

BLACK MONDAY

Newsletter

Citizen Action Against theft of our money without SHAME!

EDITORIAL

At a glance it is a no-brainer: A country discovers oil, extracts it—since the world demand for oil is never-ending, starts scooping dollars, builds infrastructure, businesses start flowering, and standards of living improve dramatically.

But wait a minute. If you take a closer look, oil-producing countries are not following identical trajectories leading to prosperity – in fact there are many examples of oil leading to poverty.

There is another set of factors that determine if oil will benefit any given country, like legal frameworks, compliance to international agreements, business environment, labour force skills, infrastructure, social stability, appropriate economic mechanisms, transparency and corruption, and others.

If you take the prime example of well-managed oil wealth, Norway, oil in itself did not lead to prosperity. Norway was a developed country even before they struck oil; and they had strong governance mechanisms in place before the oil started flowing. But then again, Norway is one of the least corrupt countries in the world.

Or let's take Nigeria. They are Africa's leading oil producer, yet almost half the population lives below the poverty line—in other words they are in a worse position than Uganda. Why? Because Nigeria is one of the world's most corrupt countries.

This is the crossroads Uganda is at now. We can choose poverty or prosperity, but for the latter to materialize, we need to install good governance, transparency, a legislation that is clear and fair, and ensure that corruption and theft are eliminated.

Yet what we have now is (weak legislation, non-transparency, unfair land evictions, etc) just making the thieves richer while the rest of us suffer.

In oil lies the opportunity to re-invent our social infrastructure, but let us evict the thieves first.

THEFT: The major threat to oil benefits



In the “Uganda Vision 2040”, the National Planning Authority envisages a land of wealth and stability: 80 % of roads fully paved; all Ugandans living in planned settlements, four international airports, high speed trains, world-class health facilities, schools and a globally competitive agricultural sector.

This modern world is seen possible because the country will be earning several billions of dollars from its oil every year.

On the face of it, it seems as simple as that: the international oil companies extract the crude oil, ship off some to the international markets, a fraction goes into the proposed refinery, earnings are shared according to the terms of the Production Sharing Agreements and the money earned is used to supplement other existing sources of revenue to finance this grand Vision 2040.

This is the ideal scenario, and one that most adult Ugandans who have slowly witnessed basic social services crumble around them over the years, dream about. But a dream it may remain for them, if the government remains on its current trajectory, where corruption, impunity and selfishness continue to prevail and the gap between the haves and have-nots, the corrupt and incorrupt, selfish and selfless keeps growing wider and wider.

With the first barrel of oil for sale anticipated sometime around 2018, the government seems to already be off to a very bad start.

The recently passed petroleum laws have been criticized for neglecting the need for parliamentary oversight in the oil and gas sector, instead providing for tight minister-

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NOT FOR SALE

The bells of apprehension about the oil are already ringing



Theodore Ssekikubo (Lwemiyaga County), together with Bugweri County MP Abdu Katuntu, Wilfred Niwagaba (Ndorwa East) and Gerald Karuhanga (Youth, Western) were some of the lawmakers behind the oil bribery allegations raised during a special sitting of Parliament in October 2011. Hon. Ssekikubo is currently the Chairman of the Parliamentary Forum for Oil and Gas [PFOG], a forum that continues to fight for the rights of Ugandans towards fair oil and gas benefits sharing. Below, we bring you an interview with his views about the current status, laws, institutions and what needs to be done to make it better.

What is your general feeling about the oil discovery in Uganda?

The Oil discovery spurred a lot of hope amongst Ugandans. Given the existing challenges like the high levels of poverty, poor infrastructure and high levels of corruption this discovery was timely and a blessing to the people of Uganda. At the crossroads, Uganda needed a new beginning and direction. As a country, we have been bedeviled by the high levels of corruption, inefficient system of governance and institutions and so the bells of apprehension are already ringing. Given our background and the current state of affairs, it is still a high risk to applaud the oil discovery.

So, do you feel that since you lost the battle over Clause 9, Uganda's oil and gas sector is doomed-starting with the law?

We had successfully passed Clause 9 whose essence was to give the negotiation and licensing powers to the Petroleum Authority instead of the minister. Our issue was that the minister is a political person and therefore could be influenced by the powers that be.

As you know in the past, oil exploration deals with Neptune, Heritage and other companies were concluded with the minister without the knowledge of Parliament and Ugandans in general. Political

cians are bound to be compromised by the appointing authority whereas the Petroleum Authority is accountable to the citizens. Well, the law (Exploration, Development and Production Act 2013) in its current state shows that the Authority plays a role of advising and being consulted but all that isn't mandatory-one can choose to take the advice or leave it.

