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GOVERNANCE AND LIVELIHOODS IN UGANDA'S OIL-RICH ALBERTINE GRABEN

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Contents

Acronyms

ANEEJ	The African Network for Environment and Economic Justice
CSCO	Civil Society Coalition on Oil
CSO	Civil society organisation
EIA	Environmental impact assessment
MEMD	Ministry of Energy and Mineral Development
NEMA	National Environment Management Authority
NGO	Non-governmental organisation
NOGP	National Oil and Gas Policy
PEPD	Petroleum Exploration and Production Department
PSA	Production sharing agreement
PWYP	Publish What You Pay
SACOG	South Albertine Civil Society Coalition on Oil and Gas
ULA	Uganda Land Alliance
UWA	Uganda Wildlife Authority
WWF	World Wildlife Fund

Executive summary

This study was commissioned by International Alert and the Democratic Governance Facility in March 2012.[1] It was carried out in the Albertine Graben, where oil exploration activities are ongoing. The study was conducted within the framework of the *Harnessing the Potential of Oil to Contribute to Peace and Development in Uganda* project, which is currently being implemented by International Alert and its partners. The main objective of the survey was to establish baseline data needed to measure the degree and quality of change in the livelihoods of the communities where oil exploration is taking place.

Methodology

This baseline study employed both qualitative and quantitative approaches. It was carried out in 13 districts that were purposely selected from the Albertine region, covering the sub-regions of Acholi, Bunyoro, Kigezi, Rwenzori and West Nile. Structured interviews, focus group discussions and key informant interviews were conducted with government officials, members of parliament, oil companies, civil society organisations, cultural institutions and communities. A total sample of 1,215 households was visited, of which 637 were male respondents and 578 were female respondents.

Key findings

Policy processes and legislative framework

Uganda has many policies and laws with sectoral links to petroleum. The process of development of these policies, bills and laws has been consultative at the national level. The public, civil society organisations and private sector actors have been involved in consultations related to development of the 2012 Petroleum Bills that are currently being reviewed by parliament. These bills are expected to govern the upstream, mid-stream and downstream stages of petroleum development.

Debates on the bills have increasingly taken on a national outlook, especially in respect to demand for stronger provisions for transparency and accountability. However, consultation at the local government and community level appears to have been limited. This study identified some issues the respondents think should be included or dropped from the proposed Petroleum Bills 2012. For example, the Petroleum (Exploration, Development and Production) Bill 2012 generally employs the approach of "willing buyer", "willing seller" to acquire land. It also gives the minister power to issue directions where the landowner "unreasonably withholds consent". The respondents contend that the bill must respect individual rights and freedoms. Moreover, the bill does not envisage a fund and an adequately equipped unit with the capacity to rapidly respond to environmental disasters and health safety risks.

Community livelihoods

Oil exploration has a direct impact on economic, social and cultural dimensions of the community. These impacts include changes in livelihood patterns, including fishing, agriculture, livestock rearing strategies, hunting, eco-tourism, etc. This study revealed that a considerable percentage

1 The Democratic Governance Facility (DGF) is a multi-donor funding mechanism supported by Austria, Denmark, the European Union Delegation, Ireland, the Netherlands, Norway, Sweden and the United Kingdom. It focuses on deepening democracy; rights, justice and peace; and voice and accountability. DGF provided financial support to the research processes and publication of this report.

of households (22%) earn less than UGX 50,000 (about US$20) a month. However, regional differences were significant, with higher proportions of households in Acholi and West Nile (37% respectively) earning less than UGX 50,000 compared with Rwenzori (5%), Bunyoro (12%) and Kigezi (25%). This finding reflects high levels of inequality and poverty in the region.

The respondents reported that oil exploration activities had affected the way they meet the needs of their families. For example, 54% of the respondents perceived an increased restriction to fishing activities, an important source of livelihood, in their communities. In general, people were optimistic that oil production will contribute positively to increased employment opportunities (57%), higher incomes (51%), improved access to roads (41%) and improved access to social amenities (36%). Nevertheless, some community members were sceptical about the benefits that would accrue from oil, because their youth and children are likely to be employed largely for casual jobs due to a lack of necessary qualifications.

Gender relations

In the Albertine Graben, household decision making is mainly male dominated. For example, more men (47%) than women (22%) reported taking charge of buying assets for the household. In addition, fewer women (19%) than men (38%) reported making independent decisions in disposing of vital assets such as land. On most indicators of gender roles and practices, except repairing the house, more women than men reported that they 'do everything', indicating that women's workload is higher than that of men. This implies that, if the gender roles and practices do not change, women are less likely to benefit from the proceeds of oil exploration and exploitation. On the other hand, there may be changes in relationships between women and men in the future if the commercial phase of oil exploration begins – such as changes in family income, education and influence from other cultures – potentially leading to conflict between the sexes.

Governance dynamics

Efforts are being made to improve governance in the oil and gas sector. However, this study established that the capacity of governance structures at local government level to coordinate, monitor and supervise oil exploration and exploitation activities was perceived by stakeholders to be inadequate. Some of the taskforces established to monitor and inform communities about oil and gas development at the higher and lower local government level, for example in Bunyoro and Rwenzori, were said to be ad hoc and without clear terms of reference, action plans, resources and a common strategy for coordination of oil- and gas-related activities.

Generally, the study findings revealed a low performance rating for governance structures, especially at national and district levels. Nearly half (49%) of the respondents disagreed with the statement that 'central government addresses community concerns about the oil and gas sector'. Some 41% of the respondents disagreed with the statement that 'they are confident that the government is going to manage oil activities well for the benefit of the community'. Similarly, 45% disagreed with the statement that 'central government listens to community views about oil exploration'.

Assessment of performance of structures at the lower local government level indicated that 75% of respondents disagreed that the sub-county leadership is addressing community concerns about the oil sector. Dissatisfaction was particularly evident with regard to the level of integrity, transparency, participation, capacity and performance exhibited by the leadership at sub-county level. At the village level, a majority (77%) of the respondents disagreed with the statement that 'community members are consulted in planning for social services provided by oil firms'. In relation to access to information related to oil exploration, the majority (96%) of the respondents are not aware of any policies governing oil exploration. It was noted that there is limited knowledge about the size and scope of the oil exploitation activities in the region.

Relationship between the community and oil companies

Overall, some efforts were reported to have been made by the oil companies – through their community liaison officers and corporate social responsibility projects – to engage stakeholders at the community level. Nevertheless, quite a number of gaps appear to exist in the strategies used to engage the affected communities. There is dissatisfaction due to a perceived lack of systematic and comprehensive engagement of stakeholders at the local government and community level. About two thirds (62%) of the respondents who had any interaction with the oil companies claimed they were not satisfied with the interaction. Moreover, 81% reported that oil companies had never released any public statement addressing their concerns. This has led to reports of suspicion and mistrust. It may have serious implications for peaceful co-existence and the building of sustainable, mutually beneficial relationships between the affected communities and the oil companies.

Conflict and conflict resolution mechanisms

Overall, there are conflicts in the region ranging from intra- and inter-district conflicts to inter-ethnic. Conflict seems to be centred on land ownership (66%) and land use (62%). Some of these divisions relate to longstanding conflict between the Banyoro and the Bakiga, while others are quite recent (e.g. conflicts between the Balaalo and Bagungu in Buliisa). In some cases, oil exploration seems to have escalated already existing conflicts. In other instances, it appears to have destabilised relationships with communities. The majority (80%) of the respondents reported that local councils were the institutions that help to address institutional and individual cases of conflicts, and to a lesser extent the family (40%), the police (39%) and clans (26%). Informal conflict resolution institutions such as clans (41%) and the family (40%) were perceived as being more effective than formal institutions such as the police (34%) and the courts (30%). This implies that formal and informal structures of conflict transformation need to work in partnership – especially in relation to land conflicts, which are common in the study communities.

Displacements and compensation

The study established that only 10% of respondents in the Albertine Graben acknowledged that their households were displaced in the past year. However, more displacement cases were reported in the Bunyoro sub-region (13%), specifically Hoima (18%) and Buliisa (14%). The main reason cited for low levels of displacement is that most of the oil exploration activities are within government fields (national parks). In Kabaale, where the oil refinery is to be built, the government estimates that over 30,000 residents are to be displaced. Although there is a resettlement plan in place, the process of preparing displaced people to cope with their new situation is inadequate. Findings also indicated that many people were not able to manage well the proceeds from compensation (especially those whose property, such as crops, was destroyed). Preparation plans aimed at building the capacity of affected people to manage the compensation proceeds before they receive their packages were limited. In addition, some community members felt that the compensation given was inadequate. Moreover, affected communities had limited knowledge on the basics relating to definitions and guidelines on compensation.

Environmental concerns

The Albertine Graben is one of the richest biodiversity areas in Uganda in terms of mammals, birds and other species. The region also has minerals such as copper, cobalt, limestone, etc. In addition, it has forest reserves and mountains. However, there appears to be no comprehensive plan for integrated and sustainable natural resource exploitation and conservation. For example, at the time of this study, there were no guidelines for waste management in the oil sector. In the absence of guidelines by the National Environment Management Authority (NEMA), some oil companies were reportedly piling wastes in gazetted places.

The study revealed that waste from the oil exploration activities – such as mud cuttings, drill cuttings and waste water – are likely to contaminate the underground aquifers. Concerns were raised by stakeholders about the potential impact of these activities on the environment and the adequacy of mitigation measures. There was also limited knowledge on the policies, laws and

regulations for environmental protection. More than half (52%) of the respondents reported that they either thought there were no laws in place for environmental protection or that they did not know of the availability of such laws. NEMA and other stakeholders are keen to ensure that companies conduct an environmental impact assessment (EIA) before engagement in oil exploration activities. However, the socio-economic, socio-cultural and political impacts of oil- and gas-related activities did not feature in the EIAs conducted.

Key recommendations

Central government

The government should ensure that concrete strategies for transparency – in line with international best practice on "combating the resource curse" – are enshrined in the new legislative framework for oil.[2] This should include transparency in new contracts and licences; institutional mechanisms for revenue collection and management; transparency in the management of any Ugandan oil fund to be set up; and clarity on the respective roles and responsibilities of different oversight agencies.

Given that there are other natural resources in the Albertine Graben – such as wildlife, limestone and forest cover – a plan for sustainable natural resource exploitation and conservation needs to be developed. In the area of the environment, the petroleum laws need to strengthen provisions for responding rapidly to environmental damage and safety risks. The laws should explicitly provide for regular reporting by the licensee/operator on the environment and safety aspects of their operations.

The government should devise a comprehensive and long-term plan that clearly shows all oil and gas exploration areas and exploitation activities, along with the places that will be affected by the development of the oil- and gas-related infrastructure. It is also important to have a timeframe within which such activities and infrastructure will commence in the various locations in the region.

The government should embark on developing a proactive information dissemination strategy that addresses the information needs of people at community level. Information gaps on critical issues in the oil and gas sector seem to be apparent; the current communication strategy needs to focus on these, as raised by the various stakeholders in this report.

One of the major expectations, especially of the youth, is related to opportunities for job creation, use of local labour and generally access to employment opportunities. The government should develop a comprehensive and evidence-based programme to strengthen the vocational skills training at Kigumba Petroleum Institute and at Makerere University. The youth skills programme should be tailor-made to enable young people to tap into the potential opportunities that are likely to result from oil and gas exploration and exploitation.

The findings indicate limited involvement of parliament, civil society, communities and other key stakeholders in oil and gas exploration and exploitation issues. Therefore, the government should effectively promote the participation of all key stakeholders by ensuring that the laws and policies developed for managing the oil and gas sector set clear guidelines on the role of each stakeholder in the sector. The government should also pay special attention to capturing local content in the development of oil and gas policies.[3] This should involve setting up local content committees at local government and community level to monitor local content targets in their respective localities.

2 The Extractive Industries Transparency Initiative (EITI), launched in 2002 and endorsed by the World Bank in 2003, has provided tangible governance improvements in resource-rich, conflict-affected countries. The United Nations Convention Against Corruption (UNCAC) lays the foundation for such a framework. Complementing this convention, a joint UN–World Bank programme, the Stolen Asset Recovery initiative, was launched in 2007. The aim of this initiative is to help build global partnerships, strengthen national institutional capacity and provide technical assistance to facilitate the recovery of stolen assets.

3 "Local content" refers to deliberate efforts to employ Ugandan materials, services and firms by the oil and gas companies.

This baseline study identified capacity gaps in governance structures of the higher and lower local government in handling oil and gas issues. Thus, there is a need to build the capacities of the respective local governments to address oil- and gas-related matters. In addition, given the magnitude of land-related conflicts in the study area, the functional capacity of the district and sub-county land boards and committees needs to be strengthened.

The government should empower local governments to mainstream conflict-sensitive approaches in policies and programming for the oil and gas sector. Within the Albertine Graben, there is a need to strengthen local governments to engage with cultural and religious institutions in mechanisms to resolve land-related conflicts in regions affected by oil discoveries.

Local governments

Baseline findings indicate that many people were not able to manage well the compensation proceeds for destruction of property and crops. This undermines their ability to sustainably support their families after displacement. A detailed programme needs to be developed at the local government level aimed at preparing and building the capacity of affected people before they receive their compensation packages. This will enable the affected communities to plan and make informed decisions about the use of the proceeds and to sustainably recover from the loss incurred due to oil exploration and exploitation activities.

There are anticipated livelihood challenges that may result from changes in livelihood strategies. For example, concerns exist that fishermen are being restricted from using some areas – especially near Lakes George and Albert – and that this is affecting their livelihood source. It was also perceived that fishing levels might drop further due to the oil exploration activities taking place around the lake. Therefore, it is important that the local governments and other agencies operating in these areas empower communities to identify alternative livelihood strategies.

There is also a need for sustained initiatives by the government in partnership with civil society, district taskforces and the private sector to engage communities in dialogue on specific issues related to oil exploration and exploitation affecting local communities. Local government taskforces should work collaboratively with the *Barazas* at community level to seek their views about the sector.[4] This will also increase transparency, integrity and accountability of the governance structures at the various levels.

Civil society organisations

Civil society organisation (CSO) coalitions working in the oil and gas sector are still grappling with the issue of inter- and intra-coalition coordination, especially in relation to research, policy analysis and joint advocacy. The capacity of the CSOs needs to be built for effective intra- and inter-coalition coordination in the oil and gas sector. There is also a need to streamline coordination arrangements between the public sector, oil companies and the civil society agencies at all levels.

Oil companies

The findings revealed that there is no systematic approach to the delivery of corporate social responsibility projects streamlined in the district development plans. There is also limited engagement between oil companies and the community, even though oil companies have community liaison officers. Therefore, it is important for oil companies to strengthen the functionality of this department in order to effectively engage the community in addressing their concerns. Oil companies should also incorporate their corporate social responsibility projects in the district development plans, and work hand in hand with local government and communities to implement planned development projects.

4 *"Barazas"* refer to a community platform which empowers communities to demand better services, accountability and transparency from their leaders. Its main objectives are as follows: to improve information sharing, education and communication about government programmes and projects; to highlight policy and programme implementation weaknesses and challenges that feed into the government performance management system; and to provide meaningful recommendations to government on measures to improve service delivery and reactivate the monitoring functions of resident district commissioners (RDCs).

