*She*ENERGIZ AFIEGO AFIEGO'S Monthly Newsletter

February 2021; Issue 2

UGANDA'S RISING DEBT AND OIL: 2021/2022 BUDGET MUST PRIORITISE OFF-GRID **RENEWABLE ENERGY**

Daily Monitor

Government projects public deb to rise to 54.1 per cent by 2023 Wednesday February 03 2021

Public debt is projected to increase to 49.9 per cent of gross domestic product by end of June 2021, before peaking to 54.1 per cent in the 2022/23 financial year



Uganda's debt to GDP ratio will rise to nearly 50% by June 2021 and to 54.1% by 2022/23.

The oil and transport sectors will be responsible for the rise.



Use of off-grid clean energy to boost the agricultural and other sectors is needed to widen the tax base and manage the rising debt.

In this newsletter:

- Digging in too deep? Uganda's rising debt due to oil, other activities must be addressed ē
- Pictorial of our activities ٠
- Lobbying
- In the media
- Upcoming events

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Editorial

Dear reader, welcome to our February newsletter.

The month (February) had just chimed in when the bad news broke: Uganda is heavily indebted, and broke, to be honest. So indebted that over 77% of the tax revenue that Uganda plans to collect in the 2021/2022 financial year could be spent on debt servicing.

Per parliament's January 2021 report on the 2021/2022 Budget Framework Paper, Uganda plans on mobilising UGX 20.1 trillion in tax revenue. On the other hand, UGX 15.4 trillion, or 33% of the projected UGX 45.66 trillion 2021/2022 budget, will be spent on debt servicing. This means that only 23% of Uganda's tax revenue could be available for use in Uganda.

Seeing as government failed to achieve the UGX 21.8 trillion tax revenue target in the 2020/2021 financial year, government could collect less taxes than the money needed to service the country's debt. As at October 2021, Uganda Revenue Authority (URA) had collected only UGX 5.5 trillion in taxes reportedly due to the constraints caused by COVID-19.

What a bummer! Yet the above wasn't the only bad news. The December 2020 Debt Sustainability Analysis **report** by the Ministry of Finance shows that Uganda's nominal debt to GDP ratio will stand at nearly 50% by June 2021. By the 2022/2023 financial year, this ratio will stand at 54.1%.

This is worrisome. High indebtedness constrains countries from using their revenues to provide much-needed health, education, water and other services.

Little wonder that this month, health activists decried the planned reduction in the 2021/2022 health budget. In the midst of the COVID-19 crisis, the 2021/2022 health sector budget is set to be reduced by 23.6% or by UGX 258.3 billion.

What bad news! One may wonder: why is Uganda set in a dizzying cycle of borrowing? Like a bad planner, the country borrows to pay back its debts and so forth.

In our Word from AFIEGO and our partners under the Inclusive Green Economy Network, East Africa (IGEN, EA), we bring you information from the Ministry of Finance that shows that Uganda's indebtedness is set to rise due to infrastructure as well as oil and gas projects.

We also discuss why investments in the above sectors will bring Uganda negligible to no returns, per research by various experts.

We highlight the need for Uganda to invest in the productive use of off-grid clean renewable energy if we are to address our country's debt crisis and improve citizens' livelihoods.

In our **pictorial section**, we bring you pictorial highlights of the activities that we and our partners implemented this month.

For instance, we and our partners under the Save Bugoma Forest Campaign (SBFC) organised over six meetings or engagements with the Ministry of Lands, district political and technical leaders, religious leaders, the media and communities from seven villages surrounding Bugoma forest.

The meetings were aimed at strengthening partnerships to protect Bugoma forest from land grabbing, sugarcane and oil threats.

We also organised a radio talkshow and press conference in the Bunyoro subregion to update communities and the public at large on the work of the SBFC.

partners, Furthermore, with our aimed we organised a meeting at strengthening the promotion of economic alternatives in East Africa. We also organised a meeting to strengthen a local campaign aimed at protecting environment and community the livelihoods amidst the East African Crude Oil Pipeline (EACOP) project.

