

April 2020; Issue 4

THE TULLOW OIL-TOTAL DEAL IS BAD! IT MUST BE REJECTED BY GOVERNMENT AND CITIZENS

Photo: Courtesy of *Daily Monitor*



People whose homes have been affected by flooding of lakes Victoria and Kyoga. The flooding is as a result of environmental degradation and climate change. Oil activities in Uganda will worsen environmental degradation and climate change, leading to worsened impacts such as these.

In this newsletter:

- The Tullow Oil-Total deal is bad! It must be rejected by government and citizens
- Pictorial and lobbying
- In the media
- Upcoming events



Editorial

April has been a tough month for not only Ugandans but the citizens of the world. During the month, countries continued to struggle to contain COVID-19. Despite stakeholders' best efforts, the disease continued to spread killing both the old and young.

This is most unfortunate and we continue to express solidarity with the sick and those that are at the forefront of fighting the pandemic.

The spread of COVID-19 wasn't the only unfortunate event that took place globally, regionally and locally. Other events such as flooding in over eight districts in Uganda due to Lake Victoria bursting its shoreline among others, displacement of over 7,200 people because of the flooding and fear caused by water taking over beaches, beach hotels and island or shoreline communities' homes were seen.

Other events that were seen included fears that landslides could occur once again in the Elgon sub-region, a new wave of locust invasion and a nationwide blackout caused by a floating island interrupting power supply at Nalubaale, Kiira and Bujagali hydropower dams among others.

The above unfortunate events led many Ugandans to conclude that nature was fighting back after being degraded. Indeed, environmental experts from the Ministry of Water and Environment, Ministry of Energy, the National Environmental Management Authority (NEMA) and others explained that all the above were caused as a result of environmental degradation.

While Ugandans were still reeling from the above events, Total announced that it had agreed to acquire Tullow Oil's entire stake of 33.33% in the Lake Albert oil project at \$575 million. It was also announced that the Ugandan government had indicated its willingness to accept \$14.6 million as capital gains tax from the Tullow Oil-Total sale. Government called

the planned sale a milestone that would lead to the Final Investment Decision (FID) being taken, therefore unlocking the estimated \$15 billion to \$20 billion oil investments.

The discussion on how oil exploitation would worsen environmental degradation, the occurrence of pandemics and global warming and its impacts such as flooding that are being seen in Uganda and globally was skirted over.

Instead, both government and oil companies focused on assuring Ugandans that the Tullow Oil-Total deal will transform the country.

The main question is whether or not Ugandans should celebrate the above despite the tax losses, secrecy around the deal, environmental threats, climatic change challenges, threats to community livelihoods and other impacts of oil exploitation in Uganda.

We answer this question in our **Word from CEO and Partners**. In the section, we show how the Tullow Oil-Total deal is a clear indication that Uganda like all other oil producers in Africa has not gained capacity to exploit oil and escape the oil curse due to many governance failures.

Away from our Word from CEO and Partners, this month, AFIEGO organised or undertook a number of online and other activities including: mobilising civil society organisations (CSOs) and citizens to reject the Tullow Oil-Total sale, undertaking media engagements to expose the social, environmental and economic dangers of the above deal and pressuring the Ministry of Energy to release findings of the investigations into the oil spill that happened at Kibiro-Hoima.

We also supported CSOs from the Democratic Republic of Congo (DRC) to engage their government to ensure that the Ugandan government consults DRC border communities before commencing oil exploitation in Uganda.

More so, we empowered youth and women

to promote green jobs through pressuring the government to put in place an off-grid solar energy policy and solar equipment consumer protection laws among others. We also issued weekly energy news updates to keep Ugandans and all other stakeholders updated on energy sector events to promote transparency and accountability.

The products such as communiques, open letters, statements, press releases and others that were produced from the above activities will be captured in our **pictorial** and **lobbying** section. The sections have been merged because the online activities we implemented resulted in the production of lobby and advocacy materials.

Finally, in **in the media section**, you will see some of the newspaper articles written by our staff and partners as part of our public education and lobby efforts. The articles were published by major national and online newspapers in Uganda. In addition, newspaper and online media articles were also published from our lobby and advocacy products such as communiques, advocacy letters, press statements and others.

We hope you will enjoy the newsletter.

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THE TULLOW-TOTAL SALE DEAL IS BAD! IT MUST BE REJECTED BY GOVERNMENT AND CITIZENS

Many events caused by environmental degradation defined the month of April.

First, at 12.13pm on April 14, 2020, the entire country was plunged into darkness. Ugandans had been waiting for the president to address them about the new measures to fight COVID-19 when like clockwork, the entire country experienced a blackout.

Quickly, government agencies explained that a floating island, the size of two football fields, had docked at the Nalubaale hydropower station (Owen Falls Dam) and had disrupted power generation from Nalubaale, Kiira and Bujagali hydropower dams.