1. Introduction

Petroleum exploration in Uganda dates back to the early 1920s, when oil seepages were first reported. The Anglo European Investment Company of South Africa drilled one of the first wells – Waki-B1 – in 1938.[5] From the 1940s to the 1980s, the oil and gas industry stagnated initially due to the disruptions of the Second World War and subsequently due to changes in colonial policy.[6]

Intensive exploration work commenced in the 1980s, and aeromagnetic data in 1983 confirmed the existence of sedimentary basins in the Albertine Graben. 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.[7]

In the first five years of this century, there was increased licensing and exploration activity.[8] 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 10 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.[9] According to the Ministry of Energy and Mineral Development (MEMD), 66 exploration and appraisal wells have been sunk, of which 59 were successful.[10] It is estimated that 2.5 billion barrels of oil have been discovered, of which 1.5 billion barrels are recoverable.[11] Once licence disputes on the Congolese side of Lake Albert are resolved and exploration begins, it is postulated that Uganda's oil deposits will be the largest onshore discovery made in sub-Saharan Africa in at least 20 years.[12]

The Bank of Uganda predicts that Uganda will save up to UGX 1.7 trillion (about US$633 million)[13] per annum on oil imports when the country starts its production. However, while the oil discoveries have the potential to enrich the national economy and enhance development, their potential to create new conflicts and exacerbate existing conflicts at regional, national and local levels is also high.

Notwithstanding this, there has been limited attention from government, donors, civil society, parliamentarians, media or other stakeholders towards better understanding and mitigating such factors. The absence of clear information regarding the progress of oil exploration has already led to confusion and misinformation at the local level both in districts where oil exploration has been taking place and in prospective areas. This is compounded by delays in the formulation of a clear and comprehensive legislation for governing distribution of revenues. Similarly, the available legal

5 P. Heum et al. (2011). *Enhancing national participation in the oil and gas industry in Uganda: The national content study in the oil and gas sector in Uganda*. SNF Report No. 13/11. Kampala: Ministry of Energy and Mineral Development (MEMD) and Institute for Research in Economics and Business Administration (SNF).

6 A. Bainomugisha, H. Kivengyere and B. Tusasirwe (2006). *Escaping the oil curse and making poverty history: A review of the oil and gas policy and legal framework for Uganda*. Kampala: ACODE Policy Research Series, No. 20.

7 P. Heum et al. (2011). Op. cit.

8 R.J. Kashambuzi (2010). *A matter of faith. The story of petroleum exploration in Uganda 1984–2008*. Kampala: Impro Publications Ltd.

9 Petroleum Exploration and Production Department (2011). *Status of licensing in the Albertine Graben in Uganda*. Kampala: Ministry of Energy and Mineral Development.

10 A. Ochan, Ag. Senior Geologist, Petroleum Exploration and Production Department (PEPD). Presentation at a Tullow-CNOOC-Total and CSO engagement meeting, Portea Hotel, Kampala, 22nd May 2012.

11 National Environment Management Authority (2012). *The environmental monitoring plan for the Albertine Graben 2012–2017*. Kampala: NEMA.

12 International Alert (2009). *Harnessing oil for peace and development in Uganda: Understanding national, local and cross-border conflict risks associated with oil discoveries in the Albertine Rift*. Kampala: Investing in Peace, Issue No. 2. Available at http://www.international-alert.org/resources/publications/harnessing-oil-peace-and-development-uganda.

13 US$1 = approximately UGX 2,685 as at 30th December 2012.

and policy mechanisms designed to handle any misinterpretation or contestation fall short in the areas of transparency and accountability.

Against this background, civil society organisations (CSOs) have found it important to engage different stakeholders, key government officials and oil companies to ensure that there is transparency and accountability, improved information sharing, good environmental management, as well as the adoption of conflict-sensitive approaches in operations within the regions. Ultimately, they seek to present the Albertine region, and Uganda at large, with an opportunity to harness the oil resource for peaceful development.

1.1 Survey area and design

The main objective of this study has been to establish baseline data needed to measure the degree and quality of change in the livelihoods of the communities where oil exploration is taking place – specifically, in Uganda's oil-rich Albertine Graben region.

The study was carried out in 13 districts representing the five sub-regions of the Albertine region – Acholi, Bunyoro, Kigezi, Rwenzori and West Nile. The region stretches from the border with Sudan in the north to Lake Edward in the south. About 79% of the land area in Albertine Graben is under agriculture, settlement and other land uses, while the remainder comprises national parks, wildlife reserves and forest reserves.[14] Oil exploration has been ongoing in this region since the 1920s.[15] Commercially viable oil deposits in this area have been confirmed, and there are plans to build an oil refinery and oil pipelines in the region. Previous studies have demonstrated that the Albertine Graben has high biodiversity spots and it is now an oil-rich region.[16]

For this baseline study, a total sample of 1,089 households was targeted in all the regions. However, more households were visited (1,215). Although the plan was to have an equal number of male and female respondents, more males (637) than females (578) participated in the study. Key informants were selected to obtain technical/expert views for the study and were drawn from national, regional and district level institutions. Focus group discussions were conducted to capture community experiences about oil exploration activities. Respondents in the study districts were selected using proportionate random sampling, and population figures for each district were drawn from the 2012 population projections of the Uganda Bureau of Statistics. Approximately 37% of the study respondents were below 30 years of age, 51% were aged between 30 and 55 years, while 12% were aged 55 years or over.

1.2 Outline of report

In the context of the *Harnessing the Potential of Oil to Contribute to Peace and Development in Uganda* project, this report seeks to contribute to a more just and conflict-sensitive development of the oil and gas sector by looking at livelihoods and governance in Uganda's oil-rich Albertine Graben to date.

Section 2 puts the country's oil and gas sector into context by examining the evolving legislative and policy framework underpinning the sector as well as looking at the different stakeholders in the sector. The third section explores the key issue of livelihoods in the Albertine Graben, including the impact of oil exploration activities on livelihoods in the region. The report goes on to look at the issue of gender roles, cognisant of the fact that poorly managed oil benefits can further

14 National Environment Management Authority (2012). Op. cit.

15 J. Kiiza, L. Bategeka and S. Ssewanyana (2011). *Righting resource-curse wrongs in Uganda: The case of oil discovery and the management of popular expectations*. Kampala: Economic Policy Research Centre.

16 National Environment Management Authority (2009). *Environmental sensitivity atlas for the Albertine Graben*. Kampala: NEMA.

deepen gender inequalities. Section 5 explores the central theme of governance at various levels in the Albertine region, highlighting its significance for sustainable development of the sector. The subsequent sections examine specific issues relating to and arising from oil exploration activities in the Albertine Graben – namely, the relationship between communities and oil companies, conflicts in oil exploration areas, displacements and compensation, along with environmental concerns. The final section draws conclusions from the report and offers recommendations to government, CSOs and oil companies for better coordination and management of the sector, along with increased transparency, integrity and accountability of its governance structures.

2. Oil and gas context in Uganda

In 2006, Uganda announced the discovery of a commercially viable deposit at Mputa.[17] The estimated petroleum reserve capacity is over 2.5 billion barrels, of which 1.5 billion barrels is estimated to be recoverable.[18] This could yield a flow rate of up to 350,000 barrels a day over a period of 25 years.[19] These statistics place the country in the company of Equatorial Guinea, Gabon and the Democratic Republic of Congo. Extended well testing to study the behaviour of the reservoir is currently ongoing. In addition, the government has concluded a feasibility study to establish whether the construction of an oil refinery is technically and commercially viable. The study recommended that the government starts with a refinery of 20,000 barrels of oil per day in the short term and that this can be scaled up to 60,000 and 120,000 barrels of oil per day in subsequent years.[20]

2.1 Oil legislation and policy

The constitutional framework

Uganda's 1995 constitution in its original state did not envisage oil and gas resources. However, with the prospects at the turn of this century, the Constitutional Amendment Act of 2005 incorporated a provision on oil and gas. Article 244, which initially solely provided for minerals, was replaced to provide for petroleum as well. Clauses 1–3 provide as follows:

1. Subject to Article 26 of this constitution, the entire property in, and the control of, all minerals and petroleum in, on or under any land or waters in Uganda are vested in the government on behalf of the Republic of Uganda.
2. Subject to this article, parliament shall make laws regulating the:
   - exploitation of minerals and petroleum;
   - sharing of royalties arising from mineral and petroleum exploitation;
   - conditions for the payment of indemnities arising out of exploitation of minerals and petroleum; and
   - conditions regarding the restoration of derelict lands.
3. Minerals, mineral ores and petroleum shall be exploited, taking into account the interest of the individual landowners, local governments and the government.

It should be noted that Article 244 is a departure from Article 237(2)(b), which vests natural resources in the citizens, with the government as a trustee. The controversy has been whether petroleum resources fall outside the public trust doctrine, in which case the legitimacy of citizens to hold government accountable is seriously diminished. Secondly, and on a positive note, Clause 1 above promotes the right to property provided for under Article 26 of the constitution. Article 26 forbids the compulsory taking of property unless:

a) The taking of possession or acquisition is necessary for public use or in the interest of defence, public safety, public order, public morality or public health; and

17 P. Heum et al. (2011). Op. cit.

18 B. Glover (2011). *Oil and the east African economy*. Paper presented at the East African Petroleum Conference, Kampala.

19 Agence France-Presse (2009). 'Tullow Oil: New drilling could put Uganda in top 50 producers'. Paris: AFP.

20 R. Kasande (2011). *Feasibility of a refinery in a landlocked country: A case for Uganda*. Paper presented at the East African Petroleum Conference, Kampala, February 2011.

b) The compulsory taking of possession or acquisition of property is made under a law which makes provision for:
   i) Prompt payment of fair and adequate compensation, prior to the taking of possession or acquisition of the property; and
   ii) A right of access to a court of law by any person who has an interest or right over the property.

It is important to observe that the constitution excludes investment as a ground for compulsory acquisition. The debate has been whether the interpretation of the phrase "public use" under Article 26 includes situations where the government wants to acquire land for onward transmission to an investor such as an oil company.

Policy and legislative processes

Uganda's petroleum sector is governed by the Petroleum (Exploration and Production) Act Cap 150. This law was enacted in 1985 when the prospects for petroleum were still low. The Petroleum (Exploration and Production) (Conduct of Exploration Operations) Regulations were passed in 1993 to implement the Act. In addition to the law and regulations, there are existing instruments which are highly relevant to the regulatory framework for oil and gas. These include laws and guidelines relating to the environment, wildlife, income tax, land and many others. Production sharing agreements (PSAs) and licences also form part of the regulatory framework.

In 2008, the government passed the National Oil and Gas Policy (NOGP), which forms the overall policy guidance on oil and gas. The policy obligated the government to enact adequate enabling laws in order to realise the aspirations enshrined therein. A review of the NOGP shows that this policy was developed as a result of a consultative process – including the review of oil and gas policies from several other countries as well as consultative meetings and workshops with technical staff from various government institutions at national level. A working document of the draft policy was then shared with representatives of local and urban authorities, cultural institutions in the Albertine Graben, CSOs and academic institutions for their review.

The NOGP 2008 lays the foundation for developing necessary specific legislation and regulations, as well as the institutional framework for development of the oil and gas sector. It is within this context that the Draft Petroleum (Exploration, Development and Production) Bill 2010 was developed. This bill was intended to operationalise the NOGP. The process of developing the Petroleum Bill 2010 was consultative and involved various stakeholders – including civil society, cultural institutions, oil companies, public sector agencies and some local governments.[21] This process culminated in the development of the current bills: the Petroleum (Exploration, Development and Production) Bill 2012; the Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Bill 2012; and the Revenue Management Bill. These bills were re-submitted to the cabinet for review. The cabinet tabled the bills in parliament for review. The bills are expected to govern the upstream, mid-stream and downstream stages of petroleum development.

The Petroleum (Exploration and Production) Act Cap 150

This Act was assented to on 13th June 1985, at a time when there were no serious prospects for oil and gas resources. As such, it essentially focused on the upstream aspects of exploration, with little or no provision for the mid-stream and downstream stages of production. Besides, there have since been major shifts in the petroleum industry worldwide, such that the Act needs to be amended.

Section 2(1) of the Act vests the property in, and the control of, petroleum in its natural condition in or upon any land in Uganda in the government on behalf of the Republic of Uganda. It envisages a relationship where the government owns oil under a person's land and licenses another to

21 Consultative processes at the local government and community level have been limited and less effective due to the limited information and capacity of stakeholders at this level to effectively engage in debating the bills.

exploit the oil over the head of the landowner.[22] Sections 38 and 39 only provide for the rights of the "lawful occupier" in the indemnification for lost land rights or interference of rights. This provision predates the 1995 constitution, which entirely changed the tenure categories for land holding in Uganda. The constitution recognises not only customary tenure but also multiple interests in registered land (lawful and *bonafide* occupants). Where the consent of the landowner "is unreasonably withheld", the Act allows the minister to override the lawful occupier and permit the oil company to exercise rights over the land "subject to such conditions as the minister may deem fit". This provision contradicts Article 26 of the 1995 constitution, which sanctifies the right to property, and Article 244, which subjects itself to Article 26.

The Act attempts to provide for environmental issues under Article 31 – ensuring exploration and development operations are conducted in a proper and safe manner. Similarly, it creates safeguards regarding the pollution of water and air, and where pollution occurs. Notwithstanding this, there is a need to expand and buttress the scope of environmental protection envisaged under the Act and to create a fund to restore the environment to its original state. The real problem may lie in expecting the oil companies to altruistically safeguard the environment.[23] Moreover, the Act provides for the payment of royalties, but only to government (Sections 49–51). It does not envision royalty payment to local governments and communities, as is provided for in the constitution. Furthermore, it generally provides for confidentiality – information is not to be disclosed unless with the consent of the licensee/oil company. This provision does not correlate with constitutional guarantees, the access to information act, and international best practices on oil and gas.

Uganda Petroleum Regulations 1993

Like the Petroleum (Exploration and Production) Act Cap 150, these regulations were primarily developed to regulate the upstream stage of petroleum development. They create a regulatory environment for the petroleum industry by prescribing the practical and procedural steps the developer is required to take in the development of the industry – including requirements and steps for ensuring health and safety, secure and systematic drilling operations, and the prevention of pollution. These regulations require a comprehensive revision to conform to new requirements in the oil and gas policy and the petroleum bills (when passed into law).

2.2 Stakeholders in the oil and gas sector

Stakeholders can be defined as any group or individual who can affect or [be] affected by the achievement of an organisation's objectives.[24] From this definition, it is clear that stakeholders are complex and multifaceted. It has been advised that the first step in managing oil-related expectations is to "identify" and bring on board all the stakeholders that will be affected by or involved in the oil and gas sector. These stakeholders may include local communities, CSOs, the broader public, national and local government, parliament, oil companies, and the local private sector and business community.[25]

The NOGP 2008 alludes to a number of stakeholders within and outside the government structures. On the government side, the policy refers roles to cabinet, parliament, the ministry responsible for oil and gas, and the institutions and agencies of various ministries responsible for managing resources and issues linked to the oil and gas sector. The policy also identifies non-state actors in the oil and gas developments – including civil society, along with religious and cultural institutions involved in advocacy, mobilisation and dialogue with the communities.[26]

22 A. Bainomugisha, H. Kivengyere and B. Tusasirwe (2006). Op. cit.
23 Ibid.
24 R.E. Freeman (1984). *Strategic management: A stakeholder approach*. Boston: Pitman Publishing.
25 J.O. Kakonge (2011). 'Challenges of managing expectations of newly emerging oil and gas producers of the south', *Journal of World Energy Law and Business*, Vol. 4, No. 2.
26 Ministry of Energy and Mineral Development (2008). *National oil and gas policy (NOGP)*. Kampala: MEMD.

