

Oil for Development Uganda 2009- 2014

Review of Norway's Support to the Petroleum
Sector in Uganda

Final Report



Project: Review of the *Oil for Development* Program in Uganda
2009-2014

Client: Royal Norwegian Embassy, Kampala

Period: July-December 2014

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Acronyms and Abbreviations

| | |
|-------|---|
| AG | Albertine Graben |
| AGEMP | Albertine Graben Environmental Monitoring Plan |
| BoU | Bank of Uganda |
| DEA | Directorate of Environmental Affairs |
| DFR | Directorate of Fisheries Resources |
| DRWM | Directorate of Water Resources Management |
| HSE | Health, Safety and Environment |
| LADP | Lake Albert Development Plan |
| MEMD | Ministry of Energy and Mineral Development |
| MFPED | Ministry of Finance, Planning and Economic Development |
| MJCA | Ministry of Justice and Constitutional Affairs |
| MLHUD | Ministry of Lands Housing and Urban Development |
| MWE | Ministry of Water and Environment |
| NMPE | Norway's Ministry of Petroleum and Energy |
| NEA | Norwegian Environment Agency |
| NEMA | National Environment Management Authority |
| NFA | National Forestry Authority |
| NMFA | Norway's Ministry of Foreign Affairs |
| NMoF | Norway's Ministry of Finance |
| NOK | Norwegian <i>Krone</i> |
| NPD | Norwegian Petroleum Directorate |
| NPSA | Norwegian Petroleum Safety Authority (Petroleumstilsynet, Ptil) |
| NWG | Norwegian Working Group (to the Uganda OfD program) |
| OAG | Office of the Auditor-General |
| OfD | Oil for Development |
| OTO | Oil Taxation Office (NMoF) |
| PAU | Petroleum Authority of Uganda |
| PCC | Program Coordination Committee |
| PEPD | Petroleum Exploration and Production Department (in MEMD) |
| PSA | Production Sharing Agreement |
| SEA | Strategic Environmental Assessment |
| TOR | Terms of Reference |
| UBoS | Uganda Bureau of Statistics |
| UPIK | Uganda Petroleum Institute in Kigumba |
| URA | Uganda Revenue Authority |
| UWA | Uganda Wildlife Authority |

1 Executive Summary

Norway's Embassy in Kampala commissioned a review of Norway's *Oil for Development* program in Uganda covering the period July 2009-December 2014, with a total budget of NOK 147 million.

The program consists of the three pillars, on resources, environment and revenue, with a central secretariat servicing program management and the three technical pillars. While the program was to have ended in June 2014, it was extended till the end of the year due to the withholding of Norwegian funding from the public sector for about a year due to a serious case of corruption uncovered at the end of 2012 with other Norwegian funds.

Norway has agreed to fund a further three-year period, indicatively with NOK 53 million.

Resource Management Pillar

The resource pillar has produced *institutional development* in the form of legal frameworks for the sector: key laws have been enacted, and the follow-on regulations have been drafted and are expected to be approved by the Minister shortly. While much of the preparatory work for the monitoring and supervisory frameworks for the sector is done, the final frameworks are not yet in place.

A new institutional set-up for the sector, with an independent Petroleum Authority as regulator, a strengthened Directorate in the MEMD, and a state oil company, has been agreed, transitional units are in place, and the new structure is expected to be in place in the course of 2015, slightly delayed. The PEPD with its strengthened human resources base will provide much of the needed skills for these new institutions.

Actual licensing is delayed due to necessary preparatory steps that need to be in place first. The grid system and promotional activities have been in place since 2011, the licensing strategy has been developed but awaits approval by Cabinet.

Data recording and management has continued to progress, with Uganda now having what is considered a high-quality system and capacities in place. Capacities and tools for carrying out resource estimates are being developed and used.

Development plan for the Lake Albert region is in place but the sector investment strategy remains to be completed, pending availability of necessary inputs.

In a number of areas the pillar has not delivered as planned. The development of a strategic approach to health, safety and environment (HSE) is lacking though capacity has been built. A study on national and local participation is ready, but the follow-on strategy has not been produced. Regional cooperation has so far been disappointing.

Most *core* dimensions of the resource pillar are thus moving well – *complementary* activities are lagging, which will affect long-term performance if not addressed.

The key reasons for the good performance is the strong national ownership to the program and support to PEPD and its activities; the trust and mutual understanding that the long-standing collaboration between Uganda and Norway has fostered; and the quality and relevance of external inputs provided.

The main challenges have been the freeze in Norwegian support which not only held back activities but also undermined some of the enthusiasm for the program; unrealistic timetables for some areas; and the lack of attention to non-core areas.

Revenue Management Pillar

The revenue pillar has four public agencies as participating partners: the Ministry of Finance, Planning and Economic Development (MFPED) as lead institution; the Uganda Revenue Authority (URA), the Bank of Uganda (BoU), and the Office of the Auditor-General as observer since it does not receive any direct support from OfD. The Ministry of Justice and Constitutional Affairs has been involved as and when required for legislative purposes to all Pillars

The pillar had a fairly ambitious program based on four areas: (i) legal and regulatory frameworks; (ii) revenue management and administration; (iii) macro-economic frameworks – fiscal and monetary; and (iv) capacity building for managing petroleum revenues. A key activity in the program was the passage of the Public Finance Bill (PFM Bill) that contained the key provisions for managing the petroleum sector resources. This Bill was finalised and presented to Parliament in 2012, and finally passed by Parliament at the end of 2014. While a major achievement for the pillar, it has occurred much later than planned and hoped for, delaying progress on follow-on measures.

There has also been no real urgency as far as administration and management is concerned since the revenues from the oil and gas industry have so far been limited.

The URA is the organisation that has most systematically developed its instruments and capacities through the collaboration with the Oil Taxation Office (OTO) of Norway, building skills and its organisation, which is likely to be upgraded from a *unit* to a *division* of the URA.

The relations between MFPED and Norway's Ministry of Finance (NMoF) have become weaker over time, due to a number of factors, but where one result has been less than hoped for interactions between the two, and thus also fewer tangible results to point to.

Overall, the results so far across the pillar have not been satisfactory. The delay in the passing of the PFM Bill is an important factor, but a stronger and clearer leadership by the MFPED to the implementation of its activities would have been helpful. The Ministry needs to demonstrate more dynamism and ownership in the future to attain the desired Outcomes.

Environmental Management Pillar

The Environment pillar is the most complex in terms of actors and issues. It comprises seven directorates and ministries plus about 20 districts in the Albertine Graben area. However, the importance of petroleum issues varies considerably across actors, and most actors were not really prepared for cross-institutional pillar collaboration so the national regulator of the sector, the National Environment Management Authority (NEMA), struggled at the beginning of the period in establishing its capacity and credibility as lead institution.

Studies had to be carried out to identify some of the issues the pillar was to focus on. Till these were ready the pillar could not really act. This also contributed to a slow start.

The Strategic Environmental Assessment (SEA) was a key undertaking, and while PEPD took management lead, NEMA coordinated the environment actors and could build on this to strengthen more general pillar collaboration. Another joint activity was a capacity needs assessment, but also the reviews of acts and plans to take into account the petroleum dimension made it clear to all the partners the advantages of the pillar structure and of working together.

While this pillar was the one that lagged the most in terms of mobilising its members, once the key building blocks were in place – such as the SEA and the needs assessment – the pillar has in fact produced most outputs more or less as per foreseen, though with delays. A number of these were new to Uganda – the SEA, spatial planning for urban development, etc. – so the role of the Norwegian and other external partners in introducing new knowledge, methods and approaches has been highly appreciated.

The *institutional development* is considerable, as reflected in the large number of framework instruments that have been produced: the SEA, the Albertine Graben Environmental Monitoring Plan (AGEMP), the revised acts and new management plans. Perhaps of equal importance have been the informal networks among the institutions in the pillar, allowing for closer dialogue and more rapid responses to challenges.

Organisational development has been more through the application of lessons learned that has come about through the pillar activities, especially in NEMA as pillar lead institution and certain new practices in UWA.

Human resources development has taken place through formal trainings but even more due to the hands-on learning through implementing tasks jointly with Norwegian and other counterparts.

The sector is vulnerable to skills loss: the number of staff engaged in the various fields is limited. At the same time, the awareness regarding the environmental challenges in the petroleum sector has increased considerably, within and outside the public sector, so overall knowledge is much stronger today than when the program began five years ago.

One issue is that the Environment pillar remains weak compared with the Resource pillar. When there are differences of views, the Resource pillar tends to win out, though both parties claim there is better mutual understanding and collaboration across pillars than when the program began.

Another weakness is the relations to local communities and authorities. This is in part because national actors like UWA and NEMA have quite different mandates for local action, but also because the links remain uneven, communications still incipient, and local actors feel that they tend to be marginalised and not included properly in knowledge generation and decision-making. Since actual environmental problems will occur at local level where district administrations, given Uganda's decentralised public sector, are first-line responsible, this is an important issue, both to clarify roles and capacities required, but also because district-level actors cannot be expected to handle oil spills on their own

Program Management and Sector Governance

The agreement structure, with one overarching program agreement and three pillar institutional cooperation contracts, is somewhat complex but clear and makes actual

implementation dialogue simple and accountability transparent. It in particular enables direct communication between the collaborating institutions on technical matters, ensuring short and direct communication lines.

The decision making and management structure is also multi-layered but logical. The Annual Meeting is policy and financial decision maker. The quarterly meetings of the Program Coordination Committee (PCC) of the local parties address program management and coordination tasks. The pillar meetings organised by the respective pillar managers, including preparatory meetings before the quarterly and annual meetings, ensure structured arenas for information sharing, discussion and pillar program decisions.

The program Secretariat, hosted by PEPD, has played a vital role in ensuring that administrative and financial responsibilities are addressed; keeps all the actors in the loop on decisions and informational issues; and facilitates the work of program management and to some extent the pillars, in particular the resource pillar. The Secretariat is seen as competent, committed, and flexible, while at the same time adhering to quite strict oversight when it comes to financial matters, something that has in particular affected activities in the Environment pillar: the transaction costs for funds disbursements to some of those actors became high, but have now supposedly been addressed through PCC decisions in 2014.

The Norwegian Working Group, managed by the Oil for Development secretariat in Oslo, ensures continuous dialogue among the Norwegian partners and thus coordination of the Norwegian inputs to the program, which has been helpful.

The production of a communications strategy is a major advance. It has helped PEPD to become more active in disseminating information, but more importantly in engaging in a more open debate. The communications officers have been active at local level in the AG area, forging links to local actors that did not exist previously. This is seen as positive by all actors, though insufficient in view of the many and complicated issues, and the fact that it still is largely information *dissemination* – the *dialogue* is still rather one-sided.

The decision making process is based on good documentation produced by the pillars/ the Secretariat, and with good minutes from the meetings that allow for tracking of discussions and decisions.

While the program secretariat has also provided some support to the resource pillar, the revenue pillar, with its more limited work program, has not established a formal secretariat. The environment pillar, however, finally set up a secretariat early 2014, and all actors agree that this has made a significant contribution to pillar performance.

The Norwegian coordinator, once in place, helped improve systems and procedures, where financial recording and accounting procedures were further strengthened by the Deloitte study (2013). The fact that he was placed in the general secretariat in PEPD meant that the support to the other pillars was limited. His background, as a resource person, also meant that his advisory services were focused on PEPD. – His contract expired August -2014, and it was agreed that there was no need to extend this. The revenue and in particular the environment pillar could, however, benefit from more continuous thematic advisory assistance.

The *pillar* structure has evolved unevenly but is now in place, and the overall *program* structure based on the three pillars is also largely delivering on its “systemic promise”.

Regarding contributions to sector *governance*, the legal frameworks have improved *transparency* though Uganda is not yet a member nor attained the standards of EITI in this regard. PEPD's communications strategy has improved information access, and the increased participation in public debate has improved sector *accountability* somewhat. But the secrecy surrounding the confidentiality clauses in the PSAs, the limited engagement with local authorities, the use of the Public Order act to supposedly control CSO ability to mobilise public opinion are examples that raise questions about how far transparency and accountability actually is improving. Regarding *anti-corruption* measures, the program has so far not been asked to support specific measures to address potential vulnerability points in the petroleum value chain.

Recommendations for the coming Period

Based on the above, the consultants would suggest that for the coming three-year period, the OfD program in Uganda should do the following:

- The overall agreement structure should consist of a program agreement plus institutional cooperation agreements in the resource and environmental pillars, with the same agreement partners as today.
- The MFPED should consider involving more Ugandan actors like Parliamentary bodies and UBoS in the revenue sector work. Since a formal pillar agreement is currently not feasible, MFPED could rather enter into an agreement with OfD and the Embassy regarding a *revenue sector work program*. This would be an activity plan based on a clear results framework in targeted areas, relying on the support from the OTO, Norway's Bureau of Statistics, possibly independent consultants and other Norwegian knowledge bodies where appropriate. If and when an institutional agreement can be put in place, this would then replace such a sector work program.
- OfD should continue supporting the technical knowledge of the key partners in the petroleum sector, with particular focus on the regulatory bodies – the new Petroleum Authority in the resource sector and NEMA in the environment sector – and the bodies that will be responsible for managing resources responsibly in the revenue sector.
- The management structure of the program should be lean, where support should in particular assist national bodies develop their links and support to district administrations and community level actors, including civil society and private sector.
- The one area outside of national level actors that OfD may consider supporting directly is a possible regional capacity development and facilitation centre if and when that is agreed to, has clear political support, and assistance also from other actors to make it viable (such as the World Bank support to UPIK). OfD could provide capacity building for centre staff, and quality assure this for some time till it has become more sustainable on its own. A pre-condition for such support should be some form of tripartite decision making board, to ensure that all constituencies in the petroleum sector will be heard and can contribute to the final design and contents of such a centre.
- When developing the Results Frameworks for the future, there needs to be particular attention to monitorable indicators regarding gender participation and benefits,

especially at local levels. This also means that there needs to be identified interventions and resources allocated to this area, with particular focus on women's access to educational and supply contract opportunities. Whether this can be addressed directly by OfD or through other Embassy funds needs to be discussed, but without this Norway risks supporting a program that is likely to weaken women's opportunities.

- Finally, Ugandan partners should look into how Uganda can become less dependent on externally funded support in the petroleum sector. While not necessarily a fully-developed Exit strategy, an increasing share of funding should be national during the coming three-year program.

2 Background to the Review

Norway's Embassy in Kampala commissioned a review of Norway's *Oil for Development* program in Uganda. The review was to cover the period 2009-2014, including a no-cost extension till the end of 2014, with a total budget of **NOK 147 million**.

The review was also to look into possible changes to the program if a further phase is agreed to, in line with the request received from Uganda's Ministry of Finance, Planning and Economic Development (MFPED).

2.1 *Oil for Development* in Uganda

In July 2009, Uganda and Norway signed an Agreement under the *Oil for Development* (OfD) program: *"Strengthening the Management of the Oil and Gas Sector in Uganda"*. The overall objective was to contribute to the achievement of the goal of the National Oil and Gas Policy, *"To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society"*.

When the Agreement was signed, the Program Document (PD) was still in draft version. An inception period of six months was therefore agreed to allow for improvements to the PD. The final version, including the results framework, was tabled at the first Annual Meeting in March 2010 (MEMD 2010). The main goal of the program is to contribute to the achievement of the goal of the National Oil and Gas Policy, *"To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society"*.

The program contains three "pillars": resources, revenue and environmental. The purpose of the program was to put in place institutional arrangements and capacities to ensure well-coordinated and results oriented Resource management, Revenue management, and Environmental management, including the more comprehensive concept of Health, Safety and Environment (HSE), in order to contribute to the achievements of the objectives of the National Oil and Gas Policy.

2.2 First Phase of Collaboration

The current program builds on the Norwegian funded capacity building program for *"Strengthening the State Petroleum Administration in Uganda"* that took place from 2006 to 2009. The goal of the program was to have an efficient state administration of the upstream petroleum sector, capable, in a sustainable manner, of planning, promoting and monitoring oil company investments in petroleum exploration and production, and managing State interest and State revenues to the benefit of the economy and the people of Uganda. The purpose of the Program was to strengthen the state petroleum administration in Uganda with regard to policy, institutional framework and administrative functions, to strengthen the planning and regulatory functions in the Petroleum Exploration and Production Department (PEPD) in the Ministry of Energy and Mineral Development (MEMD), and to study the conditions necessary for commercial development of oil and/or gas in Uganda.

The Norwegian assistance contributed to the formulation of the National Oil and Gas Policy in 2008, which supplements the country's previous energy policies and the draft Petroleum Bill in 2009. The policy states that *"Oil and Gas are non-renewable extractive resources which are*

therefore finite and that the exploitation and utilisation of this resource shall be undertaken in a manner that creates durable and sustainable social and economic capacity for the country in accordance with National Development Plan”.

In March 2008, the Norwegian Embassy received a request from the Ministry of Finance, Planning and Economic Development (MFPED) for continuation of support to the upstream petroleum sub-sector. Following the acceptance of the request, consultative workshops were held with the purpose to agree on the outputs under each pillar, and the governance and management structures. It was agreed to start an inception phase in 2009, while the drafting of the final Program Document was in process.

2.3 The 2009-2014 Program

The current program “*Strengthening the Management of the Oil and Gas Sector in Uganda*” targets the resource, revenue and environmental pillars, HSE management as well as coordination with oil companies, land users and environmental groups, civil society and gender issues.

The agreement was based on a draft PD appraised in June 2009. The appraisal recommended improvements to several program components and clarifications on the program and governance structures. Based on political and practical considerations the parties entered into agreement before finalization of the PD, but with an inception phase allowing for modifications of the PD. A revised final PD was submitted in February 2010, and a first addendum to the agreement was signed 29 April 2010.

The Agreement was signed on 9 July 2009 for the five-year period till the end of June 2014, with an agreed budget of NOK 80 million. Based on a request from the Government of Uganda in 2013, Norway agreed to provide an additional NOK 67 million. This second addendum was signed on 31 July 2013, providing a total budget for the program period of NOK 147 million.

In October 2012, however, all Norwegian financial assistance to the public sector in Uganda was frozen due to NOK 23 million missing from funding provided to the Office of the Prime Minister (*not* OfD funds). Support only started up again in June 2013 once this funding had been replaced. But this halt in funding meant that many of the activities planned for 2013 had to be postponed, or – in some cases that Uganda considered urgent – were funded directly by the Government itself. Due to this funding stoppage, Uganda requested a no-cost extension of program activities till the end of 2014, which was agreed to by the parties.

Table 2.1 shows actual expenditures for the first four years as well as the proposed budget for 2014. The table shows that nearly half the funding has been for the resource pillar, while the revenue pillar has received about 14% and the environment pillar 25%. The remaining 11% has been for program management costs, including expenditures related to the Norwegian program coordinator during the latter part of the program period.

Table 2.1: Expenditures 2009-2013, budget 2014 (in NOK)

| | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|----------|-----------|------------|------------|-----------|------------|------------|
| Resource | 7 031 508 | 14 403 582 | 15 700 548 | 7 759 500 | 21 036 024 | 65 931 162 |
| Revenue | 3 059 430 | 5 024 232 | 3 693 300 | 558 786 | 6 392 718 | 18 728 466 |

| | | | | | | |
|-------------|------------|------------|------------|------------|------------|-------------|
| Environment | 3 186 582 | 5 538 594 | 6 838 992 | 4 266 246 | 13 989 150 | 33 819 564 |
| Prog Mngt | 961 572 | 1 265 130 | 2 860 242 | 2 299 746 | 7 272 000 | 14 658 690 |
| Total | 14 239 092 | 26 231 538 | 29 093 082 | 14 884 278 | 48 689 892 | 133 137 882 |

Sources: Annual Meetings 2013 and 2014, minutes. Disbursements 2010-2013 given in USD while budget 2014 in NOK. Exchange rate used was official one used in documents of USD 1 = NOK 6. The sums are therefore not exact as far as the NOK values are concerned.

The table also shows the disruption to the disbursement flows that the freeze in 2013 led to. While there was almost a doubling in expenditures from 2010 to 2011, reflecting a rapid rise in program activities across all three pillars, total disbursements in 2013 were only half those of 2012. The planned expenditures for 2014 are almost twice as high as the ones for 2011, however, which presumably is on the optimistic side. Given the proviso that the exchange rate USD \Rightarrow NOK used is not totally correct and that expected expenditures for 2014 may be on the high side, the disbursement rate for the period appears to be above 90%.

2.4 Scope of Work

The main *purpose* of this review is to provide a basis for a possible new program phase, including contribute inputs/recommendations to a possible new Program Document.

The three *objectives* set for the task are the following:

- Identify results achieved, and experiences made (efficiency and effectiveness of the implementation of the Program Agreement)
- Provide input for a content outline for a possible new phase; objectives, broad baselines, agreement structure, program management structure, including financial management structures, and risk management (including corruption, transparency, accountability, good governance).
- *Optional*: Contribute with recommended inputs to a possible new Program.

2.5 Deliverables

In Scanteam's tender for this task, the following *deliverables* were promised:

- **A short Inception Note.** While not required in the Invitation to Tender, Scanteam's experience is that such Inception Notes are useful since they allow stakeholders to see the team's knowledge of results and issues at the start of the review process and comment on this. The Inception Note became more comprehensive as the mapping of results was a considerably larger task than foreseen. This was due to the complexity of the program but also because the results reporting was incomplete in places, listing activities but without specifying the results. The final versions of the results tables in this report and the complete results recording attached as Annex D have therefore benefited from the early rounds of comments on the Inception Note.
- **A debriefing seminar** at the Embassy/Kampala presented the team's preliminary findings, conclusions and recommendations for discussion. This was helpful to verify the team's understanding and discuss its views with key stakeholders in Uganda.

- **This Draft Report** has been structured according to Norad’s Guidelines for Reports, and contains the team’s main findings, conclusions and recommendations, structured according to the issues raised in the Invitation to Tender.
- **The Final Report** will be produced at the latest two weeks after receiving all comments to the Draft Report.
- **Inputs to a possible future Program:** Since Norway has agreed to support Uganda’s request for a further phase of OfD in Uganda, Scanteam will provide inputs as requested for this effort and in agreement with the Embassy.

2.6 Structure of the Final Report

Chapter 3 presents the approach and methodology applied to the task, noting the dependence of the team on the perceptions of a wide range of stakeholders.

Chapters 4 through 6 provide the results achieved during the period 2009-2014 in each of the resource, revenue and environmental pillars, respectively.

Chapter 7 discusses the governance and management structures and practices of the program during the period.

Chapter 8 then looks ahead, providing recommendations for the future program period.

Annex A contains the Terms of Reference for the task. These were contained in the Invitation to Tender, which is the foundation document for this task.

Annex B provides the list of informants spoken with.

Annex C presents the universe of documents consulted.

Annex D provides the detailed annual results that Scanteam has compiled from the various results reports and as updated in dialogue with the various OfD partners.

3 Approach and Methodology

This assignment includes a joined-up mid-term and end review as well as a planning mission. The focus is to assess results achieved over the current period with particular focus on how these can be used for planning a possible new phase of OfD support.

Section 3.1 presents the information sources while section 3.2 discusses how the questions in the Terms of Reference (TOR) (see Annex A) have been addressed while section 3.3 reviews the forward-looking questions in the TOR.

3.1 Information Sources

The task was based on a careful review of the results reports in order to prepare the draft Results Matrices, followed by a first round of interviews with stakeholders in Norway. During the field work, the larger document holdings at the Embassy were reviewed, but time was first and foremost used on discussions with stakeholders in Uganda.

Document Review

The document review (i) went through the documents listed in the original Invitation to Tender; (ii) looked at the program internal documentation, in particular the results reports prepared for the annual and quarterly OfD meetings in Uganda; (iii) other documents prepared by local CSOs and think-tanks, that addressed a range of issues surrounding the activities of the sector on the ground (see Annex C for documents consulted).

Stakeholder Interviews

While the documents were important, most of the issues required the views of a wide range of stakeholders. In order to collect and record the interview information in a structured way, the team used a *Conversation Guide* that was based on the TOR questions. The team had often sent the issues to be discussed to the stakeholders beforehand, and the Inception Report with its issues had also been widely distributed as a background to the conversations.

The interviews were done in three phases: (i) interviews with Norwegian stakeholders before leaving for the field, (ii) interviews in Uganda with the range of stakeholders as discussed above, (iii) interviews with Norwegian stakeholders after the field visit, to validate/triangulate information received in the field (see Annex B for persons interviewed).

Field Visit

The team carried out a four-day field visit to Hoima / Murchison Falls national park, meeting local officials, technical staff, communities and CSOs, hearing views on local needs in terms of capacity development, technical support but also their views on the economic, social and environmental transformations taking place, and in particular what can be done to avoid or mitigate possible negative consequences, and how Norway might contribute in these areas.

3.2 Identifying Results Achieved

When assessing results achieved, the team began by reviewing the results reporting that is available as against the objectives and targets defined in the Program Document. This document is quite extensive and detailed regarding what is to be produced along the results chain (MEMD 2010).

Scanteam created simplified Results Frameworks for each of the three pillars: (i) the Results Areas defined for each pillar, (ii) the planned Outputs in each of these areas, and (iii) a description of actual Outputs delivered. The latter was based on program reporting up to the time of the mission in September 2014. During the field visit, these Results Frameworks formed the basis for discussions with stakeholders regarding deliverables in place at the time of the mission. These validated Results Frameworks are presented as tables 4.1, 5.1 and 6.1 in this report.

Based on these Results Frameworks, the team has then addressed the specific questions that are listed in the TOR:

- a) Assess results in terms of outputs achieved, and to what extent the purpose as defined in the Program Document is being achieved, and assess the likelihood of this being achieved by the end of the Program Agreement period. In particular, the assessment shall seek to answer:
- To what extent the planned targets and results in the petroleum cooperation between the two countries have been fulfilled;
 - To what extent the Program has contributed to good governance, anti-corruption, transparency, and accountability in Uganda, and if relevant, measures that may contribute to a strengthening of these aspects.

Regarding the first sub-point, the team used the Results Frameworks complemented by the *qualitative* views through the interviews with stakeholders.

The second sub-point raises a set of issues that comes back later in the TOR, concerning the extent and ways in which the program has addressed governance dimensions in the petroleum sector. The team has relied on information from the interviews, but also used the capacity development analysis presented below since a number of the enhanced framework conditions have, among other things, contributed to improved governance.

