

# The Governance of HYDROCARBONS IN UGANDA

Creating Opportunities for Multi-Stakeholder Engagement

August 2014



# The Governance of Hydrocarbons in Uganda

## Creating Opportunities for Multi-Stakeholder Engagement

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## LIST OF ABBREVIATIONS

ACAO	Assistant Chief Administrative Officer
ACODE	Advocates Coalition for Development and Environment
ALBI	Ambatovy Local Business Initiative
BBS	Bunyoro Broadcasting Service
BCS	Business-Community Synergies
CAO	Chief Administrative Officer
CBO	Community-Based Organisation
CCA	Community-Company Assessment
CLO	Community Liaison Officer
CNOOC	Chinese National Offshore Oil Company
CSCO	Civil Society Coalition on Oil and Gas
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DCDO	District Community Development Officer
DDP	District Development Plan
DEO	District Environment Officer
DGF	Democratic Governance Facility
DLG	District Local Government
DNRO	District Natural Resources Officer
DRC	Democratic Republic of Congo
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
ESIA	Environmental and Social Impact Assessment
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
HC	Health Centre
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immuno-Deficiency Syndrome
IEC	Information, Education and Communication
IFC	Internal Finance Corporation
LADA	Literacy Action and Development Agency
LC	Local Council
MEMD	Ministry of Energy and Mineral Development
MFNP	Murchison Falls National Park
MoU	Memorandum of Understanding
MYJ	Maendeleo ya Jamii
NAPE	National Association of Professional Environmentalists
NEMA	National Environment Management Authority
NDP	National Development Plan
NGO	Non-Governmental Organisation
PEPD	Petroleum Exploration and Production Department
PPP	Public-Private Partnership
PSA	Production Sharing Agreement
RAP	Resettlement Action Plan
RDC	Resident District Commissioner
RICE-WN	Rural Initiative for Community Empowerment-West Nile
RPF	Resettlement Policy Framework
SEA	Strategic Environment Assessment
SDP	Sub-County Development Plan
SNV	Netherlands Development Organisation
SPDC	Shell Petroleum Development Corporation of Nigeria
STD	Sexually Transmitted Disease
TEV	Total Economic Value
TLO	Tourism Liaison Officer
UGX	Ugandan Shillings
UHRC	Uganda Human Rights Commission
UK	United Kingdom
UPDF	Ugandan Peoples' Defence Force
UWA	Uganda Wildlife Authority
VISO	Voluntary Initiative Support Organisation
WRI	World Resources Institute
WWF	World Wildlife Fund

## EXECUTIVE SUMMARY

### Background

Commercially viable oil was discovered in Uganda's Albertine Rift region in 2006 with reserves estimated of at least 3.5 billion barrels of crude. Expectations of anticipated benefits are on the rise particularly given the aspirations of Uganda Vision 2040 to transform Ugandan society "from a peasant to a modern and prosperous country within 30 years" are largely predicated on revenues from oil and gas (Republic of Uganda, 2013b: xiii).

The commercialisation of Uganda's oil resources has been a slow process, with 'first oil' progressively pushed back to 2018 (as of August 2014). The pace is due to increase as the three operating oil companies, Tullow Oil, the Chinese National Oil Company (CNOOC) and Total, agreed a framework for the commercialisation of Uganda's oil resources with the Government of Uganda in February 2014 (Muloni, 2014). This framework includes the use of petroleum for power generation, the supply of crude oil to the refinery to be developed in Uganda by government, and export of crude oil through an export pipeline or other means by the oil companies (Muloni, 2014).

Upstream oil and gas activities are gaining momentum. In September 2013, CNOOC had its production license approved by government for the Kingfisher Field, and, as of July 2014, the government is reviewing production licenses and Field Development Plans submitted by Tullow Oil for nine fields and Total for three fields (Sebikari, 2014). 116 exploration and appraisal wells have been drilled, with 102 encountering hydrocarbons, yet over 80 percent of the Albertine Graben remains unlicensed (ibid). The government is set to award new exploration licenses in 2015, lifting a ban set by Parliament in 2011 on issuing new licenses until the 2008 Oil and Gas Policy was implemented (Bariyo, 2014).

Much of the work on the governance of oil in Uganda has focused on national level legal frameworks and institutions to facilitate efficient, effective and equitable management of oil resources and rents. Indeed, since 2008 there has been significant progress in establishing the regulatory framework for the oil sector (Republic of Uganda, 2014). Both the Petroleum (Exploration, Development and Production) Act 2013 and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013 have been enacted, while the third oil law which completes the regulatory framework through the management of oil revenues, the Public Finance Bill 2012, is still under consideration by parliament as of August 2014 after being tabled in 2012.

Up until 2013/14, there had not been as much emphasis at the sub-national (village, sub-county and district) levels to explore how oil extraction in Uganda's Albertine

Rift region may impact (positively and/or negatively) local communities (Van Alstine et al., 2014). Stakeholder engagement at the sub-national level has increased given displacement and compensation issues related to the proposed refinery and potential for environmental and livelihood impacts in the oil-bearing regions. The starting point for this project is that *evidence-based engagement at the sub-national level* is necessary to drive pro-poor societal change.

### Aim and Objectives

This project, a Community-Company Assessment (CCA), outlines a unique and timely approach to research-driven community-company-government engagement. The CCA is a process by which the relationships between community, company and government stakeholders in extractive regions are assessed, measured and developed over time (see e.g. AmanigaRuhanga et al., 2011). The primary aim of the project is *to develop shared understanding among companies, communities and government officials, so that the extraction of natural resources results in net benefits to people living in and around the areas of exploitation*. It is important to understand the dynamics between these multiple stakeholders in order to avoid, mitigate and/or adequately compensate for negative impacts and to maximize benefits toward equitable and inclusive development. Three objectives frame this project:

1. To conduct a comprehensive CCA between the oil industry, host communities and government to establish a baseline from which those relationships can be improved;
2. To cause local, national and international action on the recommendations of the assessment in order to build sustainable and mutually beneficial relationships between the oil industry, host communities and government; and
3. To build the capacity of local civil society organisations (CSO) to constructively and sustainably engage the oil industry and government.

### Methodology

Led by Maendeleo ya Jamii (MYJ), a Kampala-based not-for-profit organization, this project has been implemented in collaboration with the District NGO Forums (Kanungu, Hoima and Nebbi) in the Albertine Rift region and the University of Leeds in the UK. The project is funded by the Democratic Governance Facility (DGF), a multi-donor initiative that addresses key governance challenges in Uganda.<sup>1</sup>

Data were gathered, analysed and validated using a qualitative and inductive research approach in extensive field visits to the oil-bearing regions in December 2012, and January, February and March 2013. The following

<sup>1</sup>See DGF Website: <http://www.dgf.ug/>

districts were visited:: Hoima and Buliisa in the Bunyoro region along Lake Albert; Arua and Nebbi in the West Nile region of north-western Uganda; Nwoya in the Acholi region of northern Uganda; and Kanungu and Rukungiri in the Kigezi region of south-western Uganda.

Local government officials were interviewed at the district and sub-county levels. Focus groups, small groups and one-on-one interviews were undertaken in 29 villages, and industry personnel from Tullow Oil and Total E&P were interviewed in Kampala and at their respective field bases in Hoima, Buliisa and Nebbi.<sup>2</sup> A total of 875 individuals (535 male/340 female) were interviewed in one-on-one, small group and focus group discussions. The research team explored the same four themes with respondents: their interaction with the company or community; the extent to which communities and local governments have benefitted from the presence of oil companies; barriers to local benefits from the oil and gas industry; and what they would change about the way the oil and gas industry is managed if they could and how. A critical part of the CCA process is the validation of data, which requires that a sample of community, government and company representatives review the summary of data they themselves provided and verify its accuracy. The validation step is critical not just because it confirms the research team's understandings of what was said, but also because it reveals the degree of receptivity to the data and implications for action.

## Research Findings

The community, company and local government findings are organised according to interactions, benefits and barriers in chapters 3, 4 and 5. Community, company and local government recommendations are presented in chapter 6. A central feature of the CCA approach is that the respondents themselves (and not the researchers) identify the important themes that emerge in the study.

The examination of community, company and local government barriers revealed 15 categories of issues that were preventing the realisation of greater local benefits from the nascent petroleum sector (see Tables 1). The categories are: stakeholder engagement; information and communication; employment; compensation and displacement; community support; education and training; local economic development; corruption; security; CSR; environment; social; infrastructure; policy and legal frameworks; and public health.

The analysis of community, company and local government recommendations revealed 14 quite similar categories to the barriers. The barrier of 'social issues' (i.e. prostitution, adultery, etc) was the only additional category. The 14 recommendations are: community support initiatives; compensation and displacement; CSR; corruption; education and training; employment; environment; information and communication; infrastructure; local economic development; policy, legal and institutional frameworks; public health; security; and stakeholder engagement. Table 2 highlights community and local government consensus on eight priority categories to both barriers and recommendations.

## Team Recommendations

The research team analysed the numerous challenges in the oil and gas sector raised by various stakeholders (communities, companies and local governments) in order to distil key categories of issues and make recommendations. The research team's recommendations are structured in order of categories of barriers with highest frequency and both reinforces other stakeholder recommendations where appropriate, and adds independent recommendations based on the local and international experiences of the team's members and associates. For a more detailed analysis and explanation of recommendations please refer to chapter 7.

**Table 1: Priority barrier categories for local governments and communities (by district) and companies and the percentage of respondents who raised it as an issue**

		Community Support	Corporate Social Responsibility	Corruption	Displacement & Compensation	Education & Training	Employment	Environment	Information & Communication	Infrastructure	Local Economic Development	Policy & Legal	Public Health	Social	Security	Stakeholder Engagement
DISTRICT	Arua	80%	40%	40%	100%	80%	100%	20%	100%	20%	20%	40%	20%	20%	20%	100%
	Nebbi	71%	14%	14%	71%	57%	100%	14%	86%	0%	29%	14%	14%	29%	29%	100%
	Nwoya	40%	20%	20%	40%	60%	100%	60%	100%	20%	80%	20%	0%	0%	80%	100%
	Buliisa	17%	0%	67%	100%	83%	67%	67%	83%	50%	17%	17%	17%	17%	33%	100%
	Hoima	50%	13%	63%	100%	75%	50%	0%	100%	13%	100%	25%	25%	13%	0%	100%
	Kanungu	100%	25%	50%	25%	25%	75%	25%	100%	25%	25%	0%	0%	0%	25%	100%
	Rukungiri	100%	25%	25%	50%	25%	75%	25%	100%	0%	25%	0%	25%	50%	50%	100%
	Company	50%	100%	50%	50%	50%	50%	0%	100%	50%	100%	0%	0%	50%	50%	100%

<sup>2</sup>The research team met CNOOC at its headquarters in Kampala, but due to the early nature of its field operations in Hoima in late 2012/early 2013, CNOOC felt it had yet to have measurable engagement with communities and field personnel were not available for interviews at the time of data collection.



**Table 2: Eight priority barriers and recommendations and the percentage of respondents who raised it as an issue**

	<i>Community Support</i>	<i>Compensation &amp; Displacement</i>	<i>Education &amp; Training</i>	<i>Employment</i>	<i>Information &amp; Communication</i>	<i>Local Economic Development</i>	<i>Security</i>	<i>Stakeholder Engagement</i>
<b>BARRIERS</b>								
Arua	80%	100%	80%	100%	100%	20%	20%	100%
Nebbi	71%	71%	57%	100%	86%	29%	29%	100%
Nwoya	40%	40%	60%	100%	100%	80%	80%	100%
Buliisa	17%	100%	83%	67%	83%	17%	33%	100%
Hoima	50%	100%	75%	50%	100%	100%	0%	100%
Kanungu	100%	25%	25%	75%	100%	25%	25%	100%
Rukungiri	100%	50%	25%	75%	100%	25%	50%	100%
<b>RECOMMENDATIONS</b>								
Arua	80%	20%	80%	80%	80%	100%	20%	80%
Nebbi	71%	0%	100%	100%	57%	86%	0%	57%
Nwoya	80%	0%	100%	100%	100%	100%	100%	100%
Buliisa	50%	0%	100%	100%	67%	50%	33%	67%
Hoima	50%	13%	88%	100%	100%	63%	13%	75%
Kanungu	50%	25%	100%	50%	50%	75%	100%	100%
Rukungiri	75%	0%	75%	100%	50%	100%	50%	75%

## The Way Forward

The CCA is both an assessment and the beginning and basis of a process by which community stakeholders, the companies and government engage with each other to achieve mutual benefits. In 2013, following data collection, multi-stakeholder workshops were held in three regions of Uganda's Albertine Rift – Kigezi, Bunyoro and West Nile – and at national level in Kampala to share the research team's analysis of the validated data. Commitment was gained from all stakeholders to move forward with the recommendations of the study. In 2014, the project is in the process of building capacity of community and local government representatives to participate in the development of action plans in a participatory way, which will be followed by multi-stakeholder forums in each of the seven project districts to get stakeholder commitment to implement an action plan based on the research findings and recommendations.

It is important to recognise that oil development in the Albertine Graben is a work in progress. As the project cycle continues and the production licenses are agreed and Field Development Plans are implemented, the oil-bearing regions will undergo significant development challenges. This report and the larger CCA process provide starting points for seeking equitable and inclusive development through a multi-stakeholder process. The research team intends to continue this process as the hydrocarbons sector moves towards 'first oil' in 2018.

In order to facilitate this process, the research team aims to:

- Identify long-term funding to continue the CCA process and the district level multi-stakeholder forums;
- Identify co-funding opportunities for actions agreed upon through the multi-stakeholder forms;
- Identify capacity building opportunities for community and local government stakeholders;
- Develop capacity within local CSOs and local governments to negotiate and potentially partner with the oil companies from a position of strength, for example to monitor and evaluate projects and programmes, and in particular, the implementation of agreed CCA action plans;
- Advise central government and oil companies, among others, how stakeholder engagement, information and communication, employment, and other categories of barriers, are perceived at the local level in the oil-bearing regions; and
- Develop linkages between local CSOs, national/international NGOs, and development partners to build capacity and learning networks to facilitate knowledge transfer on relevant issues.

# 1 INTRODUCTION

Much of the work on the governance of oil in Uganda has been undertaken by international and domestic non-governmental organisations (NGO) focusing on national level legal frameworks and institutions to facilitate efficient, effective and equitable management of oil resources and rents (CSCO, 2010; International Alert, 2009, 2011; Muramira and Manyindo, 2008). Up until 2013/14, there has not been as much emphasis at the sub-national (village, sub-county and district) levels to explore how oil extraction in Uganda's Albertine Rift region may impact (positively and/or negatively) local communities (Van Alstine et al., 2014). Civil society engagement at the sub-national level has increased given displacement and compensation issues related to the proposed refinery and potential for environmental and livelihood impacts in the oil-bearing regions.<sup>3</sup>

Although 'sensitisation' strategies have been widely pursued by NGOs and development partners in Uganda's oil-bearing regions, there is little articulation of how research and rigorous evidence will inform these processes and how advocacy will (or will not) include engagement with multiple stakeholders. *Evidence-based engagement at the sub-national level* is necessary to drive pro-poor societal change. This includes engaging with communities, local government officials, oil companies and contractors, religious and cultural leaders among others.

## 1.1 Aims and Objectives

This project, a Community-Company Assessment (CCA), outlines a unique and timely approach to research-driven community-company-government engagement. *The primary aim of the project is to develop shared understanding among companies, communities and government officials, so that the extraction of natural resources results in net benefits to people living in and around the areas of exploitation.*

We posit that proactive multi-stakeholder engagement can contribute to 'good governance' of the extractive industries and sustainable local development, through, for example, demand for local goods and services, local content and infrastructure, employment, and revenues (taxation and benefit-sharing mechanisms). Trustful relationships based on legitimacy and shared understanding between oil companies, local government and communities within and around areas of oil activity are critical for mutual benefit. The relationship between companies, communities and government, if not guided by some trust and respect, could result in conflicts between parties. Often misconceptions, misunderstandings and unrealistic expectations are the triggers of conflict

in oil producing areas. It is important to understand the dynamics between these multiple stakeholders in order to avoid, mitigate and/or adequately compensate for negative impacts and to maximize benefits toward equitable development. Three objectives frame this project:

1. To conduct a comprehensive CCA between the oil industry, host communities and government to establish a baseline from which those relationships can be improved;
2. To cause local, national and international action on the recommendations of the assessment in order to build sustainable and mutually beneficial relationships between the oil industry, host communities and government; and
3. To build the capacity of local civil society organisations (CSO) to constructively and sustainably engage the oil industry and government.

## 1.2 Background

Although the presence of oil in Uganda's Albertine Rift region has been known since the 1920s (Kashambuzi, 2010; Mwirima, 2008), it was only in 2006 when wildcatters Hardman Resources (Australian), Heritage Oil (Anglo-Canadian) and Tullow Oil (Anglo-Irish) began to drill exploratory oil wells with flow rates and oil qualities viable for commercial exploitation. As of 2013 about 40 percent of the Albertine Rift region had been explored with over 90 wells drilled and an excellent success rate of close to 87 percent encountering hydrocarbons (PEPD, 2013). Tullow Oil estimates that there is 1.7 billion barrels of recoverable oil in the Albertine Rift region and the government claims at least 1.2 million barrels are recoverable out of 3.5 billion barrels of oil equivalent in place (PEPD, 2013; Tullow Oil, 2013e). Since 2006, the sector has consolidated. Tullow Oil, now a leading independent company, acquired Hardman Resources and Heritage Oil's assets. Tullow Oil signed two Production Sharing Agreements (PSAs) with the government in 2012, which enabled it to sell two thirds of its Uganda licences to the Chinese National Offshore Oil Company (CNOOC), a Chinese state-owned oil company which is one of the largest exploration and production companies in the world, and Total Exploration & Production (E&P), the French major integrated oil company (Tullow Oil, 2013b).

Full production of up to 200,000 barrels per day was targeted for 2018 (Tullow Oil, 2010), this is likely to be delayed until 2017 (The Independent, 2011). A joint development plan for the Lake Albert Rift Basin was presented to the President in July 2012 (Tullow Oil, 2013b, p. 6). One of the most contentious issues is if the sweet, waxy crude (which needs to be heated to be transported) of the oil-bearing region will be transported via rail or pipeline to a refinery in Mombasa (preferred

<sup>3</sup> see e.g., Greenwatch Uganda's guide for community-based monitoring of oil and gas activity impacts (<http://www.greenwatch.or.ug/>); the Africa Institute for Energy Governance's work with communities affected by the proposed oil refinery in Hoima (see: <http://www.afiego.org/>); the research team's work on community-driven accountability in the oil-bearing region (see: Amaniga Ruhanga et al, 2011).

by the operators), or if the crude will be wholly or partly refined domestically (preferred by the government). In June 2013 the government reached an agreement with the oil companies to develop both a 60,000 barrels per day oil refinery and a pipeline to transport the crude to a port on the Indian Ocean (Oil in Uganda, 2013c).

The Resettlement Action Plan (RAP) for the refinery began in July 2013, with compensation and land acquisition issues dogging the project (Oil in Uganda, 2013a). CNOOC was the first operating company to receive a production license (for the Kingfisher discovery) in September 2013 (Lokeris, 2013). Investors are being sought to finance the refinery, while a memorandum of understanding (MoU) has been signed between Uganda, Kenya and Rwanda to construct two pipelines across East Africa (PEPD, 2013). In February 2014, a MoU was signed between the Government of Uganda and the three operating oil companies which provides a framework for the commercialisation of Uganda's oil resources. In the short term the Government will develop the oil refinery (six bidders have been shortlisted and the refinery is expected to be operational in 2018), and in the longer term the operating oil companies will develop the pipeline or any other viable option to export the crude oil (Muloni, 2014).

The extent to which this newly discovered oil wealth will contribute to the achievement of Uganda's National Development Plan (NDP), i.e. 'intertwining sustainable economic growth with poverty eradication' (Republic of Uganda, 2010: 3), has been widely debated. President Museveni heralded this 'new oil' referring to the resource as "my oil" and reassuring the public that "the Ugandan oil will be for the present and future generations of Ugandans", and that this would be achieved through "the most enlightened oil utilisation policy" (New Vision, 2007a, n.p.). Some pundits have remained optimistic that with proper governance frameworks in place Uganda's hydrocarbon resources can contribute to broad-based development and poverty alleviation (Kashambuzi, 2010; Miiirima, 2008; The Economist, 2010). However, concern has been raised that the speed of oil development will outpace the implementation of both mandatory and voluntary forms of governance throughout the extractive industries value chain (AmanigaRuhanga et al., 2011; CSCO, 2010; International Alert, 2009; New Vision, 2007b).

Worrying trends include a variety of governance setbacks at the national level occurring from 2010-2012, such as corruption allegations towards Tullow Oil and various government ministers in 2010/2011, a ban by Parliament in October 2011 on issuing new oil licenses until the 2008 Oil and Gas Policy was implemented (a new round of licensing is planned for 2014/2015), and outstanding issues with the Government of Uganda with regards to tax, licence extensions, and consents for it to purchase the Heritage Oil interests (see e.g. Vokes, 2012). At the local level, the exploration and pre-production stages of oil development has increased tensions, particularly in oil-bearing communities (AmanigaRuhanga et al., 2011; International Alert, 2009, 2013; Van Alstine et al., 2014).

Regionally, the discovery of commercial quantities of oil in Uganda in 2006 led many to query whether oil would lead to conflict in the region given the strained relations between Uganda and the DRC and instability in eastern DRC (International Alert, 2009; International Crisis Group, 2012; Okumu, 2010). Those fears were realised in 2007 when border skirmishes between the two countries led to violent clashes between troops, which resulted in the death of a Heritage Oil contractor and six civilians on a Congolese passenger boat on Lake Albert (International Crisis Group, 2012; Okumu, 2010). The increased securitisation and presence of the Ugandan Patriotic Defence Forces (UPDF) in the oil-bearing region are signs of increased state control, as are increased pressure and constraints on civil society operating in the oil-bearing regions (Van Alstine et al., 2014). Also, the discovery of commercially viable oil by Tullow Oil in Kenya in 2012 has raised complex questions on regional politics. The extent to which oil will enhance regional cooperation in East Africa remains an open question (Besliu, 2013).

Nevertheless, a variety of policies, regulations and guidelines related to oil sector governance have been established, including the National Oil and Gas Policy For Uganda (2008), The Petroleum (Exploration, Development and Production) Act (2013a), The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act (2013b), the Strategic Environmental Assessment (SEA) of Oil and Gas Activities in the Albertine Graben (2013c), and the National Environment Management Authority's (NEMA) interim waste management guidelines (2012). Assessments and evaluations of oil sector impacts have also been undertaken, e.g. the Ministry of Energy and Mineral Development (MEMD) study on Enhancing National Participation in the Oil and Gas Industry in Uganda (2011) and NEMA's Environmental Sensitivity Atlas for the Albertine Graben (2010). However, questions remain how well the existing legal regime addresses issues of the upstream oil sector as well as gaps in the recent oil-facing regulations and guidelines (see e.g. Nsereko, 2014). As will be discussed in the Team Analysis and Recommendations (Chapter 7), there is need for cooperation and partnership between stakeholders (e.g. civil society, government, oil companies, development partners etc) to apply international best practice to local context and help fill emerging governance gaps.

### 1.3 Report Structure

This report begins with an introduction to the project in Chapter 1. It includes the project aims and objectives and some background to Uganda's oil and gas industry. Chapter 2 describes the study's methodology, the CCA. It also describes the semi-structured interview process, the data sources, the limitations of the CCA and how the research team mitigated them. This is followed by the presentation of our findings from the perspective of communities in Chapter 3. These findings were gathered from 29 communities. The findings of the two companies interviewed are presented in Chapter 4. Chapter 5 presents the findings of local government. A total of 10 local governments were interviewed. Chapter 6 highlights community, company and government recommendations.



These are proposals on how to increase benefits and reduce barriers for various stakeholders in Uganda's oil and gas industry. Chapter 7 presents the research team's analysis and recommendations based on its local and international experience. The report concludes with Chapter 8, which contains specific suggestions to continue the process of developing shared understanding among industry, government and community stakeholders. This will be achieved through a variety of interventions.

## 2 METHODOLOGY

### 2.1 The Community-Company Assessment Process

The CCA is a process by which the relationships between community, company and government stakeholders in extractive regions are assessed, measured and developed over time (see e.g. AmanigaRuhanga et al., 2011; BCS, n.d.). Data are collected and analysed using a qualitative and inductive research approach which begins with generative questions that guide the research but are not limited or confining. Thus, as data are gathered, core concepts and themes are identified, coded and linkages are developed. A central feature of this approach is that the respondents themselves and not the researchers identify the important themes that emerge in the study. The interview is carried out more in the form of a conversation with the respondent selecting the topics to discuss, and, with probing, the respondent provides the detail and depth to the topics discussed. The interviewer's role is to keep the conversation linked to the broad theme of the industry and its effects on personal and community life, and to document what is said.

The CCA is distinct from many other research-based approaches in the following ways:

1. The subject matter is not pre-determined. Rather, the focus of the assessment arises from discussions with communities and company personnel. A protocol with open-ended questions ensures that themes that emerge from the data are identified by respondents and not the interviewers.
2. Data are reviewed and coded on a daily basis.
3. The assessment team summarises and presents findings back to a sample of the data providers (company and community), who in turn are asked to review and validate the data, to change it or to strike out anything that clearly looks incorrect. This process ensures that the researchers' understanding of the meaning of what was said is as intended.
4. Emphasis is placed on understanding and documenting what is said regardless of whether or not the perceptions and opinions may be factually correct from the interviewer's point of view.
5. Communities and companies provide data, and their responses are compared and analysed to generate the assessment. The gap in company and community perspectives is the space for building relationships. The overlap is the space from which

shared understanding and trust are generated.

6. Different levels of government, donors and other actors are also solicited for their inputs, and their views are incorporated into the team's analysis and recommendations.
7. Power relations among the different groups of actors, their interests, priorities and capacities are also analysed.
8. The results of a CCA are twofold: net benefits to communities and companies; and trustful relationships between companies and the communities in their areas of direct impact. Intermediate results are strong community capacities to negotiate for their priorities, to monitor agreements, and to advocate on their behalf in an effective way.

Four principles guide and underlie the CCA process. In order to build trust, it is crucial for the research team:

- To respect each stakeholder's knowledge (scientific and non-scientific), logics (or ways of seeing and thinking about the world) and languages (ways of expressing themselves);
- To make significant effort, even before the intervention begins and on an ongoing basis, to understand the histories, diversities and local-national-global power relations, as well as the full spectrum of livelihoods that characterize the communities and regions impacted by extraction.
- To consider local history, diversities and past relationships within and among communities, as well as with international actors.
- To ensure that all interactions with stakeholders creates shared understanding, that is, recognition of the reality of the many perspectives on natural resource extraction in each context and accepting the legitimacy of those perspectives.

The steps of the CCA, as noted below, draw heavily from principles of Rapid Rural Appraisal and Participatory Rural Appraisal (see Chambers, 1997). The ten steps include:

1. Desk research
2. Secondary data analysis and selection of sources
3. Choose method and content of CCA
4. Gather data, iterative analysis
5. Validate data
6. Complete the analysis
7. Hold multi-stakeholder meetings
8. Get commitment to follow-up
9. Analysis, revision, realistic, time-bound action plan
10. Share and get commitment to move forward on at least one option

For this study, desk-based research and secondary data analysis (steps 1 and 2) were carried out through correspondence between MYJ, the District NGO Forums, and the University of Leeds, prior to our project launch workshop in December 2012. Methods and content of the CCA (step 3) were chosen by the research team at our project launch workshop. Data were gathered and



analysed (step 4) in seven different districts throughout the Albertine Rift Region. A critical part of the CCA process is the validation of data (step 5). This requires that a sample of data providers from communities, government and company review the summary of data they themselves provided and verify its accuracy.

The validation step is critical not just because it confirms the research team's understandings of what was said, but also because it reveals the degree of receptivity to the data and implications for action. The team is able to note the following: Are there gender/ethnic/age differences within and among the communities in terms of their view of the data? Where do we see the greatest consensus and where can we anticipate resistance to change? In some validation exercises, participants may substantially challenge and change what people in their own community or company said. This is an indicator of divisions within the company or community. It may also be a misunderstanding on the part of the team – one reason why it is essential to have teams that bring both local and international perspectives and experience to data interpretation. Validation workshops for community, government and industry stakeholders were held in each of the seven districts the research team visited in 2012 and 2013. Multi-stakeholder workshops were held in 3 regions of Uganda's Albertine Rift – Kigezi, Bunyoro and West Nile – and 1 at national level in Kampala to share the research team's analysis of the validated data (Step 6 and 7). Commitment was gained from all stakeholders to move forward with the recommendations of the study (Step 8).

The project is now in the process of building the capacity of community and local government representatives to participate in the development of action plans in a participatory way (Step 9). This will be followed by multi-stakeholder forums in each of the 7 project districts to get stakeholder commitment to implement an action plan based on the research findings and recommendations (Step 10).

## 2.2 The Questions Asked

Central to the CCA approach is to hold conversations using generative questions and allowing the respondents to identify the topics of interest and concern to them. Thus, the content of the data emerges from the individuals interviewed rather than from the research group. The purpose of the interview is to hear and understand what respondents think and to give them voice, so their voice and perspective can come through independently of the interviewer's perspectives. The team also used some group interviews, which enabled the researchers to explore perceptions, opinions and beliefs in a group setting, where the participants actively interact. Here insights arise from the shared language/responses (or not) established by the group. The observation

of participant interaction can also lend insights into community and company power dynamics.

We introduced every conversation with community, company and government representatives using the same four themes:

1. To enable each person/group interviewed to describe in their own language the nature of their contact/interaction with the company or community;
2. To state whether and to what extent communities and local governments have benefitted from the presence of oil companies;
3. To offer their perspectives on the barriers to local benefits from the oil and gas industry; and
4. To provide an ideal scenario from the interviewee's perspective. What would they change about the way the oil and gas industry is managed if they could and how?

## 2.3 Data Sources

Fieldwork was conducted in December 2012, and January, February and March 2013. Extensive field visits to the oil-bearing area include the following districts: Hoima and Buliisa in the Bunyoro region along Lake Albert; Arua and Nebbi in the West Nile region of north-western Uganda; Nwoya in the Acholi region of northern Uganda; and Kanungu and Rukungiri in the Kigezi region of south-western Uganda. Local government officials were interviewed at the district and sub-county levels. Focus groups and interviews were undertaken in villages, and industry personnel from Tullow Oil and Total E&P were interviewed in Kampala and at their respective field bases in Hoima, Buliisa and Nebbi.<sup>4</sup> In selecting villages, the team considered those that were hosting or have hosted the oil industry. Community respondents included women and youth groups, elders, marketers/business people, farmers, fisher folk, cattle herders and local leaders. Table 1 details the number of individuals who were interviewed and/or participated in focus groups from the local government, village and company participants. A total of 875 individuals were interviewed in one-on-one, small group and focus group discussions. Out of the participants, 535 were male and 340 female.

<sup>4</sup> The research team met CNOOC at its headquarters in Kampala, but due to the early nature of its field operations in Hoima in late 2012/early 2013, CNOOC felt it had yet to have measurable engagement with communities and field personnel were not available for interviews at the time of data collection.

**Table 3: Local government, village and company data sources**

<b>Hoima</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Nwoya</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Local Government	05	02	07	Local Government	07	02	09
Kaiso	16	12	28	Lagazi	15	12	27
Nsonga	14	07	21	Pajengo	26	10	36
Kyapuloni	12	08	20	Pawatomero	21	13	34
Kabaale II	16	17	33	<b>Arua</b>			
Tonya A	13	11	24	Local Government	05	02	07
Kiryamboga	17	14	31	Ndiova	13	11	24
Kyehoro	20	13	33	Wanyange	17	09	26
<b>Buliisa</b>				Oyu	18	14	32
Local Government	04	0	04	Ndara	17	13	30
Kakindo	16	12	28	<b>Nebbi</b>			
Kijumbya	11	08	19	Local Government	05	01	06
Bikongoro	13	09	22	Kiyaya West	13	09	22
Kasinyi	14	08	22	Abok	19	12	31
Kirama	20	13	33	Pakwach	24	16	40
<b>Kanungu</b>				Nyamutagana	16	10	26
Local Government	05	02	07	Nyapolo	18	11	29
Kameme	16	12	28	Nyabang	16	08	24
Kazinga/Bukorwe	16	07	23	<b>Total E&amp;P</b>	02	02	04
<b>Rukungiri</b>				<b>Tullow Oil</b>	05	01	06
Local Government	06	03	09	<b>TOTAL</b>	<b>537</b>	<b>341</b>	<b>878</b>
Rwenshama	29	16	45				
Rwesigiro	17	11	28				

## 2.4 Limitations

Given time and resource constraints, the CCA could not be carried out in all communities of the seven districts in the Albertine Rift. Therefore, a careful purposive selection of communities was undertaken to gather data adequate enough to provide a basis for achieving not only the objectives of the CCA research but also the primary aim of the project.

There are also limitations to the use of such open-ended methods. For example, the influence of the researcher in the interview/group discussion process may be significant, which raises questions about the validity and replicability of the research results. Several steps were taken to mitigate these biases:

- The research team conducted a detailed secondary data review;
- The team included multiple local CSO personnel with extensive inter-disciplinary and specialised expertise and familiarity with the industry and the local context;
- The team combined local knowledge with extensive international experience;
- Team members received training in the CCA prior to the study and additional training and practice

- immediately before starting the field work;
- Daily summaries of interview data, in addition to daily coding and discussion during the data gathering phase facilitated the iterative nature of the inductive approach;
- Researchers worked in teams whenever possible (one as primary interviewer the other as note taker) so that consistency of research findings was maximised; and
- Validation workshops were held for community, government and company representatives to ensure that their views and perceptions were captured appropriately.

Despite these limitations, the information generated during the study exhibited a high degree of consistency within and across the different groups, thus we have confidence in the research findings.

### 3. COMMUNITY FINDINGS

In this chapter the findings for the 29 communities involved in the CCA are discussed. Interviews and focus group discussions took place between December 2012 and March 2013. What follows is a summary of data per community for the first three themes of the CCA interview protocol: interactions between oil companies, government and communities on oil exploration issues; the benefits from oil realised by communities; and the barriers to maximizing those benefits.

#### 3.1 Arua District

In the West Nile region, Arua District lies in the north-western corner of Uganda. It is bordered by the District of Maracha in the north-west; Yumbe District in the north-east; Democratic Republic of Congo (DRC) in the west; Nebbi District in the south; Zombo District in the south-east; and Amuru District in the east. The district has a population of 776,700 with the predominant ethnic group being Lugbara (Uganda Bureau of Statistics, 2011).

Arua's first interaction with oil companies was during exploration work carried out by Neptune Oil between 2006 and 2012. At the time of the research, there were no oil companies operating in the district. The study was carried out in the villages of Oyu, Ndiova, Ndara and Wanyange where the main livelihoods comprise crop cultivation and cattle farming.

##### 3.1.1 Ndara Village

Ndara is located in Awuvu Parish, Rhino Camp Sub-County and is one of the areas in which Neptune conducted intensive exploration for oil and gas between 2006 and 2012. The village is inhabited by people of Alur and Madi ethnic origins, mainly engaged in subsistence farming.

#### Interactions

In 2006, Neptune held a meeting with clan leaders and land owners to discuss the terms of rent on the camp. In 2007, Neptune held another meeting with the clan leaders and reportedly promised the LC I Chairperson a house and a health centre if oil was found. Between 2008 and 2011, Neptune officials organised several meetings in the village, using the LC I Chairperson to mobilise the community. During these meetings, Neptune advised communities about how to benefit from oil. Youth respondents stated that they did not feel that they were allowed to freely express their views in the meetings they attended. Moreover, respondents reported that there was minimal participation of women in the meetings. Neptune also held a meeting in Ndara to recruit workers, mainly casual labourers and drivers. The beneficiaries of the employment opportunities included the LC I Chairperson who worked for Neptune as a supervisor at the two Neptune camps.

Interviewees reported that there was no direct interaction

with NGOs, government or other actors on issues of oil. However, respondents stated that the sub-county, Resident District Commissioner (RDC) and District Councillors had meetings with Neptune. Information about oil companies was reportedly received through radio announcements and advertisements updating people on the ongoing activities in the area. In addition, those that could afford newspapers read about oil companies and their activities in the area.

#### Benefits And Barriers

Respondents in Ndara reported a number of benefits from the oil exploration in the area. These included CSR initiatives and employment.

Community members reported that Neptune's CSR projects had provided some benefits. For example, Neptune reportedly supplied books to Arua Public Library and provided a book for the LC I Chairperson. Neptune provided materials for the community to build a livestock enclosure. Neptune also built pit latrines at Rhino Camp Primary and Secondary Schools, and drilled a borehole at the site of Neptune's camp, although this was not functioning at the time of the study.

Respondents also stated that Neptune provided employment to some of the youth, women and local leaders in the community.

Other benefits related to oil exploration were linked to an increase in demand for locally grown food products such as cassava, simsim (sesame) and maize. Some local people had established businesses, such as tea shops, that catered for those who came to seek jobs.

Community members also noted expectations about future benefits, most of which related to potential company CSR projects. For example, communities expect scholarships for children, the construction of a health centre, a vocational school for young people who do not complete school, and support for alternative livelihoods such as cash crops and fish farming. In order to build community capacity, respondents suggested they would benefit from awareness about saving schemes so that they no longer have to rely on hand-outs.

Ndara community reported a number of barriers preventing them from benefiting from oil exploration. These included issues relating to employment, compensation and discrimination against women.

With regards to employment, the community felt that there were very few employment opportunities, which reduced the number of people able to benefit from oil. Respondents noted that those benefitting were mostly men, employed as security guards, supervisors and casual labourers for slashing, washing, camp setup and maintenance. Women were reportedly restricted from accessing the camp. In addition, community respondents stated that it was Neptune's policy to work only with young women and men, and that most of the local people were not considered for employment at all.

Respondents were concerned that limited education and skills amongst the community further hindered access to employment. The underpayment of wages by some of the contractors used by Neptune, such as MSL Logistics and IMC International reduced benefits. For example, the youth of Ndara said that whereas Neptune would pay UGX 20,000 the contractors would pay only UGX 10,000 for similar work.

Ndara respondents stated that inadequate compensation for loss of crops was a barrier to benefits. They reported that the rate of UGX 500 per square metre was insufficient and in some cases, no compensation was received. In the event that seismic lines had to pass through people's gardens, the community was reportedly expected to make a claim but compensation was not guaranteed.

Discrimination by male counterparts was noted as a barrier against women who were excluded from negotiations and benefits. This was linked to the lack of representation and decision making power of women in traditional leadership at the household and community levels.

Overall, respondents felt that benefits in terms of income generation were not far-reaching and were of low value. For example they were not sufficient to pay school fees for children. In addition, respondents complained that the benefits were short term as the tenure for the camp was for one year only. Respondents felt that Neptune's failure to find oil limited the benefits to the community, and prevented the company from fulfilling its promises.

### 3.1.2 Ndiova Village

Ndiova is a business community of about 120 households. It is located in Eramva Parish, Rhino Camp Sub-County, Arua District. The village is dominated by people of Madi and Alur ethnicity, who engage in petty trade, fishing and crop cultivation for both domestic and commercial purposes.

#### Interactions

The first interaction between the company and Ndiova community took place between 2005 and 2006 when Neptune organised a meeting with community leaders and elders to tell them about the oil discoveries in the country and that exploration work was going to take place in the area. Neptune then held another meeting with communities to discuss elements of their CSR program. In 2011, Neptune returned to the community to inform them about the dry well in Avivi and subsequently held another meeting in 2012 to announce their departure.

Interactions between members of the community and Neptune also took place in the form of business interface. For example, Neptune workers would buy various products from local traders. Traders noted that the MEMD also held meetings in 2011 and 2012 with the community to discuss the discovery of oil in the country. The community also reported interactions with NGOs on the subject of oil. For instance in 2012, the Water

Governance Institute held a meeting with community leaders and elders to discuss the social and environmental impacts of oil exploration. During the meeting, the organisation distributed oil information materials. Another organisation called Mayank Anti-Corruption Coalition Organisation organised a meeting to talk to the community about issues of oil and corruption.

#### Benefits and Barriers

A range of benefits associated with the discovery of oil and the subsequent presence of Neptune in the area were noted. These included employment opportunities, local economic development, infrastructure improvements, skills training and compensation.

Employment opportunities for both men and women were reported as a direct benefit for some community members, although it was reported that the company employed mostly casual labourers and the majority of these posts were filled by men. Jobs at the company included clearing bushes, cleaning and washing clothes. As a result of oil exploration and the consequent employment opportunities and increased incomes, traders also reported an increase in trade which caused a "business boom". During the exploration period community members directly supplied fish, meat and drinks to people working for Neptune in the camp.

A number of CSR-related projects were listed by respondents as benefitting local communities. For example, it was reported that Neptune fenced Rhino Camp Health Centre IV and also supplied some drugs to the same health centre. Neptune was also reported to have constructed 6 stances of pit latrines at Rhino Camp Primary School and Rhino Camp Secondary School. Neptune provided sewing machines to Neptune Rhino Camp Women Tailoring Association and sponsored a training program to provide women with tailoring skills.

In addition to the CSR projects, there were infrastructural developments that benefitted local communities. For example, there were some improvements to the road network which were upgraded with murram. The roads that received improvements included the roads connecting Rhino Camp Sub-County and Agako Sub-County; Rhino Camp Sub-County to Arua Town; Rhino Camp to Rigbo camp; and the road from Rhino Camp Trading Centre to Neptune's camp in Avivi. Some respondents had been able to take advantage of free transport from Rhino Camp to Arua reportedly provided by Neptune.

Respondents also noted that those directly affected by the exploration activities had been given some compensation for the crops and gardens that had been encroached upon.

Ndiova residents believe that benefits from oil exploration have been limited by several issues. These include employment opportunities and procedures, information provision and community involvement, lack of unity amongst the community, land conflicts and compensation.



Although there were employment opportunities, the community reported that they were limited to low skilled and low paying work. The low levels of education in the village meant that community members had limited skills to compete for good jobs in the oil industry. Moreover interviewees complained that the company imported workers from Kampala and other areas outside of Arua District and therefore did not give priority to the indigenous people. For those that did find employment associated with oil exploration, there were complaints of under-payment amongst casual labourers. For example, respondents stated that a contractor of Neptune, MSL Logistics, paid UGX 45,000 per week without providing meals and transport to workers. In addition, Ndiova residents also felt that the recruitment procedures were unclear. There was reportedly no systematic way of disseminating information about jobs to the grass roots.

Community members also complained that there was a lack of information regarding oil discovery in their area and updates on activity planning and progress. For example, they were curious about Neptune's progress in oil exploration and wondered whether the Avivi 1 well was in fact dry as reported by the company. Overall they felt that there had been a lack of involvement of the local communities in planning meetings for the oil as well as information on guiding laws and policies regarding oil issues.

Concerns were also raised about the lack of unity among community members to speak as one voice and to make demands for increased service delivery from companies. The exploration activities were also said to have caused some land conflicts between owners and land squatters. In addition, for those who were compensated for the crops destroyed, issues surrounding inadequate and poor compensation were raised.

### 3.1.3 Oyu Village

Oyu is located in Anipi Parish, about 60 kilometres south of Arua Town. The village is inhabited by approximately 42 households dominated by the Madi and Lugbara ethnic groups and a few Alur, Banyankole, Baganda, Iteso and Banyoro. The primary economic activities in Oyu are mixed farming and petty trade. The village is located 2.5 kilometres from a dry oil well (Avivi 1) drilled by Neptune Oil in 2010.

#### Interactions

According to respondents interviewed in Oyu, there was no direct, formal interaction with Neptune or the government on oil issues. However, Neptune staff would be seen passing by and sometimes they would engage in casual, informal conversations about company activities with community members. Respondents claimed that the company never informed them about what they were doing, and therefore the community remained largely 'ignorant' around issues of oil exploration. In addition, when the oil exploration site was established in 2010, central government officials reportedly visited the site

secretly and unannounced. The purpose of their visit was unclear to the community.

Participants in the study stated that Neptune reported to, and held meetings with sub-county officials and did not include the villages in these meetings. According to the community members interviewed this exclusion was largely responsible for their feelings of ignorance and suspicion about what was happening in relation to oil. However, in 2011 an invitation to attend a sub-county level meeting was extended to community leaders through the LC I Chairperson. The purpose of the meeting was to discuss and sensitise the community on environmental issues.

Some respondents reported that they had interacted indirectly with Neptune through contractors such as MSL Logistics and Strategic Logistics Ltd and talked about a wide range of issues including employment and support for local businesses in the area.

Neptune held radio talk shows to give information to communities. Respondents recalled that three of these talk shows discussed the issue of compensation to the people affected by Neptune's operations. In 2012 a radio announcement was made by Neptune which informed communities that the oil well was dry and that Neptune would leave the area.

With regards to government interaction, respondents reported that in mid-January 2013, NEMA visited the oil exploration site to assess the environmental impact of Neptune's activities. Tests were carried out on water from the borehole that was constructed for the community by Neptune in August 2012.

#### Benefits and Barriers

Community representatives from Oyu recognised a number of benefits from oil exploration activities. These included infrastructure improvements, local economic development and employment opportunities.

Community respondents reported that Neptune carried out limited CSR-type activities in the area. However, they explained that a borehole was installed close to the site of the dry oil well (Avivi 1), which replaced the existing government-constructed borehole taken over by Neptune and used for exploration activities. In addition, respondents noted that they had somewhat benefited from Neptune upgrading the roads: from Mile 3 to Tika village, from Aliku Trading Centre to Tika village, and from Rhino Camp to Ajai Wildlife Reserve.

In terms of supporting the local economy, the purchase of items such as chicken, goats and murrum from the community by Neptune workers was viewed as a benefit, although it was claimed that this benefit has not been evenly distributed in the community. There was also the benefit of an increased market for local food sold to casual labourers.

