land rights and Public Finance and Development Act (2015) to Bunyoro Kingdom cultural leaders. This workshop came up as the request of the cultural leaders who had earlier on expressed fear to AFIEGO that they lack knowledge of the new passed legal policies and laws regulating the oil Industry and land. As a result, their land is being stolen by
land grabbers from other parts of the country. In this workshop AFIEGO staff and I helped the local leaders understand the above raised issues and listened to their concerns, we answered their questions where possible including giving them information on which institutions to approach for their concerns.

From that meeting, I was able to get in touch with the Kingdom officials who helped with some of the information I needed and others became my interviewees, these included the Minister for Gender and Culture, the Public Relations officer of the Kingdom and speaker of the Parliament of Bunyoro Kingdom (Orukurato) and these officials are the ones who gave the contact of the Minister of Information of Bunyoro Kingdom, Mr Mugerwa. Another Interviewee I met in this workshop was the Hoima District Local Council Chairman representing Buseruka Sub County.

When I came back to Kampala, I was able to attend and observe an East African Region workshop on women in extractive industries organized by Global Rights Alert and other NGOs local and International, working in the oil Industry.

In this workshop, I was able to hear from government officials (from Ministry of Energy and Natural Resources and Petroleum Exploration and Production Department(PEDP), the institutions which were responsible for resetting the people of Kabaale; asked them about their plans about the yet to be compensated locals of Kabaale displaced by the Oil refinery projects.
I also visited and talked to researchers in Organizations involved in oil research\textsuperscript{10}. I finally visited Parliamentary Committee on Energy and Natural Resources, where I was able to discuss and Interview the MPs on the plans and policies of the government concerning oil.

1.14 LIMITATIONS AND CHALLENGES

The limitations were not many; some areas were far apart thus I could not stay long in Hoima with the amount of funding I had. This research was carried out in the time of national elections, thus some people thought I was a campaign agent of some of the candidates and denied to participate in the research. It was also not easy to access some of the local leaders and the area Member of Parliament even though I later managed to interview two members of parliament from the Energy and Natural Resources Committee. In Kabaale, I found out that it was not easy to interview people in the areas called Oil Police, the police were put there to guard the area and do not want any outsiders to access the area.

Another challenge was, due to insecurity in the villages, some Kabaale residents who used the land compensation money refused to participate in the study, they also refused their properties to be photographed citing fear of exposure to thieves. I had to

\textsuperscript{10} Oil In Uganda-Action Aid Uganda Ltd (this organization runs a periodical newsletter on all matters concerning Oil Industry Uganda), ACODE-Action for Coalition on Development and Environment (the ACODE Think Tank researchers are currently working on The Local Content Policy Frame Work for Uganda and other African Countries), Global Rights Alert-(this is an organization working on the Oil Industry in Uganda, largely involved in demanding accountability from the Government to the people. It’s the contact agency for Norway agencies in Uganda; Publish What You Pay and EITI-Extractive Industries Transparency Initiative, in Uganda.
rely on second hand information from the NGO workers that I talked to, who have worked and even profiled these people for some time.

The oil companies also do not allow researchers to access the drilling areas, so I was not able to access the area and or interview the workers there. Even efforts to interview any of the managers at their Kampala offices were futile, as they kept on telling me to wait, others completely ignored my requests and stopped picking my calls.

It should be noted that this research was conducted in June –July, 2015. A lot of things have changed since then, the findings are what was existing in Kabaale during the research time and do not reflect current situations.

1.15 ORGANIZATION OF THE THESIS/RESEARCH

This Thesis will be divided in six Chapters

Chapter 1 includes the introduction to the study, rationale for the research, research questions, methods and methodology.

Chapter 2 explores the Ugandan Political Economy 1986-2016; this chapter also covers the history of oil in Uganda and the amount of oil in Uganda

Chapter3 illustrates the policies, regulations, policy making, who makes the policies for regulating the oil industry in Uganda and the plans and projects of the oil industry in Uganda and East Africa. It also covers the political economy of Bunyoro region-Hoima District and Kabaale village.
Chapter 4 has research findings and analysis of the implications to the people of Uganda, Bunyoro region and Hoima.

Chapter 5 is the Conclusion.
2. CHAPTER TWO


In order to understand how the oil industry in Uganda will affect the people of Kabaale, Bunyoro and Uganda at large, we need to first understand the political economy of Uganda, Bunyoro Region (Hoima District) and Kabaale\textsuperscript{11}.

Uganda is an African country with a population of 34.9 million people. The majority of Ugandans are farmers, workers, transport workers, itinerant traders, cultural workers, students and differing security personnel. There is a considerable number of middleclass and lower middle class (about 15-20%) composed of professionals, civil servants, traders and all other educated petty bourgeoisie along with top level administrative personnel. There is a small class of capitalists who are involved in agriculture, real estate, construction, agriculture, financial services, educational services, and medical services, transport. Currently the dominant capitalists in Uganda are foreigners and they trade in telecommunications, oil, and banking industry air transport.

Ugandans have a life expectancy of 54-57 years (\textit{UBOS}, 2014)\textsuperscript{1} which is an improvement from 20 years ago in 1966-1986 when their lives were challenged by underdevelopment due to the militarization and political instability in the country (Campbell, 1978: Suruma, 2010). These conflicts which have characterized Uganda’s

\textsuperscript{11} Bunyoro is the region where most of Ugandan oil is found and Kabaale is the village where land earmarked for the construction of the oil industry is found.
politics since the beginning of the 20th Century, led to the breakdown of Ugandan economy, as they destroyed the infrastructure including the public service sector (Suruma2010).

The conflicts in Uganda started with the 1894-1920s British colonial wars and the resistance of local Kingdoms, specifically, the Buganda and Bunyoro Kingdoms (Mamdani, 1976). Uganda achieved independence from the British colonialist’s in 1962, after the protests led by farmers.

The post-independence conflicts in Uganda include; the riots of 1966 whereby the government used the army to storm the Buganda - Kabaka’s palace in Lubiri and ousting the Kabaka who was also the ceremonial president of Uganda. The Kabaka ran into exile and the then Uganda’s Constitution was abrogated, replaced by the ‘Republican Constitution’; which abolished the Kingdoms, making Uganda a Republic, under President Milton Obote (Mamdani, 1976). This was followed by the 1971 Coup d’état which brought in Idi Amin and the military to power. Enough has been written about this dictatorship but the important point is; the extent to which the forceful extraction of wealth became normalized (Mamdani, 1983).

The Amin regime was removed by a military invasion from Tanzania from 1978. This was however a short-lived peace because soon after elections of 1980, the National Resistance Army under Yoweri Museveni’s leadership fought the Obote government, until they took power in 1986(Suruma, 2010).
This form of Militarism in Uganda has its antecedent from the way Uganda was brought into the global political economy. The British colonial wars which started in 1884 undermined the sovereignty of the peoples of Uganda (Mamdani, 1976).

The wars raged across the Ugandan local societies until the 1920’s when the local economic structures were overrun and trade was dominated by Asians. The British controlled the higher sections of the economy and the administration.

This was the case for the Kingdom of Bunyoro which has boasted of the most stable form of government in the colonial times and was one of the most prosperous Kingdoms in Eastern African region (Doyle, 2006).

During colonial times, Ugandans were forced to grow cash crops such as coffee, cotton, tea, tobacco, pyrethrum, and sisal for the British colonial government at the expense of their own preferred occupations – growing staple food crops and looking after their cattle (Mamdani, 1983). In addition to being forced to grow these cash crops, the Ugandan farmers were paid low prices compared to their Indian or British counterparts and this exploitation and oppression led to discontent among Ugandan farmers in the 1930-1940’s (Mamdani, 1976).

Africans were further treated as second class citizens by colonialists by being discriminated against; they could not process their own crops, they could not engage in trading or get loans from the banks which would have enabled them do their own business, they were discriminated against in schools and in the Civil Service.
This brought discontent which revived the spirit of nationalism which led to uprisings and later led to the formation of farmers and workers groups, like the Uganda African Farmers Union, by I.K. Musaazi in 1947. One of these groups was later transformed into a political party, Ugandan National Congress, that led the Ugandan struggle for independence in 1962 (Mamdani, 1976: Campbell, 1978: Suruma, 2010).

During the post-independence Uganda, 1971-1979, the Idi Amin coup and his reign of terror, was the most destructive. It left about 300,000-500,000 Ugandans dead and many others displaced, elites were fleeing into exile for their lives, others escaping the economic hardships (Suruma, 2010).

Uganda is a landlocked country and the capitalists were the British traders, who owned the banks and insurance companies, which controlled the economic production. They worked with Indian capitalists in production sector who included firms like Madhivan, Mehta in Sugar, Tea and Textile production. In between, were Indian traders and the majority Ugandans (an estimate of 92%) were peasants and workers. The political class of local Ugandans acquired political power but still lacked economic power in a post-independence Uganda, as it stayed in the hands Indian-Asian community, who still controlled the production and business sectors of the economy.

However, that changed when in 1972, Idi Amin expelled Indian and Asians, and gave away their properties to his cronies especially from the military, who had little knowledge on how to manage business (Mamdani, 1983: Campbell, 1978). President Idi Amin’s expulsion of Ugandans of Asian origins, who formed the Ugandan economic muscle, had a negative effect on the economy as their businesses were given to
Ugandans who were largely semi-literate military officers, and had no idea how to run a business. This dealt a terrible blow to Uganda’s young economy since the Indians used to control most of the economy from manufacturing to trade, banking and insurance (Mamdani, 1983: Campbell, 1978).

Amin’s dictatorship affected mostly the Ugandan young elites and professionals, who Amin suspected of opposing his dictatorship, those who survived being killed, fled into exile (Suruma, 2010). This factor not only destroyed the economic fabric of Ugandan communities, but the social one too as communities and families were destroyed due to the displacements and persecutions from the governing military forces; thus destroying the socio-economic structure and household economic base of the country. Continuous violence, wars, and instability led to break down of infrastructure like roads, schools, industries, therefore destroying all the infrastructure and economic base that the country had at that moment (Mamdani, 1983: Campbell, 1976: Suruma, 2010) and the Ugandan-Tanzania army led war to oust Amin in 1978-9. (Mamdani: 1983, Suruma, 2011).

With all the above conflicts, politics in Uganda became highly militarized due to many class struggles and power struggles, leading to the removal of the Buganda King (Kabaka) by the military, in 1966 (Campbell, 1978). Once the military was used against political opponents and against workers, it became part and parcel of Ugandan politics. There was no social force in the country to challenge the military when they took over power in 1971-hence-forth the outstanding feature of Ugandan politics has been militaristic to-date.
This has had devastating consequences on the economy, a lot of people died including the elites, who would have challenged the dictatorship by raising governance issues; destruction of the infrastructure like schools, roads, hospitals, industries, power stations; destructions of peoples social lives as many ended up in exile in the neighboring countries or in Internally displaced camps doing nothing and only dependent on Aid–bringing the economy to a halt. Wars also caused brain drain and the best intellectuals, professionals and entrepreneurs, who were not killed fled the country due to war and instability (Suruma, 2010: Mamdani, 1983: Horace, 1978).

From 1981-85, Ugandans went through a guerrilla war led by National Resistance Movement and later Lord Resistance Army war in Northern part of Uganda, led by Joseph Kony, 1987-2006 (Suruma, 2010: Kashambuzi, 2011). In 1986, the NRM government under Yoweri Museveni brought relative peace in Uganda, apart from some parts in the north of the country which were under Lord’s Resistance Army invasion from 1989 up to around 2006, and for most of that time people were confined in IDPs (Internally Displaced Camps) where they lived as refugees without any productivity (Suruma, 2010).

During Museveni’s leadership the economy of Uganda has improved and the late 1980’s saw the introduction and adoption of Western liberal economics, through World Bank and IMF Social Adjustment Programs (SAPs)\textsuperscript{12}, which through privatization and

\textsuperscript{12} Social Adjustment Programs (SAPS) - set of economic policies often introduced as a condition for third world poor countries in order to gain a loan from the IMF/World Bank and they usually involve a combination of free
divesture saw the government sell all state parastatals like Uganda Commercial Banks, Coffee Marketing Board, Coffee, Cotton and tea factories; to foreign investors as well as destroy the Farmers’ cooperative Unions. This took away economic power from the local Ugandans to the foreign capital investors and a few other Ugandans from the ruling class and the military who due to their access to power circles took some of the former state properties (Suruma, 2010).

However, the relative peace in the country from 1986 to-date, brought about new opportunities and economic transformation which changed power relations in the country and brought economic growth. New capitalist classes emerged as real estate owners, producers, followed by the intermediary class – in military, educated class, professionals, and politicians. These changes however, have also brought about unbalanced economic growth and 70% of Uganda’s population is still composed of poor peasants, dependent on agriculture (Walubiri, 2016).

According to the 2014 National Census results, 58% of the national population aged between 16-65 years, that are 18million out of 34.9 million are not working (unemployed), of those 11million (65%) are women, and over 90% of youth between 25-30years are unemployed. Even those employed majority earn a living wage. The lowest rank public servants earn an equivalent $100 USD a month (Walubiri, 2016).

The education levels are still low even with the introduction of Universal Primary Education since 1995. Approximately 8 million of the Ugandan population have never
attended a school and Universal Primary Education dropout levels are as high as 70% (Mwesigwa, 2015). This means that the majority of Uganda’s workforce lack professional skills. Even though the number of tertiary institutions has increased in the last 10 years, the lack of vocational training brings about a skills deficit in the economy and that too contributes to the unemployment problem (AAU, DRT, UNNGOF, 2012).

Uganda still lacks a modern infrastructure to anchor economic growth, even though there are many plans to build roads, power dams, airports (Shephard, 2013). Their implementation relies on foreign outsourced funding and institutional efficiency of the current government which is however hindered by high level corruption and lack of accountability (Goffe, Valeriya, 2015).

From 2006 – to-date, the number of educated elites has grown considerably with the expansion of the education sector by introducing Universal Primary Education since 1996 (DFID, 2005) and liberalization, which has seen many schools and universities open up (Kavuma, 2008). There are currently more than 30 Universities in Uganda, yet the unemployment rate especially among the youth is still large because most of Ugandan elite class still lack professional skills (Mbowa et al, 2014: Magelah et al, 2014).

Certainly, even though there has been relative peace and increased economic activity in the last 30 years, the majority of Ugandans, approximately 70% are still subsistence farmers and these farmers lack organized forms of economic production.
It is in this state of economy that massive oil deposits have been discovered and oil is now presented as a panacea to resolve many questions of the standard of living of Ugandans (Mbonigaba et al, 2006).

On the political level, there is uncertainty about political future and stability of Uganda, as the current government under President Museveni who has been in power for the last 30 years is less democratic and highly militaristic, with high abuse of people’s freedoms and democratic rights (Hicks, 2015).

There are however great hopes and expectations among Ugandans that the Oil revenue will help in developing the economy of Uganda by providing the much needed capital for growth and funding other sectors like Agriculture, industry, education which alleviate the standard of living of Ugandans (Goffe, Valeriya. 2015).

Uganda still relies on biomass for over 90% of the country’s energy supply while hydropower and imported petroleum products constitute 1% and 6%, respectively. The country is currently experiencing a severe shortage of electricity mainly due to low production of hydroelectricity and increasing demand for power. Indigenous oil and gas resources can be used to contribute to addressing the current severe shortage of electricity in the country. Achieving generation of electricity that is enough to power the economic growth necessitate fast tracking the production of oil and gas in the country. In addition to the generation of electricity, the country’s oil and gas resources, when processed, shall contribute to substitution of imported petroleum products thus saving
the country the much needed foreign exchange income, and contributing to environmental and bio-diversity conservation (Goffe, Valerie, 2013).

2.2 THE LOCAL GOVERNMENT STRUCTURE OF UGANDA

A village is the lowest political administrative unit. A village usually consists of between 50 and 70 households and may be home to anywhere between 250 and 1,000 people. Each village will be run by a local council – local council I (LCI) - and is governed by a chairman (LCI chairman) and nine other executive committee members. There are seventeen (17) villages in Kabaaale parish.