- b) Assess the sustainability of the results achieved, in particular with regard to sustainable capacity- and institution building in the target institutions.

Capacity development is the most complex dimension of development cooperation. Part of this is due to lack of clarity of what is actually meant by the concept, and thus inability to track performance. Scanteam has found the following definition to be the most useful: *“The ability of individuals, organisations and institutions/society to address assigned tasks, solve problems, and set and achieve new objectives, in a sustainable manner”*¹.

This definition thus looks at the three societal levels:

¹ This is an amalgamation of most-used definitions: “Capacity Development and Aid Effectiveness: A UNDP Capacity Development Resource” (UNDP 2006) and DAC Governance Network (GOVNET): “The Challenge of Capacity Development: Working towards Good Practice.” *OECD Papers* 6(1): 58-94, OECD/DAC 2006.

(i) ***Institutional development***: The extent to which organisational mandates, division of labour, laws and other formal framework arrangements have been developed, agreed to, implemented and accepted. Such changes are normally easy to identify – laws must be passed, mandates agreed to etc. They therefore also tend to be quite stable: they normally require formal and visible steps to be changed – *sustainability* tends to be high.

(ii) ***Organisational development***: These are within-actor transformations: restructuring, shifting resources and responsibilities, changing requirements, procedures and practices. Particular the latter, as captured by concepts such as “corporate culture”, are difficult to document, not least of all because there is often a formal structure presented to the outside whereas internal workings may be quite different.

(iii) ***Human resources (skills) development***: Much of the actual capacity development is directed at the staff – managerial and technical – within the various organisations that are being supported. This dimension covers several aspects: (i) the existing staff, the extent to which the right people have been given the right amounts of appropriate training to better perform their tasks, (ii) the extent to which organisations have recruited the right skills to improve critical tasks, (iii) the extent to which the organisations are able to retain the required skills in the face of an ever-more dynamic labour market.

c) *Assess to what extent the Norwegian experience and expertise have been relevant to meet the different needs of Uganda in order to build national competence and capacity within the petroleum sector.*

This was primarily addressed through semi-structured interviews with both sets of partners. On the Ugandan side questions were asked about the relevance and appropriateness of the Norwegian skills, and the ability to transmit knowledge and provide useful insights on complex issues. The timeliness and availability of appropriate skills emerged as an issue, especially in the revenue pillar.

On the Norwegian side questions covered the degree to which Ugandan partners had identified support requests properly, whether capacities were in place (availability of staff, appropriateness of skills), but first and foremost how the Norwegian partners experienced the Ugandans’ commitment to apply new knowledge and understanding – that is, does it seem that the capacity development is producing real results?

d) *Assess the efficiency of the Program, in particular an assessment of results achieved compared to costs incurred and man-hours invested.*

The team looked at annual work plans, reports, budgets and minutes from annual meetings. However, it is usually virtually impossible to attribute Outputs to specific budget items since any given Output is usually the result of a chain of activities where unit costs for each activity simply cannot be identified. In line with what Scanteam had noted in its tender proposal, the team has not therefore not been able to address this question to any significant extent.

e) *Review the management arrangements of the Program, and alternatively suggest more effective ways in which management arrangements can be improved. In particular the assessment shall seek to answer:*

- *The effectiveness of the current organisational structure of the Program.*

- *How well the Program can be said to function with regard to information sharing, dialogue and communication between the different actors.*
- *How well the institutional cooperation functions between the Ugandan and Norwegian partners.*
- *How well the Program fits with the structures of the Ugandan partner institutions with regard to the efficient implementation, reporting and follow-up of activities.*
- *The functioning of the coordinating responsibility, both within each pillar as well as within the overall program structure.*

These questions were more complex than expected. One thing is that the three pillars vary in terms of number and relationships between pillar actors (see chapter 7). But the establishment of the program Secretariat including a Norwegian on-site program coordinator as well as the Embassy taking on a stronger role during the period changed program dynamics.

The big change has been the rapidly evolving dynamics of the oil and gas sector on the ground. As exploration, exploitation and midstream activities are beginning to be planned and implemented, focus is shifting from the building of institutions at central level to how the various actors are performing on the ground.

How coordination within and between pillars has worked was largely addressed through the interviews, in particular with those in focal positions within the program.

3.3 Looking Ahead

- f) *Within the existing pillars, identify existing or new areas/activities that could benefit from more interaction/cooperation and areas which may be discontinued, based on institutional capacity.*

For the forward looking questions, the team relied almost exclusively on interviews. The statements made regarding future support were fairly consistent, however, across pillars, public sector and non-state actors, and at central and local levels. The interviews pointed to how new legislation and regulations are establishing new roles and responsibilities, but also that for a number of actors there is a need to transit from building capacities at central level to operationalizing these skills down to the district and sub-county levels.

These views are largely corroborated by the documentation that discusses the future of the OfD program, such as the assessments in recent MFA documents, the general evaluation of OfD (Scanteam 2013) and recent OfD studies on Uganda (ILPI 2013, Deloitte 2013).

- g) *Assess the balance between the pillar institutions with regards to:*
- *Achievements with a view to the Program goals*
 - *What institutional needs have to be addressed in a possible new program period in order to further contribute to this goal.*

This question is addressed based on the analysis of achievements to date, presented in chapters 4-6, and then discussing the future program as laid out under question (f) above.

- h) *Assess the issues of particular concern within the Program and ways in which these may be strengthened:*
- *Anti-corruption, transparency, accountability and good governance;*

- *Information sharing and communication across all involved actors, i.e. the engagement and empowerment of all relevant actors as information holders and communicators;*
- *Capacity building for long-term institution building,*
- *Environmental sustainability in the petroleum areas.*

Through interviews with stakeholders who have a particular engagement in this field, the team discussed what the key concerns are, and what Norway can contribute. This has been supplemented by recent reports that address governance dimensions of the oil and gas sector (see ILPI 2013, International Alert 2014, Avocats Sans Frontieres 2014, MYJ 2014, CNOOC-Total-Tullow 2014).

Concerning the second bullet-point, this was based on the organisational and communications analyses carried out under question (e) above.

The point on capacity development used the analytical scheme presented under question (b), and then looked at *where* in the scheme future support is likely to be concentrated, and what forms of support are therefore most likely to be the most effective.

The environmental dimension is of particular concern since the oil fields lie within national parks areas and in environmentally sensitive areas. The team thus spent time talking with local stakeholders – local administration, communities, companies, local organisations – how they viewed this question, and what more Norway can do.

- i) *Assess the possible consequences/risks of a potential non-continuation of the program after the end of the Program Agreement.*

During the fieldwork the mission was informed that a new phase of support has in principle been approved, so this question was no longer relevant.

- j) *Suggest more effective ways in which management arrangements can be designed, hereunder:*
 - *Alternative agreement structure;*
 - *Alternative structures for the financial management of the Program*

The team relied on the work done under question (e) above to address the first bullet point, and used the commissioned review of the program's financial management (Deloitte 2013) when considering options under the second bullet point.

The issues of financial management are particularly challenging because of the trade-offs between using national systems and procedures as central to longer-term capacity building and alignment/harmonisation efforts, and on the other the need for control of resource application when this is seen as appropriate.

3.4 New Program Phase

Norway has decided to provide further support to Uganda – in the first instance for a further three years with an indicative frame of NOK 53 million – and Scanteam will assist where this is seen as useful and constructive. It is expected that the Program Document for the next phase can largely be produced locally, and be based on the considerable work that went into producing the 2010 document.

4 The Resource Management Pillar

Section 4.1 presents the objectives set for the collaboration in this pillar and the results recorded in the form of a Results Framework (table 4.1). Section 4.2 discusses the results attained according to the questions asked in the TOR, before section 4.3 provide an analysis of the achievements. Section 4.4 assesses sustainability of results attained.

4.1 Results Programmed and Recorded

Resource Pillar Program objective: “To establish and effectively manage the country’s oil and gas resource potential”.

Program results areas, components and outputs: The Program Document identifies three components in this pillar: Legal and Regulatory Framework; Capacity Building; and Midstream Development. Under each of these, the planned and actual deliverables (Outputs) as per 2014 are provided in table 4.1, divided into 11 sub-pillar areas. A more detailed overview of results delivered by year is provided in Annex D.

Table 4.1: Resource Component – Programmed and Achieved Results

| Results area | Programmed 2010 | Results 2014 |
|--|--|--|
| (i) Legal and Regulatory Framework 1. Legal and regulatory framework | a. Petroleum Resource Management Law formulated b. Law for oil and gas utilization formulated c. Regulations for petroleum upstream and midstream and local content d. Subordinate regulations for HSE e. Revision of Model PSA | a. Concluded. The Petroleum, Exploration, Development and Production Act approved by Parliament and Disseminated (2013) b. Concluded. The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act Approved by Parliament and submitted (2013) c. Petroleum upstream and midstream regulations under preparations (2014) d. Regulations for HSE not in place. e. Revised Model PSA not in place. |
| 2. Licensing strategy and planning | a. Benchmarking of Uganda’s petroleum potential and assessment of fiscal terms b. Development of a grid system for licenses c. Development of a strategy for promotion of the country’s petroleum potential d. Promote the country’s petroleum potential e. Implementing a licensing round f. Appropriate due diligence done on applicants for licensing. | a. Benchmarking study not completed. b. Grid system concluded (2011) c. Concluded. Draft model contract for acquisition, processing, promotion/ sales of speculative seismic data in unlicensed areas completed d. Activities undertaken throughout the program period. e. Licensing strategy and plan developed but not adopted by Cabinet. Activities include demarcation of areas (based on structural and stratigraphic analysis) as delineation ahead of license round; Evaluation of geological, geophysical and geochemical data, and present data package; f. Not concluded. Application expected in 2015 |
| 3. Monitoring and supervision | a. Development of an appropriate supervisory framework for monitoring and supervising <u>petroleum exploration</u> programs b. Framework for monitoring and supervising <u>petroleum development and production</u> programs developed c. Develop an <u>HSE</u> supervisory | a. Concluded. Draft supervisory frameworks for wells and seismic monitoring developed (2011) and Procedures for cost reporting established, and data entered into database in PEPD (2013). b. Not concluded. HS- department and relevant management representatives in PEPD guided by NPSA - PSA experts to advice |

| Results area | Programmed 2010 | Results 2014 |
|---|---|--|
| | <p>strategy and plan</p> <p>d. Supervisory framework for monitoring and supervising development of Field production program (FDP) put in place and operational</p> <p>e. System to handle Field Development Plans (FDPs) tested and in place</p> | <p>Ugandan HS- personnel in carrying out HS-audits. Plan and execute two audits in important safety areas given preference by PEPD.</p> <p>c. Partly concluded. Discussions on metering?</p> <p>d. The guidelines for monitoring of field operations are already under implementation and have been shared with NEMA.</p> <p>e. Guidelines for Daily Production Reporting in process of finalization?</p> |
| 4. Monitoring of Oil and Gas policy and programs | a. The National Integrated Monitoring and Evaluation Strategy (NIMES) enhanced to incorporate oil and gas monitoring and evaluation systems. | <ul style="list-style-type: none"> • Delayed. Activity undertaken under program management |
| (ii) Capacity Building 5. Institutional Development and Capacity Building | <p>a. Coordination of supervision institutions: Completed functional analysis and harmonising the roles for institutions, drafting the coordination document and implementing coordination activities</p> <p>b. Organizational issues and infrastructure: Preparations of the organizational plans, definition and procurement of necessary facilities</p> <p>c. Capacity Building (Petroleum Directorate, Petroleum Authority and other government institutions)</p> | <p>a. Concluded. Functional analysis and harmonizing the roles of the institutions, drafting the coordination document and implementing coordination activities finalised (2012) (Not funded by program)</p> <p>b. Delayed. Four transitional units for new institutions in place. Capacity building for unit heads undertaken (NDP workshop, IHRDC training Boston (2012). Recruitment of staff undertaken. New institutions not yet in place.</p> <p>c. Concluded. HR plan and recruitment plans developed and followed up and IT systems in place. Capacity building in change management process in new units and other activities in process. Petroleum Economic Modelling not yet undertaken (in cooperation with Revenue Pillar).</p> |
| 6. National and local participation | <p>a. Skills development for the oil and gas sector: Education Curricular, Trainers educated, Petroleum related course's etc.</p> <p>b. Develop Competence and opportunities for the country's entrepreneur sector; Completion of the local content study, implementation of recommendations from the study, Plan to support development of the skills and competitive competences necessary for the entrepreneurs to participate in the delivery</p> | <p>a. Concluded. Support to curriculum design and training of trainers at Uganda Petroleum Institute (2010); Curriculum developed for second year for UPIK (2011); 8 weeks training for trainers undertaken (2011);</p> <p>b. Delayed. National content study finalized in 2011 and is being used by the industry. National Content Strategy; inception workshop with stakeholders held; Study visits for six district leaders to Norway. The draft National Content Policy presented and discussed by stakeholders May 2013; - Draft National Content policy and implementation strategy expected to be concluded in 2014.</p> |
| 7. Improved data and records management | <p>a. Improved data and records management systems (Crane Database for 2011 including wells)</p> <p>b. Development of procedures for operations and records management systems (Finalize the transcription of seismic Data)</p> <p>c. Develop and implement an IT strategy and maintenance system</p> | <p>a. Concluded. Infrastructure in place and well developed and operated. GIS and Crane Database developed; Professional database management systems evaluated for future consideration;</p> <p>b. Concluded; Record management system in place. Transcribed seismic data prior to 2011; updated work-flows for archiving/transcription of seismic datasets.</p> <p>c. ICT strategy presented 2014; User IT policy and procedures developed and are being implemented; Equipment for off-site back-up and storage procured. Process for joining NITA-U (National back-bone) is on-going and not yet achieved.</p> |

| Results area | Programmed 2010 | Results 2014 |
|---|---|--|
| 8. Resource Assessment | a. Plan and contribute to the assessment of the country's oil and gas resources and to the national oil and gas inventory: System for continuously updating resource inventory, developed capacity and procedures to assess petroleum resources | a. Completed the development of the Play models for Albertine Graben developed. Reports produced on an annual basis. b. Resource inventory system in place. A number of critical software packages required procured c. Delayed. Study of the country's unconventional resources is on-going, initial resource estimation undertaken. d. Biostratigraphy framework for AG developed and completed |
| 9. Regional and international cooperation | a. Bilateral treaties, Agreement with DRC and Technical standardization reviewed and updated | a. Not completed. Consultative meetings held with DRC government on acquisition of seismic data in DRC using Ugandan bases; Partial contribution to preparations of EAPAC'13 in Tanzania |
| 10. Oil and gas sector development and Investment strategy / plan | a. Strategy / plan for the oil and gas sector developed b. Long range petroleum planning capacity built in PEPD | b. Delayed. Sector Investment Plan. Much groundwork completed. Preparation a National sector investment plan for the development of pipelines and storage facilities; c. Partly achieved. Lake Albert Development Plan done, mirrors an integrated field development plan. Plan for the development of a sector investment plan with input from the refinery strategy |
| (3) Midstream Development 11. Midstream Development | a. Institutions responsible for midstream activities strengthened; b. Plan for efficient utilisation of oil and gas resources and development of attendant infrastructure established c. A licensing framework for midstream activities / facilities established and development of midstream facilities d. Establish an operational monitoring system for midstream facilities and activities Establish standards for midstream activities / facilities e. Ensure least cost processing of midstream facilities and third party access to capacity in midstream facilities f. Study to evaluate the opportunities for the development of a petrochemical industry | • Partly completed. Midstream is now an integrated part of PEPD. Much of the activities moved to other parts of the program. |

4.2 Results Achieved

The resources pillar was by far the largest in terms of funding, as shown in table 2.1. Over the five year period, about NOK 65 million were spent or programmed under this pillar.

4.2.1 Outputs Delivered

1 Legal and regulatory framework

A key milestone was achieved in 2013 with Parliamentary enactment of the two petroleum bills, the *Petroleum (Exploration, Development and Production) Bill* and the *Petroleum (Refining,*

Conversion, Transmission and Midstream Storage) Bill. Following the formulation of the Petroleum Policy in 2008, the process of developing an adequate legal and regulatory framework had been one of the key activities of this program. The work has however been substantially delayed compared to the ambitious timetable in the 2010 PD. In the process consultations were held with stakeholder institutions and the bills were actively debated in media and in Parliament before approval.

The petroleum regulations have not yet been approved by Cabinet. The work on the regulations commenced in 2012. A working group undertook study visits to Norway in December 2013 and March 2014 to discuss various aspects of the regulations with Norwegian institutions and the legal consultants (Simonsen, Vogt and Wiig). PEPD is confident, however, that the petroleum regulations will be approved by Cabinet in 2015.

Health, Safety and Environment (HSE) regulations have so far only been developed in draft form. Substantial training in HSE has taken place with support from the Norwegian Petroleum Safety Authority (NPSA), which is an agreement partner with the Norwegian Petroleum Directorate (NPD) under this pillar. The capacity of PEPD in this field was confirmed by several stakeholders, despite the lack of drafted guidelines and regulations. The HSE regulations were discussed during visits to Norway in January 2014 and a framework for moving the process forward was agreed. A main reason for non-achievements in this field is that HSE is a new area for Ugandan authorities, and the drafting of regulations and guidelines has so far not been given top priority in PEPD. There has also been a lack of HSE staff in PEPD during the last half of 2014.

Drafting of the agreed model Production Sharing Agreement (PSA) regulations has recently commenced and a draft sent to Oslo for comments at the end of 2014. However, the model PSA cannot be finalised before the petroleum regulations are approved. The completion of this is key to the licensing processes that are likely to take place as of 2015/16.

2 Licensing strategy and planning

Focus has been on improving the licensing system to enable competitive bidding for the licenses. The activities were supposed to have been completed in 2011, and while progress has been achieved, key activities are not yet finalized.

A grid system for licensing was established in 2011 and annual promotional activities have taken place since then. But the strategy for licensing, benchmarking the petroleum potential and assessment of fiscal terms have been delayed. While the strategy has been developed, it is not yet approved by Cabinet. The benchmarking studies are on-going but not finalized due to lack of sufficient seismic data. The planned licensing round and appropriate due diligence of applicants for licenses are planned activities that will not be completed during this program, but are most likely to take place in 2015/16. This is in accordance with the oil and gas policy that states that the legal framework must be in place before new acreage is awarded.

3 Monitoring and supervision

Development of monitoring and supervisory frameworks has made progress, but there have been delays in most of the planned activities, and some of the planned frameworks still await approval. The framework for monitoring the petroleum exploration program was

finalized according to plan in 2011, and the guidelines for monitoring field operations were developed and implemented by NEMA.

Monitoring frameworks for the petroleum development and production programs and guidelines for daily production reporting are not yet developed, and the oil and gas monitoring and evaluation systems has not yet been incorporated with the National Integrated Monitoring and Evaluation Strategy. This, however, is not seen as urgent since actual production is still some years off. However, much of the preparatory work has thus been done.

5 Institutional Development and Capacity Building

The component on institutional development and capacity building has achieved considerable results, though with significant delays. A functional analysis, clarifying the roles of the new institutions (the Regulator – the Petroleum Directorate – and the National Oil Company), and the drafting of a coordination document, have been done. A Human Resources development plan and a recruitment plan have been developed and followed up, with recruitment of a number of staff and unit heads, as well as the establishment of four transitional units and capacity building activities. Capacity building is however considered an on-going process, and more capacity building activities, such as training in change management, was done in 2014. Construction of office facilities is now taking place in order to ensure appropriate office facilities for the new petroleum institutions. The new institutions are, however, not yet formally established.

6 National and local participation

The component on national and local participation has achieved some success, though some expected results are still not in place. A national curriculum has been formulated and support to petroleum training is provided to the Uganda Petroleum Institute/Kigumba (UPIK) and Makerere University. 86 students have graduated from these institutions, of which 50 percent have been employed. Significant scaling up is planned. Software to be used is now under procurement, funded by the Government.

The national content study was finalized in 2011. The study was well received and has according to stakeholders been used by the industry. The government's follow-up of the study's recommendations has however delayed significantly. A draft national content policy was presented in November 2013, and a second consultative workshop, providing inputs to the local content policy, was undertaken in 2014. The policy, and a strategy for its implementation, are being drafted and are to be presented to cabinet early 2015.

7 Improved data records and data management

The data records and management component has achieved impressive results. Through ODIN, PEPD has now established a highly professional database, including update of Crane database and transcribed seismic data prior to 2011. User IT policies and procedures have been implemented, high quality IT-equipment, including GIS workstations and storage appliance for seismic and wells data, were procured and in operation, and an off-site back-up system is partly operative. Capacity building in IT-use has been undertaken, and the IT system is applied on a daily basis by technical staff in PEPD. It was emphasized that all

sustainability measures were in place, though it was not confirmed that a formal ICT strategy has been developed, approved and applied.

8 Resource assessment

Definition of play models for the Albertine Graben and preliminary estimates on resource inventory were presented according to plan in 2011. A Resource Assessment Report produced high-quality analysis, but more sophisticated assessments are planned using new software, updating of databases, testing and capacity building. With the procured software systems, a resources inventory system has been developed, and an assessment of the oil and gas resources for all discoveries is presented on an annual basis.

9 Regional and International Cooperation

Enhanced bilateral treaties and agreements with DRC have not been accomplished. PEPD hosted the EAPCE 2011 meeting, and consultative meetings with DRC on acquisition of seismic data in DRC using Uganda as base were held in 2012 and 2013. These activities did not, however, result in the hoped-for treaties or agreements. A ToR for regional cooperation has been drafted, but the consultancy has not yet been procured.

10 Oil and gas sector development plan and investment strategy

A Lake Albert Development Plan (LADP) has been done, mirroring an integrated field development plan, and the work on a National Strategic Plan for the development of pipelines and storage facilities is on-going.

The sector investment plan is however not yet undertaken and will not be finalized during the program period. The reason for the delay is that the drafting of the plan cannot be completed before a number of other key activities, providing essential inputs to the plan, have been completed. Other activities undertaken have however provided a solid basis for PEPD to draft the sector investment plan in 2015.

11 Midstream Development

The activities under this component have largely been moved to other components. Midstream development is now an integrated part of the PEPD. Short term training of a number of officers in refinery and pipeline related aspects was undertaken.

4.2.2 Outcomes Achieved

Institutional development: The pillar program has strengthened the *legal and regulatory frameworks* in the petroleum sector considerably. The passing of the two petroleum bills in 2013 was a key achievement, and work on the petroleum regulations is now in the final stages. Work on licensing, monitoring and supervision will not be finalized during the program period but the work has begun and capacity is significantly strengthened also in these areas. The lack of progress in the field of HSE is of concern, however, as production, processing and transportation activities are to start up. Finalising HSE guidelines and regulations should be high on the agenda to ensure that sustainability and environmental objectives are being properly addressed. These issues are supposed to be given greater attention in the coming program period.

Human resources development: PEPD has significantly strengthened its *human capacities*, where the continuity of staff within PEPD and the long-term collaboration with the NPD has enabled a structured and coherent program of skills development. PEPD is today recognised as a highly competent technical department that among other things is able to undertake resource assessments and interact professionally with the industry without external assistance. PEPD is to provide much of the skills foreseen for the upcoming national regulator and the Petroleum Directorate in MEMD.

Organisational development: While the national regulator and the new planning department in MEMD have not yet been established/separated from PEPD, transitional units are established and many of the preparatory activities are completed. PEPD's data and records management system is furthermore considered to be of international standard. So even in the field of organisation building – which tends to be the most problematic area in capacity development programs – the PEPD and Uganda can point to significant improvements due to long-range planning and implementation.

National content and regional collaboration: Higher-level objectives regarding national and local content are lagging since little has happened since the study was presented in 2011.

Of equal importance is the lack of achievements in terms of regional cooperation. Consultative meetings were held but the planned bilateral Treaty with DRC, considered of high importance, is not yet in sight, though due to political issues rather than anything the OfD program could produce.

4.2.3 Sustainability of Results

The PEPD is staffed with a large number of highly skilled persons. It is a widely held view that the PEPD largely has the capacity to manage Uganda's oil and gas development process and the relations to the petroleum industry.

PEPD is given high priority by the Government in the budget, both for current costs – staff salaries and operational expenditures – and investments, where the authorities are funding new office blocks for the Directorate and the Petroleum Authority.

The sustainability of the OfD support to the resource pillar was stressed by both PEPD and NPD, noting that the way the program activities have taken place have ensured that the transfer of know-how has been wide-spread and is used in the daily procedures and work routines established.

Regarding the Norwegian programme coordinator, it was pointed out that he left his position in Uganda before the end of the program period as his contract had expired and it was not deemed necessary to maintain this position given the high technical capabilities of the PEPD staff. The general view was that the long-term coordinator came at the right time, but in terms of future assistance it should concentrate on short-term assistance that is targeted to specific issues.

Despite the achievements so far, there is still need for technical support to PEPD. Several of the planned Outputs have not been finalised. Furthermore, as Uganda moves into production and midstream activities, the country will be facing a series of new challenges that will test the skills and sustainability so far established.

There is some uncertainty regarding the solidity of new institutions. New transitional units are in place, but PEPD expressed a need for change management capacities in the bodies being established, since this will be critical to managing new roles and expectations, as well as more general management skills.

There is also a clear need to strengthen regional cooperation, including expanding it as there is a potential for collaboration in specific areas with Tanzania and Kenya.

4.3 Analysis of Achievements

4.3.1 *Factors contributing to achievements*

The key factor that explains the delivery of so many Outputs and resultant Outcomes in the resource pillar is on the one hand the strong ownership to the program by Uganda, and on the other that it is solidly based on Ugandan priorities and needs.

A second factor is the long-term cooperation between PEPD and the collaborating Norwegian institutions which has built trust and mutual understanding. These relations were in place many years before the current PD was signed, so activities began as soon as the documents were agreed. Also, already before the start of the program, the PEPD was among the strongest government institutions in Uganda and East-Africa with highly skilled staff. Much of the current PEPD leadership was technical staff during institutional cooperation programs going back nearly 20 years in time.

The Norwegian inputs are considered highly relevant by the Ugandan partners, and the technical expertise very competent. Combined with the trust relationships, this has meant open and direct lines of communications between the parties, and that the mix of workshops and short-term advisers has been successful. The long-term assistance, which came in place in the latter half of the program period, was providing useful inputs at the time, but not regarded a critical success factor in the longer term.

