

**July 2024; Issue 7**

## **OIL AND GAS: A ROADBLOCK TO UGANDA'S CLEAN ENERGY TRANSITION**



Uganda's Minister of Energy and Mineral Development, Hon. Ruth Nankabirwa (third from left), at the launch of Uganda's Energy Transition Plan (ETP) in December 2023 during COP28.

Photo credit: The Independent



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Ministry of Energy officials, other government leaders, civil society members, women and youth after an energy transition workshop organised by AFIEGO and IGEN-EA in October 2023. Stakeholders made input into Uganda's ETP at the workshop.

### **In this newsletter:**

- Embracing the dark? Oil and gas will not power Uganda's clean energy transition
- Pictorial
- Lobbying
- In the media
- Upcoming events

Dear reader, welcome to AFIEGO's July 2024 newsletter. Years before the former Bank of Uganda (BOU) Governor, Mr. Emmanuel Tumusiime-Mutebile passed, he raised an alarm.

With Uganda having made commercial oil discoveries in 2006, the Ugandan government went on a borrowing and mis-spending spree. This was despite promises that oil revenues would be used for the benefit of Ugandans!

The country took expensive loans to fund infrastructure projects so much so that an alarmed Mutebile **indicated** that should Uganda continue to borrow in expectation of oil revenues, the country stood to suffer the oil curse!

The above remarks, which were made in October 2019, came after public statements that Mutebile made in November 2011 while appearing before parliament. In those statements, the late Mutebile **informed** parliament that President Yoweri Kaguta Museveni asked him to use some of the country's foreign exchange reserves to purchase fighter jets ahead of the 2011 general elections.

Mutebile noted that President Museveni had told him that the reserves would be replenished with oil revenues! While Ministry of Finance officials rejected the claims, they stuck.

In the years following the above, the executive has continued to abuse oil

revenues in violation of laws such as the Public Finance Management Act (PFMA). For instance, in March 2019, government withdrew Shs. **200 billion** from the Petroleum Fund without parliamentary approval, contrary to provisions in the PFMA.

President Museveni also awarded 42 government officials with a Shs. **6 billion** handshake of oil revenues, despite the PFMA stating that the revenues should not be used for consumptive purposes. More stories of the misuse of oil revenues, and lack of adequate **protections** of the Petroleum Fund to ensure that oil revenues are used for Ugandans' benefit, abound.

Why are the above stories relevant today? In December 2023, government launched the **Energy Transition Plan** (ETP). The plan, which is supposed to guide the country's energy transition efforts to ensure carbon neutrality by 2050, lists oil and gas as transition fuels that will be used to meet citizens' energy needs.

Further, previously, some proponents of Uganda's oil exploitation efforts have argued that oil revenues will be used to power Uganda's transition to clean energy. Indeed, in the ETP, the Ugandan government affirms that efforts will be made to "continue to work with the Extractive Industries Transparency Initiative ... to ensure that oil revenues help Uganda achieve its economic, social and sustainable development goals."

Can reliance on oil and gas, two

dirty fossil fuels that have been implicated in causing the climate crisis that has socially and economically hurt many Ugandan households, support Uganda to attain its clean energy transition goals? A clean energy transition is important to protect Ugandans from worse climate change impacts.

In our **Word from CEO and partners**, we discuss why reliance on oil and gas as transition fuels and the expectation of using oil revenues to fund the energy transition is terribly erroneous, and will not support universal access to clean energy in Uganda.

In this newsletter, we also bring you our **pictorial** section. In this section, we share the activities that we and our partners implemented this month. For instance, AFIEGO released a research brief documenting the grave impacts of the Tilenga oil project activities on wildlife in Murchison Falls National Park (MFNP).

Furthermore, youth activists supported by AFIEGO held a press conference in Kampala to announce the filing of three (3) court cases against the government and 10 police officers who arrested them as they protested against the East African Crude Oil Pipeline (EACOP). The officers violated the youth's constitutional right to peaceful assembly.