Neptune also planted some Tika trees in 2012 around

Oyu, and distributed supplies for schools such as books and pens. Some community members benefitted from casual work from the company. For example, one youth was reported to have been employed by Neptune as an electrician and another as a mechanic. Respondents estimated that there were about four (4) casual job opportunities created between 2010 and 2011. The Area Councillor also claimed to have worked for both Neptune and a contractor in two different posts over the three-year period that Neptune was in Oyu and the surrounding areas. He stated that the job was obtained through contacts in the contractor firm.

Barriers highlighted by respondents in Oyu included issues with infrastructure projects, employment procedures and conditions, communication, compensation and lack of transparency.

With regards to infrastructure improvements, there was some concern expressed by respondents that Neptune's exploration activities had affected the water quality of the government-constructed borehole, and there were some reports of a scent to the water and a change in quality during Neptune's operations. The new borehole is being used by community members, but there was widely reported concern that its water could be contaminated by the nearby oil waste dumped in the village. They also said that one borehole for the whole village was insufficient, and this complaint was reiterated by several respondents. In addition, respondents noted that the road upgrades were carried out to benefit Neptune and allow them access to the camp and well site, and that in terms of community benefits, a road from Anipi to Aria would have been far more beneficial.

Although some community members had benefitted from casual jobs, participants in the study complained about the poor recruitment procedure, which they believed lacked transparency and involved nepotism. They further complained of low pay and difficult working conditions, with no meals provided and sub-standard safety and protective equipment. Another major barrier cited by respondents, particularly the youth, was the limited job opportunities for village members. According to respondents, people were often selected from Rhino Camp Sub-County and not the village itself. There were also complaints that semi-skilled workers were recruited from Kampala.

Some other issues around jobs were raised, such as discrimination at work, lack of job security, low pay for hours worked, and workers not being compensated for the number of days worked. Community members recognised that they have inadequate skills to compete for skilled jobs. Low pay for casual work paid to indigenous people was another issue raised. Apparently only UGX 6,000 per day was paid and meals and transport were not provided. Protective equipment such as gloves, overalls, helmets and gum boots were provided to workers, but these were taken back by the company once the job had ended.

The greatest challenge to benefits was found to be related

to poor communication. Respondents claimed that lack of information about oil activities caused concerns in the community, in terms of community members not knowing what was happening and what to expect. For example, communities had a concern about water quality, and expressed worry that water sources may become contaminated with chemicals. Respondents also claimed that there had been a lack of company-community consultation about recruitment, CSR programmes, and oil activities. One example given was that very few people knew about Neptune's plans to fence the health centre. Respondents also stated their view that Neptune is only interested in their own gain; "the company only upgraded the roads for their benefit".

In addition the community respondents claimed that the distance of the coordinating office in relation to the beneficiary community, (in Arua Town 63 kilometres away) posed a barrier to benefits.

Poor compensation rates for crops destroyed during Neptune's exploration activities was also presented as a significant barrier to benefits. One problem is that cassava, whether young or old, was valued at UGX 1,500, which respondents say does not reflect its true value. There were concerns expressed about the issue of land, as one respondent explained: "we depend entirely on our land...if you don't dig there will be nothing to eat". Another community member concerned about land issues told researchers: "My home is my capital". They noted the perception that only the 'landowners' from one ethnicity (Eramva) were benefitting from the oil industry "... even though we all share the negative impacts". Some women from the community lamented that prices of essential commodities have been rising in the area because of the possibility of oil, and this was having a negative impact on their affordability.

Respondents expressed concern about the lack of transparency by government and the company, which one youth in the village described as "a curtain between the local people and Neptune". Furthermore, interviewees expressed concern that even though the well is only 2.5 kilometres away from the village, Neptune did not tell them how their village would be affected by oil extraction activities. The lack of information has led to uncertainty and speculation. Concern about future displacement was caused by a rumour that the village could be moved 10 kilometres from the oil site. High community expectations regarding oil and its benefits were not fulfilled after Neptune discovered a dry well and left the area. However, community members expressed their belief that there is oil beneath their land.

#### 3.1.4 Wanyange-A Village

Wanyange-A is another village close to oil exploration activities in Arua District. It is estimated to have about 66 households dominated by the Madi and Lugbara ethnic groups. Neptune conducted exploration activities in Wanyange-A between 2006 and 2012. The main economic activities in the village are cattle rearing and subsistence farming.

## Interactions

In February 2009, Neptune carried out a meeting with Wanyange-A community to inform them about upcoming exploration work after which they conducted seismic surveys and demarcated the area for exploration. There were several subsequent meetings held during 2009 and 2010 on topics such as oil prospects, environmental issues, compensation, education and water. These meetings with the community were organised through sub-county councillors, with the LC I Chairperson being partly involved in the mobilisation of the community. Around the same time, Neptune held another meeting with elders to discuss compensation for property and crops affected by exploration activities. In 2011 Neptune called a meeting with sub-county officials to inform them that the well they had drilled was dry and that the company was leaving the area. The community received this information by radio announcements.

According to community respondents there was no direct interaction with the government or NGOs on the subject of oil. However, some students from Makerere University carried out research in the camp and at oil well sites. The local government did not arrange meetings on oil, but would reportedly attend meetings organised by Neptune. The Petroleum Exploration and Production Department (PEPD) of the MEMD came to supervise drilling activities on the site and the camp, and carried out follow-up checks, however this was not planned as interaction with the community.

Respondents recalled some indirect interaction via radio, through which Neptune announced their upcoming activities, the extension of contracts and their subsequent departure for Obongi. Public notices were put up in the village to inform the community that no oil had been found.

## Benefits and Barriers

Respondents noted some benefits including employment opportunities and associated benefits, such as infrastructure provision and educational support.

With regards to employment, the community reported that many men were employed on a casual basis. Although the women reported to have received no direct benefits from oil, other respondents claimed that a few women had also been employed on casual basis. In addition, added benefits of employment included receiving work boots and being able to charge phone batteries in the camp. Casual labourers were also able to buy some items, such as used carpets and barrels, cheaply from sub-contractors like BMS Minerals and CASCO Petroleum when the camp was closing.

In terms of physical infrastructure, Neptune reportedly improved the road from Mile 3 to Wanyange-A and repaired the borehole in the village. Neptune also installed a plain wire fence at Olujobu Health Centre III, which is 7 kilometres away from the village. In addition,

the company reportedly built a grass thatched house in Wanyange-B village for a poor widow. As part of Neptune's educational support, the village school received exercise books, grafted mango tree seedlings and watering jars.

Respondents listed a number of expected benefits such as an increase in business activity, improvement in household income, employment, better roads, a health centre, a church, a school, scholarships for women, boreholes, electricity, benefits to elders, construction of fish ponds, irrigation provision, a maternity ward and improved mechanisation of agriculture.

The community noted a number of barriers to increased benefits including employment issues, social problems, compensation, information provision and lack of government presence in the area.

With regards employment, respondents reported dissatisfaction with limited opportunities and the casual, and gender-biased nature of the employment. The community stated that Neptune brought their own workers for jobs rather than employing locals, and workers from Rhino Camp chose their relatives for jobs. In addition, the community felt that low levels of education were a barrier to obtaining jobs. For example, it was reported that workers were required to speak English to be employed. However, it was noted that there was also a lack of provision of opportunities for those with an education. Furthermore, the community missed out on training opportunities. For example, the company reportedly failed to take workers from Wanyange A for further training in oil studies, whereas it is believed in Rhino Camp people were trained and given good jobs. Respondents also perceived that the company would not employ women as "they don't think they can do the job". Therefore, only a few girls were employed as maids.

Issues surrounding working conditions were also cited as a barrier to the community benefiting. There were reports of senior staff harassing casual labourers, for example by shouting at workers and dismissing them from work. Respondents also claimed that payment for work was made in 'fake notes', or notes from a different currency. The community reported some social problems associated with oil exploration. For example, respondents noted a rise in livestock theft due to the increased market for meat created by the camp and an increase in noise disturbances in the night. In addition, some respondents reported an increase in adultery, alleging that Neptune security guards had been coming to the village to "take people's wives".

According to some respondents there had been a plan to give books and pens to the best performing students, but this did not happen.

Community respondents raised issues around compensation for land and crops. It was claimed that Neptune determined compensation rates without consulting communities, and the government failed to explain the procedure for compensation to the community. Some community members were reportedly

compensated for crop loss whereas others were not. The amount of compensation given was not perceived to be commensurate to crops or land lost. Some conflicts over land had therefore arisen between neighbours and within families.

Misinformation and misconceptions about oil was another significant barrier with negative perceptions about oil amongst youth, women and elders of the community. There was reportedly no agreement between the community, the company and the government on company operations and stakeholder roles and responsibilities, which created a barrier, as did the reported 'broken promises' from the company. The women respondents claimed to be suspicious of what Neptune was doing because of lack of information and there was reportedly no direct interaction with women as one interviewee stated; "only the men involved themselves". It was reported that radio talk shows were claiming that oil brings drought and soil infertility. Some respondents claimed that the elders had cursed the oil, and it is believed this is why there has been no discovery of oil and limited benefits seen. The women claimed to have been praying against finding oil because they were not employed by Neptune.

The apparent lack of government involvement was seen to be another barrier. The government was said to be 'not seen and not involved'. Respondents reported that sub-county officials were not involved in community mobilisation or sensitisation and there was suspicion that oil politics was resulting in mixed views on oil given by political leaders to suit their own interests.

Community members also reported dissatisfaction with the company not entering into a MoU with them to define each other's roles and meet community expectations. Because of this, youth and elders of Wanyange developed a negative attitude towards Neptune and its activities in the village.

## 3.2 Nebbi District

Nebbi District is bordered to the north by Arua District, Zombo to the west, Amuru and Nwoya to the east, Buliisa to the south-east and the DRC to the south-west. The district is estimated to have a population of 346,200 people according to the Uganda Bureau of Statistics (2011) projections of 2010. The district has had considerable oil exploration engagement over the years. The study took place in the villages of Nyapolo, Nyabang, Pakwach, Abok, Kiyaya West and Nyamutagana.

### 3.2.1 Abok Village

Abok is one of the villages of Ganda Parish, Panyimur Sub-County, Jonam County, Nebbi District. It is densely populated with approximately 170 households and total population of about 550 inhabitants. The Ondiek oil well was located in the village. Abok is dominated by Alur and a few Bagungu who are basically fishermen and subsistence farmers.

## Interactions

Total E&P held a meeting in Abok in 2012 to inform the community of the oil discovery and ask them to cooperate with the company.

In October 2012, Total E&P held another meeting in Panyimur with sub-county officials and the community about the oil discovery, and informed them of the location of the oil wells, and the potential benefits and impacts the oil well may have on tourism. Total E&P also discussed the issues of HIV/AIDS and the potential population increase in the area due to oil.

Total E&P CLOs held regular meetings with Abok's LC I Chairperson and those community members whose property would be affected by oil activities. Issues of compensation and recruitment of casual labour from the village were also discussed at this meeting. Relating to that area the traditional chief called the CLO to the palace and reminded him about the promise they had made on building a community hall.

In January 2013, the community sent a letter to Total E&P requesting that delayed compensation payments be made for property impacted by exploration work, and that formal contracts be given to workers, however no response was received. Community respondents noted that no representatives from central government attended the meetings, nor did local and central government organise meetings with the community.

## Benefits and Barriers

Abok respondents noted some benefits from oil activities in the area including casual employment and road improvements. Three people reportedly benefitted from casual work, which improved living conditions for the workers and their immediate families. Compensation for destroyed property was seen as a benefit because it provided cash payments. Improvements were made to the road from Panyimur to Pakwach which improved transport in the area. Total E&P drilled one borehole in the village, but at the time of the study it was not operational.

Respondents also noted that the presence of the company has increased prices for rent and food crops, which has boosted trade and earnings for local people.

Abok community members are hopeful of future benefits, for example, they claimed that Total E&P has promised to upgrade the health centre and provide an ambulance, which will improve access to health services in the area. Total E&P also has reportedly promised to build some community roads, and to expand the road from Pakwach to Panyimur to accommodate the high volume of traffic.

Respondents raised a number of barriers to benefits. Some community members claimed that Total E&P recruited workers from outside the village thereby denying residents of Abok opportunities for work. It was claimed that Total E&P's ballot system for recruitment of casual workers does not take into account people from



the village. Reportedly the amount of pay for casual labourers has decreased from UGX 250,000 to 300,000 per month.

A number of barriers were raised regarding compensation. Respondents claimed that some community members have not been compensated for property and crops destroyed during the building of the road and the oil pad. Furthermore, there was reportedly no prior discussion with property owners about the acquisition of land, or the terms and amounts of payments. There is some confusion about rates because reportedly the company has changed units of measurement from metres to acres.

Respondents claimed that they have been unable to give feedback to the company and to inform them of their grievances because there is no company office in the village. Community members, including the LC I Chairperson, are not able to access the oil pad which has made the community suspicious about what is taking place there. Further, the noise caused by exploration work has caused disturbances for some people.

Respondents cited poor leadership at the sub-county level as a barrier preventing community demands from being met by the company. Leaders have not followed up on a number of promises made by Total E&P, for example, construction of a community hall in the village.

### 3.2.2 Kiyaya West Village

Kiyaya West is another village that experienced oil exploration activities in Nebbi District. The Alur-dominated village is both a fishing and crop cultivation community. Oil exploration had a significant impact on the social and economic life of village residents.

#### Interactions

Heritage Oil first visited Kiyaya West in 2006 to conduct seismic surveys. There was no further contact with oil companies until 2012, when Total E&P held a number of meetings with elders, LC leaders, women and youth of Kiyaya East and West. Total E&P CLOs attended these meetings. Although women were included in these meetings, they had limited involvement in discussions. In 2012, Total E&P held a number of meetings with the community, using the LC I Chairperson to mobilise the community. The first meeting was an introductory meeting, and another meeting was held to inform the community about what Total E&P was going to be doing in the area and what would happen if oil was not discovered. Total E&P advised the community to deal with land issues as a community, and promised that land would be returned to the community on completion of exploration work. Total E&P held a further meeting with the community to discuss compensation issues.

Total E&P's contractor SSL also held meetings in the community to recruit workers for casual jobs. In

addition to the meetings, in 2012 Total E&P made radio announcements on Radio Paidha and Bunyoro Broadcasting Service (BBS) to inform residents that oil had been discovered in Panyimur. Respondents noted that there were no community interactions with local NGOs or with local or central government officials on oil issues.

#### Benefits and Barriers

Respondents from Kiyaya West reported a few benefits as a result of oil related activities in the area. One benefit was the improvements made to the road from Boro Trading Centre to Alwala Site. Total E&P drilled one borehole that is currently used by Total E&P workers and is yet to be handed over to the community. Another benefit was from employment opportunities. Reportedly, twenty-eight people from the community were employed as porters. The company also awarded a tender to some community members to supply food to casual workers. Respondents also reported benefits from compensation payments for destroyed crops.

Community members noted that there were a number of barriers to benefits. Job opportunities have so far been limited, which respondents claimed is partly because oil exploration activities have only recently begun. Community members are hopeful that more jobs will be available in the future. Another barrier to employment opportunities however is the lack of advertisements for casual jobs. Respondents also noted that relatively low levels of education in the community may limit workers to low paying jobs.

Another barrier respondents noted was the short notice for meetings given by the company, making it difficult for the LC I Chairperson to mobilise the community. Also, the community's failure to demand information from the sub-county and unrealistic community expectations with regard to oil related benefits were also cited as barriers.

### 3.2.3 Nyabang Village

Nyabang was formally declared a village in Alwi Sub-County by Nebbi District Land Board in January 2013 after a protracted row with Pakwach Sub-County over its location. The village is inhabited by Alur who are mainly subsistent farmers. It is sparsely populated with an estimated 100 households. The community has had considerable interaction with Total E&P, its contractors, government officials and CSOs.

#### Interactions

A number of meetings about oil have been held in the community. In early 2012, Total E&P organised a meeting through the LC I Chairperson in Nyabang to inform the community about the oil discovery in the area and to discuss the compensation process. In August 2012, Total E&P held a meeting in the community to provide updates on exploration work and to inform the community that drilling work was going to take place.

Total E&P held another meeting in the community to settle a land dispute between Atiak and Nyabang communities and to establish ownership of the land which hosted the oil pad. Clan leaders from both communities attended the meeting, as well as LC I, II, III leaders of Alwi and Pakwach Sub-Counties. Although women attended the meeting, they were not allowed to take part in discussions, due to land issues being dealt with by men.

Total E&P held further meetings with the community to address community problems, such as water, compensation and bush burning, as well as to negotiate taking murram from the village to use for the building of the oil pad. Total E&P contractor Civicon who built the pad also attended the meeting. Total E&P also held meetings with the LC I Chairperson to discuss recruiting casual workers from the village for Total E&P and Civicon.

Indirect interaction took place between the company, government and community through radio talk shows on radio Paidha, which discussed oil activities, potential benefits, stakeholder roles and the potential problems associated with oil exploration. Leaflets on the subject were also distributed by both the company and government.

### Benefits and Barriers

Although Total E&P has not been in the area for long, community respondents noted a number of benefits from oil exploration activities.

Infrastructural developments have taken place which respondents claim have improved the standard of living in the village. Total E&P drilled a borehole, although it is powered by a generator and can only be used when the company is using it to pump water. Total E&P improved the road from Akella to Nyabang, and this work, along with the building of the oil pad created a market for murram in the village, which provided income to some community members. The work to improve the road and build the oil pad also led to the employment of 7 local casual workers for a one month period, which provided them with extra income. Respondents noted that compensation awarded for property destroyed during exploration work was a benefit, although some of the recipients claimed that the rates were poor and had not been agreed in consultation with the company.

There were a number of other barriers to benefits, some relating to compensation and employment. Some respondents noted that a number of community members had not received compensation.

Residents also reported that borehole drilled by Total E&P has not taken care of water problems in the community. The community cannot afford to power the borehole using the generator, and further, the borehole is only accessible when the company wants to use it. Respondents also claim that Total E&P did not fulfil its promise to recruit workers from the village; rather people

have been brought from outside the village to work for the company. Other barriers to benefits were noted. Respondents noted that the community is given limited information about the progress of oil discoveries and there are no community meetings. Further, poor community mobilisation by the leaders limits opportunities for the community to engage with Total E&P, as does the lack of guidance on oil issues from the district and sub-county which prevents the community from making informed decisions.

### 3.2.4 Nyamutagana–A Village

Nyamutagana-A is one of the villages in which oil exploration has occurred. It has a mixed-economy and is located in Panyimur Sub-County, Nebbi District. Fishing and agriculture are the main sources of household income in the village. Most of the inhabitants are from either the Alur or Bagungu ethnicities.

### Interactions

In 2010, Tullow Oil visited the community to inform them that they would be conducting an oil survey. This meeting was attended by Local Council (LC) leaders, elders, women, and youth. In 2012 Total E&P took over from Tullow Oil's operations and held a meeting in the community to introduce themselves. In 2012, Total E&P held five formal meetings with the community. At the first meeting Total E&P informed the community that exploration activities would begin, and reportedly they warned those with high blood pressure to move away. Total E&P held further meetings with the community to discuss exploration surveys and to meet land owners that would be affected by exploration activities. Total E&P met with the community in October and November 2012 to agree compensation rates, and inform the community that compensation payments would be made in January 2013.

In October 2012, the Minister of Agriculture together with Nebbi District officials held a meeting in the community to discuss compensation rates. Reportedly they promised to review the rates and to address community concerns. Later that year another official from the Ministry of Agriculture visited the village and announced that the compensation rates had been revised from UGX 750 to 5,000 per square metre.

### Benefits and Barriers

Respondents reported few benefits to Nyamutagana-A village from oil exploration. However, two women and eight youths benefitted from casual employment, and respondents expected that further job opportunities would arise if the company stayed in the area. Respondents noted that some residents had benefitted from increased trade due to oil workers in the area. Total E&P made improvements to some of the local roads, for example, the road to Umuka pad and the road from Oguta Bridge to Nyamutagana-A. Local residents had benefitted from the sale of murram to the contractors carrying out the work. Total E&P drilled a borehole that respondents hoped

would be accessible to the community in the future. Total E&P had provided scholarships to the best performing science student. A further benefit was the reasonable amount of compensation paid by the contractor BGP Uganda to residents whose crops had been destroyed.

Respondents noted a number of barriers to the community benefitting from oil exploration. Community members reported that Total E&P has never held direct meetings with the community to discuss problems and concerns. A further challenge is that Total E&P reportedly informs the LC I Chairperson about meetings at very short notice. Another barrier to benefits is the destruction of residents' gardens by Total E&P and its sub-contractors during exploration activities, and the lack of compensation paid for the land and crops destroyed. Further, compensation rates are said to be lower in Nebbi District compared to those paid to communities in Buliisa District.

The lack of job opportunities was also noted as a barrier. Most of the respondents claimed that the ballot system used by Total E&P to select casual workers was unfair because it included people from other villages. Further, the wages paid to casual workers were considered to be too low at UGX 8,000 per day. The LC I Chairperson was said to be biased against local women when it came to recruiting for cooking jobs.

Another barrier to employment noted by respondents was the expectation that workers speak English in order to get the job. This is a challenge given the low level of education in the village.

Respondents noted that community members have high expectations about oil benefits, but do not feel adequately prepared to take advantage of any benefits, mainly due to the lack of community organisation by the village leadership.

### 3.2.5 Nyapolo Village

Nyapolo is located in Alwi Sub-County, Nebbi District. The village has about 62 households and is inhabited by Alur who practice subsistence agriculture.

#### Interactions

Total E&P introduced themselves to the LC I Chairperson in 2012. In May 2012, Total E&P held a community meeting at Alwi Primary School to inform the community about the discovery of oil and to discuss compensation. Total E&P organised other three meetings through the LC I Chairperson to discuss compensation of land and crops. The meetings were attended by Alwi Sub-County leaders, but there was no representation from Nebbi District Local Government.

Reportedly few women attended the meetings. Some respondents noted that after the meeting in May 2012 the company only dealt with the LC I leadership. Some youth and women respondents claimed that they first heard about the oil discovery in the area on the radio in February 2012. They reported that some leaflets about

the environmental impacts of oil were distributed in the community in April 2012. Respondents noted that there was no community interaction with Nebbi District Local Government officials, NGOs or other organisations on the subject of oil, apart from a community-based organisation (CBO) called Rural Initiative for Community Empowerment – West Nile (RICE-WN).

#### Benefits and Barriers

Nyapolo respondents noted a few benefits from oil, but they stressed that because oil exploration had just begun they hoped that more benefits would come in the future. Total E&P built a temporary road from Nyapolo to Nyisiya, although at the time of the study the road was not in use. Total E&P drilled a borehole, and compensated community members for crops that were destroyed during the seismic surveys.

Respondents noted some benefits from casual employment. They noted some expected benefits, including jobs for youth and women, increased income for the community, schools, hospitals and scholarships for children.

They also complained about lack of compensation by oil companies for example, for the land where the roads and pads were constructed.

Respondents noted a number of barriers preventing them from benefitting from oil. This is mainly due to oil being new and government not preparing communities to benefit. It was reported that local leaders do not have enough information about oil activities to share with local communities, and that this has resulted in a negative attitude towards the oil companies.

Although Nyapolo respondents noted that some people have benefitted from employment at the oil companies, the amount of jobs available are too few. Low levels of education are another barrier which prevents locals from accessing job opportunities, and limits community benefits from oil activities.

Although Nyapolo respondents welcomed the discovery of oil in the area, they noted some potential barriers in the future, such as the environmental impacts of oil waste, spoiling soil quality and causing the area to become dry.

### 3.2.6 Pakwach Town Council

#### Interactions

Residents of Pakwach Town Council first heard about the discovery of oil in the area by radio in 2011 when Tullow Oil began operating in Wadelai and Panyimur sub-counties. In 2012, residents saw low-flying planes and were told that they were looking for oil. Around the same time, residents heard radio announcements from Total E&P about recruitment for jobs and discussions about potential benefits to the community.

In 2012, Total E&P held three meetings at the Pakwach

Town Council Offices, which were attended by traditional chiefs, LC I Chairpersons, and company officials. Representatives from the business community, religious groups, women, persons with disabilities, youth and elders also attended. At the first meeting Total E&P introduced themselves to the community, and further meetings addressed the issues of land required for Total E&P's operations, and compensation for crops that were destroyed by the company during exploration work. The meetings also addressed other issues, such as resettlement of residents directly impacted by exploration work, revenue sharing, revenues to government for social services such as schools and health centres, recruitment of community members, underpayments for land and destroyed crops; and the benefits and challenges associated with oil exploration and discovery.

Respondents reported a number of interactions with the companies contracted to carry out work for Total E&P, such as MSL Logistics, Civicon, and Transtrackers. Community members came into contact with the companies when applying for jobs, or providing produce and services to company workers. Reportedly the companies have regular meetings with Pakwach Town Council leadership.

### Benefits and Barriers

Respondents noted several benefits as a result of oil exploration in Pakwach Town Council. Some residents have benefitted from casual work opportunities, whilst owners of shops, hotels, restaurants and bars have benefitted from increased trade. The general increase in demand for foodstuffs, office space and accommodation from oil companies and their workers has led to increased incomes for some residents, especially for those who have been able to rent out houses. Prices increased with demand, for example, grass thatched houses in Puvungu Jukaal typically cost UGX 3,000 to 10,000 per month, while those in Kakawoi village cost between UGX 25,000 and 30,000.

Total E&P has improved some of the roads in the area, such as the Pakwach to Panyimur Road and the Panyimur to Parombo Road. Total E&P also built a new access route from the Pakwach – Nebbi highway to an oil pad in Nyapolo. Some community members benefited from selling murrum to the sub-contractors carrying out road improvements.

Other benefits noted by respondents were an increase in income for sex workers, and the re-sale of fuel siphoned from company vehicles. Some community members have benefited from compensation made for property destroyed during exploration work.

Respondents also claimed that some businesses have benefitted from feedback and advice about customer service from the non-resident oil workers

There are a number of barriers that Pakwach residents claimed are preventing benefits to the community. Respondents noted that only a limited amount of trade

has been provided to local businesses, for example, Total E&P buys soft drinks from Kampala instead of local suppliers.

Other barriers relate to employment and recruitment issues. Respondents claimed that a disproportionate number of workers have been employed from Pakwach compared to neighbouring districts, and recruitment has been based on ethnic lines; "...Total came with many workers from Acholi, Alur, and Bunyoro and has very few from Pakwach", resident of Pakwach Town Council.

Some community members claimed that workers from other regions are arrogant towards local residents. More to this, it was reported that workers from different ethnicities work separately, and permanent jobs are filled by workers from the western region of Uganda. Respondents also claimed that there are reports that allowances are paid to workers from other regions but not to locals, even though they carry out the same work. According to one Pakwach youth: *"Most of the field bosses are from Buganda and Ankole regions and 'westerners' get contracts that locals could have won."*

Further, respondents claimed that the recruitment and hiring processes of the companies was inadequate. Reportedly jobs are given to those who pay bribes, and those known to recruiters. The supervisors of contractor companies reportedly demand sexual favours from women in exchange for the women getting and keeping jobs. Qualifications listed as a requirement for jobs reportedly are not taken into account during the recruitment process, and there are no work opportunities for those with diplomas or degrees. Further, respondents claimed that the ballot system used by Total E&P to recruit workers is unfair to local residents as it does not take into account qualifications for the job and the location of applicants. It is believed that people from other communities and neighbouring districts get jobs instead of Pakwach residents, but some of the workers turn out to be incapable of working resulting in missed opportunities for qualified workers from local communities and underpayment for casual jobs.

A further barrier was reported to be lack of awareness of the company's activities and of opportunities to benefit from the oil industry. Respondents claimed that Total E&P does not provide updates on its activities and the company's Community Liaison Officers (CLOs) do not consult communities on their specific needs.

Other reported barriers reported included: compensation not paid for some crops destroyed during road improvements, the spread of HIV/AIDS due to an increase in sex workers, broken marriages due to adulterous relationships with company workers. There has been little involvement of women in oil related discussions.

There has been an increase in land grabbing and land conflicts since oil was discovered in the area, as well as an increase in anti-social behaviour such as theft and littering.



Respondents claimed there is little support from government with regards to compensation issues. There is an increased burden on existing social services in the area from the influx of people. Some hotels and restaurants have had problems with company workers failing to pay their bills.

*“...some contractors, especially those that work with SLL, use our facility on credit and get transferred or disappear for good.”* A hotel manager in Pakwach Town Council.

### 3.3 Nwoya District

Nwoya is a district in northern Uganda, bordered by Amuru District to the north, Gulu District to the east, Buliisa District in the south-west, Masindi and Kiryandongo Districts in the south, Oyam District in the south-east, and Nebbi District in the west. The population of the district was 54,000 in 2010 (Uganda Bureau of Statistics, 2011). Interviews were conducted in the villages of Pajengo, Lagazi, and Pawatomero Central.

#### 3.3.1 Lagazi Village

Lagazi is in Pabit Parish, Purongo Sub-County, Nwoya District. The community borders Murchison Falls National Park (MFNP), where numerous oil wells have been discovered. There are approximately 450 households spread throughout the vast area. The inhabitants are Acholi and their primary livelihood is crop farming.

#### Interactions

In 2012 Total E&P organised a meeting at sub-country headquarters to inform sub-county leaders and the community that Total E&P had taken over operations from Tullow Oil and would regularly update the community. Total E&P held another meeting in 2012 with the community, the district, sub-county and community leaders to announce that they would recruit casual workers from the village. In June 2012, Total E&P held a meeting at Paraa Primary School to inform the community about the activities Total E&P would be carrying in the area. Total E&P discussed the benefits from oil and requested the community to cooperate with Total E&P in order to enjoy benefits. In this meeting they recruited some youth for casual work.

There were indirect interactions through radio programmes informing communities on oil discovery in the region. Further indirect interaction was talk shows in February 2013 on Mega FM in they talked about discovery in Nwoya District.

Total E&P also ran radio announcements to inform communities about oil discoveries. In 2013 they ran a talk show on Mega FM to discuss the discovery of oil in Nwoya District.

#### Benefits and Barriers

Respondents could cite only a limited number of benefits. Although the community is in the vicinity of the national

park and close to the oil well, there have not been many benefits. Total E&P improved the road from Wangkwar to the Purongo junction, and the road from Purongo to Paraa, which although lead to the oil wells in the park, they are also used by other people. During the road improvements some youths were recruited to carry out the work, and this benefitted some local people in terms of increased income.

Respondents expressed a number of expected benefits from oil activities. For example, the upgrade of the health centre in Pabit to a health centre III, and renovations to Paraa Primary School. It is also hoped that a market will be built in the village, as the nearest market in Purongo is far to reach for most of the villagers. Respondents also hope that employment opportunities will be made available to a greater number of people, and scholarships will be given to support people to learn skills for the oil industry.

Respondents listed a number of barriers to benefits. Workers for Total E&P reportedly are recruited from outside the community, preventing opportunities for local people to benefit from employment. Low levels of education and skills needed for jobs in the oil industry further limits the chances of community members to compete for work. Respondents claimed they lack information about the recruitment process for jobs in the industry.

The lack of information on oil in general was cited as a barrier to benefits. The community also reported that it is not allowed access to drilling sites, which respondents claimed prevents the community from knowing what activities Total E&P is carrying out and how they may benefit from any developments. Further, they claimed that local leaders do not feedback community concerns and expectations to the company.

Community members expressed their concerns about environmental issues. For example, waste had been dumped in the village where cassava was planted and had been eaten. One respondent said: “We don’t know if the cassava we ate from that garden were poisonous or not”. Respondents also claimed that there had been spillages of oil waste onto the roads during transportation, which had been washed into their gardens by the rain. The community was concerned about their safety. Some respondents were also concerned about the heavy trucks that used the narrow road. One elder noted:

*“If the vehicles are passing, other road users have to jump in the bush to wait until they have passed; they are too big and look like beasts”.*

Lagazi respondents stated that although the area is a major rice and groundnut producing area, they have not benefitted from an increase in earnings from crops. The company did not buy food products from the village despite them being available, which is a barrier to benefits for the village.

Further, the community claimed that their crops had been destroyed by wild animals that have moved from the

park since oil exploration activities started. Respondents believe that the noise from the drilling sites and the number of heavy trucks driving through the park has disturbed the animals and caused them to move onto community land.

### 3.3.2 Pajengo Village

Pajengo is in Latoro Parish, Purongo Sub-County, Nwoya District. The village is located in the western part of the district bordering Pakwach Town Council in Nebbi District and is comprised of Acholi and Alur ethnic groups. The main source of livelihood is crop farming. It has interacted with a number of oil companies that have operated in the area: Heritage Oil, Tullow Oil and Total E&P.

#### Interactions

In 2010 announcements were made on a local radio station called 'Radio Mega' to inform the community that seismic surveys would be carried out in Nebbi, Amuru and Nwoya Districts. The activity would involve low-flying planes carrying out the surveys, and the community was told not to be afraid.

Later in 2010 Heritage Oil organised a meeting with the community and community leaders at Got-Apwoyo Primary School. At this meeting the company informed the community that there was oil in the area. However, when Heritage Oil finished their operations and left the area the community was unaware that they had been replaced by another company.

Tullow Oil took over from Heritage Oil for a brief period. In 2011, when Tullow Oil left the area they held a meeting with the community at Latoro Trading Centre where they informed the community that they would donate used timber. In 2012, Total E&P took over in the area, and a meeting was held between Total E&P's CLO and the community in Latoro Community Hall. At this meeting Total E&P requested land for depositing waste and also discussed recruiting casual workers. In 2012, a consultant hired by Total E&P to conduct an environmental impact assessment EIA held a meeting at Latoro community hall to interview community members for the assessment.

#### Benefits and Barriers

Respondents reported a number of benefits from oil company activities in the area. Both Heritage Oil and Total E&P provided casual employment opportunities, and although they were short term positions, employees and their families benefited.

The community benefitted from the timber that was donated to Latoro community hall by Tullow Oil when they decommissioned the camp. However, some respondents claimed that the timber was old and not much use.

There were also a number of barriers cited. Respondents claimed that the company did not buy produce from the community, in spite of produce being available locally.

Reportedly produce was brought in from Ankole, which prevented the community from benefitting from increased trade. Furthermore, some respondents claimed that communities in neighbouring Nebbi District have received economic benefits, whilst communities in Nwoya District bear the adverse impacts of oil exploration activities, such as crop damage caused by elephants displaced from the national park and land grabbing in Pajengo. Another barrier to benefits for the community is their long distance from the camp, as well as the inaccessibility of the camp, which limits their access to information. Respondents cited poor coordination between local leaders and oil companies in addition to inadequate information sharing and lack of transparency on the part of the company and government as to the amount of oil discovered. This has resulted in a total lack of community awareness on oil activities and how oil exploration is carried out. This has also prevented the community from taking advantage of the increased market for local produce such as rice, groundnuts and maize.

Respondents also cited the problem that noise from the drilling machines and the increased traffic of heavy trucks has led animals to move away from those areas of the park and enter community land.

There were a number of barriers with regards to employment. Advertisements for jobs were placed in newspapers and on the internet which the community could not access. Respondents claimed that jobs lasted for a period of two weeks only, and that working conditions were not good and the pay provided by contractors was too low. For example, contractor 'Pearl Engineering' promised job seekers from the community a daily rate of UGX 15,000 but paid only UGX 5,000 per day, later increasing the amount to UGX 8,000 per day. This was discouraging to workers from the local community, as reportedly workers from outside the area carrying out the same jobs were paid UGX 15,000 per day. There was little medical treatment available to injured workers. Some youth respondents claimed that the company recruited skilled and semi-skilled workers from outside the area, rather than locally. However, it was acknowledged that local people lack the skills needed for the oil industry, which limits job opportunities.

Another barrier to benefits cited by the youth was the company CLO, who had visited the village only once and appeared to them to be indifferent to the concerns of community members in Pajengo.

### 3.3.3 Pawatomero Central Village

Pawatomero Central is in Pabit Parish, Purongo Sub-County, Nwoya District. There are approximately 496 households with nucleated settlement in a growing urban centre setting. The inhabitants are mainly Acholi subsistent farmers.

#### Interactions

Three oil companies have operated in the area; Heritage Oil in 2009, Tullow Oil in 2010 and finally, Total E&P which

took over from Tullow Oil in 2012. The companies each had different levels of engagement with the community. In 2009, Heritage Oil held a meeting with community members to seek their views on CSR projects that the company hoped to implement in the community. In 2010, Tullow Oil took over operations from Heritage Oil, and held a meeting with sub-county leaders and certain community leaders, including LC I Chairpersons, elders and women leaders. Like Heritage Oil, Tullow Oil operated in the village for only a short time and therefore had limited interactions with the community.

Total E&P took over from Tullow Oil in 2012 and formally announced their arrival to the community during a meeting held at the sub-county headquarters. In the meeting Total E&P informed the community that they would resume oil exploration work in the area, and would provide regular updates to the community.

Total E&P held two more meetings with the community in 2012, one at Purongo Health Centre III and the other at Paraa Primary School to discuss the relationship between the community and the company, and to introduce the CLOs. Total E&P informed community members that any community concerns should be brought to the CLOs who would act as the communications liaison between the community and the company.

Total E&P held other meetings with the district, sub-county and community leaders at the sub-county headquarters in 2012 to discuss recruiting casual workers. Total E&P then held a meeting to recruit casual workers at the LC I Chairperson's residence, which was attended by the majority of community members.

Total E&P organised a meeting in 2012 in the exploration area, to inform the community about the survey work the company was carrying out, and to explain how and why the surveys are carried out in the oil exploration process. Community members who were not able to attend meetings held at the district and sub-county would be updated on oil exploration developments by leaders during other meetings or functions, for example funerals, church events and government programmes.

### Benefits and Barriers

Respondents noted a number of benefits from Total E&P, including casual work, scholarships and road improvements.

Total E&P employed two casual workers from the village, which, although short term work, respondents claim improved the status of the workers and their families. Total E&P used a ballot system of recruitment, but community members claim that most of the people selected through this system were not called for work.

Total E&P awarded an educational scholarship to one student from the village to complete Advanced Level study at a school in Kampala. The company will also pay tuition for the student to go on to study at a higher education institution.

Another benefit was the improvement of the road from Purongo to Paraa, which leads to Total E&P's oil well in the park but is also used by the community.

A number of barriers to benefits were also raised. Some respondents claimed that there were no general updates provided to the community on the progress of oil exploration activities, which made it difficult for community members to know how to benefit. A general lack of awareness of the oil industry, and the quantity, timeframe, impacts and prospects of discoveries were noted as a barrier.

Some difficulties in the relationship between the community and CLO were noted as a barrier by some respondents. The CLO reportedly takes a long time to give information about employment opportunities to the community, so that often the deadline passes.

Respondents also noted that the recruitment processes of Total E&P's contractors are unclear and the community is not provided with information about when, where and how jobs are advertised, or the job specifications and application deadlines. Respondents also claimed that the temporary nature of casual employment, lasting only 2 to 3 weeks, is not beneficial to workers. Reportedly there are regular dismissals and no formally agreed employment terms provided to workers.

Respondents expressed concern about environmental issues and safety, in particular the waste that was dumped in the neighbouring village of Lagazi and the spillages of oil waste on the road.

## 3.4 Buliisa District

Carved out of Masindi District, Buliisa District was created in 2006 and has an estimated population of 80,800 (Uganda Bureau of Statistics, 2011). The district is primarily rural, with the majority of livelihoods based around pastoralism, fishing or subsistence agriculture. The district is located in mid-western Uganda with Nebbi, Nwoya, and Masindi as her neighbour districts in the north-west, north-east, east, and south respectively. The western part of the district is bordered by Lake Albert and the DRC. In Buliisa District, the study covered the villages of Kirama, Kijumbya, Bikongoro, Kasinyi and Kakindo.

### 3.4.1 Bikongoro Village

Bikongoro is located in Kisansya Parish, Kigwera Sub-County, Buliisa District. It is located in the north-eastern part of Buliisa District, 6 kilometres away from Buliisa Town. Bikongoro has 52 households, predominantly comprised of the Bagungu ethnic group. It hosts two oil companies, with Heritage Oil as a pioneer in 2006 and later Tullow Oil who took over oil exploration in the area in 2009.

### Interactions

Respondents in Bikongoro reported having had several

meetings with both Heritage Oil in 2006 and Tullow Oil in 2009. These meetings were to inform the community about seismic surveys and to give updates on ongoing discoveries.

In 2010 Tullow Oil, in partnership with the PEPD held a meeting to sensitise the community about the 3-D seismic survey program that was going to take place in the area. In the same year, Tullow Oil reportedly held another meeting to inform the community members about plans to recruit casual workers from the community.

Tullow Oil held a meeting to raise awareness of the risks and preventive measures of HIV/AIDS at village level. The company subsequently supported training of community members as peer educators. In addition, Tullow Oil held other meetings with the community to assess community needs. Community priorities listed included; a bore hole, a school, jobs, a health centre and improved roads in the area. In a related development, community members also requested for sensitisation on group formation.

In January 2011, Tullow Oil held a meeting with community members to assess crop damage during the exploration process in the area. Individual household assessments were made for the area affected, and reference numbers were issued to assist with processing claims for compensation. Another meeting was held in 2012 to inform the community about the exploration block division in the area; community members were informed that blocks had been divided into three for the operation of the three licensed oil companies. Similarly in 2013, Tullow Oil informed the community about the construction of pipe lines to transfer oil from Ngiri 1, 2, 3, 4 and 5, Ngara, Ngege, Kigogole 1, 2, 3, 4, and 5, Kasemene 2 to Kasemene 1 oil wells to the refinery. In addition, they alerted the community to the fact that they would be using heavy trucks.

Government interactions on issues of oil were through the PEPD and were usually focused on issues such as compensation. It was reported that these were not as frequent as the interactions with oil companies.

### Benefits and Barriers

Bikongoro respondents noted a number of benefits from oil exploration in the area. These include employment, local economic development and improved roads.

Respondents noted employment as one of the benefits realised from the company's presence in the area. At least 4 people were employed; 2 casual workers with Tullow Oil in 2010 and 2 others with a Tullow Oil contractor called Equator. The community reported that low levels of educational attainment and a lack of the required practical experience became a barrier to accessing higher paying jobs. However, the presence of Tullow Oil's service providers created ready markets for local products like goats and chicken, which had increased some household incomes.

Oil companies have also improved the roads to their oil wells and camp sites. Examples include the Ndandamire road and the road from Ngwedo to Equator Camp. Furthermore, Tullow Oil compensated community members UGX 6,000 per tree when they cut their acacia trees.

Bikongoro respondents identified barriers to realising greater community benefits. These include issues around community involvement in negotiations, compensation, unfulfilled commitments, company vehicles, information provision, staff policies and noise and air pollution.

Community members complained of limited landowner involvement in negotiations about compensation, and delayed or inadequate payments for destroyed crops during the seismic survey of Ngara, Ngege and Kasemene II wells. It was noted that Tullow Oil carried out an assessment of crops destroyed in 2011 but as recently as 2013 some people had not been compensated. They added that:

*"When Tullow is giving out compensation money they tend to disregard some valuable crops like aloe vera as if it is mere weed yet community value those plants."*  
Bikongoro resident

Although the community reported some degree of company investment in social services such as health and education, there were reportedly unfulfilled commitments by Tullow Oil. It was said that the company carried out a community needs assessment to find out the priority needs<sup>5</sup> but Tullow Oil has not fulfilled those promises. It was also reported that since the discovery of oil in the area, the company's numerous vehicles including heavy trucks have destroyed roads and killed domestic animals that belong to members of the community.

The community complained of lack of information on employment opportunities. Bikongoro respondents reported that they expected oil companies to source locally for employees, but felt they did not know about vacancies when they were available, they just saw new drivers, cooks and cleaners on board. In addition, some respondents who were previously employed reportedly lost their jobs quickly because their terms of service were not made clear on recruitment.

Elders in the community reported that they did not appreciate Tullow Oil's policy of restricting staff from socialising with locals and giving lifts to members of the community. As one elder from Bikongoro stated:

*"Even if you are stranded with a problem they can never give you a lift and yet culturally here we don't deny giving people a lift in a social set up."*

Noise and air pollution from the heavy machinery used during exploration emerged as another source of discomfort in Bikongoro as stated by one respondent:

<sup>5</sup> The identified priorities included a borehole, a school, a health centre and improved roads



*"Oil flaring in Kasemene 2 for three consecutive days caused a lot of heat that ended up affecting human and animal lives. Young children lost the sense of hearing and got scared by the smoke, heat and noise coming out of the exercise." Bikongoro youth during a focus group discussion.*

### 3.4.2 Kakindo Village

Kakindo in Buliisa District hosts the Kasemene oil wells. The population is predominantly Bagungu and Banyoro, with a minority from the Alur ethnic group. The main livelihood activity is pastoralism through communal grazing supplemented by a small amount of subsistence crop production. Although Kakindo is located in Buliisa Town Council, it lacks many social services, such as health facilities, clean water, good road networks and schools.

#### Interactions

The community members in Kakindo reported direct interaction with Tullow Oil through various community meetings, which were called through the area LC I Chairperson. The first meeting was to assess community expectations about the discovery of oil in the area (Kasemene 1). In this meeting, Tullow Oil officials also reportedly informed the community about the construction of Kasemene camp. Community members stated that Tullow Oil organised other meetings specifically to update the community on progress of the Kasemene oil wells. The LC I Chairperson of Kakindo stated that:

*"...Tullow Oil meets the community when there is an urgent need on their side"*

Several other meetings were reported to have taken place between Tullow Oil and the Kakindo community, including meetings to negotiate compensation for encroachment on gardens and destruction of crops destroyed by oil through exploration activities. Community respondents also reported interacting with Tullow Oil during 3-D seismic surveys, as well as during community engagement activities such as peer educator trainings and sensitisation activities about HIV and AIDS.

Kakindo respondents reported indirect contact with the company through radio talk shows sponsored by Tullow Oil. Call-ins allowed community participation.

With regards to the government, Kakindo respondents reported no direct interaction on matters related to oil and gas. Interviewees stated that they last interacted with the government during the political campaigns for the 2011 elections as illustrated by the following quotes:

*"...government interacts with community leaders only in workshops." LC I Chairperson*

*"...we have never seen government officials in our area." Kakindo resident*

#### Benefits and Barriers

Kakindo respondents recognised a number of benefits brought to them through oil explorations in the area. These include a savings and loan initiative, scholarships, CSR activities, a health centre and employment.