The structure of the overall program was noted as a contributing factor. A strong Secretariat with competent staff housed in PEPD and an efficient and flexible manager from the start of the program allowed for efficient planning, implementation and monitoring of the activities.

Within the pillar, the appointment in 2012 of managers for all sub-components for the legal framework, licensing capacity building and IT, respectively, was seen as successful, including by integrating the program in the daily work within PEPD.

4.3.2 *Factors hampering achievements*

The main factor hampering achievement of planned outputs was the freeze in Norwegian funding from October 2012 till July 2013. This stop in financing led to a decrease in activities from November 2012 to July 2013, but also meant other funding sources had to be found for priority activities. Moreover, the freeze came at a time when momentum was increasing significantly and many activities were in the pipeline and had substantial consequences for the Ugandan implementing partner. Several stakeholders emphasised that after the freeze the program partners have found it challenging to gain the same momentum as before the freeze.

Another factor explaining the delays and lack of achievements on several of the planned outputs and outcomes is unrealistic planning. The programming was over-ambitious, such

as with planned finalization of the petroleum legislation in 2010. It was not sufficiently attending to the impacts of delays of some key activities on other pillar outputs. Moreover, it is a weakness that the partners in the planning did not take into consideration that policy processes outside the control of the program could impact significantly on program implementation and possible mitigating actions were not sufficiently attended to.

A further factor contributing to delays in some areas has been the lack of priority to these tasks by the PEPD, such as local content policy and regulations, and HSE. The HSE regulations have now been drafted, and an HSE unit established, though there have been issues regarding the lack of HSE staff in PEPD at the end of 2014, but also the fact that HSE is a new area to Uganda.

4.4 Findings and Conclusions

- The resource pillar has produced *institutional development* in the form of legal frameworks for the sector: key laws have been passed, and the follow-on regulations have been drafted and are expected to be passed by Cabinet shortly. While much of the preparatory work for the monitoring and supervisory frameworks for the sector is done, the final frameworks are not yet in place.
- A new institutional set-up for the sector, with an independent Petroleum Authority as regulator, a strengthened Directorate in the MEMD, and a state oil company, has been agreed, transitional units are in place, and the new structure is expected to be in place in the course of 2015, slightly delayed. The PEPD with its strengthened human resources base will provide much of the skills also for these new institutions.
- Actual licensing has been put on hold till legislation is in place. The grid system and promotional activities have been in place since 2011, the licensing strategy has been developed but awaits approval by Cabinet.
- Data recording and management has continued to progress, with Uganda now having what is considered a high-quality system and capacities in place. Capacities and tools for carrying out resource estimates are being developed and used.
- Development plan for the Lake Albert region is in place but the sector investment strategy remains to be completed, pending availability of necessary inputs.
- In a number of areas the pillar has not delivered as planned. The development of a strategic approach to health, safety and environment (HSE) is lacking though capacity has been built. A study on national and local participation is ready, but the follow-on strategy has not been produced. Regional cooperation has so far been disappointing.
- Most *core* dimensions of the resource pillar are thus moving well – *complementary* activities are lagging, which will affect long-term performance if not addressed.
- The key reasons for the good performance is the strong national ownership to the program and support to PEPD and its activities; the trust and mutual understanding that the long-standing collaboration between Uganda and Norway has fostered; and the quality and relevance of external inputs provided.

- The main challenges have been the freeze in Norwegian support which not only held back activities but also undermined some of the enthusiasm for the program; unrealistic timetables for some areas; and the lack of attention to non-core areas.

5 The Revenue Management Pillar

This chapter is structured similarly to chapter 4, with a presentation of results as against planned-for Outputs, before discussing achievements and summing up.

There were five institutions in this pillar: the Ministry of Finance, Planning and Economic Development (MFPED), the Bank of Uganda (BoU), the Uganda Revenue Authority (URA), and the Office of the Auditor-General (OAG). In addition, the MJCA was included in connection with the formulation of Public Finance Management (PFM) Bill.

The OAG was also formally not part of the pillar in that it did not receive funding and support over the OfD. It had a direct agreement with Norway's OAG in the field of petroleum sector audits, and therefore took part in pillar work to ensure coherence and coordination. This was particularly important since the audit and taxation work carried out by the OAG and URA are very closely linked.

5.1 Results Programmed and Recorded

Revenue Pillar Program objective: "To ensure collection of the right revenues and use them to create lasting value for the entire nation"

Program results areas, components and outputs: The Program Document identifies five results areas: Legal Framework Policy; Pillar Management; Revenue Administration; Monetary Policy Framework; Banking, Accounting, Audit. Under each result area, the expected and actual deliverables (Outputs) as per 2014 are listed in table 5.1 below.

Table 5.1: Revenue Component – Programmed and Achieved Results

| Results area | Programmed 2010 | Results 2014 |
|---|--|---|
| Legal framework and policy: 1. Drafting the Revenue Management Policy | <ul style="list-style-type: none"> Finalisation of the draft Revenue Management Policy (RMP) Secure Cabinet approval Publish and disseminate | <ul style="list-style-type: none"> Oil Revenue Management Policy was submitted to Cabinet and approved in January 2012 2000 copies of the Policy published and disseminated Policy guides the management of Oil and Gas revenues (in the absence of a legal framework) Policy translated into chapter in the Public Finance Management (PFM) Bill 2012 |
| 2. Amend the Public Finance and Accountability Act | <ul style="list-style-type: none"> Drafting of the relevant PFM Bill provisions Drafting principles for the consolidated PFM law, including Petroleum provisions | <ul style="list-style-type: none"> Stakeholder consultative workshops on the Bill held Benchmarking visit to Botswana on natural resource revenue management Benchmarking study visit to UK on PFM. PFM Bill was drafted and submitted to Parliament in April 2013, passed end 2014, awaits assent by President to become law. Consultative workshop and training for Members of Parliament from three committees of Parliament: Finance; Budget and National Economy; Natural Resources, Environment, Legal and Parliamentary Affairs; on PFM Bill. |
| 3. Existing tax legislation and regulations reviewed and updated | <ul style="list-style-type: none"> Reviews and updates Capacity building | <ul style="list-style-type: none"> Consultative workshop to review the double taxation agreements and development of a model DTA Strengthened capacity in the management of oil and gas revenues. This includes; <ul style="list-style-type: none"> 2 officers from MJCA trained on Oil and Gas Law 29 officers trained on PSAs, production profiling |

| Results area | Programmed 2010 | Results 2014 |
|---|---|--|
| | | <p>and fiscal forecasting</p> <ul style="list-style-type: none"> • 2 senior officers trained in international petroleum transactions. • 6 officers from MFPED and MJCA trained in fiscal policy and petroleum legislation and international oil and gas development. |
| Revenue mangm't: 4. Assessment of the existing institutions | <ul style="list-style-type: none"> • Conduct oil and gas capacity needs assessments for Revenue Pillar institutions | <ul style="list-style-type: none"> • Capacity Needs assessment undertaken by Hartmark consultants |
| 5. Human resource plan analysed and updated | <ul style="list-style-type: none"> • Develop an integrated capacity building plan for the pillar • Analysing and updating HR plan | <ul style="list-style-type: none"> • Report published and implementation in various institutions underway. |
| 6. Cross-cutting activities, Revenue pillar operations (New in 2013) | <ul style="list-style-type: none"> • Sensitization Visits to Albertine Graben • Team retreat to update detailed activity plan and budgets • Quarterly Pillar coordination meetings • Benchmarking study visit (Workshop) in Oslo on petroleum revenue management practices. | <ul style="list-style-type: none"> • 2 sensitisation visits undertaken to the oil producing areas • Pillar planning retreat held • 6 pillar coordination meetings held • The benchmarking study visit/workshop to Norway schedules for 2014 was cancelled |
| Revenue Administration 7. Tax Manual in place | <ul style="list-style-type: none"> • Review and finalize the Petroleum Tax Manual (with input from OTO – Norway) | <ul style="list-style-type: none"> • Consultative workshop to review, discuss and finalize part 2 of the manual held • Developed Part 2 of the Petroleum Tax Manual (deals with taxation of petroleum operations). |
| Fiscal policy framework 8. The current fiscal framework assessed | <ul style="list-style-type: none"> • Develop fiscal framework for management of oil and gas • Capacity building | <ul style="list-style-type: none"> • Fiscal and Monetary Framework Paper yet to be finalised * • Strengthened capacity in forecasting and modelling oil and gas revenues. This includes; <ul style="list-style-type: none"> • 1 officer attended 8 week Petrad course in 2014 • In house introductory course for 20 senior officials conducted on petroleum revenue forecasting and management. • 2 months online learning course for seven staff on petroleum revenues and macroeconomic management |
| 9. Fiscal policy strategy paper drafted | <ul style="list-style-type: none"> • Develop a charter of fiscal responsibility | <ul style="list-style-type: none"> • Draft Charter developed with technical assistance from the IMF |
| Monetary framework assessed, updated 10. Monetary framework | <ul style="list-style-type: none"> • Develop monetary framework for management of oil and gas • Capacity building | <ul style="list-style-type: none"> • Fiscal and Monetary Framework Paper yet to be finalised • Strengthened capacity in forecasting and modelling oil and gas revenues: <ul style="list-style-type: none"> • 25 senior officers from BoU and MoF trained in modelling oil and gas revenue impacts on monetary management |
| Develop capacity to manage and account for oil and gas revenues 11. Capacity building | <ul style="list-style-type: none"> • Developing a Chart of Accounts for oil sector operations • Capacity building in the international accounting and auditing standards | <ul style="list-style-type: none"> • Consultative meetings with oil companies held to develop Chart of Accounts; • Chart of Accounts for oil sector operations developed and disseminated to stakeholder institutions • Strengthened capacity in petroleum accounting and auditing; |

| Results area | Programmed 2010 | Results 2014 |
|--------------|-----------------|---|
| | | <ul style="list-style-type: none"> • 2 senior staff trained attended training in international petroleum accounting standards. • 15 officers trained in auditing the petroleum exploration and production industry. • 6 senior officers trained in international oil and gas law and accounting. |

*: Finalization of the Fiscal and Monetary Framework Policy Paper is awaiting the completion of the Macro Model for Uganda, whose findings will be an input to the paper.

5.2 Results Achieved

The Revenue management pillar was based on an institutional collaboration agreement between MFPED and NMoF. As part of this agreement, the Oil Taxation Office (OTO) under the NMoF worked with the Uganda Revenue Authority (URA). The pillar was by far the smallest of the three in terms of funding, receiving a little under NOK 19 million or only just over 14% of the total funding available.

The formal agreement between the two ministries ended on 30 June 2014, which was the original termination date for the overall programme. While the overall OfD program was extended, NMoF decided that it does not wish to engage in further institutional cooperation agreements, a principled decision not limited to Uganda. Already during the last year of the agreement, however, NMoF was less engaged, affecting the progress of activities after the funding freeze was lifted. The collaboration between the OTO and URA continued as programmed, however, and was not affected by this.

5.2.1 Outputs Delivered

1 Revenue Management Policy

The Oil Revenue Management Policy was drafted and approved by Cabinet in January 2012. This has been published and widely disseminated, and has been used to manage the emergent oil and gas revenues in the absence of an updated legal framework. The policy has been the basis for a chapter in the Public Finance Management Bill that was passed by Parliament towards the end of 2014 and awaits assent by the President to become law.

The expected Output has been produced and has constituted one of the key areas of collaboration in this pillar.

2 Public Finance and Accountability Act

The Public Finance and Accountability Act was updated and submitted to Parliament as the Public Finance Bill in 2012. It contains key provisions regarding petroleum revenue management, and thus is a strategic document for petroleum sector governance.

The MFPED received considerable support from NMoF during the drafting of the Bill as well as support for visiting some countries to discuss their experience with petroleum revenue legislation. But since the Bill has not been debated in Parliament for nearly two years there has been little further assistance required under this Output.

The project has achieved what it set out to do under this heading. Given the delay in passing the Bill by Parliament, a number of subsequent steps that make up part of the Revenue Pillar program have not been able to move ahead.

The expected Output has been produced and constitutes an important achievement.

3 Tax Legislation and Regulations

A number of the first steps were taken, but since the more important regulations were to supplement the Public Finance Bill, some of the foreseen work has not been possible to carry out. There has been some training taking place, and in particular the MFPED is strengthening its understanding of revenue principles related to Production Sharing Agreements (PSAs). But the capacity development that could have come from actually developing the new regulations has not been possible to do.

The Output as defined in the PD (see table 5.1) was vague, so it is difficult to determine the actual degree of results achievement.

4 Revenue Management: Institutional Assessment

The Hartmark-produced needs assessment was carried out in 2011 as foreseen, and covered the core actors in the pillar: relevant offices in MFPED, the URA, and BoU. In addition to looking into training needs and skills gaps, the study also looked at organisational development needs based on the likely provisions in the Public Finance Bill.

In the URA, it is believed that the Hartmark study has been instrumental in first expanding the oil and gas *unit* and now more recently to turn this into a separate *division*. This organisational change has been approved by URA management and has been sent to the URA Board for consideration and decision.

The other possible organisational and institutional changes that might have been expected to be addressed under this Output could not be addressed till the Public Finance Bill was passed. The Bill proposes a classic structure of the fund being managed by the Bank of Uganda under the instructions of MFPED – but neither BoU nor MFPED can begin setting up the offices and procedures for managing the fund till the Bill becomes law.

This Output is thus only partly addressed, awaiting the necessary legislation to be in place.

5 Revenue Management: Human Resource Plan

The core of the Hartmark study was a human resources needs assessment. According to the persons met, all the three core partners in the revenue pillar – MFPED, BoU, URA – have developed training and capacity development efforts based on the study, and have carried out a number of the recommendations.

There have been discussions regarding what is the optimal use of scarce resources in this field, however. OfD raised the concern that too much was spent on fairly costly but short-term courses abroad, while the basic intention behind OfD as a program is to make Norwegian experience – where relevant – available to the partner countries. The training proposals developed in part in response to the Hartmark study as far as OfD funding was concerned therefore had to be curtailed and aligned with the OfD purpose.

The integrated capacity development plan is thus in principle in place, given the wide coverage and subsequent acceptance of the Hartmark study as the foundation for the future capacity programs of the revenue pillar partners. The extent to which the human resources plans have been updated is less clear, as this seems to happen as a function of annual work plans being put together, but without the human resources plan as such being worked on.

6 Revenue Management: Revenue Pillar Operations

This Output is in fact largely a collection of management and skills upgrading activities, without a monitorable Output defined.

The national skills upgrading activities – visits and studies in the petroleum producing areas of the Albertine Graben – have been successfully completed, leaving MFPED and URA staff better informed regarding how the sector operates and some of the challenges they as public revenue management bodies will face along the value chain of the petroleum sector.

The quarterly pillar meetings have taken place, though with some uneven participation. This, however, is in part because those components relevant to the BoU, for example, regarding funds management cannot begin.

Where there have been divergences between what was originally planned/ hoped for and what has actually happened, is with regards to training abroad. As noted above, Norway reacted to the constant trainings abroad that had no links to the OfD objectives, and thus these were reduced or removed.

Part of the issue that emerged, however, also had to do with the decreased engagement of the NMoF. Over the last two years or so of the program period, MFPED did not have a counterpart in the NMoF, but had to contact the officer handling the revenue pillar in the OfD Secretariat in Oslo. The situation thus became increasingly frustrating for MFPED since it was not able to have a direct dialogue with its institutional counterpart in Norway. A work visit to Norway had to be cancelled because NMoF said they did not have time during the period MFPED proposed for the mission, but also because NMoF felt MFPED had not clarified what exactly it was they wanted to achieve with the visit. The objectives were rather broad and vague, and NMoF felt the process should have been further along and dealt with more specific issues that could then be the focus of joint discussions.

MFPED had also proposed a study visit Ghana since Ghana has set up a funds system that Uganda has studied carefully and has a Petroleum Revenue Management Act (PRMA) that Uganda also has looked at – both aspects of OfD's support in Ghana. The visit would therefore seem to be a logical one to make, but was not approved. The view from Kampala is that this became a victim of the poorer communications between the two parties to the institutional agreement.

The Output as a series of activities worked more or less as expected during the first phase of the program, but during the second phase there have been far fewer activities.

To what extent it can be said that the Output has been produced is difficult to determine since the Output itself is not really defined.

7 Tax Manual

The collaboration between the URA and the OTO in producing the tax manual has progressed in terms of structure, though is delayed in terms of the time plan. A final workshop in December 2014 will finalise one part of the manual, and the final inputs that Norway is to provide are expected to take place during the first half of 2015. At that point, the OTO believes it has provided whatever knowledge it has that might be useful to Uganda. Some of the issues Uganda will be facing is that since the country relies on PSAs, the taxation regime will be quite different from Norway's in important respects. The URA will therefore require assistance from other sources for the finalisation of the manual.

The Output is produced more or less as per the plan as far as the contents is concerned, though the timeline has had to be extended.

8-9 Fiscal Framework and Fiscal Policy Strategy Paper

The MFPED has had some inputs to this work from Norway, but had wanted in particular assistance to develop a macro-economic model that could be used for running different economic scenarios. This model is a critical input to updating of the fiscal framework. While there has been some progress on the fiscal policy strategy, most of the work for these two Outputs remain to be done.

10 Monetary Framework

The monetary framework is also progressing quite slowly, and without much in terms of envisaged inputs from Norway. The MFPED and BoU are working together on the paper, with some capacity development taking place regarding general principles for monetary policy and the extractives sector – issues such as the threat from “Dutch disease” and similar – but the paper itself is not yet finished. Again a more complete macro model with the petroleum sector as a key dimension is important here.

11 Capacity Building for Managing Petroleum Revenues

A Chart of Accounts for the petroleum sector was developed, presented to the oil companies for comments, and approved. In connection with this, staff in MFPED, URA and the Office of the Auditor General have received training in various aspects of international petroleum law, accounting and taxation as per their respective roles².

5.2.2 Outcomes Achieved

Institutional development: The pillar program has not achieved anything close to what it had intended because of the long delay in approving the Public Finance Bill. While the necessary Outputs have been produced, Parliament and the larger political process around the Bill has caused such delays that the follow-on regulatory framework could not be

² One issue that has generated discussion is that the OAG is to verify/audit cost claims of the PSAs, to assist the MEMD as the Government's representative on the PSAs. There are concerns that the OAG, which reports to Parliament and not the executive, is taking on roles that are better left to bodies like the URA. While the division of labour between the two is formally in place, the problem is that the OAG as a body that is to audit state accounts including MEMD's accounts from the PSAs, may be compromised.

produced, and the set-up of the bodies required to successfully manage the petroleum revenues can also not be developed. While most observers do not expect major surprises to the final Bill, the OfD program cannot provide further support till the legislative foundation is in place. The one real area where there has been sustained – but slow – progress, has to do with the taxation policies and regime, where the tax manual is coming into being, though with major delays.

Organisational development: What is true for institutional development is also largely true when it comes to organisational development. The only real progress has been in the URA, where the oil and gas unit has been strengthened, to the point where it is now to become a separate division and thus with more staff and greater voice within the organisation. The units that were to manage the petroleum fund in BoU and MFPED could not be put in place till the legal mandate is clear.

Human resources development: There has been skills development in URA, MFPED and OAG during this period. The oil and gas unit in URA has strengthened its competencies through a mix of training and mentoring through the collaboration with the OTO, but the unit is still fairly young and has had limited practical on-the-ground experience. MFPED has relied a lot more on various training events whose long-term value has been questioned by the program. While each individual course could be seen as sensible in terms of the technical content, in terms of the objectives for the OfD support to build practical petroleum revenue management skills Norway raised questions regarding relevance and sustainability of skills acquired. Since Uganda has not yet really begun generating petroleum revenues, there has been little opportunity to verify the solidity and quality of the knowledge acquired. The skills development in OAG has been important but the Norwegian assistance has been through the collaboration with Norway's OAG, and thus outside the OfD program. This work has, however, been coordinated with the revenue pillar through the participation of the OAG in the revenue pillar meetings.

5.2.3 Sustainability of Results

Limited *institutional development* has taken place – largely the rules and procedures that flow from the taxation manual. These are sustainable as far as formal rules are concerned – the actual implementation and thus sustainability in terms of real impacts within the sector remain to be seen.

Similarly regarding the *organisational* development. The URA has seen its organisation move from the strengthening a small unit to most likely becoming a division, which of course will be a permanent development if and when approved.

For both dimensions, the real Results hoped for were to flow from the Public Finance Bill: the establishment of fundamental policies regarding petroleum revenue management; the necessary supplementary regulations to operationalise the law; the strengthening of the units in the MFPED that are to oversee and manage policies and revenues; and the units in MFPED and BoU that will be given the tasks of managing and setting the parameters for a petroleum fund. Given the importance of these measures, and the wide political attention they have already received, it is reasonable to expect that once approved, the institutional and organisational consequences will in fact become sustainable, so the fundamental investments made into the preparations of these instruments and developments are fully justifiable.

When it comes to *human resources development*, the picture is more complex. The skills upgrading that has taken place has been, on the face of it, relevant to the general objectives of improved petroleum revenue management. Whether all the training has been equally important/ strategic is a different matter. When it comes to the URA, the training has been very much focused on its primary tasks. Whether the capacities are sufficient and sustainable is for the future to determine, but one challenge that the URA undoubtedly will face is that skilled staff over time are likely to be head-hunted by companies in the petroleum sector: hiring staff who really know national tax laws and practices is extremely valuable, especially for the companies' own tax planning purposes. Having a longer-term capacity building strategy that takes this kind of systematic "attrition" into consideration is thus important. The capacity building that is taking place today, focused on the specific individuals currently in the URA oil and gas unit, may not be sustainable – a more long-term capacity for the reproduction of core skills is required.

Regarding the MFPED skills, the real challenge is that no serious revenues are being generated yet, so there is little opportunity for applying and verifying own skills, much less plan for and develop the kinds of sustainable skills upgrading strategy noted for the URA. The challenge for the MFPED is of course that it needs both a wider range of skills than the URA, since it is to prepare, monitor and manage core policies, but it also needs to do this within the larger fiscal responsibilities of the Ministry. These challenges will largely become apparent in a more organic fashion when the petroleum revenues begin flowing. Till that happens it will be difficult to verify if skill levels are sufficient and sustainable, but it would seem safe to assume that as of today MFPED remains vulnerable regarding the sustainability of what has been built so far.

5.3 Analysis of Achievements

The revenue pillar has produced the least results so far. A key factor has been the non-passage of the Public Finance Bill, which has put a lot of follow-on activities on hold and made the entire program appear less urgent. Contributing to this is the fact that revenues have not really begun flowing yet. While the PEPD is having to address urgent issues in the sector and thus can apply its skills in real-life situations, MFPED staff are still largely dealing with hypothetical situations and unresolved political questions.

Partly as a reflection of these unresolved issues, the NMoF has experienced the requests from MFPED as increasingly less strategic. This has been a contributing factor to the NMoF exhibiting less urgency in its relationship with MFPED. While the NMoF's decision not to renew the institutional agreement with MFPED was based on a general and principled view, and thus is not limited to Uganda, the experience of not seeing strong leadership and clarity by MFPED in building its own capacity – as perceived by the NMoF – certainly has been a constraining issue.

At the same time, it must be recognized that Uganda has been facing a number of economic issues over the last several years – not related to the oil and gas industry – that have required much of the Ministry's attention and resources.

In the URA, progress has been steady but slow, where the OTO at times wonders if the capacity is sufficient to address the challenges the URA will face. But there is structural and policy clarity regarding what is happening, and there is leadership and ownership as

reflected in URA management wanting to upgrade the status of the oil and gas unit to a division.

5.4 Findings and Conclusions

- The revenue pillar has four public agencies as participating partners: the Ministry of Finance, Planning and Economic Development (MFPED) as pillar manager; the Uganda Revenue Authority (URA), the Bank of Uganda (BoU), and the Office of the Auditor-General as an active observer since it does not receive any direct support from OfD.
- The pillar had a fairly ambitious program based around what can be seen to be four areas: (i) legal and regulatory frameworks; (ii) revenue management and administration; (iii) macro-economic frameworks – fiscal and monetary; and (iv) capacity building for managing petroleum revenues.
- A key activity in the program was the passage of the Public Finance (PFM) Bill that contained the key provisions for managing the petroleum sector resources. This Bill was finalised and presented to Parliament in 2012, a major achievement for the pillar, and was passed by Parliament at the end of 2014 but awaits assenting to by the President in order to become law.
- There has also been no real urgency as far as administration and management is concerned since the revenues from the oil and gas industry have so far been limited.
- The URA is the organisation that has most systematically developed its instruments and capacities through the collaboration with the Oil Taxation Office (OTO) of Norway, building skills and its organisation, which is likely to be upgraded from a unit to a division within the URA.
- The relations between MFPED and Norway's Ministry of Finance (NMoF) have become weaker over time, due to a number of factors, but where one result has been less than hoped for interactions between the two, and thus also fewer tangible results to point to.
- Overall, the results so far across the pillar have not been satisfactory. While the lack of the PFM Bill is an important factor, a stronger and clearer leadership by the MFPED to the implementation of its activities would have been helpful. The Ministry needs to demonstrate more dynamism and ownership in the future to attain the desired Outcomes.

6 The Environment Management Pillar

This chapter is organised similarly to chapters 4 and 5.

The Environmental pillar is the most diverse in terms of its membership. The pillar manager is the National Environment Management Authority (NEMA). It also includes the National Forestry Authority, both autonomous agencies under the Ministry of Water and Environment (MWE); the Directorate of Water Management Resources (DWMR) and the Directorate of Environmental Affairs, also both in the MWE; the Uganda Wildlife Authority, a semi-autonomous government agency; the Directorate for Fisheries Resources (DFR) in the Ministry of Agriculture, Animal Industry and Fisheries; the Ministry of Lands, Housing and Urban Development (MLHUD), and about 20 districts in the Albertine Graben potentially affected by oil and gas activities that answer to the Ministry of Local Government (MLG).

6.1 Results Programmed and Recorded

Environment Pillar Program objective: “Ensure that oil and gas activities are undertaken in a manner that conserves the environment and biodiversity”.