In addition, AFIEGO supported members of the oil refinery-affected community to participate in hearing of their case at Hoima High Court. AFIEGO supported the people to file the case against government over delayed, inadequate and unfair compensation in March 2014.

AFIEGO also participated in a side event during the 56th meeting of the Human Rights Council in Geneva. We discussed how transnational corporations can be held accountable for human rights violations seen under the EACOP and other oil projects.

In addition, AFIEGO organised a media field visit to Buliisa district to support journalists to cover a community-led protest by households that have lost people and crops due to oil-induced elephant-human conflicts.

In our **lobbying** section, among others, we share a petition through which over 800 Ugandan and Congolese nationals mobilised by AFIEGO petitioned President Museveni to stop oil activities in MFNP and the deployment of a second rig in the park.

Finally, in **in the media** section, we bring you some of the newspaper articles written by our staff and partners that were published in the leading newspapers in July 2024.

We hope you enjoy the newsletter.

**Editorial team:**

**Diana Nabiruma**

**Rachael Amongin**

**Balach Bakundane**

### EMBRACING THE DARK? OIL AND GAS WILL NOT POWER UGANDA'S CLEAN ENERGY TRANSITION

Charles B. M. from Kirama village in Buliisa district is a distressed man.

It is pitiful to think that just 17 years ago, he was full of hope. He had just set up Tamarine Resort Hotel by the Albert Nile. He expected guests, and a lot of money to take care of his kith and kin.

His hotel was patronised by Tullow Oil workers, who were working at what are now called the Tilenga oil fields.

In 2016 he was informed that oil activities were going to increase, and that he should expand his hotel in readiness of receiving more visitors, especially oil sector workers. The talk of the oil boom was rife then. Various businesses acquired loans and invested, only for the oil boom to burst, causing the collapse of some businesses.

Like other businesspersons, Charles borrowed money and expanded his hotel. However, instead of oil sector workers occupying his resort, camps for workers were constructed by oil companies. It is these camps that the workers occupy, starving businesses of revenue.

Beleaguered and unable to pay back the loan that he acquired, Charles' hotel was taken over by the bank this month (July 2024). He is also losing other properties which he had provided as security before the bank gave him the loan. His family is in turmoil. He tried to plead with the bank to give him more time to sell off his property to clear the loan but the bank could not allow.

Several hotel owners in Buliisa district are

in the same precarious position as Charles. They were sold oil dreams, and they borrowed to invest in accommodation facilities. However, the hotels remain largely unused by oil workers.

Amidst the above, on the sidelines of COP 28 in Dubai, the Government of Uganda (GoU) launched an Energy Transition Plan (ETP) in December 2023. While the plan presents a critical step towards the GoU ensuring universal energy access and taking climate action in line with commitments made under the Paris Climate Change Agreement, it is worrisome that oil and gas are billed as part of the solutions that will drive universal energy access in Uganda.

Like Charles, Ugandans could be left holding empty promises if the GoU does not remove oil and gas from the list of the country's transition fuels, and if the GoU does not stop pegging dreams of electrifying Ugandans through pursuing oil and gas developments. We explain why below.

**(a). Burgeoning debt burden:** Uganda has become highly indebted partly due to **borrowing** to invest in infrastructural projects in the transport as well as oil and gas sectors. The country's debt increased from Shs. **10 trillion** (USD 2.7 billion) in 2005/2006 to a projected Shs. **97.638 trillion** (USD 25.716 billion) by the end of June 2024.

The Ugandan government borrowed funds from China, UK Export Finance (UKEF) and others to invest in oil roads, Kabalega/Hoima International Airport and others.

Uganda is also using its meagre resources

to invest in oil projects. In May 2024 for instance, the Ugandan parliament approved a supplementary budget that included Shs. **132.634** billion (USD 35.8 million) for EACOP project activities.