Respondents noted the establishment of the Kakindo cell saving and loan association, which was initiated by Tullow Oil and provides a savings and loan scheme for the community of Kakindo. The initiative was reported to be particularly beneficial in helping farmers engage in agro-enterprise business to boost production and has had a positive impact through improved social -economic welfare of the community. The majority of the community are members of this association.

Tullow Oil has provided scholarships to some local community members and as a result, 3 individuals from Buliisa were sponsored to study petroleum management in the United Kingdom (UK) in 2012. In addition to the scholarships, an exposure visit to Norway was organised by Tullow Oil to enable key local government officials from Buliisa (the LC V Chairperson and the District Community Development Officer) to learn from Norway's experience with oil and to understand how to adopt best practice for oil development.

Tullow Oil has undertaken a number of CSR initiatives in the village. These have involved training and facilitation of peer educators to sensitise the community on safe sex, to distribute condoms, and to educate community members about family planning, male circumcision and malaria prevention. Tullow Oil also supported village football teams and the local school by supplying them with uniforms and text books respectively. In addition, Tullow Oil constructed a number of boreholes in the village with one at the Kasemene camp gate which provides safe drinking water for the community.

Respondents also acknowledged the construction of a health centre at Kigoya, which will be upgraded to a hospital. This will reportedly benefit the community which currently has to travel the long distances from the village to Hoima Hospital for medical facilities. Tullow Oil has also constructed roads from Kasemene I to Kasemene II and Kasemene III. However, it was said that these roads lead either to Tullow Oil pads or camps, and therefore are not necessarily meant to benefit the community.

Community members benefited from employment in the oil industry. Although the majority of the jobs are casual labour, respondents state that a few have been at management level. In addition, although payments for casual labour are low, respondents reported that they have led to improved standards of living at the household level.

A number of barriers were cited by Kakindo residents,

which prevent benefits being increased. These include issues around employment and recruitment, land acquisition, information provision and compensation.

Some respondents from Kakindo intimated that locals have been overlooked in the allocation of jobs with Tullow Oil. Although the company has created some job opportunities for the local community, the majority of employees are from neighbouring districts, leaving the community feeling that they are 'spectators'. In addition to this, the issue of political difference further impacts on job allocation. Kakindo community is divided on political lines between 'Umoja' and 'Uberu', and these political differences impact the social economic aspects of the community. For example, it is alleged that although Tullow Oil has been commended for job creation, it is reported that those who hold management or supervisory positions in the oil company tend to allocate jobs according to political affiliation. This is coupled with the negative community attitude to community meetings organised by local leadership, as stated below;

*"When our people are called for a community meeting they do not come, especially when they know there are no allowances; if they hear that in the meeting they are going to give out free things, they all attend." Secretary, LC I Kakindo village*

Respondents also stated that advertisements for Tullow Oil jobs are posted on the internet. Few community members have internet access, or know how to use the internet, making it difficult for them to benefit from these opportunities.

Low levels of education in the community were also noted as a barrier preventing the community from accessing positions at management level with Tullow Oil. As a result, the majority of the locals employed by the company work as casual labourers.

The oil industry is perceived by Kakindo respondents as interfering with community development programmes. One respondent noted that in Kakindo village where Kasemene I is located, the community had planned to construct a nursery school, but was prevented from constructing permanent structures due to oil activities. Respondents also cited unlawful acquisition of land as one issue blocking the community from benefitting from the oil sector. Land is being bought by wealthy businessmen and women from outside the oil rich areas, and displacing community members. This problem has prompted the government to put a ban on the issuance of land titles.

Community members reported that they have received insufficient information from Tullow Oil and the government regarding petroleum exploration activities resulting in a lack of awareness about issues such as possible benefits and environmental impacts. Respondents criticised Tullow Oil's practice of passing information to the community

through the LC I Chairperson. The community reported that in most cases the information remains with the local council leadership and is not passed on. This issue is compounded by the lack of community consultation by Tullow Oil, which has left the community feeling helpless. This has created mixed feelings among the communities on what the discovery of oil is likely to bring in the future. Furthermore, the EIA reports are not accessible to the local community, and are written in English rather than the local language.

Delayed compensation was noted as another pertinent issue. For example, during flaring exercises carried out by the company, some households were displaced and were promised compensation from Tullow Oil. However, respondents noted that there were some misunderstandings which arose during payment of the compensation. The payment amounts were also a source of tension, as they were perceived as inadequate for the gardens, crops and trees such as acacia, which were destroyed. One respondent stated:

*"We Kakindo people have lost hope of gaining from Tullow Oil after realising that they cannot give us fair compensation after the encroaching on our gardens without our consent." Kakindo respondent.*

Interviewees also complained that movement on communal lands is restricted by the Tullow Oil security personnel guarding the company facilities. A female respondent said:

*"When we go to fetch firewood, security personnel always ask for identification letters from our LC I Chairperson. If you don't have it you are stopped. We are not used to these things, this is our community land." Kakindo respondent*

### 3.4.3 Kasinyi Village

Kasinyi is located in Ngwedo Sub-County in Buliisa District. It is estimated that there are 183 households in the village. There are 3 oil pads around Kasinyi that have already be drilled, namely Ngiri 1, Ngiri 2 and Ngiri 4 and 2 pending wells of Ngiri H and Ngiri G. Since exploration began in the village in 2008, three companies have operated in the area. The first company in 2008 was Heritage Oil, followed by Tullow Oil in 2010 and finally Total E&P took over exploration in 2012. It is Total E&P and their contractors that are currently operating in the village following Tullow Oil's farm-down.

### Interactions

Community members noted that their first interaction with Heritage Oil was indirectly through the radio in 2008, when they became aware of the company, their presence in the village and their operations. Following this, a series of meetings with Heritage Oil were organised during 2008. One of these meetings was to announce the location of the well and to ask community

members to identify the land owners. After the owners were identified their names and photographs were taken. After these initial meetings follow-up meetings took place in 2009 on matters of Heritage Oil's activities and compensation issues. There were a total of 5 meetings held with Heritage Oil on the issue of compensation. A final meeting with Heritage Oil was recorded in 2010 where they announced their departure and handover to Tullow Oil. According to the LC I Chairperson of Kasinyi there was a good relationship with Heritage Oil, despite some issues with compensation.

According to community members, their first interactions with Tullow Oil were in 2010 when a number of community meetings took place. The first of these meetings was held before they began drilling Ngiri 2, when they then came to the community to identify the landowners around the well. Tullow Oil then organised a meeting for the communities to come together and express their needs to the company. Still in 2010, respondents said that a number of meetings between the community and Tullow Oil took place to resolve a land dispute on the site of one of the wells. The dispute was over whether or not the land was part of Kasinyi or the neighbouring village, Kirama. In the final meeting on this issue, Tullow Oil and representatives of the Sub-County Council declared that the land was in Kasinyi.

A number of other meetings were also held with Tullow Oil throughout 2010 and 2011. Community members recalled that in 2010, Tullow Oil organised a meeting to discuss compensation issues with the Sub-County Secretary for Production in attendance. According to respondents, the company paid compensation for the destruction caused during road construction. There was compensation for the destruction of graves, acacia trees and a worship tree but the land used by the company for their pad was not compensated for. Also in 2010, respondents remembered a community meeting with Tullow Oil about recruitment of casual workers, after which the company employed 20 porters from the village.

During their time operating in the area, Tullow Oil also held sensitisation meetings with the community in which they gave information about the well testing that was taking place for Ngiri 2 and 4. In 2011, the company met the community to discuss a 3-D seismic survey that was to be carried out. The final community meeting recorded with Tullow Oil took place in 2011 when the company came with the Sub-County Secretary for Production to close their operations and announce the takeover by Total E&P in Block I.

Community members noted that the company kept them informed on their progress by giving them regular updates. One respondent said that *"there was a good relationship with Tullow Oil"*, when probed further this was found to reflect the fact that they kept communities informed, meaning that there was community awareness of their activities, and they were also perceived to keep their promises.

When Total E&P took over operations in 2012 they

held an introductory meeting with the community. Community members reported that during this meeting Total E&P made a lot of promises on the issues of water, constructing schools, roads and hospitals. Following this introduction meeting, Total E&P continued to hold other meetings with the community throughout 2012. One of these meetings was on their operations; their wells, drillings and movement of rigs from MFNP to Ngiri F. Another meeting was held on the issues of compensation and destroyed crops.

Respondents also mentioned meetings they had with a consultancy firm called Bimco Consult Ltd, who were conducting an EIA on behalf of Total E&P in 2012. One of these meetings was held to introduce the consultants to the community. Following this meeting, some residents of Kasinyi were recruited by Bimco Consult Ltd to carry out the household survey. More recently in 2013, meetings have been organised by Total E&P informing the community about the seismic survey on the river. Another meeting held on the 12<sup>th</sup> February 2013 focused on educating the community about how to use the water when the seismic survey is going on.

According to the respondents, all of these meetings were organised by the oil companies themselves, through their CLOs who then mobilised the community directly through the LC I leadership. Some respondents felt like they have a good relationship with Total E&P. For example, one respondent argued that "Total is good compared to Heritage because they first introduced themselves to us". However, it should be noted that not all respondents felt the same. Researchers recorded varied opinions among community members about their relationship with Total E&P.

There were reportedly few interactions between both local and central government and the community of Kasinyi. One respondent recalled an interaction with local government in 2011 when the District Community Development Officer (DCDO) of Buliisa visited Kasinyi with officials from Tullow Oil. Further interactions were noted with local government when sub-county representatives attended community meetings organised by Tullow Oil. Respondents also mentioned meetings in 2012 when central government representatives from PEPD came to the community with representatives from Total E&P to sensitise people on oil issues, to discuss progress and to give updates relating to oil exploration. Overall the community felt that there was limited interaction with government on oil issues, especially at the LC III and LC V levels.

### Benefits and Barriers

When the community members were asked about benefits relating to the exploration of oil in their area they were able to provide a few examples, some of these benefits were general and some related specifically to a particular company. They include employment, compensation related benefits, roads and water sources.

Kasinyi respondents reported that all the oil companies,

to varying degrees, had recruited people from the village for casual work which provided some community members with income. Income was also generated from the increased market for local produce. For example chickens and goats are currently being bought by Total E&P employees.

Community members also received compensation but were not sure whether or not compensation was a benefit. After a long discussion they decided that compensation alone was not a benefit, but that the houses built with iron sheets and the cows and goats bought from the compensation money are a benefit to the community.

Companies also worked on some of the roads in the village and surrounding areas. Although for some roads like the road from Paraa to Wanseko, the company only repaired the 'bad spots' by filling them with murram, respondents still felt that improvements to the roads were a benefit to the community. Respondents also said that just seeing big cars and cranes moving was a benefit because some people were seeing these vehicles for the first time.

The people of Kasinyi felt that one way in which they have benefitted was from the borehole drilled by Heritage Oil. Total E&P also provided tap water to the community; however this was only a temporary benefit to the community. The T-shirts, gumboots and raincoats given out by Tullow Oil were also listed as other material benefits. In addition to these tangible benefits the peer educators that were recruited and trained by Tullow Oil provided the community with skills in disease treatment and HIV prevention.

Respondents were hopeful that in the future other benefits would be realised, especially in terms of improved infrastructure such as roads, electricity, schools, water and health centres, and the improved incomes from oil revenue to develop standards of living. One respondent said that they expected the area "to develop first and then other parts of the country will follow".

Kasinyi respondents identified a number of barriers to community benefits being realised. These include issues around social and environmental impacts of exploration activities, access to documents, employment, information provision, compensation, community-government relations and land disputes.

In terms of exploration activities, respondents mentioned that there was a lot of noise created by the machines which resulted in sleepless nights. They also noted that there had been destruction and damage to the natural environment and were particularly concerned about the destruction of vegetation, cutting down of medicinal trees and littering of the environment. In addition to this, respondents blamed the reduction of rainfall in the area on cutting down of trees for oil activities. Respondents also noted that they did not like the way in which the presence of heavy vehicles and trucks was preventing them from using their narrow roads. In particular they complained about the over-speeding and killing of

animals, especially goats, without compensation. Some respondents also raised concerns about the compacting of soils stunting crops growth as a result of exploration activities and many heavy vehicles passing. Furthermore interviewees complained that all companies have fenced off some grazing land for the oil pads, preventing community access.

Another issue raised by respondents was that community members do not have access to copies of assessments or agreements that the oil companies produce. They complained that they are requested to just sign papers without being given a copy for their records. They also criticised some of the company policies and the way they operate. For example, they were dissatisfied with the centralised recruitment process of the oil companies where they bring semi-skilled workers, like drivers, from Kampala instead of recruiting them locally. This fostered a perception that oil companies regard communities as ignorant. Respondents also protested against the unfair company policies that prevent drivers from giving lifts to people, even where there is no-one else in the vehicle. Respondents observed some cases of bad behaviour by company employees, noting examples where employees of the oil companies produce children and leave them in the village with no care.

Although interactions with the oil companies were noted in the earlier section of this report, respondents did not feel that they always received adequate information about oil activities. When discussing Total E&P specifically, they felt that the company was not open and transparent as they did not provide any feedback to the community. The recent example provided by the community to illustrate this point was the fact that community members did not know whether or not Total E&P have found oil in Ngiri F. Respondents also believe that Total E&P has made a lot of empty promises to the community. For example, they promised schools but no schools have been built. Kasinyi respondents blame this on a change in company policy about what it will give to the community, giving responsibility for schools, roads and hospitals to government.

In addition to the complaints listed above, respondents also expressed concerns about compensation and the way that companies handle complaints. In particular they were dissatisfied with the compensation given by Total E&P. For example, respondents reported a discrepancy between the official compensation rates produced and certified by the Buliisa District Land Board for watermelons at UGX 50,000 per plant and the rate of UGX 1,000-2,000 per plant that Total E&P paid. This issue has been brought to the attention of both the company and district officials, who claim that there was a mistake in the official rates but have not yet concluded the matter formally. Some respondents also claimed that there are still outstanding claims of compensation with Tullow Oil, where the company has delayed making payment despite numerous letters and visits to the local offices. The final point on compensation that respondents raised was that all companies have delayed compensation and land issues, referring to the oil bill as an excuse for this



delayed action.

Community members highlighted how the relationship between Kasinyi and local government, specifically LC II, III and V levels also acted as a barrier to benefits. Respondents complained that there is no relationship between the community and local government leaders on oil issues and that the overall relationship between them is strained. They believe that the local leaders including the LC II, III and V Chairpersons overlook Kasinyi and that there is no transparency, especially when it comes to oil and land issues. Respondents linked this lack of transparency to poor leadership which is causing distrust of local leaders. Examples were also given where the community believed that local leaders were conspiring with individuals from outside of the village to take their land.

Similarly, wrongful claims to land were a major concern to the people of Kasinyi. They presented and discussed numerous examples where people from outside the village had tried to make claims to land belonging to various clans in the village and also communal land. They suspected that land speculators from outside Buliisa were working with high-level politicians to grab community land. Respondents were also critical of the way that Total E&P was handling these issues, whereby they are honouring letters from higher authorities, e.g. letters written by LC II Chairperson of Ngwedo Parish and other individuals, and ignoring the knowledge and role of the LC I Chairperson. Respondents feel that this is undermining local ownership of land and has led to the 'wrong' people receiving compensation from Total E&P. An example was given of a land dispute around one of the wells, where an individual from outside had bought this land from Kirama village, but the land in fact belonged to Kasinyi. After a number of meetings, the issue was resolved in Kasinyi's favour. Respondents provided another example of sub-county leaders using the community land for personal gains, for example planting watermelons and claiming the land and therefore compensation was theirs. Generally there was a lot of suspicion amongst community members about land grabbing and the role of local leaders at the LC II, III and V levels in land grabbing.

### 3.4.4 Kijumbya Village

Kijumbya is located in Buliisa Sub-County, Buliisa District and hosts two oil wells. Kijumbya has approximately 300 households who are predominantly farmers. The community is comprised of two ethnicities. The majority are Alur and the rest are Bagungu.

#### Interactions

With the advent of oil discovery in 2006, the central government, through the PEPD, held a meeting in the village to inform the community about the existence of oil in the area and to request community participation and unity.

In 2007 the central government returned to the village to introduce Tullow Oil as the company that was to explore

for oil in the area. The government also held a meeting with the community to inform them that, because of the need to construct new roads and a base camp for the company, their crops would be destroyed and that the affected community members would be entitled to compensation.

In 2007, Tullow Oil had another meeting with the community to inform them about the seismic lines (wires and 'bombs') that would be used in the area during exploration for oil and gas. The company also came to the village in 2007 to recruit some young people to work as casual labourers on the new oil well and on the construction of the road to Kigogole II.

In 2011, the company implemented some CSR activities in the village which were reported as another avenue for interaction with the community. Tullow Oil introduced voluntary HIV/AIDS counselling and testing and trained peer educators to raise awareness about HIV/AIDS in the community. These too presented a meaningful opportunity for interaction with the community. Tullow Oil returned to the village in October 2011 to hear farmers' complaints regarding compensation rates.

#### Benefits and Barriers

Kijumbya respondents acknowledged a number of benefits from the company presence in the area. These include road improvements, borehole provision, educational support and peer educators for the community.

Community respondents reported that there has been an improvement on the road network in the district, most notably the road leading to Kijumbya where two wells under Tullow Oil are situated. Respondents noted that this has made transport much easier for the community members, although one interviewee noted that the roads strategically lead to the site of the oil wells. Tullow Oil has also constructed three boreholes in the area for access clean water, although again there was a complaint from some respondents that the boreholes have been built next to the Tullow Oil camp and oil wells, mainly for company use. In addition, respondents mentioned support to education though provision of educational materials. It was reported that Tullow Oil provided some text books to Kijumbya Primary School. Tullow Oil also trained peer educators and provided materials such as books, and condoms to educate the community about health issues including HIV/AIDS infection and malaria prevention. Community members also expressed hopes of electricity coming to the area to benefit them in the future because Tullow Oil operations will require power.

The community also listed barriers, which they felt were reducing community benefits. These include issues around compensation, employment, education levels and information provision.

Tullow Oil's encroachment on community land without prior negotiation and compensation emerged as a barrier for the community, at which they expressed bitterness. One case that they cited was the opening up of a new road to

Kigogole II which passed through the LC I Chairperson's land. The LC I Chairperson was reportedly not consulted and was not compensated. This is the case with many others who have also been affected by this same activity. Residents reported that they were threatening to close the road because of Tullow Oil's failure to compensate them.

In addition, it was reported that, although the company compensated community members for the destroyed crops, the community was not involved in payment negotiations, payments were perceived to be low and respondents reported delays in payments being received. It is believed that Tullow Oil introduced their own rate of UGX 2,000 per square metre for mature crops and UGX 1,000 per square metre for younger crops, which the community felt was too low. One respondent stated:

*"Compensation is assessed in January and is not paid until December which is a loss to the community members." Farmer in Kijumbya.*

Although there had been some job opportunities for the youth of the area through casual labour, respondents noted that at the moment there is no work. In addition, low levels of educational attainment amongst the community, especially the youth, resulted in respondents feeling they are being left out when it comes to job selection. Tullow Oil requires educated people who can communicate in English.

Inadequate information flow was also cited as a barrier to maximised benefits. Residents intimated that Tullow Oil only provides information to the local leaders in the area who sometimes fail to disseminate it to the whole community. The main challenges were reported to be that local leaders are not facilitated to disseminate the information, and some sections of the community felt that local leaders are mostly Alur and that the Bagungu members of the community do not always receive information. The community also expressed fear that Tullow Oil is 'untouchable' saying that whenever issues were brought to the attention of their leaders, they are told they must leave Tullow Oil alone to do its work and that whatever has been damaged will be paid for. There was also a complaint that Tullow Oil does not share EIA reports with the community. Rather, these reports, which are presented in a language that the local population cannot easily understand, are taken to the district headquarters which is considered too distant.

### 3.4.5 Kirama Village

Kirama is located in Kigwera Sub-County in Buliisa District and is estimated to have around 440 households. It is predominantly inhabited by two ethnicities, the Bagungu and the Alur. Three oil wells have been confirmed in Kirama Village: Ngiri C, Ngiri D and Ngiri 1. Since 2007 three companies have operated in the area. Heritage Oil began operations in 2007 and was subsequently taken over by Tullow Oil in 2010. Most recently Total E&P obtained a licence to operate in the area in 2011.

## Interactions

Community members reported that they learnt of the presence of Heritage Oil in 2007 when the company started drilling Ngiri 1 oil well. Heritage Oil then organised a community meeting through the LC I Chairperson to inform the community about the oil activities in the area and to request the community's cooperation. Following this meeting, community members interacted with Heritage Oil again in 2007 when the company needed casual workers from Kirama to clear the area and demarcate the oil well. The final meeting with Heritage Oil was again in 2007, organised through the LC I Chairperson, to discuss a borehole that the company wanted to donate to the area. Kirama residents didn't recall any meeting taking place when Heritage Oil was leaving the area.

Following the departure of Heritage Oil, Tullow Oil began operating in Kirama. The first interaction the community had with Tullow Oil was in 2011 during a meeting, organised by Tullow Oil, to introduce themselves to the community and to discuss the discovery of oil in Ngiri C and Ngiri D. Subsequent meetings were organised by Tullow Oil during 2011. One of these meetings was organised when Tullow Oil wanted to construct a road through someone's land and then another when they wanted to recruit five peer educators from the village. Community members said that Tullow Oil picked and trained five peer educators from each of the villages of Kirama, Kichoke, Wanseko, Katanga and Masaka. In addition to these meetings, Tullow Oil held a meeting to discuss the compensation of land and crops, which the Secretary of Buliisa District Land Board also attended. Community members expressed their dissatisfaction during this meeting as they were not allowed to take part in crop assessments. The final meetings that took place with Tullow Oil in 2011 were to inform the community about the aerial survey that would be taking place over Buliisa District. Tullow Oil reportedly requested that "the community [should] stay calm and not to fear". In addition, the company discussed the well testing at Kasemene 1 and advised the community not to use or collect the rain water during that time.

In 2011, PEPD, along with representatives from Buliisa District Local Government and companies, organised a meeting with the community about the division of Block 1 and 2. In 2012 Total E&P replaced Tullow Oil. Community members reported a number of meetings held with Total E&P since they took over operations. In 2012 one of these meetings was to inform the community that the company would be drilling Ngiri D. Further meetings were organised by Total E&P in 2012 to recruit casual workers to carry out clearing and demarcating of Ngiri D, to talk to the community about road safety issues given that there would be an increase in traffic and heavy trucks, and to brief community members on CSR plans. Total E&P also came to the community in 2012 to discuss issues of pipes passing through community gardens and then again to discuss community concerns surrounding the road leading to community gardens that had been blocked for Total E&P operations. Community members wanted Total E&P to provide an alternative

road to community gardens. The final interaction with Total E&P in 2012 was when the residents of Kirama initiated a meeting to request a borehole be placed at Kirama Primary School. So far in 2013, Total E&P have called one community meeting to discuss the seismic survey that was due to take place along the lake shores. Apart from these meetings the community reported that there had been no interaction with any other actors or organisations on oil issues.

### Benefits and Barriers

Kirama respondents were able to list some benefits related to the presence of oil and oil companies in their community. They include CSR projects, compensation, employment and infrastructural development.

Many of the benefits listed related to company CSR projects. For example, Heritage Oil drilled a borehole in 2007, although residents say the water is salty. Respondents reported that Tullow Oil contributed more in terms of health and education. They provided health education through peer educators at the village level and health care to HIV patients by supplying septrin (an antibiotic) to health centres in Buliisa District. In addition, Tullow Oil donated educational materials, such as textbooks, footballs, cupboards and uniforms to Kirama Primary School. Community members also mentioned a health centre that Tullow Oil had constructed in Kigoya, but to date it is not operational. More recently Total E&P provided the community with piped water, though it was only for a three months period.

Compensation was reported as a benefit because the recipients have used the money to improve their standards of living, for example to construct better houses. Community members reported that casual jobs were given to some youths and some roads have been improved, although these were minor improvements, using murrum to fill the potholes.

A variety of barriers preventing community benefits were raised by Kirama respondents. These include issues around compensation, encroachment on agricultural land, impacts from exploration activities, employment and information provision.

Although compensation was mentioned as a benefit, communities complained that the compensation rates paid by the oil companies for the destruction of crops had been unfair. For example community members were given UGX 1,000 per cassava stem but they were expecting UGX 5,000 per stem. Communities felt that there was discrimination during the compensation process, meaning some were unable to properly benefit. Overall, community members complained that there was a lack of community participation in determining compensation rates and women further complained that very few women had been involved in discussions. When discussing the reasons behind the unfair compensation, participants stated that the constitution of Uganda only has a provision for the compensation of land and not the oil that is under ground. This has made community

members dissatisfied since they know that even oil is extracted from their land there is no provision for them to directly benefit. Another barrier raised by respondents concerned the lack of land titles in the community. According to respondents this has led to a reduction in the value of the land, resulting in low compensation and reduced income to the community.

According to the people of Kirama, there has been little benefit to the community from oil activities. Oil exploration activities have caused companies to encroach on community land intended for agricultural production, which has impacted productivity and community development. Trees were also reportedly cut down, including some medicinal trees, and although Total E&P agreed to supply tree seedlings to replace them, this has not been implemented to date.

Further damage has reportedly been caused by the 'bombs' the companies have used. For example, water from the borehole has been affected and cracks in people's houses have developed, which communities have not been compensated for. Initially community members stated that seeing the big trucks and other vehicles in the area was a benefit, but during the validation exercise, village representatives agreed that in reality these trucks only raised the amount of dust in the area and destroyed the roads. This is made worse during the rainy season. Community members also felt that the chemicals which companies were using and extracting from underground have destroyed some of the soils and surrounding vegetation.

Community members cited barriers around employment. They claimed that the recruitment of semi-skilled workers, for example drivers, did not give consideration to the local community as reportedly it was carried out in Kampala. This recruitment process has therefore excluded indigenous people and resulted in only the Banyankole and Baganda getting jobs. Those that were employed for unskilled casual work complained of a lack of job security and low pay. Respondents gave examples of local people being frequently dismissed with no reason and being under paid by the companies. Further complaints about inadequate pay were made against some of the oil companies' sub-contractors. For example, when Kasese Wood Nile Company and Pearl Engineering Company were recruiting for casual labourers they reportedly promised UGX 20,000 but paid UGX 5000 per day. Female respondents stated that they are never considered for local jobs despite having the capacity to carry out casual jobs such as using flags to control the speed of vehicles, cooking and washing. In addition, the community felt that the oil companies perceived people living along the lake shores as uneducated, thereby limiting the job opportunities companies have made available to local people. Community members also felt that they did not have adequate skills to compete for the good jobs and instead were only able to get the low paid work.

Barriers were also cited around information provision. Community members felt that there was a lack of



information regarding oil activities in the village and a lack of feedback on community concerns. Despite the amount of exploration activity in the area, community members did not feel informed about opportunities or jobs. Respondents reported that they did not know what was going on and that they only saw big trucks moving around the area. According to community members this information barrier results from a lack of representation within the companies and poor government leadership from the sub-county to the national level.

### 3.5 Hoima District

Hoima District is located in the mid-western part of Uganda. It shares borders with Masindi and Buliisa Districts in the north, Kyankwazi District in the east, and Kibaale District in the south. The district stretches to the national boundary of the DRC in the West. The district has a total population of 548,800 people (Uganda Bureau of Statistics, 2011).

#### 3.5.1 Kabaale II Village

Kabaale II is located in Kabale Parish, Buseruka Sub-County in Hoima District. There are approximately 150 households mostly of the Alur ethnic group. The main source of livelihood is agriculture, where cassava is traditionally a staple food crop. Although there are no oil sites within close proximity of the village, Kabaale II is one of the villages likely to be affected by the proposed oil refinery project.

#### Interactions

Community respondents reported indirect interaction with oil companies through the radio and/or seeing vehicles travelling to and from oil sites. The community said they heard that an oil company called Heritage Oil was operating around the lake in 2005. In 2010, the community reported that they started hearing over the radio about a company called Tullow Oil. Since 2010 community members noted that they had received other information through the radio. For example they heard that an airplane would be passing over the area. In addition to this, community members were informed via the radio that people would be coming to survey the area and discuss the refinery with them.

Despite no direct interaction with oil companies, the respondents of Kabaale II have interacted with representatives from local and central government on issues to do with the construction of the refinery. In October 2011, before any official community meetings had taken place, community members reported that they saw the LC III Chairperson of Buseruka Sub-County moving around Kabaale II with their LC I Chairperson and police officers. Community members complained that they were not informed about the visit and no consent was given by the community. The LC I Chairperson also confirmed that this visit had taken place and advised that the purpose of the visit was to survey the land in order to get clear boundary marks for the refinery.

Since the visit in 2010, community members reported that there have been three official meetings held in Kabaale II with representatives from MEMD and local government. In May 2012 a meeting was held in Kabaale II with officials from MEMD and LC III Councillors, where they came to choose people to work as casual labourers with surveyors who needed 5 people to carry survey materials. Following that meeting in 2012, officials from MEMD and LC III Councillors came to Kabaale II to inform the community that they had surveyed the area. During the same meeting they also identified 5 community members to help identify whose land would be affected by the proposed refinery and therefore what compensation should be considered. Community members also reported that at this meeting the community decided that they would receive money as compensation as opposed to receiving land for resettlement.

The final meeting that the community remembered with the government was held in June 2012 when officials from MEMD came to Kabaale II to count foodstuff and inform the community not to plant long term crops. They also passed on the information that the community would receive their compensation in September 2012. However, community members noted that this has not been paid to date (2013).

During 2012 parallel meetings to those held in Kabaale II were held in the neighbouring villages of Nyamasoga and Kyapaloni in Kabaale Parish and some community members from Kabaale II attended these meetings. The purpose of these meetings and the issues discussed were similar to the ones which had been conducted in Kabaale II. In addition to this some different meetings were held collectively for all people in the parish to attend. For example, the respondents in Kabaale II discussed compensation and resettlement issues in a meeting in Kabaale with the RDC and LC V Chairperson. Following this meeting, respondents also reported another meeting in 2012 where the RDC and LC III Councillors attended. At this meeting community members said that the community was asking a lot of questions about the land takeover which reportedly annoyed the RDC and LC III Councillors. The RDC reportedly reminded communities that *“the refinery is a government project and the community cannot stop it.”*

In addition to these official meetings, respondents from Kabaale II said that they also received some advice from the LC V Chairperson. He recommended that community members should not sell their land to land speculators or investors who would be looking to receive future compensation, but instead that communities should keep the land as theirs.

Besides the interactions with government, some community members also remembered that in July 2012 an NGO, the National Association of Professional Environmentalists (NAPE), came to collect people's views on the proposed oil refinery. Their recollection was that NAPE came to support them with knowledge and advised them on how to negotiate. Apart from this interaction the community did not provide any details of interactions with any other NGOs on oil related issues.



## Benefits and Barriers

While community respondents stated that a nearby road is currently under development and a few members of the community have been employed for casual work, discussions in the validation workshop concluded that no benefits had been experienced and that ‘small things’, such as roads and 5 casual jobs, should not be listed as benefits.

However, the community was able to list a number of barriers to benefits being realised. These include issues around the forthcoming relocation, compensation, mistrust of the government and feeling disempowered.

The community emphasised that one of the major barriers preventing them from benefitting from oil exploration in the region is the fact that they were in the mindset of leaving the area soon. One respondent noted that *“we are already fenced off so we can’t get benefits”*. This imminent departure has limited the benefits to the community in a number of ways. Firstly, respondents complained that because they are supposed to be leaving, people from Kabaale II cannot look for employment opportunities associated with oil, for example with the contractors improving on the road. Related to this, respondents also noted that companies, for example Kolin Construction, come with their own workers from the Baganda and Basoga groups. Secondly, because of the instructions given by the government that communities should only plant short term crops, community members are experiencing food shortages and have experienced negative impacts on household incomes which previously came from agriculture. Furthermore, these restrictions mean that community members in Kabaale II have been unable to take advantage of some of the new market opportunities created by the oil exploration activities, for example the supply of food crops to oil areas. One respondent also raised concerns that children were no longer attending classes at school because they are preparing to leave the village. The final point that respondents raised related to their departure was that they believe that oil companies have been unable to invest in or develop Kabaale II because they realise that the people will soon be leaving.

Although communities know that they will have to leave the area, they are not sure when this will be. Respondents said that there have been a lot of unresolved issues to do with compensation which is leading to anxiety over the loss of land. Some of the issues that community members are concerned about relate to the assessment for compensation that was carried out in 2012, whilst others are connected to the lack of information about this compensation. For example, how much it will be, when it will come and how they will access it.

The people of Kabaale II said that they are confused by the payment of compensation. Community members told the research team that in the beginning of this process the government stated that only people with land titles would be compensated for land, with the remaining land belonging to the government. During the validation exercise, community members clarified that although this had been said, the

government had reportedly changed their stance on this meaning that everybody will be paid. Community members also had issues with the assessment process itself. They reported that there were numerous examples where land and property was undervalued with some land and crops not even being calculated. Respondents highlighted cases where someone with 10 acres only has 3 acres written down on the assessment form, and instances where someone with 5,000 pine trees only had 500 counted. In addition to this, respondents felt that the process was unfair as it disregarded the value of some trees for compensation, for example the ones that give shade. Furthermore, some women were left out of the assessment process because their husbands had not permitted them to attend the assessment meetings.

According to respondents, compensation for land will be paid by the central government, whilst compensation for crops will be paid by local government. However, respondents reported that neither the local or central government have paid the compensation nor distributed any recent updates on progress with compensation issues. The community was informed by the government that compensation would be paid to bank accounts, however, communities have no experience of this and the process of going to Hoima Town to open accounts has reportedly cost people money. This has led some, such as the elderly, not to open accounts. Community members also report that they are not aware of how much they will be getting. During the validation exercise, respondents added that there has been no alternative solution proposed by the government. Community members criticised the government for not being open with the local people and for leaving them out. This has led to community members to complain that they are not informed about what is happening next and has resulted in raised levels of suspicion amongst community members with respondents suggesting that the government is playing tricks on them. The delayed compensation and lack of information and communication regarding the refinery has meant that community members have not been able to organise where they are going next.

When the communities affected by the oil refinery raised some of these concerns, especially those associated with land, with the RDC of Hoima District, they were reportedly warned about opposing government programmes. Respondents highlighted a case where the RDC had allegedly issued an arrest warrant for someone who was asking difficult questions, but that person managed to avoid the arrest by leaving the village. There was a general feeling amongst the community members that they are not sure what they can do in order for their voices to be heard.

### 3.5.2 Kaiso Village

Kaiso is located in Tonya Parish, Buseruka Sub County. Located to the west approximately 85 kilometres from Hoima Town, Kaiso has approximately 900 households inhabited mainly by Alur and the indigenous Banyoro (Bakobya, Bagungu and Bagahya). The main economic activities in the village include fishing and livestock rearing. The village hosts 4 oil wells, Waraga 1 and 2 and Ngasa 2 and 3.

## Interactions

Kaiso respondents reported that Hardman started operations in the area in 2002. The company interacted with the community during surveys, and meetings mainly to inform the community about what the company would be doing in the area. Another similar meeting was held in 2005 when the company was leaving.

Tullow Oil assumed operations in the area in 2005 and has had numerous meetings with community, local leadership and individuals. Respondents noted that Tullow Oil holds quarterly meetings to update the community on discoveries and ongoing work in the area. In addition, whenever the company has a need for casual workers they hold meetings with Kaiso community for recruitment.

In 2012, Tullow Oil met with the community to confirm that Ngasa 1 oil well did not contain commercially viable oil deposits and would be closed.

In January 2013, when Tullow Oil wanted to expand their camp, a meeting was held in which a request was put to the community for additional land. Similarly, in February 2013, the company held a meeting to sensitise community members about waste management. In the same meeting, the company reportedly informed the community that the newly constructed Kaiso Primary School would be commissioned in April 2013.

The community reported no interaction with local or central government on oil issues since the resource was discovered in the country.

## Benefits and Barriers

The operations of the different companies came with some benefits in the community. These include infrastructure projects, educational support, employment, local economic development, seedling distribution and health initiatives.

Community respondents reported a number of CSR projects that have been implemented in the area. In terms of infrastructure, Tullow Oil's construction of Kaiso Primary School is near completion and the Kaiso-Tonya road has been upgraded with murram. The construction of Kyehoro Health Centre III is complete and a bore hole has been drilled to enhance community access to safe water.

In addition to the above, Tullow Oil has reportedly distributed educational materials to pupils such as school bags and text books. Furthermore, the company has promoted sports activity in the school by providing sports uniforms and balls. The company also promoted sports in the broader community by providing sports equipment including uniforms and balls for the village team.

Though casual in nature, a number of people have reportedly been employed by the company and its

contractors, which has improved living conditions of employees. It has also benefited the local economy through rural growth linkages. In addition, Tullow Oil initiated income generating projects in Kaiso, which included art and crafts (e.g. making baskets), bee keeping and candle making. Furthermore, some women were trained in tailoring and given sewing machines to support their families economically. Furthermore, the influx of people as a result of oil exploration activities has reportedly increased the market for fish in the area. This benefit was further enhanced by the fact that the road to the village had been improved which made accessibility possible with vehicles.

As a way of mitigating the negative environmental effects of oil activities, Tullow Oil distributed seedlings of species such as Moringa, eucalyptus and acacia to communities. In addition, the company trained and equipped a lake-rescue team with life-saving jackets that are used to save people whose boats capsized in the lake.

Respondents reported that Tullow Oil provided training for village health teams on the prevention of HIV/AIDS, in order to sensitise locals. In addition, pregnant women were given mosquito nets as a way of combating malaria.

Although a number of benefits were identified, community respondents noted factors that have hindered the community from getting meaningful benefits from oil exploration. These factors are both as result of conditions within the community and those that are external and include issues around employment, compensation, transparency, stakeholder engagement, company policy, community projects and land rights.

Kaiso respondents stated that, despite the promise made by the company to recruit employees from the village, only seven people were employed. The seven people employed were limited to casual labour whose terms of service were reportedly characterised by unclear terms and unfair dismissals. Respondents also noted that limited skills among the community members reduces their chances of getting skilled jobs from the company.

Respondents reported that compensation for property destroyed during road construction and other exploration activities was often delayed and/or inadequate. They noted that for instance, the Kaiso Tonya road assessment was done in 2009, but in 2013, people had not been compensated. In addition, respondents reported that during the seismic survey on the lake, there was a technical requirement for fishing to be halted. Fishermen complied and agreed with Tullow Oil on compensation but the agreement was allegedly not honoured. They incurred a loss of 2 to 3 weeks without fishing and yet they have no other alternative source of income for the community.

Community members also complained about oil exploration activities being carried out in secret to the point where community members were not allowed to visit the oil wells.

In terms of stakeholder engagement, it was reported that community meetings are called at short notice which makes it very difficult for community members to participate meaningfully. In addition, there is reportedly segregation in the mobilisation for the meetings with the company by the LC I Chairperson. The community respondents also criticised unfavourable company policies. For example, Tullow Oil vehicles are not permitted to give community members lifts.

The community expressed disappointment about the closure of the Tullow Oil-initiated community projects (basket making, candle making, bee keeping and tailoring), which they said has been demoralising for community members. Respondents added that in some cases, some baskets were purportedly taken by Tullow Oil and never paid for.

Lastly, the community of Kaiso expressed fear that they might be chased away from their communal land any time if oil discoveries continue, because they do not possess land titles. This was said to be hindering long term planning since residents were not sure what lay ahead.

### 3.5.3 Kiryamboga Village

Kiryamboga is located in Tonya Parish, Buseruka Sub-County in Hoima District. The village has approximately 100 households, including some temporary residents who come specifically for fishing.

#### Interactions

Kiryamboga respondents reported that, in 2007, Hoima District Local Government held a meeting with the community in which the LC V Chairperson informed them about the discovery of oil in the area and asked for their acceptance and cooperation. He reportedly explained that the discovery of oil would affect people's livelihoods and that some members of the community would be required to have to leave the area to make way for oil development activities. He also cautioned the community that there would be a number of government interventions and he asked the community not to resist these developments.

Community respondents stated that they have had both direct and indirect interaction with Tullow Oil. This has largely occurred through local government structures, especially the LC I Chairperson and village peer educators trained by Tullow Oil. The company has organised awareness raising meetings in the community to deal with issues such as HIV/ AIDS and family planning, and has distributed condoms. Tullow Oil has also provided training to communities on modern agricultural practices and such initiatives were a convenient form of interaction.

Interviewees also reported that, with the support of the LC I Chairperson of the village, Tullow Oil has organised community meetings when there are specific issues to raise with them. These meetings are intended to inform communities on activities, such as seismic studies, flaring and well testing. Respondents reported that these meetings

have helped to make the community aware of the activities taking place.

#### Benefits and Barriers

Community respondents noted that impacts of oil exploration started to be felt in the community in early 2007 when the Tullow Oil established its camp in Kyehoro and expanded its seismic studies to Kiryamboga. Since then the area has witnessed a number of positive developments that have changed the face of the village and the lives of the inhabitants. These include road improvements, agricultural support, borehole provision, employment opportunities, health education and sports equipment.

Kiryamboga respondents explained that due to intensive seismic studies both on land and in the lake, as well as rig movements, Tullow Oil required a good access road to the area. This has led to the improvement of the Hoima-Kiryamboga road which was subsequently expanded to Kaiso and Tonya Parishes. A bridge was also constructed on river Wambabya, facilitating access to the area. Although there has been an improvement of the road network in the area, community members stated that the road does not reach Kiryamboga but instead passes to Tonya.

The company has reportedly undertaken CSR activities in the area. For example, farmers have been trained in modern agricultural practices, provided with improved seeds and had trees planted. These activities reportedly aim to improve household food security and mitigate the effects of climate change arising from deforestation. Additionally, the company distributed wire fencing to the farmers, which they have used to fence off their gardens to protect them from roaming animals in the village.

Tullow Oil has contributed to improved sanitation in the village through the construction of a new borehole. This has reportedly reduced pressure on the existing government-provided borehole and is located conveniently for the community school allowing both pupils and the general community to access clean and safe water.

With regards to employment, respondents stated that there has been some casual employment opportunities for the local people that temporarily improved the lives and families of those employed. However, these were seasonal, unskilled and low paid.

Tullow Oil has undertaken awareness raising activities in the community around health issues. The specific focus has been on hygiene in the home, HIV/AIDS, malaria, family planning and distribution of condoms to the community. Some community members have been trained as peer educators who carry on the awareness raising work on behalf of the company. In addition, the company provided sports equipment for the youth in the village, including footballs, uniforms, socks and shin guards. Tullow Oil also organised a football tournament for all the villages where the company operates, and the winning village received prizes.



Barriers to greater benefits were also listed by the community respondents. These include issues around information provision, community representation, land acquisition and compensation.

Community respondents noted that there is a lack of communication from both the government and the company on issues surrounding the oil sector. In addition, they noted that local leaders, especially sub county officials, could better support the community to share their concerns with Tullow Oil. This lack of communication has resulted in the community feeling disenfranchised and has reduced community support to the development, as expressed below:

*“For us in this community we always give information to researchers, what we hate most is that we are not given feedback on the reports.” A youth in Kiryamboga*

Kiryamboga respondents reported concern over how community land is being acquired by speculators. There are purported incidences of land being bought without current occupants’ knowledge and consent. This has increased fear of eviction in the respondents. In addition, the community is unsure as to whether eviction will result in compensation or resettlement for them. This lack of clarity on compensation is highlighted by one Kiryamboga resident:

*“The Tullow people who surveyed the area said land and other property will be affected by oil exploration and drilling but will only compensate for property affected not land because the land belongs to government. Since when did the government buy this land from us?” Kiryamboga resident*

There is limited community initiative to demand services from the company and their leaders. This has resulted in the community receiving goods and services that are not their priority and do not meet their actual needs.

### 3.5.4 Kyapaloni Village

Kyapaloni is located in Kabaale Parish, Buseruka Sub-County in Hoima District. Kyapaloni is one of the seven villages<sup>6</sup> that are affected by the proposed oil refinery plant project that is expected to serve the whole country for the refining function.

#### Interactions

In November 2011, the RDC of Hoima District conducted an official meeting in the community to explain about the oil refinery, and reportedly cautioned the community not to interfere with the government’s oil projects.

In February, March and May of 2012, the MEMD organised three sensitisation meetings about the oil refinery project that were conducted by the District Information Officer (DIO). In the meeting of May 2012, the MEMD came with a team of surveyors and government valuers to assess

land and crops, which will be affected by the oil refinery construction. Community members stated that no report or details of the next stage or procedure were given to those involved. Similarly, another team of government officials came to conduct a situational analysis/fact finding exercise in early 2012, but no feedback has been brought back to the community.

In March 2012, the Buseruka Sub-County officials and RAP team came to demarcate the area that was earmarked for the construction of the oil refinery plant. In October 2012, Tullow Oil officials conducted a meeting with the community about the refinery project but only 20 households were involved. Community members did not feel that they were involved enough to air their views on the development.

Respondents reported that these meetings with the government had no specific agenda and the community members were unclear as to what their expectations should be, what the process was, and what roles and responsibilities were relevant for different stakeholder groups. The community felt they were invited to listen and take orders, rather than to participate.

Kyapaloni respondents also reported interaction on oil issues with the Kampala based NGO, Water Governance Institute. The NGO held a meeting with the community, which focused on understanding the oil projects and the impacts of the oil industry on the livelihoods of the people. In addition, they invited some community members for meetings in Hoima and Kampala.

#### Benefits and Barriers

Kyapaloni respondents were able to cite benefits from the activity around oil in their village. These include road improvements, educational materials, health initiatives and employment.

In 2010 Tullow Oil repaired the road from Kaiso to Tonya B, which passes through Kyapaloni. The company also provided text books to schools, including Kyapaloni Primary School, Kigaaga Primary School, Nyaihira Primary School, Kibaale Primary School, and Nyamisaga Primary School. In addition, Tullow Oil distributed condoms in the community and supplied drip water to health centres. Respondents reported that some community members were temporarily employed as casual labourers to clear the boundaries and paths that were being used during the land surveys and valuation exercises.