The National Communication Strategy for Oil and Gas of June 2011 expands the stakeholder category in terms of communication and information dissemination.[27] These stakeholders include ministries responsible for energy, water and the environment, local governments, state institutions responsible for wildlife (Uganda Wildlife Authority) and the environment (National Environment Management Authority), the mass media, regional and international media, oil companies, communities in the Albertine Graben and areas with petroleum infrastructure, civil society, universities and third-level institutions, the East African Community secretariat, and the international community.

The stakeholders are likely to continue expanding within government, as sectors respond to emerging needs arising from various developments within the industry. There is also a proliferation of CSOs working at the international, national and community levels, focusing on oil and gas sector developments. In addition, a number of coalitions have been formed at the national and regional level. The Civil Society Coalition on Oil (CSCO) was formed in 2009 to link civil society actors working in the oil and gas sector. Membership of this coalition grew to over 40 members in 2012.

Under the framework of the CSCO, regional coalitions have also been formed, bringing together local non-governmental organisations (NGOs) and community-based organisations working on oil and gas within the petroleum region, with the support of the World Wildlife Fund (WWF) Uganda. Key informant interviews at the national and local government levels revealed that there are regional networks on oil and gas established and operating in Bunyoro, Rwenzori, South Western Uganda, Northern Uganda and the West Nile region. The issues generated from the regional networks are meant to feed into the CSCO national advocacy agenda. Besides the CSCO, other national level networks have emerged – including Publish What You Pay (PWYP), the Uganda Oil Club and the Oil Watch Network. Recently, academia has taken an interest in the oil and gas sector. The Petroleum Institute at Kigumba has recently been established to train oil and gas students at a vocational level. Undergraduate and postgraduate programmes are also emerging at different universities in Uganda.

Overall therefore, there is quite a wide range of stakeholders in the oil and gas sector. To some extent, stakeholders have been vigilant in fulfilling their mandates. However, there are challenges of coordination and capacity among stakeholders. For example, CSO coalitions working in the oil and gas sector are still grappling with the issue of inter- and intra-coalition coordination, especially in relation to research, policy analysis and joint advocacy.

27 Petroleum Exploration and Production Department (2011). Op. cit.

3. Livelihoods in the region

This section puts the Albertine Graben region into context by examining key indicators of livelihood – specifically, sources of livelihood and access to resources, household income and expenditure, sources of energy, ownership of valuable assets, land and access to employment. Where possible, the findings point to their relevance with respect to oil exploration.

3.1 Sources of livelihood

Like many other regions in the country, communities in the Albertine region are particularly dependent on subsistence agriculture. For example, in the Arua district, over 81% of the total population are employed in agriculture, with the majority (79.9%) mainly involved in subsistence agriculture.[28] Subsistence agriculture is generally dominated by peasant smallholders, based on crops like bananas, cassava, maize and legumes, along with coffee, cotton, tobacco and tea. Livestock (cattle, sheep, goats, pigs) is also an important agricultural activity and source of livelihood for many communities in Uganda – including the Albertine region. Grazing land is communally owned. However, with the increasing population of both humans and livestock, land availability is becoming limited, which has led to overgrazing.

Fishing is another prime source of livelihood for people in the Albertine Graben. Previous studies have shown that the region contributes 18.7% of the total national fish catch. About 15% is contributed by Lake Albert alone, which is the richest of the region's lakes in terms of fish biodiversity.[29] In addition, fish processing is an important source of employment for people, especially young people in the region.

3.2 Access to livelihood resources

Against this background, the study sought to examine how oil exploration activities in the region have impacted on people's access to livelihood resources. The results in Table 1 below show that more than half (54%) of the respondents perceived an increased restriction to fishing activities in their communities. The highest levels of increased restriction in fishing activities were reported in the Acholi (67%) and Bunyoro (65%) sub-regions – which represent comparatively more intensive oil exploration activities. This finding is similar to a study conducted by the Uganda Land Alliance (ULA), which cited reports of restricted access as a result of oil exploration in the three districts examined.[30]

28 Uganda Bureau of Statistics (2011). *Arua district local government statistical abstract, 2010–2011*. Kampala: UBOS.

29 National Environment Management Authority (2009). Op. cit.

30 Uganda Land Alliance (2011). *Land grabbing and its effects on the communities in the oil rich Albertine region of Uganda: The case of Hoima, Buliisa and Amuru districts*. Kampala: ULA.

Table 1: Effect of oil exploration on access to resources

Resources/indictors	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Firewood						
Reduced restriction	1.2%	9.0%	10.3%	4.3%	9.7%	6.8%
Increased restriction	57.1%	38.3%	71.8%	52.3%	35.3%	45.4%
No change in restriction	41.7%	52.7%	17.9%	43.4%	55.0%	47.8%
Total	168(100.0%)	277(100.0%)	39(100.0%)	235(100.0%)	258(100.0%)	977(100.0%)
Forestry herbs						
Reduced restriction	1.2%	10.2%	7.5%	5.6%	10.9%	7.6%
Increased restriction	59.5%	28.7%	75.0%	50.0%	23.6%	39.7%
No change in restriction	39.3%	61.1%	17.5%	44.4%	65.5%	52.7%
Total	168(100.0%)	275(100.0%)	40(100.0%)	234(100.0%)	258(100.0%)	975(100.0%)
Wild game						
Reduced restriction		5.8%	4.9%	5.1%	8.5%	5.3%
Increased restriction	44.6%	65.9%	73.2%	57.2%	27.9%	50.5%
No change in restriction	55.4%	28.3%	22.0%	37.7%	63.6%	44.2%
Total	168(100.0%)	276(100.0%)	41(100.0%)	236(100.0%)	258(100.0%)	979(100.0%)
Fishing						
Reduced restriction	1.2%	6.9%	18.9%	3.0%	10.1%	6.3%
Increased restriction	66.7%	64.9%	59.5%	47.9%	38.0%	53.7%
No change in restriction	32.1%	28.3%	21.6%	49.2%	51.9%	40.0%
Total	168(100.0%)	276(100.0%)	37(100.0%)	236(100.0%)	258(100.0%)	975(100.0%)
Cultural sites						
Reduced restriction	1.8%	4.3%	16.7%	2.1%	10.1%	5.4%
Increased restriction	75.0%	14.1%	61.1%	19.2%	12.8%	27.3%
No change in restriction	23.2%	81.5%	22.2%	78.6%	77.0%	67.4%
Total	168(100.0%)	276(100.0%)	36(100.0%)	234(100.0%)	257(100.0%)	971(100.0%)

Regarding cultural sites, the majority (67%) of respondents reported that there had been no changes in restriction. However, significant regional variations were noticed, with large proportions of the respondents in Acholi (75%) and Kigezi (61%) reporting that there had been increased restriction in access to cultural sites. In addition, 45% of the respondents reported increased restriction to collecting firewood, which is significant given that firewood is cited as the main source of fuel for cooking (see Table 4). The reported restrictions on some of the community activities, such as fishing, are likely to negatively affect income and livelihood in the study communities. This may infringe on their right to employment and meaningful livelihoods.

3.3 Household monthly income and expenditure

The study also elicited information on household income and expenditure in the study regions. The findings for household income are summarised in Table 2 below.

Table 2: Household monthly earnings by region

Earnings (UGX)	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Less than 50,000	36.9%	11.8%	24.6%	5.3%	36.6%	21.7%
50,000–100,000	40.1%	29.4%	30.9%	20.6%	35.9%	30.7%
110,000–150,000	10.7%	8.8%	9.1%	10.3%	6.5%	9.0%
160,000–200,000	7.0%	14.3%	11.4%	10.3%	5.7%	9.9%
210,000–250,000	1.1%	4.4%	3.4%	8.2%	1.5%	4.0%
260,000–300,000	1.1%	10.7%	9.1%	18.5%	6.1%	9.8%
310,000–350,000	1.1%	0.4%		3.6%		1.1%
360,000–400,000	0.5%	2.9%	5.1%	6.0%	1.9%	3.4%
410,000–450,000		0.4%	0.6%	1.4%		0.5%
460,000–500,000	1.1%	4.8%	2.9%	6.4%	2.3%	3.7%
Above 500,000	0.5%	12.1%	2.9%	9.3%	3.4%	6.3%
Total	187(100.0%)	272(100.0%)	175(100.0%)	281(100.0%)	262(100.0%)	1177(100.0%)

Note: US$1 = approximately UGX 2,685 as at 30th December 2012

Generally, about one third (31%) of the respondents stated that their household monthly earnings were between UGX 50,000 (US$20) and UGX 100,000 (US$40). Some 22% of the respondents affirmed that their household monthly earnings were less than UGX 50,000. There were also significant regional variations in reported monthly earnings in this study.[31] For instance, a higher proportion (37% respectively) of the respondents in Acholi and West Nile reported household monthly earnings below UGX 50,000. This could be due to the fact that people from both these regions are just recovering from conflicts which negatively affected their economic productivity. In addition, gender differences were noted: for example, more women (29%) than men (15%) reported that their household monthly earnings were less than UGX 50,000.

In terms of household monthly expenditure, the findings are summarised in Table 3 below.

Table 3: Household monthly expenditure by region

Expenditure	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Less than 50,000	57.4%	16.4%	21.1%	10.3%	50.4%	29.6%
50,000–100,000	30.9%	33.6%	32.2%	18.8%	27.3%	28.0%
110,000–150,000	4.3%	12.0%	11.1%	10.6%	6.9%	9.2%
160,000–200,000	4.8%	11.7%	15.6%	14.5%	5.0%	10.4%
210,000–250,000	0.5%	2.2%	3.9%	6.4%	0.8%	2.9%
260,000–300,000		6.6%	3.3%	14.5%	3.1%	6.2%
310,000–350,000	0.5%	.4%	1.1%	5.3%		1.6%
360,000–400,000	1.1%	4.4%	1.7%	6.0%	2.3%	3.4%
410,000–450,000		1.5%	0.6%	1.4%	0.4%	0.8%
460,000–500,000	0.5%	4.4%	3.3%	3.2%	0.8%	2.5%
Above 500,000		6.9%	6.1%	8.9%	3.1%	5.3%
Total	188(100.0%)	274(100.0%)	180(100.0%)	282(100.0%)	260(100.0%)	1184(100.0%)

Note: US$1 = approximately UGX 2,685 as at 30th December 2012

31 Throughout this study, unless otherwise stated, p-value=0.000.

Overall, the findings show that 30% of the respondents reported monthly household spending of less than UGX 50,000 (US$20), while 28% reported monthly household spending of between UGX 50,000 and UGX 100,000 ($40). However, significant differences emerged between the regions in this respect. For example, much higher proportions of respondents in Acholi (57%) and West Nile (50%) cited household spending of less than UGX 50,000 compared with Kigezi (21%), Bunyoro (16%) and Rwenzori (10%). In addition, more women (37%) than men (23%) reported monthly income expenditure of less than UGX 50,000.

3.4 Sources of energy for cooking and lighting

A review of national statistics shows that the value of charcoal and firewood consumption went up more than 10 times between 2005/6 and 2009/10.[32] This suggests that firewood and charcoal are the main sources of energy for cooking in the country. The same finding is reflected in Table 4 below for the various sub-regions examined. For example, the majority of respondents (74%) reported that firewood was their major source of energy for cooking, followed by charcoal (22%); only 1% cited electricity as their main source of energy for cooking. Once again, significant regional variations were noted. More respondents in Acholi and West Nile (92% respectively) cited firewood as their main source of energy for cooking, compared with their counterparts in Rwenzori (59%). Given that the cultural construction of gender roles in all the regions ascribes the collection of wood fuels to women and girls, relying on these fuels increases the burden on women and girls. The heavy reliance on wood fuels also has implications for the environment and for sustainable use of forest resources.

Table 4: Main sources of energy for cooking and lighting

Sources of energy	Sub-region					Overall (n=1215)
	Acholi (n=192)	Bunyoro (n=280)	Kigezi (n=190)	Rwenzori (n=284)	West Nile (n=269)	
Main source of fuel for cooking						
Firewood	92.2%	60.0%	70.0%	59.2%	92.2%	73.6%
Charcoal	7.8%	30.4%	22.6%	38.0%	7.1%	22.2%
Kerosene/Paraffin		5.0%	3.2%	1.4%	0.4%	2.1%
Electricity		3.2%	2.1%	0.4%		1.2%
Gas		0.7%				0.2%
Other		0.7%	2.1%	1.1%	0.4%	0.8%
Main source of lighting						
Wick lamp (*Tadoba*)	93.8%	51.4%	39.5%	42.6%	69.1%	58.1%
Lantern	4.7%	27.9%	32.6%	34.5%	14.1%	23.5%
Electricity	0.5%	7.1%	15.8%	14.1%		7.5%
Solar, Torch, Lights Grass	0.5%	8.2%	3.7%	7.7%	9.3%	6.4%
Candle	0.5%	5.4%	8.4%	1.1%	7.4%	4.5%

In terms of sources of light, the study revealed that the wick lamp (*Tadoba*) was the main source of lighting for the highest proportion of respondents (58%), followed by the lantern (24%) and electricity (8%). Significant differences between the sub-regions emerged once again. For example, the majority (94%) of respondents in Acholi used the wick lamp (*Tadoba*) as their main source of lighting, compared with their counterparts in Kigezi (40%) and Rwenzori (43%).

32 Uganda Bureau of Statistics (2012). *Statistical abstracts 2012*. Kampala: UBOS.

3.5 Ownership of valuable assets

The study also examined ownership of valuable assets in the Albertine Graben region. The findings in Table 5 below give an overview of ownership according to the different types of assets.

Table 5: Ownership of valuable assets

Assets	Gender of respondent		Total (n=1215)
	Male (n=637)	Female (n=578)	
Land			
Does not own	24.8%	41.0%	32.5%
Jointly owns	50.5%	44.1%	47.5%
Owns alone	24.6%	14.9%	20.0%
The house/dwelling you live in			
Does not own	27.8%	36.0%	31.7%
Jointly owns	49.0%	50.7%	49.8%
Owns alone	23.2%	13.3%	18.5%
Any other residence (house, apartment or dwelling)			
Does not own	77.1%	82.0%	79.4%
Jointly owns	14.9%	13.7%	14.3%
Owns alone	8.0%	4.3%	6.3%
Jewellery or gems			
Does not own	77.2%	69.6%	73.6%
Jointly owns	15.9%	10.7%	13.4%
Owns alone	6.9%	19.7%	13.0%
Livestock (such as sheep, goats, cows, chickens)			
Does not own	36.1%	46.7%	41.2%
Jointly owns	43.3%	36.2%	39.9%
Owns alone	20.6%	17.1%	18.9%
Tools (such as hoes, panga, slashers, wheelbarrow)			
Does not own	25.4%	33.2%	29.1%
Jointly owns	53.2%	49.7%	51.5%
Owns alone	21.4%	17.1%	19.3%
Transport means (such as bicycle, motorcycle, car)			
Does not own	42.7%	65.9%	53.7%
Jointly owns	33.8%	26.6%	30.4%
Owns alone	23.5%	7.4%	15.9%
Furnishings (such as bed, generator, refrigerator, radio)			
Does not own	27.5%	36.3%	31.7%
Jointly owns	49.1%	46.7%	48.0%
Owns alone	23.4%	17.0%	20.3%

The results in Table 5 above show that 67.5% of the respondents owned land – either jointly (47.5%) or alone (20%). There were significant gender differences. More women (41%) than men (25%) did not own land. At the same time, more men (23%) than women (13%) owned dwelling units alone. The study also revealed that 59% of the respondents owned livestock.