Program results areas, components and outputs: In this pillar the activities have been divided into 11 results areas. Under each result area, the expected and actual deliverables (Outputs) as per 2014 are listed in table 6.1 below

Table 6.1: Environment Pillar – Programmed and Achieved Results

| Results area | Programmed 2010 | Results 2014 |
|---|---|---|
| 1. Strategic environmental assessment (SEA) | Report produced and disseminated (2010) | <ul style="list-style-type: none"> • SEA finalised (2013) • SEA given to Cabinet for consideration (2014) • High level meetings covering Parliament, Cabinet and relevant Ministries held to disseminate and discuss SEA recommendations • SEA implementation plan expected to be in place early 2015 pending Cabinet adoption. |
| 2. Capacity development programs developed and implemented, based on capacity needs assessments | <ol style="list-style-type: none"> a. Capacity needs assessment conducted in all relevant organisations based on agreed TOR (2010) b. Capacity plan for all relevant institutions developed and approved (2010) c. Capacity development programs implemented | <ul style="list-style-type: none"> • Capacity needs assessment produced, stakeholders workshop organised to discuss, approve report (2012) • 2 NEMA and 1 UWA staff have attended 8 weeks Petrad course which is critical to the institutions' understanding of oil and gas sector • Training of Environmental Regulatory Review team (cross-institutional within-pillar team) in legal aspects including high-level visit to Norway (Simonsen law office) of 8 persons • 1 week course by Petrad for 37 staff from central and local authorities in value-chain fundamentals (2013), building broad-based oil & gas understanding • 1 week course by NEA for 40 staff on environmental aspects of oil & gas sector (2014) • 2 week course for NEMA staff to be held at NEA in October 2014 • About 400 ranger recruits in UWA, NFA trained in oil & gas sector issues in their field – training to be finalised by October 2014 |

| Results area | Programmed 2010 | Results 2014 |
|---|---|--|
| 3. Environmental and biodiversity related policies reviewed | a. Policies reviewed and updated for Wildlife, Forestry, Water resources, Fisheries, Environment management, Land use, and Occupational health and safety (2014) | Due to funding freeze yet urgency of the issues, GoU assumed the funding of these activities, so they have been delivered but not under OfD |
| 4. Existing acts reviewed, recommendations drafted and presented for approval | a. Acts reviewed and updated for Wildlife, Forestry, Wetland, Water resources management, Fisheries, Environment management, Land use and Occupational health and safety (2011-2014) | <ul style="list-style-type: none"> • National Environment Act (NEA) primary focus with final draft to be presented Dec 2014. • Cabinet paper on principles justifying amendment prepared for Cabinet approval • 5 Regional consultative meetings to validate amended NEA on-going, finished by year-end • Consultative meetings with members of Parliament and Parliamentary debate probably only 2015 • Wildlife Act has been following similar timeline while others are lagging. The other Act reviews are furthermore funded by other donors, not OfD |
| 5. Management plans for protected areas and relevant sector plans for the AG reviewed and updated, taking the oil and gas issues into consideration | a. (12) wildlife protected area management plans reviewed and prepared (Two management plans reviewed per year) b. (7) Central Forest Reserves management plans reviewed (1CFR management plan reviewed per year) | <ul style="list-style-type: none"> • Baseline data and finalisation of Sensitivity Atlas for Murchison Falls National Park done • Queen Elizabeth Natl Park (QENP) management plan finalised, printed • Murchison Falls National Park Management plan awaiting board approval • Bugoma Central Forest Reserve Management Plan approved • 8 physical (area) plans for towns in Albertine Graben (AG) area facing pressure presented to stakeholders • 4 fish catch assessments surveys on Lake Albert for baseline information conducted • Training of physical planning committees in AG special planning area done • Development of land use plans for Pakwach (revision), Kabwoya, Bugoma/Kyangwali & Kaiso. • Management plans for Pakwach Forest management Area reviewed. • Masege Forest Management Plan printed • Review and update of Murchison Falls, Albert Delta Ramsar site done. • Review and update of Lake George Ramsar site done. |
| 6. An environmental monitoring system for the Albertine Graben, with clear and agreed indicators, is established | a. Indicator list established (2010) b. Indicator baseline data available (2010) c. Monitoring methodology developed (2010-11) d. Procedures for organisation and dissemination of data agreed (2011) e. Roles and responsibilities agreed (2011) | <ul style="list-style-type: none"> • The AG Environmental Monitoring Plan (AGEMP) finished with indicators defined for each of the five thematic areas with monitoring teams established: (i) Aquatics under Dir of Fisheries Resources, (ii) Terrestrial under Uganda Wildlife Authority, (iii) Society under WWF and Uganda Bureau of Statistics, (iv) Management and Business under National Forestry Authority, (v) Physical Chemical under Dir of Water Resources Management (2012) • Baseline surveys undertaken for virtually all indicators – will be finalised end 2014 • Baseline data entered in clearing house that will be publicly available by yearend |

| Results area | Programmed 2010 | Results 2014 |
|--|--|--|
| | | <ul style="list-style-type: none"> Monitoring teams from relevant institutions established to take forward AGEMP, reporting and coordination mechanism is in place Data management structures established, Data Quality, Management and Dissemination has commenced |
| 7. Environmental regulations and standards to the oil and gas sector developed and / or revised | <p>a. Review performed, documented and discussed with stakeholders including selected local government representatives and academic expertise (2010/11)</p> <p>b. Draft amendments proposed and discussed at national workshop with representation from local government in all 22 AG districts, industry and NGOs (2011)</p> | <ul style="list-style-type: none"> EIA Regulations reviewed and updated by end 2014, ready for approval by Minister National Environment (Audit) Regulations reviewed and updated by end 2014, ready for approval by Minister National Environment (Noise Standards and Control) Regulations reviewed and updated by first quarter 2015, ready for approval by Minister National Environment (Effluent) Regulations reviewed and updated by end 2014, ready for approval by Minister National Air Quality Regulations being developed but finalisation hinges on testing for applicability before approval |
| 8. Hazardous waste management system strengthened. Oil and gas exploration and production waste management guidelines developed | <p>a. Waste types from oil and gas industry identified and categorised (2010)</p> <p>b. Proposal for waste management system including proposal of disposal sites and treatment solutions elaborated (2011)</p> <p>c. Proposal of waste management regulations presented for approval (2011)</p> | <ul style="list-style-type: none"> National Environment (Waste Management) Regulations reviewed and updated end 2014, ready for approval by Minister; Petroleum Waste Regulations drafted first quarter 2015 (?) Audit of licensed waste and transportation, storage and disposal facilities done (2014) – though activity funded by GoU, not OfD Development of landfill regulations and guidelines to be done early 2015 |
| 9. Framework for Environment Compliance Monitoring and Enforcement of the oil and gas industry strengthened | <p>a. Financing mechanisms of the audits developed (2012)</p> <p>b. System for planning, prioritising audits developed (2012)</p> <p>c. Checklists and training on how to carry out the audit (2013)</p> <p>d. Procedures on how to report and handle non-compliance done</p> <p>e. Licensed facilities inspected and audited (2013)</p> <p>f. Monitoring equipment procured</p> | <ul style="list-style-type: none"> Environment Compliance and Monitoring Strategy (ECMS) finalised and in place EIA Database in place (2014) 2 officers from NEMA trained in Norway for maintaining, managing database Pilot testing of ECMS auditing done (Jan 2013) on Tullow activities: joint NEMA, UWA, PEPD, DWRM and Norwegian Environmental Agency |
| 10. National oil spill contingency plan developed and operationalized | <p>a. Oil spill risk assessment performed</p> <p>b. Contingency plan proposal developed and discussed at stakeholder workshop</p> <p>c. Workshop to discuss contingency plan with neighbouring countries held</p> <p>d. Key personnel trained</p> | <ul style="list-style-type: none"> Environmental Risk Assessment done (2014) Oil Spill Contingency Analysis on-going – to be finalized 2015 National Oil Spill Contingency Plan drafted but requires more data for finalisation (2015) [activity was perhaps most affected by funding freeze] National Environment (Oil Spills) regulations and guidelines being developed, but hinges on Oil Spills Contingency Plan which not ready |
| 11. Program management | Unclear | <ul style="list-style-type: none"> Quarterly pillar meetings being held, structure/process within pillar seen as improving 3-person Secretariat in place as of April 2014, major improvement to admin, management of pillar, activities, program follow-through |

6.2 Results Achieved

The environmental pillar was budgeted at one quarter of total program funding, which has been split across the various partners in the pillar according to their projects.

One of the challenges the pillar has faced is that the importance of the OfD program to the various actors' own core programs is highly variable. For NEMA, OfD addresses some of the country's main environmental challenges that NEMA, as the regulatory body, must address, and similarly for UWA with responsibility for wild-life management and conservation in areas where oil operations are taking place. For partners like the Directorate for Water Resources or the Ministry of Lands, Housing and Urban Development and its spatial planning unit, the OfD supports issues that are of a more marginal nature, given their mandates. The ability to set aside staff time for OfD activities has therefore been variable.

The pillar got off to a slow start also because a number of studies had to be carried out to define some of the interventions and their priority. While the studies were undertaken more or less according to schedule, the agencies themselves of course had little if anything to do except to comment, which made the pillar appear as not active. The preparatory phase was thus a lot longer in this pillar than in the other two.

The internal arrangements and understandings have also taken more time to come into place. As one stakeholder commented, it was only once joint activities in the field began that the various actors realised the complementarities and thus the synergies through joint action were achieved. Till this was made clear, it was much more difficult to get the commitment to joint action in place. NEMA as pillar manager institution has therefore had to struggle more than the other lead pillar institutions to get all the parties on-board.

6.2.1 *Outputs Delivered*

1 Strategic Environmental Assessment (SEA)

While the SEA was on the environmental pillar work program, the process was led by PEPD, based on the understanding that PEPD both was better placed to actually manage this complex process given its existing capacities, but also because it was important that PEPD had an ownership to the final report to ensure its implementation by the body which by law is overall responsible for the development of the oil and gas sector.

The production of the SEA was, however, strategic for the environmental pillar in a number of ways. One thing was that the concept itself was new – it is not an obligation under Uganda law – so all actors had to learn about the contents and how to produce such a strategic planning document. NEMA was the technical coordinator and thus was able to begin exercising its leadership role in a clear fashion, and also bring the actors together as a pillar. The process was time and skills intensive, and in addition to the technical issues that had to be addressed, actors learned a lot of management as well as environmental matters through the joint process. It thus has laid the foundations for more comprehensive and profound environmental action.

The role of the Norwegian partner was seen as key, and the flexibility of the OfD program was also noted as Norway brought in the Netherlands Commission for Environmental Assessment as technical advisers for the SEA.

The SEA is recognized as an innovative and important tool, where other sectors like forestry and fisheries are now proposing SEAs for their areas, where NEMA would be taking the technical coordination role. It has also made the environmental dimension more visible, and legitimised it in the eyes of the donors, assisting in mobilising support from other actors such as the World Bank and USAID. The Government has also been convinced of the need for more attention to the environmental issues, and has thus provided additional permanent funding.

The Output has been produced, and is a major accomplishment. However, while the Assessment has been completed, the implementation of it through an approved Action Plan still awaits Cabinet approval.

2 Capacity Development Programs

A capacity needs assessment was carried out by COWI Uganda in 2011, and has been key for the medium-term capacity building efforts by a number of the actors within the pillar. When Norwegian funding was suspended, the Government stepped in and funded some of the activities directly, and have, as noted above, increased the budget on a more permanent basis.

There have been a number of trainings for staff across the pillar, as can be seen from table 6.1. The training appears both more fundamental and structured than in the other pillars, in part because actors had to learn the basics of the petroleum sector. But it has provided a rapid improvement in sector understandings, and because so many staff had been able to attend it has also strengthened the inter-pillar relations.

The Output as defined was quite ambitious, and despite the pillar being slow in developing its activities, this Output must be seen as having been successfully delivered.

3 Environmental and Biodiversity Policies Review

The policies have largely been reviewed and revised. As noted in table 6.1, this has been done with GoU funds rather than under the OfD program. The process was beginning to take off just as Norway froze its funding in December 2012, so because these policy reviews were deemed of strategic importance the Government stepped in.

The Output has been delivered though cannot be credited to the OfD program.

4 Review of Current Acts

The National Environment Act has been through a careful review and amendment process, with final approval expected in 2015. A similar process has begun regarding the Wildlife Act, also with OfD support, whereas the other acts are moving ahead with funding from other donors.

The Output has largely been produced. The process is in place though moving slower than anticipated and requiring more resources than planned for, to complement OfD funding.

5 Management Plans for Protected Areas

The Management Plans has been a major undertaking, as can be seen from table 6.1. While the activities were somewhat slow in starting up, this Output has produced delivered a range of important deliverables. The Sensitivity Atlas for Murchison Falls National Park was

mentioned by a number of stakeholders as an important contribution, the fish catchment surveys have provided important baseline data for tracking possible future degradation problems; the spatial plans for the eight towns facing urbanisation pressures have constituted an important learning exercise for the Department of Land Use Regulation and Compliance in the MLURD. These initiatives have often been innovative in the topics raised or tools applied but also regarding process and management issues, where in particular the increasing need for dialogue between the capital and the AG districts has become more obvious.

While not all work has been completed, stakeholders across the pillar were generally very pleased with the achievements so far, as capacity building activities but primarily, of course, as key instruments for being able to identify, monitor and manage future environmental problems in the oil and gas areas.

The Output in terms of skills upgrading, introduction of new tools, process management, cross-pillar collaboration and production of foreseen deliverables is considered very positive by sector stakeholders.

6 Albertine Graben Environmental Monitoring Plan, AGEMP

The AGEMP has been another ambitious set of activities involving most of the pillar actors in order to cover the five substantive areas of the Plan: aquatics (DRF), terrestrial (UWA), societal WWF and Uganda Bureau of Statistics, UBoS), management and business (NFA), and physical and chemical (DWRM). While the finalisation date has been pushed till the end of 2014, stakeholders expected that by the end of the year most of the data would be in place, entered in the database, which is to be made publicly accessible.

The Output appears to be delivered more or less as expected, which is a major step forward in terms of managing potential negative externalities of the petroleum sector.

7 Environmental Regulations and Standards for Oil and Gas Sector

As detailed in table 6.1, the activities necessary for delivering the foreseen results are largely completed if the end-of-year 2014 targets are met. Again the process has experienced serious delays when compared with the original plan, where 2011 was the target date for a number of the results. Much of this, however, should be attributed to unrealistic planning for delivering on fairly complex matters that require substantial up-front planning.

The Output appears to be on its way to successful completion.

8 Hazardous Waste Management System

The story is similar to that seen above: the Output is on its way to being produced but with a significant time-lag compared to the original plans. A first audit was done of a waste disposal facility – though again using Government funds rather than OfD financing – and a number of the foreseen deliverables are now supposedly expected by the end of 2014 or early 2015. The audit produced a number of critical observations.

The Output appears to be on its way to successful completion.

9 Environment Compliance Monitoring and Enforcement Framework

Again a strategic Output that has been reasonably well defined. Unlike some of the previous Outputs, this is reported as having been completed as programmed in terms of getting the strategy in place, the database reportedly operational, and a first audit carried out with broad participation by sector actors and with guidance from Norwegian counterparts.

Overall this Output seems to be successfully completed and operational, albeit with some delays and some capacity development still required.

10 National Oil Spill Contingency Plan

This Output is not yet in place, in part because the result of the Environmental Risk Assessment (ERA) and the Oil Spill Contingency Analysis (OSCA) were delayed due to the freeze. These two reports were finalized in October-November 2014 the data necessary for testing some of the parameters of the plan have not been collected. According to some of the stakeholders, this was probably the Output in the environmental sector that was most badly affected by the funding freeze (where the Government did not step in and take over the funding gap).

As with some of the other Outputs, the plan is expected to be finalised in 2015. If that is achieved, this will be an important result, though the real test will be getting operational preparations in place. Local authorities are not prepared to play the role as “first response” actors, definition of what kinds and quantities of equipment are going to be in store where is yet to be decided, etc. The planning process is moving ahead, however, and needs to be tracked to ensure that this important component is put in place.

This is a strategic Output that is lagging considerably, but is likely to be produced. The big challenge will be to ensure that it becomes implemented and operational reality.

6.2.2 Outcomes Achieved

Institutional development: The Strategic Environmental Assessment, SEA, is a milestone for the environmental sector. This is due not least of all because major players from outside the environment field itself were involved and have a major stake in it, in particular the PEPD.

The capacity needs assessment is also an important achievement as it reviewed the needs across the sector and thus analysed them from a more systemic perspective. An impressive number of policies and acts have been reviewed and updated to take on-board issues related to the oil and gas sector, including a thorough revisions of the Environment Act which is now before Cabinet for discussion and approval and subsequent presentation to Parliament for passage.

A number of local area management plans have been developed, including the Albertine Graben environmental monitoring plan (AGEMP). The environmental pillar has thus probably produced a greater number and more diverse set of framework instruments for management of issues related to the oil and gas sector than the other two.

The sector has produced some overarching instruments that all or most pillar actors have been involved in, the SEA and AGEMP in particular. The large number of more specific plans has also brought out the linkages that exist, the synergies that are possible and in fact necessary for the environmental challenges to be handled properly. NEMA has developed links to district authorities in the relevant districts, providing training and support, and

there is now greater clarity of roles in the elaboration of tools such as EIAs and the AGEMP. The sector therefore now has links and networks that are necessary for efficient and effective cross-institutional collaboration – a critical institutional development.

The major outstanding issue is that the National Oil Spill Contingency Plan has not yet been finalised. This is in part because Uganda does not yet have a response system that all actors agree with, know what their role is to be and what to do, but also due to unsatisfactory deliverables by a national consultant. The coordination of the various actors at various levels has not been worked out. While in principle it is the district administration that is responsible for all disasters in their area, in practice it is not realistic to expect them to be able to handle an oil spill so the appropriate response to this needs to be worked out. Issues like what is the necessary equipment, where to store it and the training in using it still need to be sorted out, so there are many practical issues that still need to be addressed but the actors now at least have a much better understanding of what is required, something that was missing even one year ago.

Organisational development: NEMA and UWA have both recently established oil and gas units, which have received support from OfD. NEMA sees itself as now being an operational regulator with skills and confidence to carry out its mandate, and is carrying out supervision visits, working with local authorities and other stakeholders. Though still inadequate is much better resourced than previously. The management and administrative experience gained by NEMA through chairing the pillar, and the strengthened capacities through the establishment of a pillar secretariat in April 2014 has further strengthened NEMA as a coordinating and management actor in the environmental sector.

In UWA the program has made a significant contribution to organizational procedures. In the Murchison Falls National Park several OfD activities key for UWA park management have taken place, such as the surveys, and the focus on the petroleum sector contributed to recruiting one staff member responsible for monitoring petroleum activities. In general the tools for the job are now much better, more operational: they have established databases such as on all EIAs and others that are being shared, some that will be public, thus making public access easier and with more updated information. The baselines are almost all in place for the AGEMP, so that means that monitoring and reporting will have a strong factual basis for identifying changes and subsequently ability to identify likely sources for changes, whether the oil and gas industry or other factors.

Human resources development: Formal training has included Ugandan staff attending the 8-week Petrad courses in Norway; legal teams travelling to Norway to review particular pieces of legislation; courses organised for large numbers of staff in Uganda with Norwegian experts. These activities has been particularly valued by those representatives from local governments who had attended courses, though it was emphasized that considerably more training is required to build sufficient capacity. However, perhaps of greater impact has been the large number of policy and institutional reviews and revisions. These have provided a lot of hands-on learning, including training and advice provided in connection with specific tasks such as the help from NEA on the AGEMP, and the Netherlands Commission for Environmental Assessment for the SEA.

6.2.3 Sustainability of Results

The large number of revisions of policies and acts will clearly stay in place until the country sees a need for a further important revision: the institutional development, as is the case for the other pillars, will remain sustainable.

Similarly to the situation in the resources pillar, most of the skills upgrading here has been hands-on related to specific tasks that had to be done. The learning was therefore task-related and hence relevant and therefore likely to have been understood and applied correctly.

There is a risk of loss of skills also in the environmental sector, though the danger is probably less acute compared with the two other pillars. The skills that have been developed are thus less likely to leave the sector. But staff will require constant improvement in skills. While current skill levels may be sustainable, they are not sufficient for today's needs. More importantly, as underlined by several of the key actors, they are not adequate given tomorrow's challenges when Uganda moves into the production phase. In particular, the capacity gaps are evident in local governments, which require significant attention to enable them to fulfil their mandates with regard to environmental monitoring.

6.3 Analysis of Achievements

The environmental pillar has delivered quite well on its programmed results, largely as a result of the notable increase in activities over the last 12-128 months.

6.3.1 Factors contributing to achievements

The sector has clearly improved its credibility and perceived importance with national leadership, as reflected in the substantial increase in the public funding for the sector and NEMA in particular.

The establishment of a pillar secretariat with three staff has, according to all spoken with, made a very important difference to the ability of actors to coordinate, be kept updated and in touch with each other.

The systematic and continuous support from the Norwegian counterparts has been of great assistance on a number of technical issues. The merging of the two Norwegian agencies into the one Norwegian Environmental Authority has been a small contribution as well, as it makes it easier to contact Norway and get answers to questions that may have come up, across a wide range of technical issues.

Within the pillar, the fact that each partner agency has a contact person who acts as the pillar representative in his or her organisation has helped build a common understanding across agencies. This has taken some time to come into place, but once there has been of great help in mobilising consensus and pushing for results.

The support from NEMA management has been strong. There have been questions why NEMA has appointed mid-level staff as pillar managers, but this no longer seems to be an issue (NEMA management noting that only qualified staff would be nominated to such an important post).

6.3.2 *Factors hampering achievements*

The pillar consists of public agencies that for the most part have not worked together in an operational manner, so getting this to happen has been a challenge.

While the program addresses key concerns for NEMA, UWA and local governments, for some of the participating agencies, the oil and gas sector, and hence the OfD program, is not priority and thus not paid all that much attention. The fact that each agency has a clear mandate and that public sector actors dislike that other agencies may be seen to approach “their” turf, has implied that it has taken considerable time to build trust and discover that the various agencies have complementary and useful skills relevant to the own agency’s agenda.

In order to identify pillar work priorities, clarifications were required that were provided through a series of external studies, and it took some time before these had been completed. Only then could pillar meetings begin discussing joint tasks and responsibilities, which slowed down progress substantially. The actors also spent considerable time figuring out how to relate to each other, since agencies report to different ministries, and ministries are not used to be coordinated by an external agency (NEMA). This process is on-going, but communications between stakeholders have improved considerably.

Some stakeholders feel NEMA has at times been slow in acting, for example with the release of studies important to other activities such as for monitoring activities in Murchison Falls. Local authorities are concerned that they are not always kept in the loop regarding key activities such as environmental monitoring, which is actually within their mandate to perform. Such issues evidently still need to be addressed properly.

There are also important differences in how local governments and UWA experience the OfD program at local level. District environmental officers have only benefited to a very limited extent from OfD activities, with the general feeling that they are largely not included. Local UWA officers, on the other hand, see good involvement with skills significantly improved. The main reason for this difference is both the clear mandate UWA has, and that UWA centrally has included its local staff, which is easy for it to do as a unified national service. District administrations are more independent bodies, where the local environmental officers report to the district administration and have no direct organisational links to NEMA, for example. The pillar itself thus still has a job to do when it comes to ensuring that all relevant technical staff in the sector are properly included in pillar activities. Local authorities today do not yet have the capacities to take on their responsibilities in the oil and gas sector.

These issues have meant that it took much longer than expected before the pillar came together and the various coordination mechanisms and work processes functioned properly. The bureaucratic inertia therefore took a considerable amount of effort to overcome, and that is a key reason the establishment of the pillar secretariat has turned out to be so important.

6.4 Findings and Conclusions

- The Environment pillar is the most complex in terms of actors and issues. It comprises 7 directorates and ministries plus about 20 districts in the Albertine Graben area; the

importance of petroleum issues varies considerably across actors; most actors were not really prepared for cross-institutional pillar collaboration; and NEMA struggled to begin with in establishing its capacity and credibility as pillar manager.

- Studies had to be carried out to identify some of the issues the pillar was to focus on. Till these were ready the pillar could not really act. This contributed to a slow start.
- The Strategic Environmental Assessment was a key undertaking, and while PEPD took management lead, NEMA coordinated the environment actors and could build on this to strengthen more general pillar collaboration. Another joint activity was the Hartmark needs assessment, but also the reviews of acts and plans to take into account the petroleum dimension made it clear to all the partners the advantages of the pillar structure and of working together.
- While the pillar was the one that lagged the most in terms of mobilising its members, once the key building blocks were in place – such as the SEA and the needs assessment – the pillar as such has in fact produced most outputs more or less as per foreseen, though with delays. A number of these were new to Uganda – the SEA, spatial planning for urban development, etc. – so the role of the Norwegian and other external partners in introducing new knowledge, methods and approaches has been highly appreciated.
- The *institutional development* is considerable, as reflected in the large number of framework instruments that have been produced: the SEA, the Albertine Graben Environmental Monitoring Plan, the revised acts and new management plans. Perhaps of equal importance have been the informal networks among the institutions in the pillar, allowing for closer dialogue and more rapid responses to challenges.
- *Organisational development* has been more through the application of lessons learned that has come about through the pillar activities, especially in NEMA as pillar manager and certain new practices in UWA.
- *Human resources development* has taken place through formal trainings but even more due to the hands-on learning through implementing tasks jointly with Norwegian and other counterparts.
- The sector is vulnerable to skills loss: the number of staff engaged in the various fields is limited. At the same time, the awareness regarding the environmental challenges in the petroleum sector has increased considerably, within and outside the public sector, so overall knowledge is much stronger today than when the program began five years ago.
- One challenge is that the Environment pillar remains weak compared with the Resource pillar, so when there are differences of views, the Resource pillar may have the upper hand, though it is clear that there is better mutual understanding and collaboration across pillars than when the program began.
- An important challenge is the relations to local communities and authorities. This is in part because national actors like UWA and NEMA have different mandates for local action, but also because links remain uneven, communications still incipient, and local actors feel that they tend to be marginalised and not included properly in knowledge generation and decision-making. Since actual environmental problems will occur at

local level where district administrations, given Uganda's decentralised public sector, are first-line responsible, this is an important issue that should be carefully considered for the next phase, both to clarify roles and capacities required, but in particular to build district-level capacities for handling possible oil sector environmental problems.

7 Program Management and Sector Governance

The Program Management and governance structures are regulated in the Program Agreement Contract and the Institutional Cooperation Contract, and outlined in the final Program Document (PD), submitted in February 2010.