Power was restored but experts warned that more floating islands were headed towards Nalubaale hydropower dam, which could cause more blackouts and even endanger the lives of surrounding communities if no action was taken to stop the floating islands from reaching the dam.

Thereafter and even before the above incident, news, photos and videos of the flooding of beaches, beach hotels, island and shoreline communities' homes in Kampala, Masaka, Mukono, Kayunga, Kalungu, Bugiri, Ntoroko and Nakasongola districts among others were circulated.

Environmental experts explained that heavy rains had caused increased water levels in Lake Victoria, which had burst its shoreline. This led to flooding, displacement of over 7,200 people, business losses, fear of increased unemployment levels and others.

After the above, on April 29, 2020, local leaders in Bududa district in Eastern Uganda cried out to government to relocate communities over fear of looming landslides. Nearly over 1,000 people have been killed or have gone missing since

2010 due to landslides in the district. The leaders explained that their area was experiencing a high amount of rainfall that was bound to result in more landslides.

Furthermore, the world continued to fight against COVID-19, a disease that has unfortunately ravaged the world since December 2019.

ENTER TULLOW-TOTAL SALE

The above events, which were linked to environmental degradation, call for more care to be given to the promotion of environmental conservation to avert disasters. Despite this, on Thursday April 23, 2020, Tullow Oil and Total announced that negotiations for Total to acquire Tullow's entire stake of 33.33% in the Lake Albert oil project, a project that is located in one of the most ecosensitive and biodiverse areas in the world, had been concluded.

The two companies got the blessing of Uganda's government and business people who hope that the sale will lead to the Final Investment Decision (FID) to unlock investment worth \$15 billion to \$20 billion in the oil sector.

The above blessing was baffling! A government that had rejected a tax of \$85 million on Tullow Oil's sale of 21.57% of its stake is now willing to accept a tax of only \$14.6 million from the sale of 33.33% of Tullow's assets, a stake that is bigger than the earlier one of 21.57%.

That our government is blessing deals where it is getting lower taxes is mind-boggling. That the same government is endorsing oil sales at a time when oil prices are at their lowest leading to tax losses of \$152.4 million speaks volumes.

Why is government endorsing oil deals now when oil prices are low? Why rush to conclude unfair oil deals at a time when citizens are suffering from starvation, hopelessness and the impacts of environmental degradation?

Only Ugandans have the power to stand up and pressure government, which is in a dangerous rush to commence oil production, to reject the unfair Tullow Oil-Total deal to avoid its implications as discussed below.

IMPLICATIONS

(a) Government's future ability to collect taxes:

As has been previously stated in this newsletter and our prior publications, Total agreed to buy Tullow's entire stake in the Lake Albert oil project at a cost of \$575 million.

Government will collect capital gains tax (CGT) of \$14.6 million. This tax is lower, by \$152.4 million, than that of \$167 million that government had insisted on getting when Tullow sought to sell 21.57% of its assets to Total and CNOOC.

The above planned farm-down collapsed in 2019 due to government's valiant insistence on collecting the right tax. To pressure government to accept further deals, Total suspended activities on the East African Crude Oil Pipeline (EACOP) project. Negotiations between Uganda's president, Yoweri Kaguta Museveni, and the Total president, Patrick Pouyanne, were also held. The pressure from oil companies culminated in the current proposed deal through which Uganda will lose taxes.

Ugandans must recall that since 2006, Uganda's oil sector has suffered from many bad decisions due to unfortunate precedents set in previous deals. For example, between 2007 and 2010, government and parliament made over four amendments to the Income Tax Act of 1997 regarding CGT. These are the amendments that led to a tax dispute between Heritage and the Ugandan government and as a result of the dispute, Uganda spent over four years in court battles over taxes. In 2012, Tullow Oil sold some of its assets to Total and CNOOC in deal of \$2.9 billion. Government lost \$157 million in taxes.

It is therefore clear that every bad decision we make in our oil sector today affects the next projects. Yes, government may rush because it wants the FID to be made to commence the

Tilenga, Kingfisher and EACOP oil projects. But, there are no guarantees that quick fixes such as accepting low taxes and allowing oil activities that degrade the environment without adequate mitigation measures will benefit the country and improve the livelihoods of Ugandans.

(b) Government ability to transform Ugandans' lives:

Government's ability to transform Ugandans' lives is at stake if the right taxes are not collected and the environment is not conserved.

This is because under Uganda's National Development Plan III (NDP III), government identified the exploitation of Uganda's oil and gas resources as one of the development pathways that would be pursued to transform Ugandans from poverty to prosperity. Through the NDP III, government envisioned achieving the above through "increasing revenue from [the] oil and gas sub-sector and its contribution to GDP as well as creating more employment opportunities for Ugandans along the petroleum value chain" among others.