The parish is the next level up from the village. A parish is made up of a number of villages. Each parish has a local council II (LCII) committee, made up of all the chairman from the village LCIs in the parish. Each LCII will elect, from among themselves, an executive committee. Some of the responsibilities of these LCIIIs are settling land distributes and mobilizing the community for various activities. The parish is largely run by a parish chief – a government employee who provides technical leadership to the LCII.

These structures continue in a pyramid form to the sub-county-LCIII, County, LC VI, and District LC V. From LCIII, apart from councilors, local councils are also composed of government officials involved in health, development and education, and NGO officials.

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13 For a more detailed explanation, see (Kavuma, 2009) Explainer: Local government structures in Uganda: the guardian.
in the area. At the District level the government political representative is called Resident District Representative and he reports directly to the President.

On average each district is divided in about 2-5 constituencies each of these elect a member of Parliament and each district has a woman representative to parliament. Currently Uganda has 112 districts and currently (2016) Uganda has around 427 Members of Parliament (Parliament of Uganda, 2016).

2.3 OIL IN UGANDA FROM 1900-2015.

This section outlines the background of oil exploration in Uganda and the plans and projects so far in place, in the oil industry of Uganda.

Petroleum exploration in Uganda dates back to 1913, when the British colonial government sent the exploration team, headed by A. W. Brittelbank, but their exploration was abandoned shortly, due to World War I (Guweddeko, 2000: Izama, 2013). In 1921-1925, Britain’s Crown Agents invited three British companies; Britt & Sydney, Chijols Oil, and Grog & Tanner, to invest in oil exploration in Uganda, which didn’t yield much due to “financial constraints” (Kashambuzi, 2011).

In 1925, E.J. Wayland, Director of the Geological Survey of Uganda, carried out a survey which confirmed evidence of hydrocarbons, including oil and gas seeps, in the Albertine Graben (Kashambuzi, 2011). This caught the interest of the British colonial government and Anglo-Persian Oil Company which agreed to a joint venture project to prospect for and produce oil in Uganda in 1926, but the plans were later abandoned during Economic depression of 1929 (Guweddeko, 2000).
In 1936-1940, a Johannesburg based African European Investment Company drilled several test wells in the Semliki basin, and found promising prospects in, especially Butiaba Waki B-1 well, which was drilled in 1938, but was not pursued because the amount of oil found was deemed not commercially viable. However the colonial government retained interest to pursue exploration further, a Petroleum Act was presented and passed by the colonial Legislative Council (LEGCO) in 1957 (Kashambuzi, 2010).

Uganda fought and got independence from the colonialists in 1962 (Mamdani, 1976). The new government under President Obote revived the Oil exploration process in the same year by giving Shell company exploration rights, but Shell abandoned the project after assessing its economic viability. Guweedeko (2011), argues that all these oil prospectors in Uganda dropped their plans of oil exploration due to the fact that they wanted to explore oil for commercial interests. Referring to his previous research of 2000, he states that Ugandan oil has to be ‘harvested’ by Ugandans, who only need it for their national development and not as a profit making business (Guweddeko, 2011, *Oil in Uganda*, 2014).

The political instability that ensued in Uganda from 1971-1980 disrupted the economic activities, hampering efforts for oil exploration in Uganda (Kashambuzi, 2011). The exploration process was resumed in the 1980’s, when the new government of Obote II came into power. The Petroleum Exploration and Production Act was passed and a Petroleum Unit was established within the Geological Survey and Mines Department of the Government of Uganda in the ministry of Energy, to manage all
activates connected with oil exploration in 1985 (Kashambuzi, 2011: MEMD, 2015). However it had limited capacity due to limited funding and a few inexperienced staff and thus, one of its priorities was to send Ugandans to study oil exploration related studies in countries such as the United Kingdom, Norway among others. Nevertheless, other work on exploration around this time was hampered by war which ousted Obote II government in 1985 (Kashambuzi, 2011).

In 1986, President Yoweri Museveni came into power and since then up to today Uganda has had stability (except the Northern part of Uganda which was under LRA, but that ended around 2006) and this stability has enabled the government to engage in concrete plans and processes to explore oil and develop oil industry in Uganda (Suruma, 2010; Kashambuzi, 2011).

Thus Ugandan government, in order to explore oil in the Albertine Graben region which Uganda and Zaire (now Democratic Republic of Congo (DRC) both share a boarder, the two governments signed an Agreement of Cooperation for the Exploration of Hydrocarbons and the Exploitation of Common Fields (Kashambuzi, 2011). This enabled the Ugandan government to sign the first Production Sharing Agreement (PSA) with a Belgian Oil Company, Petrofina, which had its exploration rights over the entire Albertine Graben, but that License expired in 1993 without accomplishing much (Kashambuzi, 2011).

14. Production Sharing Agreement (PSA): A contract between an oil company and a government, outlining the terms on which any discoveries of oil and gas will be shared.
In 1997, the new government of President Museveni resumed the Oil exploration process by signing a production sharing agreement with Heritage Oil & Gas Ltd, with exploration rights over what is now defined as Exploration Area 3, covering the Semliki basin and the southern part of Lake Albert (Oil in Uganda, 2014). Heritage Oil Company conducted the first ever seismic survey in Uganda, in that area and the data was “so good that it was no longer possible to ignore the potential that the Graben possessed” (Kashambuzi, 2010).

However, President Museveni halted the oil exploration exercise, arguing that Uganda needs to first train its own technical staff to manage the industry instead of relying from expatriates. Thus, from this time (1998-to-date) young Ugandans are still being sent to United Kingdom, Australia, Norway and other countries to study Geosciences and other oil industry related courses and these are the ones now working on oil related work in the Ministry of Energy, doing research, exploration policy drafting and implementation (Kashambuzi, 2011).

In 2001, the government signed production sharing agreements with an Australian company, Hardman Petroleum, and the UK-based Energy Africa, gave them each a 50 per cent stake in exploration rights over Exploration Area 2 (northern Lake Albert) and with Neptune Petroleum (Uganda) Ltd, in 2005, for the exploration rights over Exploration Area 5 (Rhino Camp Basin, in the West Nile region at the northern end of the Albertine Graben (Kashambuzi, 2011; Oil in Uganda, 2014).

In December 2005, the government of Norway extended the Ugandan government support in form of a grant of about US$ 4.2 million, for Strengthening the
State Administration of the Upstream Petroleum Subsector project. This had three main components; “to support for developing a policy and regulatory framework for petroleum; institutional capacity building for PEPD; support for technical and economic studies” (erc.ke 2015: Bainomugisha et al, 2006).

It was later in 2006, when the intensive exploration process embarked on earlier confirmed the existence of commercially viable oil deposits in the Albertine Graben. This exploration was largely done by Australia’s Hardman Resources and UK’s Tullow Oil. This is what set in motion the scramble to explore and extract oil in Western Uganda (Kashambuzi, 2011).

The Ministry of Energy and Mineral Development (MEMD announced that, out of 66 exploration appraisal wells that have been sunk, 59 were successful (Kashambuzi, 2011: GeoExpro, 2015). It is estimated that 3.5 billion barrels to 6.5 billion barrels of oil have been discovered, of which 1.5 billion barrels are recoverable (Kashambuzi, 2011; Ouga, 2014; Suruma, 2010).

After the discovery of commercially viable deposits, putting in place credible and good management policies and regulations became a priority for the government (Kashambuzi, 2011). The National Oil and Gas Policy which was drafted with Norwegian financial aid and technical support, was approved by Uganda’s Cabinet and adopted by the Ministry of Energy in 2008 (MEMD, 2008). This policy pledges, among other things; to ensure that oil and gas development will “contribute to early achievement of poverty eradication and create lasting value to society” and promises “high standards of
transparency and accountability in licensing, procurement, exploration, development and production operations as well as management of revenues from oil and gas (MEMD, 2008; Kashambuzi, 2011).

The upstream Petroleum (Exploration, Development, and Production) Bill was finally passed by Parliament, after long discussions, protests and negotiations from all stakeholders who included; Civil Society Coalition on Oil and Environment (CSCO), Members of Oil Parliamentary Forum, Members of Parliament Committee on oil, government officials from the Ministry of Energy and other related sectors, in 2012 (Oil in Uganda, 2014: MEMD, 2015).

**Midstream (and or Upstream) refers** to the exploration and extraction of oil and gas. **Downstream:** generally refers to the refining, storage, transport and retailing of oil and gas products. Some people describe refining and petrochemical processes as “midstream,” and use “downstream” to refer only to marketing and retailing of finished products. (Kashambuzi, 2011).

In 2013, the process of building a refinery started with 6 companies presenting their bids (Oil timeline, 2014). At the same time the government commenced the process of clearing the land earmarked for the refinery by starting the process of
compensating and resettling the 7118 residents who lived in the proposed refinery area in Kabaale village, Buseruka (Oil in Uganda, 2014).

In 2014, the National Environment Management Authority (NEMA) licensed four companies to construct and operate waste management facilities to handle oil drilling and processing waste. They include; Strategic Logistics limited, Enviro Serve Uganda Limited, White Nile Consults Limited and McAlister Energy Resources Limited (Oil timeline, 2015). The Environment regulation policy is stipulated in the Oil and Gas Policy of 2008 Energy sector regulates the Environment using The National Environment mining Act of 2003 (MEMD, 2015).

Based on the above discoveries, Uganda’s oil deposits is slated to be the largest onshore discovery made in Africa in at last 20 years, next to countries like; Libya, Nigeria, Angola, Algeria, Tunisia and Sudan (Ojambo et al, 2013). By 2014, Uganda has discovered proven reserves of estimated 3.5 - 6.5 billion barrels, of crude oil of which at least 1.5 billion barrels are recoverable, but estimated to increase with improved technology (Musoke, 2014: Kashambuzi, 2011: Shephard, 2013).

By 2015, Uganda had enactment most of regulations in the oil Industry namely setting provisions of how revenues from the oil and other sectors should be invested and managed, as well as environmental management (Kashambuzi, 2011); the Petroleum Exploration, Development and Production Act, 2013 (MEMD, 2013) which provide for the implementation of competitive licensing round for petroleum exploration blocks in Uganda (MEMD, 2015). As for the environment, the oil industry still follows the
National Environmental Act of 2008 (Katsimbazi, 2012). The Ugandan government resumed the oil exploration process by re-opening up the licensing process with the call for bidders (MEMD, 2015).

The National Oil and Gas policy proposes institutions to manage the oil revenue and these include: The Uganda National Oil Company Limited and The National Petroleum Authority. This was registered and incorporated by Ugandan government on 15th July as a legal entity, as per The Petroleum Exploration, Development and Production Act 2013. National Oil Company shall be wholly owned by the State to manage Uganda's commercial aspects of petroleum activities and other interests of the State according to the petroleum agreements with other oil companies (MEMD, 2015).

On February 24th, 2015’ Uganda’s Energy Minister, Irene Muloni, announced Uganda’s first competitive licensing round for six blocks totaling 2983 square kilometers. These include: Ngassa (410 Sq. Km) in Hoima; Taitai and Karuka (565 Sq.km) in Buliisa; Ngaji (895 Sq.Km) which traverses Rukungiri and Kanungu districts; Mvule (344 Sq.Km) in Moyo/Yumbe; and Kanywataba (344 Sq.Km) in Ntoroko district (MEMD, 2015):

“16 of the 17 firms that submitted the Applications met the evaluation criteria as spelt out in the Request for Qualification document and will therefore proceed to the Request for Proposal stage of this licensing round. The firms were evaluated based on their Technical competence, financial capabilities, Legal Qualifications as well as National Content and Health Safety and Environment track record” Dr. Kabagambe Kaliisa Permanent Secretary in the Ministry Of Energy and Natural Resources (MEMD, 2015).
The licensing process is not yet complete; it is still at the shortlisting level. The shortlisted firms are expected to send in their proposals, and their proposed Production Sharing Agreements will be the basis of selection among others (MEMD, 2015).

The shortlisted firms are:

1. African Global Resources (JV comprising of Telconet Capital Limited, RT-Global Resources LLC and JSC Tatneft), Russia

2. Petrica Energy AS, Norway

3. Armour Energy Limited, Australia

4. Oranto Petroleum International Limited, Nigeria

5. Tullow Uganda Operations Pty Limited, Ireland

6. Rift Energy Uganda Limited, Canada

7. African Exploration Venture (JV comprising of Rapid Africa Energy Pty Limited and Africa Energy SA Corp), South Africa

8. Niger Delta Petroleum Resources Limited, Nigeria

9. Glint Energy, LLC, USA

10. Oil and Natural Gas Corporation Videsh Limited, India

11. SASOL Exploration and Production International Limited, South Africa

12. Brightoil Petroleum (Uganda) Limited, Hong Kong/China

13. Petoil (Uganda) Limited, Turkey

14. Swala Energy (Uganda) Limited, Australia

15. Waltersmith Petroman Oil Limited, Nigeria
Uganda has announced that seven companies have submitted bids for exploration of oil in the next round of licensing, out of the 16 firms that had expressed interest in acquiring oil exploration blocks in the Albertine Graben in October 2015 (Muhumuza, 2016).


"The attraction of seven bidders is significant taking into consideration the current low global oil and gas prices... good success of the bidding process is largely attributed to geological success within the Albertine Graben and the fact that majority of the blocks on offer have proven oil and gas potential." said Fred Kabagambe-Kaliisa, the permanent secretary in the Ministry of Energy (Muhumuza, 2016)

However, absent on the list are the Ugandan registered firms that expressed interest and were able to submit bid documents. It is not clear why they dropped out of the bidding process (Muhumuza, 2016).
Kabagambe- Kaliisa said the next step will be an evaluation of the bids and will be based on the proposed work programme, technical and financial capability, national content, health safety and environment, proposed royalty and signature bonus each bidder is offering (Muhumuza, 2016)

Hope for more oil

Uganda expects to discover more oil in the near future as further exploration of at least six blocks in the Albertine has the potential of increasing Uganda’s oil prospects from the current 6.5 billion barrels that have been discovered so far (Muhumuza, 2016).
3. CHAPTER THREE

3.1 THE POLICIES, REGULATIONS AND PROJECTS IN THE UGANDA HYDROCARBON INDUSTRY

This chapter outlines the key policies and regulations in the Uganda’s oil and gas sector. They include the energy policy 2002; which is policy that enabled exploration of Ugandan hydrocarbon deposits, but was not adequate to run the hydrocarbon industry as it lacked the processing and marketing components inclusive of oil revenue management section. Another key policy discussed in this chapter is the Environmental laws related to the hydrocarbon industry.

Also discussed are the type of Contracts that Uganda is signing with the Oil investment companies and another key policy which is required to regulate and determine how the oil investment companies should treat Ugandans the National Content (local content) policy. The government of Uganda however has not yet put this in place despite of the fact that the licensing of Companies to explore and process oil and gas are going on unabated.

Laws and policies regulating the oil industry were formulated by the respective Ministry of Energy and Mineral Development which then later presented them to Parliament for debate and approval, the final power to make them operational lies with the President who has to assent on passed parliamentary bills to make them acts of law.
The Parliament of Uganda by 2015 was composed of 380 members of Parliament mostly voted by the people at constituency level\textsuperscript{15} and the majority $\frac{3}{4}$ (three quarters) of the members belong to the ruling party National Resistance Movement Party whose chairman is the President. This parliament usually passes anything generated by the President and the ruling party without questioning, neither can they hold the state accountable to the citizens regarding the way they run government business and this applies to the oil sector too (Hicks, 2015). The position parties in Uganda has are very weak and suppressed that they can hardly check the government processes (Hicks, 2015: Goffe and Valeriya, 2013).

Before the enactment of the oil laws, there was secrecy surrounding activities going on in the oil sector. The effort to debate the Bill’s content was always met with almost a tug of war between the President, Civil society and opposition members of Parliament, as they tried hard to demand accountability and transparency in the oil sector, but still failed as the President easily dictates his way through the Ugandan Parliament as far as laws and policy formulation debates, at the expense of the interests of Ugandans (Musoke, 2012: Kiggundu, 2012). This further shows that state largely represents the interests of the ruling class and ordinary people’s interests are subdued. It is not surprising therefore, that the outcomes of the state’s policies decisions have little in terms of mechanisms to protect the ordinary Ugandans interests.