A number of barriers were identified which prevented greater benefits being realised. These include issues around employment, information provision, compensation, land rights, leadership, education and community-company relations.

Respondents stated that, while some in the community had been employed for casual labour, ethnic discrimination

<sup>6</sup> The other affected villages include Nyamasoga II, Kabaale II, Bukona A, Bukona B, Nyaihira and Kitegwa



in the recruitment process was reported to have prevented some members of the community from having access to the job opportunities.

The community of Kyapaloni report that they have no access to information about the oil refinery project and accordingly, there is a lot of confusion among those affected. This is exacerbated by rumours that circulate in the community, such as suggestions that the land would dry out and no longer be able to support crops. The community states that this is because there are neither participatory preparations, nor a documented procedure that has been shared with them detailing the implementation of the oil project.

Kyapaloni respondents also stated that they are unaware of any clear plans to compensate those affected by the project and there is a lack of communication about key stakeholder roles and responsibilities. The community reported concern that people have been coming to Kyapaloni and the surrounding villages to implement activities such as land demarcation, land fencing, and to give instructions to people not to grow crops like cassava, before the issues of land ownership are sorted. An elderly community member of 75 years warned: *"...fencing off people's land before paying them is dangerous."* In addition, community respondents report a directive halting the issuing of land titles. The residents of Kyapaloni have had no clarification as to why they are not allowed to have land titles. One resident stated: *"We should be allowed to have land titles like all the other Ugandans."*

The families of Kyapaloni and the neighbouring affected villages also reported that issues surrounding land have affected their ability to access loans to address domestic obligations like paying school fees for children (land is the only acceptable asset for local mortgage at community level). This has reportedly led to idleness of children, youth and parents, which respondents felt was risking community well-being.

Another important barrier to benefits noted by Kyapaloni residents is poor leadership at various levels. According to the community, this has left them ignorant, disorganised, uninformed and without direction of how to engage with government and the companies to negotiate for equitable benefits from oil.

Other barriers that were identified by Kyapaloni respondents included low levels of education that has limited access to skilled jobs, and problems of theft by community members which is felt to be a serious threat to community-company relationships.

### 3.5.5 Kyehoro Village

Kyehoro is a fishing village located on the shores of Lake Albert in the Albertine rift. There are approximately two thousand (2,000) residents in the village that comprises both Banyoro and Alur ethnic groups, as well as immigrants from neighbouring DRC. Kyehoro was previously host to Tullow Oil's camp, which overlooked the village. However, in 2012 the camp moved to Kaiso, impacting both the nature

and frequency of interactions between the company and the community.

### Interactions

Tullow Oil reportedly holds quarterly meetings with the community, the most recent (at the point of this research) having taken place in November 2012. The most memorable meetings that respondents could recall were in 2006 when Tullow Oil came to acquire land for their camp, 2007 when they told them of the oil well discovery, and 2008 to discuss the construction of Kyehoro Primary School. There was also a meeting held with fisherfolk to discuss oil activities that were going to take place on the lake. The company has also visited the community to recruit workers.

The community reported that their interaction with Tullow Oil reduced noticeably after the company relocated its camp away from the village. Some respondents note that whereas in the past, senior company officials used to visit the community, now the practice has changed with junior staff interacting more with the community. This corresponds with Tullow Oil's policy of employing Ugandans as community liaison staff to interact with villages, and also the recent change in the company's senior leadership from an 'expatriate' to a Ugandan national. Village leaders expressed their preference for the 'old policy'.

### Benefits and Barriers

Respondents cited a few benefits that have arisen from oil activities in the area. These include road improvements, investment in the health and education sectors, community training and equipment provision.

The community reported benefiting from the improvement of roads, such as the Hoima-Kaiso road, even though residents informed the research team that the improvements were made primarily to give the company better access to their wells and camp. Tullow Oil's presence in Kyehoro, before it relocated to Kaiso, resulted in increased trade activity which the community claimed as a benefit.

The community also cited benefits in the health and education sectors. Tullow Oil constructed a health facility with maternity services and paid the salaries of some of the nurses. In addition, the company has also built Kyehoro Primary School and has recently constructed a second school building with housing and toilet facilities for teachers. Tullow Oil was paying 4 teachers to teach at the school, which respondents say has made a big impact on education levels in the village. However these contracts had just been terminated at the time of the CCA interviews.

The community noted additional benefits in the form of training of community members in peer education, bee-keeping, tailoring and life-saving on the lake. Tullow Oil also provided improved nets to fisher folk, planted trees, provided metal tethering for goat projects, and supported sports in the village by providing equipment.

The respondents expressed optimism that the industry would benefit them more in future. One potential benefit mentioned was the hope that electricity may come to the village from the Wambabya hydro-power station in 2013.

The community was also able to list a number of barriers to greater benefits being realised. These include issues around community consultation processes and employment.

Respondents complained that there had been no community consultation on CSR programmes, and that Tullow Oil did not purchase supplies from the local community. They were also unhappy with the format of community meetings in which questioning was limited and the people who are allowed to ask questions were chosen by the facilitators. Respondents also noted that there were no longer government representatives in the meetings, and that Tullow Oil's CLOs did not relay information back to senior level officials in the company, nor did they bring feedback to the village.

Although there were also some employment opportunities created by the exploration, it was reported that very few jobs were given to locals and that most of the jobs were offered by Tullow Oil's contractors and were casual in nature. The community noted that while most jobs were given to the families of Tullow Oil supervisors and contractors, some job seekers had to reportedly provide bribes in order to get jobs. Respondents also considered the lack of required industry skills, low wages, the lack of job promotion opportunities, and the unfair dismissal of local workers as barriers.

### 3.5.6 Nsonga Village

Nsonga is located on one of the landing sites of Lake Albert in Buhuka Parish, Kyangwali Sub-County, Hoima District. Residents derive their livelihoods from fishing and small scale business. Nsonga has over 420 households and is mainly inhabited by the Alur and Bagungu with a few Banyoro, Banyankole and Bakiga. The area is bordered by three oil wells, Kingfisher 1, 2 and 3, and has had involvement with three oil companies<sup>7</sup> since 2004.

#### Interactions

The community's first interaction on oil matters was reportedly in 2004, when Heritage Oil requested a meeting through the LC I Chairperson. This meeting served to inform the community about the presence of oil in the area and to talk about oil exploration. In the same meeting, community members stated that they expressed the need for water, roads, medicine and local health facilities, jobs for the youth, and a school in the area. In 2005, Heritage Oil had another meeting informing community members about the ongoing oil exploration activities in the area, such as laying of seismic lines in the waters and within the community.

In 2007, Heritage Oil held more meetings with community members. For example, one meeting was reportedly

informing them about the 3-day oil well testing, and the need for them to vacate the area to avoid health complications associated with poisonous gases. Another meeting was to announce that the company had accepted the community's request for a school, and to introduce the contractor responsible for construction. In this meeting, Heritage Oil reportedly requested vacant land from the community and were allocated the land on which the company built Buhuka Primary School. The company also organised a meeting with the community to announce that they had accepted their request for water and that they were going to provide 26 taps throughout the parish. Heritage Oil also made provisions for treating the water and paid for tap attendants.

According to the respondents, Tullow Oil interacted with the community of Nsonga in 2009 when they held a meeting to introduce themselves and inform the community about their acquisition of King Fisher 1, 2, and 3 from Heritage Oil.

In 2012, CNOOC Uganda, a subsidiary of Chinese National Offshore Oil Company, visited the villages that had oil prospects in Buhuka Parish to inform them that they had bought shares from Tullow Oil. In their visits they reportedly requested the community's cooperation and support.

Respondents recalled that CNOOC organised another meeting in 2012 to talk about their support to the local education sector. They announced that they would supplement teachers' salaries with an additional UGX 150,000 and provide food to both staff and pupils at the Buhuka Primary School. CNOOC also announced that they would donate books to pupils as a way of improving on the education standards. CNOOC met with community members in 2013 when they came to offer sponsorship support in technical training to S4 and S6 leavers. The company reportedly requested the LC I Chairperson to select 17 youths to join the Nile Vocational Institute in Hoima. Students were only required to have the basic needs like a mattress and transport to the institute.

In 2012, as part of CNOOC's EIA, there was community consultation about how the previous companies had been treating underground residues. Community members responded to semi structured questionnaires used by CNOOC consultants. In January 2013, CNOOC was reported to have had a meeting with community members informing them that the company was going to drill another oil well. In the same meeting, CNOOC purportedly talked about expanding on the landing site for the ferry, the air field and the camp for their equipment. Again, community members used the opportunity to request a road on the escarpment. Shortly after, there was another meeting with community members to inform them that CNOOC had accepted the request to construct the road and that work would start in July 2013.

#### Benefits and Barriers

Nsonga respondents were able to cite benefits from the presence of both Heritage Oil and CNOOC in the area.

<sup>7</sup> Heritage Oil in 2004, Tullow Oil in 2009 and CNOOC 2012

These include the construction and staffing of a school, improved access to water, facilitation of development initiatives, employment and scholarships.

With regards to Heritage Oil, respondents stated that they constructed Buhuka Primary School as a donation to the community. The school was perceived to have been very beneficial to the community as it is the only primary school in the area. Heritage Oil also reportedly provided piped water via 22 taps that were distributed throughout the entire parish. This was also considered a major benefit to the community because until then they had no source of safe water and would drink from the lake.

According to residents of Nsonga, Heritage Oil, in conjunction with government officials, helped distribute mosquito nets donated to the community by the Malaria Consortium. The company offered one of their boats to transport the team of distributors to communities that were more easily accessible via the lake.

Heritage Oil gave various casual jobs to the local community, thereby providing an income. Some of the jobs included slashing of grass, washing, carrying food from the hill and digging pit latrines. In addition, Nsonga respondents noted that there had been an improvement in the markets for local produce such as milk and meat, thus improving income levels in the community, since the oil companies had been present.

Nsonga respondents stated that CNOOC had fulfilled their promise to the community to support Buhuka Primary School by providing staff and supplementing teachers' salaries. This has reportedly helped to motivate teachers and improve their performance. The company has also offered to sponsor seventeen Senior 4 and Senior 6 leavers to acquire technical training at the Nile Vocational Institute in Hoima. According to community members CNOOC has also promised to construct a road on the escarpment, with works due to commence in 2013. The community believes that this development will help to ease transport down towards the lake since the area is inaccessible.

Community respondents also listed a number of barriers to greater benefits being felt in Nsonga. To begin with, respondents reported that they were not consulted by oil companies on developments in the area. As an example, they mentioned that companies sometimes survey community land without consulting them, leaving the community anxious about the company's intentions. The community also accused the company of blocking community roads, and thereby shortcuts to homes, without opening others. Another barrier reported by participants in the study is that there is no clear information about the areas gazetted for oil activity. This has reportedly led to heavy fines and harsh treatment when company security personnel apprehend domestic animals in such prohibited areas.

Ethnicism and favouritism in the recruitment and hiring process was another barrier reported by the community. One respondent stated:

*"We have been left out for casual jobs because companies have been recruiting from Congo thinking that we do not have the energy and also favouring Banyankole and Baganda for good jobs."* youth group in Nsonga

In addition, some community members who were employed by the company reported that salary payments were often delayed. Those that supplied products such as meat and milk to the company also complained similarly about late payment for their goods.

This situation is exacerbated by the fact that there were no formal contracts between companies and suppliers of goods and labour from the community, leaving those affected with no basis for negotiating or making a claim for payment.

Nsonga community also reported a complaint that fisher folk were prohibited by the company from fishing on the lake for three days without compensation. This was deemed a problem given that fishing is the primary economic activity in Nsonga.

### 3.5.7 Tonya A Village

Tonya A is located in the Kaiso-Tonya Parish on Lake Albert. The inhabitants of this village are predominantly Banyoro and Alur and their main sources of livelihood are fishing and cattle keeping.

#### Interactions

Tonya A respondents stated that they first encountered Tullow Oil staff in 2006 during seismic surveys. Respondents have also met with Tullow Oil CLOs since 2011 through the implementation of their CSR activities. For example, a women's focus group described a meeting where the Tullow Oil CLOs discussed education. They reported that "they [Tullow Oil] told us to educate our children because the world is changing".

The community respondents noted that other interactions with Tullow Oil have occurred when the company called meetings to announce drilling and subsequently when the drilling took place.

A further interaction between the community and company reportedly occurred in January 2012 when the Irish Ambassador visited the camps. Respondents recall there being some confusion around this as some claim that the Ambassador told the community that he was the head of Tullow Oil. The respondents had composed a letter in advance of the visit raising community issues, which was stamped by the LC II Chairperson and handed to the delegation.

#### Benefits and Barriers

Respondents from Tonya A noted a limited number of benefits from Tullow Oil's presence in the area. These



include trees planted by the company, training for women in the village to become peer educators and raise awareness in the community of health issues such as prevention of HIV and other sexually transmitted diseases (STD), t-shirts given to women peer educators, and books and condoms to distribute in the village. In addition, respondents reported that Tullow Oil has made some improvements to the village health centre, a health worker received training in HIV testing and counselling, and microscopes were provided for the facility.

Barriers to greater benefits, reported by Tonya A respondents, include issues around borehole maintenance, water quality, health centre staffing, employment opportunities, marginalisation and information provision

Although the community acknowledged that Tullow Oil sunk a borehole in Tonya A, it was not functioning when the research team visited in December 2012. The sub-county has reportedly demanded that the community pay for repairs to the borehole, leading to the repairs not being carried out. Respondents stated that they currently use water from the Lake for washing and cooking, and from the Wambabya River for drinking. However, they complained that the river water is not good quality. With regards to the health centre constructed by Tullow Oil, respondents expressed frustration that the health worker trained by the company was not a resident of the village and has subsequently left so they are no longer benefiting from the training.

Tonya A respondents reported that Tullow Oil constructed a road in the community, although they claimed that it was to suit company interests. One of the community's main needs is a bridge to connect Kaiso to Tonya. Currently, children from Kaiso have to cross the river each day to reach the primary school in Tonya, and this is sometimes a dangerous journey, undertaken by boat or by walking across the river. Residents claim that there have been a number of deaths caused by crossing this river.

Another source of frustration for the community is the lack of job opportunities available to residents since Tullow Oil started its operations. Respondents believe that other villages have benefited instead. Tonya residents were reportedly told to apply, but they state that their applications sat on the desk in the LC I Chairperson's office and were never collected by Tullow Oil.

There was a perception amongst respondents that Tonya A is not benefitting as much from the recent oil activities in the area compared to the surrounding villages. The main complaint of the Tonya A residents is that the company told them they were "better off" than other villages. Tonya A already has a school and a small medical facility and so has not benefitted from these as additional services. Respondents believe another contributing factor to them being overlooked is that they are situated farther from the Tullow Oil camp. This was not entirely blamed on the company as one resident told the researchers, *"...the government has forgotten us."*

The lack of information about issues relating to oil activities

is also seen as a barrier to Tonya A respondents. As with many of the villages interviewed in the region, Tonya A residents told the research team that they feared their land would dry up because of oil and would like clarity on whether they should leave their homes before the land can no longer support their livelihoods. The lack of information has left the community feeling disempowered, which is further exacerbated by the reported lack of engagement from the CLOs and the company not asking them about their needs.

## 3.6 Kanungu District

Kanungu is one of the districts of Kigezi Region in south-western Uganda bordering Rukungiri District (from which it was carved in 2001) to the north and east, Kabale District to the south-east, Kisoro District to the south-west and the DRC to the West. The Uganda Bureau of Statistics (2011) estimates the district population to be 252,100 people. The CCA covered the villages of Kameme and Kazinga/Bukorwe.

### 3.6.1 Kameme Village

Kameme is one of the 29 villages of Kihiihi Sub-County and particularly located in Kibimbiri Parish. The village was home to an oil well where Dominion Petroleum explored and reportedly drilled a dry well. According to the LC I Chairperson of the village it is inhabited by approximately 500 households who are basically agriculturalist (growing crops like cassava, tobacco, rice, maize, and millet). The village is mainly inhabited by the Bakiga as the dominant ethnic group and the Bafumbira as the minority but co-existing as one ethnic group as they freely interact and speak the same dialect.

### Interactions

Respondents from Kameme noted a number of direct and indirect interactions between Dominion Petroleum and the community and their leaders. Meetings were held in the village with the community as a whole and with individuals. In 2007, Dominion Petroleum made radio announcements about potential oil discoveries and oil exploration activities taking place in the area, such as aerial and seismic surveys.

Respondents recalled that Dominion Petroleum held three meetings in the community to discuss oil discoveries and oil exploration, and how this would impact on the community in terms of crop damage, compensation and employment. Dominion Petroleum used the LC I Chairperson to mobilise the community to attend the meetings.

In 2007, the sub-county leadership headed by the LC III Chairperson organised three meetings with the residents of Kameme. At the meetings the LC III Chairperson asked the community to cooperate with Dominion Petroleum and assured them that crop damage would be compensated. He also told the community that Dominion Petroleum would donate furniture to Kameme Primary School. Further meetings were held in 2007 with the RDC of Kanungu to inform the community of the



potential benefits from oil exploration activities, such as road improvements, extension of electricity supply and employment opportunities. In 2009 the LC III Chairperson held a meeting in the village to discuss potential benefits from oil revenue; however, he cautioned people to be careful about land and advised them not to sell their land.

Dominion Petroleum held further meetings in the community between 2008 and 2009. At one of these meetings they informed the community that oil was a 'Ugandan discovery' as it had been discovered in Bunyoro and West Nile Regions.

Additional interactions took place during distributions of mosquito nets to pregnant women at Kameme Primary School, and during assessments and compensation for crops and other property damage during seismic surveys and laying pipes. Dominion Petroleum also held a 'sensitisation' meeting with the community during which they advised the community not to sell land, because *"the land will benefit you and your children in future."*

In 2009 Dominion Petroleum held individual meetings with farmers to discuss compensation for crops damaged from pipes passing through their land. These individual meetings were arranged privately with the help of the LC I Chairperson. The community did not initiate any meetings with Dominion Petroleum; rather they were called for meetings by Dominion Petroleum. The sub-county leadership attended all the meetings organised by Dominion Petroleum which helped to restore hope and confidence in the community about the prospects of oil exploration. However, even though women participated actively in all the meetings, youths felt that they were excluded from all meetings and community activities concerning oil exploration.

### Benefits and Barriers

Respondents noted a number of community and individual benefits from oil exploration in the area. One benefit was the payment of UGX 5,000 made by Dominion Petroleum to every person that attended meetings. According to respondents this payment encouraged active participation in the meetings.

The community as a whole received benefits from Dominion Petroleum's donations of beds to Manda Health Centre III, as well as 82 desks and 18 text books to Kameme Primary School and benches to Kyentiza Primary School. Pregnant women in the village benefitted from the donation of mosquito nets.

Respondents claimed that they had not received as many benefits as were expected, and they hoped to receive more in the future. Some potential benefits they hoped would be increased business opportunities and expanded markets for locally produced food items from the increase in people in the area due to oil.

Respondents also expect that there will be improvements in infrastructure such as roads and electricity, as well as improvement in health facilities and services and improved

education standards in the village.

Community members are hopeful that more employment opportunities will be available for skilled and semi-skilled workers, improving their livelihoods and indirectly benefiting the community from increased earnings.

Community members noted that there were a number of barriers that had prevented benefits from oil exploration. The short amount of time the company had spent in the area had led to limited benefits. Further, respondents claimed there was limited information and updates on the progress oil discoveries and activities.

Because oil was not drilled the community had not received expected benefits. A further barrier was that Dominion Petroleum did not recruit local people for work. Instead they brought semi-skilled workers (e.g. drivers) from outside the village that were available in the village. The person responsible for recruitment was reportedly biased against people from Kameme, so he recruited people from outside (e.g. Kihiihi Town, Bihomborwa and Kibimbiri). For those who were employed as casual workers there was reduction of pay (from UGX 10,000 to UGX 5,000 – 8,000) following complaints from a district official that teachers would leave their jobs to work for Dominion Petroleum. This in the end did not just affect the teachers but any other worker in the company.

The village has poor infrastructure like roads, clean water and not connected to electricity that could have provided the basic services for the company staffs to increase on business opportunities for the locals.

CSR projects were not carried out in consultation with local people. Respondents claimed that their most pressing needs were not met by the projects. Further, there were no consultations with the locals about what the company needed in terms of labour and food stuffs from the community. The community felt left out in the entire process of oil exploration.

Another barrier was low compensation rates developed by the district and sub-county local governments for crops, especially perennial crops such as coffee which take a long time to mature. Further, the assessment of damages to land and crops were carried out without the consultation of affected people. Because there was no focal person to feedback community complaints to the company respondents claim it made it difficult for grievances to be channelled to Dominion Petroleum. The community leadership did not take up this role; rather they posed a further barrier between the company and the community. For example, the LC I Chairperson asked for UGX 15,000 to provide a letter of recommendation letter to the company. This prevented a number of youths from accessing jobs as the recommendation was required to get an interview.

It was also reported that Dominion Petroleum workers bought land believed to contain oil in the hope of benefitting from future oil revenues.

In addition to the above, respondents claimed that oil

exploration activities led to increased wildlife movements into their community leading to destruction of crops for which they were never compensated.

### 3.6.2 Kazinga and Bukorwe Villages

Kazinga and Bukorwe are adjacent villages located next to the camps which were set up by Dominion Petroleum during oil exploration activities. They are located in Bukorwe Parish, Nyanga Sub-County, Kanungu District. They are home to approximately 70 households of mixed ethnicity, Bakiga and Banyarwanda, whose primary economic activity is crop cultivation.

#### Interactions

Respondents from Kazinga and Bukorwe reported that they had interacted with government officials and Dominion Petroleum on a number of occasions over a 15 year period. Their first interaction was with government officials from MEMD in 1994, when some community members helped to clear bush so that technical surveys could be carried out in the area. In 2007, Dominion Petroleum visited the district and sub-county headquarters and held a meeting with some community members. In the same year, Dominion Petroleum built a camp next to the Uganda Wildlife Authority (UWA) headquarters in Kigezi Wildlife Reserve.

Also, in 2007 Dominion Petroleum requested the LC I Chairpersons in Kihiihi Sub-County to write letters of recommendation for casual workers to be employed by Dominion Petroleum for exploration activities. LC II and III Chairpersons used the opportunity also to write letters of recommendation.

In 2008, some of the youth from both villages met officials from Dominion Petroleum during the recruitment of casual workers; however, none of the youth were recruited. In the same year, some of youth interacted with Dominion Petroleum employees by providing daily transport by motorbike between Kihiihi Town and the Dominion Petroleum camp. One resident of Kazinga recalled:

*“Interaction was not good; Dominion was not coming to interact with local people, not even at the burials or feasts.”*

In 2010, the LC I Chairperson for Bukorwe and LC III Chairperson for Nyanga Sub-County organised a meeting to inform the community that Dominion had donated desks and text books to Bukorwe and Ishasha Primary Schools. At the same meeting, the LC III Chairperson informed the community that the government had issued Dominion Petroleum an oil exploration license, and some members of the community would have opportunities for employment with the company. Respondents were unsure exactly when Dominion Petroleum left the area, but recalled that it was sometime between 2009 and 2010.

#### Benefits and Barriers

Residents of Kazinga and Bukorwe recognised a number

of benefits from the presence of Dominion Petroleum in the area. The main benefits were related to improvements in the local economy and donations to local primary schools. Demand for motorcycle transport between Kihiihi Town and the Dominion Petroleum camp increased, and the fares paid increased from UGX 2,000 to UGX 2,500 per person. There was also increased demand for food in Kihiihi market.

Dominion Petroleum made a number of donations to local schools between 2009 and 2010, which included 25 twin desks to Bukorwe Primary School; desks and text books to Bukorwe and Ishasha Primary Schools; 20 text books to Karoro Primary School. It was also reported that two local people benefited from employment with Dominion Petroleum.

Respondents from Kazinga and Bukorwe identified several barriers to benefits from oil exploration activities in the area. Some of these barriers related to poor or limited communication between Dominion Petroleum and the community. Dominion Petroleum arrived in the area unannounced and respondents claimed that this prevented the community from preparing to take advantage of any benefits that followed, such as employment. There was no formal arrangement for communication between the company and the villages, preventing community members both from finding out about employment opportunities and presenting their concerns and opinions to the company. Another barrier identified by residents of both villages was the intimidating presence of soldiers during meetings between Dominion Petroleum and the community.

Respondents noted a number of further barriers related to employment. For example, residents of Kazinga and Bukorwe reported that employment opportunities were limited. Of the 30 people recommended for unskilled jobs by the LC I Chairpersons of Kazinga and Bukorwe, only two were employed by the company. Respondents claimed that the reason for such limited opportunities was Dominion Petroleum's unfair and corrupt recruitment practices. They claimed that Dominion Petroleum viewed the youth in Kazinga and Bukorwe as weak, so had brought its own unskilled workers or hired them from urban areas, such as Kihiihi, Kabale, Kampala, and Mbarara.

Community members also claimed that access to unskilled jobs at Dominion Petroleum were enjoyed by only a few families in Kihiihi Town. Reportedly foremen at the camp would demand bribes or kickbacks from those seeking unskilled jobs, and only people from Kihiihi Town could afford to pay bribes. Some respondents claimed that prostitutes from Kihiihi Town had been hired by Dominion Petroleum foremen to work as cooks at the camp. Some respondents also stated that unskilled workers at camp were told they would be paid UGX 10,000 per day, but they received UGX 6,000 because Dominion Petroleum foremen would keep the rest. Respondents also claimed that other unfair recruitment practices took place, such as hiring along ethnic lines, and recommendations by the LC III Chairperson for workers from his own village only.

Further, Dominion Petroleum's policy of paying unskilled workers' salaries directly to their bank accounts meant that little or none of the cash would be spent in the villages close to the camp. Community members also noted that low levels of education among residents of Kazinga and Bukorwe were a barrier to accessing skilled jobs in the

petroleum industry.

Other barriers identified by residents of Kazinga and Bukorwe were related to the institutional practices at Dominion Petroleum. For example, Dominion Petroleum dismantled the camp once their operations finished, but did not make the camp infrastructure available for the community to use. Further, respondents noted that Dominion Petroleum would buy food from the market in Kihiihi Town instead of the villages next to Dominion Petroleum's camp, preventing locals from benefiting from increased trade.

Another barrier was reportedly Dominion Petroleum's practice of dumping of waste such as nails, stones, bricks and polythene bags into the villages next to the camp.

### 3.7 Rukungiri District

Rukungiri is one of the districts of Kigezi Region in south-western Uganda. It is bordered by Rubirizi District to the north, Mitooma District to the east, Ntungamo District to the south-east, Kabale District to the south, Kanungu District to the west and the DRC to the north-west. The Uganda Bureau of Statistics (2011) estimates the district population to be 321,300 people. The study covered the villages of Rwenshama and Rwesigiro. Dominion Petroleum had operations in both these locations between 2009 and 2012.

#### 3.7.1 Rwenshama Village

Rwenshama is located in Bwambara Sub-County, in Rukungiri District. It is a landing site on Lake Edward comprised of 1,000-2,000 households that are predominantly of the Banyabutumbe and Bakiga ethnic groups. The primary economic activity in Rwenshama is fishing.

#### Interactions

According to community members, several interactions took place between Dominion Petroleum and the community between 2009 and 2012. Respondents recalled 3 meetings which were attended by some of the women in the community. These included a meeting at which Dominion Petroleum introduced themselves to the community, a meeting about the working relationship between Dominion Petroleum and the community, and a meeting about Dominion Petroleum's departure from the area. Some respondents recalled a number of other meetings in 2009 with a Dominion Petroleum official. These meetings were to inform the community about employment opportunities with the company, and to request cooperation between the community and company. During the same year there was another meeting in which the community requested for grading of the road from Rwenshama to Katunguru, and a meeting to request water from the community. There was a further interaction with the company when they donated mosquito nets to the community.

In 2010 the company held a meeting to request casual workers. In this meeting Dominion Petroleum advised community members how to apply to supply food products

to the company, and the company promised to issue certificates of service. In 2011 several interactions took place when Dominion Petroleum carried out CSR projects in the community. For example, when Dominion Petroleum donated translucent roofing sheets and delivery beds to Rwenshama Health Centre III and trained community peer educators about health issues. There was a further meeting in 2011 to identify pupils for scholarship opportunities.

In 2010 the community requested a meeting with Dominion Petroleum through the LC I Chairperson, with a Dominion Petroleum CLO. The purpose of the meeting was to discuss problems such as limited job opportunities available for locals and the unfair treatment of locals in Dominion Petroleum's camp. At this meeting, youth representatives requested a donation of football uniforms and five balls.

Community members also recalled a meeting with government officials, including the RDC and the District Chairperson, in 2011. At this meeting the officials advised the community to request CSR projects from the company.

#### Benefits and Barriers

Respondents noted a number of benefits from oil activities, which included donations of materials and equipment, and construction projects.

Dominion Petroleum donated mosquito nets to the community, provided 50 translucent roof sheets to the hospital, 1 labour and delivery bed, and 2 trolleys to Rwenshama Health Centre III. The company carried out renovations on the health centre's staff house, and Rwenshama school's classrooms and house. They also removed bats from Rwenshama Primary School and Health Centre III. Dominion Petroleum trained peer educators in the community and provided HIV testing and counselling to community members. The company also improved the road from Rwenshama to Ncwera, which benefitted the community. Some casual job opportunities were provided to women, youth, and men, but respondents complained that the wages were low.

Respondents noted an increase in demand for house rentals, shops, restaurants, hotels, and a higher demand for foodstuffs to the camp as a result of oil exploration activities. An increase in the value of land was mentioned as a benefit, as was an increase in income for sex workers. Some respondents noted that the communications mast in the village was a result of oil exploration which had improved mobile network coverage in the area.

Respondents noted a number of barriers which prevented the community from receiving benefits.

The short period of time the company had spent in the area had limited community benefits and had prevented the company from fulfilling a number of promises. Reportedly Dominion Petroleum had promised to provide a water booster engine to the community, give scholarships to students, to support the local football team and to fence Rwenshama Public Primary School, but these projects had not been implemented.



Some issues relating to employment were raised as barriers. Reportedly, workers were not given contracts of employment and were required to work long hours with no breaks. The company did not provide safety protection from wild animals or any medical care. Wages were low and sometimes there were delays of up to three months in payments of salaries. Some respondents complained that Dominion Petroleum's policy of paying casual workers into bank accounts meant that workers had to pay taxes, bank charges and social security. Another issue raised was favouritism and lack of transparency in the recruitment process. Reportedly, unskilled workers were brought in from other areas, such as Bunyoro and Mbarara. The long process of security verification for employees through the Border Internal Security Organisation had also caused problems for some workers. Low levels of educational attainment were also cited as a barrier to community members gaining employment with the company.

Another barrier to benefits was associated with exploration activities. For example, explosives used in the lake caused fear in the community and had disrupted fishing activity, which reportedly had led to a reduction in the fish catch. Another impact on the fish catch was said to be due to young people leaving fishing to work as unskilled labourers at the company camp. The apparent lack of information regarding oil activities was said to have posed a number of problems. Some community members claimed that there had been no feedback from the company as to the outcome of exploration activities.

The community lack awareness of how they could benefit from oil and one respondent said that the community was unable to proactively engage industry actors concerning benefits. There was also fear over possible land grabbing, which was compounded by the lack of information made available to the community. Some respondents claimed that some community members had been exploited by land prospectors who bought land cheaply with the hope of making a profit through compensation for land. There were some concerns about the militarisation of the area. Community members expressed confusion and fear due to the presence of UPDF in the oil regions.

An increase in social problems was reported by some community members. Reportedly the number of marriage breakdowns had increased, as had the divorce rate. There had been an increase in the number of sex workers in the area, and one respondent reported the *"defilement by company workers, since they had a lot of money"*.

### 3.7.2 Rwesigiro Village

Rwesigiro is one of the villages that were impacted by Dominion Petroleum exploration activities in the Kigezi Region. It is located in Kikarara Parish, Bwambara Sub-County, Rukungiri District. It has approximately 74 households whose primary economic activity is crop farming.

#### Interactions

The first meeting between Dominion Petroleum and Rwesigiro village took place in 2008, when Dominion Petroleum informed the community about its exploration activities. Dominion Petroleum held a number of further meetings in Rwesigiro in 2010. One meeting was to update the community about Dominion Petroleum's operations in

the region, another was to deal with compensation issues, and a further meeting was held to discuss complaints from Dominion Petroleum employees about salaries, and was attended by the LC V Chairperson.

Further interactions between Dominion Petroleum and Rwesigiro residents took place on a number of occasions. For example, Dominion Petroleum met land owners during seismic surveys and to discuss crops destroyed during the surveys. Dominion Petroleum distributed mosquito nets in the community, and also met with the community to recruit workers. Dominion Petroleum also met with the community to encourage them to grow more crops to meet the market demand created by its operations. Dominion Petroleum also informed the community about programmes about oil exploration on Radio Kinkizi and Radio Rukungiri.

#### Benefits and barriers

Residents of Rwesigiro acknowledged a number of benefits from the presence of Dominion Petroleum in the region, including infrastructure. Respondents claimed that they had benefited from the construction of roads. For example the road that had been built from Rwesigiro to the Dominion Petroleum waste pit, and the improvement of the road from Kikarara to Rwenshama. The company installed a water tank at Kikarara Health Centre II, and distributed mosquito nets to each household in the village. Employment was provided to ten unskilled workers from the village. Compensation given for land used and crops destroyed by Dominion Petroleum during seismic surveys was also considered a benefit.

However, respondents also identified a few barriers to benefits from Dominion Petroleum's presence in the region. One barrier cited by respondents was the unfulfilled promises made by the company. For example, Dominion Petroleum reportedly had promised to build schools, provide tapped water and support the construction of fish ponds in the village, but these projects were not implemented. Respondents cited some barriers relating to Dominion Petroleum's recruitment processes. Some respondents disputed that Dominion Petroleum had employed women, and reportedly they had brought workers from outside the area. Workers from the community that had been employed by the company were made to carry out difficult jobs such as heavy lifting and digging.

Another barrier was related to weaknesses in communication between Dominion Petroleum and the community. For example, Dominion Petroleum did not consult the community about compensation offered for land and crops, and reportedly the opinions of the youth were not considered during meetings with Dominion Petroleum. Many respondents reported that they felt dissatisfied that Dominion Petroleum had left the area without informing the community of the outcome of exploration.

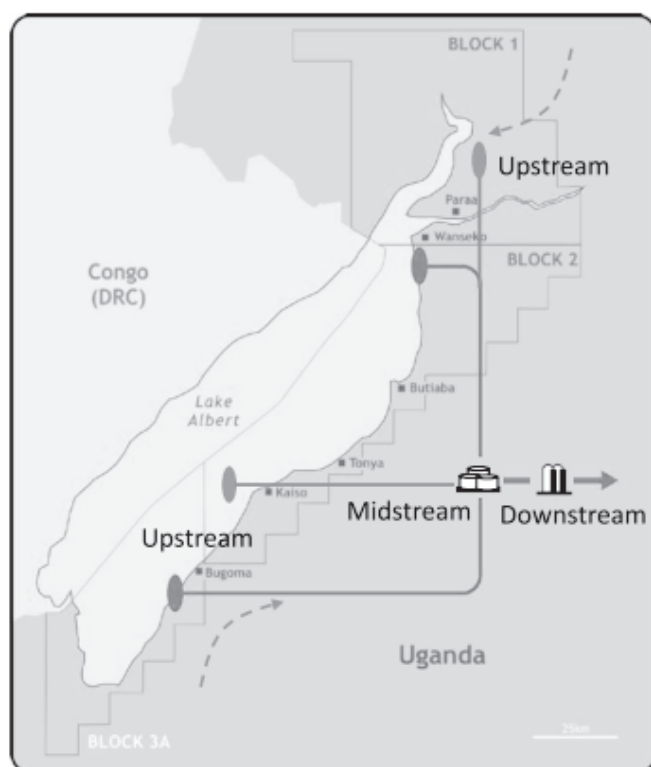
As with Rwenshama, respondents from Rwesigiro claimed that the short period of time the company spent in the area limited community benefits.



## 4. COMPANY FINDINGS

In this chapter we present oil company findings. Industry personnel, four from Total E&P and six from Tullow Oil, were interviewed in Kampala and at their respective field bases in Hoima, Buliisa and Nebbi. The research team met CNOOC at its headquarters in Kampala, but due to the early nature of its field operations in Hoima in late 2012/early 2013, CNOOC field personnel were not available for interviews at the time of data collection.

**Figure 1: Division of exploration operational blocks**



### 4.1 Total E&P

Total E&P is a leading international oil and gas company (5th ranked Major oil company) with over 90,000 employees worldwide. Total E&P operates in more than 130 countries and in all oil industry segments (upstream, downstream and chemicals (including base and specialty chemicals)). Total E&P is an integrated energy company with diversification in solar energy and biomass. In Uganda, the company is licensed to operate in Block 1 in the districts of Buliisa, Kiryandongo, Masindi, Nebbi and Nwoya.

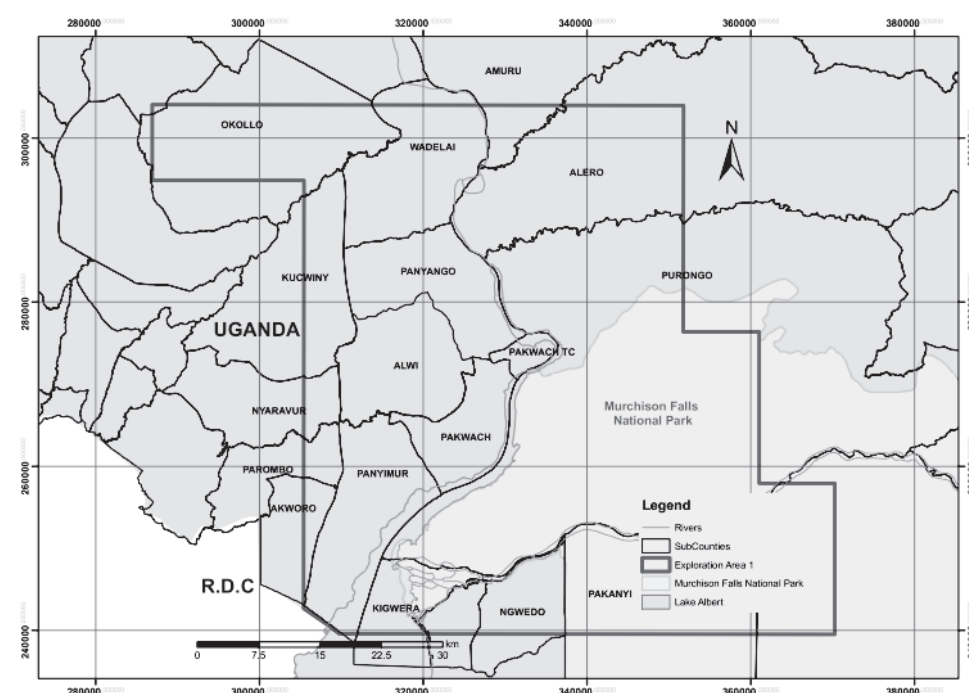
#### Interactions

Total E&P's interactions with communities in the areas of operation mainly take place through CLOs, who are partly responsible for addressing issues of community concern. Agencies such as the PEPD, UWA, NEMA and the Government Chief Valuer's office have been involved in some of Total E&P's engagements in the districts.

Total E&P interacts with communities and community leaders when carrying out mandatory studies such as Environmental and Social Impact Assessments (ESIA), and during land valuation for crops or for temporary lease land to Total E&P for operations. Total E&P also interacts with communities during recruitment procedures for casual labour posts. It was noted that Total E&P has limited interaction with communities in Nwoya District, except for some villages in Purongo Sub-County (e.g. Gwot-Apoyo), mainly because the area of operation in the district is largely in MFNP.

Total E&P CLOs in Nebbi hold quarterly meetings with Nebbi District officials, and have additional interactions with Nebbi District Police Department, District Land

**Figure 2: Sub-counties of Block 1 where Total E&P operates in the Albertine Rift**



Source: Total E&P

Board and District Environment Officer (DEO) during operations.

In 2011 and 2012, Total E&P organised meetings with Nebbi and Nwoya District Task Forces on Oil and Gas. At the time this research was conducted, Total E&P had reportedly held meetings with 187 villages in Nebbi and Nwoya since May 2012. Similar meetings were held with sub-county and district officials, as well as traditional and religious leaders. The main issues discussed during this period included: the introduction of Total E&P to the area and to outline the main objective of the company; the company's policies and ways of working, for example, the company's recruitment procedure. The company also informed communities about the requirement of access to land for Total E&P operations through temporary leases; issues of crop compensation; grievance management and discussion of procedures; issues to do with health, safety, security and environment; and general information sharing. Total E&P has engaged with traditional and religious leaders in Alur, Acholi and Bunyoro Kingdoms and respondents informed the research team that Total E&P would continue this activity annually.

In addition, Total E&P CLOs reported that they have been invited to a number of engagements organised by civil society to share information concerning operations and procedures. Some of these engagements included a meeting with the RICE-WN and International Alert in October 2012, during which the actors agreed to have quarterly update meetings. Total E&P also interacts with other NGOs such as the Netherlands Development Organisation (SNV) for community development projects, baseline assessments and feasibility studies. At the national level Total E&P interacts with CSOs in partnership with Tullow Oil and CNOOC. At the district level, as the operator of Block 1, Total E&P engages individually on key thematic areas such as operations, environment and land access.

Total E&P provides regular updates to LC I Chairpersons on company activities and recruitment plans. If the issues are beyond the LC I Chairperson's capacity to address Total E&P will approach the LC III Chairpersons; for example, during verification of land ownership in Nebbi. Total E&P CLOs interact with stakeholders at community level to address community grievances through Total E&P's grievance management system.

Total E&P reported that it notifies and provides updates to tourism operators about exploration operations and how activities, such as rig movements may affect tourism in the park. Total E&P also interacts with UWA/MFNP officials on issues of restoration, pad access, rig movements, EIA and seismic studies.

## Benefits and Barriers

### Benefits

Total E&P reported that the company's CSR strategy takes into consideration District Development Plans (DDP) but is also in line with Total E&P's principles of a

participatory approach and win-win situation. The focus of Total E&P's CSR programmes is on access to solar power, water, agriculture and HIV/AIDS. The company claimed that most of the benefits that communities have received from Total E&P's operations are due to CSR investments in the districts. Although Total E&P's CSR strategy is coordinated with DDPs, the company questioned the process for generating DDPs, especially the extent to which various stakeholders were involved.

Total E&P claimed that the company is addressing environmental concerns by enhancing access to solar energy to communities to phase out charcoal, and is pilot testing this project in Nwoya and Buliisa Districts. The company is providing support to local businesses to benefit from this project; for example, businesses are able to sell Total E&P solar products (Awango) from UGX 30,000 to a maximum of UGX 200,000 per system. In addition, Total E&P has provided a number of employment opportunities to community members. Most of these include semi-skilled jobs such as drivers and unskilled casual jobs, such as flagmen, slashers and sweepers.

### Recruitment Procedure

Total has developed a ballot system for recruitment. This process involves community members eligible for casual work entering their details into a ballot box which are then selected at random. Total developed the system to create a transparent procedure for recruitment and to spread employment opportunities to as many communities near the operational area as possible. Some of Total's contractors are using the system to recruit workers.

Total E&P respondents reported that communities have benefitted from the company's support for education in the districts of its operation. This support includes annual scholarships awarded to the best 5 students to complete the Uganda Certificate of Education from each of the 4 districts of Block 1 (Nwoya, Nebbi, Buliisa and Masindi); totalling 20 scholarships awarded each year.

Total E&P has also constructed some roads to drill pads, which they claim benefit communities. NEMA requests restoration once company operations in the villages have finished, however, communities have requested that the roads remain open for their use. Total E&P has made an agreement with UWA to maintain and modify the roads in MFNP.

Total E&P has paid compensation for crops, houses, graves and cultural sites destroyed during exploration activities, in line with the respective district compensation matrices. The company claims that this compensation is a benefit to communities.

Total E&P claimed that they have improved community access to safe water through construction of seven boreholes in Nebbi. These are currently used for Total

E&P's activities but the company said they will be handed over to communities when activities finish. Total E&P reported that they liaised with sub-county leadership to select the best location for the boreholes. Total E&P usually locates boreholes 20-30 metres from the oil pad, but can locate them up to 700 metres away from the oil pad to benefit the community. In Buliisa a rehabilitation project is planned to repair broken boreholes for community use.

Total E&P respondents noted that the company has provided financial support for national and local ceremonies. For example, Total E&P donated funds for the annual celebration for the King's (Omukama's) coronation in Bunyoro, Alur, Acholi, as well as for national events such as Independence Day. In addition, Total E&P pays relevant taxes to central and local government. All Total E&P contractors are obliged to pay the relevant taxes to local governments.

## Barriers

Total E&P respondents noted some barriers that have prevented the communities from benefitting from oil exploration. One barrier is the high expectations of communities that the company cannot meet during the exploration stage.

Respondents noted that some contractors are using Total E&P's ballot system to recruit casual labour in communities, but not all contractors are following this procedure, which prevents employment opportunities to some community members.

Total E&P respondents identified a barrier to the effective administration of scholarship opportunities. They noted that the company often communicates with district officials via e-mail but that this communication is not always shared with communities who have no access to such technology.

Further, respondents noted a lack of preparedness on the side of the community. Respondents specifically mentioned the inability for communities to supply meat and food products to the camps, the general low standard of food quality, and a lack of large trucks which communities could rent to the company. As one Total E&P employee pointed out:

*"...people are not ready to take advantage of the opportunities that the industry presents."*

Total E&P reported a concern about the general negative perceptions about oil activities held by local NGOs, which reportedly have provided misleading information about the sector to communities.

Another barrier to benefits was noted to be the high land occupation density, especially in Buliisa, which is leading to land pressures and land conflicts in communities around Total E&P's operations. This is compounded by unclear guidelines for ownership of land, for example, where land is not registered and boundaries are unclear.