In the 2024/2025 national budget, Shs. **920.86** billion (USD 248.5 million) was allocated to petroleum activities including development of the EACOP, provision of LPG, equity requirements for the oil refinery and others. About 14% of the 2024/2025 national budget is expected to be financed through borrowed funds.

Uganda is a poor country with **8.3** million of its citizens living below the poverty line. These citizens will be hard-pressed to meet their clean energy needs using their own resources. Yet a high debt burden takes away the GoU's capacity to provide clean energy to citizens at no or subsidized costs.

**(b). Pitfalls of LPG:** Through the ETP, the GoU has identified Liquefied Petroleum Gas (LPG) as one of the fuels that will be used to meet Ugandans' cooking energy needs. The ETP also identifies LPG as a clean cooking fuel.

Proponents of gas that view it as a bridge fuel in the clean energy transition argue that because it emits less carbon than oil, gas is clean. However, available evidence shows that gas is not clean owing to the methane leaks that occur during its extraction and transport. Methane contributes to global warming, and consequently climate change.

Available **evidence** shows that methane is responsible for about **30%** of global temperature rises. Worth recalling as well is that previous efforts by the GoU to supply citizens with LPG have failed. While

1 million households were supposed to receive LPG kits between 2022 and 2026 with 200,000 households receiving kits per year, only 6,000 kits, which cost Shs. 2.6 billion (USD 701,878), were acquired and distributed in 2022, per an **audit** by the office of the Auditor General. In effect, only 3% of the targeted households received gas cylinder kits.

**(c) Mismanagement of oil revenues:** Government claims that it will use oil revenues to deliver universal energy access.

However, cases of mismanagement of oil revenues abound. Some of the cases include, the Shs. 6 billion (USD 1.6 million) presidential handshake, raiding the treasury to buy fighter jets ahead of the 2011 general elections and withdrawal of Shs. 200 billion (USD 54 million) oil revenues from the Petroleum fund without parliamentary approval among others.

It is notable that the executive withdrew Shs. 200 billion from the Petroleum Fund in March 2019 without parliamentary approval. The money was used to finance deficits of the FY2018/2019 budget, contrary to the PFMA which provides that oil revenues will only be used for infrastructural and other development purposes. Further, in the 2020/2021 financial year, parliament allocated Shs. 200 billion (USD 54 million) from the Petroleum Fund as part of budget support.

Government had no **workplan** for the oil revenues, raising questions as to whether the funds would not be spent for consumptive purposes, contrary to the PFMA. With the corruption and mismanagement of oil revenues that has been seen already, it is doubtful whether oil revenues will be used to finance the energy transition in Uganda.

**(d). Climate risks:** Moreover, Uganda is one of the most vulnerable countries to climate change. According to a Notre Dame Global Adaptation Initiative (2021) **report**, Uganda is the 13th most vulnerable country in the world to climate change.

Further, out of 192 nations, Uganda ranks 160th in readiness to confront the climate crisis. Indeed, Uganda is already experiencing climate change impacts including rapid changes in lake and river water levels, more frequent and severe droughts, and erratic or excessive rainfall leading to flooding.

Uganda has also experienced mudslides and landslides, leading to deaths. The GoU and households spend billions of money to address climate change impacts. With continued burning of oil and gas, the climate crisis stands to worsen, which will increase government and household expenditure to address climate impacts.

This means that funds that could be used by government and households to access clean energy could be spent on addressing climate change impacts, undermining clean energy access.

**(e). Socio-economic impacts of displacement:** Further, oil projects including the EACOP, Tilenga and Kingfisher have led to the displacement of tens of thousands of households from over 11 districts across the country.