In most cases the type of the laws and supporting agencies a country has determines the outcomes of the oil industry and how it affects the people. Therefore, it

\textsuperscript{15} Chapter two; Local government structure of Uganda.
is imperative to understand the socio-economic effects of the oil industry in Uganda, on the people of Kabaale, Bunyoro Region and Uganda as a country by looking at some of the laws in place.

Key of these new policies is the Oil and Gas Policy of 2008, which outlines the framework, principles and objectives of government’s plans to regulate the oil sector and the expected outcomes. Other laws outlined here are the Environmental policy of 2003, which was amended to accommodate oil and gas sector requirements. This chapter also highlights other significant key laws and policies such as the National Content policy which are not yet in place but are key in safeguarding other sectors of political economy of Uganda. The hydrocarbon industry also operates with other interrelated sectors like land, environment, transport, trade, finance planning and investment, and regional cooperation among others. Therefore, in order to regulate the oil sector, Uganda had to amend or review all related laws in other sectors.

When the Ugandan government embarked on intensive exploration of oil at the beginning of 21st Century it did not have strong legal and material infrastructure. The only operating law at the moment was the Energy Policy of 2002, which was set up to manage the oil exploration process but also to largely operate the whole energy sector which includes import of petroleum products and power generation sector (Kashambuzi, 2011).

However, this policy lacked comprehensive regulation of the upstream sector and midstream sector; the trade and financial component of oil and gas sector, as Uganda by then did not envisage the discovery of large quantities of hydrocarbon deposits. In
order for the government of Uganda to be able to regulate the hydrocarbon industry, several laws and policies had to be put in place, for managing the oil industry and maintain the economic and environmental balance that all Ugandans aim to achieve and the desired results that Ugandan expects from the oil industry.

The versatility of the hydrocarbon industry is far reaching that the development of this sector has implications on all sectors of the economy, with land and the environment at the center of the implications. Following from these primary implications will be matters of the infrastructure for refining, transportation and the financial investments that will be necessary. Thus the Ugandan government, needed a legal framework that could guide this new sector of the economy and thus had to amend or review all related policies and laws to see that they have a component of oil and gas sector in them.

3.2 THE ENERGY POLICY, 2002

In the 1990’s Ugandan government conducted the first seismic survey and had discovered a considerable hydrocarbon deposits in the Albertine Graben in 1998 and had started licensing companies to do more exploration but had no laws to regulate the process on ground. The purpose of the Energy policy of 2002 was therefore to regulate the establishment of the petroleum potential and promote its exploitation. The main objective of this policy was to promote the petroleum subsector by building institutions

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16 This is a comprehensive policy to manage the whole national energy sector and its main goal was to meet the energy needs of Uganda’s population for social and economic development in an environmentally sustainable manner. More details on this policy:
https://eneken.ieej.or.jp/data/5012.pdf
which would manage, monitor, and regulate the petroleum exploitation and development and processing among other issues (Kashambuzi, 2011). But this policy is a comprehensive policy for the whole energy sector and the Petroleum sector features as a subsection, which was inadequate to regulate a fully flagged hydrocarbons industry as it lacked the commercialization of the oil sector and thus did not have the oil and gas component. It also lacked a comprehensive extractive industry policy which would foresee the management of the revenue form the energy sector to invest them for viable investments that would lead to economic growth and investment in Uganda (MEMD, 2008).

After the discovery of large oil deposits about 6.5 billion barrels of oil deposits, in 2006, the Ugandan government had to consider the commercialization component of the oil and gas sector, and the effect it will have on the whole economy in general. It thus embarked on a process to create a comprehensive oil and gas policy, which it did by coming the National Oil and Gas policy in 2008 (Kashambuzi, 2011).

3.3 THE NATIONAL OIL AND GAS POLICY - 2008

This policy was implemented as a result of the need to manage the oil resources to benefit Uganda by leading to development. The policy came into place with the assistance of the Norwegian government which provided funds and technical staff for its formulation (Oil in Uganda, 2014). The main goal and purpose of this policy was to enable the country’s Oil and Gas resources to be used in early achievement of

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eradicating poverty from Uganda and to create a lasting value to society; "by meeting the needs of the present generation without compromising the ability of the future generation to meet their needs", *Oil and Gas policy, 2008* (MEMD, 2008). The objectives of the Oil and gas policy include; ensuring ‘sustainable development’ and cooperation between all stakeholders which include the government, the people, local communities, CISCO\(^{18}\), among others (Kashambuzi, 2011:119).

The National Oil and Gas Policy was formulated after intensive consultative processes which started with the review of oil and gas policies from other countries which have so far been relatively successful oil industries and they include; Algeria, Chad, Egypt, East Timor, Indonesia, Kenya, Libya, Malaysia, Mozambique, Nigeria, Norway, Pakistan, Russia, Sao Tome and Principe, South Africa, Tanzania, United Kingdom, USA and Venezuela (MEMD, 2008).

The draft policy was then discussed by the representatives of local and urban authorities, cultural institutions of Bunyoro Kingdom, in the Albertine Graben, civil society organizations and academic institutions for their review and input in November 2006. This gathered information is what was used in the formulation of the draft of the Oil and Gas policy (Kashambuzi, 2011).

Many views received during these above consultative processes were incorporated in the draft policy which was later presented and discussed by the Permanent Secretaries meeting held on 7th August, 2007 (MEMD, 2008). Other

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\(^{18}\) **Civil Society Coalition on Oil and Gas (CISCO)** In 2008 Uganda’s Civil Society working in oil related projects formed a coalition to work together in monitoring the transparency and accountability in the oil sector (*Oiltimeline*, 2014)
consultative meetings were attended by Members of Parliament, officials of the District Executive Committees and Council Members of the districts which so far contain mineral resources including oil & gas and they include all the Districts that fall in the Albertine Graben. The combined views formed the final draft that was tabled in Parliament and debated, through rigorous process which was also open to public and all the above mentioned stake holders (MEMD, 2008).

To ensure that oil and gas activities are undertaken in a manner that conserves the environment and biodiversity, the Oil and Gas policy has guiding principles which include: using finite resources to create lasting benefits to society, efficient resource management, transparency and accountability, competitiveness and productivity, protection of the environment and conservation of biodiversity, spirit of co-operation, capacity and Institution Building (MEMD, 2008: Kashambuzi, 2011).

The Oil and Gas Policy also outlines activities that the government of Uganda should do in order to achieve the above objectives and they include strengthening the institutions with a mandate to manage the impact of oil and gas activities on the environment and biodiversity; develop physical master plans, environmental sensitivity maps and oil spill contingency plans for the oil and gas producing region and any transport corridors (MEMD, 2008).

The Oil and gas policy of Uganda has linkages to the Country’s key policy frameworks and also articulates its impacts to them as outlined by the government.
They include the Poverty Eradication Action Plan (PEAP)\textsuperscript{19}, the Plan for Modernization of Agriculture (PMA) and the country’s drive for industrialization, in respective sections of the policy document (MEMD, 2008). The development of an oil and gas sub sector in the country is expected contribute significantly to the early achievement of the above goals and plans by enhancing the country’s capacity to invest in productive sectors of the economy, development of new economic and social infrastructure, increasing power generation capacity and the general enhancement of energy security through production and refining of oil (Kashambuzi, 2011).

The forward and backward linkages include; oil and gas activities provides raw materials to be used as inputs during the manufacturing process, as well as act as a market for industrial products, both directly and indirectly. The Oil and gas processing will also provide the country an opportunity to develop a petrochemical industry, which will include industries like oil refining; the offshoot industries utilizing the refinery by-products to produce soap, plastics, pesticides, paints, medicine, asphalt, chemicals and others; together with industries arising from the utilization of natural gas like cement production, iron ore smelting and production of fertilizers (Goffe, Valeriya2013).

The Policy also addresses the cross-cutting issues between oil and gas activities and the country’s education and research plans, employment opportunities and patterns, population distribution, land ownership and use, energy availability together with relationships with other countries. “It also recognizes that if the country’s

\textsuperscript{19}Uganda’s Poverty Eradication Action Plan (PEAP) was focused on promoting private-sector led economic growth in such a way that growth leads to a reduction of absolute poverty in the country to levels below 10% by the year 2015 and other poverty eradication programs.
petroleum resources and revenues are not well managed, the sub sector has the potential to have the most negative impact on society; ‘The Oil Curse’ or ‘the paradox of plenty’ “(MEMD,2008)\(^\text{20}\)

In order for this to done effectively, the Oil and Gas Policy also spells out the Institutional and Regulatory Framework of the Oil Industry and according to the policy, the Ministry for Energy and Mineral Development responsible for setting up new institutions which will handle the regulatory and business/commercial aspects of the petroleum sector respectively. The regulatory functions will be handled by the Petroleum Authority of Uganda (PAU) while the business/commercial aspects will be handled by the Uganda National Oil Company (NATOIL). The roles of these institutions together with those of the other institutions of Government and Civil Society are described in the policy. The Policy recommended for the upgrading of the existing regulatory framework by putting in place a new law for the administration of oil and gas activities and a law for the management of oil and gas revenues (Goffe, Valeriya, 2013).

The law for the administration of oil and gas activities (Upstream sector) will provide regulations for the development and production phases of the oil and gas value chain bring on board international best practice in areas like improved oil recovery together with Health, Safety and Environmental standards. It will also operationalize the Oil and Gas Policy by providing for, among others, competitive licensing and national content in the sub sector.

\(^{20}\) MEMD(2008). The **oil curse** is the negative effect of oil and gas resource utilization leading to economic stagnation, environment degradation and increased poverty.
The law for the management of oil and gas revenues will regulate the payment, use and management of oil and gas revenues and their use to create lasting value for the entire nation. It will also set up the necessary frameworks to manage the revenues used to support the national economy and creation of a sustainable asset in form of a petroleum fund to store revenues not used in the national economy, and also providing for the sharing of royalties in accordance with the constitution (MEMD, 2008).

To oversee the implementation of the policy and monitoring, the policy set up different organs to manage the oil resources on behalf of Ugandans and the Ugandan government and allocated them and the existing others different responsibilities.

**Upstream sector:**

The Petroleum Production and Exploration Department (PEPD) in charge of exploration, promotion and negotiation for the Production Sharing Agreements, with the companies who have acquired licenses to explore or produce oil in Uganda.

Petroleum Authority of Uganda (PAU) - which is or regulation of all activities in the oil sector.

National Oil Company (NATOIL) - To manage Uganda’s commercial interests in the oil sector.

**Downstream sector:** This regulates the processing and transportation sector (Refinery and Pipelines).
However, this 2008 policy lacked the Refining and Gas concept so a MOU between the Uganda Government and the oil companies was signed and the Mid-Stream section as set up.

**Midstream Project** Unit (MPU) - This is for monitoring, promote, and regulate crude oil storage, transportation and pricing and refining (Kashambuzi, 2011).

In May, 2010, a draft Petroleum (Exploration, Development, Production, and Value Addition) Bill was published for public review and comment. Uganda’s Civil Society Coalition on Oil (CSCO) says that the draft lacks sufficient checks and balances on ministerial control, and may lead to corruption (Boden, 2015). However, the Bill was almost passed in its current form as there was no consultation to incorporate public views done (Boden, 2015).

In February 8th, 2012, two oil bills were tabled in parliament: the Petroleum (Exploration, Development and Production Bill) 2012 and the Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Bill 2012. According to Uganda’s parliamentary procedure, the standing Natural Resources Committee spends 45 days examining the bills and consulting with stakeholders, makes any revisions they see fit, and then submits the bills to parliament for a ‘second reading’ and vote. In March 21st, 2013, President Yoweri Museveni assents to the Petroleum (Exploration, Development, and Production) 2012 Bill into law (MEMD, 2012: Oil timeline, 2014)

However, the government continue to tighten the space for open interaction and public input in the laws formulation process by coercing the members of Parliament and
stopping them from attending open consultation meetings which were debating the Bills on oil sector regulation and this delayed the process of law making (Boden, 2015). On April 4th, 2013, the ruling NRM party expelled four Members of Parliament for indiscipline, accusing two of them of belonging to the Parliamentary Forum on Oil and Gas (PFOG), a pressure group of legislators advocating for greater transparency in the oil and gas sector, but which the party says is "opposed to the NRM position on oil" (Oil timeline, 2014). This is an illustration of how the government was repressive as far as debating the Oil legislations was concerned.

The making of the oil laws in Uganda was not without challenges as the NRM government was not open to debate and other stakeholder’s input, in this process. This sometimes delays the law making process. Sometimes they would manage to make an input but often times, they would fail as NRM government has the majority in parliament and the will of the government especially, that of the President Museveni would take the day. The biggest contentious issues were around opening up debate, access to information about the contracts, finances and anything to deal with accountability, public participation in the oil industry decision making and transparency (Hicks 2015). In June 27th, 2013, President Yoweri Museveni assented to the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Bill, 2013, making it an Act of Parliament. The Law gave way for the construction of the first crude oil refinery in Uganda in Kabaale Buseruka (Oil in Uganda, 2015), but construction has not yet started (See Chapter 2).
3.4 ENVIRONMENTAL PROTECTION IN OIL INDUSTRY: LAWS AND POLICIES

All the laws that manages environment and biodiversity conservation and management are regulated by the Uganda Ministry of Water and Environment and the Institution responsible for this regulation is the National Environmental Management Authority (NEMA- Uganda). The Environmental laws that regulates Extractive industries and the petroleum sector are under The National Environment Mining Act 2003

3.5 THE NATIONAL ENVIRONMENT MINING ACT, 2003.

This Act deals directly with the protecting the environment in the Extractive Industry in Uganda which includes the Oil and Gas sector. This Act vests the ownership and control of all minerals in Uganda, in the Government of Uganda and provides for the acquisition of Mineral rights and other related rights (NEMAUG, 2003).

This Act also requires every holder of an exploration license or a mining lease to carry out an Environmental Impact Assessment of their proposed area of acquisition, operations, in accordance with the provisions of the Environmental Act. A holder of such permit is also required to carry out an annual environmental audit and to keep records describing how far the operations conform to the approved Environmental Impact Assessment (EIA). The Act also provides for Environmental protection standards, Environmental restoration plans and environmental performance bonds in accordance with the Environmental Act (NEMAUG, 2002).
3.6 THE NATIONAL OIL AND GAS POLICY ON ENVIRONMENT

Experience in other countries such as Nigeria has shown that Oil exploration is one of the highly environmental destructive industry, if not handled well. In order for Uganda to avoid this, it needs to put in place stringent means on environmental conservation and protection as well as active and strict implementation and supervisory bodies. One of the principles in the Uganda Oil and Gas Policy is protection of the Environment and conservation of Biodiversity during the oil exploration, processing and production, and should be neatly balanced for mutual benefit and survival, for sustainable development and conservation.

The Oil and Gas policy further require the Ugandan government to achieve this by Upgrading the relevant Environment and Biodiversity legislation to address oil and gas sector. “It’s the responsibility of licensed oil companies to protect the environment where they work or any areas in the country impacted by their operations while Government shall legislate, regulate and monitor compliance” (MEMD,2008).

The Ministry of Water and Environment and the National Environment Management Authority (NEMA) continue to play a leading role in the implementation of these policy objectives, and in order to do so effectively, the following Environmental regulations, plans and mechanisms have been put in place.

The Albertine Graben, where oil and gas activities are taking place in Uganda, is recognized as one of the most bio-diverse rich areas in the world thus Environment and Social Impact Assessments (ESIAs) are conducted prior to undertaking each activity in
the oil and gas sector as required by the National Environment Act Cap 153 and EIA Regulations (MEMD, 2015:)

The Environmental regulation above states that, among others:

“During the EIA process, consultations are undertaken with stakeholders at community and national levels to ensure a harmonious interface between petroleum activities, communities, the environment and the biodiversity of the Albertine Graben. In addition, routine Environmental Inspections and Audits are carried out by the respective arms of Government to assess compliance with environmental requirements and to investigate impacts which may not have been predicted at the time when EIA approval was granted (MEMD, 2015).