Again, significant gender differences were noted in respect to ownership of livestock. Regarding transport, more than half (54%) of the respondents did not own any means of transport. In addition, more men (24%) than women (7%) were the sole owners of their transport means. These results show significant gender differences in access to and control and ownership of productive resources. This implies that, if such gender imbalances remain unchanged, women are likely to benefit less from the proceeds of oil exploration and exploitation.

3.6 Land size, ownership and tenure system

The study also gathered information on the size of land owned by participants. The results of these findings are shown in Table 6 below.

Table 6: Size of land owned and type of tenure system

If owns land	Sub-region					Total (n=820)
	Acholi (n=137)	Bunyoro (n=153)	Kigezi (n=129)	Rwenzori (n=180)	West Nile (n=221)	
Size of the acreage						
Less than 1 acre	2.9%	30.7%	24.0%	31.1%	11.8%	20.0%
1–3 acres	13.9%	29.4%	34.9%	43.3%	32.6%	31.6%
4–6 acres	13.9%	16.3%	16.3%	10.0%	28.1%	17.7%
7–9 acres	8.0%	3.9%	3.1%	2.8%	7.7%	5.2%
10 and above	45.3%	10.5%	14.7%	4.4%	17.6%	17.6%
Don't know	16.1%	9.2%	7.0%	8.3%	2.3%	7.9%
The tenure system of the land						
Customary	83.2%	80.4%	31.8%	83.9%	70.1%	71.2%
Freehold	6.6%	2.6%	61.2%	10.0%	23.5%	19.8%
Communal ownership	9.5%	15.0%	2.3%	5.6%	3.2%	6.8%
Leasehold	0.7%	2.0%	4.7%	0.6%	2.3%	2.0%
Other					0.9%	0.2%

The results show that about a third (32%) of the survey respondents owned 1 to 3 acres of land. Regional differences were noted. For example, more respondents in Rwenzori (43%), Kigezi (35%) and West Nile (33%) reported owning 1 to 3 acres of land, compared with their counterparts in Acholi (14%). Conversely, more respondents in Acholi (45%) reported owning land of 10 or more acres compared with the other regions. Gender differences also emerged among those owning 10 or more acres, with a greater proportion of men (22%) than women (12%) citing this to be the case. The majority of respondents (71%) had customary land ownership, while 20% were on a freehold land tenure system. However, some studies have shown that there is an increasing trend in conversion of land from customary tenure to formal tenures-leaseholds, and more recently to freeholds.[33] As the current Petroleum Bill 2012 does not provide clear guidelines on how to protect and compensate customary landowners, this may expose people with customary land tenure to risks of not getting the compensation they deserve. Their livelihood is also likely to be affected.

In addition, a study conducted by the ULA in 2011 found that the level of land transactions among respondents was very low, with only 11% of them attesting to having been involved in a

33 Uganda Land Alliance (2011). Op. cit.

land transaction in the past two years.[34] The study established that 56% sold land to individuals who are indigenous and from the region, while 36% sold to individuals who are indigenous but living outside the region. These findings also seem to differ from rumours that there is an influx of land speculators in the oil and gas region.

3.7 Access to employment opportunities

Table 7 below shows the results regarding the main occupation of respondents in the study. The results show that the highest proportion (45%) of respondents were engaged in farming/agriculture, followed by business/self-employment (23%) as their main occupation. Interestingly, more women (50%) than men (41%) reported being involved in farming/agriculture. Similarly, a higher proportion (26%) of female respondents reported being involved in business/self-employment compared with their male counterparts (20%).

Table 7: Main occupation

Occupation	Men (n=637)	Women (n=578)	Overall (n=1215)
Farming/agriculture	40.7%	50.2%	45.2%
Business/self-employed	19.6%	26.0%	22.6%
Fishing	14.9%	1.7%	8.6%
Casual work	5.8%	3.1%	4.5%
Private sector employment	4.2%	2.4%	3.4%
Vending	2.4%	3.6%	3.0%
Civil service/government	3.0%	2.4%	2.7%
Working in a saloon	0.9%	1.9%	1.4%
Other	8.5%	8.7%	8.6%

The current oil exploration activities in the Albertine Graben will create employment opportunities in the area. Findings from key informant interviews and focus group discussions reveal that some employment opportunities have been created in areas where oil exploration activities are ongoing. However, it was noted that most of the jobs available were for casual labourers.

3.8 Expectations from oil and gas exploration

Positive expectations in this study refer to subjective feelings and hope that oil and gas exploration/exploitation will lead to significant social, economic and infrastructural improvements. Negative expectations refer to fears or suspicions that are likely to arise as a result of oil and gas exploration/exploitation – such as high levels of corruption, environmental degradation, denial of access to livelihood sources, displacement without adequate compensation, civil strife, land grabbing, and exclusion of youth from employment opportunities in their region, among others. The findings in Table 8 below show the results in relation to the respondents' positive expectations.

34 Ibid.

Table 8: Positive expectations from oil and gas exploration

Expectations	Percentage
Increased employment opportunities	57.1%
Increase in income	50.6%
Improved access to roads	41.3%
Improved access to social amenities	36.1%
Other benefits (business, compensation, decrease in commodity prices, etc.)	13.3%

Overall, 57% of the respondents expect increased employment opportunities, 51% expect higher incomes, while 41% anticipate improved access to roads. In addition, 36% of the respondents expect improved access to social amenities, while 13% cite other expectations pertaining to business, compensation and reduced commodity prices, among others. Nevertheless, community members are sceptical about the benefits arising from oil, because their youth and children are likely to be employed mainly for casual jobs due to a lack of necessary qualifications.

4. Gender relations and participation

It has been noted that if oil benefits are not managed well, they can deepen gender inequalities.[35] This section gives an insight into current gender roles at the household level. It also looks at the possible impact of oil exploration and exploitation activities on gender relations in the Albertine Graben.

4.1 Gender roles in the household

Study participants were asked to report about gender roles in relation to current household practices. The findings are summarised in Table 9 below.

Table 9: Gender roles in household

Roles/practices	Gender of respondent		Total (n=1215)
	Male (n=637)	Female (n=578)	
Washing clothes			
I do everything	14.9%	56.7%	34.8%
Usually me	4.2%	32.5%	17.7%
Shared equally or done together	10.2%	5.2%	7.8%
Usually partner	48.4%	2.8%	26.7%
Partner does everything	21.0%	0.9%	11.4%
Does not apply	1.3%	1.9%	1.6%
Repairing house			
I do everything	30.0%	19.0%	24.8%
Usually me	30.1%	7.3%	19.3%
Shared equally or done together	18.7%	20.6%	19.6%
Usually partner	6.9%	33.6%	19.6%
Partner does everything	3.5%	4.5%	4.0%
Does not apply	10.8%	15.1%	12.8%
Buying food			
I do everything	22.8%	31.0%	26.7%
Usually me	15.7%	17.1%	16.4%
Shared equally or done together	30.5%	29.9%	30.2%
Usually partner	20.9%	14.0%	17.6%
Partner does everything	6.1%	3.3%	4.8%
Does not apply	4.1%	4.7%	4.4%
Cleaning the house			
I do everything	12.4%	53.6%	32.0%
Usually me	5.3%	34.8%	19.3%
Shared equally or done together	10.5%	4.7%	7.7%
Usually partner	46.2%	2.8%	25.5%
Partner does everything	22.0%	0.9%	11.9%
Does not apply	3.6%	3.3%	3.5%

35 H. Coulombe and A. McKay (1995). *An assessment of trends in poverty in Ghana, 1988–1992*. Washington DC: World Bank.

Cleaning the bathroom/toilet			
I do everything	11.9%	47.2%	28.7%
Usually me	7.1%	32.4%	19.1%
Shared equally or done together	14.4%	8.5%	11.6%
Usually partner	38.0%	4.0%	21.8%
Partner does everything	18.7%	1.0%	10.3%
Does not apply	9.9%	6.9%	8.5%
Preparing food			
I do everything	9.7%	55.4%	31.4%
Usually me	3.9%	32.4%	17.4%
Shared equally or done together	5.3%	4.8%	5.1%
Usually partner	46.8%	2.9%	25.9%
Partner does everything	27.5%	1.0%	14.9%
Does not apply	6.8%	3.5%	5.2%

The study showed that, in terms of traditional household tasks, significantly higher proportions of women reported doing everything – such as washing clothes (57% of women compared with 15% of men) or cleaning the house (54% of women compared with 12% of men). Moreover, quite a number of women are catching up with activities traditionally assigned to men – such as repairing the house (19% of women compared with 30% of men). While women are taking on activities traditionally assigned to men, the men on the other hand seem to be sticking to their traditional roles, with men scoring lower on all the household tasks shown in Table 9 above, except for repairing the house. Higher proportions of women also reported buying the household food (31% of women compared with 23% of men) and preparing the food (55% of women compared with 10% of men).

4.2 Women's control over assets

Women's control over resources is vital in understanding their ability to get into viable income-generating activities and to harness other investment opportunities. This study established that women seeking permission from their husband or someone else to sell land in all districts was almost universal (Acholi (96%), Bunyoro (100%), Kigezi (93%), Rwenzori (96%) and West Nile (85%)). The same trend applies to selling joint dwelling places (Acholi (96%), Bunyoro (98%), Kigezi (94%), Rwenzori (95%) and West Nile (85%)). Similar trends were observed regarding jointly owned items such as livestock, farm tools and transport means. However, a considerable percentage of respondents in all study sites reported that they did not need permission to sell land owned alone (Acholi (38%), Bunyoro (45%), Kigezi (17%), Rwenzori (33%) and West Nile (43%)). These findings give an insight into power relations regarding the use and management of jointly owned assets at family level.

The findings also indicated that considerable proportions of female respondents needed permission from their husband to sell land owned alone (Acholi (38%), Bunyoro (45%), Kigezi (17%), Rwenzori (32%) and West Nile (43%)). However, the findings suggested that women were more at liberty to sell off items not jointly owned without their husband's permission.

4.3 Decision making on income and expenditure

Views were elicited on decision making on income and expenditure at the household level. The findings are summarised in Table 10 below.

'When women are engaged in paid labour, they are suspected of taking some of the money to their family and it often leads to separation. Men prefer to control household income, because it is believed that women are hard when they get money. They are so bossy and will take men for a ride/granted.'

Comments from focus group discussions with community leaders in Koch Goma sub-county, Kal Parish

Table 10: Household decision making on income expenditure

Current practices	Gender of respondent		Total
	Male	Female	
Buying food, clothing and utensils for the family			
Yourself	42.5%	38.1%	40.4%
Partner	11.8%	20.2%	15.8%
Jointly with partner	39.1%	33.7%	36.5%
Someone else	3.5%	3.6%	3.5%
Yourself and someone else jointly	0.9%	1.4%	1.2%
NA	2.2%	2.9%	2.6%
Total	637(100.0%)	578(100.0%)	1215(100.0%)
Making a decision to study or work outside the home			
Yourself	41.0%	25.4%	33.6%
Partner	3.9%	22.5%	12.8%
Jointly with partner	45.5%	41.9%	43.8%
Someone else	2.5%	2.4%	2.5%
Yourself and someone else jointly	0.8%	1.6%	1.2%
NA	6.3%	6.2%	6.3%
Total	637(100.0%)	578(100.0%)	1215(100.0%)
Buying some assets for the home (such as bicycles, radio and land)			
Yourself	46.8%	22.0%	35.0%
Partner	4.1%	28.9%	15.9%
Jointly with partner	42.9%	40.0%	41.5%
Someone else	2.4%	2.9%	2.6%
Yourself and someone else jointly	1.1%	2.1%	1.6%
NA	2.8%	4.2%	3.5%
Total	637(100.0%)	578(100.0%)	1215(100.0%)
Disposing of vital assets (such as land)			
Yourself	37.7%	19.4%	29.0%
Partner	3.8%	25.8%	14.2%
Jointly with partner	51.2%	42.7%	47.2%
Someone else	2.8%	3.1%	3.0%
Yourself and someone else jointly	1.6%	3.5%	2.5%
NA	3.0%	5.5%	4.2%
Total	637(100.0%)	578(100.0%)	1215(100.0%)
Participating in community development activities			
Yourself	32.0%	28.9%	30.5%
Partner	4.7%	16.1%	10.1%
Jointly with partner	57.0%	48.4%	52.9%
Someone else	2.0%	.9%	1.5%
Yourself and someone else jointly	0.6%	1.2%	0.9%
NA	3.6%	4.5%	4.0%
Total	637(100.0%)	578(100.0%)	1215(100.0%)

NA = "not available"

The study established that similar proportions of women and men make joint decisions to buy household food, clothing and utensils (39% of men and 34% of women). No significant regional differences were noted in this respect. Moreover, similar proportions of women and men reported making a joint decision to study or work outside the home (46% of men and 42% of women). Again, no significant regional differences emerged here. Similar trends were noted in relation to joint decisions on other household practices. However, men scored higher in terms of making household decisions on their own – particularly in relation to buying certain assets for the home (47% of men compared with 22% of women) and disposing of vital assets such as land (38% of men compared with 19% of women).

4.4 Perceived changes in gender roles

Respondents were asked whether they perceived any changes in terms of gender dynamics due to oil exploration and exploitation. Given that oil exploration activities were still on a small scale in all the study districts, there were few perceived changes in gender roles resulting from oil exploration and exploitation. The findings show that a significant and similar proportion of both men (83%) and women (88%) reported that there were no changes in gender relations due to oil exploration and exploitation.

Nevertheless, the oil exploration/exploitation activities are significant enough to cause changes at the household level. Qualitative information indicated that there may be changes in relationships between women and men in the future if the commercial phase of oil exploration begins. However, many of the changes anticipated may put women in a disadvantaged position. For example, it was reported that there was a preference to recruit men during the exploration phase, because women have not attained sufficient levels of education, as illustrated below.

> *'Anything to do with technology, there is a bias that it's men's work. For example, you may find more men in technical departments in the oil sector than women.'*
>
> Interview with technical officer, Atiak sub-county

Furthermore, most women noted that, once men get more income from oil-related activities, they may be tempted to marry more women.

> *'You cannot rule out the effects of oil on the family. As people get more income, behaviours may change – marrying more women, divorce, among others.'*
>
> Interview with District Community Development Officer, Arua

In addition, qualitative data indicated that men may lose control over women and resources, because women may enrol for education. It was also anticipated that conflicts between men and women may increase as a result of changes in family income, education and influence from other cultures.

5. Governance and accountability

Currently, Uganda is facing a new context of oil exploration and exploitation. Values and resources for governance are needed to ensure sustainable development in this sector and the country at large. In this study, a central focus was to explore governance issues at various levels in the Albertine region.

5.1 Accountability structures

Findings indicate that there are largely no governance structures for oil and gas in the study districts. Surprisingly, these gaps were known to the professionals. Key informants noted that governance structures should have been created before oil exploration. In only a few districts in the region, there were loose structures beyond the traditional local government system – namely, taskforces and coalitions.

Taskforces

The taskforces were reportedly created at district level and they comprised people within the district local government drawn from relevant departments. In Nebbi and Nwoya, these taskforces were formed with a clear roadmap in terms of roles and responsibilities. However, just like other districts, these taskforces lacked both logistical and financial facilitation to execute their mandate, as well as adequate training in the oil and gas sector.

To a limited extent though, some members of these taskforces were invited to participate in a few of the oil and gas activities undertaken at national level – such as workshops on governance in Kampala. At local level, occasionally the taskforces have been sensitised on oil issues by the oil companies, along with some CSOs. Nevertheless, respondents from the focus group discussions noted that members of the taskforces have limited knowledge and skills on governance.