Under the same NDP III of 2020-2025, government identified Climate Change, Natural Resources, Environment, and Water Management as another development pathway to transform Ugandans from poverty to prosperity. It is expected that environmental conservation efforts, addressing climate change impacts and others will enable government to create prosperity for its citizens.

However, with government accepting deals in which it gets little tax for oil projects that will destroy the environment, government is on course to derail its objective of decreasing poverty amongst Ugandans.

(c) Environmental costs: Over time now, communities, cultural institutions, environmentalists and CSOs have pointed out that the location of the Lake Albert oil project is dangerous. The project is located in the Albertine rift, a biodiverse and ecosensitive area which hosts over 70% of Uganda's protected and critical biodiversity areas such as national parks, game reserves, forests, lakes, rivers, wetlands, cultural sites and others. The above stakeholders continuously point

out that oil activities in the Albertine Rift will cause massive environmental degradation and its impacts. Government has ignored them and has implemented inadequate measures.

For instance, before the Tullow Oil-Total deal, government and oil companies had been engaging in inadequate quick fixes in the oil sector by among other things conducting and approving incomplete Environmental and Social Impact Assessment (ESIA) study reports. Government also issued oil companies environmental certificates of approval in the name of hitting deadlines for oil exploitation.

It is sad for a poor a country like Uganda to forego taxes and adequate mitigation measures to protect the environment and community livelihoods in preference for quick fixes in order to commence oil exploitation. Where does government expect to get money to fund the work of environmental regulators to protect critical biodiversity from oil and other threats to attain the NDP III, Paris Climate Change and other goals?

(d) Climate change costs: Further, it is a known fact that burning of fossil fuels and deforestation are some of the causes of global warming and consequently, climate change. Through oil oil's such as the Tilenga, Kingfisher, EACOP and others, Uganda is set to increase the amount of Green House Gases (GHG) that it contributes, worsening climate change, which comes with social and economic costs.

When it comes to economic costs, the Ministry of Water and Environment estimates that the annual costs of failing to address climate change could be \$3.2 billion to \$ 5.9 billion. This annual cost is higher than the expected annual oil revenues of over \$2 billion.

It therefore does not make sense for the Ugandan government to celebrate a deal that only aims at facilitating the rush to exploit oil irrespective of the project's negative impacts on the country.



Photo: Courtesy



Nature has swallowed Lake Victoria Serena Hotel, Kigo

The estimated annual cost of up to \$5.9 billion of climate change adaptation measures is higher than the estimated annual oil revenues of \$2 billion.

(e) Derailing hopes of youth and business people:

Youth and business people are excited by the prospect of reaping employment and income through the provision of goods and services to the oil sector.

However, government's lack of leadership in the oil sector as evidenced by the fact that it has failed to collect the right taxes means that government will not be able to effectively hold companies accountable to promote local content. Already, oil host communities have complained that oil companies do not buy their foodstuffs because of failure to meet the required standards. Companies will give such excuses and a weak government won't be able to stop them.

(f) Ability to provide cheap alternative power:

In addition, government's insistence on developing oil resources is coming at the expense of providing clean, affordable and reliable energy options such as offgrid solar. Instead of investing resources in the offgrid solar energy sector which has the potential to meet the energy needs of the most poor, government is spending money on investing in oil, which will not guarantee access to clean, affordable and reliable power for the most poor.

RECCOMENDATIONS

To address the above challenges, we make the following recommendations:

(i) Government should reject the Tullow Oil-Total sale and should ask the oil companies to wait until oil prices reach \$62 per barrel so that the country gets maximum taxes.

(ii) In addition, parliament should use its oversight powers to stop bad oil deals to save the country from tax losses. They can censor the respective ministers who are endorsing such decisions.

(iii) Further, government should undertake a forensic analysis of the social, environmental, economic and climate change impacts of all the proposed oil projects in Uganda. The taxes being assessed and/or being paid should be commensurate with the cost of the projects' impacts. This will eliminate or reduce the risks of collecting little taxes from oil companies whose projects will have long-lasting negative impacts in Uganda.

(iv) In addition, the FID should wait until all oil prices are above \$62 per barrel and until the cases against the Ugandan government and Total that were filed in Ugandan and French courts are concluded. This will ensure certainty in the sector and enable both government and companies to negotiate without fear of future implications of court decisions.

(v) Further, government should seek to promote investment in clean, affordable and reliable offgrid energy options as opposed to rushing to commence oil projects which endanger our environment and people.

(vi) Finally, Article One of the Constitution empowers citizens and they should use these powers to pressure government to reject the bad oil deals or pressure parliament to implement recommendation number ii.