Total E&P respondents also expressed their dissatisfaction with local politicians demanding allowances from Total E&P to attend meetings, which they claim has negatively impacted stakeholder engagements.

Total E&P respondents noted a potential barrier to benefits, which they claim could be the risk of communities abandoning traditional economic activities once oil production begins.

## 4.2 Tullow Oil

Tullow Oil was founded in 1986 in the UK and has been operating in Uganda since 2004. Tullow Oil is one of the largest independent oil and gas exploration and production companies with significant holdings in Africa. In Uganda, Tullow Oil holds the licence for exploration in Block 2 in the districts of Buliisa and Hoima in the Bunyoro Region.

## Interactions

*"During the exploration period Tullow has a strategy of how to engage with the community because we cannot avoid them, we are working on their land." Tullow Oil official*

Tullow Oil holds regular meetings with community leadership from district, sub-county, and village levels. At these meetings Tullow Oil is usually represented by the stakeholder engagement team. Staff from Tullow Oil's headquarters occasionally attend district and sub-county meetings when they are in the field.

In terms of approach, local government chairpersons provide the initial point of access to communities and are the key contact through which Tullow Oil disseminates information to communities. Formal meetings at district level reportedly take place once a month or more and focus on business updates, project updates and problem solving, although some casual visits, referred to as socialisation activities, also take place. Tullow Oil respondents noted that district officials at sub-county and district levels in Buliisa attend community meetings more often than officials from Hoima District, because operations in Buliisa are within close proximity to the district headquarters and homestead locations. Tullow Oil interacts with PEPD, UWA, NEMA, DEOs and wardens in protected areas on EIAs and operations. Tullow Oil also interacts with PEPD and NEMA during environmental impact monitoring. In addition to the monthly meetings, Tullow Oil holds quarterly stakeholder meetings at the district level with four main groups: CSOs, Hoima and Buliisa District Local Governments, inter-religious groups, and Bunyoro Kingdom.

Tullow Oil CLOs noted that ad hoc 'village-level' meetings take place when the need arises. This type of engagement was referred to by CLOs as a 'socialisation activity', the aim of which is to inform and prepare the community for a particular activity. Face-to-face meetings, arranged through LCI Chairpersons, take place with families that are directly impacted by activities such as seismic

testing or drilling on their land. In such cases PEPD will accompany Tullow Oil to the meetings. It was also noted that PEPD is usually on site to monitor operations and is also available to attend meetings organised by the company.

Tullow Oil also interacts with district and sub-county representatives when there is a project specific meeting. PEPD is present when there is a technical issue; for example, when Tullow Oil is communicating a project such as well testing or drilling. PEPD also attends community meetings if there is a significant level of complexity or if there is a community grievance, for example, a compensation issue. In such cases Tullow Oil requires the presence of PEPD to give communities the 'government line'.

Tullow Oil CLOs reported that sometimes village meetings are demand driven, for example, engagement can also take place after feedback has been received in order to clear up a certain issue. Tullow Oil meets with community members to respond to feedback, sometimes as a forefront engagement. Although meetings are usually initiated by Tullow Oil, in theory the community is able to call a meeting through the village leadership. However, it was suggested that because LCs do not 'facilitate' their locally initiated meetings (whereas Tullow Oil provides an incentive such as refreshments and snacks), people do not honour the invitations.

Tullow Oil makes use of radio announcements to inform communities of activities, and they also hold radio talk shows once a month. These radio programmes are held jointly with the other oil companies (Total E&P and CNOOC), and ministry officials and district officials regularly attend. Although Tullow Oil, Total E&P and CNOOC do not coordinate community engagement per se, because they operate in different licensed blocks, they do cooperate on other aspects of operations. Regular radio talk shows enable community members to phone in to ask questions and give feedback. Tullow Oil also receives feedback from communities through grievance cards, which are distributed at village meetings and delivered back to Tullow Oil through village leadership.

Additional interactions with communities take place through peer educators under health programmes and other CSR project-related activities. Tullow Oil works in partnership with NGOs to deliver some community programmes. Such programmes include a financial management programme with a Belgian development organisation called TRIAS, farmer training with a micro finance institution called HOFKAM, and an agri-enterprise programme with an Irish NGO called TraidLinks. All these engagements present an avenue for interaction with communities.

## Benefits and Barriers

### Benefits

Tullow Oil noted a number of benefits for communities as a result of oil exploration in the area, in particular, health

and education. Tullow Oil has built four health centres in Hoima and Buliisa, and has implemented a number of health projects in the communities, such as HIV awareness, malaria education, distribution of mosquito nets, a cholera campaign, and family planning. In terms of support for education, two primary schools have been built in Hoima which have not yet been handed over to the government. Tullow Oil also paid for four teachers to work at the school it built in Kyehoro village and supplied text books, scholastic materials, furniture and fittings to the school. Tullow Oil drilled boreholes, which have provided communities with safe drinking water. The company has also built roads, which respondents claim have opened significant social and economic opportunities to communities.

Regarding support to livelihoods, Tullow Oil partnered with TraidLinks to establish the agri-enterprise development programme, which provides farmers with training, loans, and links to markets. As a result of the project, Tullow Oil respondents said that farmers' incomes have greatly improved. It was also noted that this programme is a typical example of Tullow Oil's approach to CSR, as one employee emphasised:

*"...the capacity of people has been built rather than giving them handouts."*

Tullow Oil claimed that CSR is both demand-driven by beneficiary communities and designed to support company operations. Tullow Oil reported that the company harmonises CSR activities with the DDPs, which ensures that CSR projects are mutually beneficial. However, one Tullow Oil respondent was clear that the main purpose of CSR is to support the operations of the company, whilst support for the community is the government's role. The respondent explained that although CSR can benefit both, Tullow Oil's projects will first and foremost be based on strategic business moves linked to operational decisions.

Tullow Oil reported that community members have benefitted from employment opportunities. Workers are selected from the community closest to the area of operations, and the recruitment procedure involves names of community members put forward to Tullow Oil by the village leadership of the villages where the company operates.

Other benefits noted by Tullow Oil respondents include the resource centre which Tullow Oil built in Buliisa, providing computers and a library service for public use. Tullow Oil also built a windmill in Kyehoro village next to Tullow Oil's former camp which supplies water to the army, the school, the safari lodge and Kyehoro health centre. Tullow Oil also donated iron sheets to community members to improve housing structures.

Future benefits suggested by Tullow Oil respondents include support to the Bunyoro Kingdom to develop a cultural site, which will include a museum to display



cultural artefacts.

## Barriers

Tullow Oil respondents noted a number of barriers preventing communities from benefitting from the oil industry. Employment, given the limited opportunities in the industry for skilled labour, and the low levels of education in the communities were common themes. Respondents cited low levels of literacy, belief in witchcraft and the historical livelihoods system as issues that block benefits to community members. Respondents pointed to the unwillingness of communities to take up farming and change their source of livelihoods in order to benefit from supplying to the oil companies, for example:

*“Why educate when you have an easy cash system? They want to remain as fisher-folk. They don’t see education as a way to get money.”*

The issue of cross-border migration, which had increased with oil exploration and was contributing to an increase in social problems, was discussed. The amount of money flowing into the towns has reportedly had an impact by attracting migrants. Respondents claimed that during 2012 many people arrived from outside the area in search of jobs. The increase in the number of workers in the area has increased alcohol consumption and prostitution. Interviewees highlighted that the compensation money people are receiving is a potential problem. People may end up poorer due to a lack of financial management skills. It was also noted that intimidation by land speculators is causing some people to leave their land.

Tullow Oil disclosed some problems associated with buying food for the company camps from local sources. The contractor buys food from Kampala because there are some barriers to buying local supplies. Hoima-based suppliers struggle to compete with Kampala-based suppliers in terms of quality and quantity. Tullow Oil respondents highlighted another barrier, which is the poor attitude of the catering company to local sources of produce.

The ‘politicisation’ of projects is another barrier highlighted by Tullow Oil. They pointed to a growing political divide, ethnic politics and corruption, in addition to the overpricing of community projects by contractors.

The lack of local government capacity is another barrier according to Tullow Oil respondents. Although local government’s readiness to participate is high, there are a number of issues including staffing and budget constraints, and poor community organisation and initiative. For example, there is one DCDO for Buliisa, which Tullow Oil believed was inadequate. As a result, information is not adequately disseminated to the local level.

In relation to CSR projects, Tullow Oil claimed that lack of government ownership restricts benefits to communities. For example, the government did not provide teachers for the school built by the company or maintain the health

centres and schools that were built. One respondent commented:

*“Building schools does not guarantee good grades.”*

Tullow Oil respondents stressed that communities lack information on the whole oil industry process and they have not been prepared in advance. For example, policy guidelines for the industry are being created retrospectively. In particular, the lack of clarification on compensation issues has impacted company-community relations. Industry information has been mainly at the centre and because the rate of oil project development is very fast, the community may not catch up. As one Tullow Oil respondent highlighted:

*“If most MPs at the national level don’t know, then how is the community supposed to know about oil?”*

## 5 LOCAL GOVERNMENT FINDINGS

Local government officials were interviewed within seven oil-bearing districts, which included four respondents in Buliisa, seven in Hoima, seven in Kanungu, nine in Rukungiri, seven in Nwoya, seven in Arua, and six in Nebbi.

### 5.1 Arua Interactions

During the period that Neptune operated in Arua District, company officials paid a number of courtesy calls to leaders at the district local government and to heads of department in engineering, community development and land.

Further interactions between Neptune and district officials took place during consultation meetings, the EIA process, and during monitoring and supervision of exploration sites. District officials were also invited to community sensitisation meetings on oil organised by Neptune at Rigbo and Rhino camps. Neptune officials also interacted with District Land Board officials at a technical planning meeting. During this meeting Neptune informed the district local government officials about the dry well in Avivi. In addition, the district initiated a community meeting with Neptune to discuss compensation issues.

District officials reported that indirect interaction with the company took place through the radio talk shows and targeted messages sponsored by RICE-WN in partnership with the district local government. CSOs such as RICE-WN have been disseminating information through newsletters and leaflets which have helped keep district officials informed about the progress of oil exploration.

### Benefits and Barriers

#### Benefits

District officials noted some benefits related to oil exploration in the district. Some of these benefits were at the community level, whilst others were wider benefits to the district. At the community level, local government officials recalled that Neptune distributed improved mango and orange seedlings in Rigbo and Rhino camp, provided Emvenga Primary School with scholastic materials, offered casual employment to the community members, and supported the local business community through hiring their cars. Respondents noted that Neptune renovated and restocked the Arua Public Library, fenced off Rhino Camp Health Centre IV, supported Olujobo Health Centre II, upgraded Rhino Camp-Rigbo roads to the exploration areas with murrum, and opened more roads to prospective well sites.

#### Barriers

However, district officials noted that benefits were few and that a number of barriers prevented communities and Arua District from benefitting. Some of these barriers relate to issues at the community level, others are

associated with the way that the oil companies operated, while others concern the governance of oil as a new resource.

Respondents noted high community expectations and inadequate awareness on oil issues that impacted communities' readiness to receive oil companies in the district. A number of issues had led to a negative attitude towards the company. The oil company restricted community access to the land gazetted for exploration which posed an issue for some community members. Further, guidelines on compensation were not clear.

Neptune recruited staff according to international standards, which had led to them hiring skilled workers from outside Arua, minimising employment opportunities for local people. Furthermore, local government officials complained that Neptune's approach to CSR lacked a bottom-up approach. Local government was not usually consulted in planning and implementation of CSR projects and activities.

Towards the end of Neptune's license period, it informed the district local government that it had discovered dry wells in Arua. This led to suspicion amongst the communities that Neptune lacked the appropriate experience, studies, data, equipment and staff to successfully carry out oil exploration. There was also a feeling that Neptune was only in the area for a short time and wanted to exploit business opportunities and then sell to other companies. Local government respondents claimed that Neptune began exploration at a time when oil was an emerging sector in Uganda. At this early stage there were limited policies and guidelines available on oil issues and there was a lack of technical expertise at both the community and district local government level.

### 5.2 Nebbi

#### Interactions

In 2011, Total E&P took over Tullow Oil's operations in Nebbi District. The first meeting between Nebbi District Local Government and Total E&P was held in 2011 at Paraa Lodge when Tullow Oil formally handed over to Total E&P. In July 2011, the company also held meetings with communities to discuss seismic surveys. The company reportedly involved sociologists in these community meetings.

During 2011 and 2012 several meetings were held between Total E&P and the district local government. These meetings were described by respondents as 'sensitisation and feedback meetings.' Respondents reported that Total E&P sometimes consults local government officials, such as the District Planner, to discuss what Total E&P intends to do in the area and to arrange to collect information from the Nebbi District Planning Unit.

Although local government officials typically communicate with Total E&P through official letters, most of their interactions were reported to be in the form of quarterly

update meetings organised by Total E&P. According to respondents the purpose of these meetings is to make sure that the leaders and other stakeholders at the sub-county and the district know what is going on. Meetings have taken place both with local government and other stakeholders, the most recent ones at the time of interviews were held in February and March 2013.

In November 2012 a meeting requested by Total E&P was held in the Chief Administrative Officer's office, during which CSR issues and the wider benefits of oil exploration in the area were discussed. According to district local government officials, Total E&P's Corporate Social Responsibility (CSR) plans have been communicated to the district and are in harmony with the priorities set out in the DDP. In fact, one official said, *"Total will not go outside what is in the DDP."*

In 2012, Total E&P organised a 3-day long meeting in Entebbe that was attended by district local government officials, namely, the LC V Chairperson, RDC, DCDO, Chief Administrative Officer (CAO), and the District Planner. The meeting was arranged to provide education and awareness about the process of drilling oil, refining oil, and other oil related activities that would take place. At this meeting lectures were given by a visiting Professor from Oxford University, UK.

On 6th December 2012, the District Technical Planning Committee, which is comprised of the heads of district local government departments, invited Total E&P's CLO to a meeting to discuss oil exploration matters. The meeting addressed three topics: 1) the existence and quantity of oil reserves in the district; 2) what royalties there would be for the district; and 3) what additional benefits there would be for the district and community.

Local government officials reported that regular interaction takes place between the company and communities in the area. Respondents claimed that communities take their issues directly to the company CLOs, for example, individuals and families go directly to the CLOs to make requests for compensation. In fact, local government officials say that they know very little regarding the community's interaction with Total E&P, particularly regarding issues like land and other benefits requested by the community. However, whereas local government officials consider their relationship with the company as cordial, they described the relationship between communities and oil companies as mostly confrontational and driven by community demands.

At the district level, there is a technical committee comprised of the District Natural Resources Officer (DNRO), the District Production Officer, and the DCDO that is tasked with managing oil and gas related issues. Through this committee, Nebbi District Local Government interacted with the EIA consultant hired by Total E&P and had the opportunity to provide input to the ESIA process. The DEO also participates in field visits with the company's Environment Specialist. For example, in July 2011, Total E&P had meetings with the community regarding seismic surveys in which the DEO

was involved.

Respondents reported that some interactions had taken place with communities and NGOs. SNV supported Nebbi District to form an oil and gas task force at the beginning of 2012. A community dialogue was organised which was attended by representatives from Jonam County, sub-counties, Pakwach Town Council, NGOs, CBOs, political staff and technical staff. Issues discussed at the meeting focused on the various interests of the community and other stakeholders; the challenges faced in the community; and the formation of a unit that would act as a focal point for handling complaints. Education and awareness to local government on oil and gas issues have also been provided by RICE-WN and the Nebbi NGO Forum.

According to local government officials, there is no formal schedule for meetings between local government and the communities to address oil and gas matters. Such issues are integrated in other activities because the district does not have a dedicated budget for oil related community meetings. Despite this challenge, several meetings have taken place. For example, the Nebbi District Oil and Gas Task Force initiated a meeting with Total E&P which was held in Pakwach in August 2012. District officials held a meeting with Total E&P in Panyimur in October 2012 to address issues on compensation. Shortly afterwards, in November 2012, the District also held a meeting with Total E&P contactor Civicon to discuss issues related to site excavation in Kapita. Another meeting took place between local government and the company when the Technical Planning Committee invited the Total E&P CLO to a meeting in December 2012 to discuss a variety of issues. In 2012, the District LC V Chairperson and RDC requested a meeting with Total E&P and visited their head office in Kampala to acquire more information on oil activities.

Although a specific date was not provided, local government respondents reported that MEMD carried out an official visit to Nebbi District to discuss oil and gas matters. It was also reported that some district local government departments have regular interaction with central government officials and that central government has held several meetings on issues such as public-private partnerships (PPPs) and the National Communication Strategy. However not all respondents were aware of these interactions with the central government. Local government respondents also spoke of a meeting they attended with MEMD, a Total E&P representative, and NGOs to address 'misinformation' on oil and gas. With regards to the type of interaction between MEMD and local government during meetings, one local government official said: *"...we don't normally challenge them....they are our bosses."* Nebbi District Local Government officials participate in local radio shows on oil that are sometimes sponsored by MEMD. RICE-WN also attends the radio shows, as well as other representatives from Central Government. The interactive talk shows act as a form of indirect interaction between various stakeholders.

Finally, local government also interacts with NEMA. In

2011, NEMA trained District Environment Committee members and various technocrats on the impacts of oil and gas, and in 2012 held a similar training session for members of the Sub-County Environment Committee. District officials are also involved with NEMA during the process of reviewing EIAs.

## Benefits and Barriers

### Benefits

Nebbi District Local Government officials reported few direct benefits, saying that communities had realised benefits indirectly. For example, the purchasing power in local communities had reportedly improved as a result of increased local trade brought about by company employees and casual workers. They also reported a boost to restaurant and hotel businesses, with even some community members benefitting from renting out their properties.

In terms of employment, respondents noted that some local workers had been recruited for excavation and clearing on a casual basis. Regarding infrastructure, some roads have been improved to facilitate the oil companies' activities, which have also benefitted communities. Total E&P also constructed access roads in the communities in which they operate. One example is the road from Pakwach to Panyimur, which is credited for creating links to markets and enhancing community networks. Boreholes have also been drilled in Panyimur, although they are currently not accessible to members of the community.

In terms of future benefits, respondents said that Total E&P promised to make scholarships opportunities available to some students. They also spoke of Total E&P's proposed CSR plan that was drafted in November/December 2012, which is reportedly aligned with the DDP and Sub-County Development Plans (SDP). In that plan, Total E&P has set aside funding for health, water, roads, education, and environment. Although there has been no signed agreement on this to date the plan includes US\$50,000 for health programs such as those for HIV/AIDS; US\$50,000 for water projects such as provision of boreholes; and US\$50,000 for sustainable renewable energy projects, including provision of subsidised solar panels. Respondents expressed hope that the environment and education components of the CSR plan would be implemented. Other anticipated benefits include: royalties from oil revenues; increased investments in the area (land in Pakwach has already doubled in value); better opportunities for casual and skilled jobs; and more scholarships for students to prepare them for skilled jobs in the future.

According to local government officials, both Total E&P and Tullow Oil have funded training and awareness workshops for local leaders, and MEMD sent Nebbi DCDO to Norway for training on oil issues.

### Barriers

However, local government officials reported a number of barriers to benefits. It was noted that the relationship between communities and Total E&P is confrontational and that this is a significant barrier. The discontent in communities is reportedly due to the unreasonably high expectations of communities regarding oil benefits. Community expectations and demands reportedly are becoming a problem, especially considering that Total E&P is in the exploration stages and there is only a 50/50 chance of oil being found. For example, one respondent cited an instance of community members visiting the Civicon camp demanding to speak to company officials, and instead being frustrated when they were denied access to the camp and its officials. This lack of access to the company (in this case a Total E&P contractor) was contrasted with the company's ability to walk into the community with ease.

In addition, lack of information on the company's activities in the area is, according to government officials, a cause of suspicion at the community level. This barrier is exacerbated by the limited access to company sites of operation. For example, there is suspicion surrounding large machinery that is seen in Panyimur. Since the use and purpose of this equipment is unknown to the community, many believe that the company is discretely extracting oil and exporting it using the tankers that regularly deliver fuel to the sites. As one local government official noted:

*"...you can't access that place, so you can't know what is happening...this is fuelling the misconceptions."*

Lack of information and limited community engagement reportedly makes it difficult for government officials to adequately respond to questions from the community about oil and gas issues. The community believes that their leaders are in the know, yet very often local government truly has no answers to the community's queries. Some local government respondents concede that there has been limited follow up on their part, even though they believe that they have done the best they can.

Although district officials and other local leaders are hopeful about the benefits of revenue sharing, local government respondents claim that because they are not fully aware about the current status of oil, land, compensation, and benefit sharing matters, they are also uncertain about the extent to which the district stands to benefit. This uncertainty has been exacerbated given the Nebbi District Oil and Gas Task Force, which is supposed to be an avenue for information sharing, is not active due to funding issues and the death of its chairperson.

Furthermore, district officials felt that the Oil and Gas Policy and the National Communication Strategy for the oil and gas sector are not adequately implemented. Local government officials observe that the industry is too centralised to the extent that central government representatives come to do radio talk shows in the



district without the local government being informed in advance.

Interviewees expressed pessimism at what they described as a centralised tendering process for contractors, saying it had been designed by central government and companies in such a way that made it difficult for local suppliers and service providers to successfully compete for contracts. It is widely believed that some central government officials were tapping business opportunities and that the contractor MSL Logistics is owned by someone influential within the central government.

*“Another company came for tendering to talk about sourcing things locally, but we knew the tender would go to MSL.”* Local government official

Also in relation to business opportunities, local government respondents agreed that the mind-set of individuals in local government is focused on service delivery rather than exploiting opportunities for revenue enhancement, as one official noted: *“as a District we are not business minded.”*

The power of the oil companies was also cited as a barrier. Respondents are aware that oil is not unique to Uganda and that many of the oil companies are multinational and have a lot of power. According to the local government, this power can be used to restrict access of leaders to camps and limit the role of local government with mandate of the law. Respondents note that this can happen because the political will of the national government favours the oil companies.

The hierarchies of power within the local government structure were also reported as a barrier. According to local government respondents, these hierarchies often result in conflicting views with only the dominant voices being heard, while other voices are marginalised. This, they believe, has weakened the lobbying capacity of local government.

Another barrier is related to Nebbi District Local Government’s ability to perform oil-specific monitoring and evaluation functions. Respondents claimed that the limited resources available to the District Environment Office have made it difficult to ensure appropriate environment and social compliance in relation to oil activities.

Respondents also claimed that low levels of education in the area have caused the company to recruit from outside the district for semi-skilled workers. Local government officials also pointed to the poor recruitment process, and the poor methods of communication about employment opportunities.

Land ownership disputes were also reported to be a significant barrier. Conflict over land has arisen at the clan, household and individual level and influential members of the community are believed to be taking advantage of the situation. As one local government official said: *“People are going around demanding money when they*

*don’t even own land.”* – There is suspicion that overseas investors are using locals to buy and sell land.

In-migration was reported by local government officials to be causing social problems in the area, especially in Pakwach. Respondents noted an increase in sex workers, and concerns about HIV/AIDS and moral decline. An association of prostitutes has reportedly been created in the area called ‘Moonlight Stars’. Local government also associated the impacts of oil with changing lifestyles, breakdown of families, an increase in domestic violence, and young boys and girls dropping out of school and leaving home to get work. Prices for items such as food stuffs, hotels and accommodation have all risen in Pakwach, and there is reportedly a shortage of accommodation.

Respondents also noted some gender issues. Gender relations at a household level prevent some women to directly benefit from oil. For example, husbands do not want wives to work in the oil environment as women cannot own productive assets. As one local government official reiterated: “men flock to oil and leave women behind.”

### 5.3 Nwoya

#### Interactions

Local government officials noted that the district typically interacts with Total E&P’s community liaison department. Initially, Total E&P shared occasional written updates with district officials. However, a number of engagement meetings were also reported to have taken place with Total E&P.

Respondents highlighted that in 2012 Total E&P held several meetings with Nwoya District officials to discuss waste management, employment, scholarships, and CSR projects. In the same year, Total E&P granted a request made by the Nwoya District Local Government for Total E&P to sponsor learning visits for political leaders to other oil producing countries.

District officials recalled a meeting with Total E&P and contractors such as MSL Logistics, LST, and Civicon in February 2013, to discuss taxes, waste management, EIA, and employment issues among other things. District Councillors were then given an opportunity to tour oil exploration sites.

A regional workshop was held in Gulu to discuss a number of topics, including taxes, waste management, scholarships, CSR, and gaps in communication.

The district also reported indirect interactions between the local government and the community on oil issues through radio talk shows. These shows often involve the District LC V Chairperson and the RDC. They also noted that most other interactions on oil were through partnerships that the district has formed with NGOs, such as the Gulu District-based Voluntary Initiative Support Organisation (VISO), to create awareness on oil related

issues in the area.

While it appears that there has been some interaction between Total E&P and the Nwoya District Local Government, respondents observed that there was not as much interaction with the two preceding companies (Heritage Oil and Tullow Oil).

## Benefits and Barriers

### Benefits

District officials reported that there were no benefits to the community during the time that Heritage Oil and Tullow Oil were in the district. However, since the arrival of Total E&P there have been a number of benefits, and respondents noted that they expected future benefits. Total E&P contractor MSL Logistics donated one double-cabin pick up vehicle to Nwoya District Local Government, which is used by the District Chairperson to conduct official business. Respondents noted a scheme in which Total E&P sponsors five best performing Ordinary Level students from the district to pursue their Advanced Level studies in Kampala's top secondary schools.

In addition, respondents from the Nwoya District Local Government reported that Total E&P employed local people during road construction to oil sites. Although most of the employment was casual in nature, district officials highlighted that it contributed positively to local household incomes.

### Barriers

However, issues with employment were reported amongst the barriers to benefits for the district. District officials pointed out the inequity in employment opportunities, due to Total E&P's practice of employing people from outside the district for jobs that local people are capable of doing. Respondents also noted that there are relatively limited employment opportunities for women, and that some people were hired by the company as drivers, but were not used.

Local government officials also noted the inadequate provision by the oil companies of infrastructure such as roads, schools and health centres. Respondents claimed that limited benefits were in part due to lack of coordination between leaders, in particular those at Nwoya District Local Government and Purongo Sub-County Local Government. They alleged that while the district has its oil-related agenda, Purongo Sub-County often presents its own contrasting demands to the company, as one local government official said: "We ended up not speaking the same language." Respondents also noted lack of enforcement by the district, for example on taxes. Reportedly MSL Logistics was evading trading licenses, local service tax and permits, and local hotel tax.

*"...there is a low voice of the district. We should have come up to demand for the taxes."* Nwoya District Local Government official

Local government officials also noted a lack of clear district positions on oil related issues. For example, in Acholi, oil is generally considered "a Nwoya issue" as opposed to a regional matter, and reportedly some districts were not interested in taking part in meetings to discuss oil. District officials also claimed that there is no focal point person in the district offices to deal with oil issues and to report to the District Council, which has exacerbated the problem of poor information flow from the central government and oil companies to the district. Officials also revealed that they did not have sufficient information on oil to share with communities. One example given was that communities have limited awareness on the process of oil exploration.

Interviewees complained that central government was not clear on the roles of local governments in the oil and gas sector and as a consequence, oil companies did not feel the need to interact directly with the Nwoya District Local Government. It is widely believed that the oil companies are only loyal to MEMD and the Office of the President. According to Nwoya District Local Government officials, central government has limited their interaction to the oil companies, as MEMD is reportedly reluctant to attend meetings held by the district to discuss oil matters.

### 5.3.1 Purongo Sub-County

Purongo is one of four sub-counties in Nwoya District. The sub-county is adjacent to MFNP, which is host to several oil exploration sites. It is comprised of seven villages dominated by people of the Acholi ethnic group and its main economic activity is crop farming.

### Interactions

Local government respondents first interacted with Total E&P in 2011, when the company came to Purongo Sub-County to report their take over from Tullow Oil. After this time, several meetings took place with the community and sub-county leadership to discuss CSR initiatives, such as selling solar power systems, employment and scholarship opportunities. In one of the meetings in 2012, sub-county officials asked Total E&P to allow them to visit the exploration sites; a request that was neither granted nor rejected. Also in 2012, Total E&P held meetings with Purongo Sub-County officials, to request land for



*A pick-up truck donated to Nwoya District Local government by MSL Logistics, a Total E&P contractor.*

expansion. Total E&P also informed the sub-county about plans to transport crude oil to Buliisa District where the refinery would allegedly be constructed. In November 2012, VISO organised an awareness meeting at Pabit Parish for community and sub-county officials.

In January 2013, sub-county officials held a meeting with Total E&P to discuss the company's intentions to recruit casual workers. In February 2013, Purongo Sub-County officials attended a meeting Total E&P held with District officials to share updates and to present the company's work plan. At that meeting the company gave a presentation on the different stages of exploration.

Both political leaders and technical staff in Purongo Sub-County revealed that they had little-to-no interaction with Heritage Oil and Tullow Oil during the time the companies operated in the area.

*"Heritage did not have any relationship with the community. We heard that they secretly bought land from an individual for UGX 700,000 and dumped oil waste in it...they left without any formal communication."* Purongo Sub-County official

*"Tullow always did things on their own...they did not hold any meeting with the sub-county and did not even report officially."* Purongo Sub-County official

## Benefits and Barriers

### Benefits

Respondents at Purongo Sub-County highlighted some benefits resulting from oil exploration activities in the area. Two boreholes were drilled in Pawatomero and Paromo by Heritage Oil; Total E&P partially improved the road from Paraa to Wangkwar; scholarships were given to five students in the district (of which one student from Purongo benefitted); and casual, short-term employment was provided by Total E&P to some locals in the sub-county. Sub-county officials also highlighted expected benefits, such as the opportunity to supply food and other commodities to the company, and an increase in the number of semi-skilled jobs.

### Barriers

Sub-county officials also noted a number of barriers to benefits. They highlight that there has been insufficient training on oil and gas matters. Respondents also claimed that the relatively low levels of education and limited skills in communities restricted job seekers to casual jobs that offer little in terms of pay and employment related benefits, such as accommodation. The company allegedly advertises jobs on the internet, therefore excluding job seekers in the community that do not have access to the internet from the recruitment process. Sub-county leaders also reported that Total E&P contractors such as MSL Logistics had refused to pay for trading license, local service tax, and local hotel tax to the sub-county, which had negatively impacted the potential local revenue base and the quality of service

delivery. Respondents also claimed that the proposal to share 17% of oil revenue to oil-bearing district is unfair to the districts. It is interesting to note that the sub-county officials were ill-informed, as the draft Public Finance Bill recommends that all oil-producing districts and cultural institutions share significantly less at 7% of oil revenues.

It was also noted that due to oil exploration activities in MFNP, wild animals had been displaced and were destroying community crops, which the oil companies did not compensate. Some Sub-County Councillors claimed that trucks used by companies are too big for the roads, and some companies have spilled hazardous waste on the road during transportation to storage sites. In addition, sub-county officials complained that there is no clear communication regarding the hazardous waste that was dumped in the community by Heritage Oil several years ago.

Purongo Sub-County officials claimed that a further barrier is lack of access to Tullow Oil's camps. It was noted that the company did not consult the sub-county on CSR projects and as a result some projects are not aligned to priorities in the SDP. Respondents also stated that there was poor coordination and insufficient exchange of information between the central government and Nwoya District, particularly with regard to oil and gas. As a result the district does not have information to give to communities to address community concerns and suspicions. Respondents further claimed that there is limited education and awareness on oil and gas issues by both the central government and the oil companies. CLOs are too few and cannot adequately reach every community to sensitise them on oil and gas issues.

*"These companies do not allow even us to enter the sites, how can we know what's happening, we only see big vehicles?"* Purongo Sub-County official

Respondents at the sub-county complained that Total E&P (or its contractors) was buying land on which to establish operational sites, and as a result had caused conflict between Jonam and Acholi communities and among individuals in these areas. Further, the company did not buy local produce from local farmers but imported food products from Kampala, even though the district is a food basket in the region.

*"Total is very responsive but nothing much is done thereafter."* Purongo Sub-County official

## 5.4 Buliisa and Hoima

For the Districts of Buliisa and Hoima which were purposively sampled in Bunyoro Region, local government interviews were conducted concurrently with political and technical representatives from both districts. These data are presented together because all of the local government representatives from Hoima and Buliisa attended the same validation workshop. On the whole, the interviews revealed that interactions have



generally been between the central government and the oil companies, with limited interactions initiated by the local government with communities.

## Interactions

Tullow Oil began oil exploration activities in Hoima in 2006 after taking over from Heritage Oil. Since this time Tullow Oil has held a number of meetings with district officials in Buliisa and Hoima Districts to discuss and agree on CSR activities in the region. A meeting was held with Hoima District Local Government during the commissioning of schools and health centres in Kyehoro and Buhuka villages in Hoima District. This meeting was attended by community members from the towns and the neighbouring villages.

Respondents noted that company officials interact with the senior leadership at district level, namely the LC V Chairperson and the CAO. This is the entry point of the oil company to the district and subsequently to the villages. Tullow Oil and CNOOC oil companies meet local government officials during stakeholder engagement meetings which are usually held every six months. According to respondents, the most recent meeting occurred on April 12, 2012 during which oil companies gave updates to district leaders.

A meeting between CNOOC and the Hoima District Local Government took place in Hoima to discuss support for education through scholarships for the best performing children in primary seven and senior four. CNOOC also held a meeting with the Hoima District Local Government to inform them about the discovery of a dry well in Kyangwali Sub-County and to consult the district leadership on whether they should close the road leading to the site.

Additionally, the Hoima District Local Government and the PEPD held a meeting with the community to discuss issues regarding the refinery that is planned for construction in Kabaale Parish. The refinery will be located in an area that covers approximately twenty nine square kilometres. The meeting was attended by the RDC of Hoima, the LC V Chairperson, and District Councillors of Buseruka Sub-County. In this meeting different stakeholders came together to discuss issues of land and resettlement with the community that will be affected by the refinery project.

Local government officials interacted with officials from MEMD and the oil companies during the midterm review meeting held in Kampala on October 2012 under the theme “Sustainable utilisation of mineral resources to enhance economic growth and development”. The LC V Chairperson and DCDO from Hoima and Buliisa Districts interacted with central government officials during a visit to Norway that was organised by MEMD in 2012.

Central government and local government officials interacted with the oil company during oil site visits organised by the PEPD and MEMD in 2010. Tullow Oil has also organised training sessions for various stakeholders.

For example in 2011, the company organised training for the Hoima District Planning Department, which gave stakeholders an opportunity to interact.

There was an indirect interaction with the company through government researchers who came to find out how the oil industry was performing in Bunyoro region. Interviewees noted that when such researchers come to the district, it is normal practice to pay courtesy calls to the district offices and to report their presence.

## Benefits and Barriers

### Benefits

Local government officials reported a number of benefits for districts and communities as a result of the oil discovery in the region. It was noted that the perception of Hoima District has changed since the discovery of oil in the Albertine region:

*“Hoima is now termed as an oil city which has led to increased social status.”*

Respondents within Hoima District Local Government also observed that the discovery of oil in the region has contributed significantly to the increasing value of land. According to one official:

*“...before the discovery of oil in the region, land was sold cheaply, with a plot selling for around Two Million Ugandan Shillings. Since the discovery of oil, land has gained excessive value to the extent that even in neighbouring villages to those where oil activities are taking place, a plot of land costs UGX 10 million or more.”*

Other benefits included infrastructure development, such as improved roads constructed by Tullow Oil in the areas of oil exploration. Some of those roads lead to Tullow Oil's camps and oil wells but they are also an important resource to community members in Hoima and Buliisa Districts. Examples of such roads include the Hoima-Kaiso-Tonya road that was under construction in December 2012. The Hoima-Butiaba road was also planned for development. All these road developments were attributed to the discovery of oil in the region. The central government is said to have also introduced infrastructure improvement programmes supported by the World Bank.

Tullow Oil has also invested in improving service delivery in the Districts of Hoima and Buliisa. For example, the company constructed schools, such as Kyehoro Primary School in Hoima District, a health centre in Kyehoro, and a hospital in Buliisa District.

In addition, oil was also credited with encouraging long term investments in the region. Land totalling 29 square kilometres was surveyed by the government for the construction of a refinery in Hoima. The refinery is viewed as an investment to the district because of the opportunities that are likely to be associated with its development, such as increased markets for local



produce, more employment opportunities, new industries, and numerous other benefits.

Furthermore, Tullow Oil, CNOOC and Total E&P have provided both direct and indirect employment opportunities to local people. It was stated that additional employment opportunities are available through local contractors in the area, such as NFT, Kasese, Kolin Construction Company and Mapcon Consults.

District officials also expect that increased revenue from the oil sector to central government will lead to improved funding to local governments and improved service delivery, especially in those districts directly impacted by oil activities.

Tullow Oil has created a farmers resource centre in Hoima District through Traidlinks, with the aim of enhancing value addition skills for farmers in Hoima District. This initiative gives support to the local community to produce high quality goods so that small scale entrepreneurs can add value to those goods, which will then enable them to compete favourably in the international market.

Tullow Oil has been awarding scholarships to local students with the objective of providing Ugandans with the requisite skills and knowledge to meaningfully participate in the oil industry. Other skills were dispensed during training sessions organised by Tullow Oil in 2011. For example Tullow Oil organised training for staff in the Hoima District Planning Department. These training opportunities were said to be designed to build the capacity of district officials to actively take part in the management of the industry in their respective jurisdictions.

Tullow Oil also provided support to the local governments especially on national ceremonial days. For instance, the company gave financial support to Hoima District in July 2012 when the National Population Day was celebrated at Dhaka Secondary School playground in Hoima District.

Another important but perhaps indirect benefit that was realised along with the discovery of oil, is the construction of a hydro-power dam in Buseruka Sub-County on Wambabya River. Respondents at Hoima District recognised that this presents a high potential for the district both for domestic use and commercial production.

## Barriers

However, there were a number of factors highlighted by Hoima and Buliisa District officials that posed barriers to benefits.

There is both excitement and anxiety within their districts, which they attribute to high expectations among communities and their leaders. Local government officials reportedly have limited information regarding oil exploration or production and therefore little or no information is available to share with the local communities. It was also reported that the funding received from the central government is not adequate to support the districts desire to perform oil-specific community work. This is a hindrance because local governments are unable to proactively interact and

offer information regarding oil to community members who are persistently in need of such information.

In addition, interviewees said that the central government did nothing to establish an enabling environment for local communities to organise themselves for the inevitable challenges that would arise as a result of the oil exploration activities. As a consequence, communities have been unable to collectively demand information and share it among themselves. An example given is the refinery project which has caused significant tension and suspicion within the local communities. Poor dissemination of information from the company and central government to the grassroots was reported to have widened the information gap amongst stakeholders, thus restricting meaningful participation. As one district official said: *“There is no systematic way of disseminating information.”*

Hoima and Buliisa District officials also observed that relatively limited skills and low levels of education make it difficult for people to compete favourably in the oil industry job market.

The resettlement of people from Kabaale Parish for the refinery project has created fear among communities. This fear is exacerbated by the fact that not many people have land titles for the land that they currently occupy, which compromises their bargaining position when it comes to compensation. People are also anxious that displacement to areas such as Karamoja and Bududa may lead to the loss of social ties and that the high population influx may cause cultural and moral decay. Local government officials also noted a lack of regulatory measures to guide social and environmental matters, as well as other oil-related issues such as land.

In addition, existing infrastructure such as schools, roads and health facilities are insufficient to support the increasing number of people coming in the area to take advantage of opportunities from the oil industry. Further, many people in Buliisa and Hoima Districts who were affected by the construction of the road from Hoima to Kaiso-Tonya have frequently complained about inadequate compensation for their plots of land that were encroached on, and for crops destroyed by Tullow Oil during the construction of roads and oil wells in Buliisa.

## 5.5 Kanungu

### Interactions

A number of Kanungu District Local Government officials were interviewed by the research team, including the LC V Chairperson and the District Council Speaker, as well as technical officials such as the DCDO and the District Council Clerk. A community meeting occurred when Dominion Petroleum was about to start operations that involved the oil company, area councillors, the CAO, the RDC and the LC V Chairperson. However, respondents could not recall where the community meeting occurred and what its purpose was.

The first interaction with Dominion Petroleum and Kanungu

District Local Government took place in 2005 or 2006, when officials from Dominion Petroleum held an introductory meeting with the District Executive Committee. In this meeting, Dominion Petroleum briefed them about their plans and operations and committee members expressed concern that Dominion Petroleum was not being open about its CSR projects.

Some district officials also recollect meetings between Dominion Petroleum and the District Council between 2007 and 2010, in which Dominion Petroleum shared their objectives and operational plans such as seismic surveys. Others recalled Dominion Petroleum meeting with the District Council about four times between 2008 and 2011. A number of issues were raised in these meetings. For example, Dominion Petroleum provided updates on its operations such as the number of people it is employing and the shifting of its camps. The company also provided updates on its CSR projects such as the delivery of translucent sheets, delivery beds and maternity kits to Matanda Health Centre III; beds delivered to Kihiihi Health Centre IV; and text books delivered to primary schools in Kihiihi Sub-County. At the same meetings, Dominion Petroleum sought guidance from the District Council on district compensation rates for crops destroyed as a result of their operations. Councillors also asked for Dominion Petroleum's CSR budget so as to harmonise it with the DDP and budget.

Some district officials also remember an introductory meeting they had with officials from Dominion Petroleum and MEMD in the LC V Chairperson's office in 2008, in which they were informed that petroleum would be a blessing to the district in the form of royalties. In 2009, officials from MEMD visited the district again with journalists from various media houses in Uganda and provided updates on the work Dominion Petroleum was doing in the region.

In 2010, the DCDO and the Assistant Chief Administration Officer (ACAO) received 10 bicycles from Dominion Petroleum for distribution in Kihiihi and Nyanga Sub-Counties. In the same year, officials from Dominion Petroleum visited the CAO's office and discussed Dominion Petroleum's community projects in the health and education sectors. The DCDO also attended this meeting.

On 26th October 2011, a Dominion Petroleum official attended a District Council meeting and informed Councillors about Dominion Petroleum programs in health, education and general welfare; equipment Dominion Petroleum had donated to Matanda Health Centre III; and three water tanks whose distribution Dominion Petroleum wanted the District Council to propose. Dominion Petroleum also asked the District Council for a list of priorities in the district that the company could consider supporting. One of those priorities presented by the District Council was beds and mattresses for Kambuga Hospital. In this meeting, Councillors also expressed concern that Dominion Petroleum was not open about its CSR budget, and they requested Dominion Petroleum to reveal its CSR budget for the district so that they could incorporate it into the DDP and budget and avoid duplication.

In 2012, a number of district officials attended a workshop in Entebbe on petroleum exploration organised by the MEMD. MEMD organised another workshop in Rukungiri for local government officials from the Kigezi Region to develop an action plan for sensitising communities on petroleum exploration. The LC V Chairperson revealed that he had requested to visit the Dominion Petroleum camp and was allowed to do so five times. Most respondents at the district government felt that Dominion Petroleum interacted more with local government officials at the sub-county level than at the district level.

However, officials noted that when Dominion Petroleum ceased operations it did not give Kanungu District official notice of its departure. The District Council heard about the departure of Dominion Petroleum unofficially via radio in March 2012.

## Benefits and Barriers

### Benefits

District officials identified a number of benefits as a result of Dominion Petroleum operations in the region. The most prominent were enjoyed by local suppliers of goods and services. For example, Dominion Petroleum purchased local materials such as sand and stone when constructing their camp and used trucks owned by community members to transport their materials. The presence of Dominion Petroleum also resulted in increased demand for goods and services in Kihiihi Town. The major beneficiaries were those offering accommodation and trading in fuel and food (especially rice).

The health sector in Kanungu District also experienced some benefits from the presence of Dominion Petroleum in the region. Matanda Health Centre III received a delivery bed, a delivery kit with instruments and ten translucent roofing sheets to drive away bats. Kihiihi Health Centre IV also received mattresses.

The education sector in Kanungu District also benefitted when Dominion Petroleum donated furniture, text books, and exercise books to Kihiihi Muslim Community Secondary School, and water tanks to other schools in the district. Other benefits from Dominion Petroleum identified by district officials included employment of local community members for casual jobs, distribution of ten bicycles in Kihiihi Sub-County, and fair compensation for community crops using approved district rates.

### Barriers

Kanungu District officials also identified a number of barriers to benefits, mostly associated with communication issues. Respondents felt that Dominion Petroleum preferred to have minimal communication with district political and technical leaders and more communication with central government, especially MEMD, which did not pass down information to local governments.

For example, senior district officials had no information about the contract between Dominion Petroleum and

central government and how the district would benefit. The Kanungu District Local Government also did not know whether Dominion Petroleum's operations in the region had resulted in discovery of any commercially-viable quantities of oil since they had received no updates from MEMD or from Dominion Petroleum before the company left the region. Furthermore, officials noted that there was no forum for sharing experiences and information between district leaders, communities and Dominion Petroleum.

Another barrier identified by district officials was Dominion Petroleum's reluctance to reveal its CSR plans and budget to the district so that the district could ensure coordination with the DDP and budget in order to avoid duplication. As a result, some respondents believed that Kanungu was excluded from Dominion Petroleum's CSR budget. Respondents were unanimous in their opinion that Dominion Petroleum operations were excessively confidential and "militarised" thereby making Dominion Petroleum unapproachable and difficult to communicate with.

District officials also recognised the weak efforts by local governments in the region to demand information on petroleum exploration from central government and Dominion Petroleum. Respondents also noted that, although MEMD supported the development of district action plans to sensitise communities about petroleum exploration, MEMD did not facilitate district officials to implement those action plans.

### 5.5.1 Kihiihi Sub-County

Kihiihi Sub-County is located in Kanungu District; it has 3 parishes, Kibimbiri, Kabuga and Rushoroza. It is a multi-ethnic community comprising of Bakiga and Bafumbira and the main activity of the community is crop farming. They produce crops such as tobacco, rice, maize, millet and cassava. Kihiihi Sub-County was an operation area for Dominion Petroleum.