Due to a lack of adequate knowledge and training in this area of governance, there were no plans developed regarding oil governance. It was also quite clear in the interviews that there were no specific resources at the district and sub-county level to promote governance in the oil sector. Because of the secrecy that surrounds oil and gas exploration and exploitation, informants reported possible suspicions among the members of the taskforce, as observed below.

> *'We hear some people saying that oil production took place a long time ago, and the people see vehicles coming and going down … We see ferries coming and going … big trucks are passing here at the lakeshores, carrying something and going … we don't know if they are carrying oil or not … You cannot talk about it, because you don't know what the other members on the committee think about you … you then prefer to keep quiet.'*
>
> Focus group discussion, Kyangwali sub-county, Hoima

Coalitions

In Kanungu, Rukungiri, Kigezi and Kasese, there is a coalition on oil and gas supported by the WWF – called the South Albertine Civil Society Coalition on Oil and Gas (SACOG). In Bunyoro, there is the Bunyoro-Kitara Civil Societies Coalition on Governance. The SACOG organised exposure trips, supported development and dissemination of materials on governance from the International Electrotechnical Commission, conducted community mobilisation and sensitisation, and had trained staff in CSOs on oil and gas. However, most members of the SACOG claimed that they are largely walking a lonely path, since most of the district structures

do not work closely with the civil society agencies in this area. Oil companies were allegedly elusive about the work of these coalition groups.

5.2 Governance at national level

Respondents were asked how they rated particular issues relating to governance at national level. Communities expressed strong dissatisfaction about governance at the central government level in general. Nearly half (49%) of the respondents disagreed with the statement 'the central government addresses community concerns about the oil sector'. In addition, over 41% of the respondents disagreed with the statement 'they are confident that government is going to manage oil activities well for the benefit of the community'. At the same time, over 45% of the respondents disagreed with the statement 'the central government listens to community views about the oil sector'. However, there were some regional differences, with Bunyoro having more respondents (53%) disagreeing with this statement compared with the other regions, such as Rwenzori (35%).

The study findings indicated that there has been some community involvement in oil-related issues at the national level. A sizeable proportion (39%) of the respondents stated that their members of parliament (MPs) ask for their views, while 30% felt that the central government listens to their views. However, almost half (48%) of the respondents disagreed with the statement 'the MP solicits for their views'. In the Kigezi region, more than half (55%) of the respondents disagreed with this statement, compared with 39% of respondents in Acholi. Informants claimed that MPs are still ignorant about oil and gas. Yet, responsive public policy and management principles demand the elimination of abstraction in responding to people's practical needs and problems.[36] This could be one of the reasons why there is much suspicion about oil and gas.

5.3 Governance at sub-county level

In a quest to obtain information on the wider participation of other vital government institutions at the community level, this study adopted quite a number of parameters to study governance issues at the sub-county level. Overall, the sub-county rating on most governance parameters was quite low. Across all the regions, a considerable percentage of people were dissatisfied with the level of integrity, transparency, participation, capacity and performance exhibited by the leadership structures at sub-county level. Three quarters (75%) of the respondents expressed dissatisfaction because they were not consulted about governance of the oil sector. The same proportion was also dissatisfied that the sub-county leadership was not addressing community concerns about oil exploration.

The low rating at the sub-county level presents a daunting challenge to the oil and gas sector. Improving the rating and community confidence of study communities in the sub-county will require deliberate efforts targeted at improving the level of integrity of the sub-county leadership. The low rating of this leadership could be attributed to a lack of guidance and empowerment from the district level. It could also be due to a lack of checks and balances both at the upper and lower levels of government. In practice, under normal circumstances, the national government is supposed to empower the district leadership, which in turn is supposed to empower the sub-county leadership.

36 J. Newman, M. Barnes, H. Sullivan and A. Knops (2004). *Public participation and collaborative governance*. Cambridge: Cambridge University Press.

5.4 Governance at village level

Overall, assessment of governance at the village level revealed that 77% of the respondents were dissatisfied with the level of integrity, transparency, accountability, participation, capacity and performance shown by the village leadership. The dissatisfaction of the community members in terms of key governance parameters carries serious implications for governance. This has the potential to negatively affect mobilisation of the communities to actively participate in any development intervention – including the ongoing oil and gas exploration and exploitation in the Albertine Graben. The communities' active participation and trust in the established governance structures, if established and sustained, is likely to produce a mutually reinforcing relationship that can provide a good platform for checks and balances in the sector. This is crucial for allaying fears, doubts and suspicions that would otherwise cause tension in the communities. Such tensions have the potential to breed conflict, which in turn can affect people's livelihoods.

5.5 Access to information

> *'Government has been very protective to the extent of prohibiting us from visiting oil wells without the permission of the permanent secretary and even the president himself – "don't interfere or do not misdirect the public about oil issues – leave those issues to me (the president); … concentrate on agriculture, provision of food and other services that you can make available for the people working in the oil companies and that is all".'*
>
> Interview with Bunyoro kingdom official

Based on good governance principles, the rule of thumb for governments should be to allow citizens to have access to relevant information, so that they can appreciate the dynamics and challenges and be more realistic in their expectations. The underlying debate is how much and what kind of information can be shared with the general public, as well as how much needs to remain confidential.[37] Some studies have shown that much of the information provided is patchy and piecemeal.[38] Thus, there is little or no transparency. This heightens mistrust between the affected communities and the government and oil companies. It is at variance with the notion of promoting transparency for all activities in the upstream, mid-stream and downstream phases of the oil and gas industry; such transparency is considered a crucial component for good governance.[39]

Information on oil

Respondents were asked whether they had heard about oil-related information in the last 12 months. Bunyoro recorded the highest proportion of people (90%) who had heard about oil. A high percentage of people in Rwenzori (76%) and Acholi (69%), as well as a more moderate proportion in West Nile (55%), had also heard about oil. However, a sizeable proportion of respondents from West Nile (45%), Kigezi (36%) and Rwenzori (24%) stated that they had not heard about oil. This is not surprising due to the limited information sharing on oil at community level. Technical views obtained in qualitative data corroborated the quantitative findings. Some informants expressed the view that oil seems to be a resource for the educated and that the least educated are left out.

Sources and content of information

In terms of sources of information about oil, television and radio emerged as a major source (cited by 80% of the respondents). A sizeable percentage (30%) mentioned neighbours/friends as

37 J.O. Kakonge (2011). Op. cit.

38 Ibid.

39 S. Yeboah. 'Guarding the misguided expectations for Ghana's oil wealth', *GhanaWeb*, 1st May 2010. Available at http://www.ghanaweb.com/GhanaHomePage/features/artikel.php?ID=181074.

a source of information, while a tiny proportion (1%) cited cultural leaders. The low rating of other mediums indicates some loopholes in information dissemination. In terms of the content of oil information, a significant proportion (40%) cited benefits accruing from oil as the common theme in the information distributed. Qualitative information indicated that, while the radio and TV target a bigger audience, such mediums lack the element of dialogue and consensus building on topical issues. For example, the respondents felt that certain areas needed greater attention, such as information on: the benefits of oil to the regions where oil and gas are found; the larger or long-term impact of oil exploitation activities on the local communities and the general environment; plans for saving cultural sites; the employment policies of the oil companies; and the number of job opportunities that are to be created. There was the general feeling that the current communication about these issues is too general, while critical issues are not being addressed at all.

Awareness of policies governing oil exploration

Generally, although there is a lot of information at the national level about policies and laws regulating the oil and gas sector, very little of this information trickles down to the host communities.[40] For example, the study results revealed that 96% of the respondents are not aware of any policies governing oil exploration. The results in Table 11 below indicate a minimal level of awareness about existing laws and policies governing oil exploration in Uganda.

Table 11: Knowledge of laws and policies

Laws and policies	Sub-region (number of respondents)					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
1985 Petroleum Act	1	2	1			4
1993 Petroleum Regulations		1		1		2
2002 Land Act	1	1		3		5
2003 Mining Act		1		1		2
2008 National Oil and Gas Policy	1	2			1	4
2012 Petroleum Bill		1		1		2
Income Tax Act					1	1
1995 Constitution		2		8	2	12

Overall, the findings above indicate that there is still limited information sharing on oil. Discussions with some of the key informants suggest that the information provided is selective. For active and effective participation of communities in the oil and gas sector, awareness levels on issues concerning oil and gas need to be improved.

40 Uganda Land Alliance (2011). Op. cit.

6. Relationship between communities and oil companies

A good relationship between communities and oil companies is essential for the smooth operation of company activities and for harmonious co-existence between oil companies and the communities. Study findings show that, although some efforts have been made to engage stakeholders at the community level by the oil company community liaison officers, quite a number of gaps exist in the strategies that have been used to engage the affected communities.

6.1 Community involvement in oil exploration process

Community involvement is crucial and should not be underestimated. Kanji and Greenwood contend that stakeholder involvement leads to more effective interventions, since it takes different views into account and builds a broader, more inclusive platform for action.[41] Abbot and Guijt highlight that it ensures effective resource use controls and the development of efficient processes for plan making and review.[42]

Oil companies operating in Uganda have shown some level of commitment towards stakeholder involvement at various levels, including the community. For instance, Tullow Oil signed a memorandum of understanding with all the districts where they operate to guide its relationships at the local level. It opened liaison offices in both Hoima and Buliisa.[43] It also recruited community liaison officers, who are mandated to liaise with the indigenous communities affected by oil exploration activities. For example, they lead discussions about access to indigenous lands and for the protection of cultural resources. Analysis of the approach taken by oil companies in stakeholder-community engagement, using Arnstein's "Ladder of Participation", reveals that they are operating at the level of "compliance" and limited "consultation".[44]

Corporate social responsibility

Corporate social responsibility in this study refers to the notion that organisations have moral, ethical and philanthropic responsibilities, in addition to their usual economic and legal responsibilities.[45] This study reveals that oil companies have tried to fulfil their corporate social responsibility. They have conducted community meetings/dialogues and carried out sensitisation meetings. The companies have also provided some basic services such as bore holes, mosquito nets, school materials for students from some of the affected areas, as well as helping to renovate community schools.

Results also reveal that the companies Neptune and Tullow have opened up resource centres in some of the districts where they operate. For example, Neptune set up a resource centre at Arua public library and Tullow constructed a resource centre at Buliisa district headquarters. Oil companies have also set up schools and health centres in some parts of the affected communities. Tullow has constructed Buliisa Health Centre IV, which is the first and largest such centre in the Buliisa district; it is estimated that the project will support a population of over 100,000 people.[46] Companies have also opened up and/or upgraded community roads. These developments have brought together the oil companies and the communities, as well as community leaders.

41 N. Kanji and L. Greenwood (2001). *Participatory approaches to research and development in IIED: Learning from experience*. London: International Institute for Environment and Development (IIED).

42 J. Abbot and I. Guijt (1999). Presentation for IIED staff training on participatory methods. Mimeo.

43 International Alert (2009). Op. cit.

44 S.R. Arnstein (1971). 'A ladder of citizen's participation', *Journal of the American Institute of Planners*, No. 35.

45 A.B. Carroll and A.K. Buchholtz (2003). *Business and society: Ethics and stakeholder management*, Fifth edition. Mason, Ohio: Thomson South-Western. See also http://www.referenceforbusiness.com/management/Comp-De/Corporate-Social-Responsibility.html.

46 'Tullow Oil supports communities', *New Vision*. Available at http://www.newvision.co.ug/mobile/Detail.aspx?NewsID=629288&CatID=413.

6.2 Stakeholders' satisfaction with oil companies

Notwithstanding the aforementioned efforts, the results in Table 12 below show that a large proportion (62%) of the respondents who had any interaction with oil companies were not satisfied with the interaction. A majority (81%) reported that oil companies have never released any public statement addressing their concerns.

Table 12: Community satisfaction with oil companies

Satisfaction	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Are you satisfied with the interaction/dialogue with oil companies?						
Yes	40.0%	28.0%	66.7%	66.7%	35.2%	38.3%
No	60.0%	72.0%	33.3%	33.3%	64.8%	61.7%
Total	5(100.0%)	50(100.0%)	21(100.0%)	3(100.0%)	54(100.0%)	133(100.0%)
Have oil companies released any public statement addressing your concerns?						
Yes	20.0%	18.0%	38.1%	66.7%	11.1%	19.5%
No	80.0%	82.0%	61.9%	33.3%	88.9%	80.5%
Total	5(100.0%)	50(100.0%)	21(100.0%)	3(100.0%)	54(100.0%)	133(100.0%)

Qualitative information obtained from the respondents concurs with the findings presented in Table 12 above. Key informants revealed that community leaders are not satisfied with the operations of oil companies. Some participants reported dissatisfaction with the conduct of oil companies, as expressed below.

> *'Our technical staffs are not satisfied. We wrote to the executive of Dominion requesting that they should meet us, since they want to be one of our development partners. They should give us their work plans so that there is no duplication with the sub-county plans.'*
>
> Discussion with technical staff, Kanungu district

Community members and their leaders claim they are not allowed to visit the drilling site to see what work is underway. It puzzles community stakeholders when they see fuel trucks travelling to and from the drilling sites and camps. They are concerned that actual drilling may have started and that their oil is being "looted". For many community members, being allowed to visit the drilling site would satisfy their curiosity. Denying the community members, their leaders and local government technical officials the right to visit oil exploration sites has, they claim, rendered their role ineffective.

Despite significant stakeholder dissatisfaction with the oil companies, there were some instances where key informants showed satisfaction with the oil exploration activities.

> *'The work related to oil by Dominion is going well. People got jobs and even food … there is no problem. However, they gave jobs to people who were from Bushenyi, Rukungiri and Kihihi, but not to people from here … We feel bad.'*
>
> Key informant interview, Rukungiri district

7. Conflicts in oil exploration areas

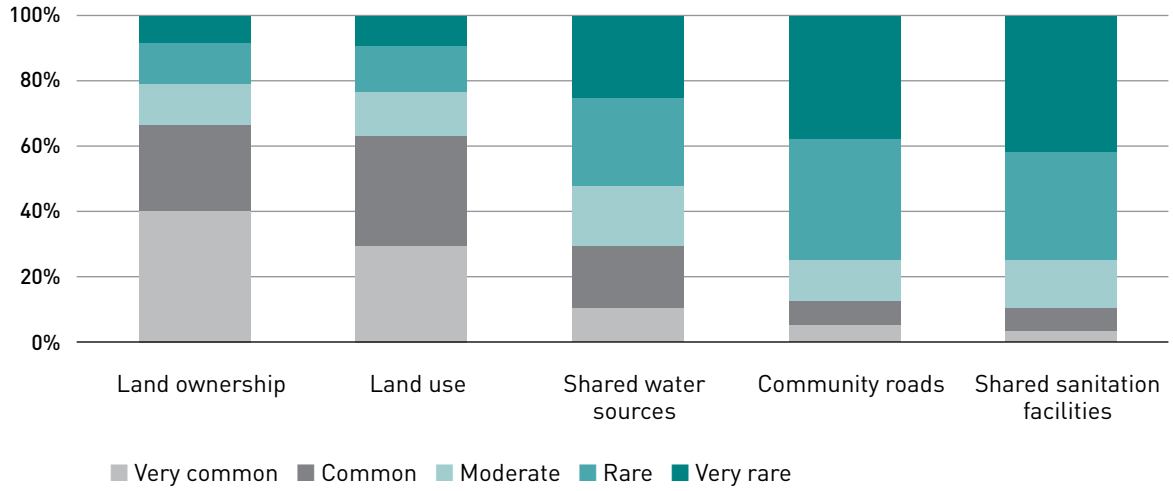
Oil exploration is taking place along the entire western rift of the country, an area which is politically sensitive, because it lies between two countries with a history of violent conflicts and border disputes. This area is also characterised by a number of conflicts, including violent rebellions, ethnic conflicts, land conflicts and insecurity.