By the CEO and Partners

Pictorial and Lobbying

This month, AFIEGO and our CSO partners from Uganda and the DRC engaged in over eight online meetings or advocacy activities. For instance, with our partners from Uganda, we engaged Uganda's Ministry of Energy to release the report of findings from the oil spill scare in Hoima district. We issued a statement and undertook media advocacy. This resulted in the ministry releasing the report through which the Ministry of Energy committed to act on some of our recommendations.

In addition, with our partners from Uganda, we organised an online meeting in which we discussed the planned Tullow Oil-Total sale. We issued a communique in addition to a press statement from the meeting through which we called on the Ministry of Energy to reject the planned sale. Our calls were popularised by the media.

Further, we supported CSO groups and fisherfolk from the DRC to engage their president to enable cross-border communities who will be affected by oil activities in Uganda to be involved in the activities. We also supported the CSO groups to engage the media. Media reports were produced from the engagements.

In addition, we supported youth from Uganda to engage the Ugandan government to promote green jobs following activities in which they were sensitised about oil impacts.

Other activities that we implemented are captured in the Editorial.

Some of the products from the above and other activities are captured below.



13th/April/2020

CSO STATEMENT CALLING ON MINISTRY OF ENERGY TO RELEASE REPORT OF FINDINGS FROM OIL SPILL SCARE IN HOIMA

Introduction

1. We, civil society organisations (CSOs) working for the promotion of environmental conservation and protection of communities' livelihoods amidst extractives activities in the Albertine Rift, are calling on Ministry of Energy to make public the investigation report from an explosion that occurred at a geothermal energy exploration well at Kibiro landing site in Hoima district.
2. The well, which is one of eight that have been drilled in Kibiro as government explores for geothermal energy, was being drilled by Royal Techno Industries Ltd. This company was contracted by the Ministry of Energy to explore for geothermal energy near the Kibiro hot springs at Lake Albert. Both the hot springs and lake have environmental, economic and cultural significance. As such, the geothermal energy exploration project at Kibiro faced resistance from communities and culturalists.
3. Despite the resistance, exploration for geothermal energy began in February 2020 in Kibiro. A few weeks later, on March 28 and 29, 2020, explosions in which drilling mud and crude oil are said to have spilled occurred. The drilling mud and crude oil like substances flowed into Lake Albert.
4. Despite the dangers of an oil spill, a government team consisting of officials from the Ministry of Energy, Petroleum Authority of Uganda (PAU) and the National Environment Management Authority (NEMA) only visited the oil spill site days later, on March 2, 2020. Later on, the team promised to release a report that would state what substances spilled. The report was expected to be released by Sunday April 5, 2020. This report is yet to be made public however. We are calling on Ministry of Energy to immediately make the report public.

News

Translate »

Kibiro Hot Spring Power Dam to Delay Over "Oil Spill"



Kim Aine · April 16, 2020

3 minutes read



Kibiro Hot Springs



N / Réf: DYCOPERA /JL-DG/ 002-03 / 2020

Bunia 23 mars 2020

Aux éléments suivants:

- Le président de la RD Congo
- Le Premier ministre et chef du gouvernement de la RD Congo
- Le président de la chambre basse du Parlement, RD Congo
- Les ministres de l'Environnement et des Hydrocarbures, RD Congo

Tout à Kinshasa

- Le gouverneur de la province d'Ituri, RD Congo
- Le ministre provincial responsable de l'environnement en Ituri, RD Congo
- Les dirigeants des médias de l'Ituri, RD Congo

Tout à Bunia

Cher Monsieur,

**OBJET: LETTRE OUVERTE AU PRÉSIDENT DE LA RDC POUR ENGAGER LE
GOUVERNEMENT DE L'UGANDA À ANNULER LES CERTIFICATS
ENVIRONNEMENTAUX DU PROJET KINGFISHER ET TILenga OIL**

Introduction

1. Les membres de la Dynamique Communautaire pour la Protection de l'Environnement dans le Rift Albertin (DYCOPERA) vous adressent leurs salutations cordiales. DYCOPERA est un réseau d'organisations de la société civile (OSC) de l'environnement et des droits de l'homme qui travaillent avec les communautés du Rift Albertin dans les paysages de l'Ituri et des Virunga en RDC. Les OSC œuvrent pour la promotion de la conservation de l'environnement et la promotion du bien-être des communautés face au pétrole et à d'autres menaces.
2. Les membres de DYCOPERA apprécient le travail que fait votre gouvernement pour promouvoir une relation de travail cordiale entre l'Ouganda et la RDC pour promouvoir le commerce, assurer l'harmonie dans l'utilisation des ressources halieutiques et promouvoir la gestion et l'utilisation durables des ressources naturelles partagées telles que les lacs, rivières, forêts, parcs nationaux et autres. En tant que voisins, il est primordial que la RDC

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Le 21 Avril 2020

"POUR UNE DIFFUSION IMMÉDIATE"

Bunia et Goma

**«NE PAS METTRE EN ŒUVRE LE CERTIFICAT KINGFISHER ESIA NI PRENDRE
UNE DÉCISION SUR L'EACOP ESIA AVANT DE NOUS CONSULTER»**

Les organisations de la société civile (OSC) appartenant à la communauté dynamique pour la protection de l'environnement dans le Rift Albertin (DYCOPERA) et les pêcheurs de la République démocratique du Congo (RDC) ont appelé le gouvernement ougandais à suspendre la mise en œuvre du certificat d'approbation de l'évaluation des impacts environnementaux et sociaux (EIES) pour le projet pétrolier Kingfisher jusqu'à ce qu'ils aient été consultés et que leur consentement ait été obtenu sur le Kingfisher ESIA.