In our **lobbying section**, we bring you a petition that we and salt artisanal miners from Lake Katwe wrote to the Minister of Energy to protect the miners from eviction by purported investors. We further bring you letters that we and our SBFC partners wrote to district and religious leaders requesting for meetings to enable us to discuss how to amplify efforts to save Bugoma forest.

Further, we bring you photo story calendars that we produced to highlight the achievements and challenges that we and our partners attained and faced respectively during implementation of our 2016-2020 just energy transition efforts.

Finally, in **in the media** section, we bring you some of the over 11 newspaper articles that were produced by the print and online media from the above lobbying activities. We also bring you some of the eight newspaper articles produced by staff and our partners this month. We hope you enjoy the newsletter.

Editorial team: Diana Nabiruma Patrick Edema Balach Bakundane



Among others, this newsletter discusses our call for investment in off-grid renewable energy for the benefit of communities such as this and to address Uganda's burgeoning debt.

Word from AFIEGO & IGEN, East Africa

DIGGING IN TOO DEEP! UGANDA'S RISING DEBT DUE TO OIL, OTHERS MUST BE ADDRESSED Renewable energy investments are the answer

Uganda's national all schools' anthem goes:

"We young women and men of Uganda Are marching along, the path of education Singing and dancing With joy, together, uniting, for a better

With joy together uniting for a better Uganda.

We are the **pillars of tomorrow's** Uganda Let's rise now embrace true knowledge Yielding discipline, resourcefulness To rebuild, the Great Great pearl ..."

It is a cheerful and hopeful song. The anthem emboldens Uganda's children and youth including girls to imagine that they can work for a better tomorrow, a better Uganda.

The song's spirit is antithetical to today's goings-on however. Not only is the roadmap for schools' reopening amidst the COVID-19 pandemic a maze of confusion, Uganda's children and youth, and indeed all Ugandans, face a bleak future.

Why is this?

In December 2020, the Ministry of Finance, Planning and Economic Development released the 2019/2020 Debt Sustainability Analysis report which indicated that the "nominal public debt is projected to increase to 49.9 percent of GDP by [the] end [of] June 2021 and peak at 54.1 percent in 2022/23".

The ministry cited the need to borrow to invest in the roads as well as the oil and gas sector as the reason for the burgeoning debt.

DO THE DEBTS PAY OFF?

It has been argued that the acquisition of debt is not bad as long as the borrowed money is invested to realise returns. Has the money that has been borrowed to invest in infrastructural in addition to oil and gas projects paid off?

Available evidence indicates it hasn't. **Research** published by the World Bank in April 2016 showed that for over a decade, Uganda recouped a seventh of a dollar for every dollar invested in infrastructure projects.

In addition, 2020 **research** conducted by the Climate Policy Initiative (CPI) showed that Uganda's oil had lost value by 70% since 2013. While the oil resource was valued at over \$40 billion in 2013, this value stood at 18.1 billion in 2020. In light of the ongoing low carbon transition efforts, the 2020 value could fall further by 88%, the CPI research showed.

Moreover, an analysis of revenue collection disputes in the oil sector could be indicative of harder times to come.

In matters tax collection, the erstwhile multinationals operating in Uganda have always one-upped Uganda, and have gotten away with paying less tax than government assesses.

Only last year (April 2020) for instance, government agreed to receive only \$14 million in capital gains tax on the \$575 million sale of Tullow's entire assets in the Lake Albert project to Total.

About seven months earlier, in September 2019, government refused

to take any tax that was less than \$167 million in the same sale. At that time, Tullow sought to sell over 25% of its stake to Total and CNOOC in a \$900 million sale.

In the 2020 transaction, Uganda lost \$153 million in taxes. Today, this money could have provided 37.8% of the estimated \$405 million budget needed for COVID-19 vaccinations in Uganda.

Prior to the above loss, in 2015, the Ugandan government accepted to receive \$250 million in taxes from Tullow. Government had demanded \$437 million in capital gains tax from the company.

Following a tax dispute with Tullow however, government officials signed questionable agreements through which they acquiesced to receive less taxes.

The tax dispute between the Ugandan government and Heritage Oil was also well documented. This dispute was only resolved in London courts when government won the case against Heritage oil.