In 2014 NEMA in order to maintain the environmental regulations in compliance with The Oil and Gas policy requirements, authorized six firms to set up petroleum waste treatment and disposal facilities in the country. Two of these firms, Enviroserve and Luwero Industries have constructed facilities in Hoima and Nakasongola respectively are now licensed to operate these facilities and these will manage the drilling waste which was in the past been containerized and monitored at designated sites prior to authorization of the final disposal place(Kashambuzi,2011).

In addition, the following environmental and biodiversity tools have been developed as part of the efforts to ensure appropriate environmental management for the oil and gas sector in the country, An Environment Sensitivity Atlas (ESA) for the Albertine Graben was developed in 2009 and updated in 2011(MEMD,2015). The ESA describes the different levels of sensitivity in the different parts of the Graben with a view to guiding the oil and gas activities in the area.
In addition to these, an Environment Monitoring Plan (2012 to 2017) for the Albertine Graben that defines the key monitoring indicators together with an enforcement and compliance monitoring strategy have been developed, including guidelines for operation of Oil Companies in Protected Areas (MEMD, 2015).

A Strategic Environment Assessment (SEA) for Oil and Gas activities in the entire Albertine Graben was prepared and approved by Government in July 2015. The SEA will be used to ensure that environmental concerns are captured in Government’s plans, programs & policies. A National Oil Spill Contingency Plan is also being developed for use in the (unlikely) event of an oil spill (MEMD, 2015: Gofe, Valeriya, 2015).

Management plans for the protected areas within the Albertine Graben such as Murchison Falls National Park, Queen Elizabeth National Park and Budongo Forest have been updated to provide for the ongoing and planned oil and gas activities within these areas of high biodiversity (MEMD, 2015).

A multi-institutional environment monitoring team led by the National Environment Management Authority (NEMA) and composed of the Uganda Wildlife Authority (UWA), Fisheries Resources Department, National Forestry Authority, Directorates of Environmental Affairs and Water Resources Management in the Ministry of Water and Environment, District Local Governments and the Directorate of Petroleum is in place to monitor the interface between the environment and petroleum activities (MEMD, 2008).
The monitoring framework includes representatives of these institutions based in the field, regular visits to field operations by senior level technical officers from these institutions who report to a committee of executives from the same institutions.

Land use planning for the Albertine Graben and its surrounding areas as recommended by the Policy commenced when the Graben was declared a special planning in 2010. Physical planning for specific towns in the operation areas, namely Sebagoro in Hoima District together with Butiaba and Buliisa in Buliisa district that will be impacted by the developments has been undertaken together with planning for the areas around the refinery development area. The Ministry of Lands, Housing and Urban Development has prepared a regional physical development plan for the entire Albertine Graben (MEMD, 2015: Goffe, Valeriya, 2013).

All these mechanisms above show that Uganda has put up enough measures to control and manage the environment during the exploration and processing of Oil and gas. The only challenge would be if the Oil companies do not implement them. Do the existing bodies have enough capacity to manage and regulate the environmental sector? Previous researches conducted on this matter concluded that;

“There is no environmental law compliance in Uganda ‘s oil and Gas Industry. This stems from the weakness of the laws themselves to the failure of implementation...The punishments prescribed are not deterrent enough”(Kaweesi, 2014).
3.7 THE UGANDAN OIL CONTRACTS

PRODUCTION SHARING AGREEMENTS (PSAs)

There are two common types of production agreements usually signed in the production of the extractive resources in Africa-concessionary and contractual and service sharing agreements (Kashambuzi, 2010)

1. Service/ contractual agreements- these are agreements whereby government pays a certain amount of money to a company to carry out a service. In this case payment can be that resource, for instance oil.

2. Concessionary Agreements - the licensee bear the cost of exploration, development and production. In turn they own the Oil (resource) in the area and pays back the government in profits and royalties. On the other hand, in Production and Sharing Agreements, the licensee bears all the risk as in concessionary agreements but does not own the resources

Ugandan PSAs are a hybrid of both concessional and service agreements and are common in developing countries including Africa (Kashambuzi, 2011). Uganda’s PSA’s give the licensee 8 years of exploration phase which is divided in three parts; four years to book, explore and decide, two years to apply for a production licensee and two more years for assessment (Goffe, Valeriya, 2013)

In these eight years of exploration, the licensee is expected to have fulfilled the following: Its work obligations program, tax obligations in full, environment assessment requirements, progress in appointing local Ugandans in Management positions as well
as substitute expatriates with Ugandans in professional positions, demonstrated systematic transfer of knowledge and technology to the country, contributed to the development and advancement of local content\textsuperscript{21}, fulfilled health, safety and other labor requirements (Kashambuzi, 2011). The Government of Uganda according to these PSAs takes home; profits, taxes royalties, share capital, profit sharing (Kashambuzi: 2011:168-9).

It should be noted, The PSAS by law are not accessible to public and thus the real amount and percentages of how much Uganda takes from the exploration and production of oil from the partnership with the licensed International Oil Companies remain unknown to the public, despite of pressure exerted on the government to waive the confidential clause on PSA’s by the stake holders (Kashambuzi, 2011)

This undermines the public access to information and ability to hold the government accountable as far as management of oil resources are concerned (Boden, 2015). The only information on contracts in public domain was published by Global Witness organization in conjunction with other several Civil Society Organizations in Uganda working in areas related in extractive industries (Boden, 2012). On December 22nd, 2009, a Ugandan environmental NGO, \textit{Greenwatch}, and two Daily Monitor journalists filed a case with the High Court under freedom of information laws and provisions in Uganda’s constitution, to require the government to make a public the details of production sharing agreements (PSAs). Earlier in the year, the UK NGO,

\textsuperscript{21} \textbf{Local Content:} Local content is the development of local skills, oil and gas technology transfer, and use of local manpower and local manufacturing. For a more practical definition, one could say that local content is building a workforce that is skilled and building a competitive supplier base (\textit{Oil and Gas}, 2010)
Platform, had published a report claiming that the PSAs were bad for Uganda because they allowed excessive profit-taking on the part of the oil companies (Boden, 2015 & Oil timeline, 2015).

There is continued advocacy and calls from all stakeholders - Civil Societies, Cultural leaders from the Oil resource rich communities, local leadership, legislators, among others - local and international, to make Uganda oil contracts (PSA’s) public. According to George Boden a Global Witness activist:

“Citizens need to know how their resources are being managed and how it affects them – that’s why we’ve published these contracts. Contract transparency in the gas and mining sectors is accepted best practice; the Government of Uganda should publish all contracts, existing and future. Its undemocratic not to” (Boden, 2015).

In order to ensure effective management of revenue from oil and gas resources, to create lasting value for the and use them entire nation and generations to come, the Ugandan government laid down the following mechanisms;

Through the Ministry of Finance, Planning and Economic Development, the government of Uganda formulated an Oil and Gas Revenue Management Policy that was adopted in February 2012. The Ministry also tabled the Public Finance Bill 2012 to Parliament during May 2012. The bill was passed by Parliament during November 2014 and gazetted on 6th March 2015, following Presidential assent.

This Act provides for among others, the management of revenues accruing from petroleum resources. As of March 2015, Government had received over UGX 2.4 trillion from Non-tax revenues, Capital Gains Tax, and other tax obligations from operations in
the sector. Government’s successful defense in the Permanent Court of Arbitration in February 2015, of the assessment of Capital Gains Tax on the sale of Heritage assets and an out of court settlement of the Capital Gains Tax dispute with Tullow Oil during June 2015 regarding its farm-down to CNOOC and Total in 2012 are testimony to the efforts Government is ensuring collection of the right revenues in the oil and gas sector. (MFEPD, 2015)

3.8 LOCAL CONTENT

The national gas policy has objectives and strategies put in place to ensure that Uganda has a good national local content policy which will ensure maximum national participation in the oil and gas activities. The local Content policy a specific policy that regulates how Ugandans should benefit from the oil companies by putting up percentages of ordinary Ugandans to be trained or employed in the oil sector; it puts up conditions on the oil companies to purchase from local suppliers for products and services; it also ensures that the companies invest in the local community’s economic and social projects. It also gives the local communities power and leverage over the oil companies on how they should conduct business in their land (ACODE, 2014)

Those objectives include: promoting state participation in Production Sharing Agreements formulation, with a view of providing better opportunities for the state to understand the basis for decisions in exploration, development. Another objective is to enable nationals acquire the skills necessary for commercial management of the sector
by the nationals. Local participation by using the country’s materials, goods and services in oil and gas sector activities; participation of the country’s entrepreneurs in providing goods and services to the subsector as a way of optimizing the contribution of oil and gas activities to the overall development of the country, and to facilitate public private partnerships whose benefits outweigh their cost, and whose costs and benefits are mutually and fairly shared by the partners (Goffe, Valeriya, 2013: MEMD, 2013).

Other objectives include; encouraging civil society to participate in the building of a productive, vibrant and transparent oil and gas sector; employment of Ugandans, transfer of skills and technology to the country (MEMD, 2008).

In order to achieve these strategies, Ugandan government is supposed to put in place the necessary regulatory framework for state participation and implementation of national content, create institutions to undertake state participation in oil and gas activities, as well as identify the opportunities for national content in oil and gas activities and plan for its implementation.

The Ugandan government is still formulating the National Content Policy for the Petroleum Sector in Uganda following the recommendations of the National Oil and Gas Policy of 2008 (Goffe, Valeriya, 2013).

However, most critics in the oil industry see the delayed formulation of the National Content policy and the secrecy surrounding the Production Sharing Agreements as a loophole which the oil companies can exploit to pursue unfair or bad practices in the Uganda oil Industry. These loopholes also breed corrupt tendencies both from the
government and oil contractors and this will deprive Ugandans of much needed revenue and development opportunities. It also makes it impossible for Ugandans to hold demand accountability from the companies and the government (ACODE, 2014).

3.9 THE OIL REFINERY AND THE PIPELINE (MID-STREAM AND DOWNSTREAM PROJECTS)

After establishing that Uganda has enough oil deposits which are commercially viable, the Museveni government embarked on the best way to sell this oil which would benefit Ugandans. This was against the interests of most of the investing companies, which were pushing for the building of a crude oil pipeline that will transport unprocessed oil to the coast for exportation, but that would deny Ugandans greater commercial benefits including jobs that would otherwise accrue from the oil processing industries. President Museveni insisted that “We should resist ferociously those parasites who want to give away this resource for ‘a morsel’ of food as did Esau in the Bible” (Kashambuzi, 2011: Baineomugisha, et al, 2006).

Products to be produced by the refinery include diesel, petrol, kerosene, jet fuel, liquefied petroleum gas, and heavy fuel oil. The refinery will originally have the capacity to process 30,000 barrels of oil a day which will be increased to 60,000 barrels per day before 2020, much less than the government had initially planned (Oil in Uganda, 2015).

According to the study, conducted by UK consultants, Foster Wheeler, "a refinery project is economically viable: an investment of some USD 2 billion would bring a high
rate of economic return, enabling Uganda to become self-sufficient in petrol, Diesel and Kerosene, while also exporting a surplus to Rwanda, Burundi and parts of Kenya, for a period of up to 30 years” (Kashambuzi, 2011).

The Uganda’s strategy spearheaded by President Museveni was to build a refinery that makes the petroleum products needs of Uganda and its regional neighbors and to export the rest of crude oil production via a pipeline to Kenya’s Port of Lamu (Ouga, 2014: Kashambuzi, 2011). Initially, all the East African countries (Rwanda, Burundi, Kenya, and Tanzania) agreed to contribute to the construction of the Refinery, with Uganda, raising 60%, and others 40%. Uganda planned to raise 70% of its 60% share, through a loan (Abdallah, 2014). Due to the fall in the global oil prices, most African countries have cut their expenditure in oil industry projects and this includes East African countries, who have reduced their stakes in the Uganda refinery project. The global oil prices have fallen from about 100$ in 2013 per barrel of crude oil to 30$ in 2016 (Anywanza, 2015).

In 2011, China National Offshore Oil Corporation-CNOOC and Total signed sale and purchase agreements with Tullow, agreeing to pay US$ 2.9 billion for interests of one third each in blocks 1 and 3A (Ojambo, 2013). In 2013, CNOOC acquires the first ever oil production license in Uganda for the Kingfisher Well 1A in Hoima District. CNOOC and partners announce they will invest 2 billion dollars in the project, from which they expect to pump 30 to 40,000 barrels of crude oil per day commencing 2017

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22 Due to the fall of global oil prices Ugandan technocrats is that throwing around dates on when the country will first get oil has to be slowed down. Just like the projections by the government have swayed from 2016 as the time when Uganda will be producing is first oil for export. (Goffe, Valriya, 2013).
CNOOC has already started drilling the Kingfisher well, which is expected to be the largest in that Albertine Graben, but cannot export the oil due to the absence of a Crude oil pipeline or a refinery (Mugerwa, 2014).

In 2012, Tullow signed two production sharing agreements with the government of Uganda, which cover the 3,000 km² Exploration Area 1 in the Pakwach Basin and the 170 km² Kanywataba Prospect in Ntoroko District. It was also awarded a production license for the 344 km² Kingfisher field in Hoima and Kibaale Districts. Energy Minister, Irene Muloni is also reported to have said, that Tullow has also "agreed to the government’s policy of establishing a refinery in the country to produce petroleum products for the country and the region (Ouga, 2014).

The government of Uganda under President Museveni had, from the beginning, preferred a small production capacity to prolong the longevity of its new oil discoveries, against the interests of the three major exploration companies investing in Uganda, which preferred rapid harvesting and export of the crude using a crude oil pipeline to the Kenyan coast (Ojambo et al, 2013; MEMD, 2015).

In March 2013, the government of Uganda engaged the US-based energy investment and consulting firm Taylor Dejongh to search for international companies interested in investing in Uganda Oil Industry by constructing a refinery (Ojambo, et al, 2013).
Interested Companies were invited to bid on for the refinery construction on October, 2013. On offer for bidding was; construction, operation and 60% (percent) ownership of the refinery in a public private ownership arrangement;

After the evaluation process, “16 of the 17 firms that submitted the Applications met the evaluation criteria.... The firms were evaluated based on their...... Technical competence, financial capabilities, Legal Qualifications as well as National Content and Health Safety and Environment track record.” Said Kabagambe-Kaliisa, Permanent Secretary of the Ministry of Energy and Mineral development (MEMD, 2015)

However, only six out of sixteen firms which submitted bids, were shortlisted on January, 2014, and they include; China Petroleum Pipeline Bureau (from the People's Republic of China), Marubeni Corporation (Japan), Petrofac (United Arab Emirates), RT Global Resources (Russia), SK Energy (South Korea and Vitol (the Netherlands) (MEMD, 2015).

On 25 June 2014, it was reported that consortia led by a Russian based Company, Russian Technology Global Resources (RT-Global Resources) and SK Energy (a South Korean Company) emerged as the two best contenders and the final selection was to be done in August, 2014 (Oil in Uganda, 2014: Odyek, 2014).

Ugandan government had proposed that the remaining 40.0 percent of the refinery shares be divided among the East African countries of Uganda, Burundi, Kenya, Rwanda, and Tanzania in equal shares, except that Uganda would assume whatever ownership interests are not subscribed by the other countries (Odhiambo, 2015)
Kenya has already agreed to purchase a 2.5 percent interest in the refinery, which might increase to 8.0 percent, later (Odhiambo, 2015: Abdallah, 2014).

“In line with the spirit of regional integration we committed to support each other in key infrastructure projects and we shall lend support to the Ugandan one. We shall take up a minimal 2.5 per cent stake in the refinery project,” Mr Njoroge told the *Business Daily* Odhiambo, 2015).

Burundi and Rwanda have submitted letters of interest to Uganda, but Burundi has not decided the extent of its ownership interest, waiting on the feasibility study of the refinery and a detailed statement of anticipated costs. Tanzania has said that it will decide on its ownership interest at the time it considers appropriate (Anywanza, 2015: MEMD, 2015).

**3.10 OIL PIPELINES**

Uganda as a landlocked country needs internal and external pipelines to transport oil from Hoima where the Refinery will be constructed to the Coast for exportation. Uganda also need internal pipelines which will transport oil for all the mines across the Albertine Graben to the Refinery in Kabaale for processing (*MEMD*, 2015).