#### Interactions

Dominion Petroleum first held a meeting in May 2008 with sub-county leaders including the LC III Chairperson. The meeting was held in Bukorwe and its purpose was to inform the community about the oil discovery in the area and to discuss compensation for destroyed crops. Dominion Petroleum also met with members of the community in 2010 during a training session for Village Health Trainers and community mobilisers.

Sub-county officials recalled another meeting between the community and MEMD during which ministry officials inquired about community awareness of the oil discovery and the outcomes of the EIA that had been carried out in the area.

There were further interactions in 2012 when the Kanungu NGO Forum held a meeting with various stakeholders to discuss environmental protection and to educate the community about possible benefits from oil related activities

in the area. Also in the same period, Global Rights Alert, another CSO, met with members of the community to discuss environment and land issues.

### Benefits and Barriers

#### Benefits

Sub-county officials reported several benefits from oil exploration activities in the area. One key benefit was the opportunities for casual employment that became available to the community and the indirect benefits as a result of those jobs. For instance, the new income from employment made it possible for some people to afford school fees for their children, while others bought land and iron sheets for their homes.

Other benefits included donations that Dominion Petroleum made in Kihiihi Sub-County. Bukorwe Primary School received twenty desks, while Rushoroza Seed School and Rushoroza Primary School each received ten desks. An additional ten twin desks were donated to each of the following schools: Kamahe Primary School, Nkunda Primary School, Nkunda Seventh Day Adventist Primary School, Mushunga Vision, and Nyanja Parents Primary School. Ishasha and Nshaka Primary Schools received 50 and ten iron sheets respectively. In addition, the company donated exercise books to pupils of Kameme and Bukorwe Primary Schools and text books to both private and government aided schools in the Kihiihi Town Council.

In addition to the support to schools in the region, Dominion made donations to various health facilities. For example, malaria testing kits were given to Kihiihi Health Centre IV, Matanda Health Centre II, Kibimbiri Health Centre II, Samaria Health Centre II, and Kazinga Health Centre II. The company also donated mattresses and maternity kits to Kihiihi Health Centre IV and provided the facility with translucent roofing sheets to help drive away bats. Dominion Petroleum further ensured that pregnant mothers and children under five years of age in the sub-county received mosquito nets, and that community members were exposed to HIV/AIDS prevention practices. The company also donated a megaphone to Kihiihi Sub-County for use during community mobilisation and sensitisation events and donated three bicycles to community mobilisers.

#### Barriers

Interviewees also noted some barriers to benefits. One issue was reportedly the inadequate flow of information from the central government and the company as well as the lack of consultation at the grassroots level. Dominion Petroleum simply donated to the community without knowing the needs of the community. Respondents also noted a lack of consideration for local job seekers, as many of the available jobs were taken up by workers from outside the sub-county.

Another barrier was the unreasonably high expectations from the community which created anxiety within the

community. For example, it was expected that Dominion Petroleum would donate camp structures to the community; however, the structures were destroyed as the company prepared to leave the area, in line with the decommissioning plan.

## 5.6 Rukungiri

### Interactions

Dominion Petroleum began operations in Rukungiri District in 2008. At this time the company organised a stakeholder meeting that was attended by district officials and other district stakeholders. In this meeting, participants discussed exploration plans; the exploration process and high costs involved; expectations of finding oil; and the acquisition of land and compensation to landowners using district property rates. Later that same year a number of follow up meetings were organised by Dominion Petroleum, first at sub-county level then at community level.

In 2010 Rukungiri District Local Government officials invited Dominion Petroleum to a Technical Planning Committee meeting, where respondents noted that Dominion Petroleum made presentations on the benefits of oil. During 2009 and 2010 the DNRO was consulted during the ESIA process and was given the opportunity to review reports, which are available in the DNRO's office.

In early 2011 Dominion Petroleum came to the district to consult officials on community attitudes and behaviour. That same year, district officials (including DCDO, Secretary for Environment, DEO, DNRO, District Water Officer, District Forestry Officer, District Fisheries Officer) from Hoima, Kanungu, Kasese, and Rukungiri were invited to Kampala for a workshop which addressed how the oil industry would affect the environment, different sectors and how districts and communities would benefit.

In 2011 and 2012 a number of meetings were organised by MEMD, which sometimes were attended by Dominion Petroleum, but mostly were attended by representatives from PEPD and Rukungiri District Local Government. One of these meetings in early 2012 was a sensitisation meeting organised by MEMD and attended by representatives from Dominion Petroleum, PEPD, DLG and the community.

As far as community interactions are concerned, district officials did not organise any meetings with communities on oil issues. However, a small number of NGOs facilitated meetings on oil. For example, in 2011 WWF organised a six week training programme for stakeholders on oil and gas exploration, which included visits to oil wells in Hoima. A Rukungiri-based NGO called Literacy Action and Development Agency (LADA) held an education and awareness workshop for the leaders of Rukungiri to address environmental concerns regarding oil. There was a further sensitisation meeting on oil issues that was arranged for Kanungu and Rukungiri District officials by an unnamed NGO.

Respondents claimed that more than ten meetings took place at the district level on oil issues, and that most of

them took place at the CAO's office. The meetings held in the CAO's office involved Dominion Petroleum representatives and senior level staff and were not open for wider attendance. In Feb 2012, an official from Dominion Petroleum visited the office of the Vice Chairperson to announce a sensitisation meeting for district leaders which was never held. The last interaction was in March/April 2012 when Dominion Petroleum informed the DNRO that they were leaving the area.

### Benefits and Barriers

#### Benefits

Respondents noted some benefits from CSR activities that Dominion Petroleum carried out in the area. The company supplied maternity beds and medical equipment to health centres, including Bwambara Health Centre III, and constructed a water tank at Kikarara Health Centre III. Dominion Petroleum also constructed a new classroom block in Rwenshama Primary School and donated one hundred translucent roofing sheets to help drive away bats. The company also planted trees, gave community members tools and tree seedlings, and protected a spring in Kikarara Parish for the community. Dominion Petroleum also donated four bicycles to the district.

District officials noted that some improvements were made to some village roads in Kikarara Parish. Dominion Petroleum also supported the local economy by buying food from local markets, and provided casual work for approximately fifty local people, who were employed for slashing.

Respondents expressed hope for additional benefits in the future. For example, they expect that there will be improvements to the local economy through the selling of local food to companies and the provision of jobs to local people. They expect the development of infrastructure to continue, such as the construction of roads, schools, market structures, and health centres, as well as improvements to education and health services.

#### Barriers

Despite the benefits noted above, some respondents felt that there were no visible benefits from oil activities because there has not been any extraction of oil. The time spent in the district by Dominion Petroleum was very short, officials did not know whether or not there is oil in the district. Rukungiri District Local Government officials noted a number of other barriers, including the large information gap between them and the oil companies, which prevented them from knowing how they would benefit from oil and what such benefits would be.

In terms of CSR delivery, one barrier to benefits noted was the lack of coordination between Dominion Petroleum and the Rukungiri District Local Government. For example, the distribution of delivery beds to Health Centre II had not been coordinated with the district. Further, the District Council was not involved in Dominion Petroleum's activities or decision making, such as the selection of



the waste site. The disposal of hazardous waste in the community created concern amongst the community until it was collected and appropriately disposed of in October 2012.

According to some respondents, a further barrier to benefits is the company perception that community members are lazy. Additionally, NGOs in Rukungiri are perceived to be unqualified to sensitise the public on oil and gas issues.

Some potential future barriers were noted, including future political upheavals which may prevent communities from realising benefits. Further, there is concern about increased environmental problems, and exploitation of landowners by shrewd individuals.

### 5.6.1 Bwambara Sub-County

Bwambara Sub-County in Rukungiri District is made up of 63 villages across six parishes, namely Rwenshama, Kikongi, Bikurungu, Kikarara, Bwambara and Nyabubare. The main economic activities in the sub-county are agricultural, except in Rwenshama Parish where fishing is the main economic activity. The dominant ethnic groups in the area are the Bakiga and Banyabutumbi. Dominion Petroleum was the company operating and undertaking exploration activities in the area. Although there is currently no oil company presence in the sub-county, it is the sub-county which currently hosts the waste site for past Dominion Petroleum activities. Bwambara Sub-County officials from both political and technical sides were interviewed and the data presented in this report documents their views.

### Interactions

Sub-county officials noted that Dominion Petroleum arrived in the sub-county in 2008. At this time Dominion Petroleum visited the sub-county headquarters to invite local leaders, including sub-county political leaders, technical staff and opinion leaders, to a meeting. A meeting was held at which Dominion Petroleum informed local stakeholders about their plans and explained each of the stages of oil exploration. The local leaders and sub-county officials then went on to ask Dominion Petroleum a lot of questions about compensation and benefits.

Later in 2008 Dominion Petroleum announced that oil had been found in Kikarara Parish. The company then opened some roads and developed a site in Kikarara Parish. Respondents from the sub-county did not recall any further interactions taking place until 2010, when Dominion Petroleum held a meeting with community members in Kahimbi Cell. Members from all the neighbouring villages attended the meeting, at which Dominion Petroleum informed the community that they required access to community gardens, but that people would be compensated. According to respondents, compensation was paid to the affected people before any work began.

Dominion Petroleum operations in the sub-county began in 2011 and the company later constructed a camp near Lake Edward. Between 2011 and 2012 Dominion

Petroleum organised three meetings in Kahimbi Cell to discuss compensation and benefits with community members from Kikarara Parish. Dominion Petroleum held four further meetings with sub-county officials, at which the company reported what they had discussed with community members. Dominion Petroleum informed the sub-county that locals would be given priority for jobs, and the company would lease large plots of land (5 acres) from the community for their camp sites. They also advised the sub-county that community members should grow more food so Dominion Petroleum could buy from the local people. In one of these meetings, Dominion Petroleum promised to provide the community with mosquito nets.

During their operations in the sub-county Dominion Petroleum also acquired some land to use as a site to dump their waste, which they called 'Mpundu site'. However, reportedly there was no community or sub-county consultation on the intended use for the land; it was only after the sale that the community was informed it would be a site for dumping waste.

During the time that they were operating in the area Dominion Petroleum would attend the quarterly sub-county meetings to update the Sub-County Council. Sub-county political leaders and technical staff reported that there was a good relationship with regular communication between Dominion Petroleum and sub-county officials, and that Dominion Petroleum fulfilled its commitments. Respondents highlighted that most of the interaction at the sub-county level was between Dominion Petroleum and the sub-county chief. However, two meetings were organised by leaders and staff at the sub-county to inform communities in Kikarara Parish about oil and advise them about benefits, for example, the increase in the value of land, improved communication networks, markets and overall development in the area. In addition to these meetings, community members would sometimes call to sub-county officials and staff individually to ask about oil issues.

Sub-county respondents reported that in 2011 some NGOs, such as Care International, came to talk to the communities about oil and find out about expected benefits. LADA came to talk to communities about the benefits of oil and collected information about expected benefits and advised communities to direct demands for benefits to Dominion Petroleum. Respondents noted that LADA took this information but the community has had no further interaction with them on oil issues. Sub-county representatives also recalled that in 2012 representatives from central government came to the sub-county to invite local leaders to a workshop on oil issues, which was held at Heritage Hotel in Rukungiri Town. In 2012, Dominion Petroleum started to close down their operations without giving any reason to sub-county officials. Whilst dismantling their camps they sold building materials to the local people. Originally they left 20 people at the camp, but according to respondents all their workers had left by the time of this assessment.

## Benefits and Barriers

### Benefits

Sub-county officials reported that most of the benefits from oil exploration had been experienced at community level. However, Dominion Petroleum contributed to social services at the sub-county and paid compensation to the sub-county for land and the crops destroyed at the waste site. The general feeling, as summed up by one sub-county official, was that *“if the community has benefitted then we as a sub-county have also benefited”*.

Respondents noted that Dominion Petroleum’s presence in the area had led to developments such as the construction of the Genesis Hotel in Rwenshama Parish by a local investor. Dominion Petroleum bought local building materials to build the company camp and Dominion Petroleum workers bought food and other items from local businesses, resulting in increased trade and income. Further, Dominion Petroleum hired vehicles from local people and rented local rooms in Bwambara Trading Centre for their staff. Dominion Petroleum employed a number of people for casual work, and reportedly only brought technicians from outside the area. Sub-county respondents estimated that around 100 local people from Bwambara Sub-county were employed as casual workers. These activities contributed to the incomes of local people, as one official emphasised: *“we got money from them.”*

Regarding infrastructure development, Dominion Petroleum opened roads in the sub-county, such as the Bwambara to Rwenshama road, and maintained the local feeder roads, for example, from the main road to their site. In 2011, Dominion Petroleum constructed a two kilometre trench to stop wild animals entering the community. The respondents also reported that Dominion Petroleum planted trees in the sub-county, including two acres of Musizi trees for the blind and others with disabilities in Bwambara Parish. Dominion Petroleum provided additional benefits in the area of health by supplying one delivery bed to each of the Bwambara and Rwenshama Health Centre III whilst also providing mosquito nets to people in all of the villages (approximately 60 nets per village). In addition, the company provided transparent roofing sheets to drive away bats at Bwambara and Rwenshama HC III, and Kikongi HC II and also built a water tank for Kikarara HC.

Sub-county officials also stated some of the benefits that they would expect to come in the future if oil activities continued. According to the respondents, Dominion Petroleum promised to improve roads, construct Nyakatembe Primary School, drill a borehole, and to provide more jobs to locals. Local leaders and technical staff also expect scholarships for local children, more money from leasing of land, and more compensation for both gardens and crops.

### Barriers

However, sub-county officials noted a number of barriers to benefits, some of which were raised by community members. Respondents said that Dominion Petroleum promised to build a school, but this project did not happen. Another barrier was lack of information and communication

between Dominion Petroleum and sub-county officials. Dominion Petroleum held sensitisation meetings at district-level, but were there no resources to bring that information to the communities. This lack of sensitisation at the village level resulted in people expressing different opinions and making uninformed assumptions, for example, about whether or not Dominion Petroleum will be coming back. The lack of information at the community level about oil and Dominion Petroleum’s activities also led to suspicion amongst community. For example, there was a rumour in the community that Dominion Petroleum was looking for gold and other minerals rather than oil. There were also rumours that oil extraction would lead to increased sunshine and decreased rainfall which would spoil crops. Additionally, respondents complained about the secrecy around Dominion Petroleum sites which were surrounded by many vehicles, including tanks that prevented community members from seeing what was happening.

Sub-county officials noted a barrier to community mobilisation in the sub-county due to the practice of NGOs providing allowances and refreshments to community members:

*“People have been spoilt by politics and big NGOs, like CARE International and want lunch, sodas and even allowances.”* Sub-county official

Respondents noted a number of social problems due to the increase of jobs and money in the area. Reportedly, there were cases of wives leaving husbands to go with Dominion Petroleum workers with money, and cases of girls leaving school to go looking for Dominion Petroleum workers with money. It was reported that the police arrested some casual workers from the sub-county due to these issues. Community members also complained to sub-county officials that the trenches dug by Dominion Petroleum did not stop animals from entering communities and destroying crops. Furthermore, sub-county officials were not satisfied with compensation because there was no community participation or negotiation during the compensation process.

Both sub-county leaders and technical staff reported problems relating to the establishment of a dumping site in the sub-county. UWA had reportedly refused to allow Dominion Petroleum to dump the waste in Queen Elizabeth National Park, so they had dumped mud and waste in the community instead. This had been decided without consultation with local leaders or community members. Sub-county officials asked: *“What is more important the animals in the Park or the people?”*

Respondents noted that community members were concerned about the foul smell and the number of mosquitoes around the waste site. Reportedly there are fears that if there was a quarrel, e.g. between man and his wife, bodies would be disposed of in the waste site because it remains open. Respondents also noted that communities had become aggressive towards those carrying waste to the site in trucks. In 2011, the LC V Chairperson came to the community to address the issue.

## 6 RECOMMENDATIONS

Communities, companies and local governments made several recommendations on how relationships between them could be improved and how communities and local governments could benefit more from the oil and gas sector in Uganda. An analysis of these recommendations revealed 14 categories:

1. *Community Support* – individual or community desires across levels of need expected to make a positive change regardless of the provider (company, government or other).
2. *Compensation and Resettlement* – proposals addressing actual and potential loss of property, rights, income, and/or access that have a direct impact on livelihoods.
3. *Corporate Social Responsibility* – proposals to company from communities and local government on how to add value to the design and impact of CSR.
4. *Corruption* – community proposals to address bribery and nepotism.
5. *Education and Training* – proposals to improve community education, literacy and skills through scholarships and bursaries, infrastructure, teacher salaries, and scholastic materials.
6. *Employment* – proposals to companies and government to improve employment opportunities and practices (recruitment, terms, rights, affirmative action).
7. *Environment* – proposals to communities, companies and government to address waste management and environmental restoration and enhancement.
8. *Information and Communication* – proposals to government, community, company, CSOs on improving information sharing (through regular, frequent, reliable, transparent, truthful, relevant, accurate, timely, and adequate access to information) that may positively or negatively impact people.
9. *Infrastructure* – proposals to government and companies to improve or provide roads, markets, bridges, electricity, airports and border points.
10. *Local Economic Development* – proposals to communities, companies and government to widen economic opportunities through land leasing, improving agriculture, providing soft loans and market for local products, income generating activities, protecting fish stock, and attracting industries.
11. *Policy, Legal and Institutional Frameworks* –

proposals to companies and government to improve the regulatory framework of oil and gas on how the resource is managed, how the revenue is shared and managed, and how players interact.

12. *Public Health* – proposals to company and government to improve public health through infrastructure, drugs, equipment, training, staff and their terms, access to clean water and sanitation.
13. *Security* – proposals to government and companies to address cross-border security, human-wildlife conflict, inter-community conflict and community safety.
14. *Stakeholder Engagement* – proposals to government, companies, CSOs and communities to improve interaction, flow of information, participation, and trust among themselves.

### 6.1 Community Recommendations

The following section is a categorised summary of the recommendations made by the 29 communities interviewed. A matrix of the categorised recommendations made by communities can be found in Appendix II.

#### 6.1.1 Education and Training

All the communities the assessment team spoke to recommended that improved education and skills upgrading was essential in order to gain from the industry. Some communities suggested that the establishment of a vocational college was needed to provide training in skills needed for the petroleum industry. Others recommended that companies build schools – nursery, primary and secondary – in or near communities where they operate.

Another common recommendation was that companies provide educational bursaries for poorer children and orphans and scholarships for Senior 4 and 6 students that perform well. Many communities requested that companies provide scholastic materials (e.g. text books) to schools in their area and that government recruit more teachers into existing schools to improve the quality of education.

Some communities also recommended that companies build brick fences around schools, support local schools to start agricultural projects, and provide iron sheets to upgrade school buildings and houses. Others proposed that government introduce adult literacy education.

#### 6.1.2 Health

The majority of communities interviewed recommended that companies construct health centres equipped with modern facilities and operating theatres. Some communities requested companies to build fences around health centres in their area and government to supply drugs. Many women focus groups suggested that companies build maternity clinics. The request that



companies donate ambulances to health centres was also raised in by several communities.

Some communities requested that companies support local HIV/AIDS awareness programs. One way they suggested doing so was to regulate their workers' behaviour by prohibiting late night visits into the communities.

One community suggested that the oil company operating in their area provide spectacles to community members that have difficulty reading due to poor vision. A couple of communities close to wildlife conservation areas where petroleum exploration was taking place requested companies to provide medicines that treat wildlife-related diseases.

### 6.1.3 Infrastructure

Communities recommended that bitumen roads be constructed to connect them to other villages and towns. They also proposed the improvement of murram roads such as those between Rukungiri and Ishasha, Kihiihi and the junction of the Katunguru-Ishasha road, Nyabang and Pateng, among others. Some communities requested the construction of bridges by companies, such as the Vur-Ondiek Bridge. One community recommended that the company in their area improve roads within a 10 kilometre radius of the company camp. In addition, many communities proposed that electricity be extended to their communities because of their proximity to petroleum exploration activities.

### 6.1.4 Water and Sanitation

Water was a particular concern for communities as many respondents were of the opinion that the oil discovery would lead to contaminated water or wells drying up. Therefore, many communities recommended that new boreholes are drilled and existing ones repaired by the oil companies. Other communities requested companies to provide piped water as well as public and mobile toilets.

### 6.1.5 Local Economic Development

Almost all communities recommended that government and companies support local livelihoods and economic development. Some suggested that this could be achieved by government and companies creating markets for locally produced goods and services. Companies were requested to offer community members some contracts to supply goods (e.g. construction material, foods and beverages, etc) and services (e.g. accommodation, truck hire, etc).

Many communities recommended specific support to agriculture such as the provision of seeds, tractors, ox ploughs, exotic cattle breeds (Friesian), milk coolers, loans to cattle farmers, and training for farmers to improve farming methods. Others proposed that companies offer low-interest, interest-free business loans or grants to women groups, youth groups and local entrepreneurs. There was also a suggestion that government provide

grants to the communities that are impacted by the petroleum industry. In addition, a few communities suggested that that companies initiate income-generating projects for the youth (e.g. fish farming, piggeries, and bee keeping) or support existing projects initiated by youth with various skills (e.g. cosmetology, tailoring, catering, and driving). Another related proposal was for companies to organise youth conferences on alternative livelihood options.

Some communities proposed that government attract industries to their area so as to increase employment opportunities. One community recommended that government supports the community to identify their needs and to have development plans for the area. A recommendation from one community was that companies construct a petrol station in their village for easy access to fuel and another community suggested that the company provide free fuel to the community.

Several communities recommended that, once companies have completed their operations, they donate redundant equipment and infrastructure (e.g. buildings) to communities in that area. They believed camp buildings could be converted into health centre structures or community halls.

### 6.1.6 Compensation and Displacement

Issues around compensation featured in almost every community. Most communities recommended improvements in the compensation process, especially an increase in the rates for crops destroyed because current rates were deemed inadequate. Some communities proposed that government should always intervene to ensure appropriate compensation from the company for crops destroyed. Requests for a fair, timely and transparent compensation process at market rates were also common. Some communities also proposed that compensation payments be made monthly to help people manage their money better.

Some communities fearful of displacement during the petroleum project cycle requested that government develop a resettlement plan in advance. Others proposed that government construct permanent houses and provide free transport and monthly allowances to community members negatively impacted by the petroleum industry.

### 6.1.7 Information and Communication

Many communities raised the need for improved information flows and recommended that government and companies should ensure clear, regular and adequate information flow to communities. One way they suggested this could happen was by companies establishing liaison or coordinating offices in communities so that local people have easier access to information and contact with companies. Another way was by companies improving the flow of information to communities through their CLOs. Another suggestion was that companies disseminate information through mass media, LC I



Chairpersons, and sub-county offices.

Some communities suggested that a MoU between companies and communities should be established to guide the relationship. Others recommended that the LC I Chairperson be designated the official link between the company and local people and that he/she actively mobilises the community to engage with the company more effectively.

Many communities made recommendations targeted at central and local government. One common recommendation was that central government hold meetings with communities to provide information and hear their interests. Another recommendation was that reports, such as those for various EIAs, be made available by government and companies to local people in local languages. There was also the suggestion that respective local governments mobilise and sensitise communities on the different stages of petroleum exploration and make it clear where communities could participate and benefit. Another recommendation was that, in order to build trust, central government should ensure transparency at all levels of the petroleum industry.

Few recommendations were made directly to CSOs, but one was that they should harmonise their attitudes and perceptions on oil in order to avoid giving conflicting information to communities.

### 6.1.8 Stakeholder Engagement

Several recommendations were made on how government and companies should engage with communities around where petroleum exploration is taking place. One common recommendation was that companies should carry out consultations with communities prior to commencing operations in order to better understand community needs and expectations. Another suggestion was that local communities should be engaged in all stages of the industry, especially in planning meetings organised by companies, local and central governments. Some communities also suggested a more active role for local governments in the regulation and monitoring of the petroleum industry and that local leaders had a responsibility to prepare the community to demand for services from companies.

One community recommended that the company in their area respect traditional by-laws such as dress codes and discourage their workers from dressing indecently. Another community expressed concern about the potential for ethnic conflict in the future and recommended the importance of fostering cooperation between various ethnic groups where petroleum exploration was taking place. They also recommended that companies and government consult cultural leaders so that they provide leadership and advice to their respective communities. One other recommendation was that community prayer sessions on benefits from oil and avoiding conflict be held in villages.

Another community proposed that companies register

community concerns and address at least 25% of them before they start their operations. There was also the suggestion that company donations to the community be delivered to the community instead of the district headquarters. One general recommendation was the establishment of a committee to guide interactions between the company, government and the community.

Some communities recommended that they and their leaders should be consulted and involved in the planning and implementation of CSR projects so that companies may understand community needs and expectations and ensure community ownership of projects. Others recommended that companies implement projects they promised communities as part of their CSR strategy.

### 6.1.9 Environment

Some of the communities expressed environmental concerns and recommended that environmental pollution mitigation measures should be put in place by government and companies, especially in regard to the management of petroleum waste. Others recommended that the company in their area promotes community participation in the Environmental ESIA process and that government initiates measures to protect people from the potentially negative effects of population influx (e.g. pollution, displacement, HIV/AIDS).

One community recommended that government develop mitigation measures to ensure that soil does not lose fertility as a result of petroleum exploration because residents were dependent of subsistence agriculture. Another recommended that government provide food to communities neighbouring oil production areas because of their belief that land would not be productive once oil production begins.

A recommendation from one community was that the company operating in their area should use alternative technology when drilling for oil so that community activities are not interrupted. Another community proposed that tree planting be carried out by the company to replace plants destroyed during exploration activities.

### 6.1.10 Employment

In all communities assessed by the study team it was strongly recommended that companies prioritise local people for employment over those from outside the area. A figure of 70% of casual workers from the area was suggested by one community as being an ideal target. Further, in some communities it was felt that management level personnel could be recruited locally, rather than only casual labour. It was recommended that companies consult with the community to ascertain what skills are in the community so that semi-skilled workers are not overlooked. Some communities suggested that women and youth should have priority in employment. There was also a suggestion that companies provide information about jobs available and their terms of employment before recruitment processes start so that local people know what is available and have time to

prepare.

Proposals from various communities on what would be considered fair remuneration for unskilled jobs in the petroleum industry ranged from UGX 10,000 per day (including meals) or UGX 20,000 per day (excluding meals). They also recommended that terms of reference for workers should be clear and adhered to and requested for transparent recruitment procedures. Some felt that transparency could be achieved if the company went through their LC I Chairperson and security organisations (e.g. Internal Security Organisation, police, etc) during their recruitment process. Others recommended that recruitment be conducted by an independent entity that sought formal recommendations from LC I Chairpersons to ensure fairness and transparency.

Another community recommended that the company in their area insure workers against all dangers. There was also a recommendation that the company near one community hire workers on merit rather than on ethnic lines.

Whereas some communities expressed dissatisfaction about the 'kalulu' or ballot system used by the company in their area to select casual workers because the selection pool included people from other villages, one of those communities recommended that it be maintained because it did not require job seekers to present their qualifications.

### 6.1.11 Security

Recommendations on security were directed to both companies and government. Some communities emphasised the need for government to ensure security in the oil-bearing regions. Others were more concerned about human-wildlife conflict and proposed that companies and UWA construct a fence between communities and wildlife conservation areas. One community requested that the company provide security lights to protect them from wild animals at night.

### 6.1.12 Corruption

Many communities suggested that, in order to reduce the potential for corruption in the petroleum industry, the government should reduce ministerial powers. Others requested that central government deal with corrupt local leaders in order to achieve better service delivery.

### 6.1.13 Policy, Legal and Institutional Frameworks

The recommendation that oil revenues should be shared with communities in oil-bearing areas was raised by all communities that were interviewed. Proposals on what percentage of oil revenues communities should receive ranged from 25% to 50%. However, before this could occur, some communities suggested that the government and companies would have to ensure transparency and accountability in the management of petroleum resources and revenues.

### 6.1.14 Community Support

All communities made a number of diverse recommendations that could not be readily assigned to any of the categories above. Therefore, the assessment team created this category to accommodate those recommendations. The vast majority of these recommendations were addressed to companies, and they included: provision of sports facilities for youth; construction of community halls or centres; construction of churches; construction of permanent houses for community members over the age of 45; donation of iron roofing sheets to households that want to upgrade from grass-thatched houses; establishment of a rescue team and donation of life jackets to fisherfolk on Lake Edward; and support for widows and orphans to start income-generating activities.

## 6.2 Company Recommendations

The following section is a categorised summary of the recommendations made by the two companies interviewed, Tullow Oil and Total E&P. A matrix of the categorised recommendations made by both companies can be found in Appendix II.

"People should not look at the industry and be fearful; they should look at it and be proud." – Company official

### 6.2.1 Stakeholder Engagement

Companies recommended that roles and responsibilities should be developed and shared at various levels to enable the smooth implementation of projects. For example, district responsibilities on environmental monitoring should be clear. One recommendation was that they participate in monitoring visits carried out by UWA and NEMA. Another urgent recommendation to minimise land conflicts was that central government, and empowered and skilled District Land Boards, develop and communicate clear guidelines on how land ownership can be clarified around areas where companies operate.

Another recommendation made was that all stakeholders in the petroleum industry develop a common approach to deal with emerging issues. Preparation of guidelines for companies and other stakeholders to address emerging issues was proposed.

*"Central government should empower local government."*  
– Company official

The weak capacity of local governments in the petroleum industry was another issue that companies raised. One recommendation to address this was that government should facilitate its officials to work with companies in the interests of community development.

*"The company can't pay public officials to do their work."*  
– Company Official

## 6.2.2 Compensation and Displacement

One recommendation was that government provide clear guidelines on compensation for community property lost as a result of operations of companies in the petroleum industry. There was also a recommendation that government inform communities about who was responsible for setting various compensation rates and the procedure used for determining them. It was also suggested that government ensure land acquisition practices conform to international best practice.

## 6.2.3 Information and Communication

One company recommended that PEPD streamline the channel of communication between companies and communities as a means towards strengthening communication, especially on topics such as contracts and revenue sharing. It was also proposed that government inform communities about the petroleum industry and prepare them for it.

*“Government should perform its role of informing people.”*  
– Company official

Another company recognised the need to increase updates on its plans and operations in communities, as well as providing more information on the potential benefits and opportunities for communities from the petroleum industry. It was suggested that meetings are jointly organised by companies and relevant government agencies so as to create greater opportunity for sharing of relevant information between different stakeholders.

Companies also suggested that CSOs should be better informed about the petroleum sector so that they are able to speak from a knowledgeable point of view. They proposed that NGOs talk more about the positive aspects of oil rather than focussing only on the potential negative ones as this had contributed to fear and confusion about the petroleum industry amongst some communities.

## 6.2.4 Local Economic Development

Companies suggested that government make a deliberate effort to empower local people to participate in the petroleum industry supply chain so that they can benefit from supplying companies. They also recommended that communities create opportunities to work and benefit from the industry rather than to rely on CSR, which can lead to dependency. They suggested one way of doing this would be by communities employing better farming methods and growing food to supply to companies. They also proposed re-introduction of agricultural cooperatives so that communities pool resources for better livelihoods.

*“They see they are working, they are empowered, they are benefiting on their terms.”* – Company official

Companies also suggested that communities ‘embrace education’ because times are changing and traditional

livelihoods alone could not be relied upon. Another recommendation was that government assume ownership of CSR projects that benefit local people.

*“Tullow is not here to replace government.”* – Company official

One other recommendation was that companies consider their wage disparities and offer casual workers a living wage. It was also suggested that, with increased transparency of oil revenue, government should invest in areas important to community development such as tourism, agriculture, education and health.

## 6.2.5 Policy, Legal and Institutional Framework

Companies highlighted the need for an increased government role in making preparations for the petroleum industry through a sound policy, legal and institutional framework to ensure that company operations run smoothly and communities have the opportunity to benefit. A suggestion was made that supporting institutions for the petroleum industry should be put in place in a more coherent and systematic way and regulations should be established, such as those for the management of drilling mud waste.

## 6.3 Local Government Recommendations

The following section is a summary of recommendations from local government interviews. Recommendations were placed in broad categories such as compensation, employment, local economic development, information and communication, etc and in no order of importance. A matrix of the categories under which local governments made recommendations can be found in Appendix II.

### 6.3.1 Employment

Recommendations on employment in the petroleum industry and on company recruitment procedures were raised by every local government interviewed. One recommendation was that central government and companies develop the capacity of community members close to company operations, and that are likely to be negatively impacted by them, to compete for jobs in the petroleum industry. Another recommendation was that companies make a special effort to recruit locally where applicable and that recruitment be based on interviews and competencies. One other common recommendation was that companies not only recruit locally for casual workers, but for more senior positions in the company as well.

### 6.3.2 Environment

Almost all local governments recommended that companies and the central government ensure appropriate petroleum waste management. They requested companies currently operating to remove petroleum waste dumps they located in the community or that were located there by their predecessors. They also

requested companies to educate the community about what to do when petroleum-related accidents occur and their potential effect on human life.

One local government proposal was that central government provide special grants to districts so that they can actively monitor petroleum companies. Another was that districts required capacity building in environmental monitoring, and once this was done, the district budget for environmental monitoring should be increased so that it can oversee the implementation of the ESIA.

Some local governments were convinced that human-wildlife conflict had increased as a result of petroleum exploration activities in wildlife conservation areas and recommended that the company operating in their region compensate community members for crops destroyed by wildlife and oil exploration activities.

### 6.3.3 Policy, Legal and Institutional Framework

Local governments recommended that central government make the following clear through petroleum policy and legislation: roles and responsibilities of district local governments in regulating company activities; whether CSR should be considered a right or a privilege; whether companies should be expected to repair or replace public infrastructure damaged as a result of their activities; and how and when royalties due to districts should be disclosed.

There was a recommendation that central government form a task force with representation from all local government levels to oversee the activities of petroleum companies. A related recommendation was that central government create a special fund for districts to build their capacity to monitor petroleum companies. Another proposal from local governments was that they should be more involved in national agreements between the central government and petroleum companies.

Local government recommendations on other policies and legislation that is likely to impact the petroleum industry included those on land and ethics. For example, they proposed systematic land demarcation in oil-bearing regions so as to ease and quicken the process of acquiring land titles. A related proposal was that government protect land ownership rights regardless of whether one has a title deed or not. From an ethics policy perspective, local governments recommended that central government ensure petroleum resources and revenue is put to good use and not squandered by individuals.

The sharing of revenue from petroleum was another common recommendation by local governments. Suggestions of the share of petroleum revenue to be returned to oil-bearing districts and sub-counties ranged from 10 – 40%. There was also the recommendation that petroleum revenue be distributed to the sub-counties, and that the oil-bearing communities get the highest share.

Some local governments also proposed that petroleum revenues be used to reduce local taxes, improve social

infrastructure and support district administration, e.g. provide free medical care, free education, construct a good house for every household in the oil-bearing villages, provide electricity to the sub-county, and top-up the salaries of civil servants.

*“Then people will know they are benefitting and that it is oil of the people not oil of the state.” – Local government official*

### 6.3.4 Information and Communication

Local governments had several recommendations on how companies and central government could improve communication and the flow of information between various stakeholders in the petroleum industry. One recommendation was that companies should have a MoU with local governments and communities where they operate so as to promote accountability in their operations. They suggested that accountability could also be achieved by companies providing district councils with quarterly written updates on their operations.

Another recommendation to companies was that they involve community development departments in the districts where they operate in mobilisation and dissemination of information to communities related to their operations and the petroleum industry in general. A related proposal was that central government streamline the flow of information by providing adequate information to local governments and facilitating district officials to disseminate information in communities. Another related request was that the flow of information between companies, local governments and communities should be transparent and on a regular basis in order to avoid suspicion and misinformation. They suggested this occur through distribution of information, education and communication (IEC) materials in local languages, radio programmes, public meetings and barazas.

Many local governments also proposed community engagement meetings by MEMD, oil companies and local governments to enable all stakeholders receive adequate updates. They felt this was a necessary requirement to ensure maximum benefits of the petroleum industry to communities. Some suggested that companies improve communication with NGOs for greater access to communities since NGOs are closer the communities.

Some sub-counties also requested that companies always consult them on the most pressing needs in the sub-county instead of unilaterally planning and implementing projects on their behalf. They felt it was important for companies to first have meetings at the sub-county before going to the community as they plan to begin operations. Others recommended that company CLOs improve on the flow of information to host sub-counties through frequent and transparent updates on company operations and progress. They suggested that one way these updates could take place is when the company allows the sub-county leadership and community members to access some of their operation sites. Another recommendation was that the flow of information from companies and



central government begin at the sub-county level, then to the parish and finally the village level.

*“We [sub-county officials] are not fully sensitised, you find us gambling on what to tell people...when people are sensitised they will talk in one voice.”* – Sub-county official

There was a recommendation from some local governments that companies increase their visibility in the communities by stationing CLOs at the district so that they are easily accessible to the community and are able to give first-hand information on company activities. Another recommendation was that companies declare their CSR plans and budgets to the district so that they are incorporated into the annual DDP and budget.

### 6.3.5 Infrastructure

Almost all local governments interviewed requested central government and companies to improve the road network in their region. They believed this would improve accessibility to communities and the transportation of goods. Another recommendation was that companies build bridges, such as a bridge over Anaka River in Nwoya District to facilitate the movement of students that go to Got Apwoyo Primary School. There was also a recommendation that the proposed oil refinery be located in Kanungu District.

### 6.3.6 Compensation and Displacement

Compensation was another very common issue raised by local governments. Almost all of them recommended proper valuation of crops so that compensation rates correspond with the market value. They also requested that compensation for crops considers that crop values in Uganda differ depending on regions, therefore, it was suggested that the Chief Government Valuer visit regions to study and understand crop values in consultation with the local people. They offered an example of matooke, which has a higher value in the central region of Uganda than in Buliisa District where cassava has a higher value. Another recommendation was that compensation be timely and fair, and that it considers crops, land and other property such as houses that companies destroy as they carry out their operations.

### 6.3.7 Security

Almost all the districts that were part of the assessment have the DRC on their western boundary. Some of the districts considered the security situation in DRC to be a concern and, as a result, recommended that government provide tighter security on their international boundary.

Another security concern raised was that associated with human-wildlife conflict. Some of the local governments made a specific request to companies and to UWA to construct a fence around wildlife conservation areas, such as MFNP and Kigezi Wildlife Reserve, to prevent wildlife destroying crops and threatening lives.

### 6.3.8 Education and Training

Some local governments recommended they receive education and training from government, companies and independent people about the petroleum industry through study tours and exposure visits. They suggested that communities be included as well. They also requested that technical issues be covered under this education and training, as well as issues such as compensation rates, so that local government and community expectations can be managed.

*“People are expecting too much”* - Local government official

With regard to the scholarships companies offer, some local governments recommended that companies establish clear criteria for selection of students who can benefit. One obvious criterion they suggested for scholarships was considering only students that perform well at various levels of primary and secondary education. There was also a proposal to companies that scholarship opportunities in a district be increased to at least 20 students every year. Another proposal was that company scholarships go to students from poor families.

One local government recommend that the company operating in their region should construct vocational schools for skills enhancement to allow the community members to compete favourably for jobs in the petroleum industry. Other local governments in the same region also recommend that the same company increase the number of children eligible for sponsorship, and that the company should go further to sponsor Senior 6 leavers from the community for training in Kigumba Training Institute to enable them compete for jobs in the petroleum sector.

Another common recommendation from local governments was that central government and companies construct more classroom blocks and houses for teachers.

### 6.3.9 Corporate Social Responsibility

A number of recommendations were made regarding the improvement of CSR. One was that companies engage in participatory planning processes with the district and communities before they embark on CSR projects. Local governments felt that CSR should be demand-driven and flexible. They also proposed that CSR projects be clearly agreed and communicated between companies and local governments, and they must be seen to benefit people “in real terms” – for example, supporting existing technical institutions to enable the people compete favourably for jobs in the petroleum industry. It was also suggested that CSR programs should consider investment responsibility and opportunity, and that CSR should add value to what government is doing, not duplicate it. For example, CSR should enable and improve business in the community as well as invest in people and not only services.

Some local governments also proposed that CSR focus on social issues associated with petroleum exploration and development in the region: for example, CSR should

involve the implementation of mitigation measures to address the negative consequences of new social interactions in a region. Another recommendation was that companies enforce policies for their employees to govern their code of conduct and behaviour – e.g. company policy on HIV/AIDS, domestic violence, and how workers conduct themselves in communities they operate.

One district proposed that it set its priorities so as to allow the company exploring for petroleum in the district to also prioritise their CSR projects. There was also a recommendation that CSR projects focus on service delivery, e.g. safe water for communities in hard to reach areas, community roads, health services, and small bridges. Some local governments also recommended that the company support them with transport (e.g. a pick-up vehicle and three motorcycles) and solar power.

### **6.3.10 Health**

All local governments recommended that central government and companies improve health services. They suggested a number of ways to do this, such as constructing and equipping health centres, providing drugs, supplementing the salaries of health workers in order to attract more qualified professionals to districts, etc.

### **6.3.11 Local Economic Development**

Local government made several recommendations to government and companies intended to spur local economic development. One of the most common was that central government develop a policy that ensures local businesses are guaranteed a share of the supply contracts in the petroleum industry. Another common recommendation is that companies give local farmers the opportunity to supply their workers' food since the potential to produce all types of foods is there locally and companies need not seek food supplies from Kampala.

Another way that local governments suggested local economies could benefit from the petroleum industry was by companies renting land for their camps from communities. Some local governments also suggested that they could be proactive in revenue generation by also leasing land where companies can construct their camps.

There was also a proposal that companies use local services such as bars and hotels and prioritise local people for employment as other ways to promote local economic development. Another recommendation was that companies actively contribute to the promotion of local agricultural produce by donating coffee and fruit tree seedlings to farmers in regions where they operate.

## 7 TEAM ANALYSIS AND RECOMMENDATIONS

The research team analysed the numerous challenges in the oil and gas sector that were raised by various stakeholders (communities, companies and local governments) in order to distil key categories of issues and make recommendations. Our analysis both reinforces other stakeholder recommendations where appropriate, and adds independent recommendations based on the local and international experiences of the team's members and associates.

The examination of community, company and local government barriers revealed 15 categories of issues that were preventing communities from realising more benefits from the nascent petroleum sector (see Figure 1). These included: stakeholder engagement; information and communication; employment; compensation and displacement; community support; education and training; local economic development; corruption; security; CSR; environment; social; infrastructure; policy and legal frameworks; and public health.

both barriers and recommendations. We structure our analysis in order of categories of barriers with highest frequency.

### 7.1 Stakeholder Engagement

Stakeholder engagement was the only category in which every community, local government and company raised concerns. Barriers included deficient inter/intra stakeholder interaction, flow of information, participation, trust, and a sense of helplessness by communities and local governments. They also addressed unfriendly, disrespectful, fearful and hostile relations, and unfulfilled commitments by companies. After introducing the key themes within this category, the research team distils recommendations within the context of international best practice guidelines.

A consistent area of concern is the timing of stakeholder engagement processes. Often substantive engagement does not begin until the extractive industries projects cycle is well underway, for example during feasibility studies and construction. However, engagement should

**Table 4: Priority barrier categories for local governments and communities (by district) and companies and the % of respondents who raised it as an issue**

		Community Support	Corporate Social Responsibility	Corruption	Displacement & Compensation	Education & Training	Employment	Environment	Information & Communication	Infrastructure	Local Economic Development	Policy & Legal	Public Health	Social	Security	Stakeholder Engagement
DISTRICT	Arua	80%	40%	40%	100%	80%	100%	20%	100%	20%	20%	40%	20%	20%	20%	100%
	Nebbi	71%	14%	14%	71%	57%	100%	14%	86%	0%	29%	14%	14%	29%	29%	100%
	Nwoya	40%	20%	20%	40%	60%	100%	60%	100%	20%	80%	20%	0%	0%	80%	100%
	Buliisa	17%	0%	67%	100%	83%	67%	67%	83%	50%	17%	17%	17%	17%	33%	100%
	Hoima	50%	13%	63%	100%	75%	50%	0%	100%	13%	100%	25%	25%	13%	0%	100%
	Kanungu	100%	25%	50%	25%	25%	75%	25%	100%	25%	25%	0%	0%	0%	25%	100%
	Rukungiri	100%	25%	25%	50%	25%	75%	25%	100%	0%	25%	0%	25%	50%	50%	100%
	Company	50%	100%	50%	50%	50%	50%	0%	100%	50%	100%	0%	0%	50%	50%	100%

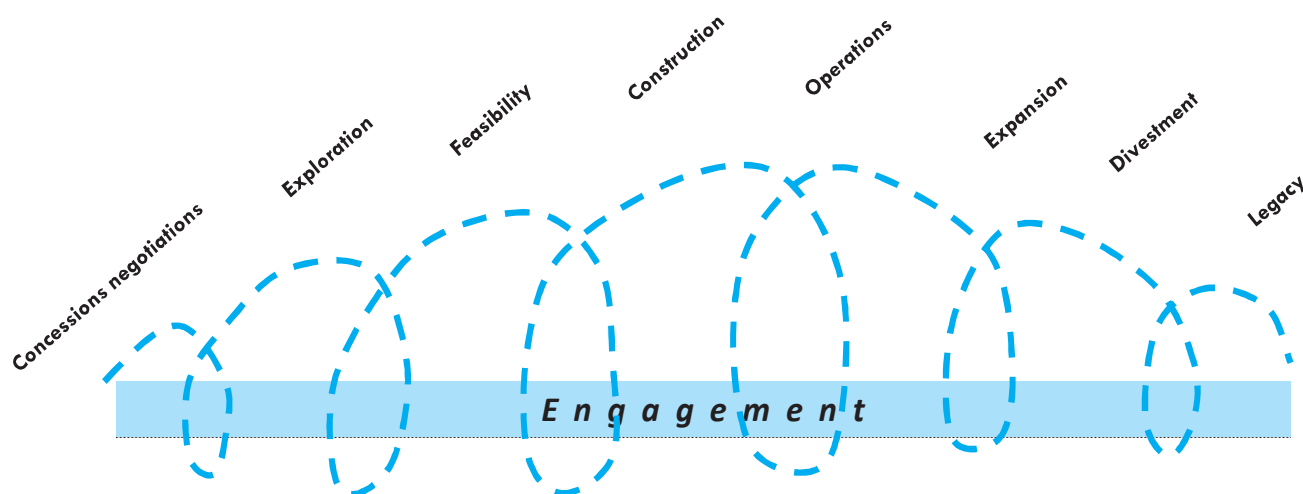
The analysis of community, company and local government recommendations revealed 14 quite similar categories to the barriers. The barrier of 'social issues' (i.e. prostitution, adultery, etc) was the only additional category. As discussed in the previous chapter, the 14 recommendations included: community support initiatives; compensation and displacement; CSR; corruption; education and training; employment; environment; information and communication; infrastructure; local economic development; policy, legal and institutional frameworks; public health; security; and stakeholder engagement. Matrices of the categorised barriers and recommendations expressed by communities, companies and local governments can be found in Appendice I & II, respectively. Figure 2 highlights community and local government consensus on eight priority categories to

begin at the earliest stages of the project cycle, during reconnaissance and prospecting (see Figure 3), and continue until project closure (Parker et al., 2008). This is particularly important in the Albertine Graben given the various stages of the project cycle each of the districts are in. Kanungu, Rukungiri, Arua and Nebbi have experienced the project cycle up to the exploration stage whereas Hoima, Buliisa and Nwoya have experienced it up to the feasibility stage. Hoima is expected to begin the construction stage within a year. Local government officials and communities in all seven districts expressed the wish that PEPD had engaged with them at the time of demarcation of exploration areas and prepared them for subsequent processes.