Overall, however, the Ugandan government has suffered losses in its tax revenue dealings with oil companies.

Will Uganda face a better fate if oil starts to flow? It is unlikely. The oil companies will recoup their money while Uganda will earn peanuts, as it has earned through the taxes.

Yet with its destruction of the environment and climate, the oil sector

will destabilise agriculture, tourism, fishing and other industries that earn Uganda foreign exchange. It is noteworthy that agriculture, forestry and fishing were the most resilient in the 2019/2020 financial year and grew by 4.8% despite the COVID-19 pandemic. On the other hand, oil prices floundered during the pandemic.

OFF-GRID RENEWABLE ENERGY: OUR HOPE

What should Uganda place emphasis on therefore? In December 2016, the governments of Uganda and the UK signed the **Uganda-UK Energy Africa Compact Agreement**. The general objective of the agreement is to "accelerate the adoption of solar home and institutional lighting systems to achieve 100% electrification by 2030".

Emphasis was placed on the accelerating the adoption of off-grid solar energy because of its accessibility and affordability.

In 2014, the U.S. also launched its **Beyond the Grid programme** under the Power Africa initiative. Under the programme, the U.S. hopes to increase household offgrid solar energy access in addition to developing micro-grids.

Increasingly, focus has been placed on promoting the use of off-grid energy for production purposes, or the productive use of energy (PUE). Because agriculture is the predominant economic activity that employs 70% of Uganda's labourforce, experts have recommended boosting economic activity in the agricultural sector through deployment of off-grid renewable energy technology. Such technology includes solar energy water pumps, solar energy lamps that support fishing, solar milk coolers, solar milling technology for maize or millet, bio-energy supporting cold chains and others. Economic and other benefits have been reported by farmers who have adopted the use of the above technology.

The 2019 Uganda **Solar Water Pumping Report** for instance contains findings from a case study of 400 farmers in Uganda and Kenya who had used solar water pumps for four to five months.

The study showed that:

• The farmers experienced a 91% reduction in expenditure – majority had converted from diesel or manual pumping.

• 55% moved up the energy ladder – having previously had smaller lighting systems, they were now able to expand their use and;

• 81% felt it had improved their lives – increase in incomes and ability to count on extra harvest seasons.

Fisherfolk on Lake Albert have also previously reported an increase in their fish catch (silverfish) owing to use of solar energy lights.

RECOMMENDATIONS

Use of off-grid solar energy has the potential to improve household incomes.

An increase in household incomes would widen Uganda's tax base, thereby reducing government's need to borrow.

However, a look at the proposed budget for the Sustainable Energy Development sub-programme shows that the following allocations have been made.

Sub-Programme	FY 2021/22 Proposed Budget	% Share
Electricity Generation	232.05	14.2%
Transmission and Distribution	725.62	44.4%
Rural Electrification	564.3	34.5%
Renewable Energy Development	27.36	1.7%
Energy Efficiency and Conservation	1.91	0.1%
Institutional Coordination	83.45	5.1%
Total	1634.69	

As can be seen, transmission and distribution of grid electricity will take the highest share of the budget at 44.4%.

Rural electrification, which includes expansion of grid power to rural areas, among others comes second at 34.5%.

The expansion of grid power, which is often unaffordable and unreliable, not to mention borrowing to invest in the oil sector will not result in meaningful benefits to citizens.

The country and citizens will best be served therefore if more investments are made in off-grid renewable energy such as solar and bio-energy.

The productive use of this power should be encouraged.

By AFIEGO and IGEN, East Africa

Pictorial of our activities

February 3, 2021

AFIEGO and our partners under the Save Bugoma Forest Campaign (SBFC) organised a meeting with the Ministry of Lands. We discussed the planned boundary re-opening of Bugoma forest by the ministry. The meeting took place at the Ministry of Lands' office in Kampala.

It was participated in by the SBFC members and nine officials from the Ministry of Lands. These included Mr. E.W. Ogaro, the Commissioner for Surveys and Mapping, and Mr. Vianney J. Lutaaya, the lead surveyor for the Bugoma forest boundary re-opening among others.

Ministry of Lands officials agreed to engage all relevant stakeholders including the SBFC in the boundary reopening.