Les OSC et les pêcheurs ont appelé le gouvernement ougandais à travailler avec celui de la RDC pour veiller à ce qu'ils soient consultés pour obtenir leur accord sur l'EIES susmentionnée et celle du projet pétrolier East African Crude Oil Pipeline (EACOP).

Le certificat d'approbation EIES du projet aux développeurs du projet en mars 2020. Le certificat, qui a été délivré par la National Environment Management Authority (NEMA) de l'Ouganda, a permis aux développeurs du projet Kingfisher de mener des activités pétrolières qui pourraient affecter négativement le lac Albert, qui est partagé avec le RDC. «L'Ouganda et la RDC partagent plusieurs ressources naturelles transfrontalières telles que le lac Edward, le lac Albert, le parc national de Semuliki, le parc national Queen Elizabeth (QENP), le parc national des monts Rwenzori, le parc national des Virunga et d'autres.

L'utilisation harmonieuse et durable des ressources susmentionnées et d'autres ressources transfrontalières a été reconnue par les gouvernements successifs de la RDC et de l'Ouganda. En conséquence, des accords tels que l'accord de coopération de 1990 entre l'Ouganda et la RDC pour l'exploration et la mise en valeur conjointes de champs [pétroliers] communs, l'accord Ngurdoto 2007 entre l'Ouganda et la RDC, et d'autres ont été signés », a déclaré M. John Kakule Lufukaribu, président de DYCOPERA.

Malheureusement, les OSC disent que les accords ci-dessus n'ont pas été correctement mis en œuvre avec l'Ouganda prenant des décisions dans le secteur pétrolier qui affectent les communautés transfrontalières en RDC sans consulter ou demander le consentement des communautés transfrontalières affectées. «Dans l'esprit de promouvoir l'utilisation durable des ressources tout en minimisant l'impact des activités pétrolières sur les communautés transfrontalières, il est impératif que le gouvernement ougandais engage des communautés transfrontalières en RDC qui seront affectées par les activités pétrolières du lac Albert, Parc national des Virunga vers le Lac Edward et de la Reine Elizabeth.

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April 21, 2020

FOR IMMEDIATE RELEASE

Bunia and Goma

**"DO NOT IMPLEMENT KINGFISHER ESIA CERTIFICATE OR MAKE DECISION ON
EACOP ESIA BEFORE CONSULTING US," DRC CSOs AND FISHERFOLK TELL
UGANDAN GOVERNMENT**

Civil society organisations (CSOs) belonging to Dynamic Community for Environmental Protection in the Albertine Rift (DYCOPERA) and fisherfolk from the Democratic Republic of Congo (DRC) have called on the Ugandan government to stay implementation of the Environmental and Social Impact Assessment (ESIA) certificate of approval for the Kingfisher oil project until they have been consulted and their consent obtained on the Kingfisher ESIA.

The CSOs and fisherfolk have called on the Ugandan government to work with the DRC one to ensure that they are consulted for consent on both the above-mentioned ESIA and that of the East African Crude Oil Pipeline (EACOP) oil project.

The CSOs and fisherfolk made the calls following the handover of the Kingfisher oil project's ESIA certificate of approval to the project developers in March 2020.

The certificate, which was issued by Uganda's National Environment Management Authority (NEMA), allowed the Kingfisher project developers to conduct oil activities that could negatively affect Lake Albert, which is shared with the DRC.

"Uganda and the DRC share several cross-border natural resources such as Lake Edward, Lake Albert, Semuliki National Park, Queen Elizabeth National Park (QENP), Rwenzori Mountains National Park, Virunga National Park and others.

The harmonious and sustainable use of the above and other transboundary resources has been recognised by successive governments in the DRC and Uganda.

Consequently, agreements such as the 1990 Cooperation Agreement between Uganda and DRC for Joint Exploration and Development of Common [oil] fields, the 2007 Uganda-DRC Ngurdoto Agreement, and others were signed," Mr. John Kakule Lufukaribu, the chairperson of DYCOPERA says.

Unfortunately, the CSOs say, the above agreements haven't been adequately implemented with Uganda making oil sector decisions that affect cross-border communities in the DRC without consulting or seeking the consent of affected cross-border communities.

