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By Wambi Michael - IPS UN Bureau / Globetrotter

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## *The Bittersweet Sides of Uganda's Oil and Gas Development*

**Credit Line:** from the Inter Press Service / Globetrotter News Service

**Note to Editors:** This is a selection of news wire reports that have been edited to be relevant for audiences for the next two weeks. You are welcome to select and publish individual items or the whole stack.

French oil and gas giant TotalEnergies and China National Offshore Oil Corporation (CNOOC) are moving with pace in the development of oil and gas projects with a potential investment portfolio estimated at more than \$15 billion. IPS looks at the project's human rights record for the compensation of affected communities.

The development of oil and gas infrastructure in Uganda's Albertine has been moving quickly since February 2022 when China National Offshore Oil Corporation (CNOOC) and France's TotalEnergies signed the Final Investment Decision (FID).

It is anticipated that part of the 1.4 billion barrels of oil discovered in the Rift Valley region bordering DRC should be pumped out of the ground by the end of 2025.

TotalEnergies EP Uganda is working with CNOOC Uganda and Uganda National Oil Company (UNOC) through a Joint Venture Partnership plan to invest more than \$10 billion to develop upstream facilities alongside the East African Crude Oil Pipeline (EACOP) that will transport oil produced from Uganda's Lake Albert oilfields to the port of Tanga in Tanzania onwards to world markets.

### **Some Have Benefitted**

The effect of the flow of so-called "petrodollars" to a region whose people have for ages begged for development is visible to those who have been to this area long before oil and

gas were discovered there. From once-dirt roads to several newly constructed tarmacked roads, an international airport near completion, and new iron-roofed houses in some communities as compensation to the Project-Affected Persons (PAPs), as they are commonly referred to in the Districts of Hoima, Buliisa, Kikuube, and Nwoya.

“I think oil has impacted the Buliisa district greatly. Because I would not expect this road. Can you imagine a tarmac road has reached my home? It is because of oil. It was going to take us many years to get such good roads if the oil project had not kicked off,” says Mugaye Richard.

While there are serious environmental concerns related to the developments, the developers and the government are determined to proceed. Some residents, like Richard Mugaye, have benefited from compensation in cash or had new houses say they benefited way before the oil gets out of the ground.

“I’m expecting an even better life when oil production begins,” says Amina Lubyayi, a 38-year-old mother of seven who lives near the Buhuka flats, where China National Offshore Oil Corporation’s (CNOOC) Kingfisher development is located. The project will produce 40,000 barrels of crude oil per day during peak production.

Lubyayi is among those who had houses constructed for by CNOOC under the King Fisher resettlement action program in Buhuka flats.

“Our house was walled with mud and reeds. The mud would collapse whenever it rained. That is no more; I used to cook from a makeshift kitchen, but now I have a permanent one. We have light from solar, and we have a pit latrine, too,” Lubyayi told IPS.

Over 100 kilometers away from Kikuube to Buliisa district, 40-year-old Phinehas Owor-Mungu is planting fruit trees in the gardens of his newly acquired four-roomed stone-built house.

He told IPS that he was among the “lucky ones” whose land and developments were affected by TotalEnergies projects. “Because I and my family live in a much better house. I also got some cash in compensation for trees and crops and a disturbance allowance,” he explained.

“You see, sometimes, when you are eating well, your neighbors may be jealous. People have been compensated. Those who opted for cash got their cash, and we who opted for houses have had houses built for us. The roads here have improved, and people are getting employed. And then one says people are worse off?”

Down the road, 33-year-old Stephen Enach is busy placing a slab on a pit latrine to one of the houses that will soon be handed over to another person affected by the oil projects.

Jobs like Enach's have become plentiful, and many young men and women are directly working with TotalEnergies or its subcontractors.

So far, 12,000 jobs have been created, according to Betty Namubiru, the Manager of National Content at the Petroleum Authority of Uganda.

"It is important to note that 94 percent of the 12,000 are Ugandans. We hope to hit 160,000 jobs when the construction of facilities is at its peak. And more Ugandans will have more opportunities," Namubiru told IPS.

### **Compensation Complaints**

Fred Lukumu, the District chairperson, told IPS that while the Buliisa District is witnessing some of the benefits of oil and gas developments, there has been an outcry over the delay in compensating the PAPs.

"So many people have lost their lives before earning their compensation which they were entitled to because of the delay. There has also been an outcry that compensation rates have been generally low. Especially for land."

He told IPS that land in Buliisa district was valued at 3.5 million shillings (\$945) per acre, yet in the neighborhood, the cost of land there was almost double the cost.

Fred Balikenda is one of those who have refused to be relocated from their land before they are adequately compensated. He is a resident of Kigwera sub-county, where TotalEnergies is putting up several structures, including a central processing facility. While all his former village mates accepted compensation and moved to their resettlement houses, Balikenda told IPS that he was determined to die for his land.

"They came and fenced my land illegally. They were supposed to construct a house for me before I vacated. The road which I was using was closed," he narrated. "A man will remain a man. I will stay here. If they don't pay me 200 million shillings, I will not shift. They will kill me, and it will remain as history."

Peter Lokeris, Minister of State for Minerals, is one of the government officers who has tried to resolve compensation-related complaints. He told IPS that the 200 million shillings (\$540,000) that Balikenda was demanding was exorbitant. He told IPS that the government has faced challenges with "speculators" who he said have tended to hike the price of the land beyond the market rates.

"We shall have to repay the oil companies the money they have used to build houses and pay compensation. They are not free," he said. "So, if we think that we will cheat the companies, the companies will cheat us. If we produce and there is no profit, we shall not earn anything as a country."