The pipelines Uganda needs to feed the refinery - Internal crude oil pipelines are; the 97-kilometre northern pipeline from Nwoya and Buliisa oil fields, the 50-kilometre pipeline from Kingfisher (Buhuka, Kyangwali Sub County), Hoima district and another pipeline from Kaiso-Tonya. The construction and development of these crude pipelines will be facilitated by the oil companies. Three central processing facilities (CPF). The CPF is where these impurities are removed from the oil. CPFs will be set up
Among the facilities Ugandan needs before the process of refining starts, the country will have to also first construct a storage facility in Buloba, off Mityana road, in Wakiso district. Once production starts, any excess crude can be stored at Buloba during periods when there is no refining. Another pipeline of 205-kilometre pipeline from Hoima to Buloba will also be constructed (MEMD, 2015: Goffe, Valeriya, 2013).

So far Uganda has not constructed the oil pipeline, the only thing done, are plans on paper and a Memorandum of Understanding (MOU) between Uganda, Tanzania, Total E&P Uganda and Tanzania Petroleum Development Corporation (TPDC), on crude oil export pipeline framework, which was on 12 October 2015 in Kampala (MEMD, 2015: Business Daily, 2015) The MOU also provides for other partners and other players in the Uganda oil industry to join in the process of assessing and developing route options. This MoU creates a working framework for the potential development of a crude export pipeline from Hoima to Tanga Port of Tanzania with the objective to select a route that will result in the lowest unit transportation cost that constitutes the most viable option for the crude export pipeline (MEMD, 2015: Business Daily, 2015).

The Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) project (An East African infrastructure project concluded in 2011) did not put into consideration the Crude oil transportation necessity from Hoima in Uganda to Lamu, but only considered
Sudan and by that time Kenya had not yet discovered oil which was discovered later in 2012 (Wachira, 2015).

By that time Uganda had already started studies on feasible pipe line routes to the Indian coast. The included the southern route in Tanzania (Hoima-Masaka-Bukoba-Shinyanga-Siginda-Tanga), the central route in southern Kenya (Hoima-Jinja-Busia-Ahero-Nyamira-Bomet-Narok-Kajiado-Kibwezi-Malindi) and the northern route (Hoima-Turkana-Lamu) (Wachira, 2015)

This is still contention as which route should be used between the Northern Route from Hoima (Uganda to Lamu (Kenya) and the Southern Route from Hoima (Uganda) – Dares lama (Tanzania). The real decision makers here, apart from the respective states, are the investment companies who are expected to fund part of the infrastructure (Ochieng, 2016).

Key of these players, differ in their interests; Tullow Oil prefers the Kenyan route (Northern route) while Total EP prefers the Lamu route, as according to them, it is more viable as they already have oil & gas related investments in Tanzania plus fear of insecurity on Kenya routes (MBendi, 2015). Uganda signed an agreement with Kenya, on June, 2013, (Wacha, 2015: MBendi, 2015) and that saw Total EP start a feasibility study Ugandan government, despite signing a Memorandum of Understanding with Kenya on 8th October, 2016 but went ahead and signed another one with Tanzania, on 12th October 2016, which has left confusion among key players especially Kenya (Ochieng, 2016).
However, all the East African states agreed that they have to reach an understanding before any pipeline project commences.

“States must involve upstream oil companies in determining the pipeline route and the definition and structuring of a Public-Private Partnership (PPP) Project,” the presidents of Uganda, Kenya, South Sudan and Rwanda directed on October 17 (Ochieng, 2016).

In March, 2016, during the EAC heads of States meeting, Uganda resolved to move ahead with the Hoima Tanga route (Showing the map below) and the key determinant issues were security and the cost of construction including the source of finances. The Ugandan-Kenya pipeline is estimated to cost 4.7$ million US Dollars, while the Uganda –Tanzania (Hoima –Tanga) is estimated to cost about 5.6$ million US dollars, but since Uganda also wanted a constructor who had available funds and Total which has investments in Tanzania won the dayaa (Cannon, 2016). Uganda and Kenya however agreed to continue with cooperation in future projects. Kenya also decided to go ahead with the Lokichar –Lamu pipeline, with the aid of African Development Bank and Tullow Oil Company (Cannon, 2016).
Map 4: Map showing the licensing status of the Albertine Graben by 2013

(Goffe, Valeriya, 2013)
CRUDE PIPELINE ALTERNATIVES

*UKCOP – Uganda Kenya Crude Oil Pipelines.

Map 5: Map showing alternative routes of Crude Pipeline in East Africa

Source: Cannon (2016) Oil & Gas Journal
4 CHAPTER FOUR

4.1 RESEARCH FINDINGS AND THE IMPLICATIONS OF OIL INDUSTRY ON THE PEOPLE OF KABAALE, BUNYORO, UGANDA

This chapter summarizes the key findings from the research carried out in Kabaale Parish, Buseruka Sub County, and Hoima district in June-July 2015. The chapter also discusses the implications of these findings on the people of Kabaale and Uganda in general.

Kabaale parish, composed of 17 villages, is the place that was marked by the government of Uganda for the construction of the oil refinery. In 2012, the Government of Uganda embarked on acquiring more than 29sq km of community land from 13 out of the 17 villages of Kabaale parish, Buseruka Sub-county, Hoima District, for the construction of the country’s oil refinery. This acquisition affected 1,221 households with a total population of 7,118 people. 3,514 of the population were women, 1,344 children and 181 elderly (RAP, 2012).

The resettlement work was done by a private agency called Strategic Friends International (SFI), the private agency was contracted by the government of Uganda according to one of the officials in charge of this resettlement process from the Ministry of Energy. Based on the government’s commitment as per the Resettlement Action Plan (RAP) for the project, 93 households opted for relocation.
Among the commitments made in the RAP were; buying land on a case-by-case basis for each of these households which opted for relocation, and giving a land title of a piece of land equivalent to their former farm land and a house to each household (RPA, 2012). The other households of 1,128 opted for cash compensation and they were entitled to receive money for the total value of their property as computed by them government officials.

The families awaiting resettlements and the neighborhood residents are some of the participants for this research. Other participants interviewed include the Bunyoro Kingdom Minister for Culture and women affairs, Minister for youth and spokesperson of the Kingdom, District Councilors, and Members of Parliament on the oil committee, a journalist who reports for The Daily Monitor Newspaper and the civil society workers in the area GRA-Global Rights Alert (The Current lead Agency of CISCO and Pay What You Publish-PWYP), AFIEGO-African Institute on Governance and Oil, NAPE (National Association of Professional Environmentalists), Action Aid Uganda (Publishers of Oil in Uganda Magazine) and ACODE (Action for Development and Environment). All these NGO’s work in oil related projects in Uganda and they are part of a group of Civil Society Coalition working on Oil related matters (CISCO-Civil Society Coalition on Oil).

The research questions this study addresses are:

1. How is the oil industry affecting the transformation of the people and the economy of the oil rich area of Bunyoro, economically, socially, and politically?

2. How is the growth of the oil industry affecting the transformation of Uganda and the East African regional integration?
I carried out this research using semi-structured interviews and participatory observation. The theoretical framework, Historical materialism, explains that in most cases especially in undeveloped economies like Uganda, the ruling class controls the means of production using the state. The state organs only serve the interest of the ruling class through the control of the means of production (Mamdani, 1976). Clearly, this theory explains what is happening today in Uganda in regards to the implications that the plans and projects of the oil industry has on the people of Kabaale, Bunyoro and Uganda at large.

The Key findings from my field research in Kabaale are largely socio-economic and political effects.
<table>
<thead>
<tr>
<th>Impact</th>
<th>Magnitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Affected land</td>
<td>29.34 sq kms</td>
</tr>
<tr>
<td>Number of affected parcels</td>
<td>1662</td>
</tr>
<tr>
<td>Directly affected land owners and license tenants</td>
<td>2473</td>
</tr>
<tr>
<td>Project affected house holds</td>
<td>1221</td>
</tr>
<tr>
<td>Project affected persons</td>
<td>7118</td>
</tr>
<tr>
<td>Number of shrines</td>
<td>212</td>
</tr>
<tr>
<td>Number of sacred places and trees</td>
<td>474</td>
</tr>
<tr>
<td>Number of affected schools</td>
<td>4</td>
</tr>
<tr>
<td>Number of pupils affected</td>
<td>926</td>
</tr>
<tr>
<td>Number of affected water sources</td>
<td>15</td>
</tr>
<tr>
<td>Number of affected churches</td>
<td>13</td>
</tr>
<tr>
<td>Number of affected Mosques</td>
<td>1</td>
</tr>
<tr>
<td>Number of football pitches</td>
<td>3</td>
</tr>
<tr>
<td><strong>Vulnerable persons categories</strong></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>People’s with disabilities</td>
<td>201</td>
</tr>
<tr>
<td>Critically ill persons</td>
<td>106</td>
</tr>
<tr>
<td>Elderly</td>
<td>181</td>
</tr>
<tr>
<td>Women</td>
<td>3514</td>
</tr>
<tr>
<td>Children under 5 years</td>
<td>1344</td>
</tr>
<tr>
<td>Persons belonging to minority ethnic group</td>
<td>102</td>
</tr>
</tbody>
</table>

*Table 4: showing the impact of the Refinery resettlement project in Kabaale.*

### 4.2 SHORTCOMINGS OF THE RESETTLEMENT PLAN ON THE PEOPLE OF KABAALE

Land is key possession and source of livelihood for the people of Kabaale thus the way the compensation and resettlement process was handled by the government had a great impact on the people of Kabaale. The process of resettling people from the gazetted land for the construction of the refinery started in June 2012, and happened in two forms; out of 1,221 households (7,118 people), 93 households opted for
relocation whereby the government committed to give them a house and a piece of farm land equivalent to what they owned before. The rest of the 1128 households opted for cash resettlement, whereby families were given money equivalent to the value of their land and property on it, which included structures like houses, and crops. The compensation package included the value of the land based on the current (2012) market rates, the value of the cops and other assets in place, based on property appreciation rates (RAP,2012). However, the Kabaale people were compensated at the 2010 compensation rates which are lower than the 2012 land market price, without an explanation form the government officials, who had earlier committed to pay them 2012 rates, says Richard Orebi, one of the residents of Kabaale and a participant in my research. This means that the compensation money was not sufficient to purchase for them the equivalent of land they lost in 2012, as land in Uganda especially in Hoima is appreciating at a very fast rate (Atwijukire,2016: Biryabarema, 2015).

Today, March, 2016, three years after the Kabaale land was gazetted for the refinery, the government has not resettled these 93 families. The stipulated time for compensation according to the land policy and the commitment government officials gave the people, was supposed to take a maximum of six months, from the time of evaluation to resettlement or compensation –June, 2012 (RAP, 2012). Despite the fact that the families have used all the available channels to seek redress for their matter, including petitioning the Ugandan President, their plea has been in vain\textsuperscript{23}. Alongside these families are another 38 families who rejected the compensation money they were

\textsuperscript{23} The people of Kabaale petitioned the President of Uganda to intervene in their matter due to the delay of their resettlement package for their from the government
given because they felt cheated of their land value by the officials who were assessing the land.

The Land Act of 1995, which was applied by the government of Uganda to take over the Kabaale village land, allows for compulsory government acquisition of private land for the public good. But it emphasizes that the process should be expedited, be done fairly and timely\(^\text{24}\) and people should have a fair hearing about the whole process. The government of Uganda, according to RAP, 2012, promised people that the resettlement process will last no more than six months, in order to minimize the costs and losses on the people’s lives and welfare during resettlement.

The government gave the families and people shifting to new places a compensation in form of disturbance allowance for those six months. That disturbance allowance was estimated at 30% of each person’s compensation total amount of money they get. However, this amount is not adjusted for the 93 families which opted for a resettlement package or the 38 families who rejected the compensation money protesting the evaluation process and after three years now are still awaiting a redress from the government and have not been resettled after more than two years.

The villages that used to be populated and vibrant are now bushy areas with the remaining families covered in wild bush. This is having adverse effect on the people that stayed in Kabaale and now lack basic and social services like clean water, schools,

\(^{24}\) Fairly and timely means that the compensation should be the equivalent of the current land market prices at the time, should also be done in a fairly agreeable manner to all parties concerned, that is the land owner and the government of Uganda; and it should be done in a timely manner as delays causes the land owner losses and displacement.
markets, LC structures. The social assets that the project affected include 13 churches, 1 Mosque, 1 Market, 7 Boreholes, 7 shallow wells and water springs, 1 uphill water tank. All these were closed down or vandalized when the majority of the people left the area in 2013, as the government ordered them to stop using the land for anything that will last more than three months on the ground. The people who stayed in the area have to forego these services or walk distances to access clean water and those who cannot walk like the elderly, mothers, and children ended up consuming dirty water in the swamps. Five schools in the neighborhood were closed, these schools accommodated the children of Kabaale parish in general. This means that the children whose parents did not move dropped out of school if they could not join other schools which are miles away. These children include those of the 132 families which are still living in the area and the ones from the neighboring villages.

Among these families affected by the refinery project, they are also families who are either headed by the elderly, disabled or illiterate, and were cheated out of their compensation money by conniving relatives who pretended to collect the compensation money on their behalf, and others through devaluation by the project officers in charge of resettlement, as narrated by the Head of the group of Kabaale families, still awaiting resettlement, Richard Orebi, who was also my respondents as well.

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25 Ref Chapter 2: Local government councils (LC) structures.
26 Appendix 1. One of the dirty sources of water that was a bore hole that people use today.
The literacy levels of Kabaale are 64.1% out of a population of 4614 (residents above 10 years old by 2012). The literacy levels among males and females are 70.6 and 61.4% respectively. No mechanism was put in place to protect the vulnerable groups. These vulnerable people were not protected by the local leaders to ensure that they are resettled properly, according to all my respondents in this research.

To be compensated by the government, the people of Kabaale had to first prove that they own the land on which they live with documentary evidence which include land titles or licenses. In Uganda, there are four acceptable ways of owning property according to the Uganda Land Act and the occupant has to prove with documentary evidence if their ownership falls in one of the following categories: Customary, free hold, lease hold and Mailo land as defined in the Uganda Land Act in the Constitution of Uganda, 1995.

**Freehold tenure:** this derives its legality from the Ugandan Constitution and its incidents from the written law and it involves the holding of land in perpetuity or for a period of less than perpetuity fixed by a condition and it enabled the holder to exercise, subject to the law, full powers of ownership of that land.

**Mailo tenure:** the Mailo land tenure ownership is a feudal ownership introduced by the British in 1900, under the Buganda Agreement (Mamdani, 1995). This derives its legality from the Constitution and its incidents from the written law include; holding of

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27 Literacy here is defined by one's ability to do basic reading and writing and understand Basic English language. All government documents and communications concerning the Land resettlement project in Kabaale were written in English.

land in perpetuity, separates ownership of the land from the ownership of developments on the land made by a lawful bonafide occupant an enables the holder to exercise all powers of ownership subject to the rights of those persons occupying the land at the time of the creation of the Mailo title and their successors.

**Leasehold tenure;** Leasehold tenure is either created by contract or by operation of the law. It is a form of ownership under which the landlord or lessor grants the tenant or lessee has exclusive possession of the land usually for a period defined and in return for a rent. The tenant has security of tenure and a proprietary interest in the land.

**Customary land tenure:** This tenure is governed by rules generally accepted as binding and authoritative by the class of persons to which it applies. In other words, “customary regime is not governed by written laws” land is owned in perpetuity. Customary occupants are occupants of former public land and occupy the land by virtue of their customary rights. They have property rights over the land by the virtue of their custody rights. They have proprietary interest in the land and are entitled to certificates of customary ownership. These certificates can be obtained by applying to the parish and committee by the district land board and eventual issuance.

According to RPA (2012), the compensation process was in three forms of categories;

1. “Licensees were entitled to crops and developments compensation in addition to a disturbance allowance of 30%, but no land compensation will be computed for them.”
2.” Landowner’s compensation will be based upon market value of their unimproved land, crops/developments plus a disturbance allowance of 30%.

3. Tenants on the land will be entitled to compensation based the amount of rights they hold upon the land. In addition to disturbance allowance of 30%.