So, is all hope lost?

Of course, all hope is not lost. We never lost the battle completely. We brought the National Oil Company whose leadership will be approved by Parliament having been appointed by the minister. The petroleum Authority has been brought on board despite the challenges with its powers. There are other provisions like one that ensures that our environment is fully protected during the exploration process. Besides, times change, I am sure once a stable government comes to power, there could be an opportunity to amend the Bill and give back the powers of control to the Authority.

How can you explain President Museveni's apparent efforts and insisting to give the Minister of Energy and Mineral Development total control over the oil and gas sector in Uganda?

WHO IS THEODORE SSEKIKUBO?

- Born on 20/08/1969
- Bachelor of Arts in social science and a Master in public administration and management; both from Makerere University.
- Member of Parliament for Lwemiyaga County since 2001 to date. He belongs to the NRM (National Resistance Movement)
- Member of Committee on Defence and Internal Affairs
- Chairperson Parliamentary Forum for Oil and Gas [PFOG]
- One of the "rebel" MPs expelled from NRM
- He worked as an assistant secretary/administrative officer and a lecturer

The oil discovery was in the first place taken as a personal venture/business until we had a parliamentary session to discuss this matter. Of course, the president influenced the entire process of passing the bill that gave powers to the minister to grant and revoke licenses of oil companies. You know that on 5th February 2012, Tullow Oil signed an agreement with Total and CNOOC at Rwakitura. The President called the minister to sign the agreement yet a moratorium had been put by parliament to stop this. This standing order from parliament stops the president or the minister from signing any agreements without the approval of parliament but you can see what is happening already. So, it shows you that he is the one in charge. He has all the powers over the oil. All these, he does to keep in control of the oil as we can see.

Please comment on the ongoing efforts to set up petroleum institutions like the National Oil Company and the Petroleum Authority. Do you think the recruitment process will be transparent?

You need to first all observe that CNOOC, Total and Tullow Oil are in advance stages of production yet the institutional framework is not yet set up. We are currently only relying on PEPD (Petroleum Exploration and Production Department) yet parliament approved that institutions like the Oil Company and the Petroleum Authority be set up to monitor the processes of the oil companies. But let me state that the people recruited into these institutions should be of high integrity and moral standing. They should be competent and have Uganda at heart. Parliament owes it to the public to approve a competent team to enjoy the mandated trust of Ugandans. I call on His Excellency the President and the honor-

able Minister of Energy to think of the long term future of Uganda.

Although Uganda is a late entrant into the oil & gas industry compared to other countries, we can build on existing knowledge of global best practices. How come oil is a blessing in some countries and a curse in others? We shall continue to be vigilant.

But there have been questions about the parliament itself being compromised by the Executive?

You see, Parliament is made up of people and they come from the same community as all other Ugandans. So if there is lack of integrity countrywide, you can expect some of them to fault. But all hope isn't lost, we are trying our level best and some of us are doing all we can to keep the interests of Ugandans at the forefront.

How come the report of the corruption allegations against some cabinet ministers, including the Prime Minister, for allegedly accepting some oil bribes has not been tabled in Parliament?

As you are well aware, the ad-hoc committee set up was supposed to report back within 45 days; but as we speak, 2 years have passed and no report has been received. There was a call for one of the ministers in question to step aside but the Constitutional Court issued an injunction stopping him from doing so. Ironically when we the "rebel" MPs were sent out of parliament – and you know the major reason was because of our position on this Oil Bill - this very court was quick to rule against us our stay in parliament. So, you can see the controversy here about the sort of institutions that govern our country. This is from the con-

stitutional court which ought to be a point of reference/arbitration that is playing politics not justice.

So, from the word go, the ad-hoc committee was doomed to fail. The then Minister of Internal Affairs, Hilary Onek, refused to give clearance for the committee to go and make references to Dubai, Malta, Germany and the UK where money had been transacted. To me, really this shows that the President isn't committed to fighting graft.

In your view, how can Uganda manage its oil and gas resources to ensure lasting benefit for all Ugandans? Do you even think this is possible?

It is critical that we build strong institutions both on the front line and other relevant governance institutions. The frontline institutions like the National Oil Company, Petroleum Authority should be set up immediately to monitor and manage the entire process. Other governance institutions like NEMA should also be strengthened; the Albertine Graben is a very sensitive eco system. You need a functioning judiciary, parliament, civil service and generally an organized country if we are to benefit from this natural resource.