February 9, 2021

AFIEGO and our SBFC partners organised a meeting for community leaders and members from seven villages surrounding Bugoma forest.

The meeting took place in Rwembaho village in Kikuube district. It attracted over 67 participants.

The meeting enabled the SBFC to account to the communities on the work being done to save Bugoma forest.

The community members also formed a taskforce that is engaged in efforts to save the forest. Among others, the taskforce is collecting signatures for a petition to the president to save the forest.





February 9, 2021

Further, AFIEGO and our SBFC partners organised a strategic meeting with Mr. Amlan Tumusiime, the RDC of Kikuube district (3rd L).

The meeting took place in Kikuube. We discussed how the RDC could support efforts to save Bugoma forest from destruction.

The RDC committed to provide security for the SBFC and other stakeholders.

He also committed to organise engagements between the SBFC and Hoima Sugar Ltd to map a way forward on saving the forest.

February 9, 2021

In addition to the meeting with the RDC, AFIEGO and our SBFC partners organised a meeting with Mr. Moses C. Kapolon, the Chief Administrative Officer (CAO), of Kikuube district (C, in black and white tie).

The CAO agreed to work with the SBFC to save Bugoma forest from land grabbing, oil and sugarcane threats.





February 12, 2021

Furthermore, AFIEGO and our SBFC partners organised a meeting with the Catholic Church leaders in Hoima city.

The Catholic leaders expressed their interest in joining efforts to save Bugoma forest from destruction.

February12, 2021

As part of our week-long engagements on Bugoma forest, AFIEGO and our SBFC partners organised a radio talkshow and held a press conference.

The press conference was participated in by 25 journalists and others from national and Bunyoro-based media houses.

We shared updates on the SBFC's work and the commitments made by various leaders that the SBFC had met. Media reports on these will promote accountability and action by the SBFC and the leaders.





February 24-25, 2021

Away from our Bugoma forest-related work, AFIEGO and our partners under the Inclusive Green Economy Network, East Africa (IGEN, EA) organised a meeting.

The meeting, which attracted 25 participants from East Africa, enabled us to strengthen our network and put in place a roadmap to support us to promote green economic alternatives in East Africa.

February 25-27, 2021

Furthermore, AFIEGO and 350Africa.org organised a meeting for civil society organisations (CSOs) that are working to promote environmental conservation and community livelihoods amidst the EACOP project.

The meeting enabled the CSOs to develop a campaign plan for attainment of the CSOs' goal.

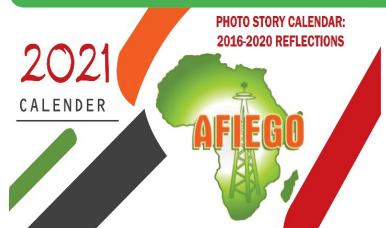


Lobbying

This month, AFIEGO and 5,000 artisanal salt miners from Lake Katwe petitioned the Minister of Energy to stop plans to displace the artisanal miners due to the planned industrial salt exploitation at the lake.

In addition, AFIEGO published a photo story calendar that shares our 2016-2020 just energy transition successes and challenges.

AFIEGO and our SBFC partners also wrote letters requesting for meetings with the Bishop of Bunyoro Kitara Diocese, the Catholic Church leaders in Bunyoro and the RDC in addition to CAO of Kikuube district. We sought the meetings to build support for saving Bugoma forest from land grabbing, oil and sugarcane threats.



Between 2016 and 2020, AFIEGO and our partners from Uganda, the DRC, Nigeria and the letherlands engaged in efforts to promote a pro-people and inclusive just energy transition to clear energy

The transition aimed at addressing the needs of women, youth and other vulnerable groups.

This photo story calendar highlights the achievements realised and challenges faced by AFIEGO and our partners in our just energy transition efforts.



5th February 2021

The Hoima Catholic Bishop Hoima Oil City P.O BOX 34 Hoima Uganda

Dear Sir

RE: REQUEST FOR A MEETING OVER THREATS TO BUGOMA FOREST The above refers

The undersigned Civil Society Organizations (CSOs) working under the Save Bugoma Forest Campaign (SBFC)-an initiative to save Bugoma forest from the ongoing land grabbing and other threats take this opportunity to thank you for the continued spiritual support to the Catholic community of Hoima Diocese and the entire country.