In July, Human Rights Watch released a report, “Our Trust is Broken,” which documented what it described as “devastating impacts” on the livelihoods of Ugandan families from the land acquisition process.

“Critically, Human Rights Watch found that affected households are much worse off than before,” said the report.

“Most lands were initially evaluated in 2017-2019. Compensation was not received until three to five years later, in 2022 or 2023. Considerable hardship accrued from these delays that were also poorly communicated amidst confusion over the ability to access crops during this time,” the Human Rights Watch report said.

“EACOP has been a disaster for the tens of thousands who have lost the land that provided food for their families and an income to send their children to school and who received too little compensation from TotalEnergies,” said Felix Horne, senior environment researcher at Human Rights Watch. “EACOP is also a disaster for the planet, and the project should not be completed.”

Dickens Kamugisha, a lawyer and the Executive Director of the African Institute for Energy Governance (AFIEGO), told IPS that some of the PAPS have waited for over five years without compensation.

“We have seen hundreds of Ugandans who are being displaced without fair and adequate compensation. The constitution says you must give those who are affected adequate and fair compensation.”

TotalEnergies says it would apply an uplift of additional financial compensation of 15 percent per year for the period between the valuation of the inventory and payment in Uganda to mitigate the impact on the communities.

“These measures were aimed at mitigating the effects of these delays on the PAPs in their daily lives. In practice, most people interviewed by Human Rights Watch only received 30 percent (two years of 15 percent) even though compensation delays, in many cases, were between three and five years. One man said: “This was grossly inadequate to make up for several years of diminished or no revenue from lost land.”

Another man said: “For three years, I did not access my coffee plants. Two kids dropped out of school. My revenue went from 4 million [US\$] to 1 million [US\$] a year. They gave me 30 percent.”

Patrick Jean Pouyanné, TotalEnergies’s Chief Executive Officer, has continued to dismiss reports like the one by Human Rights Watch.

“I can tell you that we always take care of community concerns. There are so many reports by third parties. Not by us because nobody believes in us. The fact is that you can have one or two people who may not be happy with the way they are relocated. But we are doing that in the best standards possible.”

However, Human Rights Watch said TotalEnergies’s practices on EACOP’s land acquisition process were inconsistent with its expressed commitment to uphold relevant international standards on land acquisition.

### **Why the Delay in Compensation?**

Ernest Rubondo, the Executive Director at the Petroleum Authority of Uganda, whose Authority regulates the Oil and Gas Sector, told IPS that the delay in compensation for EACOP, Tilenga, and Kingfisher developments was one of the challenges. However, he noted that no land can be utilized for the projects before full compensation.

He explained that the processes of land acquisition and compensation in Uganda are not short.

“First of all, you have to properly identify the land that you would like to acquire. Secondly, you have to confirm the number of people who are on the land. And that isn’t always easy because the land ownership systems in the country are quite different,” he said. “There are many people sitting in Canada and the US, but they have land here.”

Rubondo told IPS that in some instances, they found people occupying land but had no proof of ownership and did not know how much land they had, especially in the Albertine region, where land had not been titled right from the colonial period.

### **The Determination of Compensation Rates**

According to Rubondo, the determination of compensation rates originated from the district where the land is located.

“The district has to propose the rate; the government Chief Government Valuer has to compare them with what happens in other districts and the other values. As you would expect, no one ever accepts that this is the right amount for ‘my land.’ So, you start going back and forth,” explained Rubondo.

He said once the rates are determined, they are communicated to the landowners who had options whether to receive cash compensation in exchange for land or have houses built for them.

“For those that opt for cash, you have to help them to open bank accounts; then you have to educate them on how to handle the money. Because NGOs are saying it is unfair to get these large amounts of money and put them in the hands of people who have never had

such large sums of money,” added Rubondo. “You will never have all of them to agree. You put those who disagree in a certain bracket. So that process is not short.”

He noted that the value of the land identified for the project changes per year.

“The delays have been recognized. And these project-affected persons are being compensated for the delay at a rate of 15 percent per year. Thirty percent of the value of land compensation for disturbance is a disturbance allowance. And then they are given things like food to take them through the transition.”

However, Dickens Kamugisha told IPS that government officers tended to prioritize fast-tracking projects like EACOP regardless of the complaints by PAPs.

“It’s those officials who say that they have learned from the failures of those other oil producers, that they will not repeat those mistakes. But when you say the project must move on when you know that there are things you must address, what are you doing to your country? What are you doing to your citizens?” asked Kamugisha.

### **Compensations Update**

IPS received information from the Petroleum Authority about the status of compensation under the King Fisher Development Project (KFDP) operated by CNOOC, Tilenga Development, operated by TotalEnergies, and EACOP under a joint venture led by TotalEnergies.

### **Tilenga Project by TotalEnergies**

The total land requirement for the Tilenga Project is approximately 2,901 acres. The land acquisition process for the Tilenga project stands at 97 percent, with approximately 5,412 out of 5,523 PAPs fully compensated, with 143 resettlement houses handed over, 15 are ready to be handed over, and 77 under construction.

### **The Kingfisher Development Project (KFDA) by CNOOC.**

The acquisition of land for the KFDA was concluded at 100 percent. The total land requirement for the KFDA is approximately 1,020 acres with 727 Project Affected Persons. Sixty-five resettlement houses were constructed and handed over to the owners.

### **EACOP Compensation Ugandan Side**

The total land taken for the EACOP project was estimated at 2,740 acres, housing four construction camps, heating stations, and the pipeline right of way (ROW). The compensation stood at 84 percent, with 3,062 out of 3,656 having received their compensation and a total of 177 resettlement houses handed over to the respective owners.