Stakeholder engagement is actually an important

**Table 5: Eight priority barriers and recommendations and the percent of respondents who raised it as an issue**

	<i>Community Support</i>	<i>Compensation &amp; Displacement</i>	<i>Education &amp; Training</i>	<i>Employment</i>	<i>Information &amp; Communication</i>	<i>Local Economic Development</i>	<i>Security</i>	<i>Stakeholder Engagement</i>
<b>BARRIERS</b>								
Arua	80%	100%	80%	100%	100%	20%	20%	100%
Nebbi	71%	71%	57%	100%	86%	29%	29%	100%
Nwoya	40%	40%	60%	100%	100%	80%	80%	100%
Buliisa	17%	100%	83%	67%	83%	17%	33%	100%
Hoima	50%	100%	75%	50%	100%	100%	0%	100%
Kanungu	100%	25%	25%	75%	100%	25%	25%	100%
Rukungiri	100%	50%	25%	75%	100%	25%	50%	100%
<b>RECOMMENDATIONS</b>								
Arua	80%	20%	80%	80%	80%	100%	20%	80%
Nebbi	71%	0%	100%	100%	57%	86%	0%	57%
Nwoya	80%	0%	100%	100%	100%	100%	100%	100%
Buliisa	50%	0%	100%	100%	67%	50%	33%	67%
Hoima	50%	13%	88%	100%	100%	63%	13%	75%
Kanungu	50%	25%	100%	50%	50%	75%	100%	100%
Rukungiri	75%	0%	75%	100%	50%	100%	50%	75%

**Figure 3: The Extractive Industries Project Cycle**

Source: adapted from Parker et al., 2008

component of the National Oil and Gas Policy of 2008. One of its guiding principles is a “spirit of cooperation,” and Objective 10 of the Policy seeks “to ensure mutually beneficial relationships between all stakeholders in the development of a desirable oil and gas sector for the country” (Republic of Uganda, 2008: 29). A key action to achieve Objective 10 is to “carry out adequate consultations with stakeholders especially in the oil and gas producing areas” (ibid).

Uganda’s Petroleum (Exploration, Development and Production) Act 2013 does not require companies or the Ministry to engage in community consultation or to acquire

community consent for oil reconnaissance, exploration and/or development activities. However, it does make reference to communities under Section 135 titled “restrictions and rights of others.” Subsection 2 notes that “the licensee shall take into account the interests of the community after obtaining consent under subsection (1)” (Republic of Uganda, 2013a: 100). However, there is no explanation provided on how ‘interests of the community’ should be considered, for example, what international best practice may be when a licensee seeks to exercise a right under a license and comes into conflict with host communities.



Given the dearth of governance guidance on stakeholder engagement, the research team makes the following recommendations:

### Oil Companies

- *Companies should carry out consultations with communities prior to commencing reconnaissance and early exploration* in order to better understand community needs and expectations. Companies need to develop strategies in cooperation with government and civil society on early stakeholder engagement processes in order to lay the foundations for mutual respect and trust (Eftimie et al., 2013).
- *Companies should adhere to International Finance Corporation (IFC) Performance Standard 1*, which underscores that stakeholder engagement is a dynamic and continuous process that involves a variety of different elements, including: “stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanisms, and ongoing reporting to affected communities” (IFC, 2012: 21).
- *Companies should publish and consult on their Stakeholder Engagement Plans and make clear how they define ‘affected communities’*. IFC Performance Standard 1 recommends that each of its clients develop and implement a Stakeholder Engagement Plan that is “scaled to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the affected communities” (IFC, 2012: 21). Although none of the operating companies are ‘clients’ of the IFC with regards to their operations in Uganda (and thus are not required to adhere to the IFC Performance Standards), it is still highly likely that they have conducted such stakeholder engagement exercises. By making public the three operating companies’ Stakeholder Engagement Plans civil society and government can engage from a position of strength with the companies and help harmonise these approaches.
- *Total E&P and CNOOC should follow Tullow Oil’s lead and publish detailed country level sustainability reports*, which include data on revenue transparency as well as social and environmental performance (Tullow Oil, 2013b). Ongoing reporting to affected communities on issues related to the consultation process or grievance mechanisms is required by IFC Performance Standard 1 (IFC, 2012: 23). It is also necessary for companies to communicate externally on environmental and social performance through corporate reports. Tullow Oil has demonstrated its leadership in this area.

### Oil Companies and Central Government

- *Companies and central government should meet the relevant requirements of IFC Performance*

*Standard 1 for consultation and participation with affected communities*, which includes capturing the views of both men and women, and the perspectives of disadvantaged or vulnerable groups, if necessary through separate forums or engagement processes.

- *Companies and central government should go beyond IFC Performance Standard 1 to obtain free, prior and informed consent (FPIC) from affected communities with regards to oil exploration, development and production. The research team recommends that the government include FPIC procedures and requirements into their permitting processes.* The IFC requires FPIC in certain circumstances related to Indigenous Peoples. However, the business case for FPIC in the extractives sector more generally is growing (WRI, 2007). Companies should consider expanding the scope of FPIC to non-indigenous communities advocated by the revised Forestry Stewardship Council certification standards (Buxton & Wilson, 2013). Failing to achieve community acceptance for a large-scale project can threaten the viability of the project, increasing risks for both the operating company and host government.
- *CNOOC, Tullow Oil, Total E&P and their respective contractors should harmonise stakeholder engagement approaches.* Each operating company and their contractors are taking different approaches to stakeholder engagement. Central government should be involved in this harmonisation process, as it is important that an equitable distribution of benefits is achieved in the oil-bearing regions to reduce the potential for conflict.

### Local Government

- *Capacity should be built within local government officials and leaders to more actively engage with communities, companies and central government on matters related to oil exploration and development.* Local leaders have a responsibility to prepare the community for the impacts and opportunities that the oil sector brings, however local governments to date have had a largely symbolic role in oil sector governance. Companies and contractors have had much more interaction with communities than local and even central government officials (VanAlstine et al., 2014). Development partners and CSOs should engage more proactively with local government officials to help build capacity on issues related to regulation and monitoring of the petroleum industry. For example, district responsibilities on environmental monitoring should be clear. As Total E&P recommended, local government officials could build capacity by participating in monitoring visits carried out by UWA and NEMA.

### Multi-Stakeholder Initiatives

- *Civil society should conduct a comparative*

*analysis of each operating company's grievance mechanisms in order to assess their strengths and weaknesses both in policy and practice and to evaluate the extent to which their contractors are implementing similar policies.* Grievance mechanisms are important components of stakeholder engagement processes. IFC Performance Standard 1 requires companies to establish a grievance mechanism where there are affected communities, in order to resolve concerns about the company's environmental and social performance (IFC, 2012: 23).

- *District level multi-stakeholder forums should be established to facilitate interactions between the company, government and the community.* Multi-stakeholder forums can provide an opportunity for local stakeholders to meet on a regular basis to engage on relevant issues and develop action plans. Affected communities may be able to negotiate from a position of strength through these forums. However, support will be needed to build the negotiating capacity of community stakeholders

### Box 1: Communication Strategy for Oil and Gas, November 2011

#### Part III: Implementation Framework for the Strategy

District Councils (Local Governments) shall perform the following duties:

- Undertake research and information gathering
- Development communications material for the Local Government
- Provide logistics for Local Government events
- Align and make available all media communication materials to the Office of the Prime Minister and Uganda Media Centre to ensure consistency with Governments overall core messages
- Undertake operational or programme related communication efforts
- Maintain a website and intranet
- Maintain an internal newsletter
- Inform the Office of the Prime Minister of Access to Information Request and releases of information

(Republic of Uganda, 2011: 32)

and to build their understanding of the operations of the oil and gas industry from the public and private sector perspectives.

## 7.2 Information and Communication

Companies, all local governments, and almost all

communities raised concerns related to information and communication. As per the discussion on stakeholder engagement above, disclosure and dissemination of information is a central component of establishing community consent for the project and building lasting trust and social license to operate. Barriers related to information sharing included access (supply and demand), regularity, transparency, reliability, timeliness, frequency, relevance, truthfulness, accuracy, and clarity among all stakeholders. All stakeholders recognised communication weaknesses, especially in terms of providing information in a format appropriate for the designated recipients and in their efforts to seek information from those that have it. Many of the stakeholders realised that barriers under other categories were actually a result of the lack of or inadequate information. Indeed, information and communication crosscuts all other categories.

The 2008 Oil and Gas Policy recognises “transparency and accountability” as a guiding principle with a strong statement:

*“Openness and access to information are fundamental rights in activities that may positively or negatively impact individuals, communities and states. It is important that information that will enable stakeholders to assess how their interests are being affected is disclosed... The policy shall therefore promote high standards of transparency and accountability in licensing, procurement, exploration, development and production operations as well as management of revenues from oil and gas”* (Republic of Uganda, 2008: 20).

The 2011 Communication Strategy for Oil and Gas in fact responds to the need for MEMD to more proactively handle communication on the oil and gas sector, and establishes a platform for the Ministry to communicate policies and programmes related to the oil and gas sector in a more effective way (Republic of Uganda, 2011).

Box 1 highlights the duties that local government should perform to implement the Communication Strategy.<sup>8</sup> Key responsibilities of local governments are further specified in the Strategy document: “Chief Administrative Officers and the District Information Officers shall communicate Government Policy and programmes on the oil and gas sector in the district”, and “Local Governments shall strategically engage with the public in identifying issues and information needs of the citizens at the grassroots level” (Republic of Uganda, 2011: 33).

It is interesting to note the critical role local government is given in bringing transparency to this sector in the oil-producing regions. However, local government respondents generally felt disempowered in the information dissemination and communication process given that local government received “poor and inadequate information from the centre.” What is missing from the Communication Strategy is an assessment of local government capacity to fulfil the duties outlined in

<sup>8</sup> Duties of other key government actors are outlined in the Communication Strategy.

## Box 1.

In addition, access to information, particularly for people in the oil-bearing regions, is weakly addressed in the 2013 Petroleum (Exploration, Development and Production) Act. Beyond the disclosure of reconnaissance permits (see e.g. Republic of Uganda, 2013a: 42), there is little discussion or guidance on how information dissemination and communication should be directed towards affected communities throughout the project cycle, e.g. from concessions negotiations, to feasibility studies, construction, etc. Although Section 151 of the Petroleum (Exploration, Development and Production) Act highlights availability of information to the public (see Box 2), it is particularly alarming that a fee is required for information on agreements, licenses, and approved field development plans, among other things.

There is clearly a role for central and local government, oil companies, CSOs, donors and multiple stakeholders to work together to fill information gaps. With a particular focus on information and communication as relevant to affected communities, the research team recommends that:

## Oil Companies

- *Oil companies and government should disclose information to affected communities as recommended in paragraph 29 of IFC Performance Standard 1, which includes that affected communities will gain access to information on: "(i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) any risks*

### Box 2: Petroleum (Exploration, Development and Production) Act 2013

#### Section 151. Availability of information to the public.

- (1) The Minister may, in accordance with the Access to Information Act, 2005, make available to the public:
  - (a) details of all agreements, licences and any amendments to the licences or agreements whether or not terminated or valid;
  - (b) details of exemptions from, or variations or suspensions of, the conditions of a licence;
  - (c) approved field development plan; and
  - (d) all assignments and other approved arrangements in respect of a licence.
- (2) The information referred to in subsection (1) shall be available to any person upon payment of the prescribed fee.

(Republic of Uganda, 2013a: 110)

to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism" (IFC, 2012: 21-22). For example, the PSAs and the field development plan that have already been agreed between CNOOC and PEPD (and those under review for Tullow Oil and Total E&P) should be made easily and freely accessible to the public. As discussed in Section 8.1, disclosure and dissemination of information is a corner stone of any stakeholder engagement approach.

- *CNOOC and Total E&P should follow Tullow Oil's lead and voluntarily disclose payments to the Ugandan government (e.g. taxes and fees). Interestingly, Tullow Oil voluntarily disclosed payments to the Ugandan government (taxes and fees totalling US\$ 174 million) in its 2012 Corporate Responsibility report (Tullow Oil, 2013a). When asked how much CNOOC and Total E&P paid, they both claimed that contractual obligations with the Government of Uganda prevented them from disclosing such information (Oil in Uganda, 2013b). In fact, in March 2014 Tullow Oil became the world's first extractive firm to publish details of its revenue payments to governments broken down by each project the company operates worldwide (FT, 2014; Global Witness, 2014b; Tullow Oil, 2013c). Tullow Oil's voluntary disclosures were in advance of a new European Union law due to come into force in the UK in 2015 (Oil in Uganda, 2013b).*
- *Companies should move from one-way information dissemination to two-way dialogue with affected communities. Making periodic efforts to hold open discussions with communities may not be sufficient, especially if the aim of those efforts is to inform communities, but not necessarily to listen to their perspectives. Therefore, in communicating with communities, companies should ensure that their staff gather and understand community perspectives and opinions during meetings.*
- *The minutes of stakeholder meetings should be published in English and local languages and made available online and at the companies' community liaison offices. With open and transparent meeting minutes, interested parties can monitor and evaluate the impact of stakeholder engagement processes in the oil-bearing regions.*
- *Companies, if they have not already, should establish liaison or coordinating offices in districts so that affected communities have easier access to information and contact with companies. Community members also noted that companies can improve the flow of information to affected communities through their CLOs. The research team noted a significant difference between the freedom with which Total E&P and Tullow Oil CLOs*



were operating. Tullow Oil CLOs appeared to have more freedom to express opinion and suggest recommendations than Total E&P CLOs had.

- *Company records related to investments, environmental performance, EIAs, and agreements with governments and local communities must be made public.* International Alert (2013) also suggests that laws should explicitly allow for regular reporting by the company on the environment and safety aspects of their operations. This will facilitate independent and statutory monitoring of project activities by various stakeholders and, provide an opportunity to hold government and the oil companies accountable for actions with negative social, environmental and economic impacts. Considerable concern is already being expressed by various stakeholders about biodiversity assessments that have been carried out by oil companies, but have not been made accessible by the companies and PEPP to statutory agencies such as UWA and NEMA and the general public.

### Central Government

- *The Government of Uganda should commit to, and implement, the Extractive Industries Transparency Initiative (EITI),* which is a voluntary global standard for disclosing company payments and government revenues, overseen in-country by multi-stakeholder groups of government, companies and civil society (Van Alstine, 2014; Wilson and Van Alstine, 2014). The intention of joining the EITI has influenced Uganda's nascent oil and gas laws and subsequent public debate. For example, the 2008 National Oil and Gas Policy conforms to international best practice on stressing the importance of transparency and accountability in all aspects of natural resource management. The Policy is in fact consistent with the EITI (Veit et al., 2011), and although the Government has declared it will participate in the processes and activities of EITI as part of the National Oil and Gas Policy, little progress has been made. Civil society in a recent conference on EITI implementation in Uganda urged government to "take their leadership role and fast track EITI Implementation by appointing of relevant officers to oversee the process of implementation" (Global Rights Alert, 2013b: 15).
- *Sub-national implementation of revenue transparency should be a top priority for the Government of Uganda.* Disclosing information about revenues is a powerful way to manage stakeholder expectations in the petroleum industry (Wilson and Van Alstine, 2014). However, the relevance of national level transparency initiatives such as the EITI to communities in the oil-bearing regions can be limited. Whether EITI is implemented or not, sub-national revenue transparency is imperative. When communities are able to scrutinise budgets, revenues and payments at the district level, they are able to negotiate better for longer term and

realistic solutions. The draft Public Finance Bill has recommended that all oil producing districts and cultural institutions (the Kingdoms) share seven percent of oil revenues (Global Witness, 2014a). This is an area of contestation, as the Bunyoro Kingdom, which is primarily located in the oil-producing region, has sought 12.5 percent of oil revenues. The modalities of how revenue sharing within the oil-producing regions will work in practice should be an issue to consider in the draft Public Finance Bill.

- *Central government should provide residents of Kabaale Parish in Hoima District, where the proposed petroleum refinery will be located, with adequate information about their planned displacement, resettlement and compensation well in advance of those actions taking place so that they are given time to prepare and negotiate the terms of those actions.* Communities where the proposed petroleum refinery will be located were genuinely concerned about being forced to leave their homes on short notice. There was the fear of displacement and loss of tenure without adequate compensation, notification and preparation. Grievance procedures must be in place for households that do not wish to be displaced, so that a mutually satisfactory solution may be found.
- *Central government and its development partners should invest in awareness building about individual and group rights within the national legal framework and in international law.* Pro-bono or affordable legal and advocacy services are necessary so residents of Kabaale Parish can exercise their rights through non-violent, constructive channels.
- *Central government, like companies, should have coordinating offices in districts* so that affected communities and local government officials have easier access to information and contact with PEPP.

### Local Government

- *The capacity within local government must be built to help overcome the growing information, monitoring and participation gaps at the local level.* There is a significant opportunity for local government to engage more proactively with central government and local communities (i.e. at the sub-county, parish and village levels). However, as a result of insufficient funds and the often large distances between district headquarters and villages impacted by oil operations (sometimes over 80 kilometres on poor roads), district officials spoke of the difficulty in mobilising and speaking to communities without being given the relevant allowances (transport, sitting, etc). When central government representatives come to 'sensitise' local communities with the oil companies, the role of local government is unclear. Local authorities largely believe they are as uninformed and



disempowered as communities. The research team's analysis confirmed that LC I, III and V authorities are largely spectators of developments in the oil sector (Van Alstine et al., 2014). They are almost completely excluded from the policy, legal and institutional formulation, implementation and monitoring in the oil sector.

- *Local government should invest in awareness building about individual and group rights within the national legal framework and in international law to mitigate conflict and maximise development benefits.*
- *Local governments should establish forums that allow communities in oil-bearing districts to share experiences, lessons learned, and effective engagement strategies with companies and government. This will help communities to direct their expectations and demands to the right institution.*

### Multi-Stakeholder Initiatives

- *Flow of information between companies, central and local government, and communities should be transparent and on a regular basis in order to avoid suspicion and misinformation.* Local government officials suggested this occur through radio programmes and public meetings, distribution of IEC materials and barazas translated in the local language to inform people. It was also suggested by many local governments that regular community engagement meetings be undertaken by PEPD, oil companies and local governments to enable all stakeholders to receive adequate updates. PEPD, being the government focal point for oil sector information, may be able to streamline the channel of communication between companies and communities as a means towards strengthening communication, especially on topics such as contracts and revenue sharing.
- *Participatory planning, monitoring and evaluation tools and mechanisms should be implemented to help build trust and to inform stakeholder engagement processes.* Box 3 outlines a variety of different tools or mechanisms that have been used in extractive industry contexts. Communities, companies, central and local governments can initiate these approaches.

### Civil Society and Development Partners

- *Civil society should coordinate efforts to engage in evidence-based engagement at the local level early in the reconnaissance and exploration stages of the extractive industry's project cycle.* A key governance challenge that emerged from our analysis is the fragmentation and lack of coherence among CSOs at the national and sub-national levels, and, up until 2012/13, the primarily national level focus of civil society was on getting the

petroleum sector legislation in place (Van Alstine et al., 2014). There are three civil society networks in Uganda working on petroleum governance: Civil Society Coalition on Oil and Gas (CSCO), Publish What You Pay – Uganda, and Oil Watch Network. Concerns have been raised that the three networks need to be more coordinated in the way they address oil and gas issues. Indeed, communities recommended that CSOs should harmonise their attitudes and perceptions on oil and gas in order to avoid giving conflicting information to communities, and companies also suggested that CSOs should be better informed about the petroleum sector so that they are able to speak from a knowledgeable point of view.

- *Through evidence-based engagement, CSOs should assist communities to direct their expectations and demands to the right institution.* One such education and awareness campaign could be to make communities aware of the disenfranchising effect of making demands for social services to companies as opposed to the rightful duty-bearer, government. CSOs can also help establish forums that allow communities in oil-bearing districts to share experiences, lessons learned, and effective engagement strategies with companies and government.
- *CSOs should invest in awareness building about individual and group rights within the national legal framework and in international law.* A number of organisations are working in this area (see e.g. the African Institute for Energy Governance, [www.afiego.org](http://www.afiego.org), and Greenwatch, [www.greenwatch.or.ug](http://www.greenwatch.or.ug)) to mitigate conflict and maximise development benefits.
- *Development partners can better coordinate donor-funded projects.* The donor community has been partially responsible for fuelling the disparate civil society approach because up until 2011 there was little effort to coordinate donor-funding on oil governance (Van Alstine et al., 2014). Indeed, a Global Witness report in 2010 highlighted a lack of urgency and coordination in the collective donor approach on oil and gas governance issues in Uganda (Global Witness, 2010). A starting point is to map out what activities and organisations each donor has funded in order to identify emerging engagement strategies and patterns.

### 7.3 Employment

Employment is one of the most significant expectations among local communities in extractives industries cases (The World Bank, 2013a), and employment issues are among the main causes of company-community and inter-community tensions (Zandvliet and Anderson, 2009).

A major community concern of community respondents is the limited job opportunities available to them.

### Box 3: Participatory Planning, Monitoring and Evaluation Tools

*Community suggestion boxes* may be used by community members to submit anonymous complaints, suggestions or questions. The boxes should be located in easily accessible public locations and are opened publicly at pre-determined times (e.g. weekly) and a response is provided to each suggestion by a company or government official.

*Community forums* involve single or multi-stakeholder community groups gathering voluntarily for discussion on a previously agreed topic, to provide information and receive feedback, or for other relationship-building activities that are made explicit. Effective communication strategies are required to ensure balanced participation in these forums.

*Participatory budgeting* has proved to be useful in the public sector when citizens decide on or contribute to decisions regarding the allocation and monitoring of public expenditures. Companies may wish to apply this tool to resources allocated for community development.

*Citizen report cards* involve short surveys with questions developed through participatory discussion and are usually used to measure perceptions of adequacy and quality of public services. Companies in the petroleum industry may find them useful; however, survey responses may need to be supplemented with a qualitative understanding.

*Community scorecards* involve focus groups identifying indicators of success for a given project or service offered by a company. Target beneficiaries and service providers then rate the effectiveness of the project or service based on the agreed upon indicators.

*Memorandums of understanding* between a company and local stakeholders (e.g. communities, local government, and/or CSOs) are agreements between two or more parties on a specific issue area that may help facilitate joint action. For example, since 2006 Shell Petroleum Development Corporation of Nigeria (SPDC) has been implementing participatory development agreements between SPDC and clusters of several communities. An agreement is known as a Global Memorandum of Understanding (GMOU). GMOUs are community-driven and emphasise transparent and accountable processes that aim to mitigate potential conflict and maximise sustainable benefits (see e.g. Shell, 2014).

*Community development agreements* between extractive firms and affected communities aim to clarify expectations and set a participative and transparent framework that will measure and evaluate impacts. Mining firms in particular have been using them to better define their relationships and obligations with impacted communities, including the roles of local and national governments and CSOs/NGOs. Governments are increasingly considering legislation that would define when such an agreement is required and what subject matter should it cover (see. e.g. The World Bank, 2012).

Sources: (ICMM, 2005; IFC, 2007; Parker et al., 2008).

Communities raised the issue that companies were employing staff from outside the local area, and not considering local people for semi-skilled or skilled jobs. One issue is how to define 'local'. Companies and communities may have different definitions of what local is. For example, according to Uganda's 2008 National Oil and Gas Policy, companies have an obligation to ensure 'national' participation, meaning that Ugandans should be employed in the industry (see Box 4). Often companies consider employing national staff to be the same as employing local staff, whereas communities and local governments in the study refer to local as those people from the districts and communities close to operations. Other barriers raised by communities were related to the recruitment processes used by oil companies and their subcontractors, especially a lack of transparency in recruitment processes, and the failure to

follow stated procedures. The terms of employment and workers' rights were also raised as concerns, particularly the issue of inadequate and inconsistent remuneration, lack of or temporary nature of contracts, poor job security and discrimination in the workplace.

These barriers were most common in districts that had not had sustained interaction with companies in the oil and gas industry, such as Arua, Nebbi, Nwoya, Kanungu and Rukungiri. Therefore, their expectations of benefits from the industry through employment were still high. On the other hand, these barriers were of lesser concern to communities in the districts of Hoima and Buliisa that have had sustained experience with companies in the oil and gas sector.

Employment related issues were raised as a concern for all

local government representatives, and recommendations were made regarding employment in the industry and about company recruitment procedures. For example, local governments called for companies to recruit local people for senior positions in the companies. However, a major issue is the unrealistic expectations held by communities and local governments about the degree of employment available for local people in the oil industry. A 2013 International Alert study reports that 57.1% of people interviewed in the oil regions expect increased employment opportunities from the oil industry, and 50.6% expect an increase in income (International Alert, 2013).

It is clear that expectations about employment in the oil industry must be managed, and companies, local and central government and CSOs should play a role in this. Significant employment is not among the benefits the oil industry is able to offer. Although Section 126 of the 2013 Petroleum (Exploration, Production, Development) Act (see Box 5) makes a provision for companies to employ Ugandans in all phases of the industry, there are a number of barriers to this provision. The majority of employment in the industry is skilled labour, yet there are significant skills gaps at the local level and indeed at the national level in Uganda (MEMD, 2011). There is limited semi and unskilled employment available during the project life-cycle. Therefore an effort to make communities aware of the project cycle of the oil industry and the few labour intensive stages should be undertaken.

Another important consideration is transparency in recruitment policies, as perceptions of nepotism and discrimination can create tensions and divisions in the community. Local hiring based on merit can sometimes reinforce communal divisions, and the use of a middle man can lead to bias (Zandvliet and Anderson, 2009). Total E&P has implemented a ballot box system, which is a type of lottery system. Its aim is to ensure that casual jobs go to people from the local area. Through this system application forms are placed in the ballot box and selected at random. However, some communities raised the issue that this process does not recognise those with skills that are able to do more than casual labour. Other communities expressed dissatisfaction that when the ballot box system was implemented in their community residents of other communities were allowed to participate thereby reducing their opportunities for employment. Tullow Oil, on the other hand, has been recruiting both through advertisements and through the LC I Chairpersons, which has met with community dissatisfaction as this limits those selected for work.

To address issues around employment the assessment team recommends the following:

### Oil Companies

- *Companies should define what they mean by 'local' and make this public.* This should be done in consultation with local government, community representatives and CSOs in order to build shared understanding of what is considered local.

### Box 4: National Participation in Oil and Gas Activities

The 2008 National Oil and Gas Policy calls for Uganda's natural resources to contribute to poverty reduction, and in this aim it emphasises *national participation in oil and gas activities* "in order to expand employment opportunities, acquire diversified skills and enable application of the skills learnt from the oil industry into other sectors of the economy" (Republic of Uganda, 2008: 2). The policy acknowledges the limited opportunities for direct employment, but claims that the industry should provide significant employment opportunities through chain or multiplier effect.

- *Companies should make a public commitment to hire local people for jobs for which they are qualified.* A number of companies in other extractives contexts have opted to make local hiring a priority. For example Rio Tinto and its subsidiary Diavik Diamond Mines Inc. in Canada's Northwest Territories made an explicit public statement to ensure 66% of local workforce is made up of Northern residents, and 40% of Aboriginal descent (Wise and Shtylla, 2007). CNOOC, Tullow Oil and Total E&P should consult with stakeholders to negotiate a target for the numbers of local people recruited at various stages of the project lifecycle.
- *Companies should ensure that efforts are made to integrate locally recruited employees into the workforce to ensure they are accepted and seen as equal as other workers, to minimise divisions in the workplace.* Integrating 'local' workers into corporate culture can be overlooked by companies (see e.g. Rees et al., 2012). To minimise conflict between different groups in the workplace training of all staff on cultural and social issues may be required.
- *Companies should target underrepresented groups in recruitment, such as young people and women.* A number of communities raised the issue of youth and women being bypassed during recruitment. This can be addressed through a deliberate policy of hiring a certain quota of qualified youth and women.
- *Oil companies should develop workplace standards based on international best practice.* The IFC Performance Standard 2 on Labour and Working Conditions provides guidelines to companies to ensure the fundamental rights of workers, in recognition that "the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company" (IFC, 2012: 1). IFC Performance Standard 2 is applicable for direct workers, contracted workers, and supply chain workers, and the requirements in



the standard have been informed by a number of international conventions and instruments, including those of the International Labour Organisation and the United Nations. The standard includes guidelines on working conditions and terms of employment (10; 11; 12), non-discrimination and equal opportunities (15; 16; 17) (see IFC, 2012).

- *The companies should review their health and safety policy and ensure that it is fully extended to the casual workforce in accordance with IFC Performance Standard 2 (23).* Some community respondents noted that companies had not provided safety equipment for casual workers, such as boots and protective clothing. According to the Standard companies must take measures towards the “provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances”, among other things (IFC, 2012: 27) .
- *Companies should review their worker grievance policies to ensure that they are in line with international best practice standards and ensure the policy is fully operational and user friendly for the entire workforce.* IFC Performance Standard 2 (20) provides a guideline for a workplace grievance mechanism.

#### **Box 5: Petroleum (Exploration, Development and Production) Act 2013**

##### **Section 126. Training and employment of Ugandans**

- (1) The licensee shall, within twelve months after the grant of a license, and on each subsequent anniversary of that grant, submit to the Authority for approval, a detailed programme for recruitment and training of Ugandans.
- (2) The programme shall provide for the training and recruitment of Ugandans in all phases of petroleum activities and shall take into account gender, equity, persons with disabilities and host communities.

- *Companies should make it a condition of the contract for sub-contractors to adhere to the hiring company's recruitment, workplace, and health and safety policies.* Oil companies may need to establish an internal function to ensure compliance with this policy.

#### **Oil Companies and Government**

- *Effective communication should take place between companies and local government about:* 1) what the districts expect in terms of employment and 2) what employment opportunities exist for

local people. This dialogue should be carried out at the earliest opportunity in order to ensure shared understanding of expectations. A joint plan should be developed by companies and governments for managing community expectations, which should include ensuring community awareness of the project lifecycle and the labour needs throughout this cycle.

- *A timeline should be created and made public* to show when employment opportunities are likely to arise throughout the project lifecycle. This could enable training to be carried out to meet upcoming labour needs for semi-skilled roles. The timeline can also help casual employees to understand how long a labour intensive period is likely to last so that they can plan effectively.
- *Alternative economic opportunities should be invested in by the companies and government* in order to reduce the high expectations that centre on the immediate oil industry. For example, companies and local governments should work in partnership with CSOs and community representatives to implement alternative livelihoods or alternative skills programmes. This should be done with extensive consultation with affected communities. Examples of alternative livelihood projects are already taking place in Hoima, for example, Tullow Oil is working with the NGO Traidlinks to deliver an agri-training programme for local farmers.<sup>9</sup> A donor-funded alternative livelihoods project ‘Jobs and Oil’ is being delivered at Hoima’s vocational training institute by the UK NGO Living Earth.<sup>10</sup>

#### **Multi-Stakeholder Initiatives**

- *A comparative analysis of the three oil companies’ recruitment and hiring policies should be carried out and companies should harmonise pay rate guidelines for different roles and terms of employment for casual staff.* Currently the three companies have different approaches to recruitment and hiring. A harmonised recruitment and hiring policy across the oil-bearing region developed in consultation with local governments, community representatives and CSOs would ensure greater transparency and reduce community dissatisfaction with the processes.
- *Local governments and community representatives, in consultation with CSOs, should carry out a skills inventory in the communities* to establish which community members may have the necessary skills to undertake skilled or semi-skilled employment in the industry.
- *Employment opportunities in the wider extractives industry value chain should be identified, and*

<sup>9</sup> See: <http://www.traidlinks.ie/activities>

<sup>10</sup> See: <http://www.livingearth.org.uk/projects/jobs-and-oil-improving-access-to-youth-employment-in-western-uganda/>



targeted skills training should be undertaken by companies, the central government, donors and CSOs to ensure Ugandans can benefit from these opportunities in the future.

- *In order to improve long term employment prospects central government and development partners should invest in building human capacity through targeted poverty reduction, including improved education and access to health care.*

## 7.4 Compensation and Displacement

A number of concerns were raised around issues of compensation and displacement. The majority of communities and some of the local governments raised barriers under this category based on their experience with company operations or as a result of community experiences they were aware of elsewhere. Communities were concerned about actual and potential loss of crops, land, houses, and other property as a result of company operations, as well as no, delayed or inadequate compensation. They also expressed concern over restricted or no access to resources (e.g. firewood, pasture and fishing areas) located near company operations, which are necessary for their daily income and livelihoods.

All local governments and communities in the districts of Arua, Hoima and Buliisa noted barriers under this category, reflecting the more advanced stage of the project cycle in these areas. In Arua, concerns were primarily related to inadequate compensation for loss of property. In Hoima and Buliisa, concerns were related to actual displacement and loss of property, rights, income and access to resources, as well as no, delayed or inadequate compensation.

Communications regarding compensation and displacement are often some of the earliest interactions between companies and communities and some of the most contentious, as they incorporate inter alia land rights, valuing natural resources, livelihood changes and monetary payments (UHRC, 2013; Zandvliet and Anderson, 2009). Section 139 (1), (2), (3) and (4) of the 2013 Petroleum (Exploration, Development, Production) Act sets out guidelines for 'compensation for disturbance of rights' and Section 78 of the Land Act (CAP 227) presents valuation principles for compensation (see Box 6). However, concerns are raised that these mechanisms are not adequate and calls have been made for implementation of compensation and displacement mechanisms in accordance with international best practice such as the World Bank Operational Policy, OP 4.12 on Involuntary Resettlement (Eftimie et al., 2013). In line with these concerns, MEMD have developed a Resettlement Policy Framework (RPF) for Oil and Gas Activities in the Albertine Graben.

Although the RPF represents a positive step in legislation and policy surrounding compensation and displacement, local government, communities and companies remain concerned over compensation and displacement

### Box 6: Petroleum (Exploration, Development, Production) Act

#### Section 139. Compensation for disturbance of rights. Subsections (1), (2), (3) and (4):

- (1) A licensee shall, on demand being made by a land owner, pay the land owner fair and reasonable compensation for any disturbance of his or her rights and for any damage done to the surface of the land due to petroleum activities, and shall, at the demand of the owner of any crops, trees, buildings or works damaged during the course of the activities, pay compensation for the damage; but—
- (2) Where the licensee fails to pay compensation under this section, or if the land owner of any land is dissatisfied with any compensation offered, the dispute shall be determined by the Chief Government Valuer.
- (3) A claim for compensation under subsection (1) shall be made within four years from the date when the claim accrued failing which, notwithstanding any provision of any other written law, the claim shall not be enforceable.
- (4) For avoidance of doubt, the licensee shall, in addition to the compensation referred to under subsection (1), restore that land to as near as possible to its original state in accordance with the National Environment Management Act.

(Republic of Uganda, 2013a: 102-103)

processes. One of the consistent recommendations from the communities was that the compensation process should be improved. For example, communities suggested that market prices should be paid for crops and that compensation payments should be provided in a more transparent, timely and fair manner. However, barriers exist for compensation and displacement processes such as unclear property rights, lack of community capacity and lack of clarity on roles and responsibilities of different actors. In order to address these issues the research team recommends that:

### Oil Companies

- *Companies should establish and maintain early and well-planned dialogue with local government, CSOs and communities over compensation rates (see e.g. IFC Performance Standard 1) to allow issues of concern, e.g. around property rights and market prices for crops to be raised and compensation conditions to be negotiated. Discussions may also result in the generation of options and ideas that would be beneficial to affected communities (Zandvliet and Anderson, 2009).*
- *Companies should consider compensation for short-term disruptions to livelihoods or use of property.*

For example, those related to the construction of temporary access roads to company camps in communities or wildlife conservation areas.

- *Companies should be open to a balance of financial and non-financial payments* depending on the community requirements. For example, substitute land and farming inputs may be more beneficial than financial capital for households who rely on farming.
- *Companies should monitor resettled communities to mitigate livelihood issues* and to work with communities to try and maintain social networks. Zandvliet and Anderson (2009) suggest experience sharing amongst resettled communities as a way to contribute to this.

### Oil Companies and Government

- *Compensation procedures should be made more transparent for affected communities.* For example, minutes of negotiation meetings should be published in an accessible format for communities and payments should not be made until the community agrees over payment conditions to reduce inconsistencies.
- *Resettlement of communities where necessary should be gender-sensitive.* A study conducted by Global Rights Alert revealed significant weaknesses in gender-sensitivity in the RAP for the proposed oil refinery in Kabaale Parish, Hoima District (Global Rights Alert, 2013a).
- *Compensation should be provided in a timely manner* to avoid issues around devaluation and households being uncertain of when payments will be made, in line with Uganda Human Rights Commission (UHRC) recommendations (UHRC, 2013).
- *Capacity building should be provided alongside compensation payments* on money management, investment and alternative livelihood options. Some communities also suggested that compensation be paid monthly rather than in one amount to avoid households investing the money unwisely. Zandvliet and Anderson (2009) suggest investment experiences could be shared amongst communities to highlight what the payments could be spent on.

### Central and Local Government

- *Government should internally review roles and responsibilities for compensation and displacement issues* to avoid overlap and contradiction between, for example, District Land Boards, the Chief Government Valuer and the District Valuer. An understanding should be reached on whether current local compensation rates developed at the district for minor disputes between community

members should be the standard for compensation of major community losses due to the oil and gas industry. There is some contradiction in policy and publications about these bodies. For example, the SEA states that there is no valuer at the district level (Republic of Uganda, 2013b), however the UHRC mentions District Valuers as well as the Chief Government Valuer (UHRC, 2013).

- *Central government should adhere to the IFC Performance Standards on Social and Environmental Sustainability* in communities that are being displaced for the proposed petroleum refinery. IFC Performance Standard 5 sets specific recommendations related to physical and economic displacement related to land acquisition and involuntary movement of communities that central government may wish to adopt (IFC, 2012). Eftimie et al. (2013) further suggest integrating participatory processes and capacity building for community structures and land administration.
- Central government, and empowered and skilled District Land Boards, should develop and communicate clear guidelines on how land ownership can be clarified around areas where companies operate.
- *Central government should inform communities as far in advance as possible if resettlement is to take place* as some communities are fearful of displacement during the petroleum project cycle.

### Multi-Stakeholder Initiatives

- *An independent review of the compensation and displacement policies and practices* in the three operating oil companies and their major contractors should be undertaken as soon as possible. These should be compared to the MEMD Resettlement Policy Framework and international best practice (see e.g. IFC Operational Standard 5 on Land Acquisition and Involuntary Resettlement, Equator Principles, African Development Bank's social and environmental policies and guidelines) to highlight areas for improvement and sharing of good practice.
- *Guidelines for companies around compensation and displacement issues should be developed through a multi-stakeholder process.* These should include roles and responsibilities of different stakeholder groups, issues around community property, valuation procedures and payment procedures.
- *A vulnerability analysis should be carried out* to determine which groups may lose out from the compensation process, allowing strategies to be developed to mitigate potential issues (Zandvliet and Anderson, 2009).

## 7.5 Community Support

This category of barriers included community and local government limitations and their unmet desires and expectations. One example of limitations identified by the Nebbi District Local Government is that their mindset is focused on how the oil and gas industry can support service delivery directly rather than exploiting business opportunities that would enhance their capacity to deliver services. An example of unmet desires and expectations is the disappointment by residents of Kazinga/Bukorwe in Kanungu District that Dominion Petroleum dismantled their camp structures instead of leaving them in place to benefit the community as stores, a health unit, halls for meetings, etc.

Barriers under this category were a major concern of local governments and communities in the districts of the Kigezi region (Kanungu and Rukungiri) and the West Nile region (Arua and Nebbi). Perhaps this is not surprising when one considers the stage of the extractive industries project cycle at which both regions are. Petroleum exploration efforts have been unsuccessful to date, there has been limited interaction with companies (especially when their operations are largely located in wildlife protected areas), and, therefore, expectations of benefits from the oil and gas industry are often high, ill-informed and unrealistic.

A perceived sense of entitlement from communities underpins this category of barriers. High expectations within communities often stem from inadequate stakeholder engagement, information and communication. As discussed in Sections 8.1 and 8.2, these issues should be addressed at the earliest stages of the project cycle in order to develop shared understanding and trust between stakeholders. From a company perspective responding to these types of demands conforms to an 'old' type of CSR typical of corporate philanthropy or charity (as will be discussed in Section 8.10 on CSR). This paternal relationship between communities and companies can develop into 'resource enclaves', particularly in remote regions where the private sector essentially fills the service provision and security gaps left by government (Ferguson, 2005; Soares de Oliveira, 2007; Watts, 2004).

The ideal goal is for private sector development interventions to supplement government service provision, to avoid a situation of dependency on the private sector, and not to impact the willingness or ability of the state to develop its capacity (Newell and Frynas, 2007). There is evidence to show that in Uganda's Albertine Rift region, even at exploration stage, international oil companies risk being looked at as some sort of 'second government', as communities address their demands on service delivery to the operating firms rather than central and local government. In order to address some of these issues, the assessment team recommends that:

### Local Government:

- *Local governments in the oil-bearing region should combine efforts to engage more substantively and proactively with central government to extend their involvement in and contribution to the governance of the oil and gas sector, especially on how the sector can help to improve local service delivery.*
- *Local governments should share experiences with each other on how to address their limitations to greater benefits and minimise unrealistic expectations from the oil and gas sector.*

### Communities:

- *Communities should demand that their expectations for improved service delivery be incorporated into their DDPs during the regular planning and review processes. This will hopefully reduce community ad hoc demands and unrealistic expectations of oil companies and their contractors.*

## 7.6 Education and Training

It is widely recognised that education and training for the wider community in extractives contexts is important in terms of ensuring communities can access both direct and indirect opportunities from the industry. All of the communities in the study raised concerns that illiteracy, low levels of literacy and limited education and skills were preventing them from accessing benefits. Respondents from communities and local governments recommended that improved education and skills upgrading was essential in order to gain from the industry.

Some local government representatives recommended that they should receive training about the petroleum sector from central government, industry and donors through study tours and exposure visits to other oil producing countries. The Norwegian government's Oil for Development programme has been providing training for some Ugandans employed in the industry, and has organised a number of peer visits to Norway which some local government officials have attended.<sup>11</sup>

The oil and gas industry demands technical skills that up until 2009 were not available for Ugandans to acquire through educational and training institutions in Uganda (Republic of Uganda, 2008). Therefore, since 2009 Uganda has taken measures to ensure that training institutions and universities offer courses related to the petroleum industry. In 2009 the Kigumba Petroleum Institute was opened as a national centre for training, research and consultancy in petroleum exploration, extraction and refinement. The institute, located near Masindi in the oil-bearing region, was co-funded by oil companies and international donors. Tullow Oil has sponsored a number of students to undertake higher

<sup>11</sup> See: [http://www.norway.go.ug/News\\_and\\_events/Development/Energy-and-Petroleum-Sector/Oil-for-Development-in-Uganda/#.U0QF-fldWul](http://www.norway.go.ug/News_and_events/Development/Energy-and-Petroleum-Sector/Oil-for-Development-in-Uganda/#.U0QF-fldWul)



education overseas. However, many of the beneficiaries of local and international training for the oil and gas industry have yet to find employment in the industry. One issue is that the skills levels of graduates from training institutes are relatively basic compared to the skill levels required by the industry. Further, the provision for vocational training for the sector has been lagging in comparison to demand (Oil in Uganda, 2012).

In order to address some of the issues related to education and training raised in the study, the research team recommends the following:

### Oil Companies

- *Companies and local governments should coordinate education-related CSR spending with DDPs to ensure long term impact on education.* Although some companies have been supplying school materials and in some cases have constructed school buildings, this has often not been in coordination with government development plans and therefore has had limited impact. The construction of schools must be incorporated into government plans to ensure that the schools become staffed and equipped. Companies, as well as citizens, should hold government to account to ensure the schools are sustained.
- *Companies with government consultation should support education by offering educational bursaries and scholarships for overseas study in subjects directly and indirectly related to the industry.* Oil companies have begun offering a number of bursaries to children in Uganda, as well as scholarships for Ugandans to pursue training and higher education in overseas institutions. These programmes should be scaled up in consultation with government and other stakeholders.
- *A comparative assessment of the three companies' selection processes for scholarships and educational bursaries should be carried out and companies should harmonise their approaches.* Companies should consult with local government, community leaders and CSOs to agree upon a transparent selection, administration and monitoring process for scholarships and bursaries.
- *Companies should consult with local government, community leaders and CSOs to develop policies to ensure affirmative action in the awarding of bursaries and scholarships to under-represented groups.*

### Government and Companies

- *Government and industry should increase investment in training and skills development so that future generations have greater employment opportunities in the oil industry.* Section 127 of the 2013 Petroleum (Exploration, Development and Production) Act calls for the training and recruitment of Ugandans in all phases of petroleum activities.