The main objective of the SBFC is to mobilize Ugandans and all people who love Uganda to work together and save Bugoma forest from destruction by Hoima Sugar Ltd and other land grabbers.

Since 2016, we have been engaging to stop threats to Bugoma Central Forest Reserve (CFR) including the giveaway of 8,000 hectares of Freehold land title to Bunyoro Kingdom which was later leased to Hoima Sugar Ltd to grow sugarcane, the Freehold land title to MZ Agencies, corruption in the Ministry of Lands Housing and Urban Development, Ministry of water and Environment, human rights violations by the police against the members of SBFC and others.

Further, we have been engaging key stakeholders to ensure the forest is protected from destruction including NFA, Bunyoro Kitara Kingdom, Ministry of lands Housing and Urban Development, Ministry of Water and Environment, EU Ambassadors, Parliament Committee on Natural Resources, Local government technical officers, communities surrounding Bugoma Forest and many more.



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5th February 2021

The Prime Minister Bunyoro Kitara Kingdom Hoima Oil City P.O BOX 8 Hoima –Uganda

Dear Owek,

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In the media

This month, staff and research associates wrote over eight newspaper articles which were published in the leading newspapers including the New Vision, Daily Monitor, EarthFinds and others. In addition, our media engagements resulted in the publication of over 11 media stories. Some of the published articles are captured below.



Lake Katwe artisanal salt miners

By Kazi Njema Reporter - February 18, 2021

Share

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Some women mine salt in Lake Katwe, Kasese District. (Courtesy photo).

The Africa Institute for Energy Governance (AFIEGO) has petitioned the Minister of Energy and Mineral Development, Mary Goretti Kitutu, calling for urgent protection of artisanal salt miners at Lake Katwe.

According to AFIEGO, the miners are faced with eviction following the Katwe-Kabatoro Town Council in Kasese district issuing Rwenzori Shining Star, a Chinese



Sugama farest compaigners at a press conference. From left: Joshua Mutale, Diokens Komupisha, Senan Tusingwire and Tany Ogunji.

Save Bugoma Campaigners Association are working to petition the World Bank so that it can ignore the loan request by the government of Uganda it claims will be used to plant trees in the Albertine regional environmental landscape.

While addressing a press conference at Hoima Kolping Hotel in Hoima city yesterday (Friday) afternoon, Mr Joshua Mutale, the Programmes Officer for the Water and Environment Media Network (WEMNET) said the campaigners shall not just watch the cabinet approval proposal of a \$78m (close to UGX 300b) loan request to the World Bank to succeed when Bugoma forest is continuing to be degraded.

Upcoming events

March 9, 2021; Kampala: Court case hearing for cancellation of the Tilenga Environmental Impact Assessment (EIA) Certificate of approval

March 10, 2021; Kampala: Follow-up meeting with the Ministry of Lands over Bugoma forest boundary opening

March 15, 2021; Kikuube: Community engagement meeting on the petition the President of Uganda to save Bugoma forest from destruction by oil and sugarcane threats

March 18-19, 2021; Lwengo and Kyotera: Film screenings of oil experiences in Ecuador, the U.S. and Uganda

March 22, 2021; Kampala: Petitioning Ministry of Lands to complete and table the 2018 draft Land Acquisition Bill before parliament

March 25, 2021; Kikuube: Film screening of oil experiences in Ecuador, the U.S. and Uganda

March 31, 2021; DRC: Supporting a radio talkshow to sensitise communities on the impacts of oil exploitation

About Africa Institute for Energy Governance (AFIEGO)

Africa Institute for Energy Governance (AFIEGO) is a public policy research and advocacy organisation 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 clean energy potential into reality and to ensure that the common man and woman benefits from this energy boom. Through lobbying, research and community education, AFIEGO works with communities and leaders to ensure that clean energy resources are utilised in a way that promotes equitable development, environmental conservation and respect for human rights.

Our Vision

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

Our Mission To promote clean energy policies that benefit poor and vulnerable communities