Most people of Kabaale lacked land ownership documentation\textsuperscript{29}, 54.6\% of the people who own the land did not have documentary proof of their ownership.\textsuperscript{30} The biggest chunk of land is customary owned and other people live on community land passed on to them by their ancestors and have never registered them formally, either due to lack of awareness or lack of means to carry out the process, which is quite costly and complicated to the ordinary Ugandans especially those who have no formal education and do not know the procedure.

<table>
<thead>
<tr>
<th>Type of Ownership</th>
<th>Type of tenancy occupancy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land owners (free hold)</td>
<td>63.4</td>
</tr>
<tr>
<td>Co-owners</td>
<td>18.8</td>
</tr>
<tr>
<td>Squatters</td>
<td>10.8</td>
</tr>
<tr>
<td>Tenants</td>
<td>6.6</td>
</tr>
<tr>
<td>Licensees</td>
<td>0.2</td>
</tr>
</tbody>
</table>

\textsuperscript{30} RAP pg.14.
Did not provide information of their tenancy occupancy 0.1

<p>| | |</p>
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</thead>
<tbody>
<tr>
<td>Did not provide information of their tenancy occupancy</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**Table 5: Showing land ownership patterns in Kabale**

**Notes:** Only 45.6% of the affected households had land ownership documentation (land title, land sale /lease agreements), while 54.3% did not possess any documentation. The land ownership documents in custody of affected households included; land purchase agreements (41.5%), tenancy agreements (2.5%) and land titles 1.4%. The rest of the affected households (54.6%) either did not have any documents, nor did not indicate the type of document indicating they held interest in the land on which they derived their livelihoods. *(Source: RAP, 2012)*

The process of compensation and resettlement was such that whoever had no land documents like titles, certificates or sale receipts and agreements which can be verified by the officers in charge of resettlement could not be compensated, but their case would be referred to the local leaders who composed the Arbitration committee. Thus such people’s terms of compensation depended on the discretion of the officials from the Ministry and the local leaders who composed the land arbitration committee *(RAP, 2012)* however they were many people who disagreed with these committees’ decisions as most of many respondents commented on how these committee officials would connive to cheat the people by undervaluing their land. Those who disagreed completely are the 38 families which petitioned the President for fair compensation. The majority of the families who could not persevere through the long arbitration process picked the little money they were given and left the village.
Some people’s nature of tenancy like the License holders (people who occupied the public /communal land), squatters, tenants - those who did not have documents were not entitled to land compensation according to the laws and regulations used in compensation. This means that these people who had land and were living sustainable, dependent lifestyle, with the introduction of the refinery project are going to be landless since majority of the people in Kabaale are peasant subsistence farmers, it is not clear how these people will live or provide for their families.

In Ugandan traditions, most women do not own or inherit land from their parents and those who are married are often denied right to own or possess land. Thus, in most cases, land titles and most family assets like land houses, farm crop gardens are all owned by the man of the house in trusteeship of the rest of the members of the family including his wife and children. Even though the current laws in Uganda requires the man to consult his wife before selling the land or making any decision about the land more often this is not the case. The man can make any decision they want even if it goes against the law as more often than not, women hardly take such matters to court, largely due to lack of knowledge about the process and mostly the heavy costs involved in litigation processes.

This is what happened to Teopista (not her real name) a mother of four, her husband took the compensation money and left her behind stranded with the children. The elderly, disabled, illiterate, who cannot read land documents or follow up the measurements and calculations of their land made when the government officials were

31 Appendix 2. Photo of a woman with children in the middle of a bushy land.
assessing their compensation, were cheated out of their compensation money. As mentioned before, Kabaale has literacy rate of 61.4 % which means a big number (almost 40%) of people cannot read or write or interpret the documents they were given regarding details of their compensation (See Chapter 2). The LC committees (local village) leaders which should be the ones assisting such vulnerable people, were instead the ones conniving to cheat the people instead, says Orebi Richard who when he complained once in defense of an old woman who was protesting the undervaluation of her land, was threatening by armed police men and imprisoned with some of his colleagues. This old woman is one of the 38 families that refused to vacate their land before they get compensation money which is fair\(^\text{32}\).

Lack of financial management skills among the Kabaale people led many to misuse the compensation money they got, Instead of using the money to buy another piece of land, build a house to resettle in, most people shifted to the nearby trading centers where they spend the money in drinking, since they have no land to farm; others used the money to marry many wives or just buy luxuries, and are now landless and homeless –with no other means of production as 90% of these people depended on land and subsistence farming.

A). Disruption of socio-economic activities

Kabaale people were stopped by the government from using land as they await to be resettled. According to (RAP, 2012), once your land is evaluated, it becomes government property, you are no longer allowed to use it for personal interests.

\(^{32}\text{Appendix 3- a photo of the old woman’s home with a sign post in her compound.}\)
Since waiting for compensation or resettlement has taken three years and still counting, ever since the people were stopped to use the land, food prices of staple foods like Matooke, Cassava, and Maize have gone high, as farmers are no longer using the land to produce crops. The short term maturing crops like which they now grow like cereals, maize, are eaten up by the wild animals as the land have now turned into a bush\textsuperscript{33}.

Most farmers in Kabaale and nearby villages, who used to get income from selling surplus food crops have seen their incomes reduced since they have nothing to sell in the market. The local markets too have closed causing people to travel long distances to get food.

The areas in the villages where the 600 resettled families vacated are now an overgrown bush which has become a home to wild animals. These attack the small temporary gardens of food crops that people put near their homes, and destroy the little source of food the people have. The same applies to the Kabaale people and neighboring areas who depended on fishing for food and income, and are now deprived of that source, as most of the fishing was stopped and waters are under the control of the drilling companies reserved for oil exploration\textsuperscript{34}.

On education, four schools in Kabaale were closed due to delayed settlement, and some children have dropped out of school. Kabaale’s 52.8\% of the population are under 18 years, those are school going age children. 2485 children were enrolled in

\textsuperscript{33} Kabale is in the neighborhood of Murchison National Park and animals rotate from there to other over grown areas bushy lands in nearby villages

\textsuperscript{34} Kabaale village is near Lake Albert and is surrounded by many water bodies, which are also part of The Albertine Graben.
schools in Kabaale village or neighboring areas by the time of resettlement, 37.3% were schooling in the four schools which were closed down (Kyapaloni Primary school, Bukona Nursery and Primary school, Nyaihara Nursery and Primary school and Relieve Nursery and Primary school. Since all the parents were to shift from Kabaale, all school age going children had to leave their current schools and look for new schools and those who failed dropped out of school or ended up attending make shift schools started up in the area.\textsuperscript{35} No officer from the Ministry of Education or local leader made a follow up to see if all children were resettled in new schools or not. Some of the children dropped out of schools and are just looming in the village with nothing to do, says Teopista, a mother of four whose husband abandoned her in Kabaale, after waiting to be resettled in vain, and went to look for a job in town.

There is also increased insecurity in the area due to absence of people, overgrown bushland and the collapse of LCs (See Chapter 2) as most of the committee members shifted.

\textbf{On the social networks,} there are broken family relations and social structures as people are scattered in different areas. Some men/husbands when they got money abandoned their wives and children and married new ones, and these people are stuck with no way forward. Some are squatters, living with their relatives and there seems to be no institution to help them resolve their living situation. The NGO’s in the area trying to help the people do not have enough resources, other organizations like

\textsuperscript{35} Appendix 4-schools.in Kabaale.
churches and cultural institutions are very weak at the moment, to be able to offer substantial help, says Mrs. Byenkyah during the Interview.

Some of the people who were resettled lost their social ties with the extended families, neighbors, friends and relatives as they were not resettled in the same area. In Uganda as in other parts of Africa socio ties compensate for institutional weakness as they offer social or economic support in case one is in need. They also provide security as witness, collateral among others to each other. Breaking such ties which have been built for years was not easy for many, especially the elderly, disabled, poor, relatives and even other groups like religious groups, women groups as they would lose those important connections.

B) The Political effects of the Oil industry project

Ever since the central government took over the jurisdiction of the area, the interests of the investors are given a priority over the interest of the locals. These include companies setting up warehouses, wastage cleaning plants, most of the area is fenced off reserved for projects which are not yet disclosed. These places are heavily guarded and the locals can longer access them. Central government in the area is taking care of the investors’ interests more than the local people and there is no relationship between the people and these investors or central government officials, that most of the time, they are not aware of what is going on in the area. This disconnection denies them any opportunities that could be in the new projects for them.
Ever since the discovery of oil in Hoima, 2006 there has been several reported cases of land grabbing in the area, including Kabaale and other villages in the area. This land grabbing is conducted by the rich people who have connections with the politicians in the area and speculators from other parts of the country, since oil was discovered in the area (Gildseth, 2013). Since most of the land was communally owned, most of it is unregistered. Therefore, individuals cannot claim ownership, people don’t have much say on the welfare of their land, government interests’ takes precedence over people’s interests (Gildseth, 2013: *Oil in Uganda*, 2015).

However, some of the rich people in the neighborhood would connive with the Local Councilors or would deceive most of the people - majority of whom were either ignorant about the land law, as well as poor to hire a lawyer or land surveyor to help them register their land-that he/she is going to help them register their land, but instead register the whole land belonging to other families, in his names, then later evicts away these poor residents out of their land. One such incident happened in Rwamutonga village, near Kabaale in Hoima, according to the research carried out by an organization, *Civic Response on Environment (CRED)* in 2015(Twesigye, Brophy, 2015)

### 4.3 LAWS AND POLICIES

The parliament of Uganda is the one that makes all the laws and policies concerning the oil industry and they work with the Ministry of Energy and Resource and Development. I
found out that the people of Kabaale and Hoima at large have very limited knowledge about the laws that concern the oil industry and how they should benefit or be treated by the investors in the industry as the community where the oil resource is found. This is the case with the whole Bunyoro Kingdom, which covers the Albertine Graben area. Knowledge of such policies would have been the ones to enable the Kingdom officials or the local government leaders teach the people how to protect their property, for example registering a land owned so that they can be fairly compensated by the government.

If the people of Kabaale and Bunyoro had information about laws such as the Production Sharing Agreements, or land laws it would have enabled the locals of Bunyoro to demand their fair share of the jobs in the oil industry, as the law should be stipulating the quota and conditions of employing the locals during the signing of the Production and exploring contracts.

The knowledge of the land laws for instance would have enabled them to register their land before the government comes to claim which would have enabled them get a fair compensation. Among the meeting I attended with AFIEGO (the NGO working in Bunyoro, it had gone to teach the Bunyoro Kingdom officials Land laws and the landowners rights, at the invitation of the Kingdom and Hoima District officials36. The Bunyoro Kingdom and the five Districts officials of Bunyoro Region wanted to learn the laws so that they can know how to protect the people from being exploited. But for

36 Appendix: Meeting of AFIEGO and Bunyoro Kingdom officials and District leaders
the Kabaale people and other areas, it was already too late, as their land was already taken away, either by government or companies setting up projects there.

During the interview with the member of Parliament who was the Chair of the Energy and Natural Resources Committee in Ugandan Parliament in 2015, he said that they (the parliamentary committee on Energy) are aware of the necessities of the laws to be in place and he is aware that the local communities at the moment are not aware of what is going on as far as the plans and policies concerning the oil industry are concerned and his committee is trying to ensure that the Ministry of Energy co-operates with Bunyoro people when implementing oil related projects.

Another participant in this research a Member of Parliament who sits on the same committee and who belongs to the ruling party NRM (National Resistance Movement Party) was more dismissive of the people’s concerns that I put across to him, he mentioned that whatever the government is doing is the best for Ugandans. He further referred to the people of Kabaale’s concerns especially the delayed resettlement package, as propaganda of NGO’s which are funded to serve donors interests by sabotaging Governments’ projects. Commenting on failure /delay to put the Law on National/Local content in place, he said that the laws take a lot of time to be put in place and the Ugandan government is doing its best.

However, all these delays in putting the laws in place work to the disadvantage of Ugandans as the oil exploration process has been going on with or without the laws since 2006. The area members of parliament have little or no contact to the people which is also a problem as it makes it impossible for the people to air their concerns or
have them presented to parliament to be addressed or be incorporated in decision making process. This type of frustration, is for instance, what led the Kabaale people petition the president directly about their compensation, instead of having their views taken by the area MP to the National Parliament.

4.4 SUCCESS STORIES

Among the 1221 families affected by the refinery project, there are some of the families who invested well the resettlement money they got, some are doing well, they built new houses, and improved standard of living. Some of the residents used the opportunity to shift to better areas, as narrated by Richard Orebi and other respondents. The new projects in the area have opened it up and made it modern and accessible. New roads infrastructure in the area; roads refurbished hospitals and a promise of casual jobs and market for food crops which are not yet available in Kabaale but the neighboring villages are doing well(Nalubeega,2015).

The findings portray that the people of Kabaale are not benefiting a lot from the oil investments in the area. The biggest cause of this is the corruption in the government and the Local officials, who connived to cheat the people of the real value of the land.

37 These are not successful story as such, but at least they managed to get another piece of land and settle down
38 I couldn't verify the numbers here due the time and scope of my research. More successful stories could be found in several written reports and newspaper articles (See appendix: Successful stories (Oil in Uganda online Magazine).
4.5 THE IMPLICATIONS OF THE OIL INDUSTRY FOR KABAALE AND BUNYORO REGION

On a positive note, there is improved and modern infrastructure being constructed in the area like roads, power dams, hotels along the Kaiso-Tonya road, a renovated local hospital of Buseruka which was renovated by CNOOC Oil Company. These have led to the development of the areas like Hoima, Buseruka, and generally, the whole of Albertine Graben region, which will eventually bring basic services closer to the people, as well as jobs and market of the local resources, improving people of Bunyoro’s income and standard of living. There are new roads like Hoima Kaiso Tonya road and several other upgraded village marram roads, banks, hotels, electricity in rural areas, refurbished local hospitals, more business and the value of land and food in the area has gone up\(^39\). This is good news to agricultural producers (local farmers) and landlords as it has improved the standard of living.

Lack of clear policy and regulation on the local content has led to the people being neglected from benefitting in the local industry, the local people are not employed into the oil industry. The law/policy on the local content\(^40\) defines and puts up requirements about much the oil companies should invest in the local communities where they operate. This law also sets the quotas and percentages of the local people to be employed in the oil industry, training the locals in basic skills that would enable them to work in the oil industry, setting conditions on purchasing supplies and services from the local community among others, which would have given the people of Bunyoro

\(^{39}\) See Chapter 1

\(^{40}\) See Chapter 4.
an opportunity to directly benefit from the oil industry or know how much to expect from the investments in the oil industry in terms of infrastructure, market from the oil revenue.

Poor organization and failure of the local leadership to organize farmers has made the local people miss out on the growing food and service markets in the oil industry. The oil companies put up certain requirements about the type and standards of food supplies to be met by local farmers who are interested in supplying food to them. The peasant farmers in Kabaale or Hoima cannot meet the required standards that the supplying companies have put there for them. The organizations in place to help farmers organize and improve their production standards such as the Traid-Links is sectarian, according to reports from Kabaale farmers and NGO workers in the area. The organization favors a certain group of people (Catholics) over the others, which leaves out the majority of Kabaale people. But all that would not be the case if the local leadership or the Kabaale farmers themselves were organized locally and doing their own marketing and supply of their products.

Lack of organization of farmers has also kept them at subsistence level of producing crops in small quantities with rudimentary methods instead of adopting modern methods of farming and processing their food crop. This denies them a chance to take advantage of a bigger market of demand that is growing with increased populations in Hoima and Bunyoro to the oil industry.

There is a complete lack of interest from the central government to involve the local Bunyoro people in decision making concerning the oil industry in their area. The
local leadership kept in the dark as all the decision done concerning oil come from the central government without consulting the local leadership, they are only expected to comply. This can be seen in the way the organization contracted to help organize farmers does not have touch with all grass-root people who have not yet got their compensation and resettlement money have spent almost three years trying to get the attention of the central government to address their matters.

This is work which should have been done by the Local Councilors and the Central government representative in the area if they were effective. This concern was expressed by all the local leaders I interacted with during the research, these include: Mr. Opio Vicent, 36 years, Councilor LC V, Hoima District and Ms Byenkya Harriet Joy, 42 Years, Minister in Bunyoro Kingdom.