However this training should also take into account the many indirect opportunities that can arise from the oil industry.

- *Government and industry should ensure that vocational training is provided for school leavers in areas that are directly and indirectly related to the industry.* CNOOC is taking a lead in this area and is currently sponsoring Senior 4 school leavers in Hoima to undertake 12 months skills training in bricklaying, metal work, electrical installation and plumbing.

### Central and Local Government

- *The government should increase investment in primary and secondary education in order to ensure Ugandans can benefit directly and indirectly from the industry in the long term.* A consistent recommendation from communities was support for education through improved facilities and materials, and better working conditions for teachers.
- *Local governments should invest in adult literacy campaigns in the oil regions in order to spread some of the benefits to the wider communities*
- *Government should consider incentives to encourage the development of PPPs for training and skills development (see Box 7).* PPPs can boost local content prospects. For example, in some other extractives contexts PPPs have delivered skills training to address skills gaps and enable local populations to take advantage of the indirect benefits of the extractives industries. The Mining Skills Strategy in Chile is an example of this type of approach (see Box 8).
- *Training for local governments in the basics of petroleum, including impact monitoring, should increase at the district level.* National CSOs have been providing some training at the national level, for example Advocates Coalition for Development and Environment (ACODE) trained MPs and Ministers on the oil bills and oil legislation. However,

#### Box 7: Public Private Partnerships (PPPs)

PPPs are arrangements between the public and private sectors whereby private sector resources—technical, managerial, and financial—are harnessed to deliver essential public services such as infrastructure, health and education (see The World Bank, 2014).

there is a gap at the district level, where CSOs have had less involvement. The oil companies have also provided some training, for example, Tullow Oil has delivered workshops on oil industry fundamentals for local governments and community leaders in Hoima.



### Box 8: The Mining Skills Strategy in Chile – an example of a large-scale PPP

This initiative is a partnership between 12 large copper mining companies, 30 suppliers, training institutions, and the public sector represented by the Ministry of Labour and the Ministry of Mining. Partnership working enabled the identification of the upcoming needs and evolution of the employment market, and provided the scale to justify public sector investment in education focusing on youth and women (see The World Bank, 2013c).

- *Training for MPs, CSOs and environmental protection agencies* should continue.

### Multi-Stakeholder Initiatives

- *Government, industry, civil society and donors should continue to invest in alternative livelihoods training.* As the oil industry begins to impact on livelihoods, building alternatives for communities is an important way to manage these impacts. Tullow Oil has been instrumental in this area and has partnered with an NGO to create Hoima Enterprise Centre. Civil society programmes to address income generation opportunities are already being implemented in the oil-bearing regions, some of which are linked to the wider benefits of the industry. UK NGO Living Earth has begun a three year vocational skills training programme in Uganda to improve access to employment opportunities for women and youth.<sup>12</sup> Irish NGO TraidLinks, with support from Tullow Oil, is delivering training for farmers in agri-enterprise and has established an enterprise centre in Hoima.<sup>13</sup>
- *Communities, CSOs, and local governments should undertake capacity building and training in the areas of environmental and social impacts monitoring.* National CSO 'Greenwatch' has developed a community monitoring tool to enable communities to monitor and report on the impacts of oil production (see Greenwatch, 2011). Greenwatch also carried out training on the rights, roles and responsibilities of stakeholders involved in oil production.
- *Government, industry and development partners should provide capacity building for local businesses.* In other extractives contexts there are some successful examples of business initiatives which have provided training to local entrepreneurs, helping to boost prospects for local procurement. One example is the Ambatovy Local Business Initiative (ALBI) which was set up

by a mining company in Madagascar to provide support to local businesses and entrepreneurs through training, mentoring, and capacity-building programmes. ALBI's goal is to foster broader economic diversification and contribute to the development of local and regional economies in Madagascar.<sup>14</sup> Tullow Oil's support for the Hoima Enterprise Centre which provides business training and networking opportunities is an example of this type of initiative being implemented in Uganda.

## 7.7 Local Economic Development

Communities had strong concerns about a number of issues related to local economic development, including: the real and potential loss of economic opportunities; increased cost of living; reduced production; delayed income; exclusive tendering practices; and limited community preparedness to take advantage of economic opportunities. Local economic development was a priority concern in Hoima District. This could be attributed to the stage at which the district has reached in the extractive industries project cycle and the growing awareness in communities and local government that local economic benefits from the oil and gas sector need to be harnessed and advocated for. Tullow Oil and Total E&P also expressed concern that oil production would lead to traditional economic activities being abandoned and that communities were ill-prepared to take advantage of economic opportunities in the oil and gas industry.

One of the key ways the oil and gas sector can benefit the Ugandan economy, beyond the direct contribution of its revenues, are through its links to other sectors or the so-called local content created by the extractive industry sector (The World Bank, 2013b).

### Box 9: Petroleum (Exploration, Development and Production) Act 2013

#### Section 125. Provision of goods and services by Uganda entrepreneurs. Subsections (1) and (2):

- (1) The licensee, its contractors and subcontractors shall give preference to goods which are produced or available in Uganda and services which are rendered by Ugandan citizens and companies.
- (2) Where the goods and services required by the contractor or licensee are not available in Uganda, they shall be provided by a company which has entered into a joint venture with a Ugandan company provided that the Ugandan company has a share capital of at least forty eight percent in the joint venture.

(Republic of Uganda, 2013a: 93-94)

<sup>12</sup> See: <http://www.livingearth.org.uk/projects/jobs-and-oil-improving-access-to-youth-employment-in-western-uganda/>

<sup>13</sup> See: <http://www.traidlinks.ie/activities>

<sup>14</sup> See: <http://www.ambatovy.com/docs/?p=432>

Section 125(1) and (2) of the 2013 Petroleum (Exploration, Development, Production) Act (see Box 9) in theory sets the ground work for local content, but the ambiguity of the guidelines may make them difficult to implement in practice (Kasango and Kahigwa, 2013; Oil in Uganda, 2013a). As with the issue of 'local' employment, one key question is how local is local? Is it related to jobs and other value-added throughout the domestic economy or in the oil-bearing regions? Within the context of this report we consider local content within the districts where we conducted this assessment.

One of the consistent recommendations from communities was that the oil companies should purchase locally produced goods and services. For example, many community respondents recommended that local farmers should have the opportunity to supply food to the camps instead of the catering contractors seeking supplies from Kampala. Companies should consider making local economic development a priority by making changes to their sourcing and procurement processes to make it possible for local businesses to bid successfully for supply contracts. However, barriers exist for these local suppliers such as compliance with international and company standards, competitive pricing, and access to finance. In order to address some of these issues, the research team recommends that:

### Oil Companies

- *An independent review of the local content, procurement, employment and contracting policies and practices* of the three operating oil companies (Tullow Oil, Total E&P and CNOOC) and their major contractors (e.g. MSL Logistics, LST, Civicon, etc.) should be undertaken as soon as possible. By comparing and contrasting these policies and practices with international best practice (see e.g. The World Bank, 2013b), opportunities for improvements and harmonisation can be highlighted.
- *The operating companies and major contractors should provide capacity building, mentoring and skills training for local contractors* in order to bridge the international and local 'standards gap.' For example, by allowing or requiring local contractors to shadow or partner with larger and well-established contractors so that after the job is finished the local contractor can carry on the maintenance of the project.
- *Operating companies and major contractors should provide more flexible procurement policies* given access to finance is a serious limitation for many local contractors. Companies can pay local contractors in stages or based on an agreed output schedule, instead of expecting them to pay the full project costs upfront and waiting for reimbursement from the company after completion of the project.

This will make it possible for smaller contractors with limited cash and credit balances to access supply contracts in the petroleum industry.

### Central and Local Government

- *Central government should develop a policy that ensures local businesses are guaranteed a share of the supply contracts in the petroleum industry* building on the foundations set in Section 125 (1) and (2) of the 2013 Petroleum (Exploration, Development, Production) Act. Countries that have detailed petroleum sector local content laws or regulations, such as Indonesia, Nigeria, Angola, Ghana, Brazil and Kazakhstan, can provide useful lessons for formulation and implementation of local content laws and regulations in Uganda.
- *Local government should support communities to identify opportunities and needs to take advantage of economic opportunities related to the petroleum sector and integrate these into DDPs.* For example, local government could provide capacity building and training opportunities, perhaps in partnership with companies, major contractors and local chambers of commerce, on how to supply goods (e.g. construction material, foods and beverages, etc) and services (e.g. accommodation, truck hire, etc) to the petroleum sector.

- *Local government should ensure that companies operating in their regions pay appropriate local taxes.* This will involve central government clarifying oil company tax obligations to local governments at the various stages of the extractive industries project cycle.

### Multiple Stakeholders

- *Business owners in oil-bearing districts may wish to form district chambers of commerce*, if they do not already exist, in order to organise themselves in preparation to enter into contracts with oil companies.
- *Small-holder farmers, with the active support of government, may wish to re-introduce agricultural cooperatives* in order to pool resources, employ better farming methods, and be better positioned to supply food to companies.

### 7.8 Corruption

This category of barriers was concerning favouritism, nepotism, exploitation, bribery, and fraud. It mainly included community frustrations with the recruitment processes of Tullow Oil and Total E&P sub-contractors, particularly their perceptions of ethnically-based discrimination and experiences of demands for bribes from local leaders and company foremen and gate-

keepers who had been given or claimed to have roles and responsibilities in the recruitment process. Another common community concern under this category was the acquisition of land by speculators and politicians who are thought to have prior information about where company operations are likely to be located. Barriers under this category were particularly common in communities in the districts of Hoima and Buliisa, but were also raised in some communities in all the other districts in the study.

Much of the focus on corruption in the extractive industries literature relates to the management and distribution of revenue from taxes and royalties (Kolstad and Wiig, 2009). However, within this study a number of local governance issues were found that hindered the potential for positive development outcomes. This type of micro politics is understudied within the context of the hydrocarbons sector in Uganda, although see Van Alstine et al (2014) for an overview of challenges associated with resource governance at the sub-national level in Uganda.

Recommendations on how to address issues related to alleged corruption in employment and recruitment processes have been addressed substantially in Section 8.3. The research team further recommends, particularly related to cases of alleged corruption in employment and land-grabbing, that:

#### Central Government:

- *The Government of Uganda establishes an extractive-sector Ombudsman* modelled after ombudsman offices in Latin American countries such as Peru, which focus on the defence of human rights and mediating conflict resolution (Damonte, 2012). Government may wish to add corruption and inter/intra communal conflict related to operations of the oil and gas industry as other issues the Ombudsman should address.

### 7.9 Security

This category of barriers included human-wildlife conflict, inter/intra-community conflict, community safety, and theft of property. One of the concerns by all communities in Nwoya and one of the communities in Kanungu adjacent to wildlife conservation areas where exploration activities were taking place was that those activities were displacing wildlife, especially elephants, which were destroying their crops. Another concern was conflicts between families and neighbouring communities (e.g. Jonam in Nebbi and Acholi in Nwoya) about land that is likely to be of value to the oil and gas industry. Increased cases of theft as a result of in-migration related to company operations was another concern.

Conflict becomes problematic when “societal mechanisms and institutions for managing and resolving conflict break down, giving way to violence” (UN, 2012: 6). Non-violent

conflict can in fact be a healthy and essential component of social change and development (ibid). According to the UN (2012) there are six primary drivers of extractive industries-related conflicts: poor engagement of communities and stakeholders; inadequate benefit-sharing; excessive impact on the economy, society and the environment; mismanagement of funds and financing war; inadequate institutional and legal framework; and unwillingness to address the natural resources question in peace agreements. While it is still early in the project cycle for oil in Uganda, there are worrying signs, particularly related to human-wildlife conflict and low-level conflicts between families and neighbouring communities.

Given these barriers, the research team recommends that:

#### Oil Companies:

- *Oil companies should willingly participate and potentially fund studies that explore human-wildlife conflict in the oil-bearing regions.* These studies should help identify appropriate mitigation measures drawing on international best practice in this field.
- *Oil companies should implement the Voluntary Principles on Security and Human Rights.*<sup>15</sup> Tullow Oil and Total E&P are participants in the initiative; CNOOC should also implement the Voluntary Principles.

#### Central and Local Government:

- *UWA should publish the results of its research on elephant movements during oil exploration in and around MFNP,* which it conducted with the Wildlife Conservation Society in late 2013.<sup>16</sup> Appropriate mitigation, offset or compensatory measures should then be taken to address human-wildlife conflict.
- *Government should establish clearer land ownership guidelines,* particularly in the areas where companies are operating, to ensure that land is registered and boundaries are clear in order to avoid conflict between households and communities.
- *NEMA should make clear how the ESIs conducted by Total E&P for its operations in MFNP address issues of human-wildlife conflict.* If the ESIs do not address human-wildlife conflict this should be revisited in the regular environmental audits conducted by NEMA.

### 7.10 Corporate Social Responsibility

Barriers under this category addressed limitations to the design and impact of CSR. These barriers were raised by both companies and 50 percent of the local governments (Arua, Nebbi, Purongo, Kanungu and Rukungiri) that were

<sup>15</sup> See: <http://www.voluntaryprinciples.org/>

<sup>16</sup> See: <http://www.ugandawildlife.org/component/k2/item/285-murchison-falls-elephant-leaders-collared>



interviewed. They included concerns such as companies not considering the DDP or consulting communities and local governments before designing and implementing CSR projects, little or delayed central government support to CSR projects, and politicisation of the location and types of CSR projects.

Interestingly, almost no barriers were raised under this category by the local governments of Hoima and Buliisa. This may be due to the fact that existing CSR projects are largely concentrated in these two districts.

Remote oil-bearing regions, such as Uganda's Albertine Rift region, are often governed through private or semiprivate means, where authority and control may be transferred explicitly or implicitly to international oil companies as a response to state incapacity in providing infrastructure and basic social services (Ackah-Baidoo, 2012; Soares de Oliveira, 2007; Watts, 2004). These types of interactions are commonly viewed as CSR, or a firm's (often voluntary) contribution to sustainable development and poverty alleviation (Fox, 2004; Jenkins, 2005). As discussed in Section 8.5 on Community Support, responding to demands for social services and 'gifts' conforms to an 'old' type of CSR typical of corporate philanthropy or charity. However, there is no correlation between how much a company spends on community projects and the quality of its community relationships (Zandvliet and Anderson, 2009). There is a trend for more strategic CSR or community investment which seeks to engage in initiatives that have a dual win/win or positive impact on society and core business activities (IFC, 2010).

Many of the recommendations from the previous sections, particularly on stakeholder engagement, information and communication, and community support, are relevant to the area of CSR. The research team recommends that:

#### Oil Companies:

- *Oil companies should ensure meaningful community and local government participation in CSR project design, implementation, monitoring and evaluation. It is critical that community investment projects build local ownership and capacity (IFC, 2010).*
- *Company-sponsored projects should be sustainable and effective without company support. Companies need to ensure that there is community or government commitment to maintain a completed project (Zandvliet and Anderson, 2009).*
- *Companies should coordinate CSR spending with DDPs to ensure long term pro-poor development impacts in line with government plans and local priorities. However, the efficacy of the district and sub-county development planning process should also be evaluated, particularly the extent to which communities participate in the process and the issues they raise are incorporated in the DDPs.*
- *Companies with local and national stakeholders*

*should explore opportunities for community foundations within the oil-bearing regions in order to respond more strategically and transparently to community demands with participation from local stakeholders (The World Bank, 2011).*

#### Local Government:

- *Local governments should consider how capacity building, partnerships and long-term productive investments by the companies could benefit local communities, as opposed to solely 'quick impact' projects such as infrastructure development and service delivery (IFC, 2010).*

#### Central Government:

- *Central government should develop CSR guidelines in partnership with other stakeholders so that roles and responsibilities are clearly delineated and local government and community desires and expectations are properly channelled and not misplaced.*

#### CSOs and Development Partners:

- *A study should be undertaken to compare and contrast the CSR strategies of the three operating companies, exploring how these strategies can be aligned to more equitably distribute benefits in the oil-bearing regions.*

#### 7.11 Environment

Barriers under this category included community and local government concerns about waste management, environmental degradation, noise and air pollution, perceived ecological instability, and environmental compliance monitoring. Concerns about waste management were the most common and largely localised in communities and local governments where exploratory drilling waste has been disposed of, especially in the districts of Buliisa, Nwoya and Rukungiri.

Concerns over environmental degradation are increasing given the ecological sensitivity and biological richness of some of the areas in which oil reserves have been discovered. The oil-bearing districts in Uganda are located in a region of high biological diversity that makes it one of the most important conservation eco-regions in Africa. The Albertine Graben has 39% of Africa's mammal species, 51% of its bird species, 19% of its amphibian species and 14% of its plant and reptile species and is, therefore, valuable for tourism and other local and national economic activities (AmanigaRuhanga et al., 2009). The tourism sector, in particular, is a rapidly growing contributor to Uganda's economy and is largely concentrated in the oil-bearing region. Tourism's direct contribution to Gross Domestic Product (GDP) in Uganda in 2012 was estimated at approximately US\$ 834 million (Uganda Bureau of Statistics, 2013). This represented 4% of total Ugandan GDP and nearly 26% of its total exports earnings. Its contribution to the economy is indefinite



compared to petroleum (approximately 30 years).

While the initial framework for environment management of oil and gas activities in Uganda was provided in the 2008 National Oil and Gas Policy, the MEMD, in conjunction with NEMA, has recently developed an SEA, which aims to “*ensure that environmental issues are broadly considered and integrated into major decisions connected to policy, plans & programs associated with the oil & gas sector at the earliest stage*” (Republic of Uganda, 2013b: ix). The SEA acknowledges that existing laws on environmental protection were developed prior to oil and gas discoveries and therefore urgently need updating in order to harmonise and improve the legal framework around environmental issues. These include the National Environment Act, 1995, the Uganda Wildlife Act, 2000, the National Forest and Tree Planting Act, 2003, the Water Act, 1997, and the Fisheries Act.

However, some progress is being made on various aspects of environmental concern. For example, NEMA has developed an Environmental Monitoring Plan for the Graben, as well as a Sensitivity Atlas as a baseline to form the basis for monitoring change. They have also acted on concerns raised in the SEA that “regulations and guidelines on waste management are particularly overdue and the process for their development needs to be expedited” (Republic of Uganda, 2013b: 42) by recently issuing oil companies with interim guidelines for waste management (Nsereko, 2014) and licensing four companies to construct waste treatment facilities (Oil in Uganda, 2014). In addition, an oil spill contingency plan has been developed which aims to define strategies and responses to oil spills (Nsereko, 2014). Nevertheless, gaps remain in the legal framework, baseline data, capacity, resources and education (Nsereko, 2014). These gaps align with recommendations made by communities, companies and local government in improving legislation around waste management and capacity building in environmental monitoring. For example, communities and local government raised concerns over existing waste from previous companies and future waste and the lack of waste management guidelines for companies. In order to address some of these issues, the assessment team recommends that:

### Oil companies and Government

- *Companies and government should consider techniques which minimise environmental damage.* For example, biodiversity losses can be reduced by using directional drilling (AmanigaRuhanga et al., 2009). This approach refers to the multiple drilling of wells to extend outwards from one location, maximising the ability to recover oil and gas while minimising the number of drilling locations that must be established on the land surface. It reduces the direct surface footprint of oil and gas operations and allows access to oil and gas reserves under sensitive ecological areas such as fish and wildlife breeding areas (e.g. Murchison Falls–Albert Delta Wetland System) (Manyindo, 2013). It also minimises land fragmentation and is recognised as

a best management practice.

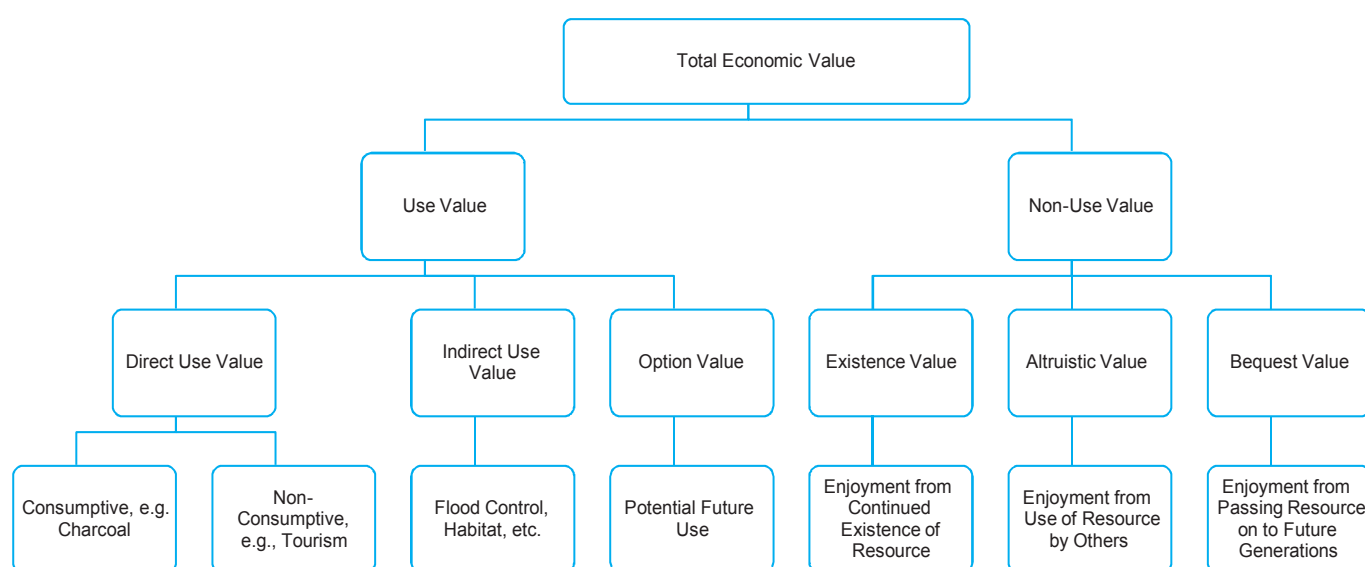
- *Government should compel companies to develop Corporate Biodiversity Action Plans* before companies begin activities (Manyindo, 2013). These plans are a set of future actions designed to protect, restore and enhance the environment (wildlife and its habitat). They include voluntary environmental sustainability standards, voluntary climate change standards, and the Polluter Pays Principle. Companies may also wish to demonstrate corporate social and environmental responsibility by providing for a *biodiversity fund* in their biodiversity action plans.
- *Government and companies should consider the maintenance of wildlife corridors.* The re-establishment and preservation of inter and intra-protected area wildlife corridors in the Albertine Rift is crucial (AmanigaRuhanga et al., 2009). Without them, wildlife populations become isolated leading to the disruption of natural movements, dispersal patterns and diversity of gene pools and, ultimately, the loss of species in the long-term. Of particular concern are existing wildlife corridors within and north of Murchison Falls Conservation Area (Murchison Falls National Park, Karuma Wildlife Reserve, Bugungu Wildlife Reserve and Budongo Forest Reserve), as well as those north and south of Kabwoya Wildlife Reserve in Exploration Areas 1, 1A, 2 and 5. Wildlife corridors within, west and north of Queen Elizabeth Conservation Area (Queen Elizabeth National Park, Kyambura Wildlife Reserve, Kigezi Wildlife Reserve) in Exploration Area 4A and 4B.
- *Central government and companies should make every effort to avoid potential negative environmental impacts* often associated with the petroleum industry. There are various approaches and common principles which could be adopted in order to avoid or mitigate those impacts. These are detailed below:
  - 1 *The Precautionary Principle* asserts that where an activity raises threats of harm to the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically. One of the challenges of implementing this principle is that it presupposes that environmental conservation is a paramount consideration before a development takes place; unfortunately, this doesn't appear to be the case in Uganda's nascent petroleum industry.
  - 2 *The Polluter Pays Principle* requires that the costs of pollution be borne by those who cause it. It could have a deterrent effect if enshrined in national law and agreements between government and companies. Eftimie et al. (2013) identify inadequate support for the principle as one of the main gaps regarding enforcement

and compliance to environmental standards by the oil and gas sector.

- 3 *Environmental and Social Impact Assessments* (ESIAs) are already being partially employed by the government and companies. These require a company to maintain procedures to identify systematically the hazards and effects which may affect or arise from its activities, and from materials employed in them. It is a requirement in the very early stages of the extractive industries project cycle and the scope of the identification should encompass all activities from inception through to decommissioning, otherwise requirement of ESIAs at each stage of the project cycle (as is currently the case) makes progression to subsequent stages a fait accompli since it would be potentially impossible

about their rights, the potential health and social risks, and how and when to participate in environmental monitoring. Company staff should be educated about the sensitivity of their work in places of major ecological importance. Government officials should be educated about the biodiversity values of exploration areas before they sign agreements. Tourists should be educated about what they are likely to find in protected areas they visit where extractive industries are located and what is being done to minimise impacts. The employment of two Tourism Liaison Officers (TLOs) in MFNP by Total E&P to address day-to-day concerns on a consistent basis, regular updates to tourism stakeholders via email, and regular meetings with tourism stakeholders (Total E&P Uganda, 2013) are positive steps towards achieving

**Figure 4: Total Economic Value**



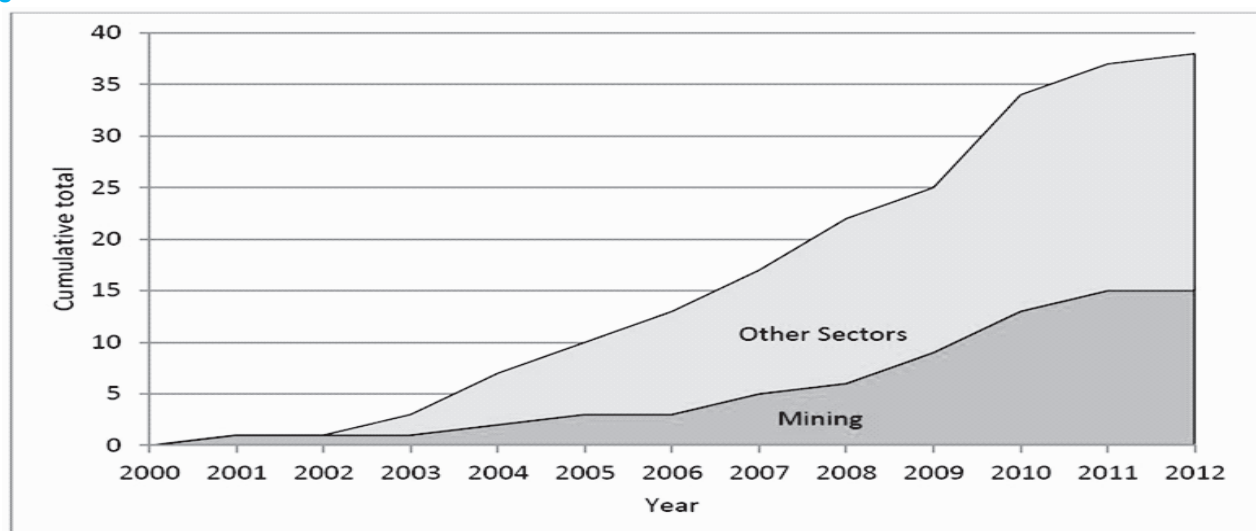
to impede a lucrative project cycle already underway in spite of its negative environmental impacts.

- 4 The government and companies should consider the *Total Economic Value (TEV)* of a resource negatively impacted by the activities of a petroleum company as government and companies employ the polluter pays principle. The TEV approach involves considering direct use values (e.g. tourism, fuelwood, and timber), indirect use values (e.g. water catchment and carbon sequestration), option values (e.g. future use and non-use values), and current non-use values (e.g. biodiversity conservation).
- 5 *No-Net Biodiversity Loss* is increasingly being adopted by companies in the extractive and other industries (Manyindo, 2013). It seeks to conserve biodiversity to ensure it survives, continuing to provide services, values and benefits for current and future generations by: avoiding irreversible losses of biodiversity;

seeking alternative solutions that minimise biodiversity losses; using mitigation to restore biodiversity resources; compensating for unavoidable loss by providing substitutes of at least similar biodiversity value; and seeking opportunities for enhancement. This is a positive approach to planning for biodiversity before a project starts and helps ensure that: 1) priorities and targets for biodiversity at international, national, regional and local level are respected, and a positive contribution to achieving them is made; and 2) damage is avoided to unique, endemic, threatened or declining species, habitats and ecosystems; to species of high cultural value to society, and to ecosystems providing important services.

- 6 One other approach is *Conservation Education*. The potential for negative impacts of extractive industries operations makes on-going education important to mitigating environmental impacts (AmanigaRuhanga et al., 2009). Communities should be educated

**Figure 5: Growth in the number of companies with public company-wide commitments to No Net Biodiversity Loss**



Source: The Biodiversity Consultancy, 2012

conservation education.

- *Waste management strategies and facilities covering the existing legacy waste as well as future waste should be developed* as a matter of urgency and in line with international best practice and the SEA (Eftimie et al., 2013; Republic of Uganda, 2013b). Local governments and communities recommended that companies currently operating should remove petroleum waste dumps they or their predecessors located in the community. International Alert (2013: 7) raised concerns that waste management guidelines were lacking and “companies were allegedly piling wastes in gazetted places, waiting for the NEMA to issue guidelines.” The UHRC suggests that NEMA should be responsible for identifying potential toxic substance disposal sites, rather than oil companies and/or land owners (UHRC, 2013).
- *ESIAs should be conducted by the government or independent assessors paid by government*, rather than company contractors (Manyindo, 2013). This will minimise widely-held concerns about conflict of interest associated with companies hiring contractors to carry out ESIs of their operations. The UHRC (2013) suggests that NEMA should take the lead in conducting EIAs and they should be shared with the general public. Communities recommended that the company in their area promotes community participation in the ESI process.

### Multi-stakeholder Initiatives

- *A broad spectrum of stakeholders should also be involved in monitoring mitigation measures in ESIs.* There are currently significant restrictions

to this in oil-bearing districts in Uganda. Gaining access to communities, particularly at the village level in the oil-bearing regions, is controlled by the President's office, which limits the ability of civil society, donors and media to engage proactively at the village level (Van Alstine et al., 2014).

- *CSOs should build their capacity* to conduct independent monitoring of ESIs, carry out cost-benefit analyses, and lead environmental litigation efforts where necessary.

### 7.12 Social

Barriers under this category addressed local behavioural, cultural and moral standards. A few communities and local governments were concerned that these standards were often not being upheld by employees of companies or their sub-contractors. Many of the concerns were related to increased prostitution and cases of adultery. However, these concerns were also among the least common raised by the various stakeholders.

There is evidence that women are disproportionately impacted by the extractive industries compared to men (The World Bank, 2009). The benefits of employment and compensation often accrue to men, while the costs such as family and social disruption, environmental degradation, economic and social marginalisation fall primarily on women.<sup>17</sup> The marginalisation of women in the oil and gas sector was confirmed in a recent study by Global Rights Alert that assessed the real and potential concerns of women affected by the RAP for the proposed oil refinery in Kabaale Parish, Hoima District (Global Rights Alert, 2013a). Our recommendations seek to redress the gender bias emerging in Uganda's oil sector as manifest in many of the social issues raised by

<sup>17</sup> See: <http://www.worldbank.org/en/topic/extractiveindustries/brief/gender-in-extractive-industries>

interviewees such as adultery and prostitution:

### Oil Companies, Central and Local Government:

- *Oil companies, central and local governments should provide capacity building opportunities for women*, in order to benefit from employment and business opportunities related to the extractive industries (The World Bank, 2009).
- *Oil companies, central and local government should require and conduct gender-sensitive social baseline studies* to monitor the impacts of the extractive industries on gender relations in oil-bearing communities (ibid).
- *Programmes should be implemented that seek to diminish the negative social impacts of the oil sector*, such as alcoholism, gambling and prostitution.<sup>18</sup> Increased prostitution may also bring a rise in HIV/AIDS and other STDs.
- *Stakeholder engagement programmes must be gender-sensitive*, so that women have equal access to participation in decision-making processes. Where women have become involved in community investment/CSR decision-making processes, outcomes often have more sustainable development impacts (ibid).

### 7.13 Infrastructure

Barriers raised in this category related to inadequate roads, their maintenance, and access to electricity. They were the least common concerns among all stakeholders.

Many of the issues around infrastructure projects, such as ensuring that company-sponsored infrastructure projects are sustainable in the long run, that they are incorporated into DDPs, and that adequate and timely information is provided have been addressed under Sections 8.2, 8.5 and 8.10. A broader concern is the extent to which oil sector infrastructure investments can more widely benefit the oil-bearing regions and the nation to help support sustainable and inclusive growth (Toledano, 2012). The research team recommends that:

### Oil Companies and Government:

- *Investments in physical infrastructure for the oil sector should be coordinated with national and regional infrastructure development plans* (Toledano, 2012). Efforts should be made to avoid an enclave approach to infrastructure development which secures the energy and transportation services needed by companies but misses opportunities to share national infrastructure and identify potential synergies (ibid). This concept has been endorsed by various development partners and policymakers, such as the World Bank, the

African Development Bank and the African Union (Farooki, 2012).

### 7.14 Policy and Legal Frameworks

Barriers under this category included concerns about an inadequate and unfair policy and legal framework and its unsatisfactory implementation. The specific areas relating to the categories raised through the CCA have been highlighted throughout this chapter. They were primarily raised by local governments in the districts of Arua, Buliisa, Nebbi, Hoima and Nwoya who expressed dissatisfaction with the provisions and implementation of current and proposed government policies and laws on land and the oil and gas sector. These barriers were among the least common among the various stakeholders.

A key issue is the extent to which local governments have been given a mandate within the oil policy and legal frameworks and whether they have the capacity to fulfil these mandates. Neither Uganda's National Oil and Gas Policy of 2008 nor the Petroleum (Exploration, Development and Production) Act of 2013 addresses how institutions need to be strengthened or coordinated to implement, monitor and enforce regulations in the oil-bearing regions. In the Upstream Act, the public, affected parties and local authorities are given the right to view impact assessments and lodge objections regarding exploration licenses within a specified time, but no regulatory responsibility is conferred to the local level (Republic of Uganda, 2013a).

The draft Public Finance Bill (as discussed in Section 8.2) does recommend that all oil-producing districts and cultural institutions share seven percent of oil revenues (Global Witness, 2014a). But this is a contested area as the Bunyoro Kingdom has sought 12.5 percent of oil revenues and local governments have recommended much higher shares, ranging from 25 to 50 percent. It is likely that the focus on oil governance will shift to the local/district level after the Public Finance Bill has been agreed and its implementation process begins.

The 2011 Communication Strategy for Oil and Gas, as discussed in Section 8.2, specifies that the "Chief Administrative Officers and the District Information Officers shall communicate Government Policy and programmes on the oil and gas sector in the district", and that "Local Governments shall strategically engage with the public in identifying issues and information needs of the citizens at the grassroots level" among other duties (Republic of Uganda, 2011: 33). Missing from the Communication Strategy is an assessment of the capacity for local government to respond to these requests.

The 2013 Draft Strategic Environmental Assessment (SEA) Report directly addresses coordination between government agencies and the district/local level on environmental monitoring and issues related to

<sup>18</sup> See: <http://www.worldbank.org/en/topic/extractiveindustries/brief/gender-in-extractive-industries>



environmental capacity building. The SEA identifies a clear role for local authorities, it states that “the District Level Monitoring Team is also in place and is composed of the technical staff of the local governments in the Albertine Graben” (Republic of Uganda, 2013b: 114). The SEA goes on to argue that increased financial and human resources are needed in order for NEMA to take the lead in coordinating environmental concerns in the Albertine Graben. The SEA stresses that environmental capacity building is needed at the district and local level where inspection and monitoring is important: “Urgent recruitment should be undertaken at the district levels in the Albertine Graben of key vacant positions such as labour officers, community development officers, physical planners and at each municipality, urban planners” (ibid: 117).

It is interesting to note that the 2011 Communication Strategy assumes local government capacity to fulfil its duties as outlined in the document, whereas the 2013 SEA clearly identifies capacity gaps at the local level. Given these key governance and capacity gaps, the research team recommends:

#### Central government

- *The strategies and actions to achieve the objectives of the National Oil and Gas Policy of 2008 need to specify local government’s mandate in the emerging legal framework.*

#### Local and central government, CSOs and development partners

- *The capacity of government agencies and local authorities to implement, monitor and enforce oil and gas policies and regulations needs to be assessed and any gaps addressed.*

#### 7.15 Public Health

Barriers under this category related to access to adequate healthcare, clean water, medical staff, and disease control. These barriers were mainly raised by a few communities who felt that public health issues were hindering additional benefits from the oil and gas industry. They were also among the least common barriers raised by the various stakeholders.

Public health barriers are quite similar to the infrastructure, community support and social barriers and, therefore, recommendations to address them can be found in Sections 8.2, 8.5 and 8.10. Many of the issues revolve around lack of adequate health infrastructure and the spread of disease, e.g. HIV/AIDS, due to an increase in sex workers. To reiterate the gendered impact of the extractive industries discussed in Section 8.12, one community respondent remarked: “*They are killing our young girls and married women.*”

## 8 THE WAY FORWARD

The CCA is both an assessment and the beginning of a process by which community stakeholders, the companies and government engage with each other to achieve mutual benefits. As discussed in Chapter 2 the CCA is a ten step process. The publication of this report indicates completion of steps one to six. Multi-stakeholder workshops were held in three regions of Uganda’s Albertine Rift – Kigezi, Bunyoro and West Nile – and one at national level in Kampala to share the research team’s analysis of the validated data (Steps 6 and 7). Commitment was gained from all stakeholders to move forward with the recommendations of the study (Step 8). In 2014, the project is building the capacity of community and local government representatives to participate in the development of action plans in a participatory way (Step 9). This will be followed by multi-stakeholder forums in each of the seven project districts to get stakeholder commitment to implement an action plan based on the research findings and recommendations (Step 10).

It is important to recognise that oil development in the Albertine Graben is a work in progress. As the project cycle continues and the production licenses are agreed and the Field Development Plans are implemented, the oil-bearing regions will undergo significant development challenges. This report and the larger CCA process provide starting points for seeking inclusive development through a multi-stakeholder process. The research team intends to continue this process as the hydrocarbons sector moves towards ‘first oil’ in 2018.

In order to facilitate this process, the research team aims to:

- Identify long-term funding to continue the CCA process and the district level multi-stakeholder forums;
- Identify co-funding opportunities for actions agreed upon through the multi-stakeholder forms;
- Identify capacity building opportunities for community and local government stakeholders;
- Develop capacity within local CSOs and local government to negotiate and potentially partner with the oil companies from a position of strength, for example to monitor and evaluate projects and programmes, and in particular, the implementation of agreed CCA action plans;
- Advise central government and oil companies, among others, how stakeholder engagement, information and communication, employment, and other categories of barriers, are perceived at the local level in the oil-bearing regions; and
- Develop linkages between local CSOs, national/international NGOs, and development partners to build capacity and learning networks to facilitate knowledge transfer on relevant issues.

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## APPENDIX I: Categorised Barriers by Respondent

[illegible]

## APPENDIX II: Categoriased Recommendations by Respondent

Stakeholder		Community Support Initiatives										Stakeholder Engagement									
		Compensation & Resettlement	Corporate Social Responsibility	Corruption	Education & Training	Employment	Environment	Information & Communication	Infrastructure	Local Economic Development	Policy, Legal & Institutional	Public Health	Security	Stakeholder Engagement							
Arua	Ndara																				
	Indiova																				
	Oyu																				
	Wanyange																				
	Arua District																				
Nebbi	Abok																				
	Kiyaya West																				
	Nyabang																				
	Nyamutagana-A																				
	Nyapolo																				
Nwoya	Pakwach																				
	Nebbi District																				
	Lagazi																				
	Pajengo																				
	Pawatomero Central																				
Bulisa	Purongo Sub-County																				
	Nwoya District																				
	Bikongoro																				
	Kakindo																				
	Kasinyi																				
Hoima	Kijumba																				
	Kirama																				
	Bulisa and Hoima Districts LG																				
	Kab II																				
	Kaiso																				
Hoima	Kiryamboga																				
	Kyapuloni																				
	Kyehoro																				
	Nsonga																				
	Tonya-A																				
Kanungu	Hoima and Bulisa Districts LG																				
	Kaneme																				
	Kazinga/Bukorwe																				
	Kihiih Sub-County																				
	Kanungu District																				
Rukungiri	Rwenshama																				
	Rwesigiro																				
	Bwambara Sub-County																				
	Rukungiri District																				
	Total																				
Company	Tullow																				

## APPENDIX III: RESEARCH TEAM

Ivan AmanigaRuhanga – Maendeleo ya Jamii  
Herbert Banobi – Maendeleo ya Jamii  
Jami Dixon – University of Leeds  
Jen Dyer, PhD – University of Leeds  
Evelyn Kukundakwe – Kanungu District NGO Forum  
Jimmy Komakech – Nebbi District NGO Forum  
Jacob Manyindo – Maendeleo ya Jamii  
Brian Mugisa – Hoima District NGO Forum  
Christine Nantongo Mukasa – Maendeleo ya Jamii  
Emmanuel Mukuru – Maendeleo ya Jamii  
Eddy Nam – Nebbi District NGO Forum  
Beatrice Rukanyanga – Maendeleo ya Jamii  
Laura Smith – University of Leeds  
Jamie Van Alstine, PhD – University of Leeds





## APPENDIX IV: AUTHORS

**Ivan AmanigaRuhanga** works with Maendeleo ya Jamii. He has extensive experience in research, policy analysis and advocacy in environment and natural resources management in Uganda. Ivan has published widely on Uganda's petroleum, mining, forestry, wetlands and wildlife sectors. A publication he co-authored on maintaining the conservation and tourism value of wildlife protected areas where oil and gas are being explored is referenced in Uganda's Strategic Environmental Assessment of Oil and Gas Activities in the Albertine Graben. Ivan has experience in Uganda and Zambia conducting assessments and making recommendation on the relationships between extractive industries and neighbouring communities.

**Herbert Banobi** works with Maendeleo ya Jamii. His experience in community development spans almost 3 decades and includes the creation of community organisations for land and business management, guiding community-driven accountability in public service delivery and natural resource management, training community and local government trainers in participatory planning and monitoring, and building community enterprises and assets for local economic development using partnership and rights-based approaches. Herbert is the lead facilitator of Multi-Stakeholder Forums on Oil and Gas in seven oil-bearing districts in Uganda.

**Dr. Jen Dyer** is a lecturer at the University of Leeds, UK. Her research focuses on the overlaps between natural resources and livelihoods in the Global South. Jen's research draws on a range of methods which are largely grounded in participatory development theories and continually seek to go beyond traditional academic boundaries by incorporating different methods and frameworks to address real-world challenges. Jen works closely with a variety of stakeholder groups including NGOs, government and private sector in order to promote knowledge exchange through research and has ongoing research interests in the governance of biofuels, livelihood impacts of the extractives industry and microfinance for natural resource management. Please see <http://www.see.leeds.ac.uk/people/j.dyer> for her publications.

**Jacob Manyindo** coordinates a multi-disciplinary group of professionals at Maendeleo ya Jamii. His experience with extractive industries includes leading a civil society process to monitor mitigation measures for the environmental impact assessment of a mining company in Uganda, advocated for the introduction of derivation funds in various natural resource sectors in Uganda, and raising public awareness on Uganda's oil and gas sector. Jacob was part of a team that conducted a baseline study on the awareness of the Ugandan Parliament, civil society and media on issues related to petroleum exploration. He has proposed recommendations on sharing oil and gas revenue in Uganda and maintaining the conservation and tourism value of wildlife protected areas in petroleum development zones of the Albertine Rift. Jacob has considerable experience studying the relationships between petroleum and mining companies and the communities around which they operate in a number of African countries.

**Christine Nantongo Mukasa** works with Maendeleo Ya Jamii. She has extensive experience facilitating multi-stakeholder processes on the governance of natural resources and guiding citizens' productive participation in collaborative resource management and public accountability in East Africa. Christine has supported national civil society organizations in Uganda and Eastern Africa to evolve robust citizen-led accountability systems using rights-based approaches. Her pursuit of the rights and entitlements of minority ethnic groups living adjacent to protected areas and frameworks for grassroots anti-corruption campaigns have been adopted by several non-governmental organisations in Uganda. She has steered several institutional and consortia initiatives as a leader, technical advisor, trainer, process facilitator/mentor, spokesperson and researcher.

**Emmanuel M. Mukuru** works with Maendeleo ya Jamii. He is a public sector specialist and a consultant with over 15 years of experience in management and finance. Part of this experience includes developing and implementing strategies for operational efficiencies as well as formulating and executing multi-billion dollar infrastructure improvement budgets for large and complex public sector organizations in the United States of America and South Africa. Emmanuel is also a qualified community planner with extensive experience in participatory urban and rural planning and monitoring methods. Some of his interests are the use of special improvement districts to enhance service delivery in urban areas and models for local economic development in agrarian systems.

**Laura Smith** is a Research Assistant and PhD candidate at the Sustainability Research Institute at the University of Leeds in the UK. Her PhD study examines the CSR practices of oil companies in the Albertine Graben in Uganda, focusing on the spaces for community participation that are created through stakeholder engagement and social investment projects at the sub-national level. Laura's background is in human rights advocacy and community development work. She has a BA in International Business Studies and an MA in Peace and Conflict Studies from the University of Bradford.

**Dr. James Van Alstine** is Co-Director of the Sustainability Research Institute at the University of Leeds in the UK. His research focuses on the governance of natural resources in the global North and South, with a particular focus on the extraction of energy and non-energy minerals and the politics of low carbon transitions. James seeks to bridge the academic-practitioner divide by pursuing action-oriented research that aims to maximise policy and pro-poor development impacts. He works closely with development partners, policy makers and regulatory agencies at the international, national and local levels, as well as with industry, NGOs and communities. James has ongoing research interests in Brazil, Ghana, Ireland, South Africa, Uganda, United Kingdom, United States and Zambia. He received his PhD at the London School of Economics and Political Science (LSE) where he studied the evolution of corporate environmentalism in the South African petrochemical sector. Please see <http://www.see.leeds.ac.uk/people/j.vanalstine> for his publications.



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