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April 27, 2020

**CSO COMMUNIQUE CALLING ON THE MINISTER OF ENERGY TO REJECT THE
TULLOW-TOTAL SALE IN LAKE ALBERT OIL PROJECT**

1. Introduction

On April 24, 2020, Africa Institute for Energy Governance (AFIEGO) organised an online meeting during which over 23 civil society organisations (CSOs) working to prevent oil threats and abuses in Uganda discussed the planned sale of Tullow's 33.33% stake in the Lake Albert oil project to Total. The CSOs also discussed government's plan to approve the said sale.

The meeting came a day after Total announced that the company had completed negotiations to acquire Tullow's above-mentioned stake at a price of \$575 million. Of this, \$500 million is expected to be paid immediately after the sale is acquiesced to by Uganda's government, Tullow's shareholders and other parties.

The remaining \$75 million will be paid after the Final Investment Decision (FID) has been made, Total announced. Tullow is also expected to earn "conditional payments linked to production and oil price, which will be triggered when crude oil prices are above \$62/bbl," a statement that was released by Total says.

Following the announcement by Total, the Ministry of Energy and Mineral Development (MEMD) released a press statement through which the ministry welcomed the sale. The ministry's Permanent Secretary, Mr. Robert Kasande, said in that press statement dated April 23, 2020 that "government [had] received the Sale and Purchase Agreement from the oil companies which is being reviewed to facilitate grant of the necessary approvals and conclusion of the transaction."

It is noteworthy that Uganda is expected to earn \$14.6 million in tax from the sale. This is \$152.4 million less than the capital gains tax (CGT) of \$167 million that Uganda Revenue Authority (URA) had assessed on the sale of 21.57% of Tullow's stake to Total and CNOOC in 2019.

In effect, the Ministry of Energy is willing to work with companies to finalise a sale for a project that not only has grave national and cross-border livelihood and environmental consequences but one that will also lead to Ugandans losing much-needed revenues at a time when the country's economy has been affected by the Coronavirus pandemic.

The CSOs at the meeting, which deliberated on the above facts, noted with grave concern that events such as government failure to penalise companies like Total that suspended operations on the East African Crude Oil Pipeline (EACOP) without notice to government have encouraged companies to succeed in creating conditions that have forced government into desperation, leading to the current unfair and reckless decisions.

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CSOS CALL ON MINISTRY OF ENERGY AND CITIZENS TO REJECT THE SALE OF TULLOW'S OIL ASSETS TO TOTAL

April 27, 2020

**FOR IMMEDIATE RELEASE
KAMPALA**

Twenty three (23) civil society organisations (CSOs) working to prevent oil threats and abuses in Uganda have called on the Ministry of Energy and Ugandan citizens to reject the planned sale of Tullow Oil's entire stake in the Lake Albert oil project to Total.

The CSOs made the above call following an announcement by Total in which the company said that it is set to acquire Tullow's 33.33% stake in the Lake Albert oil project at a price of \$575 million.

Of this, \$500 million is expected to be paid immediately after the sale is acquiesced to by Uganda's government, Tullow's shareholders and other parties. The remaining \$75 million will be paid after the Final Investment Decision (FID) has been made.

Tullow is also expected to earn "conditional payments linked to production and oil price, which will be triggered when crude oil prices are above \$62/bbl," a statement that was released by Total said.

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The CSOs call the notable decline in tax an unfortunate travesty that will end up hurting Ugandans.

"It is unfortunate that Uganda is set to lose oil revenues once again especially at a time like this when government needs revenues to support the economy and Ugandans who have been hit by Coronavirus.

Since oil companies started operating and selling their assets to each other in Uganda, Ugandans have suffered long court battles, bullying and have been losers when it comes to tax. First, the Ugandan government suffered a long court battle in trying to collect \$434 million in taxes following the sale between Heritage Oil and Tullow Oil in 2010.

Later on, when Tullow Oil sold 66% of its shares to Total and CNOOC in 2012, government lost \$157 million in taxes on the sale of \$2.9 billion. Tullow was supposed to pay Uganda \$407 million

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ASSOCIATION OF OIL-AFFECTED UNIVERSITY YOUTH

April 8, 2020

**COMMUNIQUE BY UNIVERSITY YOUTH FROM OIL AFFECTED COMMUNITIES
CALLING ON GOVERNMENT TO PROMOTE GREEN AND NOT OIL JOBS**

1. Introduction

In February and March 2020, we, university youth and women leaders who come from Uganda's oil region, partnered with Africa Institute for Energy Governance (AFIEGO) to organise experience sharing meetings and film screenings.

We approached AFIEGO, a non-governmental organisation (NGO) that sensitises communities to promote environmental conservation and community livelihoods amidst oil threats, to organise the experience sharing meetings and film screenings after realising that the majority of youth and community members are unaware of the negative impacts of oil activities.