Local leaders are also not doing enough to protect the people from land grabbers, speculators and conmen who con people out of their land with bogus sales that led to many families ending up homeless (Oil in Uganda, 2015: Gildseth 2013). Orebi one of my participants told me of a group of 49 families, who were former residents of Kabaale were cheated of their resettlement money by people who pretended to sell them a big piece of land (mailo land\textsuperscript{41}). All these families pooled together their resettlement money and paid for that land only to find out that the seller was not the rightful land owner. These people could not get the land, neither could get the refund of their money. At the time of doing this research, they had not yet received their

\textsuperscript{41} The basic unit of the mailo system is a square mile, hence the derivation of mailo, which is also equivalent to 640 acres
money and the case is still in Courts of law still awaiting arbitration in Hoima. These people now sleep in tents in a nearby forest land at the mercy of a Good Samaritan.  

This is one case of increasing cases of land grabbing in the oil rich area as shown by previous researches conducted in Bunyoro (Oil in Uganda, 2015). Some of the people whose land was grabbed are now homeless squatting with relatives, others are camping in public places like forests where they will soon be chased away by the forestry authorities, says the group leader.  

Another big effect of oil discovery is the increased demand for land in Hoima District which means that prices are appreciating rapidly. Delays in compensating the people of Kabaale means that by the time the people receive their compensation money, the land prices will be higher than the estimated prices and thus people can’t get the same size of land like they used to own before the resettlement and that’s a loss to their incomes and welfare.  

There was also destruction of traditional and ancestral treasures like burial grounds and other spiritual places. Some of these are not easily transferred. However, when people are given time for resettlement and the process is done after consultation, some people can perform ceremonies or transfer spiritual homes. However, the way the resettlement in Kabale was carried out this was not possible.  

The Minister for Bunyoro Kingdom in charge of culture affairs Mrs Byenkya during my interview, said that the oil projects have already destroyed more than

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42 See Appendix 5 Former residents of Kabbale who were cheated of their compensation money and now live in a forest.
twenty-two of their important cultural sites and the effort to talk to the Government officials about the matter has remained futile.

“They never gave us enough time to agree on how to protect the land or even consult. So most of the cultural heritage sites, burial grounds were destroyed”, said Hon.Mrs Byenkyea. Minister of Culture, Bunyoro Kingdom\textsuperscript{43}.

Children who were in the schools in the area were closed down either attending the poor make shift school put up by a school drop out in the neighborhood put up by a school dropout or have runaway to bigger town or construction sites where they either end up in prostitution or site laborers or social nuisance.

### 4.5 IMPLICATIONS ON UGANDA

What is happening today in the Ugandan’s oil industry has some long term implications on Ugandans and Uganda as a nation. As mentioned in the earlier chapters of this thesis, oil and gas resources are seen as a panacea for the much economic growth and development of Uganda. This is not only a perception but a fact that has even been incorporated in the Ugandan government planning policy at short term and long term level. The National Oil and Gas policy (2008) was formulated to make that a reality, by putting up measures, institutions, rules and polices that will guide and regulated Uganda towards that success.

Even though it is still in its infancy stages, what has happened in the oil sector today is an indicator, showing what will happen in the future once Uganda starts oil production. Thus, the events in Kabaale and how they affected the people is a

\textsuperscript{43} Hon. Mrs Byenkyea was one of my respondents in Hoima, July 2015.
microcosm of the effects the oil industry has on the people of Uganda today and in the future if the conditions do not change.

Le Pere, in his political analysis of, ‘The political economy of Oil in Africa’(2013) mentions these challenges ‘highly tendentious interpretations of the implications of Africa’s oil largesse for economic development’. This fits in what is happening in Uganda in the oil industry; there are tendentious interpretations of the processes that are in their infancy in Uganda.

In Uganda like other African state, there is a big gap of income disparities. The ruling classes dominate all the political and economic processes and ensure that the state organs work for their interests. This is due to the fact that there are no checks and balances as the majority of Ugandans are not organized to defend their own interests. Eighty percent 80% of Ugandans are underdeveloped and disempowered, as they lack any form of organizing and thus can’t demand accountability and socio-economic justice from the state (Le Pere, 2013).

Ugandans have had a different concept of property relations for more than a hundred years so it was only a few who could accumulate surplus from land by exploiting the labor of others. This landed class (Mailo land owners) was not in control of state power because since 1986 military elements from the western region had seized the coercive arms to the state. This political class has been seeking to control political power to realize its goal as a new class but the incomplete nature of the process is that the current political class holds on to power and use its coercive organs
to control all means of production denying the ordinary Ugandans access to means of economic production (Hicks2015: Le Pere,2013).

The other aspect of property relations is related to the security of the tenure of the poor peasants. Traditional forms of land tenure had guaranteed access to land in the rural areas and low levels of commodification of land meant that the poor had access to land for use but did not have titles. This was especially the case for women who were the principal producers of food for the peasant farming community.

In Kabaale, half of the people did not have land titles and that means they could not be compensated for the land. This is shows that even though majority Ugandans depend on land, they don’t own it and any time they can be disposed of that land by the state or the propertied class who own most of the land, and they become destitute. The majority of Bunyoro landless are women as women in Ugandan patriarchal communities, customarily don’t own land.

Land policy in Uganda states that land with resources is owned by the government in trusteeship of Ugandans. Whenever minerals are discovered in any land, it automatically reverts to the government and local people in that community have lesser say about what happens to their land. This is in accordance to Uganda’s land laws, which state that land rich in mineral resources is owned by the government in trusteeship of all Ugandan nationals, in other words once the government has interest in a certain piece of land or public interest, it is private owners are removed from the land through compensation for the loss of their land, or resettlement and the land is taken over by the government. What is happening in Kabaale has happened and
continue to happen in other resettlement cases in oil rich communities (Oil in Uganda 2015). The challenge is that with the process land is taken away from the people and in most cases leave the people landless and in a country like Uganda where land is a source.

Kabaale people’s experience so far shows that the oil production in Uganda will benefit a few rich people or those people with connections with the leadership, plus the international oil companies and not the ordinary Ugandans if the conditions reigning today as elaborated throughout this thesis are not changed. The people of Kabaale village have been left out in decision making affairs concerning the projects being established in their land. Even those people who were removed from the land to construct the refinery couldn’t decide how much they should be compensated for their land, the compensation rate had to be dictated upon them by the government which promised them a payment rate of the current market prices –2012 rates, but again ended up paying the people at the rates of 2010, despite of the people’s protests (Atwijukyire, 2016).

Coupled with that, the people’s land was undervalued. The few people (39 families) who stood their ground and rejected the little money that was being offered, seeking fair evaluation, are yet to get their money to-date (2016). These and the other group of residents (83 families) waiting resettlement up to now April (2016) do not know when they will be compensated or resettled almost four years after their land was taken by the government.
If people can be treated like this at the beginning of the oil industry investments, how will they be treated in future when profits start streaming in? There are no laws or special mechanisms or institutions put in place to protect the people in resource rich communities from exploitation both from internal sources and or from foreign capital investors.

The people were also denied the right to justice, even after failing to get redress from the local government bodies, area member of parliament and petitioning the president, as narrated by Mr. Orebi Richard the leader of the group of the 93 Kabaale people that were still seeking their compensation for the land. Global Rights Alert (GRA) one of the NGOs, working with the people of Kabaale quoted that,

“People were told under duress to acknowledge payment of compensation, when no information had been given.... or had been ordered not to plant perennial food crops” (Global Rights Alert, 2013).

Le Pere (2013) argues that African states are interconnected with the global economy on the basis, as suppliers of raw materials to the developed world and in turn, consumers the finished product. This kind of structure does not live room for the development of the nation and the people where these resources are got from, neither does it consider their welfare.

Examples are countries such as Sudan and Nigeria. Uganda also used its first revenue from oil to buy fighter jets in 2011 and the Russian construction company that was contracted to build the Oil Refinery in Hoima, which is also Military hardware
producer and had previous connections with the military in Ugandan government (Tacca, 2016).

Uganda so far has generated an estimate of 1 billion US dollars of revenue from oil industry, through capital gains tax and signature fees from the oil companies who are licensed to do oil exploration in Uganda (Imaka: Musisi, 2013). But out of that 740 million was spent in purchasing fighter jets military hardware, instead of investing it into economic production or construction of much needed infrastructure; the rest of the money is not clear how it was spent.

“The last time anything was communicated about the whereabouts of the oil money collected by government was when Bank of Uganda Governor Emmanuel Tumusiime Mutebile told Parliament that the President had used the money to buy fighter jets. Since then, secrecy and confidentiality has mired the sector as regards revenue collections” The Daily Monitor (Imaka: Musisi, 2013)

This means that Ugandans cannot demand accountability on the revenue generated from the oil sector. To make matters worse the PSAs government signs with the oil companies are also kept secret so the public doesn’t how much Uganda is expected to generate from the oil revenue.

Uganda also has very weak institutions and rampant corruption that either those who have money or the government interests win over the ordinary people’s interests. Corruption leads to diversion of resources that would have hitherto provided public goods and services that would benefit ordinary Ugandans. Besides that, there is a lot of dictatorial tendencies that the government and laws that hinder the people from
expressing themselves and demand services. The local government structures are very weak to protect the people’s interests in most cases, they are non-existent.
<table>
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<th>country</th>
<th>Corruption Perception Rank 2014 (out of 175 economies)</th>
<th>GNI per capita (2015)</th>
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<td>United States</td>
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*Table 6: showing Uganda’s corruption index by 2014.*
Uganda under president Museveni ranks high in corruption poor governance and this has led to the breakdown of government institutions (Goffe, Valery, 2013). This delays most of the processes the government has to do in the oil sector, from feasibility studies to procurement, compensation and resettlement of people in resource communities, to evaluation and monitoring of the processes (Hicks, 2015). This is further worsened by the ‘near personalization’ of the oil sector by the current president, Yoweri Museveni and his cronies, that most of the important decisions in the sector are done by him rather than the public. Most of the leading institutions in the oil sector are either led by his relatives or his close friends and more often than not, he publicly asserts how he can’t allow any body to manage ‘his oil’ (Shepherd, 2013: Hicks, 2015). This casts a big shadow on transparency and accountability in the oil sector, and the big question out there remains, will Ugandans benefit from the oil resource or it will benefit a few in the ruling class.

The most active government agencies in the area according to my respondents, is are what is now termed as the Oil police⁴⁴ – Uganda Police section sent in Abertine Graben areas to protect the land and the projects of the Oil Investment Companies (IOC) on behalf of the state (GRA, 2013).

⁴⁴ Oil police is as special police unit put in Hoima and other oil rich districts of Bunyoro to guard the new oil industry projects being put up in the area including the empty land which used to belong to the people but is now under government control.
Corruption which has facilitated land grabbing by the rich people in oil rich areas of Buseruka. Since most land was Communal the few rich people come and claim a large piece of land, and register it as theirs, by bribing government officials:

"Rich people from Kampala came and fenced off the land which people used for farming without people’s knowledge and these people are connected with the government that local officials fear fighting them “, said the Bunyoro Kingdom official in charge Land affairs during one of the meetings organized by AFIEGO to educate the Kingdom officials about the Land policy and how they can protect their land, on behalf of the people.

This is a common occurrence in Uganda as most people lack proper documents to show that they own the land. Even though Bunyoro Kingdom officials have started to organize people to register their land in order to stop the land grabbing, in some cases it’s too late, as people have already lost their land with no form of compensation or redress Mugerwa (2015). The situation is further exacerbated by land speculators, who grab land expecting more money through compensations from the central government. More often these do it with the connivance with government officials who are in charge of government compensations for the land to be gazetted for projects, says Mugerwa, one of this research respondents.

The people of Kabaale village were left out in decision making, in matters concerning the projects being established in their land. Even those who were displaced to construct the refinery could decide how much they should be compensated for their land, and had to be dictated upon them by the government. The Worst affected cases
are those 131 families who have not yet received the compensation of their land and can’t do nothing about the government as the institutions in Uganda work for the ruling class and foreign capitalists more than the ordinary Ugandans. If people in resource rich communities can be treated like this at the beginning of the oil industry investments, how will they be treated in future when profits start streaming in?

The local leadership, the Local councils, from the village level (LC1) to the District level (LC V) and the Kingdom leadership are not consulted about the projects, they are only expected to comply and to make matters worse, and the government bring in officials from the central government to enforce the governments will. The local official’s opinions are barely incorporated in the decision making process. What happened in Kabaale is no different to what has been happening in other places that involved relocation and resettlement of the local people (Oil in Uganda, 2015). Any effort for the local people to object to the central government’s decision is met by the central government police dubbed the ‘oil police’ which doesn’t allow the locals to organize (GRA, 2013). This keeps the local people in ignorance hence they become easily exploited.

There is an atmosphere of political uncertainty which has been reigning in Uganda ever since 2006 when President Museveni amended the Constitution of Uganda to lift the Presidential term limits, to entrench himself in power indefinitely\(^45\). President Museveni who has been Uganda’s in power since 1986 and still counting autocratically

\(^45\) Yoweri Museveni has been Ugandan President since 1986. In 2006 he amended a clause in the Constitution which limits the Presidential terms in order to stay in power. Even though there are periodical elections, the oppositions are not given a chance to organize under his patronage leadership (Hicks, 2015; Shepherd, 2013)
controls all state institutions through the use of military and oppression. Entrenchment of autocratic laws like the Public Order Management Act (POMA) has increasingly made it difficult for people to organize and demand justice and accountability from the government (Hicks, 2015).

This is limited space for Ugandans freedom of expression as there is suppression of civil society which would hitherto campaign for the justice of ordinary Ugandans or act as checks and balances for the government excesses. This leaves people with no means of redress as well as leave the state and its cronies or international companies exploit the people unchecked. Also NGOs which try to help the people of Kabaale to organize do so under heavy scrutiny of police in the area and are only allowed to operate after force of part with money to the police and other government officials, as narrated to me by Dickens Kamugisha, the Executive Director of AFIEGO.

Fluctuating global prices of oil in since 2015 have led to a halt in most of the oil industry projects and among those moving slowly is the oil refinery construction project. Work was expected to begin in 2015, but a year later nothing is done. Some of the oil companies like Tullow are also downsizing their operations and suspending some projects (Oil in Uganda, 2015). This is badly affecting the Uganda economic planning as the oil income was expected to start boosting the economy from 2015-2017, but now the speed at which the projects are moving, the expectations are pushed further to

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46 A stark example is what happened during the debate of the Oil Bills in Ugandan Parliament and the Civil Society which tried to help the members of Parliament were oppressed and the Members of Parliament from the ruling party NRM who attended the meeting were branded ‘rebel MPs’ and threatened with expulsion from their party and had to be reinstated by the Court ruling (Oil in Uganda 2014: Hicks, 2015)
47 Mr. Kamugisha Dickens was also my field supervisor while I was doing this research.
2020 or beyond. On the other hand, this gives Uganda government planners an opportunity to avoid the ‘Dutch disease’.48

Another big challenge to oil resource rich countries but with low income like Uganda is that that country has to rely on foreign investment normally by foreign corporations, to explore, produce and process oil. (Karl,2012). This over dependence on foreign capital weakens the country’s bargaining power and this forces it to even accept unfavorable working terms from these companies whose major interest is profit maximization. Thus, the Companies most of the time crucial matters like developing the local resource rich communities like Bunyoro or the welfare, environmental management are undermined (Karl,2012: Shepherd:2013: Ross,2012).

**Policies and regulations:** Uganda still lack the most key policy in the oil sector -he National or Local content policy framework. This is what defines the ‘take home ‘for Ugandans, in terms of revenue, jobs, market for supplies community development projects, from the Oil investments *(ACODE,2013)* *(See Chapter 4)*.

Today Ugandans do not know what to expect from the Oil Industry as all the investors are foreign companies who are largely employing local expatriates and can as well decide to purchase all their supplies from their home countries denying Ugandans of the benefit which accrue from industrial and market linkages in the oil sector (Pere, 2013).

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48 Over reliance on the oil revenue leading to failure to diversify the economic resources by the oil producing countries.
Women in Uganda have limited rights to land and economic means of production. Uganda being a patriarchal society like most African countries denies women the right to own land which is the largest means of production and livelihood in Uganda. Land is owned by a male child in families and among the married couples, a husband.