7.1 Agreement Partners and Institutional Cooperation Partners

The Program Agreement Partners, Norway's Ministry of Foreign Affairs (NMFA) represented by the Norwegian Embassy, and the Republic of Uganda, represented by the Ministry of Finance, Planning and Economic Development (MFPED) are the formal signatories to the Program Agreement signed on 9 July 2009. The actual PD was approved and signed through the first Program Addendum of 29 April 2010.

In addition to the overarching Agreement, the program is regulated by an Institutional Cooperation Contract between (a) Norway's Ministry of Finance (NMoF) and Uganda's MFPED; (b) Norway's Ministry of Petroleum and Energy (MPE) and Uganda's Ministry of Energy and Mineral Development (MEMD); and (c) Norway's Ministry of Environment and Uganda's Ministry of Water and Environment (MWE).

7.2 Program Structures

The highest authority of the program is the *Annual Meeting* held between the program agreement partners, i.e. NMFA represented by the Norwegian Embassy and Government of Uganda represented by MFPED.

A *Program Coordination Committee* (PCC) is the next level of decision making in the program. The PCC comprises the three pillar managers from PEPD/MEMD, MFPED and NEMA, as well as a chairperson who is the Program Coordinator from the coordinating ministry MEMD. The PCC spearheads the preparations for the Annual Meeting. The mandate of the PCC is to support the Resource Managers and Pillar Managers in technical and administrative matters. The PCC responsibilities include program implementation, administration, planning, budgeting, coordination and reporting.

A *Secretariat* is set up to assist the PCC in the day-to-day management, operations and coordination. The Secretariat is led by a Program Manager (PC) who reports to the PCC. The PCC Secretariat is located in the PEPD.

A *Program Working Group* (NWG) has been set up on the Norwegian side, involving staff from the involved Norwegian institutions. The NWG acts as counterparts to the PCC, and its responsibility is to follow up the program from the Norwegian side and to support the PCC Secretariat in technical and administrative matters. The Oil for Development Secretariat in Norad acts as a secretariat to the NWG.

Furthermore, a Norwegian Coordinator is appointed within the OfD Secretariat. The coordinator is to follow up and coordinate the inputs from the Norwegian side and coordinate the communication between the NWG and the PCC.

As has been seen, one of the revenue pillar staff in the OfD Secretariat has in practice also handled the relations between the MFPED and the NMoF over the last couple of years.

7.3 Program Management

The program management secretariat has been located in PEPD, and the two program managers that have filled the position over the project period were experienced PEPD staff. After a challenging start in terms of administrative overload, the decision to spend project funding to hire five staff to assist the program manager in the day-to-day administration eased the pressure on the program manager and facilitated effective and efficient implementation. After two years with project funding, the staff were then integrated into the PEPD and are now funded over PEPD's budget.

Under each of the pillars, the agreement partner is responsible for pillar management, or for delegating the responsibility for pillar management to the relevant underlying directorate. The lead pillar institutions are MFPED in the revenue pillar, the PEPD within MEMD in the resource pillar, and the National Environmental Authority (NEMA) in the environment pillar.

On the basis of technical skills and management abilities, a Pillar Manager is appointed from the lead pillar institution. The Pillar Managers are assigned the tasks to prepare, coordinate and follow up all the activities under their respective pillars and coordinate with their Norwegian counterparts (Resource Managers) on the progress of the project.

On the Norwegian side each pillar institution appoints a Resource Manager. The mandate of the Resource manager is to coordinate the follow up of the relevant pillar activities from the Norwegian side and to coordinate related communication between the Norwegian partners and the respective Pillar Manager. The resource managers are appointed staff in Norwegian Petroleum Directorate (NPD), the Directorate for Environmental Management (NEA) and the Norwegian Ministry of Finance (NMoF), respectively. The pillar managers meet on regular basis in the NWR at the invitation and coordination by the OfD Secretariat.

7.4 Program Structure and Management

The program management structure is thus fairly complex. An assessment of program management and governance therefore needs to look at the various bodies that have been set up, their interactions, the program Secretariat, the functioning of the pillar management structures, and the mechanisms for decision-making.

7.4.1 Program coordination, management and the secretariat

Program management costs over the program period are about NOK 14.7 million as per table 2.1. Of this, about NOK 10.1 million has been for local management including the PCC. The remainder has largely been for the position of the Norwegian Resident Coordinator, a long-term adviser.

The PCC has been supported by the Secretariat, which has performed a key function in program implementation by coordinating and carrying out the day-to-day management of pillar planning, budgeting, reporting and procurement. All stakeholders agree that the PCC with support of the program Secretariat has performed in a coherent and professional manner, contributing to effective program implementation, and that in particular the Secretariat has been key to the functioning of this large and complex program.

Given the many actors involved, the program was always going to face many questions regarding how best to manage inputs and take decisions. A key element for addressing this has been putting in place rules and procedures for managing in particular the resources to the various program components, and ensuring adequate flow of information and reporting on resource use and results back to decision makers and the Norwegian funding and technical partners.

Since this program built on the previous periods of Norwegian support, many procedures were already in place as far as PEPD was concerned. However, with the considerable expansion in complexity and number of actors covered by the program, the challenges turned out to be considerably greater than when Norway was largely supporting only the PEPD.

The need for a secretariat was quickly agreed, and stakeholders agree that the Secretariat has overall demonstrated flexibility and good communications and dialogue with all involved institutions throughout the period. Over time, however, a number of weaknesses in procedures were identified and had to be addressed.

During the first years the program experienced significant delays in activities and disbursements by the environmental and finance pillar, as well as from the program management component. A Norwegian resident coordinator was recruited in 2012 through the NPD, who helped put in place improved administrative procedures, including budgeting, implementing and reporting mechanisms. Stakeholders, including the Norwegian, experienced these efforts improved program administration procedures and increased the transparency in program budgeting and reporting.

It was however stressed by several environmental pillar stakeholders that the last year has been problematic due to complex procedures for disbursement of grants from the project to procurement, causing delays in project implementation. This has had a lot to do with the actor composition within the pillar (see the introduction to chapter 6), where the fiduciary status and capacities has varied since there are both semi-autonomous agencies as well as ministry departments that implement activities and thus should receive funding from the program. While some of these actors have own accounts and are authorized to manage funds directly, there have been issues regarding the ability of the Secretariat to transfer funds via NEMA to some of these pillar partners. This issue has in part been related to the Secretariat's careful adherence to financial management rules given the history of the freeze of Norwegian funding due to funds abuse in the public sector. The problems that disbursement delays have caused have been widely discussed, and at a meeting held in August 2014 the PCC arrived at a set of procedures that seems largely to have resolved the issue.

The dialogue and communication between the program manager and the NWG, represented by the OfD coordinator, has been supportive to the program management in Uganda, providing strategic inputs to the PCC and managing coordination between Norwegian stakeholders. It was underlined that the flexibility of the OfD secretariat has been important to resolve issues arising, and that the clear priority given to the program during the early period of the program in particular has contributed to efficient program management.

One issue that has come up is the location of program management – that the program manager, the resident coordinator, and the entire Secretariat have been located within PEPD. The concern has been that this has skewed program resources towards the resource pillar.

Given the history and the nature of the program, with the longer-term support having gone to the PEPD and thus having the knowledge and experience with handling Norwegian support, and the fact that nearly half the budget has in fact been for the resources pillar, this choice of overall management location would appear logical.

Another argument that was presented was that the location of the Secretariat within PEPD may have contributed to a better understanding of the broader OfD objective. This has helped both the broad program ownership throughout the PEPD, and in turn facilitated the support to key program activities that have not traditionally been core to PEPD, such as taking lead on the Strategic Environmental Assessment, and the development of the more comprehensive communications strategy.

As noted previously, the Secretariat has been seen to be very open and supportive, and its location within PEPD has therefore not been an issue as far as the performance and overall program focus is concerned.

At the same time it is a valid point that more support and efforts could have been directed towards the other pillars where performance has been less successful. Several environmental pillar stakeholders noted that pillar implementation would have benefited from a similar resident advisor/ manager – a possibility that at one point was being discussed with NEA in Norway, though in the form of a series of medium-term stays to Uganda. This option has so far not been implemented, but is a possibility that should be considered for the next phase.

A significant achievement of the program Secretariat has been the drafting and effective implementation of the communications strategy. The strategy has been a key element in the implementation of the program, facilitating increased transparency and accountability in the petroleum sector in Uganda. The strategy has targeted both civil society, local communities and capacity building in petroleum aspects in private and public institutions, including the parliament. The communications unit is today to a large extent PEPD's "face" both at local level and among civil society organizations.

Stakeholders from other government institutions, local government as well as civil society commended the improvements in PEPD's communications and increased transparency and improved response, which has been particularly evident over the two last years. It was pointed out that information is more available and PEPD is more accessible. It was however stressed by all stakeholders that there are still important gaps, and that more communications efforts from PEPD and national authorities in general are required. The communications unit confirmed this need, pointing out that the demand is increasing as the petroleum production phase is getting closer.

7.4.2 Pillar management

The structures and challenges within the pillars vary significantly. Whereas PEPD is by far the dominant institution in the resource pillar, with the OHSD playing a minor role, the environmental pillar includes seven different Ugandan institutions and the finance pillar involves four/ five institutions.

On the Norwegian side the number of involved institutions also varies, though much less so than in Uganda. On the resource side, it is largely the Norwegian Petroleum Directorate (NPD) and the Norwegian Petroleum Safety Authority (NPSA) that are involved, in the environment pillar it is the newly-merged Norwegian Environmental Authority (NEA) and

Norwegian Coastal Administration that are involved, while on the finance pillar it was to have been the Norwegian Ministry of Finance (NMoF) and its subjacent Oil Taxation Office, (OTO). Over the last couple of years, as noted, in practice only the OTO has been engaged.

The Resource Pillar

In the resource pillar, the main challenge has been to coordinate the activities within the PEPD, and between PEPD/MEMD and the Norwegian partners. However, with 53 percent of the total program budget the activity level has been extensive throughout the program period. Based on the experiences up to 2012, a restructuring of the pillar management was decided to ease the pressures on pillar management. Sub-component managers were appointed for the key areas. This restructuring improved the capacity of the pillar manager, and also improved communication lines between PEPD and the Norwegian institutions as the component managers were given responsibilities for the interface with partner institutions.

Both the current and the previous pillar manager in PEPD and the resource managers in NPD stressed that communications both at institutional level and between staff has been good. It was also pointed out that the long-term cooperation between NPD and PEPD, dating back almost two decades, demonstrates a high degree of trust and mutual respect facilitating good working relations in the pillar.

The Environmental Pillar

The environmental pillar had to generate the active collaboration from the seven Ugandan institutions. Significant efforts by pillar management were therefore directed at coordinating the understanding and activities among the Ugandan institutions. This has been challenging since some institutions did not fully accept NEMA's mandate as pillar coordinator to begin with. This was not made easier by the fact that organisational mandates overlap in some of the pillar fields. Also, while NEMA has good capacities in terms of human resources, the institution's mandate was not equally well understood by others, and it lacks the financial "muscle" of PEPD. The leadership role of NEMA was therefore initially questioned more than in the other two pillars.

As noted above, the establishment of the pillar secretariat has increased the operational capacities of NEMA as pillar manager and of the pillar as a whole significantly. There is general agreement that this step ought to have been taken much earlier.

The working relationship between the program manager and the NEMA staff involved in the project, and the Norwegian resource managers in NEA, was described as good throughout the program period. Both NEMA and NEA emphasised that the well-established and long term cooperation in the environmental sector between Norway and Uganda, and the stability in staff, has been an important foundation for the good working relationships between NEMA and NEA.

The Revenue Pillar

The lead institution on the Ugandan side in the Revenue pillar has been MFPED while on the Norwegian side the NMoF was the lead institution though it is the OTO that has been most extensively involved in pillar activities.

The main challenge in the Revenue pillar has been lack of dialogue and agreement between MFPED and NMoF, which remains an issue to be adequately addressed.

7.4.3 Decision making

The Annual Meeting, as the decision-making authority of the program, has met annually in accordance with the program agreement. Participation at the meetings has been good, with high-level representation from both sides, including from Norwegian cooperation partners.

The preparations leading into the Annual Meeting has been good and improving. The annual reports, work plans and budgets prepared by the pillar managers have been comprehensive. They have been compiled by the Secretariat, discussed by the PCC before being distributed to the participants, where they have provided a solid platform for discussion and decision-making. Minutes from the meetings are well structured and clear. There are notes regarding the follow-up from the previous Annual Meeting, so there is a clear continuity and thus oversight over the larger questions that the program has faced. The minutes contain annexes providing more complete information on presentations etc., so that the informational basis for tracking performance is solid.

The program management, the PCC, the Secretariat and the Embassy have all followed up on Annual Meeting decisions, which have formed an important foundation in particular for the dialogue between the Embassy and the Ugandan partners. Moreover, two important consultancies were undertaken in 2013, one risk assessment study by ILPI and one Financial Review by Deloitte, providing recommendations discussed and followed up by the annual meeting, with the result of strengthening the program management, in particular in terms of financial management procedures.

The program manager convenes the quarterly meetings, where the pillar managers and other pillar representatives meet to address the more practical implementation issues facing the program. The pillars tend to organise preparatory meetings shortly before the quarterly meetings, to discuss the issues on the table and come to an agreement regarding the pillar views on the matters at hand.

The quarterly meetings have clearly served an important role in ensuring the continued coordination and sense of a unified program among the parties. It provides one of the few continuous cross-institutional mechanisms in the public sector at the working level, enabling the actors to coordinate tasks such as field-based activities and dialogue with local actors.

7.5 Sector Governance

A key dimension of the OfD program is to support improvement in sector governance, understood as transparency, accountability and anti-corruption. Progress has been recorded in a number of fields:

- *Transparency* has been improved through new or updated laws that make the “rules of the game” fairer and more open, such as bidding for licenses, the proposed rules for managing petroleum sector revenues in the PFM bill.

- The MEMD/PEPD Communications strategy has improved the public's access to information through a much richer web-site coupled with more active outreach; the PEPD in particular is participating in more public debates and information sharing events, including with CSO representatives that may be critical to the sector. The focus remains on the resource, however, so it retains a PEPD agenda. The contacts with the media including inviting journalists on site visits was criticised by some stakeholders as being selective and not including more critically oriented and investigative journalists, though there is general agreement that sector information overall is much more open and accessible.
- Local actors, however, feel largely left out of the information loop, though this has improved lately. The general concern from the field visits to local governments was that Kampala does not keep them informed, does not involve them in decision making processes, and does not have systems and structures in place that systematically allows local level actors to be heard.
- The confidentiality clauses in the Production Sharing Agreements, PSAs, are also of concern to key stakeholders. These clauses address economic aspects of the PSAs and are thus central to any informed debate regarding to what extent Uganda is getting a fair deal from the investments. It was claimed by Parliamentarians that they do not have full access and thus does not really know what they may be approving.
- Uganda is not a member of the Extractive Industries Transparency Initiative (EITI), but has said that it intends to join once the PFM bill is in place. The argument has been that without a legislative foundation for requiring oil companies to report on their profits and taxes paid, the authorities risked not being able to implement EITI as per the rules. But this means that for the time being a number of the EITI standards and requirements regarding public reporting is not yet in place.
- With PEPD's more active participation in public debates, there is a certain improvement in the *accountability* of PEPD, though the degree to which central public sector actors really are being held more accountable is hotly debated. The petroleum legislation provides for an unusual amount of discretionary authority to political leadership, an issue that raised public debate and controversy also in Parliament.
- The CSOs raise the recent Public Order Act as a mechanism that is being used by central authority to contain any serious attempts at mobilising public opinion against those aspects of the petroleum sector that non-state actors wish to challenge. From their point of view, this is done exactly to reduce the ability to hold the authorities accountable.
- Local authorities are also concerned that because they do not have the skills and capacities required to effectively fulfil their roles in the sector, that real power is thus removed from them in favour of central actors, which reduces *local* accountability, while at the same time also lessens their ability to hold *central* actors accountable as per formal roles and legislation. Furthermore, information flow to local governments, and between PEPD/NEMA and local governments, is not perceived as adequate for local governments to act in accordance with their mandates.

- Regarding *anti-corruption measures*, the OfD program has so far not been asked to support any specific steps in the petroleum value chain with regards to potential sector vulnerabilities apart from those noted regarding improved transparency. The *internal* OfD funding controls are standard for Norwegian public funds with all funds properly accounted for throughout the period.

7.6 Findings and Conclusions

- The agreement structure, with one overarching program agreement and three pillar institutional cooperation contracts, is somewhat complex but clear and makes actual implementation dialogue simple and accountability transparent. It in particular enables direct communication between the collaborating institutions on technical matters, ensuring short and direct communication lines.
- The decision-making and management structure is also multi-layered but logical. The Annual Meeting is policy and financial decision maker. The quarterly meetings of the Program Coordination Committee (PCC) of the local parties address program management and coordination tasks. The pillar meetings organised by the respective pillar managers, including preparatory meetings before the quarterly and annual meetings, ensure structured arenas for information sharing, discussion and pillar program decisions.
- The program Secretariat, hosted by PEPD, has played a vital role in ensuring that administrative and financial responsibilities are addressed; keeps all the actors in the loop on decisions and informational issues; and facilitates the work of program management and to some extent the pillars, in particular the resource pillar. The Secretariat is seen as competent, committed, and flexible, while at the same time adhering to quite strict oversight when it comes to financial matters, something that has in particular affected activities in the Environment pillar: the transaction costs for funds disbursements to some of those actors became high, but have now supposedly been addressed through PCC decisions in 2014.
- The Norwegian Working Group, managed by the Oil for Development secretariat in Oslo, ensures continuous dialogue among the Norwegian partners and thus coordination of the Norwegian inputs to the program, which has been helpful.
- The development and implementation of the new communications strategy is a major advance. It has helped PEPD to become more active in disseminating information and in engaging in more open debates. The communications officers have been active at local level in the AG area, forging links to local actors that did not exist previously. This is seen as positive by all actors, though insufficient in view of the many and complicated issues, and the fact that it still is largely information *dissemination* – the two-way *dialogue* still needs to be developed .
- The decision-making process is based on good documentation produced by the pillars/ the Secretariat, and with good minutes from the meetings that allow for tracking of discussions and decisions.
- While the program secretariat has also provided some support to the resource pillar, the revenue pillar, with its more limited work program, has not established a formal

secretariat. The environment pillar, however, finally set up a secretariat early 2014, and all actors agree that this has made a significant contribution to pillar performance.

- The Norwegian coordinator, once in place, helped improve systems and procedures, in particular when it came to financial recording and accounting. The fact that he was placed in the general secretariat in PEPD meant that the support to the other pillars was limited. His background, as a resource person, also meant that his advisory services were focused on PEPD. – His contract expired August 2014, and it was agreed that there was no need to extend this. The revenue and in particular the environment pillar could, however, benefit from a program of short-term visits addressing specific issues.
- The *pillar* structure has evolved unevenly but is now in place, and the overall *program* structure based on the three pillars is also largely delivering on its “systemic promise”.
- Regarding contributions to sector *governance*, the legal frameworks have improved *transparency* though Uganda is not yet a member nor attained the standards of EITI in this regard. PEPD’s communications strategy has improved information access, and increased participation in public debate has improved sector *accountability* somewhat. But the secrecy surrounding the confidentiality clauses in the PSAs, the limited engagement with local authorities, the use of the Public Order Act to supposedly control CSO ability to mobilise public opinion are examples that raise questions about how far transparency and accountability actually is improving. Regarding *anti-corruption* measures, the program has so far not been asked to support specific measures to address potential vulnerability points in the petroleum value chain.

8 Summing Up and Looking Ahead

The 2009-2014 phase has seen major progress in a number of fields, especially in the resource pillar but also significant progress towards the end of the period in the environmental pillar, while the revenue pillar still has not really taken off, in part because the revenues have not begun flowing yet.

The Government of Uganda has forwarded a request for another period of support, which the OfD Program Steering Committee has in principle agreed to, allocating NOK 53 million for the three-year period 2015-2017. More attention is to be given to the environmental and revenue pillars.

8.1 Summing Up Current Achievements

All three pillars have now been established and are, to somewhat varying degrees, delivering the planned-for Outputs.

Regarding *institutional development*, sector frameworks are being put in place. In the resource sector, key legislation has been passed. The sector is being restructured in line, with a strong policy, licensing and planning unit in the Ministry, an independent regulator overseeing the sector, and a state oil company handling the commercial interests of the state.

In the financial sector, the PFM Act foresees a rigorous control of the revenue flows, including the establishment of a capital development fund to be managed by BoU under the instructions of the MFPEd. The Ministry sees itself having a macro-economic model that can be used to run various scenarios that should allow the Ministry and BoU to critically assess alternative monetary and fiscal policies for maximizing the benefits to Uganda. The Uganda Bureau of Statistics (UBoS) has lately become involved and may become an important party to the development of the model by providing more rigorous data on the petroleum sector.

In the environmental sector, the large number of acts and master plans that have been revised and updated to take on board the issues emanating from petroleum sector activities provide Uganda a much better basis for managing the environmental challenges.

There has been less attention to *organisational development* and in particular to the more complete public sector organisational structure and capacities needed for management of the sector. The weakest component is local administration, where linkages to national institutions vary by sectoral actor. The net result is an incomplete matrix of relations and roles, as well as unsatisfactory skills and knowledge at local levels.

While there has been considerable *human resources development*, it has largely addressed the needs of the central actors directly involved in the program. There is now a “critical mass” of knowledge and understanding in the core organisations, but there is a fear that one result is an even greater knowledge gap than before between those who do have training, and other actors in the sector who do not. Furthermore, as noted, the current capacity level is not adequate to the challenges ahead as Uganda moves into a production phase. While it is important for Uganda that PEPD is as highly qualified as it is, there is an unease that with this near-monopoly insight, it gets an inordinate voice and decision making influence since nobody is able to challenge its technical expertise. The need for a wider capacity development strategy is thus noted by many.

As far as *results achievements* are concerned, some of the short-comings noted are also due to some lack of realism in the original planning. The time required to get actors mobilised in the new pillars was underestimated, especially in the complex and politically weaker environment sector. The funding freeze clearly affected the rhythm and enthusiasm for the program at a point in time where the program was accelerating its activities, which caused significant delays in delivery. Finally, the lack of continuity and active support from the NMoF during the latter period of the program held back some of the revenue deliverables.

Overall, the program is generally in place and most of the partners have delivered as foreseen. But the results are largely concentrated within central actors in Kampala, with certain exceptions such as UWA's monitoring capacity on the ground in places like Murchison Falls. More society-wide consequences are thus still to emerge.

8.2 Challenges of the Future

As Uganda comes closer to actual production of petroleum, the focus of attention will move to the field where the activities will take place and the practical challenges of managing the sector will arise. This poses some adjustment challenges for the Ugandan actors, but also to OfD, since the program is largely set up to support central actors and not to work so much at local level.

There is general agreement that a number of changes need to take place. Local authorities need to become better integrated into the information and decision making structures in the public sector. This requires clarifying actual roles and procedures, since national actors such as PEPD, NEMA, and UWA have quite different mandates and ways of interacting with and involving local authorities. The OfD program has assisted getting the actors together at national level, but the challenge now is much broader: (i) ensuring that the various national actors engage with local authorities in a more consistent and continuous manner, (ii) provide comprehensive information and skills upgrading to relevant actors at local level across the various technical fields; (iii) assist local authorities to become internally organised to take on the responsibilities that the petroleum sector will require, (iv) assist the exchange of information and experience among local authorities so that local learning is as far as possible adapted to the circumstances the local authorities themselves experience on the ground.

Another challenge is how to engage with civil society and the private sector. One thing is that local organisations – traditional leaders, CSOs, faith-based groups, unions, local suppliers and companies – all want and require more training and information. But there is also a great need for much more collaboration and dialogue between the parties on the ground. The issues that are coming up – conflict over land, potential environmental disasters, local contracting etc. – can be contentious. Without more and better information and arenas for sharing experiences and finding joint solutions, fewer instruments will be at hand when conflicts arise.

While the oil and gas issues are “transiting” rapidly down to the regional and communal levels, central actors still need to develop their own organisations and skills further, so this dimension should also be maintained.

The OfD program thus needs to design a three-year program that builds on the strengths OfD has, while also supporting the Ugandan authorities to address the three dimensions that the oil and gas sector is facing: (i) further develop the capacities and skills of key national actors; (ii) improve the skills and capacities of local authorities but first and foremost ensure that the overall system of national and local actors is comprehensive, coherent and inclusive, focusing on addressing local concerns; and (iii) including local non-state actors in a more open process for information and experience sharing, skills upgrading, and developing instruments and a tradition for jointly discussing and identifying solutions to issues.

8.3 Strengthening the Pillars and National Actors

The issues that need to be addressed at national level are reasonably well known.

The resource pillar needs to support the sector's structural transformation, and in particular assist the new regulator get its structure, policies and staff in place to fulfil its functions. The links and relationships to community level actors need to have a clear focal partner

In the revenue sector, the fact that the NMoF is not signing further institutional agreements means that the Ugandan parties will have to be somewhat innovative in terms of identifying partners they can work with on specific issues. The OTO will continue working with the URA on finalising the tax manual. Norway's Bureau of Statistics might be of help to UBoS in building the necessary database on the petroleum sector and may also assist MFPED in some aspects of macro-modelling. A number of independent consultants have worked with OfD regarding general petroleum economics, fiscal policies, sovereign wealth funds management, tax and revenue issues, so this resource base can also be called upon if required. Given the lack of a framework agreement to base a sector or pillar program around, MFPED will need to verify with the Embassy and the OfD Secretariat what will be feasible to do given the constraints regarding accessing Norwegian expertise.

In the environment sector, the oil and gas units in NEMA and UWA need to receive further support to ensure that the environmental sector can address the potential challenges as Uganda heads into the production phase. Other agencies are also improving their sector knowledge though without establishing specific petroleum units. In March 2014 NEMA opened a regional office in Masindi – though they are considering moving it to Hoima – and want to build that to spearhead their local capacity development efforts. USAID has been working with Makerere University to develop a capacity development program for local authorities in petroleum and the environment, so that might become an important additional support (the discussions were still on-going when the mission visited so it is not clear what the final outcome will be). But a key challenge is developing further the overall institutional network – in particular down to the community level – and improve the capacities and instruments available to NEMA as regulator, where the National Oil Spill Contingency plan is of particular importance.