The Albertine region is also an area that embraces a multiplicity of local government authorities, traditional institutions and people of various ethnic groups. Given this fragmented identity, the discovery of oil has the potential to stir up tensions along different lines.[47] Therefore, in Uganda, where rural livelihoods largely derive from natural resources, careful management of the impact of oil exploration is crucial for ameliorating the livelihood vulnerabilities of rural households as well as resolving the raging conflicts. It is important to consider mainstreaming conflict-sensitive analysis in programming for the oil and gas sector.

7.1 Experience, nature and outcomes of conflict

This study has sought to understand the experience of conflicts among the respondents. Results show that conflicts related to land ownership (66%) and land use (62%) are common or very common compared with other conflicts – such as those related to shared water sources (29%), community roads (13%) and shared sanitation facilities (11%). These results are not surprising since land is a very strategic socio-economic asset, particularly in poor societies where wealth and survival not only depend on but are also measured by control of and access to land.

Figure 1: Frequency of the occurrence of conflicts



As the findings in Table 13 below show, regional variations were noted regarding the different types of conflicts: for instance, more respondents from Acholi (69) and Bunyoro (51) reported conflicts related to land ownership. Only nine respondents in total from the five regions cited conflicts related to displacement due to oil-related activities.

47 International Alert (2009). Op. cit.

Table 13: Nature and outcome of conflict experienced

Nature of the conflict	Sub-region					Total (No.)
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Land ownership	69	51	22	47	34	223
Land use	25	23	11	10	23	92
Shared water resources	5	15	3	6	8	37
Community roads	3	6	1		1	11
Shared sanitation facilities	3	8	1	2	3	17
Displacement (due to oil-related activities)	4	4		1		9
	Sub-region					Total (%)
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Logically concluded	34.2%	50.0%	71.1%	46.4%	68.5%	52.3%
Unresolved	56.2%	31.4%	26.3%	42.0%	21.9%	36.5%
No help at all	8.2%	14.3%		8.7%	4.1%	7.7%
Compensated		4.3%	2.6%		2.7%	1.9%
Other (I left the land for my brother; still in court)	1.4%			2.9%	2.7%	1.5%
Total	73(100.0%)	70(100.0%)	38(100%)	69(100%)	73(100%)	323(100%)

The results in Table 13 above are similar to the experiences cited by the participants in the focus group discussions and key informant interviews – especially regarding the nature of the conflicts experienced. It was revealed that the most common conflicts relate to land ownership, land use, compensation, migration and the general conduct of oil companies. Tribal and ethnic conflicts have also been reported in these areas. For example, in Nwoya district, the Acholi accuse the Alur people of taking over their land. In addition, there is potential conflict over the division of Kasese district along ethnic lines.

It is important to note that, while some conflicts are directly between the oil companies and the community or local leadership, others are seen as indirect and long standing. Some relate to district boundaries. Direct conflicts relate to issues such as compensation or denying the local community and leaders access to drilling sites.

7.2 Conflicts associated with oil exploration

Oil is a non-renewable resource that brings large revenue inflows to a country, but only over a limited period of time. This study revealed that pre-existing tension among communities has reignited due to the recent discovery of commercially viable oil and gas. For example, conflicts between Banyabindi and Bakonzo, Bakonzo and Bamba, and Basongora and Bakonzo in Kasese, or between Batooro and Batuku in Ntoroko, are being attributed to oil discovery. However, the dynamics and source of these conflicts need to be explored in more detail. In the West Nile, there have been conflicts between local governments in Arua and Yumbe over boundaries. These two districts have been squabbling over Ewang Parish in Rigbo sub-county in Arua due to oil and gas exploration in the sub-county.

Similarly, there are border conflicts between Yumbe and Moyo districts. Allegations have emerged that new maps have been falsified to indicate that Yumbe district stretches up to the River Nile. This is seriously contested by Moyo district leadership and is creating tensions between the two

districts. In addition, the study revealed that most of the serious conflicts in the oil exploration area are about land ownership and land use. In-migrations have been reported in the exploration area and this has led to scarcity of land as well as changing lifestyles. Land has become fragmented due to the increasing population, leading to a high demand for land – a change associated with oil exploration activities taking place in these areas. Fraudulent sale of land is more common in the Bunyoro region.

Inter-tribal and ethnic tensions have also been identified in some regions, particularly the West Nile, Acholi and Bunyoro regions.

7.3 Institutions helping to ease the conflict

Respondents across the Albertine Graben are aware of institutions helping to resolve the conflicts. The majority (80%) of respondents identify the local councils as being one of the main institutions involved in helping to resolve the conflicts (Table 14 below), and to a lesser extent the family (40%) and clans (26%). Formal institutions such as the police (39%) and courts of law (22%), on the other hand, received a lower rating for conflict resolution compared with the local councils.

Table 14: Institutions helping to resolve the conflicts

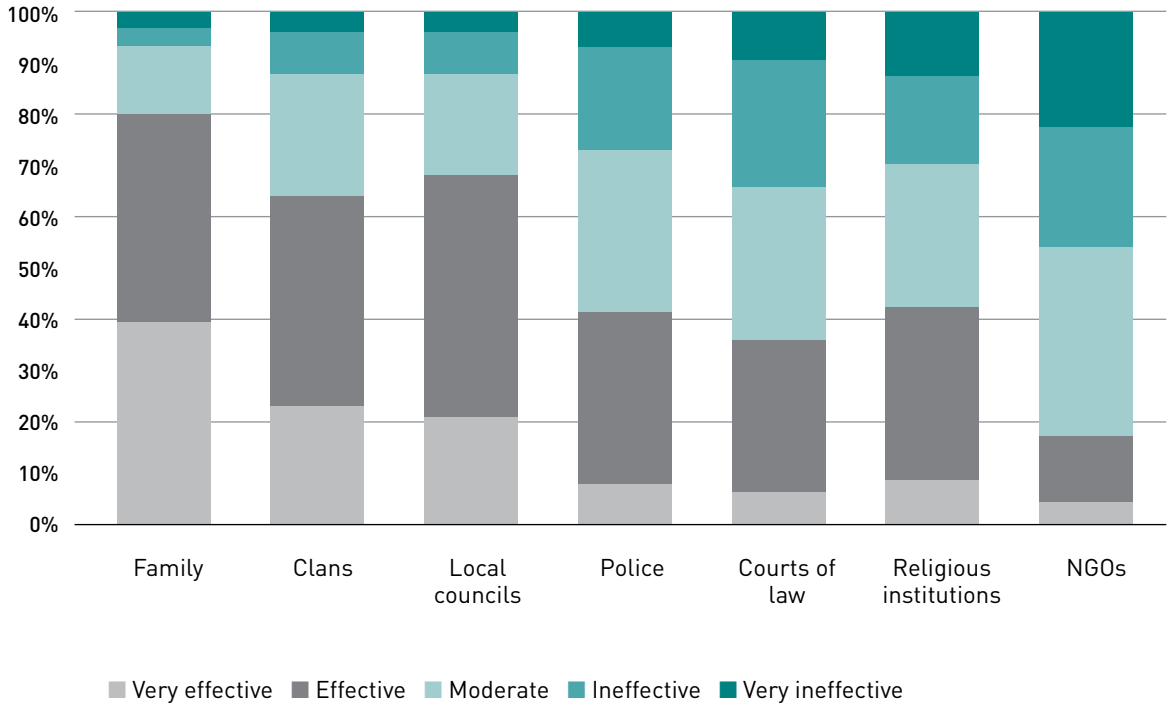
Institutions	Sub-region					Total (n=940)
	Acholi (n=163)	Bunyoro (n=206)	Kigezi (n=139)	Rwenzori (n=225)	West Nile (n=207)	
Local councils	79.8%	69.9%	92.1%	85.3%	78.3%	80.4%
Family	23.9%	66.0%	33.8%	44.4%	26.1%	40.0%
Police	27.6%	33.5%	50.4%	50.7%	33.8%	39.1%
Clans	26.4%	49.5%	12.9%	8.0%	29.0%	25.6%
Courts of law	16.6%	24.8%	29.5%	27.6%	10.6%	21.6%
Religious institutions	3.1%	13.1%	9.4%	5.8%	5.8%	7.4%
NGOs	2.5%	12.6%	0.0%	2.2%	2.9%	4.4%

Discussions with community members and key informants acknowledged the existence of both formal mechanisms (local councils and district land boards/tribunals) as well as informal mechanisms (cultural institutions) and elders in helping to resolve conflict in the communities. NGOs were also mentioned for their involvement in facilitating conflict resolution, although they received the lowest score (4%) by the respondents for conflict resolution.

7.4 Accessibility and effectiveness of institutions

The study also sought information on the accessibility and effectiveness of institutions involved in conflict resolution in the affected communities. Overall, the majority (91%) of respondents acknowledged that these institutions are accessible in cases of conflict. A higher proportion of respondents cited the local councils (47%), clans (41%) and family (40%) as being effective, compared with other institutions such as the police and religious institutions (34% respectively) along with courts of law (30%) (Figure 2).

Figure 2: Effectiveness of institutions



In addition, the study investigated the strengths and weaknesses of the existing institutions for addressing conflict arising from oil exploration and exploitation activities. Participants in the focus group discussions and key informant interviews reported that, apart from being accessible to the community, these institutions have significant weaknesses. Such weaknesses include limited facilitation in terms of transport, lack of adequate information and greed, along with limited knowledge of the law, corruption, conflict of interest and a lack of training in conflict resolution.

8. Displacements and compensation

As outlined in the previous section, displacement due to oil-related activities was one of the issues cited as a potential source of conflict in the region. Development of the oil refinery is expected to displace over 30,000 people in the nine villages of Nyahaira, Kyapoloni, Bukona, Kabaketo, Nyamasoga, Rugashare, Katooke, Kijumba and Kitegwa as well as part of Kaayera in the Hoima district. The MEMD has earmarked UGX 5 billion (about US$1.8 million) for their compensation.[48] Nevertheless, during the baseline study, cases of displacement were not common. Only 10% of the respondents acknowledged that their households were displaced in the past year.[49] There were more respondents (13%) in the Bunyoro sub-region who experienced any displacement compared with the corresponding proportion of respondents (7%) in the Kigezi sub-region. The reason given for minimal displacement of households is that the oil exploration activities are within gazetted areas, such as national parks. Evidence from the focus group discussions and key informant interviews supported these findings.

Although the study findings show that there was no massive eviction of communities, the communities are suspicious due to the lack of clear information about what is likely to happen. This has impacted negatively on the livelihoods of some communities. Participants in the focus group discussions indicated that some people have abandoned growing both food and cash crops for fear of being evicted before the crops mature.

8.1 Preparatory management of displacements

The study findings indicated that, due to the alleged secrecy surrounding oil exploration and exploitation, most people who may be displaced either have not or are not being prepared by the oil companies or the district leadership. This problem is further exacerbated by the fact that nobody knows at community level – including district and community leaders – the actual demarcation of the exploration and exploitation areas. The secrecy about the demarcations of the oil exploration and exploitation fields is likely to be counterproductive, since it only works to increase tension at the community level.

8.2 Effects of displacement

As displacements were reportedly uncommon or not widespread in the study communities, no major effects were noted in this study. However, communities did mention the loss of gardens, crops, some household properties and income, along with the failure of the companies to pay those displaced on time.

Moreover, there were other items – although not destroyed directly by the companies – for which the communities felt they deserved compensation, because they believed the company was indirectly responsible for their destruction. For example, it was noted that the oil exploration activities had to an extent affected wild animals' habitat. As a result, these animals have not only allegedly killed people but also destroyed people's crops. However, such instances have not attracted the attention of the companies or local communities. It was also unclear how people will be compensated for environmental hazards such as fumes or pollution of the lakes, the latter

48 A. Kasoma (2012). 'Uganda oil refinery to displace 30,000', The Independent, 4th June 2012. Available at http://www.independent.co.ug/business/business-news/5859-oil-refinery-to-displace-30000.

49 The study focused on general displacement – including displacements by the Uganda Wildlife Authority (UWA), and due to road construction activities and oil exploration activities – as sudden occurrences that happened to a household.

being likely to affect fishing activities and to result in an escalation of desertification. In addition, there seems to be more of an interest in compensating those experiencing a loss of permanent assets (e.g. land, buildings, cultural sites, etc.) rather than non-permanent assets (e.g. temporary homes, crops, livestock, etc).

8.3 Dynamics surrounding compensation

Because the oil exploration activities are largely taking place in national parks, compensation issues were quite minimal in most study regions. However, in some regions, agitations for compensation did arise among people who were evicted from government land. In addition, the seismic surveys revealed reports of people's crops being destroyed in areas near the exploration sites.

Although communities appreciated that people are supposed to be compensated for all property lost, the majority of community members were still not clear about the definitions of temporary and permanent housing or moveable and immovable property and how this affects the rate of compensation. There was also a lack of clear information about whether land with a title attracts more compensation than land without a title.

As noted earlier, there seems to be a lot of secrecy surrounding oil. Views expressed in this study indicated that those affected are only told to report to the Resident District Commissioners Office for guidance. From here, they are advised to engage with the district land boards. However, in all the study areas, the issue of the rates provided by the district land boards proved contentious because most respondents felt that their right to negotiate for fair compensation had been trampled on by the oil companies/local governments.

The major concern in the compensation process is that both the district and sub-county leaders have not been adequately involved in determining who has been affected and how the persons affected are going to be compensated. At the time of this study, many of the sub-county leaders did not know whether the affected persons had been compensated or not and how their compensation was determined.

8.4 Community satisfaction with compensation

While the professionals seemed to view the compensation as fair, since it is determined technically through the district land boards, community members on the other hand expressed dissatisfaction with the compensation.

The community expectations in terms of compensation are tagged to the value of oil, without any other considerations. Complaints emerged during the focus group discussions and key informant interviews with communities. In all the regions visited, communities were complaining about the manner in which the compensation was managed. It was reported that local residents, and in some instances the oil companies, sidelined the local authorities and dealt directly with the inexperienced masses.

> *'There have been gaps, for instance, in the way they conduct their business. For example, the issue of compensation of landlords … the way they relate to landlords is not transparent; they just come from somewhere, go to the village and take advantage of the ignorance of the Mzee. Instead of renting the land for 2 million shillings per month, they say 300,000/=, 200,000/= so the value is low. And the district officials don't seem to care.'*
>
> Interview with Rigbo sub-county official

In all the study districts, there were heightened fears that, if people do not get adequate compensation, conflict is likely to arise.