In the case of Uganda and Kabaale in particular, when the government was resettling the people they would give men (husbands) the resettlement money and in most cases the women have no say on how the money will be spent or where they should buy the land, despite of the fact that it is the women who cultivate the land that sustains the women.

According to the respondents, some of the families are now stranded, especially women and children, as their men (husbands) spent the money in drinking or women sometimes marrying another women and leaving the wife and children stranded. This is what happened to Harriet in Nyamasoga, one of the Villages in Kabaale Parish;

“She gave birth to a disabled kid, and the man after getting compensation money abandoned her saying that he can’t marry a wife who is going to give him children with disabilities. He went away and remarried, leaving her back stranded with children...” as narrated Richard, one of my respondents and the Kabaale unsettled residents group leader.
The spokesperson of Bunyoro Kingdom, mentioned such incidents across the region, of displaced abandoned women, due disabilities or other social biases, and have no means of redressing the issue\textsuperscript{49}.

So far they are no institutional mechanisms on ground to protect such vulnerable people. The only solution available is taking the matter to courts of law which are very expensive for the ordinary Ugandans. The Local Councils which would have bridged the gap between the Courts of law and the people have been dismantled in the case of Kabaale, since many people left the village; but on the larger picture in Uganda, these LCs have been held redundant due to President Museveni patronage leadership whereby he does not want people to organize in any form (\textit{Divide and control}) (Mudoola, 2014). These Local Council Government’s at the Village level has spent 15 years without holding elections to choice new leadership in a case where the elections should have been held every 5 years. Thus even in villages where they still exist they are ineffective and have lost people’s mandate (Shepherd, 2013; Mudoola, 2014).

The oil Industry in Uganda if handled well by ensuring transparency, accountability as well use the revenue to invest in production and basic services sector which can bring about economic growth and improved living standards of Ugandans, the oil industry will bring development to the nation. It is estimated to lift the country from the poverty to the middle class status by providing capital for infrastructure (MEMD2015). But as long as the governance question is not fixed, and the proper laws

\textsuperscript{49}See also research reports on land grabbing and displacements of residents caused by project settlements in Hoima by AFIEGO (2014): Twesigye, Brophy (2015).
put in place are adhered to, this remains a dream for Ugandans for a long time. The reverse could be true, that the oil resource leads to more harm than good as far as entrenching a dictatorship and being as a source of conflicts as concerned (Hicks, 2015), not forgetting environmental destruction (Kaweesa, 2014) as happened in other African countries like Nigeria.
5. CHAPTER SIX

5.1 CONCLUSION

This chapter discusses the implications and recommendations that Uganda can adopt to make Ugandans (or the nation) realize their dream of making oil industry beneficial to the current and future generations. It also discusses the implications to East African community, Africa in general, and Pan Africanism.

Natural resources especially in third world countries, if not handled well, tend to bring harm than good to the citizens; by causing destruction of not only the communities they are found in, but also the local environment. An example of such cases in Africa, include Nigeria and the Niger Delta destructions by Shell Oil Company that led to the deprivation and conflicts with the local people (Ike, Oronto, 2003).

This thesis has shown that the oil industry in Uganda even though it is still at infancy, it has started with faltering steps in terms of resettling the local communities and non-existent citizen’s participation in the policy formulation process. The process itself is severely flawed as it is dominated by the ruling class, with minimal participation of citizens in employment and does not seek to tap into new trained technical skills and research. The secrecy surrounding the PSAs makes it difficult for people to demand accountability from the government and oil companies, as far as oil revenue is utilized.

Uganda has substantial oil reserves. This reality is now humbled by the changing political economy of the hydrocarbon industry globally. The current changes in the world oil markets which include; development of US self-sufficiency, the efforts of China
to widen its sources of energy and the entry of new actors beyond the big five international oil companies -that had been hitherto dominating the oil industry – companies from Brazil, Russia, Malaysia, and India, provide new room to maneuver for new entrants in the markets like Uganda. These factors were not there before when Uganda signed its first PSA with Tullow Oil Company and the Australian Company. Since the 2008 International financial crisis, there is now room for operation by states such as Uganda and this has resulted in shifting negations both for production, refining, and transporting.

Uganda needs trained skilled labor if it is to benefit from the oil industry. There is a need for Engineers, geologists and an infrastructure that is conducive to the successful absorption of the oil industry investments. Additionally, fostering the economic investments where the people and the state can invest the money they get from oil industry-interlinkages.

Uganda has not seriously begun the training of skilled personnel and technical cadres needed to run modern oil refinery. It is this lack of skilled labor that mas it more difficult for Ugandans to get technical jobs in the oil industry. There is thus need to train Ugandans in more technical skills required in the oil industry as putting in place policy requirements to compel the IOCs to gradually replace foreign workers with local employees.

The Ugandan capitalist class is weak and dependent on the state. The struggle for state power is a struggle for who will control the oil. This has led to a scenario
whereby the state organs are used by the capitalist class to serve their interests and therefore do not account to the citizens.

Currently, the biggest challenge in Uganda which will eventually affect the oil industry and determine how it affects the people is lack of democratic institutions. Uganda has had a history of conflict and wars ever since independence, to the extent that there has never been a peaceful transfer of power. Uganda has undemocratic institutions which are easily coerced by the President and other top politicians for their own selfish interests at the expense of the people’s interests. They are largely no checks and balances mechanism in the government, neither is there an oversight mechanism to monitor the activities and revenue flows in the Oil Industry, and economy at large on behalf of Ugandans. The people of Uganda should thus aim at creating a government where the citizens and their interests are the priority, unlike what is happening today where by the interest of the ruling class and foreign investors (oil company owners) are most important.

There is a need for more transparency and openness about the exploration and production rights and the signing of contracts. Uganda over the years especially from 2014 has been more open than before around the licensing processes, procurement, and bidding which is a big step forward in ensuring transparency in the industry, when compared to where it started from. But the more crucial part in this process– the contractual details of the PSAs - are still conducted in secrecy. This raises suspicion and doubt about the state’s willingness to be accountable to the public. It is impossible for transparency to be present when the most crucial document in the oil industry that
determines how much Ugandans are gaining from the oil industry is kept in secret. All documents concerning the bidding, contractual and revenue inflows in the oil industry should be accessible to the people of Uganda for transparency and accountability.

There is also need for workers in Uganda to organize and demand their social-economic rights and accountability from the government. Experience elsewhere in Trinidad and Malaysia shows that there is a higher degree of accountability when the workers in the oil industry are organized such as the Oilfield Workers Trade Union of Trinidad (OWTU).

The National Local Content law/policy has to be put in place to enable the people to understand how what they should expect from the oil companies, in order for them to demand fair treatment from the government and the oil companies. This policy and law will define measures to be undertaken by the state on companies that do not conform to the laws which will empower Ugandans to seek redress in case a company does not comply. The existence of the law also helps the monitoring process of the oil industry by all stakeholders; local communities, local leaders, civil society and the government officers.

The National content law will also be a guideline for local community development planners as it will show how much they expect from the oil revenue and projects in the oil industry. It also makes it easier for them to predict their income in flow or the local supplies they can provide in the Oil industry whether it is agricultural produce or jobs cut, which will enable them do long term planning for their community.
Even though the Oil Companies are not yet employing enough Ugandans in the industry, there is still lack of petroleum related skills which denies many young Ugandans a chance to get jobs in the oil industry. Therefore, there is a need for more research and training in this sector and young Ugandans should be encouraged to undergo further training to acquire the technical skills required. Those who already have skills should be employed and government can ensure this by putting up quotas of how many Ugandans each company should employ at the licensing stage, as a conditional requirement to be fulfilled by all the companies.

In regard to Land Laws, Uganda needs to reform its land policy to ensure that every Ugandan can access the land or can ‘legally’ own the land they live in by providing them with required documents to prove their ownership. The documents should be affordable and through a simplified process/language which everyone can understand, and they should be able to do this at their local administration centers such as at the sub county level.

In relation to this, women need to be empowered to own land, which is the common means of production and source of livelihood for Ugandans. Uganda like most of African countries have cultural and patriarchal beliefs which bar women from owning land. These should be discouraged through teaching the local people the rights of women and the need for equity and gender aggregated planning at all levels of the Ugandan government, local community leadership and cultural institutions. Cultural beliefs can also be changed in Ugandan societies by integrating gender relations at all levels of education. Closely related to this, Ugandans should be encouraged to take
their girl children to school as they do the boy child. Educated women fight for their rights better than the uneducated ones.

During resettlement programs, the government should engage all stakeholders in the local communities as part of the process in order to ensure that the local people are consulted and all their needs are met before resettlement. The process should also be as transparent as possible and in a language understandable to all parties involved so that they are aware of the terms and conditions stipulated in the whole process. The local communities also need to be organized and empowered with means which will enable them monitor and supervise the whole resettlement process. The key issues to look out for would be to ensure that the needs of the vulnerable groups in the communities are taken care of.

Uganda also needs to put up stringent laws to protect the environment. The hydro-carbon industry is a highly destructive to the environment, and the Albertine Graben area where the oil is found is one of the richest in terms of fauna and flora; it is located on the shores of Lake Albert, a fresh water lake used for fishing that is a staple among the community of both Uganda on one boarder and Democratic republic of Congo (DRC) on another. In addition, the area boasts a National park famous for bird watching activities, an animal and plant preservations are in the same area. These attract tourism which is currently one of Uganda’s foreign exchange earner. These need to be preserved even though Uganda earns income in oil, it needs economic diversification and tourism is the next best option at the moment (Goffe, Valeriya, 2013).
5.2 EAST AFRICAN INTEGRATION

East African Community (EAC) is composed of African regional block of six countries; Uganda, Kenya, Rwanda, Burundi, Tanzania and South Sudan (a new entrant into the community). Broadly speaking, oil industry in these countries has already played a big role in uniting the East African community as all projects in the oil sector - the refinery, exploration on border countries, pipelines and other infrastructure like the Standard Gauge Railway, Roads electricity as well as all other developmental projects are now conducted jointly by all the East African countries.

These have been enabled by the existence of East African community which has regional institutions like the Parliament and the EAC secretariat that makes decisions that concern all the countries in the EAC, and among these projects and development plans are those that concern the integration of EAC.

However, there is need for EAC countries, including the new member South Sudan, to do joint skills training and research on technology related to the Hydro Carbon Oil and gas industry. That will help improve the technical knowledge and skills among the people of EAC which will reduce reliance on foreign experts. It will also help keep the jobs among the local people instead of resorting to foreign expatriates. The joint research institute should also devise ways of regional environmental preservation, joint development projects, and trade treaties and how to solve other market challenges in order to make oil beneficial to the people.
There is also further need for integration of the oil and gas sector related infrastructure to embrace all the EAC countries, including new and weak members like Sudan and Burundi. This will not only bring development to these countries, but will also expand the market and internal trade within the EAC and its neighboring countries.

EAC countries should also utilize the EAC to share the scarce resources like skilled manpower, geological data, technology and other research information, which single states cannot afford on their own, negotiating development loans, but a key to oil and gas sector development (AFDB, 2009).

5.3 LESSONS FOR AFRICA AND THE WIDER PAN AFRICAN WORLD.

Oil and gas sector is largely affected by price fluctuations which hurt the countries that rely on oil revenue, such as the fall in oil prices of 2015-2016 is hurting economies like Nigeria and Angola. During previous years however, for instance 2005-2006 and other previous years as oil prices increased sharply. This makes national planning difficult and unpredictable. These prices also affect the petroleum products importing countries which is almost all the African states. Such incidents call for collective approach from African oil producing countries.

African oil producing countries should organize and form an African Oil Producing Organization. This organization will help plan matters affecting the Oil and gas sector in Africa which include among others; bargaining for better terms of trade at global levels, developing research bases and human capital, infrastructure development, establishing an African oil and gas information database, among others. They can also advise in the management of oil and gas resources, sustainability and value high standards of
environmental protection, including rehabilitation, transparency and revenue allocation for community and national development.

The oil and gas industry in Africa is dominated by International big companies who almost dictate the terms of doing business in the Industry (AFDB, 2009). Lack of indigenous investors and capital from African countries to invest in their own industries, makes most African oil producing countries rentier states, at the mercy of multinational conglomerates. This makes African states sit at the negotiating table from a weak bargaining position and thus have to compromise on most of the conditions put up to protect their industry, peoples, and environment.

At times the IOCs do this with the connivance of corrupt African leaders at the expense of their citizens. Examples in this case are Shell Company in the Niger Delta and President Bashir in Sudan. On the other hand, there are scenarios like that of Gadhafi, the former president of Libya, who tried to resist the demands of IOCs, unsuccessfully, that ended up with a dubious NATO led attack that lead to his death and destruction of Libya. A collective body of African Oil producing states will prevent a recurrence of such scenarios, especially among upcoming oil producers like Uganda.

African states also need to rethink investment into their own oil and gas industries. Even though at the beginning they can rely on foreign capital investment, they should gradually be phased out by a nationalization policy of the oil industry, using the revenue collected from taxes, royalties, capital gains paid by the IOCs to buy shares in the industrial investments. Nationalization can also be done by prioritizing and empowering the local citizens with loans and skills to invest in the Oil industry.
There is also a need to work closely with the already existing Pan African bodies like African Union (AU) and African Development Bank to come up with more collective agendas and programs aimed at developing and protecting African oil producing countries and Africans from the above mentioned consequences. In collaboration with AU, African oil producing states can come up with policies, and regulations to regulate the oil industry, in order to have controlled production and other practices that will protect people’s rights from oil rich communities like Hoima in Uganda or the Igbo in the Niger Delta; protect workers’ rights and local suppliers from exploitation and environment. Monitoring and evaluation of these policies should be done at continental level coupled with stringent measures for violators, as in most cases local people in Africa are rarely protected by their states from exploitation.

AFDB is already doing well funding Oil industry infrastructure aimed at integrating the regional blocks and Africa at large, like roads, pipelines, and power dams(AFDB, 2009). In addition to this AU proposed the introduction of African Petroleum Fund, where African countries can pull their resources together, that will enable them encounter global oil price fluctuations, create capital for local investment, act as a source of loans replacing international funders who most of the time charge high interest and have attached interests and imperialistic tendencies that have bugged Africa for centuries, draining it of its resources and independence. These measures will help integrate African peoples, states and markets, leading to much needed African unity of its peoples and states (AFDB, 2009).
Lastly, African leaders need adopt better practices as far as transparency and accountability to their people is concerned. This includes respect of people’s rights especially women in economic planning and production in African oil industry.
APPENDICES

1: Water sources in Kabaale

a) Dirty water pond where used to be a bore hole. When people were shifted the bore hole was vandalized and what remained is a patch of dirty water, which those who remained in Kabaale now consume
b) The people including children of the families which remained in Kabaale Village going to fetch water in a dirty pond shown below in 3(b). This is shared by animals as well.

(c) The borehole which broke down, when most people left the village.
2. Woman stays alone with her four children in a middle of what is now a bushy land after her husband took the compensation money and left her stranded with children.
Refinery affected people display a banner voicing their demands for adequate, fair, and timely compensation.
2.(b) Residents of Kabale Village assisted by AFIEGO an NGO working in the area to file a case to Court in 2014. When that delayed, they went ahead and petitioned the President IN 2015 to come to their rescue, but nothing has happened yet by April, 2016. (Photo: AFIEGO)
3 An old woman’s home, one of the 38 families whose property was undervalued and she refused to vacate the land.

. 4(a) Photo of one of the abandoned buildings, part of former Kyapaloni Primary school in Kabaale Village.
4(b) : The children of the remaining families now attend school in that shack, which is run by a school drop-out and has classes primary 1-5. It’s called High-tech Nursery and Primary School.
5. Photos showing displaced people of Kabaale living (camped) in forests. These are part of the 49 families that were conned out of their compensation money as they were trying to buy land.
New Projects that are coming up in Buseruka –Hoima since the discovery of oil there (Above) Road leading to Nzizi power station nearby. Hoima -Kaiso – Tonya road (below).

8. A meeting of the Bunyoro Kingdom officials and District officials and AFIEGO tdiscuss National land policy, laws and regulations.
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