8.4 Strengthening District and Community Actors

National authorities need to strengthen links with and the capacity building of both public sector and non-state actors in the relevant districts. The easiest way to do that would be if

there was a more permanent structure in place that could not only function as a training centre but also facilitate more inputs from capable technical expertise as well as local discussions and exchanges of experiences, since much of what actors on the ground seem to want is the ability to come together and learn what is happening elsewhere and learn from each other's experiences – a very efficient way of building capacities.

The Uganda Petroleum Institute in Kigumba (UKIP) has been set up to be the training centre for technical skills that the industry needs. One possibility is to expand somewhat the remit of UKIP, since it has infrastructure and the administration that can be built on if a decision is to expand the remit of the centre to address governance issues and organise and facilitate various events related to the sector. While UKIP has had a bumpy start, the World Bank program to support its development implies that one might expect as strong and professional institution as can reasonably be expected there, and thus have a solid foundation for adding on sector governance and related issues.

Another possibility is to set up an office housed within an existing public structure such as a district administration (Hoima?). A local capacity development unit could be set up that would have training, event organisation and facilitation of dialogue as fields of responsibility, where the resources of PEPD, NEMA and other important factors such as national CSOs would contribute and could be used by the local body.

A third, and complimentary, possibility is that more extensive Petrad training is provided to local stakeholders, strengthening the focus on local needs. This has to some extent happened in the first phase where local government stakeholders participated on specific training sessions. This will give a clear signal to the Ugandan partners of the needs to properly address local government structures, in accordance with Uganda's legal and regulatory framework, and may contribute to a "critical mass" of local knowledge.

While Uganda is not yet a member of EITI, it has on several occasions stated that it will apply for membership once the PFM bill has been passed. Whether Uganda joins EITI right away or not, it may apply the EITI tripartite collaborative model as the managing principle for the local governance capacity building program, because it will be important for the credibility but also for design of interventions that the various constituencies are included. The complaints today of not being heard and involved properly will be repeated if a local capacity development program is seen as simply a decentralised national dissemination platform.

A particular concern that needs to be addressed with considerable urgency, is the gender dimension. There are now numerous studies pointing to how the petroleum sector, through its hiring and standards practices, introduces strong biases in favour of men. If these in-built biases are not addressed vigorously and early on, they will tend to further segment and cement local labour markets that will exclude women from opportunities (in the case of Uganda, see International Alert 2014, *Avocats Sans Frontières* 2014, and the Uganda Human Rights Commission 2013 that also includes relevant observations). Uganda has a number of knowledge-based civil society actors that should be much better involved in the development of the sector at local levels, though they themselves also feel a need for further strengthening and thus also wish to be benefit more from OfD training and capacity building activities.

While OfD as a program has limited resources and only to a limited extent has been building local capacity, OfD can provide strong signals regarding how it would expect the support

and training it provides be shared both outside the public sector, and at lower levels of public administration and society. The more direct intervention that should be considered in the new phase is that the trainings that Petrad has historically provided regarding basics of the petroleum sector should become a staple of the regional training centre – whether at UPIK or elsewhere – where OfD could help build that capacity.

8.5 Program Structure and Management

The current program structure with three pillars and an overarching program agreement should in principle continue. It has proven to be useful by providing direct lines of communication and interaction via the pillar agreements while having the one program document that ensures the coherence of the OfD support. This model requires that there is sufficient capacity to handle two management levels, but the program secretariat has proven that it is up to the challenge and can provide the kinds of support, oversight and control that are required. By keeping the secretariat in place, Uganda can continue developing this larger structure of linkages across sectors and institutions also down to local levels as is required for a country to maintain efficient and effective petroleum sector management. Since the funding is going to be considerably lower than the previous period – from an average of about NOK 30 million/year 2009-2014 to around NOK 18 million/year this coming three-year period – the OfD's ability to fund secretarial services will be reduced. The PEPD has already taken on most of the program secretariat costs, so OfD should concentrate on maintaining and strengthening the environmental secretariat until more sustainable funding from national authorities is ensured.

The resource and environment pillar will be able to continue working as they have so far with formal institutional agreements with the NPD and NEA, respectively, as counterparts.

The revenue pillar will have to be somewhat innovative regarding how to put together its program and how to procure Norwegian technical support that is wanted, since for the time being there will not be an overarching institutional collaborative agreement in place. There is therefore strictly speaking no real “pillar” in place, though the Ugandan institutions are of course free to continue organising themselves in this manner and use the term. The pillar should consider including the Uganda Bureau of Statistics unless work with UBoS can be funded outside OfD, since UBoS will be important in producing the statistical data required for reliable and valid data for the macro-economic and derived fiscal frameworks. Another important set of actors that should probably be included in the revenue work is the technical staff of the Parliamentary Public Accounts Committee, other Parliamentary sub-committees involved in the extractives industry, and the informal Parliamentary Forum on Oil and Gas, which played an important role for passing some of key pieces of legislation in the petroleum sector. These key decision-making bodies are not receiving continuous skills upgrading, yet Parliamentary understanding of the sector is vulnerable due to the high turnover of Parliamentarians when elections occur³.

³ It was claimed that nearly 60% of the Parliamentarians were new after the most recent elections. That means that the learning and understanding that had been established during the long preparatory phases leading up to the passing of the Petroleum Bills is to a large extent lost. The importance of ensuring continued technical

There is no further need for a Norwegian coordinator in place since standards and procedures for program management are in place. The Embassy has also taken on a larger role and should continue providing an active role in supporting the overall OfD program, both by staying in close touch with the Ugandan actors and their Norwegian partners.

An important component of the OfD program should be activities addressing transparency and accountable management of the sector. Uganda faces questions when it comes to corruption and political governance, and these are clearly questions that the petroleum sector need to address in a convincing way, given the overarching concern of the “resource curse” that was at the heart of the establishment of OfD in 2005 in the first place. The Results Framework for the coming period should therefore include some carefully thought through indicators for what kinds of improvements to sector management the various actors believe are strategic and possible.

8.6 Recommendations

Based on the above, the consultants would suggest that for the coming three-year period, the OfD program in Uganda should do the following:

- The overall agreement structure should consist of a program agreement plus institutional cooperation agreements in the resource and environmental pillars, with the same agreement partners as today.
- The MFPED should consider involving more Ugandan actors like Parliamentary bodies and UBoS in the revenue sector work. Since a formal pillar agreement is currently not feasible, MFPED could rather enter into an agreement with OfD and the Embassy regarding a *revenue sector work program*. This would be an activity plan based on a clear results framework in targeted areas, relying on the support from the OTO, Norway’s Bureau of Statistics, possibly independent consultants and other Norwegian knowledge bodies where appropriate. If and when an institutional agreement can be put in place, this would then replace such a sector work program.
- OfD should focus on supporting the technical knowledge of the key partners in the petroleum sector, with particular focus on the regulatory bodies – the new Petroleum Authority in the resource sector and NEMA in the environment sector – and the bodies that will be responsible for managing resources responsibly in the revenue sector.
- The management structure of the program should be lean, where support should in particular assist national bodies develop their links and support to district administrations and community level actors, including civil society and private sector.
- The one area outside of national level actors that OfD may consider supporting directly is a possible regional capacity development and facilitation centre if and when that is agreed to, has clear political support, and assistance also from other actors to

knowledge also in the secretariats of the various Parliamentary sub-committees involved in the extractives sectors should not be underestimated.

make it viable (such as the World Bank support to UPIK). OfD could provide capacity building for centre staff, and quality assure this for some time till it has become more or less sustainable on its own. A pre-condition for such support should be some form of tripartite decision making board, to ensure that all constituencies in the petroleum sector will be heard and can contribute to the final design and contents of such a centre.

- When developing the Results Frameworks for the future, there needs to be particular attention to monitorable indicators regarding gender participation and benefits, especially at local levels. This also means that there needs to be identified interventions and resources allocated to this area, with particular focus on women's access to educational and supply contract opportunities. Whether this can be addressed directly by OfD or through other Embassy funds needs to be discussed, but without this Norway risks supporting a program that is likely to weaken women's opportunities.
- Finally, Ugandan partners should be asked to look into how to make Uganda less dependent on externally funded technical support in the petroleum sector. While not necessarily a fully-developed Exit strategy, an increasing role of national funding needs to be put in place and begin phased in before this three-year program terminates.

Annex A: Terms of Reference

DESCRIPTION OF THE SERVICES REQUIRED

1 Background

Norway has since 2005/06 supported the development of the management of the oil and gas sector in Uganda. Support was initially provided mainly for resource management. On 9th July 2009 a comprehensive program agreement was signed between the Norwegian Ministry of Foreign Affairs and the Government of Uganda - "Strengthening the Management of the Oil and Gas Sector in Uganda" (UGA-08/008). The agreement is for 5 years, and had an initial financial frame of NOK 80 million. Composed of three main pillars - resource, revenue and environment, in addition to a program management component - the program is largely based on institutional cooperation between the six parties that signed the contract between June and October 2009 (the agreement was signed between the Norwegian Ministry of Foreign Affairs and Ministry of Finance, Planning and Economic Development, the Norwegian Ministry of Petroleum and Energy and Ministry of Energy and Mineral Development, the Norwegian Ministry of Environment and the Uganda Ministry of Water and Environment). The Agreement is managed by the Norwegian Embassy in Kampala. The Norwegian Ministries of Petroleum and Energy, Finance, and Environment are responsible for the quality assurance, while their sub-directorates (such as the Norwegian Petroleum Directorate) are implementing partners. Norad, as the Oil for Development Secretariat, has a coordinating role.

When the Agreement was signed, the program was still in a draft version. An inception period of six months was therefore agreed to allow for improvements made to the Program Document. The final version of the Program Document was tabled at the first Annual Meeting in March 2010. This meeting agreed to make some slight changes in the agreement with regards to procurement rules. An Annex 1 was included.

After a modest start of the program the level of activities steadily increased, in particular by the resource pillar. By August 2012 the funds had been exhausted. A request for additional funds was received by the Embassy the 10th September 2012, and additional funds of no more than NOK 67 million was approved by the Embassy in March 2013 to support the completion of the Agreement's objectives.

One of the main reasons for the early exhaustion of funds was the higher need for external consultants than initially anticipated, especially within the resource pillar. In particular this related to requests for highly technical assistance such as legal advice, up-grading of technical equipment for data management including ICT, as well as the establishment of new institutions. Also, due to a strong commitment, great demand and drive on Uganda side, the level of activity was higher and the pace much quicker than first expected. Some new activities were also added to the program that drew significant resources, i.e. expenses for ministerial visits to Norway, capacity building of parliament, and several workshops and seminars. All new activities and budget plans were tabled and approved at Annual Meetings.

While the resource pillar has had the highest level of activity, progress by the revenue and environment pillars have been hampered by a lack of capacity and political commitment. The pace however, picked up during 2013, in particular by the environment pillar. Also, the freeze on Norwegian development assistance to all Government of Uganda institutions and agencies between November 2012 and July 2013, as a consequence of disclosed corruption with the Office of the Prime Minister in late 2012, severely delayed implementation of activities for the entire program.

The Program Agreement expires on 30th June 2013, but will be carried on as a no-cost extension for the duration of 2014.

The Program Agreement requests a mid-term review and an end-term review to be carried out. In view of several assessments and studies of the Program that were performed during 2013, it was decided that the mid-term review would be merged with the end-term review, so as not to duplicate much work already covered by the following reports: "Risk Assessment of the Oil for Development program in Uganda", the Deloitte's desk review of financial reporting and budget planning, the Norwegian Minister of Development's review of the Oil for Development program in Uganda with a view to democracy, good governance and human rights, as well as the evaluation of the OfD program by Scanteam "Facing the Resource Curse: Norway's Oil for Development Program". This was agreed at the Annual Meeting in February 2013.

The end-term review is requested to be both backward- and forward looking. The reason for the latter being that the Government of Uganda has expressed an interest in a new program phase once the present Program Agreement/no- cost extension expires.

The end-term review should be a joint review between Uganda and Norway, meaning that the Terms of Reference has been approved by both. It has been decided however, that Norway, through the Embassy in Kampala, shall be the contract partner for the selected Consultant.

2. Purpose and Objectives

The main purpose of the review is to prepare the basis for a potential new program phase, and contribute with inputs/recommendations to the drafting of the new Program Document to this end.

In view of this, the objectives are threefold:

- a) Identify results achieved, and experiences made (efficiency and effectiveness of the implementation of the Program Agreement)
- b) Provide input for a content outline for a possible new phase; objectives, broad baselines, agreement structure, program management structure, including financial management structures, and risk management (including corruption, transparency, accountability, good governance).
- c) Optional: Contribute with recommended inputs to a possible new Program.

3. Scope of Work/Priority Issues

With a basis in the objectives a) – c) above, the review should seek to address the following issues/questions:

1. Backward looking

- a) Assess results in terms of outputs achieved, and to what extent the purpose as defined in the Program Document is being achieved, and assess the likelihood of this being achieved by the end of the Program Agreement period. In particular, the assessment shall seek to answer:
 - To what extent the planned targets and results in the petroleum cooperation between the two countries have been fulfilled;
 - To what extent the Program has contributed to good governance, anti-corruption, transparency, and accountability in Uganda, and if relevant, measures that may contribute to a strengthening of these aspects.
- b) Assess the sustainability of the results achieved, in particular with regards to sustainable capacity- and institution building in the target institutions.
- c) Assess the extent to which the Norwegian experience and expertise have been relevant to meet the different needs of Uganda in order to build national competence and capacity within the petroleum sector.
- d) Assess the efficiency of the Program, in particular an assessment of results achieved compared to costs incurred and man-hours invested.
- e) Review the management arrangements of the Program, and alternatively suggest more effective ways in which management arrangements can be improved. In particular the assessment shall seek to answer:
 - The effectiveness of the current organisational structure of the Program, in particular with regards to the division of roles and responsibilities as perceived and carried out by all partners (both at the Program Agreement level as well as at Institutional Cooperation Level);
 - How well the Program can be said to function with regards to information sharing, dialogue and communication between the different actors;
 - How well the institutional cooperation functions between the Ugandan and Norwegian partners;
 - How well the Program fits with the organisational structures of the Ugandan partner institutions with regards to the efficient implementation, reporting and follow-up of activities;
 - The functioning of the coordinating responsibility, both within each pillar as well as within the overall program structure.

2. Forward looking

- f) Within the existing pillars, identify existing or new areas/activities that could benefit from more interaction/cooperation, and areas that may be discontinued, based on institutional capacity.
- g) Assess the balance between the pillar institutions with regards to:
- Achievements with a view to the Program goals (oil and gas used in an economical, social and environmentally sustainable manner);
 - What institutional needs have to be addressed in a possible new program period in order to further contribute to this goal.
- h) Assess issues of particular concern within the Program, and ways in which these may be strengthened:
- Anti-corruption, transparency, accountability and good governance;
 - Information sharing and communication across all involved sectors, i.e. the engagement and empowerment of all relevant actors as information holders and communicators;
 - Capacity building for long term institution building, including the disentanglement of capacity needs in order to develop more appropriate response to challenges related to capacity limitation (i.e. institutional, organisational, human, knowledge);
 - Environmental sustainability in the petroleum areas.

For items a) to h) - for all areas identified, describe what the needs are, what is being implemented already by Uganda and other development partners, and how Norway can possibly contribute.

- i) Assess the possible consequences/risks of a potential non-continuation of the program after the end of the Program Agreement. In particular, the assessment shall consider implications with regards to:
- Political relations between Norway and Uganda;
 - Financial implications for Uganda;
 - Sector specific implications; resource, revenue and environment;
 - The successful development of the Ugandan institutions involved;
 - Progress in terms of good governance, transparency, accountability, anti-corruption.
- j) Suggest more effective ways in which management arrangements can be designed, hereunder:
- Alternative agreement structure;
 - Alternative structures for the financial management of the Program.

The Oil for Development Guidelines (“Ofu Programveileder”), and experiences from other OfD countries, should be drawn upon.

3. Optional. Possible new program phase: contribute with recommended inputs to the possible new Program.

In the event that Norway makes a decision in principle to support Uganda's expressed wish for a new phase of the existing agreement, the Consultant will be tasked with providing recommended inputs into the draft Program that is to be developed by the Government of Uganda.

4. Implementation of the Review

In component A (the backward-looking part), the Consultant shall use the OECD- DAC criteria for evaluation of development programs, i.e. effectiveness, relevance, efficiency and impact of the program in question.

In component C, for the contribution with recommended inputs to the possible new Program, particularly close cooperation with Uganda will be needed as Ugandan authorities will be responsible for developing such a document. Furthermore, the content of the document shall satisfy the requirements of Norwegian development cooperation.

The review shall be carried out through studies of available documentation, both general documents and project specific documents as listed in Annex 2. At the approval of the partner institutions, the Consultant may request additional information as perceived relevant in order to deliver on the requirements as specified in this TOR.

Furthermore, interviews shall be conducted with all relevant actors at the Norwegian and Ugandan side who have been involved in the implementation of the Program, and all other relevant stakeholders. See Annex 1 for a list of relevant institutions.

A visit to Uganda for approximately 3 weeks should form part of the review after all relevant documents have been studied.

The review shall be carried out in close cooperation with relevant authorities in Uganda and Norway. The Norwegian Embassy in Kampala shall be the main point of contact.

5. Reporting Requirement and Time Frame

A draft final report, covering objectives A and B above, with a summary of main findings, conclusions and recommendations shall be submitted to the Norwegian Embassy in Kampala, no later than 12 weeks after the commencement of the review (contract signed). The Embassy will subsequently forward the report to the Ugandan authorities.

Any comments to the draft final report shall be forwarded to the Consultant within two weeks after submission of the draft.

The final report shall be submitted 2 weeks after the receipt of the above mentioned comments. The final report shall be written in English and be submitted in 3 hardcopies as well as a soft copy. The report must include an introductory summary with main conclusions and recommendations. The final report shall preferably not exceed 30 pages plus an executive summary and attachments.

In the event that component C materialises, recommended inputs to the draft Program Document shall be submitted within 6 weeks of the option being declared by the Embassy.

Annex B: Persons Interviewed

UGANDA: Parliament of the Republic of Uganda

Hon. Mawanda Michael Maranga, MP Igara East/ Bushenyi – Ag. Chairman, Parliamentary Forum on Oil and Gas (PFOG)

Government Officials

Ministry of Finance, Planning and Economic Development

Mr. Lawrence K. Kiiza, Director, Economic Affairs

Macroeconomic Policy Department

Mr. Robert Bellarmine Okudi, Ag. Commissioner – OfD revenue pillar manager

Mr. Moses Kabanda, Senior Economist

Mr. Asiimwe Wilson, Economist

Ms. Esther Aguti, Intern

Ms. Rachael Nuwamanya, Intern

Tax Policy Department

Ms. Vanessa Ihunde, Economist

Ministry of Energy and Minerals Development

Petroleum Exploration and Production Department

Mr. Ernest Rubondo, Commissioner, former program manager

Mr. Honey Malinga, OfD program manager

Mr. Bernard Ongodia, resource pillar manager

Mr. Susan Kateme, Administration and International Cooperation, OfD program secretariat

Ms. Gloria Sebikari, Senior Communications Officer, OfD program secretariat

Mr. Emmanuel Odea, Senior Finance Officer, OfD program secretariat

Mr. Bashir Hangi, Communications Officer

Mr. Gunnar Søliland, local Coordinator

Ministry of Water and Environment

Directorate of Environmental Affairs

Mr. Paul Mafabi, Director

Ms. Teddy Tindamanyire, Principal Environment Officer

Ministry of Lands, Housing and Urban Development

Directorate of Physical Planning and Urban Development

Mr. Vincent B. Byendaimira, Commissioner

Mr. Emmanuel Bitu Kaganzi, Principal Planner

Office of the Auditor General

Mr. Joseph Hirya, Director of Audit

Uganda Revenue Authority

Domestic Taxes Department

Mr. Martin Muhangi, Manager, Natural Resources Unit

Ms. Sandra Kaitare, Tax auditor, Natural Resources Unit

National Environment Management Authority / NEMA

Dr. Tom O. Okurut, Executive Director

Mr. Waiswa Ayazika Arnold, Director, Environmental Management and Compliance, former environmental pillar manager

Mr. Isaac Ntujju, Senior Environmental Inspector, environmental pillar manager

Dr. Kitutu Kimono Mary Gorretti, Environment Information Systems Specialist

Mr. Percy Mucunguzi, Project Officer

Ms. Sarah Kawala, Project Assistant

Non-State Actors

Mr. Onesmus Mugenyi, Deputy Executive Director and Manager, Environmental Democracy Program, **Advocates Coalition for Development and Environment / ACODE**

Mr. Emmanuel N. Mugarura, CEO, **Association of Uganda Oil and Gas Service Providers**

Mr. Fergal Ryan, Component Manager, Voice and Accountability, **Democratic Governance Facility / DGF**

Ms. Robinah K. Manoba, Program Officer, Voice and Accountability, **Democratic Governance Facility / DGF**

Mr. Jacob Manyindo, Coordinator, **Maendeleo ya Jamii (MYJ)**

Ms. Christine Nantongo, Program Advisor, **Maendeleo ya Jamii (MYJ)**

Mr. Emmanuel Mukuru, Program Adviser, **Maendeleo ya Jamii (MYJ)**

Donor Officials

Ms. Geraldine O'Callahan, Head, Governance, Security and Humanitarian Affairs, **DFID**

Mr. Marc Ducroquet-Lavin, Program officer, **DFID**

Mr. Torbjørn Gaustadsæther, Ambassador, **Embassy of Norway**

Ms. Elin Graae-Jensen, First Secretary, Oil for Development Program, **Embassy of Norway**

Mr. Kyrre Holm, First Secretary, Human Rights, **Embassy of Norway**

Mr. Enock Nyorekwa Twinoburyou, Senior Program Officer/Economist, **Embassy of Norway**

Mr. Samuel Kajoba, Senior Adviser, Oil for Development Program, **Embassy of Norway**

Stakeholders, Buliisha District

M. Kasisaki Dison, Community Development Officer

Mr. Philip Ngongaha, Acting District Environment Officer

Mr. Agondua Nixon Rhoney, Principal Human Resource Officer, Deputy for the CAO

Murchison Falls: Uganda Wildlife Authority

Dr. Eric Enyel Morris, Senior Warden

Ms. Gerthrude Kirabo

Mr. Tom Okello, Park Manager

Ngwedo Subcounty

Mr. Godfrey Businge, Sub county chief

Stakeholders, Hoima District

Mr. Ebong Kenneth, Community Development Officer

Ms. Getrude Nsita, Environment Officer

Ms. Joseline Nyangoma, Senior Environmental Officer

Resident District Commissioner, Hoima (Government Official)

Mr. Godfrey Nyakahuma

Mr. James Senyonga District Internal Security Officer

Non-State Actors

Mr. Moses Byenkeyna, **HODFA – Farmers Association**

Mr. Julius Kisembo, **HODFA – Farmers Association**

Mr. Tugume Johnbosco, Subeditor, **Spice FM**

Mr. Fred Bazarabusa, **Tullow Oil**

NORWAY: Oil for Development staff

Mr. Petter Stigset, Head of OfD Secretariat, Assistant Director, Norad

Mr. Svein Erik Heglund, Senior Adviser

Mr. Trond Kvarsvik, Senior Adviser

Norwegian Petroleum Directorate

Mr. Odd Raustein, Resource Coordinator

Norwegian Directorate for Environmental Affairs

Mr. Frank Eklo, Senior Adviser

Oil Taxation Office

Mr. Trond Hjørungdal, Senior Adviser

Annex C: Documents Consulted

Government Documents

Ministry of Energy and Minerals Development (MEMD) (2010), “Strengthening the Management of the Oil and Gas Sector in Uganda: A Development Program in Co-operation with Norway”. Kampala, February.

MEMD (2008), “National Oil and Gas Policy for Uganda”. Kampala, February.

Institutional Cooperation Agreement, December 2010

Program Agreement, signed 10th December 2010

Report for Annual Meeting, 2010

Report for Annual Meeting, 2011

Report for Annual Meeting, 2012

Report for Annual Meeting, 2013

Report for Annual Meeting, 2014

Minutes from Annual Meeting, 2010

Minutes from Annual Meeting, 2011

Minutes from Annual Meeting, 2012

Minutes from Annual Meeting, 2013

Minutes from Annual Meeting, 2014

Other Documents

Avocats Sans Frontières (2014), “Human Rights Implications of Extractive Industry Activities in Uganda: A study of the Mineral Sector in Karamoja and the Oil Refinery in Bunyoro”. Kampala, June

CNOOC, Total and Tullow (2014), “Planning for the Future and Promoting National Content: A Survey to foster opportunities for Ugandans in the oil and gas sector”. Kampala

ILPI (2013), “Risk Assessment for the *Oil for Development* Program in Uganda”. Oslo, August

International Alert (2014), “What’s in it for Us? Gender Issues in Uganda’s Oil and Gas Sector”. London, June

U4 Anti-corruption Resource Centre (2013), “Anti-Corruption Approaches for Oil Sector Corruption”. Workshop report from Kampala workshop 13-14 May

Uganda Human Rights Commission (2013), “Oil in Uganda: Emerging Human Rights Issues: Special Focus on Selected Districts in the Albertine Graben”. Kampala, December.