9. Environmental concerns

The Albertine Graben is rich in wildlife and natural environment, harbouring a large proportion of Uganda's mammals, birds and other species. This region is the location for 10 of the country's 22 national parks and game reserves.[50] The area also has a number of archaeological and historic sites of national heritage. It has shared resources such as Lake Albert, Lake Edward, the River Nile and hot springs. The region also has other crucial resources such as timber, fish, fertile soils, minerals and mountains such as the Rwenzori ranges. In addition, the Albertine Graben is endowed with valuable mineral resources, including lime, dolomite, copper, cobalt, limestone deposits at Hima and gypsum in the Kibuku area. Gold has also been reported to exist in Maramagambo forest, south of Lake Edward in Bushenyi district. Moreover, to the extreme southwest, deposits of iron-ore, gold and wolfram are known to exist, especially in the escarpment region of the Kabale, Kanungu and Rukungiri districts.[51]

Oil exploration has been associated with environmental effects.[52] It is linked to environmental degradation resulting from oil spillage, gas flaring, blow outs, deforestation, ecological degradation and other negative practices that have long been associated with the activities of oil companies.[53] At the time of this study, there were no guidelines for waste management in Uganda's oil sector and oil companies were allegedly piling wastes in gazetted places, waiting for the National Environment Management Authority (NEMA) to issue guidelines. For example, Heritage Company allegedly dumped wastes on community land at Purongo, an indication of lack of supervision.[54] Therefore, oil exploration activities currently taking place in the Albertine region have the potential to harm the region's beautiful natural environment; this may, in turn, significantly affect the biodiversity as well as the socio-economic and socio-cultural dimensions of the environment, thus endangering people's livelihoods.

Mud cuttings, drill cuttings and waste waters

Results of this study reveal that oil exploration by-products – such as mud cuttings, drill cuttings and waste – are more likely to contaminate the underground aquifers. The African Network for Environment and Economic Justice (ANEEJ) observed that oil exploration leads to the contamination of streams and rivers through the discharge of various materials into the environment.[55]

In addition, the region has a reportedly high water table in many places, which means that it may be susceptible to contamination by oil exploration activities if not well handled.[56] Therefore, the burying of mud cuttings, drill cuttings and waste is likely to contaminate these water bodies, also affecting aquatic life. Furthermore, drill cuttings have barite and bentonite clays, which when dumped in the ground prevent the growth of local plant life until natural processes lead to the development of new topsoil. In water, these materials disperse and sink, thereby burying and suffocating local bottom-living flora and fauna.[57] Key informant interviews with environmental officers in the region produced evidence to support some of these concerns.

50 National Association of Professional Environmentalists (2010). *Oil production in Africa: Livelihoods and environment at stake; should oil rather remain in the ground?* Kampala: NAPE.

51 National Environment Management Authority (2012). Op. cit.

52 National Environment Management Authority (2009). Op. cit.

53 E.D. Oruonye (2012). 'Multinational oil corporations in sub Sahara Africa: An assessment of the impacts of globalisation', *International Journal of Humanities and Social Science*, Vol. 2, No. 4.

54 These are perceptions and no confirmatory tests have been conducted to determine whether such waste is dangerous to human life.

55 African Network for Environment and Economic Justice (2004). *Oil of poverty in Niger Delta.* Benin City: ANEEJ.

56 National Environment Management Authority (2009). Op. cit.

57 African Network for Environment and Economic Justice (2004). Op. cit.

Similarly, concerns were raised about the waste disposal strategies used by oil companies. For example, the construction of pits was perceived to pollute the environment once it rains, as noted by an environmental officer from Buliisa.

'Tullow has constructed pits on sites for storage purposes; we don't encourage those pits because torrential rains will fill the pits and flood them, and once the pits are flooded, the dangerous materials will spread to the ground and finally into the lake, which we do not want.'

Interview with environmental officer, Buliisa district

Gas flaring

Discussions with participants revealed that oil exploration activities can lead to a lot of air pollution from smoke, especially during the test stages (gas flaring). The flares contain widely recognised toxins, such as benzene, which contribute to global warming. This could in turn lead to a rise in sea levels, accelerating the problem of climatic change and harsh living conditions if not checked.[58] Focus group discussions with community members and key informant interviews raised similar concerns about gas flaring.

'When I look at the vegetation, I know it will dry and the animals will not have food; the wild animals will also run away from the park and many of them will come and destroy our crops and homes; our water will also be affected with the oil and we may not have clean water to drink.'

Focus group discussion, Purongo, Nwoya district

Eco-tourism

Uganda has 22 wildlife national parks and wildlife reserves, and much of its tourism is nature based: over 80% of tourists come to enjoy the country's wildlife and scenery. A high number of Uganda's protected areas are in the Albertine Rift, specifically in the area around Lake Albert. The two most popular destinations are Queen Elizabeth National Park and Murchison Falls.[59] There are concerns, however, that oil exploration may negatively affect the region's wildlife habitat, thus affecting proceeds from eco-tourism.

Discussions with key informant interviewees and community members revealed that oil exploration activities have already disrupted the region's wildlife habitat, forcing them to move out of their habitat. The wildlife then disrupt livelihoods through the destruction of crops and other livelihood activities. Excerpts from the key informant interviews and focus group discussions shed light on some of these concerns.

'Elephants are extremely sensitive animals to many things. It boils down to what kind of drilling methods are being applied – because these have an impact on the habitat of the animals. Elephants may look for a more comfortable habitat and what impact does this have on ecological systems? This is something that needs to be investigated.'

Technical staff, Nwoya

9.1 Knowledge of environmental protection mechanisms

The majority (91%) of respondents reported that they did not know of any measures in place to address the effects on the environment. Significant regional differences were noticed. For example, almost all respondents in Acholi (98%) did not know of any measures in place to address the effects on the environment, compared with their counterparts in Rwenzori (76%).

58 C.O. Orubu (1999). 'The exploitation of non-timber forest resources in the Niger Delta: Problems and perspectives'. Technical paper, *Niger Delta Environmental Survey*, Port Harcourt.

59 National Environment Management Authority (2009). Op. cit.

Environmental protection measures

This study obtained information on the availability of environmental protection measures in the study areas, as shown in Table 15 below.

Table 15: Environmental protection measures and restricted access

	Sub-region					Total (n=1215)
	Acholi (n=192)	Bunyoro (n=280)	Kigezi (n=190)	Rwenzori (n=284)	West Nile (n=269)	
Are there any policies/by-laws in place for environmental protection? (.000)						
Yes	31.3%	47.9%	38.9%	76.1%	37.2%	48.1%
No	38.0%	40.4%	26.3%	7.4%	38.3%	29.6%
Don't know	30.7%	11.8%	34.7%	16.5%	24.5%	22.3%
Is there restricted access to certain parts of the lake/river? (.000)						
Yes	21.4%	60.7%	33.7%	78.9%	37.9%	49.5%
No	56.8%	20.4%	27.9%	10.2%	56.9%	33.0%
Don't know	21.9%	18.9%	38.4%	10.9%	5.2%	17.5%
Is there restricted access to certain parts of the game reserve?						
Yes	60.4%	66.8%	62.1%	81.7%	44.6%	63.6%
No	26.0%	13.2%	8.4%	3.2%	49.1%	20.1%
Don't know	13.5%	20.0%	29.5%	15.1%	6.3%	16.3%
Are there restrictions in harvesting firewood?						
Yes	39.6%	47.9%	55.3%	82.4%	29.7%	51.8%
No	44.3%	35.7%	19.5%	7.7%	66.5%	34.8%
Don't know	16.1%	16.4%	25.3%	9.9%	3.7%	13.4%
Is there restricted access to herbal medicine?						
Yes	36.5%	28.9%	53.7%	76.4%	15.2%	42.1%
No	47.4%	47.1%	22.6%	12.0%	74.3%	41.2%
Don't know	16.1%	23.9%	23.7%	11.6%	10.4%	16.8%
Is there restricted access to other available natural resources, e.g. grazing land, hunting grounds, etc.?						
Yes	39.6%	50.4%	45.3%	85.9%	30.5%	51.8%
No	37.0%	17.9%	10.0%	2.5%	63.6%	26.2%
Don't know	23.4%	31.8%	44.7%	11.6%	5.9%	22.1%

The results in Table 15 above show that almost half (48%) of the respondents reported that there are policies/by-laws in place for environmental protection. However, there were significant regional variations. For example, a larger proportion (76%) of the respondents in Rwenzori acknowledged that there are policies/by-laws in place for environmental protection compared with their counterparts in the other regions, such as Acholi (31%). In relation to access to the natural environment, almost half (49.5%) of the respondents reported that there is restricted access to certain parts of the lake/river, albeit with significant regional differences and higher proportions noted in Rwenzori (79%) and Bunyoro (61%). This could be attributed to the fact that some of the oil discovery sites are at the shores of the lake in these regions. In addition, two thirds (64%) of the respondents reported that there is restricted access to certain parts of the game reserve. Regional differences were also noted, especially in Rwenzori (82%), Bunyoro (67%) and West Nile (45%).

9.2 Environmental impact assessment

Petroleum is considered a high-risk industry to the environment. Uganda's National Environment Act Cap 153 requires that all projects relating to oil and gas undergo an environmental impact assessment (EIA). These include projects at the exploration and developments stages – such as drilling, waste handling, construction of refinery, storage, etc. An EIA is the process of identifying the potential environmental and social consequences of an activity. At the end of the EIA, the developer puts together an environmental impact statement, which is a prescription of measures to mitigate the potential effects on the environment. The developer is required to take all practical measures to ensure that the requirements of the environmental impact statement are followed.[60]

NEMA put together *An Environmental Oil Spill Sensitivity Atlas* with the aim of enabling oil companies and authorities to incorporate environmental considerations into their exploration and contingency plans.[61] The oil companies and NEMA have been quite committed to ensuring that EIAs are carried out. Information from NEMA indicates that over 400 EIAs have been conducted in the oil and gas sector.[62] Discussions with key informants also indicated that the oil companies conduct EIAs before embarking on any activities.

Stakeholder consultations

Consultative meetings were organised to discuss EIA findings with stakeholders. Evidence from key informant interviews with environmental officers shows that quite a number of meetings were organised to discuss the EIA process and findings. Environmental officers in the regions reported that they are involved in the process of developing the terms of reference and monitoring of the EIA. They are mandated to provide feedback to the stakeholders at the local government and community level.

However, the process leading to the environmental impact statement is generally considered to have been less consultative and participatory. No public consultation has taken place for the EIAs in the oil sector. Discussions with some of the key informants revealed similar information.

In addition, the EIAs and impact statements have not been made readily available to stakeholders and the public. Moreover, they are lengthy, technical and difficult for the community leaders and the affected communities to comprehend. Therefore, it is a challenge for local leaders and affected communities to monitor and comprehend the implication of EIA findings with regard to the people's livelihoods.

60 Section 21(2) of the National Environment Act Cap 153.
61 National Environment Management Authority (2009). Op. cit.
62 National Environment Management Authority (2012). Op. cit.

10. Conclusions and recommendations

Uganda's petroleum sector is currently governed by the Petroleum (Exploration and Production) Act, enacted in 1985. The 2008 NOGP established the foundation for developing necessary specific legislation and regulations as well as the institutional framework for development of the oil and gas sector. It is within this context that draft Petroleum Bills have been developed. The process of developing the Petroleum Bills has been quite consultative, especially at the national level. The bills were circulated to various stakeholders, including civil society, cultural institutions, oil companies, public sector agencies and some local governments for review. Debates on the bills have increasingly taken on a national outlook, especially in respect to demand for stronger provisions for transparency and accountability. However, there is limited information available to the key stakeholders on oil and gas, and the government has yet to develop the capacity of the key stakeholders at the district and community level to effectively engage in the sector.

Overall, there is quite a wide range of stakeholders in the oil sector at different levels – international, national, regional, district and community levels. Stakeholders have been making efforts to fulfil their mandates. However, there are challenges of coordination and capacity among stakeholders. There has also been limited involvement of local governments, civil society and communities in providing oversight and monitoring of oil and gas exploration activities.

Oil exploration has a direct impact on economic, social and cultural dimensions of the community. These impacts include changes in livelihood patterns such as fishing, agriculture, livestock rearing, hunting and eco-tourism. A higher proportion of the population in the Acholi and West Nile sub-regions are poorer compared with those living in the other regions (Rwenzori, Bunyoro and Kigezi),[63] earning less than UGX 50,000 ($20) a month. More women (29%) than men (15%) also reported that their household monthly earning was less than UGX 50,000. However, results show that people are optimistic that oil production will contribute positively to increased employment opportunities (57%), a higher income (51%), improved access to roads (41%) and improved access to social amenities (36%). Nevertheless, community members are sceptical about the benefits arising from oil, because their youth and children are likely to be employed largely for casual jobs due to a lack of necessary qualifications.

The respondents gave a low rating for governance structures, indicating the need to improve the capacity of governance structures in responding to community concerns. The capacity of governance structures at local government level to coordinate, monitor and supervise oil exploration and exploitation activities was perceived by stakeholders as weak. Most of the taskforces at the higher and lower local government level in some regions, such as Bunyoro and Rwenzori, and some districts, such as Nebbi in West Nile, were ad hoc. They lacked clear terms of reference, action plans, resources and a common strategy for coordination of oil- and gas-related activities. In addition, there was a strong perception that the sub-county leadership is not addressing community concerns about the oil sector. At the community level, communities reported that they are not consulted in planning for social services provided by oil companies and have limited access to information and policies related to oil exploration. Some positive steps have been made by oil companies to engage stakeholders at the community level through community liaison officers and corporate social responsibility projects. However, quite a number of gaps exist, especially in relation to dialogue with oil companies and feedback mechanisms between communities and oil companies.

63 Uganda Bureau of Statistics (2012). Op. cit.

There are conflicts ranging from intra- and inter-district conflicts to inter-ethnic conflicts in the study areas. However, most conflicts seem to be centred on land ownership and land use. Some of these relate to longstanding conflicts, while others are quite recent. It was noted that in some cases oil exploration has escalated already existing conflicts; in other cases, it has destabilised relationships within communities. Most of the communities acknowledged that their households had never experienced any sudden occurrences of displacement related to oil exploration and exploitation in the last year. However, of those who were affected, many people were not able to manage well the proceeds from compensation. Moreover, community members felt that the compensation given was unfair and that the current law on compensation gives little to those affected.

In the realm of the environment, it was noted that NEMA and other stakeholders are quite keen to ensure that companies conduct EIAs before engagement in oil exploration activities. However, at the time of the study, there were no guidelines for waste management in the oil sector. Oil exploration waste such as mud cuttings, drill cuttings and waste waters are likely to contaminate the underground aquifers. In addition, the socio-economic, socio-cultural and political impacts of oil- and gas-related activities have not received adequate attention in the process of conducting EIAs.

Key recommendations

Central government

The government should ensure that concrete strategies for transparency – in line with international best practice on "combating the resource curse" – are enshrined in the new legislative framework for oil.[64] This should include transparency in new contracts and licences; institutional mechanisms for revenue collection and management; transparency in the management of any Ugandan oil fund to be set up; and clarity on the respective roles and responsibilities of different oversight agencies.

Given that there are other natural resources in the Albertine Graben – such as wildlife, limestone and forest cover – a plan for sustainable natural resource exploitation and conservation needs to be developed. In the area of the environment, the petroleum laws need to strengthen provisions for responding rapidly to environmental damage and safety risks. The laws should explicitly provide for regular reporting by the licensee/operator on the environment and safety aspects of their operations.

The government should devise a comprehensive and long-term plan that clearly shows all oil and gas exploration areas and exploitation activities, along with the places that will be affected by development of the oil- and gas-related infrastructure. It is also important to have a timeframe within which such activities and infrastructure will commence in the various locations in the region.

The government should also embark on developing a proactive information dissemination strategy that addresses the information needs of people at community level. Information gaps on critical issues in the oil and gas sector seem to be apparent; the current communication strategy should focus on these, as raised by the various stakeholders in this report.

One of the major expectations, especially of the youth, is related to opportunities for job creation, use of local labour and generally access to employment opportunities. The government should develop a comprehensive and evidence-based programme to strengthen the vocational skills training at Kigumba Petroleum Institute and at Makerere University. The youth skills programme should be tailor-made to enable young people to tap into the potential opportunities that are likely to result from oil and gas exploration and exploitation.