The above groups mostly know about the few positive impacts that have been shared by government at every fora such as community meetings, radio talkshows and public hearings among others.

The objective of our activities therefore was to raise awareness of the impacts oil has on the environment and communities so that communities, women and youth can work for the prevention of those impacts.

Through working with AFIEGO, we were able to reach university youth and women leaders from nine districts affected by the Tilenga, Kingfisher, East African Crude Oil Pipeline (EACOP) and oil roads projects. The youth that were reached were from the districts of Hoima, Kikuube, Kakumiro, Rakai, Kyotera, Lwengo, Masindi, Kagadi, Kibaale and others.

In addition, youth from Kasese district where government has put the Ngaji oil block that covers the ecosensitive Queen Elizabeth National Park and Lake Edward which border the Democratic Republic of Congo's (DRC's) Virunga National Park up for licensing were reached.

Through the experience sharing meetings and film screenings, we, university youth and women leaders, learnt about the adverse and sometimes irreversible impacts oil exploitation activities have on the environment, communities' livelihoods, youth employment, community health, cultures and other aspects of life.

The lessons we gained were based on the experiences of oil-producing countries such as Nigeria, Uganda, Ecuador and the United States of America (USA).

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April 21, 2020

FOR IMMEDIATE RELEASE

Bunia and Goma

**"DO NOT IMPLEMENT KINGFISHER ESIA CERTIFICATE OR MAKE DECISION ON
EACOP ESIA BEFORE CONSULTING US," DRC CSOS AND FISHERFOLK TELL
UGANDAN GOVERNMENT**

Civil society organisations (CSOs) belonging to Dynamic Community for Environmental Protection in the Albertine Rift (DYCOPERA) and fisherfolk from the Democratic Republic of Congo (DRC) have called on the Ugandan government to stay implementation of the Environmental and Social Impact Assessment (ESIA) certificate of approval for the Kingfisher oil project until they have been consulted and their consent obtained on the Kingfisher ESIA.

The CSOs and fisherfolk have called on the Ugandan government to work with the DRC one to ensure that they are consulted for consent on both the above-mentioned ESIA and that of the East African Crude Oil Pipeline (EACOP) oil project.

The CSOs and fisherfolk made the calls following the handover of the Kingfisher oil project's ESIA certificate of approval to the project developers in March 2020.

The certificate, which was issued by Uganda's National Environment Management Authority (NEMA), allowed the Kingfisher project developers to conduct oil activities that could negatively affect Lake Albert, which is shared with the DRC.

"Uganda and the DRC share several cross-border natural resources such as Lake Edward, Lake Albert, Semuliki National Park, Queen Elizabeth National Park (QENP), Rwenzori Mountains National Park, Virunga National Park and others.

The harmonious and sustainable use of the above and other transboundary resources has been recognised by successive governments in the DRC and Uganda.

Consequently, agreements such as the 1990 Cooperation Agreement between Uganda and DRC for Joint Exploration and Development of Common [oil] fields, the 2007 Uganda-DRC Ngurdoto Agreement, and others were signed," Mr. John Kakule Lufukaribu, the chairperson of DYCOPERA says.

Unfortunately, the CSOs say, the above agreements haven't been adequately implemented with Uganda making oil sector decisions that affect cross-border communities in the DRC without consulting or seeking the consent of affected cross-border communities.

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In the media

This month, staff and research associates wrote newspaper articles which were published in the leading newspapers including the *New Vision* and *Daily Monitor*. Newspaper and online media articles were also published from our lobbying products such as communiques, advocacy letters, press statements and others.

Some of the published articles are captured below.



Watch out, Ugandans, Tullow stake sale to Total is stinking

CYRUS KABAALÉ > OIL DEALS

Following announcement by Total to acquire Tullow's 33.33 per cent stake in the Lake Albert oil project at \$575m, of this, \$500m is expected to be paid immediately after the sale is acquired to by government. Tullow's shareholders and other parties. The \$75m balance will be paid after the Final Investment Decision (FID) has been made.

When companies sell their oil and gas assets before production has even begun, they may turn a profit long before the host country can collect the tax revenues typically associated with production.

The prospect of an immediate upside for industry with uncertain or delayed benefit for countries has sparked a debate over capital gain taxes.

Tullow is also expected to earn "conditional payments linked to production and oil price, which will be triggered when crude oil prices are above \$62/bbl," reads a statement released by Total.

Uganda is expected to earn \$14.6m in tax from the sale. This is \$152.4m less than the capital gains tax of \$167m that Uganda Revenue Authority (URA) had assessed on the sale of 21.57 per cent of Tullow's stake to Total and CNOOC in 2019.

While Tullow may profit on future conditions if more payments are made, it will be extremely difficult for government to collect taxes on the unknown.