We can learn lessons from other countries that have succeeded in this area and put them in practice.

You can see that we are already mortgaging oil for other interests. This is putting politics before the country's interests. There is a problem because people are trusting personalities instead of institutions. As a result, we are still grappling with the refinery.

There could be hope, but we are off to a false start. We need to put our house in order!

WHAT IS IN THE PETROLEUM ACT?

- **The Petroleum (Exploration, Development and Production) Act, 2013, provides for the establishment of the Petroleum Authority of Uganda, whose function will be to monitor and regulate exploration, development and production of petroleum in Uganda.**
- **The Authority shall have a Board of 7 directors, 3 of whom must be women. The President appoints the chairperson of the Board.**
- **The Minister in charge of petroleum appoints the Executive Director of the Authority whose tenure is 5 years, renewable once.**
- **The act also provides for the establishment of the National Oil Company (NOC), incorporated under the Companies Act 2012, wholly owned by the State. This company will manage Uganda's commercial aspects of petroleum activities as well as its participating interests in petroleum agreements.**
- **The President, with approval of parliament, appoints the Board of Directors of the NOC.**

THEFT: The major threat to oil benefits

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al control over petroleum activities. The Minister in charge of petroleum wields the power to make decisions with an extraordinary influence over the sector including control over relevant institutions, i.e. the Petroleum Authority and the National Oil Company. The minister can also negotiate the terms of licences and other agreements.

Plus, despite putting in place a competitive bidding process for future oil blocks, the Upstream Act allows the minister to accept direct bids under certain conditions. This leaves the process wide open to manipulation and encourages corruption in the licensing process.

Meanwhile, the government has been unequivocal, with President Museveni and some of his ministers publicly warning Ugandans not to talk about oil.

A strong signal was sent when heated debates in Parliament last year over the oil legislation eventually led to the dismissal of three MPs from the ruling party, two of them - Theodore Ssekikubo and Wilfred Niwagaba - vocal critics of the party and members of the Parliamentary Forum on Oil and Gas (PFOG), a pressure group of legislators who

have been advocating for greater transparency in the oil and gas sector. Apparently, the Forum is seen as being "opposed to the NRM position on oil."

Government has also suspiciously dragged its feet on joining the Extractive Industries Transparency Initiative (EITI), a global standard, where member governments declare income they earn from their extractive industries and the companies operating in those

countries also declare the payments they make to host governments. The process to join EITI should at the very least have started by now. That way, by the time oil comes on-stream, clear accountability procedures would be in place to safeguard oil revenue from being stolen.

When it comes to the compensation of the refinery residents in Buseruka, Hoima, the process has fallen short on many fronts. Several meetings convened by different CSOs have often ended in heated arguments, with representatives of residents accusing government of being unwilling to listen to their complaints. Some have even threatened to sue government while a few MPs have called for the process to be halted until all complaints have been addressed.

But it does not need to continue like this. Uganda can actually borrow a leaf from other countries and harness its oil and gas resources for the greater good. The industry can't thrive if the host communities feel left out, and the formula for ensuring that the benefits are clearly trickling down to the common man is not well defined.

The international oil companies, despite their unpopular reputation in some

African countries, generally prefer a transparent industry because it safeguards their long term investment and presence in a country. They are, therefore, unlikely to oppose any proposals from government that are aimed at ensuring a transparent oil and gas sector. But is government willing to put all its oil and gas transactions in the open? Their current attitude suggests otherwise.

But with oil, Uganda has its best shot at prosperity, at a life of dignity for its citizens, better health services and other amenities that can make Ugandans enjoy being Ugandans. Unfortunately, in oil also, Uganda faces its greatest test because it can easily take the path of many African countries, like Angola and Nigeria, where the poor can only get poorer.

These two countries have some of the highest costs of living on the African continent and have totally ignored their agricultural sector, where the bulk of their poverty-stricken nationals would have otherwise eked a living.

The citizens thus suffer a double tragedy: they have no source of income from their land, and at the same time all basic commodities like salt, soap and sugar cost several times more than they otherwise would.

For once, let us get this right.

— By Black Monday Team



Uganda at the crossroads



DILAPIDATED HEALTH CENTRES

POOR EDUCATION SYSTEM

IMPASSABLE ROADS

IS OUR OIL SAFE?