The displacement has had socio-economic impacts that will continue

to undermine communities' capacity to access clean energy. A **report** published by AFIEGO in 2023 showed that households that were displaced for the EACOP suffered losses in land, crop productivity and incomes. Another **report** by Human Rights Watch (HRW) shows that some Tilenga project-affected households lost land and livelihoods due to the project. Poor people cannot afford access to clean energy, yet the Ugandan state cannot provide all citizens with clean energy at no or a subsidized cost.

**(f). Biodiversity threats:** In addition, oil and gas exploitation efforts are endangering biodiversity conservation, thereby putting the livelihoods of millions of Ugandans at risk. From national parks, forests, lakes, wetlands and rivers, the activities are affecting many ecosensitive resources that Ugandans depend on to make a living in the tourism, fishing and agricultural sectors. The oil activities are already endangering conservation of wildlife in parks such as Murchison Falls. Putting livelihoods at risk endangers Ugandans' capacity to access clean energy.

## CONCLUSION

Uganda is one of the countries in the world that is endowed with clean energy resources including solar, wind, hydro and others. These energy sources have the potential to support universal access to clean energy.

The Ugandan government should stop oil and gas investments and instead increase investment in solar, wind, hydro, and other renewable energy sources. Oil and gas investments will not power Uganda's clean energy transition.

**By CEO and Partners**

# Pictorial of our activities

## AFIEGO SUPPORTS OIL REFINERY-AFFECTED PEOPLE TO PARTICIPATE IN THEIR COURT CASE HEARING



On July 9, 2024, AFIEGO supported its legal team and some members of the oil refinery-affected community to attend their court case hearing at the Hoima High Court.

The affected people filed the case in March 2014 challenging the unfair compensation that the government had allocated to them after their land was compulsorily acquired for the oil refinery project.

Unfortunately, court failed to conclude hearing of the case despite assurances made in April 2024. The case was adjourned to November 11, 2024.

## AFIEGO SUPPORTS YOUTH ACTIVISTS TO HOLD A PRESS CONFERENCE



On July 16, 2024, AFIEGO supported youth activists to organise a press conference at Hotel Africana in Kampala.

During the press conference, the activists informed the media and the public of the three (3) court cases they filed against the government and 10 police officers who arrested them during their peaceful protests against the EACOP.

The activists noted that their basic human rights such as the right to peaceful assembly were violated.

## AFIEGO UPDATES TILENGA OIL PROJECT-AFFECTED PERSONS ON THEIR COURT CASE



On July 12, 2024, AFIEGO organised a meeting with Tilenga Project Affected Persons (PAPs) in Buliisa district.

During the meeting, AFIEGO and its legal team shared updates with the PAPs that are appealing the Hoima High Court ruling of December 8, 2023.

On December 8, 2023, the court ruled that government could deposit compensation belonging to the PAPs in court, and that the PAPs could be evicted. AFIEGO supported the PAPs to appeal the ruling.

## AFIEGO RELEASES RESEARCH BRIEF ON IMPACTS OF OIL ACTIVITIES ON MURCHISON FALLS NATIONAL PARK



On July 12, 2022, AFIEGO released a research brief documenting the grave impacts of the Tilenga oil project activities on wildlife in Murchison Falls National Park (MFNP).

Among others, the research brief shows that oil activities have negatively impacted elephants and are a threat to the conservation of various endangered species, not to mention the Murchison Falls-Albert Delta Ramsar wetland.

## AFIEGO PARTICIPATES IN 56TH MEETING OF THE HUMAN RIGHTS COUNCIL IN GENEVA



On July 1, 2024, AFIEGO participated in a side event during the 56th meeting of the Human Rights Council in Geneva.

During the event, AFIEGO discussed how transnational corporations such as TotalEnergies can be held accountable for human rights violations seen under the EACOP and other oil projects in Uganda.