I think, the companies are coming against the government.

If we recall, when Tullow disagreed with

It's clear, Total is taking advantage of government's desperation to commence exploitation. It's difficult to understand why government is approving such bad deals at a time crude oil prices are at almost zero yet no poor country can benefit from any oil deals during this chaotic time.

It also shows that Total is now in control and are willing to create a monopoly on Uganda's oil, proceed with FDI and start pipeline, at a time when there are no mitigation plans, affected communities are not compensated, among others. In the end, the Ugandans are the biggest losers. I think the government and oil companies opted to complete their deals during this Covid-19 chaos to avoid close public scrutiny.

The government must reject the unfair sale of Tullow's assets in the Lake Albert oil project to Total. It should also ensure that all further planned oil sector transactions are open for public scrutiny.

Further, Parliament should use its oversight powers to compel the Ministry of Energy and all the relevant officials who are party to the Tullow-Total sale to stop the sale and all other energy transactions that aren't urgent until the Covid-19 is defeated and citizens can demand for accountability, and existing court cases against government and Total regarding oil projects, are concluded.

Mr Kabaale is the Extractives Programmes Officer at the Africa Institute for Energy Governance



ACTIVISTS DEMAND HOIMA OIL SPILL REPORT

THE SPILLAGE IS SAID TO HAVE BEEN PROMPTED BY THE EXPLORATION OF GEOTHERMAL ENERGY IN THE AREA BY ROYAL TECHNO INDUSTRIES

NATIONAL NEWS **NV7** *Friday, April 10, 2020*

LEGAL SUIT

The civil society said a legal suit would be filed if the Government and Royal Techno Industries do not address the concerns raised. The World Voice Uganda country director, Guard Banda, said a report about the spill was not available to the public and contents in the spill.

"The affected families do not know the environmental and health effects of the spill. It is important to know what was in the spill. The people were not informed about the project and were not consulted by the spill. It has effects on soil production, fishing and livelihoods," he added.

If the people had been informed about the project, Banda said, the community would have probably opposed the project for the people's livelihoods. He also said the company did not have a risk management plan in place and it is now engaged in cleaning up the spill although it does not have the experience to do so.

"The people's rights to a clean environment and livelihoods have been compromised," Banda asserted.

Just Terms Uganda, the local safety and security manager at the petroleum authority, who was part of the government team that visited the spill recently, said the issue was being handled by the directorate of surveys and maps in the energy ministry and the other relevant entities.

"The ministry is working on that issue and the public will be informed about the investigation," he added.

The people were not informed about the project and were surprised by the spill

GOVERNMENT IN TIGHT CORNER AFTER TULLOW INTEREST SALE

IS DEAL PLANT?

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OIL: THE PERFECT STORM

REALITY CHECK

COVID-19 and its implications in the oil and gas sector

The Second Opinion

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NETWORKING4ALL

DRC environmentalists and fishermen tell Ugandan govt not to implement Kingfisher ESIA certificate or make decision on EACOP ESIA

Published by Second Opinion Writer at April 22, 2020

CORONAVIRUS: OIL ACTIVITIES COULD WORSEN PANDEMICS

April 21, 2020 Written by Earth Finds Published in Opinion 0 comments



It's unfortunate that our country and the entire world is going through a terrible situation of fighting against the global Coronavirus pandemic. Scientists have said that the pandemic started at an animal market in Wuhan China where the virus likely jumped from an animal to a

Upcoming events

May 8, 2020; Bunia-DRC: Support CSO groups to engage their provincial leaders and hold a debate on promoting clean energy in the Albertine Rift

May 11-12, 2020; Kasese: Hold radio talk shows on the need for Uganda to put in place a solar energy policy

May 13-15; Kasese and Hoima: Empower communities and district stakeholders on the need to promote clean energy to prevent environmental degradation and pandemics

May 18, 2020; Kampala: Engage the Ministry of Energy to put in place a Solar Energy policy

May 18-22, 2020; Kasese and Buliisa: Support communities to produce radio dramas on the impacts of oil

May 29, 2020; Kampala: Hold a radio talkshow on the relevance of implementing environmental laws amidst oil and forest degradation challenges to reduce the incidence of pandemics

About Africa Institute for Energy Governance (AFIEGO)

Africa Institute for Energy Governance (AFIEGO) is a public policy research and advocacy NGO dedicated to influencing energy policies to benefit the poor and vulnerable. Based in Kampala, Uganda, the organisation was born out of the need to contribute to efforts to turn Africa's energy potential into reality and to ensure that the common man and woman benefits from this energy boom. Through lobbying, research and community education, AFIEGO works with communities and leaders to ensure that energy resources are utilised in a way that promotes equitable development, environmental conservation and respect for human rights.

Our Vision

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

Our Mission

To promote energy policies that benefit poor and vulnerable communities