With over Shs 3 trillion lost to theft so far, will the oil discovery help Uganda to cross over?



ADVANCED TRANSPORT

NATIONWIDE POWER ACCESS

BETTER HEALTH CARE

HIGH STANDARDS OF LIVING

FRESH AND CLEAN WATER

POOR LIVING STANDARDS

BETTER EDUCATION

ALL-WEATHER ROAD NETWORK

ADVANCED AGRICULTURE

NGOs working in oil governance face closure

Another minister has threatened to close down NGOs working in the Albertine Region if they continue “sabotaging” the oil sector, in what is becoming a consistent, clear signal from government on the fate of NGOs empowering people affected by oil activities to stand up for their rights.

“We shall check in the law and get sanctions for those who disrespect government including deregistration,” warned Junior Finance Minister, Aston Kajara, “If they think there are people that are affected in these

communities, we shall not stop them from intervening but if they deliberately disrupt the compensation process, then there is a law. There is the NGO Board and Act in the Internal Affairs Ministry.”

The minister was speaking at a public dialogue organised by Africa Institute for Energy Governance (AFIEGO) in Kampala last month in which some residents of Buseruka, who are being relocated to make way for the refinery, poked holes in the process.

The residents are unhappy with the rates

that have been proposed for their land, crops and property, and are suspicious as to why they are being made to sign consent forms showing they have been paid for their land, when in fact they have not.

AFIEGO in particular has been very active in the Bunyoro region, educating the locals about their rights and fearlessly criticising the government on the messy compensation process. Together with the National Association of Professional Environmentalists, they have threatened to take the government to court if it

does not address the locals’ concerns.

Aston Kajara’s threats follow an earlier one from Internal Affairs Minister and former Commander of the Uganda People’s Defence Forces (UPDF), Gen. Aronda Nyakairima, who vowed to crack the whip on NGOs operating in oil producing areas accusing them of sabotaging oil activities.

As the old adage goes: ‘One person’s freedom fighter is another person’s terrorist’

What the NGO Leaders have to say

“Government should stop diverting Ugandans by threatening and intimidating us since our work is motivated by the love for our country.

Cissy Kagaba,
 Executive Director,
 Anti-Corruption Coalition Uganda (ACCU)

Rising hostility from government is making it difficult for Civil Society to freely conduct their work and this is narrowing space and enjoyment of fundamental freedoms and rights.

Civil Society Organizations advocating for transparency and accountability in the oil sector are now targets of state inspired threats and intimidation from closure and punitive bureaucratic interferences. As Civil Society we are the voice of the voiceless so we insist on representing the interests of the wider community by exposing the lack of transparency happening in the oil sector that is if all Ugandans are to benefit from this oil.

Government should stop diverting Ugandans by threatening and intimidating us since our work is motivated by the love for our country; and the government cannot stop us from expressing the views of the voiceless.



It is deeply disturbing that since the Resettlement Action Plan process begun, government agents such as Resident District Commissioners and the Intelligence apparatus have embarked on a systematic campaign of harassment, intimidation and threats against Civil Society actors working with affected communities.

It is of course outrageous for anybody to claim that Civil Society is sabotaging petroleum development. Only people seeking scape goats for their failures can utter such allegations. Government cannot run away from its obligation to manage the oil sector in a transparent and accountable manner, while providing adequate space for citizen participation. And that is what Civil Society demands for.

It is unacceptable in a democratic society that citizens seeking justice from their own government should be met with threats and intimidation. Government must respect

and protect the rights of citizens to engage and participate fully in the petroleum industry. It must also be ready to account for its actions and decisions.

Civil Society Organizations have always strived to have a cordial working relationship with the government without compromising on their mandate and values.

Government must stop misrepresenting Advocacy and citizen participation as Sabotage.

“It is unacceptable in a democratic society that citizens seeking justice from their own government should be met with threats and intimidation.

Joel Okao,
 Coordinator, Civil Society
 Coalition on Oil and Gas,
 Uganda (CSCO)



AFIEGO's Kamugisha displays a consent form that a refinery area resident reportedly signed confirming he had been compensated for his land.

The on-going efforts of government and the private sector - Strategic Friends International (SFI) Limited through a Resettlement Action Plan (RAP) to build a refinery on 29.34 sq km of land by displacing entire villages of over 7,000 people including over 3,500 women, 900 children, 300 elderly and other vulnerable groups are falling below the requirements of Article 26 of the Ugandan Constitution and therefore a violation. Before any payment, the affected people have been denied their right to use their land for development, forced to transfer their property, given low compensation rates and many other challenges.