## AFIEGO SUPPORTS MEDIA VISIT TO BULIISA OVER ELEPHANT-HUMAN CONFLICTS



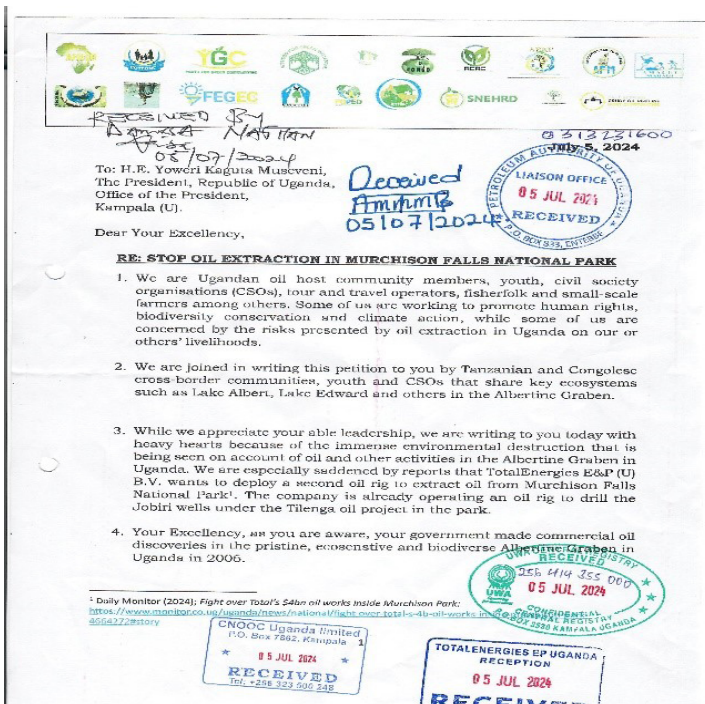
On July 21, 2024, AFIEGO supported journalists from various media houses to participate in a field visit to Buliisa district.

During the visit, the media covered a protest by families that have suffered losses owing to human-elephant conflicts.

Since oil activities increased in Murchison Falls National Park, the human-elephant conflicts have increased.

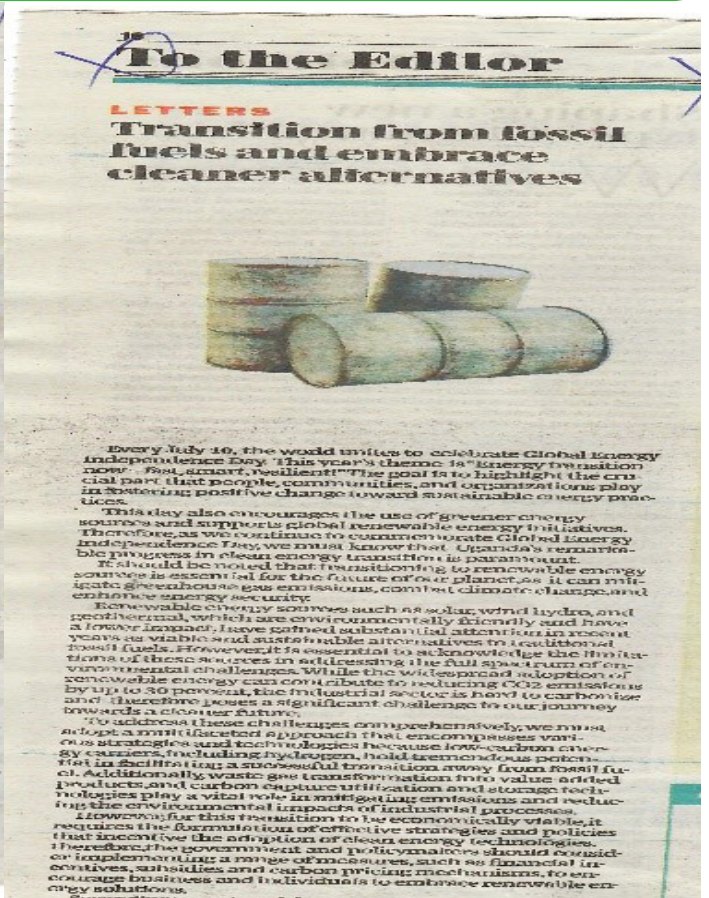


In July 2024, AFIEGO mobilised over 800 Ugandan and Congolese nationals who wrote a petition to the president of Uganda to stop oil activities in Murchison Falls National Park (MFNP) and the deployment of a second rig in the park. Further, AFIEGO and IGEN-EA joined the world to celebrate Global Energy Independence Day.