Annex D: Comprehensive Results Framework

Annex D- 1: Annual Results – Resource Pillar

| Component 1: Legal and regulatory framework and licensing | Programmed 2010 | Indicators | Delivered 2009/10/11 | Delivered 2012 | Delivered 2013 | Planned 2014 |
|--|--|---|---|--|--|---|
| 1. Pillar Management | a. Quarterly Pillar Meetings | • | • | • Restructured management of pillar for efficiency and 4 quarterly meetings | • 4 quarterly meetings held as planned | • |
| 2. Legal and Regulatory framework for the upstream and midstream petroleum sectors | <p>a. Petroleum resource Management Law formulated</p> <p>b. Law for oil and gas utilization formulated</p> <p>c. Regulations for petroleum upstream and midstream regulations and local content</p> <p>d. Subordinate regulations for HSE</p> <p>e. Revision of Model PSA</p> | <ul style="list-style-type: none"> • Petroleum law in place (Dec 2010) • Law for oil and gas utilization in place (Dec 2010) • Petroleum upstream and midstream regulations in place (June 2011) • Regulations for HSE revised; Guidelines for HSE management in place (June 2011) • Revised Model PSA in place. (June 2011) | <ul style="list-style-type: none"> • Zero draft petroleum law (2009); Submitted draft Petroleum bill to stakeholders for comments (2010); Principles of the draft for separating upstream and midstream legislation (2010); Petroleum Bills (upstream and midstream) submitted to cabinet (Q4 2011); • Initial review undertaken but not sufficient capacity to review HSE regulations (2011) | <ul style="list-style-type: none"> • Completing formulation of the resource management law (exploration, development and production) – submitted parliament; Capacity building work shop for parliamentary committees • Completing formulation of the Law for oil and gas utilization (Refining, Gas Processing and Conversion and Transportation) law submitted to Parliament in Feb.; Capacity building for Parliament, and several engagements with Natural resources committee undertaken • Preparations for formulation of the | <ul style="list-style-type: none"> • Completed the formulation of The Petroleum, Exploration, Development and Production Act 2013 which was gazetted April 2013; Disseminated and uploaded to PEPD web. • Completed the formulation of The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act which was gazetted July 2013. Disseminated and uploaded to PEPD web. • A Zero draft of the regulations for the upstream were developed. The working group went to Norway, reviewed the Zero draft and commenced work on the Upstream Regulations together with SWV and the NPSA; The Technical Working Group for the Midstream regulations comprising representatives from PEPD | <ul style="list-style-type: none"> • Print additional 1,250 copies of the Upstream and Midstream Acts on a need basis • Preparation of Upstream regulations guided by resource persons from SVW and NPSA. One work session will be held in Norway, and one in Uganda with Participation from SVW. Several other work sessions on General regulations, HSE regulations and Local Content Regulations will be held for the working group in Uganda. Some will be consultative and will include technical staff from PEPD and other relevant agencies of Government. • Preparation of midstream regulations guided by SVW. Activity includes discussions and reviews of the draft regulation through work sessions in Uganda; one is planned with participation from SVW. One work session will take place at the SWV office in |

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| | | | | <p>upstream petroleum regulations and local content commenced – working group and initial workshop</p> <ul style="list-style-type: none"> • Preparing subordinate regulations for the midstream and local content not yet done • Preparing subordinate regulations for HSE not yet done; • Revision of PSA not yet done | <p>and MJCA was established and Zero draft of the midstream regulations was developed.</p> <ul style="list-style-type: none"> • Integration of HSE regulations with Upstream and Midstream components in line with the above activities was undertaken; HSE Regulation was discussed in cooperation with SWV and NPSA during visit to Norway. | <p>Norway in February. Some workshops will be consultative and will include technical staff from PEPD and other relevant agencies of Government.</p> <ul style="list-style-type: none"> • NPSA and SVW will guide the process of developing HSE in coordination with the activities for Upstream- and Midstream regulations. • Complete Model PSA with relevant stakeholders in cooperation with SVW • Complete Standard Joint Operating Agreement and Accounting Agreement in cooperation with SVW. |
| 3. Licensing Strategy and Plan | <p>a. Benchmarking of Uganda’s petroleum potential & assessment of fiscal terms</p> <p>b. Development of a grid system for licenses</p> <p>c. Development of a strategy for promotion of the country’s petroleum potential</p> <p>d. Promote the country’s petroleum potential</p> <p>e. Implementing a licensing round</p> <p>f. Appropriate due diligence undertaken on applicants for licensing.</p> | <ul style="list-style-type: none"> • Assessment of regional /international competitiveness of fiscal terms (Dec 2010) • A grid system for licenses established (June 2010) • Promotional strategy/policy established and updated (June 2011) • Relevant promotional conferences/ workshops attended (June 2011) • Competitive and transparent licensing process used (Dec 2011) • Appropriate due diligence undertaken on applicants for licenses. (Once per licensing round) | <ul style="list-style-type: none"> • A grid system for 5*5 for Albertine Graben finalized (2011); • Hosted EAPCE’11, Presented technical papers; Draft TOR Seismic studies developed • N • Received applications for four production licences (2011); • Received applications (2011); | <ul style="list-style-type: none"> • Bench marking of Uganda’s petroleum potential in fiscal terms is on – going. • Finalized 2011 • TORs for multi-client seismic survey, and consultancy firm commenced the assignment • Presentation of papers and posters at AAPG and SEC convention and presentation of papers at EAPCE’13 • Implement a licensing round not yet done • Due diligence of applicants not yet done | <ul style="list-style-type: none"> • Delayed to 2014. • Finalized 2011 • A draft model contract for acquisition, processing and promotion/ sales of speculative seismic data in unlicensed areas was completed with assistance from DuchGeo and SVW; The project team visited Norway in November to finalize the work together with SVW; Contract with seismic company not signed and acquisition not started due to freeze in funding. | <ul style="list-style-type: none"> • Acquire speculative seismic prior to license round, under c; Visitation to Tanzania for consultation with TPDZ to learn from their experience. • Concluded • Development of a Licensing Strategy and plan for the oil and gas sector. -Tender for multi-client seismic surveys including evaluation of bids together with consultant and Norwegian advisors; Use model contracts to sign contract with multi- client seismic company; Possibly start to acquire multi- client seismic data as a basis for licensing • Presentation & Exhibition at AAPG Annual Convention & Exhibition 6- 9 April 2014 in Houston, USA. GoU funded. • With advise from NPD: 2 visits to Norway and 2 visits from NPD to |

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| | | | | | | <p>Uganda; Demarcation of the areas (basing on structural and stratigraphic analysis) as delineation ahead of license round; Evaluation of geological, geophysical and geochemical data, and present data package; Procure consultant to lead promotion campaign, assist in setting up data room and lead the sales of data- packages; Revision of Modal Production Sharing Agreement under 1.2.f Packaging of geological, geophysical and HSE evaluations; Formulation of bidding terms and instructions with possible input from SVW.</p> <ul style="list-style-type: none"> • Applications expected in 2015. |
| 4. Monitoring and Supervision | <p>a. Development of an appropriate supervisory framework for monitoring and supervising <u>petroleum exploration</u> programs</p> <p>b. Framework for monitoring and supervising <u>petroleum development and production</u> programs developed</p> <p>c. Develop an <u>HSE</u> supervisory strategy and plan</p> <p>d. Supervisory framework for monitoring and supervising development of Field production program (FDP) put in place and operational</p> | <ul style="list-style-type: none"> • Appropriate supervisory framework and procedures in place (Consultancy for the framework started by 2010, First draft 2010); Professional capacity to undertake the monitoring activities (Monthly supervision) ; Annual supervisory plan; • Appropriate supervisory framework and procedures in place (Consultancy for the framework started by 2010, First draft 2010); Monthly supervisory plan; Daily monitoring and supervision • Appropriate supervisory framework and procedures for monitoring in place (Dec 2010); Consent | <ul style="list-style-type: none"> • Draft supervisory frameworks for wells and seismic monitoring developed (2011); • Not undertaken (2011); • Agreement on institutions taking responsibility (2011); • Applications for production licences reviewed; Training undertaken (2011); | <ul style="list-style-type: none"> • Wells and seismic monitoring guidelines to be used by PEPD monitors prepared; ongoing training in monitoring exploration operations; In House training on well site operations • Two weeks training in PEPD; TORs for developing fiscal metering framework and consultancy firm contracted • Workshop and field visit on supervisory strategy and plan was held with support of PSA, Norway; Ongoing development for supervisory activities; | <ul style="list-style-type: none"> • Procedures for cost reporting established, and data entered into database in PEPD • Delayed due to freeze in funding • Delayed due to freeze in funding • The guidelines for monitoring of field operations are already under implementation and have been shared with NEMA; PanSystem found to be the best well-testing software; Conditions on the Kingfisher production license were lifted and CNOOC has a production license over Kingfisher Area; • Applications for KW and KNNN were received and reviewed; Guidelines for reporting finalized; • Guidelines for FDP review | <ul style="list-style-type: none"> • Concluded • Develop fiscal metering framework guided by Meteopartners, one workshop in Norway. - Develop Metering Regulations with legal advisor as part of 1.2. • Workshop/meetings with the HS-department and relevant management representatives in PEPD guided by NPSA - PSA experts to advice Ugandan HS-personnel in carrying out HS-audits. -Plan and execute two audits in important safety areas given preference by PEPD. • Prepare Guidelines for daily Production Reporting. • |

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| | <p>e. A system to handle Field Development Plans (FDP's) tested and in place</p> | <p>system for milestones of petroleum activities in place (Dec 2010); Supervisory strategy in place (June 2011); Annual work plans in place with procedures for supervisory and audit (Dec 2010); Capacity building activities identified; Carry out relevant capacity building activities (2011-12); Adequate independent inspections and audits necessary with a view of identifying any points of departure from the plans presented by the oil companies; Equipment certified periodically</p> <ul style="list-style-type: none"> • Well monitored plans for licensing with regard to regulation, development progress and costs; Well implemented production plans with regard to reporting, reservoir performance, metering, operators' adherence to HS-regulations and capacity building; Plan and implemented tail end production; Adequate systems for fiscal measurement; Appropriate framework developed (Dec 2010) • Ensure that FDP's sees to it that oil and gas resources are produced optimally through cost effectiveness and where | <p>Ongoing development of tools for undertaking HS audits.</p> <ul style="list-style-type: none"> • Guidelines for submission of FDPs/PRRs were developed (not yet published); Procurement of software for analysis of well data not yet done. | <p>finalized;</p> <ul style="list-style-type: none"> • Guidelines operations finalized; • Guidelines submission finalized | |
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| | | necessary, enhanced recovery; Undertake area studies to ensure optimal and effective use of production and transportation infrastructure | | | | |
| 5. Monitoring of Oil and Gas policy and programs | a. The National Integrated Monitoring and Evaluation Strategy (NIMES) assessed and enhanced, to incorporate oil and gas monitoring and evaluation systems. | <ul style="list-style-type: none"> Guidelines for coordination e.g. supervision of petroleum sector in place (Dec 2010) | • ? | • Not reported | • Not reported | • Not reported |
| Component 2 Capacity building | Programmed 2010 | Indicators | Delivered 2009/10/11 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 6. Institutional Development and Capacity Building | <p>d. Coordination of supervision institutions: Completing the functional analysis and harmonising the roles for institutions, drafting the coordination document and implementing coordination activities</p> <p>e. Organizational issues and infrastructure: Preparations of the organizational plans, definition and procurement of the necessary facilities</p> <p>f. Capacity Building (Petroleum Directorate, Petroleum Authority)</p> | <ul style="list-style-type: none"> Plans for personnel and infrastructure development (Dec 2011); Good facilities for institutions; Coordination document developed HR plans for institutions (Dec 2010); Adequate institutions and personnel in place (Dec 2010); Well performing institutions (Dec 2011) Recruitment plans in place (Dec 2011); An appropriate HR training plan (Dec 2011); IT-systems in place (Dec 2010) | <ul style="list-style-type: none"> Task force prepared reports for setting up three institutions; reports reviewed and discussed with gov. institutions; PWC contracted (2011); Procurement and update of office computer systems; Workshops, study tours; Procurement of hardware for Midstream unit and software for Biostratigraphy development; Reports for setting up new institutions reviewed and discussed (2011); | <ul style="list-style-type: none"> Functional analysis and harmonizing the roles of the institutions, drafting the coordination document and implementing coordination activities – Is ongoing. Transitional units for new institutions in place and capacity building for the unit heads at NDP workshop and IHRDC training in Boston Recruited staff to fill 12 positions in the transition units; procurement of limited | <ul style="list-style-type: none"> Internal meetings held Draft TORs were developed and task discussed with NPD; Recruitment finalized; Salaries paid for the 4 officers under the pillar Change management training not undertaken for PEPD management | <ul style="list-style-type: none"> Concluded in 2012 Support to organizational development and capacity building for transitional units. Based on advice from NPD/MPE, identify a consultant to support organization; Support to organizational development and capacity building for transitional units. Based on advice from NPD/MPE, identify a consultant to support organization; payment of salaries for additional Staff for two years; 2 HSE, 1 Communications Officer and 1 IT Person Petroleum Economic Modelling (A joint activity with the Revenue Pillar.) - Change Management training for different Officers in the |

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| | and other government institutions) | | <p>preparations to complete designs to house the Petroleum Data R Laboratory (2011); Bids for construction received (2011); Draft recruitment plans outlined 2011; Additional program staff recruited (2011);</p> <ul style="list-style-type: none"> • Short-term training undertaken; 28 workshops undertaken (2011); | <p>facilities for transitional units</p> <ul style="list-style-type: none"> • 16 short term trainings, 47 staff, benefited. | | <p>Transitional Units to be undertaken in Country (funded by GOU) ;- Continue with capacity building programs as identified in the institutions development workshop</p> |
| 7. National and local participation | <p>a. Skills development for the oil and gas sector: Education Curricular, Trainers educated, Petroleum related course's etc.</p> <p>b. Develop Competence and opportunities for the country's entrepreneur sector; Completion of the local content study, implementation of recommendations from the study, Plan to support development of the skills and competitive competences necessary for the entrepreneurs to participate in the delivery</p> | <ul style="list-style-type: none"> • An adequate National Curricula formulated (Dec 2011); Petroleum training introduced (Two institutions credited by 2013); Number of institutions accredited • A plan to support development of skills (Dec 2013); Appropriate procurement practices facilitating national participation promoted (Dec 2010); Sensitisation workshops (2 workshops per year); Database for planned contracts (2010-14); Information database for certified contractors; QA-systems in place; Compliance with international standards; Implementation of the recommendations of the national content study • Plan and develop a | <ul style="list-style-type: none"> • Support to curriculum design and training of trainers at Uganda Petroleum Institute (2010); Curriculum developed for second year for UPIK (2011); 8 weeks training for trainers undertaken (2011); • A study on challenges and opportunities for implementing Local Content 2010 (first draft expected Feb 2011); Final National content study submitted July (2011); Recruitment of national content officer undertaken (2011); | <ul style="list-style-type: none"> • Worked with UPIK and Makerere in evaluating the IHRDC online training • TORs developed and contracted to develop the National Content Strategy; inception workshop with stakeholders held; Study visits for six district leaders to Norway • Draft procurement guidelines submitted by oil companies reviewed (to be concluded in 2013) | <ul style="list-style-type: none"> • Worked with UPIK and Makerere University in evaluating the IHRDC online training.; Two IT based software's offered by IHRDC and the Norwegian Petroleum Academy were evaluated for Makerere University; - The procurement process is underway to acquire the software for Makerere University. • TOR developed and a Consultant, Bridge SA hired. - The draft National Content Policy was presented and discussed by stakeholders during May 2013; - Draft National Content policy, strategy and plan was prepared and discussed in detail with the team from Bridge during November 2013 and also shared with NPD and MPE;- The second consultation and presentation of National Content Strategy | <ul style="list-style-type: none"> • To be funded by GoU: support to UPIK and Makerere University. • Consultative workshops on development of policy and strategy and plan for national content, facilitated by Bridge Consult; - Presentation of national content policy, strategy and plan -Review and implement strategy for national content; - Hold a second consultative meeting to discuss and harmonize the Plan and Policy; - Conduct four regional consultations to discuss the draft National Content Policy, strategy and Plan; - Finalization of the National Content Policy; - Conduct a stakeholders workshop.; Initiate the implementation of the National content Policy, strategy and Plan. To be concluded in 2015. • Internal PEPD activity, no cost to program |

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| | | procurement system for the oil and gas sector | | | and Plan was postponed to 2014. <ul style="list-style-type: none"> • Procurement guidelines submitted by oil companies were discussed with the Office of the Solicitor General and the Public Procurement and Disposal Authority. | |
| 8. Improved data and records management systems (New changes in result framework marked red) | <p>d. Improved data and records management systems (Crane Database for 2011 including wells)</p> <p>e. Development of procedures for operations and records management systems (Finalize the transcription of seismic Data)</p> <p>f. Develop and implement an IT strategy and maintenance system</p> | <ul style="list-style-type: none"> • GIS-system developed (Dec 2012); Relevant QA/QC- procedures and standards established and updated (Dec 2012); Infrastructure is in place, well operated and maintained • Relevant QA/QC procedures and standards established and updated (Dec 2010); Efficient retrieval of data achieved | <ul style="list-style-type: none"> • Development of Crane Database undertaken (2011); • Transcription of seismic data partly undertaken (2011) • IT person recruited; TORs for strategy and maintenance developed and reviewed (2011) | <ul style="list-style-type: none"> • Development of Crane database concluded; Continuous quality checks with PEPD; Integration of ArcGis and Google earth done • IT-strategy and policy developed by Odin consultancy firm; IT-maintenance system continually updated and developed; IT-procurement needs identified and some equipment procured; Archiving system reviewed and upgrading commenced • Upgrading of the present data and records management system is on going • Development of QA/DC Procedures is on going • Evaluation and compilation of data is on going | <ul style="list-style-type: none"> • Continued to update Crane and integrate with ArcGIS and GE. Quality checks and Crane documentation were developed; - Professional database management systems were evaluated for future consideration; - Stand-alone database developed for costs; - Finalized transcribing seismic data prior to 2011. Started transcribing new datasets; Updated work- flows for archiving/transcription of seismic datasets. • Together with ODIN the following were achieved: • Draft ICT strategy presented • User IT policy and procedures developed and implemented • Equipment for off-site back-up and storage procured. More is needed • IT equipment procured, e.g. GIS work-station etc • Licenses renewed • Procurement process on jointing NITA-National backbone is on-going • Ongoing capacity building on Registry Database for the data management team; On | <ul style="list-style-type: none"> • Continue to maintain Crane database and ArcGIS/GE databases with support from Odin; - Plan two work- shops on Crane/ArcGIS/GE to update task- lists, review regulations, review user comments, etc.; - Migrate Crane Database to a more elegant database facilitated by NPD; - Procuring a more elegant database management system; -Develop costs database and integrate with Crane Reference Database with Support from NPD.; - Develop an Intranet system in line with Crane to support operations in the Department • -Implement IT policy and strategy and maintenance procedure; - Implement an off- site back- up and storage of data; - Procure IT equipment e.g. Servers with support from Odin; - Join NITA national backbone infrastructure. -With support from ODIN, organize four 2 1- week work- shops • Review and start upgrading the archiving system for registry. Develop procedures and start on-demand scanning of documents. Maintain the Registry Database. |

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| | | | | | <p>demand scanning procedures developed and implemented</p> <ul style="list-style-type: none"> • Data submission guidelines developed; work-flows reviewed; records and documents management developed; IT policies and procedures developed and in use; Crane Database documentation reviewed • Managed in-coming data and in-coming and out- going records/documents Continued to update Crane | <p>Start full-fledge scanning. - Update scanning procedures and continue with on- demand scanning</p> <ul style="list-style-type: none"> • Develop and update records and document disposal and retention guidelines with consultation of NPD through a work- shop during the Crane/ArcGIS/GE in 1.8, a). • Evaluate specialized software for data evaluation and compilation. Work-shop with consultants and PEPD Geoscientists to evaluate and compile available data;-Hold a training/work-shop for at least 1 week with Exprodat GIS for Petroleum; -Transcribe legacy and incoming seismic data Procurement of Magma Software license;- Maintain equipment for transcription; Develop and review guidelines archiving/transcribing geo- scientific data - Manage seismic data archiving/storage and transcribe new data |
| 9. Resource Assessment | <p>a. Plan and contribute to the assessment of the country's oil and gas resources and to the national oil and gas inventory: System for continuously updating resource inventory, developed capacity and procedures to assess petroleum resources</p> | <ul style="list-style-type: none"> • Establishment of Play-models established; • Resource inventory system in place; • Updated resource inventory- yet to find resources and discovered resources, • Development of a bio-stratigraphic column of the Albertine Graben (Dec 2010); • • | <ul style="list-style-type: none"> • Plays identified, but activity awaiting completion of the biostratigraphy study (2011); • Preliminary assessment (2011); • Preliminary resource estimated for 2011 based on existing data (2011); • Commenced studies on the basement potential (2011); • Biostratigraphy study | <ul style="list-style-type: none"> • Dynamic reservoir model for Mputa Field was generated; Undertook initial resource estimation for the country • Different resource classification systems were studied and PRMS was adopted and being used • Study of the country's unconventional resources is ongoing • A Biostratigraphic framework for AG was | <ul style="list-style-type: none"> • Play models for AG done • -Basin modelling done using Procured Basin Mod 1D software; Procurement of consultant to undertake Basin Analysis Study not undertaken, for 2014. • Assessment of oil and gas resources for all discoveries estimated for the Albertine Graben and comparison with the oil companies estimates; - 2 workshops held to present the work; - Crane database updated; Preliminary presentation of undiscovered | <ul style="list-style-type: none"> • Completed • -Internal workshop facilitated by NPD on Reservoir Engineering to cover: <ul style="list-style-type: none"> o Reservoir Characterization and performance prediction o Well test interpretation o Well integrity PVT modelling to Initialization strategies for reservoir simulation; - Internal workshop facilitated by NPD on Petroleum Geology, Geological interpretation of well logs, Petrophysical tool measurements and techniques And Development Geology |

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| | | | progressed but not finalized (2011); | finalized; Evaluation of basin analysis commenced | resources made to management; - Comments received, being incorporated. Subsurface model workshop for Ngiri, Jobi Rii , Jobi East <ul style="list-style-type: none"> • Workshop, reserves estimation, risk and uncertainties IFP. - Resource accounting and classification workshop with NPD. - Publication of Uganda's resources figures not done, but included in various external presentations. - PRMS classification system implemented and used - Guidelines for resource reporting by oil companies completed. - Presentation of Uganda's Discovered and Undiscovered resources completed and presented to management; - Participated international conferences on Unconventional Resources. | <ul style="list-style-type: none"> • Completed • One internal workshop to conclude deterministic estimates of oil and gas resources; - Continue probabilistic modelling and hold 3 workshops on progress - Internal Workshop to conclude Stratigraphy; - Procure Basin mod 3d; - Basin analysis, payment of local consultant;- Procure additional petrel geoscience core and geophysics modules; -Procure PanSystems • Analyze 300 palyno-slides with assistance from NPD |
| 10. Regional and International Cooperation | a. Bilateral treaties, Agreement with DRC and Technical standardization reviewed and updated | <ul style="list-style-type: none"> • Enhanced bilateral / multilateral Treaties / Agreements prepared (Dec 2010); Technical standardization guidelines defined | <ul style="list-style-type: none"> • Acquisition of 2D seismic data by company licence in DRC...(2011); Uganda hosted EAPC'11 (2011); | <ul style="list-style-type: none"> • Consultative meetings held with DRC government on acquisition of seismic data in DRC using Ugandan bases • Partial contribution to preparations of EAPAC'13 in Tanzania | <ul style="list-style-type: none"> • TOR for study of regional cooperation developed, but consultant not procured; Consultative meetings on oil in DRC in May and November | <ul style="list-style-type: none"> • Develop TOR and procure a consultant for study on regional cooperation with regard to Petroleum development. • Preparation for EAPCE'15 to be held in Rwanda. Under GoU |

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| 11. Oil and Gas Sector development and investment strategy / plan | a. Strategy / plan for the oil and gas sector developed | <ul style="list-style-type: none"> • Long range petroleum planning capacity built in PEPD (Dec 2011); Sector Investment Plan developed (Dec 2013) | <ul style="list-style-type: none"> • Draft final report on transportation and storage (2011) | <ul style="list-style-type: none"> • Report by Fichtner finalized in February | <ul style="list-style-type: none"> • Integrated FDP was discussed with NPD and resident coordinator; TORs for consultancy to develop National strategy for transportation and storage were developed; Expression of interest for consultancy services • Sector investment plan not yet done | <ul style="list-style-type: none"> • Preparation a National strategic plan for the development of pipelines and storage facilities; - Evaluation of bids to be conducted in Norway in January 2014 and PEPD officials will participate in the process; Hold three workshops for the Consultant to present inception, interim and draft final report of the strategic plan • Plan for the development of a sector investment plan with input from the refinery strategy, National content strategy and transportation strategy and plan among others in dialog with NPD. • |
| Component 3 Midstream Development | Programmed 2010 | Indicators | Delivered 2011 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 12. Midstream Development | <p>b. Institutions responsible for midstream activities strengthened; HR capacity development</p> <p>c. A plan for efficient utilisation of the oil and gas resources and development of attendant infrastructure established</p> <p>d. A licensing framework for midstream activities / facilities established and development of midstream facilities</p> <p>e. Establish an operational monitoring system for midstream</p> | <ul style="list-style-type: none"> • Functional analysis done (June 2010); Adequate institutional arrangements and personnel in place (Dec 2010); Training requirements from the functional analysis implemented (Dec 2010); Midstream structure in place. • A Petroleum Utilization Plan developed (2012); Plan for the development of midstream facilities in place (2012). • A good licensing framework for midstream activities/facilities | <ul style="list-style-type: none"> • Study visit (2011); Delivery of office furniture / equipment (2011); | <ul style="list-style-type: none"> • Change in program, moved activities to 1.6 (Institutional development and capacity building) | <ul style="list-style-type: none"> • Training in petroleum refining and pipeline development and in oil and gas project financing and legal aspects not undertaken. No relevant courses were available. | <ul style="list-style-type: none"> • Two officers to participate in training in Health Safety environment and Quality (HSQE) in refineries, pipelines and gas conversion facilities to be merged with workshop under 1.4 |

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| | <p>facilities and activities Establish standards for midstream activities / facilities</p> <p>f. Ensure least cost processing of midstream facilities and third party access to capacity in midstream facilities</p> <p>g. Study to evaluate the opportunities for the development of a petrochemical industry</p> | <p>developed (June 2011); Licensing of facilities done.</p> <ul style="list-style-type: none"> • An operational monitoring system established (June 2013); Standards developed/ adopted (June 2013). • A pricing and tariff methodology developed (June 2013); Third party procedures developed. • A study on petrochemical development undertaken (June 2012). | | | | |
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Others:

- Initiation of Multi Client Seismic survey initiated (2012)
- Drafting of supervisory framework for wells and seismic monitoring

Annex D- 2: Annual Results – Revenue Pillar

Component 1: Legal Framework Policy

Component 2: Pillar Secretariat / Management

Component 3: Revenue Administration

Component 4: Monetary Policy Framework

Component 5 Banking Accounting Audit .