The NGOs that are trying to empower and defend the rights of the downtrodden

are also being intimidated by the government. In addition, there is an informal directive by the government requiring any NGOs interested to do work in the refinery area of Kabaale to first get permission. NGOs such as AFIEGO, NAPE and others have been summoned and interrogated and warned by the security officials of the ministry of internal affairs to stop disrupting government programmes. This is a clear failure by the government to appreciate that the NGOs’ role is to help the citizens especially the poor and the downtrodden to live a dignified life. And Yes, we need development. But we cannot accept our fellow citizens’ rights to be violated under the disguise of development.

“As NGOs, we are committed and ready to put our lives on the line to ensure that the oil exploitation in Uganda promotes the common good where every citizen, old and young, women and men, girls and boys enjoy their constitutional rights and are proud of their country. This, no one will stop us because violation on them is violation on us.

Dickens Kamugisha,
 CEO, Africa Institute for Energy
 Centre (AFIEGO)

Injustice and confusion mar the compensation process in oil refinery area



Some of the Kabaale Parish residents who turned up to register their complaints about the compensation process.

What was supposed to be a smooth compensation process for the Uganda's oil refinery area has turned out disastrous.

And when disaster hits, the innocent people - the residents who occupy the 29 square kilometers in Kabaale parish in Hoima district - are the ones who suffer the consequences.

The story started small and straight early this year. The Resettlement Action Plan (RAP) drawn by Strategic Friends International is a project of the Uganda Government, implemented through Strategic Friends International (SFI), a valuation/surveyor company that was meant to sensitize and compensate or relocate all the 7118 residents of the 13 villages of Kabaale parish where the refinery will be constructed.

The 29sq km on which the 30,000 BPD (barrels per day) refinery will sit, will see thousands lose their homes and property. The first step was land valuing, after which the residents were to

be given forms to fill in to confirm that the valuation of their property was done fairly. Thereafter Government was supposed to take them through sensitization sessions on financial management, followed by payments which were meant to be effected in this year.

Unfortunately, the process is half way but with a lot of gaps - major gaps that have resulted into conflicts in the area. Residents of Kabaale have expressed their disappointment in the low valuation of their land by Government. They revealed that an acre of land was valued as low as 4.5 million shillings while other property like crops were rated depending on their quality and quantity. Houses are compensated a maximum of 700,000 per unit while graves, cattle dips, shades and pens, valley tankers, among others are as well compensated at questionable rates. This money cannot even buy an acre in the neighbouring villages for it costs double the money.

"How shall we be able to survive with this little compensation money seriously," Stella from Nyahaira village says. Just like her, many are stranded, uncertain about the future when they lose their ancestral homes.

Whereas the land valuation is worrying, the Petroleum Exploration and Production Department (PEPD) is keeping a deaf ear to people's complaints. Kabaale residents want more money for their land, but the body has remained adamant and has continued to force many to append their signatures to the forms that indicate their acceptance to

Residents of Kabaale have expressed their disappointment in the low valuation of their land by Government. They revealed that an acre of land was valued as low as Shs 4.5m while other property like crops were rated depending on their quality and quantity. Houses are compensated a maximum of 700,000 per unit.

sell to government. These forms are distributed to each individual by SFI, a company whose contract has been questioned. Several heated debates have been held both in Kampala and in Bunyoro region, in which residents air out their grievances to government officials, but in vain. A recent meeting organized by Bunyoro kingdom and Global Rights Alert was characterized by demand for equal share of the compensation monies between wives and husbands, something the energy ministry has kept a deaf ear too. Marital misunderstandings have arisen out of the natural resource, family breakups are the order of the day in the oil region.

It is alleged that through their contractor SFI, the government goes to village by village and here they hold meetings to ensure that people sign against the forms to justify their payment. Unfortunately, it is not clear whether the residents will receive the money or not. Their major cause of worry is that they are confirm-