# In the media

This month, AFIEGO staff, research associates and youth champions wrote newspaper articles that were published in the leading newspapers. The media also published articles from the media interviews we held this month. Some of the published articles are captured below.

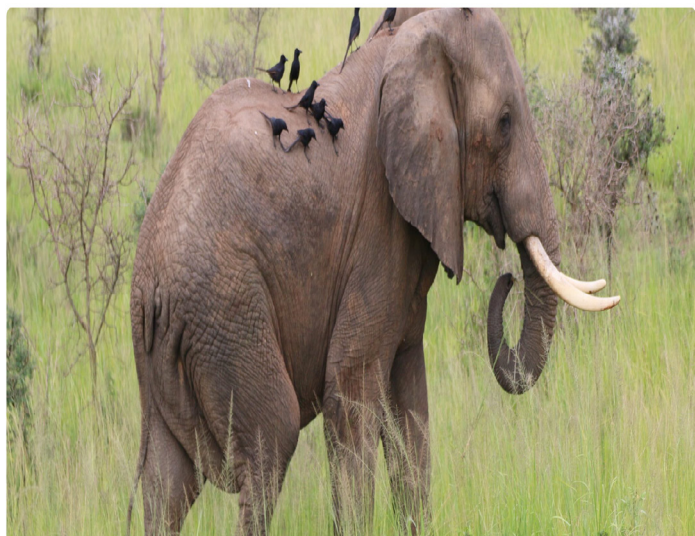


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## Advocacy group links Uganda oil infrastructure to human-elephant conflict

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## TotalEnergies Uganda oil project 'devastating': conservationist

Geneva (AFP) - Production has yet to begin, but TotalEnergies' controversial East African oil project is already taking a dire environmental toll in Uganda's largest national parks, a leading conservationist group said Friday.

Issued on: 12/07/2024 - 11:25 Modified: 12/07/2024 - 11:23 3 min

## Upcoming events

August 8, 2024; Hoima: Radio talkshow by Kingfisher oil project host communities on the impacts of oil activities

August 9, 2024; Hoima: Exchange learning between Kingfisher, Tilenga and EACOP project host communities

August 16, 2024; Buliisa: Radio talkshow on ESIA compliance requirements for the Tilenga oil project

August 22, 2024; Kampala: Media training on the role of journalists in addressing the climate crisis

August 28, 2024; Kampala: Dissemination of report that defines the Just Energy Transition concept as viewed by communities

August 29, 2024; Online: Dissemination of a research brief on the impacts of agrochemicals on agricultural production

August 30, 2024; Kikuube: Engagement with district leaders on promoting sustainable tourism in Bugoma forest

## About Africa Institute for Energy Governance (AFIEGO)

AFIEGO is a non-profit company limited by guarantee that was incorporated under Uganda's Companies Act. AFIEGO undertakes public policy research and advocacy to influence energy policies to benefit the poor and vulnerable. Based in Kampala-Uganda, the non-profit company was born out of the need to contribute to efforts to turn Africa's clean energy potential into reality and to ensure that the common man and woman benefits from this energy boom. Through lobbying, research and community education, AFIEGO works with communities and leaders to ensure that clean energy resources are utilised in a way that promotes equitable development, environmental conservation and respect for human rights.

### Our Vision

A society that equitably uses clean energy resources for socio-economic development

### Our Mission

To promote energy policies that benefit poor and vulnerable communities