| Component 1 - Legal framework and policy | Activities (From results framework AR 2012) | Indicators | Delivered 2010/11 | Delivered 2012 | Delivered 2013 | Planned 2014 |
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| 1.1 Drafting the Revenue Management Policy Paper to establish collection, accounting and utilisation of oil and gas resources, payment modalities approved for consideration by cabinet and parliament | <ul style="list-style-type: none"> a. Incorporation of the draft RMP by Norway MoF b. Cabinet approval c. Publish and disseminate | <ul style="list-style-type: none"> • Oil revenue management policy (will commence in 2010 the process should be completed by Dec 2012) | <ul style="list-style-type: none"> • Comments from the Norwegian MoF incorporated into the Revenue Management Policy (2011); The policy submitted to Cabinet (2011); | <ul style="list-style-type: none"> • Oil Revenue Management Policy Paper was submitted to Cabinet and approved January 2012: Published and disseminated 2000 copies. • Pre-budget work shop was successfully held • | <ul style="list-style-type: none"> • A workshop to follow up on the review and update of Uganda's DTAs took place in December 2013 - Consideration of pre-budget matters with regard to tax proposals and amendments. This activity did not relate to Oil and Gas as we did not undertake any such amendments during the budget. It was therefore considered Government Business as usual and would not consist sponsored outputs of the OfD program. • Examining the application of Uganda's current fiscal regime was not undertaken owing to the freeze of funding | <ul style="list-style-type: none"> • Follow- up on review and update of Uganda's Double Taxation Agreements in Norway • Workshop to examine and review Uganda's Petroleum tax legislation, policies and related fiscal administration challenges and to carry out analysis of taxation points along the petroleum value chain (5 days) • Consultative workshop to follow up b) above (3 days) • d) Workshop on Operationalisation of the Oil and Gas Revenue Management Policy and consult on the Draft Guidelines and Regulations for |

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| | | | | | | the Petroleum Fund Management (external expert) 5 days |
| 1.2 Amend the Public Finance and Accountability Act (PFAA) to make provisions for the management of oil and gas revenues | <p>a. Drafting principles of the consolidated PFM law</p> <p>b. Drafting the consolidated PFM law including Petroleum provisions</p> | <ul style="list-style-type: none"> • Creation of the Petroleum Fund and the Governance model detailed in the PFAA amendments (Consultations commence in 2010 the target for completion early 2012) • | <ul style="list-style-type: none"> • Consultative workshops held (2011); A technical IMF mission supported drafting of the first draft PFM bill (2011); Benchmarking visit to Botswana (2011); Study visit to UK; Two retreats to review legal framework; Principles of the PFA Bill approved by top-management in October (2011); • Draft bill and principles submitted to Cabinet Nov (2011); Proposed principles submitted to Norwegian MoF for comments Nov (2011); | <ul style="list-style-type: none"> • The Public Finance Bill was drafted with tax amendments • Comments to the draft bill were received from Norwegian institutions, IMF, selected government institutions and other stakeholders, and taken into consideration • The Public Finance Bill was submitted to Parliament in April for first reading and is currently before the committee of Parliament on Finance and Economy • Workshop for MPs NOT done, Gazette / printing of the law delayed, drafting and sensitization of relevant regulations and fund management delayed | <ul style="list-style-type: none"> • A three- day retreat for Members of Parliament from the relevant committees (Finance, Budget and National Economy, Natural Resources, Environment, Legal and Parliamentary Affairs) was held to discuss the Public Finance Bill. • Currently, discussions on the Public Finance Bill between the relevant committees of Parliament and MFPED are ongoing. • Drafting and sensitization of relevant regulations for Public Finance Bill was not undertaken. This process requires the PFB to be passed into law. | <ul style="list-style-type: none"> • Included in workshop d) above • |
| 1.3. Existing tax legislation and regulations reviewed and updated | <p>a. Reviews and updates</p> <p>b. Capacity building</p> | <ul style="list-style-type: none"> • Model PSAs in harmony with tax laws (Dec 2011-2014) • Income Tax laws (annual activity) • How to capture windfall gains | <ul style="list-style-type: none"> • A retreat took place (2011); A brainstorming meeting between URA, MFPED and MJCA (2011); | <ul style="list-style-type: none"> • Four day workshop for 30 officers held on double taxation agreements model for oil and gas sector • 20 officers in USA on Oil and Gas Law • 29 officers in 3 days in-house training on PSA, production profiling and fiscal forecasting; • 2 officers trained in | <ul style="list-style-type: none"> • Initial meetings on EITI through different fora were held during the year, including those with Civil Society Organizations. | <ul style="list-style-type: none"> • No activities listed |

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| | | | | international petroleum transactions <ul style="list-style-type: none"> • 6 officers from MFPED and MJCA trained in fiscal policy and petroleum legislation and international oil and gas development; • 5 officers participated in Petroleum conferences | | |
| Component 2 – Revenue pillar management | | Indicators | Delivered 2011 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 2.1. Assessment of the existing institutions conducted | | <ul style="list-style-type: none"> • Improved government take from oil and gas activities (2010) • Reforms made in the existing institutions (2010) • | • | <ul style="list-style-type: none"> • Framework for participating in EITI not done; | • | • |
| 2.2 Human resource plan analysed and updated | <p>a. Conduct oil and gas capacity needs assessments for Revenue Management Pillar institutions and develop an integrated capacity building plan for the pillar</p> <p>b. Analysing and updating HR plan</p> | <ul style="list-style-type: none"> • New human resource plan for all relevant institutions (2013) | <ul style="list-style-type: none"> • Capacity Needs assessment undertaken by Hartmark; Final report submitted and is due for publication (2011). • Awaiting the capacity needs assessment | <ul style="list-style-type: none"> • Preliminary discussions were made by the component coordinators to conclude this in 2013 • Analysing and updating HR plan not done; • | • | • |
| Cross-cutting activities / Revenue pillar operations (New 2012/13) | <p>a. Sensitization Visits to Albertine Graben</p> <p>b. Team retreat to update detailed activity plan and budgets</p> <p>c. Quarterly Pillar coordination meetings</p> | • | <ul style="list-style-type: none"> • Two oil field visits undertaken (2011) • RMP retreat held (2011) • Six pillar coordination meetings held (2011) • | <ul style="list-style-type: none"> • Two field visits to AG (April and Nov.). 26 Participants from MFPED and MJCA • Two pillar retreats Nov and Dec to draft the activity plan for 2013 • Monthly pillar meetings to monitor progress | • | • |

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| | | | | <ul style="list-style-type: none"> • Two NTC subcommittee meetings held • TORs for the NPTC (?) drafted | | |
| Capacity building (New in Annual Report 2013) | | • | • | <ul style="list-style-type: none"> • 20 officers undertook training in fundamentals of international Oil and Gas Law (USA) • 25 officers trained in accounting requirements and regulations for the oil and gas industries • One officer trained in legislative drafting (USA) • On the job training on analysing available information not done; Establish / improve system and procedures for collection of information from petroleum companies not done | • | • |
| 3.0 Revenue administration (New in Annual Report 2013) | Review and finalize the Petroleum Tax Manual (with input from OTO – Norway) | • | • | • Not done | <ul style="list-style-type: none"> • The part 2 of the Petroleum Tax Manual was discussed internally in the URA in September 2013 and later sent to OTO for comments. This part of the manual deals with taxation of petroleum operations in Uganda. The Petroleum Tax Manual was not fully reviewed and completed owing to the freeze of funding in the first half of the year which delayed the start off of this activity. • The on job attachment was not undertaken given the delayed | <ul style="list-style-type: none"> • Continued Review and complete the Petroleum Tax Manual (with TA from OTO) • On job attachment with the OTO, 1 -1,5 weeks for 2 officers |

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| | | | | | <p>commencement of the review of the Petroleum Tax Manual as a result of the freeze in funding</p> <ul style="list-style-type: none"> • Workshop to review, discuss and finalize part 2 of the manual was held between 9th and 13th December 2013. The output of this workshop is a final draft of part two of the Petroleum Tax Manual. | |
| Component 3– Fiscal policy component (point 4 in annual report 2013) | Activities (From results framework AR 2012) | Indicators | Delivered 2011 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 3.1 The current fiscal framework assessed, taking into account the impact of oil and gas activities | <p>a. Assessing the fiscal framework</p> <p>b. Capacity building</p> | <ul style="list-style-type: none"> • Oil and gas activities are incorporated into the macroeconomic framework. Development of the Petroleum Revenue Model will be considered (work will commence in 2010, the target is completion date 2011) • All revenues and public investments are accommodated within the government Medium and Long Term Fiscal Framework | <ul style="list-style-type: none"> • Retreat to concretize concept note held (2011); First draft of the Fiscal and Monetary framework developed (2011); Comments on cash flow forecasting framework from MoF Norway and consultation meetings held to review underlying assumptions; 4 day work visit to Norway on Revenue Management Policy , Fiscal and Monetary framework, COA and PFAA (2011) • A senior officer attended 8 weeks PETRAD course (planned 4 persons) (2011); In house introductory course for 20 staff conducted by PFC Energy (2011); Two months online learning | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • Finalization of the Fiscal and Monetary Framework Policy Paper is awaiting the completion of the Integrated Macro Economic Model for Uganda whose findings, following the required simulation, will be an input in the Paper. • | <ul style="list-style-type: none"> • Retreat to review the, discuss and finalize F&MP • Submission of improved draft consolidated F&MP to NMoF Norway experts |

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| | | | course for seven staff | | | |
| 3.2 A fiscal policy strategy paper drafted (NOT REPORTED in 2012 AR) | a. | <ul style="list-style-type: none"> • Assessment of the existing fiscal policy guidelines (deciding on the rules for the use of oil and gas revenues) (2011) • Development of adequate saving instruments • Investment portfolio proposed • Broad public consultations involving key stakeholders made | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • Delayed, pending on the completion of the macroeconomic model / integrated economic model which is delayed. | <ul style="list-style-type: none"> • Charter of fiscal Responsibility - The charter is a requirement under the Public Finance Bill which has not yet been passed. Consultations cannot be made until it is a legal requirement. • | <ul style="list-style-type: none"> • To be handled with 3.0 above |
| Capacity building (new in annual report 2013) | | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • 2 officers from MFPED undertook training in Petroleum project management and economics. • Training in fundamentals of petroleum economics delayed | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • |
| Component 4– Monetary policy management component (Component 5 in annual report 2013) | Activities (From results framework AR 2012) | | | | | |
| | | Indicators | Delivered 2011 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 8. The current monetary framework assessed and updated, taking into account the | | <ul style="list-style-type: none"> • Developing an efficient system for handling capital outflow (2012) • Designing an appropriate monetary policy framework | <ul style="list-style-type: none"> • Consultations to review the Monetary Framework undertaken as a joint activity under component 3 and 4 (2011); Officials | <ul style="list-style-type: none"> • 25 officers from BoU and MFPED participated in a 14 day training in modelling oil and gas revenue macroeconomic framework. • Assessment of the | <ul style="list-style-type: none"> • Activities to be handled under component 3.0 above (Fiscal Policy) (4.0 in results matrix 2013) | <ul style="list-style-type: none"> • Activities to be handled under component 3.0 above (Fiscal Policy) (4.0 in results matrix 2013) |

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| impact of oil and gas activities | | | from BOU accompanied MFPED to Norway in June 2011 to discuss the PFAA, RMPP and the Fiscal and Monetary Policy Paper (2011); | effectiveness of the current monetary framework under oil regime not done – awaiting completion of the integrated macroeconomic model by MFPED which will provide statistical inputs. • Expertise from Norwegian Reserve Bank not yet requested from BoU. | | |
| Component 5– Banking arrangements and accountability components | Activities (From results framework AR 2012) | Indicators | Delivered 2011 | Delivered 2012 | Delivered 2013 | Planned 2014 |
| 9. Develop capacity to manage and account for oil and gas revenues | <p>a. Developing a Chart of Accounts</p> <p>b. Capacity Building in the international accounting standards in petroleum</p> | <ul style="list-style-type: none"> Banking, accounting, reporting and auditing functions improved to meet the best practice (2011) | <ul style="list-style-type: none"> Two senior staff from AGO attended training in oil and gas application of the key standards and updates in SA (2011) | <ul style="list-style-type: none"> Meetings with oil companies were held to develop the Chart of Accounts; Chart of Accounts finalized and 300 copies were produced and disseminated to stakeholder institutions 15 officers from AGO undertook five day training in Auditing the petroleum exploration and production industry. 6 officers from the AGO in International short courses in Oil and Gas law and accounting. In-house training cancelled due to high costs. | <ul style="list-style-type: none"> (To spearhead activities under component 1.2) – The chart of Accounts is a part of the Public Finance Bill amendments process. The procurement process was delayed due to extensive consultations . Comments and amendments were taken into consideration for the final version of the charts. The Accountant General's Office held a petroleum conference on Tuesday 1st October 2013 under the revenue management pillar. In this conference members discussed how increased transparency and accountability in the emerging petroleum sector in Uganda can help foster effective and sustainable resource exploration | <ul style="list-style-type: none"> Activities to be spearheaded under component 1.2 (Drafting the Consolidated PFM Law including Petroleum Provisions) Petroleum Conference (Auditor General's Office) |

Annex D- 3: Annual Results – Environment Pillar

| Components | Indicators | Delivered 2010/11 | Delivered 2012 | Delivered 2013 | Planned 2014 |
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| 1. Strategic Environmental Assessment (SEA) for the Albertine Graben conducted and results widely disseminated | a. Report produced and disseminated (2010) | <ul style="list-style-type: none"> • Two retreats by steering committee to develop the SEA TOR; Procurement of SEA consultants completed (2011) • Sensitivity atlas update not undertaken (2011) | <ul style="list-style-type: none"> • Local and external consultants procured and kick off meeting with stakeholders in March • Inception report delivered and stakeholders review in May | <ul style="list-style-type: none"> • Stakeholder workshop to review the draft SEA • SEA finalised. • Report printed but not yet disseminated awaiting cabinet approval of the recommendations in the report | <ul style="list-style-type: none"> • SEA draft given to Cabinet, and recommendation adopted. • High level meetings to consider and to disseminate SEA recommendations Develop implementation plan. Budget at Program Management • |
| 2. Capacity development programs developed and implemented in all relevant institutions, fore areas identified as relevant/critical to the oil and gas sector based on capacity needs assessment | <p>a. Capacity needs assessment conducted in all relevant organisations based on agreed TOR (2010)</p> <p>b. Capacity plan for all relevant institutions developed and approved (2010)</p> <p>c. Capacity development programs implemented</p> | <ul style="list-style-type: none"> • Local consultant procured and inception report submitted, reviewed and completed (2011); Study visits to Norway (2011); Oil accounting course in SA for chief accountant (2011); A team from Ministry of Lands... undertook study trip to US (2011); | <ul style="list-style-type: none"> • Report for capacity needs assessment -Stakeholders workshop to review the report. Report is under finalization. | <ul style="list-style-type: none"> • 2 weeks internship at KLIF, 3 day training in reviewing EIA's not done due to freeze in funding • One NEMA staff at 8 weeks Petrad course, 37 staff from central and local gov attended a one week course in value-chain fundamentals. | <ul style="list-style-type: none"> • 2 weeks course at KLIF • 3 day training in EIA review • 1 week course for 40 staff in environmental aspects • Other training • Training of Environmental Regulatory Review team in legal aspects • Training of UWA staff • Continuous feedback from Norwegian institutions • Training for NFA staff in AG |
| 3. Environmental and biodiversity related policies reviewed with respect to oil and gas including biodiversity off-sets, and presented for approval | a. Policies reviewed and updated for Wildlife, Forestry, Water resources management, Fisheries, Environment management, Land use, and Occupational health and safety (2014) | <ul style="list-style-type: none"> • No activities | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • Not reported | <ul style="list-style-type: none"> • Not reported |

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| <p>4. Existing Acts reviewed, recommendations drafted and presented for approval</p> | <p>a. Acts reviewed and updated for Wildlife, Forestry, Wetland, Water resources management, Fisheries, Environment management, Land use and Occupational health and safety (2011-2014)</p> | <ul style="list-style-type: none"> • No activities | <ul style="list-style-type: none"> • Procurement of a consultant to review National Environment Act was concluded in December, and the review commenced | <ul style="list-style-type: none"> • Consultant to review the National Environment Act submitted inception report. Delay due to freeze in funding | <ul style="list-style-type: none"> • Technical Review meeting of draft amended National Environment Act • 5 Regional consultative Meetings to validate amended NEA • Consultative meetings with members of parliament • Final drafting meeting |
| <p>5. Management Plans for protected areas, and relevant sector plans for the AG, reviewed and updated taking the oil and gas issues into consideration</p> | <p>a. (12) wildlife protected area management plans reviewed and prepared (Two management plans reviewed per year) b. (7) Central Forest Reserves management plans reviewed (1CFR management plan reviewed per year)</p> | <ul style="list-style-type: none"> • Murchison Fall National Park - given the many issues and the size of the MFPA(?), it was not possible to complete as planned. A follow-up workshop will be held in 2012; Queen Elisabeth General management Plan completed, due to be presented to Board for approval (2011) • Maramagambo forest management plan reviewed, awaits approval of minister (2011); Budongo Forest Management Plan reviewed and comments from consultations are being incorporated (2011) | <ul style="list-style-type: none"> • Proposal for Sensitivity Atlas for Murchison Falls National Park was undertaken; Drafting of the Management plan for MFNP and presentation of the plan to stakeholders was undertaken; Final drafting for presentation to Board of MFNP is underway • Review of Bugoma CFR Management Plan was initiated and consultations finalized in December | <ul style="list-style-type: none"> • QENP management plan printed • Developing Sensitivity Atlas for MFNP started and retreat to analyse data collected held in May • MFNP Management plan awaiting board approval • Bugoma Central Forest Reserve Management Plan approved by board, awaiting printing • Eight physical plans for towns facing pressure have been developed and presented stakeholders • Review of Bugoma CFR Management plan?? • QENP and MFNP Ramsar sites management plan delayed due to freeze • Eight fish catch assessments surveys on Lake Albert and Albert to obtain baseline info conducted | <ul style="list-style-type: none"> • Print MFNP and Kabwoya GMPs • Baseline data collection and finalization of the sensitivity atlas for MFNP • Printing of sensitivity atlas for MFNP • Training of selected physical planning Committee within the AG special planning Area • Development of land use plans for Pakwach (revision), Kabwoya, Bugoma/Kyangwali & Kaiso. • Review management plans for Pakwach Forest management Area. • print Masege Forest Management Plan • Review and update of Murchison falls Albert- Delta Ramsar site. • Review and update of Lake George Ramsar site. • Lake Albert/Albert Nile fish catch assessment surveys. |
| <p>6. An Environmental Monitoring system for the AG, with clear</p> | <p>a. Indicator list established (2010) b. Indicator baseline data available (2010)</p> | <ul style="list-style-type: none"> • Scoping process for indicators done and draft list of indicators prepared (2011); Scoping workshop held and report published | <ul style="list-style-type: none"> • Monitoring plan for the AG was finalized, published and printed; Governing structures were established and activated through | <ul style="list-style-type: none"> • Implementation of monitoring plan partly started but delayed due to freeze in funding | <ul style="list-style-type: none"> • Implementation of monitoring plan • Continuation of base line surveys (plants, Birds, small mammals, etc). |

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| <p>and agreed indicators, is established</p> | <p>c. Monitoring methodology developed (2010-11) d. Procedures for organisation and dissemination of data agreed (2011) e. Roles and responsibilities agreed (2011)</p> | <p>(2011) <ul style="list-style-type: none"> • Baseline surveys were undertaken (to be used in next sensitivity atlas); Data quality and exchange workshop for EIN members to discuss legal frameworks, dissemination, data structures etc. • A background paper for the development of the AG Monitoring plan was completed (not printed) (2011); AG monitoring plan / budget drafted; • Standards for statistical and spatial data have been agreed on and modalities are being drawn up for approval (2011); • Meetings with key institutions providing environmental data held (2011); </p> | <p>establishment of steering committee; <ul style="list-style-type: none"> • Monitoring teams from relevant institutions were established to take forward the monitoring plan and a reporting and coordination mechanism has been put in place • Data management structures were established and a Data Quality, Management and Dissemination has commenced </p> | <ul style="list-style-type: none"> • Some baselines surveys on water quality, wetlands, fisheries and socio-economic were carried out. Activity progress was highly affected by the freeze in funding. • Coordinated monitoring - Teams have been formed under five themes. Aquatics under the Department of Fisheries Resources, Terrestrial under Uganda Wildlife Authority, Society under WWF and Uganda Bureau of Statistics, UBoS. Management and Business under National Forestry Authority and Physical Chemical under Directorate of Water Resources Management • Data quality, management and dissemination- The teams were trained on data collection and the use of the data forms. implementation was affected by the freeze in funding | <ul style="list-style-type: none"> • |
| <p>7. Environmental regulations and standards relevant to the oil and gas sector developed and/or revised</p> | <p>a. Review performed, documented and discussed at workshop of stakeholder authorities including selected group of local government representatives supplemented by relevant expertise from academia (2010/11) b. Draft amendments</p> | <ul style="list-style-type: none"> • TOR and procurement of consultant undertaken (2011) | <ul style="list-style-type: none"> • Procurements for contracts to review audit regulations, review draft oil spills regulations, develop vibrations regulations, review EIA regulations, review the national environment (standard for discharge to effluent into water or land) were concluded and contracts were signed. Work has | <ul style="list-style-type: none"> • A 2nd draft report on audit regulations has been submitted by the consultant after stakeholder input • Draft oil spills regulations have been submitted the consultants • A first draft of the Air quality regulations have been submitted by the consultants • A first draft vibrations pollution regulations were | <ul style="list-style-type: none"> • finalizing the Update Audit regulations • finalizing the Development of oil spill regulations • • finalization of the Developed air quality standards and regulations • finalizing the Update effluent discharge standards • finalizing the update of noise regulations and development of |

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| | <p>proposed and discussed at national workshop with representation from local government in all 22 AG districts as well as from industry and NGOs (2011)</p> | | <p>commenced.</p> <ul style="list-style-type: none"> • A contract to develop Air quality regulations was signed and an inception report was submitted. • The review of Water (Waste Discharge) Regulations was completed | <p>submitted by the consultants</p> <ul style="list-style-type: none"> • A second (revised) draft of the amended EIA regulations were submitted by the consultants • A second (revised) draft of the amended National Standards regulations were submitted by the consultants | <p>vibrations standards</p> <ul style="list-style-type: none"> • finalizing the Update EIA regulations • 2 weeks preparations for workshop on overview of regulations relevant for the petroleum industry • Technical Review meetings/workshops for developed regulations • • |
| <p>8. Hazardous waste management system strengthened</p> <p>Oil and gas exploration and production waste management guidelines developed</p> | <p>a. Waste types from oil and gas industry identified and categorised (2010)</p> <p>b. Proposal for waste management system including proposal of disposal sites and treatment solutions elaborated (2011)</p> <p>c. Proposal of waste management regulations presented for approval (2011)</p> | <ul style="list-style-type: none"> • Bids on tender to undertake evaluation (2011); The Climate and Pollution Agency participated in field mission to collect samples analysed in Norway (2011); A study trip to Norway on Hazardous waste management and compliance monitoring (2011); | <ul style="list-style-type: none"> • Procurement of a local consultant for developing guidelines for management of hazardous waste regulations was concluded and a contract was signed. | <ul style="list-style-type: none"> • A first draft of amended (?) waste management regulations has been submitted by the consultants • Stakeholder work shop delayed • | <ul style="list-style-type: none"> • Finalizing the Update waste management regulation and develop hazardous waste guidelines • Review of soil regulations in relation to oil and gas • Audit of licensed waste and transportation, storage and disposal facilities • Development of landfill regulations and guidelines |
| <p>9. Framework for compliance monitoring and enforcement of the oil and gas industry strengthened</p> | <p>a. Proposal of financing mechanisms of the audits developed (2012)</p> <p>b. System for planning and prioritising of audits developed (2012)</p> <p>c. Checklists and training on how to carry out the audit (2013)</p> <p>d. Procedures on how to report and how to</p> | <ul style="list-style-type: none"> • TOR for local consultant developed, a consultant was procured and submitted an inception report (2011); Meeting on guidelines / review of existing audit mechanisms; Field visit to Norway combined with output 8 (2011); | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • Development of EIA database started in December 2013. Was held up due to the freeze in funding but resumed in December (2 officers from NEMA travelled to Norway for the database technical specifications deliberations) • Piloting testing of the auditing of the ECMS done in January 2013 in conjunction with the Norwegian Environmental Agency, NEMA, UWA, PEPD, | <ul style="list-style-type: none"> • Development of EIA database to improve compliance monitoring • Piloting compliance and enforcement strategy • |

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| | <p>handle non-compliance elaborated (2013-14)</p> <p>e. Licensed facilities inspected and audited (2013)</p> <p>f. Monitoring equipment procured (2011)</p> | | | DWRM on Tullow activities | |
| 10. National oil spill contingency plan developed and operationalized | <p>a. Oil spill risk assessment performed</p> <p>b. Contingency plan proposal developed and discussed at stakeholder workshop</p> <p>c. Workshop to discuss contingency plan with neighbouring countries held</p> <p>d. Key personnel trained</p> | <ul style="list-style-type: none"> • Procurement of local consultant is underway, and international consultant was procured by Norwegian partners and undertook a field visit to AG (2011); • Inception workshop on risk assessment and oil spill contingency plan undertaken (2011); • | <ul style="list-style-type: none"> • EIA review of OSCP is on going • Procurement of local consultant to undertake the National oil spill contingency mechanism was concluded and a study visit (joint practical exercise) to the AG was undertaken | <ul style="list-style-type: none"> • Finalization of Environmental Risk Assessment and Oil spill Contingency Analysis was affected by the freeze in funding. However the local consultants submitted an interim report but couldn't continue in the absence of the international consultants • Drafting of National Oil Spill Contingency Plan not yet done (dependent on the above) • | <ul style="list-style-type: none"> • Finalize Environmental Risk Assessment and Oil Spill Contingency Analysis • Initiate drafting of National Oil Spill Contingency Plan (Inclusive of above budget) • Technical Review meetings/workshops for the NOSCP |
| 11. Program management | | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • 6 pillar meetings held to discuss the progress of the pillar and draw up work plans and budget | <ul style="list-style-type: none"> • 2 quarterly pillar meetings and an annual planning meeting held. | <ul style="list-style-type: none"> • Pillar meetings and Pillar Staff Salaries • |