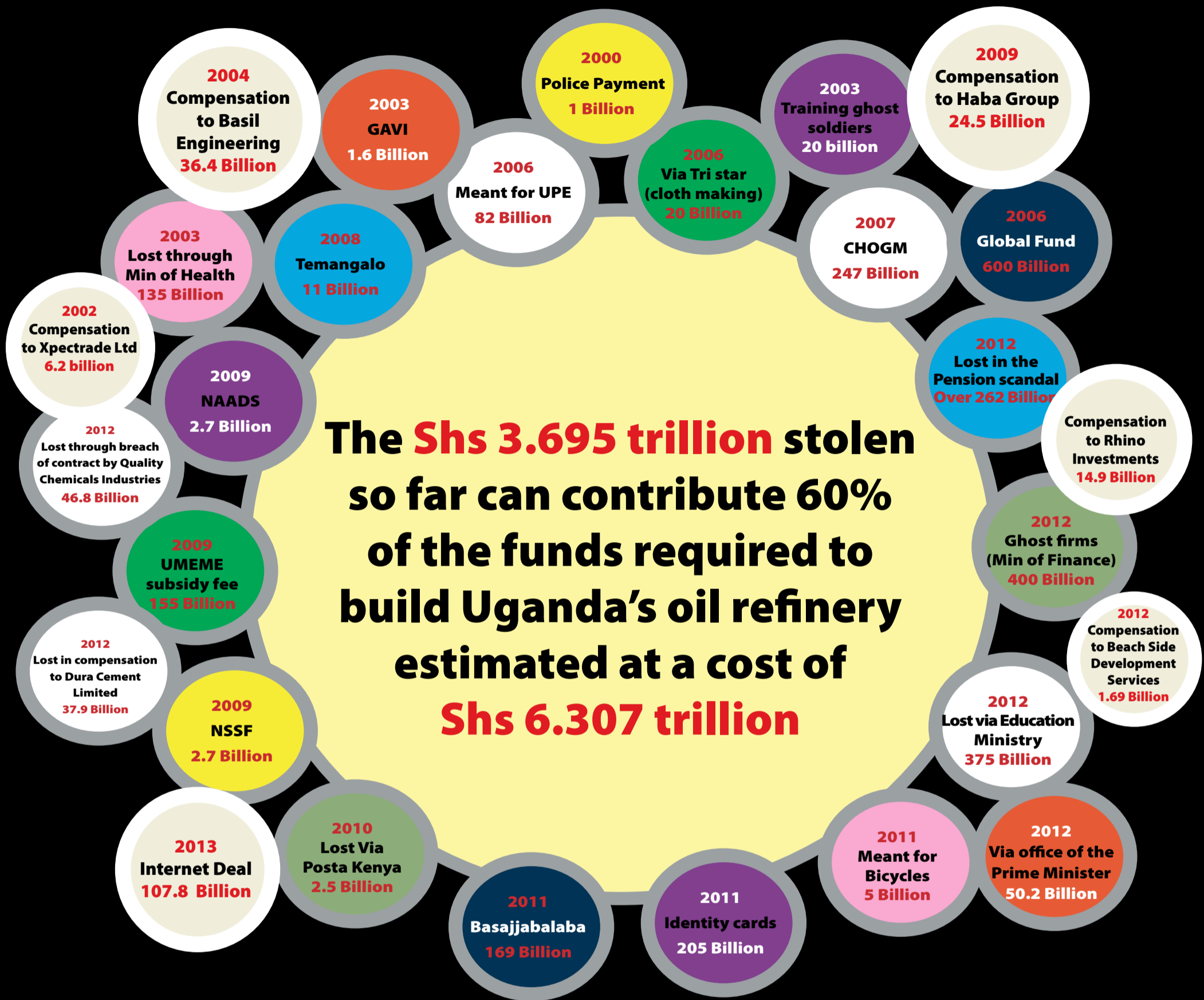
ing that they have received pay, yet in reality the money has not yet been wired to their accounts. Geoffrey Kiwedde, Chairman of the Proposed Oil Refinery Residents Association, a local pressure group, has severally posed the question of why they make the people sign before receiving any payment. He says this could be government's plan to cheat the ignorant populace.

The RAP process is supposed to end by March 2014, with all the residents compensated and others re-settled. Unfortunately, few months away from the D-day little has been achieved. Instead complaints ensue often and government has continuously ignored adamantly.

The big wait for the compensation money is still on. It may come too late, too little or never at all. And what shall remain of the Kabaale parish peasants may be a worse story to tell, because the process is already in tatters.

— By Black Monday Team

SUMMARY OF CORRUPTION SCANDALS TO LOOK BACK AT



What must we do to get our money back?

Wear only black clothes every Monday to show you are tired of theft.

Demand political action from the President

Isolate every thief implicated in a theft scandal. Don't invite them to your burials, weddings.

Do not buy goods or services from businesses owned by thieves. Support Ugandans working honestly to make a living.

Until all the thieves have returned our money.