The findings indicate limited involvement of parliament, civil society, communities and other key stakeholders in oil and gas exploration and exploitation issues. Therefore, the government should

64 See footnote 2.

effectively promote the participation of all key stakeholders by ensuring that the laws and policies developed to manage the oil and gas sector set clear guidelines on the role of each stakeholder in the sector. The government should also pay special attention to capturing local content in the development of oil and gas policies.[65] This should involve setting up local content committees at local government and community level to monitor local content targets in their respective localities.

This study identified capacity gaps in governance structures – especially at the local government (district) and lower local government level (sub-county) in dealing with oil and gas issues. Thus, there is a need to build the capacities of the respective local governments to address oil- and gas-related matters. In addition, given the magnitude of land-related conflicts in the study area, the functional capacity of the district and sub-county land boards and committees needs to be strengthened.

The government should empower local governments to mainstream conflict-sensitive analysis in policies and programming for the oil and gas sector – especially in areas prone to conflict. Within the Albertine Graben, there is a need to strengthen local governments to engage with cultural and religious institutions in mechanisms to resolve land-related conflicts in regions affected by oil discoveries.

Local governments

Baseline findings indicate that many people were not able to manage well the compensation proceeds for destruction of property and crops. This undermines their ability to sustainably support their families after displacement. A detailed programme needs to be developed at the local government level aimed at preparing and building the capacity of affected people before they receive their compensation packages. This will enable the affected communities to plan and make informed decisions about the use of the proceeds and to sustainably recover from the loss incurred due to oil exploration and exploitation activities.

There are anticipated livelihood challenges that may arise due to changes in livelihood strategies. For example, concerns exist that fishermen are being restricted from using some areas – especially near Lakes George and Albert – and that this is affecting their livelihood source. In addition, there were concerns that fish levels have dropped, owing to the increasing population in fishing villages and the poor fishing equipment. It was also perceived that fishing levels might drop further due to the oil exploration activities taking place around the lake. Therefore, it is important that local governments and other agencies operating in these areas empower communities to identify alternative livelihood strategies.

There is also a need for sustained initiatives by the government in partnership with civil society, district taskforces and the private sector to engage communities in dialogue on specific issues related to oil exploration and exploitation affecting local communities. Local government taskforces should work collaboratively with the *Barazas* at community level to seek their views about the sector.[66] This will also increase transparency, integrity and accountability of the governance structures at the various levels.

Civil society organisations

CSO coalitions working in the oil and gas sector are still grappling with the issue of inter- and intra-coalition coordination, especially in relation to research, policy analysis and joint advocacy. The capacity of the CSOs needs to be built for effective intra- and inter-coalition coordination in the oil and gas sector. There is also a need to streamline coordination arrangements between the public sector, oil companies and the civil society agencies at all levels.

65 "Local content" refers to deliberate efforts to employ Ugandan materials, services and firms by the oil and gas companies.

66 See footnote 4.

Oil companies

The findings revealed that there is no systematic approach to the delivery of corporate social responsibility projects streamlined in the district development plans. There is also limited engagement between oil companies and the community, even though oil companies have community liaison officers. Therefore, it is important for oil companies to strengthen the functionality of this department in order to effectively engage the community in addressing their concerns. Oil companies should also incorporate their corporate social responsibility projects in the district development plans, and work hand in hand with local government and communities to implement planned development projects.

Annex 1: Survey sample and design

In the study, purposive sampling techniques were used to select informants for qualitative data collection. The selection of participants depended on their position in the community, hence their ability to provide valuable information to the study. Availability of informants also contributed to their eligibility to participate in the study. Key informants were selected to obtain technical/expert views for the study and were drawn from national, regional and district level institutions. Focus group discussions were conducted to capture community experiences about oil exploration activities.

Three districts were selected for the bigger regions and two for the relatively smaller regions. In total, 13 districts representing the five regions of the Albertine Graben were selected. Respondents in the study districts were selected using proportionate random sampling. Population figures for each district were drawn from the 2012 population projections made by the Uganda Bureau of Statistics. The sample for each district was selected using probability proportionate sampling relative to the population size of a particular district. At the village level, sampling frames were obtained from local council leaders. Households were selected from the sampling frame (list of households).

The sample size for this study was computed in stages: the study adopted 5% level of significance and a chi-square value (3.841) for 1 degree of freedom, as indicated below. This sample size approach is advantageous over other population sample sizes, as it has an in-built correction for taking samples from small populations. Since the population is closely heterogeneous (male and female), the population parameter (P=0.5) approaches a maximum value of 0.5; C=0.05 is the confidence interval (in this case 95% – one of the typical choices), and N is the estimated population size.

Table 16: Sample size of households

Districts	Level of significance	2012 UBOS population projections	No. of households	Actual no. of households
Bunyoro	**0.5**	**1,310,900**	**226**	**280**
Hoima	0.5	548,800	96	97
Buliisa	0.5	80,800	80	84
Kibaale	0.5	681,300	100	99
Rwenzori	**0.5**	**1,247,500**	**225**	**284**
Kabarole	0.5	415,600	80	82
Kasese	0.5	747,800	115	115
Ntoroko	0.5	84,100	80	87
Kigezi	**0.5**	**573,400**	**192**	**190**
Kanungu	0.5	252,100	85	82
Rukungiri	0.5	321,300	107	108
Acholi	**0.5**	**232,800**	**189**	**192**
Amuru	0.5	178,800	109	114
Nwoya	0.5	54,000	80	78
West Nile	**0.5**	**1,535,400**	**257**	**269**
Arua	0.5	776,700	97	100
Nebbi	0.5	346,200	80	84
Moyo	0.5	412,500	80	85
Total		**4,900,000**	**1,089**	**1,215**

Note: UBOS refers to the Uganda Bureau of Statistics

The total sample of households targeted was 1,089 in all regions. However, more households (1,215) were visited. Although the plan was to have an equal number of male and female respondents, more males (637) than females (578) participated in the study.

Key informant interviews were conducted at national level with policymakers and key technical staff in charge of the design and implementation of key policies and programmes targeting the region. These included officials from the political and technical wings. At the central level, key informant interviews were conducted with officials from the Petroleum Exploration and Production Department (PEPD) at the MEMD and with members of parliament on the Natural Resources Committee. These were accompanied by interviews with representatives from the oil exploration companies and other actors, including CSOs involved in promoting good governance and accountability in the oil and gas sub-sector.

At the district level, key informant interviews were conducted with officials drawn from the district political and technical wings. Key departments targeted included key district local representatives of the Chief Administrative Officer's office and heads of technical departments. In Bunyoro and Acholi, representatives of the cultural institutions participated in the study as key informants. At the lower local government level, key informant interviews were conducted with sub-county chiefs, Local Council III chairpersons or their representatives, as well as with community development officers for the respective sub-counties. At the micro-level or community level, household interviews were conducted using structured questionnaires. Interviews were held with both women and men. In addition, focus group discussions, at least one with men and one with women, were conducted. In each district, two focus group discussions were conducted with men and women separately.

Annex 2: Socio-demographic characteristics of the respondents

In the study, 37% of the respondents were below 30 years of age, 51% were aged between 30 and 55 years, while 12% were aged 55 years or over (see Table 17 below). An almost even representation of both women and men was achieved in the total sample (52% males and 48% females). The majority (70%) of the respondents were married; of these, more men (78%) than women (62%) were married. These findings indicate that marriage is still a valued institution in the study communities. In terms of education, a sizeable percentage (21%) had never attended school; 55% of the respondents had a primary-level education, while 20% had a secondary-level education. Only 4% of the respondents had completed third-level education. Gender differences were noted, with more men (87%) than women (71%) having attended school.

Table 17: Socio-demographic characteristics of the respondents

Age category	Sub-region					Total (n=1215)
	Acholi (n=192)	Bunyoro (n=280)	Kigezi (n=190)	Rwenzori (n=284)	West Nile (n=269)	
15–19 years	6(3.1%)	2(.7%)	3(1.6%)	16(5.6%)	6(2.2%)	33(2.7%)
20–24 years	44(22.9%)	49(17.5%)	24(12.6%)	52(18.3%)	28(10.4%)	197(16.2%)
25–29 years	37(19.3%)	52(18.6%)	36(18.9%)	47(16.5%)	44(16.4%)	216(17.8%)
30–34 years	22(11.5%)	33(11.8%)	17(8.9%)	65(22.9%)	52(19.3%)	189(15.6%)
35–39 years	21(10.9%)	35(12.5%)	27(14.2%)	27(9.5%)	26(9.7%)	136(11.2%)
40–44 years	16(8.3%)	40(14.3%)	28(14.7%)	27(9.5%)	26(9.7%)	137(11.3%)
45–49 years	16(8.3%)	21(7.5%)	9(4.7%)	14(4.9%)	28(8.6%)	83(6.8%)
50–54 years	10(5.2%)	22(7.9%)	13(6.8%)	12(4.2%)	22(8.2%)	79(6.5%)
55+ years	20(10.4%)	26(9.3%)	33(17.4%)	24(8.5%)	42(15.6%)	145(11.9%)
Sex of respondent						
Male	96(50.0%)	164(58.6%)	93(48.9%)	149(52.5%)	135(50.2%)	637(52.4%)
Female	96(50.0%)	116(41.4%)	97(51.1%)	135(47.5%)	134(49.8%)	578(47.6%)
Marital status						
Single (never married)	19(9.9%)	42(15.0%)	19(10.0%)	64(22.5%)	14(5.2%)	158(13.0%)
Married (monogamous)	49(25.5%)	160(57.1%)	118(62.1%)	154(54.2%)	156(58.0%)	637(52.4%)
Married (polygamous)	47(24.5%)	41(14.6%)	25(13.2%)	34(12.0%)	69(25.7%)	216(17.8%)
Living with intimate partner	49(25.5%)	(0.4%)	1(0.5%)	1(0.4%)	1(0.4%)	53(4.4%)
Widow	17(8.9%)	15(5.4%)	19(10.0%)	12(4.2%)	12(4.5%)	75(6.2%)
Divorced/Separated	11(5.7%)	21(7.5%)	8(4.2%)	19(6.7%)	17(6.3%)	76(6.3%)
Religion						
Catholic	146(76.0%)	113(40.4%)	44(23.2%)	102(35.9%)	148(55.0%)	553(45.5%)
Protestant	33(17.2%)	95(33.9%)	107(56.3%)	101(35.6%)	26(9.7%)	362(29.8%)
Muslim	5(2.6%)	18(6.4%)	23(12.1%)	44(15.5%)	92(34.2%)	182(15.0%)
Pentecostal	8(4.2%)	31(11.1%)	12(6.3%)	22(7.7%)	3(1.1%)	76(6.3%)
Seventh Day Adventist		14(5.0%)	2(1.1%)	12(4.2%)		28(2.3%)
Other		9(3.2%)	2(1.1%)	3(1.1%)		14(1.2%)
Level of education						
None	33(17.2%)	60(21.4%)	42(22.1%)	41(14.4%)	77(28.6%)	253(20.8%)
Lower Primary (P.1-P.4)	120(62.5%)	39(13.9%)	56(29.5%)	59(19.7%)	59(21.9%)	330(27.2%)
Upper Primary (P.5-P.7)	37(19.3%)	85(30.4%)	45(23.7%)	96(33.8%)	75(27.9%)	338(27.8%)
Secondary (O Level)	2(1.0%)	67(23.9%)	31(16.3%)	65(22.9%)	46(17.1%)	211(17.4%)
Secondary (A Level)		10(3.6%)	3(1.6%)	13(4.6%)	5(1.9%)	31(2.6%)
College/University		19(6.8%)	13(6.8%)	13(4.6%)	7(2.6%)	52(4.3%)

Other socio-demographic characteristics

This section deals with other socio-demographic characteristics of the survey – namely, relationship to household head and the household population. The findings are summarised in Tables 18 and 19 below.

Table 18: Relationship to household head

Relationship	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Head	53.6%	63.6%	58.4%	52.8%	55.8%	57.0%
Spouse	35.9%	19.6%	32.6%	28.2%	37.2%	30.1%
Son/Daughter	7.8%	4.6%	5.3%	12.7%	3.7%	6.9%
Sister/Brother of head or spouse	1.6%	6.4%	2.1%	2.8%	1.9%	3.1%
Parent of head or spouse	0.5%	3.9%		1.1%	1.1%	1.5%
Other relatives	0.5%	1.4%		0.7%		0.6%
Other		0.4%	0.5%	1.4%	0.4%	0.6%
Grandchild			1.1%	0.4%		0.2%
Total	192(100.0%)	280(100.0%)	190(100.0%)	284(100.0%)	269(100.0%)	1215(100.0%)

The results in Table 18 above show that 57% of the respondents were household heads (86.2% males and 24.7% females). Some 30% were spouses, while a tiny proportion (0.2%) constituted grandchildren of the household head. No major regional variations were noted on this variable. The major implication here is that most data were collected from household heads and were able to report on family dynamics.

Table 19: Household population

Household size	Sub-region					Total
	Acholi	Bunyoro	Kigezi	Rwenzori	West Nile	
Number of children in household (0–17 years)						
1 to 3 children	19.3%	22.6%	23.5%	25.4%	10.7%	19.4%
4 to 6 children	47.1%	39.6%	56.8%	48.6%	42.0%	46.0%
7 to 9 children	21.0%	26.4%	13.6%	16.2%	28.4%	21.9%
10 or more children	12.6%	11.3%	6.2%	9.9%	18.9%	12.6%
Total	119(100.0%)	106(100.0%)	81(100.0%)	142(100.0%)	169(100.0%)	617(100.0%)
Number of adults in household (18+ years)						
1 to 3 adults	84.4%	75.8%	92.2%	79.8%	65.7%	78.5%
4 to 6 adults	11.5%	20.6%	6.1%	15.6%	28.3%	17.4%
7 to 9 adults	3.1%	2.5%	1.7%	2.1%	4.3%	2.8%
10 or more adults	1.0%	1.1%		2.5%	1.6%	1.4%
Total	192(100.0%)	277(100.0%)	180(100.0%)	282(100.0%)	254(100.0%)	1185(100.0%)

The results in Table 19 above show that a sizeable proportion (46%) of the households visited had 4 to 6 children and 22% had 7 to 9 children. This indicates a rather big household size and burden of care for the household head. Regional variations were noted. For example, more than

half of the respondents (57%) in Kigezi had 4 to 6 children which was higher compared with their counterparts in the other sub-regions. In addition, a majority (79%) of the respondents reported that they had 1 to 3 adults in a household. Significant regional differences were noted. For instance, more of the respondents in Kigezi (92%) and Acholi (84%) reported having 1 to 3 adults in a household compared with their counterparts in West Nile (66%).

Ownership and types of housing

The results show that nearly three quarters (72%) of the respondents had their own houses. A further 21% of the respondents were renting, while 6% were caretakers. Significant regional variations were noted. A majority of the respondents in Acholi and West Nile (93% respectively) had their own houses compared with their counterparts in Bunyoro and Rwenzori (56% respectively). The survey results show that almost half (45%) of the respondents had temporary dwellings, while 35% had semi-permanent and 20% had permanent dwellings. Significant regional differences were noted. For instance, a majority of the respondents in Acholi (90%) and West Nile (86%) had temporary houses compared with their counterparts in Bunyoro (23%), Kigezi (25%) and Rwenzori (10%). This could be related to the fact that the Acholi sub-region is recovering from over two decades of civil conflict, which has confined them to the status of internally displaced persons (IDPs); the region also has high levels of poverty.

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